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 2013A-B Subordinate 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 2013A-B Subordinate Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2013A Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2013A Subordinate 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 2013B Subordinate 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 2013A-B Subordinate Bonds, under existing law and to the extent interest on the Series 2013A-B Subordinate Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See "TAX MATTERS" for a more detailed discussion.

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

AIRPORT SYSTEM SUBORDINATE REVENUE BONDS

$326,260,000 SERIES 2013A	$393,655,000 SERIES 2013B
(AMT)	(NON-AMT)

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

The Series 2013A-B Subordinate 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) make a deposit to the Senior Bonds Capitalized Interest Account, (3) make a deposit to the Series 2013A-B Subordinate Bond Reserve Subaccount, (4) make deposits to the Series 2013A-B Subordinate Bond Capitalized Interest Subaccounts, and (5) pay the costs of issuing the Series 2013A-B Subordinate Bonds, all as further described herein. Capitalized terms used on this cover page are defined herein.

The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds. Beneficial Ownership Interests in the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2013A-B Subordinate Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on November 15, 2013, 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 2013A-B Subordinate Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a subordinate 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 2013A-B Subordinate Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2013A-B Subordinate Bonds. The Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds will be deemed to have consented to certain proposed amendments to the City's Senior Bond Ordinance as discussed herein.

The Series 2013A-B Subordinate 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 Peck, Shaffer & Williams LLP, Denver, Colorado. It is expected that delivery of the Series 2013A-B Subordinate Bonds will be made through the facilities of DTC on or about July 17, 2013.

CITIGROUP

BofA MERRILL LYNCH **BMO CAPITAL MARKETS**

ESTRADA HINOJOSA & COMPANY, INC. **MORGAN STANLEY** **SIEBERT BRANDFORD SHANK & CO., L.L.C.**

Dated: July 10, 2013

MATURITY SCHEDULE

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

$326,260,000
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2013A
(AMT)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No. [1]
2015	$3,800,000	4.000%	1.240%	106.312	249182GU4
2016	3,950,000	5.000	1.740	110.493	249182GV2
2017	4,930,000	5.000	2.160	111.670	249182GW0
2018	5,180,000	5.000	2.600	111.865	249182GX8
2019	4,180,000	5.000	3.010	111.383	249182GY6
2020	4,390,000	5.000	3.330	110.775	249182GZ3
2021	4,610,000	5.000	3.590	110.067	249182HA7
2022	4,840,000	5.000	3.870	108.771	249182HB5
2023	5,085,000	4.000	4.040	99.660	249182HC3
2024	4,350,000	5.250	4.220[2]	108.544[2]	249182HD1
2025	4,055,000	5.500	4.360[2]	109.392[2]	249182HE9
2026	22,640,000	5.500	4.480[2]	108.353[2]	249182HF6
2027	23,890,000	5.500	4.590[2]	107.411[2]	249182HG4
2028	25,200,000	5.500	4.710[2]	106.395[2]	249182HH2
2029	23,205,000	5.500	4.810[2]	105.557[2]	249182HJ8
2030	18,580,000	5.500	4.880[2]	104.975[2]	249182HK5
2031	19,600,000	5.500	4.950[2]	104.397[2]	249182HL3

$39,740,000 5.000% Term Bond Due November 15, 2033, Yield: 5.125%, Price: 98.425, CUSIP© No. [1] 249182HM1

$104,035,000 5.250% Term Bond Due November 15, 2043, Yield: 5.330, Price: 98.795, CUSIP © No. [1] 249182HN9

$393,655,000
AIRPORT SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2013B
(NON-AMT)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No. [1]
2015	$1,295,000	3.000%	0.940%	104.731	249182HP4
2016	5,255,000	4.000	1.390	108.457	249182HQ2
2017	5,470,000	5.000	1.810	113.218	249182HR0
2018	5,745,000	5.000	2.250	113.731	249182HS8
2019	5,985,000	5.000	2.660	113.541	249182HT6
2020	6,285,000	5.000	3.030	112.854	249182HU3
2021	6,595,000	5.000	3.290	112.363	249182HV1
2022	6,925,000	5.000	3.560	111.339	249182HW9
2023	7,270,000	5.000	3.720	110.888	249182HX7
2024	7,335,000	5.000	3.920[2]	109.094[2]	249182HY5
2025	7,605,000	5.000	4.090[2]	107.597[2]	249182HZ2
2026	16,315,000	5.250	4.230[2]	108.457[2]	249182JA5
2027	17,180,000	5.250	4.370[2]	107.245[2]	249182JB3
2028	18,080,000	5.250	4.480[2]	106.304[2]	249182JC1
2029	18,240,000	5.250	4.590[2]	105.373[2]	249182JD9
2030	17,900,000	5.250	4.680[2]	104.619[2]	249182JE7
2031	18,780,000	5.250	4.750[2]	104.037[2]	249182JF4
2032	19,765,000	5.250	4.810[2]	103.541[2]	249182JG2
2033	20,800,000	5.250	4.840[2]	103.294[2]	249182JH0

$180,830,000 5.000% Term Bond Due November 15, 2043, Yield: 5.050%, Price: 99.221, CUSIP © No. [1] 249182JJ6

1 Copyright 2013, 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 2013A-B Subordinate Bonds and only as of the issuance of the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds may be changed after the issuance of the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds.

2 The prices shown for these maturities, and the corresponding yields are to the first optional redemption date of November 15, 2023. See "THE SERIES 2013A-B SUBORDINATE BONDS – Redemption Prior to Maturity."

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
Rocky Piro	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/Airport Infrastructure Management
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

WJ Advisors LLC
Denver, Colorado

Financial Consultants

Jefferies LLC
New York, NY

Frasca & Associates, LLC
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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 SUBORDINATE REVENUE BONDS

\$326,260,000 SERIES 2013A (AMT)	**\$393,655,000 SERIES 2013B (NON-AMT)**

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 Subordinate Revenue Bonds, Series 2013A, in the principal amount of \$326,260,000 (the "Series 2013A Bonds") and its Airport System Subordinate Revenue Bonds, Series 2013B, in the principal amount of \$393,655,000 (the "Series 2013B Bonds"), referred to herein collectively as the "Series 2013A-B Subordinate 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 2012, the Airport was ranked as the 5th busiest airport in the nation and the 13th busiest airport in the world based on total passengers in 2012. 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. There are 25 passenger airlines currently providing scheduled service at the Airport, including ten major/national passenger airlines, six foreign flag passenger airlines and nine regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service 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 served approximately 26.46 million enplaned passengers (passengers embarking on airplanes) in 2011, constituting an approximately 1.7% increase over 2010, and approximately 26.6 million enplaned passengers in 2012, constituting a 0.5% increase over 2011. In 2012, the Airport experienced the highest number of annual enplaned passengers since it opened in 1995. Approximately 55% were passengers originating their travel at the Airport in 2011 and approximately 56% were originating passengers in

2012. Approximately 45% were passengers making connecting flights at the Airport in 2011 and approximately 44% were connecting passengers in 2012.

Operating revenues at the Airport, consisting primarily of facility rentals, landing fees, parking income, concession income, car rentals 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 response to global economic conditions and the financial condition of the airline industry, as well as to meet certain cost reduction obligations in the use and lease agreements with passenger airlines operating at the Airport (the "Use and Lease Agreements"), Airport management has implemented several cost containment measures over the past several years.

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 of Senior Bonds and Subordinate Debt Service Requirements," "AVIATION ACTIVITY AND AIRLINES," "AGREEMENTS FOR USE OF AIRPORT FACILITIES — Passenger Airlines Use and Lease Agreements" and "FINANCIAL INFORMATION — Historical Financial 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"), accounting for 40.5% of passenger enplanements at the Airport in 2012. 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 integrated the two airlines under the United brand effective as of November 30, 2011 and effective March 31, 2013 completed the merger of the two airlines into a single legal entity, United Airlines, Inc. United, together with its United Express regional commuter affiliates, are collectively referred to herein as the "United Group."

Southwest Airlines ("Southwest") had the second largest market share at the Airport in 2012 and the third largest market share in 2011. Southwest commenced service at the Airport in January 2006 and since that time has had strong and continued growth in airline service, accounting for 23.7% of enplanements at the Airport in 2012. Southwest leases 19 gates at the Airport under a five-year Use and Lease Agreement with the City. 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.

Frontier Airlines Inc. ("Frontier") and its affiliates had the third largest market share at the Airport in 2012, and the second largest market share in 2011. The Airport is presently Frontier's only hub and in 2012 was the busiest airport in the Frontier system. Frontier currently leases 14 gates at the Airport under a five-year Use and Lease Agreement with the City. Frontier 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") and Frontier JetExpress commuter affiliates, are collectively referred to herein as the "Frontier Group." The Frontier Group accounted for 21.9% of the enplanements at the Airport in 2012.

Except for the United Group, Southwest and the Frontier Group, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2012 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 2012.

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 $1.4 billion (in 2013 dollars) and is planned to be financed primarily with a combination of Airport System Senior Bonds and Subordinate Bonds, money available to the Airport in the Capital Fund, federal grants to the Airport, subordinate contract obligations and subordinate commercial paper notes. In order to finance, among other things, a portion of the costs of the 2013-2018 Capital Program, the City is issuing the Series 2013A-B Subordinate Bonds. 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 2013A-B Subordinate Bonds

Authorization. The Series 2013A-B Subordinate Bonds are being issued by authority of the City's home rule charter (the "City Charter"), the State's Supplemental Public Securities Act, the Amended and Restated Airport System General Subordinate Bond Ordinance (the "Airport System General Subordinate Bond Ordinance"), and a supplemental subordinate bond ordinance with respect to the Series 2013A-B Subordinate Bonds (the "Series 2013A-B Supplemental Subordinate Bond Ordinance"), each to be approved by the Denver City Council (the "City Council") prior to the issuance of the Series 2013A-B Subordinate Bonds. The Airport System General Subordinate Bond Ordinance, and the Series 2013A-B Supplemental Subordinate Bond Ordinance, are referred to herein collectively as the "Subordinate Bond Ordinance." The covenants and undertakings of the City with respect to the

Subordinate Bond Ordinance and the Series 2013A-B Subordinate Bonds are covenants and undertakings of the City, for and on behalf of the Department. The Airport System General Subordinate Bond Ordinance incorporates certain amendments to the 1997 Airport System Subordinate Bond Ordinance which was originally approved by the City Council on August 25, 1997.

Purpose. The proceeds of the Series 2013A-B Subordinate 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) make a deposit to the Senior Bonds Capitalized Interest Account, (3) make a deposit to the Series 2013A-B Subordinate Bond Reserve Subaccount, (4) make deposits to the Series 2013A-B Subordinate Bond Capitalized Interest Subaccounts, and (5) pay the costs of issuing the Series 2013A-B Subordinate Bonds. See also "Plan of Financing" below, "APPLICATION OF PROCEEDS" and "FINANCIAL INFORMATION — Senior Bonds — Plan of Financing" for a further description of the use of proceeds of the Series 2013A-B Subordinate Bonds.

General Provisions. The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2013, and semiannually thereafter on each May 15 and November 15 (each an "Interest Payment Date"). The Series 2013A-B Subordinate Bonds are subject to redemption prior to maturity as described in "THE SERIES 2013A-B SUBORDINATE BONDS — Redemption Prior to Maturity."

Book-Entry Only System. The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds. Ownership interests in the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2013A-B SUBORDINATE BONDS — General Provisions" and "APPENDIX E — DTC BOOK-ENTRY SYSTEM."

Special Obligations. The Series 2013A-B Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Subordinate Bond Ordinance, including the Series 2013A-B Subordinate Bond Reserve Subaccount. 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 2013A-B Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2013A-B Subordinate Bonds. The Series 2013A-B Subordinate 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."

Subordinate Pledge of Net Revenues. The Series 2013A-B Subordinate Bonds are payable from the Net Revenues on a basis that is (1) subordinate to bonds issued and outstanding from time to time (collectively, "Senior Bonds") under the General Bond Ordinance of the City approved on November 29, 1984, as Ordinance No. 626, Series of 1984, as supplemented and amended from time to time (collectively, the "Senior Bond Ordinance") and Hedge Facility Obligations and Credit Facility Obligations related to the Senior Bonds ("Senior Obligations"), which have a lien on the Net Revenues on a parity with the lien on the Senior Bonds, and (2) on parity with other obligations issued and outstanding from time to time under the Subordinate Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT — Subordinate Pledge of Net Revenues" and "FINANCIAL INFORMATION — Subordinate Bonds — Other Subordinate Obligations — Subordinate Commercial Paper Notes."

The Subordinate Bond Ordinance creates four categories of obligations that are payable from Net Revenues on a basis that is subordinate to the Senior Bonds and the Senior Obligations and on a parity with each other, such obligations being (1) Subordinate Bonds, generally comprised of bonds, notes, certificates and commercial paper, (2) Subordinate Contract Obligations, generally comprised of capital leases, installment purchase agreements, guaranty agreements and other similar contracts, (3) Subordinate Hedge Facility Obligations, generally comprised of rate swap transactions, basis swap transactions, cap and floor transactions and collar transactions and (4) Subordinate Credit Facility Obligations, generally comprised of letters of credit, bond insurance policies, surety bonds, guarantees and similar instruments issued by a financial, insurance or other institution and which provide security or liquidity in respect of Subordinate Bonds. See "FINANCIAL INFORMATION – Other Subordinate Obligations."

Further Information. For further information regarding the Series 2013A-B Subordinate Bonds, see generally "THE SERIES 2013A-B SUBORDINATE BONDS," "FINANCIAL INFORMATION — Subordinate Bonds," "APPENDIX B — GLOSSARY OF TERMS," and "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE."

Plan of Financing

Jefferies LLC and Frasca & Associates, LLC (collectively, the "Financial Consultant"), as the co-financial consultants to the City, have prepared a plan of financing (the "Plan of Financing") in anticipation of the issuance of the Series 2013A-B Subordinate Bonds. The Series 2013A-B Subordinate Bonds are being issued, among other things, to fund a portion of the Airport's 2013-2018 Capital Program. 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 — Other Subordinate Obligations — Plan of Financing."

Tax Matters

Upon issuance of the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds, with which the City has certified, represented and covenanted its compliance, (1) interest on the Series 2013A Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2013A Subordinate 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 2013B Subordinate 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 2013A-B Subordinate Bonds, under existing law and to the extent interest on the Series 2013A-B Subordinate Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State of Colorado. See “TAX MATTERS” for a more detailed discussion.

Report of the Airport Consultant

WJ Advisors LLC (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 June 24, 2013 (the “Report of the Airport Consultant”), included herein as “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT.” Oliver Wyman served as a subconsultant to WJ Advisors LLC 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 2013 through 2020 (each a “Fiscal Year”), including the assumptions upon which the forecasts are based, and incorporates certain elements of the Plan of Financing. Also presented in the Report of the Airport Consultant is a sensitivity analysis of forecast enplaned passenger levels at the Airport based on a hypothetical set of assumptions, including a reduction in forecast passenger levels, which could occur under conditions of slow economic conditions, restricted seat capacity, higher airfares resulting from a spike in oil prices, an unexpected geopolitical event and reduced overall airline service. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein.

The Report of the Airport Consultant was prepared in connection with, but prior to the actual offering and sale of the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds. The Report of the Airport Consultant will not be revised to reflect the actual principal amounts and Subordinate Debt Service Requirements of the Series 2013A-B Subordinate Bonds as marketed and sold. For a description of the City’s estimated Debt Service Requirements for the Senior Bonds and the Series 2013A-B Subordinate Bonds, see the table set forth below in “FINANCIAL INFORMATION – Subordinate Bonds – *Estimated Senior Bonds Debt Service Requirements and Subordinate 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,” for a discussion of, among other things, the factors that may impact forecasts related to air transportation and the Airport.

Outstanding Senior Bonds, Credit Facility Obligations and Subordinate Obligations

As of the date of this Official Statement, the aggregate principal amount of all outstanding Senior Bonds is $3,897,420,000. The City, for and on behalf of the Department, has from time to time also entered into various Credit Facility Obligations in connection with the Credit Facilities that additionally secure certain of the outstanding Senior Bonds, however, there are no amounts currently outstanding under any such Credit Facility Obligations. See “FINANCIAL INFORMATION — Senior Bonds.”

The City, for and on behalf of the Department, has previously (1) issued various series of Subordinate Bonds, although no Subordinate Bonds are at present outstanding, and (2) entered into a Subordinate Credit Facility Obligation to secure Subordinate Commercial Paper Notes, although no Subordinate Commercial Paper Notes are at present outstanding. Upon the issuance of the Series 2013A-B Subordinate Bonds, there will be $719,915,000 aggregate principal amount of Subordinate Bonds Outstanding. The City has also entered into various Subordinate Hedge Facility Obligations relating to Senior Bonds that are secured by a pledge of the Net Revenues that is subordinate to that of the Senior Bonds and on a parity with the Series 2013A-B Subordinate Bonds. See "FINANCIAL INFORMATION — Subordinate Bonds — Other Subordinate Obligations — Subordinate Commercial Paper Notes — Master Derivatives Policy."

Additional Senior Bonds and Senior Obligations and Subordinate Bonds and Subordinate Obligations

The City, for and on behalf of the Department, may issue additional Senior Bonds and enter into additional Senior Obligations upon the satisfaction of certain conditions set forth in the Senior Bond Ordinance, and may issue additional Subordinate Bonds and enter into Subordinate Obligations upon the satisfaction of certain conditions set forth in the Subordinate Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT — Issuance of Additional Senior Bonds — Issuance of Additional Subordinate Bonds and Subordinate Obligations," "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE."

Continuing Disclosure

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 2013A-B Subordinate 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 2013A-B Subordinate Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance, the Subordinate 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 2013A-B Subordinate Bonds, copies of the

Subordinate Bond Ordinance and 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 2013A-B Subordinate 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; Report of the Airport Consultant."

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 2013A-B Subordinate Bonds.

Changes from the Preliminary Official Statement

This Official Statement contains terms that represent changes made to the Preliminary Official Statement dated June 25, 2013, relating to the Series 2013A-B Subordinate Bonds. These changes reflect the inclusion of certain information with respect to the pricing of the Series 2013A-B Subordinate Bonds that was not available at the date of the Preliminary Official Statement.

APPLICATION OF PROCEEDS

Purpose of the Series 2013A-B Subordinate Bonds

The proceeds of the Series 2013A-B Subordinate Bonds will be used to (1) pay for and finance a portion of the costs of the Airport's 2013-2018 Capital Program, (2) make a deposit to the Senior Bonds Capitalized Interest Account, (3) make a deposit to the Series 2013A-B Subordinate Bond Reserve Subaccount, (4) make deposits to the Series 2013A-B Subordinate Bond Capitalized Interest Subaccounts, and (5) pay the costs of issuing the Series 2013A-B Subordinate Bonds. See also "FINANCIAL INFORMATION — Plan of Financing."

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 2013A-B Subordinate Bonds.

	Series 2013A Subordinate Bonds (AMT)	Series 2013B Subordinate Bonds (Non-AMT)	Total
Sources:			
Principal amount of the Series 2013A-B Subordinate Bonds	$326,260,000.00	$393,655,000.00	$719,915,000.00
Net Original Issue Premium [1]	10,886,214.30	13,578,338.55	24,464,552.85
	$337,146,214.30	$407,233,338.55	$744,379,552.85
Uses:			
Deposit to Project Fund [2]	$283,567,144.88	$324,025,216.87	$607,592,361.75
Deposit to the Senior Bonds Capitalized Interest Account	--	14,072,808.33	14,072,808.33
Deposit to the Series 2013A-B Subordinate Bond Reserve Subaccount [3]	26,626,821.73	32,127,081.19	58,753,902.92
Deposit to the Subordinate Capitalized Interest Subaccount [4]	24,706,595.26	34,293,554.48	59,000,149.74
Costs of Issuance [5]	2,245,652.43	2,714,677.68	4,960,330.11
	$337,146,214.30	$407,233,338.55	$744,379,552.85

1 See "UNDERWRITING" and "TAX MATTERS."

2 Under the Series 2013A-B Supplemental Subordinate Bond Ordinance, separate accounts are established within the Project Fund for deposit of proceeds from each of the Series 2013A Subordinate Bonds and the Series 2013B Subordinate Bonds.

3 This total amount is equal to the Series 2013A-B Minimum Subordinate Bond Reserve in accordance with the Series 2013A-B Supplemental Subordinate Bond Ordinance.

4 Under the Series 2013A-B Supplemental Bond Ordinance, separate accounts are established within the Capitalized Interest Account of the Project Fund for each of the Series 2013A Subordinate Bonds and Series 2013B Subordinate Bonds.

5 Includes Underwriters' discount, legal fees and other costs of issuance for the Series 2013A-B Subordinate Bonds. See also "UNDERWRITING."

THE SERIES 2013A-B SUBORDINATE BONDS

The following is a summary of certain provisions of the Series 2013A-B Subordinate Bonds during such time as the Series 2013A-B Subordinate Bonds are subject to the DTC book-entry system. Reference is hereby made to the Subordinate Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2013A-B Subordinate 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 THE SUBORDINATE BOND ORDINANCE" and "APPENDIX D — PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for a summary of certain provisions of the Senior Bond Ordinance, the Subordinate Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2013A-B Subordinate Bonds upon an Event of Default (as defined herein) under the Subordinate Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance, and procedures for defeasance of the Series 2013A-B Subordinate Bonds.

Authorization

Pursuant to the home rule article of the State constitution, the State's Supplemental Public Securities Act, the City Charter and the Subordinate Bond Ordinance, the City, for and on behalf of the Department, may issue bonds payable solely from and secured by a subordinate pledge of Net Revenues to pay for, among other things, the Cost of any Subordinate Bond Improvement Project. 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 2013A-B Subordinate Bonds will be issued pursuant to the Airport System General Subordinate Bond Ordinance and the Series 2013A-B Supplemental Subordinate Bond Ordinances to be approved by the City Council prior to the issuance of the Series 2013A-B Subordinate Bonds.

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 2013A-B Subordinate Bonds.

DTC Book-Entry System

The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds. Beneficial Ownership Interests in the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds under the Subordinate Bond Ordinance, (3) the payment by DTC or any DTC Participant of any amount received under the Subordinate Bond Ordinance with respect to the Series 2013A-B Subordinate Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2013A-B Subordinate Bonds or (5) any other related matter.

General Provisions

The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described below in "Redemption Prior to Maturity." Interest on the Series 2013A-B Subordinate Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on November 15, 2013, and semiannually on each Interest Payment Date thereafter, to the Owner thereof as of the Regular Record Date.

Principal and interest payments with respect to the Series 2013A-B Subordinate Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2013A-B Subordinate 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. The Series 2013A-B Subordinate Bonds maturing on and after November 15, 2024, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2023, 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 2013A-B Subordinate Bonds to be redeemed plus accrued interest to the date of redemption (the "Redemption Date").

Mandatory Sinking Fund Redemption. The Series 2013A Subordinate Bonds maturing on November 15, 2033 (the "Series 2013A 2033 Term Bonds"), the Series 2013A Subordinate Bonds maturing on November 15, 2043 (the "Series 2013A 2043 Term Bonds"), and the Series 2013B Subordinate Bonds maturing on November 15, 2043 (the "Series 2013B 2043 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 2013A 2033 Term Bonds**	**Series 2013A 2043 Term Bonds**	**Series 2013B 2043 Term Bonds**
2032	$20,680,000	--	--
2033	19,060,000*	--	--
2034	--	$15,120,000	$15,215,000
2035	--	15,150,000	15,305,000
2036	--	8,645,000	16,060,000
2037	--	8,440,000	16,860,000
2038	--	8,880,000	17,705,000
2039	--	8,655,000	18,045,000
2040	--	9,050,000	18,945,000
2041	--	9,520,000	19,895,000
2042	--	10,025,000	20,890,000
2043	--	10,550,000*	21,910,000*

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

The City has the option of reducing the principal amount of the Series 2013A 2033 Term Bonds, the Series 2013A 2043 Term Bonds, or the Series 2013B 2043 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 2013A-B Supplemental Subordinate Bond Ordinance or whole multiples of such smallest denomination) up to the principal amount of the Series 2013A 2033 Term Bonds, the Series 2013A 2043 Term Bonds, or the Series 2013B 2043 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 2013A-B Supplemental Subordinate Bond 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 2013A 2033 Term Bonds, the Series 2013A 2043 Term Bonds or the Series 2013B 2043 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 2013A-B Subordinate Bonds. If less than all of the Series 2013A-B Subordinate Bonds bearing the same rate and maturing on any fixed maturity date are to be redeemed on any Redemption Date at the City's option, , the Series 2013A-B Subordinate Bonds to be redeemed are to be selected by the Treasurer by lot in such manner as the Treasurer shall deem equitable.

Notice of Redemption. Notice of redemption is to be given at least 30 days prior to the Redemption Date by registered or certified mail or overnight delivery service to (1) the Securities Depository (initially DTC), (2) one or more national information services that disseminate notices of redemption of obligations similar to the Series 2013A-B Subordinate Bonds, (3) any rating agency then maintaining a rating on the Series 2013A-B Subordinate Bonds, and (4) *The Bond Buyer*. The actual receipt by DTC or its nominee of written notice of redemption of Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds is required to be given, moneys sufficient to redeem all of such Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds properly called for redemption or any other action premised on that notice.

SECURITY AND SOURCES OF PAYMENT

Subordinate Pledge of Net Revenues

The Series 2013A-B Subordinate Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a subordinate pledge of the Net Revenues on a parity with any other outstanding Subordinate Bonds that may be issued, and currently outstanding Subordinate Obligations and other Subordinate Obligations that may be entered into or issued in the future. The Series 2013A-B Subordinate Bonds also are payable under certain circumstances from the Series 2013A-B Subordinate Bond Reserve Subaccount as discussed in "Series 2013A-B Subordinate Bond Reserve Subaccount" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Subordinate Bond Fund and the Series 2013A-B Subordinate Bond Reserve Subaccount to the payment of the Series 2013A-B Subordinate Bonds. The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2013A-B Subordinate Bonds.

The City has irrevocably pledged Net Revenues and funds on deposit in the Subordinate Bond Fund to the payment of the Subordinate Bonds, including the Series 2013A-B Subordinate Bonds, on a basis which is expressly subordinate to the pledge of Net Revenues for the payment of Senior Bonds and Senior Obligations which may be issued and outstanding from time to time. Upon the issuance of the Series 2013A-B Subordinate Bonds, the aggregate principal amount of all outstanding Senior Bonds and Subordinate Bonds will be $3,897,420,000 and $719,915,000, respectively. The City, for and on behalf of the Department, also has entered into various (1) Senior Obligations, that have a lien on the Net Revenues on a parity with the lien of the Senior Bonds, and (2) Subordinate Credit Facility Obligations and various Subordinate Hedge Facility Obligations that have a lien on the Net Revenues on a parity with the lien of the Subordinate Bonds. See "FINANCIAL INFORMATION — Senior Bonds — Subordinate Bonds — Other Subordinate Obligations."

"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. 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 and the Subordinate Bond Ordinance. The Senior Bond Ordinance 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 AND THE SUBORDINATE 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 and the Subordinate Bond Ordinance. Gross Revenues in the Revenue Fund are to be applied first to Operation and Maintenance Expenses, then to the Debt Service Requirements on the Senior Bonds, then to pay any required rebate amount, then to maintain the Minimum Bond Reserve in the Bond Reserve Fund for Senior Bonds, and then to the Subordinate Debt Service Requirements. Under the Series 2013A-B Supplemental Subordinate Bond Ordinance, a debt service reserve account within the Subordinate Bond Fund has been created and funded with respect to the Series 2013A-B Subordinate Bonds. See "Series 2013A-B Subordinate Bond Reserve Subaccount" below in this section. See also "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE" for a further description of the application of Gross Revenues. The flow of funds under the Senior Bond Ordinance and the Subordinate Bond Ordinance is illustrated in the following diagram.

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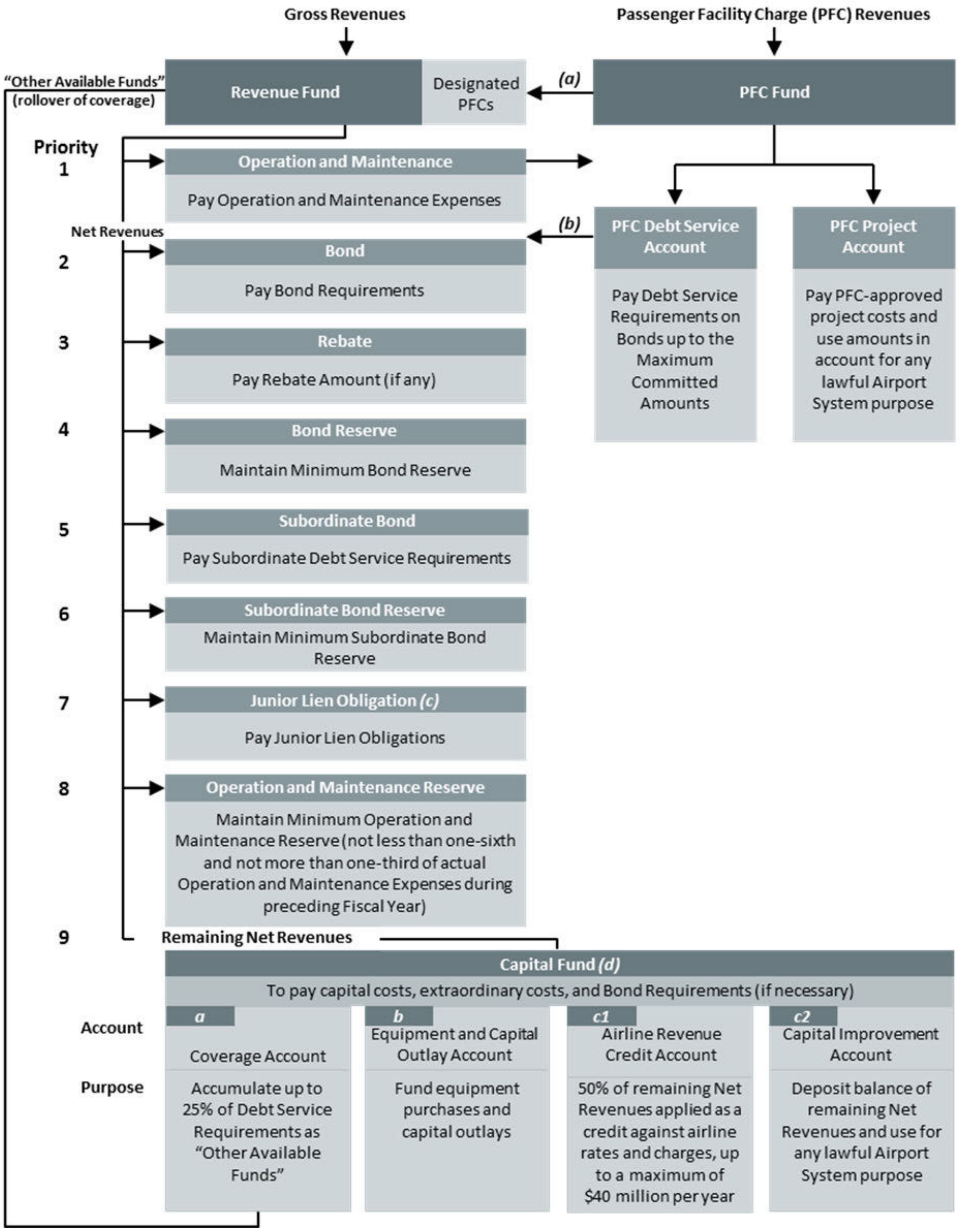
Flow of Funds Under the Senior Bond Ordinance and the Subordinate Bond Ordinance



(a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City (currently $1.50 of the $4.50 PFC) that will be considered Gross Revenues under the 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 for Senior Bonds*."

(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 amounts due and owing with respect to Junior Lien Obligations.

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

Series 2013A-B Subordinate Bond Reserve Subaccount

The Airport System General Subordinate Bond Ordinance creates within the Subordinate Bond Fund, the Subordinate Bond Reserve Account, and the Series 2013A-B Supplemental Subordinate Bond Ordinance creates within the Subordinate Bond Reserve Account, a debt service reserve subaccount solely for the Series 2013A-B Subordinate Bonds ("Series 2013A-B Subordinate Bond Reserve Subaccount") which will be funded with the proceeds of the Series 2013A-B Subordinate Bonds in an amount equal to the Minimum Subordinate Bond Reserve for the Series 2013A-B Subordinate Bonds. Amounts on deposit in the Series 2013A-B Subordinate Bond Reserve Account are available to pay debt service only on the Series 2013A-B Subordinate Bonds. Pursuant to the Subordinate 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 Subordinate Bond Fund, to credit Net Revenues to the Series 2013A-B Subordinate Bond Reserve Account in substantially equal monthly installments so as to accumulate the Minimum Subordinate Bond Reserve for the Series 2013A-B Subordinate Bonds within 60 months. The Minimum Subordinate Bond Reserve amount for the Series 2013A-B Subordinate Bonds is the amount determined by the Treasurer to be maintained as a continuing reserve.

Upon the issuance of the Series 2013A-B Subordinate Bonds, the amount on deposit in the Series 2013A-B Subordinate Bond Reserve Subaccount will be at least equal to the Minimum Subordinate Bond Reserve for the Series 2013A-B Subordinate Bonds. Subject to certain limitations, a Subordinate Credit Facility may be deposited in the Series 2013A-B Subordinate Bond Reserve Subaccount in full or partial satisfaction of the Minimum Subordinate Bond Reserve for the Series 2013A-B Subordinate Bonds, provided that any such Subordinate Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Series 2013A-B Subordinate Bond Reserve Subaccount.

Other Subordinate Bonds and Subordinate Obligations

The City, for and on behalf of the Department, has previously issued (1) various series of Subordinate Bonds, although no Subordinate Bonds are at present outstanding, and (2) a Subordinate Credit Facility Obligation to secure Subordinate Commercial Paper Notes, although no Subordinate Commercial Paper Notes are at present outstanding. The City has also entered into various Subordinate Credit Facility Obligations and Subordinate Hedge Facility Obligations, 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 — Other Subordinate Obligations — Subordinate Commercial Paper Notes — Plan of Financing — Master Derivatives Policy."

Issuance of Additional Senior Bonds

The City may issue additional Senior Bonds under the Senior Bond Ordinance ("Additional Senior Bonds") to pay the cost of acquiring, improving or equipping Airport Facilities and to refund, pay and discharge any Senior Obligations, Subordinate Bonds or other securities or obligations. In order to issue Additional Senior Bonds, other than for a refunding of Senior Bonds, the City is required to satisfy certain requirements (the "Additional Senior 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 AND SUBORDINATE BOND ORDINANCE – Additional Parity Senior 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 Senior Bonds. For purposes of the Additional Senior Bonds Test, the Committed Passenger Facility Charges are considered to be irrevocably committed to the payment of Debt Service Requirements on Senior Bonds. See "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements for Senior Bonds.*"

As described more fully in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND SUBORDINATE BOND ORDINANCE – Additional Parity Senior Bonds," in order to issue Additional Senior Bonds for an Improvement Project, the City is required to obtain, among other things, a report of an Airport Consultant estimating the ability of the Airport System to meet the requirements of the Rate Maintenance Covenant in each year of the forecast period, and a certificate 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 Senior Bonds, as determined by the Independent Accountant, (1) the Net Revenues, together with any Other Available Funds, for such period and (2) the aggregate Debt Service Requirements for the Outstanding Senior Bonds and the Additional Senior Bonds proposed to be issued, 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 for the Senior Bonds and to the credit of the Bond Reserve Fund for the Senior Bonds and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for the Outstanding Senior Bonds and the Additional Senior Bonds proposed to be issued for such period.

Under the Subordinate Bond Ordinance, the City has agreed for the benefit of the Owners of Subordinate Bonds, that the City will not issue Additional Senior Bonds if upon the issuance of such Additional Senior Bonds, the City would fail to comply with the rate maintenance covenant set forth in the Subordinate Bond Ordinance. See "Rate Maintenance Covenant of the Subordinate Bond Ordinance" below in this section and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE – Additional Parity Senior Bonds."

Issuance of Additional Subordinate Bonds and Subordinate Obligations

The Airport System General Subordinate Bond Ordinance permits the City to issue additional Subordinate Bonds for the purpose of paying the Cost of any Subordinate Bond Improvement Project. Before the City can issue any additional Subordinate Bonds, the Manager must certify that (1) the City is not in default in making any payments required under the Senior Bond Ordinance or the Subordinate Bond Ordinance, and (2) the total of (A) the principal amount of all Subordinate Bonds then Outstanding, including the Subordinate Bonds then to be delivered; (B) the principal amount of all Subordinate Bonds authorized but not then to be delivered; (C) the principal component of all Subordinate Credit Facility Obligations to the extent such obligations, if they become due, are not in lieu of (or do not otherwise replace) the City's obligations to pay any principal in respect of Subordinate Bonds which is included in paragraphs (A) and (B) above; (D) amounts that would be due from the City as termination payments under all Subordinate Hedge Facility Obligations, computed as if the termination date were the date of the Manager's certificate; and (E) the principal, or its equivalent, of all Subordinate Contract Obligations, does not exceed $800 million. In order to issue additional Subordinate Bonds in excess of the $800 million limitation (other than for a refunding), in addition to the Manager's certificate containing the information set forth above in (1), there shall be filed, (1) 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 Subordinate Bonds, as determined by the Independent Accountant, certain information demonstrating that Net Revenues, together with other Available Funds are at least equal to the larger of (A) the amounts needed to make the required deposits to several subaccounts of certain funds with respect to such Subordinate Bonds, or (B) the amount necessary in order to meet the requirements of the Subordinate Bonds rate maintenance covenant for such period, and (2) a report of the Airport Consultant demonstrating the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds for each of the five Fiscal Years of the forecast period to meet the requirements of the rate maintenance covenant of the Subordinate Bond Ordinance in each year of the forecast period. See "APPENDIX C — SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE SUBORDINATE BOND ORDINANCE – Additional Parity Subordinate Bonds" for a more detailed discussion of the requirements for the issuance of additional parity Subordinate Bonds.

Historical Debt Service Coverage of Senior Bonds and Subordinate Debt Service Requirements

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds and Subordinate Debt Service Requirements from 2007 through 2012. 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.

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

	Fiscal Year Ended December 31				
	2008	**2009**[1]	**2010**	**2011**	**2012**
Gross Revenues, not including Designated Passenger Facility Charges[2]	$635,607	$616,506	$651,318	$670,753	$679,008
Designated Passenger Facility Charges [3]	0	31,563	34,021	34,950	34,271
Gross Revenues [2]	635,607	648,069	685,339	705,703	713,279
Operation and Maintenance Expenses [2]	(305,382)	(309,270)	(302,881)	(312,278)	(318,394)
Net Revenues	330,225	338,799	382,459	393,425	394,885
Other Available Funds [4]	53,575	49,288	47,975	48,045	51,685
Total Amount Available for Debt Service	$383,801	$388,087	$430,434	$441,469	$446,570
Senior Bond Debt Service [5]	$286,161	$264,748	$265,391	$267,321	$278,063
Committed Passenger Facility Charges [6]	(68,953)	(63,125)	(68,043)	(69,899)	(68,543)
Debt Service Requirements for the Senior Bonds	$217,208	$201,623	$197,349	$197,421	$209,520
Debt Service Coverage for the Senior Bonds	177%	192%	218%	224%	213%
Subordinate Debt Service Requirements [7]	$ 22,820	$ 36,282	$ 37,895	$ 37,935	$ 38,043
Debt Service Requirements for the Senior Bonds	217,208	201,623	197,349	197,421	209,520
Aggregate Debt Service Requirements for the Senior Bonds and Subordinate Debt Service Requirements	$240,028	$237,905	$235,244	$235,356	$247,562
Aggregate Debt Service Coverage for the Senior Bonds and Subordinate Debt Service Requirements	160%	163%	183%	188%	180%

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 "Subordinate 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, 2011 and 2012. 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 reduced by capitalized interest and certain other available funds irrevocably committed to the payment of Senior Bonds 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 Senior Bonds Debt Service Requirements. See "FINANCIAL INFORMATION — Passenger Facility Charges — *Irrevocable Commitment of Certain PFCs to Debt Service Charges*."

7 Includes amounts required to pay any Subordinate Bonds and any Subordinate Obligations, as defined in the Subordinate Bond Ordinance, including Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations. See "FINANCIAL INFORMATION – Other Subordinate Obligations."

Sources: Audited financial statements of the Airport System for Fiscal Years 2007-2012, and Department of Aviation management records.

Other Matters Related to the Senior Bonds

As further described herein and in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND SUBORDINATE BOND ORDINANCE," (1) the City has covenanted to fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport System in each calendar year in order to satisfy the Senior Bonds Rate Maintenance Covenant, (2) certain sources of security and payment are required in connection with the Senior Bonds, and (3) certain PFC revenues are pledged to meet the Debt Service Requirements with respect to the Senior Bonds.

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 2013A-B Subordinate 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, and to the appointment of UMB Bank, n.a. 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.

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 Net Revenues and certain other amounts as provided in the Senior Bond Ordinance.

The account structure for the Capital Fund is not mandated by either the Senior Bond Ordinance or the Subordinate 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 set forth above in the subsection entitled "Flow of Funds; Revenue Fund."

Rate Maintenance Covenant of the Subordinate Bond Ordinance

The City has covenanted in the Airport System General Subordinate Bond Ordinance (the "Subordinate Bonds 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 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 greater 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 the Bond Reserve Fund with respect to the Senior Bonds, and to the credit of the several accounts and subaccounts of 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 on the Senior Bonds and Subordinate Debt Service Requirements for the Fiscal Year. See "Flow of Funds; Revenue Fund" above, as well as "FINANCIAL INFORMATION — Capital Fund."

RISKS AND OTHER INVESTMENT CONSIDERATIONS

The purchase and ownership of Beneficial Ownership Interests in the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds.

Dependence on Levels of Airline Traffic and Activity

The Series 2013A-B Subordinate Bonds are payable solely from and secured by a subordinate pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Subordinate Bond Ordinance. Gross Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Several factors, including (1) the challenging global and national economic environment that began in late 2007, (2) weakened demand for air travel, (3) reduced airline passenger capacity, and (4) increased airline pricing have adversely impacted levels of passenger traffic and associated revenues at the Airport. 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, the sale of airlines (including the possible sale of Frontier), 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 "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT."

Concentration of Airline Market Share

The major air carriers operating at the Airport, by local market share, are United, Southwest and Frontier, 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, at present, has the largest market share of all air carriers at the Airport. 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. 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. 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, Southwest and the Frontier Group, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2012 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, Southwest or the Frontier Group 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 — Overview of Airport Role — Connecting Hub for United, Southwest and Frontier Airlines — Fifth Busiest U.S. Airport" in "APPENDIX A - 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. Previous recessions and periods of stagnant economic conditions in the U.S., Colorado and Denver contributed to reduced passenger traffic at the Airport. Further, the 2008-2009 recession and associated high unemployment and reduced discretionary income 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 economic conditions, 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 in part 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 "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT."

Financial Condition of the Airlines; Industry Consolidation

The recent global recession, sluggish recovery from the 2008-2009 recession and high fuel prices, among other things, resulted in airlines raising fares, adding new fees and surcharges while reducing capacity and the size of their fleets, as well as personnel. In addition, several airlines merged or consolidated, while others 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, Availability and Price Volatility 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 "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT."

Cost, Availability and Price Volatility of Aviation Fuel

The level of prices, the availability and the price volatility of aviation fuel are some 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 imposing fuel surcharges, increasing the price of airfares and associated services, or reducing capacity, fleet and personnel.

Despite these types of efforts, aviation fuel costs 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, availability and volatility of prices 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 “APPENDIX A - 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 “APPENDIX A - 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. 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; Financial and Performance Audits.”

Impact of Federal Sequestration

Federal funding received by the Airport could be adversely affected by implementation of certain provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the “Budget Control Act”), which was signed into law by President Obama on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions as required by the Budget Control Act, sequestration has been triggered. On January 2, 2013, President Obama signed into law H.R. 8, the American Taxpayer Relief Act of 2012, which delayed the initiation of the sequestration process from January 2, 2013 to March 1, 2013. Sequestration could adversely affect FAA operations and the availability of certain federal grant funds typically received annually by the Airport. These federal spending cuts would likely be spread over a number of years. In addition to adversely affecting the United States economy, commercial aviation operations throughout the United States could also be adversely affected, due to layoffs or furloughs of federal employees responsible for certain critical federal airport functions, however, on May 1, 2013, President Obama signed into law the Reducing Flight Delays Act of 2013 (H.R. 1765), which ended FAA air traffic controller furloughs, that had caused air traffic delays across the nation, but which reduced the amount of available AIP funds in the federal fiscal year of 2013 by $253 million to pay for such controller costs. The full impact of such sequestration measures on the Airport, however, is unknown at this time.

The City has designated the Airport System Revenue Bonds, Series 2009B ("Series 2009B Bonds") as "Build America Bonds" for purposes of the Code and expects to receive a cash subsidy payment from the United States Treasury equal to 32% of the interest payable on such Series 2009B Bonds. Such subsidy currently totals approximately $1.3 million annually. To date, the City has timely filed for and received the subsidy for the Series 2009B Bonds. There is no guarantee, however, that the City will continue to receive such subsidy as expected in the future.

In March 2013, the Federal Office of Management and Budget announced that subsidies to Build America Bond issuers would be reduced by 5.1% under the Budget Control Act. Since there are fewer than twelve months left in the federal fiscal year from the date of the Federal Office of Management and Budget report, the effective impact of this reduction in 2013 will be closer to 8.7%. The 2013 impact to the City with respect to the Series 2009B Bonds is estimated to total approximately $100,000. The potential impact in future years is unknown at this time. The City's forecasts have been adjusted to reflect this reduction in 2013 non-operating income.

Airport Use and Lease Agreements

A substantial portion of Gross Revenues available for payment of debt service on the Subordinate Bonds is derived from rentals, fees and charges imposed upon the Signatory Airlines under 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 expire in December 2016, except for US Airways which is operating on a month-to-month holdover basis. Upon execution of a new Use and Lease Agreement by US Airways, the expiration date will extend to December 2016. 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 has signed a new Use and Lease Agreement at the Airport as part of its plan of reorganization, however, 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 and outstanding Subordinate Bonds, including the Series 2013A-B Subordinate 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 City plans to access the credit markets 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, like those which occurred in 2008-2010, 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, commercial paper notes, moneys on deposit in the Airport's Capital Fund, 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 — Other Subordinate Obligations — Subordinate Commercial Paper Notes —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 2013A-B Subordinate 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 has 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 and the Plaza, as each term is defined below in "CAPITAL PROGRAM – South Terminal Redevelopment Program") 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.*"

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").

The occupancy rates and ADR of the Airport Hotel are also 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.

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 Senior Bonds and Subordinate Bonds, including the Series 2013A-B Subordinate Bonds. See "CAPITAL PROGRAM – South Terminal Redevelopment Program - *Airport Hotel*" herein.

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*."

Future Tax Developments

Future or pending federal legislative proposals (if enacted), regulations, rulings or court decisions may cause interest on the Series 2013A-B Subordinate Bonds to be subject, directly or indirectly, to federal income taxation or cause interest on the Series 2013A-B Subordinate Bonds to be subject, directly or indirectly, to State or local income taxation, or may otherwise prevent beneficial owners of the Series 2013A-B Subordinate Bonds from realizing the full current benefit of the tax status of such interest. Legislation or regulation actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the Series 2013A-B Subordinate Bonds. Prospective purchasers of the Series 2013A-B Subordinate Bonds should consult their tax advisors regarding any future, pending or proposed federal tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion. See "TAX MATTERS."

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 2012, the Airport was ranked as the 5th busiest airport in the nation and the 13th busiest airport in the world based on total passengers in 2012. 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 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 previously served as the Airport Consultant. She had previously served as the Executive Director of Los Angeles World Airports ("LAWA"), 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/Maintenance in July 2012, a division that was restructured as Airport Infrastructure Management in March 2013. The Airport Infrastructure 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 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 26,000 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*."

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 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 Wendy's Restaurant and a food court plaza and a new 45-minute waiting area along Peña Boulevard next to the Conoco station. Phase I of the project has been completed and Phase II of the project is expected to be complete by September 2013.

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 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 are currently estimated to have a total cost of approximately $1.4 billion (in 2013 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. The City periodically revises its Capital Program to reflect changes in scope and increases in construction costs. Since October of 2012, the total estimated cost of the 2013-2018 Capital Program has increased from $1.062 billion (before certain projects funded by commercial paper) to $1.382 billion. In addition to the changes in the South Terminal Redevelopment Program described below in "South Terminal Redevelopment Program," the other principal causes for the increase in the 2013-2018 Capital Program costs include the following: the addition of a five gate expansion of Concourse C; additional road and bridge improvements; and additional baggage security screening improvements. For a description of the major changes in the 2013-2018 Capital Program since October of 2012, see "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – Airport Capital Program – Table 21."

2013-2018 Capital Program

(Amounts reflect 2013 dollars expressed in 000's; totals may not add due to rounding)

	2013 [1]	2014	2015	2016	2017	2018	Total	Deemed Funded [2]	Balance [2]
Airfield	$118,310	$ 30,886	$28,929	$27,539	$12,116	$11,850	$ 229,630	$117,751	$111,879
Baggage/AGTS	64,822	39,273	37,727	0	0	0	141,822	98,597	43,225
Commercial	17,121	14,550	14,000	0	0	0	45,671	1,171	44,500
Environmental/Utilities	15,560	0	0	0	0	0	15,560	13,638	1,922
Other CIP	105,567	32,641	0	0	0	0	138,208	19,797	118,411
Roads	26,182	13,250	5,100	8,000	2,100	1,000	55,632	16,229	39,403
Technologies	34,735	6,809	3,578	1,265	1,208	0	47,594	12,571	35,024
Terminal Complex	97,361	47,575	12,657	3,774	1,774	0	163,142	29,086	134,056
South Terminal Redevelopment Program	356,825	162,443	25,000	0	0	0	544,268	369,126	175,142
TOTAL	**$836,481**	**$347,427**	**$126,991**	**$40,578**	**$17,198**	**$12,850**	**$1,381,526**	**$677,965**	**$703,561**

1 Payment of certain of these project costs in the total approximate amount of $341,698,000 was budgeted for 2012.

2 Sources of funds for these costs include approximately $476 million of proceeds from prior Senior Bonds, approximately $198 million in FAA grants received and expected to be received, approximately $4 million of other sources, also assumed to be received, approximately $607.6 million from the proceeds of the Series 2013A-B Subordinate Bonds, and approximately $96 million from proceeds of Senior Bonds and commercial paper notes to be issued in the future. To the extent FAA grants and other funds assumed to be received are not received in the amount or timeframe assumed, the City expects to fund projects from the proceeds of additional Senior Bonds or Subordinate Bonds or from cash on hand.

Source: Department of Aviation management records.

For a more complete description of the sources of funds for the 2013-2018 Capital Program, see "FINANCIAL INFORMATION – Plan of Financing."

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 under construction.

The Regional Transportation District ("RTD") is in the process of expanding commuter and light rail service throughout the greater Denver metropolitan area, pursuant to a program known as "FasTracks." RTD has an agreement with Denver Transit Partners ("DTP"), under which DTP will design, construct, finance, operate and maintain a project it refers to as "Eagle P3", which includes the "East Rail" line, a 22.8 mile commuter rail line connecting Denver Union Station, located in downtown Denver, with the Airport. The East Rail service currently is planned by RTD to commence in January 2016. Neither the City nor the Department will 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.

There is currently a dispute between the City and RTD regarding the division of performance and payment responsibility under the FasTracks East Corridor IGA with respect to the construction of the improvements in the area immediately south of the DIA Rail Station. By mutual agreement, the parties have sought to resolve the dispute through hearings before a neutral finder of fact with the Judicial Arbiter Group. The 2013-2018 Capital Program and Plan of Finance currently assume that the City is responsible for the full amount of the disputed costs; thus, whatever amounts RTD is required to pay to the City upon final resolution of the dispute will be a credit to the City and accounted for as additional funding for such improvements.

The design of the South Terminal Redevelopment Program is currently approximately 92% complete, and its construction is underway. It currently includes the following three principal integrated project elements:

- Construction of the DIA Rail Station with public circulation space and two RTD tracks. The Department is constructing the DIA Rail Station to provide additional capacity for future transportation modes.

- Construction of the DIA Rail Station roof, which will also form a plaza (the "Plaza") to provide public access among 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.

- 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. Starwood Hotels and Resorts is 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 PERFORMANCE — NONAIRLINE REVENUES — Outside Nonairline Revenues — Other Terminal Revenues — Airport Hotel" in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." Completion and commencement of operations of the Airport Hotel are currently projected to occur in August 2015.

