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 2012A-C 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 2012A-C Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2012A 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, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2012B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also, in the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2012A-B Bonds, under existing law and to the extent interest on the Series 2012A-B Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. Interest on the Series 2012C Bonds is included in gross income for federal and State of Colorado income tax purposes. See "TAX MATTERS" for a more detailed discussion.

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

AIRPORT SYSTEM REVENUE BONDS

\$315,780,000	**\$510,140,000**	**\$30,285,000**
SERIES 2012A	**SERIES 2012B**	**SERIES 2012C**
(AMT)	**(NON-AMT)**	**(TAXABLE)**

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

The Series 2012A-C Bonds are being issued by authority of the City's home rule charter and ordinances adopted pursuant thereto in order to (1) pay for and finance a portion of the costs of the Airport's 2013-2018 Capital Program, (2) pay, refund, redeem and defease certain outstanding Airport System revenue bonds and subordinate commercial paper notes, (3) reimburse the Airport for moneys it paid in connection with certain costs related to projects in the 2013-2018 Capital Program, (4) make a deposit to the Bond Reserve Fund, (5) make a deposit to the Capitalized Interest Account, and (6) pay the costs of issuing the Series 2012A-C Bonds, all as further described herein. Capitalized terms used on this cover page are defined herein.

The Series 2012A-C 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 2012A-C Bonds. Beneficial Ownership Interests in the Series 2012A-C 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 2012A-C Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2012A-C Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on November 15, 2012, 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 2012A-C 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 2012A-C Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2012A-C Bonds. The Series 2012A-C 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 2012A-C Bonds involve investment risks. 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 2012A-C Bonds will be deemed to have consented to certain Proposed Amendments to the City's General Bond Ordinance as discussed herein.

The Series 2012A-C Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by Hogan Lovells US 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 Douglas J. Friednash, Esq., City Attorney, and Brownstein Hyatt Farber Schreck, LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Greenberg Traurig, LLP, Denver, Colorado. It is expected that delivery of the Series 2012A-C Bonds will be made through the facilities of DTC on or about October 17, 2012.

BARCLAYS **CITIGROUP**

D.A. DAVIDSON & CO. **GEORGE K. BAUM & COMPANY**

GOLDMAN, SACHS & CO. **LOOP CAPITAL MARKETS**

RBC CAPITAL MARKETS **US BANCORP**

WELLS FARGO SECURITIES

Dated: October 11, 2012

MATURITY SCHEDULE

CUSIP©[1]: 6-digit issue number: 249182

CITY AND COUNTY OF DENVER, COLORADO
FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

$315,780,000
AIRPORT SYSTEM REVENUE BONDS, SERIES 2012A
(AMT)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No.[1]	Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No.[1]
2013	7,815,000	3.00%	0.50%	102.683	EU6	2023	6,410,000	5.00	2.96%	117.661[2]	FC5
2014	8,435,000	4.00	0.80	106.580	EV4	2024	58,150,000	5.00	3.08	116.523[2]	FD3
2015	9,190,000	4.00	0.98	109.133	EW2	2025	11,810,000	5.00	3.16	115.772[2]	FE1
2016	9,250,000	5.00	1.18	115.163	EX0	2026	2,925,000	5.00	3.25	114.934[2]	FQ4
2017	10,075,000	4.00	1.45	112.438	EY8	2027	31,130,000	5.00	3.27	114.748[2]	FF8
2018	9,370,000	5.00	1.72	118.850	EZ5	2028	32,320,000	5.00	3.33	114.195[2]	FG6
2019	1,025,000	3.00	2.12	105.754	FN1	2029	33,820,000	4.25	3.59	105.537[2]	FH4
2020	1,055,000	3.00	2.43	104.156	FP6	2030	35,210,000	4.25	3.65	105.018[2]	FJ0
2021	7,275,000	5.00	2.67	118.670	FA9	2031	11,685,000	4.25	3.71	104.503[2]	FK7
2022	14,545,000	5.00	2.80	119.199	FB7	2032	3,230,000	4.25	3.78	103.905[2]	FL5

$5,935,000 4.00% Term Bond Due November 15, 2037, Yield: 4.05%, Price: 99.214, CUSIP© No.[1] FM3

$5,120,000 4.00% Term Bond Due November 15, 2043, Yield: 4.10%, Price: 98.249, CUSIP© No.[1] FR2

$510,140,000
AIRPORT SYSTEM REVENUE BONDS, SERIES 2012B
(NON-AMT)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No.[1]	Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No.[1]
2013	1,350,000	3.00%	0.25%	102.957	GL4	11/15/2024	7,360,000	5.00%	2.66%	124.034	FY7
2014	810,000	3.00	0.52	105.118	GM2	11/15/2025	98,295,000	5.00	2.71	120.074[2]	FZ4
2015	2,665,000	4.00	0.66	110.159	GN0	11/15/2026	10,655,000	5.00	2.80	119.199[2]	GA8
2016	2,365,000	5.00	0.83	116.685	GP5	11/15/2027	11,305,000	5.00	2.87	118.523[2]	GB6
2017	4,835,000	5.00	1.06	119.426	GQ3	11/15/2028	11,720,000	5.00	2.93	117.947[2]	GC4
2018	5,190,000	5.00	1.29	121.619	FS0	11/15/2029	12,430,000	5.00	2.99	117.375[2]	GD2
2019	5,565,000	5.00	1.62	122.515	FT8	11/15/2030	13,180,000	5.00	3.05	116.806[2]	GE0
2020	5,955,000	5.00	1.93	122.859	FU5	11/15/2031	38,725,000	4.00	3.41	104.994[2]	GF7
2021	6,370,000	5.00	2.17	123.202	FV3	11/15/2032	50,960,000	5.00	3.15	115.865[2]	GG5
2022	6,620,000	5.00	2.35	123.654	FW1	11/15/2033	26,435,000	5.00	3.23	115.119[2]	GR1
2023	6,730,000	5.00	2.55	123.512	FX9						

$61,995,000 5.00% Term Bond Due November 15, 2037, Yield: 3.45%, Price: 113.097[2] CUSIP© No.[1] GH3

$33,625,000 5.00% Term Bond Due November 15, 2043, Yield: 3.57%, Price: 112.011[2] CUSIP© No.[1] GK6

$85,000,000 4.00% Term Bond Due November 15, 2043, Yield: 3.89%, Price: 100.907[2] CUSIP© No.[1] GJ9

AIRPORT SYSTEM REVENUE BONDS, SERIES 2012C
(TAXABLE)

$30,285,000 3.592% Due November 15, 2026, Yield: 3.592%, Price: 100.000, CUSIP© No.[1] GS9

1 Copyright 2012, American Bankers Association. The CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers are provided solely for the convenience of the purchasers of the Series 2012A-C Bonds and only as of the issuance of the Series 2012A-C Bonds, and none of the City, the Department or the Underwriters takes responsibility for the accuracy of such CUSIP numbers now or at any time in the future. The CUSIP number for any maturity of the Series 2012A-C Bonds may be changed after the issuance of the Series 2012A-C Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2012A-C Bonds.

2 Priced to the first optional redemption date of November 15, 2022. See "THE SERIES 2012A-C BONDS – Redemption Prior to Maturity – *Optional Redemption of the Series 2012A Bonds and the Series 2012B Bonds*."

SELECTED CITY OFFICIALS AND CONSULTANTS

Mayor

Michael B. Hancock

City Council

Mary Beth Susman, President

Albus Brooks	Paul López
Charles V. Brown, Jr.	Judy H. Montero
Jeanne Faatz	Chris Nevitt
Christopher Herndon	Deborah Ortega
Robin Kniech	Jeanne Robb
Peggy A. Lehmann	Susan Shepherd

Auditor

Dennis J. Gallagher

Cabinet Officials

Cary Kennedy	Deputy Mayor, Manager of Finance/Chief Financial Officer/*Ex-Officio* Treasurer
Adrienne Benavidez	Manager of the Department of General Services
Kim Day	Manager of the Department of Aviation
Jose Cornejo	Manager of the Department of Public Works
Lauri Dannemiller	Manager of the Department of Parks and Recreation
Alex J. Martinez	Manager of the Department of Safety
Doug Linkhart	Manager of the Department of Environmental Health
Penny May	Manager of the Department of Human Services
Molly Urbina	Manager of Community Planning and Development
Douglas J. Friednash, Esq.	City Attorney

Clerk and Recorder, *Ex-Officio* Clerk

Debra Johnson

Department of Aviation

Patrick Heck	Deputy Manager of Aviation/Finance and Administration
Eric Hiraga	Deputy Manager of Aviation/Chief of Staff
Kenric G. Greene	Deputy Manager of Aviation/Operations
Dave LaPorte	Deputy Manager of Aviation/Maintenance
David Rhodes, P.E	Deputy Manager of Aviation/Planning and Development
Robert W. Kastelitz	Deputy Manager of Aviation/Technologies
John Ackerman	Deputy Manager of Aviation/Commercial
Xavier S.L. DuRán, Esq.	Director of Airport Legal Services

Airport Consultant

LeighFisher
Burlingame, California

Financial Consultant

Jefferies & Company, Inc.
New York, NY

Bond Counsel

Hogan Lovells US LLP Denver, Colorado	Bookhardt & O'Toole Denver, Colorado

Special Counsel

Brownstein Hyatt Farber Schreck, LLP
Denver, Colorado

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2012A-C 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 Consultant 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 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 2012A-C 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 2012A-C 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 2012A-C 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.

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 PART OF, ITS RESPONSIBILITY TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTY THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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OFFICIAL STATEMENT

RELATING TO

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

AIRPORT SYSTEM REVENUE BONDS

$315,780,000 **SERIES 2012A** **(AMT)**	**$510,140,000** **SERIES 2012B** **(NON-AMT)**	**$30,285,000** **SERIES 2012C** **(TAXABLE)**

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 2012A, in the principal amount of $315,780,000 (the "Series 2012A Bonds"), its Airport System Revenue Bonds, Series 2012B, in the principal amount of $510,140,000 (the "Series 2012B Bonds"), and its Taxable Airport System Revenue Bonds, Series 2012C, in the principal amount of $30,285,000 (the "Series 2012C Bonds") referred to herein collectively as the "Series 2012A-C Bonds" and individually as a "Series." Unless otherwise defined herein, capitalized terms used herein are defined in "APPENDIX B — GLOSSARY OF TERMS."

The Issuer

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

Denver International Airport

General. The Airport is the primary air carrier airport for the Denver air service region. According to statistics compiled by Airports Council International for 2011, the Airport was ranked as the 5th busiest airport in the nation and the 11th busiest airport in the world based on total passengers in 2011. The Airport was also named the "Best Airport in North America" in 2011 for the seventh consecutive year by *Business Traveler* magazine. See "THE AIRPORT SYSTEM," "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

Passenger Traffic and Airport System Revenues. As of August 2012 there were 24 passenger airlines providing scheduled service at the Airport, including ten major/national passenger airlines, five foreign flag passenger airlines and nine regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. The Airport served approximately 26.46 million enplaned passengers (passengers embarking on airplanes) in 2011, constituting an approximately 1.7% increase over 2010, and approximately 12.83 million enplaned passengers in the first six months of 2012, constituting a 0.1% decrease over the same period in 2011. Approximately 55% were passengers originating their travel at the Airport in both 2011 and in the first six months of 2012, and approximately

45% were passengers making connecting flights at the Airport in both 2011 and in the first six months of 2012.

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport experienced declines in passenger traffic and associated revenues in 2001 and 2002 in the aftermath of the terrorist incidents of September 11, 2001. The Airport was also negatively impacted by the global economic recession that began in late 2007 and the associated weakened demand for air travel and reduced airline passenger capacity. In 2008, although the number of enplaned passengers at the Airport continued to increase, the rate of growth declined from that experienced in previous years, and in 2009 the number of enplaned passengers at the Airport declined by 2.0%, the first decline since 2002. However, in 2010 the number of enplaned passengers at the Airport rebounded, with an increase of 3.6% over 2009 and in 2011 the number of enplaned passengers increased 1.7% over 2010, resulting in the highest number of enplaned passengers at the Airport since it opened in 1995.

Operating revenues at the Airport, consisting primarily of facility rentals, concession revenues, parking revenues, car rentals, landing fees and aviation fuel tax, have shown continual growth since the downturns in 2001 and 2002, largely as the result of increases in passenger traffic. In 2011, operating revenues at the Airport increased 0.2% compared to 2010, and for the first six months of 2012, operating revenues at the Airport increased 4.1% compared to the same period in 2011. Operating expenses at the Airport decreased by 4.1% in 2011 compared to 2010, and decreased during the first six months of 2012 by 2.2% when compared to the same period in 2011. In response to global economic conditions and the financial condition of the airline industry, as well as to meet certain cost reduction obligations in the airlines' Airport Use and Lease Agreements, Airport management has implemented several cost containment measures over the past several years.

The amounts paid by airlines operating at the Airport for terminal and other facility rentals, landing fees and other use charges constituted approximately 54.6% and 56.4% of the Airport System's operating revenues in 2011 and in the first six months of 2012, respectively, and approximately 50% of the Gross Revenues of the Airport System in 2011 (see "The Series 2012A-C Bonds — *Security and Sources of Payment*" below in this Section and "SECURITY AND SOURCES OF PAYMENT — Pledge of Net Revenues — Historical Debt Service Coverage"). Nonairline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 45.4% and 43.6% of the Airport System's operating revenues in 2011 and in the first six months of 2012, respectively, and approximately 50% of the Gross Revenues of the Airport System in 2011.

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 and financial information concerning the Airport System, see generally "SECURITY AND SOURCES OF PAYMENT — Historical Debt Service Coverage," "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AVIATION ACTIVITY AND AIRLINES," "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements" 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"). 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 36 of the existing 90 full service jet gates at the Airport, as well as a 16-gate regional jet facility on Concourse B.

United and Continental Airlines ("Continental") merged ("United/Continental Merger") effective October 1, 2010, under a plan in which United and Continental became wholly-owned subsidiaries of UAL Corporation, which then changed its name to United Continental Holdings, Inc. ("United Continental Holdings"). United Continental Holdings has integrated the two airlines under the United brand effective as of November 30, 2011 and is operating under a single Federal Aviation Administration ("FAA") operating certificate. United, together with its United Express regional commuter affiliates, and Continental and its Continental Express affiliates (collectively, the "United Group") accounted for approximately 42.9% of passenger enplanements at the Airport in 2011 (39.6% for United/United Express and 3.3% for Continental). In the first six months of 2012, the United Group accounted for 41.2% of passenger enplanements at the Airport. In addition, the Airport would rank as the 4th busiest airport in the combined route network of United and Continental based on enplaned passenger data for 2011.

Frontier Airlines Inc. ("Frontier") and its affiliates had the second largest market share at the Airport in 2011, and the third largest market share during the first six months of 2012. The Airport is presently Frontier's only hub and in 2011 was the busiest airport in the Frontier system. Frontier currently leases 18 gates at the Airport under an existing Use and Lease Agreement with the City, however, it will reduce the number of gates it leases to 14 under a new Use and Lease Agreement. Frontier and Lynx Aviation, Inc. ("Lynx"), which ceased operations in March 2011, are both wholly-owned subsidiaries of Frontier Airlines Holdings Inc. ("Frontier Holdings"), which in turn is a wholly-owned subsidiary of Republic Airways Holdings, Inc. ("Republic Holdings"). Frontier, Republic Airlines (also a Republic Holdings subsidiary) operating as Frontier ("Frontier/Republic"), together with Lynx and Frontier JetExpress commuter affiliates (collectively, the "Frontier Group") accounted for approximately 22.3% of passenger enplanements at the Airport in 2011 and approximately 21.9% of passenger enplanements at the Airport in the first six months of 2012.

On October 1, 2009, Frontier Holdings (Frontier and Lynx), following its bankruptcy, was acquired by and became a wholly-owned subsidiary of Republic Holdings. Republic Holdings has integrated the operations of its Midwest Airlines brand under the Frontier brand. In March 2011, Republic Holdings discontinued the operations of Lynx and transitioned its Q400 turboprop service to Frontier Express ("Frontier Express"), a new brand operated by Frontier/Republic and Chautauqua Airlines (also a Republic Holdings subsidiary).

Southwest Airlines ("Southwest") had the third largest market share at the Airport in 2011 and the second largest market share in the first six months of 2012. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport. Based on scheduled departing seats, the Airport is estimated to be the sixth busiest airport in the Southwest system in 2012. Southwest currently leases 17 gates at the Airport under a Use and Lease Agreement with the City, however, a new Use and Lease Agreement has been forwarded to it and upon execution thereof by Southwest and the City, it will lease 19 gates at the Airport. Southwest accounted for approximately 21.8% of passenger enplanements at the Airport in 2011 and approximately 22.7% of passenger enplanements at the Airport in the first six months of 2012. In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest is integrating AirTran Airways into the Southwest brand, and is now operating Southwest and AirTran Airways under a single FAA operating certificate.

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 2011 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 2011.

For further information regarding the major air carriers operating at the Airport, see "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AVIATION ACTIVITY AND AIRLINES," "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements" "AIRLINE BANKRUPTCY MATTERS" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

The Airport Capital Program. The City has 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 2018 (the "2013-2018 Capital Program"). The 2013-2018 Capital Program, summarized in "CAPITAL PROGRAM," is estimated to have an aggregate cost of approximately $1.06 billion and is planned to be financed primarily with a combination of Airport System revenue bonds, money available to the Airport in the Capital Fund, and federal grants to the Airport. See also "FINANCIAL INFORMATION — Plan of Financing." Included in the 2013-2018 Capital Program is the South Terminal Redevelopment Program, which is the single largest component of the 2013-2018 Capital Program. See "CAPITAL PROGRAM — South Terminal Redevelopment Program" herein. A significant project within the South Terminal Redevelopment Program is the construction of a new 519 room full-service airport hotel ("Airport Hotel") to be operated by Starwood Hotels and Resorts under the Westin brand pursuant to a qualified management agreement. For a further description of the Airport Hotel and the Market Demand and Financial Analysis dated September 18, 2012 ("Airport Hotel Analysis") with respect thereto prepared by PKF Consulting USA ("PKF Consulting"), a third-party hotel expert for the Airport, see "CAPITAL PROGRAM — South Terminal Redevelopment Program — *Airport Hotel*" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS — Airport Hotel Risks" herein.

The Series 2012A-C Bonds

Authorization. The Series 2012A-C 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 two supplemental ordinances (the "Series 2012A-B Supplemental Ordinance" and the "Series 2012C Supplemental Ordinance"), each of which was approved by the Denver City Council (the "City Council"). The Series 2012A-B Supplemental Ordinance and the Series 2012C Supplemental Ordinance are referred to herein together as the "Series 2012A-C Supplemental Ordinances." The General Bond Ordinance, the Series 2012A-C Supplemental Ordinances and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2012A-C Supplemental Ordinances are referred to herein collectively as the "Senior Bond Ordinance." The covenants and undertakings of the City with respect to the Senior Bond Ordinance and the Series 2012A-C 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 2012A-C BONDS — Authorization," "SECURITY AND SOURCES OF PAYMENT — Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Purpose. The proceeds of the Series 2012A-C Bonds, together with other available Airport System moneys, will be used to (1) pay for and finance a portion of the costs of the Airport's 2013-2018 Capital Program as further described herein under the Section entitled "CAPITAL PROGRAM", (2) pay, refund, redeem and defease (a) certain selected Senior Bonds in order to achieve debt service savings, and (b) all of the outstanding Subordinate Commercial Paper Notes Series A (AMT) ("Series A Commercial Paper Notes") in the approximate aggregate principal amount of $56,000,000, (3) reimburse the Airport for moneys it paid in connection with certain costs related to projects in the 2013-2018 Capital Program, (4) make a deposit to the Bond Reserve Fund, (5) make a deposit to the Capitalized Interest Account, and (6) pay the costs of issuing the Series 2012A-C Bonds See also "Plan of Financing" below, "APPLICATION OF PROCEEDS" and "FINANCIAL INFORMATION — Senior Bonds — Plan of Financing."

General Provisions. The Series 2012A-C 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 inside cover page hereof. Interest on the Series 2012A-C Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2012, and semiannually thereafter on each May 15 and November 15 (each an "Interest Payment Date"). The Series 2012A-C Bonds are subject to redemption prior to maturity as described in "THE SERIES 2012A-C BONDS — Redemption Prior to Maturity."

Book-Entry Only System. The Series 2012A-C 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 2012A-C Bonds. Ownership interests in the Series 2012A-C 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 2012A-C Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2012A-C BONDS — General Provisions" and "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

Security and Sources of Payment. The Series 2012A-C 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 $3.7 billion, and the aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2012A-C Bonds is approximately $4.0 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 2012A-C Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2012A-C Bonds. The Series 2012A-C 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 2012A-C Bonds, see generally "THE SERIES 2012A-C BONDS," "FINANCIAL INFORMATION — Senior Bonds," "APPENDIX B GLOSSARY OF TERMS," "APPENDIX C — SUMMARY OF CERTAIN

PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Plan of Financing

Jefferies & Company, Inc. (the "Financial Consultant"), as the Financial Consultant to the City, has prepared the plan of financing (the "Plan of Financing") in anticipation of the issuance of the Series 2012A-C Bonds. The Series 2012A-C Bonds are being issued, among other things, to fund a portion of the Airport's 2013-2018 Capital Program, refund the Refunded Bonds and pay at maturity the outstanding Series A Commercial Paper Notes. See generally "Denver International Airport — *The Airport Capital Program*" above in this section, "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 2012A-C Bonds, Hogan Lovells US LLP, Bond Counsel to the City, and Bookhardt & O'Toole, Bond Counsel to the City, will each deliver 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 2012A-C Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2012A 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, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2012B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also, in the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2012A-B Bonds, under existing law and to the extent interest on the Series 2012A-B Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. Interest on the Series 2012C Bonds is included in gross income for federal and State of Colorado income tax purposes. See "TAX MATTERS" for a more detailed discussion.

Report of the Airport Consultant

LeighFisher (the "Airport Consultant") has been retained by the City as its Airport Consultant and in such capacity has prepared the Report of the Airport Consultant dated October 1, 2012 (the "Report of the Airport Consultant"), included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." WJ Advisors LLC served as a subconsultant to LeighFisher in connection with the preparation of the Report of the Airport Consultant. The Report of the Airport Consultant presents certain airline traffic and financial forecasts for calendar years 2012 through 2020 (each a "Fiscal Year"), including the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing, including information regarding the Airport Hotel. Also presented in the Report of the Airport Consultant is a sensitivity analysis of the (1) Airport's forecast enplaned passengers and financial results based on a hypothetical set of assumptions, including a reduction in forecast passenger levels which could occur under conditions of slow economic growth, restricted seat capacity, higher airfares resulting from a spike in oil prices, an unexpected geopolitical event and reduced overall airline service; and (2) financial performance of the Airport Hotel assuming zero net operating income during each year of the forecast period presented in the Report of the Airport Consultant. For a discussion of the

Airport Hotel Analysis, see "CAPITAL PROGRAM – South Terminal Redevelopment Program – *Airport Hotel*" herein. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein.

The Report of the Airport Consultant was prepared in connection with, but prior to the actual offering and sale of, the Series 2012A-C Bonds, and consequently makes various assumptions as to the principal amounts and Debt Service Requirements (as defined in "APPENDIX B – GLOSSARY OF TERMS") of the Series 2012A-C Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2012A-C Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of the Series 2012A-C Bonds as marketed. For a description of the City's estimated aggregate debt service payment schedules for the Senior Bonds, see the table set forth below in "FINANCIAL INFORMATION – Senior Bonds – *Estimated Senior Bonds Debt Service Requirements.*"

See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant," "AVIATION ACTIVITY AND AIRLINES – Airline Information," "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Plan of Financing" and "REPORT OF THE AIRPORT CONSULTANT."

Consent to Proposed Amendments to the Senior Bond Ordinance

Purchasers of Beneficial Ownership Interests in the Series 2012A-C Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in "SECURITY AND SOURCES OF PAYMENT — Proposed Amendments to the Senior Bond Ordinance." The Proposed Amendments are set forth in "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Continuing Disclosure

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information, certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. In addition, pursuant to Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2012A-C Bonds 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 specified events. See "CONTINUING DISCLOSURE" and "APPENDIX H — FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the events for which notice is 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 in all material respects continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

Additional Information

Brief descriptions of the Series 2012A-C 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 2012A-C 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 2012A-C Bonds involve certain investment risks. 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 pages, 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 2012A-C Bonds.

Changes from the Preliminary Official Statement

This Official Statement contains terms that represent changes made to the Preliminary Official Statement dated October 1, 2012, relating to the Series 2012A-C Bonds. These changes reflect the inclusion of certain information with respect to the pricing of the Series 2012A-C Bonds that was not available at the date of the Preliminary Official Statement and the inclusion of an update to the Airport's capital program. See the last sentence of the first paragraph in the section entitled "CAPITAL PROGRAM – The 2013-2018 Capital Program," and the table entitled "Comparison of Estimated Senior Bond Debt Service Requirements included in the Report of the Airport Consultant to Actual Senior Bond Debt Service Requirements," and the paragraph immediately preceding such table, in the section entitled "REPORT OF THE AIRPORT CONSULTANT."

APPLICATION OF PROCEEDS

Purpose of the Series 2012A-C Bonds

The proceeds of the Series 2012A-C Bonds, together with other available Airport System moneys, will be used to (1) pay for and finance a portion of the costs of the Airport's 2013-2018 Capital Program, (2) pay, refund, redeem and defease (a) certain selected Senior Bonds in order to achieve debt service savings and (b) the Series A Commercial Paper Notes currently outstanding in the approximate aggregate principal amount of $56,000,000, (3) reimburse the Airport for moneys it paid in connection with certain costs related to projects in the 2013-2018 Capital Program, (4) make a deposit to the Bond Reserve Fund, and (5) make a deposit to the Capitalized Interest Account, and (6) pay the costs of issuing the Series 2012A-C Bonds. See also "FINANCIAL INFORMATION — Senior Bonds — Plan of Financing."

A portion of the proceeds of the Series 2012A Bonds, together with other available Airport System moneys, will be deposited in irrevocable escrow accounts to refund, redeem and defease on November 15, 2012, the following Senior Bonds at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, in order to achieve debt service savings:

Series	Maturity Date (November 15)	Coupon	Principal Amount Refunded
1998A	2025	5.000%	$104,050,000
2002E	2013	5.250	8,480,000
2002E	2014	5.250	8,825,000
2002E	2015	5.500	9,705,000
2002E	2016	5.500	9,905,000
2002E	2017	5.500	10,815,000
2002E	2018	5.500	11,220,000
2002E	2019	4.750	430,000
2002E	2020	5.000	450,000
2002E	2021	5.000	2,740,000
2002E	2022	4.875	500,000
2002E	2023	5.000	500,000
2003A	2031	5.000	134,475,000

A portion of the proceeds of the Series 2012B Bonds, together with other available Airport System moneys, will be deposited in irrevocable escrow accounts to refund, redeem and defease the following Senior Bonds at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, in the following years, in order to achieve debt service savings:

Series	Maturity Date (November 15)	Coupon	Principal Amount Refunded	Call Date (November 15)
1998B	2025	5.000%	$103,395,000	2012
2003B	2033	5.000	75,460,000	2013

A portion of the proceeds of the Series 2012C Bonds, together with other available Airport System moneys, will be deposited in an irrevocable escrow account to refund, redeem and defease on November 15, 2013, the following Senior Bonds at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, in order to achieve debt service savings:

Series	Maturity Date (November 15)	Coupon	Principal Amount Refunded
2003A	2026	5.000%	$27,490,000

The irrevocable escrow accounts (the "Escrow Accounts") described above in connection with the Series 2012A-C Bonds will be established pursuant to escrow agreements to be entered into by the City, for and on behalf of the Department, and Zions First National Bank, Denver, Colorado, as escrow agent, and utilized to redeem and pay all of the Refunded Bonds in accordance with the schedules set forth in such agreements.

Monies in the Escrow Accounts will be invested in Federal Securities in accordance with the General Bond Ordinance. Federal Securities is defined in the General Bond Ordinance as "bills, certificates, notes, bonds or similar securities which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by the United States." For a description of the requirements with respect to the defeasance of the Refunded Bonds, see APPENDICES C and D, attached hereto.

Prior to the delivery of the Series 2012A-C Bonds, Causey Demgen & Moore P.C., certified public accountants, Denver, Colorado will deliver a report on the mathematical accuracy of certain computations relating to the Federal Securities to be held in the Escrow Accounts for such refunded bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

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Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2012A-C Bonds.

	Series 2012A Bonds	Series 2012B Bonds	Series 2012C Bonds	Total
Sources:				
Principal amount of the Series 2012A-C Bonds	$315,780,000.00	$510,140,000.00	$30,285,000.00	$856,205,000.00
Original Issue Premium/Discount [1]	36,653,556.15	69,111,442.15	--	105,764,998.30
Other available Airport System moneys [2]	44,166,851.68	3,786,390.59	580,344.44	48,533,586.71
	$396,600,407.83	$583,037,832.74	$30,865,344.44	$1,010,503,585.01
Uses:				
Deposit to Project Fund [3]	$ 38,668,354.42	$321,170,683.23	--	$359,839,037.65
Deposit to the Escrow Accounts [4]	309,772,268.75	186,956,291.40	$29,499,624.79	526,228,184.94
Deposit to Escrow Account for Series A Commercial Paper Notes	31,294,746.23	24,729,183.82	--	56,023,930.05
Deposit to the Bond Reserve Fund	12,882,251.11	21,172,962.70	1,106,985.89	35,162,199.70
Deposit to the Capitalized Interest Account	1,308,170.38	24,497,877.27	--	25,806,047.65
Costs of Issuance [5]	2,674,616.94	4,510,834.32	258,733.76	7,444,185.02
	$396,600,407.83	$583,037,832.74	$30,865,344.44	$1,010,503,585.01

1 See “UNDERWRITING” and “TAX MATTERS.”

2 Includes transfers from the Bond Fund, deposit from the Capital Fund, unexpended commercial paper note proceeds, and bond interest funds related to the subordinate commercial paper notes.

3 Includes monies used to provide for (a) deposits to the construction account, and (b) the reimbursement of Airport equity.

4 To be used to refund, redeem and defease the Refunded Bonds.

5 Includes Underwriters’ discount, legal and other costs of issuance for the Series 2012A-C Bonds. See also “UNDERWRITING.”

THE SERIES 2012A-C BONDS

The following is a summary of certain provisions of the Series 2012A-C Bonds during such time as the Series 2012A-C 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 2012A-C Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also “APPENDIX B — GLOSSARY OF TERMS,” “APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE” and “APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE” for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2012A-C 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 2012A-C 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 2012A-C Bonds will be issued pursuant to the Senior Bond Ordinance, including any Proposed Amendments that may be adopted after issuance of the Series 2012A-C Bonds. See "SECURITY AND SOURCES OF PAYMENT — Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

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 2012A-C Bonds.

DTC Book-Entry System

The Series 2012A-C 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 2012A-C Bonds. Beneficial Ownership Interests in the Series 2012A-C 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 2012A-C Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

Principal and interest payments with respect to the Series 2012A-C Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2012A-C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

None of the City, the Department, the Underwriters, the Paying Agent or the Registrar for the Series 2012A-C 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 2012A-C 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 2012A-C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2012A-C Bonds or (5) any other related matter.

General Provisions

The Series 2012A-C 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 inside cover page hereof. The Series 2012A-C Bonds are subject to optional and mandatory redemption prior to maturity as described below in "Redemption

Prior to Maturity." Interest on the Series 2012A-C Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2012, and semiannually on each Interest Payment Date thereafter.

Principal and interest payments with respect to the Series 2012A-C Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2012A-C Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

Redemption Prior to Maturity

Optional Redemption of the Series 2012A Bonds and the Series 2012B Bonds. The Series 2012A Bonds maturing on and after November 15, 2023, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2022, in whole or in part, in principal amounts equal to authorized denominations, at a price (the "Redemption Price") equal to 100% of the principal amount of the Series 2012A Bonds to be redeemed plus accrued interest to the date of redemption (the "Redemption Date").

The Series 2012B Bonds maturing on and after November 15, 2025, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2022, in whole or in part, in principal amounts equal to authorized denominations, at the Redemption Price equal to 100% of the principal amount of the Series 2012B Bonds to be redeemed plus accrued interest to the Redemption Date.

Optional Make-Whole Redemption of the Series 2012C Bonds. The Series 2012C Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time, in part, at the City's option, on prior notice on the date to be fixed for redemption in such notice, at the "Make-Whole Redemption Price." The "Make-Whole Redemption Price" shall be the greater of (1) the issue price as shown on the inside cover page of this Official Statement pertaining to the Series 2012C Bonds (but not less than 100% of the principal amount of the Series 2012C Bonds to be redeemed); or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2012C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2012C Bonds are to be redeemed, discounted to the date on which the Series 2012C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 35 basis points, plus, in each case, accrued and unpaid interest on the Series 2012C Bonds to be redeemed on the Redemption Date. If the Series 2012C Bonds are to be called for redemption, the Series 2012C Bonds to be called shall be determined in accordance with the procedures set forth at "Mandatory Sinking Fund Redemption" below.

The following definitions shall apply for purposes of the computation of the "Make-Whole Redemption Price":

"Comparable Treasury Issue" means, with respect to any Redemption Date for the Series 2012C Bonds, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Series 2012C Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2012C Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for the Series 2012C Bonds, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer

Quotations (as defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the City.

"Reference Treasury Dealer" means each of the four firms, specified by the City from time to time, any or all of which may also be an Underwriter for the Series 2012C Bonds, that are primary United States government securities dealers in The City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the City will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2012C Bonds, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date for the Series 2012C Bonds, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (as defined below), assuming that the Comparable Treasury Issue is purchased on the Redemption Date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker.

Mandatory Sinking Fund Redemption. The Series 2012A Bonds maturing on November 15, 2037 (the "Series 2012A 2037 Term Bonds"), the Series 2012A Bonds maturing on November 15, 2043 (the "Series 2012A 2043 Term Bonds"), the Series 2012B Bonds maturing on November 15, 2037 (the "Series 2012B 2037 Term Bonds"), the Series 2012B Bonds maturing on November 15, 2043 (the "Series 2012B 2043-1 Term Bonds"), and the Series 2012B Bonds maturing on November 15, 2043 (the "Series 2012B 2043-2 Term Bonds") are all subject to mandatory sinking fund redemption prior to their respective maturities at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Redemption Date, on November 15 in each of the years and in the principal amounts set forth in the following table.

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Mandatory Sinking Fund Redemption Schedule

	Principal Amount to be Redeemed				
Year of Redemption	Series 2012A 2037 Term Bonds	Series 2012A 2043 Term Bonds	Series 2012B 2037 Term Bonds	Series 2012B 2043-1 Term Bonds[1]	Series 2012B 2043-2 Term Bonds[1]
2033	$2,855,000	--	--	--	--
2034	725,000	--	$14,190,000	--	--
2035	755,000	--	15,035,000	--	--
2036	785,000	--	15,920,000	--	--
2037	815,000[2]	--	16,850,000[2]	--	--
2038	--	$850,000	--	$7,025,000	$10,810,000
2039	--	880,000	--	7,370,000	11,380,000
2040	--	920,000	--	7,740,000	11,975,000
2041	--	955,000	--	8,125,000	12,590,000
2042	--	995,000	--	3,215,000	17,335,000
2043	--	520,000[2]	--	150,000 [2]	20,910,000 [2]

1 The Series 2012B 2043-1 Term Bonds with a CUSIP© number of 249182GK6 and bearing interest at a rate of 5% per annum and the Series 2012B 2043-2 Term Bonds with a CUSIP© number of 249182GJ9 and bearing interest at a rate of 4% per annum both mature on November 15, 2043. See inside cover of this Official Statement.

2 Final maturity amounts and not mandatory sinking fund redemption payments.

The City has the option of reducing the principal amount of the Series 2012A 2037 Term Bonds, the Series 2012A 2043 Term Bonds, Series 2012B 2037 Term Bonds, the Series 2012B 2043-1 Term Bonds or the Series 2012B 2043-2 Term Bonds, as applicable, to be redeemed on any mandatory sinking fund Redemption Date by any amount (equal to the smallest denomination then authorized pursuant to the Series 2012A-B Supplemental Ordinance or whole multiples of such smallest denomination) up to the principal amount of the Series 2012A 2037 Term Bonds, the Series 2012A 2043 Term Bonds, Series 2012B 2037 Term Bonds, the Series 2012B 2043-1 Term Bonds or the Series 2012B 2043-2 Term Bonds, as applicable, which have been redeemed prior to or will be redeemed on such Redemption Date under any other provision of the Series 2012A-B Supplemental Ordinance or which otherwise have been delivered to the Registrar for cancellation (and which have not previously been applied to reduce the principal amount of the Series 2012A 2037 Term Bonds, the Series 2012A 2043 Term Bonds, Series 2012B 2037 Term Bonds, the Series 2012B 2043-1 Term Bonds or the Series 2012B 2043-2 Term Bonds, as applicable). The City may exercise such option by delivering to the Paying Agent, on or before the 45th day preceding such redemption date, a written notice stating the amount of such reduction.

Partial Redemption of the Series 2012A-C Bonds. If fewer than all of the Series 2012A Bonds, the Series 2012B Bonds or the Series 2012C Bonds are to be redeemed on any Redemption Date, including in respect of any mandatory sinking fund redemptions, the Series 2012A Bonds, the Series 2012B Bonds or the Series 2012C Bonds to be redeemed are to be selected on a pro rata basis in accordance with arrangements between the City and DTC. See "DTC Book-Entry System" above and "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

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 2012A-C 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 2012A-C 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 2012A-C Bonds is required to be given, moneys sufficient to redeem all of such Series 2012A-C 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 2012A-C 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 E — DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests, and for remitting the Redemption Price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2012A-C Bonds properly called for redemption or any other action premised on that notice.

SECURITY AND SOURCES OF PAYMENT

Pledge of Net Revenues

The Series 2012A-C 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 2012A-C 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 2012A-C 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 2012A-C Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2012A-C 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 and under the Series 2012A-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 the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see "APPENDIX B — GLOSSARY OF TERMS."

Flow of Funds; Revenue Fund

The application of Gross Revenues is governed by the provisions of the Senior Bond Ordinance, which creates the "City and County of Denver, Airport System Fund" (the "Airport System Fund"), and within the Airport System Fund a special fund designated the "City and County of Denver, Airport System Gross Revenue Fund" (the "Revenue Fund"). See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Airport System Fund." The City is required to set aside in the Revenue Fund all Gross Revenues upon receipt. Moneys held in the Revenue Fund are then to be applied and deposited to various other funds and accounts established pursuant to the Senior Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses and then to the Debt Service Requirements on the Senior Bonds. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Application of Revenues" for a further description of the application of Gross Revenues. The flow of funds under the Senior Bond Ordinance is illustrated in the following diagram.

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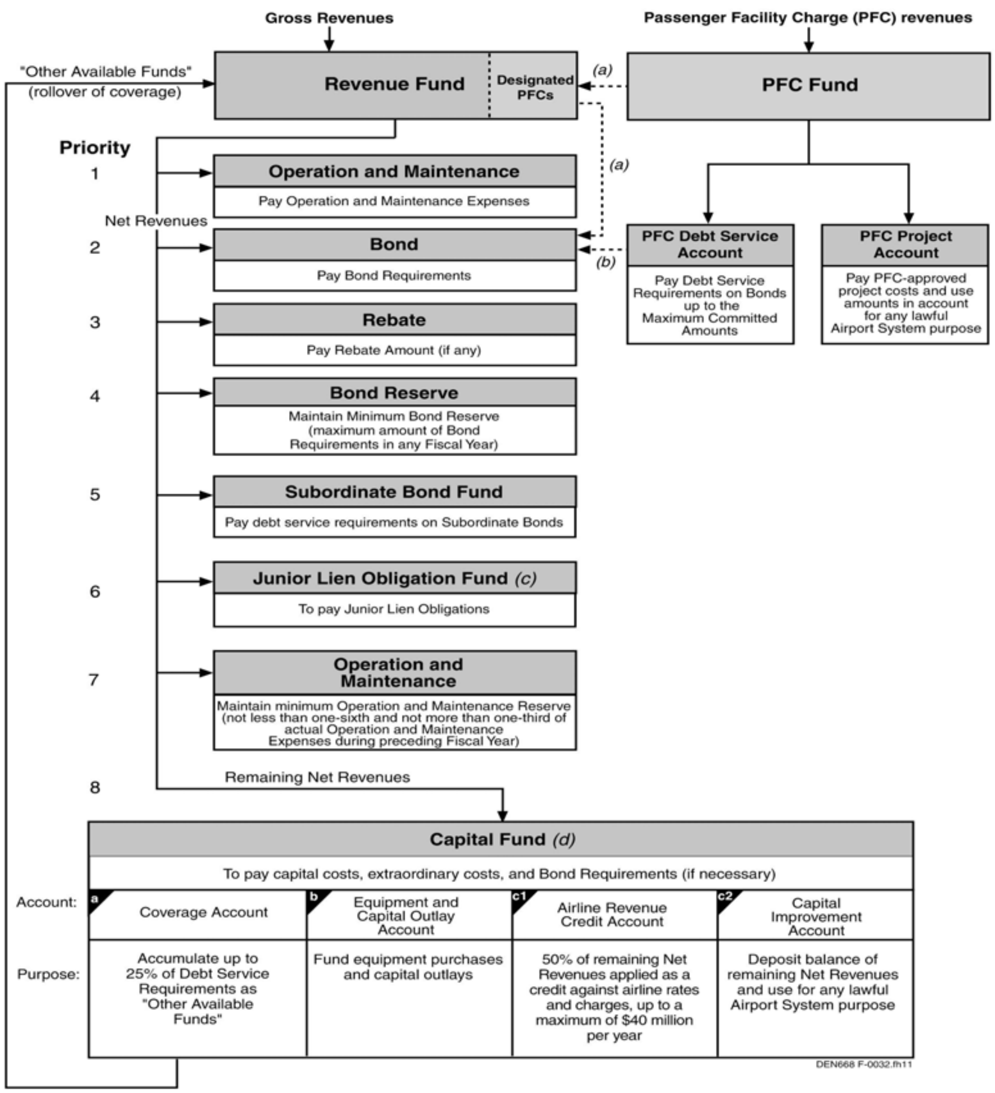
Flow of Funds Under the Senior Bond Ordinance and the Subordinate Ordinance



(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 Senior Bond Ordinance through 2018, and may continue to be defined as Gross Revenues as determined by the City. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges*."

(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 through 2018 to the payment of Debt Service Requirements on Senior Bonds, and may continue to be committed thereafter as determined by the City. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*."

(c) Prior to the opening of the Airport Hotel, the City expects to create the Junior Lien Obligation Fund in a future supplemental subordinate bond ordinance to pay Junior Lien Obligations.

(d) The account structure for the Capital Fund (defined below) may be established by the City as necessary for accounting purposes. The accounts are not required by the Senior Bond Ordinance.

PFC Fund and PFC Debt Service Account

The Senior Bond Ordinance creates within the Airport System Fund the "City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund" (the "PFC Fund"), including therein the PFC Debt Service Account and the PFC Project Account. Pursuant to two Supplemental Ordinances (the "PFC Supplemental Ordinances") approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2018, as further discussed in "Rate Maintenance Covenant" below in this section and "FINANCIAL INFORMATION Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*." See also "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — PFC Fund."

Capital Fund

The Senior Bond Ordinance also creates within the Airport System Fund the "City and County of Denver, Airport System Capital Improvement and Replacement Fund" (the "Capital Fund"), which may be used to pay: the costs of acquiring, improving or equipping any Airport Facilities (as defined in "APPENDIX B GLOSSARY OF TERMS"), to the extent such costs are not Operation and Maintenance Expenses; the costs of extraordinary and major repairs, renewals, replacements or maintenance items relating to any Airport Facilities of a type not properly defrayed as Operation and Maintenance Expenses; and the Bond Requirements (as defined in "APPENDIX B — GLOSSARY OF TERMS") of any Senior Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in such payment. The Capital Fund is to be funded from Gross Revenues and certain other amounts as provided in the Senior Bond Ordinance.

The account structure for the Capital Fund is not mandated by the Senior Bond Ordinance but rather may be established by the City as necessary for accounting purposes. The City currently maintains the following accounts of the Capital Fund: the Coverage Account, the Equipment and Capital Outlay Account, the Airline Revenue Credit Account and the Capital Improvement Account for the purposes described in the flow of funds diagram above. See also "FINANCIAL INFORMATION — Capital Fund" and "APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Application of Revenues — Insurance — Disposal of Airport Property."

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 "Flow of Funds; Revenue Fund" and "Historical Debt Service Coverage" below, as well as "FINANCIAL INFORMATION — Capital Fund."

If Gross Revenues in any Fiscal Year, together with Other Available Funds, are less than the amounts specified above, upon receipt of the audit report for the Fiscal Year, the Manager is to direct the

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

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

The term "Debt Service Requirements" in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See "APPENDIX B — GLOSSARY OF TERMS." As described in "PFC Fund and 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 Fiscal Year 2018. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably Committed Passenger Facility Charges is treated as a reduction in the Debt Service Requirements of Senior Bonds in each Fiscal Year through 2018. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "FINANCIAL INFORMATION Senior Bonds — Passenger Facility Charges" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

Bond Reserve Fund

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

Upon the issuance of the Series 2012A-C 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 cash from bond proceeds and available Airport System moneys, and thus there is no Credit Facility on deposit in the Bond Reserve Fund.

Additional Parity Bonds

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

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

To the extent the Series 2012A-C Bonds are being issued to pay for the costs of Improvement Projects and to refund the Series A Commercial Paper Notes, the Additional Bonds Test will be required to be satisfied with respect to such portion of the Series 2012A-C Bonds proceeds. See "APPLICATION OF PROCEEDS" and "FINANCIAL INFORMATION — Plan of Financing."

Subordinate Bonds and Other Subordinate Obligations

The City, for and on behalf of the Department, has issued various series of Subordinate Bonds and the Series A Commercial Paper Notes and authorized the issuance of Series 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 — Plan of Financing — Master Derivatives Policy." The City plans to issue Subordinate Bonds in late 2012 or early 2013 pursuant to a supplement to the Subordinate Bond Ordinance in order to finance, among other things, a portion of the costs of the 2013-2018 Capital Program. See "FINANCIAL INFORMATION — Plan of Financing."

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 2007 through 2011 in accordance with the Rate Maintenance Covenant discussed in "Rate Maintenance Covenant" above and the Additional Bonds Test discussed in "Additional Parity Bonds" above. PFCs set forth in the following table reflect amounts actually received in the applicable Fiscal Year, plus investment earnings thereon, and will differ from the PFCs appearing in the financial statements of the Airport System and elsewhere in this Official Statement that are reported on an accrual basis. 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				
	2007	**2008**	**2009**[1]	**2010**	**2011**
Gross Revenues, not including Designated Passenger Facility Charges [2]	$616,106	$635,607	$616,506	$651,318	$670,753
Designated Passenger Facility Charges [3]	0	0	31,563	34,021	34,950
Gross Revenues [2]	616,106	635,607	648,069	685,339	705,703
Operation and Maintenance Expenses [2]	(282,746)	(305,382)	(309,270)	(302,881)	(312,278
Net Revenues	333,360	330,225	338,799	382,458	393,425
Other Available Funds [4]	53,251	53,575	49,288	47,975	48,045
Total Amount Available for Debt Service	$386,611	$383,800	$388,087	$430,434	$441,469
Senior Bond Debt Service [5]	$278,302	$286,161	$264,748	$265,391	$267,321
Committed Passenger Facility Charges [6]	(63,089)	(68,953)	(63,125)	(68,043)	(69,899)
Debt Service Requirements for the Senior Bonds [7]	$215,213	$217,208	$201,623	$197,349	$197,421
Debt Service Coverage [7]	180%	177%	192%	218%	224%

1 Reflects the restatement of the Fiscal Year 2009 financial statements as described in "FINANCIAL INFORMATION — Historical Financial Operations."

2 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 also "Pledge of Net Revenues" above in this section and "APPENDIX B — GLOSSARY OF TERMS."

3 Reflects that portion of PFC revenues included in the Airport System's Gross Revenues for Fiscal Years 2009, 2010 and 2011. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Designated Passenger Facility Charges*."

4 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 is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year. See "APPENDIX B — GLOSSARY OF TERMS."

5 Senior Bond debt service not reduced by the irrevocably Committed Passenger Facility Charges but net of capitalized interest and certain other available funds irrevocably committed to the payment of Debt Service Requirements, including the debt service on certain Senior Bonds that have been economically defeased. See "FINANCIAL INFORMATION — Senior Bonds — *Outstanding Senior Bonds —* Passenger Facility Charges."

6 Reflects that portion of PFC revenues irrevocably committed to the payment of Debt Service Requirements. See "FINANCIAL INFORMATION Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Charges*."

7 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 obligations and therefore differs from the coverage of debt service on Senior Bonds only as shown in the table.

Sources: Audited financial statements of the Airport System for Fiscal Years 2007-2011, and Department of Aviation management records.

Proposed Amendments to the Senior Bond Ordinance

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

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE." These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2012A-C Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth in "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE," and to the appointment of UMB Bank, n.a. (as successor to 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 2012A-C Bonds involve investment risks 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 2012A-C Bonds.

Dependence on Levels of Airline Traffic and Activity

The Series 2012A-C 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 2012A-C Bonds, through 2018, 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 (1) the global and national economic recession that began in late 2007, (2) weakened demand for air travel and (3) reduced airline passenger capacity, negatively impacted levels of passenger traffic and associated revenues at the Airport in 2008 and 2009. The number of enplaned passengers at the Airport increased in 2008 although at a lower rate than in 2006 and 2007. This was followed by a decline of 2.0% in 2009. However, the number of enplaned passengers at the Airport rebounded in 2010, with an increase of 3.6% over 2009, and an increase of 1.7% in 2011. There was a slight decrease, however, in enplaned passengers of 0.1% in the first six months of 2012 compared to the same period in 2011. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors, including the national and local unemployment rate, the prolonged weak global and national economic conditions, 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, some of which are discussed in further detail hereafter in this section. See also “AVIATION ACTIVITY AND AIRLINES” below, and “AIRLINE TRAFFIC ANALYSIS — Key Factors Affecting Future Airline Traffic” in the Report of the Airport Consultant.

Concentration of Airline Market Share

The major air carriers operating at the Airport, by local market share, are United, Frontier and Southwest, as discussed below. These airlines have also been involved in recently completed or pending mergers and consolidations that could affect their future market shares at the Airport to an extent that cannot currently be predicted.

United is the principal air carrier operating at the Airport. United currently leases 36 of the 38 full service jet gates on Concourse B, as well as the regional jet facility on the east end of Concourse B. In 2011 the United Group accounted for 42.9% of passenger enplanements at the Airport and approximately 52.2% of the airline rentals, fees and charges component of the Airport System’s operating revenues, as well as approximately 26.1% of Airport System’s Gross Revenues. Effective October 1, 2010, as the result of the merger of United and Continental, Continental has become a subsidiary of United Continental Holdings, which has integrated the two airlines under the United brand to operate under a single FAA operating certificate. In addition, the Airport would rank as the 4th busiest airport in the route network of the United Group based on enplaned passenger data for 2011. See “AVIATION ACTIVITY AND AIRLINES — Airline Information — *The United Group*” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements — *United Use and Lease Agreement*.”

Southwest is currently the second largest air carrier operating at the Airport, but in 2011 was the third largest air carrier. Southwest currently leases 17 of the 22 full service jet gates on Concourse C, and upon execution of a new Use and Lease Agreement, as described below, is expected to lease an additional 2 full service gates on Concourse A. In 2011 Southwest accounted for 21.8% of passenger enplanements at the Airport and approximately 14.1% of the airline rentals, fees and charges component of the Airport System’s operating revenues, as well as approximately 7.1% of the Airport System’s Gross Revenues. In May 2011, Southwest acquired AirTran Holdings, Inc. and is integrating AirTran Airways into the Southwest brand, however, Southwest and AirTran Airways operate under a single FAA operating certificate. See “AVIATION ACTIVITY AND AIRLINES — Airline Information — *Southwest*” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements — *Generally*.”

Frontier (together with its affiliates) is currently the third largest air carrier operating at the Airport, but in 2011 was the second largest air carrier. Under its existing Use and Lease Agreement, Frontier is leasing 18 of the 30 full service jet gates on Concourse A, however, under a new Use and Lease Agreement in the process of being executed by the parties, Frontier will reduce the number of gates it leases to 14. In 2011, the Frontier Group accounted for 22.3% 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, as well as approximately 7.3% of the Airport System’s Gross Revenues. Republic Holdings has integrated the operations of its Midwest Airlines brand, under the Frontier brand. In March 2011, Republic Holdings discontinued the operations of Lynx and transitioned its Q400 turboprop service to its Frontier Express brand. See “AVIATION ACTIVITY AND AIRLINES — Airline Information — *The Frontier Group*” and “AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements — *Generally*.”

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 2011 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 2011. 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 these airlines at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See "Risk of Airline Bankruptcies" below, as well as "AVIATION ACTIVITY AND AIRLINES" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements." See also "AIRLINE TRAFFIC ANALYSIS — Airport Role — Hub for United and Frontier Airlines — Fifth Busiest Southwest Airlines Airport" in the Report of the Airport Consultant.

Current Economic Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Prior recessions and stagnant economic conditions in the U.S., Colorado and Denver contributed to reduced passenger numbers at the Airport, and the 2008-2009 recession and associated high unemployment, reduced discretionary income and contributed to reduced airline travel demand at the Airport in those years.

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities are important influences on passenger traffic at U.S. airports, including the Airport. Sustained future increases in passenger traffic at the Airport will depend on stable international conditions as well as national and global economic growth. See also "Dependence on Levels of Airline Traffic and Activity" above and "AIRLINE TRAFFIC ANALYSIS — Key Factors Affecting Future Airline Traffic" in the Report of the Airport Consultant.

Financial Condition of the Airlines; Industry Consolidation

The recent global recession, sluggish recovery from the 2008-2009 recession and record fuel prices, among other things, have caused most airlines to raise fares, add new fees and surcharges and reduce capacity and the size of their fleets, as well as personnel. In addition, several airlines have merged or consolidated, and others have either reorganized under applicable bankruptcy laws or ceased operations. The City is not able to predict whether any future airline mergers, consolidations, reorganizations or liquidations will occur or the impact that any such events may have on the operations of the Airport. See also "Dependence on Levels of Airline Traffic and Activity — Current Economic Conditions — Cost and Availability of Aviation Fuel — Risk of Airline Bankruptcies" in this section and "AVIATION ACTIVITY AND AIRLINES" below, as well as "AIRLINE TRAFFIC ANALYSIS — Key Factors Affecting Future Airline Traffic" in the Report of the Airport Consultant.

Cost and Availability of Aviation Fuel

The price of fuel is one of the most significant and uncertain factors impacting the airline industry. In 2008, according to the Air Transport Association, fuel overtook labor as the industry's largest operating expense. During the first quarter of 2011, fuel prices increased as a result of rising global demand and political instability in oil producing countries in the Middle East and North Africa. 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 types of 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; Industry Consolidation" above and "AVIATION ACTIVITY AND AIRLINES" below, as well as "AIRLINE TRAFFIC ANALYSIS — Key Factors Affecting Future Airline Traffic — Availability and Price of Aviation Fuel" in the Report of the Airport Consultant.

Air Travel Security, Public Health and Natural Disasters Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and are currently occurring in the Middle East and North Africa) and terrorist attacks, as well as public health and natural disaster concerns, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying, the inconveniences and delays associated with more stringent security screening procedures, the potential exposure to severe illnesses and natural disasters (such as volcano eruptions, earthquakes and tsunamis), all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation. See also "AIRLINE TRAFFIC ANALYSIS — Key Factors Affecting Future Airline Traffic — Aviation Safety, Security, and Public Health Concerns" in the Report of the Airport Consultant.

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, and may also be affected by federal deficit reduction plans enacted by the U.S. Congress, including sequestration under the Budget Control Act of 2011. 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 February 2025, and the other existing Use and Lease Agreements expired in December 2011, however, such airlines are operating on a month-to-month holdover basis. New five-year Use and Lease Agreements expiring in December 2016 have been finalized and are in the process of being executed, with substantially the same terms and conditions as the existing Use and Lease Agreements for such airlines. Any of such Use and Lease Agreements 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 or that challenges will not be made by airlines to the rates and charges established by the City or its method of allocating particular costs. See “Risk of Airline Bankruptcies” below and “AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements.”

Risk of Airline Bankruptcies

Since 2001, several airlines with operations at the Airport, including, among others, United, Frontier and Lynx, have filed for bankruptcy protection. However, with limited exceptions, these airlines have successfully reorganized and emerged from bankruptcy protection. The exceptions include Midway Airlines and Vanguard Airlines, which eventually ceased operations; Mesa Air Group, Inc. and its Mesa Airlines subsidiary, which filed for bankruptcy protection in January 2010 and emerged from bankruptcy protection in March 2011, is continuing operations but currently is not serving the Airport; Mexicana Airlines, which initiated insolvency proceedings under the laws of Mexico in August 2010 and has suspended operations; and Lynx, which ended operations in early 2012 after Frontier terminated the Lynx flights. American Airlines and certain of its affiliates filed for bankruptcy protection in November 2011 and are continuing operations. American is expected to sign a new Use and Lease Agreement at the Airport as part of its plan of reorganization due by the end of 2012; however, while an agreement with American has been finalized, it has not been executed and no assurances can be given with regard to American’s future level of activity at the Airport. Furthermore, 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 2012A-C Bonds. See “AIRLINE BANKRUPTCY MATTERS” for a discussion of various impacts to the Airport of an airline bankruptcy.

Access to Credit Markets; Availability of Funding for the 2013-2018 Capital Program

The national and international credit markets have experienced substantial disruptions for over four years, 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 for the remainder of this year and in future years in order to issue additional Airport System revenue bonds to finance the 2013-2018 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 2013-2018 Capital Program.

The funding plan for the 2013-2018 Capital Program as described herein assumes that a combination of the proceeds of Airport System revenue bonds, Airport equity, various federal grants and other moneys will be received in amounts and at times necessary to pay the costs of the 2013-2018 Capital Program. No assurance can be given that these sources of funding will actually be available in the amounts or on the schedule assumed.

See “CAPITAL PROGRAM,” “FINANCIAL INFORMATION — Senior Bonds — Subordinate Bonds and Other Subordinate Obligations — Installment Purchase Agreements — Plan of Financing — Capital Fund Federal Grants and Other Funding.”

Airport Hotel Risks

The failure to complete, or a delay in the completion of the Airport Hotel may adversely affect the receipt of Gross Revenues and, thus, the payment of Debt Service on the Series 2012A-C Bonds.

Contingencies generally involved in the construction of any major facility, such as fire, labor difficulties, and the cost of and problems in obtaining materials, may cause the actual cost of completion to exceed the established budget.

Although the Department has significant prior experience in the construction of many projects, and intends to set a guaranteed maximum price under the contract for the construction of the Airport Hotel, there can be no assurance that the construction of the Airport Hotel (as well as the DIA Rail Station (defined in "CAPITAL PROGRAM – South Terminal Redevelopment Program" below) and the Plaza (defined in "CAPITAL PROGRAM – South Terminal Redevelopment Program" below)) can be completed within budget. In addition, the construction contractor for the Airport Hotel will be responsible for obtaining, furnishing, paying the cost of and maintaining in full force and effect the various regulatory permits, approvals and reviews required for the timely construction of the Airport Hotel and for complying with and paying the cost of complying with all environmental laws applicable to the construction of the Airport Hotel. There can be no assurance that any or all of the required permits, approvals and reviews will be obtained at all or in a timely manner that will permit the Airport Hotel to be constructed on schedule.

There can also be no assurances that the amounts budgeted for furniture, fixtures and equipment for the Airport Hotel will be sufficient to pay for such costs or that delays will not occur in completion of the Airport Hotel related to the provision of such items in order to open the Airport Hotel on time. See "CAPITAL PROGRAM — South Terminal Development Program — *Airport Hotel*" and "REPORT OF THE AIRPORT CONSULTANT," attached hereto as APPENDIX A.

The principal source of revenues from the Airport Hotel will be room rentals, food sales to guests and other related charges and fees. The primary risk associated with the receipt of room rentals and food sales is the occupancy level of the Airport Hotel. A number of factors that may impact the occupancy level which are beyond the control of the Airport or Westin DIA Hotel Operator, LLC, a Delaware limited liability company whose sole member is Starwood Hotels & Resorts Worldwide, Inc. ("Westin"), include adverse changes in the national economy and levels of tourism, competition from other hotels, sales taxes, energy costs, governmental rules and policies, gasoline and other fuel prices, airline fares and the national economy. In addition, because hotel rooms are rented for a relatively short period of time compared to most commercial properties, hotels respond more quickly to adverse economic conditions and competition than do other commercial properties that are rented for longer periods of time, which could impact, among other things, the average daily room rate ("ADR").

In addition, the occupancy rates and ADR of the Airport Hotel are dependent in part on the national brand name recognition of Westin. PKF Consulting assumes in the Airport Hotel Analysis that Westin, with its national brand name recognition, will competently manage and market the Airport Hotel. If Westin's premium brand market power and position were to be reduced, or if Westin were to discontinue its services as the manager or fail to renew any of the management agreements in the future, these factors could adversely impact the occupancy rates and ADR of the Airport Hotel unless Westin were replaced by a comparable operator with national brand name recognition.

Another risk factor with respect to the Airport Hotel is an insufficiency of revenues to pay operating and maintenance costs of the Airport Hotel. In the event gross operating revenues of the Airport Hotel are not sufficient in a particular month to pay Airport Hotel operating and maintenance expenses then due, amounts in the Revenue Fund not related to the Airport Hotel are to be applied to pay any such Airport Hotel expenses prior to the payment of debt service on any Bonds. See "CAPITAL PROGRAM – South Terminal Redevelopment Program - *Airport Hotel*" herein.

See “CAPITAL PROGRAM — South Terminal Development Program — *Airport Hotel*” and “REPORT OF THE AIRPORT CONSULTANT,” attached hereto as APPENDIX A.

Forward Looking Statements; Report of the Airport Consultant

This Official Statement, including particularly the Report of the Airport Consultant and the Airport Hotel Analysis prepared by PKF Consulting, as such terms are defined and described below under “CAPITAL PROGRAM — South Terminal Redevelopment Program,” contain statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” “assume” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See “REPORT OF THE AIRPORT CONSULTANT” and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT,” and “CAPITAL PROGRAM — South Terminal Redevelopment Program — *Airport Hotel*.”

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 2011, the Airport was ranked as the 5th busiest airport in the nation and the 11th busiest airport in the world based on total passengers in 2011. The Airport was also named the “Best Airport in North America” in 2011 for the seventh consecutive year by *Business Traveler* magazine. See “DENVER INTERNATIONAL AIRPORT” and “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 originally appointed Manager of the Department of Aviation in March 2008 and was reappointed to this position by Michael B. Hancock, Mayor of the City, in July 2011. Ms. Day has more than 31 years of experience in the aviation industry, including eight years in the public sector. She is also a registered architect in California. Prior to joining the City, Ms. Day was an aviation consultant with LeighFisher (formerly known as 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.

Cary Kennedy was appointed the City's Chief Financial Officer and Manager of Finance in July 2011 and Deputy Mayor in August 2011. Ms. Kennedy has over 15 years of experience in financial management of public funds, and most recently served as Treasurer for the State of Colorado where she oversaw the State's $6 billion investment portfolio. As State Treasurer, Ms. Kennedy supervised the delivery by the State of over $500 million in lease purchase obligations to provide capital improvements for the State and was involved in developing various legislative policies essential to the State's financial objectives.

Eric Hiraga was appointed by Mayor Michael B. Hancock to the position of Deputy Manager of Aviation/Chief of Staff on January 1, 2012, after serving as Strategic Advisor in the Manager's Office since 2009. In this capacity, he coordinates all of the agencies' priority initiatives, serves as a liaison for the Airport with partner agencies, and oversees the Executive Office of Administration, Strategic Planning, and Air Service sections. Prior to joining the Airport, Mr. Hiraga worked as Vice President of Development and Finance for a local real estate development firm and held several positions for the City and County of Denver including Debt Administrator for the Department of Finance and Economic Development Specialist for the Mayor's Office of Economic Development and International Trade.

Patrick Heck became Deputy Manager of Aviation/Finance and Administration on July 16, 2010, after serving as Acting Deputy Manager of Aviation/Finance and Administration since October 2009. Mr. Heck most recently served as Deputy Manager of Aviation/Revenue Management and Business Development, a position he 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.

Kenric G. Greene became Manager of Aviation/Operations on November 7, 2011, after serving as Deputy Manager of Aviation/Maintenance and Senior Advisor to the Manager of Aviation beginning in 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 Port Authority, Mr. Greene served as Assistant Director — Operations in the Aviation Department for John F. Kennedy International Airport, Newark Liberty International Airport and LaGuardia Airport. He has also served as Distribution Director for the Pittsburgh Division of Supervalu, Inc., a Fortune 500 company in the food wholesale and retail industry.

Dave LaPorte became Deputy Manager of Aviation/Facilities Management in July 2012. The Facilities Management Division is the largest Airport work group and is responsible for the care and stewardship of the terminal and concourse complex, as well as the upkeep of the airfield and Peña Boulevard. Mr. LaPorte oversees all functions of the Facilities Management Division and its contract services. His responsibilities include Airport operating areas, critical systems and infrastructure, as well as the vehicular fleet and equipment at the Airport. Prior to coming to work for the Airport, Mr. LaPorte spent 19 years with Southwest Airlines and has held leadership and planning positions at airports in Chicago (Midway), Tampa and Manchester, New Hampshire. He most recently served as Southwest's station manager and head of airport operations in Denver, overseeing all ground operation functions for the airline. Mr. LaPorte studied Aviation Technology at Western Michigan University.

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 20 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.

John Ackerman became Deputy Manager of Aviation/Commercial in September 2010 after having served as the Managing Director of Asset Development for the Airport since 2008. In his current position, he leads commercial activity at the Airport, including existing airline and rental car relationships, concessions and parking operations. The Commercial Division of the Airport is also charged with developing and monetizing all other airport assets, including land and minerals. Prior to joining the Airport, Mr. Ackerman worked for United Airlines in the roles of managing director in the airline's Customer Experience group, pilot, operations manager for Ted and instructor pilot at the airline's Flight Training Center. Mr. Ackerman has also led the global financial data feed business of Standard & Poor's in Denver.

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 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 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 90 full service jet gates and 64 commuter aircraft parking positions consisting of 34 regional jet positions, including the Concourse B commuter jet facility 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 eight 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 38 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. 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. 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 — Other Agreements — *Terminal Complex Concessions*."

Two multi-level parking structures adjacent to the landside terminal provide in excess of 14,000 public parking spaces, and both close-in and remote surface parking lots provide in excess of 27,000 additional parking spaces.

The 2013-2018 Capital Program includes an addition to the landside terminal, known as the South Terminal Redevelopment Program, which is currently under construction. See "CAPITAL PROGRAM — The 2013-2018 Capital Program — South Terminal Redevelopment Program — Other Projects in the 2013-2018 Capital Program" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Other Agreements — *Public Parking*," as well as "FINANCIAL ANALYSIS — Airport Capital Program" in the Report of the Airport Consultant, for a discussion of the improvements planned for the terminal complex.

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 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."

In April 2006, the City awarded 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 in May 2007. Grading and site development were completed in August 2008, but due to the continuing adverse economic conditions the project and lease were terminated. However, in April 2012 the Airport entered into an amendment to the existing Conoco service station lease, under which Convenience Retailers LLC (the corporate entity holding the Conoco lease) is developing a food court plaza and new 45-minute waiting area along Peña Boulevard next to the Conoco station.

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 2013-2018 Capital Program

The current capital program for the Airport represents the City's expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities in 2012 and in the six-year period from 2013 through 2018 (the "2013-2018 Capital Program"), which is described in the table below. The Airport System's capital needs between 2013 and 2018 have an estimated total cost of approximately $1.06 billion (in 2012 dollars) and are expected to be financed with a combination of Airport System Senior Bonds and Subordinate Bonds, federal grants, Airport System moneys, subordinate contract obligations and subordinate commercial paper notes. In addition to such needs and costs, the City has identified, since October 1, 2012, approximately $46.2 million of net project costs from prior capital programs that are to be funded from a portion of the proceeds of the Series 2012A-B Bonds. A reduction in the scope and costs of certain of the projects in the 2013-2018 Capital Program identified below, as well as certain other project funding changes, may occur due to the inclusion of such new costs.

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2013-2018 Capital Program
(Amounts expressed in 000's; totals may not add due to rounding)

	2013 [1]	2014	2015	2016	2017	2018	Total [2]
Airfield	$115,760	$ 23,940	$28,200	$24,100	$12,100	$12,100	$ 216,200
Baggage/AGTS	26,275	11,400	0	0	0	0	37,675
Commercial	17,121	14,550	14,000	0	0	0	45,671
Environmental/Utilities	17,549	0	0	0	0	0	17,549
Other CIP	58,596	12,041	4,500	0	0	0	75,137
Roads	12,953	13,250	5,100	8,000	2,100	1,000	42,403
Technologies	31,907	6,035	2,277	2,835	2,415	1,242	46,710
Terminal Complex	49,348	16,000	9,000	4,000	2,000	1,000	81,348
South Terminal Redevelopment Program	349,626	135,000	15,000	0	0	0	499,626
TOTAL	**$679,135**	**$232,216**	**$78,077**	**$38,935**	**$18,615**	**$15,342**	**$1,062,319**

	2013	2014	2015	2016	2017	2018	Total
South Terminal Redevelopment Program Components:							
Hotel	$ 98,000	$ 70,000	$12,000	0	0	0	$ 180,000
Non-Hotel	251,626	65,000	3,000	0	0	0	319,626
TOTAL	**$349,626**	**$135,000**	**$15,000**	**0**	**0**	**0**	**$ 499,626**

1 Payment of certain of these project costs in the total approximate amount of $283 million is budgeted for 2012.
2 Expressed in 2012 dollars.

Source: Department of Aviation management records.

South Terminal Redevelopment Program

General. The single largest component of the 2013-2018 Capital Program is an addition to the landside terminal, known as the South Terminal Redevelopment Program, consisting of a variety of projects described below, which are in part under construction.

The Regional Transportation District ("RTD") is in the process of expanding commuter and light rail service throughout the greater Denver metropolitan area, known as the "FasTracks Program." RTD has entered into a Concession Agreement with Denver Transit Partners ("DTP"), under which DTP will design, construct, finance, operate and maintain the Eagle P3 Project, including the "East Corridor" of the program, to consist of a commuter rail line connecting Denver Union Station, located in downtown Denver, with the Airport. The East Corridor rail service currently is planned by RTD to commence in January 2016. Neither the City nor the Department has any obligation in respect of the design, construction, operation or maintenance of the rail line, nor will they receive any revenue from the use of the commuter rail service.

In March 2010, the City, for and on behalf of the Department, and RTD entered into the Intergovernmental Agreement for the FasTracks East Corridor Project (the "FasTracks East Corridor IGA"), pursuant to which RTD agreed to lease property at the Airport and construct the rail lines and supporting infrastructure for the East Corridor project, and the Department, among other things, is required to finance and build a train station and a "terminal-to-station" interface at the Airport (the "DIA Rail Station"). The Department is obligated under the FasTracks East Corridor IGA to have the DIA Rail Station substantially completed by January 1, 2014, allowing RTD complete and uninterrupted access in order that RTD may complete the installation and begin operational testing of the commuter rail line. The Department will be responsible for operating and maintaining only certain portions of the DIA Rail

Station. The term of the FasTracks East Corridor IGA extends through 2056, unless earlier terminated in writing by mutual consent of the parties, or by court order. The FasTracks East Corridor IGA provides that the Department will grant a lease of certain property at the Airport to RTD with an initial term of 50 years, and up to three renewal periods of 15 years each, with each renewal being subject to FAA approval.

The Department hired a planning and engineering firm to manage the construction of the South Terminal Redevelopment Program, and contracted with M. Arthur Gensler and Associates to design the South Terminal Redevelopment Program. The final design of the South Terminal Redevelopment Program is underway and currently includes the following integrated project elements:

- The construction of the DIA Rail Station with public circulation space and two RTD tracks to meet the obligations of the Department under the FasTracks East Corridor IGA regarding the construction and opening of the DIA Rail Station. The Department is planning the DIA Rail Station to provide additional capacity for future transportation modes.

- The expansion of Airport baggage systems to allow passengers using the RTD train service to check-in bags at the DIA Rail Station.

- The expansion of the AGTS to provide needed additional service capacity to the existing concourses.

- The construction of the DIA Rail Station roof, which will also form a plaza (the "Plaza") that would provide public access between the landside terminal, the DIA Rail Station and the planned Airport Hotel discussed below. The Plaza area may also include future concessions for Airport passengers.

- The construction of the Airport Hotel, a proposed 519-room, full-service hotel above the DIA Rail Station and plaza, which is planned to be accessible from the landside terminal, the plaza and the DIA Rail Station. The Airport Hotel is to feature an all-purpose restaurant and bar, a coffee express outlet, approximately 29,000 square feet of meeting space, a health club, a swimming pool, a fitness center, a business center and a gift shop. The Department has selected Starwood Hotels and Resorts to operate the Airport Hotel under the "Westin" brand. The various agreements relating to the Airport Hotel, between the City, for and on behalf of the Department, and Westin, were executed in April of 2011. For a further description of the agreements with Westin, see "— *Airport Hotel*" below and "FINANCIAL ANALYSIS — Nonairline Revenues — Other Terminal Revenues — *Airport Hotel*" in the Report of the Airport Consultant, attached hereto as APPENDIX A. Completion and commencement of operations of the Airport Hotel are currently projected to occur in August 2015.

- The realignment of certain existing on-Airport roadways that serve the landside terminal to accommodate the rail lines and the relocation of certain utilities.

The Department has established a budget for the South Terminal Redevelopment Program of approximately $500 million (in 2012 dollars). The Department currently expects that, if any reduction in the currently planned size or scope of the South Terminal Redevelopment Program becomes necessary due to cost constraints, it would likely occur in non-revenue producing portions of the proposed facilities. Accordingly, material changes to the size and scope of the Airport Hotel are not currently anticipated given that it is expected to be financially self-sustaining when it opens, based in part on projections set forth in the Airport Hotel Analysis prepared by PKF Consulting for the Airport. See "FINANCIAL INFORMATION — Plan of Financing." While the Department expects that the South Terminal Redevelopment Program will be completed within the established budget, there currently are no final guaranteed maximum price contracts for the work and the construction thereof is subject to certain risks and uncertainties. Accordingly, no assurances can be given regarding the final actual costs of the project.

Airport Hotel. In June 2012, the Airport retained PKF Consulting, a national hotel consulting firm located in San Francisco, California, to perform a study of the potential market demand, and an estimate of the ten-year annual operating results, for the Airport Hotel. In accordance with such engagement, PKF Consulting prepared the Airport Hotel Analysis which can be viewed in its entirety at http://business.flydenver.com/stats/financials/reports.asp#hotel. PKF Consulting estimates in the Airport Hotel Analysis that (1) the Airport Hotel would achieve a stabilized occupancy of 74% in the third full-year of operation with an ADR of $180 (in 2012 dollars), and (2) based on the projected occupancy and ADR, the net operating income prior to the payment of Debt Service for the Airport Hotel (A) in the stub year period from August 1, 2015 through December 31, 2015, would be approximately $5.8 million, and (B) for the full calendar year of 2016 would be approximately $17.3 million. Such projected net operating income in 2016 would represent approximately 4.0% of the Airport's projected Net Revenues in that year. For a sensitivity analysis of the financial performance of the Airport Hotel, see "FINANCIAL ANALYSIS – SENSITIVITY ANALYSIS – FINANCIAL RESULTS" in the Report of the Airport Consultant, attached hereto as APPENDIX A. All summaries herein of the Airport Hotel Analysis are qualified in their entirety by the provisions set forth in the Airport Hotel Analysis available at the website identified above, and investors should read the Airport Hotel Analysis in its entirety, for an understanding of the assumptions and rationale underlying the estimates and forecasts set forth therein.