The Department has established a revised budget for the above-described integrated project elements of the South Terminal Redevelopment Program of approximately $544 million (in 2013 dollars), which is a $44 million (9%) increase over the October 2012 budget for such integrated project elements. 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."

In addition to the integrated project elements of the South Terminal Redevelopment Program described above, there are certain other projects in the 2013-2018 Capital Program that are currently under construction, or will be under construction in the near future, in conjunction with the South Terminal Redevelopment Program that include:

- Expansion of the AGTS to provide additional service capacity to Concourses A, B and C.

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

- Construction of space and infrastructure for the future build-out of additional passenger security screening facilities.

- Relocation of certain utilities, and improvements to storm water drainage and other related systems.

- Right of way for future baggage systems.

- Replacement of access bridges to certain existing and future public parking garages.

- Expansion of the train platform by approximately 400 feet and other improvements.

The current estimated budget established by the Department for these additional projects is $128 million (in 2013 dollars). The total cost of the three principal elements of the South Terminal

Redevelopment Program described above, and these additional related projects is estimated to be approximately $672 million.

On March 28, 2013, the City voluntarily posted on EMMA a notice which provided an update on the South Terminal Redevelopment Program and described the changes thereto as of such date.

While the Department expects that all elements of the South Terminal Redevelopment Program will be completed within the currently established budget, such work is subject to certain risks and uncertainties. Accordingly, no assurances can be given regarding the final actual costs of the project elements described above.

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 (i) 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 (ii) 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. 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."

It is being 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. The Airport has entered into a guaranteed maximum price for the project based on a design level of approximately 80%.

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.

The City also expects to create a Junior Lien Obligations Fund by supplemental ordinance 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 are to 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:

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 a five gate expansion of Concourse C, 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, the Series 2013A-B Subordinate Bonds and Junior Lien Obligations), commercial paper notes, balances in the Airport Capital Fund, 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 PERFORMANCE — ESTIMATED PLAN OF FINANCING" in "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT."

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 2012, the Airport was ranked as the 5th busiest airport in the nation and the 13th busiest airport in the world based on total passengers in 2012. 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. There are 25 passenger airlines currently providing scheduled service at the Airport, including ten major/national passenger airlines, six 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 2012, the Airport served approximately 26.6 million enplaned passengers (passengers embarking on airplanes), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 56% of the passengers enplaned in 2012 were passengers originating their travel at the Airport and 44% 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, in 2011 the number of enplaned passengers increased by 1.7% over 2010, and in 2012 the number of enplaned passengers increased by 0.5% over 2011, resulting in the highest number of enplaned passengers at the Airport since it opened in 1995. The following table sets forth the history of enplaned passengers for the Airport.

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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	2012	26.597	0.5

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 "APPENDIX A - REPORT OF THE AIRPORT CONSULTANT."

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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 three months of 2012 and 2013.

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**
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	1.9	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
2012	21,984,283	1.3	4,323,837	(2.6)	289,021	(5.7)	26,597,141	0.5
Jan-March[3]								
2012[4]	5,033,899	1.8	981,283	(7.9)	73,124	(6.9)	6,088,306	(0.04)
2013	5,005,360	(0.6)	1,037,220	5.7	69,401	(5.1)	6,111,981	0.4

1 Includes revenue and nonrevenue enplaned passengers.

2 Includes Ted in 2008 and Lynx from 2008 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 2011.

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 for the first three months of 2012 and 2013.

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

	Calendar Year					January-March	
Airline	**2008**	**2009**	**2010**	**2011**	**2012**	**2012**	**2013**
United	32.6%	32.5%	28.4%	24.2%	23.9%	22.9%	26.1%
Ted[1]	4.3	--	--	--	--	--	--
United Express[2]	11.3	13.7	16.0	15.4	15.2	14.8	16.0
Continental	2.0	2.0	2.1	3.3	1.4	4.0	--
Total United Group[3]	50.3	48.2	46.4	42.9	40.5	41.8	42.1
Frontier and Frontier/Republic	22.7	20.6	20.2	22.1	21.9	21.4	18.3
Lynx[4]	2.0	2.4	1.2	0.1	--	--	--
Frontier JetExpress[5]	0.8	--	0.1	--	--	--	--
Total Frontier Group	25.5	23.0	21.5	22.3	21.9	21.4	18.3
Southwest[6]	9.3	14.4	18.2	21.8	23.7	23.3	25.0
American Airlines[7,8]	3.3	2.8	2.7	2.3	2.4	2.5	2.6
Delta[7,10]	4.1	4.2	3.9	3.8	3.8	3.7	3.7
US Airways[8,9]	1.8	2.2	2.3	2.4	2.7	2.7	2.7
Other[5]	5.7	5.2	5.0	4.5	5.0	4.6	5.6
Total Other	15.0	14.4	13.9	13.1	13.9	13.5	14.6
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 American Airlines and US Airways have entered into a merger agreement which was recently approved by the bankruptcy court in American's bankruptcy proceedings, but the merger is not yet finalized.

9 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. US Airways is 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.

10 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.

Summary of Aviation Activity. The following table sets forth a summary of selected aviation activity at the Airport for the past five years and for the first three months of 2012 and 2013. Totals may not add due to rounding.

	Calendar Year[1]					January-March	
	2008	2009	2010	2011	2012	2012	2013
Enplaned Passengers (millions):							
United	8.361	8.165	7.386	6.400	6.349	1,393	1,598
Ted[2]	1.105	--	--	--	--	--	--
United Express	2.906	3.438	4.152	4.087	4.040	904	976
Continental	0.520	0.510	0.542	0.863	0.371	246	--
Total United Group	12.892	12.113	12.079	11.351	10.760	2,543	2,574
Frontier[3]	5.812	5.181	5.259	5.859	5.826	1,305	1,117
Lynx[4]	0.504	0.602	0.311	0.031	--	--	11
Frontier JetExpress[5]	0.216	--	0.025	--	--	--	--
Total Frontier Group	6.531	5.782	5.595	5.890	5.826	1,305	1,117
Southwest	2.379	3.614	4.726	5.756	6.301	1,421	1,525
Other	3.849	3.619	3.624	3.459	3.710	820	895
Total	25.650	25.128	26.025	26.456	26.597	6,088	6,112
Percent Change from Prior Year	2.84%	(2.04)%	3.57%	1.66%	0.53%	(0.04)%	0.39%
Originating Passengers (millions):	14.335	13.656	14.101	14.595	14.785	3.390	3.572
Percent of Total Enplaned	55.9%	54.3%	54.2%	55.2%	55.6%	55.7%	58.4%
Connecting Passengers (millions)	11.315	11.472	11.923	11.861	11.812	2.698	2.540
Percent Connecting of Total Enplaned	44.1%	45.7%	45.8%	44.8%	44.4%	44.3%	41.6%
United Group Passengers: [2]							
Percent Originating	42.7%	39.2%	38.2%	39.5%	40.0%	41.2%	40.8%
Percent Connecting	57.3%	60.8%	61.8%	60.5%	60.0%	58.8%	59.2%
Frontier Passengers:							
Percent Originating	50.5%	49.5%	50.4%	50.0%	48.4%	46.5%	56.4%
Percent Connecting	49.5%	50.5%	49.6%	50.0%	51.6%	53.5%	43.6%
Southwest Passengers:							
Percent Originating	84.4%	75.5%	71.4%	70.5%	68.3%	70.3%	70.2%
Percent Connecting	15.6%	24.5%	28.6%	29.5%	31.7%	29.7%	29.8%
Average Daily Departures:							
Passenger Airlines:							
United and Ted[2]	207	171	149	130	133	135	128
United Express	192	216	246	246	239	227	235
Frontier	167	158	158	152	137	131	101
Frontier JetExpress	10	--	1	--	--	--	--
Southwest	78	108	124	147	159	151	151
Other	160	149	156	157	138	137	134
Total Passenger Airlines	814	802	833	832	806	782	748
All-Cargo Airlines	26	25	25	25	24	24	24
Total	840	827	858	856	831	806	772
Percent Change from Prior Year	0.76%	(1.56)%	3.75%	(0.15)%	(3.00)%	(4.94)%	(4.18)%
Landed Weight (billion pounds):							
Passenger Airlines:							
United and Ted[2]	11.790	10.499	9.568	7.925	7.974	2.044	1.856
United Express	3.616	4.200	4.999	4.826	4.675	1.043	1.138
Frontier	7.342	6.768	6.714	6.679	6.338	1.493	1.205
Frontier JetExpress	0.263	--	0.030	--	--	--	--
Southwest	3.508	4.817	5.611	6.656	7.244	1.714	1.714
Other	5.406	5.165	5.131	5.218	4.454	1.070	1.075
Total Passenger Airlines	31.925	31.449	32.054	31.304	30.685	7.364	6.987
All-Cargo Airlines	1.325	1.250	1.222	1.207	1.204	.285	.308
Total	33.250	32.699	33.275	32.512	31.889	7.649	7.295
Percent Change from Prior Year	1.27%	(1.66)%	1.76%	(2.29)%	(1.92)%	(3.95)%	(4.63)%
Enplaned Cargo (million pounds)[6]	248.122	221.444	241.710	242.491	227.734	57.345	55.946
Percent Change from Prior Year	(5.56)%	(10.75)%	9.15%	0.32%	(6.09)%	(8.14)%	(2.44)%
Total Aircraft Operations (Landings/Take-Offs):							
Air Carriers	460,311	456,675	468,962	452,223	443,389	104,578	101,345
Air Taxi/Commuter/Military/General Aviation	165,533	155,302	166,483	182,457	174,868	44,658	39,416
Total	625,844	611,977	635,445	634,680	618,257	149,236	140,761
Percent Change from Prior Year	1.05%	(2.22)%	3.83%	(0.12)%	(2.59)%	(3.77)%	(5.68)%

[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 2012, approximately 11.812 million passengers (44.4%) of the approximately 26.597 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 54.7%, 25.5% and 16.9% of the connecting passengers at the Airport in 2012, respectively. See "Aviation Activity — *Summary of Aviation Activity*" above.

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Airlines Serving the Airport

The following airlines currently provide scheduled passenger service at the Airport:

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

1 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. AirTran currently leases certain space at the Airport.

2 American Airlines and US Airways have entered into a merger agreement which was recently approved by the bankruptcy court in American's bankruptcy proceedings, but the merger is not yet finalized.

3 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.

4 Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) on October 1, 2010, and effective March 31, 2013 United and Continental merged into a single legal entity, United Airlines, Inc.

5 US Airways is 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.

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 for the first three months of 2012 and 2013, 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 2008 through 2012. See also "Aviation Activity — Originating and Connecting Passengers" in this section.

United Group Percent of Airport Operations

	Fiscal Year					January - March	
	2008	2009	2010	2011	2012	2012	2013
Percent of Total Enplanements at the Airport							
United	32.6%	32.5%	28.4%	24.2%	23.9%	22.9%	26.1%
Ted	4.3	0.0	0.0	0.0	0.0	0.0	0.0
United Express	11.3	13.7	16.0	15.4	15.2	14.8	16.0
Continental	2.0	2.0	2.1	3.3	1.4	4.0	0.0
Total United Group	50.3%	48.2%	46.4%	42.9%	40.5%	41.8%	42.1%
Percent of Originating Passengers							
United	32.2%	27.5%	24.8%	23.9%	27.6%	25.5%	30.3%
United Express	6.6	7.7	9.6	10.3	10.4	10.6	10.5
Continental	3.9	4.0	3.9	5.3	1.9	5.2	0.0
Total United Group	42.7%	39.2%	38.2%	39.5%	40.0%	41.2%	40.8%
Percent of Connecting Passengers							
United	41.3%	39.9%	36.3%	32.5%	31.4%	29.3%	31.8%
United Express	15.9	20.7	24.8	25.7	27.1	25.0	27.4
Continental	0.1	0.2	0.6	2.3	1.5	4.5	0.0
Total United Group	57.3%	60.8%	61.8%	60.5%	60.0%	58.8%	59.2%
Percent of Airport Originating Passengers							
United	28.9%	24.4%	21.2%	18.6%	20.1%	19.1%	21.8%
United Express	5.9	6.9	8.2	8.0	7.6	7.9	7.6
Continental	3.5	3.6	3.3	4.1	1.4	3.9	0.0
Total United Group	38.4%	34.8%	32.7%	30.7%	29.1%	30.9%	29.4%
Percent of Airport Connecting Passengers							
United	47.0%	42.2%	36.8%	31.1%	28.6%	27.6%	32.2%
United Express	18.1	21.8	25.1	24.6	24.7	23.5	27.8
Continental	0.2	0.2	0.6	2.2	1.4	4.3	0.0
Total United Group	65.3%	64.2%	62.6%	57.9%	54.7%	55.4%	60.0%
Percent of Airline Rentals, Fees and Charges United Group Component of Operating Revenues	56.9%	56.1%	53.7%	52.2%	49.6%*	Not Available	Not Available
Percent of Airport System Gross Revenues	29.0%	30.1%	27.8%	26.1%	24.7%*	Not Available	Not Available

* Preliminary, subject to change upon final reconciliation of the most recent financial statements.

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 40.5% of passenger enplanements at the Airport in 2011 and in 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 2012. The advance schedules of the

United Group for flights for 2013 reflect a capacity reduction which will likely result in decreased enplanements for the United Group for 2013. The City makes no representations regarding the financial conditions of United Continental Holdings or United 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."

Southwest. Southwest had the second largest market share at the Airport in 2012 and the third largest market share in 2011. 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. In 2012, the Airport was the 6th busiest airport in the Southwest system based on scheduled seats. 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 five-year Use and Lease Agreement with the City which expires in December 2016, Southwest leases 17 gates at the Airport on Concourse C and 2 gates on Concourse A. 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 three months of 2012 and 2013, 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 2008 through 2012. See also "Aviation Activity" and "Originating and Connecting Passengers" in this section.

Southwest Percent of Airport Operations

	Fiscal Year					January-March	
	2008	2009	2010	2011	2012	2012	2013
Percent of Total Enplanements at the Airport	9.3%	14.4%	18.2%	21.8%	23.7%	23.3%	25.0%
Southwest Percent Originating Passengers	84.4	75.5	71.4	70.5	68.3	70.3	70.2
Southwest Percent Connecting Passengers	15.6	24.5	28.6	29.5	31.7	29.7	29.8
Percent of Airport Originating Passengers	14.0	20.0	23.9	27.8	29.1	29.4	30.0
Percent of Airport Connecting Passengers	3.3	7.7	11.3	14.3	16.9	15.7	17.9
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	6.9	10.0	12.2	14.1	16.8*	Not Available	Not Available
Percent of Airport System Gross Revenues	3.5	5.3	6.3	7.1	8.3*	Not Available	Not Available

* Preliminary, subject to change upon final reconciliation of the most recent financial statements.

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."

The Frontier Group. Frontier and its affiliates had the third largest market share at the Airport in 2012 and the second largest market share in 2011. The Airport is Frontier's only hub and in 2012 was the busiest airport in the Frontier system. In December 2007, Frontier's hubbing operations at the Airport were expanded with the introduction of a sister airline, Lynx Aviation, Inc. ("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 five-year Use and Lease Agreement between the parties which expires in December 2016, Frontier leases 14 gates at the Airport on Concourse A. 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 three months of 2012 and 2013, 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 2008 through 2012. See also "Aviation Activity — Originating and Connecting Passengers" in this section.

Frontier Group Percent of Airport Operations

	Fiscal Year					**January – March [1]**	
	2008	**2009**	**2010**	**2011**	**2012 [1]**	**2012**	**2013**
Percent of Total Enplanements at the Airport	25.5%	23.0%	21.5%	22.3%	21.9%	21.4%	18.3%
Frontier Group Percent Originating Passengers	50.5	49.5	50.4	50.0	48.4	46.5	56.4
Frontier Group Percent Connecting Passengers	49.5	50.5	49.6	50.0	51.6	53.5	43.6
Percent of Airport Originating Passengers	23.0	21.0	20.0	20.2	19.1	17.9	17.6
Percent of Airport Connecting Passengers	28.6	25.4	23.3	24.8	25.5	25.9	19.2
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	14.7	14.1	14.2	14.7	14.4[2]	Not Available	Not Available
Percent of Airport System Gross Revenues	7.5	7.6	7.4	7.3	7.1[2]	Not Available	Not Available

1 Excluding Lynx.
2 Preliminary, subject to change upon final reconciliation of the most recent financial statements.

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. Republic Holdings announced in April 2012 that it had engaged Barclays Capital to assist it in the sale of the Frontier Group. Recently, it has been reported that several investors are interested in acquiring the Frontier Group, and that two separate investment firms have been discussing such acquisition in detail with Republic Holdings. The two firms reportedly are Indigo Partners, LLC, a Phoenix-based private equity firm that, according to its website, specializes in airline investments, and Anchorage Capital Group LLC, a New York investment firm that, according to its website, is focused on distressed debt trading and other sectors, including airlines. 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."

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 2012, Delta, American and US Airways accounted for approximately 3.8%, 2.4% and 2.7% 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 airlines listed in the following table have executed Use and Lease Agreements with the City that include leased gates. In addition to the current 81 leased gates, nine 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.

New five-year Use and Lease Agreements expiring in December 2016 have been recently executed by the airlines (with the exception of United which expires in February 2025) and the City with substantially the same terms and conditions as in the prior 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 2016
American Airlines[1]	3	A	December 2016
Frontier	14	A	December 2016
Southwest	2	A	December 2016
Spirit Airlines	1	A	December 2016
	21		
United[2]	36	B	February 2025
US Airways[1,3]	2	B	Month to Month
	38		
Delta[4]	5	C	December 2016
Southwest[5]	17	C	December 2016
	22		
Total leased gates	81		

1 American Airlines and US Airways have entered into a merger agreement which was recently approved by the bankruptcy court in American's bankruptcy proceedings, but the merger is not yet finalized.

2 Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) on October 1, 2010, and effective March 31, 2013 United and Continental merged into a single legal entity, United Airlines, Inc.

3 US Airways is operating on a month-to-month holdover status. Upon the execution of a new Use and Lease Agreement, the expiration date will be December, 2016.

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.

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, Pinnacle, Shuttle America, SkyWest and Volaris. 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 Senior Bonds 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 2008 through 2012 is set forth in the following table.

Cost per Enplaned Passenger

Year	Cost Per Enplaned Passenger	Percent Change
2008	$10.95	2.4%[1]
2009	12.72	16.2
2010	11.77	(7.5)
2011	11.57	(1.7)
2012	11.56[2]	(0.1)

1 Compared to the cost per enplaned passenger of $10.69 for 2007.

2 Preliminary, subject to change upon final reconciliation of the most recent financial statements.

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 "APPENDIX A - 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, 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 its obligations under the ordinance. 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 Gross Revenues. The City discussed the 2012 Amendment with the FAA and by letter dated November 21, 2012, the FAA indicated that the 2012 Amendment complies with the Airport's PFC obligations and with the FAA's Revenue Use Policy regarding incentives.

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, 6.6 million revenue connecting passengers in 2011, and 6.3 million revenue connecting passengers in 2012. As a result of United's failure to meet its Base Hub Commitment in 2008 through 2012, 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.

Cargo Operations Leases

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Air Transport International, Inc., DHL Express (USA), Inc., Federal Express Corporation, Key Lime Air Corporation and United Parcel Service. Ameriflight and Capital Cargo also provide cargo airline services at the Airport, but are not Signatory Airlines. Air General and Swissport Cargo Services lease space in a cargo building and provide only cargo handling services. 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 7.9% of Airport operating revenues in each of 2011 and 2012, and 6.8% and 7.0% of Gross Revenues in 2011 and 2012, 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 22.0% and 22.1% of Airport operating revenues in 2011 and 2012, respectively, and 18.9% and 19.3% of Gross Revenues in 2011 and 2012, respectively. Effective January 1, 2013, 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 7.7% and 7.7% of Airport operating revenues in 2011 and 2012, respectively, and 6.6% and 6.6% of Gross Revenues in 2011 and 2012, 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 2008 through 2012 and for the first three months of 2013 and 2012. See also "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2012 AND 2011," "APPENDIX G — UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND MARCH 31, 2012" 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]					Three Months Ended March 31 (unaudited)	
	2008	Restated 2009[2]	2010	2011	2012	2012	2013
Operating Revenues:							
Facility Rentals	$198,138	$226,839	$231,603	$212,408	$211,411	$57,310	$49,601
Concession income	42,297	41,085	43,398	47,499	49,592	11,949	11,678
Parking income	119,283	114,862	123,673	132,728	137,912	31,882	36,857
Car rentals	45,618	42,989	44,181	46,353	47,222	10,939	12,791
Landing fees	94,479	110,084	120,054	116,506	127,347	29,998	30,920
Aviation fuel tax	27,012	16,849	23,681	28,892	32,783	6,931	8,653
Other sales and charges	13,931	11,782	14,813	18,383	18,406	4,129	3,832
Total operating revenues	540,760	564,490	601,402	602,769	624,673	153,138	154,332
Operating Expenses:							
Personnel services	114,288	116,540	112,230	115,648	120,334	27,307	28,569
Contractual services	166,299	166,469	172,492	174,203	175,420	37,584	37,496
Repair and maintenance projects	67,737	69,975	105,943	79,951	68,047	7,278	10,266
Maintenance, supplies and materials	25,506	26,533	19,200	23,059	24,370	4,945	6,798
Total operating expenses before depreciation, amortization and asset impairment	373,829	379,517	409,865	392,862	388,171	77,114	83,129
Operating income before depreciation, amortization and asset impairment	166,931	184,973	191,537	209,908	236,502	76,024	71,203
Depreciation and amortization	168,026	177,583	181,496	179,070	178,567	44,114	45,285
Operating income	(1,095)	7,390	10,041	30,838	57,935	31,910	25,918
Nonoperating revenues (expenses)							
Passenger facility charges[3]	96,786	96,865	102,595	103,210	105,472	28,343	27,822
Investment income	87,483	74,291	47,752	32,490	46,899	15,553	8,855
Interest expense	(238,643)	(227,122)	(225,054)	(209,599)	(190,255)	(48,799)	(42,341)
Grants	703	(829)	401	401	675	0	(38)
Other revenue (expense)[4]	8,683	(2,953)	(13,488)	(1,989)	(6,460)	(503)	1,527
Net nonoperating revenues (expenses)	(44,987)	(59,749)	(87,795)	(75,489)	(43,669)	(5,406)	(4,175)
Change in net assets before capital contributions	(46,083)	(52,359)	(77,754)	(44,651)	14,266	26,504	21,743
Capital grants[5]	13,993	36,964	25,690	34,702	22,996	31	-
Capital contributions	400	1,656	4,510	--			
Change in net assets	$(31,690)	$(13,738)	$(47,544)	$(9,949)	$37,262	$26,535	$21,743

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").

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 2008-2012 and Department of Aviation for unaudited figures for the three months ended March 31, 2012 and 2013.

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 2012. The effects of the restatement of the 2009 financial statements are included in the discussion. All figures presented below are approximate unless otherwise stated.

Three Months Ended March 31, 2013 vs. Three Months Ended March 31, 2012.

Operating revenues at the Airport were $154.3 million for the three month period ending March 31, 2013, an increase of $1.2 million (0.8%), as compared to the three month period ending March 31, 2012. The increase in revenue was primarily related to the increased rates for parking and landing fees, and a slight increase in car rental and aviation fuel tax, while revenue from facility and concession decreased.

Operating expenses, exclusive of depreciation and amortization, were $83.1 million for the three month period ending March 31, 2013, an increase in $6.0 million (7.8%) as compared to the three month period ending March 31, 2012. The increase was attributable to an increase in costs for personnel services, commercial and chemical solvents, repair and maintenance of projects for the apron and ramp road, sewer repairs, remodel expenses and HVAC concourse air pressure.

Total nonoperating expenses, net of nonoperating revenues, decreased by $1.2 million to $4.2 million in 2013. The decrease was due to decreased interest expense, and other expenses offset by a decrease in investment income and PFC's.

No Capital grants and contributions were received in the three month period ending March 31, 2013.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first three months of 2013 compared to the same period in 2012 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 THREE MONTHS ENDED MARCH 31, 2013 AND 2012."

2012 vs. 2011. Operating revenues at the Airport were $624.7 million for the year ended December 31, 2012, an increase of $21.9 million (3.6%), as compared to the year ended December 31, 2011. The increase in revenue was primarily related to the increased rates for airline facilities and landing fees, and an increase in origination and destination (O&D) passenger traffic of 1.7% which contributed to the increase in concession, parking and car rental revenues.

Operating expenses, exclusive of depreciation and amortization, were $388.2 million for the year ended December 31, 2012, a decrease of $4.7 million (1.2%) as compared to the year ended December 31, 2011. The decrease was attributable to a decrease in electric, gas and chemicals used for snow removal. Additionally, repair and maintenance projects decreased $11.9 million from 2011 to 2012, principally because costs related to the South Terminal Project are currently being capitalized. This was offset by an increase in personnel cost of $4.7 million attributed to the increase in City police overtime, salaries and retirement.

Total nonoperating expenses, net of nonoperating revenues, decreased by $31.8 million to $43.7 million in 2012. The decrease was due to decreased interest expense, and an increase in investment income and PFC's offset by an increase in other expenses of $4.5 million.

In 2012 and 2011, capital grants totaled $23.0 million and $34.7 million respectively. The decrease was due to a decrease in reimbursements in 2012 for FAA grants.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2012 compared to 2011 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 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 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 2012 AND 2011.

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.

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.

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Outstanding Senior Bonds

Issue	Amount
Series 1991D Bonds [1]	$ 20,750,000
Series 1992C Bonds [1]	40,080,000
Series 1992F Bonds [2]	21,200,000
Series 1992G Bonds [2,4]	17,600,000
Series 1997E Bonds	18,830,000
Series 2002C Bonds [2,4]	32,200,000
Series 2003B Bonds	16,000,000
Series 2005A Bonds	219,590,000
Series 2006A Bonds [4]	268,360,000
Series 2006B Bonds	42,195,000
Series 2007A Bonds	188,350,000
Series 2007B Bonds	24,250,000
Series 2007C Bonds	34,635,000
Series 2007D Bonds	147,815,000
Series 2007D2 Bonds	29,200,000
Series 2007E Bonds	47,400,000
Subseries 2007F1 Bonds [2,4,5]	51,475,000
Subseries 2007F2 Bonds [2,4,5]	51,275,000
Subseries 2007F3 Bonds [2,4,5]	51,300,000
Subseries 2007F4 Bonds [2,4,5]	51,375,000
Subseries 2007G1 Bonds [2,4]	73,300,000
Subseries 2007G2 Bonds [2,4]	73,300,000
Subseries 2008A1 Bonds	115,140,000
Series 2008B Bonds [2,3,4]	74,500,000
Subseries 2008C1 Bonds [2,3,4]	92,600,000
Subseries 2008C2 Bonds [2,3,4]	100,000,000
Subseries 2008C3 Bonds [2,3,4]	100,000,000
Series 2009A Bonds	167,565,000
Series 2009B Bonds	65,290,000
Series 2009C Bonds [2,3,4]	104,655,000
Series 2010A Bonds	171,360,000
Series 2011A Bonds	335,150,000
Series 2011B Bonds	179,165,000
Series 2011C Bonds	15,310,000
Series 2012A Bonds	315,780,000
Series 2012B Bonds	510,140,000
Series 2012C Bonds	30,285,000
	$3,897,420,000

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 from 2006 through 2011, the City used Airport Net Revenues and revenues from PFCs to establish escrows 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 2012 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 These credit facility Senior Bonds bear interest at a fixed spread to one-month LIBOR for initial three to five year initial terms pursuant to private placement transactions with certain banks.

4 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 2012 appended to this Official Statement, effectively converting the floating rates of the variable rate bonds to fixed rates and converting the fixed rates of the fixed rate bonds to variable rates.

5 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 the Financial Consultant.

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."

Subordinate Bonds

Outstanding Subordinate Bonds. Other than the Series 2013A-B Subordinate Bonds in the aggregate principal amount of $719,915,000, no other Subordinate Bonds are currently outstanding. As described below, there are certain outstanding Subordinate Hedge Facility Obligations.

Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements. The following table sets forth the City's current estimated Debt Service Requirements for the Senior Bonds, the Subordinate Debt Service Requirements for the Series 2013A-B Subordinate Bonds and the outstanding Subordinate Hedge Facility Obligations. As described in the footnotes to the table, certain assumptions were made by the City with respect to the interest rates on the Subordinate Hedge Facility Obligations. For purposes of this table, Subordinate Hedge Facility Obligations are included together with the Debt Service Requirements on Senior Bonds associated with those obligations.

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Estimated Senior Bonds Debt Service Requirements and Subordinate Debt Service Requirements

Twelve Months Ending November 15	Outstanding Senior Bond Debt Service Requirements [1,2,3]	Series 2013A-B Subordinate Debt Service Requirements [3]	Total Senior Bond Debt Service Requirements and Subordinate Debt Service Requirements
2013	$344,004,216	$1,919,038	$345,923,254
2014	336,135,724	10,788,026	346,923,750
2015	340,656,981	23,995,230	364,652,211
2016	350,744,254	43,303,345	394,047,599
2017	346,453,696	45,595,993	392,049,689
2018	353,146,250	46,899,175	400,045,425
2019	366,755,918	45,653,113	412,409,031
2020	364,068,994	45,654,863	409,723,857
2021	361,312,004	45,651,113	406,963,117
2022	370,081,015	45,650,863	415,731,878
2023	342,529,917	45,652,613	388,182,530
2024	378,598,271	44,415,713	423,013,984
2025	378,959,313	43,795,588	422,754,901
2026	131,294,239	70,487,313	201,781,552
2027	126,480,290	70,500,575	196,980,865
2028	126,796,640	70,494,675	197,291,315
2029	127,543,740	66,324,475	193,868,215
2030	127,105,046	59,125,600	186,230,646
2031	127,573,433	59,063,950	186,637,383
2032	129,215,996	59,065,000	188,280,996
2033	87,991,183	56,408,338	144,399,521
2034	44,928,971	44,838,338	89,767,309
2035	45,064,446	43,403,788	88,468,234
2036	45,211,846	36,093,163	81,305,009
2037	45,437,290	35,431,300	80,868,590
2038	45,974,480	35,430,200	81,404,680
2039	46,515,874	34,193,750	80,709,624
2040	24,244,500	34,132,113	58,376,613
2041	24,376,700	34,129,738	58,506,438
2042	23,303,650	34,135,188	57,438,838
2043	22,444,700	34,109,375	56,554,075
TOTALS	$5,984,949,577	$1,366,341,552	$7,351,291,129

1 Includes Debt Service Requirements for the economically defeased Senior Bonds and Subordinate Hedge Facility Obligations. See "*Outstanding Senior Bonds*" above.
2 The interest rate for variable rate bonds is assumed to be 4.100% (non-AMT) and 4.250% (AMT) or a fixed spread to one-month LIBOR (one-month LIBOR assumed to be 5.467%).
3 Debt service is net of both capitalized interest and the Build America Bond subsidy payments from the United States Treasury which is assumed to equal 32%.

Source: Financial Consultant.

Other Subordinate Obligations

Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations have been, as the case may be, and may also in the future be issued under the Airport System General Subordinate Bond Ordinance, as supplemented, and are secured by a pledge of the Net Revenues that is subordinate to the pledge of the Net Revenues that secures the Senior 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 2012 appended to this Official Statement. The following table is a summary of the outstanding interest rate swap agreements that are Subordinate Hedge Facility Obligations.

Outstanding Subordinate Hedge Facility Obligations

Year of the Swap Agreement	Counterparty	Notional Amount (in millions)	Termination Date	Payable Swap Rate	Receivable Swap Rate	Fair Value as of 3/31/2013 (in millions) [1]
1998	Goldman Sachs Capital Markets, L.P.	$ 100	11-15-2025	4.7600%	70% 1M LIBOR+0.1%	$ (29.71)
1998	Societe Generale, New York Branch	100	11-15-2025	4.7190%	70% 1M LIBOR+0.1%	(29.35)
1999	Goldman Sachs Capital Markets, L.P.	100	11-01-2022	5.6179%	SIFMA	(32.50)
1999	Merrill Lynch Capital Services, Inc.	50	11-01-2022	5.5529%	SIFMA	(16.00)
2002	Goldman Sachs Capital Markets, L.P.	100	11-01-2022	SIFMA	76.33% 1M LIBOR	(0.89)
2005	Royal Bank of Canada	56	11-15-2025	3.6560%	70% IM LIBOR	(11.16)
2005	JP Morgan Chase Bank	56	11-15-2025	3.6874%	70% IM LIBOR	(11.31)
2005	Jackson Financial Products	112	11-15-2025	3.6560%	70% IM LIBOR	(22.33)
2005	Piper Jaffray Financial Products	56	11-15-2025	3.6560%	70% IM LIBOR	(11.16)
2006A	JP Morgan Chase Bank	178	11-15-2025	4.0085%	70% 1M LIBOR	(36.30)
2006A	Societe Generale, New York Branch	59	11-15-2025	4.0085%	70% 1M LIBOR	(12.10)
2006B	Royal Bank of Canada	56	11-15-2025	SIFMA	4.0855%	11.81
2006B	JP Morgan Chase Bank	56	11-15-2025	SIFMA	4.0855%	11.81
2006B	Jackson Financial Products	112	11-15-2025	SIFMA	4.0855%	23.63
2006B	Piper Jaffray Financial Products	56	11-15-2025	SIFMA	4.0855%	11.81
2008A	Royal Bank of Canada	119	11-15-2025	4.0085%	70% 1M LIBOR	(24.20)
2008B	Loop Financial Products	100	11-15-2025	4.7600%	70% 3M LIBOR+0.1%	(30.65)
2009A	Loop Financial Products	50	11-01-2022	5.6229%	SIFMA	(16.27)
		$ 1,515 [2]				$(224.88) [2]

1 Reflects mid-market valuations, including accrued, but unpaid interest as provided to the City by BLX Group, the City's swap monitoring service provider.

2 Totals may not add due to rounding.

See also "Master Derivatives Policy" below and "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2012 AND 2011."

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 Obligations and on a parity with Subordinate Bonds. The City has entered into several reimbursement agreements in conjunction with certain series of outstanding Senior Bonds and the Series A-B Subordinate Commercial Paper Notes (defined below) which are contingent liabilities. Direct pay letters of credit have been issued pursuant to such reimbursement agreements. Failure of the City to reimburse the letter of credit providers pursuant to these reimbursement agreements on a timely basis, among other things (including failure to renew or replace the reimbursement agreement or refund the applicable Senior Bonds) would cause amounts to be outstanding under one or more Subordinate Credit Facility Obligation. The reimbursement agreements currently in place with the City with respect to certain Senior Bonds and the Series A-B Subordinate Commercial Paper Notes are described in the following table:

Senior Bonds/ Commercial Paper Series	Outstanding Par Amount	Current Interest Rate Mode	Final Maturity	Reimbursement Agreement/Letter of Credit Provider	Expiration Date of Reimbursement Agreement
Series 1992F	$ 21,200,000	Weekly Floating	11/15/2025	Lloyds TSB Bank Plc	10/2/2014
Series 1992G	17,600,000	Weekly Floating		Lloyds TSB Bank Plc	10/2/2014
Series 2002C	32,200,000	Weekly Floating	11/15/2025	Lloyds TSB Bank Plc	10/2/2014
Series 2007G1-G2	146,600,000	Daily Floating	11/15/2025	Morgan Stanley Bank	11/13/2014
Series 2008B	74,500,000	Indexed Floating Rate	11/15/2025	Wells Fargo Bank	7/29/2016
Series 2008C1	92,600,000	Indexed Floating Rate	11/15/2025	Wells Fargo Bank	8/8/2016
Series 2008C2-C3	200,000,000	Indexed Floating Rate	11/15/2025	RBC Capital Markets and Royal Bank of Canada	8/29/2014
Series 2009C	104,655,000	Indexed Floating Rate	11/15/2022	U.S. Bank	8/29/2014
Series A-B Commercial Paper Notes	0	NA	7/1/2034	Barclays plc	1/27/2014

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 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 Airport System General 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"). No 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 no Series A-B Commercial Paper Notes outstanding.

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 $6,590,000 as of January 1, 2013. 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 year end 2012 was $32,565,787.

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 the City has not pledged any moneys in the Capital Fund or any other revenues of the Airport System to the payment of these Installment Purchase Agreements.

Plan of Financing

The Financial Consultant has prepared the Plan of Financing in anticipation of the issuance of the Series 2013A-B Subordinate Bonds. The Plan of Financing assumes the issuance of the Series 2013A-B Subordinate Bonds for the purposes of financing a portion of the costs of the 2013-2018 Capital Program. The Plan of Financing also assumes the issuance by the City, for and on behalf of the Department, of additional Senior Bonds and commercial paper notes in 2013 through 2018 for the purpose of funding certain projects in the 2013-2018 Capital Program.

The issuance of such additional Senior Bonds and commercial paper notes as assumed in the Plan of Financing will depend upon various factors, including market conditions, the continued need for 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 commercial paper notes. Consequently, there can be no assurance that any of the additional Senior Bonds or commercial paper notes assumed in the Plan of Financing will be issued.

The following table summarizes the current estimated sources of funds for payment of the cost of the 2013-2018 Capital Program, currently estimated to be $1,381,526,000 (in 2013 dollars).

Summary of Current Estimated Sources of Funding for the 2013-2018 Capital Program
(Amounts reflect 2013 dollars expressed in thousands; totals may not add due to rounding)

Sources	Amount
Proceeds of Prior Senior Bonds	$ 475,664
Federal Grants (expected and received) and other sources	202,302
Proceeds of Series 2013A-B Subordinate Bonds	607,592
Future Senior Bonds, Investment Income and Commercial Paper Note Proceeds	95,969 *
Total	$1,381,526

* This amount is less than the amount shown as Future Planned Bonds in the Report of the Airport Consultant attached hereto as Appendix A principally because the Airport Consultant includes an allowance for inflation to the mid-point of construction for certain projects in the 2013-2018 Capital Program.

Source: Department of Aviation management records and Financial Consultant.

See also "INTRODUCTION — Denver International Airport — *The Airport Capital Program,* — The Series 2013A-B Subordinate Bonds — *Purpose*," and "CAPITAL PROGRAM" 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 December 31, 2012, was approximately $320.7 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) $76.4 million to cover existing obligations and contingencies; and (3) $177.2 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 AND THE SUBORDINATE 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 — Other Matters Related to the Senior Bonds — Rate Maintenance Covenant of the Subordinate Bond Ordinance" 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 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 AND THE SUBORDINATE 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
2012	105,472	2.2

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 2007-2012.

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, 2012, the City had collected approximately $1.4 billion in PFC revenues, constituting approximately 42% 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 for Senior Bonds. 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 $1.50 portion of the $4.50 PFC ("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 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 Senior Bonds Rate Maintenance Covenant and for the issuance of Additional Parity Bonds, there is to be excluded from Debt Service Requirements for the Senior Bonds 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 — Other Matters Related to the Senior 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 portion of the $4.50 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 2013 through 2018. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE AND THE GENERAL SUBORDINATE 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 $3.00 portion of 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 and Subordinate Debt Service Requirements. 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 — Other Matters Related to the Senior Bonds" 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 in 2011, and $24.4 million in 2012.

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 in 2011 and $8.4 million in 2012.

Federal Grants and Other Funding; Financial and Performance Audits

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 also received grant allocations through the American Recovery and Reinvestment Act of 2009. 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 received an aggregate of $11.5 million in grants under ARRA which were used for airfield projects at the Airport, including the rehabilitation of a runway, an apron area and several taxiways, all of which have been completed.

Financial and Performance Audits. Like all City departments, from time to time the Department is subject to performance and financial audits by federal and state agencies and local officials. When appropriate, the Department responds by adjusting or improving its relevant practices.

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 1,870 acres of Stapleton property for a total of approximately $58.7 million, and there are approximately 164 acres of pending sales in the amount of approximately $5.7 million. An additional area of open space of approximately 658 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.

Intergovernmental 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, governs land use in and around the Airport and 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, 2012, 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 and 2012, was cured by successfully petitioning the FAA to implement changes in flight procedures. There were no contour violations in 2010, 2011 or 2012. In April 2013, Adams County asserted a claim relating to the two potential violations in 2011 and 2012.

The noise report for the calendar year ending December 31, 2012 indicates two other potential Class II violations, resulting in potential liability of $500,000 for each violation if they 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.

The Intergovernmental Agreement also contains provisions governing land use on and around the Airport, for which the City believes it is in full compliance. Adams County has recently objected, however, both orally and in writing, to exploratory concept plans the City has proposed for future, long-term, regional development and potential new land uses at the Airport (the "Airport City Concept"). The City has responded to such objections by reiterating that it currently complies with the Intergovernmental Agreement's land use provisions and fully intends to comply with them in the future. In any case, none of the proposed Airport City Concepts are included in the Airport Consultant's forecasted revenues and none of the objections by Adams County are material to the operations or finances of the Airport. See also "NONAIRLINE REVENUES – Building and Ground Rentals" in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

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 — Other Subordinate 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 signed a new Use and Lease Agreement as part of its plan of reorganization at the end of 2012; however, no assurances can be given with regard to American's future level of activity at the Airport. American Airlines and US Airways have entered into a merger agreement which was recently approved by the bankruptcy court in American's bankruptcy proceedings, but the merger is not yet finalized. 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 2013A-B Subordinate 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

The Airport Consultant, prepared the Report of the Airport Consultant, dated June 24, 2013, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Subordinate Bonds rate maintenance covenant in each year of the forecast period encompassing Fiscal Years 2013-2020. 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. Also presented in the Report of the Airport Consultant is a sensitivity analysis of the forecast enplaned passenger levels at the Airport based on a hypothetical set of assumptions, including a reduction in forecast passenger levels which could occur under slow economic conditions, restricted seat capacity, higher airfares resulting from a spike in oil prices, an unexpected geopolitical event and reduced overall airline service.

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

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

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

Forecasts of Net Revenues, Other Available Funds, Senior and Subordinate Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Subordinate Debt Service Requirements with respect to the Series 2013A-B Subordinate Bonds and other additional Senior Bonds that may be issued during the forecast period to fund planned projects in the Airport's 2013-2018 Capital Program. The Report of the Airport Consultant assumes that the Series 2013A-B Subordinate Bonds, 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 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. In addition, the estimated Debt Service Requirements on Senior Bonds 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 PERFORMANCE."

The following table summarizes the forecasts of Net Revenues, Other Available Funds, Senior and Subordinate Debt Service Requirements 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 of the Subordinate Bond Ordinance in each year of the forecast period. For a more detailed discussion of the forecasts of Net Revenues, Other Available Funds, Senior and Subordinate Debt Service Requirements, 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 of Senior Bonds and Subordinate Debt Service Requirements."

Net Revenues and Debt Service Coverage
(In thousands, except coverage ratios)

	Forecast							
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Net Revenues and Other Available Funds	$437,500	$456,400	$473,000	$503,700	$516,900	$536,200	$557,400	$552,100
Debt Service Requirements (a)	240,800	266,100	282,800	318,700	319,800	323,800	335,500	330,300
Debt Service Coverage on Senior Bonds	183%	179%	182%	182%	188%	193%	191%	193%
Debt Service Coverage on Senior and Subordinate Bonds and Subordinate Obligations	182%	172%	167%	158%	162%	166%	166%	167%

Sources: Report of the Airport Consultant.

Note: The results presented above include the Series 2013A-B Subordinate 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) For the Senior Bonds and Subordinate Bonds and Subordinate Obligations provided by the City's Financial Consultant.

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 passenger airline rentals, fees and charges	$318,900	$335,600	$354,200	$372,700	$381,600	$390,500	$408,100	$408,600
Enplaned passengers	26,400	26,800	27,300	27,700	28,200	28,700	29,200	29,700
Cost per enplaned passenger	$12.08	$12.52	$12.97	$13.45	$13.53	$13.61	$13.98	$13.76

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 was prepared in connection with, but prior to the actual offering and sale of, the Series 2013A-B Subordinate Bonds. Accordingly, the Report of the Airport Consultant uses information provided in the Plan of Financing as to the principal amounts and Subordinate Debt Service Requirements of the Series 2013A-B Subordinate Bonds. The Report of the Airport Consultant will not be revised to reflect the actual principal amounts and Subordinate Debt Service Requirements of the Series 2013A-B Subordinate Bonds as marketed and sold. See also "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant of the Subordinate Bond Ordinance – Issuance of Additional Subordinate Bonds and Subordinate Obligations" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Additional Parity Senior Bonds – Additional Parity Subordinate Bonds."

The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of WJ Advisors LLC as an airport consultant.

LITIGATION

The Airport System is involved in several claims and lawsuits arising in the ordinary course of business, including the claims by RTD under the FasTracks East Corridor IGA. See "CAPITAL PROGRAM – South Terminal Redevelopment Program – *General*" above. The City believes that any liability assessed against the City as a result of such claims or lawsuits which are not covered by insurance or accounted for in the 2013-2018 Capital Program, 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 "A2" (negative outlook), "A" (stable outlook) and "A" (stable outlook), respectively, with respect to the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds.

UNDERWRITING

The Series 2013A-B Subordinate Bonds are being purchased from the City by Citigroup Global Markets Inc., ("Citigroup"), as representative of the underwriters set forth on the cover page hereof (the "Underwriters") as follows: for the Series 2013A Subordinate Bonds, at a price equal to $335,496,537.80, being the aggregate principal amount of the Series 2013A Subordinate Bonds, plus net original issue premium of $10,886,214.30 and less an underwriting discount of $1,649,676.50; and for the Series 2013B Subordinate Bonds, at a price equal to $405,240,526.02, being the aggregate principal amount of the Series 2013B Subordinate Bonds, plus net original issue premium of $13,578,338.55 and less an underwriting discount of $1,992,812.53. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Citigroup (the "Series 2013A-B Subordinate Bond Purchase Agreement"), the Underwriters agree to accept delivery of and pay for all of the Series 2013A-B Subordinate Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2013A-B Subordinate Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC, each an underwriter of the Series 2013A-B Subordinate Bonds, have entered into a retail distribution agreement with Morgan Stanley Smith Barney LLC. As part of the distribution agreement each of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC, in addition to other retail distribution channels. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Bonds.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc., which is a direct, wholly-owned subsidiary of BMO Financial Corp. which is itself a wholly-owned subsidiary of Bank of Montreal.

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.

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

In order to provide certain continuing disclosure with respect to the Series 2013A-B Subordinate 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 2013A-B Subordinate 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.

In addition, the City posted on EMMA a voluntary notice dated March 28, 2013, which provided an update on the South Terminal Redevelopment Program.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2013A-B Subordinate 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 Peck, Shaffer & Williams LLP, Denver, Colorado.

TAX MATTERS

The following discussion is a summary of the opinions of Bond Counsel to the City that are to be rendered on the tax-exempt status of interest on the Series 2013A-B Subordinate Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A Subordinate Bonds are excluded from gross income for federal income tax purposes, except for any period during which the Series 2013A Subordinate 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 2013B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2013A-B Subordinate Bonds.

Certain of the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds 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 2013A-B Subordinate Bonds for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2013A-B Subordinate 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 2013A-B Subordinate Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2013A-B Subordinate 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 2013A-B Subordinate Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2013A-B Subordinate Bond. Purchasers of Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds. Prospective purchasers of the Series 2013A-B Subordinate Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds; (3) interest on the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2013A-B Subordinate Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds, the exclusion of interest on the Series 2013A-B Subordinate Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2013A-B Subordinate Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds, including the potential consequences of any pending or proposed legislation, in light of their particular tax situation.

EXPERTS

Jefferies LLC and Frasca & Associates, LLC together are serving as the Financial Consultant to the City with respect to the Series 2013A-B Subordinate Bonds and in such capacity they have prepared the Plan of Financing. WJ Advisors LLC has served as the Airport Consultant to the City with respect to the Series 2013A-B Subordinate Bonds and in such capacity has prepared the Report of the Airport Consultant, attached hereto as APPENDIX A. Oliver Wyman has served as a subconsultant to WJ Advisors LLC 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 audited financial statements of the Airport System as of and for the years ended December 31, 2012 and 2011 are attached to this Official Statement as "APPENDIX F — ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 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 unaudited financial statements of the Airport System for the three months ended March 31, 2013 and March 31, 2012 are attached to this Official Statement as "APPENDIX G – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND MARCH 31, 2012."

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 2013A-B Subordinate Bonds, a copy of the Senior Bond Ordinance and the Subordinate Bond Ordinance may be obtained from the City and the Department.

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

CITY AND COUNTY OF DENVER, COLORADO

By: /s/ Kim Day
Manager of Aviation

By: /s/ Cary Kennedy
Manager of Finance

* * *

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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W J ADVISORS
AVIATION MANAGEMENT CONSULTANTS

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 SUBORDINATE REVENUE BONDS
SERIES 2013A AND SERIES 2013B

Prepared for

The City and County of Denver, Colorado

Prepared by

WJ Advisors LLC
Denver, Colorado

June 24, 2013

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June 24, 2013

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 Subordinate Revenue Bonds, Series 2013A and Series 2013B

Dear Ms. Day:

WJ Advisors LLC is pleased to submit this Report of the Airport Consultant (Report) on the proposed issuance of Airport System Subordinate Revenue Bonds, Series 2013A and Series 2013B (together, the 2013 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 Report was prepared to determine if forecast Net Revenues (Gross Revenues less Operation and Maintenance [O&M] Expenses) plus Other Available Funds from 2013[1] through 2020, referred to in this Report as the forecast period, are sufficient to meet the requirements of the Rate Maintenance Covenant of the Amended and Restated 1997 Subordinate Bond Ordinance (SBO) taking into account the proposed issuance of the 2013 Bonds and, as described later in this letter, Bonds that may be issued by the City during the forecast period (Future Planned Bonds). The SBO is to be adopted by the City prior to the issuance of the 2013 Bonds.

In preparing this Report, we assisted Department management in identifying key factors affecting the future financial results of the Airport System and in formulating assumptions about those factors. The results and key findings of our analyses are summarized in this letter and described more fully in the following three sections of this Report: Airline Traffic Analysis[2], Airport Facilities and Capital Program, and Financial Performance. The Report should be read in its entirety for an understanding of the aviation and financial forecasts and the underlying assumptions.

[1] The City's Fiscal Year ends December 31.
[2] Portions of this section of the Report were prepared by Oliver Wyman, a subconsultant to WJ Advisors LLC.

Capitalized terms in this Report are used as defined in the 1984 General Bond Ordinance (GBO), as amended and supplemented, the SBO, the Passenger Facility Charge (PFC) Supplemental Bond Ordinance, and/or the Airport use and lease agreements (the Airline Agreements). Please refer to the section of the Official Statement titled “Security and Sources of Payment” for additional information.

AIRLINE TRAFFIC

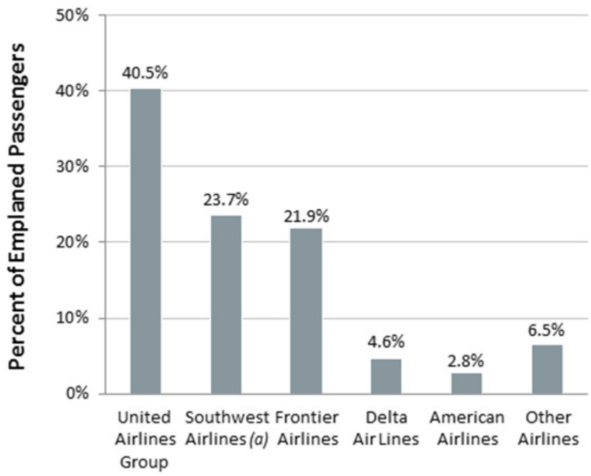
Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned). Its top-five ranking reflects the Airport’s (1) central geographic location, (2) large origin and destination (O&D) passenger base, (3) number of connecting passengers given its role as a connecting hub for United, Southwest, and Frontier airlines, and (4) role as the primary commercial service airport in Colorado. O&D passengers begin and end their journey at the Airport, while connecting passengers are connecting with flights at the Airport to another destination. In 2012, approximately 26.6 million passengers were enplaned at the Airport, including 14.8 million originating passengers and 11.8 million connecting passengers.

From 2007 through 2012, the numbers of passengers at the Airport increased at the following average annual rates of growth: enplaned passengers, 1.3%; originating passengers 0.75%; and connecting passengers, 2.0%. Key reasons for these increases included local and national economic recovery and growth, increased use of the Airport as a connecting hub by both Frontier Airlines and Southwest Airlines, and continued airfare competition among the three airlines with the largest market share of enplaned passengers at the Airport (i.e., United, Southwest, and Frontier). In comparison, the number of enplaned passengers in the United States decreased an average of 0.54% per year from 2007 through 2012, based on information from the U.S. Department of Transportation (DOT), Bureau of Transportation Statistics.

In 2012, as shown on Figures A and B, the United Airlines Group, which includes United Airlines’ mainline operation and the regional airlines operating as United Express, Southwest Airlines and Frontier Airlines collectively enplaned approximately 86.1% of the total number of enplaned passengers at the Airport and enplaned approximately 77.3% of originating passengers and 97.0% of connecting passengers at the Airport. Each airline has a different strategy for serving the Airport, which is influenced by broader national and international route strategies and focus.

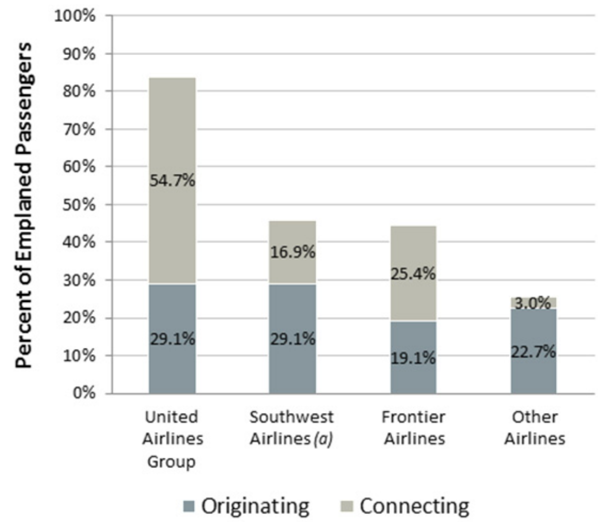
Ms. Kim Day
June 24, 2013

Figure A
ENPLANED PASSENGER MARKET SHARES IN 2012
Denver International Airport



(a) Includes AirTran Airways.
Source: Airport management records.

Figure B
ORIGINATING AND CONNECTING PASSENGER SHARES IN 2012
Denver International Airport



(a) Includes AirTran Airways.
Source: Airport management records.

In terms of enplaned passengers in 2012, Denver International Airport was the fourth busiest airport in United's route system, the sixth busiest in Southwest's route system, and the busiest in Frontier's route system. Based on scheduled numbers of departing seats, Denver International Airport is expected to become the fourth busiest airport in Southwest Airline's route system in 2013.

The annual financial performance of the Airport is influenced by, among other factors, the number of Airport gates and the space needed to support airline operations, as well as the type and number of Airport concessions patronized by originating versus connecting passengers. O&D passengers typically patronize, among other Airport facilities, public parking facilities, food and beverage and retail stores, and rental car facilities, while connecting passengers at the Airport typically patronize food and beverage and retail stores.

From 2013 through 2020, the number of enplaned passengers at the Airport is forecast to increase an average of 1.7% per year, based on the following key assumptions:

- The U.S. economy would realize sustained Gross Domestic Product (GDP) growth between 1.7% and 3.4% per year.
- The local and regional Denver economy will increase at a rate comparable to that of the United States economy as a whole.
- The Airport will be used as a connecting hub for United Airlines and Southwest Airlines, and as a top-10 airport by Southwest Airlines.
- The merger of United and Continental airlines completed in October 2010, and subsequent integration of their operations will not materially affect the combined airline's operations at the Airport. Similarly, the acquisition of Air Tran Airways by Southwest Airlines completed in May 2011, and subsequent integration of their operations will not materially affect Southwest Airline's operations at the Airport.
- The Airport will continue to be the busiest airport in Frontier's route system and a principal connecting hub for the airline despite a 19.0% reduction in its number of scheduled seats during the first quarter of 2013 compared with the same period of 2012.
- Continued competition among the airlines serving the Airport will ensure the availability of competitive airfares.

AIRPORT CAPITAL PROGRAM

The City has prepared a 6-year (2013 through 2018) Capital Program, which is estimated to cost approximately $1.4 billion.

The largest single project in the 2013-2018 Capital Program is the South Terminal Redevelopment Program (STRP), which includes, but is not limited to, a new train station and plaza at the south end of the Landside Terminal Building to accommodate new commuter rail service between Denver Union Station and the Airport, realigned roadways serving the Landside Terminal Building, and a new 519-room hotel above the train station and plaza.

Approximately $608.1 million in 2013-2018 Capital Program costs is expected to be financed with proceeds from the sale of the 2013 Bonds and approximately $135.8 million in costs is expected to be financed with the net proceeds of Future Planned Bonds, which were assumed to be issued as Senior Bonds[3] under the GBO.

[3] The City is under no obligation to issue Future Planned Bonds or to issue them as Senior Bonds.

Ms. Kim Day
June 24, 2013

PROPOSED 2013 BONDS

The City expects to adopt a Supplemental Subordinate Bond Ordinance providing for the issuance of the 2013 Bonds following the date of this Report and prior to the issuance of the 2013 Bonds. Subordinate Bonds are payable from a subordinate pledge of Net Revenues of the Airport System and moneys in certain other Airport System funds and accounts, as described in the GBO and the SBO. The 2013 Bonds are expected to be issued with a fixed interest rate as Subordinate Bonds under the SBO in the approximate principal amount of $673.3 million. Following issuance of the proposed 2013 Bonds, approximately 14.0% of total Senior and Subordinate Bond principal outstanding will consist of Subordinate Bonds.

According to the City's Financial Consultants[4], the net proceeds of the 2013 Bonds are to be used for the following purposes:

- **Series 2013A Bonds**. The Series 2013A Bonds are expected to be subject to the Alternative Minimum Tax (AMT) and the proceeds are expected to be used to fund approximately $288.8 million in 2013-2018 Capital Program costs.

- **Series 2013B Bonds**. The Series 2013B Bonds are not expected to be subject to the Alternative Minimum Tax (non-AMT) and the proceeds are expected to be used to fund approximately $319.3 million in 2013-2018 Capital Program costs.

A portion of the net proceeds of the 2013 Bonds is also to be used to fund a deposit to the Subordinate Bond Reserve Fund, fund capitalized interest and pay certain costs related to the issuance of the 2013 Bonds.

The 2013 Bonds are considered “additional Subordinate Bonds” under Section 702.D. of the SBO. Prior to issuing the 2013 Bonds, the City is required to retain an Airport Consultant to demonstrate the City’s compliance with the covenant for issuing additional Subordinate Bonds. The City retained WJ Advisors LLC as the Airport Consultant for this purpose; compliance with the additional Subordinate Bonds test is to be determined and the results are to be provided to the City under separate cover in connection with the City’s issuance of the 2013 Bonds.

The City may also refund certain outstanding Airport System Revenue Bonds during the forecast period. Debt service savings, if any, from the City’s potential refunding of Senior or Subordinate Bonds are not included in the financial forecasts presented in this Report.

[4] Jefferies LLC and Frasca & Associates, L.L.C.

Ms. Kim Day
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As described below, certain assumptions were incorporated into the financial forecasts presented in this Report in connection with issuance of the 2013 Bonds and the potential issuance of 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.

FINANCIAL PERFORMANCE

The City accounts for Airport System financial performance according to generally accepted accounting principles for governmental entities and the requirements of the GBO and the SBO. Department management's business and financial decisions are made in the context of its obligations under the Rate Maintenance Covenants of the GBO and the SBO, among other factors.

The Rate Maintenance Covenant of the SBO states that the City agrees to fix, revise, charge, and collect rentals, rates, fees, and other charges for 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
- 110% of the aggregate Debt Service Requirements on Senior Bonds and Subordinate Bonds for such Fiscal Year.

In the SBO, "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 or 10% of the aggregate Debt Service Requirements on Senior Bonds plus Subordinate Debt Service Requirements on Subordinate Bonds.

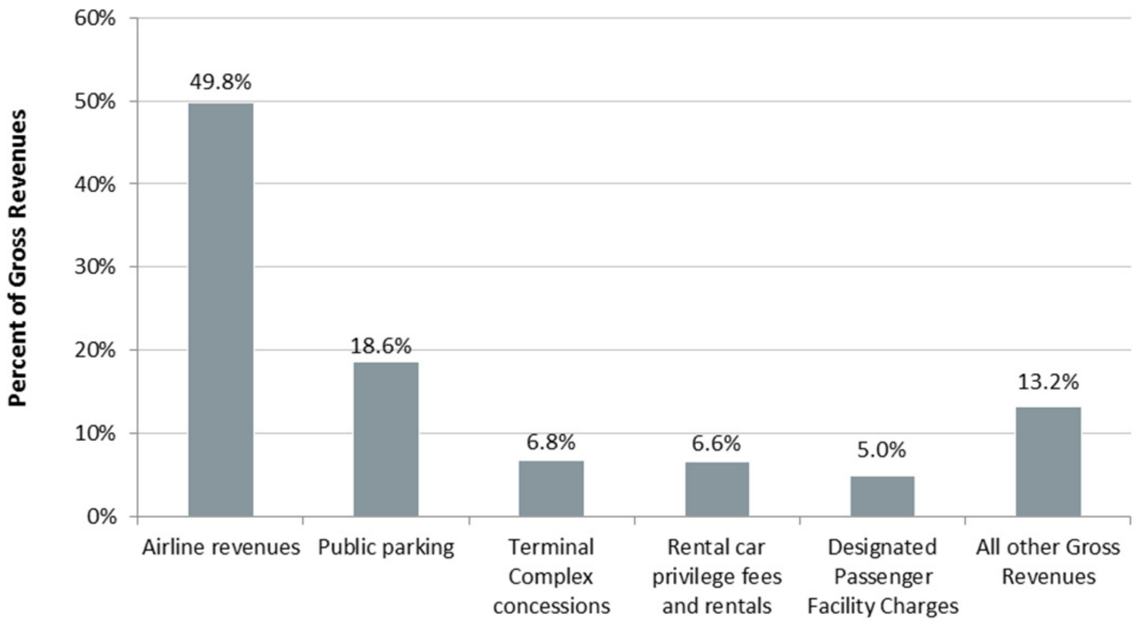
The sections that follow provide an overview of recent Airport System financial results and the key assumptions used in determining if forecast Net Revenues and Other Available Funds will be sufficient to meet the Rate Maintenance Covenant of the SBO.

Ms. Kim Day
June 24, 2013

GROSS REVENUES

Major sources of Gross Revenues in 2012 are shown on Figure C. Revenues from airline rentals, rates, fees, and charges accounted for 49.8% of total Gross Revenues in 2012; the second largest source of Gross Revenues was public parking, followed by Terminal Complex concessions, rental car privilege fees and rentals, and Designated Passenger Facility Charges.

Figure C
MAJOR SOURCES OF GROSS REVENUES IN 2012
Denver International Airport



Source: Airport management records.

Airline rentals, rates, fees, and charges are based on (1) the number of gates and square footage used or leased by airlines as well as the number of enplaned passengers and amount of landed weight of the airlines serving the Airport and (2) the rentals, rates, fees, and charges in effect each year and calculated by the City pursuant to the Airline Agreements. Of the 90 gates at the Airport, 36 gates are leased by United Airlines, 45 are leased by other airlines that are signatory to Airline Agreements[5], and the remaining 9 gates are available to all airlines on a common-use basis or for international flights.

Revenues from non-airline sources—such as public parking, Terminal Complex concessions, rental car privilege fees, and others—are a function of the business strategies and practices

[5] The Airline Agreement with United Airlines is scheduled to expire in 2025; the Airline Agreements with the other airlines serving the Airport are scheduled to expire in 2016.

developed and implemented by Department management, the terms and conditions of agreements with the companies providing those services, and the number of passengers enplaned at the Airport each year.

In 2012, approximately 90.0% of enplaned passengers at the Airport paid a $4.50 PFC, which is collected by the airlines and remitted to the City after certain collection expenses are deducted, as allowed by the Federal Aviation Administration (FAA). Designated Passenger Facility Charges are defined as Gross Revenues through 2018 under a Supplemental Bond Ordinance to the GBO and are equal to the $1.50 portion of the $4.50 PFC. Designated Passenger Facility Charges revenues can be used to pay, among other things, PFC-eligible Debt Service Requirements. Revenues from the $3.00 portion of the $4.50 PFC are defined as Committed Passenger Facility Charges under a PFC Supplemental Bond Ordinance; these revenues are irrevocably committed to pay PFC-eligible Debt Service Requirements of the Airport through 2018, which effectively lowers the Debt Service Requirements that would otherwise have been paid from Net Revenues. Unlike Designated Passenger Facility Charges, Committed Passenger Facility Charges are not defined as Gross Revenues of the Airport.

The City has FAA authorization to collect up to $3.3 billion in PFC revenues, of which only $1.4 billion has been collected and used by Department management, based on actual 2012 results. Since the Airport opened in 1995, the City has primarily used PFC revenues to pay Debt Service Requirements of the Airport.

All other Gross Revenues shown on Figure C include City and State aviation fuel tax revenues, building and ground rentals, and other revenues.

Gross Revenues totaled $708.3 million in 2012, and are forecast to increase an average of approximately 4.3% per year from $722.5 million in 2013 to $967.6 million in 2020. Key assumptions used to forecast Gross Revenues include the following:

- Increases in numbers of enplaned passengers averaging 1.7% per year.
- Higher airline rentals, rates, fees, and charges calculated pursuant to the rate-making methodology in the Airline Agreements as well as the City's ability under the Airline Agreements to include in the airline rate base certain higher O&M Expenses, Debt Service Requirements, and other costs allocable to airline cost centers for existing and new facilities.

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- Starting in 2015, additional airline revenues from the assumed lease of new gates and space following the completion of a concourse expansion project in the 2013-2018 Capital Program.

- Continued growth in non-airline revenues, in particular:

  - Increased use of on-Airport parking facilities beginning in 2015 following completion of a project in the 2013-2018 Capital Program to construct additional public parking spaces, as well as assumed increases in public parking rates.

  - Increases in rental car privilege fees and other revenues from the renegotiation of on-Airport rental car concession agreements as well as assumed increases in the number of cars rented at the Airport.

  - The opening and use of a new hotel at the Airport in 2015.

- The continued inclusion of Designated Passenger Facility Charges as Gross Revenues in the remaining years of the forecast period following 2018 (i.e., 2019 and 2020).

O&M Expenses

Major categories of O&M Expenses reflecting actual 2012 results are shown on Figure D. The City owns, operates, and maintains a majority of Airport facilities, equipment, and systems. As a result, approximately 68.6% of actual 2012 O&M Expenses were allocated to the following three categories: personnel services, including salaries, wages and benefits; professional services; and repairs and maintenance of Airport facilities. The remaining 31.4% of O&M Expenses includes utilities and other expenses.

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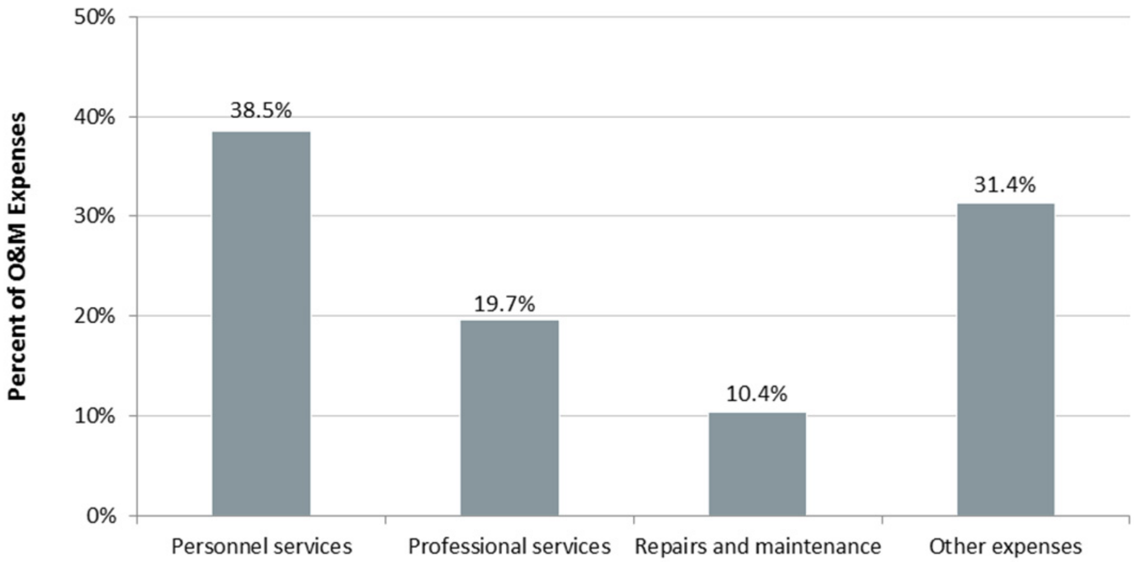
Figure D
MAJOR CATEGORIES OF O&M EXPENSES IN 2012
Denver International Airport



Source: Airport management records.

O&M Expenses totaled $310.8 million in 2012, and are forecast to increase an average of approximately 5.1% per year from $342.3 million in 2013 to $485.2 million in 2020. Key assumptions used to forecast O&M Expenses include the following:

- The three categories of O&M Expenses shown on Exhibit D will continue to represent the largest portion of total O&M Expenses given proposed increases in Airport facilities following completion of projects in the 2013-2018 Capital Program such as the South Terminal Redevelopment Program as well as continued maintenance of existing Airport facilities.

- Starting in 2015, allowances were included for additional O&M Expenses related to certain projects in the 2013-2018 Capital Program, such as a concourse gate expansion project, a new public parking garage, and a new hotel.

- For existing Airport facilities, personnel expenses in 2014 through 2020 are forecast to increase 4.0% per year and all non-personnel expenses are forecast to increase at an annual rate equal to 1.0% plus the rate of growth in the consumer price index (CPI).

Debt Service Requirements

In 2012, Debt Service Requirements payable from the Net Revenues of the Airport System totaled approximately $241.7 million[6], which is net of irrevocably committed funds by the City under the GBO to pay Debt Service Requirements. The use of Airport System money in this way reduces Debt Service Requirements that would otherwise have been paid from Net Revenues.

In 2012, the City's irrevocable commitment consisted of approximately $70.4 million of Committed Passenger Facility Charges, reducing Debt Service Requirements payable from Net Revenues from approximately $312.1 million to $241.7 million. Under the GBO, Committed Passenger Facility Charges equal the $3.00 portion of the $4.50 PFC that is imposed, collected, and used by the City for FAA-approved and PFC-eligible costs, including Debt Service Requirements. Estimated Debt Service Requirements and Subordinate Debt Service Requirements were provided by the City's Financial Consultants and are estimated to increase from $240.8 million in 2013 to $330.3 million in 2020, which is net of forecast Committed Passenger Facility Charges. Increases in Debt Service Requirements and Subordinate Debt Service Requirements are attributable to (1) the overall structure of Outstanding Bonds and (2) the addition and structuring of Subordinate Debt Service Requirements from issuance of the 2013 Bonds and Debt Service Requirements from the issuance of Future Planned Bonds.

Debt Service Requirements are net of forecast Committed Passenger Facility Charges through 2018 pursuant to a PFC Supplemental Bond Ordinance and the assumed uses of Committed Passenger Facility Charges to pay estimated Debt Service Requirements in 2019 and 2020.

DEBT SERVICE COVERAGE

Under the Rate Maintenance Covenant of the SBO, debt service coverage is calculated by dividing Net Revenues and Other Available Funds by Debt Service Requirements on Senior Bonds plus Subordinate Debt Service Requirements.

As shown on Figure E, debt service coverage in each year of the forecast period indicates compliance with the Rate Maintenance Covenant of 110% of aggregate Debt Service Requirements on Senior Bonds and Subordinate Debt Service Requirements, including the 2013 Bonds and Future Planned Bonds.

[6] Represents Debt Service Requirements on Senior Bonds.

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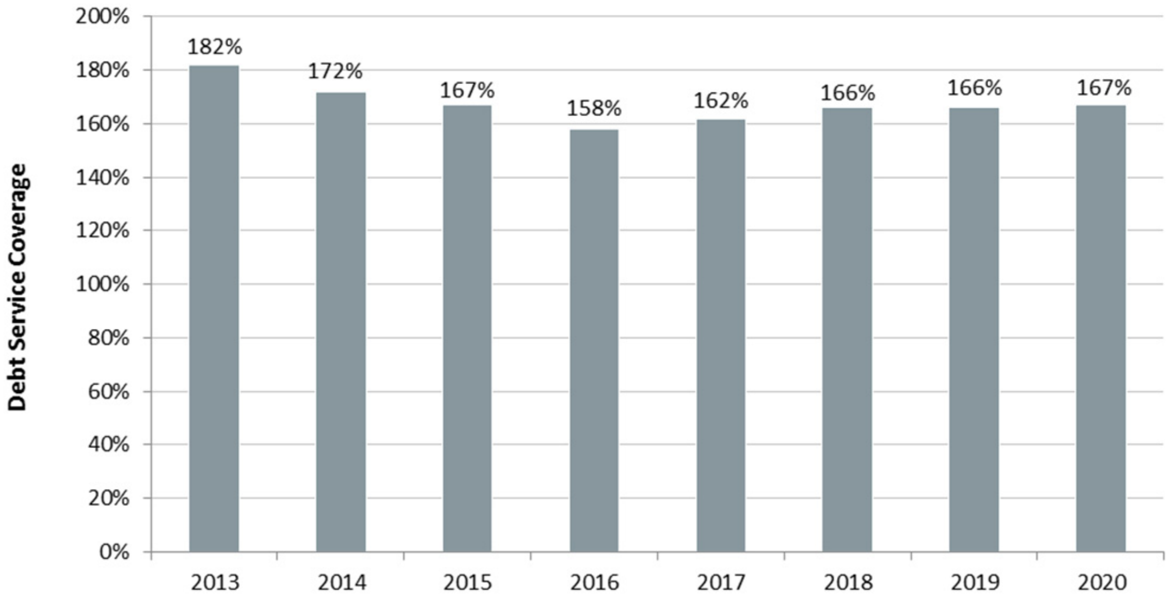
June 24, 2013

Figure E
FORECAST DEBT SERVICE COVERAGE ON SENIOR AND SUBORDINATE BONDS
Denver International Airport



Note: Includes estimated Debt Service Requirements on the 2013 Bonds and Future Planned Bonds.
Source for Debt Service Requirements: City's Financial Consultants.

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

The accompanying financial forecasts are based on information and assumptions provided by, or reviewed with and agreed to by, Department 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.

Ms. Kim Day
June 24, 2013

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 WJ Advisors LLC 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,

WJ Advisors LLC

WJ ADVISORS LLC

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS

City and County of Denver, Colorado

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CONTENTS

TABLES

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FIGURES

EXHIBITS

AIRLINE TRAFFIC ANALYSIS

OVERVIEW OF 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 O&D passenger base, (3) role as a connecting passenger hub for United, Southwest, and Frontier airlines, and (4) 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 Airlines and others, including Continental Airlines in the past and Southwest Airlines and Frontier Airlines more recently. Denver's natural geographic advantage as a connecting hub 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 Airport compared with the locations of certain other connecting hub airports.

Fifth Busiest U.S. Airport

According to statistics compiled by Airports Council International (ACI) and as mentioned above, the Airport was the fifth busiest airport in the United States in 2012 in terms of total passengers, as shown in Table 1. From 2008 through 2012, the number of passengers enplaned at the Airport increased an average of 0.9% per year—the fifth highest rate of growth among the 10 busiest airports in the United States in terms of total passengers during this period.

Figure 1
DENVER AIRPORT SERVICE REGION

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	867
Vail/Eagle County	100

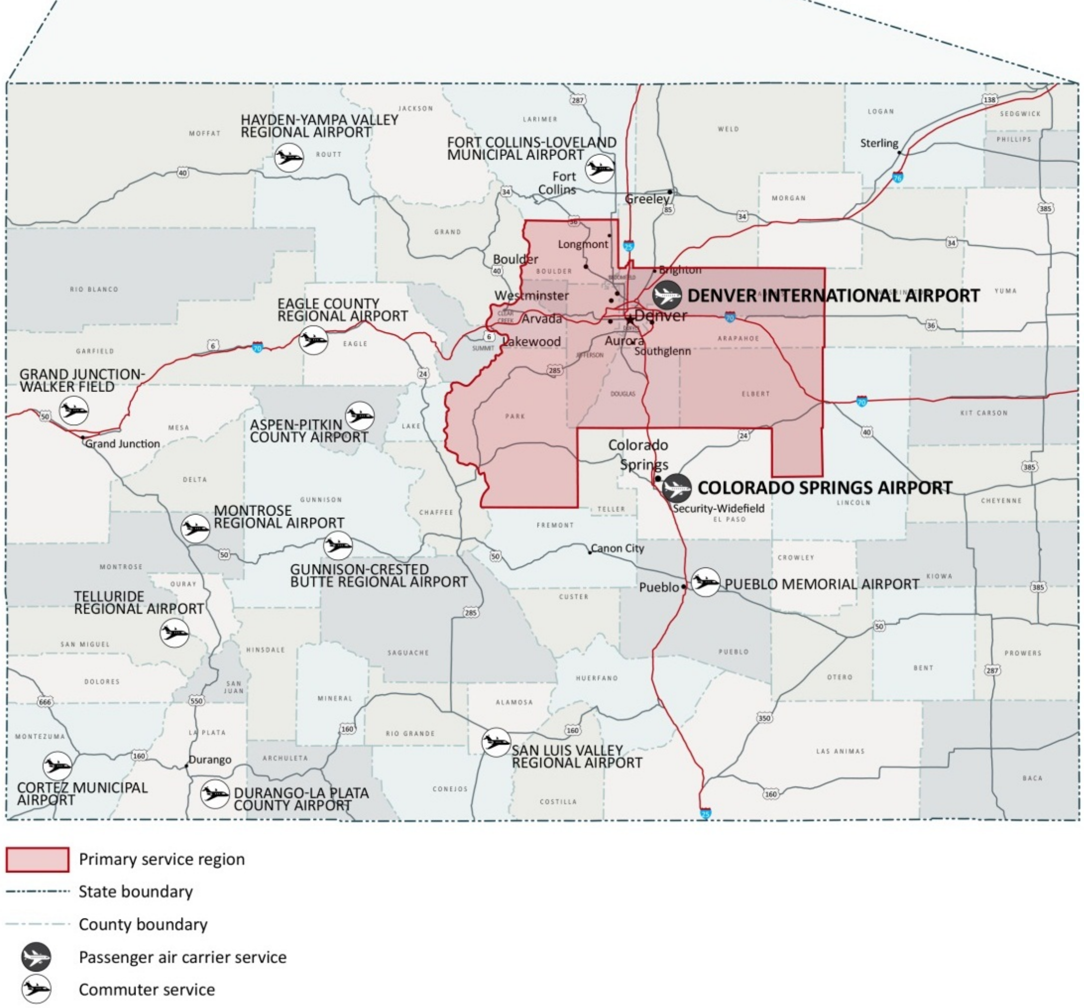


Table 1
TOTAL PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS IN 2012

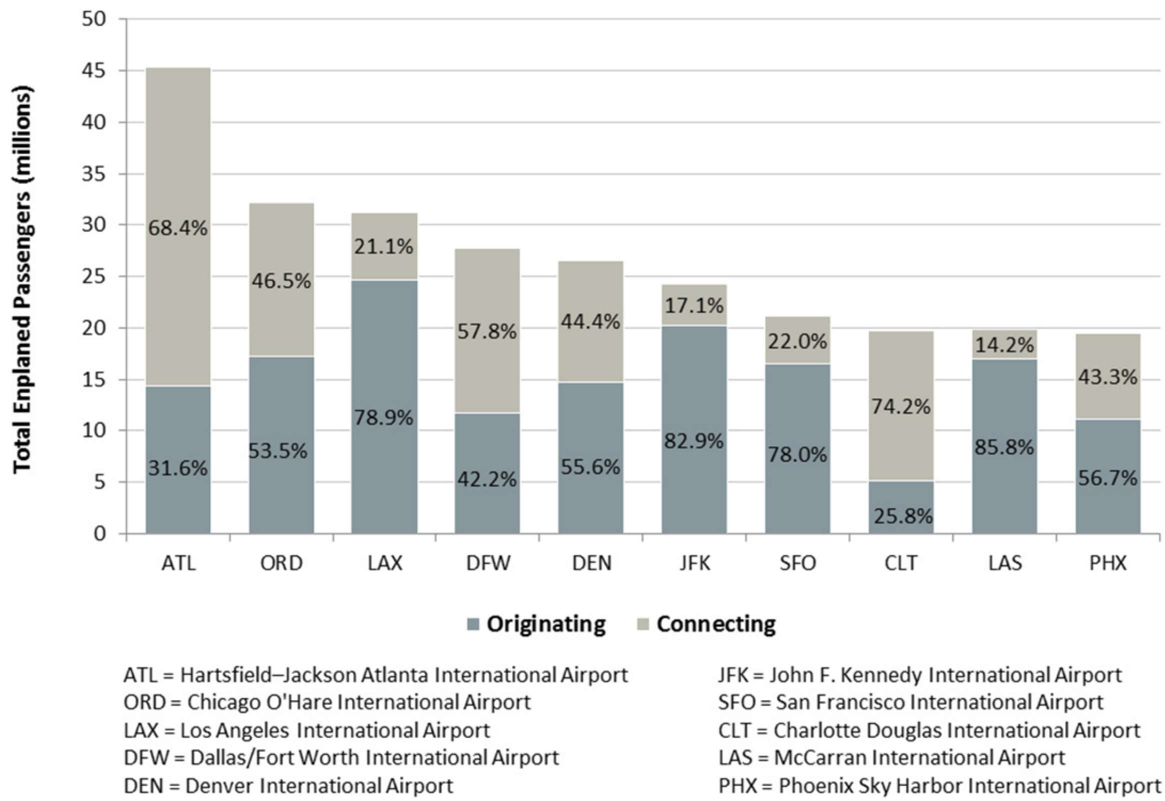
Rank		Total passengers (millions) *(a)*					Average annual percent increase (decrease)
2012	City (airport)	2008	2009	2010	2011	2012	2008-2012
1	Atlanta	90.0	88.0	89.3	92.4	95.5	1.5%
2	Chicago (O'Hare)	69.4	64.2	66.8	66.7	66.6	(1.0)
3	Los Angeles (International)	59.7	56.5	59.1	61.9	63.7	1.6
4	Dallas-Fort Worth	57.1	56.0	56.9	57.8	58.6	0.7
5	**Denver**	**51.2**	**50.2**	**52.2**	**52.7**	**53.2**	**0.9**
6	New York (Kennedy)	47.8	45.9	46.5	47.6	49.3	0.8
7	San Francisco	37.3	37.3	39.3	40.9	44.4	4.5
8	Charlotte	34.8	34.5	38.3	39.0	41.2	4.3
9	Las Vegas	44.1	40.5	39.8	40.6	40.8	(1.9)
10	Phoenix	39.9	37.8	38.6	40.6	40.4	0.3
	Average for airports listed	53.1	51.1	52.7	54.0	55.4	1.0

(a) Enplaned plus deplaned passengers.

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

As shown on Figure 2, 44.4% of the 26.6 million passengers enplaned at the Airport in the 12 months ended September 30, 2012, connected from one flight to another. All of the three busiest airlines serving the Airport, measured by numbers of enplaned passengers in 2012—United, Southwest, and Frontier—use the Airport as a connecting hub. In 2012, 60.0% of passengers enplaned by United Airlines connected at the Airport with flights to other destinations, followed by 31.7% on Southwest Airlines and 51.6% on Frontier Airlines.

Figure 2
ORIGINATING AND CONNECTING PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS
12 Months Ended September 2012



Note: 2012 ranking based on Airports Council International-North America, *North American Airport Rankings*, March 2013.

Sources: Denver – Airport management records.
All other airports – Total passengers: U.S. Department of Transportation, T-100 onflight report, accessed April 2013. Originating passengers: U.S. Department of Transportation, OD1B database, and T-100 onflight report, accessed April 2013.

Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the population of the region served by the Airport, the strength of the local economy, and the attractiveness of the Denver Metropolitan Area (as defined later) as a tourist destination. The passenger base of both leisure and business travelers in the Airport service region supports the local and connecting hub operations of United, Southwest, and Frontier airlines. In 2012, approximately 27.4 million O&D passengers used the Airport, making Denver the eighth busiest O&D passenger market in the United States.

Connecting Hub for United, Southwest, and Frontier Airlines

As shown in Table 2, the Airport accounted for the sixth largest number of scheduled daily seats at U.S. connecting hub airports in April 2013 and is an important connecting hub in the route networks of United, Southwest, and Frontier airlines.

Primary Commercial Service Airport in Colorado

Of the 14 commercial service airports in Colorado (see Figure 1), Denver International Airport is the busiest airport in terms of the number of enplaned passengers in 2012. Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand and ranks second in the State of Colorado after Denver International Airport in terms of numbers of enplaned passengers. In 2012, approximately 822,000 passengers were enplaned at Colorado Springs Airport, compared with approximately 26.6 million passengers enplaned at Denver International Airport.

Airport Service Region

The primary Airport service region, both in terms of population and geography, is defined as the Denver Metropolitan Area. 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 the extensive airline service offered at the Airport, has helped attract the regional and national headquarters of businesses and government agencies to the Denver Metropolitan Area.

Table 2

SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS

April 2013

	Average daily scheduled outbound seats			Busiest airline(s)		
City (airport)	Domestic	International	Total	Airline *(a)*	Average daily scheduled Seats - outbound	Airline share of airport total
Atlanta	141,761	17,028	158,790	Delta	125,658	79.1%
				Southwest	22,229	14.0
Chicago O'Hare	94,809	18,446	113,255	United	51,199	45.2
				American	41,007	36.2
Los Angeles International	79,809	28,773	108,582	United	20,156	18.6
Dallas/Fort Worth	93,350	11,026	104,376	American	86,732	83.1
New York (Kennedy)	41,178	43,800	84,978	Delta	19,946	23.5
				JetBlue	19,487	22.9
Denver	**79,337**	**3,349**	**82,686**	**United**	**33,362**	**40.3**
				Southwest	**22,715**	**27.5**
				Frontier	**14,057**	**17.0**
Charlotte	69,998	5,556	75,554	US Airways	67,698	89.6
San Francisco	56,009	14,777	70,786	United	32,424	45.8
				Virgin America	6,467	9.1
				Southwest	6,092	8.6
Phoenix	65,452	4,506	69,958	US Airways	32,587	46.6
				Southwest	23,259	33.2
Las Vegas	63,248	4,856	68,104	Southwest	30,642	45.0
				Delta	6,731	9.9
				United	6,189	9.1
Miami	32,205	34,241	66,446	American	45,418	68.4
Houston (Bush Intercontinental)	49,191	15,816	65,008	United	53,178	81.8
New York (Newark Liberty)	43,503	20,578	64,081	United	44,777	69.9
Philadelphia	49,442	7,152	56,594	US Airways	42,424	75.0
Detroit (Metropolitan)	51,003	5,500	56,503	Delta	45,024	79.7
Minneapolis/St. Paul	52,996	3,480	56,476	Delta	42,028	74.4
Boston	45,641	7,976	53,617	JetBlue	14,553	27.1
New York (LaGuardia)	49,239	3,833	53,072	Delta	22,700	42.8
Seattle-Tacoma	47,032	5,202	52,234	Alaska	28,526	54.6
Washington, D.C. (Reagan National)	38,707	874	39,580	US Airways	18,316	46.3
Washington, D.C. (Dulles)	26,217	12,521	38,738	United	25,630	66.2
Chicago (Midway)	35,440	1,016	36,455	Southwest	32,007	87.8
Salt Lake City	32,241	611	32,852	Delta	23,881	72.7
Honolulu	23,348	8,868	32,216	Hawaiian	14,626	45.4
St. Louis	24,027	303	24,330	Southwest	12,581	51.7
Cleveland	15,926	572	16,499	United	10,856	65.8
San Juan	12,195	1,657	13,852	JetBlue	4,771	34.4
Cincinnati	10,947	478	11,426	Delta	8,577	75.1
Memphis	9,525		9,525	Delta	6,925	72.7
Guam	662	4,521	5,183	United	2,750	53.1

Notes: Rows may not add to totals shown because of rounding. Delta completed its merger with Northwest Airlines 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: PlaneStats, online database, accessed April 2013.

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) airline traffic trends at the Airport, including airlines serving the Airport; enplaned passengers using the Airport; trends in enplaned, originating, and connecting passengers, including the role of the Airport in the route systems of United, Southwest, and Frontier airlines; 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.

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 personal income 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 personal income—as well as airline service and airfares—are typically the most important factors affecting O&D passenger demand at the airport(s) serving the region.

Historical Population, Employment, and Per Capita Personal Income

The Denver Metropolitan Area is a major business center in the State of Colorado and the multistate Rocky Mountain region, which consists of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2012, the Denver Metropolitan Area accounted for 62.0% of Colorado's population and more than 61.0% of its nonagricultural employment. Denver ranked fifth among 25 U.S. metropolitan areas in Forbes' 2012 ranking of the best places for business and careers.[1]

Table 3 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 for 1990, 2000 through 2012, 2015, and 2020.

Population. As shown in Table 3, the population of the Denver Metropolitan Area has historically increased at rates generally comparable to that 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 1.6% per year between 2000 and 2012. Population growth in the Denver Metropolitan Area slowed between 2000 and 2005 and increased at above average rates between 2005 and 2012, reflecting increased in-migration in response to regional economic growth.

[1] Forbes, "Best Places for Business and Careers," June 27, 2012, www.forbes.com.

Table 3

HISTORICAL AND PROJECTED SOCIOECONOMIC DATA

Denver Metropolitan Area, State of Colorado, and United States 1990-2020

Year	Population (thousands) *(a)* Denver Metropolitan Area	Population (thousands) *(a)* State of Colorado	Population (thousands) *(a)* United States	Nonagricultural employment (thousands) *(b)* Denver Metropolitan Area	Nonagricultural employment (thousands) *(b)* State of Colorado	Nonagricultural employment (thousands) *(b)* United States	Per capita personal income in 2000 dollars *(c)* Denver Metropolitan Area	Per capita personal income in 2000 dollars *(c)* State of Colorado	Per capita personal income in 2000 dollars *(c)* United States
Historical									
1990	2,008	3,294	248,791	963	1,521	109,487	$28,572	$25,530	$25,500
2000	2,647	4,327	282,162	1,375	2,214	131,881	38,721	33,986	30,319
2001	2,711	4,426	284,969	1,375	2,227	131,919	39,114	34,376	30,295
2002	2,748	4,490	287,625	1,333	2,184	130,450	38,221	33,627	30,133
2003	2,773	4,529	290,108	1,314	2,153	130,100	37,509	33,047	30,224
2004	2,800	4,575	292,805	1,325	2,180	131,509	38,127	33,592	30,911
2005	2,836	4,632	295,517	1,350	2,226	133,747	38,831	34,207	31,259
2006	2,889	4,720	298,380	1,377	2,279	136,125	40,213	35,175	32,224
2007	2,844	4,804	301,231	1,407	2,331	137,645	40,120	35,483	32,811
2008	2,998	4,890	304,094	1,420	2,350	136,852	39,808	35,336	32,749
2009	3,051	4,972	306,772	1,359	2,246	130,876	37,008	33,032	31,012
2010	3,105	5,049	309,326	1,353	2,222	129,917	37,342	33,252	31,423
2011	3,157	5,116	311,588	1,377	2,258	131,497	37,727	33,724	31,816
2012	3,214	5,188	313,914	1,415	2,310	133,739	n.a.	33,852	32,020
Projected									
2015	3,340	5,453	324,098	1,467	2,431	138,729	39,200	36,200	32,600
2020	3,617	5,980	340,283	1,611	2,692	148,330	42,100	38,000	35,000
				Annual percent increase (decrease)					
2000-2001	2.4%	2.3%	1.0%	0.0%	0.6%	0.0%	1.0%	1.1%	(0.1)%
2001-2002	1.4	1.5	0.9	(3.1)	(1.9)	(1.1)	(2.3)	(2.2)	(0.5)
2002-2003	0.9	0.9	0.9	(1.4)	(1.4)	(0.3)	(1.9)	(1.7)	0.3
2003-2004	1.0	1.0	0.9	0.8	1.2	1.1	1.6	1.6	2.3
2004-2005	1.3	1.2	0.9	1.9	2.1	1.7	1.8	1.8	1.1
2005-2006	1.9	1.9	1.0	2.0	2.4	1.8	3.6	2.8	3.1
2006-2007	1.9	1.8	1.0	2.1	2.3	1.1	(0.2)	0.9	1.8
2007-2008	1.9	1.8	1.0	1.0	0.8	(0.6)	(0.8)	(0.4)	(0.2)
2008-2009	1.8	1.7	0.9	(4.3)	(4.5)	(4.4)	(7.0)	(6.5)	(5.3)
2009-2010	1.8	1.5	0.8	(0.5)	(1.0)	(0.7)	0.9	0.7	1.3
2010-2011	1.7	1.3	0.7	1.8	1.6	1.2	1.0.	1.4	1.3
2011-2012	1.8	1.4	0.7	2.7	2.3	1.7	n.a.	0.4	0.6
				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%
2000-2012	1.6	1.5	0.9	0.2	0.4	0.1	(0.2)	0.0	0.5
1990-2012	2.2	2.1	1.1	1.8	1.9	0.9	1.3	1.3	1.0
2012-2015	1.3	1.7	1.1	1.2	1.7	1.2	1.0	2.3	0.6
2015-2020	1.6	1.9	1.0	1.9	2.1	1.3	1.4	1.0	1.4

n.a. = not available

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

(a) U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed April 2013.

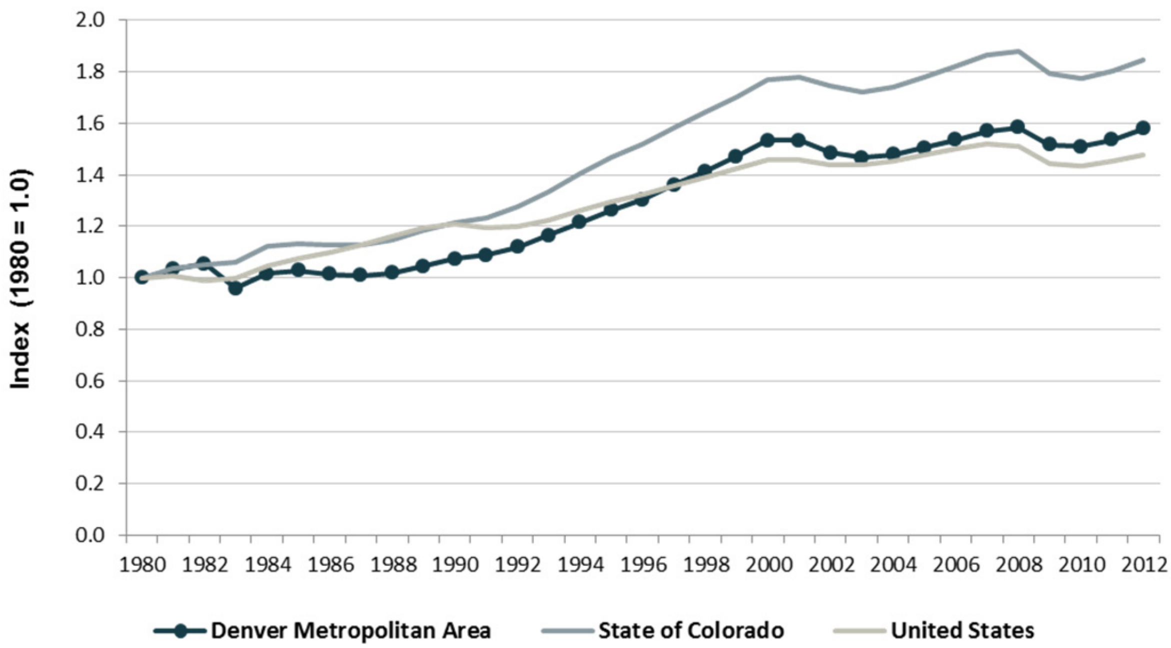
(b) U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed April 2013.

(c) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, www.bea.gov, accessed April 2013. Average annual percentage change for the Denver Metropolitan Area is through 2011 only.

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 Department of Local Affairs, Division of Local Government, State Demography Office, www.dola.colorado.gov, as of November 2011, and Woods & Poole, *Economic and Demographic Projections*, May 2012.

Employment. Nonagricultural employment in the Denver Metropolitan Area generally correlates with national employment trends, as shown in Table 3 and on Figure 3. 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. Between 2010 and 2012, nonagricultural employment increased in the Denver Metropolitan Area, the State, and the nation.

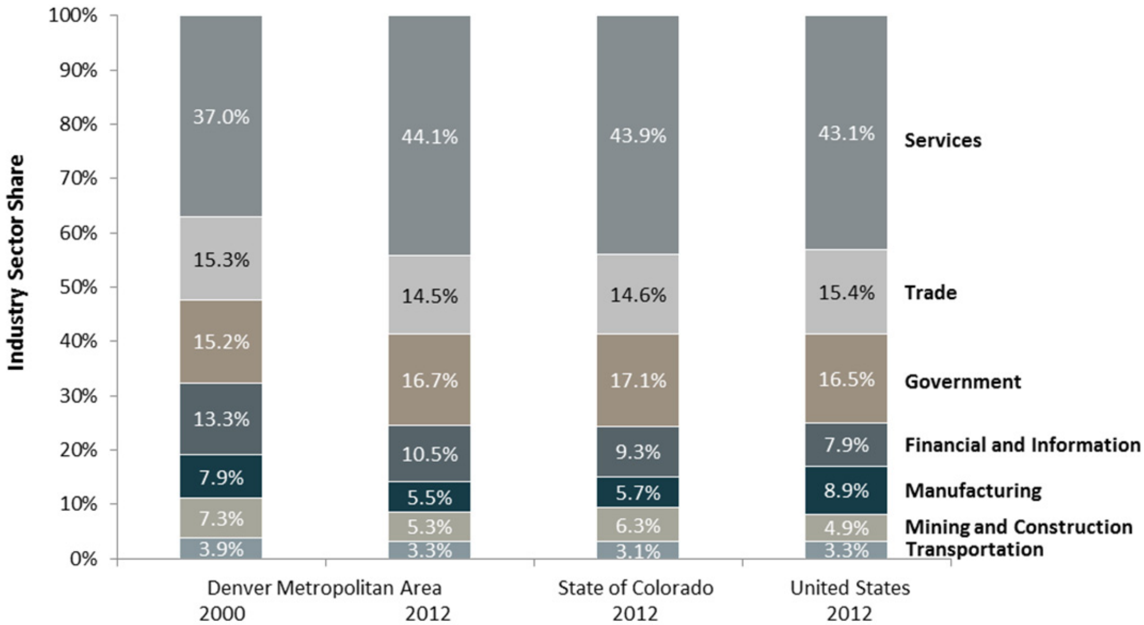
Figure 3
TRENDS IN NONAGRICULTURAL EMPLOYMENT



Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed April 2013.

Nonagricultural Employment by Industry Sector. Figure 4 shows the comparative distribution of nonagricultural employment by industry sector for the Denver Metropolitan Area in 2000 and 2012 and for the State and the nation in 2012. Employment in services (44.1%)—including health, education, professional, business, and other services—and trade (14.5%) accounted for a combined 58.6% of total nonagricultural employment in the Denver Metropolitan Area in 2012.

Figure 4
COMPARATIVE DISTRIBUTION OF EMPLOYMENT BY INDUSTRY SECTOR



Note: Columns may not add to 100.0% because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed April 2013.

Major Employers. Table 4 lists the 25 largest private employers in the Denver Metropolitan Area as of April 2013. The table reflects the diversity of the companies and organizations in the area.

Per Capita Personal Income. Per capita personal income (in 2000 dollars) in the Denver Metropolitan Area has historically exceeded that in the State of Colorado and the nation, as shown in Table 3. Average per capita income in the Denver Metropolitan Area, in 2011 (the latest available data), exceeded that in the State and the nation by 11.9% and 18.6%, respectively. Growth in passenger traffic and the propensity to travel in a region are closely related to per capita personal income levels, as (1) income tends to reflect the level of education of the workforce, and a more highly educated workforce is likely to concentrate in occupations with a higher propensity to travel and (2) income growth translates into disposable income, which reflects the potential for growth in the number of trips per person.

Table 4

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 television 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 2013.

Visitors to Denver

Annually since 1991, Visit Denver, the Convention and Visitors Bureau, has commissioned Longwoods International, a research firm that analyzes North American travel patterns, to prepare an in-depth study of the Denver tourism market. Key results of the 2011 Longwoods International study (the latest data available as of the date of this Report) on Denver tourism were as follows:

- Denver outperformed the national average in 2011 increasing the number of overnight visitors by approximately 4.0%, from 12.7 million in 2010 to 13.2 million in 2011, while the number of overnight visitors in nation increased 3.0%.

- Denver visitor spending reached $3.3 billion in 2011, increasing 10.0% between 2010 and 2011. Visitor spending benefits many different businesses in Denver, including food and beverage, lodging, recreation, and sightseeing and attractions.

- The length of stay in Denver by leisure visitors was about the same in 2010 and 2011—averaging just under 5 nights—slightly higher than the national average of 3.6 nights.

Table 5 summarizes the trends in visitor activity in the Denver Metropolitan Area in 1995 and 2000 through 2011 based on the Longwoods International annual study, as well as the number of conventions and delegates reported by Visit Denver, the Convention and Visitors Bureau.

Leisure Travel. Leisure visitors to Denver account for most of the overnight trips (approximately 83.0% in 2011) and drove the growth in numbers of overall visitors in all years included in Table 5. Denver continues to be a strong leisure market. Between 1995 and 2011, the number of leisure visitors to Denver increased an average of 4.7% per year. Colorado remained the country's top ski destination in 2011, accounting for approximately 19.0% of national overnight ski trips.

Business Travel. In 2011, visitors traveling to Denver on business accounted for approximately 17.0% of all overnight trips, according to the Longwoods International study. Business travelers spent an average of $107 per person per day, compared with $114 per person day spent by leisure visitors.

Conventions. Denver's meeting and convention activity 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 the Airport, and the proximity of Denver hotels to the Colorado Convention Center.

Table 5
VISITOR ACTIVITY
Denver Metropolitan Area

	Overnight trips to Denver (millions)			Denver conventions	
Year	Leisure	Business	Total	Number	Number of delegates
1995	5.3	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	4.7	0.9	4.0	6.1	5.6

Note: Columns may not add to totals shown because of rounding.

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. 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 later section titled "Airline Traffic Trends."

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 economic growth of world regions, in terms of GDP, is directly related to the growth in airline travel. Forecast GDP for world regions is shown in Table 6. In emerging economies, such as Brazil, India, and China, with strong growth in GDP combined with a growing middle class, growth in numbers of airline passengers has been significant. As other countries and regions experience strong economic growth, the propensity to travel increases, resulting in more leisure travel by residents and more business travel within those areas and to the United States, including the Denver Metropolitan Area.

Table 6
HISTORICAL AND FORECAST GDP GROWTH BY WORLD REGION

	Average annual percentage increase in GDP (in billions of 2005 U.S. dollars)	
World region	Historical 2000-2012	Forecast 2012-2032
Asia *(a)*	4.4%	4.3%
Atlantic *(b)*	2.4	2.2
Canada	2.4	2.2
Latin America *(c)*	4.6	3.7
United States	1.6	2.4
World	2.6	3.0

Note: 2012 GDP is preliminary.

(a) Including Asia, the Pacific Basin, Australia, and New Zealand.
(b) Including Europe, the Middle East, and Africa.
(c) Including Mexico, Central America, the Caribbean, and South America.

Sources: Global Insight, as reported in U.S. Department of Transportation, Federal Aviation Administration, *FAA Aerospace Forecasts, Fiscal Years 2011-2031 & 2013-2033*, accessed April 2013.

National Economy. The national economy continues to recover from the financial crisis and global recession, although the pace of the recovery remains slow. The prevailing view among economists is that downturns following financial crises tend to be more prolonged than other downturns. In addition, such recessions increase the level and duration of unemployment, decrease 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 national economy and passenger traffic nationwide and at the Airport.