The financial forecast contained in the Airport Hotel Analysis is based solely upon information provided by the Airport regarding the planned construction of the Airport Hotel and upon assumptions made by PKF Consulting, and not assumptions made by the Airport or the Airport Consultant. Inevitably, some assumptions used to develop the forecast may not be realized and unanticipated events and circumstances will occur. There will usually be differences between forecast and actual results, since events and circumstances frequently do not occur as expected, and those differences may be material. In particular, any substantial decrease in occupancy or ADR from that projected will reduce net revenues of the Airport Hotel. No assurance can be given that the Airport Hotel will maintain projected occupancy at projected room rates as assumed in the PKF Consulting Airport Hotel Analysis. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Airport Hotel Risks."

The Airport Hotel is to be constructed pursuant to a construction management and general contractor ("CM/GC") contract between the Airport and Mortenson/Hunt/Saunders, a joint venture formed under Colorado law (consisting of M.A. Mortenson Company, Hunt Construction Group, Inc., and Saunders Construction, Inc.). This contract includes construction of the buildings' foundations, the Airport Hotel, DIA Rail Station, the Airport's terminal interface, and Plaza as part of an integrated project scope, with site work and enabling work already underway under a separate contract with Kiewit Building Group, Inc. The hotel configuration is for a building block positioned in the east-west direction mid-point over the Plaza and spanning the Plaza, train hall and lower roadways. The Airport Hotel includes public areas, administration areas, back of house areas and mechanical/electrical rooms. Design is approximately 60% complete and the Airport currently expects to negotiate and finalize a guaranteed maximum price for the project by December 2012.

The Airport and Westin have entered into a Hotel Management Agreement dated April 11, 2011 (the "HMA") for the operation of the Airport Hotel. The HMA constitutes a "Qualified Management Agreement" for purposes of the Tax Code. Under the HMA, the Airport has engaged Westin to manage the Airport Hotel as the exclusive operator for fifteen years following the opening date of the Airport

Hotel unless the HMA is terminated earlier pursuant to the provisions thereof. Westin has the right and the duty under the HMA to operate the Airport Hotel as a "first class" hotel in accordance with certain standards, policies and programs and in a manner reasonably calculated to optimize the financial performance of the Airport Hotel.

The Airport expects to work with Westin to update the HMA to provide for, among other things, a later opening date than that provided for in the HMA. The City expects the HMA to be appropriately updated by amendment and does not expect such amendment to change any material terms of the current business arrangements in the HMA.

The Airport has the right to terminate the HMA based on, among other things, failure of Westin (or any other Hotel Manager) to pay amounts due or to timely deposit revenues, as well as actions of Westin (or any other Hotel Manager) causing any Bonds issued to finance the capital costs of the Airport Hotel to lose their tax-exempt status. In addition, the HMA separately sets forth performance termination rights for failure of Westin (or any other Hotel Manager) to achieve certain performance tests in any two consecutive years beginning with the fourth operating year. In the event of a termination, Westin (or any other Hotel Manager) would be obligated to cooperate with the Airport to minimize expenses, provide a final accounting and deliver all non-proprietary books and records, licenses, permits and contracts, and to facilitate the orderly transfer of electronic records and data.

Pursuant to the HMA, the Airport and Westin are to enter into a Cash Management Agreement (the "CMA"), and the City is to adopt a supplemental ordinance under which a Hotel Operating Account is to be established and held by a depository bank subject to the CMA (the "Hotel Operating Account"). The Hotel Operating Account shall be deemed to be an account within the Revenue Fund.

Consistent with the General Bond Ordinance, the HMA and the CMA provide that all Gross Operating Revenues (as defined in the CMA) of the Airport Hotel will initially be deposited to the Hotel Operating Account (an account in the Revenue Fund) and amounts on deposit in the Hotel Operating Account shall constitute Gross Revenues as defined in the General Bond Ordinance and, in accordance with the terms of the CMA and the HMA, such amounts shall be applied in accordance with the provisions of the General Bond Ordinance. The flow of funds provided for in the HMA and CMA are for internal Airport accounting purposes and does not modify in any manner the flow of funds required under the General Bond Ordinance.

According to the CMA, Westin is to pay Hotel O&M Expenses (which term is defined in the CMA and which expenses constitute Operation and Maintenance Expenses as defined in the General Bond Ordinance) from the Hotel Operating Account and to retain amounts in the Hotel Operating Account needed for Hotel O&M Expenses reasonably expected to be payable during the current month and following month. Remaining amounts in the Hotel Operating Account (referred to as Available Revenues) are to be transferred by Westin on the first business day of each month to the Revenue Fund held under the General Bond Ordinance.

By supplemental ordinance the City also expected to create a Junior Lien Obligations Fund with the following subaccounts to facilitate payment obligations under the HMA: the Senior Hotel FF&E Reserve Fund, the Senior Hotel CapEx Reserve Fund, the Hotel Operating Reserve Fund, and the Subordinate Hotel CapEx Reserve Fund. These subaccounts will be subordinate to the payment of debt service on the Senior Bonds, Subordinate Bonds and subordinate obligations under the General Bond Ordinance.

In addition to the HMA and the CMA, the Airport has entered into the following two agreements with Westin; (1) a Development Consulting Services Agreement pursuant to which Westin is to consult on the design and programming of the Airport Hotel for a certain specified fee, and (2) a Pre-Opening and Services Agreement pursuant to which Westin, for a fee, is to conduct the necessary activities and take the required action for the opening of the Airport Hotel.

Other Projects in the 2013-2018 Capital Program

In addition to the South Terminal Redevelopment Program, projects in the 2013-2018 Capital Program include, among others, the following, some of which will be undertaken only if they are determined to be financially viable and/or self-sustaining or certain sources of funding become available:

Airfield. Rehabilitation of taxiways and runways as part of the City's pavement management plan, construction of a high speed taxiway to improve airfield efficiency, installation of taxiway lights to improve operations in the airfield during snow conditions and planning and programming for a seventh runway.

Terminal Complex and AGTS. Improvements to existing concourses, including replacement of loading bridges and escalators and other improvements; relocation of baggage system security screening to the landside terminal; improvements to building systems, including the fire protection system, electrical and mechanical systems, heating and cooling systems and the central utility plant; and upgrades to the AGTS computer hardware.

Roadways, Public Parking and Ground Transportation. Rehabilitation of Peña Boulevard and pavement in targeted roadway and parking areas, replacement of access bridges to the public parking garages and construction of a new public parking garage.

Other. Improvements to wastewater systems and improvements to the Airport information technology infrastructure.

Sources of Funding of the 2013-2018 Capital Program

The City currently expects to fund the 2013-2018 Capital Program primarily with a combination of Airport System revenue bonds (including Senior Bonds, Subordinate Bonds and Junior Lien Obligations), Airport equity, federal grants and various other moneys. To the extent that the City cannot obtain the necessary funding from these sources, the City intends to either defer certain projects or reduce project scopes, as appropriate. For a more detailed description of the various sources of funds the City expects to use for the various components of the 2013-2018 Capital Program, see "FINANCIAL INFORMATION — Plan of Financing" herein and "FINANCIAL ANALYSIS — PLAN OF FINANCING" in the Report of the Airport Consultant, attached hereto as APPENDIX A.

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 2011, the Airport was ranked as the 5th busiest airport in the nation and the 11th busiest airport in the world based on total passengers in 2011. The tables set forth below under "*Passenger and Revenue Information*" and "*Summary of Aviation Activity*" present 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. As of August 2012 there were 24 passenger airlines providing scheduled service at the Airport, including ten major/national passenger airlines, five foreign flag passenger airlines and nine 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 2011, the Airport served approximately 26.46 million enplaned passengers (passengers embarking on airplanes), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 55% of the passengers enplaned in 2011 were passengers originating their travel at the Airport and 45% were passengers making connecting flights at the Airport.

With a few exceptions, the Airport has experienced continual growth in both passenger traffic and associated revenues since it opened in 1995. The Airport experienced declines in passenger traffic and associated revenues in 2001 and 2002 in the aftermath of the terrorist incidents of September 11, 2001. The Airport was also negatively impacted by the global economic recession that began in late 2007 and the associated weakened demand for air travel and reduced airline passenger capacity. In 2008, although the number of enplaned passengers at the Airport continued to increase, the rate of growth declined from that experienced in previous years, and in 2009 the number of enplaned passengers at the Airport declined by 2.0%, the first decline since 2002. However, in 2010 the number of enplaned passengers at the Airport rebounded, with an increase of 3.6% over 2009, and in 2011 the number of enplaned passengers increased by 1.7% over 2010, resulting in the highest number of enplaned passengers at the Airport since it opened in 1995. In the first six months of 2012, the number of enplaned passengers has decreased by 0.1% over the same six months of 2011. The following table sets forth the history of enplaned passengers for the Airport.

History of Enplaned Passengers at the Airport

Year	Enplaned Passengers (millions)	Percent Change	Year	Enplaned Passengers (millions)	Percent Change
1995	15.618	--	2004	21.144	12.7%
1996	16.179	3.6%	2005	21.702	2.6
1997	17.530	8.4	2006[1]	23.665	9.0
1998	18.445	5.2	2007	24.941	5.4
1999	19.031	3.2	2008	25.650	2.8
2000	19.393	1.9	2009	25.128	(2.0)
2001	18.046	(6.9)	2010	26.025	3.6
2002	17.830	(1.2)	2011	26.455	1.7
2003	18.761	5.2			

1 Southwest commenced service at the Airport in January 2006.

Source: Department of Aviation management records.

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" above and "AIRLINE TRAFFIC ANALYSIS — Key Factors Affecting Future Airline Traffic" in the Report of the Airport Consultant.

The following table sets forth the number of enplaned passengers at the Airport by type of airline for the past five years and the first six months of 2011 and 2012.

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**
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)
2010	21,032,064	1.87	4,666,047	10.1	326,811	34.8	26,024,922	3.6
2011	21,709,457	3.2	4,439,844	(4.8)	306,494	(6.2)	26,455,795	1.7
Jan.-June[3]								
2011[4]	10,462,617	3.7	2,215,675	(1.9)	157,973	(8.0)	12,836,265	2.5
2012	10,642,950	1.7	2,058,603	(7.1)	125,761	(20.4)	12,827,314	(0.1)

1 Includes revenue and nonrevenue enplaned passengers.

2 Includes Ted from 2007 through 2008 and Lynx from 2007 through March 2011.

3 See above for a discussion of factors affecting enplanements during this period.

4 Percentage changes are from the same period in 2010.

Source: Department of Aviation management records.

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The following table sets forth the percentage of enplaned passengers at the Airport by airline for the past five years and the first six months of 2011 and 2012.

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

Airline	Calendar Year 2007	2008	2009	2010	2011	January-June 2011	2012
United	33.4%	32.6%	32.5%	28.4%	24.2%	25.7%	23.6%
Ted[1]	7.8	4.3	--	--	--	--	--
United Express[2]	12.1	11.3	13.7	16.0	15.4	15.8	14.7
Continental	2.2	2.0	2.0	2.1	3.3	2.9	2.9
Total United Group[3]	55.5	50.3	48.2	46.4	42.9	44.3	41.2
Frontier and Frontier/Republic	20.5	22.7	20.6	20.2	22.1	21.2	21.9
Lynx[4]	0.1	2.0	2.4	1.2	0.1	0.2	--
Frontier JetExpress[5]	2.1	0.8	--	0.1	--	--	--
Total Frontier Group	22.7	25.5	23.0	21.5	22.3	21.5	21.9
Southwest[6]	5.3	9.3	14.4	18.2	21.8	21.3	23.2
American Airlines[7]	3.5	3.3	2.8	2.7	2.3	2.3	2.5
Delta[7,9]	4.4	4.1	4.2	3.9	3.8	3.8	3.7
US Airways[8]	2.2	1.8	2.2	2.3	2.4	2.4	2.7
Other[5]	6.4	5.7	5.2	5.0	4.5	4.5	4.9
Total Other	16.5	15.0	14.4	13.9	13.1	12.9	13.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

2 Several airlines have operated as United Express during this period.

3 Because Continental was integrated with United, and effective as of November 30, 2011, the two carriers operated under a single FAA operating certificate, the enplaned passengers figures for the United Group include the Continental enplaned passenger figures.

4 Lynx commenced service at the Airport in December 2007; however, Republic Holdings discontinued Lynx in March 2011.

5 Several airlines have operated as Frontier JetExpress during this period, the most recent of which was Midwest Express, which ceased operating as such in the fall of 2010.

6 Includes the activity of AirTran Airways for the years 2011 and 2012 only, which merged with Southwest Airlines in May 2011.

7 Does not include commuter affiliates.

8 The parent companies of America West Airlines and US Airways, Inc. merged in 2005. The two airlines were subsequently consolidated under the US Airways brand, and since October of 2008 have operated under a single FAA operating certificate.

9 Includes the activity of Northwest Airlines, Inc. ("Northwest") which merged with Delta on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. Since January 1, 2010, the two airlines have operated under a single FAA operating certificate.

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 and the first six months of 2011 and 2012. Totals may not add due to rounding.

	Calendar Year[1]					January - June	
	2007	2008	2009	2010	2011	2011	2012
Enplaned Passengers (millions):							
United	8.324	8.361	8.165	7.386	6.400	3.293	3.026
Ted[2]	1.955	1.105	--	--	--	--	--
United Express	3.018	2.906	3.438	4.152	4.087	2.030	1.884
Continental	0.550	0.520	0.510	0.542	0.863	0.367	0.371
Total United Group	13.846	12.892	12.113	12.079	11.351	5.690	5.281
Frontier[3]	5.118	5.812	5.181	5.259	5.859	2.725	2.803
Lynx[4]	0.017	0.504	0.602	0.311	0.031	0.031	--
Frontier JetExpress[5]	0.533	0.216	--	0.025	--	--	--
Total Frontier Group	5.668	6.531	5.782	5.595	5.890	2.756	2.803
Southwest	1.322	2.379	3.614	4.726	5.756	2.728	2.978
Other	4.104	3.849	3.619	3.624	3.459	1.662	1.765
Total	24.941	25.650	25.128	26.025	26.456	12.836	12.827
Percent Change from Prior Year	5.39%	2.84%	(2.04)%	3.57%	1.66%	2.51%	(0.07)%
Originating Passengers (millions):	14.243	14.335	13.656	14.101	14.595	7.014	7.094
Percent of Total Enplaned	57.1%	55.9%	54.3%	54.2%	55.2%	54.6%	55.3%
Connecting Passengers (millions)	10.698	11.315	11.472	11.923	11.861	5.822	5.734
Percent Connecting of Total Enplaned	42.9%	44.1%	45.7%	45.8%	44.8%	45.4%	44.7%
United Group Passengers: [2]							
Percent Originating	43.8%	42.7%	39.2%	38.2%	39.5%	38.6%	40.5%
Percent Connecting	56.2%	57.3%	60.8%	61.8%	60.5%	61.4%	59.5%
Frontier Passengers:							
Percent Originating	57.1%	50.5%	49.5%	50.4%	50.0%	50.8%	46.8%
Percent Connecting	42.9%	49.5%	50.5%	49.6%	50.0%	49.2%	53.2%
Southwest Passengers:							
Percent Originating	95.2%	84.4%	75.5%	71.4%	70.5%	70.4%	69.4%
Percent Connecting	4.8%	15.6%	24.5%	28.6%	29.5%	29.6%	30.6%
Average Daily Departures:							
Passenger Airlines:							
United and Ted[2]	229	207	171	149	130	136	137
United Express	194	192	216	246	246	249	228
Frontier	138	167	158	158	152	153	136
Frontier JetExpress	29	10	--	1	--	--	--
Southwest	39	78	108	124	147	144	156
Other	177	160	149	156	157	155	138
Total Passenger Airlines	806	814	802	833	832	837	795
All-Cargo Airlines	27	26	25	25	25	25	24
Total	833	840	827	858	856	862	819
Percent Change from Prior Year	4.11%	0.76%	(1.56)%	3.75%	(0.15)%	2.24%	(4.94)%
Landed Weight (billion pounds):							
Passenger Airlines:							
United and Ted[2]	12.808	11.790	10.499	9.568	7.925	4.143	4.086
United Express	3.636	3.616	4.200	4.999	4.826	2.451	2.202
Frontier	6.716	7.342	6.768	6.714	6.679	3.247	3.106
Frontier JetExpress	0.698	0.263	--	0.030	--	--	--
Southwest	1.781	3.508	4.817	5.611	6.656	3.246	3.533
Other	5.831	5.406	5.165	5.131	5.218	2.513	2.142
Total Passenger Airlines	31.471	31.925	31.449	32.054	31.304	15.600	15.069
All-Cargo Airlines	1.363	1.325	1.250	1.222	1.207	0.597	0.577
Total	32.834	33.250	32.699	33.275	32.512	16.198	15.646
Percent Change from Prior Year	3.11%	1.27%	(1.66)%	1.76%	(2.29)%	(0.76)%	(3.41)%
Enplaned Cargo (million pounds)[6]	262.724	248.122	221.444	241.710	242.491	125.504	113.692
Percent Change from Prior Year	(6.35)%	(5.56)%	(10.75)%	9.15%	0.32%	5.93%	(9.41)%
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	451,228	460,311	456,675	468,962	452,223	228,076	214,912
Air Taxi/Commuter/Military/General Aviation	168,086	165,533	155,302	166,483	182,457	88,464	89,036
Total	619,314	625,844	611,977	635,445	634,680	316,540	303,948
Percent Change from Prior Year	1.61%	1.05%	(2.22)%	3.83%	(0.12)%	2.19%	(3.98)%

[Footnotes on next page]

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.

3 Includes Frontier and Frontier/Republic.

4 Lynx commenced service at the Airport in December 2007. In March 2011, however, Republic Holdings discontinued Lynx and transitioned its Q400 turboprop service to the Frontier Express brand. See "Airline Information — *The Frontier Group*" hereafter.

5 Several airlines operated as Frontier JetExpress during this period, the most recent of which was Midwest Express, which ceased operating as such in the fall of 2010.

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 presently Frontier's only hub. Following the merger of United and Continental, the Airport is now the fourth busiest connecting hub in United's route system, in terms of passengers (based on information provided by individual airports), and the third busiest connecting hub in terms of daily nonstop departures (according to August 2012 data published by Official Airline Guides, Inc.).

In 2011, approximately 11.86 million passengers (44.8%) of the approximately 26.46 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 the Frontier Group or of Southwest, which accounted for approximately 57.9%, 24.8% and 14.3% of the connecting passengers at the Airport in 2011, respectively. See "Aviation Activity — *Summary of Aviation Activity*" above.

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Airlines Serving the Airport

The following airlines provided scheduled passenger service at the Airport as of August 2012:

Major/National	Regional/Commuter	Foreign Flag[1]
AirTran Airways[2]	American Eagle Airlines	AeroMéxico
Alaska Airlines	ExpressJet (operating as United Express)	Air Canada
American Airlines	GoJet Airline (operating as United Express)	British Airways
Delta[4]	Great Lakes Aviation	Icelandair [5]
Frontier	Mesa Airlines (operating as US Air Express)	Lufthansa German Airlines
JetBlue Airways	Pinnacle (operating as Delta Connection)	
Southwest[2]	Republic Holdings (Frontier and Frontier Express)	
Spirit Airlines[6]	Shuttle America (operating as United Express)	
United[3]	SkyWest Airlines (operating as United Express and Delta Connection)	
US Airways		

1 Volaris Airlines, owned by Concesionaria Vuela Compañía de Aviación, S.A. de C.V., announced on August 16, 2012 that it plans to begin nonstop flights on weekends between Mexico City, Mexico and the Airport beginning in December 2012.

2 In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest is integrating AirTran Airways into the Southwest brand, and the two airlines are operating under a single FAA operating certificate.

3 Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) effective October 1, 2010. Since November 30, 2011, the two airlines operate under a single FAA operating certificate.

4 Delta and Northwest merged on October 29, 2008, with Northwest becoming a wholly owned subsidiary of Delta. Since January 1, 2010, the two airlines operate under a single FAA operating certificate.

5 Icelandair commenced nonstop service from the Airport to Reykjavik, Iceland, in May 2012.

6 Spirit Airlines operates at the Airport as a non-signatory airline, using a Frontier gate, however, it has recently made a request of the Airport to obtain signatory status.

Source: Department of Aviation management records.

In addition to the passenger airlines listed in the preceding table, several passenger charter airlines, as well as several all-cargo airlines, including, among others, ABX Air, Alpine Aviation, Ameriflight, BAX Global, Capital Cargo International Airlines, DHL Express (USA), Federal Express Corporation, Key Lime Air Corporation, and United Parcel Service provide service at the Airport.

Airline Information

The United Group. United 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 36 of the existing 90 full service jet gates at the Airport, as well as a 16-gate regional jet facility described in "DENVER INTERNATIONAL AIRPORT Terminal Complex."

The United Group, now consisting of United, and its United Express commuter affiliates, as well as Continental (following the merger as described above), has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first six months of 2011 and 2012, 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 years 2007 through 2011. See also "Aviation Activity — Originating and Connecting Passengers" in this section.

United Group Percent of Airport Operations

	Fiscal Year					January-June	
	2007	2008	2009	2010	2011	2011	2012
Percent of Total Enplanements at the Airport							
United	33.4%	32.6%	32.5%	28.4%	24.2%	25.7%	23.6%
Ted	7.8	4.3	0.0	0.0	0.0	0.0	0.0
United Express	12.1	11.3	13.7	16.0	15.4	15.8	14.7
Continental	2.2	2.0	2.0	2.1	3.3	2.9	2.9
Total United Group	55.5%	50.3%	48.2%	46.4%	42.9%	44.3%	41.2%
Percent of Originating Passengers							
United	33.4%	32.2%	27.5%	24.8%	23.9%	24.1%	26.6%
United Express	6.6	6.6	7.7	9.6	10.3	10.2	10.1
Continental	3.8	3.9	4.0	3.9	5.3	4.3	3.9
Total United Group	43.8%	42.7%	39.2%	38.2%	39.5%	38.6%	40.5%
Percent of Connecting Passengers							
United	40.8%	41.3%	39.9%	36.3%	32.5%	33.8%	30.7%
United Express	15.2	15.9	20.7	24.8	25.7	25.5	25.6
Continental	0.1	0.1	0.2	0.6	2.3	2.1	3.1
Total United Group	56.2%	57.3%	60.8%	61.8%	60.5%	61.4%	59.5%
Percent of Airport Originating Passengers							
United	32.5%	28.9%	24.4%	21.2%	18.6%	19.6%	19.8%
United Express	6.4	5.9	6.9	8.2	8.0	8.3	7.5
Continental	3.7	3.5	3.6	3.3	4.1	3.5	2.9
Total United Group	42.6%	38.4%	34.8%	32.7%	30.7%	31.3%	30.2%
Percent of Airport Connecting Passengers							
United	52.8%	47.0%	42.2%	36.8%	31.1%	33.0%	28.3%
United Express	19.7	18.1	21.8	25.1	24.6	24.9	23.6
Continental	0.2	0.2	0.2	0.6	2.2	2.1	2.9
Total United Group	72.7%	65.3%	64.2%	62.6%	57.9%	60.0%	54.8%
Percent of Airline Rentals, Fees and Charges United Group Component of Operating Revenues	58.3%	56.9%	56.1%	53.7%	52.2%	Not Available	
Percent of Airport System Gross Revenues	30.1%	29.0%	30.1%	27.8%	26.1%	Not Available	

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, 2010 and 2011. On October 1, 2010, United Continental Holdings (formerly known as UAL Corporation), the parent company of United, completed the merger of United and Continental, and integrated the two airlines under the United brand to operate under a single FAA operating certificate as of November 30, 2011. The United Group (United, United Express and Continental) accounted for approximately 42.9% and 41.2% of passenger enplanements at the Airport in 2011 and in the first six months of 2012, respectively. In addition, the Airport would rank as the 4th busiest airport in the combined route network of United and Continental based on enplaned passenger data for 2011. The advance schedules of the United Group for flights for the remainder of 2012 reflect a capacity reduction which will likely result in decreased enplanements for the United Group for 2012. The City makes no representations regarding the financial conditions of United Continental Holdings, United or Continental or their future plans generally or with regard to the Airport in particular.

See also "Aviation Activity — Originating and Connecting Passengers" in this section, as well as "INTRODUCTION — Denver International Airport — *Major Air Carriers Operating at the Airport*," "RISKS AND OTHER INVESTMENT CONSIDERATIONS — Financial Condition of the Airlines; Industry Consolidation — Risk of Airline Bankruptcies," "AGREEMENTS FOR USE OF AIRPORT FACILITIES Passenger Airlines Use and Lease Agreements — *United Use and Lease Agreement*" and "FINANCIAL INFORMATION — Special Facilities Bonds."

The Frontier Group. Frontier and its affiliates had the second largest market share at the Airport in 2011 and the third largest market share for the first six months of 2012. The Airport is one of Frontier's three hubs and in 2011 was the busiest airport in the Frontier system. Prior to consolidation with Midwest Airlines as described below, the Airport was Frontier's only hub. In December 2007, Frontier's hubbing operations at the Airport were expanded with the introduction of a sister airline, Lynx, which served smaller airports in the region. In March 2011, Republic Holdings discontinued the operations of Lynx and transitioned its Q400 turboprop service to Frontier Express, a new brand operated by Frontier/Republic and Chautauqua Airlines (also a Republic Holdings subsidiary).

Under a new five-year Use and Lease Agreement between the parties, Frontier will lease 14 gates on Concourse A. In addition, the Frontier Group, consisting of Frontier, Frontier/Republic, Lynx and Frontier JetExpress commuter affiliates, also has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years and the first six months of 2011 and 2012, 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 years 2007 through 2011. See also "Aviation Activity — Originating and Connecting Passengers" in this section.

Frontier Group Percent of Airport Operations

	Fiscal Year					January-June	
	2007	2008	2009	2010	2011	2011	2012
Percent of Total Enplanements at the Airport	22.7%	25.5%	23.0%	21.5%	22.3%	21.5%	21.9%
Frontier Group Percent Originating Passengers	57.1	50.5	49.5	50.4	50.0	50.8	46.8
Frontier Group Percent Connecting Passengers	42.9	49.5	50.5	49.6	50.0	49.2	53.2
Percent of Airport Originating Passengers	22.7	23.0	21.0	20.0	20.2	20.0	18.5
Percent of Airport Connecting Passengers	22.7	28.6	25.4	23.3	24.8	23.3	26.0
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	14.7	14.7	14.1	14.2	14.7	Not Available	
Percent of Airport System Gross Revenues	7.6	7.5	7.6	7.4	7.3	Not Available	

Source: Department of Aviation management records.

Frontier Holdings, together with its Frontier and Lynx subsidiaries, filed for protection under the U.S. Bankruptcy Code in April of 2008 and continued operations pending approval of a plan for reorganization in September of 2009. The companies emerged from bankruptcy on October 1, 2009, with Frontier Holdings being acquired by and becoming a wholly-owned subsidiary of Republic Holdings. Republic Holdings also owns a number of regional carriers, including Chautauqua Airlines, Mokulele Airlines, Republic Airlines and Shuttle America. Republic Holdings also owns Midwest Airlines, and has integrated the operations of Midwest Airlines under the Frontier brand. The City makes no representations regarding the financial conditions of Republic Holdings or the Frontier Group or their future plans generally or with regard to the Airport in particular. See also "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; Industry Consolidation — Risk of Airline Bankruptcies," "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements" and "AIRLINE BANKRUPTCY MATTERS."

Southwest. Southwest had the third largest market share at the Airport in 2011 and the second largest market share for the first six months of 2012. Southwest commenced service at the Airport in January 2006 and since that time has experienced strong and continued growth in airline service at the Airport. Southwest initially served ten cities from the Airport, compared to the 50 cities to which it currently provides nonstop service from the Airport. It is estimated that in 2012, the Airport will be the 6th busiest airport in the Southwest system. In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest is integrating AirTran Airways into the Southwest brand, and operates Southwest and AirTran Airways under a single FAA operating certificate.

Under a Use and Lease Agreement with the City, Southwest currently leases 17 gates at the Airport, however, a new Use and Lease Agreement has been forwarded to it and upon execution by Southwest and the City, it expects to lease 19 gates at the Airport. In addition, 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 five years and the first six months of 2011 and 2012, 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 years 2007 through 2011. See also "Aviation Activity" and "Originating and Connecting Passengers" in this section.

Southwest Percent of Airport Operations

	Fiscal Year					January-June	
	2007	2008	2009	2010	2011	2011	2012
Percent of Total Enplanements at the Airport	5.3%	9.3%	14.4%	18.2%	21.8%	20.7%	22.7%
Southwest Percent Originating Passengers	95.2	84.4	75.5	71.4	69.7	69.5	68.7
Southwest Percent Connecting Passengers	4.8	15.6	24.5	28.6	30.3	30.5	31.3
Percent of Airport Originating Passengers	8.8	14.0	20.0	23.9	26.8	26.3	29.1
Percent of Airport Connecting Passengers	0.6	3.3	7.7	11.3	14.3	13.9	15.9
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	4.1	6.9	10.0	12.2	14.1	Not Available	
Percent of Airport System Gross Revenues	2.1	3.5	5.3	6.3	7.1	Not Available	

Source: Department of Aviation management records.

The City makes no representations regarding the financial conditions of Southwest or AirTran Airways or their future plans generally or with regard to the Airport in particular.

See also "Aviation Activity — Originating and Connecting Passengers" in this section, as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS — Financial Condition of the Airlines; Industry Consolidation — Risk of Airline Bankruptcies" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES -- Passenger Airlines Use and Lease Agreements."

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 2011, Delta, American and US Airways accounted for approximately 4.7%, 2.8% and 2.4% of passenger enplanements at the Airport, respectively. 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 United Continental Holdings, Republic Holdings 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 60661-25 11 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

Generally. The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the current 82 leased gates, eight 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.

Several of the Use and Lease Agreements, with the exception of the United Use and Lease Agreement, expired in December 2011, and such airlines are operating on a month-to-month holdover status. New five-year Use and Lease Agreements expiring in December 2016 have been finalized and are in the process of being executed, with substantially the same terms and conditions as the existing Use and Lease Agreements.

Passenger Airlines Use and Lease Agreements with Leased Gates

Airline	Number of Gates	Concourse	Lease Expiration
Alaska Airlines	1	A	December 2011[1]
American Airlines	3	A	December 2011[1]
Frontier[2]	18	A	December 2011[1]
	22		
United[3]	36	B	February 2025
US Airways	2	B	December 2011[1]
	38		
Delta[4]	5	C	December 2011[1]
Southwest[5]	17	C	December 2011[1]
	22		
Total leased gates	82		

1 Operating on a month-to-month holdover status, and upon execution of a new Use and Lease Agreement, the expiration date will be December 2016.

2 Under a new five-year Use and Lease Agreement between the Airport and Frontier, Frontier will reduce the number of gates it leases under such agreement from 18 to 14. It is expected that Spirit Airlines under a new Use and Lease Agreement will lease one gate on Concourse A and it is not clear at this time whether any airline will lease all or any of the remaining three gates or whether the Airport will retain and not lease all or a portion of such gates since the Airport does not currently have any additional gate capacity.

3 Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) effective October 1, 2010. United Continental Holdings integrated the two airlines under the United brand to operate under a single FAA operating certificate as of November 30, 2011.

4 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 FAA operating certificate.

5 In May 2011, Southwest acquired AirTran Holdings, Inc. (the parent of AirTran Airways). Southwest is integrating AirTran Airways into the Southwest brand, and operates Southwest and AirTran Airways under a single FAA operating certificate effective as of March, 2012. Upon execution of a new Use and Lease Agreement, Southwest is expected to lease an additional two gates on Concourse A, for a total of 19 gates. At such time, and following the lease of one gate by Spirit as described above in footnote 2, it is expected that there would be a total of 21 leased gates on Concourse A and a total of 81 leased gates.

Source: Department of Aviation management records.

The following airlines 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, AirTran, British Airways, ExpressJet, GoJet, Great Lakes Aviation, JetBlue, Icelandair, Lufthansa German Airlines, Mesa Airlines, Shuttle America and SkyWest. These airlines use gates pursuant to their affiliation with other airlines that lease gates at the Airport, use gates managed by the City or use common use international or commuter gates on Concourse A. These Use and Lease Agreements upon execution expire in December 2016. 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.

The cost per enplaned passenger for all airlines at the Airport for each of the years 2007 through 2011 is set forth in the following table.

Cost per Enplaned Passenger

Year	Cost Per Enplaned Passenger	Percent Change
2007	$10.69	(5.5)%[1]
2008	10.95	2.4
2009	12.72	16.2
2010	11.77	(7.5)
2011	11.57	(1.7)

1 Compared to the cost per enplaned passenger of $11.31 for 2006.
Sources: Department of Aviation management records.

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.

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), or $31 (in 2011 dollars), which cost threshold has not been reached in the past and is not expected to be reached during the term of the United Use and Lease Agreement.

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 "*Generally*" 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. In May 2012, the United Use and Lease Agreement was again amended to add back three gates used by Continental, which is now part of the United Group due to the United/Continental Merger. As a result, United currently leases 36 of the 38 full service jet gates and the 16-gate regional jet facility located on Concourse B. See also "AVIATION ACTIVITY AND AIRLINES — Airline Information — *The United Group*." In connection with the amendment of the United Use and Lease Agreement in December 2009, US Airways, belonging to the Star Alliance airline network (to which United belongs), relocated its operations from Concourse C to the other two full service jet gates on Concourse B. This consolidation on Concourse B, together with certain relocations of other airlines from Concourse C to Concourse A, made 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.

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, and to further reduce airline rates and charges in the years 2006 through 2010 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 City met the $4 million per year cost reduction goals through 2010. The net amount available for revenue sharing in 2004 through 2008 and 2010 was in excess of $55 million in each year so it was not necessary to further reduce airline rates and charges. However, based on the net amount available for revenue sharing in 2009, the City was required to reduce airline rates and charges in 2009 by an additional amount of $2 million. The City met this obligation, utilizing the sources of funds identified in the Stipulated Order, by recalculating the year-end settlement of 2009 rates and charges and including the adjusted results as part of the 2010 year-end settlement. See also "FINANCIAL ANALYSIS — Framework for Airport System Financial Analysis — *Airport Use and Lease Agreements* — United's Airport Use and Lease Agreement" in the Report of the Airport Consultant.

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system and the City has taken steps to mitigate automated baggage system costs over time. In a 2005-2 Amendment to the United Use and Lease Agreement, 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 annually in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction occurred only after the reduction in rates and charges to all airlines by $4 million per year from 2004 through 2010, as described above. In 2006 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. That defeasance has been completed, although 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.

In May 2012, the City and United further amended the United Use and Lease Agreement to provide conditional rent relief related to the unused and nonoperational automated baggage system space. This 2012 Amendment became effective in July 2012 when the City completed certain conditions precedent, including (1) removing or reclassifying unused and nonoperational baggage system space from United's leasehold premises on Concourse B, (2) using $92.5 million of Airport non-PFC discretionary funds to defease approximately $81.3 million in bonds associated with the released space, and (3) using amounts equivalent to approximately 75% of the revenues from the $1.50 portion of the PFCs to pay existing PFC-approved debt service in the Terminal Complex. The effect of the 2012 Amendment will be to further reduce airline rates and charges for airlines leasing space in the Terminal Complex, including United Airlines, and will make the airport more cost competitive for existing and future airlines at the Airport.

Under the 2012 Amendment, United agreed that it would pay all or a portion of the $92.5 million in costs the City expended in defeasing the bonds associated with the released space if the number of Available Seat Miles ("ASMs") flown by United at the Airport falls below certain stated levels. United may also be required to repay all of the costs if one of the partial termination events under the 2012 Amendment occurs, including, among other things, United's ASM falls below a certain base level, traffic of the other two largest carriers (currently Frontier and Southwest) declines by more than 50%, or the City is unable to meet bond ordinance obligations. If United is obligated to repay all or a portion of the costs, such repayment would reimburse the Airport's Capital Fund and would not be part of Airport Gross Revenues. The City has verbally discussed the 2012 Amendment with the FAA and has provided detailed information to the FAA about the 2012 Amendment. As of the date of this Official Statement, the FAA has indicated that it will be completing its review soon.

In the 2005 amendment to the United Use and Lease Agreement, United also 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: 7.5 million for 2006, 7.6 million for 2007 and 7.7 million for 2008 and subsequent years (the "Base Hub Commitment"). If United fails to meet the 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 has not met its Base Hub Commitment since 2008, reporting 7.3 million revenue connecting passengers in 2008, 7.2 million revenue connecting passengers in 2009, 7.3 million revenue connecting passengers in 2010, and 6.6 million revenue connecting passengers in 2011. As a result of United's failure to meet its Base Hub Commitment in 2008 through 2011, the City off-set United's share of the Net Revenues credit for these years by an amount equal to $6.00 multiplied by the shortfall in connecting revenue enplaned passengers in the applicable year. The City expects that United will not meet its Base Hub Commitment under the 2005 Amendment in 2012.

Cargo Operations Leases

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Alpine Air Express, Ameriflight, Capital Cargo, DHL Express (USA), Federal Express Corporation, Key Lime Air Corporation and United Parcel Service, as well as with Air General and Swissport Cargo Services, which have 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. See also "AVIATION ACTIVITY AND AIRLINES — Airlines Serving the Airport" above.

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 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. See also "DENVER INTERNATIONAL AIRPORT — Other Facilities," "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 7.2% and 7.9% of Airport operating revenues in 2010 and 2011, respectively, and 6.5% and 6.8% of Gross Revenues in 2010 and 2011, respectively.

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.

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 21.0% and 22.0% of Airport operating revenues in 2010 and 2011, respectively, and 18.5% and 18.9% of Gross Revenues in 2010 and 2011, respectively. Effective June 2011, the Airport increased maximum daily parking rates in an effort to optimize revenue from public parking facilities at the Airport.

Rental Cars. The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements which expire on January 1, 2014, 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 7.4% and 7.7% of Airport operating revenues in 2010 and 2011, respectively, and 6.6% and 6.6% of Gross Revenues in 2010 and 2011, respectively.

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 2007 through 2011 and the first six months of 2011 and 2012. See also "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2011 AND 2010," "APPENDIX G — UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011" and "Management's Discussion and Analysis of Financial Performance" below.

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

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

	Fiscal Year Ended December 31[1]					Six Months Ended June 30 (Unaudited)	
	2007	2008	Restated 2009[2]	2010	2011	2011	2012
Operating Revenues:							
Facility Rentals	$205,638	$198,138	$226,839	$231,603	$212,408	$115,336	$115,933
Concession income	40,599	42,297	41,085	43,398	47,499	22,283	24,324
Parking income	116,326	119,283	114,862	123,673	132,728	62,842	68,079
Car rentals	44,998	45,618	42,989	44,181	46,353	20,931	21,488
Landing fees	87,282	94,479	110,084	120,054	116,506	57,319	61,410
Aviation fuel tax	23,385	27,012	16,849	23,681	28,892	14,423	14,699
Other sales and charges	11,922	13,931	11,782	14,813	18,383	8,703	8,317
Total operating revenues	530,151	540,760	564,490	601,402	602,769	301,837	314,250
Operating Expenses:							
Personnel services	104,321	114,288	116,540	112,230	115,648	52,718	55,133
Contractual services	153,488	166,299	166,469	172,492	174,203	78,576	81,533
Repair and maintenance projects	11,555	67,737	69,975	105,943	79,951	28,976	20,205
Maintenance, supplies and materials	21,408	25,506	26,533	19,200	23,059	9,901	9,532
Total operating expenses before depreciation, amortization and asset impairment	290,773	373,829	379,517	409,865	392,862	170,171	166,403
Operating income before depreciation, amortization and asset impairment	239,378	166,931	184,973	191,537	209,908	131,666	147,847
Depreciation and amortization	159,309	168,026	177,583	181,496	179,070	88,781	88,017
Operating income	80,069	(1,095)	7,390	10,041	30,838	42,885	59,830
Nonoperating revenues (expenses)							
Passenger facility charges[3]	97,191	96,786	96,865	102,595	103,210	54,679	55,464
Investment income	82,249	87,483	74,291	47,752	32,490	25,892	13,275
Interest expense	(220,064)	(238,643)	(227,122)	(225,054)	(209,599)	(106,743)	(97,797)
Grants	324	703	(829)	401	401	--	
Other revenue (expense)[4]	(8,827)	8,683	(2,953)	(13,488)	(1,989)	(5,241)	(4,886)
Net nonoperating revenues (expenses)	(49,127)	(44,987)	(59,749)	(87,795)	(75,489)	(31,413)	(33,944)
Change in net assets before capital contributions	30,942	(46,083)	(52,359)	(77,754)	(44,651)	11,472	25,886
Capital grants[5]	1,894	13,993	36,964	25,690	34,702	15,758	635
Capital contributions	532	400	1,656	4,510	--	--	--
Change in net assets	$33,368	$(31,690)	$(13,738)	$(47,544)	$(9,949)	$27,230	$26,521

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

2 The figures for 2009 include prior period adjustments that are reflected in the 2010 financial statements. These adjustments were made in connection with the Airport System's decision to adopt Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"). See Note 22 to the financial statements of the Airport System for Fiscal Year 2010 appended to this Official Statement for additional information concerning these adjustments for 2009.

3 These amounts constitute the revenues derived from the entire $4.50 PFC net of the PFC collection fee retained by the airlines. During this period all PFC revenue has been allocated to the payment of debt service related to the automated baggage system and the original cost of the Airport. See "Passenger Facility Charges" below.

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

5 These amounts constitute amounts received from FAA grants.

Sources: Audited financial statements of the Airport System for Fiscal Years 2007-2011, and Department of Aviation for unaudited figures for the six months ended June 30, 2011 and 2012.

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 2007 through 2011 and the six months ended June 30, 2012 and 2011. The effects of the restatement of the 2009 financial statements are included in the discussion. All figures presented below are approximate unless otherwise stated.

Six Months Ended June 30, 2012 vs. Six Months Ended June 30, 2011. Operating revenues at the Airport were $314.3 million for the six month period ending June 30, 2012, an increase of $12.4 million (4.1%) as compared to the six months ended June 30, 2011. This increase in operating revenues was primarily due to the increase of $7.8 million (7.4%) in concession, parking and car rental revenues as compared to the six months ended June 30, 2011, resulting from the 1.6% increase in origination and destination passenger traffic and a 5.7% increase in per passenger spend rate for the six months ended June 30, 2012. Revenues increased as a result of increased aviation fuel tax, from facilities rentals, and from landing fees due to an increase in landed weight, while revenues from other sales decreased due to a decrease in oil and gas royalties.

Operating expenses, exclusive of depreciation and amortization, were $166.4 million for the six month period ending June 30, 2012, a decrease of $3.8 million (2.2%) as compared to the six months ended June 30, 2011. This decrease was attributable to a decrease in costs relating to commercial and chemical solvents, fuels, overtime pay for snow removal personnel, repair and maintenance of elevator and major repair and maintenance of construction projects, and was offset by an increase in personnel costs for services from other city agencies, professional services contracts and janitorial services.

Nonoperating expenses, net of nonoperating revenues, increased by $2.5 million (8.1%) to $33.9 million in the first six months of 2012 as compared to nonoperating expenses, net of nonoperating revenues, of $31.4 million for the six month period ending June 30, 2011. The increase in net nonoperating expenses was largely the result of a decrease in investment income of $12.6 million (47.7%) due to a decrease in investment yields and an unrealized loss on investments of $5.1 million. This increase was offset by an unrealized gain on investments due to the decrease in fair value of derivative instruments, and a decrease of $8.9 million in interest expense, a decrease of $0.3 million in other expenses, and an increase of PFC revenues of $0.8 million.

Capital grants and contributions totaled $0.6 million for the first six months ending June 30, 2012, compared to $15.8 million for the first six months ending June 30, 2011.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first six months of 2012 compared to the same period in 2011 is included as part of the financial statements of the Airport System appearing as "APPENDIX G — UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011."

2011 vs. 2010. Operating revenues at the Airport increased by $1.4 million or 0.2%, from $601.4 million in 2010 to $602.8 million in 2011, primarily due to increases in aviation fuel tax, other sales and charges, nonairline revenue, concessions, parking and car rental. Landing fees decreased by $3.5 million, or 3%, and facility rentals decreased by $19.2 million, or 8.3%. Operating expenses, exclusive of depreciation and amortization, were $392.9 million for 2011, a decrease of $17.0 million (4.1%) as compared to 2010. The decrease was attributable to decreases in snow removal and architectural and engineering costs associated with the South Terminal Renovation Project which are not being capitalized, offset by an increase in personnel costs, construction services, and professional services contracts.

Nonoperating expenses, net of nonoperating revenues, decreased by $12.3 million to $75.5 million in 2011, due to decreases in interest expense and other expenses and an increase in Passenger Facility Charges, offset by a decrease in investment income of $15.3 million.

In 2011 and 2010, capital grants totaled $34.7 million and $25.7 million respectively. The increase was due to an increase in reimbursements in 2011 for FAA grants.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2011 compared to 2010 is included as part of the financial statements of the Airport System appearing as "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2011 AND 2010."

2010 vs. 2009. Operating revenues at the Airport were $601.4 million for the year ended December 31, 2010, an increase of $36.9 million (6.5%), as compared to December 31, 2009. This increase in revenues was primarily related to the increase in passenger traffic of 3.6% which contributed to the increase .in concession, parking and car rental revenues. Revenues from facility rentals, landing fees and aviation fuel tax also increased.

Operating expenses, exclusive of depreciation and amortization, were $409.9 million for the year ended December 31, 2010, an increase of $30.3 million (8.0%) as compared to December 31, 2009. This increase was attributable to increases in expenses relating to electricity, repair and maintenance of the baggage system, nonstructural improvements and roads, and repair and maintenance in connection with construction projects associated with flight information display systems, the removal of the baggage system, repairs to the central plant and to roadways and surfaces (including aprons and ramps), airfield lighting, Concourse A gate expansion, remodeling projects, the Airport's South Terminal Redevelopment Program and parking garage stair replacements.

Nonoperating expenses, net of nonoperating revenues, increased by $28.0 million to $87.8 million in 2010 as compared to net nonoperating expenses of $59.8 million in 2009. The increase in net nonoperating expenses was largely the result of a decrease in investment income of $26.5 million, net of a receipt of $11.1 million for the termination of certain interest rate swap agreements referred to as the "2007A Swap Agreements" and further described in Note 12 to the financial statements of the Airport System for Fiscal Year 2010 appended to this Official Statement. There was also an increase of $5.7 million (5.9%) in PFC revenues and an increase in expenses relating to the remediation of certain environmental conditions at Stapleton.

In 2010 and 2009, capital grants totaled $25.7 million and $37.0 million, respectively. The decrease was due to the decrease in reimbursements in FAA grants and a decrease in receipts by the Airport of grant allocations arising under the ARRA as discussed in "Federal Grants and Other Funding — *American Recovery and Reinvestment Act of 2009*" below.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2010 is included as part of the financial statements of the Airport System appearing as "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2011 AND 2010.

2009 vs. 2008. Operating revenues at the Airport were $564.5 million for the year ended December 31, 2009, an increase of $23.7 million (4.4%), as compared to December 31, 2008. This increase in revenues was primarily related to the increase in facility rentals and landing fees (due mainly to an increase in landing fee rates), which was offset by a decrease in passenger traffic that, in turn, led to a decrease in concession, parking, aviation fuel tax and car rental revenues. Passenger traffic decreased 2.0% for the year ended December 31, 2009.

Operating expenses, exclusive of depreciation and amortization, were $379.5 million for the year ended December 31, 2009, an increase of $5.7 million (1.5%) as compared to December 31, 2008. This increase was attributable to increases in personnel costs, repair and maintenance projects related to United's relinquishment of gates on Concourse B, maintenance, supplies and materials (particularly commercial chemicals and solvents) and contractual services.

Nonoperating expenses, net of nonoperating revenues, increased by $14.8 million to $59.8 million in 2009 as compared to net nonoperating expenses of $45.0 million in 2008. The increase in net nonoperating expenses was largely the result of a decrease in investment income of $13.2 million due to a decrease in yields and an unrealized loss on investments of $23.9 million, offset by an increase in the fair value of derivative instruments. Other expense (net) also increased by $11.6 million (134.2%) due to an increase in expenses related to the remediation of certain environmental conditions at Stapleton and the reversal of K-9 grant moneys that were not received by the Airport. Interest expense also declined in 2009, and there was a small increase in PFC revenues.

In 2009 and 2008, capital grants totaled $37.0 million and $14.0 million, respectively. The increase was due to the increase in reimbursements in FAA grants and receipt by the Airport of grant allocations in connection with the American Recovery and Reinvestment Act of 2009 ("ARRA") as discussed in "Federal Grants and Other Funding — *American Recovery, and Reinvestment Act of 2009*" below.

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.

Nonoperating expenses, net of nonoperating revenues, were $45.0 million in 2008 as compared to net nonoperating expenses of $49.1 million in 2007. The reduction in net nonoperating expenses in 2008 was due in part to an increase in investment income of $5.2 million, or 6.4%, over 2007, 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. In addition, 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. Interest expense also increased in 2008, 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.

Senior Bonds

Outstanding Senior Bonds. The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2012A-C Bonds and the refunding and defeasance of the Refunded Bonds. See also "Plan of Financing" below.

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Outstanding Senior Bonds

Issue	Prior to Issuance of the Series 2012A-C Bonds	After Issuance of the Series 2012A-C Bonds
Series 1991D Bonds [1]	$ 40,005,000	$ 40,005,000
Series 1992C Bonds [1]	40,080,000	40,080,000
Series 1992F Bonds [2]	22,200,000	22,200,000
Series 1992G Bonds [2]	18,400,000	18,400,000
Series 1995C Bonds	3,770,000	3,770,000
Series 1997E Bonds	36,450,000	36,450,000
Series 1998A Bonds [3]	104,050,000	--
Series 1998B Bonds [3]	103,395,000	--
Series 2002C Bonds [2,5]	33,900,000	33,900,000
Series 2002E Bonds [3]	76,025,000	12,455,000
Series 2003A Bonds [3]	161,965,000	--
Series 2003B Bonds [3]	91,460,000	16,000,000
Series 2005A Bonds	219,670,000	219,670,000
Series 2006A Bonds [5]	268,360,000	268,360,000
Series 2006B Bonds	65,690,000	65,690,000
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 [2,5,6]	51,650,000	51,650,000
Subseries 2007F2 Bonds [2,5,6]	51,425,000	51,425,000
Subseries 2007F3 Bonds [2,5,6]	51,425,000	51,425,000
Subseries 2007F4 Bonds [2,5,6]	51,525,000	51,525,000
Subseries 2007G1 Bonds [2,5]	73,500,000	73,500,000
Subseries 2007G2 Bonds [2,5]	73,500,000	73,500,000
Subseries 2008A1 Bonds	138,765,000	138,765,000
Series 2008B Bonds [2,4,5]	75,100,000	75,100,000
Subseries 2008C1 Bonds [2,4,5]	92,600,000	92,600,000
Subseries 2008C2 Bonds [2,4,5]	100,000,000	100,000,000
Subseries 2008C3 Bonds [2,4,5]	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 [2,5]	104,655,000	104,655,000
Series 2010A Bonds	171,360,000	171,360,000
Series 2011A Bonds	349,730,000	349,730,000
Series 2011B Bonds	198,370,000	198,370,000
Series 2011C Bonds	15,310,000	15,310,000
Series 2012A Bonds	--	315,780,000
Series 2012B Bonds	--	510,140,000
Series 2012C Bonds	--	30,285,000
	$3,691,465,000	$4,039,230,000

1 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 has 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. None of the defeasances 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 2011 appended to this Official Statement.

2 These Senior Bonds constitute variable interest rate obligations that are either secured by letters of credit or insurance or standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance or currently constitute credit facility bonds owned by certain banks as described in footnote 4 below. The City's repayment obligations to the financial institutions issuing such Credit Facilities constitute Credit Facility Obligations under the Senior Bond Ordinance.

3 Together with other available Airport System moneys, all of the outstanding 1998A Bonds and a portion of the outstanding Series 2002E Bonds and Series 2003A Bonds are being refunded with the proceeds of the Series 2012A Bonds; all of the outstanding 1998B Bonds and a portion of the outstanding Series 2003B Bonds are being refunded with the proceeds of the Series 2012B Bonds; and a portion of the outstanding Series 2003A Bonds are being refunded with the proceeds of the Series 2012C Bonds. See "APPLICATION OF PROCEEDS" above and "Plan of Financing" below."

4 These credit facility Senior Bonds bear interest at a fixed spread to one-month LIBOR for initial three or five year terms pursuant to private placement transactions with certain banks.

5 A portion of these Senior Bonds are associated with certain swap agreements discussed below and in Note 12 to the financial statements of the Airport System for Fiscal Year 2011 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.

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

All or certain of the maturities of certain series of the Senior Bonds 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 (now a subsidiary of United) 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 Requirements. The following table sets forth the City's estimated aggregate Debt Service Requirements for the Senior Bonds both prior to and after the issuance of the Series 2012A-C Bonds and the refunding and defeasance of the Refunded 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)

Issue	Prior to Issuance of the Series 2012A-C Bonds	After Issuance of the Series 2012A-C Bonds
11/15/2012	$ 328,179,905	$ 329,283,564
11/15/2013	339,883,474	354,758,387
11/15/2014	330,942,734	345,722,896
11/15/2015	330,961,402	347,573,177
11/15/2016	335,050,173	351,281,522
11/15/2017	328,304,538	346,884,913
11/15/2018	335,691,792	353,467,242
11/15/2019	346,751,980	367,236,530
11/15/2020	346,509,035	367,105,009
11/15/2021	338,465,806	362,354,880
11/15/2022	348,517,682	371,553,757
11/15/2023	345,534,864	344,199,563
11/15/2024	355,367,262	380,100,212
11/15/2025	372,325,961	380,363,910
11/15/2026	103,147,969	132,632,419
11/15/2027	101,531,357	127,818,469
11/15/2028	102,361,207	128,134,819
11/15/2029	103,105,057	128,881,919
11/15/2030	102,583,963	128,443,226
11/15/2031	103,187,026	128,911,613
11/15/2032	103,095,951	130,554,176
11/15/2033	64,374,413	89,329,363
11/15/2034	22,843,151	46,267,151
11/15/2035	22,842,126	46,402,626
11/15/2036	22,856,476	46,550,026
11/15/2037	22,853,808	46,679,958
11/15/2038	22,857,393	46,828,443
11/15/2039	22,857,727	46,956,127
11/15/2040	--	24,244,500
11/15/2041	--	24,376,700
11/15/2042	--	23,303,650
11/15/2043	--	22,444,700
	$5,702,984,229	$6,370,645,447

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 4.100% for non-AMT bonds, 4.250% for AMT bonds or a fixed spread to one-month LIBOR (one-month LIBOR assumed to be 5.467%).

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 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.

The City expects to issue, depending upon market conditions, Subordinate Bonds pursuant to a supplemental Subordinate Bond Ordinance later in 2012 or early 2013 to provide funds to pay for, among other things, a portion of the costs of certain projects which are a part of the 2013-2018 Capital Program. See the subsection entitled "Plan of Financing" below in this section.

The Subordinate Bond Ordinance also permits the City, on its own behalf or for and on behalf of the Department, to issue bonds, notes, certificates, commercial paper or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and other subordinate obligations ("Junior Lien Obligations").

Outstanding Subordinate Bonds and Junior Lien Obligations. No Subordinate Bonds or Junior Lien Obligations are currently outstanding.

Subordinate Commercial Paper Notes. On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (Tax-Exempt) and its Airport System Subordinate Commercial Paper Notes, Series B (Taxable) (collectively, the "Series A-B Subordinate Commercial Paper Notes"), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Subordinate Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of $300 million or the amount that, together with the interest (including accreted amounts) due thereon to the stated maturity date of each such outstanding Series A-B Subordinate Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Subordinate Commercial

Paper Notes. The current credit facility securing the Series A-B Subordinate Commercial Paper Notes is an irrevocable direct-pay letter of credit issued by Barclays Bank PLC in a stated amount that may secure up to an aggregate of $128 million in principal amount of Series A-B Subordinate Commercial Paper Notes. There are currently $56 million in principal amount of the Series A Commercial Paper Notes outstanding that are to be refunded with proceeds of the Series 2012A-C Bonds. There are currently no Series B Subordinate Commercial Paper Notes outstanding.

Subordinate Hedge Facility Obligations. Since 1998, the City has 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 (Swap Agreements) to the financial statements of the Airport System for Fiscal Year 2011 appended to this Official Statement.

See also "Master Derivatives Policy" below and "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2011 AND 2010."

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 $21,840,000. 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, Sovereign Leasing, LLC 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, snow removal and emergency 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 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 June 30, 2012, was $36,780,456.

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. as the Financial Consultant, has prepared the Plan of Financing in anticipation of the issuance of the Series 2012A-C Bonds. The Plan of Financing assumes the issuance of the Series 2012A-C Bonds for the purposes of financing a portion of the costs of the 2013-2018 Capital Program, paying the Series A Commercial Paper Notes in full in the approximate amount of $56 million, reimbursing the Airport for moneys it used to pay for certain costs with respect to the 2013-2018 Capital Program, and refunding and defeasing selected Senior Bonds for interest rate savings. The Plan of Financing also assumes the issuance by the City, for and on behalf of the Department, of additional Senior Bonds, Subordinate Bonds and commercial paper notes in 2012 through 2018 for the purpose of refunding and defeasing additional outstanding Senior Bonds and funding certain projects in the 2013-2018 Capital Program.

The issuance of such Senior Bonds and Subordinate Bonds as assumed in the Plan of Financing will depend upon various factors, including market conditions, the continued need for or priority of particular projects in the 2013-2018 Capital Program, the eventual scope and timing of particular planned projects and the financial feasibility of issuing additional Senior Bonds or Subordinate Bonds. Consequently, there can be no assurance that any of the additional Senior Bonds or Subordinate Bonds assumed in the Plan of Financing will be issued. For a more detailed description of the various sources of funds the City expects to use for the 2013-2018 Capital Program, see "FINANCIAL ANALYSIS — PLAN OF FINANCING" in the Report of the Airport Consultant, attached hereto as APPENDIX A.

See also "INTRODUCTION — The Series 2012A-C Bonds — *Purpose*," "CAPITAL PROGRAM" and "Senior Bonds — Subordinate Bonds and Other Subordinate Obligations — *Subordinate Commercial Paper Notes*" above.

Capital Fund

Moneys in the Capital Fund may be used to pay: the costs of acquiring, improving or equipping any Airport Facilities, to the extent such costs are not Operation and Maintenance Expenses; the costs of extraordinary and major repairs, renewals, replacements or maintenance items relating to any Airport Facilities of a type not properly defrayed as Operation and Maintenance Expenses; and the Bond Requirements of any Senior Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in such payment. The amount on deposit in the Capital Fund as of June 30, 2012, was approximately $364.4 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) $15.2 million to cover existing obligations and contingencies; and (3) $282.1 million for any lawful Airport System purpose. See also "SECURITY AND SOURCES OF PAYMENT — Flow of Funds; Revenue Fund; and Capital Fund" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — Application of Revenues — Insurance — Disposal of Airport Property."

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."

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 2007 through 2011 and the first six months of 2011 and 2012 are set forth in the following table. See also "APPENDIX B — GLOSSARY OF TERMS" and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

PFC Revenues

Year	PFC Revenues (thousands)[1]	Percent Change
2007	$97,191	3.9%[2]
2008	96,786	(0.4)
2009	96,865	0.1
2010	102,595	5.9
2011	103,210	0.6
Jan.-Jun.		
2011	$54,679	--
2012	55,464	1.4%

1 These amounts constitute the revenues derived from the entire $4.50 PFC net of the collection fee retained by the airlines.

2 Compared to the PFC revenue of $93,510,000 for 2006.

Sources: Audited financial statements of the Airport System for Fiscal Years 2006-2011, and Department of Aviation for unaudited figures for the six months ended June 30, 2011 and 2012.

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 December 31, 2011, the City had collected approximately $1.3 billion in PFC revenues, constituting approximately 40% of the total authorized amount. 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 included the Additional $1.50 PFC in Gross Revenues in each of the Fiscal Years 2009 through 2013, inclusive, and under the 2012A-B Supplemental Ordinance, the City has further included the Additional $1.50 PFC in Gross Revenues in each of the Fiscal Years 2014-2018, as further described below under "*Designated Passenger Facility Charges*." The definition of Debt Service Requirements in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements amounts irrevocably committed to make such payments. Such irrevocable commitments may be provided from any available Airport System moneys, including PFC revenues. See "SECURITY AND SOURCES OF PAYMENT — Rate Maintenance Covenant Additional Parity Bonds" and "APPENDIX B — GLOSSARY OF TERMS."

Under the Senior Bond Ordinance, in order to administer PFC revenues, the City created within the Airport System Fund the PFC Fund, consisting of the PFC Debt Service Account and the PFC Project Account, and defined "Committed Passenger Facility Charges" to mean generally two-thirds of the PFC received by the City from time to time (currently the revenues derived by the City from the $3.00 PFC). Pursuant to the PFC Supplemental Ordinances, 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 2018, 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 Ordinances (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 Fiscal Year 2018. 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 2018. The Committed Passenger Facility Charges expected to be deposited by the City in the PFC Debt Service Account are less than the Maximum Committed Amounts in each of Fiscal Years 2012 through 2018. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE — PFC Fund" for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2018.

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 Fiscal Year 2018.

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 and the 2012A-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 2018, 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 and the 2012A-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” below and “APPENDIX B — 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 were approximately $21.4 million and $10.8 million in 2011 and in the first six months of 2012, 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 allocated to the Airport Revenue Fund, were approximately $7.5 million and $3.9 million in 2011 and in the first six months of 2012, 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. Except for several short-term extensions to the AIP, legislation to reauthorize and fund the AIP beyond such date was not enacted until the Modernization and Reform Act of 2012 (the "2012 Reauthorization Act") was signed into law by President Obama on February 14, 2012. The 2012 Reauthorization Act provides for general FAA funding authorization through fiscal year 2015, and revises requirements for the AIP. The 2012 Reauthorization Act funds the AIP in an amount of $4.35 billion in each of fiscal years 2012 through 2015. The 2012 Reauthorization Act also retains the $4.50 PFC rate and does not provide for any increases in such rate. See "Passenger Facility Charges" above.

American Recovery and Reinvestment Act of 2009. The Airport has also received grant allocations through the American Recovery and Reinvestment Act of 2009. ARRA provided for grants in an approximate amount of $1.3 billion for projects and programs administered by the FAA. Grant moneys provided by ARRA 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 ARRA 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.

Stapleton

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 Forest City 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 1,809 acres of Stapleton property for a total of approximately $56.1 million, and there are approximately 200 acres of pending sales in the amount of approximately $7.2 million. An additional area of open space of approximately 650 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. See "SECURITY AND SOURCES OF PAYMENT — Capital Fund" and "Capital Fund" above in this section.

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. The Capital Fund advance has been repaid from Stapleton Gross Proceeds. 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.

Annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2011, have been prepared by the City in accordance with the Intergovernmental Agreement. 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 that judgment, together with interest, was paid by the City, the City settled with, and paid to, Adams County, and certain other cities, their claims for Class II violations, if any, occurring in the years 1996 through 2006.

The annual noise report for the calendar year ending December 31, 2007 reported only one potential Class II violation (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 years. Since the one potential Class II violation in 2007 was cured in 2008, there was no liability for any Class II violations in 2007, 2008 or 2009. The noise report for the calendar year 2010 reported only one potential Class II violation; however, the City believes that potential violation, though still reported in the noise report for the year 2011, was cured by successfully petitioning the FAA to implement changes in flight procedures during 2011. The noise report for the calendar year 2011 reported that same potential violation, which as stated above the City believes has been cured. There were no contour violations in 2010 or 2011.

The noise report for the second quarter of 2012 indicates two other potential Class II violations occurring in the first six months of 2012. The City believes it likely that at least one of these two other potential violations may still be a potential Class II violation at the end of 2012, resulting in potential liability of $500,000 for the 2012 year if it cannot be cured. In the City's judgment, it is likely that noise levels at a limited number of grid points may in future years exceed the levels established under the Intergovernmental Agreement.

Investment Policy

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

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

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

Master Derivatives Policy

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

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

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

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

Property and Casualty Insurance

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. For the first time as of September of 2010, the Airport and the City share a property insurance policy with a total loss limit of $1.5 billion, subject to a $250,000 per occurrence deductible. This is based on a reported value of approximately $5.3 billion for the Airport. 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 $135 million (which is included in the $5.3 billion total). Terrorism and non-certified acts of terrorism are included under the Airport's property insurance at a sublimit of $1 billion. 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 $300 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 $200 million per occurrence in excess of the $300 million primary layer. War risk and terrorism is included in this coverage with a $150 million limit.

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, among others, United, Frontier, Lynx and American have filed for bankruptcy protection. However, with a few exceptions, all of these airlines have reorganized and emerged from bankruptcy protection. The exceptions include Midway Airlines and Vanguard Airlines, which eventually ceased operations; Mesa Air Group, Inc. and its Mesa Airlines subsidiary, which filed for bankruptcy protection in January 2010 and emerged from bankruptcy protection in March 2011, is continuing operations but currently is not serving the Airport; Mexicana Airlines, which initiated insolvency proceedings under the laws of Mexico in August 2010 and has suspended operations; and Lynx which ended operations in early 2012 after Frontier terminated its flights. American Airlines and certain of its affiliates filed for bankruptcy protection in November 2011 and are continuing operations. American is expected to sign a new Use and Lease Agreement at the Airport as part of its plan of reorganization due by the end of 2012; however, an agreement with American has not been finalized and no assurances can be given with regard to American's future level of activity at the Airport. Furthermore, 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 2012A-C 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 may request an extension of up to an additional 90 days. A debtor may not extend the time to make a decision beyond 210 days from the petition.

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

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

Prepetition Obligations

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

PFCs

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

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

REPORT OF THE AIRPORT CONSULTANT

LeighFisher, as the Airport Consultant, prepared the Report of the Airport Consultant, dated October 1, 2012, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT

CONSULTANT." As stated earlier, WJ Advisors LLC is a sub-consultant to LeighFisher and prepared portions of the Report of the Airport Consultant. The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Rate Maintenance Covenant of the Senior Bond Ordinance in each year of the forecast period encompassing Fiscal Years 2012-2020. The Report of the Airport Consultant includes certain airline traffic and financial forecasts for the forecast period, together with the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing, including information regarding the Airport Hotel. Also presented in the Report of the Airport Consultant is a sensitivity analysis of (1) the Airport's forecast enplaned passengers and financial results based on a hypothetical set of assumptions, including a reduction in forecast passenger levels which could occur under conditions of slow economic growth, restricted seat capacity, higher airfares resulting from a spike in oil prices, an unexpected geopolitical event and reduced overall airline service, and (2) the financial performance of the Airport Hotel assuming zero net operating income during each year of the forecast period presented in the Report of the Airport Consultant.

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

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

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

The forecasts of Net Revenues and Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Debt Service Requirements with respect to the Series 2012A-C Bonds, Future 2012 Bonds (as defined in the Report) and other additional Airport System revenue bonds and commercial paper notes that may be issued during the forecast period to fund planned projects in the Airport's 2013-2018 Capital Program. The financial forecasts do not include any debt service savings from the issuance of any Airport System revenue bonds to refund outstanding Airport System revenue bonds. Based on the Plan of Financing, the Report of the Airport Consultant assumes all additional

Airport System revenue bonds will be Senior Bonds or Subordinate Bonds or a combination of the foregoing. See "SECURITY AND SOURCES OF PAYMENT – Additional Parity Bonds." The Report of the Airport Consultant assumes that the Future 2012 Bonds will be Subordinate Bonds and together with additional Senior Bonds and available Airport System moneys and federal grants, will fund the other projects in the 2013-2018 Capital Program. However, a number of factors will affect whether the City issues such Future 2012 Bonds or any future Airport System revenue bonds as Senior Bonds or Subordinate Bonds, and no assurance can be given regarding the actual type or amount of such future bonds that eventually may be issued. The financial forecasts also reflect that the Airport Hotel is expected to be operational and begin to generate revenues beginning in the first full fiscal year (2016), based upon a forecast of conservative revenues, expenses and deposits to reserve accounts provided by PKF Consulting. In addition, the estimated Debt Service Requirements for the Airport are net of certain Committed Passenger Facility Charge revenues that are forecasted to be received during the forecast period as described herein. See "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Plan of Financing – Passenger Facility Charges" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS."

The Report of the Airport Consultant was prepared in connection with, but prior to the actual offering and sale of, the Series 2012A-C Bonds. Accordingly, the Report of the Airport Consultant uses information provided in the Plan of Financing as to the principal amounts and Debt Service Requirements of the Series 2012A-C Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2012A-C Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of the Series 2011A-C Bonds as marketed. See also "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant – Additional Parity Bonds" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Bonds."

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

Net Revenues and Other Available Funds, Debt Service Requirements and Debt Service Coverage on Senior Bonds
(In thousands, except coverage ratios)

	Forecast							
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Net Revenues and Other Available Funds	$426,200	$448,100	$475,500	$515,700	$522,400	$530,100	$549,000	$543,600
Debt Service Requirements (a)								
Senior Bonds	$231,600	$252,200	$284,100	$303,900	$301,100	$300,900	$310,000	$304,500
Subordinate Bonds	800	2,400	15,000	16,300	16,300	16,600	17,000	16,800
Total	$232,400	$254,600	$299,100	$320,200	$317,400	$317,500	$327,000	$321,300
Debt Service Coverage								
Senior Bonds	184%	178%	167%	170%	173%	176%	177%	179%
All Bonds	183%	176%	159%	161%	165%	167%	168%	169%

Sources: Report of the Airport Consultant.

Note: The results presented above include the 2012 Bonds, Future 2012 Bonds, and Future Planned Bonds. As discussed in the "Financial Analysis" section of the Report of the Airport Consultant, forecast Gross Revenues, Operation and Maintenance Expenses, and deposits to various funds and accounts for the proposed Airport Hotel were provided by PKF Consulting. The Airport Consultant makes no representation regarding the reasonableness of the projected financial results provided by PKF Consulting for the proposed Airport Hotel.

(a) Provided by the City's Financial Consultant.

The table below provides a comparison of the estimated Debt Service Requirements for Outstanding Bonds used in the Report of the Airport Consultant to the actual Debt Service Requirements on Outstanding Bonds following the sale of the Series 2012A-C Bonds. All of the additional $46.2 million of project costs described above under "CAPITAL PROGRAM – 2013-2018 Capital Program" is being funded with proceeds of the Series 2012A-B Bonds.

Comparison of Estimated Senior Bond Debt Service Requirements included in the Report of the Airport Consultant to Actual Senior Bond Debt Service Requirements
(In thousands)

Year	Estimated Debt Service Requirements -- Senior Bonds[1]	Actual Debt Service Requirements Following the Sale of the Series 2012A-C Bonds[2]	Increase / (Decrease) In Debt Service Requirements
2012	$309,700	$302,866	$(6,834)
2013	302,100	297,251	(4,849)
2014	324,000	317,330	(6,670)
2015	333,500	321,935	(11,565)
2016	354,600	331,631	(22,969)
2017	353,100	327,680	(25,420)
2018	354,400	329,675	(24,725)
2019	364,500	347,385	(17,115)
2020	360,600	343,596	(17,004)

1 See Exhibit C attached to the Report of the Airport Consultant (Debt Service Requirements – Senior Bonds). Estimated Debt Service Requirements prior to the sale of the Series 2012A-C Bonds are prior to the use of Committed Passenger Facility Charges and exclude estimated Debt Service Requirements associated with Future Planned Bonds, as such term is defined in the Report of the Airport Consultant. Debt Service payments are net of capitalized interest.

2 Reflects the actual Debt Service Requirements following the sale of the Series 2012A-C Bonds, and reflects debt service savings from Bonds that were currently refunded and defeased and advanced refunded with proceeds of the Series 2012A-C Bonds. Debt service payments are net of capitalized interest.

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

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

	Forecast							
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Net airline rentals, fees and charges	$304,400	$321,900	$354,000	$369,000	$376,300	$385,500	$403,100	$405,800
Enplaned passengers	27,021	27,523	28,013	28,508	29,008	29,513	30,023	30,515
Cost per enplaned passenger	$11.07	$11.50	$12.43	$12.73	$12.75	$12.83	$13.19	$13.07

Source: Report of the Airport Consultant.

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

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

LITIGATION

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

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Service, Inc. and Fitch, Inc. have published ratings of "A1" (negative outlook), "A+" (stable outlook) and "A+" (stable outlook), respectively, with respect to the Series 2012A-C Bonds.

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 2012A-C 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 2012A-C 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 2012A-C Bonds.

UNDERWRITING

The Series 2012A-C Bonds are being purchased from the City by Barclays Capital Inc. ("Barclays"), as representative of the underwriters set forth on the cover page hereof (the "Underwriters") as follows: for the Series 2012A Bonds, at a price equal to $350,895,329.29, being the aggregate principal amount of the Series 2012A Bonds, plus net original issue premium of $36,653,556.15 and less an underwriting discount of $1,538,226.86; for the Series 2012B Bonds, at a price equal to $576,608,236.21, being the aggregate principal amount of the Series 2012B Bonds, plus net original issue premium of $69,111,442.15 and less an underwriting discount of $2,643,205.94, and for the Series 2012C Bonds, at a price equal to $30,125,518.98, being the aggregate principal amount of the Series 2012C Bonds less an underwriting discount of $159,481.02. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Barclays (the "Series 2012A-C Bond Purchase Agreement"), the Underwriters agree to accept delivery of and pay for all of the Series 2012A-C Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2012A-C Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

Citigroup Global Markets Inc. and its parent company, Citigroup, Inc., have entered into a distribution agreement dated May 31, 2009, as amended, with Morgan Stanley Smith Barney LLC ("MSSB") and its parent company, Morgan Stanley Smith Barney Holdings LLC, whereby Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of MSSB. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate MSSB for its selling efforts with respect to the Bonds.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA") has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the Series 2012A-C Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Series 2012A-C Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

US Bancorp is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc. ("USBII"), which is serving as one of the Underwriters of the Series 2012A-C Bonds.

Loop Capital Markets LLC, one of the Underwriters, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital Markets will share a portion of its underwriting compensation with respect to the Series 2012A-C Bonds with UBS Financial Services Inc.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the City, for which they received or will receive customary fees and expenses. The City intends to use a portion of the proceeds of the Series 2012A-C Bonds to redeem the Refunded Bonds. To the extent an underwriter or an affiliate thereof holds any Refunded Bonds, such underwriter or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Series 2012A-C Bonds contemplated herein in connection with such Refunded Bonds being redeemed by the City.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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 2012A-C 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 respect of the Series 2012A-C Bonds 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 specified events. See "APPENDIX H — FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the events for which notice is to be provided and other terms of the Continuing Disclosure Undertakings.

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 in all material respects 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 2012A-C Bonds are subject to the approval of Hogan Lovells US 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 Douglas J. Friednash, Esq., City Attorney, and Brownstein Hyatt Farber Schreck, LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Greenberg Traurig, LLP, Denver, Colorado.

TAX MATTERS

The Series 2012A-B Bonds

The information in this section applies solely to the Series 2012A-B Bonds

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 2012A-B Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2012A-B 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 2012A-B Bonds, Hogan Lovells US 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, (1) interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2012A 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, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (2) interest on the Series 2012B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following paragraph, corporations.

For corporations only, the Code requires that alternative minimum taxable income be increased by 75% of the excess (if any) of the corporation's adjusted current earnings over its other alternative minimum taxable income. Adjusted current earnings includes interest on the Series 2012B Bonds. An increase in a corporation's alternative minimum taxable income could result in imposition of tax to the corporation under the corporate alternative minimum tax provisions of section 55 of the Code.

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 2012A-B 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 2012A-B Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2012A-B Bonds.

Certain of the Series 2012A-B Bonds (the "Discount Bonds") are being offered and sold to the public in their original public offering at an original issue discount. Generally, original issue discount is the excess of the stated redemption price at maturity of any Discount Bond over the issue price of the Discount Bond. Bond Counsel have advised the City and the Underwriters that, under existing laws and to the extent interest on any Discount Bond is excluded from gross income for federal income tax purposes, the original issue discount on any such Discount Bond that accrues during the period such person holds the Discount Bond 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 Discount Bond. Purchasers of any Discount Bond should consult their tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2012A Bonds should be aware that the accrual of original issue discount in each year may be treated as an item of tax preference in calculating any alternative minimum tax liability.