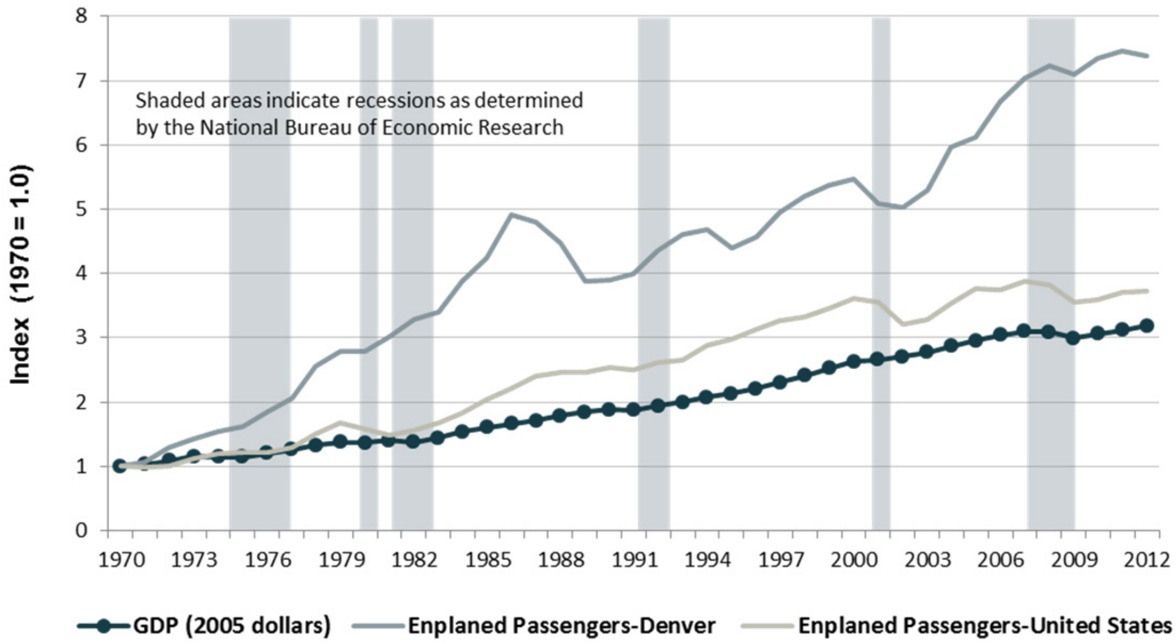
Figure 5 presents trends in U.S. GDP (in 2005 dollars) and numbers of enplaned passengers at the Airport and in the nation from 1970 through 2012 (using 1970 as the index year). Overall, trends in national passenger traffic have closely correlated with the trends in GDP since 1970, including decreases during the 2008-2009 and four earlier national economic recessions. In comparison, the Airport has outperformed or its performance has correlated with national passenger trends during periods of national economic recession. From 1970 through 2012, GDP increased an average of 2.8% per year, while the numbers of enplaned passengers increased at annual averages of 3.2% in the nation and 4.9% at the Airport.

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 enplaned passengers in the United States decreased 3.8% in 2008 and 5.0% in 2009, based on U.S. DOT data. During the recovery from the recent recession, the number of passengers enplaned at the Airport increased 3.6% in 2010, 1.7% in 2011, and 0.5% in 2012. Passenger data available from the U.S. DOT indicate that the number of enplaned passengers on the scheduled mainline flights of U.S. airlines increased 0.8% between 2011 and 2012.

The Congressional Budget Office (CBO) expects that U.S. economic activity will expand slowly in 2013, with real GDP increasing 1.3%. That slow growth reflects a combination of ongoing improvement in underlying economic factors and fiscal tightening that has already begun—including the expiration of a temporary decrease in the Social Security payroll tax, an increase in tax rates on income above certain thresholds, and scheduled automatic reductions in federal spending. However, the CBO projects GDP growth of 3.4% in 2014 following the economic adjustments in 2013, and an average of 3.6% annual growth from 2015 through 2018.[2] The CBO also projects that the national unemployment rate will remain above 7.5% through 2014 before decreasing to 5.5% by the end of 2017.

[2] Congressional Budget Office, *Budget and Economic Outlook: Fiscal Years 2013 to 2023*, February 2013; accessed April 2013.

Figure 5
U.S. GROSS DOMESTIC PRODUCT AND ENPLANED PASSENGERS



Sources: U.S. GDP—U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed April 2013.
Denver enplaned passengers—Airport management records.
U.S. enplaned passengers—U.S. Department of Transportation, Federal Aviation Administration, www.faa.gov, accessed April 2013.

Colorado Economy. Colorado's economy continues to recover from the recession and has begun to outperform the national economy, according to statements by the Colorado Legislative Council (CLC).[3] The CLC notes that the recovery of Colorado's economy is

…among the most vibrant in the nation. Consistent improvement in the labor and real estate markets, growth in consumer spending, a rebound in manufacturing activity, and increasing strength in the business and financial sectors point to a gradually maturing recovery in the private sector. Federal fiscal policy will weigh down economic growth in the short run, but healthier growth should resume later this year.

- **Population**—The CLC and the Colorado Department of Local Affairs forecast a 1.5% increase in Colorado's population between 2012 and 2013, and 1.6% population growth in each of the next 2 years.

[3] Colorado Legislative Council, *Focus Colorado: Economic and Revenue Forecast*, March 18, 2013, www.colorado.gov, accessed April 2013.

- **Nonagricultural employment**— The Colorado Department of Local Affairs, Division of Local Government projects average growth of 1.9% per year in nonagricultural employment between 2011 and 2015 and average growth of 2.1% per year between 2015 and 2020. The CLC forecasts 1.5% growth in Colorado's nonagricultural employment in 2013 and 1.8% growth in 2014, noting that "the underlying strength of the Colorado economy will be enough to keep employment growth positive…even as tax increases, automatic spending cuts, and continued uncertainty from federal fiscal policy slows growth."

- **Retail trade**—Following a 6.0% increase Colorado retail trade sales (an indicator of consumer spending) in 2012, the CLC forecasts that retail trade sales in Colorado will increase 4.9% in 2013, 5.7% in 2014, and 6.5% in 2015 (unadjusted for inflation). The slower growth in 2013 is attributed mainly to expiration of the payroll tax cut, which is expected to reduce consumer disposable income.

- **Residential construction**—The CLC forecasts that the number of new home permits issued in Colorado will increase 32.9% in 2013, 22.7% in 2014, and 8.3% in 2015.

Denver Metropolitan Area Economy. The economic drivers in the Denver Metropolitan Area are diverse and include mature, stable, and emerging industries. In its 2013 "Metro Denver Economic Forecast," dated January 30, 2013, the Metro Denver Economic Development Corporation noted that Metro Denver "…will achieve full economic recovery in 2013 – meaning that all jobs lost during the recent recession will be regained – and Metro Denver will begin a new growth path." [4]

- **Population—**Metro Denver is consistently ranked as one of the fastest-growing metropolitan areas in the nation. According to the Colorado Department of Local Affairs, Division of Local Governments, population growth in the Denver Metropolitan Area is projected 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. Similarly, the Metro Denver Economic Development Corporation anticipates that the population will increase 1.4% in 2013, which is higher than the projected national growth of 1.0%.

- **Nonagricultural employment**—The Colorado Department of Local Affairs, Division of Local Government projects that nonagricultural employment will increase an average of 1.6% per year between 2011 and 2015 and an average of 1.9% per year between 2015 and 2020, outpacing population growth. Similarly, the Metro Denver Economic Development Corporation forecasts that nonagricultural employment in the Denver Metropolitan Area in 2013 will increase 2.0%, citing solid performance in education and health services, professional and business services, and natural resources, mining, and construction.

[4] Metro Denver Economic Development Corporation, *Metro Denver Economic Profile, 2012-2013*, January 30, 2013, www.metrodenver.org, accessed April 2013.

- **Retail trade**—The Metro Denver Economic Development Corporation forecasts that retail trade sales (an indicator of consumer spending) in the Denver Metropolitan Area will increase 5.0% in 2013 (unadjusted for inflation), following a 7.6% increase between 2011 and 2012.

- **Residential construction**—The Metro Denver Economic Development Corporation forecasts that construction of new residential units in the Denver Metropolitan Area will increase 13.8% in 2013.

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

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

- Increases in fuel prices related to increasing global demand and political instability in oil producing countries 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, which could affect U.S. financial markets and in turn, economic recovery and growth.

- 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 consumer prices. Also, increases in oil prices and rapid expansion of U.S. industrial capacity could trigger upward pressures on inflation.

- In the long-term, the continuing deficits in the U.S. balance of payments as well as continuing large U.S. fiscal deficits could result in volatility in the currency markets, higher interest rates, and reduced access to credit, thereby presenting a risk to continued economic recovery and growth.

Economic Growth Factors. 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) continued growth in the leisure and hospitality industry sectors, (3) 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-Tacoma, (4) an educated labor force able to support the development of knowledge-based and service industries, and (5) continued reinvestment to support the development of tourism, conventions, and other businesses.

AIRLINE TRAFFIC TRENDS

The following sections present the airlines serving the Airport; a discussion of enplaned passengers at the Airport since 1995; passenger market shares of enplaned and originating passengers, and the role of the Airport in the systems of United, Southwest, and Frontier airlines with a focus on connecting passengers of those airlines at the Airport.

Airlines Serving the Airport

Table 7 lists the passenger airlines that served the Airport as of April 2013. In addition, several all-cargo airlines, including ABX Air, Air Transport International, Ameriflight, Capital Cargo International Airlines, DHL Express (USA), FedEx Corporation, Key Lime Air, and UPS Air Cargo provided service at the Airport.

Table 7
PASSENGER AIRLINES SERVING DENVER
April 2013

Mainline/National	***Regional/Commuter***
Alaska Airlines	American Eagle
American Airlines	Compass Airlines (Delta Connection)
Delta Air Lines	ExpressJet Airlines (United Express)
Frontier Airlines	GoJet Airlines (United Express)
JetBlue Airways	Great Lakes Aviation
Southwest Airlines	Mesa Airlines (US Airways Express)
Spirit Airlines	Pinnacle Airlines (Delta Connection)
United Airlines	Republic Airlines (Frontier and United Express)
US Airways	Shuttle America (United Express)
	SkyWest Airlines (Delta Connection and United Express)
Foreign-flag	
Aeromexico	
Air Canada	
British Airways	
Icelandair	
Lufthansa German Airlines	
Volaris	

Sources: PlaneStats, online database, accessed April 2013; Airport management records.

Enplaned Passengers

Table 8 summarizes the numbers of enplaned passengers at the Airport in 1995, and from 2000 through the first 3 months of 2013, organized by originating, connecting, and total enplaned passengers.

The total number of enplaned passengers at the Airport increased an average of 3.2% per year between 1995 and 2012, with the number of originating and connecting passengers increasing an average of 2.9% and 3.6% per year, respectively. In 2012, the number of enplaned passengers at the Airport increased 0.5%, reflecting a 1.3% increase in the number of originating passengers and a 0.4% decrease in the number of connecting passengers.

In the first 3 months of 2013, the number of enplaned passengers at the Airport increased 0.4% compared with the number of enplaned passengers in the first 3 months of 2012. For the same year-over-year comparison, the number of originating passengers increased 3.6% and the number of connecting passengers decreased 3.8%. The decrease in the number of connecting passengers in the first 3 months of 2013 was the result, in part, of a 19.0% reduction in the number of scheduled seats offered at the Airport by Frontier Airlines, as discussed in the later section titled “The Airport’s Role in Frontier’s System.”

Table 8
HISTORICAL ENPLANED PASSENGERS
Denver International Airport

	Enplaned passengers				
Year	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
2012	14,785,239	11,811,902	26,597,141	0.5	55.6
January - March					
2012	3,448,620	2,639,686	6,088,306	--%	56.6%
2013	3,571,741	2,540,240	6,111,981	0.4	58.4%
	Average annual percent increase				
1995-2000	3.7%	5.5%	4.4%		
2000-2012	2.5	2.9	2.7		
1995-2012	2.9	3.6	3.2		

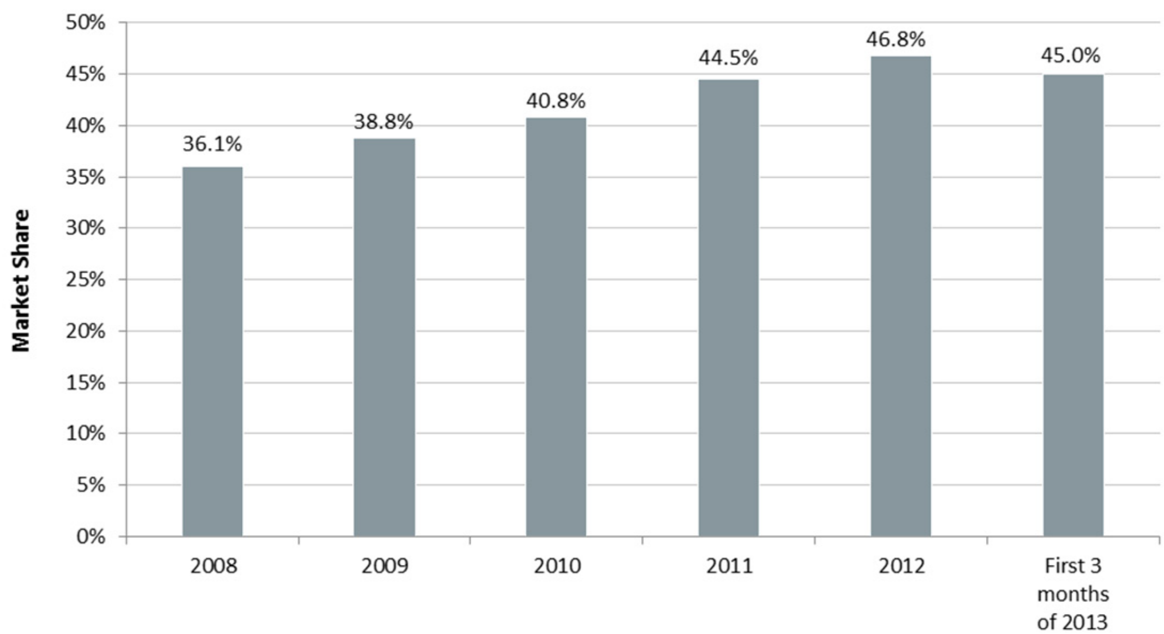
Source: Airport management records.

Between 1995 and 2012, the number of originating passengers at the Airport 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 of 6.6% in 2001 and 6.0% in 2002, related to the effects of the 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 numbers of originating passengers at the Airport since 1995 reflects the continued economic growth in the Denver Metropolitan Area and the State, as well as increases in airline service, increased airline competition, and, more recently, the development of airline service at the Airport by the low-cost carriers.

Figure 6 presents the shares of passengers enplaned by the low-cost carriers[5] at the Airport, which increased from 36.1% in 2008 to 46.8% in 2012, exceeding the national market share of passengers enplaned by the low-cost carriers—19.6% in 2012, according to U.S. DOT data. A significant portion of the increase in low-cost carrier market share at the Airport is attributable to Southwest Airlines, which was the second busiest airline at the Airport in terms of numbers of enplaned passengers in 2012. The decrease in low-cost carrier market share of enplaned passengers in the first 3 months of 2013 is attributable to a 19.0% reduction in the number of scheduled seats offered by Frontier Airlines at the Airport.

Figure 6
LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS
Denver International Airport



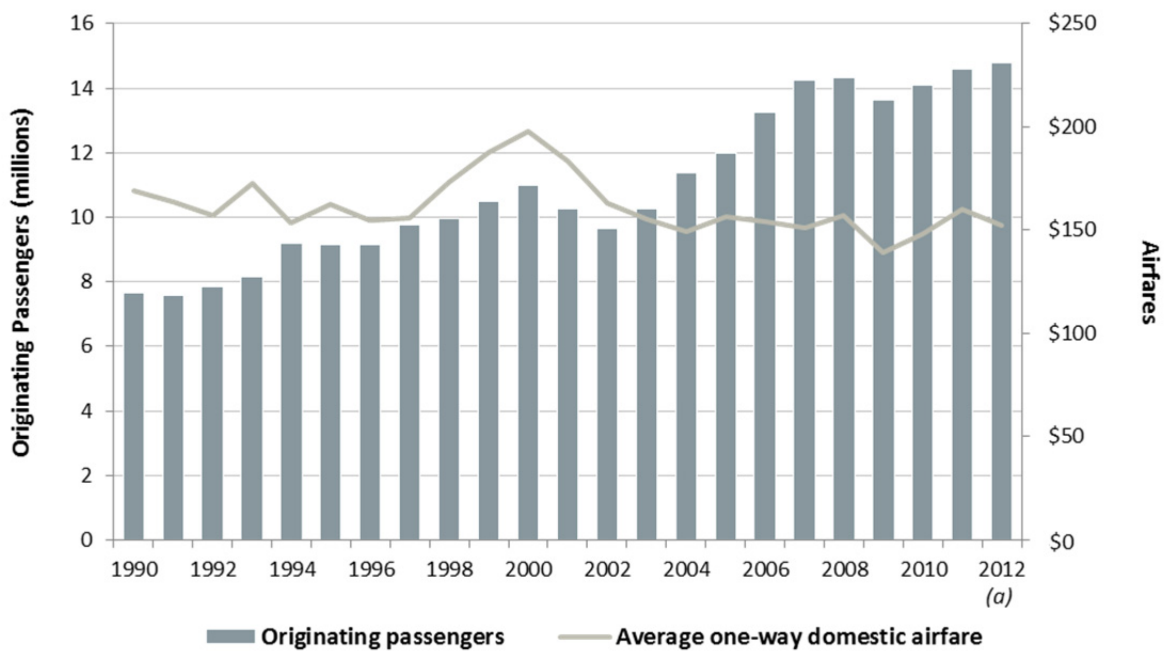
Notes: Low-cost carriers include AirTran Airways, Allegiant Air, ATA Airlines (ceased service in April 2008), Frontier Airlines (including subsidiaries), JetBlue Airways, Midwest Airlines (no longer in service), Spirit Airlines, Southwest Airlines, and Volaris. Southwest completed its merger with AirTran Airways on May 2, 2011, and a single operating certificate was issued on March 1, 2012.

Source: Airport management records.

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

Average airfares at the Airport have been relatively constant since 2004 as the result of increasing competition between United and Frontier airlines and, beginning in 2006, between United, Southwest, and Frontier airlines. Between 2008 and 2009, average airfares decreased slightly as a result of the national recession and economic/financial crisis. Stable airfares and local and regional economic growth have contributed to increasing numbers of originating passengers at the Airport in recent years, as shown earlier in Table 8 and below on Figure 7.

Figure 7
AIRFARES AND ORIGINATING PASSENGERS



(a) The average one-way domestic airfare is for 12 months ended September 20, 2012.

Sources: Airfare data—U.S. Department of Transportation, OD1B database, accessed April 2013.
Originating passenger data—Airport management records.

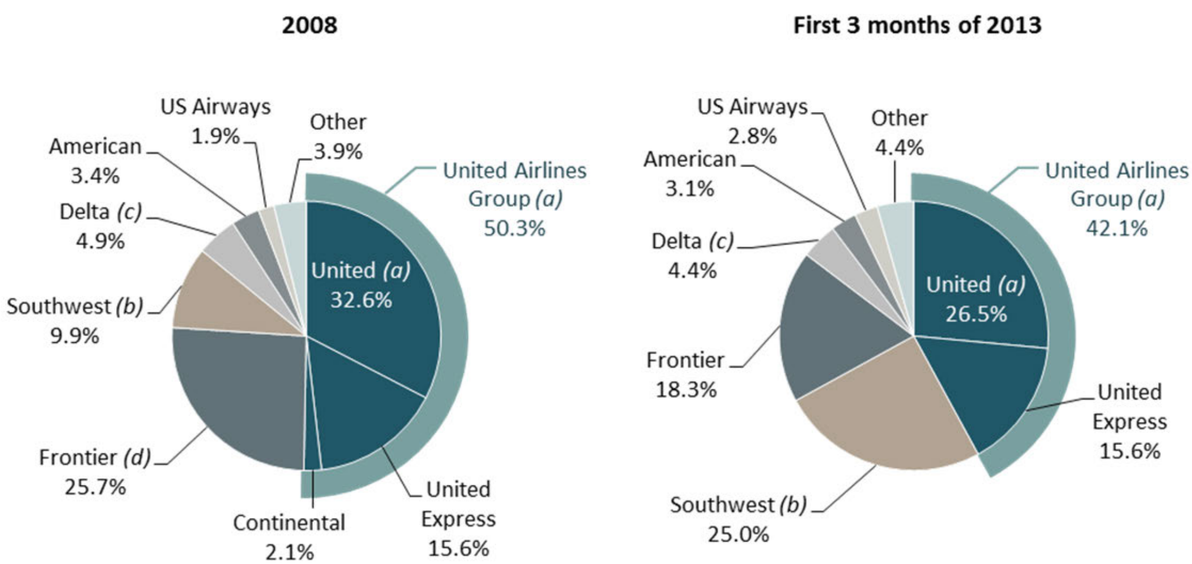
Table 8 also presents trends in the numbers of connecting passengers at the Airport from 1995 through the first 3 months of 2013.

In the 17 years since 1995, the number of connecting passengers at the Airport has decreased in 5 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; a decrease of 0.5% in 2011; and a decrease of 0.4% in 2012. Later sections of this Report discuss the changing importance and role of the Airport as a connecting hub for United, Southwest, and Frontier airlines.

Passenger Market Shares

Enplaned Passengers. Enplaned passenger market shares for the airlines serving the Airport are shown on Figure 8 and in Table 9. During the first 3 months of 2013, the United Airlines Group enplaned the largest share of passengers (42.1%) at the Airport, followed by Southwest Airlines (25.0%) and Frontier Airlines (18.3%). The share of Airport passengers enplaned by the United Airlines Group decreased from 50.3% in 2008 to 42.1% in the first 3 months of 2013 as a result of increased competition from Southwest and Frontier, as both airlines continued to develop the Airport as a connecting hub, as well as United's system wide domestic seat capacity reductions during the same period.

Figure 8
ENPLANED PASSENGER MARKET SHARES
Denver International Airport



Note: Includes regional affiliates. The numbers in the pie charts may not add to 100% because of rounding.
(a) Includes data for Continental Airlines, which merged with United in October 2010.
(b) Includes data for AirTran Airways, which merged with Southwest in May 2011.
(c) Includes data for Northwest Airlines, which merged with Delta in December 2008.
(d) Includes data for Midwest Airlines, which merged with Frontier in October 2010.

Source: Airport management records.

Southwest Airlines initiated service at the Airport in January 2006; beginning in 2012, Southwest became the second busiest airline serving the Airport in terms of numbers of enplaned passengers. As shown in Table 9, Southwest increased its market share of enplaned passengers at the Airport from 9.9% in 2008 to 25.0% in the first 3 months of 2013. During that same period, Frontier's enplaned passenger market share decreased from 25.7% to 18.3%.

Table 9
HISTORICAL ENPLANED PASSENGERS BY AIRLINE
Denver International Airport

	2008	2009	2010	2011	2012	First 3 months 2013
United Airlines Group *(a)*						
Mainline	8,361,071	8,164,709	7,385,764	6,400,182	6,349,303	1,598,193
Ted	1,104,886	--	--	--	--	--
United Express *(b)*	2,905,810	3,438,259	4,151,666	4,087,189	4,034,409	975,927
Continental	528,196	514,592	545,883	863,503	376,364	--
	12,899,963	12,177,560	12,083,313	11,350,874	10,760,076	2,574,120
Southwest *(c)*	2,535,515	3,807,440	4,908,539	5,756,081	6,301,166	1,524,955
Frontier *(d)*	6,596,506	5,825,242	5,595,197	5,889,632	5,825,717	1,117,527
Delta *(e)*	1,266,175	1,247,326	1,277,980	1,257,428	1,215,718	271,495
American *(f)*	862,173	715,674	722,380	732,195	754,863	186,927
US Airways	488,182	542,355	599,775	640,248	718,638	168,172
Other	1,001,729	872,436	837,738	829,337	1,020,963	268,785
	12,750,280	13,010,473	13,941,609	15,104,921	15,837,065	3,537,861
Total	25,650,243	25,128,033	26,024,922	26,455,795	26,597,141	6,111,981
			Percent of total			
United Airlines Group *(a)*						
Mainline	32.6%	32.5%	28.4%	24.2%	23.9%	26.1%
Ted	4.3	--	--	--	--	--
United Express *(b)*	11.3	13.7	16.0	15.4	15.2	16.0
Continental	2.1	2.0	2.1	3.3	1.4	--
	50.3%	48.2%	46.4%	42.9%	40.5%	42.1%
Southwest *(c)*	9.9%	15.2%	18.9%	21.8%	23.7%	25.0%
Frontier *(d)*	25.7	23.1	21.5	22.3	21.9	18.3
Delta *(e)*	4.9	5.0	4.9	4.8	4.6	4.4
American *(f)*	3.4	2.8	2.8	2.8	2.8	3.1
US Airways	1.9	2.2	2.3	2.4	2.7	2.8
Other	3.9	3.5	3.2	3.1	3.8	4.4
	49.7%	51.8%	53.6%	57.1%	59.5%	57.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: Includes enplaned passengers on the airline's commuter affiliates.
Columns may not add to totals shown because of rounding.

(a) Includes data for Continental Airlines, which merged with United Airlines in October 2010, and data 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 in 2008 through 2010; ExpressJet Airlines, GoJet Airlines, Shuttle America, and SkyWest Airlines in 2008 through 2011; and Atlantic Southeast Airlines in 2011.
(c) Includes data for AirTran Airways for all years, which merged with Southwest Airlines in May 2011.
(d) Includes Republic Airlines and Lynx Aviation in 2008 through 2011, and Midwest Express from 2008 to 2010.
(e) Includes data for Northwest Airlines, which merged with Delta Air Lines in October 2008.
(f) American Airlines filed for Chapter 11 bankruptcy protection in November 2011.

Source: Airport management records.

Originating Passengers. Table 10 presents numbers of originating passengers and airline market shares at the Airport for 2008 through the first 3 months of 2013. Between 2008 and 2012, the number of originating passengers at the Airport increased an average of 0.8% per year.

The share of originating passengers enplaned by the United Airlines Group decreased from 38.4% in 2008 to 29.4% in the first 3 months of 2013, reflecting United's emphasis on connecting traffic at the Airport rather than airfare competition with Southwest and Frontier airlines to gain originating passengers.

In 2012, Southwest Airlines replaced the United Airlines Group as the airline enplaning the largest share of originating passengers at the Airport. The share of originating passengers enplaned by Southwest Airlines increased from 15.1% in 2008 to 30.0% in the first 3 months of 2013. Southwest Airline's growth at the Airport is among the fastest in its history.

Frontier Airline's numbers and shares of total originating passengers at the Airport have varied since 2008, as a result of increased competition from Southwest Airlines and other airlines, as well as adjustments to its overall network following the airline's acquisition by Republic Airways Holdings in 2009.

Table 11 presents the Airport's top 20 domestic O&D passenger markets for the 12 months ended September 30, 2012. Table 11 also shows the average number of seats on scheduled daily nonstop departures from the Airport to each of the top 20 markets in April 2013. Of the scheduled daily nonstop seats from the Airport in April 2013, 63.7% were to the top 20 markets listed in the table. The low-cost carriers accounted for 42.1% of all scheduled departing seats to domestic destinations from the Airport during this period and more than 50% of scheduled departing seats to 10 of the top 20 domestic markets. Atlanta and Dallas/Fort Worth accounted for the smallest shares of low-cost carrier seats in April 2013, with 31.8% and 32.8%, respectively.

In 2012, new international service was initiated at the Airport, including Southwest Airline's service to Cancun, Mexico, which began in April 2012; Icelandair's service to Reykjavik, Iceland, which began in May 2012; and Mexico-based Volaris' service to Mexico City, which began in December 2012. New service by United from Denver to Tokyo began on June 10, 2013, following a delay caused by the temporary withdrawal from service of United's new Boeing 787 Dreamliner.

Table 10

HISTORICAL ORIGINATING PASSENGERS BY AIRLINE

Denver International Airport

	2008	2009	2010	2011	2012	First 3 months 2013
United Airlines Group *(a)*						
Mainline	3,627,738	3,328,471	2,995,306	2,711,848	2,973,130	787,785
Ted	507,544	--	--	--	--	--
United Express *(b)*	852,277	935,722	1,155,643	1,171,694	1,119,329	261,858
Continental	509,607	489,770	470,462	604,658	210,701	--
	5,507,166	4,753,963	4,621,411	4,488,200	4,303,160	1,049,643
Southwest *(c)*	2,165,456	2,923,722	3,558,198	4,055,850	4,302,165	1,071,167
Frontier *(d)*	3,360,731	2,907,858	2,817,267	2,944,251	2,818,547	629,894
Delta *(e)*	1,236,614	1,217,517	1,227,497	1,207,483	1,165,176	260,116
American *(f)*	862,173	715,674	722,380	732,195	754,863	186,927
US Airways	470,266	541,177	598,998	638,477	718,520	168,172
Other	732,357	595,638	555,740	528,769	722,808	205,822
	8,827,597	8,901,586	9,480,080	10,107,025	10,482,079	2,522,098
Total	14,334,763	13,655,549	14,101,491	14,595,225	14,785,239	3,571,741
	Percent of total					
United Airlines Group *(a)*						
Mainline	25.4%	24.4%	21.2%	18.6%	20.1%	22.1%
Ted	3.5	--	--	--	--	--
United Express *(b)*	5.9	6.8	8.2	8.0	7.6	7.3
Continental	3.6	3.6	3.4	4.1	1.4	--
	38.4%	34.8%	32.8%	30.7%	29.1%	29.4%
Southwest *(c)*	15.1%	21.4%	25.2%	27.8%	29.1%	30.0%
Frontier *(d)*	23.4	21.3	20.0	20.2	19.1	17.6
Delta *(e)*	8.6	8.9	8.7	8.3	7.9	7.3
American *(f)*	6.0	5.2	5.1	5.0	5.1	5.2
US Airways	3.3	4.0	4.3	4.4	4.9	4.7
Other	5.2	4.4	3.9	3.6	4.9	5.8
	61.6%	65.2%	67.2%	69.3%	70.9%	70.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes: Includes enplaned passengers on the airlines' commuter affiliates.
Columns may not add to totals shown because of rounding.

(a) Includes data for Continental Airlines, which merged with United Airlines in October 2010, and data 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 in 2008 through 2010; ExpressJet Airlines, GoJet Airlines, Shuttle America, and SkyWest Airlines in 2008 through 2011; and Atlantic Southeast Airlines in 2011.

(c) Includes data for AirTran Airways for all years, which merged with Southwest Airlines in May 2011.

(d) Includes Republic Airlines and Lynx Aviation in 2008 through 2011; and Midwest Express from 2008 to 2010.

(e) Includes data for Northwest Airlines, which merged with Delta Air Lines in October 2008.

(f) American Airlines filed for Chapter 11 bankruptcy protection in November 2011.

Source: Airport management records.

Table 11

TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE

Denver International Airport

12 Months Ended September 30, 2012, except as noted

Rank	Origin-destination passenger market	Air miles from Denver	Percent of originating passengers at the Airport	Scheduled departing seats April 2013: Average daily seats	Scheduled departing seats April 2013: Percent of low cost carrier seats
1	Los Angeles *(a)*	846	7.2%	5,162	57.1%
2	Las Vegas	629	5.7	2,892	76.1
3	San Francisco *(b)*	957	5.1	3,778	51.3
4	New York *(c)*	1,617	4.4	3,005	33.2
5	Phoenix	602	4.4	3,366	56.7
6	Chicago *(d)*	892	4.1	3,511	45.1
7	Washington, D.C. *(e)*	1,473	4.0	2,922	43.0
8	Dallas/Fort Worth *(f)*	646	2.8	2,639	32.8
9	San Diego	853	2.8	1,676	70.7
10	Orlando	1,545	2.7	1,247	57.6
11	Seattle-Tacoma	1,024	2.6	2,212	42.7
12	Houston *(g)*	872	2.4	2,540	35.1
13	Minneapolis-St. Paul	680	2.4	2,277	48.5
14	Miami *(h)*	1,706	2.2	1,229	47.3
15	Boston	1,754	2.1	971	56.1
16	Salt Lake City	391	2.1	2,251	64.2
17	Atlanta	1,199	2.0	2,112	31.8
18	Portland	992	1.7	1,334	70.2
19	Kansas City	533	1.6	1,588	72.9
20	Philadelphia	1,557	1.4	952	38.8
	Cities listed		63.7%	47,664	
	Other cities		36.3	31,731	
	All cities		100.0%	79,395	42.1%

(a) Los Angeles International, LA/Ontario International, Bob Hope, John Wayne (Orange County), and Long Beach airports.

(b) San Francisco, Mineta San Jose, and Oakland international airports.

(c) John F. Kennedy, Newark Liberty International, and LaGuardia airports.

(d) Chicago O'Hare and Chicago Midway international airports.

(e) Washington Dulles International, Reagan Washington National, Baltimore/Washington International Thurgood Marshall airports.

(f) Dallas/Fort Worth International Airport and Love Field.

(g) Bush Intercontinental Airport/Houston and William P. Hobby Airport.

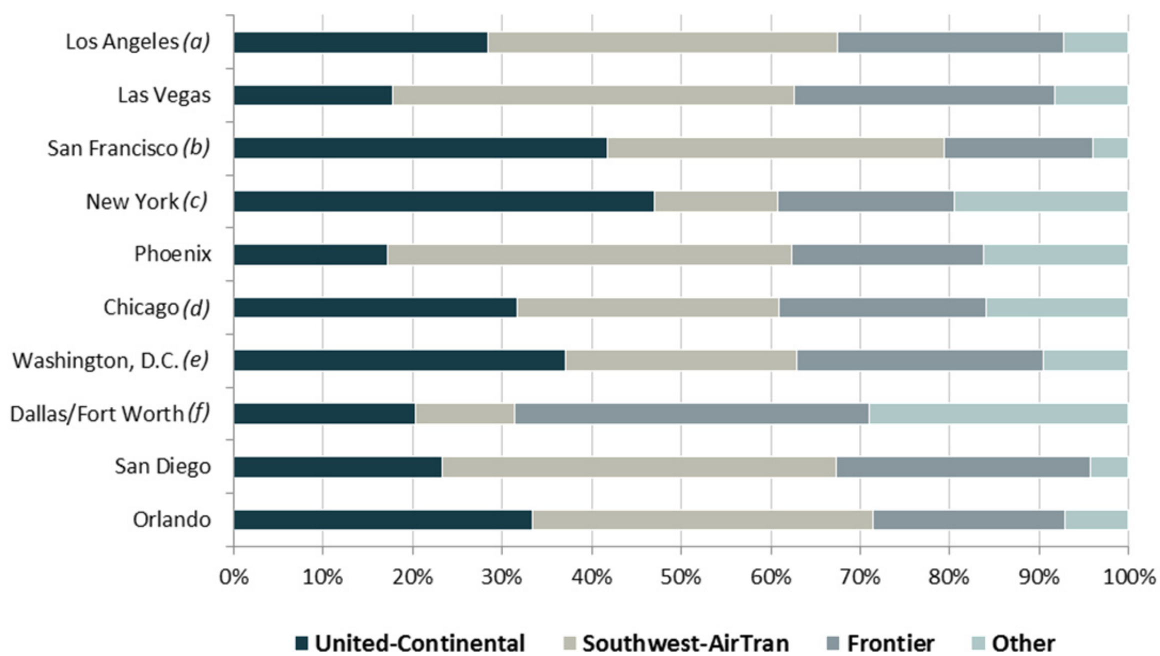
(h) Fort Lauderdale-Hollywood and Miami international airports.

Sources: Originating passenger percentages—U.S. Department of Transportation, OD1B database, accessed April 2013.
Departures and seats—PlaneStats.com, online database, accessed April 2013.

Figure 9 presents the airline shares of originating passengers to the Airport's top 10 O&D markets for the 12 months ended September 30, 2012.

United accounted for the largest share of originating passengers to 4 of the Airport's top 10 markets—San Francisco, New York, Chicago, and Washington, D.C.—each of which is a United connecting hub. Southwest accounted for the largest share of originating passengers to 5 of the Airport's top 10 markets—Los Angeles, Las Vegas, Phoenix, San Diego, and Orlando—all of which are among Southwest's 8 busiest markets. Frontier accounted for the largest share of originating passengers to the Airport's remaining top 10 market–Dallas/Fort Worth.

Figure 9
AIRLINE SHARES OF DOMESTIC ORIGINATING PASSENGERS FOR TOP 10 MARKETS FROM DENVER IN 2012
For the 12 Months Ended September 30, 2012



Note: Includes regional affiliates.

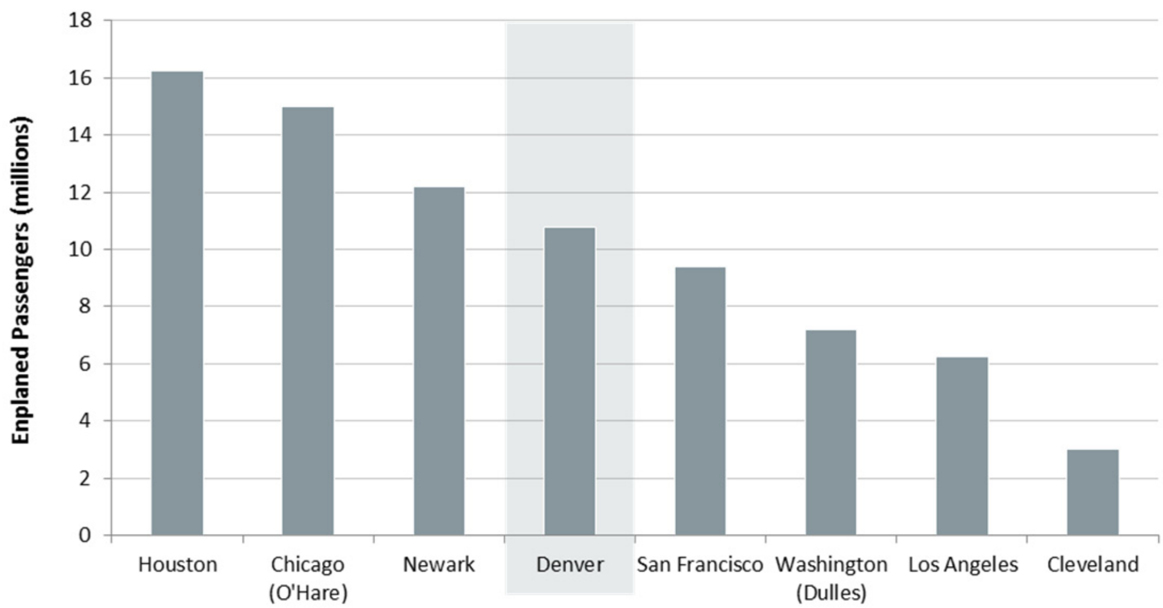
(a) Los Angeles International Airport, LA/Ontario International, Bob Hope Airport (Burbank), John Wayne Airport (Orange County), and Long Beach airports.
(b) San Francisco, Mineta San Jose, and Oakland international airports.
(c) John F. Kennedy International, Newark Liberty International, and LaGuardia airports.
(d) Chicago O'Hare and Chicago Midway international airports.
(e) Washington Dulles International, Ronald Reagan Washington National, and Baltimore/Washington International Thurgood Marshall airports.
(f) Dallas/Fort Worth International Airport and Love Field.

Source: U.S. Department of Transportation, OD1B database, accessed April 2013.

The Airport's Role in United's System

As shown on Figure 10, Bush Intercontinental Airport/Houston accounts for the largest share of enplaned passengers in the route system of United, followed by Chicago O'Hare and Newark Liberty international airports. Denver International Airport, which served a smaller metropolitan area population than any of the other United connecting hub airports, except Cleveland Hopkins International Airport, ranks fourth among United's major airports in terms of numbers of enplaned passengers. The number of passengers enplaned by United at its hub airports is a function of many factors, including local population and travel demand, geographic location, competitive factors, and airline strategy.

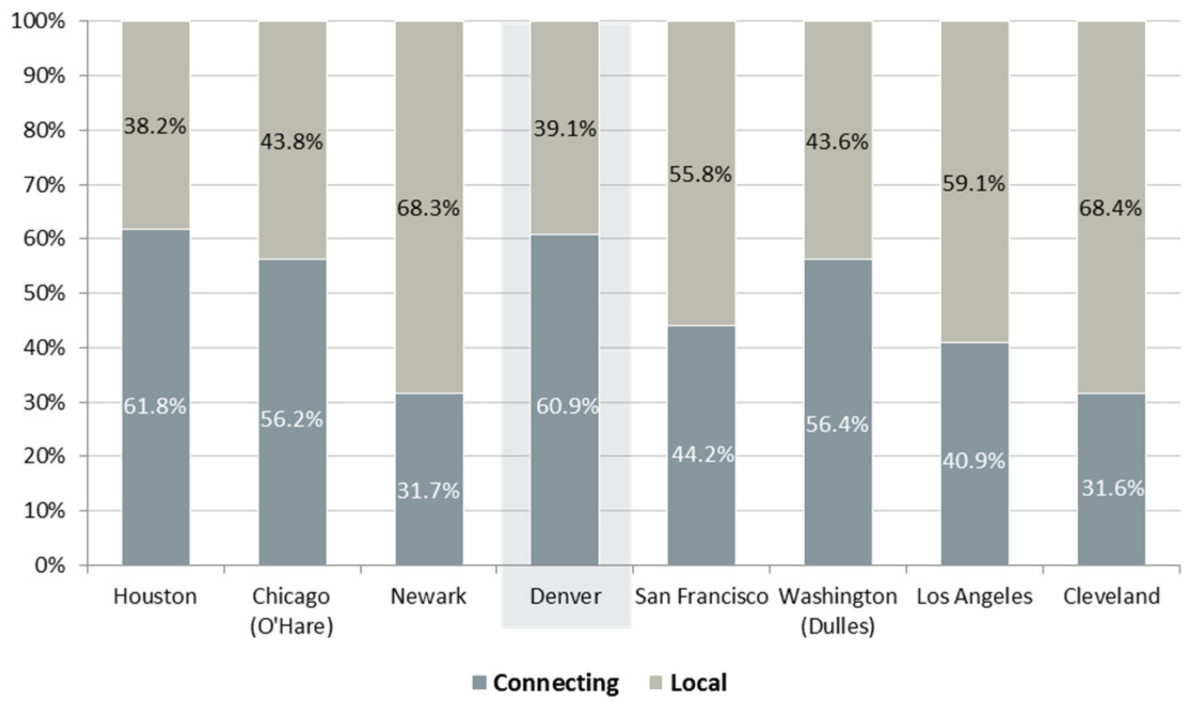
Figure 10
UNITED AIRLINES GROUP ENPLANED PASSENGERS BY HUB
For the 12 Months Ended September 30, 2012



Sources: Denver—Airport management records.
Other airports—U.S. Department of Transportation, T-100 onflight report, accessed April 2013.

As shown on Figure 11, United's busiest airports accommodate a wide range of O&D and connecting passengers, reflecting differing levels of local travel demand, geographic location, and other factors. Denver International Airport has the second highest percentage of connecting passengers among United's major airports after Bush Intercontinental Airport/Houston. Cleveland Hopkins and Newark Liberty international airports have the lowest percentages of United connecting passengers.

Figure 11
ORIGIN-DESTINATION (LOCAL) AND CONNECTING PASSENGERS AT UNITED'S HUBS
Ranked by Enplaned Passengers for the 12 Months Ended September 30, 2012



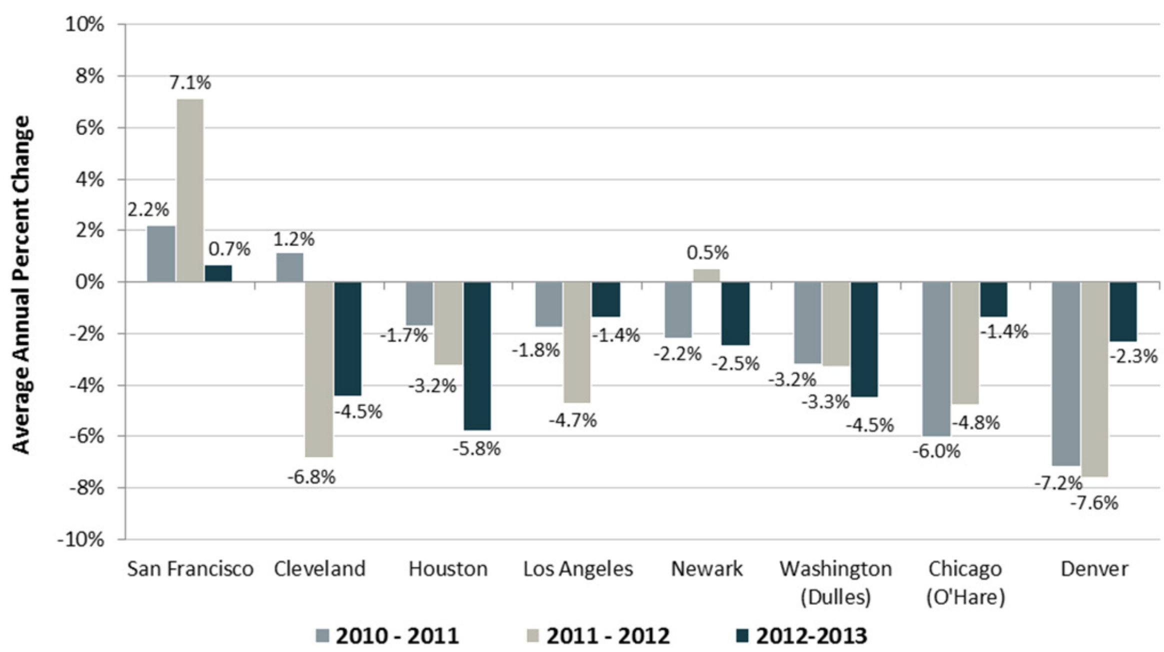
Source: U.S. Department of Transportation, OD1B database and T-100 onflight report, accessed April 2013.

Table 12 presents the numbers of passengers enplaned by the United Airlines Group at the Airport in 1995 through the first 3 months of 2013. 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 passengers at the Airport an average of 3.1% per year, primarily as a result of increases in the number of connecting passengers. Between 2000 and 2012, United's number of enplaned passengers at the Airport decreased an average of 2.1% per year, reflecting the 2001 events, United's entrance into and emergence from Chapter 11 bankruptcy protection, and United's efforts to improve profitability by reducing its mainline domestic capacity. Between 2000 and 2012, United's peak year in terms of enplaned passengers was 2006.

As shown on Figure 12, the United Airlines Group decreased its numbers of scheduled departing seats at six of its eight connecting hub airports between 2010 and 2011 and again between 2011 and 2012. Between 2012 and 2013, the United Airlines Group decreased its number of scheduled departing seats at seven of its eight connecting hub airports, with the exception of San Francisco International Airport. At the Airport, the United Airlines Group's number of scheduled departing seats decreased approximately 7.2% between 2010 and 2011, and a further 7.6% between 2011 and 2012—the largest decreases in both years of the eight connecting hubs shown on Figure 12. Based on scheduled flight data, the number of United Airlines Group's scheduled departing seats at the Airport is estimated to decrease 2.3% between 2012 and 2013, a smaller decrease than at four of United's other major connecting hub airports. United's scheduled departing seat reduction at the Airport is on routes formerly served by both United and Continental and reflects the merged airline's continuing emphasis on better matching seat capacity with demand in its domestic route system.

The 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. In addition to United, other Star Alliance members that serve Denver are Air Canada, Lufthansa German Airlines, and US Airways, with whom United also has additional partnership agreements.

Figure 12
UNITED AIRLINES GROUP CHANGE IN SCHEDULED DEPARTING SEATS



Note: Includes Continental Airlines.

Source: PlaneStats.com, online database, accessed May 2013.

Table 12

UNITED AIRLINES GROUP HISTORICAL ENPLANED PASSENGERS

Denver International Airport

	Originating passengers			Connecting passengers			Enplaned passengers			Connecting
Year	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
2012	4,092,459	210,701	4,303,160	6,291,253	165,663	6,456,916	10,383,712	376,364	10,760,076	60.0
January – March										
2012	911,550	136,021	1,047,571	1,379,886	115,190	1,495,076	2,291,436	251,211	2,542,647	58.8
2013	1,049,643	--	1,049,643	1,524,477	--	1,524,477	2,574,120	--	2,574,120	59.2
	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	5.4	(65.2)	(4.1)	(4.7)	(36.0)	(5.9)	(1.0)	(56.4)	(5.2)	
January – March										
2012-2013	15.1%	--	0.2%	10.5%	--	2.0%	12.3%	--	1.2%	
	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	
2000-2012	(2.3)	(7.0)	(2.6)	(1.9)	24.7	(1.7)	(2.1)	(2.6)	(2.1)	
1995-2012	(1.4)	(5.5)	(1.7)	0.2	11.3	0.3	(0.5)	(2.5)	(0.6)	

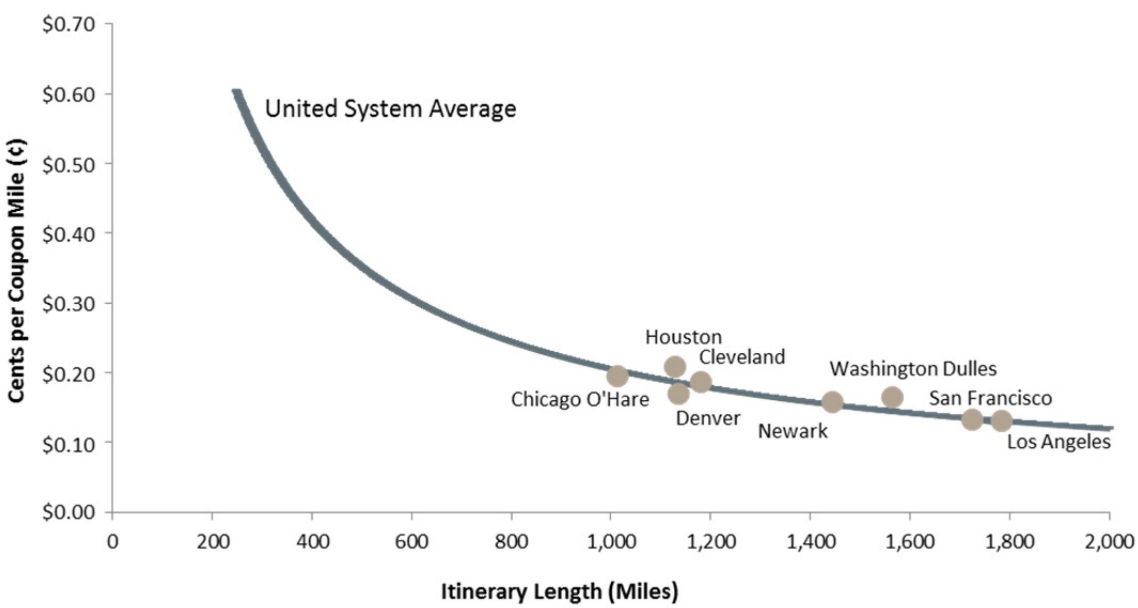
Note: Includes passengers on mainline and regional airline affiliate passengers. Data for United Airlines include Ted, United's low-fare unit, which stopped reporting its activity at the Airport separately in August 2008 and ceased operations on January 6, 2009.

Source: Airport management records.

Figure 13 shows the average yield (airfare paid per mile flown) for United Airlines Group's domestic flights at its eight busiest airports for the 12 months ended September 2012 (the latest data available), compared with the average itinerary length for the United Airlines Group's flights at each airport. Because an airline's yield generally decreases as its average trip length increases, it is important to compare both yield and itinerary length when analyzing yields.

Figure 13 shows that United's average domestic yield for O&D passengers at the Airport is slightly below the United system average, as well as below the average yield for United's connecting hub airports with similar itinerary lengths. This lower yield is likely the result of the degree of competition between United and the low-cost carriers serving the Airport, as shown in Table 14. It is important to note that international yield data are not included in Figure 13 or Table 13, and would likely change the results given the different level of international service at each airport. In recent years, United has allocated more of its seat capacity to international routes, which generally have higher yields than domestic routes with comparable trip lengths. For the 12 months ended September 30, 2012, only 4.3% of United's scheduled departing seats at the Airport were on international routes compared with 9.6% at Los Angeles International Airport, 13.0% at Chicago O'Hare International Airport, 17.0% at San Francisco International Airport, 21.9% at Bush Intercontinental Airport/Houston, 23.5% at Washington Dulles International Airport, and 31.6% Newark Liberty International Airports.

Figure 13
UNITED AIRLINES GROUP AVERAGE YIELD COMPARISON
For the 12 Months Ended September 30, 2012



Note: United system average was based on a weighted, by passengers, regression between yield and itinerary length.

Source: U.S. Department of Transportation, OD1B database, accessed April 2013.

Over the 4-year period from September 2008 through September 2012, United's average yield at the Airport increased 7.6%, which is the fifth largest increase among the airports shown in Table 13. During this period, United's average domestic yield increased most at its busier airports: Bush Intercontinental Airport/Houston, Chicago O'Hare International Airport, and Newark Liberty International Airport. It is important to note that, unlike the United system average shown on Figure 13, the yields in Table 13 were not adjusted for differences in itinerary length.

Table 13
COMPARISON OF DOMESTIC YIELD AND ITINERARY LENGTH
United Connecting Hub Airports

	12 months ended September 2008	12 months ended September 2012		
Airport	Yield (cents)	Yield (cents)	Itinerary length (miles)	Percent increase in yield (cents)
Bush Intercontinental Airport/Houston	$0.170	$0.209	1,128	22.9%
Chicago O'Hare International Airport	$0.172	$0.196	1,014	14.0
Cleveland Hopkins International Airport	$0.151	$0.187	1,180	23.8
Denver International Airport	**$0.158**	**$0.170**	**1,136**	**7.6**
Washington Dulles International Airport	$0.157	$0.165	1,565	5.1
Newark Liberty International Airport	$0.136	$0.159	1,444	16.9
San Francisco International Airport	$0.131	$0.133	1,725	1.5
Los Angeles International Airport	$0.124	$0.132	1,783	6.5

Note: Yield was calculated using a weighted average, by passengers.

Source: U.S. Department of Transportation, OD1B database, accessed April 2013.

The degree of competition between United and the low-cost carriers varies among United's busiest airports. Most of United's busiest airports, except the Airport, are located in metropolitan areas served by multiple airports with low-cost carrier service at those airports. As shown in Table 14, Denver International Airport has the largest share of passengers enplaned by low-cost carriers, followed by Washington Dulles, San Francisco, Los Angeles, and Chicago O'Hare international airports, and Bush Intercontinental Airport/Houston. In Houston, 94.4% of total enplaned passengers are enplaned by low-cost carriers at William P. Hobby Airport, compared with 0.1% of total enplaned passengers at Bush Intercontinental Airport/Houston. In Chicago, most low-cost carrier operations are at Chicago Midway International Airport, not at Chicago O'Hare International Airport. In metropolitan areas with several airport choices, such as Los Angeles and Washington/Baltimore, proximity to an airport and airfares can influence passenger choice of a particular airport.

Table 14

SHARE OF LOW-COST CARRIER ENPLANED PASSENGERS AT UNITED'S BUSIEST AIRPORTS

	Enplaned passengers *(a)*		Low cost carrier share		
United's busiest international airports	Low-cost carriers *(b)*	Total at each airport	United hub	Other metro airports	Total at all airports
Denver *(c)*	**12,435,982**	**26,597,141**	**46.8%**	**n.a.**	**46.8%**
Washington Dulles *(d)*	730,331	10,926,276	6.7	51.8	36.3
San Francisco *(e)*	2,364,242	21,153,689	11.2	68.5	28.6
Los Angeles *(f)*	4,705,920	31,270,579	15.0	57.8	25.7
Chicago O'Hare *(g)*	1,066,950	32,162,966	3.3	93.9	24.7
Bush Intercontinental Airport/Houston *(h)*	18,396	19,108,194	0.1	94.4	21.1
Newark Liberty *(i)*	1,221,558	17,191,134	7.1	22.5	17.6
Cleveland Hopkins	543,458	4,329,600	12.6	n.a.	12.6

n.a. = Not applicable.

(a) Data for all other airports for 12 months ended September 2012.

(b) The low-cost carriers are AirTran Airways, Allegiant Air, Frontier Airlines, JetBlue Airways, Midwest Airlines, Southwest Airlines, and Spirit Airlines.

(c) Denver International Airport data for calendar year 2012.

(d) The Washington/Baltimore metropolitan area includes Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

(e) The San Francisco metropolitan area includes San Francisco, Mineta San Jose, and Oakland international airports.

(f) The Los Angeles metropolitan area includes Los Angeles International, Long Beach, John Wayne (Orange County), Bob Hope (Burbank), and Ontario International airports.

(g) The Chicago metropolitan area includes Chicago O'Hare and Chicago Midway international airports.

(h) The Houston metropolitan area includes Bush Intercontinental Airport/Houston and William P. Hobby Airport.

(i) The New York metropolitan area includes John F. Kennedy International, Newark International, and LaGuardia airports.

Source: U.S. Department of Transportation, OD1B database, accessed April 2013.

The Airport's Role in Southwest's System

In 2012, Southwest Airlines became the second busiest airline at the Airport with 6.3 million enplaned passengers compared with 5.8 million enplaned passengers on Frontier Airlines. Frontier Airlines was the second busiest airline at the Airport between 1999 and 2011.

In May 2011, Southwest merged with AirTran Airways. The combined airline obtained a single operating certificate from the FAA on March 1, 2012, but the operations of the two airlines are not expected to be fully integrated until 2014. Until then, each airline will operate separately, although an increasing number of functions will be consolidated. The merger added a number of destinations not previously served by Southwest, including Atlanta, an AirTran hub, and cities in Mexico and the Caribbean.

Since January 2006, when Southwest re-established service in Denver,[6] the airline has added nonstop service between Denver and 57 cities. Southwest served 10 cities from Denver in 2006, 16 cities in 2007, 32 cities in 2008, 34 cities in 2009, 43 cities in 2010, 48 cities in 2011, 55 cities in 2012, and 57 cities in April 2013.

Table 15 presents passenger trends for Southwest at the Airport from 2006 through the first 3 months of 2013, and includes enplaned passengers on AirTran Airways in 2011, 2012, and the first 3 months of 2013.

[6] Southwest served Denver via Stapleton International Airport in 1983 through 1986 with flights from Albuquerque International Sunport and Phoenix Sky Harbor International Airport.

Table 15

HISTORICAL ENPLANED PASSENGERS—SOUTHWEST AIRLINES

Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent connecting
2006	910,943	16,289	927,232	1.8%
2007	1,414,946	63,847	1,478,793	4.3
2008	2,165,456	370,059	2,535,515	14.6
2009	2,923,722	883,718	3,807,440	23.2
2010	3,558,198	1,350,341	4,908,539	27.5
2011	4,055,850	1,700,231	5,756,081	29.5
2012	4,302,165	1,999,001	6,301,166	31.7
January – March				
2012	998,188	422,531	1,420,719	29.7
2013	1,071,167	453,788	1,524,955	29.8
	Annual percent increase			
2006-2007	55.3%	292.0%	59.5%	
2007-2008	53.0	479.6	71.5	
2008-2009	35.0	138.8	50.2	
2009-2010	21.7	52.8	28.9	
2010-2011	14.0	25.9	17.3	
2011-2012	6.1	17.6	9.5	
January – March				
2012-2013	7.3	7.4	7.3	
	Average annual percent increase *(a)*			
2007-2012	24.9%	99.1%	33.6%	
2009-2012	13.7	31.3	18.3	

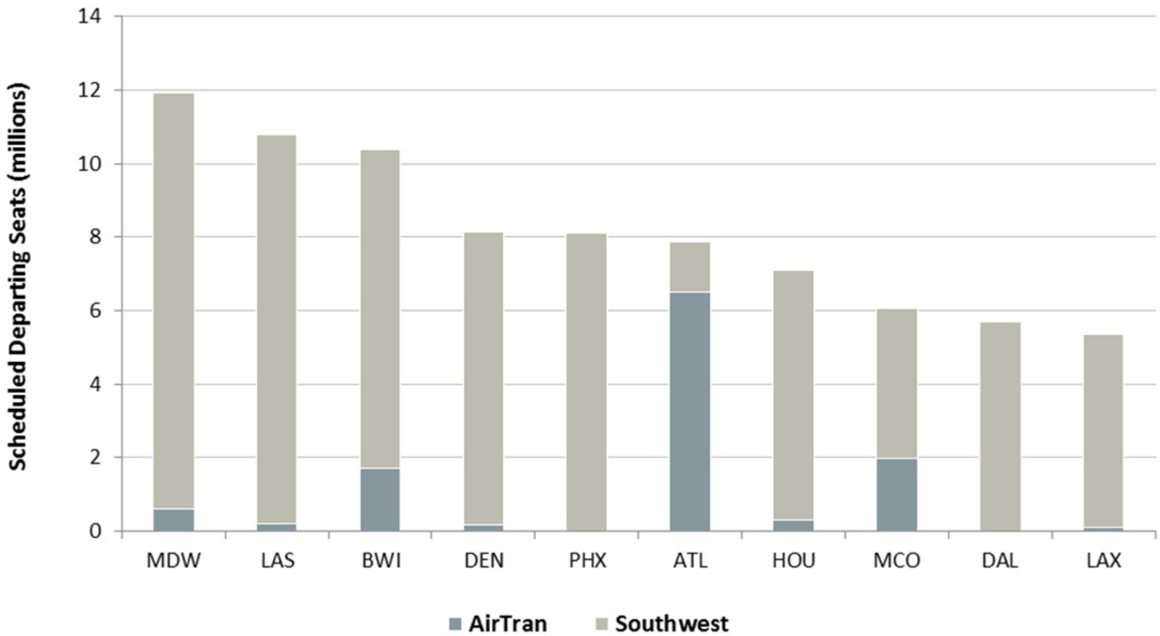
Note: Includes data for AirTran Airways in 2011, 2012, and the first 3 months of 2013.

(a) Southwest Airlines initiated service at the Airport on January 3, 2006; therefore, 2006 was not used in calculating average annual percent increases in service.

Source: Airport management records.

As shown on Figure 14 for 2013, Denver International Airport is the fourth busiest airport in Southwest's system, up from sixth in 2012 based on scheduled departing seats. Two airports—Hartsfield-Jackson Atlanta International Airport and Orlando International Airport—rank among Southwest's 10 busiest airports following the merger between AirTran Airways and Southwest Airlines in May 2011. Atlanta was not served by Southwest prior to the merger with AirTran.

Figure 14
SCHEDULED DEPARTING SEATS FOR THE 10 BUSIEST AIRPORTS IN THE SOUTHWEST SYSTEM IN 2013

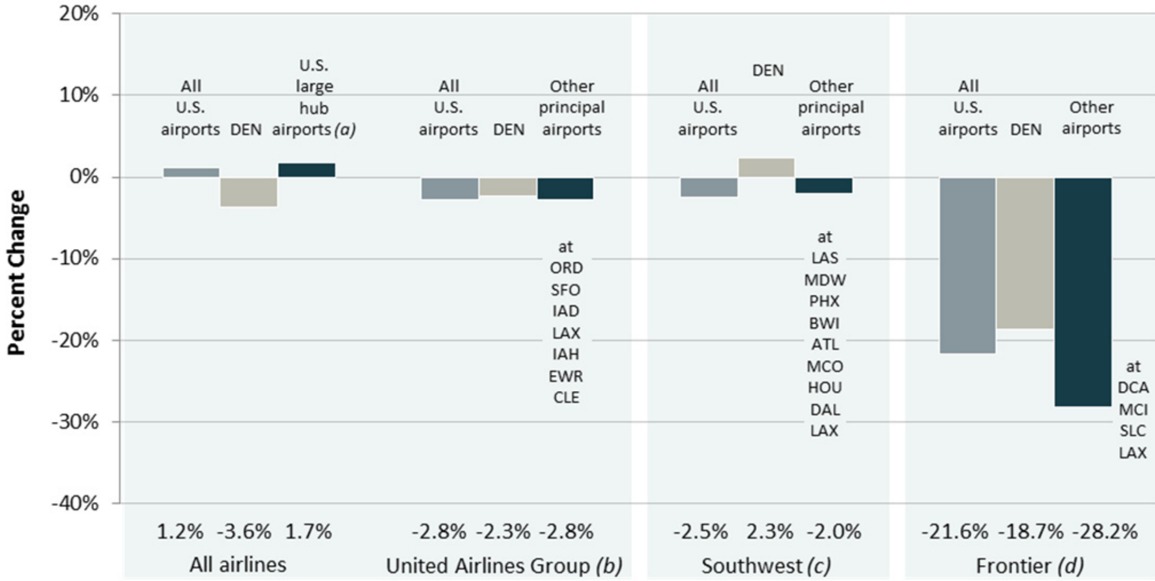


MDW = Chicago Midway International Airport
LAS = McCarran International Airport
BWI = Baltimore/Washington International Thurgood Marshall Airport
DEN = Denver International Airport
PHX = Phoenix Sky Harbor International Airport
ATL = Hartsfield–Jackson Atlanta International Airport
HOU = William P. Hobby Airport
MCO = Orlando International Airport
DAL = Dallas Love Field
LAX = Los Angeles International Airport

Source: PlaneStats.com, online database, accessed May 2013.

Southwest's strong and continued growth in scheduled service at the Airport has offset capacity reductions by the other airlines, as shown on Figure 15. Southwest's seat capacity at the Airport in 2013 is scheduled to increase 2.3%, compared with a 2.5% decrease in its system-wide seat capacity, emphasizing the important role of the Airport in Southwest's route network.

Figure 15
YEAR-OVER-YEAR PERCENT CHANGE IN SCHEDULED SEAT CAPACITY
2012-2013



ORD = Chicago O'Hare International Airport
SFO = San Francisco International Airport
IAD = Washington Dulles International Airport
LAX = Los Angeles International Airport
IAH = George Bush Intercontinental Airport
EWR = Newark International Airport
CLE = Cleveland Hopkins International Airport
LAS = McCarran International Airport
MDW = Chicago Midway International Airport
PHX = Phoenix Sky Harbor International Airport
BWI = Baltimore/Washington International Thurgood Marshall Airport
ATL = Hartsfield-Jackson Atlanta International Airport
MCO = Orlando International Airport
HOU = William P. Hobby Airport
DAL = Dallas Love Field
DCA = Ronald Reagan Washington National Airport
MCI = Kansas City International Airport
SLC = Salt Lake City International Airport

Note: Percentage changes in total scheduled departing seats (domestic and international).

(a) As defined by the FAA for the 12 month period ended September 30, 2012.
(b) Includes Continental Airlines.
(c) Includes AirTran Airways.

Source: PlaneStats.com, online database, accessed May 2013.

The Airport's Role in Frontier's System

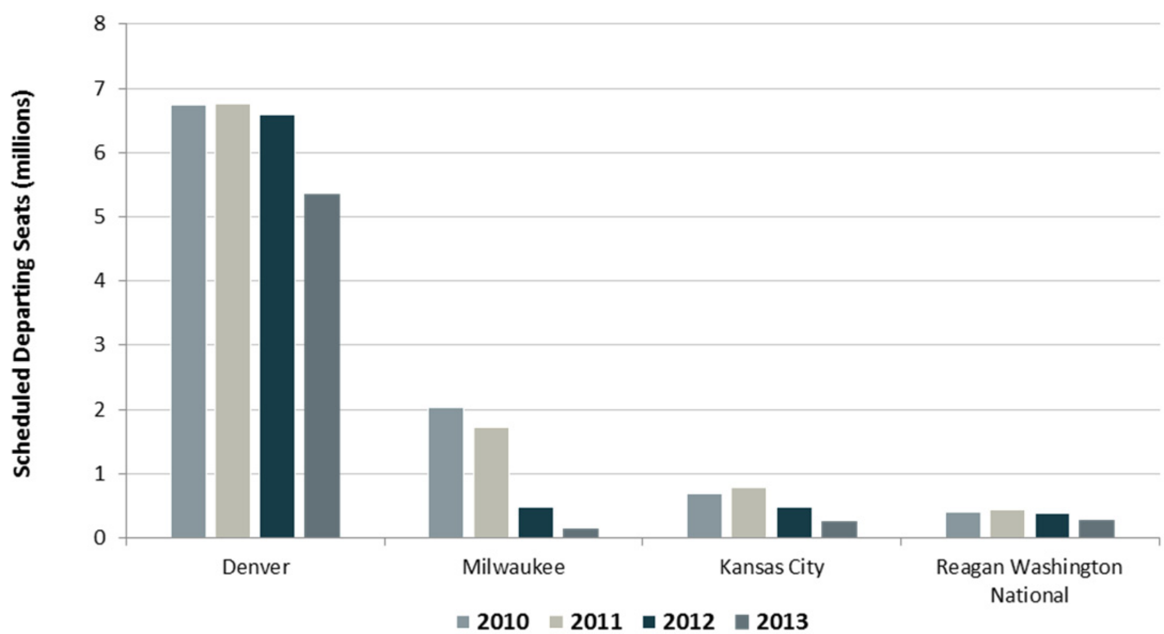
Frontier Airlines, including Republic Airlines, its regional/commuter airline affiliate, accounted for 21.9% of enplaned passengers at the Airport in 2012; the Airport was the busiest airport in Frontier's system in 2012 in terms of enplaned passengers. During the first 3 months of 2013, Frontier accounted for 18.3% of enplaned passengers at the Airport, which was the result of a 19.0% reduction in Frontier's scheduled seats at the Airport.

Republic Airways Holdings Inc., which owns Frontier, has announced that it expects to sell or spin off the airline in 2013 so that it can focus on regional contract flights for the major airlines.

To prepare for the separation, Republic Airways Holdings announced in January 2012 that it had appointed David Siegel as President and Chief Executive Officer of Frontier Airlines. The effects of a sale or spinoff on Frontier's operations at the Airport are unknown. Frontier was acquired by Republic Airways Holdings in 2009 and was subsequently merged with Midway Airlines, but the Frontier brand was maintained. Prior to Southwest's initiation of service at the Airport in 2006, Frontier was the Airport's second busiest airline in terms of enplaned passengers (after United). In 2012, Southwest enplaned more passengers at the Airport than Frontier for the first time.

Denver also ranks as the busiest airport in Frontier's system in terms of scheduled departing seats, followed by Reagan Washington National and Kansas City International airports, as shown on Figure 16. Milwaukee General Mitchell International Airport, as recently as 2011, was the second busiest airport in Frontier's route system. Between 2010 and 2013, Frontier's numbers of scheduled departing seats at the Milwaukee, Kansas City, and Washington, D.C. (National) airports decreased 93%, 62%, and 28%, respectively, which was likely a result of the airline determining that its operations at those airports were not profitable. In that same period, the Airport's share of scheduled departing seats in Frontier's system increased from 60% to 81%, demonstrating the importance of the Airport in Frontier's route system.

Figure 16
SCHEDULED DEPARTING SEATS IN FRONTIER SYSTEM



Note: Includes activity of Midwest Airlines.

Source: PlaneStats.com, online database, accessed May 2013.

Table 16 presents the numbers of passengers enplaned by Frontier and its regional affiliates at the Airport, including connecting passengers. Between 1995 and 2000, the number of Frontier's enplaned passengers at the Airport increased more than fourfold, with originating passengers accounting for most of the total (78.2% in 2000). From 2000 through 2008, the number of passengers enplaned by Frontier grew steadily, including in 2006, the year Southwest initiated service at the Airport, and in 2007 and 2008, when the numbers of Frontier's passengers increased 16.1%, 15.4%, and 14.8%, respectively, as the airline responded to Southwest's service by decreasing airfares.

In 2009 and 2010, the number of passengers enplaned by Frontier at the Airport decreased 11.7% and 3.9%, respectively, reflecting dampened demand for airline travel related to the national economic recession and seat capacity reductions initiated by Frontier in the last quarter of 2008. In 2011, the number of Airport passengers enplaned by Frontier increased 5.3% over the 2010 number. In 2012, the number of Airport passengers enplaned by Frontier decreased 1.1%, reflecting route network restructuring and a better matching of seat capacity with demand by Frontier. During the first 3 months of 2013, the number of Airport passengers enplaned by Frontier decreased 14.4%, reflecting four fewer Airbus aircraft in Frontier's operating fleet as it reduced system-wide departures 10.7%.[7] The results of Frontier's first quarter 2013 flight reductions were different for originating and connecting passengers: Frontier's 19.0% reduction in seats at the Airport led to a 30.2% decrease in the airline's number of connecting passengers at the Airport compared with the same period in 2012, while the airline's number of originating passengers increased 3.8%.

[7] Seeking Alpha, "Republic Airways Holdings' CEO Discusses Q1 2013 Results – Earnings Call Transcript," April 30, 2013, accessed at www.seekingalpha.com.

Table 16

HISTORICAL ENPLANED PASSENGERS—FRONTIER AIRLINES

Denver International Airport

Year	Originating passengers	Connecting passengers	Enplaned passengers	Percent connecting
1995	296,763	27,917	324,590	8.6%
2000	1,223,140	340,605	1,563,745	21.8
2001	1,179,232	418,983	1,598,215	26.2
2002	1,296,350	701,641	1,997,991	35.1
2003	1,857,662	930,504	2,788,166	33.4
2004	2,147,280	1,430,520	3,577,800	40.0
2005	2,346,521	1,939,431	4,285,952	45.3
2006	2,858,696	2,118,943	4,977,639	42.6
2007	3,316,187	2,429,761	5,745,948	42.3
2008	3,360,731	3,235,775	6,596,506	49.1
2009	2,907,585	2,917,657	5,825,242	50.1
2010	2,817,267	2,777,930	5,595,197	49.6
2011	2,944,251	2,945,381	5,889,632	50.0
2012	2,818,547	3,007,170	5,825,717	51.6
January – March				
2012	606,706	698,649	1,305,355	53.5
2013	629,894	487,633	1,117,527	43.6
	Annual percent increase (decrease)			
2000-2001	(3.6%)	23.0%	2.2%	
2001-2002	9.9	67.5	25.0	
2002-2003	43.3	32.6	39.5	
2003-2004	15.6	53.7	28.3	
2004-2005	9.3	35.6	19.8	
2005-2006	21.8	9.3	16.1	
2006-2007	16.0	14.7	15.4	
2007-2008	1.3	33.2	14.8	
2008-2009	(13.5)	(9.8)	(11.7)	
2009-2010	(3.1)	(4.8)	(3.9)	
2010-2011	4.5	6.0	5.3	
2011-2012	(4.3)	2.1	(1.1)	
January – March				
2012-2013	3.8	(30.2)	(14.4)	
	Average annual percent increase			
1995-2000	32.8%	64.9%	37.0%	
2000-2012	7.2	19.9	11.8	
1995-2012	14.2	31.7	18.5	

Note: Includes data for Frontier's regional affiliates and Midwest Airlines.

Source: Airport management records.

The domestic yields for Frontier Airlines (excluding its regional affiliates) at the Airport have remained lower than those for United, but higher than those for Southwest, as shown in Table 17. Over the 4-year period September 2008 through September 2012, Frontier's average domestic yield at the Airport increased 7.8% while Southwest's average domestic yield increased 9.2%.

Table 17
COMPARISON OF DOMESTIC YIELD AND ITINERARY LENGTH
Denver International Airport

	12 months ended September 2008	12 months ended September 2012		
	Yield (cents)	Yield (cents)	Itinerary length (miles)	Percent increase in yield (cents)
United Airlines	$0.158	$0.170	1,136	7.6%
Southwest Airlines	0.119	0.130	978	9.2
Frontier Airlines	**0.128**	**0.138**	**930**	**7.8**

Source: U.S. Department of Transportation, OD1B database, accessed April 2013.

AIR CARGO ACTIVITY

Table 18 presents historical enplaned cargo weight at the Airport for 1995 and 2000 through the first 3 months of 2013. Enplaned cargo tonnage increased an average of 4.2% per year between 1995 and 2000, but then decreased each year through 2009. In 2010, enplaned cargo tonnage at the Airport increased 9.2%, but was essentially flat between 2010 and 2011. In 2012, total enplaned cargo tonnage at the Airport decreased 6.1%. During the first 3 months of 2013, total enplaned cargo tonnage at the Airport decreased 2.4% compared with the same period in 2012. Global and North American air cargo tonnage has been declining since May 2011.

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
2012	8,687	105,180	113,867	(6.1)	77.5
January - March					
2012	2,654	26,019	28,673	--	
2013	2,134	25,839	27,973	(2.4)	79.2
	Annual average percent increase (decrease)				
1995-2000	5.6%	3.5%	4.2%		
2000-2012	(17.4)	(3.4)	(6.2)		
1995-2012	(11.2)	(1.4)	(3.3)		

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 Department 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 conditions
- Availability, price, and price volatility of aviation fuel
- Airline competition and airfares
- Airline route strategy
- Airline consolidation and alliances
- Regulation
- Political stability and market access
- Aviation safety, security, and public health concerns
- Financial health of the airline industry
- Capacity of the national air traffic control system
- Capacity of the Airport

Economic Conditions

The airline industry is highly cyclical; historically, domestic airline passenger traffic 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 demand during those years. The 2008-2009 recession and associated high unemployment reduced discretionary income and contributed to reduced airline travel demand in those years.

Similarly, global economic conditions have affected international passenger traffic. With the globalization of business and the increased importance of international trade and tourism, airline travel demand has become more closely tied to worldwide economic conditions. International economics, trade balances, currency exchange rates, and volatility in the financial and credit markets are now important influences on passenger traffic at U.S. airports.

Availability, Price, and Price Volatility of Aviation Fuel

The availability, prices, and price volatility of aviation fuel are critical and uncertain factors affecting airline operating economics. Aircraft fuel prices can fluctuate based on a multitude of factors including market expectations of supply and demand, inventory levels, geopolitical events, economic growth expectations, fiscal and monetary policies, and financial investment flows. 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 fuel 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 prices and to increase over the long term as global energy demand increases.

Airlines may not be able to increase airfares or other fees if fuel prices rise in the future and any such fare or fee increases may not be sustainable in a highly competitive airline industry. In addition, any increase in airfares or other fees may not sufficiently offset the full impact of such increases in fuel prices and may also reduce the general demand for airline travel. Aviation fuel prices will continue to affect airline service, airfares, and passenger demand.

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 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.

New and expanded service by the low-cost carriers, such as Southwest and Spirit airlines, as well as the continuing market presence of Frontier Airlines, has resulted in downward pressure on average airfares from the Airport to many travel markets, and in lower airfares than in some comparable markets. Average airfares at the Airport may increase and the demand for airline travel to and from Denver may be negatively affected if the low-cost carriers reduce service at the Airport or if there is less airline competition at the Airport. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on airfares.

Airline Route Strategy

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 at the Airport depends on the 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 competing 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 had each operated a hub in Denver for many years. As discussed earlier, the Airport is an important connecting hub for United, Southwest, and Frontier airlines. For the last 5 years and prior to United's merger with Continental Airlines, the Airport was United's second busiest hub after Chicago O'Hare International Airport in terms of numbers of enplaned passengers. In 2012, the United Airlines Group accounted for approximately 55% of total connecting passengers at the Airport. In the combined United and Continental system, Denver ranked as the fourth busiest airport in terms of numbers of enplaned passengers in 2012. Frontier Airlines also uses the Airport as a connecting hub, accounting for approximately 25.0% of total connecting passengers at the Airport in 2012. The Airport is the busiest airport in Frontier's route system. In addition, Southwest Airlines accounted for approximately 17.0% of total connecting passengers at the Airport in 2012.

As a result, much of the passenger traffic at the Airport results from the route networks and flight schedules of United, Southwest, and Frontier. If any of these airlines were to reduce connecting traffic at the Airport, such traffic 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 flights at the Airport, as might hypothetically result from the liquidation of an airline with connecting service at the Airport, are discussed in the later section titled "Sensitivity Analysis Projections of Enplaned Passengers."

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In October 2008, Delta and Northwest completed a merger and their operations have been integrated 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. Republic Airways Holdings has indicated that it plans to spin off or otherwise separate Frontier and is exploring transactions to accomplish that plan.

In October 2010, United and Continental completed a merger, thereby creating the largest U.S. airline as measured by passenger traffic. The merged airline, which operates under the United name, received a single operating certificate on November 30, 2011. On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways, thereby creating the largest U.S. airline as measured by numbers of domestic enplaned passengers. On March 23, 2011, AirTran shareholders approved the merger, and a single operating certificate was issued on March 1, 2012. On February 14, 2013, US Airways and American Airlines announced plans to merge, thereby creating the largest U.S. airline.

Among the possible effects of airline consolidation are further capacity reductions by the merged airline and the redistribution of flights among the merged airline's hub airports. To achieve planned synergies, the merged airlines must successfully integrate labor groups, transition to common information technology platforms, and undertake many other integration activities.

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 in the earlier section titled "The 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.

Regulation

The U.S. airline industry is heavily regulated. U.S. airlines provide air transportation under certificates of public convenience and necessity issued by the U.S. DOT. The DOT is also responsible for consumer protection and other regulations that may affect airline travel demand and airline financial performance. The FAA regulates the safety of U.S. airline operations and issues orders and regulations relating to the maintenance and operation of aircraft. For example, on January 16, 2013, the FAA issued an emergency airworthiness directive requiring U.S. airlines operating Boeing 787 aircraft to temporally cease operations of the aircraft pending the resolution of battery concerns, thereby postponing United's planned use of the Boeing 787 for its announced nonstop service between Denver and Tokyo until June 10, 2013.

Regulations will also affect airline operating economics as regulatory costs are imposed on the airline industry as part of initiatives to reduce aircraft emissions contributing to global climate change. Current and future environmental regulations in Europe, the United States, and elsewhere are likely to adversely affect airline operations and increase operating costs.

Political Stability and Market Access

Sustained future increases in numbers of passengers at the Airport will depend on stable international political conditions and access to foreign markets. Political instability in foreign countries has reduced travel demand to those markets as both business travelers and tourists curtail their travel. In addition, the ability of airlines to operate flights on international routes is subject to international agreements, which may be revised depending on governmental arrangements and relationships.

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, along with travelers' concerns about the inconvenience of security measures at airports, especially in comparison with driving for shorter trips, 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 coordinated 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 caused by 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. In 2013, a bird flu virus known as H7N9 virus was identified in China. According to the World Health Organization, the H7N9 poses a serious threat and could spread human-to-human, but the long-term implications of this virus are not known as of the date of this Report.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft accidents, 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 enplaned at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United, to make the necessary investments to continue providing service.

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.

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 aircraft 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 1.2% and recorded a net profit of $2.7 billion. In 2011, the U.S. passenger airlines collectively increased domestic seat-mile capacity 1.1% and recorded a net income of $390 million. In 2012, the U.S. passenger airlines collectively kept domestic seat-mile capacity flat and recorded a net income of $152 million.[8]

Sustained industry profitability will likely depend on economic growth to support airline travel demand, continued capacity control to enable increased airfares, and stable fuel prices, among other factors. A resumption of sustained 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.

[8] Airlines for America, www.airlines.org, accessed May 2013.

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 will depend on the provision of sufficient capacity at the Airport itself. The Airport's existing six-runway layout provides significant airfield capacity. Additionally, areas are reserved for up to six additional runways, with accompanying long-term development plans to add gates to existing concourses and on new concourses.

AIRLINE TRAFFIC FORECASTS

Table 19 presents historical, estimated, and forecast numbers of enplaned passengers and landed weight at the Airport from 2011 through 2020.

Assumptions Underlying the Forecasts

Forecasts of airline traffic were developed taking into account analyses of the economic basis for airline traffic, airline traffic trends, 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 as a function of growth in the population and economy of the Airport service region, growth in U.S. population and GDP, and changes in airline network strategy including the role of the Airport as a connecting hub for United, Southwest, and Frontier. 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 aircraft 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.

Table 19

AIRLINE TRAFFIC FORECASTS

Denver International Airport

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

	Historical		Estimated	Forecast						
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Enplaned passengers										
Originating	14,595,225	14,785,239	15,217,000	15,402,000	15,659,000	15,929,000	16,224,000	16,525,000	16,843,000	17,164,000
Connecting	11,860,570	11,811,902	11,207,000	11,408,000	11,606,000	11,794,000	11,996,000	12,180,000	12,353,000	12,529,000
Total	26,455,795	26,597,141	26,424,000	26,810,000	27,265,000	27,723,000	28,220,000	28,705,000	29,196,000	29,693,000
Annual percent increase (decrease)	--%	0.5%	(0.7%)	1.5%	1.7%	1.7%	1.8%	1.7%	1.7%	1.7%
Percent originating	55.2%	55.6%	57.6%	57.4%	57.4%	57.5%	57.5%	57.6%	57.7%	57.8%
Percent connecting	44.8%	44.4%	42.4%	42.6%	42.6%	42.5%	42.5%	42.4%	42.3%	42.2%
Landed weight (1,000 pound units)										
Passenger airlines	31,304,366	30,684,605	30,190,000	30,641,000	31,167,000	31,696,000	32,269,000	32,827,000	33,394,000	33,966,000
All-cargo airlines	1,207,406	1,204,246	1,168,000	1,150,000	1,133,000	1,116,000	1,101,000	1,087,000	1,072,000	1,059,000
Total landed weight	32,511,773	31,888,851	31,358,000	31,791,000	32,300,000	32,812,000	33,370,000	33,914,000	34,466,000	35,025,000
Annual percent increase (decrease)	--%	(1.9%)	(1.7%)	1.4%	1.6%	1.6%	1.7%	1.6%	1.6%	1.6%

Note: Columns may not add to totals shown because of rounding.

Sources: Historical: Airport management records.

Estimated: Oliver Wyman, May 2013, based on actual data for January through March 2013.

Forecast: Oliver Wyman, May 2013.

It was assumed that, during the forecast period:

- Sustained U.S. GDP growth will average between 1.7% and 3.4% per year from 2013 through 2020, based on projections by IHS Global Insight as reported in *FAA Aerospace Forecasts, Fiscal Years 2013-2033*.

- The population and economy of the Airport service region will grow at the projected rates set forth in Table 3 of this Report.

- 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 recent and ongoing seat capacity reductions will cause the airlines serving the Airport to limit growth in domestic seat capacity.

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

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

- New service by United from Denver to Tokyo, which was initiated on June 10, 2013, will continue through the forecast period.

- 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 Airlines and a top 10 airport for Southwest Airlines.

- The Airport will continue to be the busiest airport in Frontier's route system and a principal connecting hub for the airline despite planned reductions in scheduled seat capacity in 2013.

- The airlines serving the Airport will be financially viable.

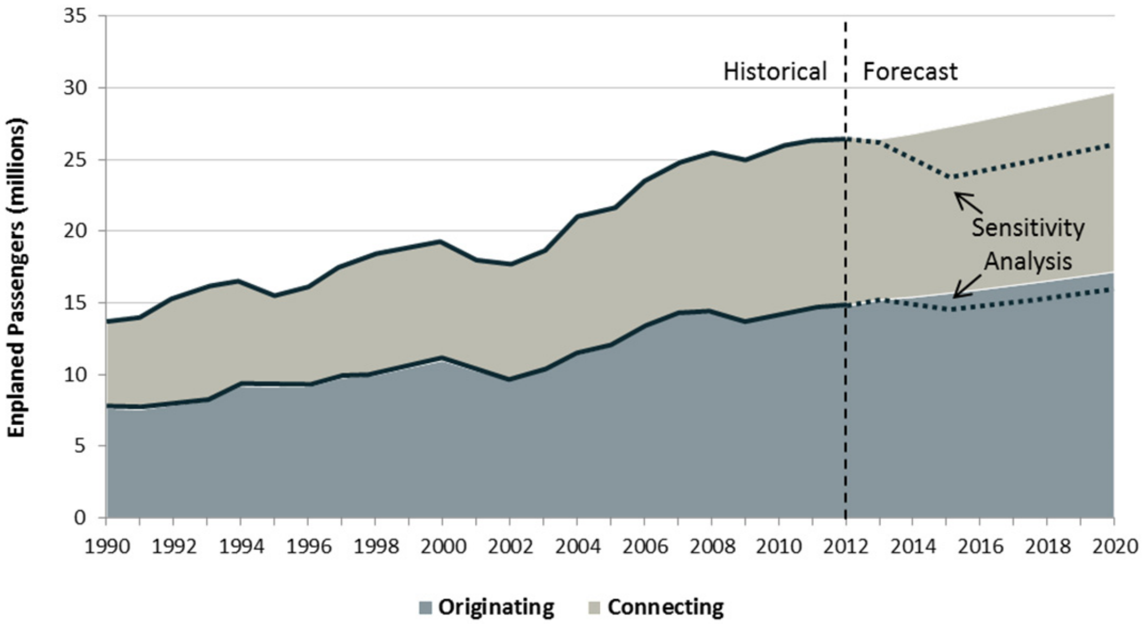
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares.

Baseline forecast and sensitivity analysis projections of enplaned passengers and landed weight for the Airport are presented in Table 19 and on Figure 17.

Figure 17

HISTORICAL AND FORECAST/PROJECTED 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 materials.

Sources: Historical—Airport management records.
Forecast and Projected—Oliver Wyman, May 2013.

Baseline Forecast of Enplaned Passengers

Between 2013 and 2020, the number of passengers enplaned at the Airport is forecast to increase an average of 1.7% per year, to 29.7 million in 2020. In its most recent *Terminal Area Forecast* for the Airport (issued January 2013), the FAA forecasts an average increase of 2.2% per year in the number of enplaned passengers at the Airport between 2013 and 2020. The FAA uses a base year of 2011 for the forecast of enplaned passengers at the Airport; a decrease in enplaned passengers at the Airport is forecast by the FAA in 2012 and 2013. From 2011 through 2020, the FAA forecasts an average increase of 1.0% per year in the number of Airport enplaned passengers.

SENSITIVITY ANALYSIS PROJECTIONS OF ENPLANED PASSENGERS

Sensitivity analysis projections of enplaned passengers were developed to provide a basis for determining the sensitivity of the Airport's forecast financial results (presented later in this Report) to a hypothetical reduction in the number of passengers that could occur under conditions of slower 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 2013 through 2020 are presented in Table 20.

It was hypothesized that, for the sensitivity analysis projections 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, which could occur if a spike in oil prices caused all airlines to reduce service at the Airport or an individual hubbing airline substantially reduces or discontinues service at the Airport.
- Significant increases in airfares, together with reductions in disposable income, would result in an 8% decrease in the number of originating passengers at the Airport in the second half of 2014.
- Airline connecting service would decrease 18% in the second half of 2014 and would not be replaced by other airlines.
- Airline service patterns would stabilize after the second half of 2015 and would thereafter increase at a rate that is 0.1% higher than the baseline forecast rate.

Table 20

BASELINE FORECASTS AND SENSITIVITY ANALYSIS PROJECTIONS

Denver International Airport 2013-2020

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	14,785,239	15,217,000	15,402,000	15,659,000	15,929,000	16,224,000	16,525,000	16,843,000	17,164,000
Connecting	11,860,570	11,811,902	11,207,000	11,408,000	11,606,000	11,794,000	11,996,000	12,180,000	12,353,000	12,529,000
Total	26,455,795	26,597,141	26,424,000	26,810,000	27,265,000	27,723,000	28,220,000	28,705,000	29,196,000	29,693,000
Annual percent increase (decrease)	--%	0.5%	(0.7%)	1.5%	1.7%	1.7%	1.8%	1.7%	1.7%	1.7%
Percent originating	55.2%	55.6%	57.6%	57.4%	57.4%	57.5%	57.5%	57.6%	57.7%	57.8%
Percent connecting	44.8%	44.4%	42.4%	42.6%	42.6%	42.5%	42.5%	42.4%	42.3%	42.2%
Landed weight (1,000 pound units)	32,511,773	31,888,851	31,358,000	31,791,000	32,300,000	32,812,000	33,370,000	33,914,000	34,466,000	35,025,000
SENSITIVITY ANALYSIS PROJECTIONS										
Enplaned passengers										
Originating	14,595,225	14,785,239	15,217,000	14,789,000	14,401,000	14,656,000	14,937,000	15,220,000	15,520,000	15,820,000
Connecting	11,860,570	11,811,902	11,207,000	10,368,000	9,515,000	9,691,000	9,880,000	10,052,000	10,212,000	10,374,000
Total	26,455,795	26,597,141	26,424,000	25,157,000	23,916,000	24,347,000	24,817,000	25,272,000	25,732,000	26,194,000
Annual percent increase (decrease)	--%	0.5%	(0.7%)	(4.8%)	(4.9%)	1.8%	1.9%	1.8%	1.8%	1.8%
Percent originating	55.2%	55.6%	57.6%	58.8%	60.2%	60.2%	60.2%	60.2%	60.3%	60.4%
Percent connecting	44.8%	44.4%	42.4%	41.2%	39.8%	39.8%	39.8%	39.8%	39.7%	39.6%
Percent of baseline forecast				93.8%	87.7%	87.8%	87.9%	88.0%	88.1%	88.2%
Landed weight (1,000 pound units)	32,511,773	31,888,851	31,358,000	30,082,000	28,836,000	29,322,000	29,852,000	30,365,000	30,885,000	31,407,000
Percent of baseline forecast				94.6%	89.3%	89.4%	89.5%	89.5%	89.6%	89.7%

Sources: Historical: Airport management records.
Estimated: Oliver Wyman, May 2013, based on actual data for January through March 2013.
Forecast and Projected: Oliver Wyman, May 2013.

In the sensitivity analysis projections, the overall number of enplaned passengers in 2020 would be 26.2 million versus 29.7 million in the baseline forecasts. Relative to the baseline forecasts, the total number of enplaned passengers would be 11.8% lower in the sensitivity analysis projections. Originating passengers would account for 60.4% of the total in the sensitivity analysis projections, more than their share in the baseline forecasts.

Landed Weight

Under the baseline forecasts, aircraft landed weight increases from an estimated 31.4 million 1,000-pound units in 2013 to 35.0 million 1,000-pound units in 2020. The forecast growth for landed weight is slightly lower than for enplaned passengers, reflecting slight decreases in forecast cargo landed weight during the period. Corresponding assumptions were made for the sensitivity analysis projections, resulting in 31.4 million 1,000-pound units of landed weight in 2020.

AIRPORT FACILITIES AND CAPITAL PROGRAM

AIRPORT FACILITIES

Denver International Airport, which opened in 1995, occupies about 33,800 acres (53 square miles) of land approximately 24 miles northeast of downtown Denver. Stapleton International Airport was Denver's only air carrier airport prior to 1995.

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 runways are oriented north-south and two runways 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 amenities, 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. Parking spaces are also provided for Airport employee and tenant parking.

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

Concourse A has 30 gates, 8 of which are available on a common-use basis for all airlines and can also accommodate international flights. Concourse B has 38 gates and Concourse C has 22 gates.

The Airport Capital Program for 2013 through 2018, which includes projects that will improve, expand, or result in new facilities at the Airport, is discussed in the following section.

AIRPORT CAPITAL PROGRAM

Department management has developed a 6-year Airport Capital Program to be implemented in 2013 through 2018, 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 estimated by Department management to cost approximately $1.4 billion. The cost of the 2013-2018 Capital Program shown in Exhibit A (all financial exhibits are presented at the end of this Report) includes an allowance for inflation based on the start and end dates of each project.

The current $1.4 billion cost of the 2013-2018 Capital Program shown on Exhibit A reflects an increase of approximately $346.8 million from the cost of the 2013-2018 Capital Program presented in the Report of the Airport Consultant, dated October 1, 2012, used in connection with the 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, and as shown below in Table 21.

Table 21
MAJOR CHANGES IN THE COST OF THE 2013-2018 CAPITAL PROGRAM SINCE OCTOBER 2012
(in thousands)

	Escalated project costs
Original cost of 2013-2018 Capital Program *(a)*	**$1,074,327**
Increases or (decreases) in project costs *(b)*	
Addition of new projects	$192,583
Increase in cost of STRP *(c)*	44,268
Other increases and decreases in costs	109,922
Total increase (decrease)	$346,773
Current cost of 2013-2018 Capital Program	**$1,421,100**

(a) Source: "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, dated October 1, 2012."
(b) Source: Airport management records.
(c) South Terminal Redevelopment Program.

The 2013-2018 Capital Program projects are listed below by major Airport cost center.

Airfield Area and Concourse Apron

- Rehabilitate taxiways and runways as part of the pavement management plan for the Airport
- Construct a high-speed taxiway to improve airfield efficiency
- Install taxiway lights to improve airfield operations
- Construct additional apron to accommodate planned gates to be added on Concourse C

Terminal Complex and Automated Guideway Transit System

- Improve existing concourses, including replacement of certain loading bridges and escalators, and other improvements
- Construct new gates on Concourse C
- Relocate the baggage system security screening function to the Landside Terminal Building and improve the baggage handling systems serving all airlines and concourses
- 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

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 before January 2016 and will largely be funded by Denver Transit Partners, a concessionaire selected by RTD to construct this line. Fare revenues generated by 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 is required to finance and build a train station and "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 train station and 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 is obligated under the IGA to construct and have a train station available for testing and use by January 2014.

The train station envisioned by the Department is currently under construction; the train station and a variety of integrated project elements, as described below, are referred to collectively as the South Terminal Redevelopment Program (STRP):

- 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 in the future to accommodate other transportation modes.

- Design and construction of a plaza to provide public access between the Landside Terminal Building, the train station, and a new hotel (described below). The plaza area may also include future concessions for Airport passengers.

- Design and construction of a new 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.

According to the City, the current cost of the STRP is approximately $544.3 million.

In addition, certain other projects in the 2013-2018 Capital Program are being implemented in conjunction with the STRP, including:

- Expansion of the AGTS to provide additional service capacity to Concourses A, B, and C
- Realignment of certain on-Airport roadways that serve the Landside Terminal Building to accommodate the rail lines
- Construction of space and infrastructure for the future build-out of additional passenger security screening facilities
- Relocation of certain utilities, and improvements to storm water drainage and other systems
- Right-of-way for future baggage systems
- Replacement of access bridges to certain existing and future public parking garages
- Expansion of the train platform by approximately 400 feet, and other improvements

For purposes of this Report, these projects are referred to as "STRP Related Projects" and are estimated to cost approximately $128.0 million. In aggregate, the STRP and STRP Related Projects are estimated to cost approximately $672.3 million.

FUNDING THE AIRPORT CAPITAL PROGRAM

Improvements to the Airport System have mostly been financed through the City's issuance of Airport System Revenue Bonds under the GBO and, to a lesser extent, through the issuance of Airport System Subordinate Revenue Bonds under the SBO.

Pursuant to the GBO, the City may 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.

The Department expects to pay for 2013-2018 Capital Program costs using the major funding sources shown in Exhibits A and B, and discussed below.

To the extent that the Department does not receive the funding shown in Exhibit A, the Department would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional Bonds, or (3) use additional Airport balances on deposit in its Capital Improvement Account.

Certain assumptions were incorporated into the financial forecasts presented in this Report in connection with the completion of projects in the 2013-2018 Capital Program, the issuance of the 2013 Bonds, and the potential issuance of 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 and Subordinate Debt Service Requirements.

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. Other grants to be received are discretionary grants, 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 allocates approximately $3.35 billion of AIP funding each year for airport improvement projects nationwide.

In March 2013, automatic federal government spending reductions of about $1.2 trillion over 9 years took effect under the terms of the Budget Control Act of 2011. The spending reductions, also known as "sequestration," will require reductions in the FAA budget, such as furloughing FAA employees and closing airport traffic control towers, the latter of which is not expected to occur at the Airport. On May 1, 2013, the President signed into law a bill that would end FAA air traffic controller furloughs, which caused air traffic delays across the nation, but will result in a $253 million reduction in available AIP funding in FFY 2013.

The federal funding shown in Exhibit A reflects entitlement, discretionary and Transportation Security Administration grants the City expects to receive during the forecast period based, in part, on previous federal funding, provisions of the 2012 Act, and specific projects. Federal grants-in-aid assumed to be applied to fund 2013-2018 Capital Program project costs equal approximately $198.0 million. If federal grants-in-aid are not received in the amounts expected, the Department intends to revise the list of projects in the 2013-2018 Capital Program assumed to be funded with such grants.

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 earlier projects at the Airport, but does not currently expect to use loans from the Financing Companies to fund projects in the 2013-2018 Capital Program.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at interest rates that are generally lower than or comparable to interest rates on airport revenue bonds. Please refer to the later section of this report entitled "Application of Revenues" regarding the City's priority for making installment purchase payments to the Financing Companies relative to other City obligations under the GBO and SBO.

Prior Bond Proceeds

The City intends to use certain of the net proceeds from the sale of the Series 2012 Bonds and other prior Airport System Revenue Bonds to fund a portion of the cost of the 2013-2018 Capital Program.

Series 2013A Bonds

The Series 2013A Bonds are expected to be subject to AMT would have a fixed interest rate and would be issued to (1) fund approximately $289.0 million of 2013-2018 Capital Program project costs and pay capitalized interest on that portion of the Series 2013A Bonds, (2) fund a deposit to the Subordinate Bond Reserve Account to be used to fund a portion of the Minimum Subordinate Bond Reserve with respect to the Series 2013A Bonds under the SBO, (3) capitalize interest, and (4) pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the Series 2013A Bonds.

Series 2013B Bonds

The Series 2013B Bonds are not expected to be subject to AMT would have a fixed interest rate and would be issued to (1) fund approximately $319.3 million of 2013-2018 Capital Program project costs and pay capitalized interest on that portion of the Series 2013B Bonds, (2) fund a deposit to the Subordinate Bond Reserve Account to be used to fund a portion of the Minimum Subordinate Bond Reserve with respect to the Series 2013B Bonds under the SBO, (3) capitalize interest, and (4) pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the Series 2013B Bonds.

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 $135.8 million[9] of 2013-2018 Capital Program costs
- Pay capitalized interest on Future Planned Bonds
- Fund a deposit to the Bond Reserve Fund in an amount required to equal 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 GBO. During the forecast period, however, 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 generating), (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, as a result of issuing Subordinate Bonds.

To fund portions of the 2013-2018 Capital Program on an interim cost-effective basis, the City may use the proceeds from the issuance of Subordinate Commercial Paper Notes and the loans taken under 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.

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[9] This amount includes an allowance for inflation to the midpoint of construction, which is not reflected in the amount shown in the "PLAN OF FINANCING" section of the Official Statement.

FINANCIAL PERFORMANCE

FINANCIAL FRAMEWORK

The City accounts for Airport System financial operations and results according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance and the Subordinate Bond Ordinance. Other key documents that influence the financial operations of the Airport are the PFC Supplemental Bond Ordinance and the Airline Agreements.

The financial forecasts presented in this Report reflect Airport management's expected course of action during the forecast period to generate Gross Revenues and Other Available Funds sufficient to meet the Rate Maintenance Covenant of the SBO.

Under the Rate Maintenance Covenant, 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) 110% of the aggregate Debt Service Requirements on Senior Bonds and Subordinate Debt Service Requirements on Subordinate Bonds for such Fiscal Year.

The following sections provide an overview of recent historical Airport financial results and describe the assumptions used as the basis for forecasting Gross Revenues, O&M Expenses, Debt Service Requirements (Senior and Subordinate Bonds), and deposits to the funds and accounts of the GBO and the SBO.

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 C and Exhibit D, respectively.

Table 22
GROSS REVENUES
Denver International Airport

	Actual 2012		Forecast 2020	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, fees, and charges				
Landing fees	$127,182	18.0%	$196,400	20.3%
Terminal Complex rentals	78,038	11.0	96,500	10.0
TF&E charges	40,946	5.8	28,100	2.9
Baggage system fees	26,907	3.8	27,000	2.8
Other	79,177	11.2	106,600	11.0
Total airline revenues	$352,250	49.8%	$454,600	47.0%
Nonairline revenues				
Terminal Complex concessions *(a)*	$ 48,124	6.8%	$72,400	7.5%
Public automobile parking	131,993	18.6	188,000	19.4
Rental car privilege fees and rentals	47,090	6.6	58,900	6.1
Other terminal revenues *(b)*	22,670	3.2	77,100	8.0
Other Airfield Area revenues	6,661	0.9	6,600	0.7
Building and ground rentals	14,539	2.1	10,400	1.1
Other	32,186	4.7	29,700	3.1
Total nonairline revenues	$303,263	42.9%	$443,100	45.9%
Designated PFC revenues *(c)*	35,157	5.0	39,200	4.0
Interest income	17,626	2.3	30,700	3.1
Total Gross Revenues *(d)*	$708,300	100.0%	$967,600	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, ground transportation, and other terminal space rentals. In 2020, includes revenues from the new hotel.
(c) Under a Supplemental Bond Ordinance, the revenues from Designated Passenger Facility Charges are considered Gross Revenues of the Airport. See the section of this Report titled “Passenger Facility Charge Revenue” for additional information.
(d) The amount shown for 2012 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.
Forecast—WJ Advisors LLC.

AIRLINE RENTALS, FEES, AND CHARGES

Overview

Historical and forecast airline rentals, rates, fees, and charges for the Airport, in total and expressed on a per enplaned passenger basis, are shown on Exhibit C. In 2012, airline rentals, rates, fees, and charges accounted for 49.8% of Gross Revenues.

The City and certain airlines (the Signatory Airlines) serving the Airport have executed Airport use and lease agreements (Airline 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 rights of the airlines regarding changes to the methodology used to establish their rentals, rates, fees, and charges. The Airline 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 Airline Agreement in the following year through the Airline Revenue Credit Account.