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 2012A-B Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

If a holder purchases a Series 2012A-B Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2012A-B 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 2012A-B Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2012A-B 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 2012A-B Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2012A-B Bond. Purchasers of Series 2012A-B 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 2012A-B 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 2012A-B Bonds. Prospective purchasers of the Series 2012A-B Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2012A-B 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 2012A-B Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2012A-B 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 2012A-B Bonds; (3) interest on the Series 2012A-B 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 2012A-B 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 2012A-B 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 2012A-B Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2012A-B Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2012A-B 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. For example, on September 12, 2011, the Obama Administration released a legislative proposal entitled the American Jobs Act of 2011 which, if enacted, could result in additional federal income tax being imposed on certain holders of state or local bonds, including the Series 2012A-B Bonds, for tax years beginning on or after January 1, 2013. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2012A-B Bonds, the exclusion of interest on the Series 2012A-B Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2012A-B Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2012A-B 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 2012A-B Bonds, including the potential consequences of any pending or proposed legislation, in light of their particular tax situation.

The Series 2012C Bonds

The information in this section applies solely to the Series 2012C Bonds

The following is a summary of material U.S. federal income tax considerations of the ownership and disposition of the Series 2012C Bonds. This summary is based upon provisions of the Code, applicable regulations, administrative rulings and judicial decisions in effect as of the date hereof, any of which may subsequently be changed, possibly retroactively, or interpreted differently by the Service so as to result in U.S. federal income tax consequences different from those discussed below. Except where noted, this summary deals only with a 2012C Bond held as a capital asset by a beneficial owner who is a U.S. holder (as defined below) who purchases the 2012C Bond on original issuance at the first price at which a substantial portion of such Series 2012C Bonds are sold for cash to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers, referred to herein as the "issue price." This summary does not address all aspects of U.S. federal income taxes and does not deal with all tax consequences that may be relevant to holders in light of their personal circumstances or particular situations, such as:

- tax consequences to dealers in securities or currencies, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies and traders in securities that elect to use a mark-to-market method of accounting for their securities;

- tax consequences to persons holding Series 2012C Bonds as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle;

- tax consequences to persons whose "functional currency" is not the U.S. dollar;

- tax consequences to entities treated as partnerships for U.S. federal income tax purposes and investors therein;

- tax consequences to certain former citizens or residents of the United States;

- alternative minimum tax consequences, if any;

- any state, local or foreign tax consequences; and

- estate or gift taxes.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds Series 2012C Bonds, the tax treatment of a partner or member will generally depend upon the status of the partner or member and the activities of the entity. If you are a partner or member in such an entity holding the Series 2012C Bonds, you should consult your tax advisors.

If you are considering the purchase of Series 2012C Bonds, you should consult your tax advisors concerning the U.S. federal income tax consequences to you of the purchase, ownership and disposition of Series 2012C Bonds in light of your own specific situation, as well as consequences arising under the laws of any other taxing jurisdiction.

In this discussion, the term "U.S. holder" refers to a beneficial owner of Series 2012C Bonds that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

U.S. Internal Revenue Service Circular 230 Disclosure

Pursuant to U.S. Internal Revenue Service Circular 230, we hereby inform you that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. The following description was written to support the marketing of the Series 2012C Bonds. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Payment of Interest. Stated interest on a Series 2012C Bond will generally be taxable to a U.S. holder as ordinary income at the time it is received or accrued in accordance with the U.S. holder's usual method of accounting for tax purposes.

Original Issue Discount. If any Series 2012C Bonds are issued with original issue discount, or "OID," a U.S. holder of such Series 2012C Bonds will be subject to special tax accounting rules, as described in greater detail below. In that case, U.S. holders should be aware that they generally must include OID in gross income in advance of the receipt of cash attributable to that income.

A Series 2012C Bond with an "issue price" that is less than its stated redemption price at maturity (the sum of all payments to be made on the Series 2012C Bond other than payments of stated interest) will generally be issued with OID in an amount equal to that difference if that difference is at least 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity. The "issue price" of a Series 2012C Bond will be the first price at which a substantial amount of such Series 2012C Bonds is sold to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler).

A U.S. holder generally must include OID in gross income in advance of the receipt of some or all of the related cash payments using the "constant yield method" described in the following paragraphs.

The amount of OID that a U.S. holder must include in income is the sum of the "daily portions" of OID with respect to the Series 2012C Bond for each day during the taxable year or portion of the taxable year in which such holder held that Series 2012C Bond. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for a Series 2012C Bond may be of any length and may vary in length over the term of the Series 2012C Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of:

- the Series 2012C Bond's "adjusted issue price" at the beginning of the accrual period multiplied by its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period, over

- the sum of all stated interest allocable to the accrual period.

OID allocable to a final accrual period is the difference between the amount payable at maturity, other than a payment of stated interest, and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "adjusted issue price" of a Series 2012C Bond at the beginning of any accrual period is equal to its issue price increased by the OID that has accrued for each prior accrual period. Under these rules, a U.S. holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

U.S. holders may elect to treat all interest on any Series 2012C Bond as OID and calculate the amount includible in gross income under the constant yield method described above. The election is to be made for the taxable year in which such holder acquired the Series 2012C Bond and may not be revoked without the consent of the Service. U.S. holders should consult with their own tax advisors about this election.

Sale, Redemption or Other Taxable Disposition of Series 2012C Bonds. A U.S. holder will generally recognize gain or loss upon the sale, redemption or other taxable disposition of a Series 2012C Bond equal to the difference between the amount realized (less accrued stated interest, which will be taxable as such) upon the sale, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Series 2012C Bond. Legal defeasance of the Series 2012C Bonds may result in a deemed exchange of such Series 2012C Bonds, in which event the holder will recognize gain or loss as described in the preceding sentence. A U.S. holder's adjusted tax basis in a Series 2012C Bond will generally be equal to the amount that such U.S. holder paid for the Series 2012C Bond increased by any previously accrued OID. Any gain or loss recognized on a taxable disposition of the Series 2012C Bond will be capital gain or loss. If, at the time of the sale, redemption or other taxable disposition of the Series 2012C Bond, a U.S. holder is treated as holding the Series 2012C Bond for more than one year, this capital gain or loss will be long-term capital gain or loss. Otherwise, this capital gain or loss will be short-term capital gain or loss. In the case of certain non-corporate U.S. holders (including individuals), long-term capital gain generally will be subject to U.S. federal income taxation at preferential rates. A U.S. holder's ability to deduct capital losses may be limited.

Information Reporting and Backup Withholding. Information reporting requirements generally will apply to interest (including OID) on the Series 2012C Bonds and the proceeds of a sale of a Series 2012C Bond paid to a U.S. holder unless the U.S. holder is an exempt recipient (such as a corporation). Backup withholding will apply to those payments if the U.S. holder fails to provide its correct taxpayer identification number, or certification of exempt status, or if the U.S. holder is notified by the Service that it has failed to report in full payments of interest and dividend income. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability if the required information is furnished in a timely manner to the Service.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Prior to the delivery of the Series 2012A-C Bonds, Causey Demgen & Moore P.C., certified public accountants, Denver, Colorado will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them by the Underwriters, relating to the adequacy of the maturing principal amounts of the Federal Securities to be held in the Escrow Accounts for such refunded bonds, interest earnings and certain other uninvested cash to effect a defeasance of certain of the Senior Bonds being refunded.

EXPERTS

Jefferies & Company, Inc. has served as Financial Consultant to the City with respect to the Series 2012A-C Bonds and in such capacity has prepared the Plan of Financing. LeighFisher has served as the Airport Consultant to the City with respect to the Series 2012A-C Bonds and in such capacity has prepared the Report of the Airport Consultant, attached hereto as APPENDIX A. WJ Advisors LLC has served as a subconsultant to LeighFisher in connection with the preparation of the Report of the Airport Consultant. PKF Consulting USA has served as a hospitality consultant to the Airport with respect to the Airport Hotel and in such capacity has prepared the Airport Hotel Analysis.

FINANCIAL STATEMENTS

The financial statements of the Airport System as of and for the years ended December 31, 2011 and 2010 are attached to this Official Statement as "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2011 AND 2010," and "APPENDIX G – UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011," BKD, LLP, the City's independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix F hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of Appendix F was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

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 2012A-C Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

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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/ Cary Kennedy
Manager of Finance

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY AND COUNTY OF DENVER, COLORADO,

for and on behalf of its Department of Aviation

AIRPORT SYSTEM REVENUE BONDS
SERIES 2012A AND 2012B

Prepared for

City and County of Denver
Denver, Colorado

Prepared by

LeighFisher
Burlingame, California

October 1, 2012

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Leigh|Fisher
Management Consultants

October 1, 2012

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

Re: Report of the Airport Consultant on the Proposed Issuance of City and County of Denver, Colorado, for and on Behalf of Its Department of Aviation, Airport System Revenue Bonds, Series 2012A and Series 2012B

Dear Ms. Day:

We are pleased to submit this Report of the Airport Consultant on the proposed issuance of Airport System Revenue Bonds, Series 2012A and Series 2012B (together, the 2012 Bonds), by the City and County of Denver, Colorado (the City), for and on behalf of its Department of Aviation (the Department).

The City owns and, through the Department, operates Denver International Airport (the Airport), which is the primary air carrier airport serving the Denver region. The Airport is the main asset of the Airport System.

The 2012 Bonds are to be issued as Senior Bonds under a General Bond Ordinance adopted by the City in 1984, as supplemented and amended by multiple Supplemental Bond Ordinances (collectively, the General Bond Ordinance), with a first lien on the Net Revenues of the Airport System. The City expects to adopt Supplemental Bond Ordinances providing for the issuance of the 2012 Bonds following the date of this report and prior to the issuance of the 2012 Bonds.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System: (1) issuing additional Bonds, (2) establishing rentals, rates, fees, and charges as provided under the Rate Maintenance Covenant, and (3) paying Operation and Maintenance (O&M) Expenses and Debt Service Requirements, among other expenses.

In addition, the Passenger Facility Charge (PFC) Supplemental Bond Ordinance, as supplemented and amended, defines the uses for revenues from the \$3.00 portion of the \$4.50 PFC imposed at the Airport and used for eligible Airport projects ("Committed Passenger Facility Charges"). The Supplemental Bond Ordinance defines the uses for revenues from the $1.50 portion of the $4.50 PFC ("Designated Passenger Facility Charges"). The Committed Passenger Facility Charges are irrevocably committed to pay annual Debt Service Requirements. The Designated Passenger Facility Charges are included in the definition of Gross Revenues and can be used by the City to pay Debt Service Requirements (but are not irrevocably committed as such).

Since the Airport opened in 1995, PFC revenues have mostly been used to pay annual Debt Service Requirements on Bonds issued to fund Airport improvements. Prior to the issuance of the proposed 2012 Bonds, the City intends to adopt a PFC Supplemental Bond Ordinance that would—in effect—continue the use of annual PFC revenues to pay Debt Service Requirements through 2018.

The analyses described in this report were undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds from 2012* through 2020**, referred to in this report as the forecast period, to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance, taking into account the issuance of the proposed 2012 Bonds and, as described below, the Future 2012 Bonds and Future Planned Bonds. Capitalized terms in this report are used as defined in the General Bond Ordinance, the PFC Supplemental Bond Ordinance, and/or the Airport use and lease agreements, as discussed later.

PROPOSED 2012 BONDS

According to the City's Financial Consultant***, the 2012 Bonds are to be issued with a fixed interest rate in the approximate principal amount of $731.6 million for the following purposes:

- **Series 2012A Bonds**. The Series 2012A Bonds are expected to be subject to the Alternative Minimum Tax (AMT) to current-refund and defease the following approximate amounts of outstanding debt: (a) $63.6 million in principal outstanding of the Series 2002E Bonds, (b) $134.5 million in principal outstanding of the Series 2003A Bonds, and (c) $56.0 million of Subordinate Commercial Paper Notes expended on projects in the Airport Capital Program, as discussed later in this letter. In addition, the net proceeds of the Series 2012A Bonds would be used to reimburse approximately $8.2 million of Capital Fund balances expended on Capital Program costs, which is discussed later in this report.

  The City also intends to issue the Series 2012A Bonds to fund approximately $70.3 million in costs associated with projects in the Airport Capital Program.

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*The City's Fiscal Year is the same as the calendar year.
**2020 is the first year in which Debt Service Requirements on the last series of Future Planned Bonds would be payable from Net Revenues.
***Jefferies & Company, Inc.

- **Series 2012B Bonds**. The Series 2012B Bonds are not expected to be subject to the Alternative Minimum Tax (non-AMT) and would be issued to current-refund and defease approximately $103.4 million in principal outstanding of the Series 1998B Bonds.

  The City also intends to issue the Series 2012B Bonds to fund approximately $318.9 million in costs associated with projects in the Airport Capital Program, which would include a proposed hotel at the Airport (as discussed later).

A portion of the net proceeds of the 2012 Bonds is also to be used to pay certain costs related to the issuance of the 2012 Bonds.

Approximately $453.4 million in net proceeds of the 2012 Bonds, which reflects that portion of the 2012 Bonds to be issued to fund projects in the Airport Capital Program, to current-refund and defease Subordinate Commercial Paper Notes and reimburse Capital Fund balances, as described above, is considered "additional Bonds" under Section 704B of the General Bond Ordinance. As such, the City is required to retain an Airport Consultant to demonstrate the City's compliance with the covenant for issuing additional Bonds prior to issuing that portion of the 2012 Bonds. The City retained LeighFisher as the Airport Consultant for this purpose; compliance with the additional Bonds test is to be determined and the results are to be provided to the City in connection with the issuance of $453.4 million in net proceeds of the 2012 Bonds.

The City's plans to current refund and defease, and advance refund the specific series of Bonds described above are dependent upon market conditions at the time of pricing, which may change:

- The amount of Bond principal that would be refunded at the time of pricing.

- The specific series of Bonds that would be refunded. The City may elect to current refund and defease approximately $104.1 million in principal outstanding of the Series 1998A Bonds, advance refund approximately $27.5 million in principal outstanding of the Series 2003A Bonds, and advance refund approximately $75.5 million in principal outstanding of the Series 2003B Bonds.

- The tax status of a portion of the 2012A Bonds from tax-exempt to taxable, which may be issued by the City as a separate series of the 2012 Bonds (e.g., the Series 2012C Bonds).

In addition, the City may refund certain other outstanding Airport System Revenue Bonds during the forecast period. Debt service savings, if any, from the potential refunding of Bonds by the City are not included in the financial forecasts presented in this report.

AIRPORT CAPITAL PROGRAM

The City has developed a 6-year (2013 through 2018) Capital Program to expand, maintain, and reconstruct Airport facilities (the 2013-2018 Capital Program). The City estimates that the 2013-2018 Capital Program will cost approximately $1.1 billion,* including the following major projects:

- Rehabilitate certain airfield pavement areas, such as runways, taxiways, and ramp areas; construct a new high-speed taxiway to improve airfield efficiency; improve airfield lighting; and expand waste water system capacity.

- Replace and upgrade computer and other systems for the automated guideway transit system (AGTS).

- Construct a new public parking garage and rehabilitate access bridges to existing public parking garages.

- Improve building and other systems, including fire protection, electrical and mechanical, heating and cooling, communication, and information technology.

- Construct a new train station and plaza at the south end of the Landside Terminal Building to accommodate new commuter rail train service (FasTracks) from Denver Union Station to the Airport; realign the roadways serving the Landside Terminal Building; and relocate certain utilities. In addition, the City plans to construct a new 519-room hotel above the proposed train station and plaza. These project elements are referred to collectively in this report as the "South Terminal Redevelopment Program" and are discussed more extensively in the Financial Analysis section of this report.

The City intends to fund approximately $453.4 million in 2013-2018 Capital Program costs with proceeds from the sale of the 2012 Bonds, and to potentially fund an additional $202.3 million of 2013-2018 Capital Program costs from the net proceeds of other Bonds to be issued later in 2012 (the Future 2012 Bonds). For purposes of this report, the Future 2012 Bonds were assumed to be issued as Subordinate Bonds under the Subordinate Bond Ordinance adopted by the City in 1997. The City is under no obligation to issue the Future 2012 Bonds or to issue them as Subordinate Bonds. If the

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*The amount shown in Exhibit A, presented at the end of the attachment to this letter, includes inflation to the midpoint of construction for projects in the 2013-2018 Capital Program.

Future 2012 Bonds are not issued, the City expects to fund the costs of projects in the Airport Capital Program from the net proceeds of Future Planned Bonds.

The remaining $482.9 million in 2013-2018 Capital Program costs would be funded from:

- Proceeds from Senior Bonds issued prior to 2012.
- Federal Aviation Administration (FAA) grants-in-aid the City may receive during the forecast period.
- Proceeds from the sale of Future Planned Bonds to be issued by the City during the forecast period. The Future Planned Bonds were assumed to be issued as Senior Bonds under the General Bond Ordinance. The City is under no obligation to issue the Future Planned Bonds or to issue them as Senior Bonds.

Certain assumptions were incorporated into the financial forecasts presented in this report in connection with the issuance of the 2012 Bonds, and the potential issuance of the Future 2012 Bonds and Future Planned Bonds regarding additional (1) Gross Revenues from airline rentals, rates, fees, and charges and other sources, (2) O&M Expenses, and (3) Debt Service Requirements.

RATE MAINTENANCE COVENANT

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

- The total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or
- 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year.

In the General Bond Ordinance, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to a maximum of 25% of the aggregate Debt Service Requirements on Senior Bonds. According to audited City data for 2011 and unaudited City data for the first 6 months of 2012, at least 25% of Debt Service Requirements on Senior Bonds was on deposit in the City's Coverage Account during those periods.

Under the General Bond Ordinance, the City is allowed to exclude from Debt Service Requirements on Senior Bonds all amounts irrevocably committed to pay such Debt Service Requirements for the purposes of calculating debt service coverage under the Rate Maintenance Covenant; this exclusion is reflected in the financial forecasts presented in this report. As stated earlier, revenues from the $3.00 portion of the $4.50 PFC are to be irrevocably committed to pay Debt Service Requirements through 2018 under a PFC Supplemental Bond Ordinance to be adopted prior to the issuance of the 2012 Bonds.

AIRPORT USE AND LEASE AGREEMENTS

In 2011, the rentals, fees, and charges received from the airlines operating at the Airport under Airport use and lease agreements or other agreements with the City accounted for approximately 50% of Airport Gross Revenues. Nonairline revenues from public parking operations, concession fees, building and ground rentals, interest income, and Designated Passenger Facility Charges and other sources accounted for the remaining 50% of 2011 Airport Gross Revenues.

The Airport use and lease agreements include provisions for:

- The establishment of airline rentals, rates, fees, and charges to recover, in part, O&M Expenses, debt service on Bonds, and certain other costs of the Airport System.

- The annual recalculation of airline rentals, rates, fees, and charges.

- The distribution of 50% of Net Revenues remaining at the end of the year* to the airlines signatory to the Airport use and lease agreements (the Signatory Airlines), up to a maximum credit in any year of $40 million.

- An increase in Airport rentals, rates, fees, and charges, as needed, such that Net Revenues together with Other Available Funds are sufficient to satisfy the Rate Maintenance Covenant of the General Bond Ordinance each year.

- The use and lease of gates and space in the Terminal Complex.

The Airport use and lease agreements executed by airlines other than United Airlines expired on December 31, 2011, and the holdover provision of those agreements is in effect. It is the City's expectation that all of the airlines that were signatory to the expired Airport use and lease agreements will execute new Airport use and lease agreements, the term of which would be effective from January 1, 2012, through

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

December 31, 2016. Of the 90 gates at the Airport, 46* are leased by airlines that are expected to be signatory to the new Airport use and lease agreements, 36 gates are leased by United Airlines, as discussed below, and the remaining 8 gates are available to all airlines on a common-use basis or for international flights.

United is the busiest airline at the Airport in terms of numbers of enplaned passengers and leased gates and space in the Terminal Complex. United operates a connecting hub at the Airport under an Airport use and lease agreement with the City scheduled to expire in 2025. United's operations at the Airport include United mainline service; Continental Airlines, which was recently acquired by United; and service by the United Express regional airline partners (collectively, the United Airlines Group).

In 2010, the parent companies of United Airlines and Continental Airlines merged their operations and the combined airline is flying under the "United" brand. A single operating certificate for the combined airline was issued in November 2011. The enplaned passengers of the United Airlines Group (which includes Continental) accounted for 46.4% of the total enplaned passengers in 2010, 42.9% of the total enplaned passengers in 2011, and 41.2% of the total enplaned passengers at the Airport during the first 6 months of 2012. The Airport ranks as the fourth busiest airport in the route network of United based on 2011 enplaned passenger data. Bush Intercontinental Airport in Houston is the busiest airport in the route network of United Airlines, followed by Chicago O'Hare International Airport (second busiest) and Newark Liberty International Airport (third busiest), based on 2011 enplaned passenger data.

SCOPE OF REPORT

As stated earlier, our study was undertaken to estimate the ability of the Airport System to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period, taking into account the 2012 Bonds, the Future 2012 Bonds, and Future Planned Bonds. In conducting our study, we analyzed:

- Future airline traffic at the Airport, giving consideration to the demographic and economic characteristics of the Airport service region; historical trends in airline traffic; recent airline service developments, airfare levels, and other key factors that may affect future airline traffic at the Airport.

- The 2013-2018 Capital Program, giving particular attention to major projects in the Capital Program and the timing for completion and operation of those facilities.

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*As discussed later in this report, Frontier Airlines will reduce the number of gates it leases under a new Airport use and lease agreement from 18 to 14, which would reduce the number of gates leased by airlines other than United from 46 to 42.

- Estimated sources and uses of funds and annual Debt Service Requirements of the 2012 Bonds, Future 2012 Bonds, and Future Planned Bonds.

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

- Audited financial results for the Airport System in 2011, the City's budgeted O&M Expenses for 2012, and the City's preliminary estimate of O&M Expenses for 2013.

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

- The City's intended use of PFC revenues during the forecast period under the terms of the General Bond Ordinance and the PFC Supplemental Bond Ordinance.

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

A sensitivity analysis of future airline traffic at the Airport and projected financial results related to the proposed hotel are presented later in this report.

FORECAST DEBT SERVICE COVERAGE

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

- The City's intent to continue using revenues from the $4.50 PFC in 2019 and 2020 in the same manner as it is required to use PFC revenues from 2012 through 2018 under Supplemental Bond Ordinances that have been adopted or are to be adopted prior to issuance of the 2012 Bonds.

- Estimated Debt Service Requirements on the 2012 Bonds, Future 2012 Bonds, and Future Planned Bonds.*

- Additional Gross Revenues and O&M Expenses resulting from completion of the projects in the 2013-2018 Capital Program and operation of the new facilities.

Exhibit C presents forecast Committed Passenger Facility Charges assumed to be deposited to the PFC Debt Service Account and irrevocably committed to pay Debt Service Requirements during the forecast period.

FORECAST DEBT SERVICE COVERAGE
(in thousands, except coverage)

	Forecast							
	2013	2014	2015	2016	2017	2018	2019	2020
Net Revenues and Other Available Funds	$426,200	$448,100	$475,500	$515,700	$522,400	$530,100	$549,000	$543,600
Debt Service Requirements *(a)*								
Senior Bonds	$231,600	$252,200	$284,100	$303,900	$301,100	$300,900	$310,000	$304,500
Subordinate Bonds	800	2,400	15,000	16,300	16,300	16,600	17,000	16,800
Total	$232,400	$254,600	$299,100	$320,200	$317,400	$317,500	$327,000	$321,300
Debt service coverage								
Senior Bonds	184%	178%	167%	170%	173%	176%	177%	179%
All Bonds	183%	176%	159%	161%	165%	167%	168%	169%

Note: The results presented above include the 2012 Bonds, Future 2012 Bonds, and Future Planned Bonds. As discussed in the "Financial Analysis" section of this report, forecast Gross Revenues, Operation and Maintenance Expenses, and deposits to various funds and accounts for the proposed Airport hotel were provided by PKF Consulting USA. LeighFisher makes no representation regarding the reasonableness of the projected financial results provided by PKF for the proposed hotel.

(a) Provided by the City's Financial Consultant (Jefferies & Company, Inc.).

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

*Exhibit C presents estimated Debt Service Requirements on all existing, proposed, and future Bonds. The forecasts do not reflect debt service savings from Bonds the City may issue to refund outstanding Airport System Revenue Bonds.

AIRLINE COST PER ENPLANED PASSENGER

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

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

	Forecast							
	2013	2014	2015	2016	2017	2018	2019	2020
Net passenger airline rentals, fees, and charges	$304,400	$321,900	$354,000	$369,000	$376,300	$385,500	$403,100	$405,800
Enplaned passengers	27,021	27,523	28,013	28,508	29,008	29,513	30,023	30,515
Cost per enplaned passenger	$11.07	$11.50	$12.43	$12.73	$12.75	$12.83	$13.19	$13.07

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

The accompanying financial forecasts are based on information and assumptions provided by, or reviewed with and agreed to by, Airport System management. The forecasts reflect management's expected course of action during the forecast period and, in management's judgment, present fairly the expected financial results of the Airport System. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

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

* * * * *

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

Respectfully submitted,

LeighFisher

LEIGHFISHER

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

City and County of Denver, Colorado

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CONTENTS

CONTENTS *(continued)*

CONTENTS *(continued)*

TABLES

FIGURES

FIGURES *(continued)*

EXHIBITS

AIRLINE TRAFFIC ANALYSIS

AIRPORT FACILITIES

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

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

Passengers travel between the Landside Terminal Building and Concourses A, B, and C via an underground automated guideway transit system. In addition, a pedestrian bridge provides access to Concourse A. Concourses A, B, and C provide 90 parking positions (gates) for large jet aircraft and up to 64 parking positions for regional/commuter airline aircraft.

Concourse A has 30 gates, 8 of which are available on a common-use basis for all airlines or for international flights. Of the 30 gates on Concourse A, 22 are leased by AirTran Airways, Alaska Airlines, American Airlines, and Frontier Airlines**. Concourse B has 38 gates, all of which are leased by United Airlines and US Airways. Concourse C has 22 gates, all of which are leased by Delta Air Lines and Southwest Airlines.

AIRPORT ROLE

Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned). Its top-five ranking reflects the Airport's (1) central geographic location, (2) large origin and destination (O&D) passenger base, (3) role as a hub for United and Frontier, (4) role as the sixth busiest

*Stapleton International Airport was Denver's primary air carrier airport prior to 1995.

**As discussed later in the report, Frontier Airlines will reduce the number of gates it leases under a new Airport use and lease agreement from 18 to 14, which would reduce the number of gates leased by airlines other than United from 46 to 42.

airport in Southwest's system (including airports served by AirTran), and (5) role as the primary commercial service airport in Colorado.

Central Geographic Location

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

Fifth Busiest U.S. Airport

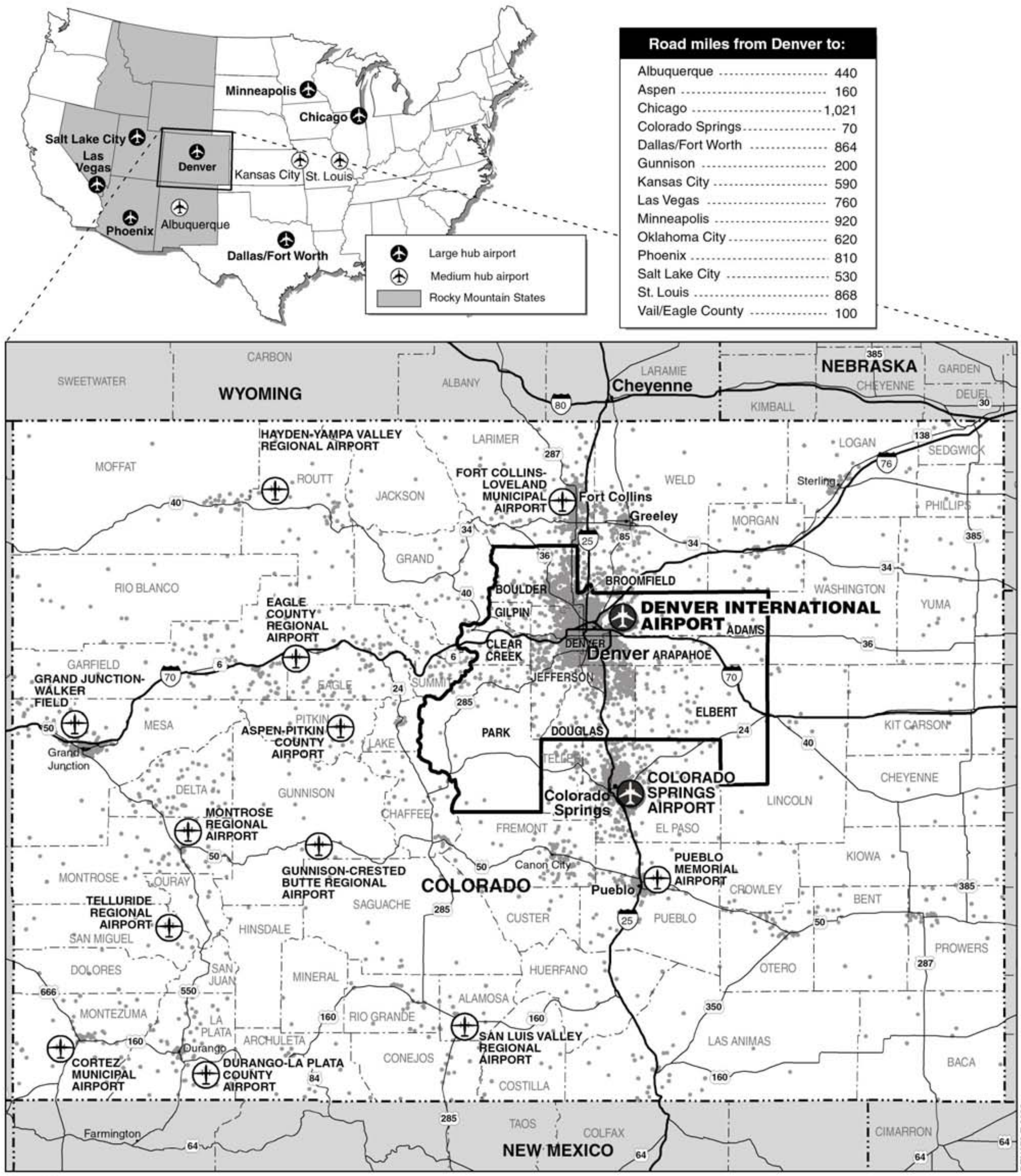
According to statistics compiled by Airports Council International (ACI), in terms of total passengers (enplaned plus deplaned), the Airport was the fifth busiest airport in the United States in 2011 (the most recent data available), as shown in Table 1. From 2007 through 2011, the number of passengers at the Airport increased an average of 1.4% per year—the second strongest growth among the 10 busiest airports in the United States during this period—reflecting the strength of the Denver market, particularly in withstanding the effects of the national economic recession and financial credit crisis. The busiest 10 U.S. passenger airlines, in terms of systemwide scheduled enplaned passengers,* all serve the Airport, providing nonstop service to 173 airport destinations, including 149 within the continental United States, 2 in Alaska, 4 in Hawaii, and 18 international destinations. All of the large domestic all-cargo airlines also serve the Airport.

Table 1
TOTAL PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS IN 2011

Rank 2011	City (airport)	Total passengers (millions) *(a)* 2007	2008	2009	2010	2011	Average annual percent increase (decrease) 2007-2011
1	Atlanta (Hartsfield-Jackson)	89.4	90.0	88.0	89.3	92.4	0.8%
2	Chicago (O'Hare)	76.2	69.4	64.2	66.8	66.7	(3.3)
3	Los Angeles (International)	61.9	59.7	56.5	59.1	61.9	(0.0)
4	Dallas/Fort Worth	59.8	57.1	56.0	56.9	57.7	(0.9)
5	**Denver**	**49.9**	**51.3**	**50.2**	**52.2**	**52.8**	**1.4**
6	New York (John F. Kennedy)	47.7	47.8	45.9	46.5	47.7	(0.0)
7	San Francisco	35.8	37.3	37.3	39.3	40.8	3.3
8	Phoenix (Sky Harbor)	42.2	39.9	37.8	38.6	40.6	(1.0)
9	Las Vegas (McCarran)	47.0	44.1	40.5	39.8	40.6	(3.6)
10	Houston (Bush)	43.0	41.7	40.0	40.5	40.1	(1.7)
	Average for airports listed	55.3	53.8	51.6	52.9	54.1	(0.5)

(a) Enplaned plus deplaned passengers.
Sources: Airports Council International, *Worldwide Airport Traffic Report* and *North American Airport Rankings,* for years noted.

*U.S. Department of Transportation, Bureau of Transportation Statistics, 2012 Press Release, March 22, 2012, www.bts.gov,. Data are for 2011.



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

LEGEND

Primary service region

State boundary

County boundary

Passenger air carrier service

Commuter service

Population density: 1 dot equals 500 people

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

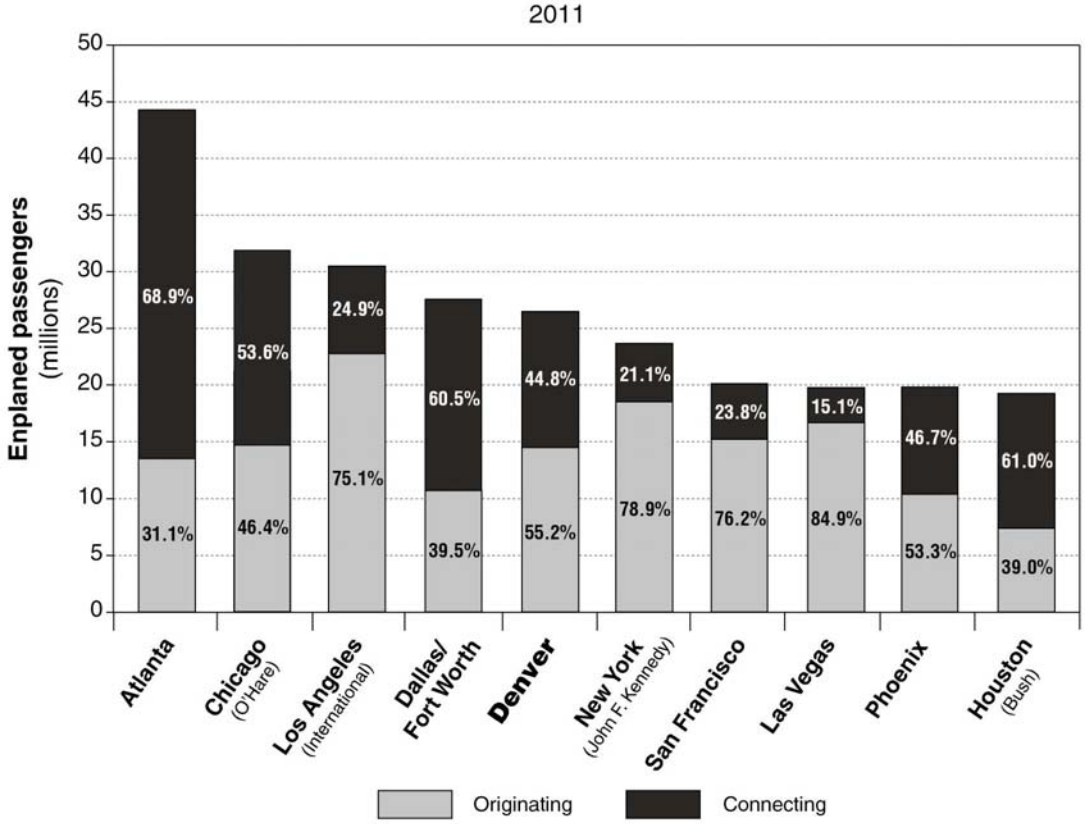
Figure 1
DENVER AIRPORT SERVICE REGION
Denver International Airport
September 2012

In 2011, approximately 44.8% of the 26.5 million passengers enplaned at the Airport, or 11.9 million passengers, connected from one flight to another, as shown on Figure 2. Of the 10 busiest domestic airports in terms of enplaned passengers in 2011, the Airport accounted for the fifth largest share of originating passengers (55.2%), which reflects the strength of the Denver market and the Airport's role as the primary commercial-service airport in the State of Colorado, as discussed in the following sections.

Figure 2

ORIGINATING AND CONNECTING ENPLANED PASSENGERS AT THE 10 BUSIEST AIRPORTS

2011



Note: 2011 ranking based on Airports Council International, *North American Airport Rankings*, May 2012.

Sources: Denver—Airport management records.
All other airports—Connecting passengers: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, online database, accessed July 2012.
Total passengers: U.S. Department of Transportation, Schedule T-100, online database, accessed July 2012.

DEN673 F-0006

Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the strength of the Denver economy and supports the connecting hub operations of United and Frontier airlines and continued service development by Southwest Airlines. This large base of local passengers enables United and Frontier to (1) improve load factors and profitability and (2) maintain high frequencies for scheduling passenger connections and provides Southwest with a large market of both leisure and business travelers. The flights of 14.6 million passengers originated in Denver in 2011 (i.e., these originating passengers did not connect with another flight at the Airport).

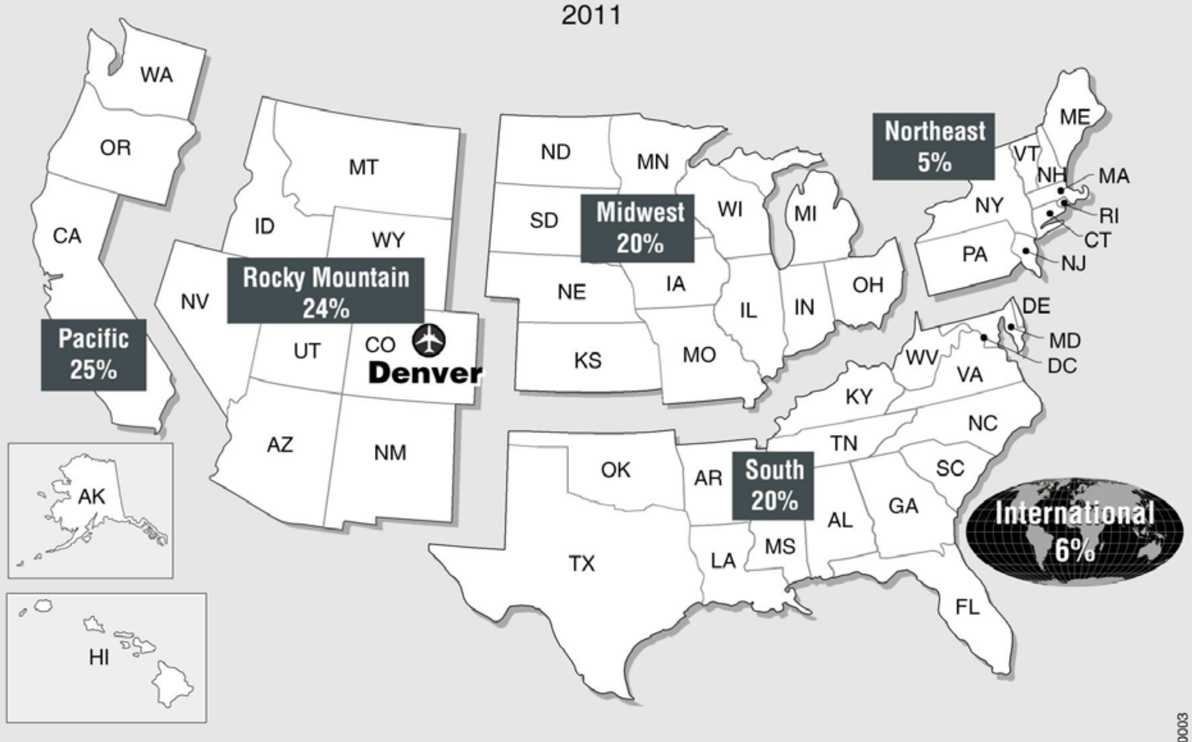
Hub for United and Frontier Airlines

As previously stated, the Airport serves as an important connecting hub in the route systems of both United and Frontier. As shown on Figure 3, the shares of passengers connecting through the Airport in 2011 reflect the Airport's central geographic location, with the western United States (states in the Rocky Mountain and Pacific regions) accounting for 49% of connecting passengers and the eastern United States (states in the Northeast, Midwest, and South regions) accounting for 45% of connecting passengers. The shares of connecting passengers for United and Frontier reflect the service patterns of each airline. United's share of connecting passengers parallels that for the Airport as a whole, while Frontier's share differs for some regions as a result of its regional route network. As shown in Table 2, the Airport accounted for the fifth largest share of daily scheduled seats at U.S. connecting hub airports in August 2012.

Figure 3

PASSENGERS CONNECTING THROUGH DENVER BY REGION

2011



Source: U.S. Department of Transportation, *Origin–Destination Survey*, online database, accessed July 2012.

Table 2
SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS
August 2012

	Average daily scheduled seats			Busiest airline(s)		
City (airport)	Domestic	International	Total	Airline *(a)*	Average daily scheduled seats	Airline share of airport total
Atlanta	142,486	17,359	159,845	Delta	123,675	77.4%
				Southwest	25,221	15.8
Chicago (O'Hare)	99,490	19,786	119,276	United	55,350	46.4
				American	41,001	34.4
Los Angeles (International)	85,153	29,739	114,892	United	22,608	19.7
Dallas/Fort Worth	89,689	11,114	100,804	American	83,176	82.5
Denver	**90,739**	**2,728**	**93,467**	**United**	**37,154**	**39.8**
				Southwest	**23,520**	**25.2**
				Frontier	**19,252**	**20.6**
New York (Kennedy)	43,875	49,395	93,270	Delta	23,473	25.2
				Jet Blue	21,785	23.4
Phoenix	63,862	3,254	67,115	US Airways	32,142	47.9
				Southwest	24,213	36.1
Houston (Bush Intercontinental)	52,563	15,881	68,445	United	58,251	85.1
Charlotte	63,905	5,846	69,751	US Airways	61,953	88.8
Las Vegas	63,725	4,441	68,166	Southwest	31,556	46.3
				United	6,192	9.1
San Francisco	62,193	16,624	78,817	United	35,619	45.2
				Virgin America	7,546	9.6
				Southwest	6,706	8.5
Miami	29,917	32,239	62,156	American	43,269	69.6
New York (Newark Liberty)	43,255	21,686	64,941	United	46,220	71.2
Philadelphia	47,389	7,955	55,344	US Airways	39,122	70.7
Detroit (Metropolitan)	50,890	6,335	57,225	Delta	46,001	80.4
Minneapolis/St. Paul	55,663	3,724	59,387	Delta	45,212	76.1
Seattle-Tacoma	54,188	6,267	60,454	Alaska	28,855	47.7
Boston	45,503	9,090	54,594	Jet Blue	12,342	22.6
New York (LaGuardia)	49,925	4,224	54,149	Delta	22,562	41.7
Washington, D.C. (Dulles)	26,913	13,196	40,109	United	26,665	66.5
Washington, D.C. (Reagan National)	37,792	1,228	39,020	US Airways	17,559	45.0
Salt Lake City	33,665	693	34,358	Delta	25,098	73.1
Chicago (Midway)	35,878	941	36,820	Southwest	33,736	91.6
Honolulu	24,878	8,540	33,418	Hawaiian	15,744	47.1
St. Louis	23,782	243	24,025	Southwest	12,339	51.4
Memphis	12,284	211	12,496	Delta	9,823	78.6
Cleveland	16,660	448	17,108	United	11,557	67.6
San Juan	12,609	2,630	15,238	Jet Blue	4,897	32.1
Cincinnati	11,261	597	11,858	Delta	8,781	74.1
Guam	688	5,132	5,820	United	2,819	48.4

Notes: Rows may not add to totals shown because of rounding.
Delta completed its merger with Northwest on October 29, 2008, and a single operating certificate was issued on December 31, 2009.
United completed its merger with Continental on October 1, 2010, and a single operating certificate was issued on November 30, 2011.
Southwest completed its merger with AirTran on May 2, 2011, and a single operating certificate was issued on March 1, 2012.

(a) Includes regional airline affiliates.

Source: Official Airline Guides, Inc., online database, accessed July 2012.

The Airport's Role in United's System. The United Airlines Group, which includes United and Continental mainline and the regional/commuter airline affiliates operating as United Express, accounted for 42.9% of the passengers enplaned at the Airport in 2011. Denver ranked as the fourth busiest airport in United's system in 2011 in terms of enplaned passengers.

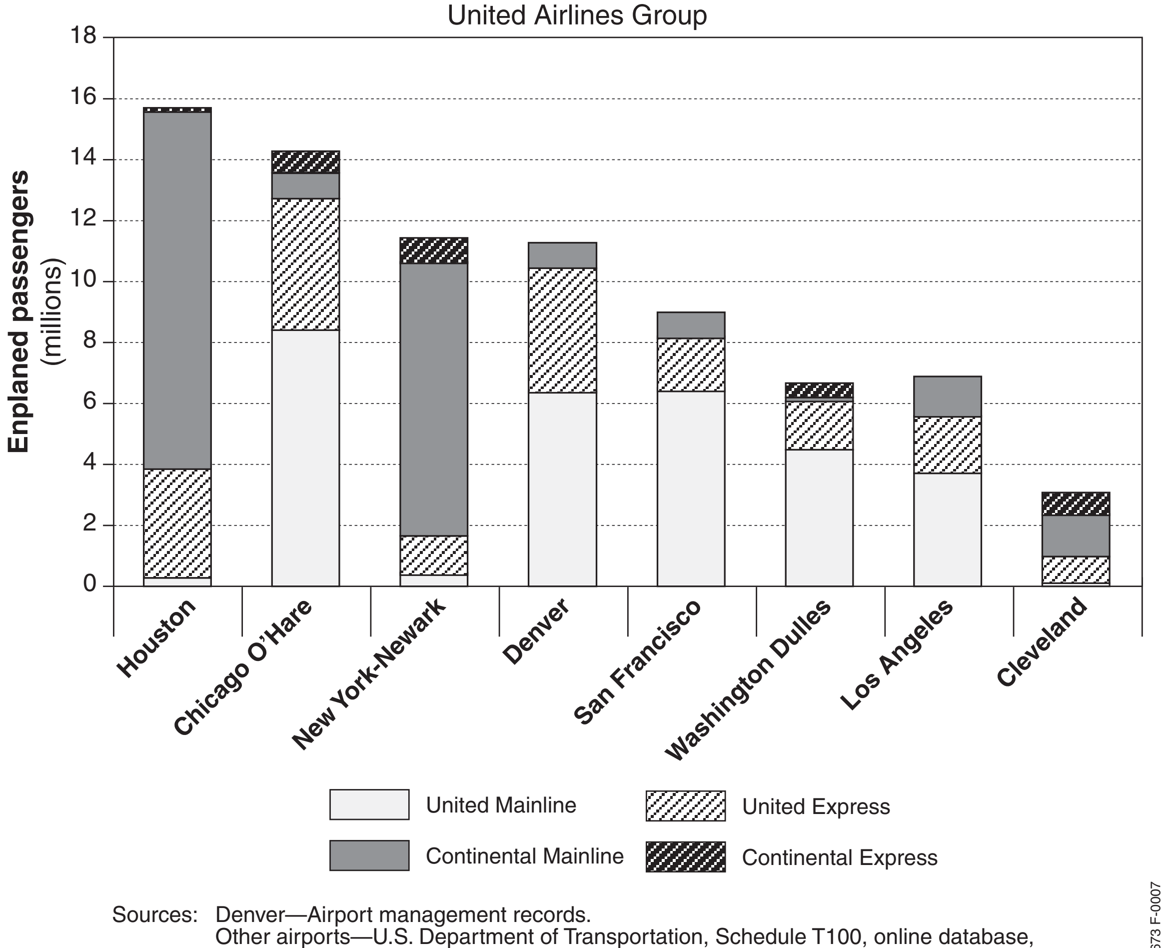
On May 3, 2010, United and Continental announced an all-stock merger agreement to form a combined airline which was approved by the European Commission on July 27, 2010; by the U.S. Department of Justice on August 27, 2010; and by the stockholders of United and Continental on September 17, 2010. The merger closed on October 1, 2010. A single operating certificate was issued on November 30, 2011.

As shown on Figure 4, Bush Intercontinental Airport/Houston, Continental's busiest hub, accounts for the largest share of enplaned passengers in the combined system of United and Continental, followed by United's hub at Chicago O'Hare International Airport, and Continental's hub at Newark Liberty International Airport.

Figure 4

ENPLANED PASSENGERS BY HUB IN 2011

United Airlines Group



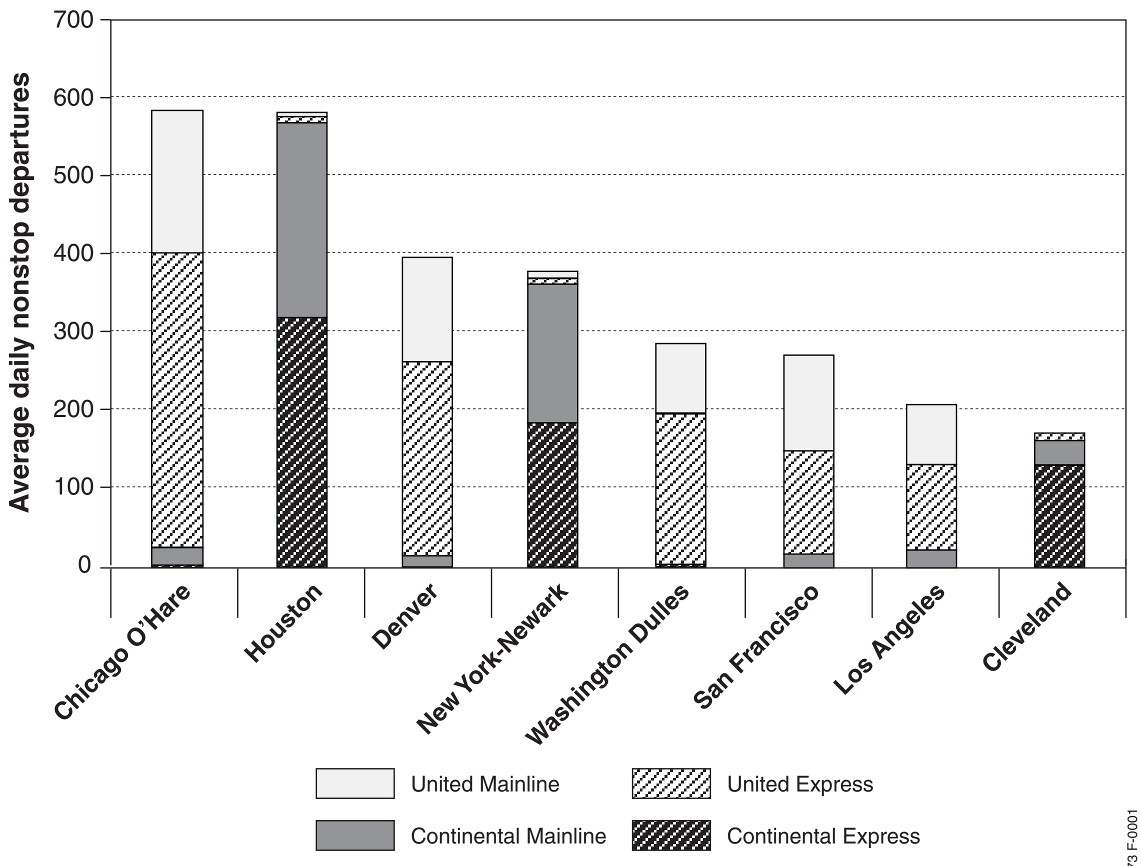
Sources: Denver—Airport management records.
Other airports—U.S. Department of Transportation, Schedule T100, online database, accessed August 2012.

Mainline airline contracts with regional airline partners on short-haul and low-density routes has been part of an overall airline industry trend to optimize airline revenues. As shown on Figure 5, regional airline affiliates accounted for at least half of the total nonstop daily departures at each of United Airlines Group's eight hubs in 2011. In comparison, regional affiliates accounted for a smaller share of enplaned passengers by hub, ranging from a low of 19% at San Francisco International Airport to a high of 53% at Cleveland Hopkins International Airport, as shown on Figure 4. It is expected that the revenue optimization strategies of the combined airline will vary each year, but the large number of regional airline affiliates serving the hubs—five United affiliates serve Denver—underlines the airline's continued plans to use regional airline affiliates and the continued role and development of the Airport as a connecting hub in the combined airline's system.

Figure 5

AVERAGE DAILY NONSTOP DEPARTURES AT HUB AIRPORTS IN 2011

United Airlines Group



Source: Official Airline Guides, Inc., online database, accessed August 2012.

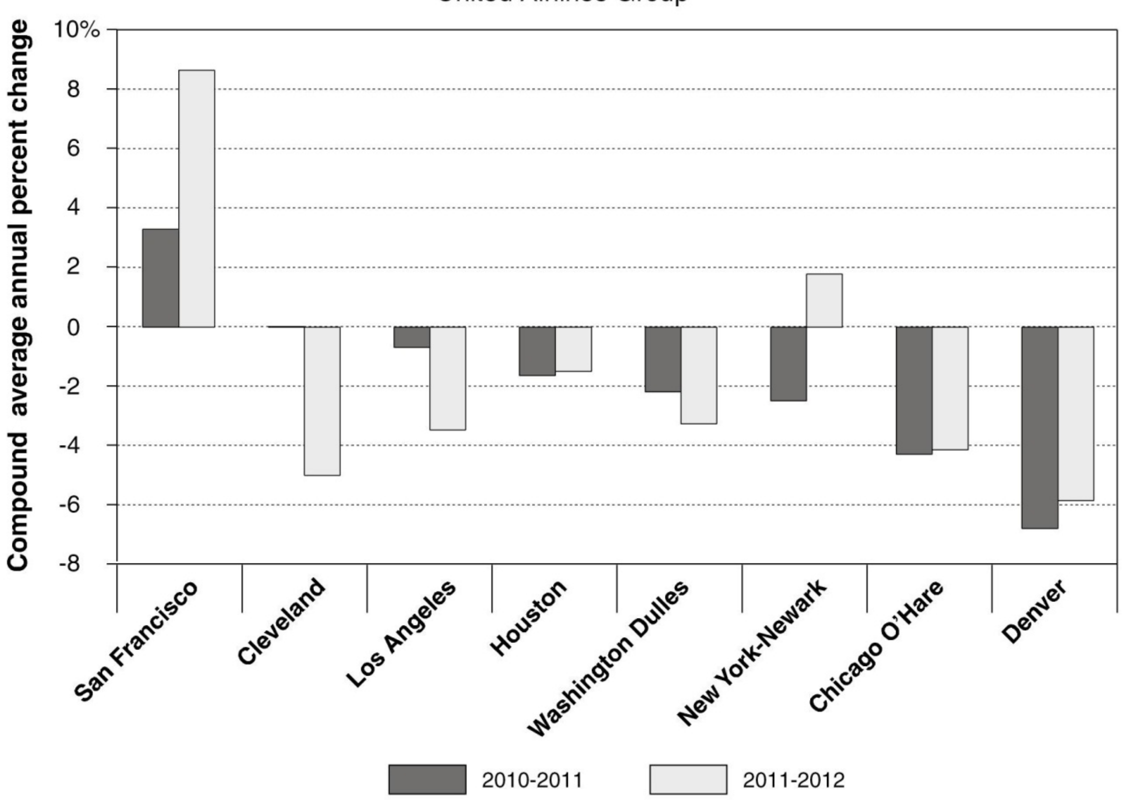
Table 3 presents trends in the numbers of passengers enplaned by United and Continental at the Airport in 1995 through 2011 and the first 6 months of 2011 and 2012. Between 1995, when the Airport opened, and 2000—the year prior to the 2001 terrorist attacks, and the national economic downturn—United increased its number of connecting passengers an average of 5.3% per year. Between 2000 and 2011, United's number of connecting passengers at the Airport fluctuated, reflecting the national recovery from the 2001 events, United's entrance into and emergence from Chapter 11 bankruptcy protection, and United's efforts to balance mainline domestic capacity and optimize its revenue performance.

The number of United Airlines Group's connecting passengers at the Airport decreased between 2007 and 2011, with the largest decrease of 8.0% in 2011 related to the effects of the United and Continental merger and the capacity reductions by United. As shown on Figure 6, United Airlines Group decreased capacity, measured by scheduled departing seats, at six of its eight hubs between 2010 and 2011, including a decrease of 6.8% at the Airport. Based on advance schedules for 2012, United Airlines Group's capacity at the Airport is estimated to decrease 5.9% between 2011 and 2012. The number of passengers connecting on Continental flights at the Airport has historically been small, averaging about 3% of total enplaned passengers between 1995 and 2009. Since 2009, the number of Continental connecting passengers at the Airport has increased, reflecting the effects of the Continental and United merger.

Figure 6

CHANGE IN SCHEDULED DEPARTING SEATS

United Airlines Group



Note: Data for 2012 are based on advance schedules, which are subject to change. Includes activity for Continental Airlines.

Source: Official Airline Guides, Inc., online database, accessed September 2012.

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Table 3
HISTORICAL ENPLANED PASSENGERS—UNITED AIRLINES GROUP
Denver International Airport

	Originating passengers			Connecting passengers			Enplaned passengers			Connecting
	United	Continental	Total	United	Continental	Total	United	Continental	Total	percent
1995	5,215,773	548,597	5,764,370	6,114,051	26,875	6,140,926	11,329,824	575,472	11,905,296	51.6%
2000	5,422,369	505,064	5,927,433	7,915,705	11,716	7,927,421	13,338,074	516,780	13,854,854	57.2
2001	4,824,409	509,491	5,333,900	7,240,233	10,210	7,250,443	12,064,642	519,701	12,584,343	57.6
2002	3,907,030	515,153	4,422,183	7,255,448	9,760	7,265,208	11,162,478	524,913	11,687,391	62.2
2003	3,991,803	505,450	4,497,253	7,303,606	11,699	7,315,305	11,295,409	517,149	11,812,558	61.9
2004	4,489,565	495,376	4,984,941	7,989,301	10,408	7,999,709	12,478,866	505,784	12,984,650	61.6
2005	4,830,836	524,207	5,355,043	7,409,702	10,489	7,420,191	12,240,538	534,696	12,775,234	58.1
2006	5,461,072	537,394	5,998,466	7,886,244	15,907	7,902,151	13,347,316	553,301	13,900,617	56.8
2007	5,537,407	543,053	6,080,460	7,759,208	17,380	7,776,588	13,296,615	560,433	13,857,048	56.1
2008	4,997,559	509,607	5,507,166	7,374,208	18,589	7,392,797	12,371,767	528,196	12,899,963	57.3
2009	4,264,193	489,770	4,753,963	7,338,775	24,822	7,363,597	11,602,968	514,592	12,117,560	60.8
2010	4,150,949	470,462	4,621,411	7,386,481	75,421	7,461,902	11,537,430	545,883	12,083,313	61.8
2011	3,882,131	604,658	4,486,789	6,603,829	258,845	6,862,674	10,485,960	863,503	11,349,463	60.5
January - June										
2011	1,953,298	245,217	2,198,515	3,369,572	121,458	3,491,030	5,322,870	366,675	5,689,545	61.4
2012	1,935,274	205,638	2,140,912	2,974,502	165,663	3,140,165	4,909,776	371,301	5,281,077	59.5
Annual percent increase (decrease)										
2000-2001	(11.0%)	0.9%	(10.0%)	(8.5%)	(12.9%)	(8.5%)	(9.5%)	0.6%	(9.2%)	
2001-2002	(19.0)	1.1	(17.1)	0.2	(4.4)	0.2	(7.5)	1.0	(7.1)	
2002-2003	2.2	(1.9)	1.7	0.7	19.9	0.7	1.2	(1.5)	1.1	
2003-2004	12.5	(2.0)	10.8	9.4	(11.0)	9.4	10.5	(2.2)	9.9	
2004-2005	7.6	5.8	7.4	(7.3)	0.8	(7.2)	(1.9)	5.7	(1.6)	
2005-2006	13.0	2.5	12.0	6.4	51.7	6.5	9.0	3.5	8.8	
2006-2007	1.4	1.1	1.4	(1.6)	9.3	(1.6)	(0.4)	1.3	(0.3)	
2007-2008	(9.7)	(6.2)	(9.4)	(5.0)	7.0	(4.9)	(7.0)	(5.8)	(6.9)	
2008-2009	(14.7)	(3.9)	(13.7)	(0.5)	33.5	(0.4)	(6.2)	(2.6)	(6.1)	
2009-2010	(2.7)	(3.9)	(2.8)	0.7	203.8	1.3	(0.6)	6.1	(0.3)	
2010-2011	(6.5)	28.5	(2.9)	(10.6)	243.2	(8.0)	(9.1)	58.2	(6.1)	
2011-2012 *(a)*	(0.9)	(16.1)	(2.6)	(11.7)	36.4	(10.1)	(7.8)	1.3	(7.2)	
Average annual percent increase (decrease)										
1995-2000	0.8	(1.6)	0.6	5.3	(15.3)	5.2	3.3	(2.1)	3.1	
2000-2011	(3.0)	1.6	(2.5)	(1.6)	32.5	(1.3)	(2.2)	4.8	(1.8)	
1995-2011	(1.8)	0.6	(1.6)	0.5	15.2	0.7	(0.5)	2.6	(0.3)	

Note: Includes mainline and regional airline affiliate passengers. Data for United Airlines includes Ted, United's low fare unit, which stopped reporting its activity at the Airport separately in August 2008 and ceased operations on January 6, 2009.

(a) Percent increase is for six months of data (January through June).

Source: Airport management records.

The number of United Airlines Group's originating passengers at the Airport decreased each year since 2007 as a result of the airline's system wide capacity reductions, the continued development of low-cost carrier* service at the Airport by Southwest, and the national economic recession that contributed to an overall softening of passenger demand nationwide. Between 2010 and 2011, the number of originating passengers for the combined airline decreased 2.9%, a smaller decrease than during the lowest point of the recession in 2008 and 2009.

Overall, the total number of passengers enplaned at the Airport by United Airlines Group decreased 6.1% between 2010 and 2011.

Table 4 presents a comparison of connecting passenger trends for United Airlines Group at the Airport and at the airline's other hub airports from 2007 through 2011. As shown, the numbers of connecting passengers decreased at two of United Airlines Group's eight hub airports, including Denver International Airport, reflecting the reductions in airline seating capacity since 2008 and consolidation of the combined airline system. The number of connecting passengers also decreased at United's hub in Chicago (O'Hare).

Table 4
CONNECTING PASSENGERS BY HUB—UNITED AIRLINES GROUP

	2011		
Hub	Connecting passengers (millions)	Percent of United's enplaned passengers	Average annual percent increase (decrease) 2007-2011
Bush Intercontinental Airport/Houston	11.2	67%	0.2%
Chicago O'Hare International Airport	9.2	62	(3.7)
Denver International Airport	**6.9**	**60**	**(3.1)**
Newark Liberty International Airport	4.7	39	3.7
Washington Dulles International Airport	4.2	60	0.4
San Francisco International Airport	4.1	45	0.8
Los Angeles International Airport	3.2	46	1.5
Cleveland Hopkins International Airport	1.2	39	2.7

Note: Includes passengers on the combined mainline and regional airline affiliates for Continental and United at each hub.

Sources: Denver International Airport: Airport management records.
Other airports: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, and *T100*, online databases, accessed July 2012.

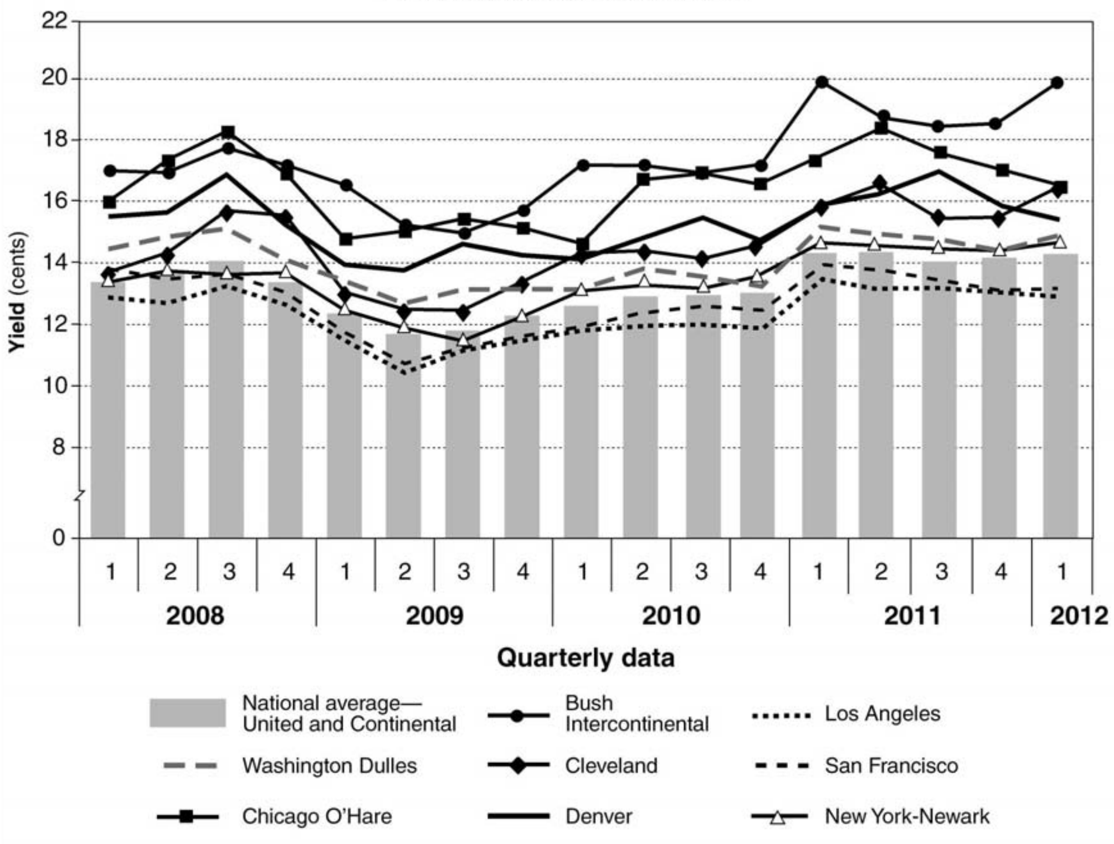
*"Low-cost carrier" is defined in the later section "Low-Cost Carrier Market Shares."

Figure 7 summarizes the combined mainline yields (airfare paid per mile flown) for United Airlines Group's domestic flights at its eight hub airports in the first quarter of 2008 through the first quarter of 2012. It is important to note that international yield data are not included in Figure 7 and would likely change the results given the level of international service at each airport. The combined airline yields at Denver International Airport are higher than its yields at four of its other hub airports and the national average but lower than its yields at its Bush Intercontinental, Chicago O'Hare, and Cleveland hubs during the first quarter of 2012. Overall airline yields at Denver and at the other hub airports are affected by the share of passengers enplaned by the low-cost carriers. In 2011, the low-cost carriers accounted for 45% of total passengers at the Airport, compared with a 3% share at Chicago O'Hare International Airport and a 0.1% share at Bush Intercontinental Airport/Houston, which contributed to lower yields in many Denver markets. The remaining hub airports accounted for lower shares of low-cost carrier enplaned passengers than Denver International—20% at Los Angeles International, 19% at San Francisco International, 10% at Washington Dulles International, 11% at Cleveland Hopkins International, and 6% at Newark Liberty International.

Figure 7

DOMESTIC YIELDS BY HUB AND NATIONWIDE

United and Continental Airlines



Note: Data are the combined mainline yields of United and Continental airlines operations only.

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, Domestic, online database, accessed August 2012.

United Airlines Group has expanded its network through alliances and code-sharing agreements. United is a member of the Star Alliance, which includes 27 airlines throughout the world, as shown in Table 5. In addition, EVA Airways and Shenzhen Airlines have announced their intentions to join the Star Alliance.

Table 5
STAR ALLIANCE AIRLINES

Principal U.S. Airline
United Airlines

Transatlantic Joint Venture Partners

Air Canada	Brussels Airlines	Swiss International Air Lines
Austrian Airlines	Lufthansa German Airlines	

Transpacific Joint Venture Partner
ANA

Other airlines

Americas	*Europe and Africa*	*Asia and Pacific*
Avianca *(a)*	Adria Airways	Air China
COPA	Aegean Airlines	Air New Zealand
Taca *(a)*	Blue 1	Asiana Airlines
TAM	Croatia Airlines	Singapore Airlines
US Airways	Egyptair	Thai Airways International
	Ethiopian Airlines	
	LOT Polish Airlines	
	SAS Scandinavian Airlines	
	South African Airways	
	TAP Portugal	
	Turkish Airlines	

Source: Star Alliance, www.staralliance.com.

The Airport's Role in Frontier's System. Frontier Airlines, including Republic Airlines, its regional/commuter airline affiliate, accounted for 22.3% of the passengers enplaned at the Airport in 2011.* Denver was the busiest airport in Frontier's system in 2011 in terms of enplaned passengers.

On October 1, 2009, Republic Airways Holdings acquired Frontier Airlines and Lynx Aviation (formerly a Frontier Airlines regional affiliate whose flights and aircraft have been operated by Republic Airlines since April 2011). Republic Airways Holdings also acquired Midwest Airlines (based in Milwaukee) on July 31, 2009 and a number of regional airlines (Chautauqua Airlines, Mokulele Airlines, Republic Airlines, and Shuttle America). On April 13, 2010, Republic Airways Holdings

*Includes enplaned passengers from January through March 2011 for Lynx Aviation, formerly a Frontier Airlines regional affiliate.

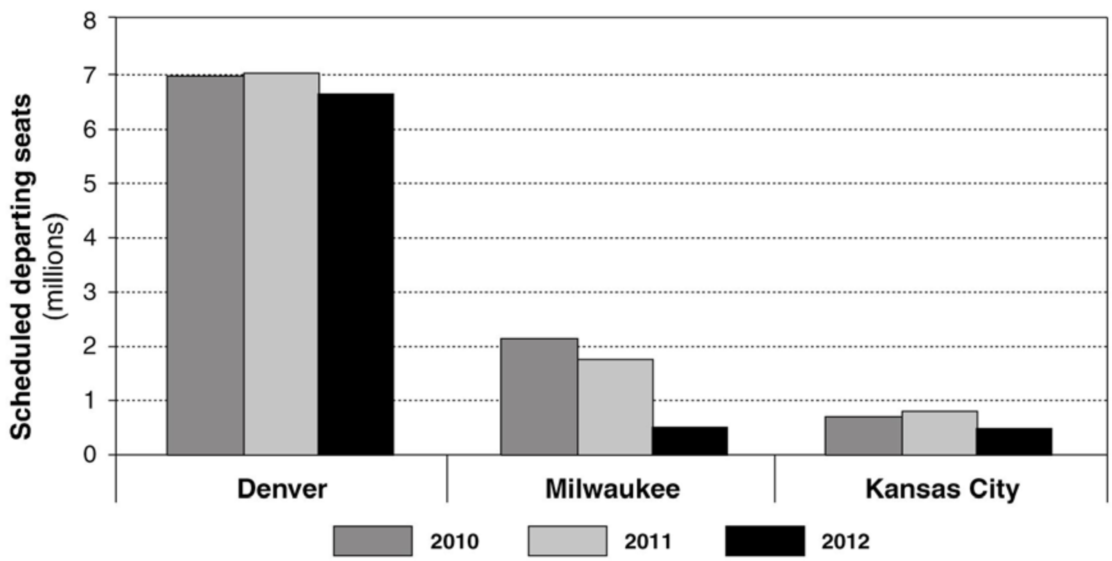
announced that Frontier Airlines would be the name for its consolidated branded network. Beginning on October 1, 2010, all tickets for the combined Frontier-Midwest network were sold under the Frontier brand. On January 27, 2012, Republic Airways Holdings announced that the process of making Frontier Airlines an independent company (first announced on November 8, 2011) would take 6 to 12 months and could be achieved through a sale or spinoff to the current Republic shareholders.* On August 1, 2012, Republic Airways Holdings announced that the completion of a transaction is not expected until the first quarter of 2013.**

Denver ranks as the busiest airport in Frontier's system in terms of scheduled departing seats, followed by Milwaukee General Mitchell International Airport and Kansas City International Airport, as shown on Figure 8. Between 2011 and 2012, Frontier's scheduled departing seats at the Milwaukee and Kansas City airports decreased 72.0% and 39.8%, respectively, reflecting Republic's plans to re-establish Denver as the headquarters for Frontier as an independent company.

Figure 8

SCHEDULED DEPARTING SEATS

Frontier Airlines



Note: Data for 2012 are based on advance schedules which are subject to change. Includes activity for Midwest Airlines.

Source: Official Airline Guides, Inc., online database, accessed August 2012.

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*Republic Airways Holdings Inc., Form 8K, January 27, 2012.
**Republic Airways Holdings Inc., Form 8K, August 1, 2012.

Table 6 presents passenger trends for Frontier and its regional affiliates and, in particular, the growth in Frontier's connecting activity at the Airport. Between 1995 and 2000, the number of Frontier's enplaned passengers at the Airport increased more than fivefold, with originating passengers accounting for most of the total (77.8% in 2000). Since 2000, the total number of Frontier's enplaned passengers at the Airport has continued to grow—an average increase of 13.1% per year between 2000 and 2011—with connecting passengers accounting for an increasing share of the total (50.0% in 2011). In 2006, the first year of Southwest service at the Airport, and in 2007, Frontier's originating passengers increased 22.3% and 16.3%, respectively, as the airline responded to Southwest's service by decreasing fares; the number of Frontier's passengers connecting through Denver also increased, but at much slower rates than in previous years.

On April 10, 2008, Frontier Airlines Holdings, Inc., filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Notwithstanding Frontier's Chapter 11 status, the number of passengers enplaned by Frontier at the Airport increased 15.2% in 2008, with stronger growth in numbers of connecting passengers (33.2%) than originating passengers (1.7%), reflecting the development of service between the Airport and destinations in the Rocky Mountain region.

In 2009 and 2010, the number of passengers enplaned by Frontier at the Airport decreased 11.5% and 3.7%, respectively, reflecting dampened demand for airline travel related to the national economic recession and seating capacity reductions initiated by Frontier in the last quarter of 2008. In 2011, Frontier's enplaned passengers at the Airport increased 5.7% compared with 2010.

The domestic yields for Frontier Airlines (excluding its regional affiliates) at the Airport have remained lower than those for United. Since 2004, the differences between Frontier and United yields have varied—from 6% to 18% in any given year. In 2011, the domestic yield for Frontier at the Airport was 13.7 cents per revenue-passenger-mile, compared with 16.1 cents per revenue-passenger-mile for the combined mainline yields of United and Continental and 15.1 cents for all airlines nationwide.

Table 6

HISTORICAL ENPLANED PASSENGERS—FRONTIER AIRLINES

Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent connecting
1995	270,712	27,265	297,977	9.2%
2000	1,187,597	339,122	1,526,719	22.2
2001	1,140,000	417,592	1,557,592	26.8
2002	1,259,053	700,708	1,959,761	35.8
2003	1,799,766	929,474	2,729,240	34.1
2004	2,090,471	1,430,520	3,520,991	40.6
2005	2,277,628	1,939,431	4,217,059	46.0
2006	2,785,288	2,118,943	4,904,231	43.2
2007	3,238,732	2,429,761	5,668,493	42.9
2008	3,295,331	3,235,775	6,531,106	49.5
2009	2,864,672	2,917,657	5,782,329	50.5
2010	2,792,471	2,777,930	5,570,401	49.9
2011	2,944,251	2,945,381	5,889,632	50.0
January-June				
2011	1,399,456	1,356,244	2,755,700	49.2
2012	1,312,625	1,490,183	2,802,808	53.2
	Annual percent increase (decrease)			
2000-2001	(4.0%)	23.1%	2.0%	
2001-2002	10.4	67.8	25.8	
2002-2003	42.9	32.6	39.3	
2003-2004	16.2	53.9	29.0	
2004-2005	9.0	35.6	19.8	
2005-2006	22.3	9.3	16.3	
2006-2007	16.3	14.7	15.6	
2007-2008	1.7	33.2	15.2	
2008-2009	(13.1)	(9.8)	(11.5)	
2009-2010	(2.5)	(4.8)	(3.7)	
2010-2011	5.4	6.0	5.7	
2011-2012 *(a)*	(6.2)	9.9	1.7	
	Average annual percent increase			
1995-2000	34.4%	65.6%	38.6%	
2000-2011	8.6	21.7	13.1	
1995-2011	16.1	34.0	20.5	

Note: Includes data for Frontier's regional affiliates.

(a) Percent increase is for six months of data (January through June).