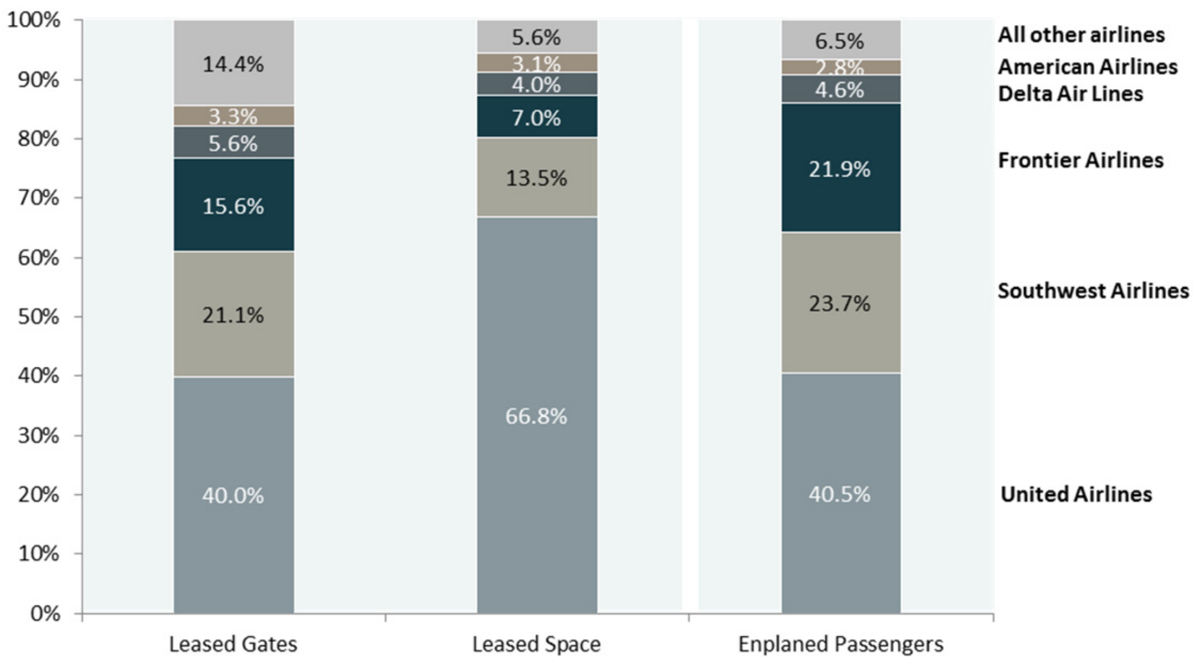
- Contain a provision stating that, notwithstanding any other provision of the agreements regarding rate-making methodologies or rentals, rates, fees, and charges, the airline rate base must generate Gross Revenues that, together with Other Available Funds, are sufficient to satisfy the Rate Maintenance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

For those airlines that are not signatory to the Airline Agreements, the City assesses rentals, rates, fees, and charges following procedures consistent with those outlined in the Airline Agreements, in an amount equal to 20% more than Signatory Airline rentals, rates, fees, and charges. In addition, the nonsignatory airlines do not share in the year-end Net Revenue credit.

The amount of revenues from airline rentals, rates, fees, and charges each year is a function of a number of factors, including the amount of space and gates leased by the Signatory Airlines to support their aviation activity and operations at the Airport. Using actual 2012 data, Figure 18 provides a comparison of market shares of leased gates, leased space, and enplaned passengers for the five busiest airlines serving the Airport (ranked on the basis of market shares of enplaned passengers in 2012). Collectively, the five busiest airlines lease approximately 85.6% of gates and 94.4% of airline rentable space at the Airport. While the market shares of leased gates and enplaned passengers are very similar for United and for Southwest, the amount of space leased by each airline to support its operations at the Airport varies significantly.

These and certain other airlines serving the Airport have each executed an Airline Agreement with the City that expires in 2016, except for United Airlines, which leases the most gates and space at the Airport and has executed an Airline Agreement that expires in 2025, as discussed more fully below. The Airline Agreement between United and the City is referred to in this Report as the United Agreement.

Figure 18
AIRLINE PERCENTAGES OF LEASED GATES, LEASED SPACE, AND ENPLANED PASSENGERS IN 2012
Denver International Airport



Note: Reflects actual 2012 data for all airlines.

Source: Airport management records.

Airline Agreement—United Airlines

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 system.

In 2005 and 2006, the United Agreement was amended to reduce United's annual costs associated with the ABS through 2025, the final year of the United Agreement. 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 enables the City to cease or reduce, and subsequently restate, the United cost reductions under certain conditions, but the City does not currently expect any of those conditions to be met during the forecast period (through 2020).

In addition, United agreed to enplane no fewer than 7.7 million revenue-connecting passengers at the Airport each year through 2025, which includes all revenue-connecting passengers enplaned by the United Airlines Group. In 2012, the United Airlines Group enplaned 6.3 million revenue-connecting-passengers at the Airport, which did not meet its revenue-connecting-passenger target for that year. United's failure to reach its targeted passenger goal does not constitute a default under the United Agreement, but does allow the City to decrease United's portion of the deposit to the Airline Revenue Credit Account by an amount equal to $6.00 for each revenue-connecting passenger below the target 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 to the United Agreement in 2013 through 2020 and the City would then decrease United's portion of the deposit to the Airline Revenue Credit Account in those years by $9.0 million to $11.0 million per year. The City would deposit these amounts in the Capital Improvement Account, and use the deposits for any lawful Airport System purpose.

In May 2012, the City and United further amended the United Agreement (the 2012 Amendment) to provide conditional rent relief to United related to the remaining unused and nonoperational ABS. Under the 2012 Amendment, the City (1) removed and reclassified unused and nonoperational baggage system space from United's leasehold on Concourse B, (2) removed the remaining space associated with the ABS from future ABS rates and charges, (3) defeased Bond principal associated with the released space, and (4) allocated amounts equivalent to 75% of future revenue from $1.50 of the $4.50 PFC per eligible enplaned passenger to the Terminal Complex to pay existing PFC-eligible Debt Service Requirements. 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 from the Airport falls below certain amounts 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 number of ASMs for the United Airlines Group falling below a certain stated amount. 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 by the Department if the number of ASMs flown by United was above or below the number stated in the 2012 Amendment and if United would be required to repay all or a portion of the costs described above. While this Report includes forecasts of aviation activity, the Report does not include forecasts of future ASMs 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.

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 C.

Airline Agreements—Other Airlines

The airlines listed in Table 23 operate at the Airport under Airline Agreements and are listed in order of their numbers of leased gates.

Table 23
OTHER SIGNATORY AIRLINES AND THEIR NUMBERS OF LEASED GATES

Signatory Airline	Leased Gates
Southwest Airlines	19
Frontier Airlines	14
Delta Air Lines	5
American Airlines *(a)*	3
US Airways *(b)*	2
Alaska Airlines	1
Spirit Airlines	1

(a) American Airlines filed for Chapter 11 bankruptcy protection on November 29, 2011, and has executed a new Airline Agreement as part of its restructuring.
(b) US Airways is operating at the Airport under a month-to-month holdover of its expired Airline Agreement.

Source: Airport management records.

Certain other airlines also operate at the Airport pursuant to Airline Agreements, but do not lease gates. Many of these are regional airlines that have code-sharing agreements with the airlines listed in Table 23 or are foreign-flag passenger airlines.

As the Airline Agreements expire during the forecast period, Department management expects to renegotiate the agreements with business provisions that would result in similar Airport financial performance as provided for under the current Airline 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 Report. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

Forecast of Airline Rentals, Rates, Fees, and Charges

The forecast revenues from airline rentals, rates, fees, and charges are presented in Exhibit C and are based on (1) the cost recovery and rate-making principles in the Airline Agreements, (2) the forecast of O&M Expenses, Debt Service Requirements on Senior and Subordinate bonds, and other costs that are allocable to airline cost centers and included in the annual calculation of airline rentals, rates fees, and charges pursuant to the Airline Agreements, (3) the assumption that the amount of airline leased space and number of leased gates as of the date of this Report would remain constant during the forecast period, and (4) the assumed reductions in rentals, rates, fees, and charges under various amendments to the United Agreement, as discussed earlier, during the forecast period.

Forecast airline landing fees and Terminal Complex rentals, which together accounted for over 58% of airline rentals, rates, fees, and charges at the Airport in 2012, are discussed below. The calculation of the airline landing fee rate is shown in Exhibit C-1 and the calculation of the average Terminal Complex rental rate is shown in Exhibit C-2.

Exhibit C-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.

Exhibit C-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal Building and concourses) through 2020.

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.

The 2013-2018 Capital Program includes a project to construct five additional gates and associated space on Concourse C, which is expected to be available for use at the beginning of 2015. The forecast net Terminal Complex requirement includes an allowance for additional O&M Expenses, Debt Service Requirements and rentable space associated with this project. The forecasts of Terminal Complex rentals reflect Department management's expectation that all of the airline rentable space from the gate expansion project will be leased from 2015 through 2020.

NONAIRLINE REVENUES

Revenues from nonairline sources, shown on Exhibit D and based on actual 2012 data, accounted for 42.9% of Gross Revenues in 2012. As described below, Department management intends to implement certain key non-airline revenue initiatives during the forecast period, including renegotiating leases and agreements, rebidding concession opportunities and agreements, and developing new non-airline revenue sources.

Terminal Complex Concessions

The City leases space at the Airport 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 Department management to adjust rental rates, within certain parameters, if necessary to satisfy the Rate Maintenance Covenant of the GBO. In 2012, revenues from Terminal Complex concessions accounted for 6.8% of Gross Revenues.

Many of the existing terminal and specialty retail program concession agreements are scheduled to expire during the forecast period, which will an opportunity for Department management 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 provides for the City to retain the best performing concessionaries at the Airport, as measured by sales, operations, and customer satisfaction, among other factors, is expected to contribute to increases in concession revenues during the forecast period.

The forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers, as 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 2.3% per year; (4) allowances for improved revenues to the Airport of 2.5% per year from 2014 through 2018, based on the expiration of a majority of concession agreements during that period and the City's intention and schedule to rebid the concession agreements, as mentioned above; and (5) the terms and conditions of current and future concession agreements with the City. Additional assumptions are discussed 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.

With the scheduled opening of the facilities included in the South Terminal Redevelopment Program in 2016, the City will also open new food and beverage and convenience concessions. According to the City, the new concessions will be open by 2016 pursuant to concession agreements that would result in annual revenues to the City equal to the higher of a percentage of gross revenues or a minimum annual guarantee. The financial forecasts presented in this Report do not include any revenues that may result from these new concessions.

Specialty Retail. The specialty retail and merchandise concession agreements provide for percentage 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 specialty retail, merchandise store and kiosk revenues. 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, personal care, 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 revenue from the percentage fee would be higher than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

Revenues from an on-Airport gas station and convenience store are accounted for as "Services." Department management recently executed an amendment with the concessionaire providing the facilities to expand the amenities and services through the forecast period considered in this Report. The amended agreement provides for the annual payment to the City of the higher of a minimum annual guarantee or a percentage of gross revenues. For purposes of this Report, it was assumed that the new facilities would be open on January 1, 2014, and that the City would receive additional revenues equal to the minimum annual guarantee of approximately $211,000 per year.

Outside Nonairline Revenues

Outside nonairline revenues are generated from public automobile parking, rental car, 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 2012, public parking revenues accounted for 18.6% of total Gross Revenues.

Table 24 lists the City-owned parking facilities at the Airport, as well as the number of spaces and the parking rates for each facility, which are adjusted by Department management from time-to-time.

To accommodate near-term demand for on-Airport public parking facilities, Department management is adding approximately 770 long-term parking spaces and 330 short-term garage spaces. The new parking spaces in both facilities are expected to be available by January 1, 2014. In addition, and to meet increasing demand, 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 garage spaces currently available at the Airport.

The joint venture of Standard Parking Corporation and DAJA International LLC 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.

Table 24
EXISTING CITY OWNED PUBLIC PARKING FACILITIES AND RATES
Denver International Airport

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages	14,038	$23	$3
Valet	642	$32	$12 first hour $3 each additional hour
Long-term surface lot parking	8,497	$12	$3
Remote surface lot parking	17,536	$8	$2
	40,713		

Source: Airport management records, as of April 2013.

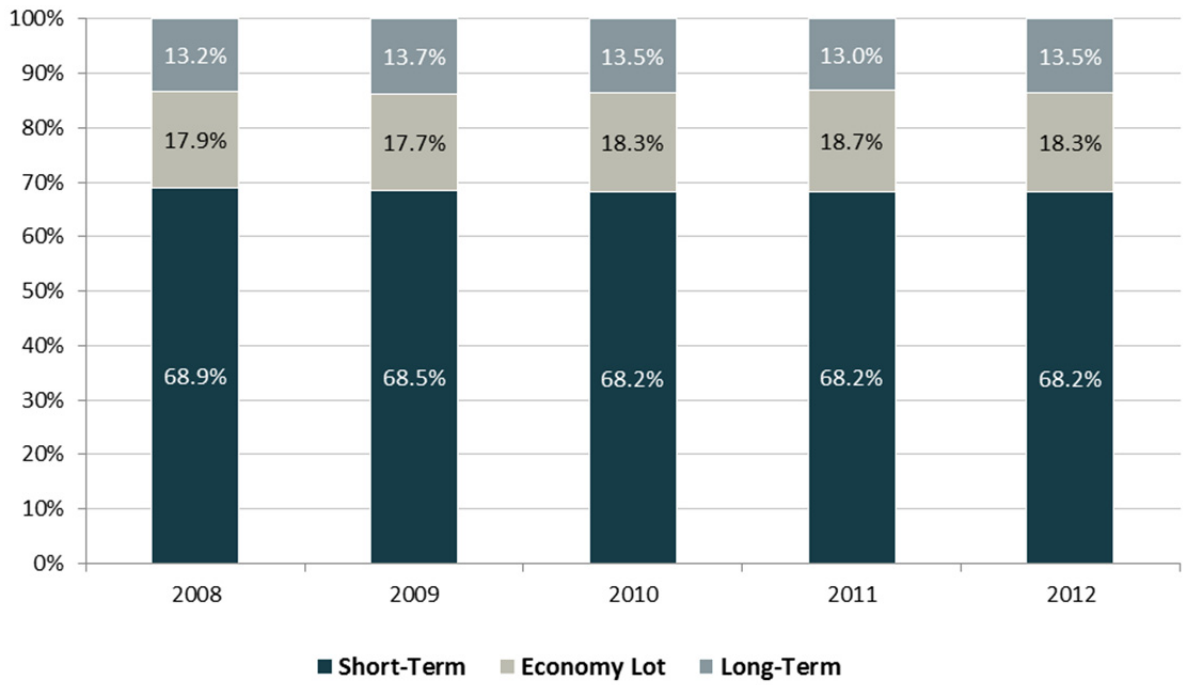
The City also has an agreement with LRW Investment Company, effective through October 31, 2028, to operate WallyPark, an automobile parking lot located on Airport property, and to provide its customers courtesy vehicle service between WallyPark and the Landside Terminal Building. The agreement with LRW Investment Company was recently extended from a scheduled termination in 2014 through 2028 as part of an amendment that obligates LRW to expand WallyPark parking facilities at the Airport. Published daily rates are $12.45 for self-parking and $16.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City receives the higher 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 with "Terminal services" in Exhibit D.

Off-Airport parking facilities near Denver International Airport consist of a number of alternatives. 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 became effective in 2010 and is included in the line-item "Ground transportation" in Exhibit D. The off-Airport parking privilege fee is equal to 8.0% of gross revenues from off-Airport parking operators, including DIA Park, Parking Spot, Canopy Airport Parking, and US Airport.

In 2011, all off-Airport parking operators filed a petition for an administrative hearing to review the validity of the new privilege fee; the new fee was subsequently upheld. In March 2012, the same off-Airport parking operators filed for District Court judicial review of the administrative hearing. The District Court also upheld the fee. The off-Airport parking operators have filed an appeal with the Colorado Court of Appeals. A hearing is expected in summer 2013. The City expects the fee to be upheld on appeal and expects to be able to continue to impose and collect off-Airport parking privilege fees during the forecast period.

Figure 19 shows the shares of parking transactions—a measure of customer use—by public parking lot for 2008 through 2012.

Figure 19
PERCENT OF TOTAL PARKING TRANSACTIONS BY LOT
Denver International Airport



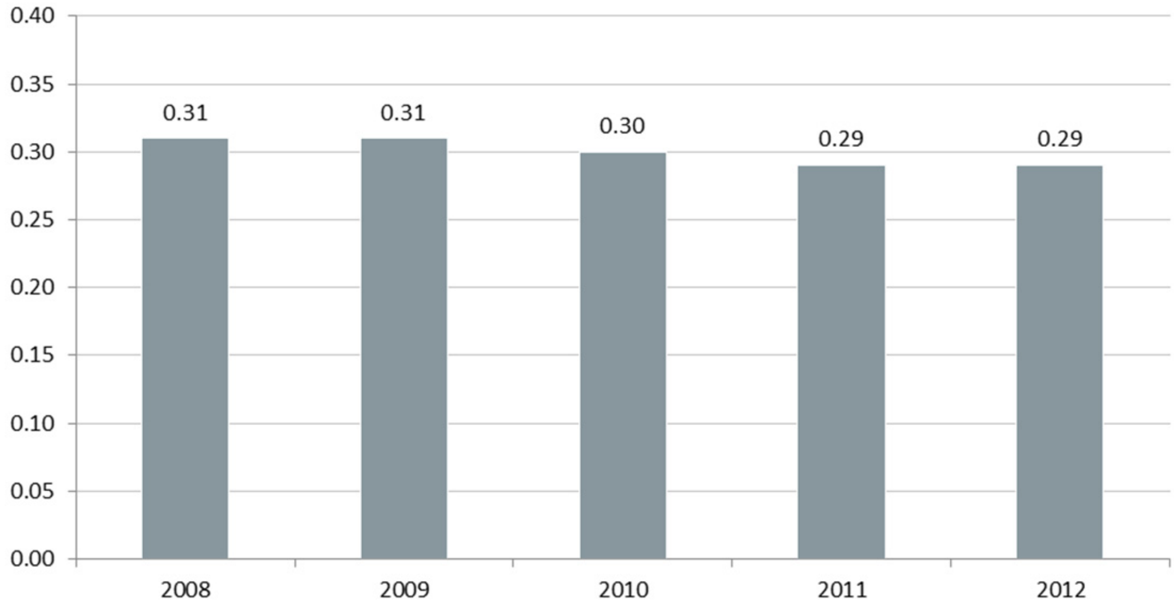
Note: The short-term lot includes garage and valet spaces. The columns may not add to 100% because of rounding.

Source: Airport management records.

As shown on Figure 19, use of the Airport's public parking facilities was relatively constant from 2008 through 2012.

The number of parking transactions per originating passenger—a measure of the proportion of originating passengers who choose to park in Airport parking facilities—has decreased over the last 5 years, as shown on Figure 20. According to the City, the decrease in transactions per originating passenger is an indication that demand exceeds capacity for on-Airport parking facilities, which is one of the reasons that the City is expanding long-term surface lot and short-term garage parking capacity by the end of 2013, and intends to add approximately 1,700 garage parking spaces by 2015.

Figure 20
PUBLIC PARKING TRANSACTIONS PER ORIGINATING PASSENGER
Denver International Airport



Source: Airport management records.

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 21 for 2008 through 2012. 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 in 2011 following a parking rate increase that became effective in June 2011. Although not shown in the table, the City increased parking rates again effective January 1, 2013, as reflected in Table 24.

Figure 21

PUBLIC PARKING REVENUE PER TRANSACTION

Denver International Airport

Source: Airport management records.

For the financial forecasts, it was assumed that (1) the percentage of passengers using on-Airport parking facilities will remain consistent with prior year trends, (2) the average number of transactions per originating passenger, which decreased from 2008 through 2012, will stabilize in 2013 and 2014, partly as a result of the increase in public parking spaces in 2014, and then increase with the addition of the new public parking garage in 2015, and (3) public parking revenue per transaction will increase with the addition of the public parking garage and the forecast use of the new garage 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 at the Airport, (3) the addition of new public parking spaces in 2014 and 2015, and a resulting increase in the number of customers using on-Airport parking facilities such as the new garage, starting in 2015, and (4) parking rate increases in all lots from 2014 through 2020 equal to the assumed rate of inflation.

Rental Car Revenues. The City has executed agreements and leases with the on-Airport rental car companies, which are scheduled to expire on January 1, 2014, as described below. In 2012, rental car privilege fee and rental revenues accounted for 6.6% of Gross Revenues.

- **Concession agreements**, which requires each rental car company to pay the City a privilege fee equal to 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 in 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.

- **Special Facilities Ground Leases**, under which each rental car company pays:

  - Facilities rentals to cover their 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 Leases are 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 Leases 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 D 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.

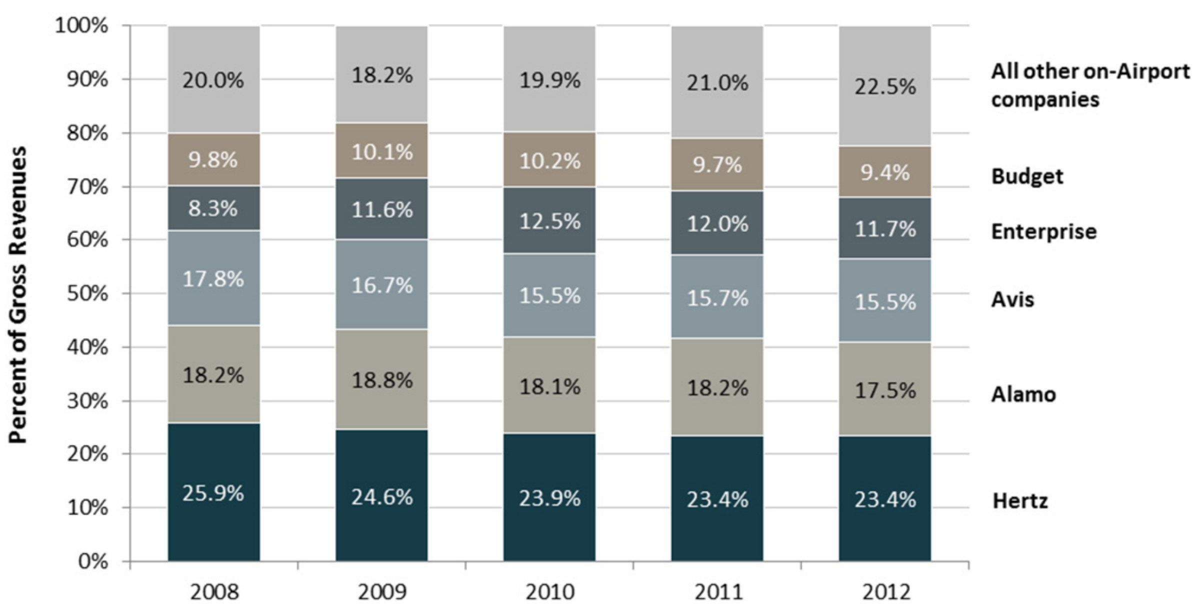
The City expects to extend the existing agreements for a period of 12 to 18 month and, during that time, rebid the on-Airport rental car concession privilege, which may or may not result in the same number of on-Airport rental car companies in the future. Likely business arrangements with the successful on-Airport rental car companies are as follows:

- A ***concession agreement***, which would be for a term of 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 22 presents the on-Airport rental car company market shares of gross revenue for 2008 through 2012.

Figure 22
ON-AIRPORT RENTAL CAR COMPANY SHARES OF GROSS REVENUES
Denver International Airport



Notes: The columns may not total 100% because of rounding. “All other on-Airport companies” include Advantage Rent A Car, Dollar Rent A Car, E-Z Rent-A-Car, Fox Rent A Car, Payless Car Rental, and Thrifty Car Rental. National Car Rental reports gross revenues with Alamo.

Source: Airport management records.

Figure 23 presents the trend in rental car gross revenues per originating passenger[10] at the Airport for 2008 through 2012.

Figure 23
ON-AIRPORT RENTAL CAR GROSS REVENUES PER ORIGINATING PASSENGER
Denver International Airport

Source: Airport management records.

Between 2008 and 2011, total rental car gross revenue per originating passenger decreased approximately 1.7% per year, likely caused by the national economic recession and financial crisis in 2008 and 2009. In 2012, total rental car gross revenue per originating passenger increased 4.7% compared with actual 2011 revenue, but was still 0.7% lower than in 2008 and in 2007 ($24.71) before the national economic and financial crisis. According to Department management, the increase in gross revenue per originating passenger between 2011 and 2012 was the result of more on-Airport rental car companies increasing daily rental rates to increase financial performance rather than maintaining lower rates to increase market share.

[10] The best approximation of the average revenue generated per rental car transaction.

Rental car privilege fee revenues were forecast on the basis of:

- Forecast numbers of originating passengers, as presented earlier in this Report
- The Department's expectation that, when the existing agreements and leases expire in 2014, they will be extended by 12 to 18 months and, during this period, the Department will rebid or renegotiate terms and conditions with the 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 was based on the assumption that on-Airport rental car companies will continue to manage their financial performance by charging 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.

Other Outside Concession and Terminal Revenues

Other sources of outside concession and terminal revenues include employee parking fees, ground transportation services, other terminal space rentals, and on-Airport hotel,. Other terminal revenues accounted for 3.2% of Gross Revenues in 2012.

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 based on 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 the frequency and duration of use by each commercial vehicle operator.

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 of businesses at the Airport (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lots under a contract with AMPCO Transportation Services.

Airport Hotel. The South Terminal Redevelopment Program includes construction of a 519-room, full service hotel on top of the plaza and the rail station, which will be operated as a Westin Hotel. The hotel would be accessed from the Landside Terminal Building, the plaza, and the train station. The hotel will be owned by the City and was financed from the net proceeds of the 2012 Bonds.

The City has three agreements with Westin Hotels & Resorts. The agreements provide for Westin involvement in the new hotel, as follows: (1) consulting on design and programming (the Development Consulting Services Agreement), (2) pre-opening services, which include those activities necessary to open the hotel (the Pre-Opening Services Agreement), and (3) hotel operation and management (the Hotel Management Agreement). The Hotel Management Agreement is to become 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 to receive reimbursement from the Department 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 set forth 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,[11] 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; these projections are presented in Addendum E to the PKF 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.

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 is to be used in the future by the City to defease the principal outstanding of the 2012 Bonds issued to fund hotel project costs.

Other Terminal Space. The City also receives rentals for storage space, customer service counters, and other space leased by nonairline tenants at the Airport.

Airfield Area Revenues

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures, and fuel flowage fees. In 2012, Airfield Area revenues accounted for 0.9% of Gross Revenues.

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

[11] 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 new hotel. See Figure 26 presented later in this Report.

Canada Resources U.S.A., which previously managed and operated the on-Airport oil and gas program for the City.

In 2012, oil and gas revenues were approximately $6.2 million, approximately 12.8% lower than such revenues in 2011 (see Exhibit D). According to the City, the decrease resulted from a decrease in the price of oil in the open market and it is expected that the production value of existing wells will decline over time.

Building and Ground Rentals

Building and ground rentals at the Airport include rentals for cargo, airline maintenance, and general aviation facilities. In Exhibit D, these revenues are summarized as follows: United support facilities, other North Airline Support Area, other South Airline Support Area, South Cargo Area, FedEx 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 2012, building and ground rentals accounted for 2.1% 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 in 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.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the building and ground space leased as of the date of this Report, will be occupied 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 airline rentals, rates, fees, and charges.

Facilities Financed with Senior Bonds. The City owns and financed the construction of cargo buildings, cargo ramp, and ground service equipment areas at the Airport, which are leased to or used by the following tenants under cargo use and lease agreements: ABX Air, DHL Express (USA), FedEx Corporation, Key Lime Air, and United Parcel Service. The City is in the process of executing a cargo use and lease agreement with Air Transport International. The City also has agreements with Air General and Swissport Cargo Services, which only have cargo handling facilities at the Airport. As these and other agreements expire during the forecast period, the City also expects that it will negotiate new 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 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 was extended in 2012 and is scheduled to expire in 2018, the USPS pays ground rent for the areas of the Airport that it uses.

General aviation area revenues shown in Exhibit D 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.

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 may 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 D. In 2012, other revenues accounted for 4.7% of Gross Revenues.

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 the investment of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund of the GBO, and the Subordinate Bond Reserve Account of the SBO) is defined as Gross Revenues under the General Bond Ordinance. In 2012, interest income accounted for 2.3% of Gross Revenues.

The forecasts of interest income (as shown in Exhibit H) were 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 the 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 Airline Agreements and for the cargo airlines under the cargo use and lease agreements.

PASSENGER FACILITY CHARGE REVENUES

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 2012, the City had collected $1.4 billion of the total PFC collections authorized by the FAA.

The forecasts of annual PFC revenues are presented on Exhibit E and were based on: (1) forecast numbers of enplaned passengers, as presented in the earlier section titled "Airline Traffic Forecasts," and (2) an assumed 90.3% of passengers qualifying to pay the $4.50 PFC, which reflects recent historical levels of qualifying passengers at the Airport. The paragraphs below provide an overview of the definition of annual PFC revenues under the GBO and the assumed uses of PFC revenues during the forecast period.

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 are defined as Committed Passenger Facility Charges and are irrevocably committed to pay Debt Service Requirements of the Airport, effectively lowering the debt service that would have otherwise been paid from Gross Revenues, as discussed in the later section of this Report titled "Debt Service Requirements."

From 2013 through 2018, under a Supplemental Bond Ordinance, revenue from the $1.50 portion of the $4.50 PFC are defined as Designated Passenger Facility Charges and are included in Gross Revenues of the Airport when calculating debt service coverage under the Rate Maintenance Covenant. Forecast revenues from Designated Passenger Facility Charges can be used, among other purposes, to pay PFC-eligible Debt Service Requirements, which are also included in Debt Service Requirements when calculating debt service coverage under the Rate Maintenance Covenant of the GBO and the SBO.

The City intends to continue defining revenue from Designated Passenger Facility Charges as Gross Revenues in 2019 and 2020.

The assumed use of Designated Passenger Facility Charges to pay Debt Service Requirements during the forecast period is shown on Exhibit G. The City intends to use a majority of the revenues from Designated Passenger Facility Charges to pay PFC-eligible Debt Service Requirements allocable to the Terminal Complex, consistent with the 2012 Amendment to the United Agreement.

OPERATION AND MAINTENANCE EXPENSES

Exhibit F presents O&M Expenses by object type and by Airport cost center. The amounts for historical years reflect audited financial results for the Airport System.

Budgeted 2013 Operation and Maintenance Expenses

O&M Expenses budgeted for 2013 are based on the City's annually appropriated budget.

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 at the Airport in 2011 and 2012, and is expected to be the case in 2013 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 expense):

- 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 is scheduled to expire in 2014.
- ISS, which provides janitorial services in the Terminal Complex pursuant to a contract effective from September 16, 2012, for a 3-year term, with provisions for two 1-year extensions.

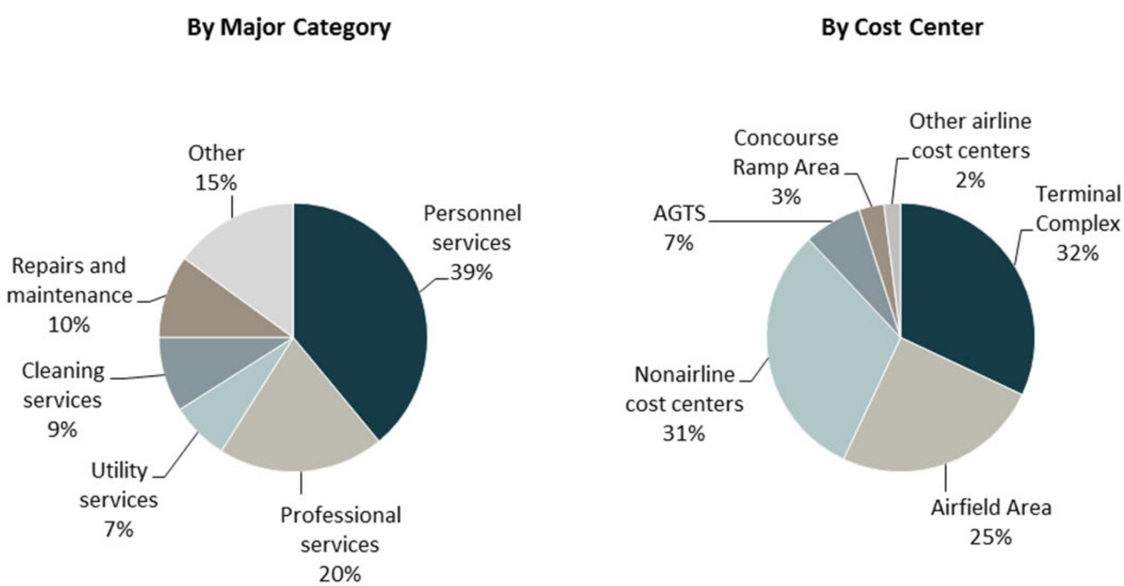
- Standard Parking Corporation and DAJA International LLC, which operates and manages the public parking facilities at the Airport under a contract that includes reimbursement to the joint-venture for its expenses. The contract between the City and Standard Parking/DAJA International is scheduled to 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 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 2013 O&M Expenses were allocated to Airport cost centers by Department management based on historical Airport operations, airport industry practices, provisions in the Airline Agreements, and other considerations. The major categories of O&M Expenses for 2013 and the distribution of expenses among Airport cost centers are shown on Figure 24.

Figure 24
2013 BUDGETED OPERATION AND MAINTENANCE EXPENSES
Denver International Airport



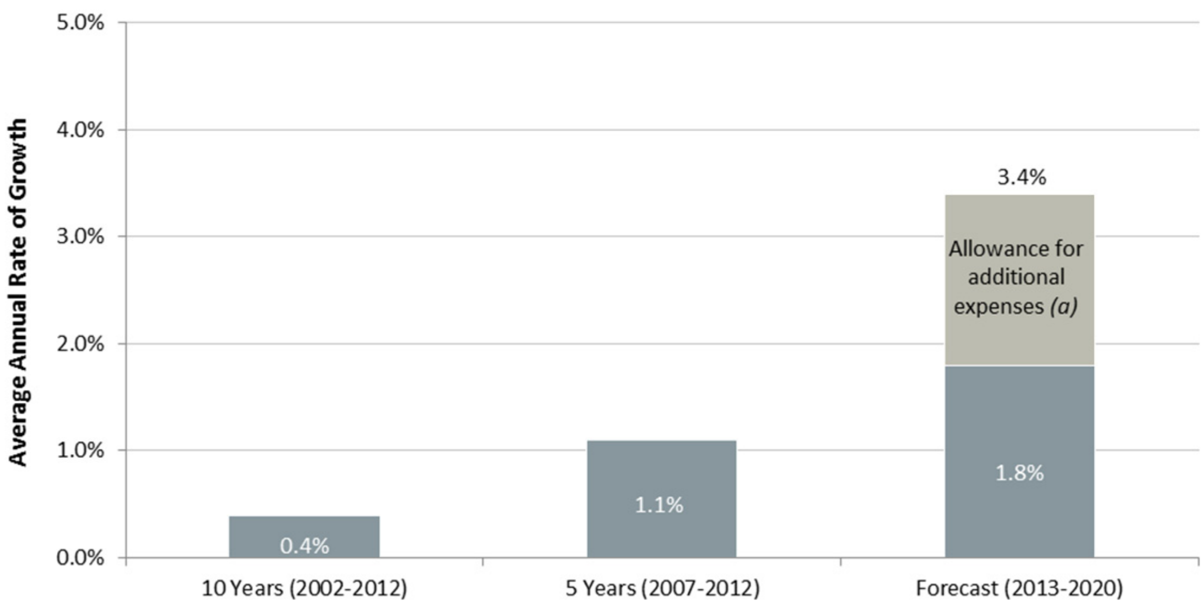
Source: Airport management records.

Forecast 2014-2020 Operation and Maintenance Expenses

In 2011, Airport management completed a strategic business plan after reviewing potential financial results for the Airport under various assumptions regarding capital investments at the Airport, rates of growth in airline traffic, and other factors. Airport management has updated its strategic business plan since 2011 and continues to use the targeted goals described below for managing O&M Expenses—one of the largest annual expenses of the Airport.

O&M Expenses per enplaned passenger at the Airport increased at averages of approximately 0.4% and 1.1% per year for the most recent 10-year and 5-year periods (through 2012), respectively. 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 rates of growth in O&M Expenses per enplaned passenger at the Airport is presented on Figure 25. The forecast rate of growth in O&M Expenses from 2013 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 train station and the new hotel.

Figure 25
RATES OF GROWTH IN O&M EXPENSES PER ENPLANED PASSENGER
Denver International Airport



(a) Reflects an allowance for additional O&M Expenses associated with projects in the 2013-2018 Capital Program.

Source: Airport management records for historical data. Forecast results are based on the O&M Expenses presented in Exhibit F and forecast enplaned passengers presented in Table 19 of this Report.

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 expected to be operational during the forecast period, except for the new hotel, reflect the following targeted goals established by Department management:

- Increases of 4.0% per year in personnel expenses, consistent with expected cost of living adjustments during each year of the forecast period.
- From 2013 through 2020, increases of 1.0% more than the annual rate of inflation in the Denver area for the 5-year period 2008 through 2012[12] for all non-personnel expenses.

Additional O&M Expenses associated with the new hotel were based on the amounts included in the PKF report entitled *Market Demand and Financial Analysis, The Westin Denver International Airport, Denver, Colorado*, dated September 18, 2012.

DEBT SERVICE REQUIREMENTS

Exhibit G presents annual Debt Service Requirements and Subordinate Debt Service Requirements, as applicable, for Outstanding Bonds, the 2013 Bonds, and Future Planned Bonds. Debt Service Requirements for historical years are based on audited financial results provided by the City. Debt service is shown net of capitalized interest, amounts in escrow to be used to economically defease certain Senior Bonds, and Committed Passenger Facility Charges revenue.

The City has irrevocably committed to apply revenue from Committed Passenger Facility Charges to pay PFC-eligible Debt Service Requirements on Senior Bonds from 2013 through 2018, up to certain specified maximum amounts (the Maximum Committed Amounts). 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. As mentioned previously, the forecast of revenues from the $4.50 PFC as well as Committed Passenger Facility Charges are shown on Exhibit E.

The forecast Committed Passenger Facility Charges to be used to pay Debt Service Requirements are shown on Exhibit G. Under the GBO, any Debt Service Requirements paid from irrevocably committed revenues—such as Committed Passenger Facility Charges—are excluded from the calculation of Debt Service Requirements on Senior Bonds.

[12] Source: U.S. Department of Labor, Bureau of Labor Statistics, from www.bls.gov, accessed April 11, 2013.

All of the forecast revenue from Committed Passenger Facility Charges and Designated Passenger Facility Charges (discussed earlier) were assumed to be used to pay existing FAA-approved PFC-eligible Debt Service Requirements or to pay Debt Service Requirements on Bonds issued to fund 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 included in the calculation of airline rentals, rates, fees, and charges are also shown in Exhibit G and in Exhibit G-1.

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 Hedge Facility payments to the financial institutions is subordinate to the City's payment of Debt Service Requirements on Senior Bonds and on parity with the City's payment of Debt Service Requirements on Subordinate Bonds, including the proposed 2013 Bonds. For purposes of this Report and given the methodology used to allocate Debt Service Requirements to Airport cost centers, Hedge Facility payments are included in Debt Service Requirements on Senior Bonds on Exhibit G and Exhibit G-1 of this Report. As a result, debt service coverage on Senior Bonds would be higher than that presented in this Report if Hedge Facility payments were excluded from Debt Service Requirements on Senior Bonds and treated as subordinate obligations. In 2012, total Hedge Facility payments equaled $38.0 million.

2013 Bonds

Subordinate Debt Service Requirements on the 2013 Bonds were estimated by the City's Financial Consultants based on the following assumptions:

	Series 2013A Bonds	Series 2013B Bonds
Assumed interest rate	4.8%	4.0%
Final maturity	November 15, 2043	November 15, 2043

Future Planned Bonds

Based on information provided by the City's Financial Consultant, Debt Service Requirements on Future Planned Bonds are also shown in Exhibit G 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 G-1 summarizes the allocation of net Debt Service Requirements on Senior Bonds and Subordinate Debt Service Requirements on Subordinate Bonds to Airport System cost centers in accordance with procedures and formulas specified in the Airline Agreements.

APPLICATION OF REVENUES

Exhibit H presents the forecast application of Gross Revenues, including Designated Passenger Facility Charges, to the various funds and accounts under the GBO, as described below and shown on Figure 26.

The GBO provides that 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 GBO.

Gross Revenues remaining after the payment of O&M Expenses, Debt Service Requirements on Senior Bonds, Subordinate Debt Service Requirements on Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each year. Under the Airline Agreements, certain accounts were established within the Capital Fund, as also shown on Figure 26.

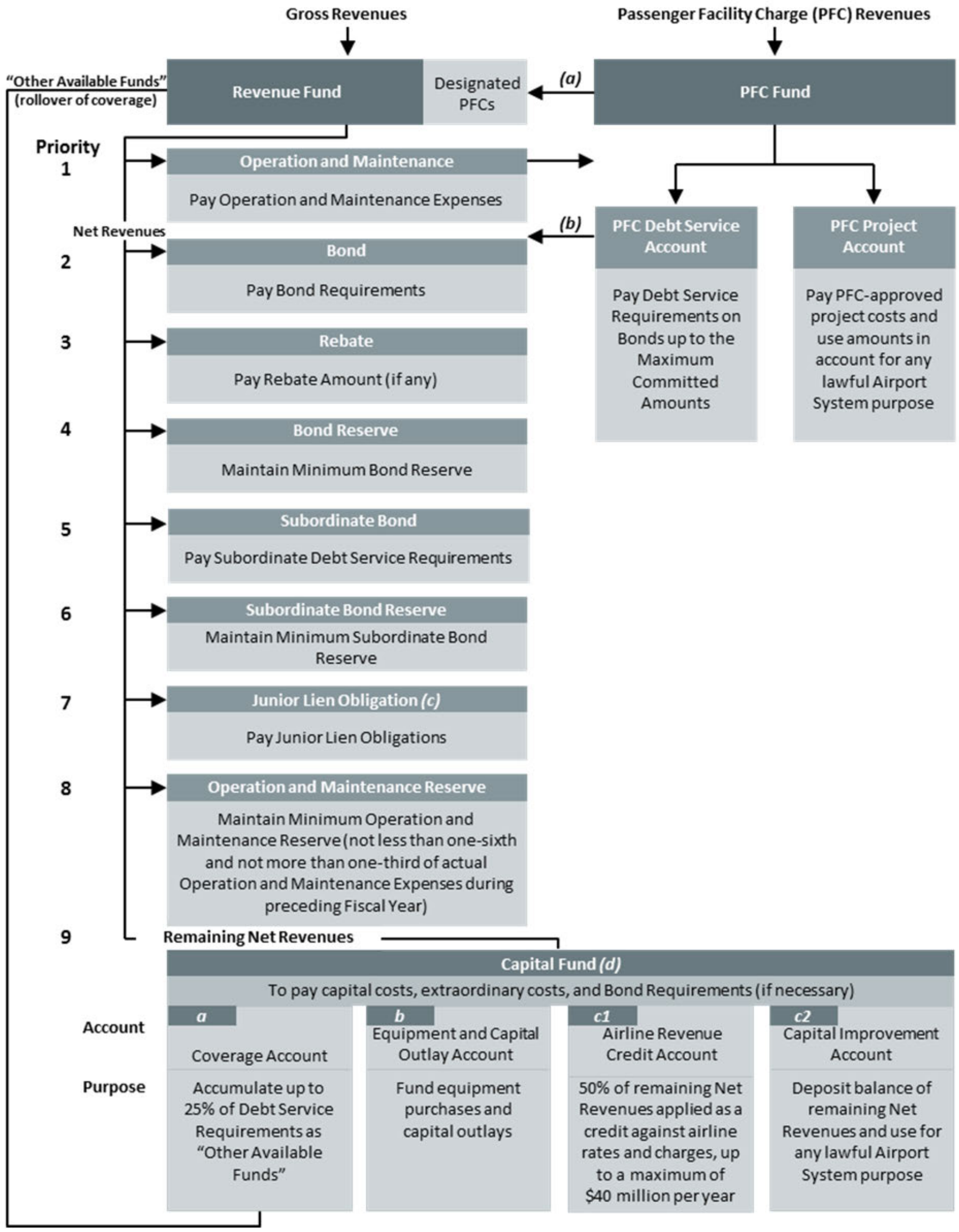
Under various City ordinances, master purchase payments to the Financing Companies do not have a lien on the Net Revenues of the Airport System or balances in the Capital Fund. It was assumed for purposes of this Report that the City will make installment purchase payments to the Financing Companies 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.

Figure 26

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 are currently defined as Gross Revenues under the General Bond Ordinance.

(b) Committed Passenger Facility Charges are currently 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 opening of the new hotel.

(d) Account structure for the Capital Fund used by the City for accounting purposes. These accounts are not required by the General Bond Ordinance.

DEBT SERVICE COVERAGE

Exhibit I shows forecast Net Revenues and Other Available Funds, and the calculation of debt service coverage according to the Rate Maintenance Covenant of the SBO.

According to actual 2012 results, the City had accumulated at least 25% of annual Debt Service Requirements on Senior Bonds and 10% of aggregate Debt Service Requirements on Senior Bonds and Subordinate Debt Service Requirements on Subordinate Bonds, respectively, in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the GBO and the SBO; such funds can be used by the City to meet the Rate Maintenance Covenant on Senior Bonds in an amount up to 25% of the Debt Service Requirements on such Bonds or 10% of aggregate Debt Service Requirements on Senior and Subordinate Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account to maintain a balance equal to the larger of approximately 25% of the Debt Service Requirements on Senior Bonds or 10% of aggregate Debt Service Requirements on Senior and Subordinate Bonds, and to apply such amounts as Other Available Funds each year of the forecast period (through 2020) in calculating compliance with the Rate Maintenance Covenant of the GBO and the SBO.

As mentioned earlier, the amount of PFC-eligible Debt Service Requirements paid from Committed Passenger Facility Charges, which is shown on Exhibit G, is excluded under the GBO when calculating debt service coverage.

Net Revenues together with Other Available Funds are forecast to exceed the 110% requirement of the Rate Maintenance Covenant of the SBO 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 and Senior and Subordinate bonds.

Table 25

HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL AND SUBORDINATE BOND ORDINANCES

Denver International Airport

(dollars in thousands)

Calculation of debt service coverage		2008 *(a)*	2009 *(a)*	2010	2011	2012
Gross Revenues (excluding Designated Passenger Facility Charges)		$635,607	$616,506	$651,318	$670,753	$679,008
Designated Passenger Facility Charges		--	31,563	34,021	34,950	34,271
Gross Revenues		$635,607	$648,069	$685,339	$705,703	$713,279
Operation and Maintenance Expenses		(305,382)	(309,270)	(302,881)	(312,278)	(318,394)
Net Revenues		$330,225	$338,799	$382,459	$393,425	$394,885
Other Available Funds		53,575	49,288	47,975	48,045	51,685
Total Amount Available to pay Debt Service Requirements	[A]	$383,800	$388,087	$430,434	$441,469	$446,570
DEBT SERVICE COVERAGE—SENIOR BONDS						
Debt Service Requirements (Senior Bonds)		$286,161	$264,748	$265,391	$267,321	$278,063
Committed Passenger Facility Charges		(68,953)	(63,125)	(68,043)	(69,899)	(68,543)
Net Debt Service Requirements	[B]	$217,207	$201,623	$197,349	$197,421	$209,520
Debt service coverage (Senior Bonds)	**[A/B]**	**177%**	**192%**	**218%**	**224%**	**213%**
DEBT SERVICE COVERAGE—SENIOR AND SUBORDINATE BONDS						
Subordinate Debt Service Requirements (Subordinate Bonds)		$22,820	$36,282	$37,895	$37,935	$38,043
Debt Service Requirements (Senior Bonds)		217,208	201,623	197,349	197,421	209,520
Debt Service Requirements (all Bonds)	[C]	$240,028	$237,905	$235,244	$235,356	$247,563
Debt service coverage (all Bonds)	**[A/C]**	**160%**	**163%**	**183%**	**188%**	**180%**

Note: Columns may not add to totals shown because of rounding.

Debt service is net of capitalized interest, certain PFC revenues, and other funds irrevocably committed to the payment of debt service.

(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 do 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.

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 sensitivity of the future financial results to potential changes in the forecast of airline traffic.

The assumptions underlying the sensitivity analysis projected results include the following:

- Under the sensitivity analysis, projected enplaned passengers and landed weight would be as set forth in Table 20.

- Nonairline revenues from certain sources 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 projected decreases in the number of enplaned passengers, but Department management would continue to use PFC revenues as described earlier.

As shown in Table 26, the City would meet the requirements of the Rate Maintenance Covenant of the SBO under the sensitivity projection.

If the hypothetical assumptions underlying the sensitivity projections were realized, Department management would take some or all of the actions listed below to (1) meet the Rate Maintenance Covenants of the GBO and the SBO, (2) minimize the increase in airline rentals, rates, fees, and charges required to satisfy the Rate Maintenance Covenants of the GBO and the SBO, and (3) provide a cost structure for the airlines serving 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 and Subordinate 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	$12.08	$12.52	$12.97	$13.45	$13.53	$13.61	$13.98	$13.76
Sensitivity projection	$12.08	$13.21	$15.38	$16.24	$16.06	$15.75	$16.21	$15.86
Debt service coverage on Senior Bonds								
Baseline forecast	183%	179%	182%	182%	188%	193%	191%	193%
Sensitivity projection	183%	170%	166%	166%	171%	176%	174%	175%
Debt service coverage on all Bonds								
Baseline forecast	182%	172%	167%	158%	162%	166%	166%	167%
Sensitivity projection	182%	163%	153%	145%	148%	152%	152%	153%

Exhibit A

ESTIMATED COSTS AND SOURCES OF FUNDS
2013-2018 CAPITAL PROGRAM
Denver International Airport
(in thousands)

		Proposed 2013 Bonds					
	Gross project cost	Series 2013A Bonds (AMT)	Series 2013B Bonds (Non-AMT)	Federal grants-in-aid	Prior bond proceeds (a)	Other/ RTD (b)	Future Planned Bonds
Airfield Area and Concourse Apron							
Rehabilitate slab and joint areas	$ 226,400	$ 3,700	$ 60,700	$ 90,900	$ 26,500	$ -	$ 44,600
Improve taxiways	32,700	8,000	800	9,000	6,300	-	8,600
Construct ramp area drainage control and mitigation	13,100	-	400	-	12,700	-	-
Other projects	6,700	2,000	3,000	-	1,500	-	200
	$ 278,900	$ 13,700	$ 64,900	$ 99,900	$ 47,000	$ -	$ 53,400
Terminal Complex, Baggage System, AGTS, and Other							
Concourse C gate expansion	$ 48,700	$ 46,800	$ -	$ -	$ -	$ -	$ 1,900
Repair and maintain concourse jet bridges	7,500	7,000	-	-	300	-	200
Improve baggage system	106,800	6,700	-	88,500	-	-	11,600
Improve AGTS	51,600	49,700	-	-	-	-	1,900
Improve building systems	34,300	21,400	-	-	9,000	-	3,900
Improve and upgrade security systems	14,600	1,200	-	-	13,400	-	-
Improve central plant systems	8,200	8,100	-	-	-	-	100
Upgrade fire alarm systems and information technology equipment	39,900	20,600	-	-	4,000	-	15,300
Upgrade HVAC controls and information technology storage	12,500	12,000	-	-	500	-	-
Other projects	24,600	9,000	-	9,600	3,300	-	2,700
	$ 348,700	$ 182,500	$ -	$ 98,100	$ 30,500	$ -	$ 37,600
Roadways, Parking, Ground Transportation, and Cargo							
Improve public parking facilities	$ 38,600	$ 30,800	$ -	$ -	$ 7,800	$ -	$ -
Construct new public parking garage	44,900	28,000	-	-	-	-	16,900
Rehabilitate Pena Boulevard	31,000	6,500	12,300	-	600	3,000	8,600
Rehabilitate road pavement	12,100	1,900	2,300	-	-	-	7,900
Other projects	6,200	800	2,200	-	500	-	2,700
	$ 132,800	$ 68,000	$ 16,800	$ -	$ 8,900	$ 3,000	$ 36,100
South Terminal Redevelopment Program							
Construct terminal station and interface	$ 365,200	$ -	$ 176,100	$ -	$ 189,100	$ -	$ -
Construct hotel	179,100	-	-	-	177,800	1,300	-
	$ 544,300	$ -	$ 176,100	$ -	$ 366,900	$ 1,300	$ -
Other projects							
Implement revenue and business initiatives	$ 62,700	$ -	$ 52,600	$ -	$ 10,000	$ -	$ 100
Prepare various studies	5,000	-	4,900	-	-	-	100
Improve information technology/telecommunication systems	48,700	24,600	4,000	-	11,600	-	8,500
	$ 116,400	$ 24,600	$ 61,500	$ -	$ 21,600	$ -	$ 8,700
Total	**$ 1,421,100**	**$ 288,800**	**$ 319,300**	**$ 198,000**	**$ 474,900**	**$ 4,300**	**$ 135,800**

Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.
The costs shown above include inflation to the midpoint of construction.
(a) Reflects the net proceeds of Senior Bonds issued prior to 2013, including certain of the net proceeds of the 2012 Bonds.
(b) Includes, but is not limited to funding from the Regional Transportation District (RTD).
Source: Airport management records.