Source: Airport management records for years noted.

Sixth Busiest Southwest Airlines Airport

In 2012, Denver International Airport is estimated to account for 4.4% of the total scheduled departing seats in Southwest Airlines' system, making it the sixth busiest airport in Southwest's system. Since January 2006, when Southwest re-established service in Denver,* the airline has added nonstop service between Denver and 48 cities, as shown on Figure 9. Southwest served 10 airports from Denver in 2006, 16 airports in 2007, 32 airports in 2008, 34 airports in 2009, 43 airports in 2010, 48 airports in 2011, and 55 airports in 2012. As of August 2012, Southwest and AirTran together provided service to 95 U.S. airports, 39 of which were served by both airlines, 39 of which were served only by Southwest, and 17 of which were served only by AirTran. In addition, AirTran provided international service to 8 airports in the Caribbean and Mexico.

Figure 9

SOUTHWEST AIRLINES NONSTOP SERVICE FROM DENVER

Denver International Airport

Note: The weight of each line corresponds to the relative share of scheduled departing seats in each market in 2010.

Source: Official Airline Guides, Inc., online database, accessed August 2012.

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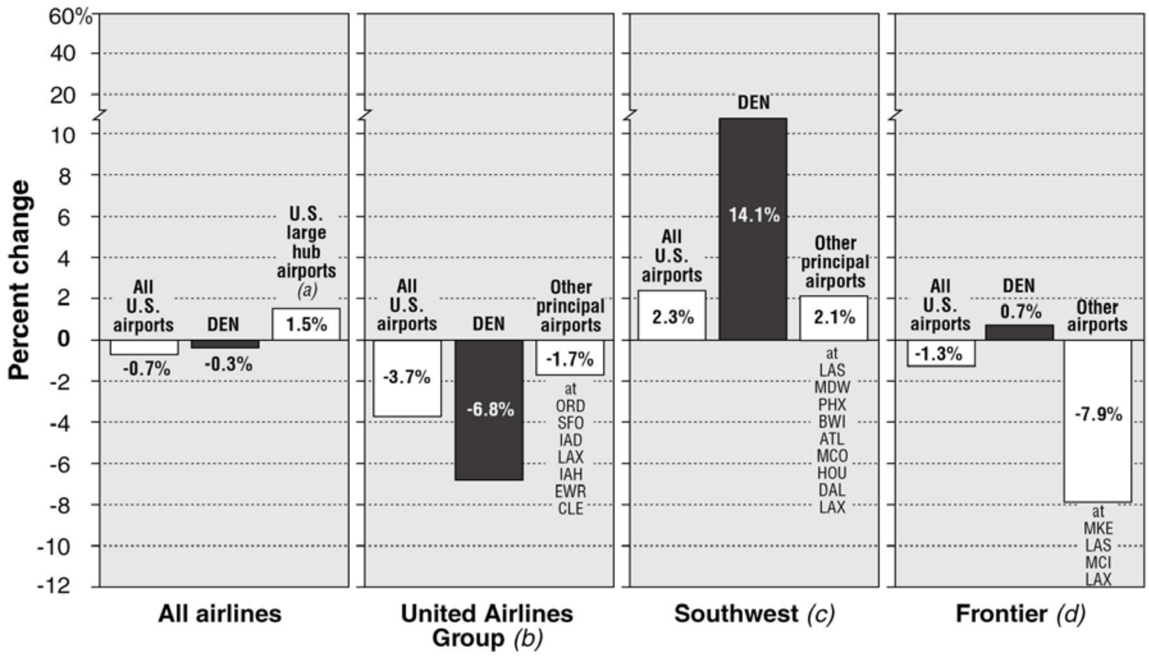
*Southwest served Denver from 1983 through 1986 with flights from Stapleton International Airport to Albuquerque and Phoenix.

Southwest's strong and continued growth in service at the Airport has offset capacity reductions by the other airlines, as shown on Figure 10. Between 2010 and 2011, the number of Southwest's aircraft seating capacity at the Airport increased 14.1%, compared with a 2.3% increase in its systemwide seating capacity in 2011, emphasizing the important future role of the Airport in Southwest's system.

Figure 10

YEAR-OVER-YEAR PERCENT CHANGE IN SCHEDULED SEAT CAPACITY

2010 – 2011



Note: Percent change in total scheduled departing seats (domestic and international), January - December 2011 versus the same months in 2010.

(a) As defined by the FAA for 2011.
(b) Includes Continental Airlines.
(c) Includes AirTran Airways.
(d) Includes Midwest Airlines.

Source: Official Airline Guides, Inc., online database, accessed August 2012.

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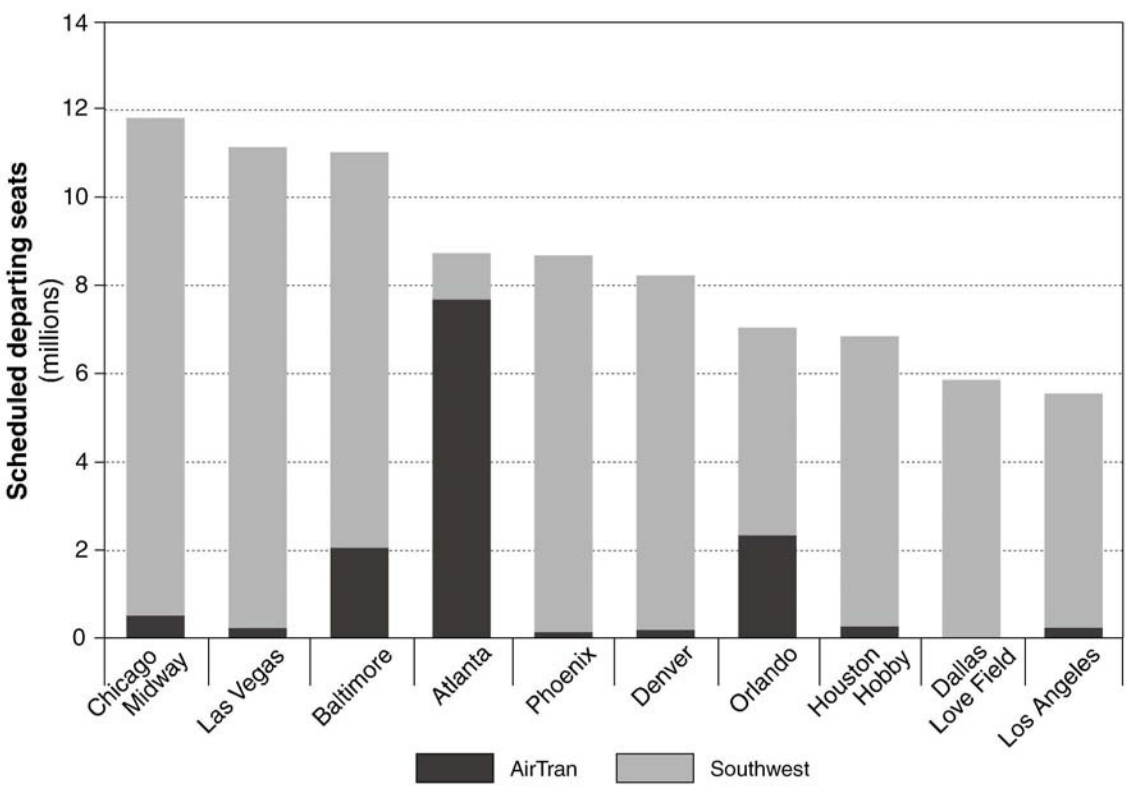
On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways for $1.4 billion. On March 23, 2011, AirTran shareholders approved the merger, which was completed in May 2011. On March 1, 2012, Southwest received approval from the FAA for a Single Operating Certificate. The process of a full integration of the AirTran Airways aircraft fleet into the Southwest Airlines fleet (i.e., paint scheme and interior configuration) has begun but is not complete and the transition to a single ticketing system is a large and complex process that will take several years to complete. In July 2012, Southwest announced that AirTran's Boeing 717-200 aircraft will be transitioned out of the fleet beginning in August 2013. Significant changes are underway to AirTran's route network, including the elimination of service at several airports to which the airline's routes proved unsustainable as a result of high fuel costs, and the re-deployment of aircraft to new markets.*

As of the date of this report, Southwest's acquisition and integration of AirTran Airways have not had an adverse effect on the operations of the combined airline at the Airport. For purposes of the airline traffic forecasts presented in this report and consistent with statements made by representatives of Southwest Airlines, it was assumed that there would be no material change in the level of airline service (operations and passengers) by AirTran and Southwest at the Airport during the forecast period.

In a combined Southwest/AirTran system, Denver ranks as the sixth busiest airport in terms of 2012 scheduled departing seats, as shown on Figure 11. Two airports—Hartsfield-Jackson Atlanta International Airport, AirTran's busiest hub, and Orlando International Airport—rank among the 10 busiest airports in a combined airline system. Atlanta was not served by Southwest prior to the acquisition of AirTran.

Figure 11

SCHEDULED DEPARTING SEATS FOR THE 10 BUSIEST AIRPORTS IN 2012
SOUTHWEST AIRLINES SYSTEM



Note: Data for 2012 are based on advance schedules that are subject to change.

Source: Official Airline Guides, Inc., online database, accessed August 2012.

*Southwest Airlines Co., Form 10Q, July 27, 2012.

Primary Commercial Service Airport in Colorado

Of the 14 commercial service airports in Colorado (see Figure 1), Denver International Airport is the primary airport, accounting for more than 90% of the passengers enplaned, (see Table 7). Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand; originating passengers accounted for about 96% of total enplaned passengers at Colorado Springs Airport in 2011. More than 800,000 passengers were enplaned and 40 scheduled daily aircraft departures were provided at Colorado Springs Airport in 2011, compared with nearly 26.5 million passengers enplaned and 873 scheduled daily aircraft departures provided at Denver International Airport in the same year.

Table 7
COLORADO COMMERCIAL SERVICE AIRPORTS

Colorado airport	2011 Enplaned passengers	August 2012 Average daily departures			
		Air carrier	Regional jet	Turboprop	Total
Denver International	**26,455,795**	**487**	**310**	**76**	**873**
Colorado Springs	813,459	10	31	*(a)*	41
Grand Junction-Walker Field	217,889	*(a)*	15	--	15
Aspen-Pitkin County	221,108	--	14	--	14
Eagle County Regional	189,213	1	2	*(a)*	3
Durango-La Plata County	106,530	--	4	*(a)*	4
Hayden-Yampa Valley Regional	175,645	--	8	5	13
Montrose Regional	87,198	--	5	--	5
Gunnison-Crested Butte Regional	36,511	--	2	--	2
Fort Collins-Loveland Municipal	44,990	*(a)*	--	--	--
Cortez Municipal	10,911	--	--	2	2
Telluride Regional	6,988	--	--	4	4
San Luis Valley Regional	7,104	--	--	3	3
Pueblo Memorial	22,421	--	--	3	3
Total Colorado airports	28,395,762	498	391	93	980

Note: Includes airports with scheduled passenger service in 2011.

(a) Less than one daily departure.

Sources: U.S. Department of Transportation, T-100 database, Denver International Airport records, and Official Airline Guides, Inc., online database, accessed August 2012.

Airport Service Region

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

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

The following sections of the airline traffic analysis present a review of (1) the economic basis for airline traffic at the Airport, including socioeconomic, local industry, and other factors that contribute to passenger and cargo demand, (2) historical airline traffic, including originating and connecting passengers and a review of air cargo activity at the Airport, (3) the key factors that will affect future airline traffic, both at the Airport and nationwide, and (4) forecasts of airline traffic at the Airport through 2020, including enplaned passengers and aircraft landed weight. In this context, passenger airline traffic primarily refers to the O&D traffic generated by the regional residents and visitors who travel through the Airport. Connecting traffic, in contrast, is affected by the financial health and routing decisions of the hubbing airlines, which, in turn, are affected by national and global economic conditions.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport(s) serving the region. Generally, regions with large populations, high levels of employment, and high average per capita incomes will generate a high demand for airline travel. The demographics and economy of the region—as measured by changes in population, employment, and per capita income—as well as airline service and airfares—are typically the most important factors affecting O&D passenger demand. In 2011, approximately 55% of the Airport's passengers were O&D passengers; the remaining 45% were connecting passengers. Connecting passenger traffic is determined more by the route network decisions of the hubbing airlines, as discussed in the earlier section titled "Airport Role." The Airport's role as a connecting hub results, in part, from its geographic location and, in part, from the route network decisions of United, Frontier, and Southwest airlines.

Historical Population, Employment, and Per Capita Personal Income

The Denver Metropolitan Area is a major business center in the State of Colorado and the multi-state Rocky Mountain region, which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2011, the Denver Metropolitan Area accounted for more than 56% of Colorado's population and 61%

of its nonagricultural employment. Denver ranked fifth of 25 U.S. metropolitan areas in Forbes 2012 ranking of the best places for business and careers.*

Table 8 presents historical and projected population, nonagricultural employment, and per capita personal income in the Denver Metropolitan Area, the State of Colorado, and the United States in 1990, 2000 through 2011, 2015, and 2020.

Population. As shown in Table 8, the population of the Denver Metropolitan Area increased at rates generally comparable to those of the State of Colorado and higher than the national average. Population in the Denver Metropolitan Area increased an average of 2.8% per year between 1990 and 2000, and 1.3% per year between 2000 and 2011. Population growth in the Denver Metropolitan Area slowed between 2000 and 2005 and increased at above average growth rates between 2005 and 2011, reflecting increased in-migration in response to regional economic growth. Population growth in the Denver Metropolitan Area is projected by the Colorado Division of Local Government to increase an average of 1.4% per year between 2011 and 2015 and an average of 1.6% per year between 2015 and 2020.

Employment. Nonagricultural employment in the Denver Metropolitan Area correlates with national employment trends, as shown in Table 8 and on Figure 12. Following the trends in population, nonagricultural employment in the Denver Metropolitan Area expanded during the 1990s, increasing an average of 3.6% per year between 1990 and 2000. Nonagricultural employment in the Denver Metropolitan Area and the nation as a whole remained relatively unchanged between 2000 and 2010, with annual variations. In 2011, nonagricultural employment increased in the Denver Metropolitan Area, the State, and the nation. . Nonagricultural employment in the Denver Metropolitan Area is projected by the Colorado Division of Local Government to increase an average of 1.6% per year between 2011 and 2015 and an average of 1.9% per year between 2015 and 2020.

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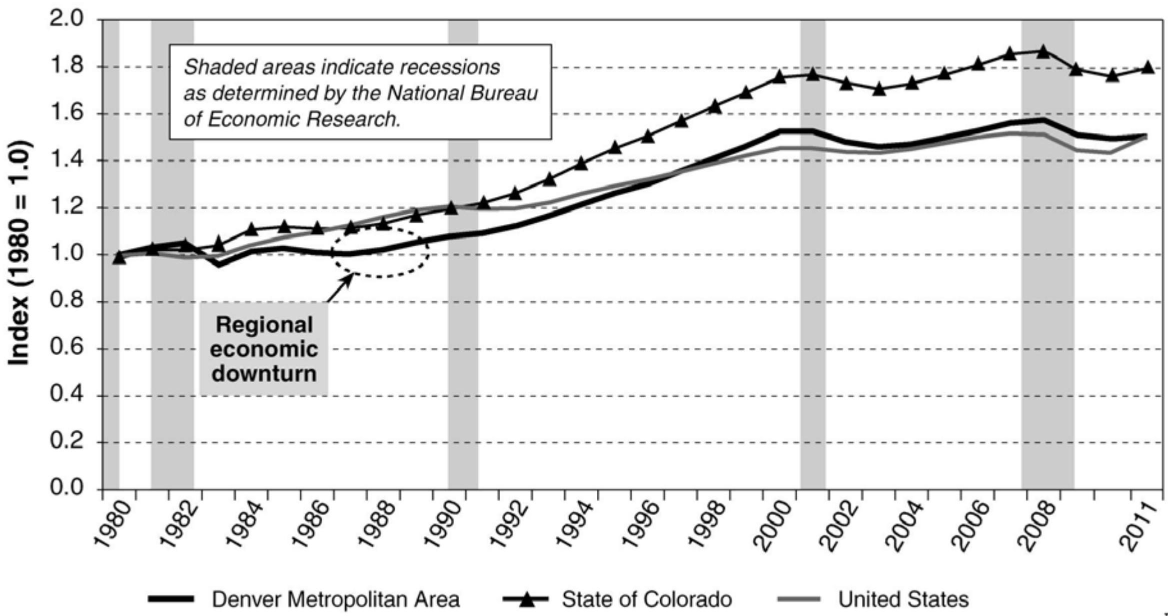
*Forbes, "Best Places for Business and Careers," June 27, 2012, http://ww.forbes.com.

Per Capita Personal Income. Per capita personal income (in 2000 constant dollars) in the Denver Metropolitan Area has historically exceeded that in the State of Colorado and the nation, as shown in Table 8. In 2010, average per capita income in the Denver Metropolitan Area exceeded that in the State and the nation by 12% and 18%, respectively. Per capita income levels and growth are closely related to growth in passenger traffic and the propensity to travel in a region because (1) income levels reflect the level of education of the work force able to support the development of knowledge-based and service industries and the mix of businesses, and (2) income growth translates into disposable income and thus reflects the potential for growth in the number of trips per person. Per capita personal income in the Denver Metropolitan Area is projected by Woods & Poole to increase an average of 1.0% per year between 2010 (data for 2011 are not yet available) and 2015 and 1.4% per year between 2015 and 2020.

Figure 12

TRENDS IN NONAGRICULTURAL EMPLOYMENT



Sources: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov and National Bureau of Economic Research, www.nber.org accessed August 2012.

Table 8

HISTORICAL AND PROJECTED SOCIOECONOMIC DATA

Denver Metropolitan Area, State of Colorado, and United States

1990-2020

	Population (thousands)			Nonagricultural employment (thousands)			Per capita personal income in 2000 dollars		
Year	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States	Denver Metropolitan Area	State of Colorado	United States
Historical									
1990	1,876	3,294	248,791	963	1,521	109,487	28,572	25,530	25,500
2000	2,464	4,327	282,162	1,375	2,214	131,785	38,721	33,986	30,319
2001	2,519	4,426	284,969	1,375	2,227	131,826	39,114	34,376	30,295
2002	2,546	4,490	287,625	1,333	2,184	130,341	38,221	33,627	30,133
2003	2,564	4,529	290,108	1,314	2,153	129,999	37,509	33,047	30,224
2004	2,585	4,575	292,805	1,325	2,180	131,435	38,127	33,592	30,911
2005	2,613	4,632	295,517	1,350	2,226	133,703	38,831	34,207	31,259
2006	2,658	4,720	298,380	1,377	2,279	136,086	40,213	35,175	32,224
2007	2,706	4,804	301,231	1,407	2,331	137,598	40,120	35,483	32,811
2008	2,755	4,890	304,094	1,420	2,350	136,790	39,808	35,336	32,749
2009	2,803	4,972	306,772	1,359	2,246	130,807	37,153	33,220	31,180
2010	2,851	5,049	309,350	1,353	2,222	129,874	37,278	33,401	31,538
2011	2,899	5,117	311,592	1,374	2,255	131,359	n.a.	33,751	31,894
Projected									
2015	3,067	5,453	324,102	1,464	2,428	138,583	39,100	36,300	32,700
2020	3,321	5,981	340,287	1,608	2,689	148,175	42,000	38,000	35,100
	Annual percent increase (decrease)								
2000-2001	2.2%	2.3%	1.0%	0.0%	0.6%	0.0%	1.0%	1.1%	(0.1)%
2001-2002	1.1	1.5	0.9	(3.1)	(1.9)	(1.1)	(2.3)	(2.2)	(0.5)
2002-2003	0.7	0.9	0.9	(1.4)	(1.4)	(0.3)	(1.9)	(1.7)	0.3
2003-2004	0.8	1.0	0.9	0.8	1.2	1.1	1.6	1.6	2.3
2004-2005	1.1	1.2	0.9	1.9	2.1	1.7	1.8	1.8	1.1
2005-2006	1.7	1.9	1.0	2.0	2.4	1.8	3.6	2.8	3.1
2006-2007	1.8	1.8	1.0	2.1	2.3	1.1	(0.2)	0.9	1.8
2007-2008	1.8	1.8	1.0	1.0	0.8	(0.6)	(0.8)	(0.4)	(0.2)
2008-2009	1.7	1.7	0.9	(4.3)	(4.5)	(4.4)	(6.7)	(6.0)	(4.8)
2009-2010	1.7	1.5	0.8	(0.5)	(1.0)	(0.7)	0.3	0.5	1.1
2010-2011	1.7	1.3	0.7	1.6	1.5	1.1	n.a.	1.0	1.1
	Average annual percent increase (decrease)								
1990-2000	2.8%	2.8%	1.3%	3.6%	3.8%	1.9%	3.1%	2.9%	1.7%
2000-2011	1.3	1.3	0.8	0.0	0.1	0.0	(0.5) *(a)*	(0.2)	0.5
1990-2011	2.1	2.1	1.1	1.7	1.9	0.9	1.3	1.3	1.1
2011-2015	1.4	1.6	1.0	1.6	1.9	1.3	1.0	1.8	0.6
2015-2020	1.6	1.9	1.0	1.9	2.1	1.3	1.4	0.9	1.4

n.a. = not available

Note: The Denver Metropolitan Area consists of Adams, Arapahoe, Boulder, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park counties.

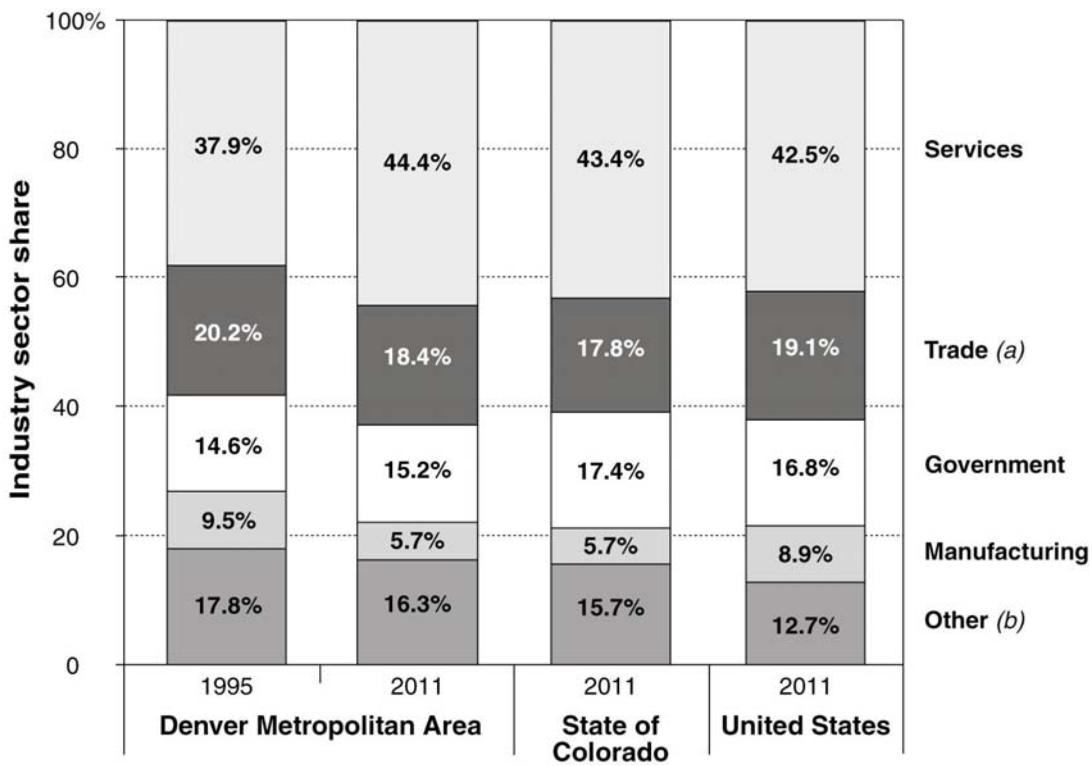
(a) Represents the percent change through 2010.

Sources: U.S. Department of Commerce, Bureau of the Census, www.census.gov, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, Colorado Division of Local Government, State Demography Office, www.dola.colorado.gov, as of November 2011, and Woods & Poole, *Economic and Demographic Projections*, May 2012.

Nonagricultural Employment by Industry Sector. Figure 13 shows a comparative distribution of nonagricultural employment by industry sector for the Denver Metropolitan Area in 1995 and 2011 and for the State and the nation in 2011. Employment in services (44.4%), including health, education, professional, business, and other services and trade (18.4%) accounted for a combined 62.8% of total nonagricultural employment in the Denver Metropolitan Area in 2011.

Figure 13

COMPARATIVE DISTRIBUTION OF EMPLOYMENT BY INDUSTRY SECTOR



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

Source: U. S. Department of Labor, Bureau of Labor Statistics, www.bls.gov., accessed August 2012.

Unemployment Rates. In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Table 9 shows comparative annual unemployment rates for the Denver Metropolitan Area, the State, and the nation as a whole in 2000 through 2011. The unemployment rate in the Denver Metropolitan Area has followed the trends in the State, but exceeded the national average in 2002 through 2005. Since 2005, the unemployment rates in the Denver Metropolitan Area and the State have remained lower than the national average.

Since the beginning of the recession in December 2007, monthly unemployment rates in the Denver Metropolitan Area, the State of Colorado, and the United States have increased, as shown on Figure 14. In June 2012, the Denver Metropolitan Area unemployment rate (unadjusted) was 8.1%, lower than that in the State (8.4%) and the nation (8.4%).

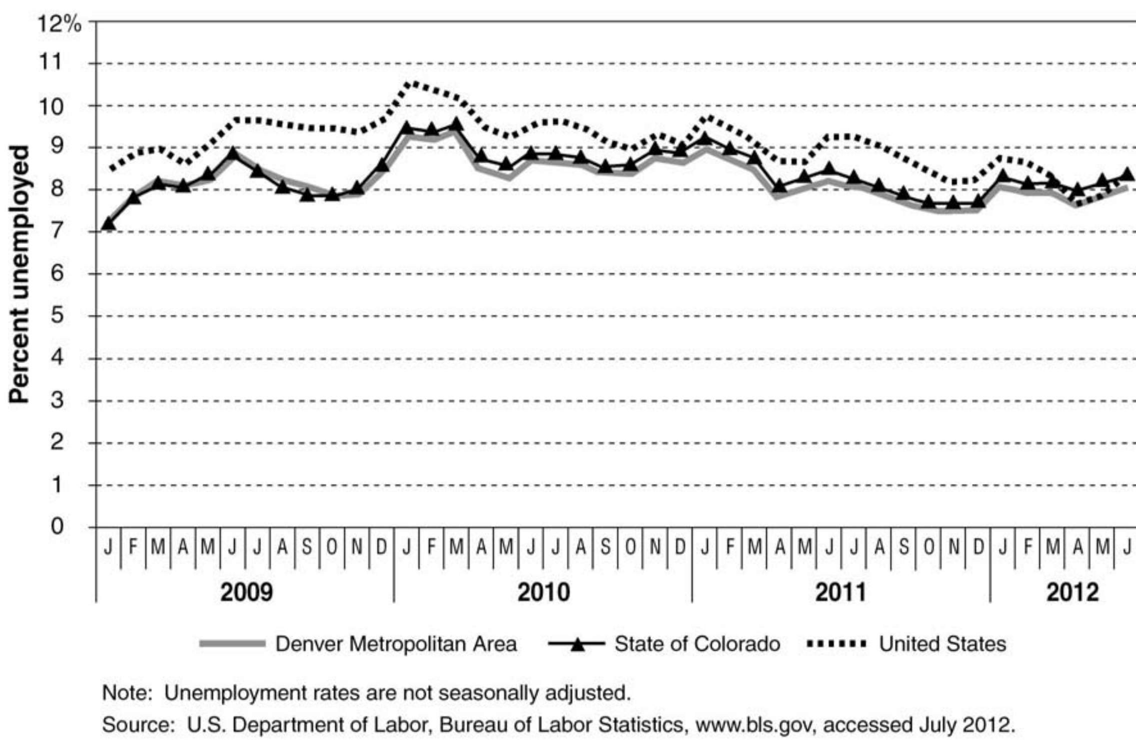
Table 9
COMPARATIVE UNEMPLOYMENT RATES

	Denver Metropolitan Area	State of Colorado	United States
2000	2.6%	2.7%	4.0%
2001	3.8	3.8	4.7
2002	5.9	5.7	5.8
2003	6.4	6.1	6.0
2004	5.8	5.6	5.5
2005	5.2	5.1	5.1
2006	4.3	4.3	4.6
2007	3.8	3.8	4.6
2008	4.8	4.8	5.8
2009	8.2	8.1	9.3
2010	8.8	8.9	9.6
2011	8.1	8.3	8.9

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

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed July 2012.

Figure 14
MONTHLY UNEMPLOYMENT RATES



Note: Unemployment rates are not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed July 2012.

Major Employers. Table 10 lists the 25 largest employers in the Denver Metropolitan Area as of April 2012. The list of major employers reflects the diversity of the companies and organizations in the area.

Table 10
25 LARGEST PRIVATE EMPLOYERS
Denver Metropolitan Area

Rank	Company	Description	Number of employees *(a)*
1	HealthONE Corporation	Healthcare	10,280
2	Exempla Healthcare	Healthcare	7,260
3	Lockheed Martin Corporation	Aerospace and Defense Related Systems	7,030
4	Centura Health	Healthcare	6,920
5	CenturyLink	Telecommunications	6,850
6	Kaiser Permanente	Healthcare	6,170
7	Comcast Corporation	Telecommunications	5,000
8	United Airlines	Airline	4,600
9	DISH Network	Satellite TV and Equipment	4,420
10	Children's Hospital Colorado	Healthcare	4,400
11	University of Colorado Hospital	Healthcare, Research	4,400
12	Wells Fargo Bank	Financial Services	4,400
13	University of Denver	University	4,310
14	IBM Corporation	Computer Systems and Services	4,200
15	United Parcel Service	Parcel Delivery	3,430
16	Frontier Airlines	Airline	3,360
17	Ball Corporation	Aerospace, Containers	3,300
18	Oracle	Software and Network Computer Systems	2,850
19	MillerCoors Brewing Company	Beverages	2,700
20	Xcel Energy	Utilities	2,660
21	Level 3 Communications	Communication and Internet Systems	2,310
22	Boulder Community Hospital	Healthcare	2,300
23	Raytheon Company	Aerospace Systems and Software	2,230
24	U.S. Bank	Financial Services	2,190
25	Great-West Life & Annuity Insurance Company	Insurance	2,180

Note: Excludes retail companies and public and government organizations.

(a) Rounded to the nearest hundred.

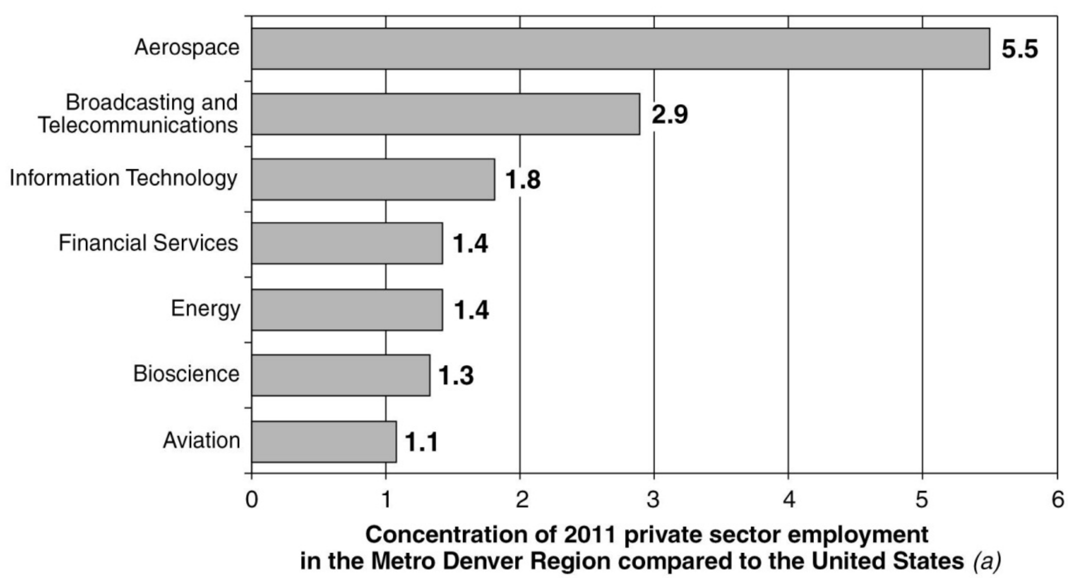
Source: Compiled from various business lists and resources by Development Research Partners Inc., revised April 2012.

Denver Industry Clusters

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

Figure 15

DENVER INDUSTRY CLUSTERS IN 2011



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

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

Source: Metro Denver Economic Development Corporation, *Industry Cluster Study*, January 2012, www.metro-denver.org

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Aerospace. The aerospace industry cluster includes companies that develop products and systems for commercial, military, and space applications. Employment in the aerospace industry cluster in Denver was 5.5 times more concentrated than in the United States as a whole, as shown on Figure 15. This large

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

concentration of employment indicates that the aerospace industry accounts for a larger share of total employment in Denver than it does for the nation as a whole. According to the EDC, Colorado's aerospace industry employed 53,640 workers in 2011, including 24,890 private-sector employees and 28,750 military personnel. Total Colorado private-sector aerospace employment increased an average of 1.3% per year between 2006 and 2011, compared with a 0.3% per year decline nationwide. Colorado is home to four military commands, eight major aerospace contractors, and several universities involved in leading space research. The eight major contractors are Lockheed Martin Corporation, Ball Aerospace & Technology Corp., The Boeing Company, Raytheon Company, Northrop Grumman Corporation, United Launch Alliance (ULA), ITT Corporation, and Sierra Nevada Corporation (SNC), in addition to more than 300 aerospace companies and suppliers. About 76% of aerospace companies are located in the nine-county Metro Denver Region, according to the EDC.

Aviation. The aviation industry cluster includes companies that manufacture aircraft and provide air transportation services, including airlines, airport operators, aircraft manufacturing companies, and support services. Employment in the aviation industry cluster in the Metro Denver Region was 1.1 times more concentrated than in the United States, as shown on Figure 15. According to the EDC, about 590 aviation-related companies were located in the Metro Denver Region in 2011, many of which were involved with airport operations and scheduled air transportation. Between 2006 and 2011, Denver's aviation industry experienced an average decrease in employment of 0.8% per year, compared with an average decrease of 0.1% per year in the nation. Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 14,540 workers directly employed by air transportation companies in the Metro Denver Region in 2011.

Bioscience. The bioscience industry cluster is diverse and includes two sub-sectors: (1) pharmaceuticals and biotechnology and (2) medical devices and instruments. According to the EDC, the Metro Denver Region had 4,630 pharmaceuticals and biotechnology workers plus 9,480 medical device and instrument production workers, for a total of 14,110 total direct bioscience workers in 2011. The industry is supported by 10 local higher education institutions with bioscience programs and numerous research assets, as well as the University of Colorado, Anschutz Medical Campus (formerly the Fitzsimons Army Medical Center), which is being transformed into a state-of-the-art integrated life sciences community. From 2006 to 2011, employment in pharmaceuticals and biotechnology decreased an average of 2.1% per year, while medical devices and instruments employment increased an average 1.5% per year. Employment in the bioscience industry cluster in the Metro Denver Region was 1.3 times more concentrated than in the United States, as shown on Figure 15.

Energy. The energy industry cluster included 41,230 employees in the Metro Denver Region in 2011 in two energy sub-sectors: (1) fossil energy and (2) cleantech, including renewable energy and energy research. According to the EDC, Denver's energy industry included 3,120 companies in 2011, including 1,620 companies in the fossil fuel sub-sector and 1,500 companies in cleantech. The energy industry cluster in the Metro Denver Region was 1.4 times more concentrated than in the United States in 2011, as shown on Figure 15. From 2006 to 2011, employment in Denver's energy sub-sectors, fossil fuels and cleantech, increased an average of 4.5% and 6.2% per year, respectively. The majority of energy research companies in the Denver area are environmental consultants and noncommercial research institutions, including the National Renewable Energy Lab (the primary national laboratory for renewable energy and energy efficiency research and development) and the Colorado School of Mines and Colorado Energy Research Institutes.

Financial Services. The financial services industry cluster in the Metro Denver Region employed a total of 86,080 workers in 2011 and is divided into three sub-sectors: (1) banking and finance, (2) investments, and (3) insurance. According to the EDC, Denver's financial services industry cluster accounted for 13,320 companies in 2011, including 4,190 companies in banking and finance, 5,440 companies in investments, and 3,210 companies in insurance. From 2006 to 2011, employment in all three of Denver's financial services sub-sectors, banking and finance, investments, and insurance decreased—an average of 4.1%, 0.3%, and 2.6% per year, respectively. Employment in the financial services industry cluster in the Metro Denver Region was 1.4 times more concentrated than in the United States, as shown on Figure 15.

Broadcasting and Telecommunications. The broadcasting and telecommunications industry cluster includes companies that provide the means to deliver voice, data, and video to end users. In 2011, this industry cluster accounted for 40,500 employees in the Metro Denver Region and was 2.9 times more concentrated than in the United States, as shown on Figure 15. Employment in the Metro Denver Region's broadcasting and telecommunications industry cluster decreased 0.9% per year from 2006 to 2011, compared with an average decrease of 3.5% per year nationwide. These declines reflect, in part, the industry's slow recovery from the most recent recession as well as increases in productivity and competition that have dampened employment growth. Major broadcasting and telecommunications companies include Comcast Corporation, DirecTV, and Lucent Technologies.

Information Technology. The information technology industry cluster is divided into two sub-sectors: hardware and software. The EDC limits its analysis of the information technology industry cluster to the software sub-sector to avoid double-counting workers in other technology clusters such as broadcasting and telecommunications and aerospace. The 4,430 companies in the software sub-sector accounted for 41,640 direct employees in the Metro Denver Region in 2011. Denver's software industry employment decreased an average of 0.4% per year between 2006 and 2011, compared with a 0.9% per year increase nationwide.

Employment in the software sub-sector was 1.8 times more concentrated in the Metro Denver Region than in the United States.

Denver Housing Market

Figure 16 presents the percent change in home prices for the Denver Metropolitan Area from January 1988 through May 2012, compared with composites for 10 and 20 selected metropolitan areas, based on the Standard & Poor's/Case-Shiller Home Price Index. As shown, home prices in the Denver Metropolitan Area increased between 1998 and 2002, prior to the increases in home prices for the metropolitan areas in the composite index that followed the dot-com downturn. Between 2002 and 2007, the increase in the Denver Metropolitan Area's home prices averaged less than 5%, considerably less than increases of nearly 21% for the 20 metropolitan areas included in the index. Between 2007 and 2010, home prices in the Denver Metropolitan Area decreased less than 6%, compared with decreases of nearly 20% for the composite of 20 metropolitan areas, reflecting the national sub-prime mortgage crisis and subsequent financial crisis. In 2010 and 2011, home prices in the Denver Metropolitan Area and for the 20 metropolitan areas included in the index generally decreased by about 5%. During the first 5 months of 2012, Denver home prices increased, with a 3.7% increase reported in May 2012 compared with May 2011 prices.

Visitors to Denver

Annually since 1991, Visit Denver, the Convention and Visitors Bureau, has commissioned an annual in-depth study of the Denver tourism market. Longwoods International, a research firm that analyzes North American travel patterns, prepares this annual study, which coincides with a study of the Colorado tourism market sponsored by the Colorado Tourism Office. Key results of the 2011 Longwoods International study on tourism included:

- Denver outperformed the national average in 2011 by attracting 13.2 million overnight visitors (compared with 12.7 million in 2010), while the number of overnight visitors in the rest of the nation increased 3%.

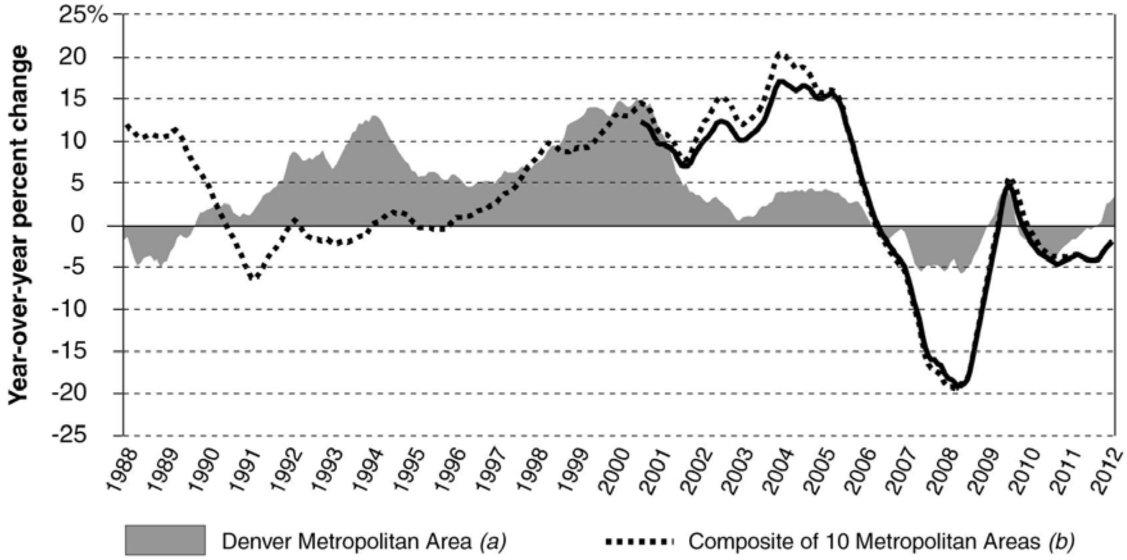
- Denver visitor spending increased 10.0% between 2010 and 2011, reflecting a 17.0% increase in the number of overnight business visitors. The number of overnight leisure visitors increased 0.9% between 2010 and 2011 and spending by leisure visitors increased 8.0%.

- The length of stay by leisure visitors decreased—averaging 3.3 nights—the same as the nation as a whole.

Figure 16

PERCENT CHANGE IN HOME PRICES

Denver and Selected Metropolitan Areas



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

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

Source: Standard & Poor's/Case-Shiller Home Price Indices, www.standardandpoors.com, accessed August 2012.

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Table 11 summarizes the trends in visitor activity in the Denver Metropolitan Area in 1995 and 2000 through 2011, based on the Longwoods International study, as well as the number of conventions and delegates reported by Visit Denver, the Convention and Visitors Bureau.

Business Travel. In 2011, visitors traveling to Denver on business accounted for 17% of all overnight trips, according to the Longwoods International study. Business traveler spending averaged $107 per person per day, while leisure visitors spent an average of $114 per person per day.

Leisure Travel. Leisure visitors to Denver accounted for most of the overnight trips (83%) and drove the growth trend in numbers of overall visitors. Denver continues to be a strong leisure market. Between 1995 and 2011, the number of leisure visitors increased an average of 4.7% per year. Colorado remained the country's top ski destination in 2011, accounting for approximately 19% of national overnight ski trips.

Conventions. Denver's meeting and convention business continued to rebound in 2011, with 82 conventions and 264,497 delegates. In January 2011, Denver was selected by the Toronto Globe & Mail as the top destination for conventions in the world and cited for its central U.S. location, low fare flights into Denver International Airport, and proximity of its hotels to the Colorado Convention Center—the site of the 2008 National Democratic Convention.

Table 11
VISITOR ACTIVITY
Denver Metropolitan Area

	Overnight trips to Denver (millions)			Denver conventions	
Year	Leisure	Business	Total	Number	Number of delegates
1995	5.2	1.9	7.1	32	110,613
2000	6.9	2.7	9.6	37	145,787
2001	8.0	2.3	10.3	34	140,995
2002	8.1	2.1	10.2	31	94,168
2003	7.8	1.9	9.7	26	105,259
2004	7.9	2.0	9.9	30	114,528
2005	7.9	2.5	10.4	40	153,483
2006	9.1	2.6	11.7	55	180,195
2007	9.6	2.6	12.2	75	226,030
2008	9.7	2.5	12.2	75	265,509
2009	10.1	2.0	12.1	66	209,548
2010	10.9	1.8	12.7	75	268,905
2011	11.0	2.2	13.2	82	264,497
	Average annual percent increase (decrease)				
1995-2000	5.4%	7.3%	6.2%	2.9%	5.7%
2000-2011	4.3	(1.8)	2.9	7.5	5.6
1995-2011	4.8	0.9	4.0	6.1	5.6

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

Economic Outlook

The economic outlook for the United States, the State of Colorado, and the Denver Metropolitan Area forms a basis for anticipated growth in airline traffic at the Airport. Economic activity in the Denver Metropolitan Area and the State is directly linked to the production of goods and services in the world and the rest of the United States. Both airline travel and the movement of cargo through the Airport depend on the economic linkages between and among the regional, State, national, and global economies. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of global, national, State, and regional economic outlooks as well as an analysis of historical socioeconomic trends and airline traffic trends, as presented in the section titled "Historical Airline Traffic."

Global Economy. Globalization of the world economy has created linkages between national economies that relate not only to trade but also to airline travel. The Denver Metropolitan Area and the State have strong linkages to the global economy through a number of industry sectors and the three world regions currently served from the Airport. The economic growth of these world regions, in terms of gross domestic product (GDP), is directly related to the growth in airline travel. Projections of GDP for the world regions are shown in Table 12. In emerging economies such as Brazil, India, and China with strong growth in GDP combined with a growing middle class, the growth in passenger traffic has been significant. Continued growth in the economies of the world regions most closely aligned with the Denver Metropolitan Area economy and airline service at the Airport are expected to contribute to continued growth in passenger traffic at the Airport.

U.S. Economy. The U.S. economy continues to recover from the financial crisis and global recession, although the pace of the recovery remains slow. The consensus among economists is that downturns following financial crises tend to be more prolonged than other downturns. In addition, such recessions raise the level and duration of unemployment, reduce the number of hours that employees work, and dampen investment. Continued high unemployment, lower disposable incomes, and reduced spending by businesses and consumers, particularly in the near term, have the potential to dampen growth in the U.S. economy and passenger traffic nationally and at the Airport.

The Congressional Budget Office (CBO) expects that U.S. economic growth, as measured by U.S. GDP in constant dollars, will increase 2.1% in 2012, decrease 0.5% in 2013 as a result of increases in federal taxes and reductions in federal spending, and then increase an average of 3.5% per year between 2013 and 2020.* The CBO projects that the unemployment rate will decrease to 8.2% in the fourth quarter of 2012, increase to 8.8% in 2013, and decrease to 5.4% in 2020. The CBO's projections are influenced to a large extent by fiscal policy specified by current law which will result in tax increases and spending cuts in January 2013. In an alternative scenario, the CBO projects stronger economic growth (an estimated increase of 1.7% in U.S. GDP in 2013) if some or all of the fiscal restrictions are removed.

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*Congressional Budget Office, *Budget and Economic Outlook: Fiscal Years 2012 to 2022*, August 22, 2012.

Table 12
HISTORICAL AND PROJECTED GDP GROWTH BY WORLD REGION

World region	Average annual percent increase (decrease) in GDP (in constant U.S. dollars) Historical 1990-2010	Historical 2000-2010	Forecast 2010-2030
Asia	n.a.	4.2%	4.6%
Canada	1.9%	3.6	2.3
Europe *(a)*	(1.2) *(b)*	4.9	1.7
Latin America	3.6	6.7	4.2
Mexico	1.5	1.4	4.2
Middle East/Africa	n.a.	11.0	2.4
United States	3.4	1.6	2.7
World	1.8	5.2	3.3

n.a. = not available

(a) Data are for the countries that have adopted the Euro.
(b) Percent change between 1991 and 2000.

Sources: Historical: International Monetary Fund, *World Economic Outlook* database, www.imf.org, accessed July 2011 and U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed July 2012.
Projected: Global Insight as reported in U.S. Department of Transportation, Federal Aviation Administration, *FAA Aerospace Forecasts, Fiscal Years 2011-2031*, March 2011.

Colorado Economy. Colorado's economy continues to recover and has begun to outperform the national economy, according to economic and revenue forecasts prepared by the State of Colorado Legislative Council (CLC).* The CLC notes that "Colorado's economy is better positioned than the nation as a whole to recover, but is not insulated enough to recover without economic improvements in the rest of the country and the world."

- **Population**—The CLC and the Colorado Department of Local Affairs project a 1.6% increase in Colorado's population between 2011 and 2012.

- **Nonagricultural employment**—The CLC projects a 1.6% increase in Colorado's nonagricultural employment in 2012 and 2013 and notes that "employment will make measured but small gains and the unemployment rate will remain stable as job growth is able to just absorb people returning to the labor force." Employment projections prepared by the Colorado Department of Local Affairs in November 2011 are for an increase of 1.0% in 2012 and 1.8% in 2013.

*Colorado Legislative Council, "Focus Colorado: Economic and Revenue Forecast," June 20, 2012, www.colorado.gov, accessed August 2012.

- **Retail trade**—The CLC projects that retail trade sales in Colorado, an indicator of consumer spending, will increase 5.1% in 2012 and 5.2% in 2013 (unadjusted for inflation).

- **Residential construction**—The CLC projects that the number of new housing permits issued in Colorado will increase 15.4% in 2012 and 18.0% in 2013.

Denver Metropolitan Area Economy. The economic drivers of the Denver Metropolitan Area are diverse and include mature, stable, and emerging industries. In its 2012 economic outlook for Metro Denver, the Metro Denver Economic Development Corporation noted that "While Metro Denver job growth in 2012 will be slow from a historic perspective, the pace of growth should match that reported nationwide. The industry sectors likely to add jobs this year include education and health services, professional and business services, and-at long last-construction."* Projections for 2012 and 2013 prepared by State and regional agencies are summarized below, in addition to the population and economic projections through 2020 presented earlier in Table 8.

- **Population**— The Metro Denver Economic Development Corporation expects that "Metro Denver's population will also grow at a faster-than-average rate in 2012, and this growth-combined with tight inventory of existing homes-will boost housing construction this year." The Colorado Department of Local Affairs projects a similar increase in the Denver metropolitan area population, a 1.6% increase per year between 2011 and 2012.

- **Nonagricultural employment**— In its January 2012 economic outlook, the Metro Denver Economic Development Corporation projected nonagricultural employment in the Denver Metropolitan Area to increase 1.1% in 2012, mirroring national employment growth projections but too slow to significantly reduce the area's unemployment rate. Employment projections prepared by the Colorado Department of Local Affairs in November 2011 are for a 0.6% increase in 2012 and a 1.5% increase in 2013.

- **Retail trade**—The Metro Denver Economic Development Corporation projects retail trade sales, an indicator of consumer spending, in Metro Denver to increase 4.6% in 2012 (unadjusted for inflation), following a 4.8% increase between 2010 and 2011.

- **Residential construction**—The Metro Denver Economic Development Corporation projects construction of new residential units in Metro Denver to increase 14.3% in 2012.

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*Metro Denver Economic Development Corporation, "2012 Economic Outlook for Metro Denver," January 18, 2012, www.metrodenver.org, accessed August 2012

Risks to the Economic Outlook. While the short-term outlook is improving and the mid- to long-term outlook is favorable, there are risks that these results may not be achieved. Key risks to such achievement include:

- Inflation risks still persist because of the sizable amount of liquidity that the Federal Reserve Bank has injected into the banking system, which could eventually trigger upward pressures on prices. Also, increases in oil prices and rapid expansion of U.S. industrial capacity could trigger upward pressures on inflation.

- U.S. consumers may not be able to generate much spending growth as a result of persistent unemployment and the various reasons discussed earlier.

- Increases in fuel prices related to rising global demand and political instability in oil producing countries in the Middle East and North Africa present a risk to continued economic recovery and growth.

- A significant worsening of the banking and fiscal problems in Europe could lead to further turmoil in international financial markets that could affect U.S. financial markets—reducing wealth, severely constraining the availability of credit, reducing hiring, and causing higher unemployment.

- In the long-term, the principal risks to U.S. economic performance are the sizable external and fiscal deficits. The continuing deficits in the U.S. balance of payments could result in greater volatility in the currency markets, which would then translate into higher interest rates and, therefore, slower economic growth. These risks could be compounded if the fiscal deficit does not decrease within the next 5 years, thereby leading to much larger financing requirements and subsequent increases in interest rates. Increased interest rates could lead to lower levels of investment and, consequently, slower productivity growth.

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

HISTORICAL AIRLINE TRAFFIC

The following sections present a discussion of historical airline traffic at the Airport, including (1) airline service and passenger market shares, (2) enplaned passengers, (3) the originating passenger base, (4) connecting passenger activity and trends, and (5) a review of air cargo activity.

Airlines Serving Denver

Table 13 lists the passenger airlines that provided service at the Airport as of August 2012. In addition, several all-cargo airlines, including Alpine Aviation, Ameriflight, Capital Cargo International Airlines, DHL Express (USA), FedEx, Key Lime Air, and UPS Air Cargo provide service at the Airport.

Table 13
PASSENGER AIRLINES SERVING DENVER

Mainline/national	***Regional/commuter***
AirTran Airways *(a)*	American Eagle
Alaska Airlines	ExpressJet Airlines (United Express)
American Airlines	GoJet Airlines (United Express)
Delta Air Lines *(b)*	Great Lakes Aviation
Frontier Airlines	Mesa Airlines (US Airways Express)
JetBlue Airways	Pinnacle Airlines (Delta Connection)
Southwest Airlines *(a)*	Republic Airlines (Frontier and United Express)
Spirit Airlines	Shuttle America (United Express)
United Airlines *(c)*	SkyWest Airlines (Delta Connection and United Express)
US Airways	
Foreign-flag	***Charter***
Aeromexico	Allegiant Air
Air Canada	Casino Express Airlines
British Airways	Ryan International Airlines
Icelandair *(d)*	Sun Country Airlines
Lufthansa German Airlines	

(a) Southwest completed its merger with AirTran on May 2, 2011, and a single operating certificate was issued on March 1, 2012.
(b) Delta completed its merger with Northwest on October 29, 2008, and a single operating certificate was issued on December 31, 2009.
(c) United completed its merger with Continental on October 1, 2010, and a single operating certificate was issued on November 30, 2011.
(d) Initiated service from Denver to Reykjavik in May 2012.

*Sou*rces: Official Airline Guides, Inc., and Airport management records.

Passenger Market Shares

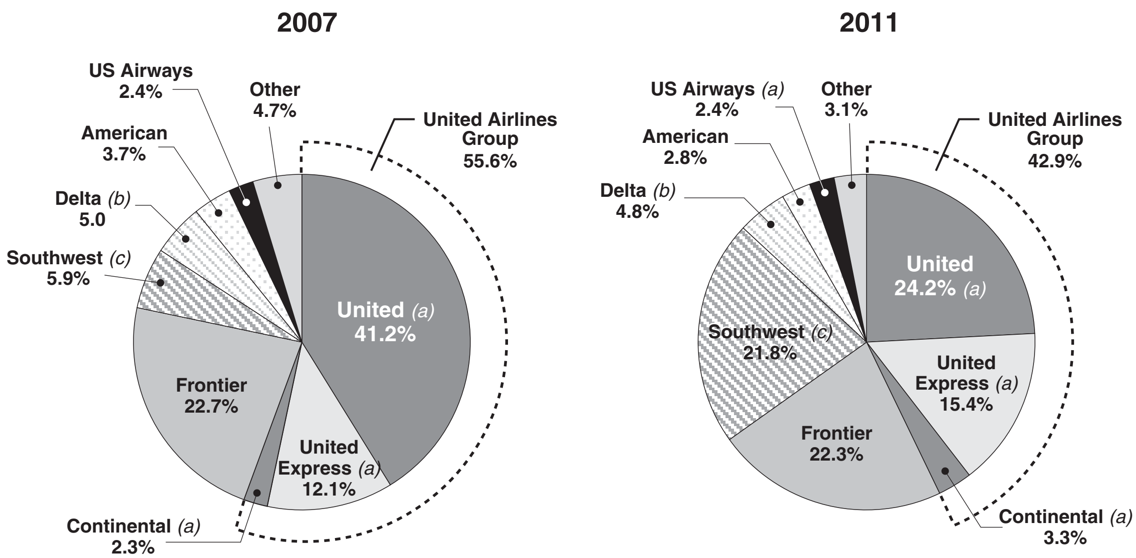
The market shares of enplaned passengers, originating passengers, and the low-cost carriers are discussed in this section.

Enplaned Passenger Market Shares. Enplaned passenger market shares for the passenger airlines serving the Airport are shown on Figure 17 and in Table 14. In 2011, United and Continental Airlines had the largest market share of enplaned passengers (42.9%) at the Airport, followed by Frontier (22.3%), and Southwest (21.8%).

Figure 17

ENPLANED PASSENGER MARKET SHARES

Denver International Airport



Note: Includes regional affiliates.
(a) Includes activity of Continental Airlines, which merged with United in October 2010.
(b) Includes activity of Northwest Airlines, which merged with Delta in December 2008.
(c) Includes activity of AirTran Airways, which merged with Southwest in May 2011.
Source: Airport management records

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The share of Airport passengers enplaned by the United Airlines Group decreased from 55.6% in 2007 to 42.9% in 2011, as a result of increased competition from Frontier as it continued to develop its hub at the Airport, the introduction and continued development of low-cost service by Southwest, and the discontinuation of service by Ted, United's low-fare unit. Frontier, which serves the second highest number of destinations from the Airport, including 19 of the Airport's top 20 O&D markets, slightly decreased its market share of Airport enplaned passengers from 22.7% in 2007 to 22.3% in 2011. Southwest initiated service at the Airport in January 2006, and enplaned 21.8% of total Airport enplaned passengers in 2011, up from 5.9% in 2007.

Table 14
HISTORICAL ENPLANED PASSENGERS BY AIRLINE
Denver International Airport
2007 - 2011

	2007	2008	2009	2010	2011
United Airlines Group *(a)*					
Mainline	8,323,729	8,361,071	8,164,709	7,385,764	6,400,182
Ted	1,955,333	1,104,866	--	--	--
United Express *(b)*	3,017,553	2,905,810	3,438,259	4,151,666	4,087,189
Continental	560,433	528,196	514,592	545,883	863,503
	13,857,048	12,899,963	12,117,560	12,083,313	11,350,874
Frontier *(c)*	5,668,493	6,531,106	5,782,329	5,570,421	5,889,632
Southwest *(d)*	1,322,152	2,378,512	3,614,028	4,908,539	5,756,081
Delta *(e)*	1,234,838	1,266,175	1,247,326	1,277,980	1,257,428
American *(f)*	933,045	862,173	715,674	722,380	732,195
US Airways	586,865	488,182	542,335	599,775	640,248
Other	1,338,512	1,224,132	1,108,761	862,534	829,337
	11,083,905	12,750,280	13,010,473	13,941,609	15,106,331
Total	24,940,953	25,650,243	25,128,033	26,024,922	26,455,795
			Percent of total		
United Airlines Group *(a)*					
Mainline	33.4%	32.6%	32.5%	28.4%	24.2%
Ted	7.8	4.3	--	--	--
United Express *(c)*	12.1	11.3	13.7	15.9	15.4
Continental	2.3	2.1	2.0	2.1	3.3
	55.6%	50.2%	48.2%	46.4%	42.9%
Frontier *(c)*	22.7%	25.5%	23.0%	21.4%	22.3%
Southwest *(d)*	5.9	9.9	15.2	18.9	21.8
Delta *(e)*	5.0	4.9	5.0	4.9	4.8
American *(f)*	3.7	3.4	2.8	2.8	2.8
US Airways	2.4	1.9	2.2	2.3	2.4
Other	4.7	4.2	3.6	3.3	3.1
	44.4%	49.8%	51.8%	53.6%	57.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Includes enplaned passengers on the airline's commuter affiliates.
Totals may not add due to rounding.

(a) Includes activity of Continental Airlines, which merged with United Airlines in October 2010, and activity for Ted, United's low-fare unit, which initiated service at the Airport on February 12, 2004, stopped reporting its activity separately at the Airport in August 2008, and ceased operations on January 6, 2009.
(b) Includes Mesa Airlines and Trans States Airlines from 2007 through 2010, Expressjet, GoJet Airlines, Shuttle America, and SkyWest Airlines from 2007 through 2011, and Atlantic Southeast Airlines in 2011.
(c) Includes Horizon Air in 2007 and Republic Airlines and Lynx Aviation from 2007 through 2011, and Midwest Express in 2010.
(d) Includes activity of AirTran Airways, which merged with Southwest Airlines in May 2011.
(e) Includes activity of Northwest Airlines, which merged with Delta Air Lines in October 2008.
(f) Filed for Chapter 11 bankruptcy protection in November 2011.

Source: Airport management records.

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

Frontier's numbers and share of originating passengers have varied since 2007, reflecting the effects of the national economic recession on passenger demand, the continued development of service at the Airport by Southwest Airlines and increased competition for originating passenger traffic, reductions in seating capacity, and adjustments made to its overall network following the airline's acquisition by Republic Airways Holdings in 2009.

In 2011, Southwest accounted for 27.8% of originating passengers at the Airport, up from 9.9% in 2007.

Low-Cost Carrier Market Shares. A major trend at the Airport has been the increased enplaned passenger market share of the low-cost carriers.* As shown on Figure 18, the share of passengers enplaned by the low-cost carriers at the Airport increased from 29.3% in 2007 to 44.5% in 2011, exceeding the national market share of the low-cost carriers—29.0% in 2011, according to U.S. Department of Transportation data.

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

Table 15
HISTORICAL ORIGINATING PASSENGERS BY AIRLINE
Denver International Airport
2007 - 2011

	2007	2008	2009	2010	2011
United Airlines Group *(a)*					
Mainline	3,729,230	3,627,738	3,328,471	2,995,306	2,711,848
Ted	898,004	507,544	--	--	--
United Express *(b)*	910,173	852,277	935,722	1,155,643	1,171,694
Continental	543,053	509,607	489,770	470,462	604,658
	6,080,460	5,507,166	4,753,963	4,621,411	4,488,200
Frontier *(c)*	3,238,732	3,295,331	2,864,672	2,792,471	2,944,251
Southwest *(d)*	1,414,946	2,165,456	2,923,722	3,558,198	4,055,850
Delta *(e)*	1,206,391	1,236,614	1,217,517	1,227,497	1,207,483
American *(f)*	933,045	862,173	715,674	722,380	732,195
US Airways	560,911	470,266	541,177	598,998	638,477
Other	808,326	811,297	638,814	580,536	528,769
	8,162,351	8,827,597	8,901,586	9,480,080	10,107,025
Total	14,242,811	14,334,763	13,655,549	14,101,491	14,595,225
	Percent of total				
United Airlines Group *(a)*					
Mainline	26.2%	25.4%	24.4%	21.2%	18.6%
Ted	6.3	3.5	--	--	--
United Express *(b)*	6.4	5.9	6.8	8.2	8.0
Continental	3.8	3.6	3.6	3.4	4.1
	42.7%	38.4%	34.8%	32.8%	30.7%
Frontier *(c)*	22.7%	23.0%	21.0%	19.8%	20.2%
Southwest *(d)*	9.9	15.1	21.4	25.2	27.8
Delta *(e)*	8.5	8.5	8.9	8.7	8.3
American *(f)*	6.6	6.0	5.2	5.1	5.0
US Airways	3.9	3.3	4.0	4.3	4.4
Other	5.7	5.7	4.7	4.1	3.6
	57.3%	61.6%	65.2%	67.2%	69.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Includes enplaned passengers on the airline's commuter affiliates.
Totals may not add due to rounding.

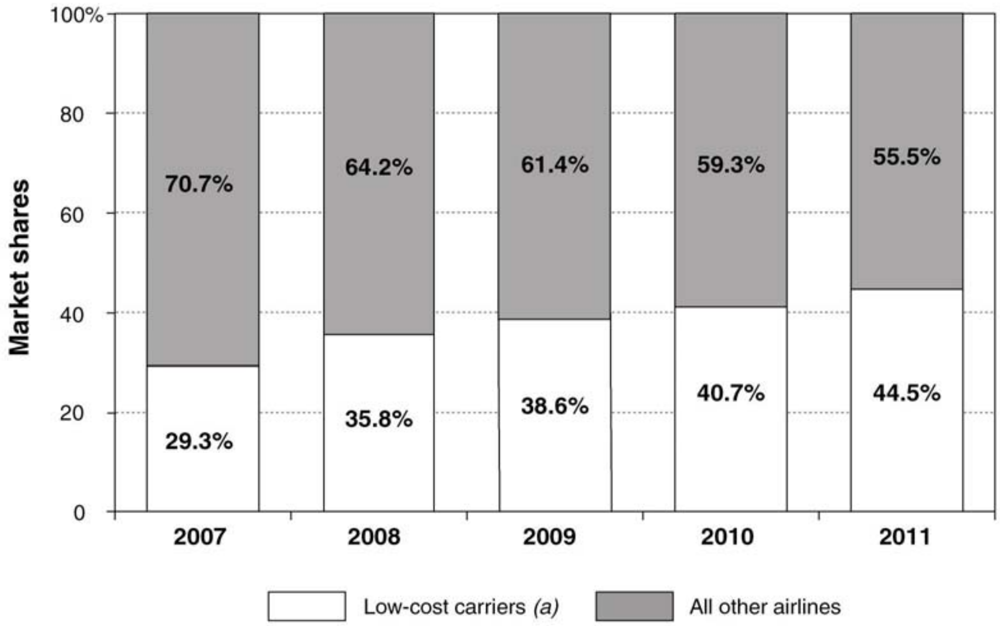
(a) Includes activity of Continental Airlines, which merged with United Airlines in October 2010, and activity for Ted, United's low-fare unit, which initiated service at the Airport on February 12, 2004, stopped reporting its activity separately at the Airport in August 2008, and ceased operations on January 6, 2009.
(b) Includes Mesa Airlines and Trans States Airlines from 2007 through 2010, Expressjet Airlines, GoJet Airlines, Shuttle America, and SkyWest Airlines from 2007 through 2011, and Atlantic Southeast Airlines in 2011.
(c) Includes Horizon Air in 2007 and Republic Airlines and Lynx Aviation from 2007 through 2011, and Midwest Express in 2010.
(d) Includes activity of AirTran Airways, which merged with Southwest Airlines in May 2011.
(e) Includes activity of Northwest Airlines, which merged with Delta Air Lines in October 2008.
(f) Filed for Chapter 11 bankruptcy protection in November 2011.

Source: Airport management records.

Figure 18

LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS

Denver International Airport



(a) Low cost carriers include AirTran Airways, Allegiant Air, ATA Airlines, Frontier Airlines, JetBlue Airways, and Southwest Airlines.

Notes: Southwest completed its merger with AirTran on May 2, 2011, and a single operating certificate was issued on March 1, 2012.

Source: Airport management records.

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Enplaned Passengers

Table 16 summarizes the numbers of enplaned passengers at the Airport in 1995 and 2000 through 2011, organized by originating, connecting, and total enplaned passengers. The total number of enplaned passengers increased an average of 3.3% per year between 1995 and 2011, with the number of originating and connecting passengers increasing an average of 3.0% and 3.9% per year, respectively. In 2011, the total number of enplaned passengers at the Airport increased 1.7%, reflecting a 3.5% increase in the number of originating passengers and a 0.5% decrease in the number of connecting passengers. A further discussion of originating and connecting passenger trends at the Airport is presented in the following sections titled “Originating Passengers” and “Connecting Passengers.” Figure 19 presents the trends in U.S. GDP (in 2005 dollars) and enplaned passengers at the Airport and in the nation from 1970 through 2011 (using 1970 as the index year). Overall, there has been a positive, gradually increasing trend in U.S. GDP and the numbers of enplaned passengers at the Airport, with the Airport showing stronger growth in passenger traffic than the nation's airports as a whole. From 1970 through 2011, GDP increased an average of 2.8% per year in the numbers of enplaned passengers in the nation and at the Airport during that period, compared with average increases of 3.2% and 5.0% per year, respectively.

Table 16
HISTORICAL ENPLANED PASSENGERS
Denver International Airport

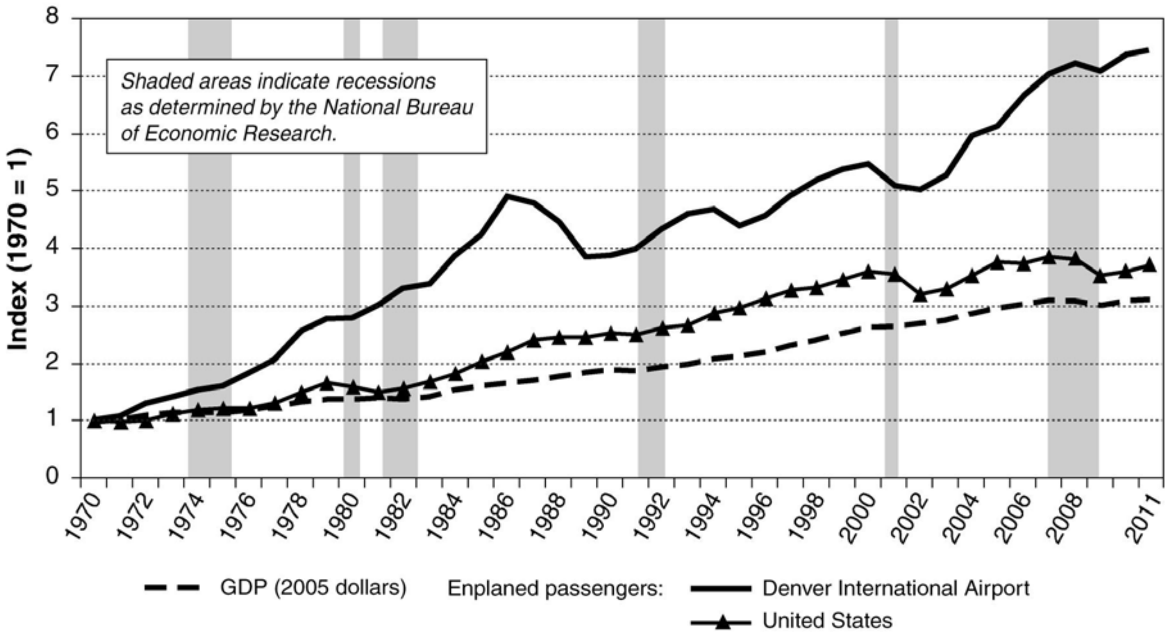
Year	Enplaned passengers: Originating	Connecting	Total	Total annual percent increase (decrease)	Percent originating
1995	9,165,705	6,452,339	15,618,044	--%	58.7%
2000	10,979,642	8,413,354	19,392,996	--	56.6
2001	10,258,209	7,787,900	18,046,109	(6.9)	56.8
2002	9,644,278	8,185,286	17,829,564	(1.2)	54.1
2003	10,265,526	8,495,409	18,760,935	5.2	54.7
2004	11,395,216	9,748,865	21,144,081	12.7	53.9
2005	11,983,822	9,718,153	21,701,975	2.6	55.2
2006	13,249,286	10,416,026	23,665,312	9.0	56.0
2007	14,242,811	10,698,142	24,940,953	5.4	57.1
2008	14,334,763	11,315,480	25,650,243	2.8	55.9
2009	13,655,549	11,472,484	25,128,033	(2.0)	54.3
2010	14,101,491	11,923,411	26,024,922	3.6	54.2
2011	14,595,225	11,860,570	26,455,795	1.7	55.2
January-June					
2011	7,013,924	5,822,341	12,836,265		54.6
2012	7,093,783	5,733,531	12,827,314	(0.1%)	55.3
	Average annual percent increase				
1995-2000	3.7%	5.5%	4.4%		
2000-2011	2.6	3.2	2.9		
1995-2011	3.0	3.9	3.3		

Source: Airport management records.

As shown on Figure 19, trends in national passenger traffic closely correlates with the trends in GDP since 1970, including decreases during the 2008-2009 and past four national economic recessions. In comparison, the Airport has outperformed or correlated with national passenger trends during periods of national economic recession. During the most recent economic recession, the number of passengers enplaned at the Airport increased 2.8% in 2008 and decreased 2.0% in 2009. In comparison, the number of U.S. enplaned passengers decreased 3.8% in 2008 and 5.0% in 2009 based on data from the U.S. Department of Transportation. During the recovery from the recent recession, the number of passengers enplaned at the Airport increased 3.6% between 2009 and 2010. Passenger data available from the U.S. Department of Transportation, Bureau of Transportation Statistics for 2011 indicate that the number of enplaned passengers on the scheduled mainline flights of U.S. airlines increased 3.0% systemwide compared with 2010 numbers.

Figure 19

U.S. GROSS DOMESTIC PRODUCT AND ENPLANED PASSENGERS



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

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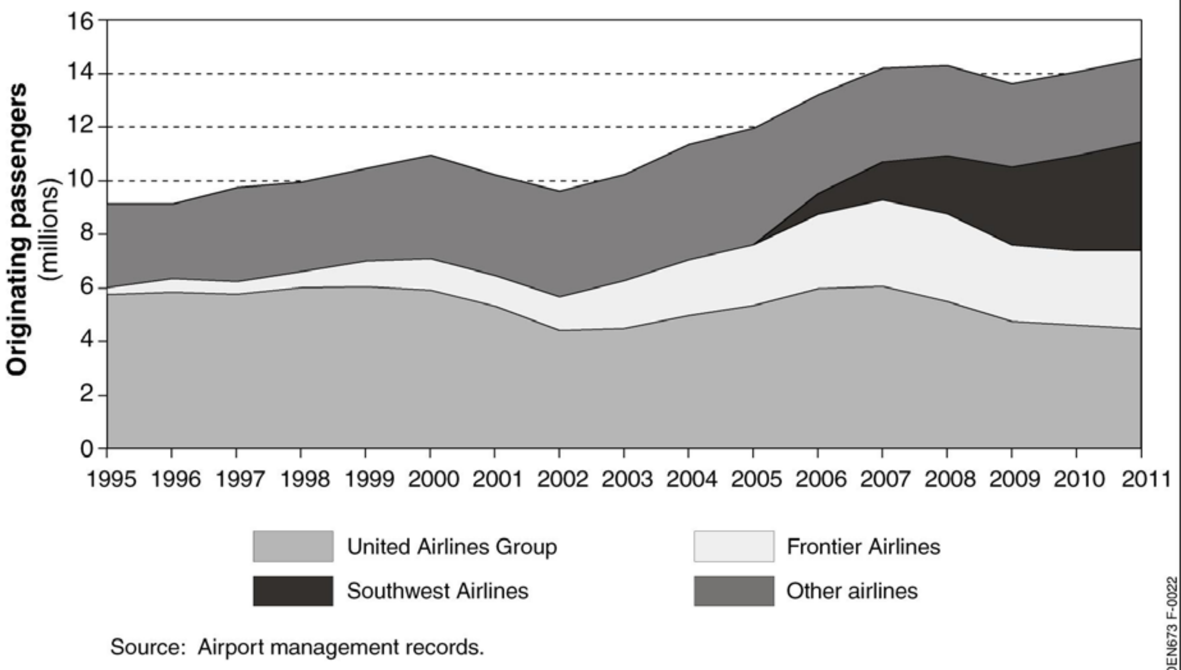
Originating Passengers

Figure 20 presents the trends in the numbers of originating passengers at the Airport from 1995 through 2011. As discussed earlier, the important factors affecting O&D passenger demand are the demographics and economy of the region served by the airport as well as airline service and airfares. Since 1995, the number of originating passengers at the Airport has decreased in 4 of the 17 years—a 0.2% decrease in 1996 related to the decrease in service by Continental as it closed its Denver hub, decreases in 2001 and 2002 of 6.6% and 6.0%, respectively, related to the effects of national economic recession and the 2001 terrorist attacks, and a decrease of 4.7% in 2009 related to the effects of the national economic recession and financial crisis. The growth in originating passenger traffic at the Airport since 1995 reflects the continued economic growth in the Denver Metropolitan Area and the State, as well as the development of airline service and airfares. As shown on Figure 20, the shares of originating passengers by airline reflect the major economic events that occurred during this period, as well as the continued development of service by United and Frontier and the introduction of low-cost service by Southwest.

Figure 20

ORIGINATING PASSENGER TRENDS

Denver International Airport



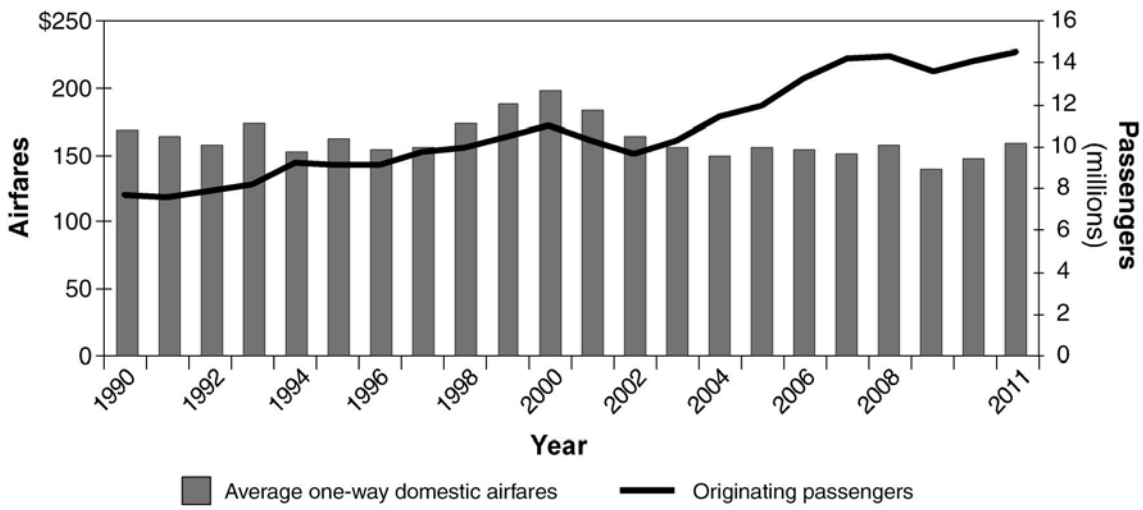
Source: Airport management records.

Figure 21 provides a specific comparison of changes in numbers of originating passengers and average domestic airfares at the Airport in 1990 through 2011. As stated earlier, the market share of the low-cost carriers at the Airport increased from 29.3% in 2007 to 44.5% in 2011 and contributed to decreases in airfares at the Airport over that period.

Figure 21

AIRFARES AND ORIGINATING PASSENGERS

Denver International Airport



Sources: Average fare data—U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database, accessed August 2012. Originating passenger data—Airport management records.

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Origin-Destination Passenger Markets. Table 17 presents the Airport's top 20 domestic O&D passenger markets for the 12 months ended March 31, 2012. Table 17 also shows the average number of seats on scheduled daily nonstop departures from the Airport to each of the top markets August 2012. Of the 90,739 scheduled daily nonstop seats from the Airport in August 2012, 61.9% were to the top 20 markets listed in the table. The low cost carriers accounted for 44% of all scheduled departing seats to domestic destinations from the Airport during this period. In 10 of the 20 domestic markets, the low cost carriers accounted for 50% or more of scheduled departing seats. Dallas-Fort Worth and Houston had the lowest shares of low cost carrier seats in August 2012 with 30% and 24%, respectively.

In addition to Denver's domestic markets, new international service was initiated at the Airport in 2012 , including Icelandair's service to Reykjavik, Iceland which started in May 2012 and AirTran's service to Cancun, Mexico which started in April 2012. In addition, new service by Volaris, a Mexico-based airline, from Denver to Mexico City is scheduled to begin in December 2012 and new service by United from Denver to Tokyo is scheduled to begin on March 31, 2013.

Table 17

TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS
AND AIRLINE SERVICE

Denver International Airport
(for the 12 months ended March 2012)

				August 2012 Scheduled departing seats	
Rank	Origin-destination market	Air miles from Denver	Percent of originating passengers at Denver	Average daily seats	Percent of low cost carrier service
1	Los Angeles (a)	862	7.0%	5,668	55%
2	San Francisco (b)	967	4.9	4,425	51
3	New York (c)	1,605	4.4	3,899	36
4	Washington, D.C. (d)	1,452	4.3	3,484	40
5	Chicago (e)	888	4.3	4,203	47
6	Phoenix	602	4.2	2,789	52
7	Las Vegas	629	3.7	2,901	81
8	Dallas-Fort Worth (f)	641	3.1	3,157	30
9	Houston (g)	861	3.0	2,448	24
10	Minneapolis-St. Paul	680	2.7	2,704	42
11	Seattle-Tacoma	1,024	2.6	2,994	48
12	San Diego	853	2.5	1,871	66
13	Atlanta	1,199	2.3	2,574	39
14	Boston	1,754	2.0	1,210	48
15	Salt Lake City	391	2.0	2,337	61
16	Orlando	1,545	1.9	1,035	61
17	Miami (h)	1,706	1.8	886	61
18	Kansas City	532	1.8	1,802	65
19	Portland	992	1.7	1,970	64
20	Philadelphia	1,552	1.7	1,426	43
	Cities listed		61.9%	53,781	
	Other cities		38.1	36,958	
	All cities		100.0%	90,739	44

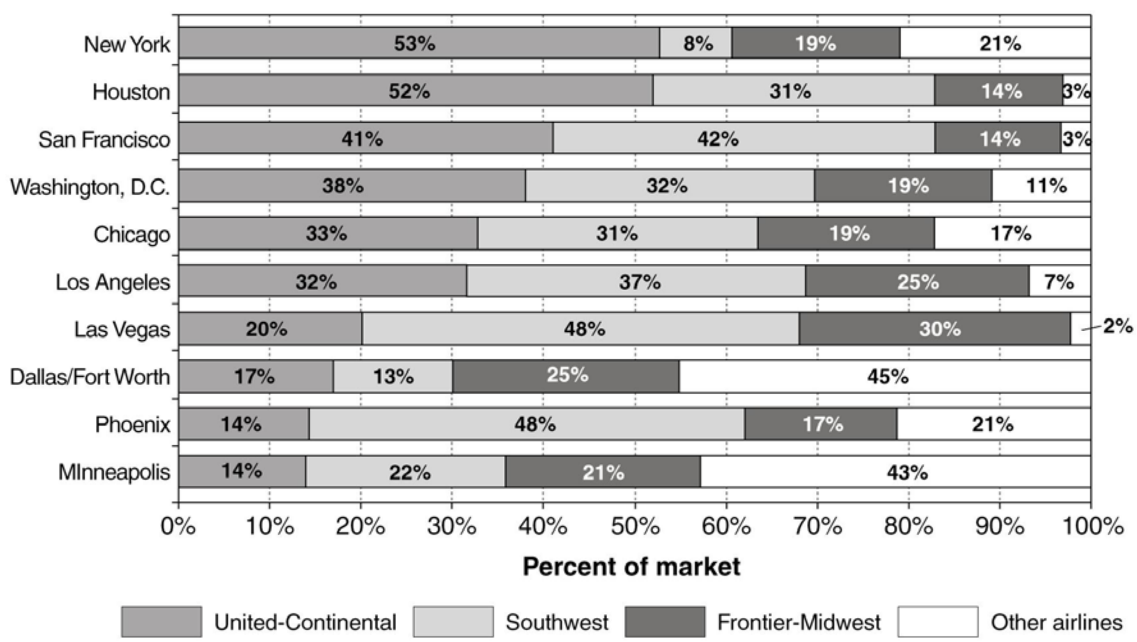
(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.
(b) San Francisco, Oakland, and Mineta San Jose international airports.
(c) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.
(d) Reagan Washington National,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

Sources: Originating percentage: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, for the 12 months ended March 31, 2012, online database, accessed August 2012.
Departures: Official Airline Guides, Inc. online database, for August 2012, for domestic destinations, accessed August 2012.

Airline Shares of Origin-Destination Passenger Markets. Figure 22 presents the shares of originating passengers to the Airport's top 10 origin-destination markets in 2011. United and Continental together accounted for the largest share of originating passengers in 4 of the top 10 markets—New York, Houston, Washington, D.C., and Chicago—each of which is a United or Continental hub. Southwest accounted for the largest share of originating passengers in 4 of the top 10 markets—Los Angeles, Las Vegas, Phoenix, and San Francisco—which are among Southwest's busiest airports. Other airlines accounted for the largest share of originating passengers in the remaining 2 top 10 markets, reflecting the role of these markets as connecting hubs for other airlines—Dallas-Fort Worth for American, and Minneapolis-St. Paul for Delta. Although Frontier did not account for the largest share of originating passengers in any of the top 10 markets, the airline accounted for the second largest share in 4 markets—New York, Las Vegas, Phoenix, and Dallas/Fort Worth.

Figure 22

AIRLINE SHARES OF DOMESTIC ORIGINATING PASSENGERS FOR TOP 10 MARKETS IN 2011



Note: Data include regional affiliates.

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database, accessed August 2012.

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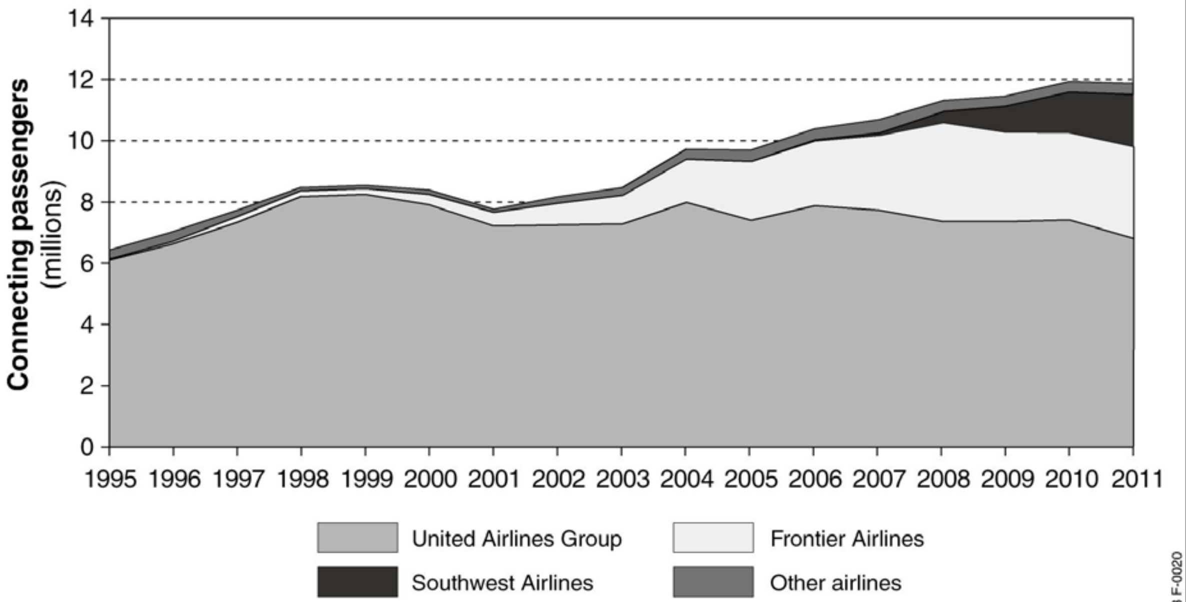
Connecting Passengers

Figure 23 presents the trends in the numbers of connecting passengers at the Airport from 1995 through 2011. As discussed earlier, connecting passenger traffic is determined by the route network decisions of the hubbing airlines. (See earlier discussion under "Airport Role" for a description of the Airport's role as an important connecting hub in the route systems of both United and Frontier.) In the 16 years since 1995, the number of connecting passengers at the Airport has decreased in only 4 years—decreases of 1.5% in 2000 and 7.4% in 2001, related to the effects of national economic recession and the 2001 terrorist attacks, a decrease of 0.3% in 2005, and a decrease of 0.5% in 2011. As shown on Figure 23, the shares of connecting passengers by airline reflect the role of the Airport as a hub for United and Frontier. Although Southwest does not operate a traditional hub and spoke network, the airline's numbers of connecting passengers has also increased since it initiated service at the Airport in 2006.

Figure 23

CONNECTING PASSENGER TRENDS

Denver International Airport



Source: Airport management records.

Air Cargo Activity

Table 18 presents data on enplaned cargo at the Airport in 1995 and in 2000 through 2011. Enplaned air cargo at the Airport accounted for about 44% of total cargo tonnage (enplaned plus deplaned) in 2011, with deplaned cargo accounting for the remaining 56%. Enplaned cargo tonnage increased an average of 4.2% per year between 1995 and 2000, but has decreased each year between 2000 and 2009, for reasons discussed below. In 2010 and 2011, total enplaned cargo tonnage increased 9.2% and 0.3%, respectively. Total cargo tonnage carried by passenger airlines decreased 8.0% between in 2011, while the total cargo tonnage carried by all-cargo airlines increased 1.7%. All-cargo airlines accounted for 77% of total cargo in 2011, with the remaining 23% accounted for by passenger airlines.

The decreases in cargo at the Airport between 2000 and 2009 were related to (1) the slowdown in the regional economy, particularly in the manufacturing sector, (2) a reduction in available belly-cargo capacity on passenger airline aircraft as a result of increases in the use of regional jet aircraft and operations by the low-cost carriers which have less cargo capacity that larger air carrier aircraft, (3) the availability of reduced-cost belly-cargo capacity, particularly on widebody aircraft designed for containerized cargo, and direct international freighter service at other gateway airports, such as Chicago O'Hare, Los Angeles, and Dallas/Fort Worth international airports, (4) an increasing trend among freight forwarders to bypass airports and truck cargo to gateways that have available reduced-cost belly-cargo capacity, and (5) the reorganization and consolidation in the cargo industry in response to the increase in fuel prices in 2008 and the national economic recession.

Table 18

HISTORICAL ENPLANED CARGO

Denver International Airport

(tons)

Year	Air mail	Freight and express	Total	Total annual increase (decrease)	All-cargo airline share of total cargo *(a)*
1995	65,559	134,307	199,866	--%	n.a.
2000	85,902	159,769	245,671	--	56.4%
2001 *(a)*	53,421	130,085	183,506	(25.3)	61.2
2002	22,421	141,618	164,039	(10.6)	69.7
2003	27,544	135,877	163,421	(0.4)	67.5
2004	20,016	140,586	160,602	(1.7)	71.1
2005	17,232	139,100	156,332	(2.7)	70.6
2006	11,064	129,204	140,268	(10.3)	75.3
2007	2,680	128,682	131,362	(6.3)	81.8
2008	5,892	118,170	124,062	(5.6)	79.5
2009	6,459	104,262	110,721	(10.8)	78.0
2010	9,832	111,024	120,856	9.2	75.1
2011	9,306	111,939	121,245	0.3	76.8
January-June					
2011	5,243	57,510	62,752		75.0
2012	4,584	52,262	56,846	(9.4%)	75.7
	Annual average percent increase (decrease)				
1995-2000	5.6%	3.5%	4.2%		
2000-2011	(18.3)	(3.2)	(6.2)		
1995-2011	(11.5)	(1.1)	(3.1)		

n.a. = not available

(a) In 2001, FedEx and the U.S. Postal Service entered into a contract that resulted in a large portion of mail being transported from air to ground, with FedEx reporting this activity to the City as enplaned freight and express cargo. Previously, this activity was reported as air mail.

Source: Airport management records for years noted.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the demographics and economy of the Denver Metropolitan Area, as discussed earlier, key factors that will affect airline traffic at Denver International Airport include:

- Economic and political conditions
- Aviation safety, security, and public health concerns
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Capacity of the national air traffic control system
- Capacity of the Airport

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger numbers during those years. The 2008-2009 recession and associated high unemployment reduced discretionary income and contributed to reduced airline travel demand in those years.

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities are now important influences on passenger traffic at U.S. airports. Sustained future increases in passenger traffic at the Airport will depend on stable international conditions as well as national and global economic growth.

Aviation Safety, Security, and Public Health Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration, more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies.

Public health and safety concerns have also affected travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (SARS) led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia. In April 2010, airspace and airports in much of Europe were closed for 6 days because of the threat to flight safety of the ash cloud from the eruption of Iceland's Eyjafjallajökull volcano. In March 2011, airline travel to and from Japan decreased following a destructive earthquake and tsunami.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health and safety concerns, and international hostilities. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Financial Health of the Airline Industry

The number of passengers at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly the United Airlines Group, to make the necessary investments to continue providing service.

The 1990-1991 economic recession, coupled with increased operating costs and security concerns during the first Gulf War, generated then-record financial losses in the airline industry. Those losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations in the early 1990s.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry again experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately $40 billion.

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. US Airways twice filed for bankruptcy protection, in

August 2002 and September 2004, before emerging in September 2005 following its merger with America West Airlines. In December 2002, United filed for bankruptcy protection (emerged in February 2006). In 2003, American Airlines avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and reducing service at its St. Louis hub. In September 2005, Northwest Airlines filed for bankruptcy protection (emerged in May 2007), and subsequently merged with Delta in October 2008. In 2005, Delta eliminated its Dallas/Fort Worth hub and began to downsize its Cincinnati hub. In 2011, Delta began to downsize its Memphis hub. In March and April 2008, Aloha, ATA, and Skybus airlines declared bankruptcy and ceased operations. In April 2008, Frontier Airlines filed for bankruptcy protection, but continued to operate. Frontier emerged from bankruptcy in October 2009 following its acquisition by Republic Airways Holdings, as discussed earlier in "The Airport's Role in Frontier's System." AMR Corporation and its subsidiaries American Airlines and American Eagle filed for Chapter 11 bankruptcy protection in November 2011.

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, but in mid-2008, as oil and aviation fuel prices increased to unprecedented levels, the industry again experienced a profitability crisis. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging their fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes, laying off employees, reducing employee compensation, reducing other non-fuel expenses, increasing airfares, and imposing ancillary fees and charges. The U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10% in 2008 and by a further 7% in 2009.

In 2010 and 2011, the U.S. airline industry regained profitability notwithstanding sustained high fuel prices by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. In 2010, according to Airlines for America (formerly the Air Transport Association of America), the U.S. passenger airlines collectively increased domestic seat-mile capacity by 1.0% and recorded a net profit of $3.6 billion. In 2011, U.S. passenger airlines again collectively increased domestic seat-mile capacity by 2.1% and recorded a net income of $1,500 million.*

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares, and stable fuel prices. Any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of one or more of the large network airlines could drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide.

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*Airlines for America, www.airlines.org, accessed September 2012.

Airline Service and Routes

The Airport serves as a gateway to the Denver Metropolitan Area and the Rocky Mountain region, and as an airline connecting hub. The number of O&D passengers depends on the intrinsic attractiveness of the Denver Metropolitan Area as a business and leisure destination and the propensity of its residents to travel. The number of connecting passengers, on the other hand, depends on the airline service provided at the Airport and at other airports.

Most mainline airlines have developed hub-and-spoke systems that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and at competing hub airports.

Prior to 1995, United and Continental each operated a hub in Denver for many years. As discussed in the earlier section, "Airport Role," the Airport is an important connecting hub for United and Frontier airlines. For the last 5 years, the Airport has been United's second busiest hub after Chicago O'Hare International Airport in terms of numbers of enplaned passengers. In 2011, the United Airlines Group accounted for approximately 58% of total connecting passengers at the Airport. In the combined United and Continental airlines system, Denver ranked as the fourth busiest airport in terms of numbers of enplaned passengers in 2011. Frontier Airlines also uses the Airport as a connecting hub, accounting for approximately 25% of total connecting passengers at the Airport in 2011. The Airport is the busiest airport in Frontier's route network. In addition, Southwest Airlines accounted for approximately 14% of total connecting passengers at the Airport in 2011.

As a result, much of the passenger traffic at the Airport results from the route networks and flight schedules of United and Frontier rather than the economy of the Denver Metropolitan Area. If either of these airlines were to reduce connecting service at the Airport, such service would not necessarily be replaced by other airlines, although reductions in service by any airline would create business opportunities for others. The potential effects on passenger traffic of a drastic reduction in connecting airline service at the Airport, as might hypothetically result from the liquidation of a major hub airline, are discussed in the later section "Sensitivity Analysis Projections of Enplaned Passengers."

Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips where the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on airfare levels.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for the U.S. airlines was reduced from 14.9 cents to 12.7 cents per passenger-mile. In 2006 and 2007, airlines reduced capacity and were able to sustain fare increases, industrywide yields increased, to an average of 13.8 cents per passenger-mile. In 2008, yields increased further, to 14.7 cents per passenger-mile. In 2009, yields again decreased, but in 2010 and 2011, as travel demand increased, yields increased to 14.2 and 15.5 cents per passenger mile, respectively. Increased charges between 2006 and 2011 for services such as checked baggage, in-flight meals, and preferred seating had the effect of increasing the effective price of airline travel more than these yield figures indicate.

In many airline travel markets nationwide, new entrant and other airlines with lower cost structures have provided price and service competition. In Denver, AirTran Airways, Frontier, and Southwest have provided such competition in many travel markets. As United and other legacy network airlines have restructured their operations and reduced costs, they have enhanced their ability to compete.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American completed an acquisition of failing Trans World Airlines. In October 2008, Delta and Northwest completed a merger transaction and have integrated most of the operations of the two airlines under the Delta name. In October 2009, Republic Airways Holdings completed purchases of Frontier Airlines and Midwest Airlines and now operates the combined airline under the Frontier name.

In October 2010, United and Continental completed a merger transaction, thereby creating the largest U.S. airline. The merged airline, which operates under the United name, received a single operating ticket November 30, 2011. On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways, thereby creating the largest U.S. domestic airline as measured by numbers of enplaned passengers. On March 23, 2011, AirTran shareholders approved the merger, and a single operating certificate was issued on March 1, 2012. Various other airline merger combinations have been rumored. Any such further airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers and all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on certain routes. As discussed earlier in the section "Airport's Role in United's System," United is a member of the Star alliance and participates in joint ventures, code-sharing, and other commercial arrangements with several airlines.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainties. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the rapidly growing economies of China, India, Nigeria, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Increased prices were an important contributor to airline industry losses in 2008 and 2009. Fuel prices decreased sharply in the second half of 2008 as demand declined worldwide, but have since increased as global demand has increased and the U.S. dollar has weakened. In 2011 and 2012, political instability and conflicts in North Africa and the Middle East contributed to further volatility in fuel prices.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases as the result of finite and increasingly expensive oil supplies.

Aviation fuel prices will continue to affect airline service, airfares, and passenger numbers. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. After September 2001, and again in 2008 and 2009, air traffic delays decreased as a result of reduced numbers of aircraft operations, but, as air travel demand increases in the future, flight delays and restrictions should be expected.

Airport management and the FAA recently completed a study that will result in the implementation of certain NextGen technologies for flight arrivals and departures at the Airport. According to the City, the proposed changes will change flight arrival and departure patterns at the Airport, resulting in reduced aircraft fuel costs.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at Denver International Airport may depend on the provision of increased capacity at the Airport itself. The Airport's existing six-runway layout provides significant airfield capacity. Additionally, areas are reserved for as many as six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses. These plans indicate that forecast growth in airline traffic at the Airport will not be constrained by airfield or terminal capacity.

AIRLINE TRAFFIC FORECASTS

Table 19 presents historical, estimated, and forecast numbers of enplaned passengers and landed weight at the Airport through 2020.

Assumptions Underlying the Forecasts

Forecasts of airline traffic were developed taking into account analyses of the economic basis for airline traffic and historical airline traffic, and an assessment of the key factors that may affect future airline traffic, as discussed in earlier sections. In general, it was assumed that, in the long term, changes in airline traffic at the Airport will occur largely as a function of growth in the population and economy of the Airport service region and changes in airline service. It was also assumed that continued development of airline service at the Airport will not be constrained by the availability of aviation fuel, long-term limitations in airline fleet capacity, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth. Also considered were recent and potential developments in the national economy and in the air transportation industry as they have affected or may affect airline traffic at the Airport.

It was assumed that, during the forecast period:

- The U.S. economy will recover from the recession and sustained GDP growth will average between 2.0% and 2.5% per year.
- The economy of the Airport service region will increase at a rate comparable to that of the United States as a whole.

- Aviation fuel prices will stabilize at levels that are historically high but lower than the record prices reached in mid-2008.

- In the short-term, improved operating economics related to capacity reductions in recent years will cause the airlines serving the Airport to limit growth in domestic seat capacity and maintain higher airfares than experienced during the 2008-2009 economic recession.

- The merger of United and Continental airlines completed in October 2010 will not materially affect the combined airline's operations at the Airport.

- The planned acquisition of AirTran Airways by Southwest Airlines completed in May 2011 will not materially affect Southwest's operations at the Airport.

- New service by United from Denver to Tokyo will begin on March 31, 2013.

- A generally stable international political environment and safety and security precautions will ensure airline traveler confidence in aviation without imposing unreasonable inconveniences.

- There will be no major disruption of airline service or airline travel behavior as a result of international hostilities or terrorist acts or threats.

- The Airport will continue to be a principal connecting hub for United and Frontier airlines and a top 10 airport for Southwest Airlines.

- The airlines serving the Airport will be financially viable.

- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares.

Baseline forecast and sensitivity analysis projections of enplaned passengers and landed weight were developed for the Airport, as presented in Tables 19 and 20 and on Figure 24.

Table 19
AIRLINE TRAFFIC FORECASTS
Denver International Airport
2011 – 2020

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical	Estimated	Baseline Forecast							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Enplaned passengers										
United Airlines										
Mainline	7,263,486	6,714,000	6,829,000	6,917,000	6,988,000	7,060,000	7,133,000	7,207,000	7,281,000	7,356,000
United Express	4,087,388	4,000,000	4,060,000	4,121,000	4,183,000	4,246,000	4,309,000	4,374,000	4,440,000	4,486,000
	11,350,874	10,714,000	10,889,000	11,038,000	11,171,000	11,306,000	11,442,000	11,581,000	11,721,000	11,842,000
Frontier Airlines	5,889,632	5,707,000	5,764,000	5,822,000	5,880,000	5,939,000	5,998,000	6,058,000	6,119,000	6,180,000
Southwest Airlines	5,756,081	6,348,000	6,602,000	6,859,000	7,120,000	7,383,000	7,649,000	7,917,000	8,186,000	8,456,000
Other	3,459,208	3,728,000	3,766,000	3,804,000	3,842,000	3,880,000	3,919,000	3,957,000	3,997,000	4,037,000
Total enplaned passengers	26,455,795	26,497,000	27,021,000	27,523,000	28,013,000	28,508,000	29,008,000	29,513,000	30,023,000	30,515,000
Annual percent increase (decrease)	--%	0.2%	2.0%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.6%
Originating passengers	14,595,225	14,952,000	15,248,000	15,531,000	15,808,000	16,087,000	16,370,000	16,655,000	16,942,000	17,220,000
Connecting passengers	11,860,570	11,545,000	11,773,000	11,992,000	12,205,000	12,421,000	12,638,000	12,858,000	13,081,000	13,295,000
Percent originating	55.2%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%
Percent connecting	44.8%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%
Landed weight (1,000 pound units)										
Passenger airlines										
United Airlines										
Mainline	8,896,601	8,149,000	8,093,000	8,094,000	8,095,000	8,097,000	8,098,000	8,099,000	8,100,000	8,102,000
United Express	4,826,269	4,452,000	4,758,000	4,781,000	4,804,000	4,827,000	4,851,000	4,874,000	4,898,000	4,899,000
	13,722,869	12,851,000	12,851,000	12,875,000	12,899,000	12,924,000	12,949,000	12,973,000	12,998,000	13,001,000
Frontier Airlines	6,678,707	6,301,000	6,235,000	6,234,000	6,234,000	6,233,000	6,233,000	6,232,000	6,231,000	6,231,000
Southwest Airlines	6,656,232	7,257,000	7,443,000	7,656,000	7,868,000	8,077,000	8,285,000	8,489,000	8,690,000	8,887,000
Other	4,246,558	4,291,000	4,253,000	4,253,000	4,252,000	4,252,000	4,249,000	4,250,000	4,250,000	4,249,000
Total passenger airlines	31,304,366	30,782,000	30,782,000	31,018,000	31,253,000	31,486,000	31,716,000	31,944,000	32,169,000	32,368,000
All-cargo airlines	1,207,406	1,193,000	1,192,000	1,191,000	1,189,000	1,188,000	1,187,000	1,186,000	1,185,000	1,184,000
Total landed weight	32,511,773	31,643,000	31,974,000	32,209,000	32,442,000	32,674,000	32,903,000	33,130,000	33,354,000	33,552,000
Annual percent increase (decrease)	--%	(2.7%)	1.0%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%

Sources: Historical: Airport management records.
Estimated: LeighFisher, September 2012, based on actual data for January through June 2012.
Forecast: LeighFisher, September 2012.

2012 Estimate of Enplaned Passengers

In 2012, the number of enplaned passengers is estimated to total 26.5 million, a 0.2% increase from the number enplaned in 2011, reflecting actual data for January through June 2012, published flight schedules for the Airport, and announced airline service additions at the Airport.

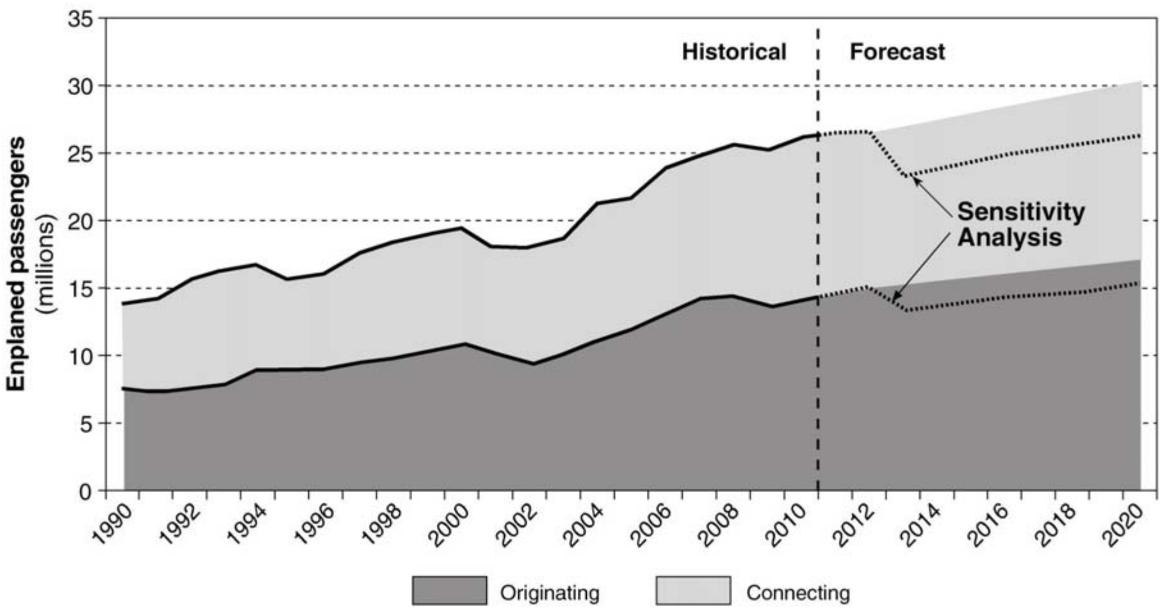
Baseline Forecast of Enplaned Passengers

From 2012 through 2020, the number of passengers enplaned at the Airport is forecast to increase an average of 1.8% per year, to 30.5 million in 2020. In its most recent *Terminal Area Forecast* for the Airport (published December 2011), the FAA forecasts an average annual increase of 2.3% in the number of enplaned passengers at the Airport between 2010 (the base year of the FAA forecasts) and 2020.

Figure 24

HISTORICAL AND FORECAST ENPLANED PASSENGERS

Denver International Airport



The forecasts presented in this figure were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

Sources: Historical—Airport management records.
Forecast—LeighFisher, September 2012.

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Table 20
BASELINE FORECASTS AND SENSITIVITY ANALYSIS PROJECTIONS
Denver International Airport
2011 – 2020

The forecasts and projections presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts and projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast/projected and actual results, and those differences may be material.

	Historical	Estimated	Forecast/Projected							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
BASELINE FORECASTS										
Enplaned passengers										
Originating	14,595,225	14,952,000	15,248,000	15,531,000	15,808,000	16,087,000	16,370,000	16,655,000	16,942,000	17,220,000
Connecting	11,860,570	11,545,000	11,773,000	11,992,000	12,205,000	12,421,000	12,638,000	12,858,000	13,081,000	13,295,000
Total	26,455,795	26,497,000	27,021,000	27,523,000	28,013,000	28,508,000	29,008,000	29,513,000	30,023,000	30,515,000
Annual percent increase (decrease)	--%	0.2%	2.0%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.6%
Percent originating	55.2%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%
Percent connecting	44.8%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%	43.6%
Landed weight (1,000 pound units)	32,511,773	31,643,000	31,974,000	32,209,000	32,442,000	32,674,000	32,903,000	33,130,000	33,354,000	33,552,000
SENSITIVITY ANALYSIS PROJECTIONS										
Enplaned passengers										
Originating	14,595,225	14,952,000	13,480,000	13,750,000	14,011,000	14,275,000	14,541,000	14,810,000	15,081,000	15,345,000
Connecting	11,860,570	11,545,000	9,831,000	9,999,000	10,159,000	10,320,000	10,483,000	10,647,000	10,813,000	10,960,000
Total	26,455,795	26,497,000	23,311,000	23,749,000	24,170,000	24,595,000	25,024,000	25,457,000	25,894,000	26,305,000
Annual percent increase (decrease)	--%	0.2%	(12.0%)	1.9%	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%
Percent originating	55.2%	56.4%	57.8%	57.9%	58.0%	58.0%	58.1%	58.2%	58.2%	58.3%
Percent connecting	44.8%	43.6%	42.2%	42.1%	42.0%	42.0%	41.9%	41.8%	41.8%	41.7%
Percent of baseline forecast		100.0%	86.3%	86.3%	86.3%	86.3%	86.3%	86.3%	86.2%	86.2%
Landed weight (1,000 pound units)	32,511,773	31,643,000	27,737,000	27,937,000	28,135,000	28,332,000	28,527,000	28,720,000	28,910,000	29,064,000
Percent of baseline forecast		100.0%	86.7%	86.7%	86.7%	86.7%	86.7%	86.7%	86.7%	86.7%

Sources: Historical: Airport management records.
Estimated: LeighFisher, September 2012, based on actual data for January through June 2012.
Forecast and Projected: LeighFisher, September 2012.

Sensitivity Analysis Projections of Enplaned Passengers

Projections of enplaned passengers were developed to provide the basis for a sensitivity test of the Airport's forecast financial results (presented later in this report) to a hypothetical reduction in passenger numbers such as could occur under conditions of slow economic growth, restricted seat capacity, higher airfares resulting from a spike in oil prices, an unexpected geopolitical event, and reduced overall airline service. The sensitivity analysis projections of enplaned passengers at the Airport for 2012 through 2020 are presented in Table 20.

It was hypothesized that, for the sensitivity analysis projection relative to the baseline forecast:

- Weak economic conditions would depress disposable income and airline travel demand in the short-term.
- Overall airline service at the Airport would be reduced, such as could occur if a spike in oil prices caused all airlines to reduce service at the Airport.
- Significant increases in airfares together with reductions in disposable income would result in a 10% decrease in the number of originating passengers at the Airport in 2013.
- The level of connecting service now provided would decrease 15% in 2013 and would not be replaced by other airlines.
- Airline service patterns would stabilize after 2013 and would thereafter increase at rates similar to those in the baseline forecast.

In the sensitivity analysis projection, by 2020, the overall number of enplaned passengers would be 26.3 million versus 30.5 million in the baseline forecast. Relative to the baseline forecast, the total number of enplaned passengers would be 12.0% lower. Originating passengers would account for 58.3% of the total, more than the share in the baseline forecast.

Landed Weight

Under the baseline forecast, aircraft landed weight is forecast to increase from an estimated 31.6 million 1,000-pound units in 2012 to 33.6 million 1,000-pound units in 2020. The forecast growth in landed weight is slightly lower than that for enplaned passengers, reflecting an assumed gradual increase in the enplaned passenger load factors at the Airport. Corresponding assumptions were made for the sensitivity analysis projection, resulting in a projection of 29.1 million 1,000-pound units of landed weight in 2020.

FINANCIAL ANALYSIS

FRAMEWORK FOR AIRPORT SYSTEM FINANCIAL OPERATIONS

The City accounts for Airport System financial operations according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance, as discussed below. Other key documents that influence the financial operations of the Airport are the PFC Supplemental Bond Ordinance, the Subordinate Bond Ordinance, and the Airport use and lease agreements.

All financial exhibits are presented at the end of this report.

General Bond Ordinance

Improvements to the Airport System have been financed largely through the City's issuance of Airport System Revenue Bonds under the General Bond Ordinance and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the Subordinate Bond Ordinance.

The General Bond Ordinance sets forth the covenants of the City with respect to, among other things for the Airport System:

- Issuing additional Bonds
- Establishing rentals, rates, fees, and charges for use of the Airport and its facilities
- Paying O&M Expenses and Debt Service Requirements, among other costs, as discussed later in this financial analysis

Pursuant to the General Bond Ordinance, the City can also issue Special Facilities Bonds to fund the cost of facilities related to or used in connection with the Airport System. Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues and, therefore, were not considered in this report.

In the General Bond Ordinance, the City covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year*, Gross Revenues together with Other Available Funds will, at all times, be at least sufficient to provide for the payment of O&M Expenses for such Fiscal Year, and the larger of either (1) the total amount of required deposits to various Airport System funds and accounts during such Fiscal Year, or (2) 125% of the aggregate Debt Service Requirements on Senior Bonds for such Fiscal Year. This provision of the General Bond Ordinance is referred to as the Rate Maintenance Covenant.

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*The City's Fiscal Year is the same as the calendar year.

According to unaudited City data for the first 6 months of 2012, the City had accumulated at least 25% of annual Debt Service Requirements in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the General Bond Ordinance; such funds can be used by the City to meet the Rate Maintenance Covenant on Senior Bonds up to 25% of the Debt Service Requirements on such Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account so as to maintain a balance equal to approximately 25% of the Debt Service Requirements on Senior Bonds and to apply such amounts as Other Available Funds each year of the forecast period (through 2020) in the calculation of the Rate Maintenance Covenant.

PFC Supplemental Bond Ordinance

The City imposes a $4.50 PFC per eligible enplaned passenger at the Airport, as approved by the FAA. Under various FAA approvals, the City has the authority to use approximately $3.3 billion in PFC revenues for PFC-eligible project costs at the Airport. Through 2011, the City had collected $1.3 billion of the total PFC collections authorized by the FAA.

Under a PFC Supplemental Bond Ordinance, the PFC Fund and two subaccounts—the PFC Debt Service Account and the PFC Project Account—were established for the annual deposit and use of PFC revenues. Revenue from the $3.00 portion of the $4.50 PFC is defined as Committed Passenger Facility Charges and revenue from the $1.50 portion of the $4.50 PFC is defined as Designated Passenger Facility Charges.

Committed Passenger Facility Charges. The City has irrevocably committed to apply revenue from Committed Passenger Facility Charges in 2012 and 2013, up to certain specified maximum amounts (the Maximum Committed Amounts), to pay debt service on Senior Bonds. Committed Passenger Facility Charges are not currently defined as Gross Revenues of the Airport and are not expected to be defined as such during the forecast period.

Under a proposed PFC Supplemental Bond Ordinance to be adopted by the City prior to the issuance of the 2012 Bonds, the City intends to irrevocably commit revenue from Committed Passenger Facility Charges to pay Debt Service Requirements in 2013 through 2018.

For purposes of calculating debt service coverage under the Rate Maintenance Covenant, the General Bond Ordinance allows the City to exclude any debt service irrevocably committed to be paid from the PFC Debt Service Account (effectively, for purposes of this report, the Committed Passenger Facility Charges revenue) from the calculation of Debt Service Requirements on Senior Bonds.

Designated Passenger Facility Charges. Revenue from Designated Passenger Facility Charges would be deposited in the Revenue Fund, included as Gross Revenues of the Airport, and included as Net Revenues in calculating debt service coverage under the Rate Maintenance Covenant.

Under a proposed Supplemental Bond Ordinance to be adopted by the City prior to the issuance of the 2012 Bonds, the City intends to continue defining revenue from Designated Passenger Facility Charges as Gross Revenues in 2013 through 2018. Unlike revenue from Committed Passenger Facility Charges, revenue from Designated Passenger Facility Charges are not irrevocably committed to pay Debt Service Requirements, but may be used by the City to pay Debt Service Requirements during the forecast period. Any Debt Service Requirements paid from Designated Passenger Facility Charges revenue would be included in the calculation of debt service coverage under the Rate Maintenance Covenant.

Subordinate Bond Ordinance

In the Subordinate Bond Ordinance, the City covenants to fix, revise, charge, and collect rentals, rates, fees, and other charges for the use of the Airport System so that, in each Fiscal Year, Gross Revenues, together with Other Available Funds, will at all times be at least sufficient to provide for the payment of Operation and Maintenance Expenses for such Fiscal Year and the greater of either (1) the amounts needed to make the required deposits in the same Fiscal Year to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund, the Subordinate Bond Fund, and the Operation and Maintenance Reserve Account or (2) an amount not less than 110% of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year.

The City may amend the Subordinate Bond Ordinance during the forecast period, but any such amendments would generally require subordinate lien bondholder consent and Denver City Council approval.

The financial forecasts presented in this report were prepared in accordance with the existing Subordinate Bond Ordinance. The City has stated that it does not intend to pursue the adoption of any amendment to the Subordinate Bond Ordinance if, in the City's opinion, the adopted amendments would materially change forecast debt service coverage calculated pursuant to the Subordinate Bond Ordinance and presented in this report.

Airport Use and Lease Agreements

The City and certain airlines serving the Airport have executed Airport use and lease agreements, as amended, that provide for, among other things: (1) the use and lease of space at the Airport, (2) the basis for calculating and recalculating rentals, rates, fees, and charges paid by the airlines operating at the Airport, and (3) the majority-in-interest (MII) rights of the airlines regarding changes to the methodology for establishing their rentals, rates, fees, and charges. The Airport use and lease agreements also:

- Provide that 50% of the Net Revenues remaining at the end of each year, up to a maximum of $40.0 million, and after all other requirements are satisfied, is to be credited to the airlines signatory to the agreement in the following year through the Airline Revenue Credit Account.

- Contain a provision stating that, notwithstanding any other provision of the agreements regarding rate-making methodologies or rentals, rates, fees, and charges, the rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance Covenant each year.

United's Airport Use and Lease Agreement. United Airlines enplanes the largest share of passengers and leases the largest amount of space and facilities at the Airport under an amended use and lease agreement (the United Agreement) scheduled to expire in 2025.

Various amendments to the United Agreement have been adopted, mostly focusing on mitigating the annual costs associated with the nonoperational automated baggage system (ABS), which United ceased using in 2005, and maintaining United's commitment to continue using the Airport as a connecting hub in its route network.

In 2005 and 2006, the United Agreement was amended to reduce the annual costs associated with the ABS through 2025, the final year of the United Agreement (the 2005 Amendment and the 2006 Amendment). These amendments reduced the costs that would otherwise have been paid by United by approximately $21 million per year through 2025. The amended United Agreement allows the City to cease or reduce, and subsequently restate, the cost reductions under certain conditions, but the City does not currently expect any of those conditions to be met during the forecast period.

In addition, United agreed to enplane no fewer than 7.7 million revenue-connecting passengers at the Airport each year through 2025, which applies to all revenue-connecting passengers enplaned by the United Airlines Group. The United Airlines Group enplaned 6.6 revenue-connecting-passengers in 2011, which did not meet its revenue-connecting-passenger target for that year. United's failure to reach its targeted passenger level does not constitute a default under the United Agreement, but allows the City to decrease United's portion of the deposit to the Airline Revenue Credit Account by an amount equal to $6.00 for each revenue-connecting passenger below the target number, provided that the total reduction does not exceed United's share of the Airline Revenue Credit Account in the then-current year.

Based on the airline traffic forecasts presented in the "Airline Traffic Analysis" section of this report, United would not meet its revenue-connecting-passenger target pursuant to the 2005 Amendment from 2012 through 2020 and the City would then decrease United's portion of the deposit to the Airline Revenue Credit Account in those years by $4.5 million to $8.5 million per year.

In May 2012, the City and United further amended the United Agreement (the 2012 Amendment) to provide conditional rent relief related to the remaining unused and nonoperational ABS. The 2012 Amendment became effective in July 2012 when the City completed certain conditions precedent, including:

- Removing and reclassifying unused and nonoperational baggage system space from United's leasehold premises on Concourse B
- Removing approximately 61,000 square feet of space from future ABS rates and charges
- Using approximately $92.5 million of non-PFC Airport cash to defease approximately $81.3 million in total outstanding Bond principal associated with the released space
- Allocating amounts equivalent to approximately 75% of future $1.50 PFC revenue to the Terminal Complex to pay existing PFC-approved debt service.

The effect of the 2012 Amendment will be to further reduce rentals, rates, fees, and charges for airlines leasing space in the Terminal Complex, including United, and to make the Airport more cost-competitive for existing and future airlines serving the Airport.

Under the 2012 Amendment, United agreed that it would pay all or a portion of the $92.5 million in costs the City expended in defeasing the Bond principal associated with the released space if the number of available seat miles (ASMs) flown by the United Airlines Group at the Airport falls below certain levels stated in the 2012 Amendment. United may also be required to repay all of the costs if one of the partial termination events set forth in the 2012 Amendment occurs, including the ASM number for the United Airlines Group falling below a certain base level. In the event that United is obligated to repay all or a portion of costs expended to defease the Bond principal, the amount of such repayment would be deposited to the Airport Capital Fund and would not be included in Airport Gross Revenues.

On a calendar year basis using actual information, a determination would be made if the level of ASMs flown by United was above or below the stated ASM levels in the 2012 Amendment and if United is required to repay all or a portion of the costs described above. While this report includes forecasts of aviation activity levels, the report does not include forecasts of future ASM levels and as such, no determination is made regarding payments, if any, that United may be obligated to make to the City pursuant to the 2012 Amendment.

The City entered into discussions with the FAA regarding the 2012 Amendment and has provided detailed information to the FAA, including the proposed use of revenue from the $1.50 PFC to pay currently approved PFC-eligible debt service. As of the date of this report, the FAA has indicated it will be completing its review soon.

United may terminate the United Agreement, as supplemented and amended, if its cost per enplaned revenue passenger at the Airport exceeds $20 (in 1990 dollars) in any given year. United's cost per enplaned revenue passenger at the Airport is not expected to exceed $20 during the forecast period, as shown in Exhibit E.

Other Airline Airport Use and Lease Agreements. The airlines listed in Table 21 operate at the Airport under a holdover provision of Airport use and lease agreements that expired on December 31, 2011. It is the City's expectation that the airlines listed in the table and discussed in this section will execute new Airport use and lease agreements, which would be effective from January 1, 2012, through December 31, 2016.

According to the City, Frontier Airlines will reduce the number of gates and space it leases at the Airport when it executes the new Airport use and lease agreement. The reduction would consist of four gates and associated Terminal Complex space. For purposes of this report, it was assumed that all of these facilities will be leased by other airlines effective January 1, 2013.

Table 21
OTHER AIRLINE AIRPORT USE AND LEASE AGREEMENTS AND NUMBER OF GATES LEASED (in parentheses)

AirTran Airways *(a)*	Delta Air Lines (5)
Alaska Airlines (1)	Frontier Airlines (18) *(c)*
American Airlines (3) *(b)*	Southwest Airlines (19)
	US Airways (2)

(a) AirTran Airways is owned by Southwest Airlines and operates at gates leased by Southwest.
(b) American Airlines filed for Chapter 11 bankruptcy protection on November 29, 2011, and is operating at the Airport under the holdover provision of its recently expired agreement. The City expects that American will execute the new Airport use and lease agreement as part of its restructuring.
(c) As stated earlier, Frontier will reduce the number of gates it leases at the Airport from 18 to 14 under a new Airport use and lease agreement.

Source: Airport management records.

Certain other airlines also operate at the Airport under the holdover provision of their expired Airport use and lease agreement. These airlines, which do not lease gates in the Terminal Complex, but use Airport facilities, include: American Eagle, Compass Airlines, ExpressJet Airlines, GoJet Airlines, Great Lakes Aviation, JetBlue Airways, Mesa Airlines, Republic Airlines, Shuttle America, and SkyWest Airlines. Many of these are regional airlines that have code-sharing agreements with the airlines listed in Table 21. The City also has Airport use and lease agreements with the following foreign-flag passenger airlines: Aeromexico, Air Canada, British Airways, Icelandair, and Lufthansa German Airlines.

As the new Airport use and lease agreements expire during the forecast period, the City expects to renegotiate the agreements with business provisions that would result in similar Airport financial performance as provided for under the new Airport use and lease agreements.

The City has also executed Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this financial analysis. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

AIRPORT CAPITAL PROGRAM

Airport management has prepared a 6-year Airport capital program spanning 2013 through 2018 (the 2013-2018 Capital Program), which includes Airport facilities projects with the following purposes:

- Major maintenance
- Expansion
- Capacity enhancements
- Upgrades and improvements
- Revenue-generating

The projects in the 2013-2018 Capital Program are described below and are estimated by the City to cost approximately $1.1 billion. The cost of the 2013-2018 Capital Program shown in Exhibit A presented at the end of this report includes an allowance for inflation based on the start and end dates for each project.

Airfield Area and Concourse Apron

- Rehabilitate taxiways and runways as part of the City's pavement management plan
- Construct a high-speed taxiway to improve airfield efficiency
- Install taxiway lights to improve operations on the airfield

Terminal Complex and Automated Guideway Transit System

- Improve existing concourses, including replacement of loading bridges and escalators, and other improvements
- Relocate the baggage system security screening function to the Landside Terminal Building
- Improve building systems, including fire protection, electrical and mechanical, heating and cooling, and communications and information technology
- Upgrade the AGTS computer hardware and software programs

Roadways, Public Parking, and Ground Transportation

- Rehabilitate Peña Boulevard
- Construct a new public parking garage
- Rehabilitate pavement in targeted roadway and parking areas, and replace access bridges to the public parking garages

Other Airport Areas

- Improve waste water systems
- Improve the Airport information technology infrastructure

South Terminal Redevelopment Program

The Regional Transportation District (RTD) is in the process of constructing a rail line to connect Denver Union Station with the Airport. The expansion of rail service to the Airport is expected to be completed by 2016 and will largely be funded by Denver Transit Partners, a concessionaire selected by RTD to construct this line. Fare revenues to ride the new rail service to and from the Airport will not be included in Gross Revenues of the Airport.

As part of RTD's expansion program, the Department of Aviation is required to finance and build a "terminal-to-station" interface pursuant to an intergovernmental agreement (IGA) between RTD and the Department. The Department is responsible for operating and maintaining only certain portions of the terminal-to-station interface. The IGA provides that the Department will grant a lease to RTD with an initial term of 50 years, and up to three renewal periods of 15 years each, with each renewal subject to FAA approval.

The Department engaged several firms to assist in managing, designing, and constructing the South Terminal Redevelopment Program (STRP). As of the date of this report, the conceptual STRP design includes a variety of integrated project elements, as follows:

- Design and construction of a train station with public circulation space and two RTD tracks. The Department is planning for the station to provide additional capacity to accommodate future transportation modes.

- Expansion of the AGTS to provide additional service capacity to the existing concourses.

- Design and construction of a plaza to provide public access between the Landside Terminal Building, the train station, and, as discussed below, a proposed hotel. The plaza area may also include future concessions for Airport passengers.

- Design and construction of a proposed 519-room, full-service hotel and conference center on top of the plaza and the rail station. Access to the hotel would be provided from the Landside Terminal Building, the plaza, the train station, and certain existing public parking facilities.

The conceptual design of the STRP also includes, but is not limited to, the following additional projects: (1) realignment of certain on-Airport roadways that serve the Landside Terminal Building to accommodate the rail lines, (2) the space and infrastructure for the future buildout of additional passenger security screening facilities, (3) relocation of certain utilities, and (4) passenger and baggage check-in facilities.

The Department has established a budget of approximately $500 million (in 2012 dollars) for the STRP, which includes all of the project elements described above.

The scope and size of the STRP were designed to meet a $500 million budget. The Department is obligated under the IGA to construct and have available a train station for use and testing by January 2014. Any reduction in the scope and size of the STRP would likely occur in non-revenue-producing areas of the proposed STRP, given that the proposed hotel is expected to be financially self-sustaining when it opens, based, in part, on projections prepared by a hospitality consultant to the City.

PLAN OF FINANCING

The major sources of funds the City expects to use for the 2013-2018 Capital Program are shown in Exhibits A and B, and are discussed below. To the extent that the City does not receive the funding from federal grants, proceeds of Senior Bonds issued prior to 2012, and other sources shown in Exhibit A, the City would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional Bonds, or (3) use additional Airport equity.

Federal Grants

The City is eligible to receive FAA grants-in-aid under the Airport Improvement Program (AIP) for up to 75% of the costs of eligible projects. Certain of these grants are to be received as entitlement grants, the annual amounts of which are calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Discretionary grants are awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports nationwide.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) will continue from Federal Fiscal Year (FFY) 2012 through FFY 2015 (ending September 30) under the FAA Modernization and Reform Act of 2012 (the 2012 Act), which provides approximately $3.35 billion of AIP funding each year.

The federal funding shown in Exhibit A reflects entitlement and discretionary grants the City expects to receive during the forecast period, based in part on prior levels of federal funding and the recently authorized 2012 Act. Federal grants-in-aid assumed to be applied to fund 2013-2018 Capital Program costs are equal to approximately $66.6. If expected entitlement and discretionary funding levels are not achieved, the Department intends to revise its AIP-eligible projects in the 2013-2018 Capital Program.

Purchase Agreements

The City has entered into Master Installment Purchase Agreements (the Purchase Agreements) with GE Public Finance; Siemens Financial Services, Inc.; Chase Equipment Leasing Inc.; Koch Financial Corporation; and Sovereign Leasing, LLC. (the Financing Companies), which allow the City to take loans to fund equipment acquisitions and installations at the Airport. The City has taken such loans for certain projects at the Airport.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at annual interest rates between 1.9% and 5.0%. Please refer to the later section of this report entitled "Application of Revenues" regarding the priority for making installment purchase payments to the Financing Companies relative to other City obligations under the General Bond Ordinance.

Prior Bond Proceeds

The City intends to use approximately $81.2 million in net proceeds from the issuance of Airport System Revenue Bonds that were originally issued to fund Airport improvements, but the proceeds of which are now to be used to fund a portion of the cost of the 2013-2018 Capital Program.

Series 2012A Bonds

The Series 2012A Bonds are expected to be subject to the AMT with a fixed interest rate and issued to:

- Current refund and defease the following approximate amounts:
  (a) $63.6 million in principal outstanding of the Series 2002E Bonds,
  (b) $134.5 million in principal outstanding of the Series 2003A Bonds, and
  (c) $56.0 million of Subordinate Commercial Paper Notes expended on projects in the 2013-2018 Capital Program.

- Reimburse approximately $8.2 million of Capital Fund moneys spent on projects in the 2013-2018 Capital Program.

- Fund approximately $70.3 million of project costs in the 2013-2018 Capital Program and pay capitalized interest on that portion of the Series 2012A Bonds.

- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance.

- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the 2012 Bonds.

Series 2012B Bonds

The Series 2012B Bonds are not expected to be subject to the AMT, to have a fixed interest rate, and to be issued to:

- Current refund and defease approximately $103.4 million in principal outstanding of the Series 1998B Bonds.

- Fund approximately $318.9 million of project costs in the 2013-2018 Capital Program, which would include the proposed hotel at the Airport as well as other projects in the Capital Program, and pay capitalized interest on that portion of the Series 2012B Bonds.

- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance.

- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the 2012 Bonds.

Approximately $453.4 million in net proceeds of the 2012 Bonds, which reflects that portion of the 2012 Bonds to be issued to fund projects in the 2013-2018 Capital Program, to current refund and defease Subordinate Commercial Paper Notes and to reimburse Capital Fund balances, are considered additional Bonds under Section 704B of the General Bond Ordinance and, as such, the City is required to retain an Airport Consultant to demonstrate the City's compliance with the covenant for issuing additional Bonds prior to issuing that portion of the 2012 Bonds. The City retained LeighFisher as the Airport Consultant for this purpose and compliance with the additional Bonds test is to be determined and the results are to be provided to the City in connection with the issuance of $453.4 million in net proceeds of the 2012 Bonds.

The City's plans to current refund and defease, and advance refund the specific series of Bonds described above are dependent upon market conditions at the time of pricing, which may change:

- The amount of Bond principal that would be refunded at the time of pricing.

- The specific series of Bonds that would be refunded. The City may elect to current refund and defease approximately $104.1 million in principal outstanding of the Series 1998A Bonds, advance refund approximately $27.5 million in principal outstanding of the Series 2003A Bonds, and advance refund approximately $75.5 million in principal outstanding of the Series 2003B Bonds.

- The tax status of a portion of the Series 2012A Bonds from tax-exempt to taxable, which may be issued by the City as a separate series of the 2012 Bonds (e.g. the Series 2012C Bonds).

Debt service savings, if any, from Bonds that may be refunded by the City in 2012 and in the future are not included in the financial forecasts presented in this report.

Future 2012 Bonds

Depending on market conditions and other factors, the City may issue an additional series of bonds in 2012 following the issuance of the 2012 Bonds (the Future 2012 Bonds). The Future 2012 Bonds were assumed to be issued as Subordinate Bonds under the Subordinate Bond Ordinance adopted by the City in 1997. The purpose of the Future 2012 Bonds would be to fund approximately $202.3 million in 2013-2018 Capital Program costs and to pay certain costs of issuing the Bonds. The City is under no obligation to issue the Future 2012 Bonds or to issue them as Subordinate Bonds. If the Future 2012 Bonds are not issued, the City expects to fund the costs of projects in the 2013-2018 Capital Program with proceeds from the issuance of additional Bonds in 2013 and future years.

Future Planned Bonds

Exhibit B also shows the aggregate sources and uses of funds for Future Planned Bonds. Together with estimated FAA grants-in-aid and prior Bond proceeds, the proceeds of Future Planned Bonds would be used to:

- Fund approximately $339.2 million of 2013-2018 Capital Program costs.
- Pay capitalized interest on Future Planned Bonds.
- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement.
- Pay the costs of issuance for Future Planned Bonds.

The Future Planned Bonds were assumed to be issued as Senior Bonds under the General Bond Ordinance.

During the forecast period, the City may decide to fund more of the 2013-2018 Capital Program costs from the net proceeds of Subordinate Bonds, which decision would be based on a number of factors at the time of issuance, such as (1) the type of project to be financed (i.e., major maintenance or revenue-producing), (2) the difference in interest rates between Senior and Subordinate Bonds, and (3) the implications, if any, on the Airport's debt service coverage ratio; airline rentals, rates, fees, and charges; and credit rating, among other factors, by issuing Subordinate Bonds.

To fund portions of the 2013-2018 Capital Program on an interim basis, the City may use the proceeds from the issuance of Subordinate Commercial Paper Notes and the Purchase Agreements to, among other things: (1) minimize the City's overall cost of issuing Bonds and (2) fund project and equipment costs during construction. Use of these sources of funds for purposes other than those described above, however, was not assumed for purposes of the plan of financing for the 2013-2018 Capital Program.

PASSENGER FACILITY CHARGE REVENUES

The forecast of annual PFC revenues is based on: (1) the airline traffic forecasts presented in the section entitled "Airline Traffic Forecasts" and (2) an assumed 89% of passengers qualifying to pay a PFC, which reflects recent historical levels of qualifying passengers at the Airport.

Exhibit C presents forecast revenues from Committed Passenger Facility Charges, the use of those revenues to pay Debt Service Requirements, and the net Debt Service Requirements that are used to calculate debt service coverage under the General Bond Ordinance and the Subordinate Bond Ordinance.

Exhibit C also presents forecast revenues from Designated Passenger Facility Charges and the use of those revenues—along with Committed Passenger Facility Charges revenue—to pay Debt Service Requirements during the forecast period. The City intends to use a majority of Designated Passenger Facility Charges revenue to pay Debt Service Requirements allocable to the Terminal Complex, consistent with the 2012 Amendment to the United Agreement.

All of the forecast revenue from Committed Passenger Facility Charges and Designated Passenger Facility Charges were assumed to be used to pay existing FAA-approved PFC-eligible Debt Service Requirements or to pay Debt Service Requirements on projects in the 2013-2018 Capital Program that were assumed to be PFC-eligible and FAA-approved in the future.

The net Debt Service Requirements used to calculate airline rentals, rates, fees, and charges are shown on Exhibit C, and in Exhibit C-1.

DEBT SERVICE REQUIREMENTS

Exhibit C presents annual Debt Service Requirements of Outstanding Bonds, the 2012 Bonds, Future 2012 Bonds, and Future Planned Bonds. Debt Service Requirements for historical years are based on audited results provided by the City. Debt service is shown net of capitalized interest, Committed Passenger Facility Charges revenue, and amounts in escrow to be used to economically defease certain Senior Bonds.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions.

Under these agreements, the City's obligation to make payments to the financial institutions is subordinate to the City's payment of debt service on Senior Bonds.

2012 Bonds

Debt Service Requirements on the 2012 Bonds were estimated by the City's Financial Consultant based on the following assumptions:

	Series 2012A Bonds	Series 2012B Bonds
Delivery date	October 15, 2012	October 15, 2012
Final maturity	November 15, 2042	November 15, 2042
Assumed interest rate	4.96%	4.77%

Future 2012 Bonds and Future Planned Bonds

Based on information provided by the City's Financial Consultant, Debt Service Requirements on the Future 2012 Bonds and Future Planned Bonds are also shown in Exhibit C and reflect (1) allowances for future changes in bond interest rates and (2) varying bond terms of 20 years and 30 years.

Allocation of Debt Service to Cost Centers

Exhibit C-1 summarizes the allocation of net Debt Service Requirements to Airport System cost centers in accordance with procedures and formulas specified in the Airport use and lease agreements.

OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents O&M Expenses by object type and by Airport System cost center. The amounts for historical years reflect audited financial results for the Airport System.

Budgeted 2012 Operation and Maintenance Expenses

O&M Expenses for 2012 are based on the City's budget,* and are approximately 8.5% higher than actual O&M Expenses for 2011.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports, and which was the case in 2011 and will be the case in 2012 and throughout the forecast period. Personnel services include all salaries, wages, and benefits for filled staff positions; for budgeting purposes, such expenses are included for vacant positions.

The next largest category of expense at the Airport is professional services, which include management and other contracts for the provision of the following services at the Airport (from highest to lowest cost):

- Bombardier Transportation, which maintains the AGTS pursuant to a contract with the City in effect from January 2011 through December 2017.

- AMPCO Transportation Services, which provides shuttle bus service from remote parking lots to the Terminal Complex. The City reimburses AMPCO for the actual cost of providing this service. The contract between the City and AMPCO Transportation Services is scheduled to expire in 2014.

- ISS, which provides janitorial services in the Terminal Complex pursuant to a contract that is to be effective from September 16, 2012, for a 3-year term, with two 1-year extensions.

- Standard Parking/DAJA International, which operates and manages the public parking facilities at the Airport under a contract that includes reimbursement to Standard Parking for its expenses. The contract between the City and Standard Parking/DAJA International is scheduled to expire in 2014.

As these and other contracts and agreements expire during the forecast period, the City expects to enter into new contracts or agreements that would provide for a similar or better level of service, and similar or lower annual costs to the City.

Other major expense categories include guard services and utilities. Electricity costs for tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to tenants, and are not included in Airport O&M Expenses. Expenses associated with baggage handling and fueling systems—which are owned by the City—are paid directly by the airlines through third-party operator arrangements.

Budgeted 2012 O&M Expenses were allocated to Airport cost centers by Department of Aviation staff based on historical Airport operations, airport industry practices, provisions in the Airport use and lease agreements, and other considerations.

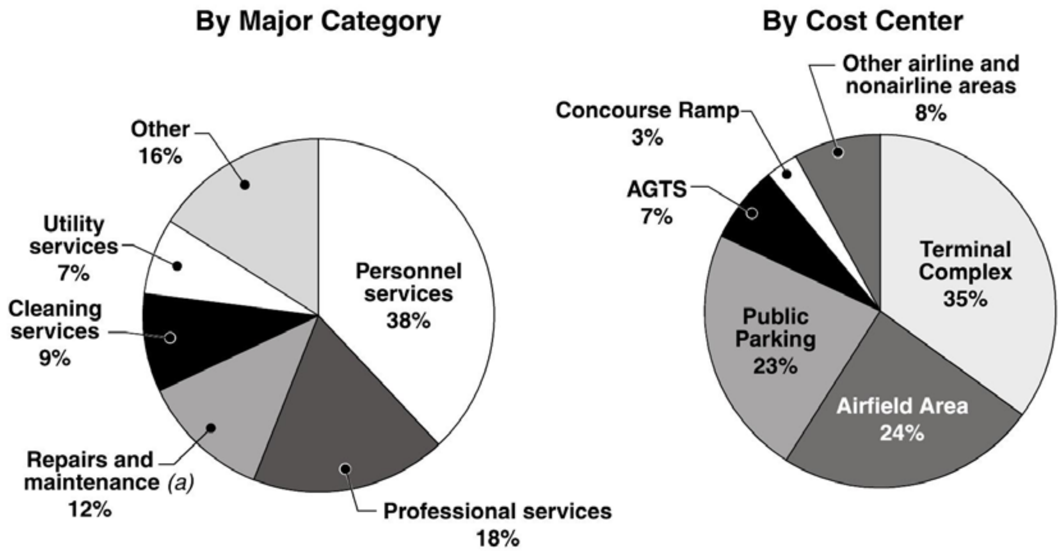
Estimated 2013 Operation and Maintenance Expenses

The City's estimated O&M Expenses for 2013 are approximately 3.7% higher than budgeted 2012 O&M Expenses. The major categories of O&M Expenses for 2013 and the distribution of expenses among Airport cost centers are shown on Figure 25.

Figure 25

2011 BUDGETED OPERATION AND MAINTENANCE EXPENSES

Denver International Airport



(a) Includes maintenance costs for the AGTS.

Source: Airport management records.

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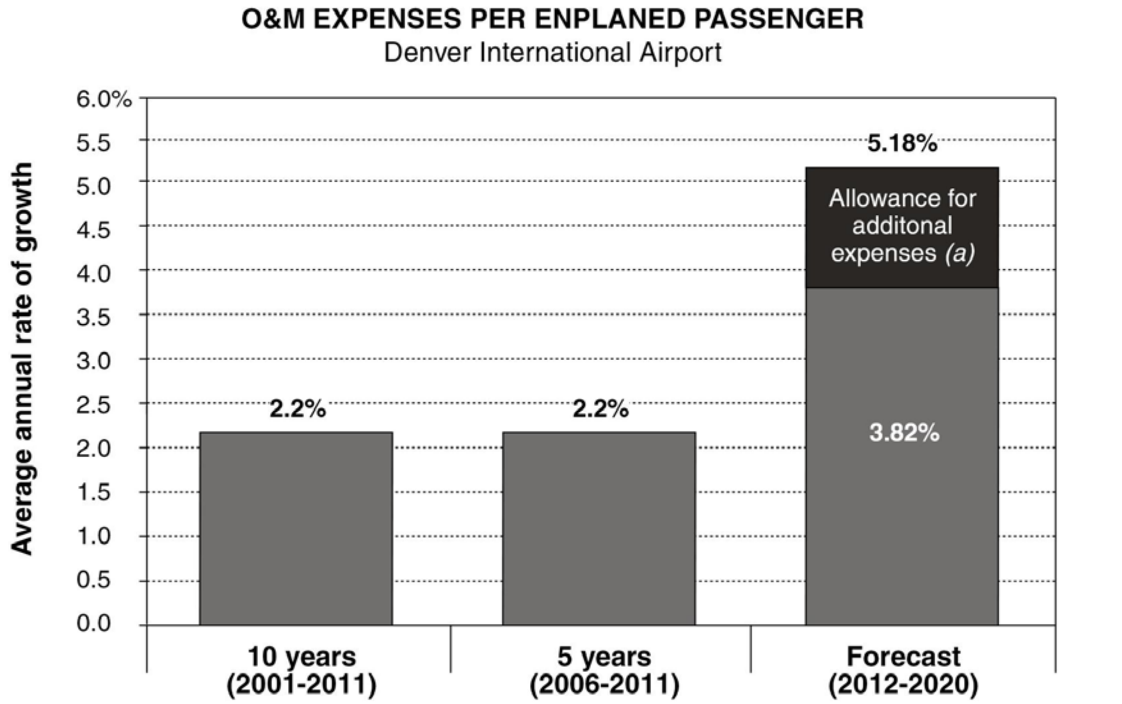
Forecast 2014-2020 Operation and Maintenance Expenses

In 2011, Airport management completed a strategic business plan after a review of potential financial results for the Airport under various assumptions regarding capital investments at the Airport, rates of growth in airline traffic, and other factors. As a result of this planning effort, the Department established goals and targets for managing future O&M Expenses—one of the largest annual costs of the Airport.

O&M Expenses per enplaned passenger at the Airport increased approximately 2.2% per year for the most recent 10-year and 5-year periods (through 2011). The relationship between O&M Expenses and numbers of enplaned passengers was analyzed because the cost of operating and maintaining an airport is typically tied to numbers of passengers, among other factors. A comparison of historical and forecast O&M Expenses per enplaned passenger is presented on Figure 26. The rate of growth in O&M Expenses from 2012 through 2020 reflects, in part, the assumption that O&M Expenses will increase as facilities in the 2013-2018 Capital Program are completed and available for use, including the STRP and the proposed hotel.

Figure 26



Source: Airport management records for historical data. The forecast results are based on the O&M Expenses presented in Exhibit D and the forecast of enplaned passengers presented in Table 19 of this report.

(a) Reflects an allowance for additional O&M Expenses associated with projects in the 2013-2018 Capital Program

Forecast O&M Expenses for existing facilities and allowances for additional O&M Expenses associated with projects in the 2013-2018 Capital Program that are expected to be completed and the facilities operational during the forecast period reflect the following targeted goals established by Airport management:

- Personnel expenses would increase 4% per year, consistent with expected cost of living adjustments during each year of the forecast period.
- From 2013 through 2020, all non-personnel expenses would increase at a rate equal to 1% more than the annual rate of inflation in the Denver area for the 5-year period 2007 through 2011*, which is equal to 2.2% per year.

GROSS REVENUES

Table 22 presents the major sources of Gross Revenues for the Airport. Line-item details for airline rentals, rates, fees, and charges and nonairline revenues are shown in Exhibits E and F, respectively.

*Source: U.S. Department of Labor, Bureau of Labor Statistics, from www.bls.gov, accessed August 13, 2012.

Table 22
GROSS REVENUES
Denver International Airport

	Actual 2011		Forecast 2020	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, rates, fees, and charges				
Landing fees	$116,320	16.6%	$195,800	20.4%
Terminal Complex rentals	72,594	10.4	73,600	7.6
Tenant finishes and equipment charges	65,774	9.4	40,500	4.2
Baggage system fees	29,186	4.2	32,500	3.4
Other	66,457	9.5	103,400	10.7
Total airline revenues	$350,332	50.0%	$445,800	46.3%
Nonairline revenues				
Terminal Complex concessions *(a)*	$ 46,045	6.6%	$ 72,700	7.5%
Public automobile parking	127,033	18.1	196,000	20.3
Rental car privilege fees	35,943	5.1	44,100	4.6
Other terminal revenues *(b)*	21,819	3.1	69,600	7.2
Building and ground rentals	15,489	2.2	11,100	1.2
Other	44,602	6.4	55,000	5.7
Total nonairline revenues	$290,931	41.5%	$448,500	46.5%
Designated PFC revenues *(c)*	34,403	4.9	40,000	4.1%
Interest income	25,487	3.6	30,000	3.1
Total Gross Revenues *(d)*	$701,152	100.0%	$964,300	100.0%

Note: Columns may not add to totals shown because of rounding.

(a) Includes revenues from food and beverage, merchandise, and terminal services.
(b) Includes revenues from employee parking, rental car service and storage areas, ground transportation, and other terminal space rentals.
(c) Under a Supplemental Bond Ordinance, the Designated Passenger Facility Charges revenues are considered Gross Revenues of the Airport.
(d) The amount shown for 2011 does not match the amount reported in Table 25 because of the manner in which certain year-end settlements and adjustments are calculated for rentals, rates, fees, and charges.

Source: Actual—Airport management records.

The following sections discuss the basis for and assumptions used to forecast the financial results of the Airport throughout the forecast period.

AIRLINE RENTALS, FEES, AND CHARGES

Historical and forecast airline rentals, rates, fees, and charges, in total and expressed on a per enplaned passenger basis, for the Airport, for United Airlines and for other airlines serving the Airport are shown in Exhibit E. In 2011, airline rentals, rates, fees, and charges represented 50.0% of Airport Gross Revenues.

Required Airport costs in the airline rate base include allocable amounts of:

1. Operation and Maintenance Expenses

2. Debt Service Requirements on Bonds issued for (a) the Airport, net of Committed Passenger Facility Charges, and (b) Airport land acquisition

3. Amortization of City investments before and after the opening of the Airport on February 28, 1995

Other costs included in the calculation of airline rentals, rates, fees, and charges include, but are not limited to: (1) deposits to funds and accounts established under the General Bond Ordinance, as necessary, including the O&M Reserve Account, (2) equipment and capital outlay expenditures, and (3) the cost of City-used space in the Terminal Complex. The assumptions underlying the forecasts of Debt Service Requirements and O&M Expenses—the two largest components of Airport costs included in airline rentals, rates, fees, and charges—were presented earlier in this report. The costs allocable to airline cost centers and used to forecast airline rentals, rates, fees, and charges are shown in Exhibit C-1 for Debt Service Requirements and Exhibit D for O&M Expenses.

Amortization charges for certain City investments are calculated over 30 years (except for the cost of certain equipment that is to be amortized over 5 years) at the weighted average effective interest cost for all fixed-rate Bonds issued on behalf of the Airport. City investments after the Airport opened are amortized over 15 years. Also included in amortization charges are payments that the City expects to make to the Financing Companies under the Purchase Agreements, net of AIP grants-in-aid and Transportation Security Administration grants, are included as a "rate-base" cost in the forecast of airline rentals, rates, fees, and charges.

Interest income on amounts in the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on amounts in the Interest and Principal accounts of the Bond Fund is credited to Airport System cost centers in the same proportion as the allocation of debt service. Nonsignatory airline landing fees and other nonairline revenues are credited to the landing fee rate base to determine the landing fee to be paid by the Signatory Airlines.

As discussed in the earlier section "Airport Use and Lease Agreements," the City is obligated to achieve certain reductions in rentals, rates, fees, and charges under various amendments to the United Agreement. Such reductions were assumed to be achieved during the forecast period.

The following subsections summarize the rate-making methodologies and assumptions used to forecast airline rentals, rates, fees, and charges. The calculation of the airline landing fee rate is shown in Exhibit E-1 and the calculation of the average Terminal Complex rental rate is shown in Exhibit E-2.

Landing Fees

Exhibit E-1 shows the landing fees, calculated according to a cost-center residual cost rate-making methodology, under which the net requirements allocable to the Airfield Area are recovered through landing fees assessed per 1,000-pound units of airline aircraft landed weight.

Airfield Area costs to be recovered through landing fees are expected to increase during the forecast period as airfield projects are completed and the City begins to include related debt service and other costs in the airline rate base.

The Signatory Airlines were assumed to account for a significant portion of total forecast landed weight each year.

Terminal Complex Rentals

Terminal Complex rental rates are set to recover the net requirement of the Terminal Complex calculated according to a commercial compensatory rate-making methodology. The net requirement is divided by total rentable space to determine the average rental rate per square foot for that space. Airlines are charged this average rate for space they actually rent, except for approximately 93,400 square feet of space on Concourse B, which is charged at 65% of the average rental rate. Exhibit E-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal Building and concourses).

Tenant Finishes and Equipment Charges

Tenant finishes and equipment charges are assessed to recover City investments in terminal and concourse finishes, as well as baggage sortation space and equipment.

Other Airline Fees and Charges

Other airline fees and charges shown in Exhibit E include ABS fees, conventional baggage system fees, concourse ramp fees, AGTS charges, international facility fees, and fueling system charges. Such fees and charges are set according to a compensatory rate-making methodology to recover the costs associated with such facilities.

For those airlines that are not signatory to the Airport use and lease agreements, the City assesses fees and charges following procedures consistent with those outlined in the Airport use and lease agreements, at a premium of 20% over Signatory Airline rentals, rates, fees, and charges. In addition, the nonsignatory airlines do not share in the year-end Net Revenue credit.