Exhibit B

ESTIMATED PLAN OF FINANCING
Denver International Airport
(in thousands)

	Proposed 2013 Bonds				
	Series 2013A Bonds (AMT)	**Series 2013B Bonds (Non-AMT)**	**Total**	**Future Planned Bonds**	**Total**
SOURCES OF FUNDS					
Par amount	$ 314,900	$ 358,400	$ 673,300	$ 159,000	$ 832,300
Premium	28,400	43,100	71,500	-	71,500
Interest earnings	-	-	-	800	800
Total sources of funds	**$ 343,300**	**$ 401,500**	**$ 744,800**	**$ 159,800**	**$ 904,600**
USES OF FUNDS					
Project costs	$ 288,800	$ 319,300	$ 608,100	$ 135,800	$ 743,900
Debt service reserve fund	26,600	30,300	56,900	11,400	68,300
Capitalized interest fund	25,500	49,300	74,800	11,700	86,500
Cost of issuance	2,400	2,600	5,000	900	5,900
Total uses of funds	**$ 343,300**	**$ 401,500**	**$ 744,800**	**$ 159,800**	**$ 904,600**

Notes: Columns may not add to totals shown because of rounding.
See the "Funding the Airport Capital Program" 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.

Source: Jefferies LLC, and Frasca and Associates, L.L.C., Plan of Financing dated May 31, 2013.

Exhibit C

AIRLINE RENTALS, RATES, 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	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Airline Revenues											
Landing fees		$ 116,320	$ 127,182	$ 142,600	$ 150,900	$ 158,500	$ 165,900	$ 177,100	$ 190,800	$ 198,100	$ 196,400
Terminal Complex rentals		72,353	78,038	86,700	89,700	93,300	94,300	95,800	93,000	97,800	96,500
Nonpreferential, commuter, common-use gates		1,970	1,136	1,300	700	-	-	-	-	-	-
Tenant finishes and equipment charges (b)		53,806	40,946	25,800	27,100	28,800	28,100	26,900	25,300	27,100	28,100
Automated baggage system fees		6,450	4,265	-	-	-	-	-	-	-	-
Conventional baggage system fees		22,736	22,642	24,600	25,700	25,700	26,400	26,500	26,000	27,100	27,000
International facility fees		4,678	4,733	3,900	2,800	3,000	3,200	3,300	3,500	3,700	3,900
AGTS charges		29,310	31,419	34,600	36,800	40,700	45,500	46,100	46,800	48,000	49,500
Baggage claim charges		17,270	16,153	16,000	16,500	16,700	17,400	17,200	16,700	17,500	17,200
Interline baggage fees		792	777	900	900	900	900	900	900	900	900
Concourse ramp fees		12,317	11,955	15,200	17,100	18,900	20,000	20,600	21,200	20,900	21,300
Commuter ramp fees		276	243	200	300	300	300	300	300	300	400
Common use terminal equipment fees		85	105	100	100	100	100	100	-	-	-
Fueling system charges		11,968	12,656	12,300	12,500	12,900	13,100	12,700	12,100	12,900	13,400
Total rentals, rates, fees, and charges		**$ 350,332**	**$ 352,250**	**$ 364,200**	**$ 381,100**	**$ 399,800**	**$ 415,200**	**$ 427,500**	**$ 436,600**	**$ 454,300**	**$ 454,600**
Less: Deposit to Airline Revenue Credit Account	H	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(36,800)	(40,000)	(40,000)	(40,000)	(40,000)
Net rentals, rates, fees, and charges		**$ 310,332**	**$ 312,250**	**$ 324,200**	**$ 341,100**	**$ 359,800**	**$ 378,400**	**$ 387,500**	**$ 396,600**	**$ 414,300**	**$ 414,600**
Less: cargo carrier landing and other fees (c)		(4,292)	(4,833)	(5,300)	(5,500)	(5,600)	(5,700)	(5,900)	(6,100)	(6,200)	(6,000)
Net passenger airline rentals, rates, fees & charges [A]		**$ 306,040**	**$ 307,416**	**$ 318,900**	**$ 335,600**	**$ 354,200**	**$ 372,700**	**$ 381,600**	**$ 390,500**	**$ 408,100**	**$ 408,600**
Enplaned passengers [B]		26,456	26,597	26,400	26,800	27,300	27,700	28,200	28,700	29,200	29,700
Airline cost per enplaned passenger [A/B]		**$ 11.57**	**$ 11.56**	**$ 12.08**	**$ 12.52**	**$ 12.97**	**$ 13.45**	**$ 13.53**	**$ 13.61**	**$ 13.98**	**$ 13.76**
Maximum cost per enplaned revenue passenger for United (in 1990 dollars) (d)		**$ 12.40**	**$ 11.58**	**$ 10.94**	**$ 11.48**	**$ 11.55**	**$ 11.53**	**$ 11.23**	**$ 10.87**	**$ 10.98**	**$ 10.59**

(a) Source: 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 airline cost per enplaned passenger.
(d) Source for the discount factor: Actual based on actual Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA).

Exhibit C-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	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Operation and Maintenance Expenses	F	$ 71,633	$ 78,543	$ 85,000	$ 88,700	$ 91,600	$ 94,900	$ 98,400	$ 101,900	$ 105,500	$ 109,300
Operation and Maintenance Reserve Account replenishment (b)		1,467	532	2,400	100	800	2,000	1,800	900	900	900
Equipment and capital outlays		821	2,306	2,600	2,600	2,700	2,700	2,800	2,900	2,900	3,000
Debt Service Requirements	G-1	21,408	22,937	32,300	39,600	43,500	46,400	54,300	66,100	69,700	64,100
Variable rate bond fees (c)		1,100	628	400	400	400	400	400	300	300	300
Amortization charges		28,502	29,418	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Other allocable costs		302	324	300	300	300	300	300	300	300	300
Capital cost of north site (50%)		1,239	1,325	1,300	1,300	1,300	1,300	1,300	1,200	1,300	1,300
Total Airfield Area Requirement		**$ 126,472**	**$ 136,014**	**$ 150,100**	**$ 158,800**	**$ 166,400**	**$ 173,800**	**$ 185,100**	**$ 199,400**	**$ 206,700**	**$ 205,000**
Less credits:											
Nonairline revenues	D	$ (7,578)	$ (6,661)	$ (6,800)	$ (6,700)	$ (6,700)	$ (6,700)	$ (6,700)	$ (6,600)	$ (6,600)	$ (6,600)
Nonsignatory airline landing fees (d)		(128)	(580)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Interest income (e)		(2,574)	(1,735)	(1,200)	(1,200)	(1,200)	(1,200)	(1,300)	(2,000)	(2,000)	(2,000)
Net Airfield Area Requirement		$ 116,192	$ 127,039	$ 142,000	$ 150,800	$ 158,400	$ 165,800	$ 177,000	$ 190,700	$ 198,000	$ 196,300
Signatory Airline landed weight (1,000 pound units) (f)		32,472	31,761	31,300	31,800	32,300	32,800	33,400	33,900	34,500	35,000
Signatory Airline landing fee rate		**$ 3.58**	**$ 4.00**	**$ 4.54**	**$ 4.74**	**$ 4.90**	**$ 5.05**	**$ 5.30**	**$ 5.63**	**$ 5.74**	**$ 5.61**
Total Signatory Airline landing fees		**$ 116,192**	**$ 126,603**	**$ 142,000**	**$ 150,800**	**$ 158,400**	**$ 165,800**	**$ 177,000**	**$ 190,700**	**$ 198,000**	**$ 196,300**

(a) Source: Airport management records based on audited financial results.
(b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(c) Source: the City's Financial Consultants 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 20% premium 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 C-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 reference	Actual (a) 2011	Actual (a) 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
Operation and Maintenance Expenses	F	$ 103,433	$ 100,338	$ 113,200	$ 117,500	$ 123,300	$ 127,800	$ 132,100	$ 136,700	$ 142,000	$ 147,000
Less: Loading bridge maintenance expenses (b)		(704)	(704)	(800)	(800)	(800)	(900)	(900)	(900)	(1,000)	(1,000)
Operation and Maintenance Reserve Account replenishment (c)		2,391	867	3,200	100	1,000	2,600	2,400	1,200	1,200	1,200
Equipment and capital outlays		426	1,724	2,000	2,000	2,100	2,100	2,100	2,200	2,200	2,300
Debt Service Requirements	G-1	92,910	82,356	60,600	65,800	64,000	62,800	62,100	54,900	59,700	51,800
Variable rate bond fees (d)		2,799	1,480	900	900	800	800	800	700	700	700
Amortization charges		10,637	10,419	10,000	10,000	10,000	7,500	7,500	7,500	7,500	7,500
Other allocable costs		780	821	900	1,000	1,000	1,000	1,000	900	1,000	1,000
Total Terminal Complex Requirement		**$ 212,670**	**$ 197,302**	**$ 190,000**	**$ 196,500**	**$ 201,400**	**$ 203,700**	**$ 207,100**	**$ 203,200**	**$ 213,300**	**$ 210,500**
Less credits: Interest income (e)		(6,638)	(4,474)	(3,600)	(3,600)	(3,600)	(3,700)	(4,000)	(5,900)	(5,900)	(5,900)
Net Terminal Complex Requirement		$ 206,032	$ 192,828	$ 186,400	$ 192,900	$ 197,800	$ 200,000	$ 203,100	$ 197,300	$ 207,400	$ 204,600
Rentable space (square feet) (f)		2,331	2,223	2,113	2,113	2,135	2,135	2,135	2,135	2,135	2,135
Average rental rate per square foot		**$ 88.39**	**$ 86.73**	**$ 88.21**	**$ 91.28**	**$ 92.65**	**$ 93.68**	**$ 95.13**	**$ 92.42**	**$ 97.15**	**$ 95.84**
Average rental rate per square foot at 100%		$ 88.39	$ 86.73	$ 88.21	$ 91.28	$ 92.65	$ 93.68	$ 95.13	$ 92.42	$ 97.15	$ 95.84
Differential rental rate per square foot at 65%		$ 57.45	$ 56.37	$ 57.34	$ 59.33	$ 60.22	$ 60.89	$ 61.83	$ 60.07	$ 63.15	$ 62.30
Total airline space rentals (g)		**$ 72,353**	**$ 78,038**	**$ 86,700**	**$ 89,700**	**$ 93,300**	**$ 94,300**	**$ 95,800**	**$ 93,000**	**$ 97,800**	**$ 96,500**

(a) Source: Airport management records based on audited financial results.
(b) These expenses are recovered through tenant finish charges.
(c) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(d) Source: the City's Financial Consultants 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 additional rentable space from completion of the Concourse C expansion project.
(g) Includes exclusive, preferential, and joint-use space rentals.

Exhibit D

REVENUES OTHER THAN
AIRLINE RENTALS, RATES, FEES, AND CHARGES
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.

	Actual (a)		Forecast							
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Terminal Complex concession revenues										
Food and beverage	$ 24,127	$ 25,145	$ 25,500	$ 27,100	$ 28,800	$ 30,700	$ 32,800	$ 34,900	$ 36,300	$ 37,700
Merchandise	12,100	12,550	12,700	13,500	14,400	15,300	16,400	17,400	18,100	18,800
Terminal services (b)	9,817	10,429	10,600	11,500	12,200	13,000	13,800	14,700	15,300	15,900
	$ 46,044	$ 48,124	$ 48,800	$ 52,100	$ 55,400	$ 59,000	$ 63,000	$ 67,000	$ 69,700	$ 72,400
Outside concession revenues										
Public automobile parking	$ 127,033	$ 131,993	$ 139,000	$ 143,000	$ 151,000	$ 160,000	$ 167,000	$ 173,000	$ 181,000	$ 188,000
Rental car privilege fees	35,943	36,564	37,200	38,100	39,100	40,200	41,400	42,700	43,900	45,300
Ground transportation	5,094	5,481	5,800	6,000	6,300	6,500	6,800	7,000	7,300	7,600
	$ 168,071	$ 174,039	$ 182,000	$ 187,100	$ 196,400	$ 206,700	$ 215,200	$ 222,700	$ 232,200	$ 240,900
Other terminal revenues										
Employee parking fees	$ 5,715	$ 5,933	$ 6,100	$ 6,200	$ 6,300	$ 6,500	$ 6,600	$ 6,700	$ 6,900	$ 7,000
Rental car										
Service and storage rentals (c)	5,835	6,082	6,300	6,500	6,800	7,000	7,300	7,600	7,900	8,300
Additional building rentals (d)	4,444	4,444	4,500	4,600	4,700	4,800	4,900	5,000	5,200	5,300
Other terminal space rentals	730	730	700	800	800	800	800	800	800	900
Hotel (e)	-	-	-	-	16,000	42,000	44,000	45,000	46,000	48,000
	$ 16,724	$ 17,188	$ 17,600	$ 18,100	$ 34,600	$ 61,100	$ 63,600	$ 65,100	$ 66,800	$ 69,500
Airfield										
General aviation landing fees	$ 167	$ 164	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200
Farming income	250	250	300	300	300	300	300	300	300	300
Oil and gas royalty revenues	7,087	6,179	6,200	6,100	6,100	6,100	6,100	6,000	6,000	6,000
Fuel flowage fees	75	68	100	100	100	100	100	100	100	100
	$ 7,578	$ 6,661	$ 6,800	$ 6,700	$ 6,700	$ 6,700	$ 6,700	$ 6,600	$ 6,600	$ 6,600

Exhibit D (page 2 of 2)

REVENUES OTHER THAN
AIRLINE RENTALS, RATES, FEES, AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Actual (a)		Forecast							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Building and ground rentals										
United support facilities	$ 7,886	$ 7,238	$ 7,600	$ 7,700	$ 7,800	$ 7,800	$ 7,800	$ 7,900	$ 7,900	$ 2,800
Other North Airline Support Area	1,408	1,312	1,400	1,600	1,700	1,700	1,700	1,700	1,700	1,800
Other South Airline Support Area	612	639	700	800	900	900	900	900	900	900
South Cargo Area	4,604	4,358	4,100	4,300	4,400	4,500	4,500	4,400	4,300	4,500
FedEx	582	582	600	600	600	600	-	-	-	-
General Aviation Area	396	409	400	400	400	400	400	400	400	400
	$ 15,489	$ 14,539	$ 14,800	$ 15,400	$ 15,800	$ 15,900	$ 15,300	$ 15,300	$ 15,200	$ 10,400
Other revenues										
In-flight catering fees	$ 1,395	$ 1,428	$ 1,500	$ 1,500	$ 1,600	$ 1,600	$ 1,700	$ 1,800	$ 1,800	$ 1,900
Coverage--United support facilities	-	-	-	-	-	-	-	-	-	-
Aviation fuel tax proceeds										
City	7,452	8,391	7,500	7,600	7,700	7,900	8,000	8,200	8,300	8,400
State	21,440	24,392	21,800	22,100	22,500	22,900	23,300	23,700	24,100	24,500
Miscellaneous revenues	6,737	8,501	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
	$ 37,024	$ 42,712	$ 39,300	$ 39,700	$ 40,300	$ 40,900	$ 41,500	$ 42,200	$ 42,700	$ 43,300
Total	**$ 290,931**	**$ 303,263**	**$ 309,300**	**$ 319,100**	**$ 349,200**	**$ 390,300**	**$ 405,300**	**$ 418,900**	**$ 433,200**	**$ 443,100**
Annual rate of growth		4.2%	2.0%	3.2%	9.4%	11.8%	3.8%	3.4%	3.4%	2.3%

(a) Source: Airport management records based on audited financial results.
(b) Includes, but is not limited to, telephone, advertising, baggage 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. See the section of this Report titled "Airport Hotel" for additional information.

Exhibit E

PASSENGER FACILITY CHARGE REVENUES
Denver International Airport
City and County of Denver
(in thousands, except percentages)

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							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Enplaned passengers (b)	26,456	26,597	26,424	26,810	27,265	27,723	28,220	28,705	29,196	29,693
Percent of eligible enplaned passengers (c)	88.9%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%	90.3%
Eligible enplaned passengers	23,510	24,026	23,900	24,200	24,600	25,000	25,500	25,900	26,400	26,800
PFC amount (d)	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
Less: airline collection fee (e)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Net PFC amount	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
Annual PFC revenues	$ 103,210	$ 105,472	$ 104,900	$ 106,200	$ 108,000	$ 109,800	$ 111,900	$ 113,700	$ 115,900	$ 117,700
Plus: interest income on PFC revenues	376	138	271	274	278	283	288	476	485	492
	$ 103,586	**$ 105,610**	**$ 105,200**	**$ 106,500**	**$ 108,300**	**$ 110,100**	**$ 112,200**	**$ 114,200**	**$ 116,400**	**$ 118,200**
Committed Passenger Facility Charges (f)	$ 69,182	$ 70,453	$ 70,200	$ 71,100	$ 72,300	$ 73,500	$ 74,900	$ 76,300	$ 77,800	$ 79,000
Designated Passenger Facility Charges (g)	$ 34,403	$ 35,157	$ 35,000	$ 35,400	$ 36,000	$ 36,600	$ 37,300	$ 37,900	$ 38,600	$ 39,200

(a) Source: Airport management records based on audited financial results.
(b) See Table 19 of the Report.
(c) Certain enplaned passengers are not eligible to pay a PFC, as provided under federal regulations.
(d) Effective April 1, 2001. The City's authorization to collect the $4.50 PFC expires on the earlier of either January 30, 2030, or a total collection of $3.3 billion of PFC revenues, net of the airline collection fee.
(e) Under FAA regulations, airlines collecting a PFC are allowed to retain $0.11 per PFC collected as compensation for collecting and handling PFC revenues.
(f) Reflects two-thirds (generally equal to $3.00 of the $4.50 PFC) of forecast Passenger Facility Charges and 100% of the interest income associated with the $4.50 PFC.
(g) Reflects one-third (generally equal to $1.50 of the $4.50 PFC) of forecast Passenger Facility Charges.

Exhibit F

OPERATION AND MAINTENANCE EXPENSES
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.

	Actual (a)		Forecast							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
BY OBJECT TYPE										
Personnel services	$ 115,241	$ 119,656	$ 129,500	$ 134,900	$ 140,600	$ 146,500	$ 152,600	$ 159,000	$ 165,700	$ 172,700
Contractual services										
Professional services	60,324	61,338	66,800	68,900	70,900	73,200	75,600	78,000	80,500	83,000
Utility services	24,326	21,520	23,700	24,400	25,100	25,900	26,800	27,600	28,500	29,400
Cleaning services	25,249	29,268	31,800	32,800	33,700	34,800	36,000	37,100	38,300	39,500
Other services	16,990	17,948	18,700	19,300	19,800	20,500	21,200	21,800	22,500	23,200
Repairs and maintenance (b)	33,916	32,338	36,100	37,300	38,300	39,600	40,900	42,200	43,500	44,900
Rentals	628	579	700	700	700	700	700	800	800	800
Insurance	2,486	2,459	2,900	3,000	3,000	3,100	3,200	3,300	3,400	3,600
Other contractual services (c)	2,753	2,352	3,600	3,700	3,800	3,900	4,000	4,100	4,300	4,400
	$ 166,673	$ 167,802	$ 184,300	$ 190,100	$ 195,300	$ 201,700	$ 208,400	$ 214,900	$ 221,800	$ 228,800
Maintenance, supplies, and materials	22,827	23,315	28,500	29,400	30,300	31,300	32,300	33,300	34,400	35,400
	$ 304,740	**$ 310,772**	**$ 342,300**	**$ 354,400**	**$ 366,200**	**$ 379,500**	**$ 393,300**	**$ 407,200**	**$ 421,900**	**$ 436,900**
Additional O&M Expenses (2013-2018 Capital Program) (d)										
New hotel	-	-	-	-	10,500	26,500	28,000	29,200	30,200	31,100
All other projects in the Capital Program	-	-	-	1,000	13,600	15,700	16,100	16,400	16,800	17,200
	$ 304,740	**$ 310,772**	**$ 342,300**	**$ 355,400**	**$ 390,300**	**$ 421,700**	**$ 437,400**	**$ 452,800**	**$ 468,900**	**$ 485,200**
BY COST CENTER										
Airline cost centers										
Terminal Complex (e)	$ 103,433	$ 100,338	$ 113,200	$ 117,500	$ 123,300	$ 127,800	$ 132,100	$ 136,700	$ 142,000	$ 147,000
International Facilities	1,073	1,074	400	400	400	400	500	500	500	500
Automated Baggage Systems	398	288	-	-	-	-	-	-	-	-
Conventional Baggage Systems	1,926	2,089	1,900	2,000	2,000	2,100	2,200	2,300	2,300	2,400
Baggage Claim	-	-	-	-	-	-	-	-	-	-
Automated Guideway Transit System	22,044	23,128	25,500	26,400	27,300	28,300	29,300	30,300	31,400	32,500
Common Use Terminal Equipment	90	127	100	100	100	100	100	100	100	100
Concourse B Regional Jet Facility	660	713	900	900	1,000	1,000	1,000	1,100	1,100	1,100
Concourse Ramp Area	9,813	9,332	11,800	12,200	12,900	13,400	13,900	14,400	14,900	15,400
Concourse A Commuter Facility	392	414	600	600	600	700	700	700	700	800
Airfield Area	71,633	78,543	85,000	88,700	91,600	94,900	98,400	101,900	105,500	109,300
Fueling System	1,917	2,146	1,700	1,800	2,000	2,000	2,100	2,200	2,200	2,300
	$ 213,382	$ 218,191	$ 241,100	$ 250,600	$ 261,200	$ 270,700	$ 280,300	$ 290,200	$ 300,700	$ 311,400
Nonairline cost centers	91,359	92,581	101,200	104,800	129,100	151,000	157,100	162,600	168,200	173,800
	$ 304,740	**$ 310,772**	**$ 342,300**	**$ 355,400**	**$ 390,300**	**$ 421,700**	**$ 437,400**	**$ 452,800**	**$ 468,900**	**$ 485,200**
Annual rate of growth	2.6%	2.0%	10.1%	3.8%	9.8%	8.0%	3.7%	3.5%	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 new hotel. Forecast O&M Expenses for the new hotel were provided by PKF Consulting USA.
(e) Includes expenses associated with maintaining the loading bridges, which are recovered through tenant finish charges.

Exhibit G

DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Actual (a)		Forecast							
DEBT SERVICE REQUIREMENTS (b)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Senior Bonds										
Series 1991D	$ 17,868	$ 21,201	$ 6,400	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Series 1992D-G	1,799	1,915	3,400	3,500	3,600	3,600	3,800	3,700	3,800	4,100
Series 1995C	4,010	4,015	-	-	-	-	-	-	-	-
Series 1997E	19,627	10,502	7,900	-	-	-	-	-	-	-
Series 1998A-B	11,605	10,182	-	-	-	-	-	-	-	-
Series 2000A	13,732	-	-	-	-	-	-	-	-	-
Series 2001A-B	18,202	-	-	-	-	-	-	-	-	-
Series 2001D	4,869	-	-	-	-	-	-	-	-	-
Series 2002C-D	3,281	3,396	3,700	3,800	3,800	3,800	3,800	3,900	3,800	3,900
Series 2002E	13,428	9,734	-	-	-	-	-	-	-	-
Series 2003A-B	11,838	10,948	-	-	-	-	-	-	-	-
Series 2005A	11,291	11,020	10,900	10,900	10,900	10,900	18,700	30,600	28,800	17,100
Series 2006A-B	41,593	39,125	34,700	25,200	33,800	35,200	38,100	21,500	16,700	21,500
Series 2007A-C	12,065	12,362	12,400	12,400	12,400	16,200	17,000	11,900	11,900	11,900
Series 2007D-E	9,791	11,679	11,700	24,500	27,400	27,500	27,400	27,300	27,300	27,300
Series 2007F-G	16,200	15,825	16,100	40,600	40,900	35,800	35,700	37,700	37,800	37,000
Series 2008A1	30,614	30,788	34,100	37,500	35,900	15,400	7,000	-	-	-
Series 2008B	5,102	5,645	9,600	9,400	9,300	9,200	8,900	8,800	8,600	8,400
Series 2008C1-C3	14,453	16,008	16,300	16,300	16,300	16,300	16,300	30,700	55,300	55,100
Series 2009A	5,650	11,473	8,700	11,400	8,600	19,000	12,100	7,900	7,900	7,900
Series 2009B	1,545	2,722	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Series 2009C	5,859	5,952	5,800	5,800	5,800	5,800	5,800	17,000	30,900	29,500
Series 2010A	8,482	8,482	8,500	8,500	8,500	13,700	13,700	18,600	23,500	25,900
Series 2011A	10,252	32,083	34,900	31,900	31,900	41,100	41,000	62,000	54,100	56,900
Series 2011BC	-	29,446	44,700	47,400	39,500	39,600	36,600	6,800	500	500
Series 2012A	-	943	19,000	20,400	20,900	20,600	21,000	19,900	13,300	13,300
Series 2012B	-	1,197	14,000	10,700	15,100	25,900	28,700	28,900	29,000	29,100
Series 2012C	-	85	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Future Planned Bonds (2013-2018 Capital Program)	-	-	-	300	1,300	4,600	8,800	11,300	12,100	11,900
	$ 293,154	$ 306,726	$ 306,600	$ 324,300	$ 329,700	$ 348,000	$ 348,200	$ 352,300	$ 369,100	$ 365,100
United support facilities bonds (c)	5,417	5,335	2,300	2,300	2,300	2,300	2,300	2,300	-	-
Debt Service Requirements -- Senior Bonds	**$ 298,571**	**$ 312,061**	**$ 308,900**	**$ 326,600**	**$ 332,000**	**$ 350,300**	**$ 350,500**	**$ 354,600**	**$ 369,100**	**$ 365,100**
Subordinate Bonds										
Series 2001C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Series A CP Notes	-	51	-	-	-	-	-	-	-	-
Swap payments	-	-	-	-	-	-	-	-	-	-
Series 2013A	-	-	1,300	7,000	14,500	18,400	20,100	21,400	20,200	20,200
Series 2013B	-	-	800	3,600	8,600	23,500	24,100	24,100	24,000	24,000
	-	51	2,100	10,600	23,100	41,900	44,200	45,500	44,200	44,200
Total Debt Service Requirements	**$ 298,571**	**$ 312,112**	**$ 311,000**	**$ 337,200**	**$ 355,100**	**$ 392,200**	**$ 394,700**	**$ 400,100**	**$ 413,300**	**$ 409,300**

Exhibit G (page 2 of 2)

DEBT SERVICE REQUIREMENTS
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Actual (a)		Forecast							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
DEBT SERVICE REQUIREMENTS										
To Determine Debt Service Coverage										
Senior Bonds	$ 298,571	$ 312,061	$ 308,900	$ 326,600	$ 332,000	$ 350,300	$ 350,500	$ 354,600	$ 369,100	$ 365,100
Less: Committed Passenger Facility Charges (d)	(69,182)	(70,453)	(70,200)	(71,100)	(72,300)	(73,500)	(74,900)	(76,300)	(77,800)	(79,000)
	$ 229,389	$ 241,608	$ 238,700	$ 255,500	$ 259,700	$ 276,800	$ 275,600	$ 278,300	$ 291,300	$ 286,100
Subordinate Bonds	-	51	2,100	10,600	23,100	41,900	44,200	45,500	44,200	44,200
Total for Rate Maintenance Covenant	**$ 229,389**	**$ 241,659**	**$ 240,800**	**$ 266,100**	**$ 282,800**	**$ 318,700**	**$ 319,800**	**$ 323,800**	**$ 335,500**	**$ 330,300**
To Calculate Airline Rentals, Rates, Fees and Charges										
Senior Bonds	$ 298,571	$ 312,061	$ 308,900	$ 326,600	$ 332,000	$ 350,300	$ 350,500	$ 354,600	$ 369,100	$ 365,100
Less: Committed Passenger Facility Charges (d)	(69,182)	(70,453)	(70,200)	(71,100)	(72,300)	(73,500)	(74,900)	(76,300)	(77,800)	(79,000)
Designated Passenger Facility Charges (d)	-	(35,157)	(35,000)	(35,400)	(36,000)	(36,600)	(37,300)	(37,900)	(38,600)	(39,200)
	$ 229,389	$ 206,451	$ 203,700	$ 220,100	$ 223,700	$ 240,200	$ 238,300	$ 240,400	$ 252,700	$ 246,900
Subordinate Bonds	-	51	2,100	10,600	23,100	41,900	44,200	45,500	44,200	44,200
Total for Airline Rentals, Rates, Fees, and Charges	**$ 229,389**	**$ 206,502**	**$ 205,800**	**$ 230,700**	**$ 246,800**	**$ 282,100**	**$ 282,500**	**$ 285,900**	**$ 296,900**	**$ 291,100**
To Determine Other Available Funds										
Senior Bonds (Airport portion)	$ 293,154	$ 306,726	$ 306,600	$ 324,300	$ 329,700	$ 348,000	$ 348,200	$ 352,300	$ 369,100	$ 365,100
Less: Committed Passenger Facility Charges (d)	(69,182)	(70,453)	(70,200)	(71,100)	(72,300)	(73,500)	(74,900)	(76,300)	(77,800)	(79,000)
	$ 223,971	$ 236,273	$ 236,400	$ 253,200	$ 257,400	$ 274,500	$ 273,300	$ 276,000	$ 291,300	$ 286,100
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--Airport portion	$ 55,993	$ 59,068	$ 59,100	$ 63,300	$ 64,400	$ 68,600	$ 68,300	$ 69,000	$ 72,800	$ 71,500
Senior Bonds (United Airlines)	$ 5,417	$ 5,335	$ 2,300	$ 2,300	$ 2,300	$ 2,300	$ 2,300	$ 2,300	$ -	$ -
Coverage on Senior Bonds	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Coverage requirement--United Airlines	$ 1,354	$ 1,334	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ -	$ -
Total--Other Available Funds	**$ 57,347**	**$ 60,402**	**$ 59,700**	**$ 63,900**	**$ 65,000**	**$ 69,200**	**$ 68,900**	**$ 69,600**	**$ 72,800**	**$ 71,500**

(a) Source: Airport management records based on audited financial results. Sources for Debt Service Requirements: Jefferies LLC, and Frasca and Associates L.L.C (the City's Financial Consultants).
(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 Requirements on Senior Bonds allocable to United support facilities at the Airport.
(d) See Exhibit E and the Report for additional information about PFC revenues.

Exhibit G-1

DEBT SERVICE USED TO CALCULATE AIRLINE RENTALS, RATES, FEES, AND CHARGES
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.

	Actual (a)		Forecast							
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
DEBT SERVICE REQUIREMENTS (b)										
Total Debt Service Requirements	$298,571	$312,112	$311,000	$337,200	$355,100	$392,200	$394,700	$400,100	$413,300	$409,300
Less: Committed Passenger Facility Charges (b)	(69,182)	(70,453)	(70,200)	(71,100)	(72,300)	(73,500)	(74,900)	(76,300)	(77,800)	(79,000)
Designated Passenger Facility Charges (b)	--	(35,157)	(35,000)	(35,400)	(36,000)	(36,600)	(37,300)	(37,900)	(38,600)	(39,200)
	$229,389	**$206,502**	**$205,800**	**$230,700**	**$246,800**	**$282,100**	**$282,500**	**$285,900**	**$296,900**	**$291,100**
ALLOCATION TO COST CENTERS										
Airline cost centers										
Terminal Complex	$92,010	$81,893	$60,600	$65,800	$64,000	$62,800	$62,100	$54,900	$59,700	$51,800
Tenant Finishes and Equipment										
Landside Terminal	3,273	3,475	3,400	3,700	4,000	4,100	4,000	3,900	4,100	4,200
Concourse A	7,815	8,154	8,100	8,500	8,700	8,700	8,300	7,900	8,400	8,700
Concourse B	12,377	12,900	13,300	13,900	15,100	14,200	13,200	12,100	13,600	14,500
Concourse C	2,410	2,529	2,600	2,800	2,800	2,900	2,700	2,500	2,700	2,800
International Facilities	1,447	1,510	1,500	1,600	1,600	1,600	1,600	1,500	1,600	1,700
Loading Bridges	804	1,131	1,000	1,400	1,400	1,500	1,600	1,600	1,600	1,500
Common Use Terminal Equipment	99	82	100	200	200	200	200	200	200	200
Concourse A Commuter Facility	136	137	200	200	200	200	200	200	200	200
Concourse B Regional Jet Facility	1,857	1,914	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Baggage Claim	1,439	550	200	100	100	600	100	100	100	100
Automated Baggage Systems	48	52	--	--	--	--	--	--	--	--
Conventional Baggage Systems	10,182	11,135	11,200	11,900	11,700	12,300	12,100	12,000	12,500	12,600
International Facilities	1,196	1,912	800	800	800	800	700	800	800	1,000
Automated Guideway Transit System	5,584	6,649	6,300	8,300	11,200	14,600	14,300	14,300	14,600	15,000
Airfield Area	21,408	22,937	32,300	39,600	43,500	46,400	54,300	66,100	69,700	64,100
Concourse Ramp Area	4,103	4,291	4,600	6,700	7,800	8,300	8,600	9,000	8,100	8,000
Fueling System	9,638	10,095	10,100	10,300	10,500	10,600	10,200	9,700	10,500	10,900
	$175,828	$171,349	$158,200	$177,700	$185,500	$191,700	$196,100	$198,700	$210,300	$199,200
Nonairline cost centers	48,144	29,818	45,300	50,700	59,000	88,100	84,100	84,900	86,600	91,900
Continental support facilities	5,417	5,335	2,300	2,300	2,300	2,300	2,300	2,300	--	--
	$229,389	**$206,502**	**$205,800**	**$230,700**	**$246,800**	**$282,100**	**$282,500**	**$285,900**	**$296,900**	**$291,100**

(a) Source: Airport management records based on audited financial results.
(b) See Exhibit G.

Exhibit H

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	Forecast							
	reference	2013	2014	2015	2016	2017	2018	2019	2020
Gross Revenues									
Airline rentals, rates, fees, and charges	C	$ 364,200	$ 381,100	$ 399,800	$ 415,200	$ 427,500	$ 436,600	$ 454,300	$ 454,600
Other Airport revenues	D	309,300	319,100	349,200	390,300	405,300	418,900	433,200	443,100
Interest income		14,000	14,700	15,600	16,300	17,400	28,000	29,300	30,700
Designated Passenger Facility Charges	E	35,000	35,400	36,000	36,600	37,300	37,900	38,600	39,200
		$ 722,500	$ 750,300	$ 800,600	$ 858,400	$ 887,500	$ 921,400	$ 955,400	$ 967,600
Operation and Maintenance Expenses									
Operating expenses	F	$ 342,300	$ 355,400	$ 390,300	$ 421,700	$ 437,400	$ 452,800	$ 468,900	$ 485,200
Variable rate bond fees		2,400	2,400	2,300	2,200	2,100	2,000	1,900	1,800
		$ 344,700	$ 357,800	$ 392,600	$ 423,900	$ 439,500	$ 454,800	$ 470,800	$ 487,000
Net Revenues		**$ 377,800**	**$ 392,500**	**$ 408,000**	**$ 434,500**	**$ 448,000**	**$ 466,600**	**$ 484,600**	**$ 480,600**
Other Available Funds (coverage requirement)	G	59,700	63,900	65,000	69,200	68,900	69,600	72,800	71,500
Net Revenues plus Other Available Funds		**$ 437,500**	**$ 456,400**	**$ 473,000**	**$ 503,700**	**$ 516,900**	**$ 536,200**	**$ 557,400**	**$ 552,100**
Less transfers to:									
Bond Fund (a)									
Designated Passenger Facility Charge revenues		$ 35,000	$ 35,400	$ 36,000	$ 36,600	$ 37,300	$ 37,900	$ 38,600	$ 39,200
Other Gross Revenues		203,700	220,100	223,700	240,200	238,300	240,400	252,700	246,900
Reserve account for FedEx project (b)		400	400	400	400	-	-	-	-
Reserve account for other outstanding bonds (b)		1,100	1,100	3,500	6,800	5,000	4,000	3,600	3,000
Redemption Account (c)		-	-	-	-	-	-	-	-
Subordinate Lien Bond Fund		2,100	10,600	23,100	41,900	44,200	45,500	44,200	44,200
Junior Lien Obligation Fund		-	-	200	400	900	1,800	2,300	3,400
Operation and Maintenance Reserve Account		9,600	200	3,300	8,700	7,900	3,900	3,900	4,000
Transfer to Capital Fund		**$ 185,600**	**$ 188,600**	**$ 182,800**	**$ 168,700**	**$ 183,300**	**$ 202,700**	**$ 212,100**	**$ 211,400**
Adjustments (d)		200	200	200	200	200	200	200	200
Adjusted transfer to Capital Fund		**$ 185,800**	**$ 188,800**	**$ 183,000**	**$ 168,900**	**$ 183,500**	**$ 202,900**	**$ 212,300**	**$ 211,600**

Exhibit H (page 2 of 2)

APPLICATION OF GROSS REVENUES
Denver International Airport
Fiscal Years Ending December 31
(in thousands)

	Exhibit reference	Forecast 2013	2014	2015	2016	2017	2018	2019	2020
Allocation of Capital Fund transfer									
Rollover to Coverage Account	G	$ 59,700	$ 63,900	$ 65,000	$ 69,200	$ 68,900	$ 69,600	$ 72,800	$ 71,500
Addition to Coverage Account (United portion)		-	-	-	-	-	-	-	-
Addition to Coverage Account (Airport portion)		-	-	-	2,100	-	400	3,200	-
Interest income credit to United Airlines (e)		-	-	-	-	-	-	-	-
Equipment and Capital Outlay Account									
Other equipment purchases		13,700	13,800	14,000	14,100	14,300	14,400	14,600	14,700
Set-aside for installment purchase equipment payments (f)		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Improvement Account (g)									
Remaining balance deposit for Airport Improvements (h)		62,000	60,700	53,600	36,400	49,900	68,100	71,300	75,000
Other (d)		200	200	200	200	200	200	200	200
Airline Revenue Credit Account (g, h)		40,000	40,000	40,000	36,800	40,000	40,000	40,000	40,000
		$ 185,600	**$ 188,600**	**$ 182,800**	**$ 168,800**	**$ 183,300**	**$ 202,700**	**$ 212,100**	**$ 211,400**

(a) Required Debt Service Requirements to be deposited in the Bond Fund, net of Committed Passenger Facility Charges presented in Exhibit G.

(b) Reflects the difference between the rentals paid by FedEx and actual Debt Service Requirements allocable to the FedEx facilities. The deposit will be used to fund future debt service payments 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.

(c) The City intends to establish an escrow account for the defeasance of bonds in the year following the year in which deposits to the redemption account are made.

(d) Reflects an adjustment to remove any impact from the use of Capital Improvement Account deposits to pay debt service on the new hotel from the Net Revenues available for revenue sharing.

(e) United receives a "rental" credit each year for interest earned on moneys it has deposited in the Coverage Account.

(f) Equipment funded by certain companies described in the Report and leased by the City.

(g) 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 Credit Account cannot exceed $40 million in any year.

(h) 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, as described in the Report.

Exhibit I

NET REVENUES AND DEBT SERVICE COVERAGE
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except coverage)

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		Forecast 2013	2014	2015	2016	2017	2018	2019	2020
GENERAL BOND ORDINANCE										
Net Revenues and Other Available Funds										
Gross Revenues	H		$ 722,500	$ 750,300	$ 800,600	$ 858,400	$ 887,500	$ 921,400	$ 955,400	$ 967,600
Operation and Maintenance Expenses	H		344,700	357,800	392,600	423,900	439,500	454,800	470,800	487,000
Net Revenues			$ 377,800	$ 392,500	$ 408,000	$ 434,500	$ 448,000	$ 466,600	$ 484,600	$ 480,600
Other Available Funds	H		59,700	63,900	65,000	69,200	68,900	69,600	72,800	71,500
		[A]	$ 437,500	$ 456,400	$ 473,000	$ 503,700	$ 516,900	$ 536,200	$ 557,400	$ 552,100
Debt Service Requirements	G									
Senior Bonds		[B]	$ 238,700	$ 255,500	$ 259,700	$ 276,800	$ 275,600	$ 278,300	$ 291,300	$ 286,100
Subordinate Bonds			2,100	10,600	23,100	41,900	44,200	45,500	44,200	44,200
		[C]	$ 240,800	$ 266,100	$ 282,800	$ 318,700	$ 319,800	$ 323,800	$ 335,500	$ 330,300
Debt service coverage on Senior Bonds		[A/B]	**183%**	**179%**	**182%**	**182%**	**188%**	**193%**	**191%**	**193%**
Debt service coverage on Senior and Subordinate Bonds, and Subordinate Obligations		[A/C]	**182%**	**172%**	**167%**	**158%**	**162%**	**166%**	**166%**	**167%**

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APPENDIX B

GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement, the Senior Bond Ordinance and the General Subordinate 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. Reference is hereby made to the provisions of the General Subordinate 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 other Senior Bonds.

"*Additional Subordinate Parity Bonds"* means additional Subordinate Bonds which the City issues under the Subordinate Bond Ordinance on a parity with other Subordinate 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, Subordinate Bond Improvement Project, Refunding Project, Subordinate Bond 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 or Subordinate Bonds for such period as may be determined by Supplemental Ordinance or Supplemental Subordinate Bond Ordinance, any discount on the sale or remarketing of Bonds or Subordinate Bonds, any reserves for the payment of Bonds or Subordinate Bonds, or any other costs of issuing, carrying or repaying Bonds or Subordinate 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 or Subordinate Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds or Subordinate 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 2013A-B Subordinate 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 General Subordinate Bond Ordinances, as applicable.

"*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*" or "*Senior 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.

"*General Subordinate Bond Ordinance*" means Ordinance No. 302, Series of 2013, cited as the "Amended and Restated Airport System General Subordinate Bond Ordinance," as amended and supplemented from time to time by any Supplemental Subordinate Bond Ordinance.

"*Gross Revenues*" means any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project, or otherwise. The term includes, without limitation, all rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof on and after January 1, 1994, the revenues from the City's sales and use taxes raised at the rate of two cents for each gallon of fuel purchased for use in the generation of power for propulsion or drawing of aircraft; any passenger taxes, passenger facility charges, or other passenger charges imposed for the use of the Airport System, but only to the extent included as Gross Revenues by the terms of any Supplemental Ordinance; and, except as otherwise provided in the Senior Bond Ordinance, interest and other realized gain from any investment of moneys accounted for in the various accounts of the Airport System Fund. The term does not include: (a) any Bond proceeds and other money (including interest) required to be credited to the Project Fund or the Bond Reserve Fund; (b) any rentals or other revenue, grants, appropriations, or gifts derived directly or indirectly from the United States; (c) any grants, appropriations, or gifts from the State, or any other sources, which are required by their terms to be used only for purposes other than the payment of Debt Service Requirements; (d) except as otherwise provided in the Senior Bond Ordinance, any revenue derived from any Special Facilities other than ground rentals relating to such Special Facilities and any moneys paid to the City in lieu of such ground rentals; (e) the proceeds of any insurance policy, except any such proceeds derived in respect of loss of use or business interruption; (f) any money (including interest) in any Escrow Account or similar account pledged to the payment of any obligations therein specified; (g) any money received in respect of any Credit Facility, unless otherwise provided by Supplemental Ordinance; (h) any Subordinate Bond proceeds or any money received in respect of any Subordinate Credit Facility unless otherwise provided by a Supplemental Subordinate Bond Ordinance; and (i) 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 (as defined in the General Bond Ordinance), which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the General 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 Senior Bonds; provided that Hedge Termination Payments (as defined in the General Bond

Ordinance) to be made by the City shall not be secured under the General Bond Ordinance on a parity with the Senior 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 2013A-B Subordinate Bonds, each November 15 and May 15, commencing November 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.

"*Minimum Subordinate Bond Reserve*" means the amount, if any, so designated with respect to a Series of Subordinate Bonds in the Supplemental Subordinate Bond Ordinance authorizing their issuance which is to be maintained as a continuing reserve to be used, except as otherwise provided, only to prevent deficiencies in the payment of Subordinate Bond Requirements with respect to such Series of Subordinate Bonds.

"*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. Any reference to Bonds, Paying Agent, Credit Facility Obligations, Improvement Project or Debt Service Requirements shall be deemed also to include Subordinate Bonds, Subordinate Bond Paying Agent, Subordinate Credit Facility Obligations, Subordinate Bond Improvement Project and Subordinate Debt Service Requirements, respectively.

"*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.

"*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 (i) for purposes of the General Bond Ordinance, in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year or (ii) for purposes of the General Subordinate Bond Ordinance, in no event is such amount to exceed the greater of 25% of aggregate Debt Service Requirements or 10% of the sum of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such Fiscal Year.

"*Outstanding*" when used with reference to any Bonds or Subordinate Bonds and as of any particular date means all such Bonds and Subordinate Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds or Subordinate Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds or Subordinate Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or the General Subordinate Bond Ordinance, as applicable, or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance or the Subordinate Bond Ordinance; (c) any Bonds or any Subordinate Bonds (including without limitation Subordinate Option Bonds deemed tendered or purchased) in lieu of or in substitution for which other Bonds or Subordinate 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 or Outstanding Subordinate Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds or Subordinate 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 the Treasurer, or one or more commercial banks or trust banks, designated by Supplemental Ordinance as agent of the City for the payment of Bonds, including any successors thereof. As the context requires, the term also includes the Treasurer, or one or more commercial banks or trust banks, so designated as co-paying or alternate paying agent of the City for the payment of Bonds, including any successors thereof.

"*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 (i) all or a portion of the Gross Revenues and (ii) for purposes of the General Subordinate Bond Ordinance, any other revenues not included in Gross Revenues that are irrevocably pledged under the provisions of any Supplemental Subordinate Bond Ordinance to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations. 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." Such Proposed Amendments have been proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council. Such Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council.

"*Purchase Price*" means that amount due an owner of any Bond or Subordinate Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance or Supplemental Subordinate Bond Ordinance authorizing such Bond or Subordinate 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 or any Subordinate Bonds prior to their respective fixed maturity dates.

"*Redemption Price*" means, when used with respect to a Current Interest Bond or Subordinate 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 or a Subordinate 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 either the Treasurer, or one or more commercial banks or trust banks, designated in a Supplemental Ordinance, to keep books or records for the registration, discharge from registration, transfer, and conversion of Bonds, including any successors thereof. As the context requires, the term also includes the Treasurer, or one or more commercial banks or trust banks, so designated, as co-registrar for such purposes, including any successor thereof.

"*Regular Record Date*" means the fifteenth day (whether or not a business day) next preceding an Interest Payment Date.

"*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 2013A-B Subordinate Bonds, and includes any nominee or successor thereof.

"*Series 2013A-B Minimum Subordinate Bond Reserve*" means an amount determined on the date of initial issuance of the Series 2013A-B Subordinate Bonds, equal to the lesser of (a) the maximum amount of Subordinate Bond Requirements with respect to the Series 2013A-B Subordinate Bonds in any Fiscal Year, or (b) 125% of the average annual Subordinate Bond Requirements with respect to the Series 2013A-B Subordinate Bonds, or (c) 10% of the lesser of the proceeds of or the stated principal amount of the Series 2013A-B Subordinate Bonds.

"*Series 2013A Subordinate Bonds*" means the Airport System Subordinate Revenue Bonds, Series 2013A, in the original aggregate principal amount of $326,260,000, offered pursuant to this Official Statement.

"*Series 2013A-B Subordinate Bonds*" means, collectively, the Series 2013A Subordinate Bonds and the Series 2013B Subordinate Bonds.

"*Series 2013A-B Subordinate Bonds Paying Agent*" means any entity providing paying agency services for the Series 2013A-B Subordinate Bonds, initially being Zions First National Bank, Denver, Colorado, and any successor or assign thereof for the Series 2013A-B Subordinate Bonds.

"*Series 2013A-B Subordinate Bonds Registrar*" means, when used with respect to the Series 2013A-B Subordinate Bonds, Zions First National Bank, Denver, Colorado, and any successors and assigns thereof.

"*Series 2013B Subordinate Bonds*" means the Airport System Subordinate Revenue Bonds, Series 2013B, in the original aggregate principal amount of $393,655,000, offered pursuant to this Official Statement.

"*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 Bond Escrow Account*" means any special and separate account established with a Subordinate Bond Escrow Bank in whole or in part with the proceeds of any Subordinate Refunding Bonds or other moneys to provide for the timely payment of any Subordinate Bond Requirements.

"*Subordinate Bond Escrow Bank*" means a trust bank, designated by Supplemental Subordinate Bond Ordinance to administer a Subordinate Bond Escrow Account.

"*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 by the General Bond Ordinance.

"*Subordinate Bond Improvement Project*" means any project (i) to acquire, improve or equip (or any combination thereof) Facilities, or (ii) to effect any other lawful undertaking determined by the Manager to be of benefit to the Airport System, as authorized and described by Supplemental Subordinate Bond Ordinance.

"*Subordinate Bond Refunding Project*" means any project to refund, pay and discharge any Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations, or other securities or obligations.

"*Subordinate Bond Requirements*" means for any period the Subordinate Debt Service Requirements payable during such period, excluding the amount of any Subordinate Obligations payable (or for which reserves are required to be deposited) during such period.

"*Subordinate Bond Reserve Account*" means a special account established within the Subordinate Bond Fund as provided in the General Subordinate Bond Ordinance.

"*Subordinate Bonds*" means bonds, notes, certificates, commercial paper, or other securities issued pursuant to the provisions of the General Subordinate 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, subordinate only to the lien thereon of the Senior Bonds, including without limitation Subordinate Refunding Bonds, Subordinate Serial Bonds, Subordinate Term Bonds, Subordinate Credit Enhanced Bonds, Subordinate Option Bonds, Subordinate Capital Appreciation Bonds, Subordinate Current Interest Bonds and Subordinate Variable Rate Bonds. The term does not include any Subordinate Obligations (except as presented by any bonds registered in the name of any provider of any Subordinate Credit Facility or its nominee as a result of the purchase thereof with proceeds of such Subordinate Credit Facility).

"*Subordinate Capital Appreciation Bonds*" means Subordinate Bonds which by their terms appreciate in value to a stated face amount at maturity.

"*Subordinate Contract Obligations*" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the General 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 Enhanced Bonds*" means Subordinate Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Subordinate Credit Facility, or by a pledge of revenues other than Gross Revenues.

"*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 Obligations.

"*Subordinate Current Interest Bonds*" means Subordinate Bonds on which interest is payable on interest payment dates prior to maturity or redemption prior to maturity.