NONAIRLINE REVENUES

Nonairline properties and tenants at the Airport are managed by the Commercial Division of the Department of Aviation. While managing and maintaining its existing businesses and tenants at the Airport, the Commercial Division continues to focus on certain key initiatives that will continue throughout the forecast period.

Terminal Complex Concessions

The City leases space to concessionaires pursuant to concession agreements, which provide for payment to the City of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a reestablishment clause that allows the City to adjust rental rates, within certain parameters, if necessary to satisfy the Rate Maintenance Covenant. In 2011, revenues from Terminal Complex concessions represented 6.6% of Gross Revenues.

During the forecast period, a large number of existing terminal and specialty retail program concession agreements are scheduled to expire, which will provide the City with an opportunity to rebid the agreements to incorporate new concepts and, potentially, new concessionaires. The City believes that refreshing and expanding the in-terminal concessions will not only increase the passenger's experience at the Airport, but also increase the revenues earned by the City from these locations. The "Premium Value Concessions Program," which was implemented by the City in 2011 and allows the City to retain the best performing concessionaries at the Airport, as measured by sales and customer satisfaction, among other factors, is expected to contribute to increases in concessions revenue during the forecast period.

The forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers presented earlier in Table 19 , (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned passenger basis, (3) allowances for inflation of approximately 2.3% per year, (4) allowances for improved revenues to the Airport of 2.5% per year from 2013 through 2017, based on the expiration of a majority of agreements during that period and the City's intention to rebid new concession agreements, as mentioned above, and (5) the terms and conditions of agreements with the City. Additional assumptions are noted below.

Food and Beverage. The food and beverage concession agreements provide for percentage fee revenues to the City ranging from 10% to 20% of gross revenues or a minimum annual guarantee, whichever is higher. Recent performance trends were taken into account in forecasting food and beverage concession revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

Specialty Retail. The specialty retail and merchandise concession agreements provide for percentage revenues to the City that range from 10% to 20% of gross revenues or a minimum annual guarantee, whichever is higher. Recent performance trends were taken into account in forecasting specialty retail and merchandise concession revenues, including implementation of a new merchandise kiosk program in 2011. Revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

Services. Services include telephones, advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, and other services. In general, these services are provided by concessionaires that pay the City the higher of a percentage of gross revenues or a minimum annual guarantee, depending on the type of service provided. For most concessionaires, the estimated percentage fee is greater than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

Outside Nonairline Revenues

Outside nonairline revenues are generated from public automobile parking, rental car privilege fees, and ground transportation services.

Public Automobile Parking. Public automobile parking at the Airport is provided in parking structures, surface lots adjacent to the Landside Terminal Building, and remote parking lots. In 2011, public parking revenues accounted for 18.1% of total Gross Revenues.

Table 23 lists the City-owned parking facilities at the Airport, the number of spaces in each facility, and parking rates in the facilities, which are adjusted by the City from time-to-time. The 2013-2018 Capital Program includes construction of a new public parking garage on the east side of the Landside Terminal Building. The new garage is estimated to open in 2015 and to add approximately 1,700 parking spaces to the 14,038 public parking spaces currently available at the Airport.

Standard Parking/DAJA International operates and manages the public parking facilities at the Airport under a management contract with the City. Under this contract, the City retains all rights to increase parking rates.

The City also has an agreement with LRW Investment Company, scheduled to expire on October 31, 2028, to operate WallyPark, an automobile parking lot located on Airport property, and to provide its customers courtesy vehicle service between WallyPark and the Landside Terminal Building. The agreement with LRW Investment Company was recently extended from 2014 through 2028 as part of an amendment, which obligates LRW to expand its existing public parking facilities at the Airport.

Table 23
CURRENT AIRPORT PUBLIC PARKING FACILITIES AND RATES

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages	14,038	$21	$2 per hour
Valet	642	$30	$11 first hour
			$2 each additional hour
Long-term surface parking	8,497	$11	$1
Remote surface parking	17,536	$7	$1
	40,713		

Source: Airport management records.

Published daily rates for the approximate 1,500 parking spaces at this facility are $11.95 for self-parking and $15.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City receives the greater of (1) a minimum annual guarantee equal to 85% of the previous year's payment to the City or (2) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. Revenue from WallyPark is included under Ground Transportation in Exhibit F.

Off-Airport parking facilities near Denver International Airport consist of a number of alternatives offering approximately 15,000 parking spaces. Off-Airport parking operators provide courtesy vehicle service to and from the Landside Terminal Building, and are subject to an off-Airport parking privilege fee that was effective in 2010.

The off-Airport parking privilege fee is equal to 8.0% of the gross revenues from off-Airport parking companies, including DIA Park, Parking Spot, Canopy Airport Parking, and US Airport. In 2011, approximately $1.2 million in Airport revenues were generated from the off-Airport parking privilege fee, which is included under Ground Transportation in Exhibit F.

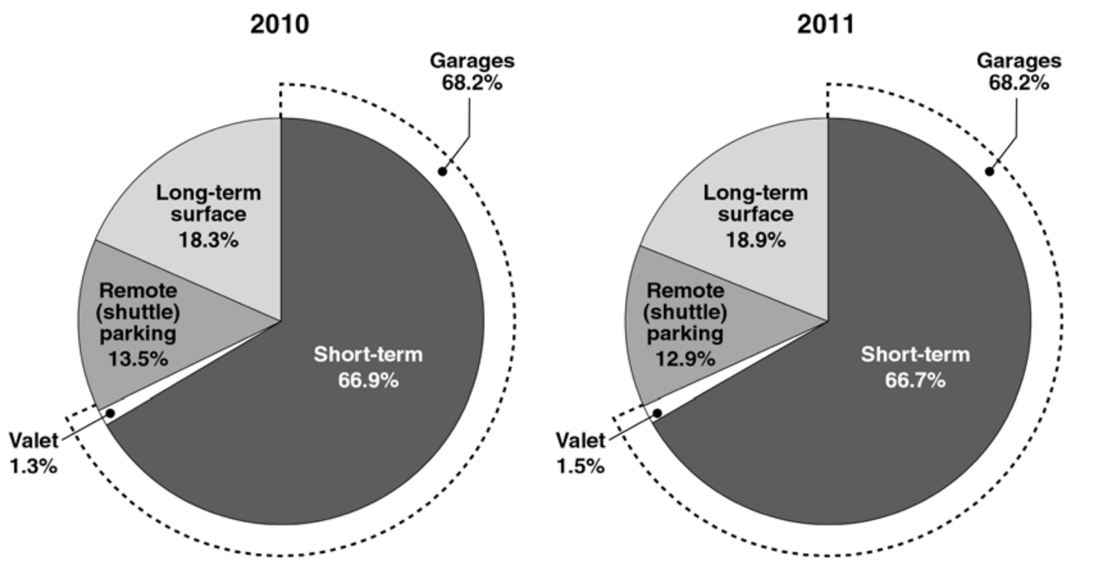
In 2011, all off-Airport parking companies filed a petition for an administrative hearing to review the validity of the new fee, and the new fee was subsequently upheld. In March 2012, the same off-Airport parking companies filed for judicial review of the administrative hearing. As of the date of this report, the outcome of the March 2012 filing for judicial review is unknown, but it was assumed for purposes of this report that the City would continue to impose and collect off-Airport parking privilege fees during the forecast period.

Figure 27 shows parking transactions—a measure of customer use—for 2010 and 2011, the results of which are almost identical.

Figure 27

PUBLIC PARKING TRANSACTIONS

Denver International Airport



Source: Airport management records using available, but unaudited data for 2010 and 2011.

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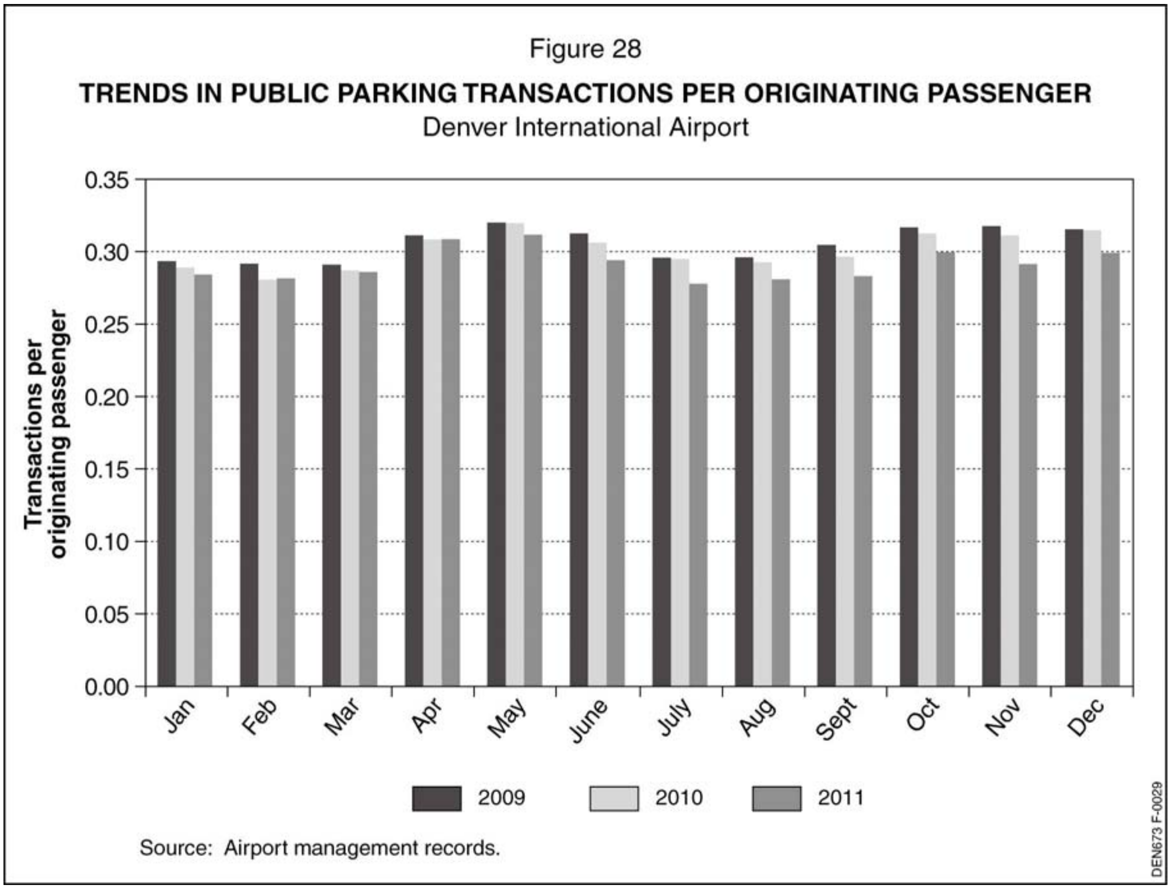
As shown on Figure 27, use of the Airport's public parking facilities remained relatively constant in 2010 and 2011.

The number of transactions per originating passenger—a measure of the proportion of originating passengers who choose to park in Department-operated facilities—has decreased over the last 3 years, as shown on Figure 28.



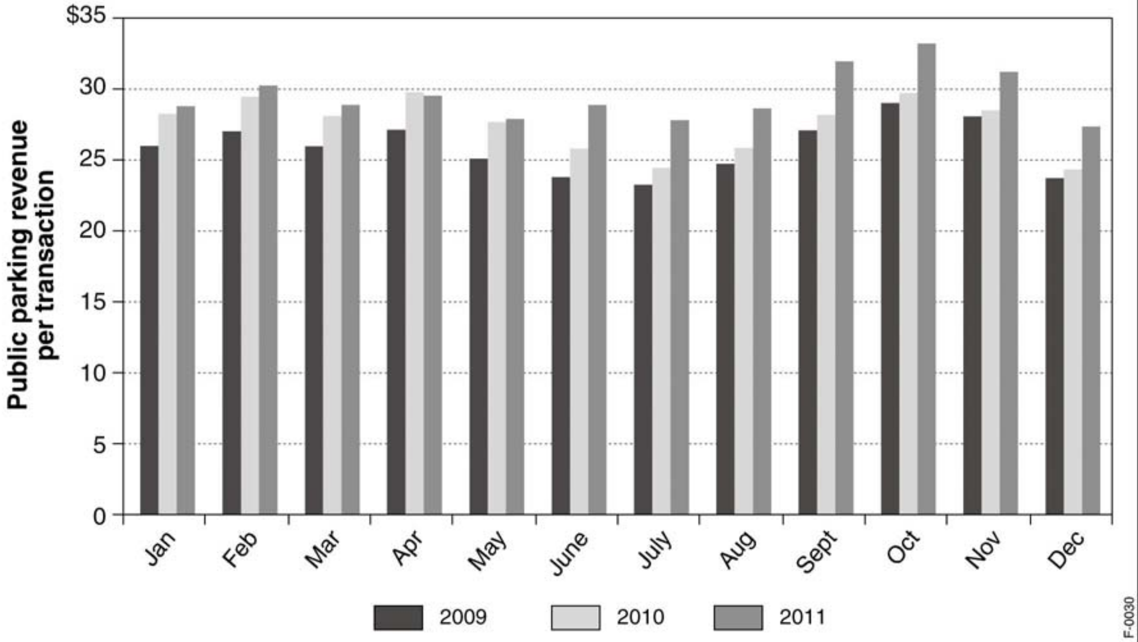
On-Airport public parking revenue per transaction—a measure of customers' parking duration as well as their choice of on-Airport parking facility— is shown on Figure 29 for 2009 through 2011.

As shown on Figure 29, public parking revenue per transaction exhibit a seasonal pattern—with lower revenue per transaction during the summer months (May through August). This pattern reflects the preference of long-duration, nonbusiness customers to park in the remote surface lots (lower-priced facilities). The average revenue per transaction increased between 2009 and 2010, reflecting the 2009 parking rate increase in the long term and remote surface lots, and increased again following a parking rate increase that became effective in June 2011.

Figure 29

TRENDS IN PUBLIC PARKING REVENUE PER TRANSACTION

Denver International Airport



Source: Airport management records.

For the financial forecasts, it was assumed that (1) the proportion of passengers using each Airport-operated parking facility will remain consistent with prior year trends, (2) the average number of transactions per originating passenger, which has declined in recent years, will stabilize and increase with the addition of the proposed public parking garage in 2015, and (3) public parking revenue per transaction would increase with the addition of the public parking garage and the assumed use of the new garage spaces rather than lower-priced facilities (i.e., economy and remote surface lots) as well as assumed parking rate increases during the forecast period.

Public automobile parking revenues were forecast on the basis of (1) recent trends in transactions per originating passenger and public parking revenue per transaction, (2) forecast increases in the number of originating passengers, (3) the addition of new public parking spaces in 2015, and a resulting increase in the number of customers using on-Airport parking facilities, as well as higher-priced facilities, and (4) parking rate increases in all lots from mid-2013 through 2020 equaling the assumed rate of inflation (2.3% per year).

Rental Car Revenues. The City has agreements and leases with on-Airport rental car companies, both of which are scheduled to expire on January 1, 2014, as follows:

- ***A concession agreement***, which requires each on-Airport rental car company to pay the City 10% of its annual gross revenues or a minimum annual guarantee, whichever is higher. The minimum annual guarantee is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest minimum annual guarantee for any previous year.

  The City has concession agreements with: Advantage Rent A Car, Alamo Rent A Car, Avis Rent A Car System, Budget Rent A Car System, Dollar Rent A Car, Enterprise Rent-A-Car, E-Z Rent-A-Car, Fox Rent A Car, The Hertz Corporation, National Car Rental, Payless Car Rental, and Thrifty Car Rental.

  In 2011, rental car privilege fee revenues accounted for 5.1% of Gross Revenues, as shown in Exhibit F under "Outside Concession Revenues."

- ***A Special Facilities Ground Lease***, under which each on-Airport rental car company pays:

  – Facilities rentals to cover its pro rata share of debt service on the Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds (Rental Car Bonds) issued to finance Airport improvements for the rental car companies. The Special Facilities Ground Lease is scheduled to expire on January 1, 2014, or, if later, upon the payment, in full of the Rental Car Bonds. When one of these two events occurs, the Special Facilities Ground Lease and the provisions thereunder will no longer be effective.

  – Administrative expenses.

  – Ground rentals for land leased from the City north of Peña Boulevard.

  – Additional rentals in an annual amount equal to 10% of the depreciated cost of constructing the original facilities.

The ground rentals and additional rentals paid by the rental car companies under the Special Facilities Ground Leases are considered Gross Revenues of the Airport System, and are shown in Exhibit F under "Other Terminal Revenues." The other rentals and fees paid by the rental car companies are related to Special Facilities Bonds and are not considered Gross Revenues.

The City has Special Facilities Ground Leases with Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, and Thrifty. The City has separate agreements with E-Z and Fox, both of which pay ground rentals to the City.

As of the date of this report, the City expects that, prior to expiration of the leases and agreements mentioned above, it will likely rebid the on-Airport rental car concession privilege, which may or may not result in the same number of on-Airport rental car companies in the future. Likely business arrangements with the successful on-Airport rental car companies are as follows:

- ***A concession agreement***, which would be for 5 years and have similar terms and conditions as those in the current concession agreement.

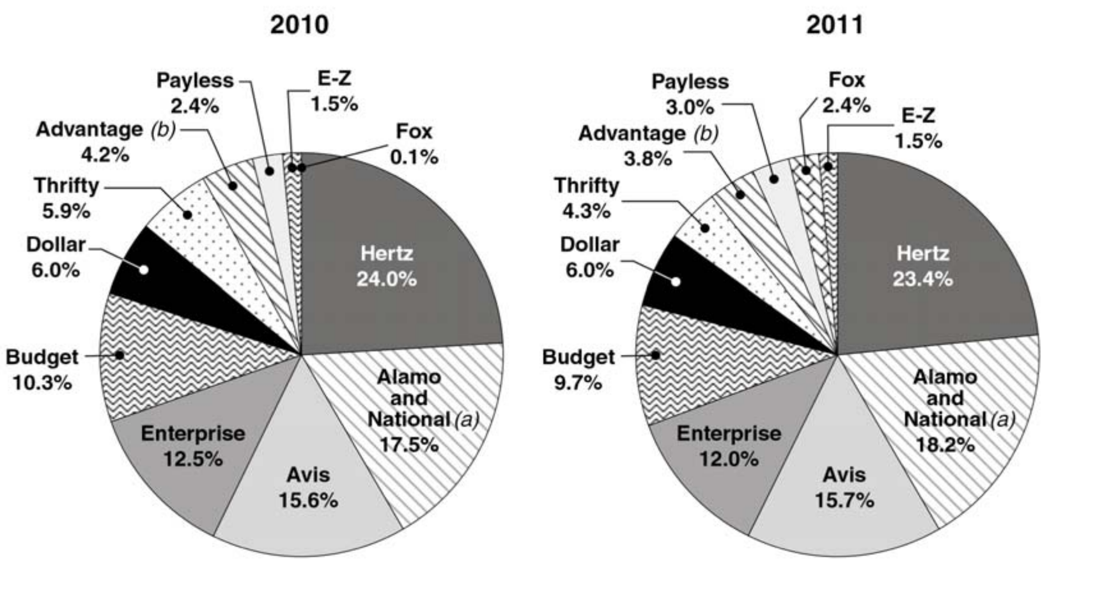
- ***A building and ground rent lease***, which may have a term of 10 years or 15 years, and would provide for payment to the City of at least (1) ground rent, (2) building rent, and (3) O&M Expenses, if any, allocable to the rental car facilities.

Figure 30 presents the market shares of gross revenue by on-Airport rental car companies in 2010 and 2011.

Figure 30

ON-AIRPORT RENTAL CAR COMPANY MARKET SHARES

Denver International Airport



(a) Alamo and National operate as rental car brands under Vanguard Car Rental USA, Inc.
(b) Owned by Hertz.
Source: Airport management records.

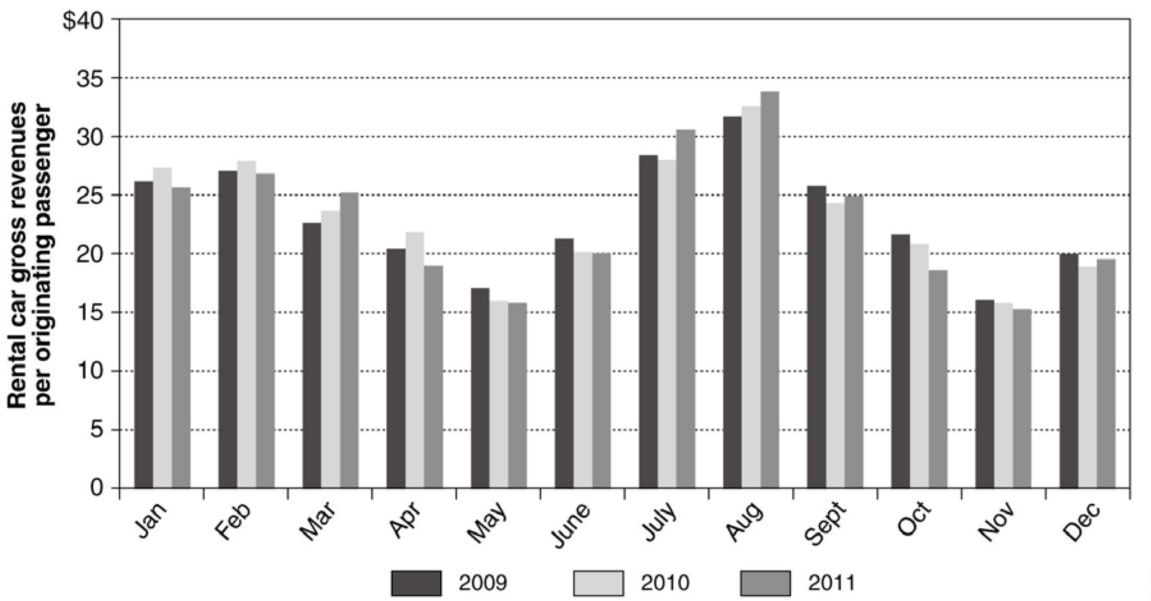
According to publicly available records, Hertz Global Holdings has reached agreement to sell Advantage Rent A Car to Franchise Services of North America Inc. and Macquarie Capital. The actual timing of the sale is not known as of the date of this report. In addition, Hertz Global Holdings has stated that it has plans to acquire Dollar Rent A Car and Thrifty Car Rental, the closing date of which is not known as of the date of this report. The market shares of Advantage, Dollar, and Thrifty, as measured by gross revenue at the Airport, are shown on Figure 30. Given prior consolidations and acquisitions in the rental car industry, the actions by Hertz were not assumed to materially change the performance of the rental car concessions at the Airport during the forecast period.

Figure 31 presents the monthly trend in rental car gross revenues per originating passenger* at the Airport from 2009 through 2011.

Figure 31

TRENDS IN RENTAL CAR GROSS REVENUES PER ORIGINATING PASSENGER

Denver International Airport



Source: Airport management records.

Total rental car gross revenues increased 2.8% between 2009 and 2010 and total rental car gross revenues per originating passenger were essentially the same from year-to-year. In 2011, total rental car gross revenues increased 2.7% and total rental car gross revenues per originating passenger were essentially the same for the second year in a row.

*The best approximation of the average revenue generated per rental car contract transaction.

Rental car privilege fee revenues were forecast on the basis of:

- Forecast numbers of originating passengers, as presented earlier in this report

- The City's expectation that, when the existing agreements and leases expire in 2014, it will be able to rebid and/or negotiate terms and conditions with on-Airport rental car companies that would produce similar or higher rental car revenues to the City.

- Moderate increases in the average daily rate per rental car transaction, assumed to equal 50% of the assumed rate of inflation (2.3% per year) during the forecast period. The assumed increase in the average daily rate results from the assumption that the on-Airport rental car companies will continue to manage their vehicle fleets in a manner that will result in higher daily rates over the long term.

Revenues from building and ground rentals were assumed to increase with inflation during each year of the forecast period.

Ground Transportation Services. The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, and off-Airport parking vans) operating at the Airport on the basis of the frequency and duration of their use of the terminal roadways and curbside. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks both the frequency and duration of use by each commercial vehicle operator.

Other Terminal Revenues

Other sources of terminal revenues include employee parking fees, rental car service and storage area rentals, additional building rentals, and other terminal space rentals. Other terminal revenues accounted for 3.1% of Gross Revenues in 2011.

Employee Parking. The City operates two employee parking lots north of Peña Boulevard. Employee parking is also provided in the two lots adjacent to the parking garages in the Terminal Complex and in the administration building. Employees (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lot under a contract with AMPCO Transportation Services.

Airport Hotel. The South Terminal Redevelopment Program includes construction of a proposed 519-room, full service hotel on top of the plaza and the rail station. The hotel would be accessed from the Landside Terminal Building, the plaza, and the train station. The proposed hotel would be owned by the City and financed from the net proceeds of the 2012 Bonds, which are assumed to be issued as Senior Bonds.

The City has three agreements with Westin. The agreements provide for Westin involvement, as follows: (1) consulting on design and programming (the Development Consulting Services Agreement), (2) pre-opening services, which includes those activities necessary to open the hotel (the Pre-Opening Services Agreement), and (3) hotel operation and management (Hotel Management Agreement). The Hotel Management Agreement is to be effective upon the date of beneficial occupancy of the hotel and is scheduled to expire 15 years from that date. Under the Hotel Management Agreement, Westin is to be paid a management fee and receive reimbursement for certain operating expenses.

The City expects to work with Westin management to update the Hotel Management Agreement to provide for, among other things, a later opening date than that currently provided in the Hotel Management Agreement. The City expects this agreement to be appropriately updated by amendment and does not expect the amendment to change any material terms of the current business arrangements with Westin.

All of the annual revenues, expenses,* and Debt Service Requirements associated with the hotel would be the responsibility of the City and are reflected in the financial forecasts presented in this report. For purposes of this report, we relied upon the projections of revenues, expenses, and deposits to reserve accounts prepared by PKF Consulting USA and described by such as conservative, which are presented in Addendum E of their report entitled *Market Demand and Financial Analysis, The Westin Denver International Airport, Denver, Colorado*, dated September 18, 2012. The report can be seen at http://business.flydenver.com/stats/financials/reports.asp#hotel.

Estimated annual Debt Service Requirements associated with the 2012 Bonds, a portion of which would be used to fund the cost of constructing the hotel, were provided by the City's Financial Consultant.

According to the City, any hotel revenues remaining after hotel-specific O&M Expenses and Debt Service Requirements are paid are to be deposited in a Redemption Account, which will be used in the future by the City to defease the principal outstanding of the Bonds issued to fund hotel project costs, which is reflected in Exhibit G.

Other Terminal Space. The City also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

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*Some of the hotel expenses are expected to be classified as O&M Expenses and other expenses would constitute obligations to be paid from the Junior Lien Obligation Fund, which is a fund the City expects to create by adopting a Supplemental Subordinate Bond Ordinance prior to the opening of the proposed hotel. See Figure 32.

Airfield Area Revenues

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, and fuel flowage fees.

The City owns all of the mineral rights to all land within the boundaries of the Airport. In addition to the sources of nonairline Airfield Area revenues listed above, the City also receives oil and gas revenues. In 2010, the City completed a transaction to buy back a lease from Petro Canada Resources U.S.A., which previously managed and operated the on-Airport oil and gas program for the City.

In 2011, oil and gas revenues were approximately $7.1 million, significantly higher than prior year revenues (see Exhibit F). According to the City, the increase is the result of the increased price of oil in the open market, as well as direct control over operation and management of the on-Airport oil and gas program. One additional well is currently being prepared for production, and the City's expectation is that two additional wells over approximately the next 12 months may be prepared for oil production. According to the City, the production value of existing wells will decline over time, but would likely be offset by increases in oil production from the new wells mentioned above. The other major factor in the amount of oil and gas revenues received each year by the City is the price of oil in the market.

Building and Ground Rentals. Building and ground rentals include rentals for cargo, airline maintenance, and general aviation facilities at the Airport. In Exhibit F, these revenues are summarized as follows: North Airline Support Area, South Airline Support Area, South Cargo Area, and General Aviation Area. Most of the facilities in the North and South Airline Support and Cargo Areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2011, building and ground rentals accounted for 2.2% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project in 1995, but then abandoned when cargo operations were established at the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The City establishes building and ground rentals for the facilities it financed with the proceeds of Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

Facilities Financed with Senior Bonds. The City owns and financed the construction of cargo buildings, cargo ramp, and ground service equipment areas, which are leased to the cargo tenants listed in Table 24 under cargo use and lease agreements. The lease expiration date for each tenant is also shown in Table 24.

Table 24
AIRLINES SIGNATORY TO CARGO USE AND LEASE AGREEMENTS

ABX Air (February 2015)	Key Lime Air (December 2011) *(a)*
Air General (December 2011) *(a)*	Swissport Cargo (December 2016)
DHL Express (February 2015)	UPS Air Cargo (December 2011) *(a)*
FedEx (February 2023)	

(a) These airlines are currently operating at the Airport under a holdover provision in their recently expired Airport use and lease agreements. The City expects each airline to execute a new Airport use and lease agreement, which would have a term from January 1, 2012, through December 31, 2016.

As these and other agreements expire during the forecast period, the City also expects that it will negotiate agreements with similar terms and conditions.

The City has a 25-year agreement with United Airlines for maintenance hangar, in-flight kitchen, cargo, and ground service equipment facilities that were financed with a portion of the net proceeds of the Series 1992B and Series 1992C Bonds. The agreement with United Airlines provides for, among other things, the repayment of debt service on the Senior Bonds issued for United's facilities.

Facilities Financed with Special Facilities Bonds. In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City issued Special Facilities Bonds to finance a line maintenance hangar and other facilities for United Airlines. As stated earlier, Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues of the Airport.

United leases approximately 500,000 square feet of land for facilities that were financed with proceeds from the sale of Special Facilities Bonds. These bonds were refunded in June 2007. United pays ground rent for the land it leases under its Special Facilities and Ground Lease with the City, which is scheduled to expire on October 1, 2023.

Other Existing Facilities. The U.S. Postal Service (USPS) financed its sorting and distribution facility at the Airport. Under an agreement with the City, which is scheduled to expire in May 2013, the USPS pays ground rent for the areas of the Airport that it uses. According to the City, the USPS has notified the City that it is planning to execute an option to extend its agreement with the City for an additional 5-years.

General aviation area revenues shown in Exhibit F include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the City, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site at the Airport and provides fixed base operator services for corporate and other aircraft.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the occupancy of building and ground space leased as of January 1, 2011, was assumed throughout the forecast period, (2) the City will continue to establish ground rentals in a manner consistent with its adopted policy, and (3) cargo building rentals are to be established each year based on the costs included in the calculation of rentals, rates, fees, and charges.

New Commercial Development. In 2012, the City announced its "Airport City Concept" for Denver International Airport, which focuses on the development of districts over the next 30 to 50 years based on specific industry clusters, including, but not limited to: aviation, aerospace, logistics, renewable energy, bioscience, and agriculture technology. A key element of the Airport City Concept is the successful development of accessible and efficient transportation infrastructure, including the RTD rail lines from Denver's Union Station to the Airport.

The financial forecasts included in this report do not include any revenues that might result from the Airport City Concept.

Other Revenues

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown in Exhibit F. Under legislation enacted by the State of Colorado, the City receives approximately 65% of aviation fuel tax proceeds collected by the State.

The City also receives revenues from a tax it imposes on fuel sold at the Airport.

Interest Income

Interest income on investments of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund) is defined as Gross Revenues under the General Bond Ordinance. In 2011, interest income accounted for 3.6% of Gross Revenues.

The forecast of interest income (as shown in Exhibit G) are based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on moneys in the Bond Reserve Fund and Bond Fund is applied as a credit to all cost centers (in the same proportion as the allocation of Debt Service Requirements) in calculating rentals, rates, fees, and charges for the passenger airlines under the Airport use and lease agreements and for the cargo airlines under the cargo use and lease agreements.

APPLICATION OF REVENUES

Exhibit G presents the forecast application of Gross Revenues, including Designated Passenger Facility Charges revenues, to the various funds and accounts under the General Bond Ordinance, as described below and shown on Figure 32.

The General Bond Ordinance provides that the Gross Revenues of the Airport are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the General Bond Ordinance.

Gross Revenues remaining after the payment of O&M Expenses, Debt Service Requirements on Senior Bonds and Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each Fiscal Year. Under the Airport use and lease agreements, certain accounts were established within the Capital Fund, as also shown on Figure 32.

Under various City ordinances, master purchase payments to the Financing Companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for purposes of this report that the City will make installment purchase payments to the Financing Companies during the forecast period and that the funds to make those payments will come from the Equipment and Capital Outlay Account.

The balance is to flow to the *Capital Improvement Account* to be used for any lawful Airport System purpose.

DEBT SERVICE COVERAGE

Exhibit H shows forecast Net Revenues and the calculation of debt service coverage according to the Rate Maintenance Covenant of the General Bond Ordinance.

Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant in each year of the forecast period for Senior Bonds and the 110% requirement of the Subordinate Bond Rate Maintenance Covenant in each year of the forecast period for Senior and Subordinate Bonds.

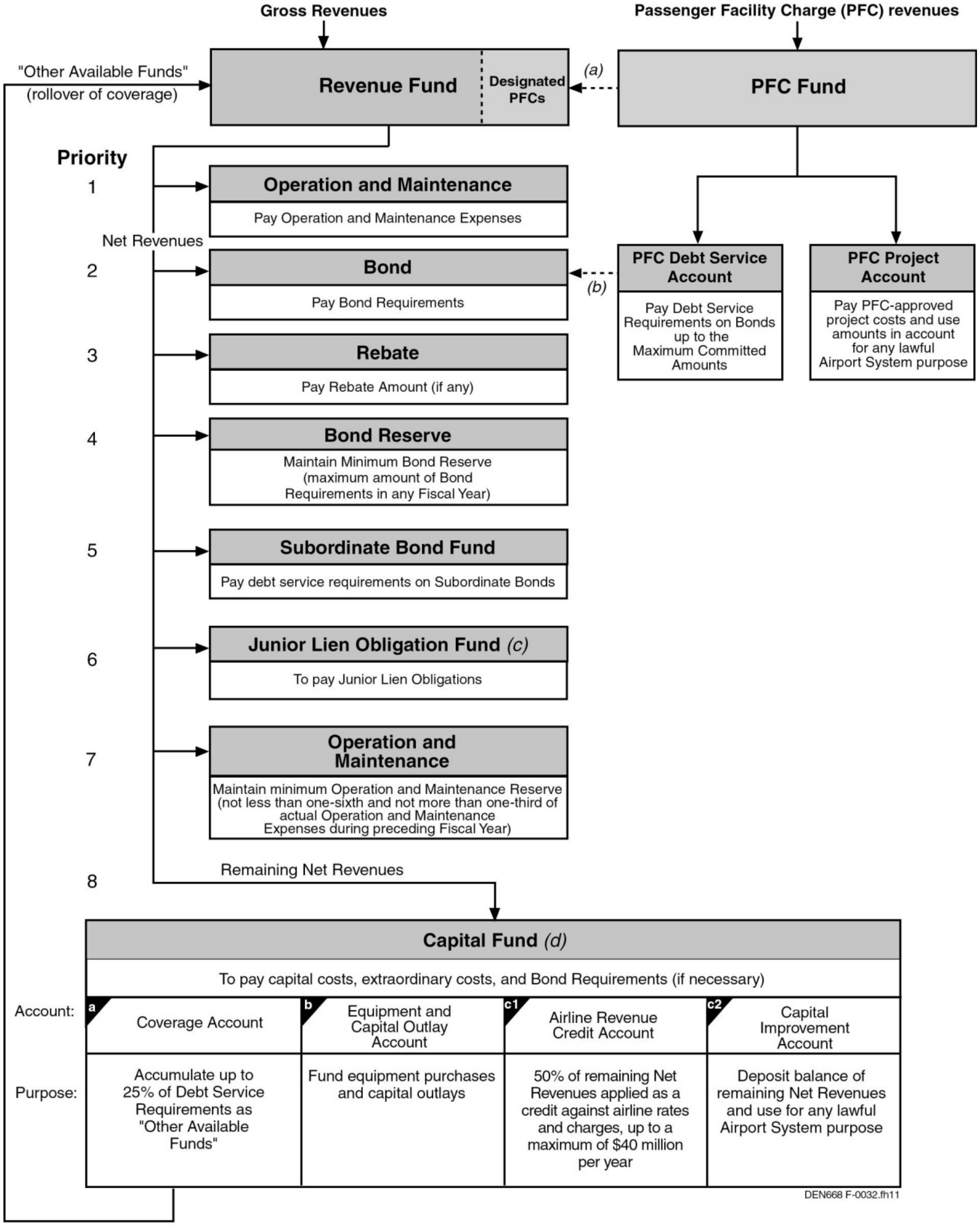
For reference, Table 25 provides historical data on debt service coverage for Senior Bonds*.

*For the historical period shown, Subordinate Bonds were not outstanding.

Figure 32

STRUCTURE OF FUNDS AND ACCOUNTS AND APPLICATION OF REVENUES UNDER THE GENERAL BOND ORDINANCE AND SUBORDINATE BOND ORDINANCE

City and County of Denver



(a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City (currently $1.50 of the $4.50 PFC) that are currently considered Gross Revenues under the General Bond Ordinance.

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

(c) The City expects to create the Junior Lien Obligation Fund in a supplemental subordinate bond ordinance to pay Junior Lien Obligations prior to the opening of the proposed hotel.

(d) 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.

Table 25

HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL BOND ORDINANCE

Denver International Airport

Fiscal Years ended December 31

(dollars in thousands)

Calculation of debt service coverage		2007	2008 *(a)*	2009 *(a)*	2010	2011
Gross Revenues (excluding Designated Passenger Facility Charges)		$616,106	$635,607	$616,506	$651,318	$670,753
Designated Passenger Facility Charges		--	--	31,563	34,021	34,950
Gross Revenues		$616,106	$635,607	$648,069	$685,339	$705,703
Operation and Maintenance Expenses		(282,746)	(305,382)	(309,270)	(302,881)	(312,278)
Net Revenues		$333,360	$330,225	$338,799	$382,459	$393,425
Other Available Funds		53,251	53,575	49,288	47,975	48,045
Total Amount Available to pay Debt Service Requirements	[A]	$386,611	$383,800	$388,087	$430,434	$441,469
Debt Service Requirements (Senior Bonds)		$278,302	$286,161	$264,748	$265,391	$267,321
Committed Passenger Facility Charges		(63,089)	(68,953)	(63,125)	(68,043)	(69,899)
	[B]	$215,213	$217,207	$201,623	$197,349	$197,421
Debt service coverage (Senior Bonds)	[A/B]	180%	177%	192%	218%	244%
Rate Maintenance Covenant		125%	125%	125%	125%	125%

Note: Columns may not add to totals shown because of rounding

(a) The amounts shown in each year were revised by the City following publication of the Audited Financial Statements to exclude certain major maintenance costs that were initially considered "Operation and Maintenance Expenses" under the General Bond Ordinance, and to make certain other corrections. The amount shown in this table may not match the amount shown in Table 22 and the financial exhibits because of the manner in which certain year-end settlements and adjustments to rentals, rates, fees, and charges are calculated.

(b) Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

Sources: City and County of Denver, Airport System Audited Financial Statements, and Airport management records for the years shown.

SENSITIVITY ANALYSIS—PROJECTED FINANCIAL RESULTS

The forecast financial results presented in this report were tested to determine the potential effects on future financial results of potential changes in forecast airline traffic and hotel financial results.

The assumptions underlying the sensitivity projection include the following:

- Forecast airline traffic under the sensitivity projection would be at levels set forth in Table 20.

- The financial performance of the proposed hotel would total $0 net operating income beginning in the first year the hotel is open and continuing at that level through the remaining years of the forecast period. Net operating income is prior to the payment of Debt Service Requirements on that portion of the Series 2012B Bonds issued to fund construction of the hotel.

  According to PKF Consulting USA and holding all other baseline forecast assumptions the same, net operating income under the sensitivity projection would represent an approximate 50% to 60% reduction in the assumed average daily room rates, or would equal a 45% to 55% increase in operating expenses.

- Certain sources of nonairline revenues would decrease in proportion to decreases in numbers of originating and connecting passengers, and aviation fuel tax revenues would decrease in proportion to decreases in landed weight at the Airport.

- PFC revenues would also decrease in proportion to the decreases in the number of enplaned passengers, but the City would continue to use PFC revenues as assumed under the baseline forecast.

As shown in Table 26, the City would meet the requirements of the Rate Maintenance Covenant and the Subordinate Bond Rate Maintenance Covenant under the sensitivity projection.

If the hypothetical assumptions of the sensitivity projection were to be realized, the City would take some or all of the actions listed below to (1) meet the Rate Maintenance Covenant, (2) minimize the increase in airline rentals, rates, fees, and charges required to satisfy the Rate Maintenance Covenant, and (3) provide a cost structure for the airlines at the Airport that would not adversely affect airline traffic. Such actions could include:

- Reducing equipment and capital outlays.

- Increasing public parking rates or other rates charged to Airport tenants.

- Restructuring principal payments on outstanding Bonds.
- Deferring or reducing amortization charges.
- Using available moneys in the Capital Fund to pay Debt Service Requirements.

Table 26

COMPARISON OF BASELINE FORECAST AND SENSITIVITY PROJECTION RESULTS

	Forecast and Projected Results							
	2013	2014	2015	2016	2017	2018	2019	2020
Airline cost per enplaned passenger								
Baseline forecast	$11.07	$11.50	$12.43	$12.73	$12.75	$12.83	$13.19	$13.07
Sensitivity projection	13.35	13.90	15.52	15.79	15.56	15.42	15.77	15.61
Debt service coverage on Senior Bonds								
Baseline forecast	184%	178%	167%	170%	173%	176%	177%	179%
Sensitivity projection	165%	160%	152%	149%	152%	154%	155%	155%
Debt service coverage on all Bonds								
Baseline forecast	183%	176%	159%	161%	165%	167%	168%	169%
Sensitivity projection	165%	159%	144%	142%	144%	146%	147%	147%

Exhibit A

ESTIMATED COSTS AND SOURCES OF FUNDS
2013-2018 AIRPORT CAPITAL PROGRAM
Denver International Airport
(in thousands)

		Funding Sources for Projects				
	Gross project cost	**Proposed 2012 Bonds**	**Future 2012 Bonds**	**Federal grants-in-aid**	**Prior bond proceeds (a)**	**Future Planned Bonds**
Airfield Area and Concourse Apron						
Rehabilitate targeted slab and joint areas	$221,302	$10,550	$0	$66,648	$26,726	$117,378
Improve taxiways	4,000	4,000	-	-	-	-
Construct ramp area drainage control and mitigation	16,062	13,638	886	-	778	760
Other projects	6,824	-	3,025	-	-	3,799
	-----------	----------	--------	----------	----------	-----------
	$248,188	$28,188	$3,911	$66,648	$27,504	$121,937
Terminal Complex, Baggage System, AGTS, and Other Improvements						
Repair and maintain concourse jet bridges	$7,326	$326	$7,000	$0	$0	$0
North side of terminal HVAC	3,181	3,181	-	-	-	-
Improve AGTS	53,083	37,675	10,237	-	5,171	-
Improve building systems	16,000	167	15,833	-	-	-
Improve and upgrade security systems	4,000	-	4,000	-	-	-
Improve central plant systems	4,480	-	4,480	-	-	-
Upgrade fire alarm systems and information technology equipment	32,824	597	32,227	-	-	-
Upgrade HVAC controls and information technology storage	12,574	500	12,074	-	-	-
Other projects	7,069	483	6,586	-	-	-
	-----------	----------	----------	---	--------	---
	$140,538	$42,930	$92,437	$0	$5,171	$0
Roadways, Parking, Ground Transportation, and Cargo						
Parking system improvements	$25,450	$1,171	$12,800	$0	$10,859	$621
Construct mod 4 east parking garage	42,000	-	42,000	-	-	-
Rehabilitate targeted areas on Pena boulevard	29,205	1,970	14,825	-	12,410	-
Rehabilitate road pavement	7,900	-	7,900	-	-	-
Other projects	8,625	3,767	4,858	-	-	-
	-----------	--------	----------	---	----------	------
	$113,181	$6,907	$82,383	$0	$23,270	$621
South Terminal Redevelopment Program						
Terminal interface	$14,345	$0	$0	$0	$0	$14,345
Terminal station	305,655	109,488	-	-	-	196,168
Hotel	180,000	180,000	-	-	-	-
	-----------	-----------	---	---	---	-----------
	$500,000	$289,488	$0	$0	$0	$210,512
Other projects						
Revenue and business development	$10,000	$10,000	$0	$0	$0	$0
Environmental/energy study and improvements	16,478	-	-	-	11,376	5,102
Improve Information technology/telecommunication systems	45,943	11,666	23,523	-	9,720	1,034
	----------	----------	----------	---	----------	--------
	$72,421	$21,666	$23,523	$0	$21,096	$6,136
	----------	----------	----------	---	----------	-----------
	$1,074,327	$389,179	$202,254	$66,648	$77,041	$339,206
	=========	========	========	=======	=======	========

(a) Reflects the net proceeds of Senior Bonds issued prior to 2012. Source: Airport management records.
Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.
The costs shown above include inflation to the mid-point of construction.
Source: Airport management records.

Exhibit B

ESTIMATED PLAN OF FINANCING

Denver International Airport
(dollars in thousands)

	Proposed 2012A-B Bonds			Future	Future	
	2012A Bonds	2012B Bonds	Total	2012 Bonds	Planned Bonds	Total
SOURCES OF FUNDS						
Par Amount	$133,880	$319,285	$453,165	$225,295	$394,984	$1,073,444
Premium	12,134	41,496	53,630	18,041	-	71,671
Unspent Commercial Paper	8,960	22,140	31,100	-	-	31,100
Interest Earnings	33	98	132	63	4,812	5,007
Total sources of funds	$155,008	$383,019	$538,027	$243,399	$399,796	$1,181,222
USES OF FUNDS						
Project Costs	$70,284	$318,896	$389,179	$202,254	$339,206	$930,639
Defease and refund certain Bonds (a)	-	-	-	-	-	-
CP Takeout	56,000	-	56,000	-	-	56,000
Reimbursement of Airport Capital Fund	8,188	-	8,188	-	-	8,188
Capitalized Interest Fund	9,586	37,064	46,650	22,587	32,343	101,580
Debt Service Reserve Fund	8,991	22,216	31,207	15,177	24,298	70,681
Cost of Issuance	1,959	4,843	6,802	3,382	3,950	14,134
Total uses of funds	$155,008	$383,019	$538,027	$243,399	$399,796	$1,181,222

Notes: Columns may not add to totals shown because of rounding.
See the "Plan of Financing" section of the report for additional information.
The exhibit above presents project costs funded with bond proceeds only, and does not include federal grants-in-aid, prior bond proceeds, or other sources.

(a) As described in the report, the City may defease and refund certain Bonds based on the market conditions at the time of pricing. The financial forecasts attached to this report assume that there will not be any savings from refunding Bonds.

Source: Jefferies & Company, Inc., Plan of Financing dated September 2012.

Exhibit C

DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

	Actual (a)		Forecast								
DEBT SERVICE REQUIREMENTS (b)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Senior Bonds											
Series 1991D	18,017	17,868	$21,200	$6,400	$0	$0	$0	$0	$0	$0	$0
Series 1992D-G (variable rate)	1,729	1,799	3,500	3,400	3,400	3,600	3,600	3,900	3,900	3,800	4,100
Series 1995C	4,011	4,010	4,000	--	--	--	--	--	--	--	--
Series 1997E	2,068	19,627	10,500	7,900	--	--	--	--	--	--	--
Series 1998A-B	11,605	11,605	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400	10,400
Series 2000A	27,675	13,732	--	--	--	--	--	--	--	--	--
Series 2001A-B	26,717	18,202	--	--	--	--	--	--	--	--	--
Series 2001D	6,026	4,869	--	--	--	--	--	--	--	--	--
Series 2002C-D (variable rate)	2,676	3,281	3,600	3,700	3,800	3,800	3,800	3,800	3,900	3,800	3,900
Series 2002E	13,296	13,428	8,700	6,500	6,400	6,800	6,500	6,800	6,700	100	100
Series 2003A-B	11,778	11,838	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900
Series 2005A	11,221	11,291	10,900	10,900	10,900	10,900	10,900	18,700	30,600	28,800	17,100
Series 2006A-B	39,042	41,593	35,100	25,700	16,200	25,000	26,000	29,400	13,100	7,600	12,400
Series 2007A-C	11,757	12,065	12,400	12,400	12,400	12,400	16,200	17,000	11,900	11,900	11,900
Series 2007D-E	8,107	9,791	11,700	11,700	24,500	27,400	27,500	27,400	27,300	27,300	27,300
Series 2007F-G	16,436	16,200	16,100	16,100	40,600	40,900	35,800	35,700	37,700	37,800	37,000
Series 2008A1	39,564	30,614	30,800	34,100	37,500	35,900	15,400	7,000	--	--	--
Series 2008B	4,322	5,102	5,500	9,600	9,400	9,300	9,200	8,900	8,800	8,600	8,400
Series 2008C1-C3	14,198	14,453	16,300	16,300	16,300	16,300	16,300	16,300	30,700	55,300	55,100
Series 2009A	7,919	5,650	11,500	8,700	11,400	8,600	19,000	12,100	7,900	7,900	7,900
Series 2009B	1,367	1,545	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Series 2009C (variable rate)	5,934	5,859	5,800	5,800	5,800	5,800	5,800	5,800	17,000	30,900	29,500
Series 2010A	5,796	8,482	8,500	8,500	8,500	8,500	13,700	13,700	18,600	23,500	25,900
Series 2011A	--	10,252	32,100	34,900	31,900	31,900	41,100	41,000	62,000	54,100	56,900
Series 2011BC	--	--	29,400	44,700	47,400	39,500	39,600	36,600	6,800	500	500
Series 2012A-B	--	--	1,700	4,400	7,200	16,500	33,800	38,600	37,100	37,100	37,100
Future Planned Bonds (2013-2018 Capital Program)	--	--	--	300	300	24,000	24,000	24,000	24,000	24,500	24,500
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	$291,261	$293,154	$304,300	$297,000	$318,900	$352,100	$373,200	$371,700	$373,000	$388,500	$384,600
Continental/United support facilities bonds (c)	5,414	5,417	5,400	5,400	5,400	5,400	5,400	5,400	5,400	500	500
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Debt Service Requirements -- Senior Bonds	**$296,675**	**$298,571**	**$309,700**	**$302,400**	**$324,300**	**$357,500**	**$378,600**	**$377,100**	**$378,400**	**$389,000**	**$385,100**
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Exhibit C (page 2 of 2)

DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Actual (a)		Forecast								
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
DEBT SERVICE REQUIREMENTS (b)											
Subordinate Bonds											
Swap payments	$ --	$ --	$800	$800	$800	$800	$800	$800	$800	$800	$600
Future 2012 Bonds	--	--	--	--	1,600	14,200	15,500	15,500	15,800	16,200	16,200
	$ --	$ --	$800	$800	$2,400	$15,000	$16,300	$16,300	$16,600	$17,000	$16,800
Total Debt Service Requirements	**$296,675**	**$298,571**	**$310,500**	**$303,200**	**$326,700**	**$372,500**	**$394,900**	**$393,400**	**$395,000**	**$406,000**	**$401,900**
DEBT SERVICE REQUIREMENTS											
To Determine Debt Service Coverage											
Senior Bonds	$296,675	$298,571	$309,700	$302,400	$324,300	$357,500	$378,600	$377,100	$378,400	$389,000	$385,100
Less: Committed Passenger Facility Charges (d)	(68,819)	(69,182)	(67,800)	(70,800)	(72,100)	(73,400)	(74,700)	(76,000)	(77,500)	(79,000)	(80,600)
	$227,856	$229,389	$241,900	$231,600	$252,200	$284,100	$303,900	$301,100	$300,900	$310,000	$304,500
Subordinate Bonds	--	--	800	800	2,400	15,000	16,300	16,300	16,600	17,000	16,800
Total for Rate Maintenance Covenant	**$227,856**	**$229,389**	**$242,700**	**$232,400**	**$254,600**	**$299,100**	**$320,200**	**$317,400**	**$317,500**	**$327,000**	**$321,300**
To Calculate Airline Rates and Charges											
Senior Bonds	$296,675	$298,571	$309,700	$302,400	$324,300	$357,500	$378,600	$377,100	$378,400	$389,000	$385,100
Less: Committed Passenger Facility Charges (d)	(68,819)	(69,182)	(67,800)	(70,800)	(72,100)	(73,400)	(74,700)	(76,000)	(77,500)	(79,000)	(80,600)
Designated Passenger Facility Charges (e)	--	--	(34,500)	(35,100)	(35,800)	(36,400)	(37,100)	(37,700)	(38,500)	(39,200)	(40,000)
	$227,856	$229,389	$207,400	$196,500	$216,400	$247,700	$266,800	$263,400	$262,400	$270,800	$264,500
Subordinate Bonds	--	--	800	800	2,400	15,000	16,300	16,300	16,600	17,000	16,800
Total for Airline Rates and Charges	**$227,856**	**$229,389**	**$208,200**	**$197,300**	**$218,800**	**$262,700**	**$283,100**	**$279,700**	**$279,000**	**$287,800**	**$281,300**
To Determine Other Available Funds balance											
Senior Bonds (Airport portion)	$291,261	$293,154	$304,300	$297,000	$318,900	$352,100	$373,200	$371,700	$373,000	$388,500	$384,600
Less: Committed Passenger Facility Charges (d)	(68,819)	(69,182)	(67,800)	(70,800)	(72,100)	(73,400)	(74,700)	(76,000)	(77,500)	(79,000)	(80,600)
	$222,442	$223,971	$236,500	$226,200	$246,800	$278,700	$298,500	$295,700	$295,500	$309,500	$304,000
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--Airport portion	$55,611	$55,993	$59,100	$56,600	$61,700	$69,700	$74,600	$73,900	$73,900	$77,400	$76,000
Senior Bonds (Continental/United Airlines)	$5,414	$5,417	$5,400	$5,400	$5,400	$5,400	$5,400	$5,400	$5,400	$500	$500
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--Continental/United Airlines)	$1,354	$1,354	$1,400	$1,400	$1,400	$1,400	$1,400	$1,400	$1,400	$100	$100
Total--Other Available Funds balance	**$56,964**	**$57,347**	**$60,500**	**$58,000**	**$63,100**	**$71,100**	**$76,000**	**$75,300**	**$75,300**	**$77,500**	**$76,100**

(a) Source: 2010 and 2011 Airport management records based on audited financial results. Source for Debt Service Requirements: Jefferies & Company, Inc.
(b) Net of capitalized interest. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
(c) Includes debt service on Senior Bonds allocable to Continental/United support facilities at the Airport.
(d) Reflects two-thirds (generally equal to $3) of forecast Passenger Facility Charges and associated interest income, as provided under the PFC Supplemental Bond Ordinance covering commitments through 2018. For purposes of this report, forecast PFC revenues in 2019 and 2020 were assumed to be used in a manner similar to prior years.
(e) Reflects one-third (generally equal to $1.50) of forecast Passenger Facility Charges and associated interest income, as provided under the PFC Supplemental Bond Ordinance covering commitments through 2018. For purposes of this report, forecast PFC revenues in 2019 and 2020 were assumed to be used in a manner similar to prior years.

Exhibit C-1

DEBT SERVICE USED TO CALCULATE AIRLINE RATES AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

	Actual (a)		Forecast								
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
DEBT SERVICE REQUIREMENTS (b)											
Debt Service Requirements	$296,675	$298,571	$310,500	$303,200	$326,700	$372,500	$394,900	$393,400	$395,000	$406,000	$401,900
Less: Committed Passenger Facility Charges (b)	(68,819)	(69,182)	(67,800)	(70,800)	(72,100)	(73,400)	(74,700)	(76,000)	(77,500)	(79,000)	(80,600)
Designated Passenger Facility Charges (b)	--	--	(34,500)	(35,100)	(35,800)	(36,400)	(37,100)	(37,700)	(38,500)	(39,200)	(40,000)
	$227,856	**$229,389**	**$208,200**	**$197,300**	**$218,800**	**$262,700**	**$283,100**	**$279,700**	**$279,000**	**$287,800**	**$281,300**
ALLOCATION TO COST CENTERS											
Airline cost centers											
Terminal Complex	$96,052	$92,010	$73,800	$53,400	$58,100	$60,300	$55,500	$51,500	$42,000	$45,500	$41,300
Tenant Finishes and Equipment											
Landside Terminal	3,194	3,273	3,300	3,300	3,400	3,500	3,500	3,300	3,200	3,400	3,500
Concourse A	6,574	7,815	8,100	7,900	8,300	8,400	8,500	8,100	7,600	8,200	8,400
Concourse B	12,173	12,377	13,200	12,700	13,300	14,500	13,600	12,600	11,500	12,800	15,000
Concourse C	1,543	2,410	2,700	2,600	2,700	2,800	2,800	2,600	2,400	2,700	3,000
Loading Bridges	771	804	900	1,000	1,200	1,100	1,100	1,000	900	900	900
International Facilities	1,443	1,447	1,500	1,500	1,500	1,600	1,600	1,500	1,500	1,600	1,600
Common Use Terminal Equipment	94	99	100	100	200	200	200	200	200	200	200
Concourse A commuter facility	136	136	200	200	200	200	200	200	200	200	200
Concourse B regional jet facility	1,818	1,857	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Baggage Claim	1,433	1,439	400	200	100	100	500	100	100	100	100
Automated Baggage Systems	110	48	100	100	200	200	200	200	200	200	200
Conventional Baggage Systems	10,220	10,182	9,300	9,200	9,700	14,300	14,500	14,000	13,600	14,300	14,600
International Facilities	1,378	1,196	900	900	900	900	800	800	900	800	1,000
Automated Guideway Transit System	5,457	5,584	5,800	6,300	7,300	8,500	16,100	14,100	13,800	14,200	14,400
Concourse Ramp Area	3,984	4,103	4,400	4,400	6,200	6,600	6,500	6,500	6,800	6,000	5,900
Airfield Area	20,047	21,408	28,600	30,900	35,600	46,000	49,100	53,600	65,100	69,000	62,800
Fueling System	9,608	9,638	10,000	9,700	10,000	10,100	10,100	9,700	9,200	10,000	10,300
	$176,036	$175,828	$165,000	$146,100	$160,600	$181,000	$186,500	$181,700	$180,900	$191,800	$185,100
Nonairline cost centers	46,406	48,144	37,800	45,800	52,800	76,300	91,200	92,600	92,700	95,500	95,700
Continental support facilities	5,414	5,417	5,400	5,400	5,400	5,400	5,400	5,400	5,400	500	500
	$227,856	**$229,389**	**$208,200**	**$197,300**	**$218,800**	**$262,700**	**$283,100**	**$279,700**	**$279,000**	**$287,800**	**$281,300**

(a) Source: 2010 and 2011 Airport management records based on audited financial results.
(b) See Exhibit C.

Exhibit D

OPERATION AND MAINTENANCE EXPENSES
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Forecast								
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
BY OBJECT TYPE											
Personnel services	$111,864	$115,241	$124,700	$132,400	$138,000	$143,800	$149,800	$156,100	$162,700	$169,500	$176,600
Contractual services											
Professional services	$55,213	$60,324	$62,800	$66,800	$69,000	$71,000	$73,400	$76,000	$78,500	$81,100	$83,700
Utility services	23,500	24,326	22,600	23,700	24,400	25,200	26,000	26,900	27,800	28,700	29,700
Cleaning services	29,864	25,249	30,900	33,700	34,800	35,800	37,000	38,300	39,600	40,900	42,200
Other services	18,666	16,990	19,900	16,800	17,400	17,900	18,500	19,200	19,800	20,500	21,100
Repairs and maintenance (b)	33,450	33,916	34,700	36,100	37,300	38,400	39,700	41,100	42,400	43,800	45,300
Rentals	542	628	600	700	700	700	700	700	800	800	800
Insurance	3,352	2,486	2,500	2,900	3,000	3,000	3,100	3,300	3,400	3,500	3,600
Other contractual services (c)	1,879	2,753	2,900	3,600	3,700	3,800	3,900	4,000	4,200	4,300	4,500
	$166,466	$166,673	$176,900	$184,300	$190,300	$195,800	$202,300	$209,500	$216,500	$223,600	$230,900
Maintenance, supplies, and materials	18,762	22,827	26,900	28,500	29,400	30,300	31,400	32,500	33,500	34,600	35,800
	$297,092	**$304,740**	**$328,500**	**$345,200**	**$357,700**	**$369,900**	**$383,500**	**$398,100**	**$412,700**	**$427,700**	**$443,300**
Additional O&M Expenses (2013-2018 Capital Program) (d)											
Proposed hotel	--	--	--	--	--	--	26,500	28,000	29,200	30,200	31,100
All other projects in the Capital Program	--	--	200	400	1,800	17,300	18,700	19,100	19,600	20,100	20,500
	$297,092	**$304,740**	**$328,700**	**$345,600**	**$359,500**	**$387,200**	**$428,700**	**$445,200**	**$461,500**	**$478,000**	**$494,900**
BY COST CENTER											
Airline cost centers											
Terminal Complex (e)	$96,727	$103,433	$110,400	$114,400	$119,900	$125,700	$131,200	$136,100	$141,300	$146,400	$151,600
International Facilities	1,006	1,073	300	1,400	1,400	1,500	1,600	1,600	1,700	1,700	1,800
Automated Baggage Systems	418	398	300	500	500	500	600	600	600	600	600
Conventional Baggage Systems	1,875	1,926	1,800	2,000	2,100	5,700	5,900	6,100	6,200	6,400	6,600
Baggage Claim	--	--	--	--	--	--	--	--	--	--	--
Automated Guideway Transit System	20,871	22,044	24,200	25,600	26,600	27,500	28,500	29,600	30,700	31,800	33,000
Common Use Terminal Equipment	2	90	100	100	100	100	100	100	100	100	100
Concourse B RJ Facility	637	660	800	800	800	900	900	900	1,000	1,000	1,000
Concourse Ramp Area	10,094	9,813	11,500	11,900	12,300	12,800	13,200	13,700	14,200	14,700	15,300
Concourse A commuter facility	374	392	500	500	500	500	600	600	600	600	600
Airfield Area	77,452	71,633	81,000	85,600	88,800	95,300	98,700	102,400	106,100	110,000	113,900
Fueling System	1,864	1,917	1,600	1,700	1,800	1,800	1,900	2,000	2,000	2,100	2,200
	$211,319	$213,382	$232,500	$244,500	$254,800	$272,300	$283,200	$293,700	$304,500	$315,400	$326,700
Nonairline cost centers	85,773	91,359	96,200	101,100	104,700	114,900	145,500	151,500	157,000	162,600	168,200
	$297,092	**$304,740**	**$328,700**	**$345,600**	**$359,500**	**$387,200**	**$428,700**	**$445,200**	**$461,500**	**$478,000**	**$494,900**
Annual rate of growth	(2.6%)	2.6%	7.9%	5.1%	4.0%	7.7%	10.7%	3.8%	3.7%	3.6%	3.5%

(a) Source: Airport management records. Based on audited financial results.
(b) Excludes maintenance costs of the conventional baggage system.
(c) Includes bad debt expenses, if any, for the historical years shown.
(d) Includes allowances for additional O&M Expenses associated with the Capital Program, including those for the proposed hotel. Forecast O&M Expenses for proposed hotel as provided by PKF Consulting USA.
(e) Includes expenses associated with maintaining the loading bridges which are recovered through TF&E Charges.

Exhibit E

AIRLINE RENTALS, FEES, AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Actual (a)		Forecast								
	reference	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Airline Revenues												
Landing fees--Signatory Airlines	E-1	$120,354	$116,192	$133,000	$138,500	$143,600	$160,500	$167,300	$176,100	$190,100	$198,000	$195,700
Landing fees--nonsignatory airlines		94	128	200	100	100	100	100	100	100	100	100
Terminal complex rentals	E-2	71,723	72,353	76,400	65,300	69,400	72,100	71,600	72,200	70,000	73,200	73,600
Nonpreferential, commuter, common-use gates		1,480	1,970	600	500	500	500	500	500	500	500	500
Tenant finishes and equipment charges (b)		52,138	53,806	51,300	37,000	38,700	40,600	39,400	38,100	36,100	38,600	40,500
Automated baggage system fees		6,355	6,450	3,500	1,300	1,400	1,400	1,500	1,500	1,500	1,500	1,500
Conventional baggage system fees		23,405	22,736	22,500	21,900	23,000	29,900	30,100	30,000	29,400	30,600	31,000
International facility fees		5,519	4,678	2,900	3,000	3,200	3,300	3,500	3,600	3,800	3,900	4,100
Automated Guideway Transit System charges		27,659	29,310	32,000	33,900	35,800	38,000	46,700	45,900	46,300	47,700	48,900
Baggage claim charges		16,947	17,270	15,800	14,900	15,700	16,300	16,600	16,300	15,800	16,500	16,600
Interline baggage fees		755	792	800	800	900	900	900	900	900	900	900
Concourse ramp fees		12,279	12,317	15,000	15,400	17,400	18,200	18,500	19,100	19,700	19,400	19,800
Commuter ramp fees		292	276	200	200	200	200	200	200	200	200	200
Common use terminal equipment fees		31	85	100	100	100	100	100	100	--	--	--
Fueling system charges		11,790	11,968	11,700	11,500	11,900	11,900	12,000	11,700	11,100	12,000	12,400
Total rentals, fees, and charges		**$350,820**	**$350,332**	**$366,000**	**$344,400**	**$361,900**	**$394,000**	**$409,000**	**$416,300**	**$425,500**	**$443,100**	**$445,800**
Less: Balance in Airline Revenue Credit Account	G	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**
Net rentals, fees, and charges		**$310,820**	**$310,332**	**$326,000**	**$304,400**	**$321,900**	**$354,000**	**$369,000**	**$376,300**	**$385,500**	**$403,100**	**$405,800**
Net rentals, fees, and charges by airline												
United		$134,496	$130,070	$135,100	$121,100	$128,200	$140,800	$143,200	$144,600	$144,800	$151,500	$153,200
Other airlines		176,325	180,262	190,900	183,300	193,700	213,200	225,800	231,700	240,700	251,600	252,600
		$310,820	$310,332	$326,000	$304,400	$321,900	$354,000	$369,000	$376,300	$385,500	$403,100	$405,800
Less: cargo carrier landing and other fees (c)		(4,410)	(4,292)	(5,000)	(5,200)	(5,300)	(5,900)	(6,100)	(6,400)	(6,800)	(7,100)	(6,900)
[A]		**$306,411**	**$306,040**	**$321,000**	**$299,200**	**$316,600**	**$348,100**	**$362,900**	**$369,900**	**$378,700**	**$396,000**	**$398,900**
Enplaned passengers [B]		26,025	26,456	26,497	27,021	27,523	28,013	28,508	29,008	29,513	30,023	30,515
Airline cost per enplaned passenger [A/B]		**$11.77**	**$11.57**	**$12.11**	**$11.07**	**$11.50**	**$12.43**	**$12.73**	**$12.75**	**$12.83**	**$13.19**	**$13.07**
Maximum cost per enplaned revenue passenger for United (in 1990 dollars) (d)		**$11.04**	**$12.40**	**$12.06**	**$10.24**	**$10.46**	**$11.11**	**$10.94**	**$10.72**	**$10.38**	**$10.49**	**$10.26**

(a) Source: 2010 and 2011 Airport management records based on audited financial results.
(b) Includes debt service associated with the Concourse B regional jet facility.
(c) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average cost per enplaned passenger.
(d) Source for the discount factor: Historical based on actual Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA). Forecast was based on a 2.1% discount factor, which approximates the Denver-Boulder-Greeley CMSA CPI from 2012-2020.

Exhibit E-1

LANDING FEES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Actual (a)		Forecast								
	reference	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operation and Maintenance Expenses	D	$77,452	$71,633	$81,000	$85,600	$88,800	$95,300	$98,700	$102,400	$106,100	$110,000	$113,900
Operation and Maintenance Reserve Account replenishment (b)		--	1,467	400	--	500	700	1,300	2,000	800	800	800
Equipment and capital outlays		1,671	821	3,400	2,800	2,900	2,900	3,000	3,100	3,100	3,200	3,300
Debt service	C-1	20,047	21,408	28,600	30,900	35,600	46,000	49,100	53,600	65,100	69,000	62,800
Variable rate bond fees (c)		1,055	1,100	800	500	500	500	400	400	400	400	300
Amortization charges		27,154	28,502	29,400	29,000	25,800	25,500	25,500	25,500	25,500	25,500	25,500
Other allocable costs		287	302	300	300	300	300	300	300	300	300	300
Capital cost of north site (50%)		1,248	1,239	1,200	1,200	1,200	1,300	1,200	1,200	1,200	1,200	1,200
Total Airfield Area Requirement		**$128,915**	**$126,472**	**$145,100**	**$150,300**	**$155,600**	**$172,500**	**$179,500**	**$188,500**	**$202,500**	**$210,400**	**$208,100**
Less credits:												
Nonairline revenues	F	($5,947)	($7,578)	($9,300)	($9,200)	($9,200)	($9,200)	($9,100)	($9,100)	($9,100)	($9,100)	($9,100)
Nonsignatory airline landing fees (d)		(94)	(128)	(200)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Interest income (e)		(2,513)	(2,574)	(2,600)	(2,500)	(2,700)	(2,700)	(3,000)	(3,200)	(3,200)	(3,200)	(3,200)
Net Airfield Area Requirement		$120,361	$116,192	$133,000	$138,500	$143,600	$160,500	$167,300	$176,100	$190,100	$198,000	$195,700
Signatory Airline landed weight (1,000 pound units) (f)		33,262	32,472	31,602	31,956	32,191	32,425	32,656	32,886	33,113	33,336	33,534
Signatory Airline landing fee rate		**$3.62**	**$3.58**	**$4.21**	**$4.33**	**$4.46**	**$4.95**	**$5.12**	**$5.35**	**$5.74**	**$5.94**	**$5.84**
Total Signatory Airline landing fees		**$120,354**	**$116,192**	**$133,000**	**$138,500**	**$143,600**	**$160,500**	**$167,300**	**$176,100**	**$190,100**	**$198,000**	**$195,700**

(a) Source: 2010 and 2011 Airport management records based on audited financial results.
(b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(c) Source: the City's Financial Consultant for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
(d) Reflects the calculated Signatory Airline landing fee rate multiplied by a premium of 20% and assessed to nonsignatory airline landed weight.
(e) Allocated to all Airport cost centers based on debt service requirements on Bonds issued to construct the Airport.
(f) Based on the forecast of landed weight presented in the report prorated for Signatory Airline traffic.

Exhibit E-2

TERMINAL COMPLEX RENTALS
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Actual (a)		Forecast								
	reference	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operation and Maintenance Expenses	D	$96,727	$103,433	$110,400	$114,400	$119,900	$125,700	$131,200	$136,100	$141,300	$146,400	$151,600
Less: Loading bridge maintenance expenses (b)		(600)	(704)	(800)	(800)	(800)	(900)	(900)	(900)	(1,000)	(1,000)	(1,000)
Operation and Maintenance Reserve Account replenishment (c)		--	2,391	600	--	700	1,000	1,800	2,700	1,100	1,100	1,100
Equipment and capital outlays		989	426	1,500	2,200	2,200	2,200	2,300	2,300	2,400	2,500	2,500
Debt service		96,948	92,910	73,800	53,400	58,100	60,300	55,500	51,500	42,000	45,500	41,300
Variable rate bond fees (d)		2,720	2,799	1,800	1,100	1,100	1,000	1,000	900	900	800	700
Amortization charges		10,816	10,637	10,400	9,800	9,800	9,800	7,300	7,300	7,300	7,300	7,300
Other allocable costs		740	780	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Terminal Complex Requirement		**$208,340**	**$212,670**	**$198,700**	**$181,100**	**$192,000**	**$200,100**	**$199,200**	**$200,900**	**$195,000**	**$203,600**	**$204,500**
Less credits: Interest income (e)		(6,482)	(6,638)	(7,300)	(7,900)	(8,100)	(9,000)	(9,400)	(9,400)	(9,400)	(9,400)	(9,400)
Net Terminal Complex Requirement		$201,858	$206,032	$191,400	$173,200	$183,900	$191,100	$189,800	$191,500	$185,600	$194,200	$195,100
Rentable space (square feet)		2,331	2,331	2,221	2,111	2,111	2,111	2,111	2,111	2,111	2,111	2,111
Average rental rate per square foot		**$86.61**	**$88.39**	**$86.17**	**$82.04**	**$87.11**	**$90.52**	**$89.90**	**$90.71**	**$87.91**	**$91.98**	**$92.41**
Average rental rate per square foot at 100%		$86.61	$88.39	$86.17	$82.04	$87.11	$90.52	$89.90	$90.71	$87.91	$91.98	$92.41
Differential rate per square foot at 65%		$56.29	$57.45	$56.01	$53.32	$56.62	$58.84	$58.43	$58.96	$57.14	$59.79	$60.07
Total airline space rentals (f)		$71,723	$72,353	$76,400	$65,300	$69,400	$72,100	$71,600	$72,200	$70,000	$73,200	$73,600

(a) Source: 2010 and 2011 Airport management records based on audited financial results.
(b) These expenses are recovered through tenant finish charges.
(c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(d) Source: the City's Financial Consultant for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
(e) Allocated to all Airport cost centers based on debt service requirements on Bonds issued to construct the Airport.
(f) Includes exclusive, preferential, and joint-use space rentals.

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Exhibit F

REVENUES OTHER THAN
AIRLINE RENTALS, FEES, AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Forecast								
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Terminal concession revenues											
Food and beverage	$22,582	$24,127	$24,800	$26,500	$28,200	$30,000	$32,100	$34,300	$35,700	$37,100	$38,600
Merchandise	11,923	12,100	12,400	13,300	14,200	15,100	16,100	17,200	17,900	18,600	19,400
Terminal services (b)	7,723	9,817	10,600	11,100	11,500	12,000	12,500	13,000	13,600	14,100	14,700
	$42,228	$46,044	$47,800	$50,900	$53,900	$57,100	$60,700	$64,500	$67,200	$69,800	$72,700
Outside concession revenues											
Public automobile parking	$118,183	$127,033	$135,000	$141,000	$147,000	$156,000	$167,000	$174,000	$181,000	$189,000	$196,000
Rental car privilege fees	34,421	35,943	35,000	36,100	37,200	38,200	39,400	40,500	41,700	42,900	44,100
Ground transportation	3,736	5,094	5,200	5,500	5,700	6,000	6,200	6,400	6,700	7,000	7,300
	$156,340	$168,071	$175,200	$182,600	$189,900	$200,200	$212,600	$220,900	$229,400	$238,900	$247,400
Other terminal revenues											
Employee parking fees	$5,518	$5,715	$5,900	$6,000	$6,100	$6,200	$6,400	$6,500	$6,700	$6,900	$7,000
Rental car											
Service and storage rentals (c)	5,580	5,835	6,000	6,300	6,600	6,900	7,200	7,400	7,700	8,100	8,400
Additional building rentals (d)	4,057	4,444	4,600	4,700	4,800	4,900	5,000	5,100	5,200	5,300	5,400
Other terminal space rentals	720	730	700	800	800	800	800	800	900	900	900
Proposed hotel (e)	--	--	--	--	--	--	41,500	43,900	45,200	46,500	47,900
	$15,876	$16,724	$17,200	$17,800	$18,300	$18,800	$60,900	$63,700	$65,700	$67,700	$69,600
Airfield											
General aviation landing fees	$161	$167	$200	$200	$200	$200	$200	$200	$200	$200	$200
Farming income	243	250	300	300	300	300	300	300	300	300	300
Oil and gas royalty revenues	5,467	7,087	8,700	8,600	8,600	8,600	8,500	8,500	8,500	8,500	8,500
Fuel flowage fees	75	75	100	100	100	100	100	100	100	100	100
	$5,947	$7,578	$9,300	$9,200	$9,200	$9,200	$9,100	$9,100	$9,100	$9,100	$9,100

Exhibit F (page 2 of 2)

REVENUES OTHER THAN
AIRLINE RENTALS, FEES, AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

	Actual (a)		Forecast								
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Building and ground rentals											
Continental support facilities	$7,805	$7,886	$7,800	$7,700	$7,800	$7,900	$7,900	$7,900	$8,000	$8,000	$3,200
Other North Airline Support Area	1,408	1,408	1,600	1,600	1,600	1,700	1,700	1,700	1,700	1,700	1,800
Other South Airline Support Area	538	612	900	800	800	900	900	900	900	900	900
South Cargo Area	4,493	4,604	4,400	4,700	4,700	4,800	4,900	4,900	4,800	4,700	4,800
FedEx	582	582	600	600	600	600	600	--	--	--	--
General Aviation Area	383	396	400	400	400	400	400	400	400	400	400
	$15,211	$15,489	$15,700	$15,800	$15,900	$16,300	$16,400	$15,800	$15,800	$15,700	$11,100
Other revenues											
In-flight catering fees	$1,051	$1,395	$1,400	$1,500	$1,600	$1,600	$1,700	$1,800	$1,800	$1,900	$2,000
Coverage--Continental Support Facilities	--	--	--	--	--	--	--	--	--	--	--
Aviation fuel tax proceeds											
City	7,490	7,452	7,600	7,300	7,400	7,400	7,500	7,600	7,600	7,700	7,700
State	16,191	21,440	20,900	21,100	21,200	21,400	21,600	21,700	21,900	22,000	22,200
Miscellaneous revenues	6,042	6,737	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700	6,700
	$30,774	$37,024	$36,600	$36,600	$36,900	$37,100	$37,500	$37,800	$38,000	$38,300	$38,600
Total	**$266,376**	**$290,931**	**$301,800**	**$312,900**	**$324,100**	**$338,700**	**$397,200**	**$411,800**	**$425,200**	**$439,500**	**$448,500**
Annual rate of growth	8.6%	9.2%	3.7%	3.7%	3.6%	4.5%	17.3%	3.7%	3.3%	3.4%	2.0%

(a) Source: 2010 and 2011 Airport management records based on audited financial results.
(b) Includes telephone, advertising, luggage cart, other in-terminal concession revenues, and an off-Airport parking concession privilege fee.
(c) Reflects ground and facility rentals based, in part, on debt service requirements.
(d) Reflects additional rentals payable by the rental car companies to the City.
(e) Source: PKF Consulting USA.

Exhibit G

APPLICATION OF GROSS REVENUES
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit reference	2012	2013	2014	2015	Forecast 2016	2017	2018	2019	2020
Gross Revenues										
Airline rentals, fees, and charges	E	$366,000	$344,400	$361,900	$394,000	$409,000	$416,300	$425,500	$443,100	$445,800
Other Airport revenues	F	301,800	312,900	324,100	338,700	397,200	411,800	425,200	439,500	448,500
Interest income		26,000	24,400	25,600	25,300	27,800	29,100	29,600	29,900	30,000
Designated Passenger Facility Charges (a)		34,500	35,100	35,800	36,400	37,100	37,700	38,500	39,200	40,000
		$728,300	$716,800	$747,400	$794,400	$871,100	$894,900	$918,800	$951,700	$964,300
Operation and Maintenance Expenses										
Operating expenses	D	$328,700	$345,600	$359,500	$387,200	$428,700	$445,200	$461,500	$478,000	$494,900
Variable rate bond fees		4,600	3,000	2,900	2,800	2,700	2,600	2,500	2,200	1,900
		$333,300	$348,600	$362,400	$390,000	$431,400	$447,800	$464,000	$480,200	$496,800
Net Revenues		**$395,000**	**$368,200**	**$385,000**	**$404,400**	**$439,700**	**$447,100**	**$454,800**	**$471,500**	**$467,500**
Other Available Funds (coverage requirement)	C	60,500	58,000	63,100	71,100	76,000	75,300	75,300	77,500	76,100
Net Revenues plus Other Available Funds		**$455,500**	**$426,200**	**$448,100**	**$475,500**	**$515,700**	**$522,400**	**$530,100**	**$549,000**	**$543,600**
Less transfers to:										
Bond Fund (b)										
Designated Passenger Facility Charge Revenues		$34,500	$35,100	$35,800	$36,400	$37,100	$37,700	$38,500	$39,200	$40,000
Other Gross Revenues		207,400	196,500	216,400	247,700	266,800	263,400	262,400	270,800	264,500
Reserve account for FedEx project (c)		100	100	100	100	100	--	--	--	--
Reserve account for other outstanding bonds (c)		1,300	1,300	1,300	1,300	3,200	1,300	1,300	1,300	1,300
Redemption Account (d)		--	--	--	--	--	--	--	--	--
Subordinate Lien Bond Fund		800	800	2,400	15,000	16,300	16,300	16,600	17,000	16,800
Junior Lien Obligation Fund		--	--	--	--	400	900	1,800	2,300	3,400
Operation and Maintenance Reserve Account		1,700	--	2,000	2,900	5,900	8,800	3,500	3,400	3,500
Transfer to Capital Fund		**$209,700**	**$192,400**	**$190,100**	**$172,100**	**$185,900**	**$194,000**	**$206,000**	**$215,000**	**$214,100**
Adjustments (e)		700	700	700	700	700	3,100	4,000	4,200	4,700
Adjusted transfer to Capital Fund		**$210,400**	**$193,100**	**$190,800**	**$172,800**	**$186,600**	**$197,100**	**$210,000**	**$219,200**	**$218,800**

Exhibit G (page 2 of 2)

APPLICATION OF GROSS REVENUES
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Exhibit reference	2012	2013	2014	2015	Forecast 2016	2017	2018	2019	2020
Allocation of Capital Fund transfer										
Rollover to Coverage Account	C	$60,500	$58,000	$63,100	$71,100	$76,000	$75,300	$75,300	$77,500	$76,100
Addition to Coverage Account (Continental/United portion)	C	--	--	--	--	--	--	--	--	--
Addition to Coverage Account (Airport portion)	C	--	--	--	--	--	--	--	600	--
Interest income credit to Continental Airlines (f)		--	--	--	--	--	--	--	--	--
Equipment and Capital Outlay Account										
Other equipment purchases		6,700	6,900	7,000	7,200	7,300	7,500	7,700	7,800	8,000
Set-aside for installment purchase equipment payments (g)		17,300	17,100	10,800	10,300	10,300	10,300	10,300	10,300	9,700
Capital Improvement Account (h)										
Remaining balance deposit for Airport Improvements (i)		84,500	69,700	68,500	42,800	51,600	57,800	68,700	74,600	75,600
Other (e)		700	700	700	700	700	3,100	4,000	4,200	4,700
Airline Revenue Credit Account (i)		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
		$209,700	**$192,400**	**$190,100**	**$172,100**	**$185,900**	**$194,000**	**$206,000**	**$215,000**	**$214,100**

(a) Under a Supplemental Bond Ordinance revenues from $1.50 of each $4.50 PFC received from eligible enplaned passengers are included in Gross Revenues of the Airport. See the "Passenger Facility Charge Revenues" in this report for additional information.
(b) Required annual debt service requirements to be deposited in the Bond Fund, net of Committed Passenger Facility Charges presented on Exhibit C.
(c) Reflects the difference between the rentals paid by FedEx and actual debt service allocable to the FedEx facilities. The deposit will be used to fund debt service payments in the future that are in excess of annual FedEx rental payments. Also includes a set-aside for the difference between lease payments on the Concourse B regional jet facility and the actual debt service on that facility. The reserve account for other outstanding bonds includes the remaining revenues associated with the hotel.
(d) The City intends to establish an escrow account for the defeasance of bonds in the year following the year in which the deposits to the redemption account are made.
(e) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the proposed new Airport hotel from the Net Revenues available for revenue sharing.
(f) Continental/United receives a "rental" credit each year for interest earned on moneys it has deposited in the Coverage Account.
(g) Equipment funded by certain companies described in the report and leased by the City.
(h) Remaining Net Revenues are to be allocated to the Capital Improvement Account as follows: 50% to Signatory Airlines and 50% to the Airport. Under the Airline Agreement, remaining Net Revenues deposited in the Airline Revenue Account cannot exceed $40 million in any year.
(i) Does not include any offset to United's portion of the Airline Revenue Credit Account for not meeting its connecting-revenue passenger and ASM targets at the Airport.

Exhibit H

NET REVENUES AND DEBT SERVICE COVERAGE
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except coverage ratios)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

					Forecast					
		2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL BOND ORDINANCE										
Net Revenues and Other Available Funds (a)										
Gross Revenues		$728,300	$716,800	$747,400	$794,400	$871,100	$894,900	$918,800	$951,700	$964,300
Operation and Maintenance Expenses (b)		333,300	348,600	362,400	390,000	431,400	447,800	464,000	480,200	496,800
Net Revenues		$395,000	$368,200	$385,000	$404,400	$439,700	$447,100	$454,800	$471,500	$467,500
Other Available Funds		60,500	58,000	63,100	71,100	76,000	75,300	75,300	77,500	76,100
	[A]	$455,500	$426,200	$448,100	$475,500	$515,700	$522,400	$530,100	$549,000	$543,600
Debt Service Requirements (c)										
Senior Bonds	[B]	$241,900	$231,600	$252,200	$284,100	$303,900	$301,100	$300,900	$310,000	$304,500
Subordinate Bonds		800	800	2,400	15,000	16,300	16,300	16,600	17,000	16,800
	[C]	$242,700	$232,400	$254,600	$299,100	$320,200	$317,400	$317,500	$327,000	$321,300
Debt service coverage on Senior Bonds	[A/B]	**188%**	**184%**	**178%**	**167%**	**170%**	**173%**	**176%**	**177%**	**179%**
Debt service coverage on Senior and Subordinate Bonds	[A/C]	**188%**	**183%**	**176%**	**159%**	**161%**	**165%**	**167%**	**168%**	**169%**

(a) See Exhibit G.
(b) Includes variable rate bond fees.
(c) Net of certain Committed Passenger Facility Charges. See Exhibit C.

APPENDIX B

GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for certain proposed amendments to the definitions.

"*Additional Parity Bonds*" means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2012A-C 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 Debt Service Requirements 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 2012A-C 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 2012A-C Supplemental Ordinances.

"*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 12 months commencing on January 1 of any calendar year and ending on December 31 of the same calendar year, or any other 12-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 2012A-C Supplemental Ordinances.

"*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 2012A-C Bonds, each November 15 and May 15, commencing May 15, 2013.

"*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.

"*Junior Lien Obligations*" means bonds, notes, certificates, commercial paper, or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and other subordinate obligations.

"*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 D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."*

"*Minimum Operation and Maintenance Reserve*" means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Rent Lease*" means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."*

"*Net Revenues*" means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

"*Ninth Supplemental Ordinance*" means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in the Ninth Supplemental Ordinance is replaced and superseded to the extent provided in the PFC Supplemental Ordinances.

"*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, as amended by Ordinance No. 363, Series of 2008; 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; the Series 2010B Supplemental Ordinance, Ordinance No. 108, Series of 2010; the Series 2011A Supplemental Ordinance, Ordinance No. 181, Series of 2011; the Series 2011B Supplemental Ordinance, Ordinance No. 489, Series of 2011; the Series 2011C Supplemental Ordinance, Ordinance No. 490, Series of 2011; the Series 2012A-B Supplemental Ordinance, Ordinance No. 490, Series of 2012; the Series 2012C Supplemental Ordinance, Ordinance No. 491, Series of 2012 and the PFC Supplemental Ordinances.

"*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 2012A-C Bonds, initially being Zions First National Bank, Denver, Colorado, and any successor or assign thereof for the Series 2012A-C 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 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.

"*Pledged Revenues*" means all or a portion of the Gross Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

"*Principal Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Principal Account," created under the Senior Bond Ordinance.

"*Project Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Project Fund," created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

"*Proposed Amendments*" means the proposed amendments to the Senior Bond Ordinance as set forth in "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

"*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 2012A-C 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 2012A-C 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 2012A-C Supplemental Ordinances.

"*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 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, issued on March 9, 2010, in the original aggregate principal amount of $171,360,000.

"*Series 2011A Bonds*" means the Airport System Revenue Bonds, Series 2011A, issued on April 14, 2011, in the original aggregate principal amount of $349,730,000

"*Series 2011B Bonds*" means the Airport System Revenue Bonds, Series 2011B, issued on October 5, 2011 in the original aggregate principal amount of $198,370,000.

"*Series 2011C Bonds*" means the Airport System Revenue Bonds, Series 2011C, issued on October 5, 2011 in the original aggregate principal amount of $15,310,000.

"*Series 2012A Bonds*" means the Airport System Revenue Bonds, Series 2012A, in the original aggregate principal amount of $315,780,000, offered pursuant to this Official Statement.

"*Series 2012B Bonds*" means the Airport System Revenue Bonds, Series 2012B, in the original aggregate principal amount of $510,140,000, offered pursuant to this Official Statement.

"*Series 2012C Bonds*" means the Airport System Revenue Bonds, Series 2012C, in the original aggregate principal amount of $30,285,000, offered pursuant to this Official Statement.

"*Series 2012A-C Bonds*" means, collectively the Series 2012A Bonds, the Series 2012B Bonds, and the Series 2012C Bonds.

"*Series 2012A-B Supplemental Ordinance*" means the "Series 2012A-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 2012A Bonds and the Series 2012B Bonds.

"*Series 2012C Supplemental Ordinance*" means the "Series 2012C 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 2012C Bonds.

"*Series 2012A-C Supplemental Ordinances*" means, together, the Series 2012A-B Supplemental Ordinance and the Series 2012C Supplemental Ordinance.

"*Sinking Fund Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account," created under the Senior Bond Ordinance.

"*Special Facilities*" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See "APPENDIX D PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE*."

"*Special Facilities Bonds*" means bonds or other securities to finance the cost of any Special Facilities and which are payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease of such Special Facilities.

"*Stapleton*" means the site of the former 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 superseded to the extent provided in the PFC Supplemental Ordinances.

"*Underwriters*" means, with respect to the Series 2012A-C Bonds, the underwriters identified on the cover of this Official Statement.

"*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 issue, but which is subject to a maximum limitation.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinances, and are in addition and complementary to the summary found under "THE SERIES 2012A-C BONDS."

Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Description of the Bonds

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2012A-C 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; provided that if at the time of notice of any optional redemption of the Bonds there have not been deposited moneys in the Redemption Account or to an Escrow Account available for payment pursuant to the Senior Bond Ordinance and sufficient to redeem all of the Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of sufficient moneys by not later than one business day prior to the redemption date, and if the deposit is not timely made the notice shall be of no effect. 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, as determined by the Independent Accountant, (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 constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and 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. No property of the City, subject to such exception, is liable to be forfeited or taken in payment of the Bond Requirements of the Bonds.

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, upon their receipt from time to time by the City, 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 (in computing any required credit with respect to any Variable Rate Bonds the interest rate used is to be as provided by Supplemental Ordinance);

(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 2018, 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 Ordinances to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2018, inclusive:

2012	$128,188,000
2013	132,673,000
2014	132,673,000
2015	132,673,000
2016	132,673,000
2017	132,673,000
2018	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, 2018, 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 Ordinances are applicable only to the Passenger Facility Charges, as defined therein.

Notwithstanding the provisions of the PFC Supplemental Ordinances 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 2018, 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. Any bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the City until such gain is realized by the receipt of an interest-earned notice, or otherwise. 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 D PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Modification of the Senior Bond Ordinance

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See "APPENDIX D PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Events of Default

The Senior Bond Ordinance provides that each of the following events is an "Event of Default": (a) the City's failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable; (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the City's failure to perform (or in good faith 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 and is not promptly replaced (whether such failure to replace the same is due to impracticability of such replacement, is due to a lack of moneys therefor, or for any other reason); (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 of the Series 2012A or Series 2012B 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 Series 2012A or Series 2012B Bonds, any fund reasonably expected to be used to pay the principal of or interest on any of such 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 Series 2012A or Series 2012B Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Series 2012A or Series 2012B Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue the Series 2012C 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 2012A-C Supplemental Ordinances

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2012A-C Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

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APPENDIX D

PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE

The amendments to the Senior Bond Ordinance that have been proposed but not yet adopted are set forth below. These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the remaining Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2012A-C 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 date 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 terms "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, of (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 than 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 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 (Deposition 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 person, 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 Ratings Agencies.

The Treasurer shall provide or cause to be provided to each of the Rating Agencies a copy of each notice given to owners of the Bonds, such notices to be sent to the address of each Rating Agency as filed with the Treasurer.

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

F. Prejudicial Modification. ~~Modifications~~ **Other modifications** materially and prejudicially affecting the rights of the owners of ~~any~~ **some (but not all)** Bonds then Outstanding.

OTHER CHANGES

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

* * *

APPENDIX E

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the City nor the Department takes any responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the City, the Department, the Paying Agent, the Registrar or the 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 2012A-C 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 2012A-C Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2012A-C Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2012A-C Bonds. The Series 2012A-C 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 2012A-C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with the DTC. The Series 2012A-C 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 and 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 a Standard and Poor's rating of AA+. 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 2012A-C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A-C 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 2012A-C 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 2012A-C Bonds except in the event that use of the book-entry system for the Series 2012A-C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012A-C 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 2012A-C 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 2012A-C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012A-C 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 2012A-C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012A-C Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2012A-C Bonds may wish to ascertain that the nominee holding the Series 2012A-C 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 2012A-C Bonds within a maturity of the Series 2012A-C 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 consider or vote with respect to the Series 2012A-C 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 2012A-C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2012A-C 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 2012A-C Bonds to Cede & Co., or to such other nominee as may be requested by an authorized representative to 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 2012A-C 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 2012A-C 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 2012A-C Bonds. In that event, certificates representing the Series 2012A-C Bonds will be printed and delivered to DTC.

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APPENDIX F

ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2011 AND 2010

This appendix includes the following sections from the 2011 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 8 and 9); Management's Discussion and Analysis (pages 10 through 23); Financial Statements and Notes thereto (pages 24 through 63); and Supplemental Information (pages 64 through 69). The Introduction (pages 1 through 7) and Annual Financial Information (pages 70 through 76) have not been included but are available from the sources set forth in "Request for Information" on page 23 of this appendix.

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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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 and 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other postemployment benefits' schedules of funding progress and employee contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport System's basic financial statements. The accompanying introductory section and supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

May 30, 2012

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, 2011 and 2010. The Airport System includes the Denver International Airport (the Airport or Denver International) 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 $602.8 million for the year ended December 31, 2011, an increase of $1.4 million (.2%), as compared to the year ended December 31, 2010. The increase in revenue was primarily related to an increase in passenger traffic of 1.7% which contributed to the increase in concession, parking, and car rental revenues. Revenues from other sales and charges and aviation fuel tax also increased, offset by decreases in facility rentals and landing fees.

Operating expenses, exclusive of depreciation and amortization, were $392.9 million for the year ended December 31, 2011, a decrease of $17.0 million (4.1%) as compared to the year ended December 31, 2010. The decrease was attributable to decreases in snow removal and architectural and engineering costs associated with the South terminal project, which are now being capitalized, offset by an increase in personnel costs, construction services, and professional services contracts.

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, deferred outflows, liabilities, deferred inflows and 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.

This report also includes other postemployment benefits required supplementary information and supplementary information presented for the purposes of additional analysis.

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. 2011, 2010, and 2009).

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, 2011, 2010, and 2009 (in thousands):

	2011	2010	2009
Operating revenues	$ 602,769	$ 601,402	$ 564,490
Operating expenses before depreciation and amortization	(392,862)	(409,865)	(379,517)
Operating income before depreciation and amortization	209,907	191,537	184,973
Depreciation and amortization	(179,070)	(181,496)	(177,583)
Operating income	30,837	10,041	7,390
Nonoperating revenues	136,100	150,747	171,156
Nonoperating expenses	(211,588)	(238,542)	(230,905)
Capital grants/contributions	34,702	30,200	38,621
Decrease in net assets	(9,949)	(47,554)	(13,738)
Net assets, beginning of year	555,023	602,577	616,315
Net assets, end of year	$ 545,074	$ 555,023	$ 602,577

The following is a summary of operating revenues for the years ended December 31, 2011, 2010 and 2009:

Operating Revenues
(In thousands)

	2011	2010	2009
Operating revenues:			
Facility rentals	$ 212,408	$ 231,603	$ 226,839
Concession revenues	47,499	43,398	41,085
Parking revenues	132,728	123,673	114,862
Car rental revenues	46,353	44,181	42,989
Landing fees	116,506	120,054	110,084
Aviation fuel tax	28,892	23,680	16,849
Other sales and charges	18,383	14,813	11,782
Total operating revenues	$ 602,769	$ 601,402	$ 564,490

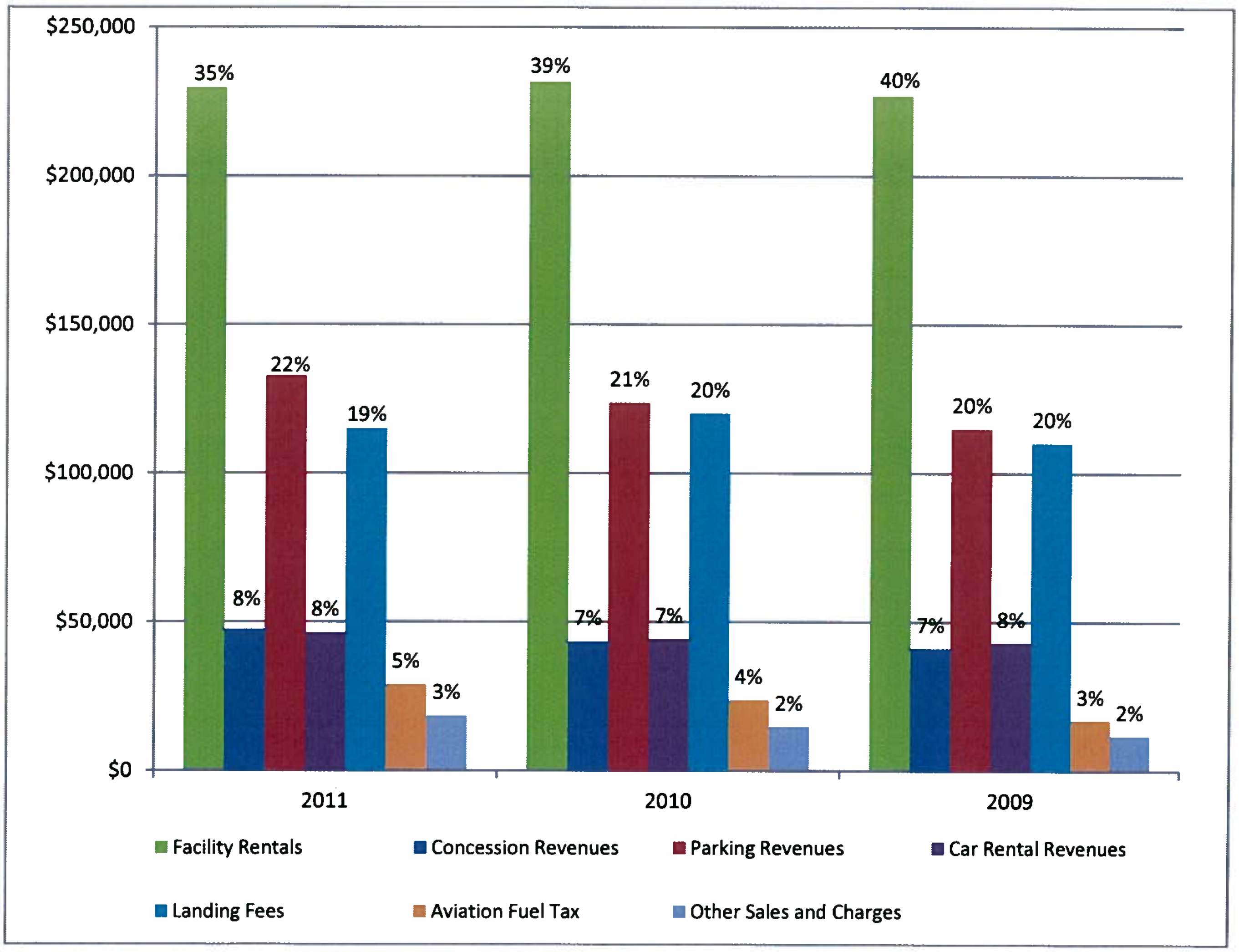
City and County of Denver
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

December 31, 2011 and 2010

Percentage of Total Operating Revenues

($ in thousands)



In order to understand some of the variances in the Airport System financial statement changes, the analysis below helps explain the changes in revenues.

The Airport System's activities increased in some areas and decreased in others as described below for the year ended December 31, 2011 as compared to 2010 (in thousands):

	2011	2010	Percentage change
Enplanements	26,456	26,025	1.7 %
Passengers	52,849	51,985	1.7 %
Aircraft operations (1)	635	635	- %
Cargo (in pounds)	547,152	555,186	(1.4) %
Landed weight (in tons)	32,499	33,275	(2.3) %

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

The Airport System's activities increased in all areas as described below for the year ended December 31, 2010 as compared to 2009 (in thousands):

	2010	2009	Percentage change
Enplanements	26,025	25,128	3.6 %
Passengers	51,985	50,167	3.6 %
Aircraft operations (1)	635	612	3.8 %
Cargo (in pounds)	555,186	494,763	12.2 %
Landed weight (in tons)	33,275	32,695	1.8 %

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

2011/2010

Operating revenues increased by $1.4 million, or .2%, from $601.4 million in 2010 to $602.8 million in 2011, primarily due to increase in aviation fuel tax, other sales and charges, and nonairline revenue; concession, parking, and car rental.

Landing fees decreased by $3.5 million, or 3.0%, which is attributable to the decrease in landing fee rates per 1,000 pounds landed weight from $3.62 for signatory and $4.34 for non-signatory airlines in 2010 to $3.35 for signatory and $4.24 for non-signatory airlines in 2011.

Facility rentals decreased by $19.2 million, or 8.3%, which is attributable to $15.7 million year-end settlement that is credited back to the airlines and a decrease in airline preferential and non-preferential use fee, which are offset by an increase in airline space rent, baggage maintenance and baggage sortation.

Concession revenues between 2011 and 2010 increased by $4.1 million, or 9.4%, primarily due to the increase in advertising and food and beverage sales due to the increase in passenger traffic. Additionally, there was an increase in spend rate per enplaned passenger from $9.84 in 2010 to $10.20 in 2011.

Parking revenues increased by $9.1 million, or 7.3%, which is attributable to the increase in origin and destination (O&D) traffic.

Car rental revenues increased $2.2 million, or 4.9%, to $46.4 million due to an increase in origin and destination (O&D) passenger traffic. Total passenger traffic increased 1.7% for the year ended December 31, 2011; O&D passenger traffic increased 3.8%.

Aviation fuel tax increased in 2011 by $5.2 million, or 22.0%, due to increases in fuel prices and flight operations.

Other sales and charges increased by $3.6 million, or 24.1%, due to an increase in natural resources and ground transportation lane fees, which was offset by a decrease in interest and miscellaneous revenues.

2010/2009

Operating revenues increased by $36.9 million, or 6.5%, from $564.5 million in 2009 to $601.4 million in 2010, primarily due to increase in facility rentals, landing, aviation fuel tax, other sales and charges, and non-airline revenue concession, parking and car rental.

Landing fees increased by $10.0 million, or 9.0%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight from $3.40 for signatory and $4.08 for non-signatory airlines in 2009 to $3.62 for signatory and $4.34 for non-signatory airlines in 2010.

Facility rentals increased by $4.8 million, or 2.1%, which is attributable to an increase in non-preferential use fees, baggage fees and offset by the increase in year-end revenue credit.

Concession revenues between 2010 and 2009 increased by $2.3 million, or 5.6%, primarily due to the increase in passenger traffic. Additionally, there was an increase in spend rate per enplaned passenger from $9.62 in 2009 to $9.84 in 2010.

Parking revenues increased by $8.8 million, or 7.7%, which is attributable to the increase in origin and destination (O&D) traffic and an increase in parking rates in July of 2009 of $1.00 for the economy and shuttle parking lots.

Car rental revenues increased $1.2 million, or 2.8%, to $44.2 million due to an increase in O&D passenger traffic. Total passenger traffic increased 4.1% for the year ended December 31, 2010; O&D passenger traffic increased 2.9%.

Aviation fuel tax increased in 2010 by $6.8 million, or 40.5%, due to increased fuel prices and flight operations.

Other sales and charges increased by $3.0 million, or 25.7%, due to an increase in natural resources related to the purchase of oil and gas wells this year which was offset by a decrease in charges to tenants for utilities and trash, interest and miscellaneous revenue.

The following is a summary of operating expenses before depreciation and amortization for the years ended December 31, 2011, 2010 and 2009:

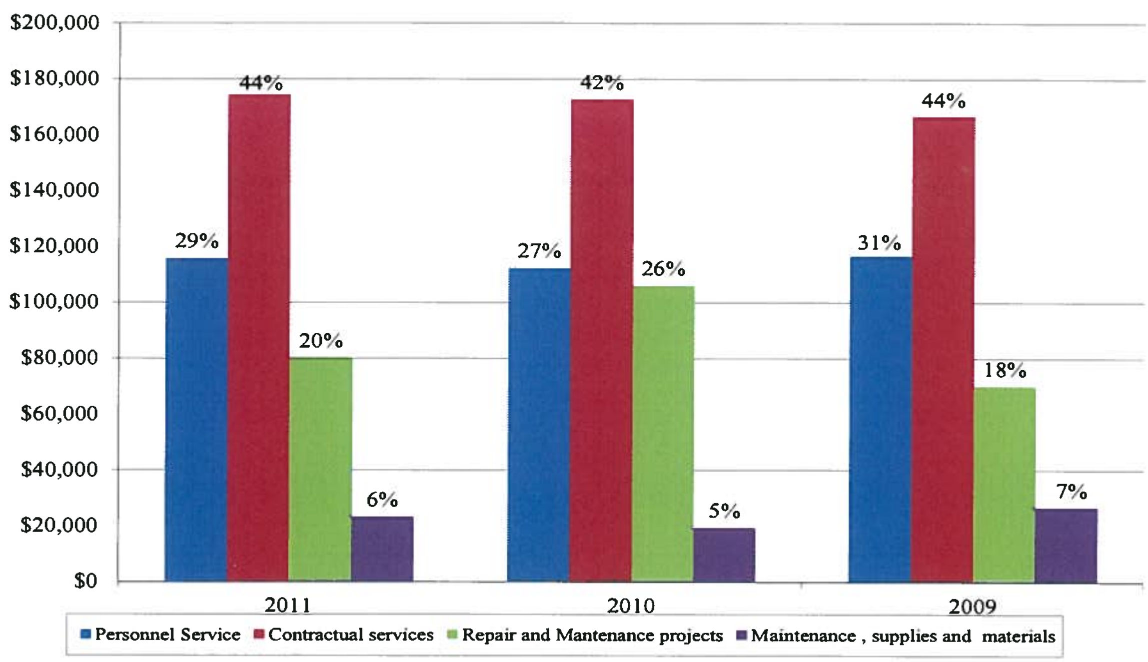
Operating Expenses Before Depreciation and Amortization

(In thousands)

	2011	2010	2009
Operating expenses before depreciation and amortization			
Personnel services	$ 115,648	$ 112,230	$ 116,540
Contractual services	174,203	172,492	166,469
Repair and maintenance projects	79,952	105,943	69,975
Maintenance, supplies, and materials	23,059	19,200	26,533
Total operating expenses before depreciation and amortization	$ 392,862	$ 409,865	$ 379,517

Percentage of Total Operating Expenses before Depreciation and Amortization

($ in thousands)



2011/2010

Operating expenses before depreciation and amortization decreased by $17.0 million, or (4.1%), from $409.9 million in 2010 to $392.9 million in 2011.

Personnel services increased by $3.4 million, or 3.0%, in 2011 which was due to an increase in other City agency overtime, salaries and retirement costs.

Contractual services increased in 2011 compared to 2010 by $1.7 million, or 1.0%, due primarily to an increase in professional services, construction services and repair and maintenance of the baggage system, offset by a decrease in snow removal, insurance, and repair and maintenance of nonstructural improvements.

Repair and maintenance projects decreased $26 million, or 24.5%, primarily due to construction costs associated with the South Terminal Project, currently in the design stage, being recorded in construction-in-progress and no longer being expensed. Additionally, $25.1 million for the fourth quarter were expensed for such items as runway ramp repairs, roadway surface repair, relocation and remodeling expenses, and terminal parking stair replacement that had been funded through the capital improvement program.

Maintenance, supplies and materials increased $3.9 million, or 20.1%, to $23.1 million from $19.2 million in 2010 due to increases in emergency electrical lighting equipment, runway lighting, software, fuel, and commercial chemicals and solvents because of increases in prices and usage, which is offset by a decrease in computer equipment and hardware.

2010/2009

Operating expenses before depreciation and amortization increased by $30.4 million, or 8.0%, from $379.5 million in 2009 to $409.9 million in 2010.

Personnel services decreased by $4.3 million, or 3.7%, in 2010 which was due to a decrease in snow overtime and direct labor and benefits associated with furlough days taken by personnel during 2010 which was offset by an increase in other City personnel.

Contractual services increased in 2010 compared to 2009 by $6.0 million, or 3.6%, due primarily to an increase in banking service, electricity, trash removal, management services, repair and maintenance of the baggage system, the AGTS train system, nonstructural improvements and roads, offset by a decrease in snow removal, janitorial services, and repair and maintenance of building equipment.

Repair and maintenance projects increased by $36.0 million, or 51.4%, which is primarily due to the expenses for the Flight Information Display System (FIDS), baggage system removal, roadways and surface repairs (apron and ramp), central plant repairs, Concourse A expansion, the South Terminal Redevelopment Program, and parking structure stairway replacements..

Maintenance, supplies and materials decreased $7.3 million, or 27.6%, to $19.2 million from $26.5 million in 2009 due to decreases in runway lightings, emergency lighting, and commercial chemicals and solvents because of decreases in prices and usage, which is offset by an increase in natural gas and periodicals and bulletins.

Nonoperating Revenues and Expenses, Capital Grants, and Capital Contributions

2011/2010

Total nonoperating expenses, net of nonoperating revenues, decreased by $12.3 million to $75.5 million in 2011. The decrease was due to decreases in interest expense and other expenses, and an increase in Passenger Facility Charges, offset by a decrease in investment income of $15.3 million.

In 2011 and 2010, capital grants totaled $34.7 million and $25.7 million, respectively. The increase was due to the increase in reimbursements in 2011 for the FAA grants.

2010/2009

Total nonoperating expenses, net of nonoperating revenues, increased by $28.0 million to $87.8 million in 2010. The increase was due principally to a decrease in investment income of $26.5 million, net of a receipt of $11.1 million for the termination of the 2007A swaps. There was an increase of $5.7 million, or 5.9%, in PFCs and an increase in other expense due to the cleanup of Stapleton.

In 2010 and 2009, capital grants totaled $25.7 million and $37.0 million, respectively. The decrease was due to the decrease in reimbursements in 2010 for the FAA grants and the Airport receiving grant allocations through the recently enacted American Recovery and Reinvestment Act of 2009.

City and County of Denver
Municipal Airport System

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

December 31, 2011 and 2010

Summary of Net Assets

The following is a summary of assets, deferred outflows, liabilities, deferred inflows and net assets as of December 31, 2011, 2010, and 2009 (in thousands):

	2011	2010	2009
Assets:			
Current assets, unrestricted	$ 285,811	$ 301,899	$ 206,665
Restricted assets, current	194,059	260,573	167,143
Noncurrent investments	362,037	263,705	299,258
Long-term receivables	11,049	4,885	2,000
Capital assets, net	3,087,363	3,198,235	3,314,609
Bond issue costs, net	42,923	45,594	51,457
Interest rate swaps	58,481	31,715	33,961
Investments - restricted	634,640	686,209	900,246
Assets held for disposition	9,327	9,620	12,799
Total assets	4,685,690	4,802,435	4,988,138
Deferred outflows			
Accumulated decrease in fair value of hedging derivatives	33,852	1,814	-
Liabilities:			
Current liabilities, unrestricted	142,347	110,395	114,180
Current liabilities payable from restricted assets	227,211	242,392	222,924
Bonds payable, noncurrent	3,480,639	3,649,442	3,808,388
Interest rate swaps, noncurrent	304,316	207,548	166,418
Notes payable, noncurrent	13,940	20,640	33,207
Compensated absences payable, noncurrent	6,015	6,020	5,925
Total liabilities	4,174,468	4,236,437	4,351,042
Deferred inflows			
Accumulated increase in fair value of hedging derivatives	-	12,789	34,519
Net assets (deficit):			
Invested in capital assets, net of related debt	(437,712)	(388,461)	(291,115)
Restricted	623,745	666,022	658,095
Unrestricted	359,041	277,462	235,597
Total net assets	$ 545,074	$ 555,023	$ 602,577

2011/2010

Total assets decreased by $116.8 million in 2011, compared to 2010. This was primarily due to a decrease in capital assets, net, of $110.9 million, a decrease in accounts receivable of $18.8 million, and a decrease in restricted cash, cash equivalents and investments of $116.6 million, which was spent principally on construction projects such as the South Terminal Redevelopment Program and on repairs of runways ramps. These decreases were offset by increases in unrestricted investments of $138.0 million, long-term receivables, and interest rate swaps.

Deferred outflows increased by $32 million due to changes in fair values of effective swaps.

Total liabilities decreased by $62.0 million in 2011, compared to 2010. The decrease was primarily attributed to the payment of principal on revenue bonds of $127.5 million, and a decrease in notes payable. These decreases were offset by increases in other liabilities and interest rate swaps.

Deferred inflows decreased by $12.8 million due to changes in fair values of effective swaps.

Of the Airport System's 2011 total net assets, 114% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $605.2 million for debt service and $18.5 million for capital projects, respectively.

At December 31, 2011, the remaining net assets include unrestricted net assets of $359.0 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 amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($437.7) 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.

2010/2009

Total assets decreased by $185.7 million in 2010, compared to 2009. This was primarily due to a decrease in capital assets, net, of $116.4 million, a decrease in bond issues costs and a decrease in restricted cash, cash equivalents and investments of $129.2 million spent on construction projects such as the South Terminal Redevelopment Program and removal of the baggage system. These decreases were offset by an increase in grants receivable and unrestricted cash and cash equivalents and investments.

Deferred outflows increased by $1.8 million due to changes in fair values of effective swaps.

Total liabilities decreased by $114.6 million in 2010, compared to 2009. The decrease was primarily attributed to the payment of principal on the revenue bonds of $138.2 million, and decreases in notes payable and due to other agencies. These decreases are offset by increases in other liabilities and compensated absences.

Deferred inflows decreased by $21.7 million due to changes in fair values of effective swaps.

Of the Airport System's 2010 total net assets, 120% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $643.1 million for debt service and $23.0 million for capital projects, respectively.

At December 31, 2010, the remaining net assets include unrestricted net assets of $277.5 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 amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($388.5) 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, 2011 and 2010, the Airport System had approximately $3.8 and $4.0 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 $306.7 million in 2011.

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 Standard and Poor's and Fitch giving the Airport a stable outlook and Moody's rating the Airport with a negative outlook.

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 ordinances, 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, 2011 and 2010 was 197% and 180%, respectively, of total debt service.

On October 5, 2011, the Airport System issued $198,370,000 and $15,310,000 of Airport System Revenue Bonds, Series 2011B and 2011C, respectively, in a fixed rate mode to current refund all of the remaining 2001A Bonds in an amount of $171,125,000, all of the 2001B Bonds in the amount of $16,675,000 and all of the remaining 2001D Bonds in the amount of $43,410,000.

On August 31, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008C2-C3 Bonds and entered into an agreement with Royal Bank of Canada and RBCCM pursuant to which Royal Bank of Canada and RBCCM will agree to hold the 2008C2-C3 Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through August 29, 2014.

On August 8, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008C1 Bonds and entered into an agreement with Wells Fargo pursuant to which Wells Fargo will agree to hold the 2008C1 Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through August 8, 2016.

On July 29, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008B Bonds and entered into an agreement with Wells Fargo pursuant to which Wells Fargo will agree to hold the 2008B Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through July 29, 2016.

On April 14, 2011, the Airport System issued $349,730,000 of the Airport System Revenue Bonds Series 2011A, in a fixed rate mode to current refund all of the Subseries 2008A3 and Subseries 2008A4 Bonds in the amounts of $122,060,000 and $72,350,000, respectively, and all of the remaining Series 2000A Bonds in the amount of $160,135,000.

On March 9, 2010, the Airport System issued $171,360,000 of the Airport System Revenue Bonds Series 2010A in a fixed-rate mode to current refund all of the 2008A2 term-rate bonds (Subseries 2008A2 Bonds) and a portion of the 2008A3 and 2008A4 (Subseries 2008A3 and 2008A4) term rate bonds.

On February 5, 2010 and February 10, 2010, the Airport System terminated the 2007A Swap Agreements to monetize the economic value of those agreements. The Airport System received $11,092,000 from the counterparties for the settlement of the agreements.

On January 12, 2010, the Airport System terminated the 1999 and 2002 Swap Agreements with RFPC Ltd., due to deterioration in the credit ratings of AMBAC, the credit support provider for those swaps. The Airport System simultaneously entered into an interest rate swap agreement with Loop Financial Products I LLC to replace the 1999 swap agreement. The Airport System received $10,570,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $11,460,000 due to RFPC, Ltd. As a result of receiving $10,570,000 from Loop Financial Products I LLC, the fixed rate to be paid by the Airport System to Loop Financials Products I LLC will take into account such payments and will be above the market rate. The 2002 swap agreement was not replaced.

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, 2011 and 2010, the Airport System had capital assets of approximately $3.1 billion and $3.2 billion, respectively. These amounts are net of accumulated depreciation of approximately $2.3 billion and $2.1 billion, respectively.

On September 15, 2010, the Airport System announced that the Airport will gain a third solar-energy installation with the development of a new 4.4 megawatt facility by Denver-based Oak Energy Partners. Project construction began in the fall of 2010, and the project was completed in early 2011.

On August 26, 2010, the Regional Transportation District (RTD) broke ground at the Airport for the FasTracks East Corridor-rail line that will link Downtown Denver to Denver International Airport. The East Corridor Line, which is estimated to be completed in 2016, is the project's only commuter-rail line, but FasTracks also will build light-rail lines for an expanded public transportation rail system in the region.

On July 29, 2010, the Airport unveiled the conceptual design of the South Terminal Redevelopment Program. In conjunction with the RTD FasTracks East Corridor Line, the South Terminal Redevelopment Program is expected to create 6,600 jobs and is scheduled to be finished in 2016. The South Terminal Redevelopment Program includes the construction of a station for the commuter-rail line that will connect the Airport to Downtown Denver and an open-air plaza. A new 500-room hotel and conference center connected to Jeppesen Terminal, is also part of the program.

On March 5, 2010, the Airport System bought 27 oil and natural gas wells on its property for $5.5 million. The Airport owns the mineral rights on all of its 34,000 acres, but had leased approximately 27,000 acres to Petro-Canada Resources (USA) Inc. (PCR) for oil and natural gas exploration. The Airport exercised its preferential right to buy the assets on Airport property and it is anticipated, at current prices, that the wells could produce additional annual revenue of approximately $3.5 million for the Airport.

On March 4, 2010, the Airport System entered into a loan agreement, with Airport Solar I LLC, for $4 million to be repaid together with interest at the rate of 5.5% over twenty years. The principal and interest shall be due and payable in annual installments of $334,717 beginning on January 1, 2011. The loan proceeds will be used to buy the completed commissioned 1.6 megawatt–direct current photo voltaic (solar) electrical generation plant.

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 FAA 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, 2011, a total of $1.3 billion has been remitted to the Airport (including interest earned on late payments), of which $105.0 million has been expended on approved projects, $1.2 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $6.8 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, 2011, the Airport System had outstanding contractual construction and professional services commitments of approximately $51.1 million and had made over $414.0 million in contractual payments for the year then ended.

The Airport's current 2011-2016 Capital Program includes approximately $909.4 million of planned projects. The Airport has also identified a number of Demand Responsive Projects that will be undertaken only if such projects are needed and are financially viable. The 2011-2016 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.

Additional information related to the Airport's capital assets can be found in note 5.

Economic Factors

Passenger traffic was up 1.7% in 2011 compared with a national average change of 0.5% as reported by the Department of Transportation's Bureau of Transportation Statistics (BTS).

The dominant air carrier at Denver International Airport is United Airlines, which together with its affiliates accounted for approximately 42.7% and 41.8% of passenger enplanements at the Airport in 2011 and for three months of 2012, respectively.

The UAL Corporation, Inc. (the parent company of United) and Continental merged effective October 1, 2010, under a plan in which United and Continental became wholly-owned subsidiaries of UAL, which then changed its name to United Continental Holdings, Inc. United Continental Holdings, Inc. has integrated the two airlines under the United brand, to operate under a single FAA operating certificate, as of November 30, 2011.

Frontier has the second largest market share at the Airport for 2011. The Airport serves as Frontier's largest hub. Frontier accounted for approximately 22.1% of passenger enplanements in 2011 and 21.4% for the first three months of 2012, respectively.

Frontier filed for bankruptcy protection in April 2008 and received approval of a reorganization plan in September 2009. The airline emerged from bankruptcy on October 1, 2009, as a subsidiary of Republic Holdings, which purchased Midwest Airlines in July 2009. On April 13, 2010, Republic Holdings announced that it had selected Frontier Airlines name for its consolidated branded airline.

As part of its bankruptcy reorganization proceedings and pursuant to the Frontier Stipulated Order, Frontier assumed its use and lease agreement with the Airport, as well as certain ground service and cargo leases. To cure its debt owed to the Airport before filing for bankruptcy, Frontier issued and delivered to the Airport a $3.0 million promissory note, payable in three equal installments plus interest thereon at 3% per annum commencing October 1, 2010. The use and lease agreement was amended to reduce the number of gates that Frontier uses, and to eliminate leased administrative spaces, 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. It also leased one common use international gate on Concourse A on a subordinated basis. Pursuant to the amended use and lease agreement, Frontier agreed to lease 18 gates on Concourse A and relinquished its preferential rights to other gates.

Southwest Airlines (Southwest) has the third-largest market share at the Airport for 2011 and the second largest market share for the first three months of 2012. Southwest began service at the Airport in January 2006 and since that time has experienced strong and continued growth at Denver International Airport, which is the airline's fifth busiest station in its system. Southwest currently leases 17 gates under a use and lease agreement. Southwest, together with AirTran, accounted for approximately 21.8% and 23.3% of passenger enplanements at the Airport in 2011 and the first three months of 2012, respectively.

In May of 2011, Southwest acquired AirTran Holdings, Inc. and integrated AirTran Airways into the Southwest brand on March 1, 2012 and is operating under a single FAA operating certificate.

As previously discussed, operating revenues were up .2% in 2011 compared to 2010. Operating income before depreciation and amortization of $209.9 million represented an increase of $18.4 million compared to 2010. Revenues available for sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, subject to a $40 million cap for the airlines position, was $95 million. The airlines will receive $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 Laura Trujillo, Accounting Controller, 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
Municipal Airport System

STATEMENTS OF NET ASSETS

December 31, 2011 and 2010

	2011	2010
Assets		
Current assets:		
Unrestricted:		
Cash and cash equivalents	$ 99,598,889	$ 137,851,867
Investments	133,155,686	93,476,444
Accounts receivable (net of allowance for doubtful accounts $237,689 and $1,009,113)	32,214,108	51,048,712
Due from other City agencies	14,235	-
Accrued interest receivable	6,625,556	5,642,097
Other receivables	1,763,561	1,313,051
Inventories	10,705,333	10,732,708
Prepaid expenses and other	1,734,177	1,834,519
Total current unrestricted assets	285,811,545	301,899,398
Restricted:		
Cash and cash equivalents	29,900,522	76,016,953
Investments	144,538,127	163,432,947
Accrued interest receivable	1,461,167	1,714,883
Prepaid expenses and other	2,061,962	2,211,970
Grants receivable	5,857,461	6,925,284
Passenger facility charges receivable	10,239,667	10,271,357
Total current restricted assets	194,058,906	260,573,394
Total current assets	479,870,451	562,472,792
Noncurrent assets:		
Investments	362,037,142	263,704,602
Long-term receivables, net of current portion	11,049,162	4,885,283
Capital assets:		
Buildings	2,000,131,930	1,999,547,458
Improvements other than buildings	2,258,895,410	2,247,619,169
Machinery and equipment	734,921,597	720,543,765
	4,993,948,937	4,967,710,392
Less accumulated depreciation and amortization	(2,262,245,368)	(2,083,584,224)
	2,731,703,569	2,884,126,168
Construction-in-progress	60,355,766	18,805,831
Land, land rights and air rights	295,303,475	295,303,475
Total capital assets	3,087,362,810	3,198,235,474
Bond issue costs, net of accumulated amortization	42,922,700	45,594,223
Interest rate swaps	58,481,233	31,714,500
Investments - restricted	634,640,342	686,208,559
Assets held for disposition	9,326,437	9,620,168
Total noncurrent assets	4,205,819,826	4,239,962,809
Total assets	4,685,690,277	4,802,435,601
Deferred Outflows		
Accumulated decrease in fair value of hedging derivatives	33,851,633	1,813,815

City and County of Denver
Municipal Airport System

STATEMENTS OF NET ASSETS

December 31, 2011 and 2010

	2011	2010
Liabilities		
Current liabilities:		
Unrestricted:		
Vouchers payable	$ 31,192,632	$ 29,529,578
Due to other City agencies	6,065,644	7,206,481
Compensated absences payable	2,610,352	2,359,480
Other liabilities	40,781,756	8,204,483
Revenue credit payable	40,000,000	40,000,000
Deferred rent	21,696,494	23,095,107
Total current unrestricted liabilities	142,346,878	110,395,129
Restricted:		
Vouchers payable	18,420,636	24,165,133
Retainages payable	16,875,018	17,019,196
Accrued interest and matured coupons	22,832,632	25,342,787
Notes payable	6,700,032	10,789,052
Other liabilities	21,322,630	31,471,049
Revenue bonds	141,060,000	133,605,000
Total current restricted liabilities	227,210,948	242,392,217
Total current liabilities	369,557,826	352,787,346
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,637,635,000	3,841,940,000
(Less) plus:		
Deferred losses on bond refundings	(227,005,888)	(253,473,480)
Net unamortized premiums	70,010,140	60,975,306
Total bonds payable, noncurrent	3,480,639,252	3,649,441,826
Interest rate swaps	304,315,851	207,548,413
Notes payable	13,940,213	20,640,245
Compensated absences payable	6,014,921	6,019,665
Total noncurrent liabilities	3,804,910,237	3,883,650,149
Total liabilities	4,174,468,063	4,236,437,495
Deferred Inflows		
Accumulated increase in fair value of hedging derivatives	-	12,788,811
Net Assets (Deficit)		
Invested in capital assets, net of related debt	(437,712,331)	(388,461,289)
Restricted for:		
Capital projects	18,562,436	22,959,179
Debt service	605,182,758	643,063,432
Unrestricted	359,040,984	277,461,788
Total net assets	$ 545,073,847	$ 555,023,110

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Years Ended December 31, 2011 and 2010

	2011	2010
Operating revenues:		
Facility rentals	$ 212,407,814	$ 231,603,031
Concession	47,499,304	43,397,645
Parking	132,728,104	123,672,753
Car rental	46,352,620	44,180,988
Landing fees	116,505,913	120,054,119
Aviation fuel tax	28,892,133	23,680,542
Other sales and charges	18,383,413	14,812,923
Total operating revenues	602,769,301	601,402,001
Operating expenses:		
Personnel services	115,647,989	112,229,670
Contractual services	174,203,413	172,492,471
Repair and maintenance projects	79,951,470	105,943,200
Maintenance, supplies and materials	23,058,681	19,199,594
Total operating expenses, before depreciation and amortization	392,861,553	409,864,935
Operating income before depreciation and amortization	209,907,748	191,537,066
Depreciation and amortization	179,069,943	181,496,012
Operating income	30,837,805	10,041,054
Nonoperating revenues (expenses)		
Passenger facility charges	103,209,991	102,594,509
Investment income	32,489,698	47,751,657
Interest expense	(209,599,454)	(225,053,652)
Grants	400,500	400,500
Other expense	(1,989,394)	(13,487,848)
Total nonoperating expenses, net	(75,488,659)	(87,794,834)
Loss before capital grants and contributions	(44,650,854)	(77,753,780)
Capital grants	34,701,591	25,689,789
Capital contributions	-	4,510,000
Change in net assets	(9,949,263)	(47,553,991)
Net assets, beginning of year	555,023,110	602,577,101
Net assets, end of year	$ 545,073,847	$ 555,023,110

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 626,056,437	$ 620,610,627
Payments to suppliers	(259,535,060)	(299,439,071)
Interfund activity payments to other funds	(16,335,504)	(17,511,948)
Payments to employees	(115,369,822)	(111,763,153)
Net cash provided by operating activities	234,816,051	191,896,455
Cash flows from noncapital financing activities		
Operating grants received	400,500	400,500
Proceeds from imputed debt on swap termination	-	10,570,000
Net cash provided by noncapital financing activities	400,500	10,970,500
Cash flows from capital and related financing activities		
Proceeds from issuance of debt	2,485,087	1,638,822
Principal paid on notes payable	(10,789,052)	(16,361,259)
Principal paid on revenue bonds	(174,505,000)	(153,550,000)
Interest paid on revenue bonds	(149,836,846)	(164,093,290)
Bond issuance costs paid	(5,335,284)	(2,691,088)
Interest paid on notes payable	(1,004,993)	(1,651,876)
Capital grants receipts	35,769,414	23,632,392
Passenger Facility Charges	103,241,681	101,421,580
Purchases of capital assets	(30,318,980)	(36,210,196)
Payments of accrued expenses for capital assets	(34,650,433)	(36,251,283)
Payments to escrow for current refunding of debt	(15,316,126)	-
Payments to bond reserve fund	-	(899,631)
Proceeds from sale of capital assets	133,448	155,290
Net cash used in capital and related financing activities	(280,127,084)	(284,860,539)
Cash flows from investing activities:		
Purchases of investments	(3,640,956,453)	(4,736,385,532)
Proceeds from sales and maturities of investments	3,551,334,280	4,821,530,276
Proceeds from sales of assets held for disposition	293,731	3,178,985
Proceeds from swap termination	-	11,092,000
Swap termination payment	-	(10,570,000)
Interest rate swap settlements	(37,934,874)	(37,895,232)
Payments to maintain assets held for disposal	(17,001,083)	(8,416,297)
Insurance recoveries for Stapleton environmental remediation	25,798,064	10,855,091
Interest and dividends on investments and cash equivalents	79,007,459	73,650,159
Net cash provided by (used in) investing activities	(39,458,876)	127,039,450
Net increase (decrease) in cash and cash equivalents	(84,369,409)	45,045,866
Cash and cash equivalents, beginning of year	213,868,820	168,822,954
Cash and cash equivalents, end of year	$ 129,499,411	$ 213,868,820

City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended December 31, 2011 and 2010

	2011	2010
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 30,837,805	$ 10,041,054
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	179,069,943	181,496,012
Miscellaneous income	566,050	1,546,939
Changes in assets and liabilities:		
Receivables, net of allowance	(8,968,719)	357,306
Inventories	27,375	6,870
Prepaid expenses and other	100,342	4,808,302
Vouchers and other payables	1,663,054	(4,730,289)
Deferred rent	(1,398,613)	40,751
Due to other City agencies	(1,155,072)	(16,462,469)
Compensated absences	246,128	198,515
Other operating liabilities	33,827,758	14,593,464
Net cash provided by operating activities	$ 234,816,051	$ 191,896,455

Noncash activities:

The Airport System issued bonds in the amount of $563,410,000 and $171,360,000 in 2011 and 2010, respectively, in order to refund debt and fund capital projects. Net bond proceeds of $586,439,192 ($563,410,000 plus original issue premium of $28,129,083; less underwriters discount of $2,614,804; less cash proceeds to the Airport of $2,485,087) and $110,995,192 ($171,360,000 plus original issue premium of $14,592,502; less underwriters discount of $974,087; less cash proceeds to the Airport System of $1,638,822; less payment to purchase and retire certain 2008A-3 and 2008A-4 Bonds of $72,344,401) for 2011 and 2010, respectively, were deposited immediately in an irrevocable trust for the defeasance of outstanding revenue bond principal, payment of a redemption premium and accrued interest amounts. Original issue premiums on bonds of $28,129,083 and $14,592,502, were realized on the issuance of bonds in 2011 and 2010, respectively.

	2011	2010
Unrealized gain on investments	$ 22,073,428	$ 15,818,566
Unrealized loss on derivatives	(25,174,076)	(8,740,982)
Capital assets added through incurrence of vouchers and retainages payable	30,383,877	34,650,433
Amortization of bond premiums, deferred losses on bond refundings, and bond costs	16,626,877	17,617,855

(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 (the Airport or 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, 2011. 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.

(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, 2011 and 2010. 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 2011 and 2010 was $6,422,557 and $3,370,616, 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

The Airport System has recorded an accrued liability for accumulated benefits in accordance with the City's vacation and sick leave policies. Employees may accumulate earned but unused benefits up to a specified maximum. The vesting method is used by the Airport System to estimate its accrued sick leave compensated absences liability.

(i) Special Incentive Program (SIP)

In 2009, the City approved a Special Incentive Program (SIP) for the purpose of reducing payroll expenses by encouraging employees eligible to retire to separate from employment. Under SIP, each employee who separated from employment will receive $500 per month for thirty months beginning in January 2010. The Airport System had a total of 36 employees who elected to accept the plan. As of December 31, 2011, the Airport System, recorded a current liability of $122,721 for the 2012 payments with the program ending on June 30, 2012. As of December 31, 2010, the Airport System recorded a current liability of $245,442 for the 2011 payments and a long-term liability of $120,036 for 2012 payments. The liability for 2012 was calculated using the present value of the payments. The discount rate of .23% used for the present value calculation was based on the projected yield of investments that will be used to fund the future payments. The amounts related to SIP are included in the statement of net assets in compensated absences as of December 31, 2011 and 2010.

(j) 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.

(k) Net Assets

2011

The Airport System's assets exceeded liabilities by $545,073,847 as of December 31, 2011, a $9,949,263 decrease in net assets from the prior year-end. Of the Airport System's 2011 net assets, 114.4% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $605,182,758 and are externally restricted for debt service. The net assets restricted for capital projects represent $18,562,436.

The remaining net assets include unrestricted net assets of $359,040,984 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, ($437,712,331) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2010

The Airport System's assets exceeded liabilities by $555,023,110 as of December 31, 2010, a $47,553,991 decrease in net assets from the prior year-end. Of the Airport System's 2010 net assets, 120.0% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $643,063,432 and are externally restricted for debt service. The net assets restricted for capital projects represent $22,959,179.

The remaining net assets include unrestricted net assets of $277,461,788 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 assets 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, ($388,461,289) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(l) 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 and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(m) 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, grants from the federal government and Stapleton demolition and remediation expenses.

(n) 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.

(o) 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, 2011 and 2010, the Airport System had accrued a liability to the airlines, included in current other liabilities, of $15,731,054 and $6,831,425, respectively.

50% of Net Revenues (as defined by the bond ordinance), with an annual cap of $40,000,000 remaining at the end of each year are to be credited in the following year to the passenger airlines signatory use and lease agreements. The Net Revenues credited to the airlines totaled $40,000,000 for both 2011 and 2010. Liabilities for these amounts were accrued as of December 31, 2011 and 2010 and are reported in the statement of net assets as revenue credit payable.

(p) 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.

(q) Reclassifications

Certain 2010 balances have been reclassified to conform to the 2011 financial statement 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, 2011, the amount of the Airport System's deposits was $42,337,651 (includes $28,395,835 of certificates of deposit). In addition, the Airport System had $1,399,954 in uncashed payroll and vendor warrants at December 31, 2011. At December 31, 2010, the amount of the Airport System's deposits was $7,143,659. In addition, the Airport System had $5,084,492 in uncashed payroll and vendor warrants at December 31, 2010.

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.

(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, 2011 and 2010, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

	December 31, 2011	December 31, 2010
Cash equivalents (including cash-on-hand)	$ 12,624	$ 2,257
Certificates of Deposit	28,396	—
Local government investment pools	43,837	45,805
Municipal securities	531	499
Commercial paper	122,599	233,985
State and local government securities	5,773	5,842
U.S. Treasury securities	210,870	244,971
U.S. agency securities	979,241	887,333
	$ 1,403,871	$ 1,420,692

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2011 and 2010, is as follows (amount expressed in thousands).

	December 31, 2011	December 31, 2010
Cash and cash equivalents	$ 99,599	$ 137,852
Investments	495,193	357,181
Restricted cash equivalents	29,901	76,017
Restricted investments	779,178	849,642
	$ 1,403,871	$ 1,420,692

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 investments under the control of the CFO limiting their maximum maturity of investments. Commercial paper can have a maximum maturity of 366 days. U.S. Treasury and agency securities can have a maximum maturity of ten years.

At December 31, 2011, 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	$ 122,599	$ 122,599	$ —	$ —	$ —
U.S. Treasury securities	210,870	5,392	179,198	26,280	—
U.S. agency securities	979,241	164,462	562,350	197,030	55,399
Total	$ 1,312,710	$ 292,453	$ 741,548	$ 223,310	$ 55,399

** 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 Airport System's structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport System bonds.

As of December 31, 2011, the Airport System's portfolio included callable U.S. agency securities with a fair value of $37,319,486. If a callable U.S. agency security 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.

Credit Quality Risk: Credit quality 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 assigned credit quality ratings of AAA. Of the City's investments at December 31, 2011, commercial paper, municipal variable rate demand obligations (VRDO's), state and local government securities, U.S. agency securities and local government investment pools were subject to credit quality risk. The VRDO's were issued by the City. The City's investment policy requires that commercial paper 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. The investment policy requires that the VRDO's have a minimum underlying issuer rating from at least one of the three rating agencies of A from Standard & Poor's and Fitch and A2 from Moody's. State and local government securities and U.S. agency securities include securities issued by government-sponsored enterprises (GSEs). These securities are debt securities that are not explicitly guaranteed by the federal government. The senior debt of these GSEs is rated AAA/Aaa, while the subordinated debt is currently rated AA-/Aa-. The investment policy also requires the local government investment pools to have over $1 billion in assets or have the highest current rating from one or more nationally recognized rating agencies.

As of December 31, 2011, 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, 2011, were subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single type of investment, or in a single issuer. The City's Investment Policy (the Policy) states that a maximum of 5% of the portfolio, based on market value, may be invested in commercial paper, municipal securities, or certificates of deposit issued by any one provider. The Policy limits investments in money market funds to 25% of total investments and investments in municipal securities to 15% of total investments.

As of December 31, 2011, the Airport System's investments 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, 2011 and 2010, an allowance of $237,689 and $1,009,113, respectively, had been established.

(5) Capital Assets

Changes in capital assets for the years ended December 31, 2011 and 2010 were as follows (in thousands):

	2011				
	January 1, 2011	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2011
Depreciable:					
Buildings	$ 1,999,547	$ -	$ 585	$ -	$ 2,000,132
Improvements other than buildings	2,247,619	-	11,276	-	2,258,895
Machinery and equipment	720,544	5,008	9,812	(442)	734,922
	4,967,710	5,008	21,673	(442)	4,993,949
Less accumulated depreciation and amortization	(2,083,584)	(179,070)	-	409	(2,262,245)
	2,884,126	(174,062)	21,673	(33)	2,731,704
Nondepreciable:					
Construction-in-progress	18,806	63,958	(21,673)	(735)	60,356
Land, land rights, and air rights	295,303	-	-	-	295,303
Total capital assets	$ 3,198,235	$ (110,104)	$ -	$ (768)	$ 3,087,363

	2010				
	January 1, 2010	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2010
Depreciable:					
Buildings	$ 1,988,352	$ 4,509	$ 10,100	$ (3,414)	$ 1,999,547
Improvements other than buildings	2,161,395	-	86,337	(113)	2,247,619
Machinery and equipment	689,952	11,185	20,551	(1,144)	720,544
	4,839,699	15,694	116,988	(4,671)	4,967,710
Less accumulated depreciation and amortization	(1,904,392)	(181,496)	-	2,304	(2,083,584)
	2,935,307	(165,802)	116,988	(2,367)	2,884,126
Nondepreciable:					
Construction-in-progress	83,996	56,232	(116,988)	(4,434)	18,806
Land, land rights, and air rights	295,306	-	-	(3)	295,303
Total capital assets	$ 3,314,609	$ (109,570)	$ -	$ (6,804)	$ 3,198,235

(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.

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. and has now become Chartis Specialty Insurance Company. 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. 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 now Chartis, has made over $100 million in payments for remediation covered by the PLL and the now-closed cost cap policies through February 2011. Several additional remediation projects were on hold in 2009 due to denial of coverage, but the parties have worked collectively throughout 2009 and 2010 to reach agreement, on a site by site basis; and the City has been able to proceed and complete several of the projects which had been on hold. In 2010, major remediation in Filing 19 and Filing 7 was completed and paid for by Chartis, and additional work was completed without dispute in 2011. As of close of 2011, Chartis has paid all formerly disputed remediation costs, and invoices were current within 90 days. Accordingly, litigation will not be necessary, and there no longer is any risk of loss in excess of the materiality limits.

The carrying value of Stapleton was $9,326,437 and $9,620,168 at December 31, 2011 and 2010, respectively. The current and anticipated costs accrued in other liabilities for the environmental liability for Stapleton was $15,237,219 and $26,636,123 at December 31, 2011 and 2010, respectively. The Airport has accrued $9,886,711 and $31,075,645 of insurance recoveries in accounts receivable at December 31, 2011 and 2010, respectively. The Airport has received payments for insurance recovery totaling $25,798,064 in 2011 and $10,855,091 in 2010.

(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 2011 and 2010 totaled $16,335,504 and $17,511,948, 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 $46,271,093 and $46,576,613 for the years ended December 31, 2011 and 2010, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled $6,065,644 and $7,206,481 at December 31, 2011 and 2010, respectively.

The outstanding receivable from the City and its related agencies totaled $14,235 and $0 at December 31, 2011 and 2010, respectively.

(8) Bonds Payable

Changes in long-term debt for the years ended December 31, 2011 and 2010 were as follows (in thousands):

	2011					
	January 1, 2011	Additions	Refunded debt	Retirements	December 31, 2011	Amounts due within one year
Airport System revenue bonds	$ 3,832,586	$ 563,410	$ (591,710)	$ (127,454)	$ 3,676,832	$ 132,912
Economic defeasance	54,880	-	-	-	54,880	-
Baggage defeasance	88,079	5,955	-	(47,051)	46,983	8,148
Less deferred loss on bonds	(253,473)	4,622	-	21,845	(227,006)	-
Plus unamortized premiums	60,975	18,597	-	(9,562)	70,010	-
Total bond debt	$ 3,783,047	$ 592,584	$ (591,710)	$ (162,222)	3,621,699	$ 141,060
Less current portion					(141,060)	
Noncurrent portion					$ 3,480,639	

	2010					
	January 1, 2010	Additions	Refunded debt	Retirements	December 31, 2010	Amounts due within one year
Airport System revenue bonds	$ 3,977,855	$ 171,360	$ (178,405)	$ (138,224)	$ 3,832,586	$ 125,954
Economic defeasance	54,880	-	-	-	54,880	-
Baggage defeasance	103,405	-	-	(15,326)	88,079	7,651
Less deferred loss on bonds	(274,565)	(881)	-	21,973	(253,473)	-
Plus unamortized premiums	59,208	11,547	-	(9,780)	60,975	-
Total bond debt	$ 3,920,783	$ 182,026	$ (178,405)	$ (141,357)	3,783,047	$ 133,605
Less current portion					(133,605)	
Noncurrent portion					$ 3,649,442	

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 on fixed rate bonds is payable semi-annually. The variable rate bonds are issued in weekly mode (except for the Series 2007G1-G2 Bonds, which are currently in a daily mode). Auction rate bonds carry interest rates that are periodically reset for seven day periods. As such, the actual interest rate on the bonds will vary 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, 2011 and 2010 are as follows:

Bond	Maturity	Interest Rate	Amount Outstanding 2011	Amount Outstanding 2010
Airport system revenue bonds				
Series 1991D Term bonds	November 15, 2013	7.75%	$ 25,198,577	$ 39,969,228
Series 1992F, G*	November 15, 2025	0.230%	40,600,000	42,300,000
Series 1995C Term bonds	November 15, 2012	6.50%	3,770,000	7,305,000
Series 1997E Serial bonds	Annually November 15, 2011 and 2013	6.00%	16,902,745	34,461,718
Series 1998A Term bonds	November 15, 2025	5.00%	128,695,000	128,695,000
Series 1998B Term bonds	November 15, 2025	5.00%	103,395,000	103,395,000
Series 2000A				
Serial bonds	Annually November 15, 2011 to 2019	5.125-6.00%	-	141,600,000
Term bonds	November 15, 2023	5.625%	-	31,495,000
Series 2001A Serial bonds	Annually November 15, 2011 to 2017	5.00-5.625%	-	182,344,765
Series 2001B Serial bonds	Annually November 15, 2013 to 2016	4.75-5.50%	-	16,675,000
Series 2001D Serial bonds	Annually November 15, 2011 to 2024	5.00-5.50%	-	46,940,000
Series 2002C*	November 15, 2024	0.230%	33,900,000	35,500,000
Series 2002E Serial bonds	Annually November 15, 2011 to 2023	4.75-5.50%	117,140,000	129,140,000
Series 2003A Term bonds	November 15, 2026 and 2031	5.00%	161,965,000	161,965,000
Series 2003B Term bonds	November 15, 2033	5.00-5.75%	75,460,000	75,460,000
Series 2005A Serial bonds	Annually November 15, 2011 to 2025	4.00-5.00%	218,485,000	224,510,000
Series 2006A Serial bonds	Annually November 15, 2015 to 2025	4.00-5.00%	279,585,000	279,585,000
Series 2006B Serial bonds	Annually November 15, 2011 to 2015	5.00%	65,690,000	90,365,000
Series 2007A Serial & Term bonds	Annually November 15, 2023, 2024, 2026, 2027 and 2030	5.00%	188,350,000	188,350,000
Series 2007B Term bonds	November 15, 2032	5.00%	24,250,000	24,250,000
Series 2007C Term bonds	Annually November 15, 2016, 2017 and 2023	5.00%	34,635,000	34,635,000
Series 2007D Serial bonds	Annually November 15, 2016 to 2023	5.25-5.50%	147,815,000	147,815,000
Series 2007D2 Serial bonds	Annually November 15, 2014 to 2015	5.00%	29,200,000	29,200,000
Series 2007E Term bonds	November 15, 2032	5.00%	47,400,000	47,400,000
Series 2007F1-F4**	November 15, 2025	.89-.90%	206,025,000	206,525,000
Series 2007G1-G2*	November 15, 2025	0.110%	147,000,000	147,400,000

Bond	Maturity	Interest Rate	Amount Outstanding 2011	2010
Series 2008A1 Serial bonds	Annually November 15, 2011 to 2017	5.00-5.50%	138,765,000	161,100,000
Series 2008A2-A4 Term rate bonds	November 15, 2032	5.00-5.25%	-	194,410,000
Series 2008B*	November 15, 2025	1.27%	75,100,000	75,700,000
Series 2008C1-C3*	November 15, 2025	.956%-1.271%	292,600,000	292,600,000
Series 2009A	November 15, 2012 to 2036	5.00-5.25%	170,190,000	170,190,000
Series 2009B	November 15, 2039	6.414%	65,290,000	65,290,000
Series 2009C*	November 15, 2022	0.100%	104,655,000	104,655,000
Series 2010A	November 15, 2032	4.00-5.00%	171,360,000	171,360,000
Series 2011A	November 15, 2023	3.00-5.250%	349,730,000	-
Series 2011B	November 15, 2024	2.5-5.00%	198,370,000	-
Series 2011C	November 15, 2016	3.00-5.00%	15,310,000	-
Economic defeasance				
LOI 1998/1999	November 15, 2013, 2024 and 2025	6.125-7.75%	54,880,000	54,880,000
ABS baggage defeasance	November 15, 2011 to 2021	5.00-7.75%	46,983,678	88,079,289
Total revenue bonds			3,778,695,000	3,975,545,000
Less current portion			(141,060,000)	(133,605,000)
Net unamortized premiums			70,010,140	60,975,306
Deferred loss on refundings			(227,005,888)	(253,473,480)
Total bonds payable noncurrent			$ 3,480,639,252	$ 3,649,441,826

* Variable rates are as of December 31, 2011

** Auction rates are as of December 31, 2011

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.

(a) *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 are being used to defease a portion of the Airport System Revenue bonds related to the ABS Baggage System. On December 12, 2007 and December 31, 2011, the Airport added an additional $85,000,000 and $5,955,000 respectively, to the ABS Baggage System defeasance escrow.

(b) Bond Issuances

On October 5, 2011, the Airport System issued $198,370,000 and $15,310,000 of Airport System Revenue Bonds, Series 2011B and 2011C, respectively, in a fixed rate mode to current refund all of the remaining 2001A Bonds in an amount of $171,125,000, all of the 2001B Bonds in the amount of $16,675,000 and all of the remaining 2001D Bonds in the amount of $43,410,000.

On August 31, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008C2-C3 Bonds and entered into an agreement with Royal Bank of Canada and RBCCM pursuant to which Royal Bank of Canada and RBCCM will agree to hold the 2008C2-C3 Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through August 29, 2014.

On August 8, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008C1 Bonds and entered into an agreement with Wells Fargo pursuant to which Wells Fargo will agree to hold the 2008C1 Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through August 8, 2016.

On July 29, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008B Bonds and entered into an agreement with Wells Fargo pursuant to which Wells Fargo will agree to hold the 2008B Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through July 29, 2016.

On April 14, 2011, the Airport System issued $349,730,000 of the Airport System Revenue Bonds Series 2011A, in a fixed rate mode to current refund all of the Subseries 2008A3 and Subseries 2008A4 Bonds in the amounts of $122,060,000 and $72,350,000, respectively, and all of the remaining Series 2000A Bonds in the amount of $160,135,000.

On March 9, 2010, the Airport System issued $171,360,000 of Airport System Revenue Bonds, Series 2010A, in a fixed-rate mode to current refund all of the Subseries 2008A2 Bonds and a portion of the Subseries 2008A3 and Subseries 2008A4 Bonds.

(c) Deferred Refunding

The proceeds of the 2011A Bonds were used together with other Airport monies to current refund all of the Subseries 2008A3 and Subseries 2008A4, and all of the remaining Series 2000A Bonds to approximately match the principal amortization of the refunded bonds and debt service. The current refunding resulted in a defeasance of debt with a difference between the reacquisition price of $355,863,243 and the net carrying amount of the old debt of $357,294,392, and the recognition of a deferred gain on refunding in the amount of $1,431,149. The deferred gain on refunding is being amortized over the remaining life of the old debt. The present value economic gain resulting from the portion of the transaction, which refunded a portion of the Series 2000A Bonds is estimated to be $4,932,812.

The proceeds of the 2011B and C Bonds were used together with other Airport monies to current refund all of the remaining Series 2001A Bonds, refund all of the Series 2001B Bonds and refund all of the remaining Series 2001D Bonds to approximately match the principal amortization of the refunded bonds and debt service. The current refunding resulted in a defeasance of debt with a difference between the reacquisition price of $230,575,950 and the net carrying amount of the old debt of $233,767,113, and the recognition of a deferred gain on refunding in the amount of $3,191,163. The deferred gain on refunding is being amortized over the remaining life of the old debt. The present value economic gain resulting from the transaction is estimated to be $24,799,291.

The proceeds of the 2010A Bonds were used together with other Airport monies to current refund all of the Subseries 2008A2 Bonds, and a portion of the Subseries 2008A3 and Subseries 2008A4 Bonds to approximately match the principal amortization of the refunded bonds and debt service. The current refunding resulted in a defeasance of debt with a difference between the reacquisition price of $182,266,410 and the net carrying amount of the old debt of $181,384,701, and the recognition of a deferred loss on refunding in the amount of $881,709. The deferred loss on refunding is being amortized over the remaining life of the old debt. The transaction resulted in a difference in cash flows to service the old debt and the new debt of $(1,913,323) and an economic loss of $2,231,478.

(d) 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, 2011 and 2010, 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, 2011 are as follows:

	Principal	Interest
Year:		
2012	$ 132,911,839	$ 144,216,615
2013	136,949,483	131,913,213
2014	138,240,000	131,733,260
2015	144,205,000	125,762,636
2016	160,965,000	118,948,308
2017-2021	804,745,000	488,577,291
2022-2026	1,519,440,000	293,254,327
2027-2031	383,365,000	129,403,609
2032-2036	195,380,000	40,632,116
2037-2039	60,630,000	7,938,929
Total	$ 3,676,831,322	$ 1,612,380,304

Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2011, are as follows:

		Principal		Interest
Year:				
2012	$	-	$	3,601,900
2013		14,800,000		3,601,900
2014		-		2,454,900
2015		-		2,454,900
2016		-		2,454,900
2017-2021		-		12,274,500
2022-2025		40,080,000		8,345,925
Total	$	54,880,000	$	35,188,925

Debt service requirements for the economic defeasance ABS Baggage System of the Airport System to maturity as of December 31, 2011, are as follows:

		Principal		Interest
Year:				
2012	$	8,148,161	$	2,664,333
2013		11,425,517		2,175,531
2014		10,000		1,490,200
2015		10,000		1,489,800
2016		10,000		1,489,400
2017-2021		27,380,000		5,151,424
Total	$	46,983,678	$	14,460,688

(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 3.64% 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 3.33% based on 30/360 calculation for 2008.

The payment schedule relating to note requirements as of December 31, 2011 is as follows:

	Principal	Interest
Year:		
2012	$ 6,700,032	$ 695,334
2013	5,602,998	460,506
2014	3,548,309	298,541
2015	3,688,168	158,683
2016	1,100,738	32,559
	$ 20,640,245	$ 1,645,623

Changes in notes payable for the years ended December 31, 2011 and 2010 were as follows:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011	Amounts due within one year
Notes payable	$ 31,429,297	$ -	$ (10,789,052)	$ 20,640,245	$ 6,700,032
Less current portion				(6,700,032)	
Noncurrent portion				$ 13,940,213	

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010	Amounts due within one year
Notes payable	$ 47,790,558	$ -	$ (16,361,261)	$ 31,429,297	$ 10,789,052
Less current portion				(10,789,052)	
Noncurrent portion				$ 20,640,245	

(10) Demand Bonds

Included in long-term debt are $40,600,000 for Series 1992F, G; $33,900,000 of Series 2002C, $75,100,000 of Series 2008B, $92,600,000 of Series 2008C1, $200,000,000 of Series 2008C2-C3, $104,655,000 of Series 2009C and $147,000,000 for Series 2007G1-G2 of Airport System Revenue Bonds Series, respectively, which bear interest at flexible, daily, 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 daily, weekly or monthly mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. On July 29, 2011 and August 8, 2011, the Airport System entered into a liquidity facility and reimbursement agreement with Wells Fargo, who purchased the Series 2008B and 2008C1 Bonds, respectively, at a floating rate indexed to one month LIBOR. On August 31, 2011, the Airport System entered into a liquidity facility and reimbursement agreement with Royal Bank of Canada, who purchased the Series 2008 C2-C3 Bonds at a floating rate index to one month LIBOR. Series 1992F, 1992G, 2002C, 2007G1-G2, and 2009C each have irrevocable letter of credits or standby bond purchase agreements 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, and 2009C 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	$ 22,200,000	$ 22,543,036	0.163%	October 2, 2014
Series 1992G	18,400,000	18,684,318	0.163%	October 2, 2014
Series 2002C	33,900,000	34,423,825	0.163%	October 2, 2014
Series 2007G1-G2	147,000,000	148,691,507	0.280%	November 13, 2014
Series 2009C	104,655,000	106,134,507	1.400%	November 5, 2012

* As of December 31, 2011 and 2010 no amounts have been drawn under any of the existing agreements.

Subsequent to year-end, the Airport System is evaluating various financing options for the Series 2009C Bonds with respect to the letter of credit expiration date.

(11) Bond Ordinance Provisions

(a) 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.

(b) Airport System Revenue Bonds

Under the terms of the Bond Ordinance, all bond series, (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, outstanding commercial paper is 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. The 1998, 1999 and 2009A swap agreements are all pay fixed-receive variable rate cash flow hedges, with the variable payment from the counterparty based on the USD-SIFMA Municipal Swap Index and the variable rate of the bonds. The rest of the Airport System's swap agreements are considered investment derivatives in accordance with the provisions of GASB 53. Additionally, investment income on these derivatives has also been recognized in accordance with GASB 53. The City does not enter into derivative transactions for investment purposes, nor does the City Charter allow for the investment in derivative investments. The fair value balances and notional amounts of the swaps outstanding at December 31, 2011 and 2010, and the changes in fair value of swaps for the years then ended, are as follows:

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2011
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Outflow	$ 5,975,384	$ (31,795,774)
							Deferred Inflow	5,128,847	
							Investment Income	(2,287,201)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	5,956,267	(31,394,187)
							Deferred Inflow	5,896,639	
							Investment Income	(2,253,172)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	9,420,944	(33,438,670)
							Deferred Inflow	1,178,163	
							Investment Income	(2,565,755)	
Merrill Lynch Capital Services, Inc.	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	4,697,696	(16,441,962)
							Deferred Inflow	585,162	
							Investment Income	(1,254,536)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	233,744	(2,452,912)
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	5,033,759	(11,950,198)
JP Morgan Chase Bank, N.A.	11/15/2006	55.917	11/15/2025	2006A	3.6874%	70% LIBOR	Investment Income	5,031,056	(12,115,485)
Jackson Financial Products, LLC	11/15/2006	111.834	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	10,067,519	(23,900,397)
Piper Jaffray Financial Products, Inc.	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	5,033,759	(11,950,198)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	178.750	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	12,806,899	(39,689,248)
GKB Financial Services Corp.	11/15/2007	59.583	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	4,268,966	(13,229,749)

City and County of Denver
Municipal Airport System

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2011
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(5,353,347)	11,696,247
JP Morgan Chase Bank, N.A.	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(5,353,347)	11,696,247
Jackson Financial Products, LLC	11/15/2006	111.834	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(10,706,693)	23,392,493
Piper Jaffray Financial Products, Inc.	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(5,353,347)	11,696,247
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	119.117	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	8,540,790	(26,455,551)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.10%	Investment Income	11,256,400	(32,760,521)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	5,987,527	(16,741,000)
							Investment income	(1,971,418)	
Total									$ (245,834,618)

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2010
1998 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2000	$ 100	11/15/2025	2008C2-C3	4.7600%	70% LIBOR + 0.10%	Deferred Inflow	6,153,589	$ (22,978,744)
							Investment Income	(2,051,953)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Inflow	5,990,855	(21,794,453)
							Investment Income	(2,021,400)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Inflow	3,985,328	(25,405,318)
							Investment Income	(2,305,411)	
Merrill Lynch Capital Services, Inc.	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Inflow	1,978,823	(12,413,640)
							Investment Income	(1,127,226)	
RFPC, LTD.	10/4/2001	50	11/1/2022 *	(1)	5.6229%	SIFMA	Deferred Inflow	3,621,213	-
							Investment Income	(15,507,041)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	2,038,379	(2,219,168)
RFPC, LTD.	4/15/2002	100	11/1/2022 *	(1)	SIFMA	76.00% LIBOR	Investment Income	(302,124)	-
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	2,263,619	(6,916,439)
JP Morgan Chase Bank, N.A.	11/15/2006	55.917	11/15/2025	2006A	3.6874%	70% LIBOR	Investment Income	2,258,775	(7,084,429)
Jackson Financial Products, LLC	11/15/2006	111.834	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	4,527,239	(13,832,878)
Piper Jaffray Financial Products, Inc.	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	2,263,619	(6,916,439)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	178.750	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	6,334,036	(26,882,349)
GKB Financial Services Corp.	11/15/2007	59.583	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	2,111,345	(8,960,783)

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2010
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(1,119,443)	6,342,900
JP Morgan Chase Bank, N.A.	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(1,119,443)	6,342,900
Jackson Financial Products, LLC	11/15/2006	111.834	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(2,238,886)	12,685,800
Piper Jaffray Financial Products, Inc.	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(1,119,443)	6,342,900
2007A Swap Agreements									
JP Morgan Chase Bank, N.A.	5/1/2010	150	11/1/2022 *	n/a	LIBOR	LIBOR	Investment Income	5,881,139	-
Royal Bank of Canada	5/1/2010	50	11/1/2022 *	n/a	LIBOR	LIBOR	Investment Income	1,962,713	-
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	119.117	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	4,224,019	(17,914,761)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	Investment Income	3,969,393	(21,504,121)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	1,813,815	(12,724,891)
							Investment income	10,911,076	
Total									$ (175,833,913)

(1) previously associated with the 2001 C1-C4. Swaps currently associated with Series 2009c, 2008b and a portion of the 2002C bonds
(2) a portion of the Series 2002C bonds are additionally associated with these swaps
* swap agreements terminated or replaced during 2010

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 SIFMA swap curves as of December 31, 2011 and December 31, 2010. 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, 2011. 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.

(a) 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, 2011, 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 negative 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, 2011 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	A
JP Morgan Chase Bank, N.A.	A+	Aa1	AA-
LOOP Financial Products, LLC (Deutsche Bank, AG, New York Branch)	A+	Aa3	A+
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	A-	Baa1	A
Royal Bank of Canada	AA-	Aa1	AA
Societe Generale, New York Branch	A+	A1	A+
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A-	Baa1	A
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	A+	A1	A+
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	A-	A2	A

The ratings of the counterparties, or their credit support providers, as of December 31, 2010 are as follows:

Counterparty (credit support provider)	Ratings of the counterparty or its credit support provider S&P	Moody's	Fitch
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	A	A1	A+
JP Morgan Chase Bank, N.A.	AA-	Aa1	AA-
LOOP Financial Products, LLC (Deutsche Bank, AG, New York Branch)	A+	Aa3	AA-
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	A	A2	A+
Royal Bank of Canada	AA-	Aa1	AA
Societe Generale, New York Branch	A+	Aa2	A+
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A	A2	A+
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	A+	Aa2	A+
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	A	A2	A

As of December 31, 2011, 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.

Interest Rate Risk – The Airport System is exposed to interest rate risk in that as the variable rates of the swap agreements decrease, the Airport System's net payments on the swap agreements increase.

Basis Risk – Each of the Airport System's swap agreements is 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.

(b) 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) 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. 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 Swap 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, 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 Securities Industry and Financial Markets Association index (SIFMA) and LIBOR such that the daily average SIFMA 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.

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. On August 31, 2011, the Airport System entered into a liquidity facility and reimbursement agreement with Royal Bank of Canada, who purchased the Series 2008C2-C3 Bonds at a floating rate indexed to one month LIBOR. As a result of this transaction, the swap counterparties elected to apply the alternative variable rate provision under the swaps (70% of one month LIBOR plus 0.10%).

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) 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, 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 SIFMA Index payable by the respective financial institutions. Historically, SIFMA Index averages have been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference largely 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 commercial paper was refunded by the Series 2009C Bonds. The 1999 Swap Agreements are currently associated with the Series 2009C, Series 2008B 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 SIFMA, on $150 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.596%. The 1999 Swap Agreements became effective on October 4, 2001, and payments under these Swap Agreements commenced on November 1, 2001.

On January 12, 2010, the Airport System terminated a $50 million (not included in the $150 million discussed above) 1999 Swap Agreement with RFPC, Ltd. due to deterioration in the credit ratings of AMBAC, the credit support provider for that swap. The Airport System simultaneously entered into the 2009A replacement swap with Loop Financial Products I LLC (credit support provided by Deutsche Bank) (see the 2009A Swap Agreement discussed below).

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 SIFMA Index to a percentage of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR). On January 12, 2010, the Airport System terminated the 2002 Swap Agreement with RFPC, Ltd. due to deterioration in the credit ratings of AMBAC, the credit support provider for the swap. The 2002 Swap Agreement was not replaced. The 2002 Swap Agreement has a notional amount of $100 million, related to the 1999 Swap Agreements and provide for certain payments to or from the financial institution equal to the difference between SIFMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreement, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.165% of LIBOR, rather than SIFMA, 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 Agreement. The 2002 Swap Agreement became effective on April 15, 2002 and payments under this Swap Agreement 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 SIFMA 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 SIFMA 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 $179.9 million and $60.0 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 Swap Agreement and 70% of London Interbank Offered Rate for one month deposits of U.S. dollars (LIBOR) 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 Swap 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 SIFMA Index payable by the Airport System under each Swap 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 SIFMA plus or minus the difference between the fixed rate on the Series 2006A Bonds and the fixed rate received under the 2006B Swap 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 SIFMA index and 70.0% of 1-month LIBOR, minus the difference of the fixed receiver rate on the 2006B Swap Agreements and the weighted average fixed payor rate on the 2005 Swap Agreements 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 Swap 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.

On February 5, 2010 and February 10, 2010, the City terminated the 2007A Swap Agreements in order to monetize the economic value of those Swap Agreements and received $11,092,000 from the counterparties.

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 Swap 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 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 $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 Swap 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 Swap 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 Swap Agreement commenced on February 1, 2009.

The 2009A Swap Agreement – On January 12, 2010, the City entered into an interest rate swap agreement (the 2009A Swap Agreement) with Loop Financial Products I LLC and simultaneously terminated the 1999 Swap Agreement with RFPC, Ltd. The purpose of the transaction was to replace RFPC, Ltd, due to deterioration of the ratings of Ambac (the credit support provider on the swap), as counterparty to $50 million notional. 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 Swap Agreement and the SIFMA index payable by Loop Financial Products I LLC. The City received $10,570,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $10,570,000 due to RFPC, Ltd. As a result of receiving $10,570,000 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 2009A Swap Agreement is currently associated with the Series 2009C, Series 2008B and a portion of the Series 2002C Bonds. The net effect of the 2009A Swap Agreement, 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 SIFMA index, on $50 million of obligations. The 2009A Swap Agreement became effective on January 12, 2010, and payments under this Swap Agreement commenced on February 1, 2010. The Airport system is exposed to basis risk under the 2009A Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and the SIFMA index received under the 2009A Swap Agreement. The fixed rate payable by the Airport System under the 2009A Swap Agreement is 5.6229%.

(c) *Swap Payments and Associated Debt*

Interest Rate Swap Profile (all rates as of December 31, 2011):

Swaps	1999, 2002 2009A (1)	2005,2006B	2006A,2008A	1998	2008B
Associated Debt	2002C, 2008B, 2009C(2)	2006A	2007F-G, 2002C(3)	2008C2-C3	2008C1, 2002C(4)
Payment to Counterparty:	5.703%	3.762%	4.009%	4.740%	4.760%
Payment from Counterparty:	.325%	4.292%	.207%	.307%	.507%
Net Swap Payment:	5.378%	(0.530%)	3.802%	4.433%	4.253%
Associated Bond Interest Rate:	.552%	4.950%	0.564%	0.960%	1.193%
Net Swap & Bond Payment:	5.930%	4.420%	4.366%	5.393%	5.446%

(1) Associated 1999 Swaps with RFPC, Ltd. was terminated, and replaced with 2009A Swap Agreement, and associated 2002 Swap with RFPC, Ltd. was terminated on January 12, 2010. The 2007A swaps were terminated on February 5, 2010 and February 10, 2010. Because these swaps were not scheduled to be effective until May 1, 2010 the effect of these swaps are not included.

(2) Swaps currently associated by the Airport with $104.655 million 2009C, $75.10 million Series 2008B, and a portion of the Series 2002C Bonds.

(3) Swaps currently associated by the Airport with $206,025,000 Series 2007F1-F4, $147,000,000 Series 2007G1-G2, and a portion of the Series 2002C Bonds.

(4) Swaps currently associated by the Airport with $92,600,000 Series 2008C1, and a portion of the Series 2002C Bonds.

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2011, debt service requirements of the related variable rate debt and net swap payments for the Airport System's cash flow hedges (1998, 1999 and 2009A Swap Agreements), assuming current interest rates remain the same, for their terms, were as follows:

	Principal	Interest	Interest rate swaps net	Total
Year:				
2012	$ 600,000	$ 3,023,609	$ 19,745,977	$ 23,369,586
2013	4,700,000	3,015,989	19,745,977	27,461,966
2014	4,800,000	2,956,299	19,745,977	27,502,276
2015	6,045,000	2,895,339	19,745,977	28,686,316
2016	7,500,000	2,829,435	19,745,977	30,075,412
2017-2021	223,635,000	11,982,807	82,438,945	318,056,752
2022-2025	152,120,000	3,644,553	14,501,724	170,266,277
Total	$ 399,400,000	$ 30,348,031	$ 195,670,554	$ 625,418,585

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2011.

(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, 2011 and 2010, Special Facility Revenue Bonds outstanding totaled $282,785,000 and $298,255,000, respectively.

(14) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2011 and 2010 are as follows:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011	Amounts due within one year
Compensated absences payable	$ 8,379,145	$ 5,690,605	$ (5,444,477)	$ 8,625,273	$ 2,610,352
Less current				(2,610,352)	
Noncurrent portion				$ 6,014,921	

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010	Amounts due within one year
Compensated absences payable	$ 8,180,630	$ 5,889,120	$ (5,690,605)	$ 8,379,145	$ 2,359,480
Less current				(2,359,480)	
Noncurrent portion				$ 6,019,665	

(15) Pension Plan

Substantially all of Denver International's employees are covered under the City's pension plan, the Denver Employees Retirement Plan.

(a) 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. 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 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

(b) Pension Plans' Funding Policy and Annual Pension Cost

For DERP, the City contributes 9.50% of covered payroll and employees make a pre-tax contribution of 5.50% 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, 2011, 2010, and 2009 were approximately $43,047,000, $38,427,000, and $41,006,000, respectively, which equaled the required contributions each year. Denver International's share of the City's contributions for the years ended December 31, 2011, 2010, and 2009 were approximately $6,268,376, $5,509,853, and $5,782,918, respectively.

(c) Postemployment Healthcare Benefits

The health benefits' account was established by City Ordinance in 1991 to provide, beginning January 1, 1992 postemployment healthcare benefits in the form of a premium supplement to retired members, their spouses and dependents, spouses and dependents of deceased active and retired members, and members of the Plan awaiting approval of retirement applications. During 2009, the monthly health insurance premium supplement was $12.50 per year of service for retired participants under the age of 65, and $6.25 per year of service for retirees aged 65 and older. The health insurance premium supplement can be applied to the payment of medical, dental, and/or vision insurance premiums. The benefit recipient pays any remaining portion of the premiums.

(16) Other Postemployment Benefit Plan – Implicit Rate Subsidy

Employees of the Airport System (as City employees), along with a portion of the employees of Denver Health and Hospital Authority (DHHA) (those employed prior to 2001 who have elected to remain members of the Plan), employees of Denver Employees Retirement Plan (DERP), and a majority of the other employees of the City (certain fire and police personnel are excluded), are participants in the City's health care plan. For active employees participating in the City's health care plan, the employers pay a certain percentage of monthly premiums and the employees pay the remainder of the premium. Vested retired employees participating in the City's health care plan pay 100% of the premium and are eligible for an insurance premium reduction payment from DERP. In establishing premiums, the active and retired employees from the three employers (the City, DERP and DHHA) are grouped together without age-adjustment or differentiation between employers. The premiums are the same for both active and retired employees creating an implicit rate subsidy for the retirees.

The City is acting in a cost-sharing multiple-employer capacity for this other postemployment benefit plan. The City's Revised Municipal Code, Section 18-412, authorizes the City's retirees to participate in the health insurance programs offered to the active employees. To be eligible, a retiree must be a minimum of 55 years of age if hired prior to July 1, 2011, and a minimum of 60 years of age if hired after July 1, 2011, with 5 years of service and have begun receiving their pension benefit. Coverage ceases when one reaches Medicare eligibility age. For purposes of calculating the implicit rate subsidy, it was estimated there were 1,687 retirees not yet covered by Medicare who were covered by the health insurance programs. There is no stand-alone report for this plan and it is not included in the City's financial statements. The City's required contribution toward the implicit rate subsidy is based on pay-as-you-go financing.

A Schedule of Funding Progress and Schedule of Employer Contributions are presented as Required Supplementary Information following the notes to the financial statements. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Both the Schedule of Funding Progress and the Schedule of Employer Contributions present information related to the cost-sharing plan as a whole, of which the City, including the Airport System, is one participant, and should provide information helpful for understanding the scale of the information presented relative to the Airport System.

Projections and benefits for financial reporting purposes are based on the substantive plan as understood by the plan and the members and included in the types of benefits provided at the time of each valuation and the historic pattern of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective calculations.

For the December 31, 2010, actuarial valuation of the Implicit Rate Subsidy, the entry age normal, level percent of pay, valuation method was used. The actuarial assumptions included a 4.0% investment rate of return, and health care cost trend grading from 9.0% decreasing by 0.5% per year to 5.0% thereafter. The amortization period was 30 years, open basis, using a level percentage of pay amortization method.

Contributions made by the Airport System toward the implicit rate subsidy were $864,100, $743,100 and $693,000 for the years ended December 31, 2011, 2010 and 2009, respectively, based on a pay-as-you-go financing.

(17) 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.

(18) Commitments and Contingencies

(a) Commitments

At December 31, 2011, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	$	32,815,486
Construction projects to be funded by bonded debt		18,241,289
Projects related to remediation – Stapleton		70,050
Total commitments	$	51,126,825

(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, 2011, the Airport System had accrued $.5 million in the accompanying financial statements for noise violations and penalties. There is no noise penalty due for 2011.

(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 one 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 2011 and 2010 was $75,202,183 and $70,216,520, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2012	$ 53,079,223
2013	50,502,043
2014	19,860,329
2015	12,902,037
2016	10,619,016
2017-2021	8,013,238
2022	112,101
Total minimum future rentals	$ 155,087,987

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 2011 or 2010. 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.

(19) 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 Denver International 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 Denver International. 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.

(20) 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). United Airlines group represented approximately 54.5% (including Continental Airlines in 2011) and 54.0% (excluding Continental Airlines in 2010) of the Airport System's airline operating revenue. Frontier Airlines group represented 14.4% and 14.1% in 2011 and 2010, respectively, of the Airport System's airline operating revenue. Southwest Airlines represented 14.1% and 12.1% in 2011 and 2010, respectively. 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.

(21) United Airlines

The dominant air carrier at Denver International 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 35 of the 92 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, including Continental accounted for 42.7% and 41.8% of enplaned passengers at the Airport in 2011 and through March of 2012, respectively.

(22) Subsequent Events

On January 10, 2012, the Airport System entered in to a $20.5 million Master Lease Installment Purchase agreement with Sovereign Leasing LLC, to finance capital equipment purchases, primarily replacement equipment, based on a ten to 15 year life.

In May 2012, the Airport System added a nonstop flight from Denver to Tokyo, Japan, to begin in March 2013.

On May 30, 2012, the Airport System drew $56,000,000 of commercial paper. The proceeds will be used to reimburse approximately $19,500,000 of prior capital expenditures and $36,500,000 will be used to fund capital projects.

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

(UNAUDITED)

December 31, 2011 and 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
		Implicit Rate Subsidy				
12/31/09	$ 0	$ 110,018,000	$ 110,018,000	0.0%	$393,325,000	28.0%
12/31/10	0	113,048,000	113,048,000	0.0%	409,058,000	27.6%
12/31/11	0	115,813,000	115,813,000	0.0%	425,186,000	27.2%

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(UNAUDITED)

December 31, 2011 and 2010

Year Beginning January 1	Annual Actuarially Required Contribution	Percentage Contributed
	Implicit Rate Subsidy	
2009	$ 7,768,000	65.4%
2010	8,026,000	69.9%
2011	8,280,000	77.9%

City and County of Denver
Municipal Airport System

SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE AIRPORT REVENUE ACCOUNT (UNAUDITED)

Year ended December 31, 2011

Gross revenue:	
Facility rentals	$ 254,035,459
Concession income	47,499,304
Parking income	132,728,104
Car rental income	46,352,620
Landing fees	116,505,913
Aviation fuel tax	28,891,848
Other sales and charges	18,383,413
Interest income	25,668,798
Designated Passenger Facility Charge revenues	31,403,690
Miscellaneous income	687,457
Operation and Gross revenues as defined in the ordinance	702,156,606
Personnel services	115,247,489
Contractual services	174,203,413
Maintenance, supplies and materials	22,827,096
Operation and maintenance expenses as defined in the ordinance	312,277,998
Net revenue	389,878,608
Other available funds	57,528,265
Net revenue plus other available funds as defined in the ordinance	$ 447,406,873
Debt service requirements as defined in the ordinance (1)	$ 235,356,196
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)	190%

(1) Net of irrevocably committed Passenger Facility Charges of $69,899,399 applied under Supplemental Bond Ordinance.

City and County of Denver
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, 2011

(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 Acct. balance at 12/31/2011
Series 1991D	05/15/12	$ 976,445	$ 162,741
Series 1992F-G	01/01/12	8,141	8,141
Series 1995C	05/15/12	122,525	20,421
Series 1997E	05/15/12	507,082	84,514
Series 1998A	05/15/12	3,217,375	536,229
Series 1998B	05/15/12	2,584,875	430,813
Series 2002C	01/01/12	6,797	6,797
Series 2002E	05/15/12	3,122,813	520,469
Series 2003A	05/15/12	4,049,125	674,854
Series 2003B	05/15/12	1,886,500	314,417
Series 2005A	05/15/12	5,609,100	934,850
Series 2006A	05/15/12	6,710,402	1,118,400
Series 2006B	05/15/12	1,642,250	273,708
Series 2007A	05/15/12	4,708,750	784,792
Series 2007B	05/15/12	606,250	101,042
Series 2007C	05/15/12	865,875	144,313
Series 2007D	05/15/12	3,924,319	654,053
Series 2007D2	05/15/12	730,000	121,667
Series 2007E	05/15/12	1,185,000	197,500
Series 2007F1-F4	01/01/12	154,703	154,703
Series 2007G1-G2	01/01/12	12,644	12,644
Series 2008A	05/15/12	3,581,250	596,875
Series 2008B	01/01/12	86,811	86,811
Series 2008C1	01/01/12	107,040	107,040
Series 2008C2-C3	01/01/12	173,633	173,633
Series 2009A	05/15/12	4,424,100	737,350
Series 2009B	05/15/12	2,093,850	348,975
Series 2009C	01/01/12	10,005	10,005
Series 2010A	05/15/12	4,240,922	706,820
Series 2011A	05/15/12	8,751,475	1,458,579
Series 2011B	05/15/12	5,264,676	877,446
Series 2011C	05/15/12	368,042	61,340
			$ 12,421,942

City and County of Denver
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, 2011

(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 12/31/2011
Series 1991D	11/15/12	$ 19,248,577	$ 1,604,048
Series 1992 F, G	11/15/12	1,800,000	150,000
Series 1995C	11/15/12	3,770,000	314,167
Series 1997E	11/15/12	9,488,262	790,689
Series 2002C	11/15/12	1,700,000	141,667
Series 2002E	11/15/12	12,705,000	1,058,750
Series 2005A	11/15/12	70,000	5,833
Series 2006B	11/15/12	23,495,000	1,957,917
Series 2007F1-F4	11/15/12	600,000	50,000
Series 2007G1-G2	11/15/12	400,000	33,333
Series 2008A	11/15/12	23,625,000	1,968,750
Series 2008B	11/15/12	600,000	50,000
Series 2009A	11/15/12	2,625,000	218,750
Series 2011A	11/15/12	14,580,000	1,215,000
Series 2011B	11/15/12	19,205,000	1,600,417
Total principal account requirement			$ 11,159,321

(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, 2011

(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, 2011, the redemption account had a balance of $20.7 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	$	23,581,262
Bond Account balance at December 31, 2011		23,581,262
Overfunded/(underfunded)	$	-

(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, 2011 is $371,798,000. The minimum Bond Reserve Account requirement is $371,798,000.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account is an amount equal to four 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, 2011.

Computation of minimum operation and maintenance reserve:

2010 Operation and Maintenence expenses	$	302,880,599
Minimum operations and maintenance reserve requirement for 2010	$	50,480,100
Operation and maintenance reserve account balance at December 31, 2011		75,720,150
Overfunded	$	25,240,050

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 four times the prior year's monthly average.

APPENDIX G

UNAUDITED FINANCIAL STATEMENT OF THE AIRPORT SYSTEM FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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City and County of Denver
Municipal Airport System
Management's Discussion and Analysis
For the Six Months Ended June 30, 2012
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance and activities of the Municipal Airport System (Airport System) of the City and County of Denver (the City) provides an introduction and understanding of the basic financial statements of the Airport System as of and for three and six months ended June 30, 2012, and 2011, and for the year ended December 31, 2011. 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 $161.1 million, an increase of $6.6 million (4.3%) for the three month period ended June 30, 2012, as compared to three months ended June 30, 2011. The increase in revenue was primarily related to the 1.6% increase in Origination and Destination (O & D) passenger traffic for the period ended June 30, 2012 which contributed to the increase of $4.5 million or (8.2%) in concession, parking and car rental revenues. Revenues increased in landing fees due to an increase in landed weight and a slight increase in facility rentals, while other sales and charges decreased due to a decrease in oil and gas royalties.

Operating revenues at the Airport were $314.3 million, an increase of $12.4 million (4.1%) for the six month period ended June 30, 2012, as compared to the six months ended June 30, 2011. The increase in revenue was primarily related to the 1.6% increase in O & D passenger traffic and a 5.7% increase in passenger spend rate for the period contributed to an increase $7.8 million or (7.4%) in non-airline revenues (concession, parking, and car rental). Revenues increased from facility rentals, aviation fuel tax, and landing fees due an increase in landed weight, while revenues from other sales decreased due to a decrease in oil and gas royalties.

Operating expenses, exclusive of depreciation, and amortization were $89.3 and $166.4 million, respectively for the three and six months ending June 30, 2012, an increase of $3.5 million (4.0%) and decrease of $3.8 million (2.2%) respectively as compared to period ending June 30, 2011. The increase for the three months was related to the increase in professional services and janitorial services and the decrease for the six months was attributable to a decrease in architectural and engineering services costs associated with the South Terminal project, which are now being capitalized offset by personnel costs, janitorial services, snow removal and professional 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. 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.

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 date – current year, the prior year and the year proceeding the prior year (i.e 2012, 2011 and 2010).

Summary of Revenues, Expenses, and Changes in Net Assets

The following is a summary of the revenues, expenses and changes in net assets for the six-month period ended June 30, 2012, 2011 and 2010 (in thousands):

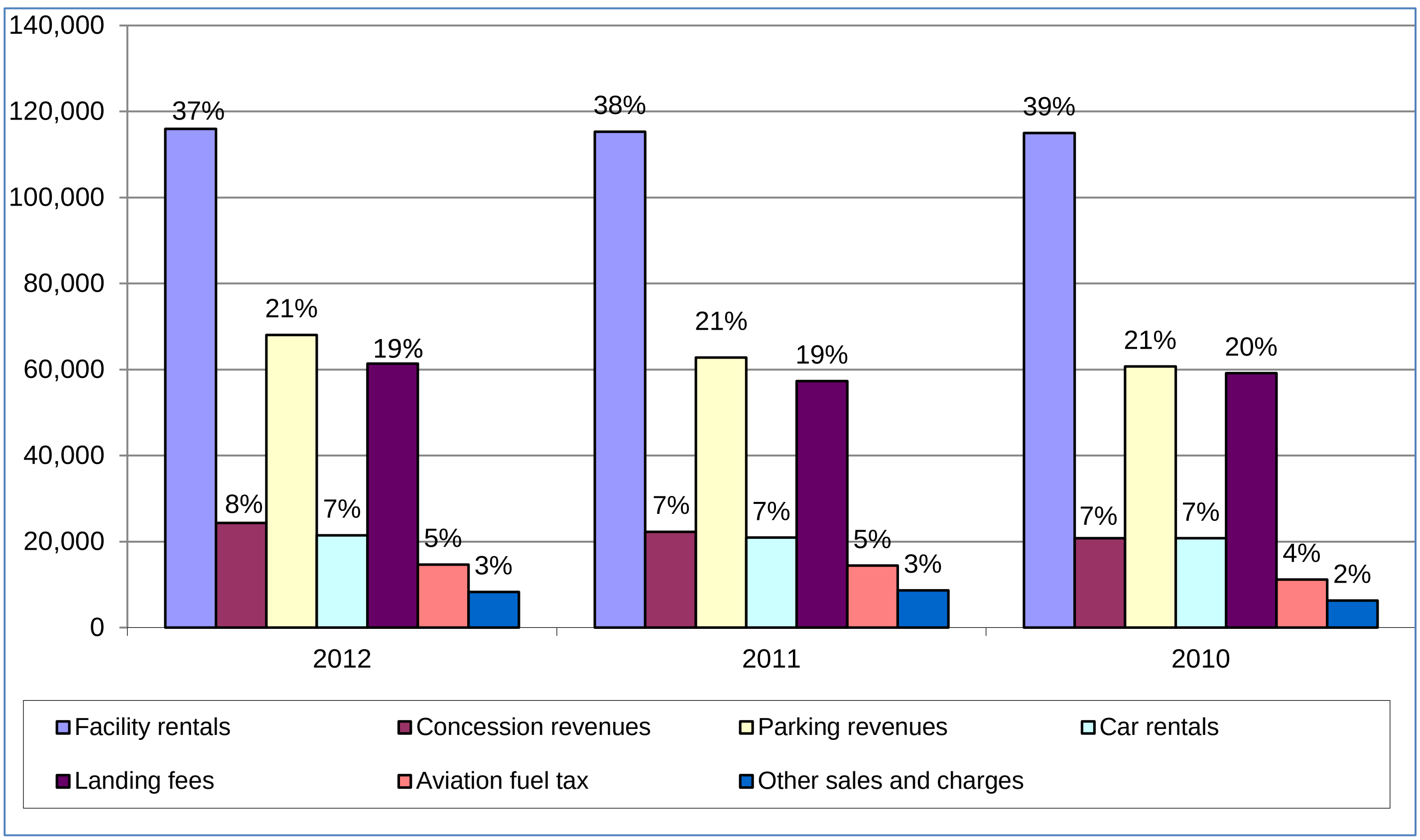
	2012	2011	2010
Operating revenues	314,250	301,837	294,051
Operating expenses before depreciation and amortization	(166,403)	(170,171)	(177,077)
Operating income before depreciation and amortization	147,847	131,666	116,974
Depreciation and amortization	(88,017)	(88,781)	(86,953)
Operating income	59,830	42,885	30,021
Nonoperating revenues	68,738	80,571	107,593
Nonoperating expenses	(102,682)	(111,984)	(101,781)
Capital contributions	635	15,758	1,455
Increase (decrease) in net assets	26,521	27,230	37,288
Net assets, beginning of period (1/1)	545,074	555,023	602,577
Net assets, end of period (6/30)	$ 571,595	$ 582,253	$ 639,865

OPERATING REVENUES

(in thousands)

	2012	2011	2010
Operating Revenues:			
Facility rentals	$ 115,933	$ 115,336	$ 115,023
Concession revenues	24,324	22,283	20,833
Parking revenues	68,079	62,842	60,721
Car rentals	21,488	20,931	20,774
Landing fees	61,410	57,319	59,157
Aviation fuel tax	14,699	14,423	11,207
Other sales and charges	8,317	8,703	6,336
Total Operating Revenues	$ 314,250	$ 301,837	$ 294,051

Total Operating Revenues



The Airport System's activities decreased in all five areas for the six months ended June 30, 2012, as compared to 2011 and increased in four areas, with a slight decrease in landed weight for the six months ended June 30, 2012, as compared to 2011 (in thousands):

	2012	2011	2010	Percentage Change 2012-2011	Percentage Change 2011-2010
Enplanements	12,827	12,836	12,522	(.1)%	2.5%
Passengers	25,614	25,621	24,980	(0)%	2.6%
Aircraft Operations (1)	304	317	310	(4.0)%	2.2%
Cargo (in pounds)	255,459	276,942	264,748	(7.8)%	4.6%
Landed Weight	15,643	16,187	16,325	(3.4)%	(.9)%

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

2012/2011

Operating revenues increased by $12.4 million or 4.1% to $314.3 million in 2012, primarily due to the increase in facility rentals, aviation fuel tax, landing fees and non-airline revenues: (concession, parking and car rental), which is offset by a decrease in other sales and charges.

Facility rentals increased by $.6 million or .5% which is attributable to an increase in airline ramp rent, AGTS fees, and baggage system fees.

Concession revenues between 2012 and 2011 increased $2.0 million, or 9.2%, primarily due to the increase in services concession related to advertising revenues and food and beverage sales due to an increase of 1.6% in originating and destination (O&D) traffic. Additionally, there was an increase in spend rate per enplaned passenger from $10.64 in 2012 to $10.07 in 2011.

The parking revenue increase of $5.2 million, or 8.3%, is attributable to the increase of 1.6% in O & D passenger traffic.

Car rental revenue increased by $0.5 million, or 2.7%, to $21.5 million, due to an increase of 1.6% in O&D passenger traffic.

Landing fees increased by $4.1 million or 7.1%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight to $3.91 for signatory and $4.70 for non-signatory airlines in 2012 from $3.35 for signatory and $4.24 for non-signatory airlines 2011.

Aviation fuel tax increased in 2012 by $.3 million, or 1.9%, due to an increase in fuel prices.

Other sales and charges decreased by $.4 million or 4.4% due to a decrease in revenue from oil and gas royalties.

2011/2010

Operating revenues increased by $7.8 million or 2.7% to $301.8 million in 2011, primarily due to the increase in facility rentals, aviation fuel tax and non-airline revenues: (concession, parking and car rental), which is offset by a decrease in landing fees.

Facility rentals increased by $.3 million or .3% which is attributable to an increase in airline non preferential use fees, baggage fees, and airline ramp and space rent.

Concession revenues between 2011 and 2010 increased $1.5 million, or 7.0%, primarily due to the increase in passenger traffic. Additionally, there was an increase in spend rate per enplaned passenger from $10.09 in 2011 to $9.98 in 2010.

The parking revenue increase of $2.1 million, or 3.5%, is attributable to the increase in originating and destination (O&D) traffic.

Car rental revenue increased by $0.2 million, or .8%, to $20.9 million, due to an increase in O&D passenger traffic. Total passenger traffic increased 2.6% for the six months period ended June 30, 2011; O & D passenger traffic increased 3.5%.

Landing fees decreased by $1.8 million or 3.1%, which is attributable to the decrease in landing fee rates to $3.35 for signatory and $4.24 for non-signatory airlines in 2011 from $3.62 for signatory and $4.34 for non-signatory airlines 2010.

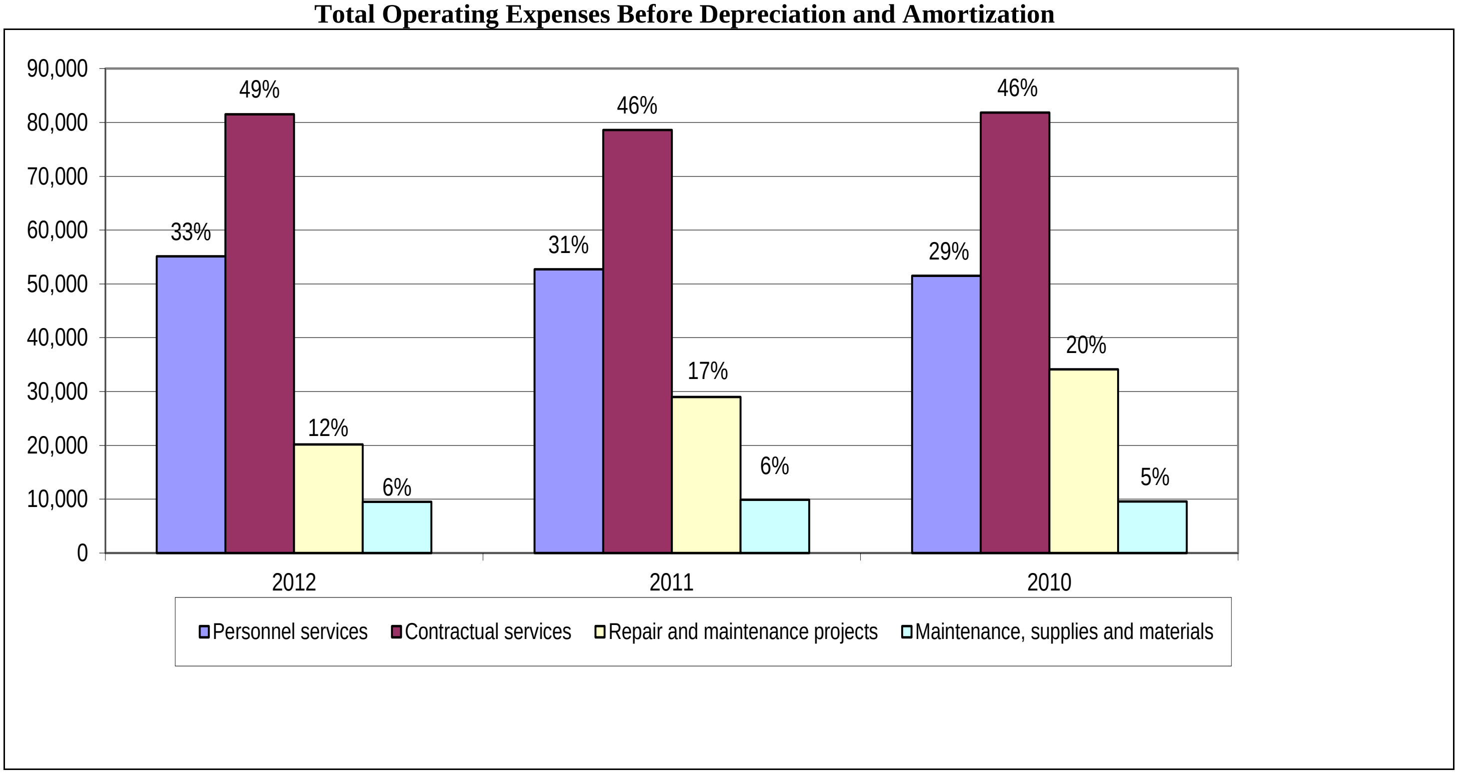
Aviation fuel tax increased in 2011 by $3.2 million, or 28.7%, due to an increase in fuel prices and flight operations.

Other sales and charges increased by $2.4 million or 37.4% due to an increase in revenue from natural resources as a result of the purchase of oil and gas wells in 2010.

Operating Expenses before Depreciation and Amortization
(in thousands)

	2012	2011	2010
Operating Expenses:			
Personnel services	$ 55,133	$ 52,718	$ 51,499
Contractual services	81,533	78,576	81,823
Repair and maintenance projects	20,205	28,976	34,145
Maintenance, supplies and materials	9,532	9,901	9,610
Total Operating Expenses, before depreciation and amortization	$ 166,403	$ 170,171	$ 177,077

Total Operating Expenses Before Depreciation and Amortization



2012/2011

Operating expenses before depreciation and amortization decreased by $3.8 million, or 2.2%, to $166.4 million in 2012.

Personnel services increased $2.4 million, or 4.6%, in 2012 which was due to an increase in permanent salaries and costs for services and overtime from other city agencies. This was offset by a decrease in snow overtime costs.

Contractual services increased by $3.0 million, or 3.8%, primarily due to an increase in professional service contracts, snow removal costs and janitorial services. Offset by decreases in gas expense and repair and maintenance of elevator equipment and roads.

Repair and maintenance projects decreased by $8.8 million, or 30.3%, which was primarily due to the construction costs associated with the South Terminal Project currently in the design stage, being recorded in the construction in progress and no longer being expensed. Additionally, $12 million for the second quarter were expensed for such items as runway ramp repairs, roadway, FIDS and GIDS replacement and remodeling that had been funded through the capital improvement program.

Maintenance, supplies and materials decreased by $.4 million, or 3.7%, to $9.5 million due to the decrease in commercial chemicals and solvents, fuel and software costs.

2011/2010

Operating expenses before depreciation and amortization decreased by $6.9 million, or 3.9%, to $170.2 million in 2011.

Personnel services increased $1.2 million, or 2.4%, in 2011 which was due to an increase in personnel costs for services from other city agencies and overtime. This was offset by a decrease in direct labor and benefits associated with the furloughs taken by personnel.

Contractual services decreased by $3.2 million, or 4.0%, related to a decrease in architectural and engineering services, electricity, and snow removal which is offset by an increase in management services and consulting and repair and maintenance of elevator equipment and the baggage system.

Repair and maintenance projects decreased by $5.2 million, or 17.8%, which was primarily due to the construction costs associated with the South Terminal Project currently in the design stage and the costs are being recorded in the construction in progress and no longer being expensed and the addition of $10 million for the second quarter are still being expensed such as airfield runway lighting, runway ramp repairs, HVAC, concession remodeling projects, and terminal parking stair replacement that had been funded through the capital improvement program.

Maintenance, supplies and materials increased by $.3 million, or 3.0%, to $9.9 million due to the increase emergency electrical lighting equipment and runway lighting. This was offset by a decrease in commercial chemicals and solvents.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2012/2011

Total nonoperating expenses, net of nonoperating revenues, increased by $2.5 million 8.1% to $33.9 million in the six months of 2012 as compared to 2011. The increase was due to a decrease of $12.6 million, or 47.7%, in investment income related to a decrease in investment yields and $5.1 million unrealized loss on investments. This was offset by a unrealized gain on investment due to the decrease in fair value of derivative instruments, and an increase in Passenger Facility Charges (PFC) of $.8 million and a decrease in interest expense and other expense.

2011/20101111

Total nonoperating expenses, net of nonoperating revenues, increased by $37.2 million 64.0% to $31.4 million in the six months of 2011 as compared to 2010. The increase was due to a decrease of $19.6 million, or 43.2%, in investment income related to a decrease in investment yields and $6.5 million unrealized loss on investments. This was offset by a unrealized gain on investments due to the decrease in fair value of derivative instruments, and an increase of $5.0 million in interest expense, $11.2 million in Stapleton clean-up expenses and an increase in other income due to the one-time revenue of the swap termination payment of $12.0 million received in 2010. The increase in expense was offset by an increase Passenger Facility Charges (PFC) of $1.4 million.

In 2012 and 2011, capital grants totaled $634,928 and $15,757,736 respectively.

Summary of Net Assets

The following is a summary of the Net Assets as of June 30, 2012 and December 31, 2011 and 2010 (in thousands):

	2012	2011	2010
Assets:			
Current assets, unrestricted	$ 247,311	$ 285,811	$ 301,899
Restricted assets, current	336,391	194,059	260,573
Noncurrent investments	425,862	362,037	263,705
Long-term receivables	11,049	11,049	4,885
Capital assets, net	3,079,886	3,087,363	3,198,235
Bond issue costs, net	40,966	42,923	45,594
Interest rate swaps	64,546	58,481	31,715
Investments – restricted	588,112	634,640	686,209
Assets held for disposition	4,163	9,327	9,620
Total assets	4,798,286	4,685,690	4,802,435
Deferred Outflows			
Accumulated decrease in fair value of hedging derivatives	43,175	33,852	1,814
Liabilities:			
Current liabilities, unrestricted	120,238	142,347	110,395
Current liabilities payable from restricted assets	257,926	227,211	242,392
Bonds payable, noncurrent	3,541,660	3,480,639	3,649,442
Interest rate swaps, noncurrent	315,442	304,316	207,548
Notes Payable, noncurrent	28,282	13,940	20,640
Compensated absences	6,318	6,015	6,020
Total liabilities	4,269,866	4,174,468	4,236,437
Deferred inflows			
Accumulated increase in fair value of hedging derivatives	-	-	12,789
Net Assets (Deficit):			
Invested in capital assets, net of related debt	(593,691)	(437,712)	(388,461)
Restricted	710,147	623,745	666,022
Unrestricted	455,139	359,041	277,462
Total net assets	$ 571,595	$ 545,074	$ 555,023

2012/2011

Total assets increased by $112.6 million in June of 2012 compared to December of 2011. This was primarily due to the increase of $158.6 million in cash and investments, and an increase in passenger facility charges receivable, which was offset by a decrease in capital asset, net of $7.4 million, decrease in bond issue costs, accounts receivable, grants receivable, assets held for disposition, and accrued interest receivable.

Total deferred outflow increased by $9.3 million due to the change in the fair value of the hedging derivatives.

Total liabilities increased by $95.4 million in June 30, 2012 compared to December 31, 2011. The increase was primarily due to the increase in revenue credit liability, notes payable, interest rate swaps, bonds payable, restricted voucher payables which was offset by an decrease advance revenues, vouchers payable and other liabilities.

Of the Airport System's 2012 total net assets, 124% are restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted for debt service represent $697.0 million; $13.1 million is restricted for capital projects.

As of June 30, 2012, the remaining net assets include unrestricted net assets of $455.1 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, ($593.7) 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.

2011/2010

Total assets decreased by $116.8 million in 2011, compared to 2010. This was primarily due to a decrease in capital assets, net of $110.9 million, a decrease in accounts receivable of $18.8 million, and a decrease in restricted cash and cash equivalents and investments of $116.6 million, which was spent on construction projects such as the South Terminal Redevelopment Program and repairs of runways ramps. These decrease were offset by increases in investments of $138.0 million, long-term receivables, and interest rate swaps.

Total deferred outflows increased by $32 million due to the fair value of the hedging derivatives of effective swaps.

Total liabilities decreased by $62.0 million in 2011, compared to 2010. The decrease was primarily attributed to the payment of the revenue bonds of $127.5 million, and a decrease in notes payable. These decrease were offset by increases in other liabilities and interest rate swaps.

Deferred inflows decreased by $12.8 million due to the increase in the fair value of the hedging derivatives.
Of the Airport System's 2011 total net position, 114% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $605.2 million for debt service and $18.5 million for capital projects, respectively.

At December 31, 2011, the remaining net assets, include unrestricted net assets of $359.0 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 amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($437.7) 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 June 30, 2012 the Airport System had approximately $3.8 billion 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 $306.6 million in 2011.

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 Standard and Poor's and Fitch giving the Airport a stable outlook and Moody's rating the Airport with a negative outlook.

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, 2011 and 2010 was 197% and 180%, respectively, of total debt service.

On May 30, 2012, the Airport system drew $56,000,000 of commercial paper. The Proceeds will be used to reimburse approximately $19,500,000 of prior capital expenditures and $36,500,000 will be used to fund capital projects.

On January 10, 2012, the Airport System entered in to a $20.5 million Master Lease Installment Purchase agreement with Sovereign Leasing LLC., to finance capital equipment purchases, primarily replacement equipment, based on a ten to fifteen year life.

On October 5, 2011, the Airport issued $198,370,000 and $15,310,000 of Airport System Revenue Bonds**,** Series 2011B and 2011C, respectively, in a fixed rate mode to current refund all of the remaining 2001A bonds in an amount of $171,125,000, all of the 2001B bonds in the amount of $16,675,000 and all of the remaining 2001D bonds in the amount of $43,410,000.

On August 31, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008C2-C3 Bonds and entered into an agreement with Royal Bank of Canada and RBCCM pursuant to which Royal Bank of Canada and RBCCM will agree to hold the 2008C2-C3 Bonds, which, subject to certain conditions, will bear interest at the LIBOR index rate, through August 29, 2014.

On August 8, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008C1 Bonds and entered into an agreement with Wells Fargo pursuant to which Wells Fargo will agree to hold the 2008C1 Bonds, which, subject to certain conditions, will bear interest at the LIBOR index rate, through August 8, 2016.

On July 29, 2011, the Airport System terminated the Existing Letter of Credit for the Series 2008B Bonds and entered into an agreement with Wells Fargo pursuant to which Wells Fargo will agree to hold the 2008B Bonds, which, subject to certain conditions, will bear interest at the LIBOR index rate, through July 29, 2016.

On April 14, 2011, the Airport System issued $349,730,000 of the Airport System Revenue Bonds, Series 2011A, in a fixed-rate mode to currently refund all of the Subseries 2008A3 and Subseries 2008A4 Bonds in the amounts of $122,060,000 and $72,350,000, respectively, and all of the remaining Series 2000A Bonds in the amount of $160,135,000.

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Capital Assets

As of June 30, 2012 and December 31, 2011, the Airport System had capital assets of approximately $3.1 billion and $3.1 billion, respectively. These amounts are net of accumulated depreciation of approximately $2.3 billion and $2.2 billion, respectively.

On September 15, 2010, The Airport System announced that the Airport will gain a third solar-energy installation with the development of a new 4.4 megawatt facility by Denver-based Oak Leaf Energy Partners. Project construction began in the fall of 2010, and completed in June of 2011.

On August 26, 2010, The Regional Transportation District (RTD) broke ground at the Airport for the FasTracks East Corridor-rail line that will link Downtown Denver to Denver International Airport. The East Corridor Line, which is estimated to be completed in late 2015, is the project's only commuter-rail line, but FasTracks also will build light-rail lines for an expanded public transportation rail system in the region.

On July 29, 2010, the Airport unveiled the conceptual design of the South Terminal Redevelopment Program , which is expected to create more than 1,000 jobs and is scheduled to be finished in late 2015. The South Terminal Redevelopment Program includes the construction of a station for the FasTracks commuter-rail line that will connect the airport to downtown Denver and an open-air plaza. A new 500-room hotel and conference center connected to Jeppesen Terminal is part of the program

Passenger Facility Charges (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 June 30, 2012, a total of $1.4 billion has been remitted to the Airport, (including interest earned on late payments), of which $105.0 million has been expended on approved projects, $1.4 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $9.3 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 December 31, 2011, the Airport System had outstanding contractual construction and professional services commitments of approximately $51.8 million and had made over $414.0 million in contractual payments for the year then ended.

The Airport's current 2011-2016 Capital Program includes approximately $909.4 million of planned projects. The Airport has also identified a number that will be undertaken only if such projects are needed and are financially viable. The 2011-2016 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

For the first six months of 2012, passenger traffic remained flat at $25.6 million passengers or 0.00 % over the first six months of 2011.

The dominant air carrier at Denver International Airport is United Airlines, which together with its affiliates, accounted for approximately 41.2% of passenger enplanements at the airport for the first six months of 2012, compared to 42.7% of for all of 2011.

The UAL Corporation, Inc. (the parent company of United) and Continental merged effective October 1, 2010, under a plan in which United and Continental became wholly-owned subsidiaries of UAL, which then changed its name to United Continental Holdings, Inc. United Continental Holdings has integrated the two airlines under the United brand, to, operate under a single Federal Aviation Administration "(FAA") operating certificate, effective November 30, 2011.

Frontier has the third largest market share at the Airport for the first six months of 2012, and the second largest market share for 2011. The Airport serves as Frontier's largest hub. Frontier accounted for approximately 21.9 %, of passenger enplanements for the first six months of 2012 compared to 22.1% for all of 2011.

Southwest Airlines (Southwest) has the second largest market share at the Airport for the first six months of 2012, and the third largest market share for 2011. Southwest began service at the Airport in January 2006 and since that time has experienced strong and continued growth at Denver International Airport which is the airlines fifth busiest station in its system. Southwest currently leases 17 gates under a use and lease agreement. Southwest together with AirTran accounted for approximately 22.7%, of passenger enplanements at the Airport for the first six months of 2012 and 21.8% for all of 2011.

In May of 2011, Southwest acquired AirTran Holdings, Inc. and integrated AirTran airways into the Southwest brand on March 1, 2012 and is operating under a single FAA operating certificate.

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 Laura Trujillo, Accounting Controller, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at www.flydenver.com.

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets
As of June 30, 2012, and December 31, 2011
(Unaudited)

Assets	June 30, 2012	December 31, 2011
Current assets:		
Cash and cash equivalents	$ 93,126,572	$ 99,589,889
Investments	116,771,923	133,155,686
Accounts receivable (net of allowance for for doubtful accounts $242,328 and $237,689)	21,410,220	32,214,108
Accrued interest receivable	1,805,187	6,625,556
Due From other city agencies	-	14,235
Other long-term receivables	1,753,611	1,763,561
Inventories	10,445,580	10,705,333
Prepaid expenses and interest	1,997,652	1,734,177
Total current unrestricted assets	247,310,745	285,811,545
Restricted assets:		
Cash and cash equivalents	246,358,145	29,900,522
Investments	69,352,816	144,538,127
Accrued interest receivable	588,618	1,461,167
Prepaid expenses and interest	2,003,049	2,061,962
Grants receivable	410,839	5,857,461
Passenger facility charges receivable	17,677,636	10,239,667
Total current restricted assets	336,391,103	194,058,906
Total current assets	583,701,848	479,870,451
Non-current assets:		
Investments	425,862,054	362,037,142
Long term receivable	11,049,162	11,049,162
Capital assets:		
Buildings	2,001,892,718	2,000,131,930
Improvements other than buildings	2,260,220,096	2,258,895,410
Machinery and equipment	746,254,732	734,921,597
	5,008,367,546	4,993,948,937
Less accumulated depreciation and amortization	(2,349,901,883)	(2,262,245,368)
Construction in progress	126,117,170	60,355,766
Land, land rights and air rights	295,303,475	295,303,475
Total capital assets	3,079,886,308	3,087,362,810
Bonds issue costs, net of accumulated amortization	40,965,866	42,922,700
Interest rate swaps	64,545,356	58,481,233
Investments – restricted	588,111,887	634,640,342
Assets held for disposition	4,163,314	9,326,437
Total noncurrent assets	4,214,583,947	4,205,819,826
Total assets	4,798,285,795	4,685,690,277
Deferred outflow		
Accumulated decrease in fair value of hedging derivatives	$ 43,174,566	$ 33,851,633

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets, continued
As of June 30, 2012, and December 31, 2011
(Unaudited)

		June 30, 2012		December 31, 2011
Liabilities				
Current liabilities:				
Vouchers payable	$	17,043,374	$	31,192,632
Due to other City agencies		13,580,000		6,065,644
Compensated absences payable		2,953,155		2,610,352
Other liabilities		57,304,757		40,781,756
Revenue credit payable		20,000,000		40,000,000
Advance revenues		9,356,251		21,696,494
Total current unrestricted liabilities		120,237,537		142,346,878
Current liabilities payable from restricted assets:				
Vouchers payable		50,820,591		18,420,636
Retainages payable		16,875,018		16,875,018
Accrued interest and matured coupons		22,517,436		22,832,632
Notes payable		8,498,010		6,700,322
Other liabilities		18,155,414		21,322,630
Revenue bonds		141,060,000		141,060,000
Total current liabilities payable from restricted assets		257,926,469		227,210,948
Total current liabilities		378,164,006		369,557,826
Noncurrent liabilities:				
Bonds payable:				
Revenue bonds, net of current portion		3,693,635,000		3,637,635,000
Less: deferred loss on bond refunding		(215,995,962)		(227,005,888)
Less: unamortized premiums		64,020,514		70,010,140
Total bonds payable, noncurrent		3,541,659,552		3,480,639,252
Interest rate swaps		315,441,536		304,315,851
Notes Payable		28,282,446		13,940,213
Compensated absences payable		6,317,996		6,014,921
Total noncurrent liabilities		3,891,701,530		3,804,910,237
Total liabilities		4,269,865,536		4,174,468,063
Deferred inflows				
Accumulated increase in fair value of hedging Derivatives		-		-
Net Assets (Deficit)				
Invested in capital assets, net of debt		(593,690,989)		(437,712,331)
Restricted for:				
Capital projects		13,115,814		18,562,436
Debt service		697,031,609		605,182,758
Unrestricted		455,138,391		359,040,984
Total net assets	$	571,594,825	$	545,073,847

See accompanying notes to financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Revenues, Expenses and Changes in Net Assets
For the Six Months Ended June 30, 2012 and 2011
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Operating revenues:				
Facility rentals	$ 58,623,222	$ 58,223,411	$ 115,933,476	$ 115,336,421
Concession revenues	12,375,750	11,439,605	24,324,284	22,283,117
Parking revenues	36,196,717	33,821,276	68,078,636	62,841,467
Car rental revenues	10,549,018	9,395,725	21,487,713	20,930,964
Landing fees	31,411,773	29,107,887	61,409,892	57,319,416
Aviation fuel tax	7,768,198	7,789,702	14,699,406	14,422,561
Other sales and charges	4,187,482	4,686,924	8,316,817	8,703,012
Total operating revenues	161,112,160	154,464,530	314,250,224	301,836,958
Operating expenses:				
Personnel services	27,825,578	28,339,926	55,132,687	52,717,965
Contractual services	43,949,604	43,635,865	81,533,469	78,575,780
Repair and Maintenance Projects	12,927,632	9,522,955	20,205,076	28,976,471
Maintenance, supplies and materials	4,586,558	4,302,401	9,531,926	9,900,499
Total operating expenses before depreciation and amortization	89,289,372	85,819,147	166,403,158	170,170,715
Operating income before depreciation and amortization	71,822,788	68,645,383	147,847,066	131,666,243
Depreciation and amortization	43,902,511	44,628,412	88,017,166	88,781,474
Operating income	27,920,277	24,016,971	59,829,900	42,884,769
Non-operating revenues (expenses):				
Passenger facility charges	27,120,653	27,074,765	55,463,555	54,678,953
Interest on Investment	(2,278,239)	11,447,057	13,274,699	25,891,943
Interest expense	(48,997,288)	(57,899,747)	(97,795,816)	(106,742,164)
Grant income	-	-	-	-
Other revenue expense	(4,383,523)	3,983,966	(4,886,288)	(5,240,915)
Total non-operating revenues (expenses), net	(28,538,397)	(15,393,959)	(33,943,850)	(31,412,183)
Income (loss) before capital contributions	(618,120)	8,632,012	25,866,050	11,472,586
Capital Contributions:				
Capital grants	603,495	14,872,606	634,928	15,757,736
Capital contributions	-	-	-	-
Change in net assets	(14,625)	23,495,618	26,520,978	27,230,322
Net assets, beginning of year	545,073,847	555,023,110	545,073,847	555,023,110
Net assets, end of period	$ 545,059,222	$ 578,518,728	$ 571,594,825	$ 582,253,432

See accompanying notes to the financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Six Months Ended June 30, 2012, and 2011
(Unaudited)

		June 30, 2012		June 30, 2011
Cash flows from operating activities				
Receipts from customers	$	318,380,363	$	318,224,500
Payments to suppliers		(110,332,746)		(119,943,270)
Interfund activity payments to other funds		(7,500,000)		(7,500,000)
Payments to employees		(57,715,777)		(52,704,251)
Net cash provided by operating activities		142,831,840		138,076,979
Cash flows from noncapital financing activities				
Proceeds from note payable				
Swap termination payment				
Operating grants received		-		-
Net cash used by noncapital financing activities		-		-
Cash flows from capital and related financing activities				
Proceeds from issuance of debt		56,000,000		1,303,259
Proceeds from notes payable		20,500,000		-
Principal paid on notes payable		(4,359,789)		(7,102,469)
Interest paid on notes payable		(572,004)		(565,007)
Principal paid on revenue bonds		-		-
Interest paid on revenue bonds		(96,322,305)		(94,205,474)
Bond issuance costs paid		(125,557)		(3,057,525)
Capital grant receipts		6,081,550		7,941,659
Passenger facility charges		48,025,586		50,680,317
Purchases of capital assets		(14,514,818)		(17,529,320)
Payments from accrued expenses for capital assets		(29,642,537)		(29,437,468)
Payments to escrow for current refunding of debt		-		(8,355,091)
Proceeds from sale of capital assets		67,943		-
Net cash used in capital and related financing activities		(14,861,931)		(100,543,874)
Cash flows from investing activities				
Purchases of investments		(4,795,046,123)		(4,835,579,857)
Proceeds from sales and maturities of investments		4,860,853,820		4,830,692,596
Proceeds from sale of assets held for disposition		5,163,123		293,731
Interest rate swap settlements		-		-
Payments to maintain assets held for disposal		(4,574,186)		(17,403,489)
Insurance recoveries for Stapleton environmental		2,112,638		6,847,697
Investment income		13,506,125		11,377,866
Net cash provided by investing activities		82,015,397		(3,744,456)
Net increase (decrease) in cash and cash equivalents		209,985,306		34,005,404
Cash and cash equivalents, beginning of the year		129,499,411		213,868,820
Cash and cash equivalents, end of the year	$	339,484,717	$	247,874,224

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Six Months Ended June 30, 2012, and 2011
(Unaudited)

	June 30, 2012	June 30, 2011
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	$ 59,829,900	$ 42,884,769
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	88,017,166	88,781,474
Miscellaneous revenue	912,435	83,903
Change in assets and liabilities		
Receivables, net of allowance	19,034,946	(9,968,147)
Inventories	259,753	290,424
Prepaid expenses	(204,562)	1,325,147
Accounts and other payables	(14,149,258)	(11,772,663)
Deferred rent	(12,340,243)	(992,813)
Due to other city agencies	7,514,356	6,443,519
Compensated absences	645,878	13,714
Accrued expenses	(6,688,531)	20,987,652
Net cash provided by operating activities	$ 142,831,840	$ 138,076,979

Noncash activities

The Airport System issued bonds in the amount of $56,000,000 in commercial paper for June 2012 and $349,730,000 during the six months ending June 30, 2011, to refund debt. Net bond proceeds of $0 and $355,863,243for June 30, 2012 and 2011, 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 $9,131,128 were realized on the issuance of bonds in June 30, 2011 and 2010.

Unrealized gain/(loss) on investments	$ (5,079,563)	$ (6,548,169)
Unrealized gain/(loss) on derivatives	4,261,370	6,926,986
Amortization of bond premiums, deferred losses on bond refundings, and bond issue costs	7,102,691	8,496,329
Capital assets added through incurrence of vouchers and retainages payable	31,544,234	33,987,763

(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 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, 2010. 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.

(b) Cash and Cash Equivalents

Cash and cash equivalents, that the City manages, consist principally of U.S. Treasury securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

(c) Investments

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at June 30, 2012 and December 31, 2011. 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, and 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 are included in construction in progress. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. The capitalized interest incurred for the three months ended June 30, 2012, and December 31, 2010 was $3,137,912 and $6,422,557, 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

The Airport System has recorded and accrued liability for accumulated benefits in accordance with the City's vacation and sick leave policies. Employees may accumulate earned but unused benefits up to a specified maximum. The vesting method is used by the Airport System to estimate its accrued sick leave compensated absences liability.

(i) Special Incentive Program (SIP)

In 2009, the Airport System approved a Special Incentive Program (SIP) for the purpose of reducing payroll expense by encouraging employees eligible to retire to separate from employment. Under the SIP, each employee who separated from employment receives $500 per month for thirty months from January 2010. The Airport System recorded a current liability of $0 as of June 30, 2012, payments with program ending on June 30, 2012 and long-term liability of $0 for 2012. The discount rate of .23% used for the present value calculation was based on the projected yield of investments that will be used to fund the future payments. The amounts related to the SIP are included in the statement of net assets compensated absences as of December 31, 2011.

(j) Advance revenues

Advance revenue is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in advance revenue are customer credits and deposits.

(k) Net Assets

2012

The Airport System assets exceeded liabilities by $571,594,825 as of June 30, 2012, a $26,520,978 increase in net assets from the prior year end. Of the Airport System's 2012 net assets, 124% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $697,031,609 and are externally restricted for debt service. The net assets restricted for the Stapleton capital projects represent $13,115,814.

The remaining net assets include unrestricted net assets of $455,138,391 which may be used to meet any of the Airport System's ongoing operations. Airport System management has internally designated $67,267,320 of its unrestricted net assets, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($593,690,989) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2011

The Airport System assets exceeded liabilities by $582,253,432 as of June 30, 2011, a $27,230,322 increase in net assets from the prior year end. Of the Airport System's 2011 net assets, 125% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $709,693,304 and are externally restricted for debt service. The net assets restricted for the Stapleton capital projects represent $26,974,968.

The remaining net assets include unrestricted net assets of $354,486,860 which may be used to meet any of the Airport System's ongoing operations. Airport System management has internally designated $67,267,320 of its unrestricted net assets, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($508,901,700) represents the Airport System's investment in assets.

(l) 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.

(m) 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, governmental grants and Stapleton demolition, and remediation expenses.

(n) 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.

(o) Rates and Charges

The Airport System establishes annually, and adjusts semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2011 and December 31, 2010, the Airport System had accrued a liability, included in current other liabilities, of $15,731,054 and $6,831,425, respectively.

50% of Net revenues (as designed by the bond ordinance), with an annual cap of $40,000,000 remaining at the end of each year are to be created in the following year to the passenger airlines signatory use and lease agreements. The Net Revenues credited to the airlines totaled $40,000,000 for both 2011 and 2010. Liabilities for these amounts were accrued s of December 31, 2011 and 2012 and are reported in the statement of net assets as revenue credit payable. The Airport System forecasts the 2012 credit to the airlines to be $40,000,000; therefore, for the six-month period ending June 30, 2012, an additional accrual of $20,000,000 was recognized.

(p) 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.

(q) Reclassifications

Certain 2011 balances have been reclassified to conform to the 2012 financial statements presentation.

(3) Interest Income

Investment income earned on the Airport System's pool cash and investment is allocated to the participating Airport System's funds based upon the average investment balances of each fund. Investment income for June 30, 2012 and 2011, is comprised of interest income, and an unrealized gain (loss) on investments of $(5,079,563) and $(6,548,169), respectively, also included in the investments income is the change in fair value of the derivatives and for June of 2012 and 2011 there was an unrealized gain of $4,261,370 and $6,926,986 respectively.

(4) Accounts Receivables

Airport System management periodically reviews accounts receivables and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of June 30, 2012 and December 31, 2011, an allowance of $242,328 and $237,689, respectively, had been established.

(5) Denver International Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of June 30, 2012 and December 31, 2010, Special Facility Revenue Bonds outstanding totaled $282,785,000 and $282,785,000, respectively.

(6) Significant Concentration of Credit Risk

The Airport System derives a substantial portion of its operating revenues from airlines' landing fees and facility rents fees (airline operating revenue). For the six months ending June 30, 2012 and for the year ending December 31, 2011, United Airlines group not including Continental Airlines represented approximately 52% and 54%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 14% and 14% respectively, and Southwest Airlines represented 15% and 14% respectively. 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 Group (United and Continental Airlines)

The dominant air carrier at Denver International Airport is United Group, one of the world's largest airlines. The Airport currently is the third largest connecting hub in United Group'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 (36 of the 92 full service gates at the Airport). In addition, United Group accounted for approximately 41.2%, of the passenger enplanements at the Airport for the first six months of 2012 and 42.7% for all of 2011

(8) Subsequent Events

On July 20, 2012 the Airport system defeased certain bonds as a part of the City's obligations under the Lease Amendment with United Airlines approved on June 2012 and to complete the baggage system defeasance begun in 2005.

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APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "**Disclosure Undertaking**") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "**City**"), in connection with the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012A" in the aggregate principal amount of $315,780,000 (the "**Series 2012A Bonds**"), the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012B" in the aggregate principal amount of $510,140,000 (the "**Series 2012B Bonds**"), and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2012C" in the aggregate principal amount of $30,285,000 (the "**Series 2012C Bonds**" and, together with the Series 2012A Bonds and the Series 2012B Bonds, 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. 490, Series of 2012 in connection with the issuance of the Series 2012A Bonds and 2012B Bonds and by Ordinance No. 491, Series of 2012 in connection with the issuance of the Series 2012C Bonds, each adopted by the City Council of the City on October 1, 2012 (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.

"*Event*" or "*Events*" means any of the events listed in Sections 3(a) and 3(b) of this Disclosure Undertaking.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the United States Securities and Exchange Commission to receive reports pursuant to Rule

15c2-12. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) system of the MSRB available on the Internet at http://emma.msrb.org. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; telephone (703) 797-6600; fax (703) 797-6700.

"*Obligated Person*" means the City, for and on behalf of the Department, and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Gross Revenues of the Airport System for the prior two Fiscal Years of the City.

"*Official Statement*" means the final Official Statement dated October 11, 2012, 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, 2012, and each Fiscal Year thereafter while the Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to the MSRB, 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 the MSRB 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, which includes itself together with its United Express regional commuter affiliates, including Continental Airlines and its Continental Express affiliates (collectively, the "**United Group**") 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 the United Group 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 the United Group (to the extent the United

Group 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) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) unscheduled draws on debt service reserves reflecting financial difficulties;

(3) unscheduled draws on credit enhancements reflecting financial difficulties;

(4) substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(6) defeasances;

(7) rating changes;

(8) tender offers; and

(9) bankruptcy, insolvency, receivership, or similar event of the Obligated Person.

For the purposes of the event identified in paragraph (3)(a)(9) hereof, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Treasurer shall provide or cause to be provided to the MSRB notice of any of the following events with respect to the Bonds, <u>if material</u>:

(1) non-payment related defaults;

(2) modifications to the rights of the beneficial owners of the Bonds;

(3) bond calls;

(4) release, substitution or sale of property securing repayment of the Bonds;

(5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(6) appointment of a successor or additional trustee or a change in the name of a trustee.

Whenever the Treasurer obtains knowledge of the occurrence of an event specified in paragraph 3(b), the Treasurer shall as soon as possible determine if such event would constitute material information for owners of Bonds. If the Treasurer determines that such event would constitute material information for owners of Bonds, then the Treasurer shall provide or cause to be provided to the MSRB in accordance with the terms of this paragraph 3(b) notice of such event.

(c) At any time the Bonds are outstanding under the Ordinance, the Treasurer shall provide or cause to be provided, in a timely manner after the occurrence thereof, to the MSRB, 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 the MSRB.

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 the MSRB, 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.

Section 9. Filing. The filing of Annual Financial Information, Audited Financial Statements, notices of Events or any other notice required by this Disclosure Undertaking shall be effected by sending the filing or notice to the MSRB, in such designated electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

* * *

[Dates and Signatures]

Schedule 1

"*Annual Financial Information*" means the financial information and operating data with respect to the City, the Airport System and any Obligated Person substantially similar to the type set forth in the Official Statement under the headings "CAPITAL PROGRAM" and "AVIATION ACTIVITY AND AIRLINES – Aviation Activity," and data concerning outstanding debt, fund balances and results of operations of the type included under the heading "FINANCIAL INFORMATION."

* * *

APPENDIX I

FORM OF OPINION OF BOND COUNSEL

October 17, 2012

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
City and County Building
Denver, Colorado 80202

Barclays Capital Inc.
as Representative of the underwriters
New York, New York

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Airport System Revenue Bonds
Series 2012A - $315,780,000
Series 2012B - $510,140,000
Series 2012C - $30,285,000

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 $315,780,000 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 2012A" (the "**Tax-Exempt Series 2012A Bonds**"), $510,140,000 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 2012B" (the "**Tax-Exempt Series 2012B Bonds**" and, together with the Tax-Exempt Series 2012A Bonds, the "**Tax-Exempt Bonds**"),and $30,285,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Taxable Airport System Revenue Bonds, Series 2012C" (the "**Taxable Series 2012C Bonds**" and, together with the Tax-Exempt Bonds, the "**Series 2012A-C Bonds**") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 490, Series of 2012, with respect to the Tax-Exempt Bonds, and Ordinance No. 491, Series of 2012, with respect to the Taxable Series 2012C Bonds (collectively, the "**Ordinance**"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2012A-C Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2012A-C 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 resolutions of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2012A-C 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 2012A-C Bonds, the forms of the Series 2012A-C Bonds, and certificates of officers of the City (specifically including tax certificates and pricing certificates) and of others delivered in connection with the issuance of the Series 2012A-C 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 2012A-C 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 2012A-C 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 2012A-C 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 2012A-C 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 Tax-Exempt Series 2012A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Tax-Exempt Series 2012A 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**"). It should be noted, however, that interest on the Tax-Exempt Series 2012A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on individuals, trusts, estates and corporations. The interest on the Tax-Exempt Series 2012B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following sentence, corporations. For corporations only, interest on the Tax-Exempt Series 2012B Bonds is taken into account in determining adjusted current earnings for the purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The foregoing opinions assume compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Tax-Exempt 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 Tax-Exempt Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Tax-Exempt Bonds.

6. To the extent interest on the Tax-Exempt 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 Tax-Exempt Bonds, including whether interest on the Tax-Exempt Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

7. Interest on the Taxable Series 2012C Bonds is included in gross income for federal and State income tax purposes. This opinion is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the Code. The opinion set forth in this paragraph is provided to support the marketing of the Taxable Series 2012C Bonds. We express no opinion herein regarding other federal, State or local tax consequences arising with respect to the Taxable Series 2012C Bonds.

It is to be understood that the rights of the owners of the Series 2012A-C Bonds and the enforceability of the Series 2012A-C 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 2012A-C 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. This opinion has been prepared solely for your use and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm; provided, however, that copies of this opinion may be included in the closing transcripts for the transactions relating to the Series 2012A-C Bonds.

Respectfully submitted,

* * *

CITY AND COUNTY OF DENVER

SEAL