"*Subordinate Debt Service Requirements*" for any period means the sum of: (i) the amount required to pay the interest on any Subordinate Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or purchase price, of any Subordinate 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 Subordinate 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 Subordinate Credit Facility Obligations or Subordinate Contract Obligations required to be paid, and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Subordinate Hedge Facility secured under the General Subordinate Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Subordinate Bonds or Subordinate 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 circumstance which will not, with certainty, occur during such period, shall be included in any computation of Subordinate 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 General Subordinate Bond Ordinance, Subordinate Bonds and Subordinate 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 Subordinate Bonds or Subordinate Obligations on the date of computation or such higher annual rate as determined to be reasonable by the Treasurer based on market conditions; provided that in any computation (i) of any applicable minimum reserve requirement set forth in a Supplemental Subordinate Bond Ordinance (except as otherwise provided therein); (ii) relating to issuing or incurring additional Subordinate Bonds or Subordinate Obligations required by the General Subordinate Bond Ordinance; or (iii) required by the rate maintenance covenant in the General Subordinate Bond Ordinance such Subordinate Bonds or Subordinate Obligations shall be deemed to bear interest at a fixed annual rate equal to (x) the average of the daily rates of such Subordinate Bonds or Subordinate Obligations during the 365 consecutive days (or any lesser period such Subordinate Bonds or Subordinate Obligations have been Outstanding) next preceding the date of computation; (y) with respect to any such Subordinate Bonds or Subordinate Obligations which are being issued or incurred on the date of computation, the initial rate of such Subordinate Bonds or Subordinate Obligations; or (z) such higher annual rate as determined to be reasonable by the Treasurer based on market conditions; (c) further, in any computation relating to issuing or incurring additional Subordinate Bonds or Subordinate Obligations required by the General Subordinate Bond Ordinance and any computation required by the rate maintenance covenant in the General Subordinate Bond Ordinance, there shall be excluded from the computation of Subordinate Debt Service Requirements amounts which at the time such computation is made are, or are reasonably expected to be, available for and which are irrevocably committed to make such payments during such period, including without limitation any amounts in an Escrow Account and any proceeds of Subordinate Bonds or Subordinate Obligations so committed for the payment of capitalized interest, but not including any amounts on deposit in the Subordinate Bond Reserve Account; (d) any Subordinate Bonds or Subordinate Obligations which bear interest at a variable rate and with respect to which there exists a Subordinate 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 Subordinate Hedge Facility for the full term of such Subordinate Hedge Facility. In the case of any Subordinate Bonds or Subordinate Obligations that bear interest at a fixed rate and with respect to which there exists a Subordinate Hedge Facility that obligates the City to pay a variable rate, Subordinate Debt Service Requirements shall be deemed for the full term of the Subordinate Hedge Facility to include the interest payable on such Subordinate Bonds or Subordinate Obligations, less the fixed amounts received by the City under the Subordinate Hedge Facility, plus the amount of the variable interest payments (using the conventions described above) to be made by the City under the Subordinate Hedge Facility; (e) the Subordinate Debt Service Requirements of any series of Subordinate Bonds or Subordinate Obligations (other than those maturing within one year of the date they are issued or incurred) which includes a maturity of such series or obligation which (i) satisfies the definition of Balloon Maturity set forth below in provision (h) of this definition and (ii) which the City designates in the Supplemental Subordinate Bond Ordinance authorizing such series or obligation shall be treated as a Balloon Maturity, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, shall be calculated by assuming that principal of 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 twelve months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity; (f) if all or any portion of an outstanding series of Subordinate Bonds or Subordinate Obligations constitutes Short-Term/Demand Obligations, then, for purposes of determining Subordinate Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations shall, unless otherwise provided in the applicable Supplemental Subordinate Bond Ordinance, 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 or incurred, and extending not later than 30 years from the date such Short-Term/Demand Obligations were issued or incurred; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such Subordinate Bonds or Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Subordinate Bonds or Subordinate Obligations only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion shall be assumed to be paid in accordance with an amortization schedule established by the applicable Supplemental Subordinate Bond Ordinance or shall be treated as described in such other provision of this definition as shall be applicable; (g) any maturity of Subordinate Bonds or Subordinate Obligations that is designated by the City as 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 Subordinate 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 Subordinate 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; (h) for purpose of this definition: "Balloon Maturity" means, with respect to any series of Subordinate Bonds or Subordinate Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable in any Fiscal Year, that portion of that series or obligation 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 Subordinate Bonds or Subordinate 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; "Regularly Scheduled Hedge Payments" means the regularly scheduled payments under the terms of a Subordinate Hedge Facility which are due absent any termination, default or dispute in connection with such Subordinate Hedge Facility; and "Short-Term/Demand Obligations" means each series of Subordinate Bonds or Subordinate Obligations issued or incurred 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 Subordinate Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance or incurrence 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 Subordinate 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 Subordinate Credit Facility; and (i) in any circumstance where the amounts required to pay Subordinate Bonds or Subordinate Obligations are uncertain and the conventions set forth above are not applicable, the Treasurer may determine such amounts based on the Treasurer's reasonable estimate of the amount of Net Revenues that will effectively be required to pay such Subordinate Bonds or Subordinate Obligations, or any combination thereof; and such determination shall be conclusive. Any such determination may take into account, without limitation, the effect of provisions requiring or permitting the netting of payment obligations and the effect on payment obligations of circumstances that are within the control of the City and are reasonably expected to occur.

"*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 Obligations.

"*Subordinate Obligations*" means Subordinate Credit Facility Obligations, Subordinate Contract Obligations and Subordinate Hedge Facility Obligations.

"*Subordinate Option Bonds*" means Subordinate 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.

"*Subordinate Refunding Bonds*" means any Subordinate Bonds issued to refund, pay and discharge any Senior Bonds, Subordinate Bonds, Subordinate Obligations, Junior Lien Obligations or other securities or obligations.

"*Subordinate Term Bonds*" means Subordinate Bonds of a series with a fixed maturity date or dates which do not constitute consecutive periodic installments and which Subordinate Bonds are designated as Subordinate Term Bonds by the Supplemental Subordinate Bond Ordinance authorizing their issuance.

"*Subordinate Variable Rate Bonds*" means Subordinate Bonds issued with a variable, adjustable, convertible or other similar rate or rate period which is not fixed to maturity at the date of issue.

"*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.

"*Supplemental Subordinate Bond Ordinance*" means any ordinance of the City amending or supplementing the General Subordinate Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Subordinate Bonds or Subordinate Obligations 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.

"*Underwriters*" means, with respect to the Series 2013A-B Subordinate 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 AND THE GENERAL SUBORDINATE BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance and the General Subordinate Bond Ordinance, including, without limitation, the PFC Supplemental Ordinances, and are in addition and complementary to the summary found under "THE SERIES 2013A-B SUBORDINATE 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 and Subordinate Bonds

The City and the Paying Agent may treat the person in whose name any Bond or Subordinate Bond is registered upon the books or records of the Registrar or Subordinate Bond Registrar as the absolute owner thereof, whether the Bond or Subordinate Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements or Subordinate Bond Requirements of any Bond or Subordinate 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 Supplemental Subordinate Bond Ordinance relating to the issuance of the Series 2013A-B Subordinate Bonds each provide that so long as Senior Bonds or Subordinate Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements, Subordinate Debt Service Requirements or Redemption Price and all notices with respect to the Bonds or Subordinate 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 or General Subordinate 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 or Subordinate 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 or Subordinate Bonds are to be paid; provided that if at the time of notice of any optional redemption of the Bonds or Subordinate Bonds there have not been deposited moneys in the Redemption Account or to an Escrow Account or the Subordinate Bond Escrow Account available for payment pursuant to the Senior Bond Ordinance or the General Subordinate Bond Ordinance and sufficient to redeem all of the Bonds or Subordinate 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 or Subordinate Bonds, and if notice of redemption has been duly published and mailed, then from and after the Redemption Date such Bonds or Subordinate Bonds will cease to bear interest and no longer will be considered Outstanding.

Additional Parity Senior 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.

Additional Parity Subordinate Bonds

The General Subordinate Bond Ordinance permits the City to issue Additional Parity Subordinate Bonds to pay the Cost of a Subordinate Bond Improvement Project. In order to issue Additional Parity Subordinate Bonds for a Subordinate Bond Improvement Project under the General Subordinate Bond Ordinance, the City is required to obtain either (i) the Certificates described in subsections (a) and (b) below, or (ii) the certificates, opinions and reports described in subsections (b) through (d) below:

(a) a certificate of the Manager to the effect that upon the delivery of such additional Subordinate Bonds the sum of (i) the principal amount (or in the case of Subordinate Bonds issued as capital appreciation bonds an allocated portion of the original principal amount) of all Subordinate Bonds then Outstanding, including the Subordinate Bonds then to be delivered, (ii) the principal amount of all Subordinate Bonds authorized but not then to be delivered, (iii) the principal component of all Subordinate Credit Facility Obligations to the extent such obligations, if they become due, are not in lieu of (or do not otherwise replace) the City's obligations to pay any principal in respect of Subordinate Bonds which is included in paragraphs (i) and (ii) above; (iv) amounts that would be due from the City as termination payments under all Subordinate Hedge Facility Obligations, computed pursuant to their respective terms as if the termination date were the date of the Manager's certificate, using relevant mid-market interest rates as of the last day of the most recently completed fiscal quarter immediately preceding the date of the certificate of the Manager; and (v) the principal, or its equivalent, of all Subordinate Contract Obligations, does not exceed $800,000,000;

(b) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bonds the City is not in default in making any payments required by the Senior Bond Ordinance or the General Subordinate Bond Ordinance;

(c) 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 Subordinate 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 and Subordinate 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 (other than the Redemption Account or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the aggregate Debt Service Requirements and Subordinate Debt Service Requirements for such period; and

(d) a report of the Airport Consultant estimating, for each of the five Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Subordinate Bond Improvement Project will be completed, or the first Fiscal Year there are Subordinate Debt Service Requirements with respect to the Subordinate Bonds to be issued for such Subordinate Bond 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 or any similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond 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 larger of either (A) the amounts needed for making the required deposits to the credit of the several subaccounts (other than the Redemption Account or other similar account) in the Bond Fund, the Bond Reserve Fund, the Subordinate Bond Fund and the Operation and Maintenance Reserve Account, or (B) an amount not less than 110% of the sum of aggregate Debt Service Requirements and Subordinate Debt Service Requirements for each such Fiscal Year, the Subordinate Debt Service Requirements of the series of Subordinate Bonds then to be issued, and the Debt Service Requirements and Subordinate Debt Service Requirements in respect of any future Senior Bonds, Subordinate Bonds, or Subordinate Obligations which the Manager shall estimate will be required to complete payment of the Cost of such Improvement Project or Subordinate Bond Improvement Project (such Debt Service Requirements or Subordinate Debt Service Requirements 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 Subordinate Bond 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 Subordinate Bond Improvement Project, or any completed portion thereof.

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 above cannot be given with the required results stated therein, the City may not issue Additional Parity Subordinate Bonds; *provided however*, the City may issue Additional Parity Subordinate Bonds for the purpose of refunding Subordinate Bonds without having to comply with the requirements described above.

Additional Senior Bonds Permitted

The City or the City for and on behalf of the Department may issue additional Senior Bonds, and incur other Obligations in the manner and otherwise as provided by the General Bond Ordinance; provided, however, that neither the City nor the City for and on behalf of the Department shall issue additional Senior Bonds or incur other Obligations if the issuance of such additional Senior Bonds or the incurrence of such Obligations would cause the City to fail to comply with the rate maintenance covenant set forth in the General Subordinate Bond Ordinance. Except as described in the preceding sentence, the City or the City for and on behalf of the Department may not otherwise issue bonds or other securities or incur other obligations having a lien on the Net Revenues of the Airport System superior to the lien thereon of Subordinate Bonds, and any such bond or other securities or other obligations are hereby prohibited.

Security

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System and to the obligations of the City in respect of the Senior Bonds and Obligations as provided by the Senior Bond Ordinance, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, the Subordinate Bond Fund and any other fund or account created and pledged for such purpose herein or by any Supplemental Subordinate Bond Ordinance (except moneys and securities held in any Subordinate Bond Escrow Account and except as otherwise provided herein or in any Supplemental Subordinate Bond Ordinance) are irrevocably pledged to secure the payment of the Subordinate Bond Requirements of the Subordinate Bonds and, to the extent so provided in any Supplemental Subordinate Bond Ordinance, to the payment of any Subordinate Obligations.

Neither the Bond Requirements of the Bonds nor the Subordinate Bond Requirements of the Subordinate Bonds are 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 and the Subordinate Bond Requirements of the Subordinate 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 or the Subordinate Bond Requirements of the Subordinate Bonds.

The payment of the Bond Requirements and the Subordinate Bond Requirements of any Bonds and Subordinate 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 and the Subordinate Bond Requirements of the Subordinate 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 (in which the General Subordinate Bond Ordinance creates the following accounts: the Interest Account, the Principal Account, the Sinking Fund Account, the Redemption Account and the Bond Reserve Account), 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 or Subordinate 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 and Subordinate Obligations, are to be transferred and credited to the following subaccounts in the following order of priority and at the following times:

> (i) except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly, to the Interest Account of the Subordinate Bond Fund and any subaccount therein, commencing on the first day of the month immediately succeeding the issuance of any Subordinate 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 such interest, to pay the next maturing installment of interest on such series of Subordinate Bonds. In computing any required credit with respect to any Subordinate Bonds bearing interest at a variable rate, the interest rate used shall be as provided by Supplemental Subordinate Bond Ordinance; moneys accounted for in the Interest Account shall be used to pay interest on Outstanding Subordinate Bonds, as it become due;
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> (ii) except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly, to the Principal Account of the Subordinate Bond Fund and any subaccount therein, commencing on the first day of the month immediately succeeding the issuance of any Serial Subordinate Bonds, or commencing one year prior to the first fixed maturity date of such Serial Subordinate 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 of such Serial Subordinate Bonds; moneys accounted for in the Principal Account shall be used to pay the principal of Outstanding Serial Subordinate Bonds, as they mature;
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> (iii) except as otherwise provided by Supplemental Subordinate Bond Ordinance, monthly to the Sinking Fund Account of the Subordinate Bond Fund, commencing on the first day of the twelfth calendar month prior to the date on which the

City is required to pay any Term Subordinate Bonds, one-twelfth of the amount necessary, together with any moneys from time to time available from whatever source, to pay the Redemption Price or principal of such Term Subordinate Bonds to become due. Moneys shall be so credited to the Sinking Fund Account on the same priority as moneys credited to the Principal Account, and moneys accounted for in the Sinking Fund Account shall be applied to pay the Term Subordinate Bonds so scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise;

(iv) except as otherwise provided by Supplemental Bond Ordinance, to the Redemption Account of the Subordinate Bond Fund, on or prior to any date on which the City exercises its option to call for prior redemption any Subordinate Bonds, an amount necessary to pay the Redemption Price of such Subordinate Bonds on such Redemption Date, except to the extent any other moneys, including without limitation moneys in any Subordinate Bond Escrow Account, are available therefor;

(v) Separate subaccounts may be created within the Subordinate Bond Fund and any accounts therein by Supplemental Subordinate Bond Ordinance; provided, however, that the accumulation and application of moneys in the Subordinate Bond Fund for the payment of, or the creation of reserves for, Subordinate Obligations are on parity with or subordinate to the accumulation and application of Net Revenues for the payment of, or the creation of reserves for, Subordinate Bonds.

(vi) as a second charge on moneys credited to the Subordinate Bond Fund, after making all credits as required above, there shall be credited to the Subordinate Bond Reserve Account and any subaccount created therein as provided by Supplemental Subordinate Bond Ordinance, in addition to any moneys required to be deposited therein by the General Subordinate Bond Ordinance, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Subordinate Bonds with respect to which a Minimum Subordinate Bond Reserve has been designated is issued or on which the amounts credited thereto are less than the Minimum Subordinate Bond Reserve, if any, with respect to the applicable series of Subordinate Bonds, an amount in cash or Investment Securities, or both, which, if made in substantially equal installments thereafter, would be sufficient to accumulate each Minimum Subordinate 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); a Minimum Subordinate Bond Reserve may be, but is not required to be, established with respect to any series of Subordinate Bonds; no payment need be made into the Subordinate Bond Reserve Account or any subaccount therein so long as the moneys therein shall equal not less than the Minimum Subordinate Bond Reserve with respect to all applicable Subordinate Bonds;

(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.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Subordinate 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 or the Subordinate Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve or Minimum Subordinate Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve or Minimum Subordinate 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 or General Subordinate Bond Ordinance. In the event any Supplemental Ordinance or Supplemental Subordinate Bond Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility or Subordinate Credit Facility in the Bond Reserve Fund or Subordinate Bond Reserve Account, as applicable, in full or partial satisfaction of the Minimum Bond Reserve or Minimum Subordinate Bond Reserve; provided that any such Credit Facility or Subordinate Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund or Subordinate Bond Reserve Account as provided in the Senior Bond Ordinance or Supplemental General Subordinate 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:

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, Refunding Project, Subordinate Bond Improvement Project or Subordinate Bond 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 or any Subordinate Bonds, until the termination of each Improvement Project or Subordinate Bond 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 and General Subordinate 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.

Subject to the prior application of amounts in the Capital Fund for such purpose, as provided by the Senior Bond Ordinance, the Treasurer shall use the proceeds of any series of Subordinate Bonds credited to any subaccount in the Project Fund, without further order or warrant, to pay the Subordinate Bond Requirements of such series of Subordinate Bonds as the same become due whenever and to the extent moneys in the Subordinate Bond Fund are insufficient for that purpose, unless such Subordinate

Bond proceeds shall be needed to defray Costs accrued and to accrue under any contracts then existing and relating to a Subordinate Bond Improvement Project. The Treasurer shall promptly notify the Mayor and the Manager of any such use of moneys in the Project Fund. Any moneys so used shall be restored to the appropriate subaccount, from the first Pledged Revenues thereafter received and not needed to meet the payment requirements in the Senior Bond Ordinance.

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).

Alterations of, additions to, and deletions from any Subordinate Bond Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund in accordance with the General Subordinate Bond Ordinance, but any such alterations, additions and deletions shall not, in the opinion of the Airport Consultant, render the City incapable of performing its obligations under any rate maintenance covenant in respect of Subordinate Bonds.

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 of Senior Bonds

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."

Defeasance of Subordinate Bonds

When all principal, interest, and any prior redemption premiums due in connection with the Subordinate Bonds have been duly paid, or provision made therefor in accordance with the General Subordinate Bond Ordinance, all covenants, agreements and other obligations of the City to the owners of the Subordinate Bonds will thereupon cease, terminate, become void and be discharged and satisfied.

Any Subordinate Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Subordinate Bond is to be redeemed on any date prior to its maturity, the City shall have given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in a Subordinate Bond Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) Defeasance Securities which do not contain provisions permitting the redemption thereof at the option of the obligor, 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 Subordinate Bond Escrow Account at the same time, will be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on such Subordinate Bond on or prior to its Redemption Date or maturity date; (c) no such Subordinate Bond shall be subject to optional or mandatory tender prior to the maturity or Redemption Date thereof; and (d) in the event such Subordinate Bond is not subject to redemption within the next 60 days, the City by Supplemental Subordinate Bond Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Subordinate Bond that the deposit required by (b) above has been placed in such Subordinate Bond Escrow Account and that such Subordinate 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 a principal of, premium, if any, and interest on such Subordinate Bond.

As to Subordinate Variable Rate Bonds, the amount required for the interest thereon will be calculated at the maximum rate which such Subordinate Variable Rate Bonds may bear prior to maturity or applicable redemption date; provided, however, that if on any date, as a result of such Subordinate Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and such Defeasance Securities on deposit for the payment of interest on such Subordinate 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 Subordinate Variable Rate Bonds in order to fully discharge and satisfy such Subordinate 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 Subordinate Variable Rate Bonds or otherwise existing under the General Subordinate Bond Ordinance.

Notwithstanding any provisions of the General Subordinate Bond Ordinance to the contrary, Subordinate Option Bonds may only be discharged and satisfied by depositing moneys or Defeasance 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 Subordinate Option Bonds which could become payable to the owners of such Subordinate Option Bonds upon the exercise of any options provided to the owner of such Subordinate 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 a Subordinate Option Bond are no longer exercisable or such Subordinate Option Bonds are no longer subject to mandatory tender, such Subordinate Option Bond will not be considered a Subordinate 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 Subordinate

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 Subordinate Option Bonds or otherwise existing under the General Subordinate 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 Net 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."

Modification of the General Subordinate Bond Ordinance

The General Subordinate Bond Ordinance may be amended or supplemented by a Supplemental Subordinate Bond Ordinance without the consent of or notice to the owners of the Subordinate Bonds as follows: (a) to authorize the issuance of Subordinate Bonds or the incurrence of Subordinate Obligations and to specify and determine matters which are not contrary to or inconsistent with the General Subordinate Bond Ordinance; (b) to cure defects in the General Subordinate Bond Ordinance or comply with requirements of the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Subordinate 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 General Subordinate Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect, in connection with any Subordinate Bonds, Subordinate Obligations or otherwise any other changes in the General Subordinate 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 Subordinate Bonds or the beneficiaries of any Subordinate Obligations.

The General Subordinate Bond Ordinance also may be amended or supplemented by a Supplemental Subordinate Bond Ordinance adopted by the City upon the written consent of the owners of Subordinate Bonds constituting more than 50% in aggregate principal amount of all Subordinate Bonds then Outstanding and affected by the amendment or supplement. No such Supplemental Subordinate Bond Ordinance, however, may have the effect of permitting without the consent of the owner of any Outstanding Subordinate Bond or beneficiary of any Subordinate Obligation so affected: (a) a change (other than as expressly provided for in the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Subordinate Bond or Subordinate Obligation; (b) a reduction (other than as expressly provided for in the Supplemental Subordinate Bond Ordinance authorizing such Subordinate Bond) of the principal, interest rate or prior redemption premium of any Outstanding Subordinate Bond or Subordinate Obligation; (c) except as provided in the General Subordinate Bond Ordinance, the creation of a lien upon or a pledge of Net Revenues ranking prior to the lien or to the pledge created by the General Subordinate Bond Ordinance; (d) a reduction of the principal amount or percentages of Subordinate Bonds, the consent of the owners of which is required for any such amendment or modifications; or (e) the establishment of priorities as between Subordinate Bonds or Subordinate Obligations issued or incurred under the General Subordinate Bond Ordinance.

In addition, the General Bond Ordinance may not be amended or supplemented without the consent of the owner of any Outstanding Subordinate Bond or Subordinate Obligation affected thereby, unless, 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, such amendment or supplement does not materially and prejudicially affect the right of the owners of any Subordinate Bonds or the beneficiaries of any Subordinate Obligations. Any consent by the owners of any such Subordinate Bonds or Subordinate Obligations shall be set forth in an instrument or instruments executed by the required owners or their appointed consent agents and filed with the Clerk, which instrument or instruments shall refer to the proposed amendments or the Supplemental Ordinance approving such amendments and shall specifically consent to and approve the adoption of such amendments. Such consent shall be irrevocable and shall be conclusive and binding upon all future owners of the same Subordinate Bonds or Subordinate Obligations.

Events of Default Under the Senior Bond Ordinance

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.

Events of Default under the General Subordinate Bond Ordinance

The General Subordinate Bond Ordinance provides that each of the following events is an "event of default": (a) an Event of Default shall have occurred with respect to any Senior Bonds; (b) the City's failure to pay the principal of any Subordinate Bonds, or any prior redemption premium in connection therewith, or both, when the same becomes due and payable either at maturity, by mandatory or optional prior redemption or otherwise; (c) the City's failure to pay any installment of interest on any Subordinate Bond when the same becomes due and payable; (d) the City's failure to pay the principal of, interest on, or any other amount due in connection with any Subordinate Obligation when the same becomes due and payable; (e) the City fails to perform any of the representations, covenants, conditions, agreements and other provisions contained in any Subordinate Bonds or in the General Subordinate Bond Ordinance on its part to be performed, and such failure continues for sixty days after written notice specifying such failure and requiring the same to be remedied is given to the City by the owners of 25% in principal amount of the Subordinate Bonds then Outstanding; provided, however, it shall not be considered an event of default under this section if the Manager determines that corrective action has been instituted within such sixty day period and is being diligently pursued; and (f) such other events of default as are provided for in any Supplemental Subordinate Bond Ordinance or any series of Subordinate Bonds.

Remedies of Owners of Senior Bonds

Upon the occurrence and continuance of any Event of Default under the Senior Bond Ordinance (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 under the Senior Bond Ordinance, 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.

Remedies for Owners of Subordinate Bonds

Upon the occurrence and continuance of any of any Event of Default under the General Subordinate Bond Ordinance (except as otherwise provided by Supplemental Subordinate Bond Ordinance with respect to Subordinate Credit Enhanced Bonds), so long as such event of default has not been remedied, unless the principal of all Subordinate Bonds has already become due and payable, the owners of not less than 25% in principal amount of all Subordinate Bonds then Outstanding may declare the principal and interest of the Subordinate Bonds then Outstanding due and payable immediately and proceed against the City to protect and enforce the rights of the owners of the Subordinate Bonds issued under the General Subordinate 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 General Subordinate Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and to enforce such rights. No remedy specified in the General Subordinate Bond Ordinance is intended to exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default under the General Subordinate Bond Ordinance, the City will perform all acts on behalf of the owners of the Subordinate Bonds to protect the security created for the Subordinate Bonds and to insure timely payment thereof. During the continuance of an Event of Default under the General Subordinate Bond Ordinance, subject to any limitations with respect to payment of Subordinate Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Subordinate 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 General Subordinate Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Subordinate Bonds and will apply the same toward the payment of principal of and interest on the Subordinate Bonds in the order specified in the General Subordinate 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 and Subordinate Bond Requirements of all Outstanding Bonds and Outstanding Subordinate 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 or Subordinate 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 or Subordinate 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 or Subordinate 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 2013A or Series 2013B Subordinate Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds or Subordinate 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 Bonds or Subordinate Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds or Subordinate Bonds to be included in gross income for federal income tax purposes. Notwithstanding such covenant, the City may issue Bonds or Subordinate Bonds the interest on which is intended to be included in gross income for federal income tax purposes and, in such event, the provisions of the forgoing covenant and any other requirement of the General Bond Ordinance or General Subordinate Bond Ordinance intended to establish or maintain the exclusion from federal income taxation of interest on such Bonds or Subordinate Bonds shall be inapplicable to such Bonds or Subordinate Bonds.

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 2013A-B Supplemental Subordinate Ordinances

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the General Subordinate Bond Ordinance in respect of the Series 2013A-B Subordinate Bonds are the undertakings, covenants, agreements, obligations, warranties and representations of the City, for and on behalf of the Department.

* * *

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 2013A-B Subordinate 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 UMB Bank, n.a. 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 – Other Matters Related to the Senior Bonds." ***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 2013A-B Subordinate 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 2013A-B Subordinate Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2013A-B Subordinate Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2013A-B Subordinate Bonds. The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds, each in the aggregate principal amount of such maturity, and will be deposited with the DTC. The Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds except in the event that use of the book-entry system for the Series 2013A-B Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013A-B Subordinate Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2013A-B Subordinate Bonds may wish to ascertain that the nominee holding the Series 2013A-B Subordinate 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 2013A-B Subordinate Bonds within a maturity of the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds. In that event, certificates representing the Series 2013A-B Subordinate Bonds will be printed and delivered to DTC.

* * *

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APPENDIX F

ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2012 AND 2011

This appendix includes the following sections from the 2012 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 8, 9 and 10); Management's Discussion and Analysis (pages 11 through 23); Financial Statements and Notes thereto (pages 24 through 61); and Supplemental Information (pages 62 through 67). The Introduction (pages 1 through 7) and Annual Financial Information (unaudited) (pages 68 through 73) 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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DENVER INTERNATIONAL AIRPORT

City and County of Denver

Municipal Airport System

ANNUAL FINANCIAL REPORT

December 31, 2012 and 2011

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City and County of Denver
Municipal Airport System

ANNUAL FINANCIAL REPORT

December 31, 2012 and 2011

City and County of Denver
Municipal Airport System

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December 31, 2012 and 2011

BKD LLP
CPAs & Advisors

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Independent Auditor's Report on Financial Statements and Supplementary Information

Audit Committee
City and County of Denver
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying basic financial statements of the City and County of Denver, Colorado Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver (the City), which are comprised of statements of net position as of December 31, 2012 and 2011, and statements of revenues, expenses, and changes in net position and of cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Airport System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Audit Committee
City and County of Denver

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, 2012 and 2011, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2012 and 2011, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefit plan information 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.

Audit Committee
City and County of Denver

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The information listed in the table of contents under “Introductory Section” and “Other Information Section” 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

Denver, Colorado
May 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2012 and 2011

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, 2012 and 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 $624.7 million for the year ended December 31, 2012, an increase of $21.9 million (3.6%), as compared to the year ended December 31, 2011. The increase in revenue was primarily related to the increased rates for airline facilities and landing fees, and an increase in origination and destination (O&D) passenger traffic of 1.7% which contributed to the increase in concession, parking, and car rental revenues.

Operating expenses, exclusive of depreciation and amortization, were $388.2 million for the year ended December 31, 2012, a decrease of $4.7 million (1.2%) as compared to the year ended December 31, 2011. The decrease was attributable to a decrease in electric, gas and chemicals expenses.

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 position, statements of revenues, expenses and changes in net position, statements of cash flows, and notes to financial statements. The statements of net position present information on the Airport System's assets, deferred outflows, liabilities, deferred inflows, and net position. Over time, increases or decreases in net position 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 position present information showing how the Airport System's net position changed during the fiscal year. All changes in net position 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 other 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. 2012, 2011 and 2010).

Summary of Revenues, Expenses, and Changes in Net Position

The following is a summary of the revenues, expenses, and changes in net position for the years ended December 31, 2012, 2011, and 2010 (in thousands):

	2012	2011	2010
Operating revenues	$ 624,673	$ 602,769	$ 601,402
Operating expenses before depreciation and amortization	(388,171)	(392,862)	(409,865)
Operating income before depreciation and amortization	236,502	209,907	191,537
Depreciation and amortization	(178,567)	(179,070)	(181,496)
Operating income	57,935	30,837	10,041
Nonoperating revenues	153,047	136,100	150,747
Nonoperating expenses	(196,716)	(211,588)	(238,542)
Capital grants and contributions	22,996	34,702	30,200
Increase(decrease) in net position	37,262	(9,949)	(47,554)
Net position, beginning of year	545,074	555,023	602,577
Net position, end of year	$ 582,336	$ 545,074	$ 555,023

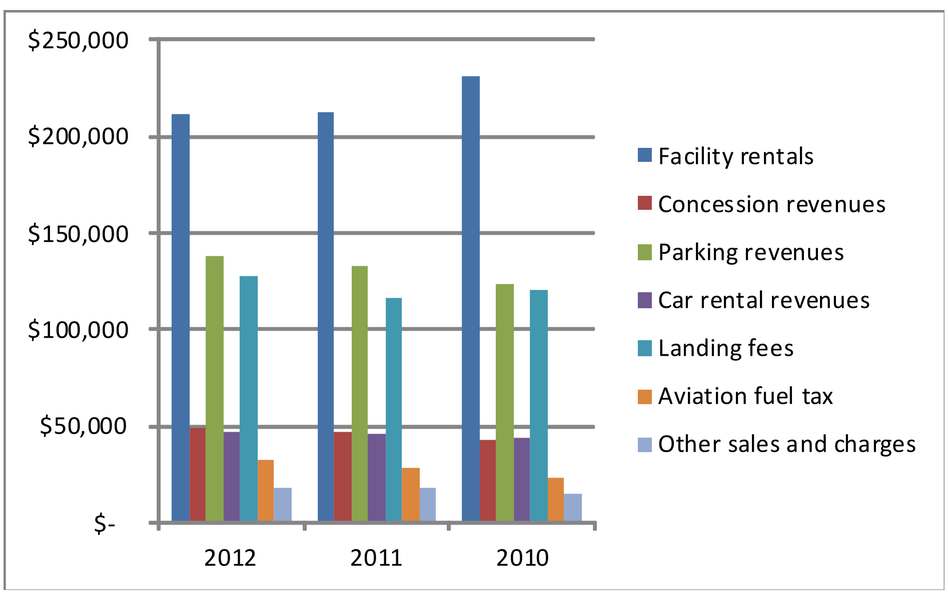
The following is a summary of operating revenues for the years ended December 31, 2012, 2011, and 2010:

Operating Revenues
(In thousands)

	2012	2011	2010
Operating revenues:			
Facility rentals	$ 211,411	$ 212,408	$ 231,603
Concession revenues	49,592	47,499	43,398
Parking revenues	137,912	132,728	123,673
Car rental revenues	47,222	46,353	44,181
Landing fees	127,347	116,506	120,054
Aviation fuel tax	32,783	28,892	23,680
Other sales and charges	18,406	18,383	14,813
Total operating revenues	$ 624,673	$ 602,769	$ 601,402

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, 2012 as compared to 2011 (in thousands):

	2012	2011	Percentage change
Enplanements	26,597	26,456	0.5 %
Passengers	53,156	52,849	0.6 %
Aircraft operations (1)	618	635	(2.7) %
Cargo (in pounds)	521,793	547,152	(4.6) %
Landed weight (in tons)	31,885	32,499	(1.9) %

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

The Airport System's activities increased in some areas and decreased in others 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.

2012/2011

Operating revenues increased by $21.9 million, or 3.6%, from $602.8 million in 2011 to $624.7 million in 2012, primarily due to an increase in landing fees, aviation fuel tax, and nonairline revenue; concession, parking and car rental.

Landing fees increased by $10.8 million, or 9.3%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight from $3.35 for signatory and $4.24 for non-signatory airlines in 2011 to $3.91 for signatory and $4.69 for non-signatory airlines in 2012.

Facility rentals decreased by $1.0 million, or .5%, due to a decrease in airline baggage spine system fee and airline space rent and offset by an increase in airline ramp rent, AGTS system and backup baggage system.

Concession revenues between 2012 and 2011 increased by $2.1 million, or 4.4%, primarily due to the increase in food and beverage sales due to the increase in passenger traffic. Additionally, there was an increase in spend rate per enplaned passenger from $10.20 in 2011 to $10.58 in 2012.

Parking revenue increased by $5.2 million, or 3.9%, which is attributable to the increase in originating and destination (O&D) traffic.

Car rental revenues increased $.9 million or 1.9%, to $47.2 million due to an increase in O&D passenger traffic. Total passenger traffic increased .6% for the year ended December 31, 2012; O&D passenger traffic increased 1.7%.

Aviation fuel tax increased in 2012 by $3.9 million, or 13.5%, due to increases in fuel prices.

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 credit that is credited back to the airlines and a decrease in airline non preferential use fee and airline space rent 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 revenue increased by $9.1 million, or 7.3%, which is attributable to the increase in O&D traffic.

Car rental revenues increased $2.2 million or 4.9%, to $46.4 million due to an increase in 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.

The following is a summary of operating expenses before depreciation and amortization for the years ended December 31, 2012, 2011, and 2010:

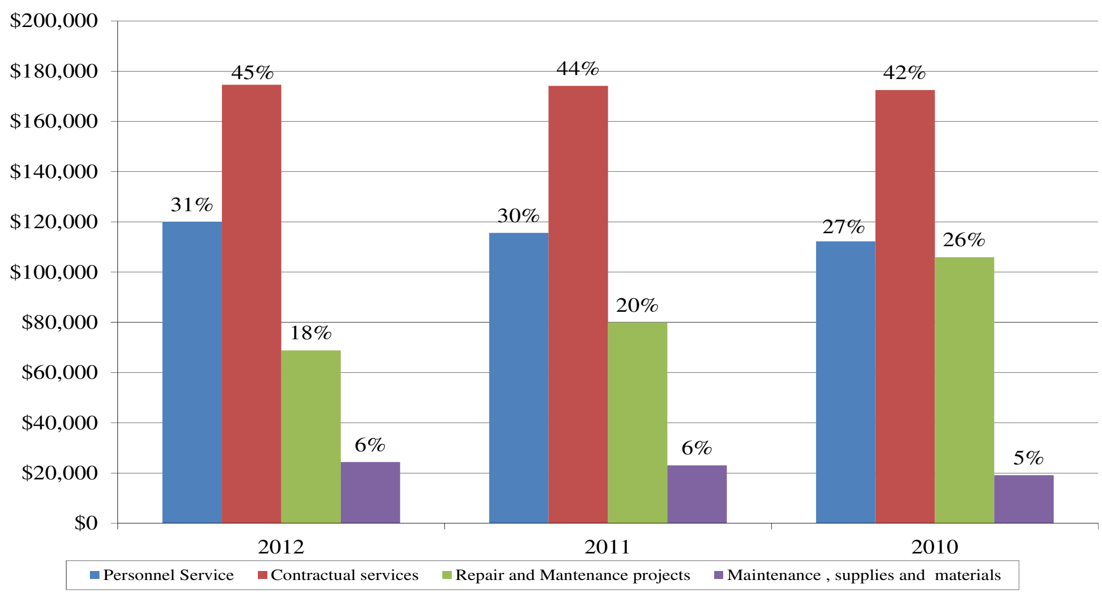
Operating Expenses Before Depreciation and Amortization

(In thousands)

	2012	2011	2010
Operating expenses before depreciation and amortization			
Personnel services	$ 120,334	$ 115,648	$ 112,230
Contractual services	175,420	174,203	172,492
Repair and maintenance projects	68,047	79,952	105,943
Maintenance, supplies, and materials	24,370	23,059	19,200
Total operating expenses before depreciation and amortization	$ 388,171	$ 392,862	$ 409,865

Percentage Total Operating Expenses before Depreciation and Amortization

($ in thousands)



2012/2011

Operating expenses before depreciation and amortization decreased by $4.7 million, or 1.2%, from $392.9 million in 2011 to $388.2 million in 2012.

Personnel services increased by $4.7 million, or 4.1%, in 2012 which was due to an increase in other city agency overtime, salaries and retirement costs.

Contractual services increased in 2012 compared to 2011 by $1.2 million, or .7%, due primarily to an increase in professional services contracts, and snow removal, offset by a decrease in electricity, gas and repair and maintenance of technical equipment.

Repair and Maintenance Projects decreased by $11.9 million, or 14.9%, primarily due to construction costs that are associated with the South Terminal Project, currently in the design and construction stage, being recorded as construction-in-progress and are no longer expensed. Additionally, $67 million has been expensed, such as apron, ramp and repairs, sewer repairs, stair repairs, HVAC system and IT projects for on call and management services.

Maintenance, supplies and materials increased $1.3 million, or 5.7%, to $24.4 million from $23.1 million in 2011 due to increases in runway lighting, air conditioning repair parts, computer hardware, and communications and utilities.

2011/2010

Operating expenses before depreciation and amortization increased 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 of projects decreased $26 million, or 24.5%, primarily due to the construction costs associated with the South Terminal Project, currently in the design stage, being recorded in construction-in-progress and are no longer being expensed. Additionally, $25.1 million for the fourth quarter were being expensed for such items as runway ramp repairs, roadway surface repairs, 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 price and usage, which is offset by a decrease in computer equipment and hardware.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2012/2011

Total nonoperating expenses, net of nonoperating revenues, decreased by $31.8 million to $43.7 million in 2012. The decrease was due to a decrease in interest expense, and an increase in investment income and PFCs, offset by an increase in other expenses of $4.5 million.

In 2012 and 2011, capital grants totaled $23.0 million and $34.7 million, respectively. The decrease was due to the decrease in reimbursements in 2012 for FAA grants.

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 a decrease in interest expense, other expenses, and an increase in PFCs, 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 FAA grants.

Summary of Net Position

The following is a summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2012, 2011, and 2010 (in thousands):

	2012	2011	2010
Assets:			
Current assets, unrestricted	$ 293,663	$ 282,157	$ 301,899
Restricted assets, current	315,377	197,713	260,573
Noncurrent investments	294,947	362,037	263,705
Long-term receivables	10,694	11,049	4,885
Prepaid expense and other	11,986	-	-
Capital assets, net	3,088,895	3,087,363	3,198,235
Bond issue costs, net	29,587	42,923	45,594
Interest rate swaps	62,822	58,481	31,715
Investments – restricted	845,033	634,640	686,209
Assets held for disposition	3,158	9,327	9,620
Total assets	4,956,162	4,685,690	4,802,435
Deferred outflows of resources			
Accumulated decrease in fair value of hedging derivatives	42,900	33,852	1,814
Liabilities:			
Current liabilities, unrestricted	125,810	142,347	110,395
Current liabilities payable from restricted assets	293,116	227,211	242,392
Bonds payable, noncurrent	3,665,726	3,480,639	3,649,442
Interest rate swaps, noncurrent	300,457	304,316	207,548
Notes payable, noncurrent	25,322	13,940	20,640
Compensated absences payable, noncurrent	6,295	6,015	6,020
Total liabilities	4,416,726	4,174,468	4,236,437
Deferred inflows of resources			
Accumulated increase in fair value of hedging derivatives	-	-	12,789
Net position (deficit)			
Net investment in capital assets	(544,739)	(649,695)	(575,270)
Restricted	653,318	623,745	666,022
Unrestricted	473,757	571,024	464,271
Total net position	$ 582,336	$ 545,074	$ 555,023

2012/2011

Total assets increased by $270.5 million in 2012, compared to 2011. This was primarily due to increases in current restricted cash and investments, (net) of $110.3 million, an increase in accounts receivable, an increase in construction-in-progress of $116.5 million, and an increase in noncurrent restricted investments of $210.4 offset by a decrease in noncurrent investments of $67.1 million and an increase in accumulated depreciation and amortization of $173.6 million.

Total deferred outflows of resources increased by $9 million due to changes in the fair value of the hedging derivatives of effective swaps.

Total liabilities increased by $242.3 million in 2012, compared to 2011. The increase was primarily attributed to the issuance of new debt that when offset by the savings from refunding of debt, and an increase in vouchers payable, which is offset by a decrease in other liabilities related to 2010 and 2011 revenue credit taken as of December 31, 2011, and interest rate swaps associated with GASB 53.

Of the Airport System's 2012 total net position, 112% was restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $630.6 million for debt service and $22.7 million for capital projects, respectively.

At December 31, 2012, the remaining net position included unrestricted net position of $473.8 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 position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($544.7) million represents the Airport's net investment in capital assets. 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 $116.7 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 on repairs of runways ramps, offset by an increase in investments of $119.1 million associated with the net operating income and an increase in long-term receivables, and interest rate swaps associated with GASB 53.

Total deferred outflows of resources increased by $32 million due to changes in 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 principal on revenue bonds of $127.5 million, and a decrease in notes payable, which is offset by an increase in other liabilities related to 2010 year-end credit not taken as of December 31, 2011 and the 2011 year-end credit, and interest rate swaps associated with GASB 53.

Deferred inflows of resources decreased by $12.8 due to changes 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 position, include unrestricted net position 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 position 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 net investment in capital assets. 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, 2012 and 2011, the Airport System had approximately $3.9 and $3.8 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 $314.2 million in 2012.

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, 2012 and 2011 was 180% and 197%, respectively, of total debt service.

On October 17, 2012, the Airport System issued $315,780,000, $510,140,000 and $30,285,000 of Airport System Revenue Bonds, Series 2012A, B and C, respectively, in a fixed rate mode to finance a portion of the costs of the Airport's 2013-2018 Capital Program, current refund all of the remaining 1998A Bonds in the amount of $104,050,000, current refund of all of the remaining 1998B Bonds of $103,395,000, current refund a portion of the 2002E Bonds in an amount of $63,570,000, current refund a portion of the 2003A Bonds in the amount of $134,475,000, advance refund a portion of the 2003A Bonds in the amount of $27,490,000, advance refund all of the 2003B Bonds in the amount of $75,460,000, and refund all of the outstanding Subordinate Commercial Paper Note Series A in the amount of $56,000,000.

On October 1, 2012, the Airport System terminated the Existing Letter of Credit for the Series 2009C Bonds and entered into an agreement with U.S. Bank pursuant to which U.S. Bank will agree to hold the 2009C Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through April 30, 2017.

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.

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.

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.

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, 2012 and 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 $2.4 billion and $2.3 billion, respectively.

On January 10, 2012, the Airport System entered into a $20.5 million Master Lease Installment Purchase agreement with Sovereign Leasing LLC to finance capital equipment purchases, primarily replacement equipment, based on a 10 to 15 year life.

The South Terminal Redevelopment Program consists of a variety of projects which are in part under construction. The south terminal is made up of three independent, yet physically integrated projects, which include the design and construction of:

> Westin Hotel and Conference Center: Hotel with 519 rooms, conference center space for meetings, banquets, conventions and trade shows, full service restaurant, full gym and indoor pool.
>
> Public Transit Center: Aviation commuter rail station with trains connecting the Airport with Denver's Union Station as part of the Regional Transportation District's east rail line under construction by Denver Transit Partners.
>
> Public Plaza: A connection of the hotel and transit center to the Jeppesen Terminal that also provides a venue for programs and events where passengers and visitors can find entertainment, relaxation, art and restaurants.

Excavation work for the project is nearly complete and foundations have been set to allow vertical construction to begin. The Public Transit Center is planned to be open to revenue passengers in 2016 with the hotel open in late 2015.

The Airport's current capital program represents the expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities from 2013-2018. The 2013-2018 Capital Programs have an estimated total cost of approximately $1.06 billion and are expected to be financed with a combination of Airport System Revenue Bonds, Commercial Paper, and Airport System monies.

Construction Commitments: As of December 31, 2012, the Airport System had outstanding contractual construction and professional services commitments of approximately $123.1 million and had made over $628.5 million in contractual payments for the year then ended.

Additional information related to the Airport's capital assets can be found in note 5.

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 (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, 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, $1.3 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $8.2 million is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of $3.3 billion authorized maximum amount of PFC revenues.

Economic Factors

Passenger traffic was up 0.6% in 2012 compared with a national average change of 0.8% as reported by the Department of Transportation's Bureau of Transportation Statistics (BTS).

The dominant air carrier at Denver International is United Airlines, which together with its affiliates accounted for approximately 40.5% and 42.2% of passenger enplanements at the Airport in 2012 and for three months of 2013, 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, effective November 30, 2011.

Southwest Airlines (Southwest) has the second-largest market share at the Airport for 2012 and for the first three months of 2013. Southwest began service at the Airport in January 2006 and since that time has experienced strong and continued growth at Denver International which is the airlines sixth busiest station in its system. Southwest currently leases 17 gates under a use and lease agreement. Southwest, together with AirTran, accounted for approximately 23.7% and 24.9% of passenger enplanements at the Airport in 2012 and the first three months of 2013, 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.

Frontier has the third largest market share at the Airport for 2012 and 2013. The Airport serves as Frontier's largest hub. Frontier accounted for approximately 21.9% of passenger enplanements in 2012 and 18.2% for the first three months of 2013.

As previously discussed, operating revenues were up 3.6% in 2012 compared to 2011. Operating income before depreciation and amortization of $236.5 million represented an increase of $26.6 million compared to 2011. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was $123 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, Controller, Denver International Airport, Airport Office Building, 8th Floor, 8500 Peña 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 POSITION

December 31, 2012 and 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 95,311,462	$ 95,944,708
Investments	139,739,059	133,155,686
Accounts receivable (net of allowance for doubtful accounts $217,322 and $237,689)	37,770,507	32,214,108
Due from other City agencies	1,642,309	14,235
Accrued interest receivable	5,889,690	6,625,556
Other receivables	761,976	1,763,561
Inventories	10,523,594	10,705,333
Prepaid expenses and other	2,024,914	1,734,177
Total current unrestricted assets	293,663,511	282,157,364
Restricted assets:		
Cash and cash equivalents	151,056,037	33,554,703
Investments	137,311,950	144,538,127
Accrued interest receivable	2,572,119	1,461,167
Prepaid expenses and other	2,837,201	2,061,962
Grants receivable	9,963,844	5,857,461
Passenger facility charges receivable	11,635,716	10,239,667
Total current restricted assets	315,376,867	197,713,087
Total current assets	609,040,378	479,870,451
Noncurrent assets:		
Investments	294,946,838	362,037,142
Long-term receivables, net of current portion	10,694,554	11,049,162
Prepaid expense and other	11,986,497	-
Capital assets:		
Buildings	2,007,840,022	2,000,131,930
Improvements other than buildings	2,275,358,468	2,258,895,410
Machinery and equipment	769,391,221	734,921,597
	5,052,589,711	4,993,948,937
Less accumulated depreciation and amortization	(2,435,888,059)	(2,262,245,368)
	2,616,701,652	2,731,703,569
Construction-in-progress	176,889,592	60,355,766
Land, land rights and air rights	295,303,475	295,303,475
Total capital assets	3,088,894,719	3,087,362,810
Bond issue costs, net of accumulated amortization	29,586,939	42,922,700
Interest rate swaps	62,821,862	58,481,233
Investments - restricted	845,032,887	634,640,342
Assets held for disposition	3,157,690	9,326,437
Total noncurrent assets	4,347,121,986	4,205,819,826
Total assets	4,956,162,364	4,685,690,277
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	42,899,753	33,851,633

City and County of Denver
Municipal Airport System

STATEMENTS OF NET POSITION

December 31, 2012 and 2011

	2012	2011
Liabilities		
Current liabilities:		
Unrestricted		
Vouchers payable	$ 33,256,393	$ 31,192,632
Due to other City agencies	5,174,973	6,065,644
Compensated absences payable	2,704,267	2,610,352
Other liabilities	32,235,241	40,781,756
Revenue credit payable	40,000,000	40,000,000
Deferred rent	12,438,881	21,696,494
Total current unrestricted liabilities	125,809,755	142,346,878
Restricted:		
Vouchers payable	65,093,650	18,420,636
Retainages payable	18,612,137	16,875,018
Accrued interest and matured coupons	23,295,649	22,832,632
Notes payable	7,243,415	6,700,032
Other liabilities	19,930,992	21,322,630
Revenue bonds	158,940,000	141,060,000
Total current restricted liabilities	293,115,843	227,210,948
Total current liabilities	418,925,598	369,557,826
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	3,738,480,000	3,637,635,000
(Less) plus:		
Deferred losses on bond refundings	(240,355,371)	(227,005,888)
Net unamortized premiums	167,602,117	70,010,140
Total bonds payable, noncurrent	3,665,726,746	3,480,639,252
Interest rate swaps	300,456,510	304,315,851
Notes payable	25,322,372	13,940,213
Compensated absences payable	6,295,227	6,014,921
Total noncurrent liabilities	3,997,800,855	3,804,910,237
Total liabilities	4,416,726,453	4,174,468,063
Net Position		
Net investment in capital assets (deficit)	(544,739,341)	(649,695,316)
Restricted for:		
Capital projects	22,668,820	18,562,436
Debt service	630,648,968	605,182,758
Unrestricted	473,757,217	571,023,969
Total net position	$ 582,335,664	$ 545,073,847

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended December 31, 2012 and 2011

	2012	2011
Operating revenues:		
Facility rentals	$ 211,411,304	$ 212,407,814
Concession	49,592,429	47,499,304
Parking	137,912,053	132,728,104
Car rental	47,221,960	46,352,620
Landing fees	127,346,400	116,505,913
Aviation fuel tax	32,782,884	28,892,133
Other sales and charges	18,406,121	18,383,413
Total operating revenues	624,673,151	602,769,301
Operating expenses:		
Personnel services	120,333,936	115,647,989
Contractual services	175,420,405	174,203,413
Repair and maintenance projects	68,046,919	79,951,470
Maintenance, supplies and materials	24,369,787	23,058,681
Total operating expenses, before depreciation and amortization	388,171,047	392,861,553
Operating income before depreciation and amortization	236,502,104	209,907,748
Depreciation and amortization	178,567,245	179,069,943
Operating income	57,934,859	30,837,805
Nonoperating revenues (expenses):		
Passenger facility charges	105,472,260	103,209,991
Investment income	46,899,203	32,489,698
Interest expense	(190,255,614)	(209,599,454)
Grants	674,984	400,500
Other expense	(6,460,030)	(1,989,394)
Total nonoperating expenses, net	(43,669,197)	(75,488,659)
Change in net position before capital grants and contributions	14,265,662	(44,650,854)
Capital grants	22,996,155	34,701,591
Change in net position	37,261,817	(9,949,263)
Net position, beginning of year	545,073,847	555,023,110
Net position, end of year	$ 582,335,664	$ 545,073,847

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from customers	$ 606,076,457	$ 626,056,437
Payments to suppliers	(266,509,420)	(259,535,060)
Interfund activity payments to other funds	(17,291,229)	(16,335,504)
Payments to employees	(119,465,824)	(115,369,822)
Net cash provided by operating activities	202,809,984	234,816,051
Cash flows from noncapital financing activities:		
Operating grants received	484,500	400,500
Net cash provided by noncapital financing activities	484,500	400,500
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt	458,557,716	2,485,087
Proceeds from issuance of notes payable	20,500,000	-
Principal paid on notes payable	(8,574,458)	(10,789,052)
Principal paid on revenue bonds	(147,765,000)	(174,505,000)
Interest paid on revenue bonds	(146,031,441)	(149,836,846)
Bond issuance costs paid	(5,819,582)	(5,335,284)
Interest paid on notes payable	(1,074,453)	(1,004,993)
Capital grants receipts	19,080,255	35,769,414
Passenger Facility Charges	104,076,211	103,241,681
Purchases of capital assets	(95,081,496)	(30,318,980)
Payments of accrued capital asset costs	(31,315,919)	(34,650,433)
Payments to escrow for current refunding of debt	(119,692,744)	(15,316,126)
Proceeds from sale of capital assets	317,814	133,448
Net cash provided by (used in) capital and related financing activities	47,176,903	(280,127,084)
Cash flows from investing activities:		
Purchases of investments	(3,159,289,282)	(3,596,982,311)
Proceeds from sales and maturities of investments	3,025,998,687	3,551,334,280
Proceeds from sales of assets held for disposition	6,168,747	293,731
Interest rate swap settlements	(36,827,893)	(37,934,874)
Payments to maintain assets held for disposal	(63,708)	(17,001,083)
Insurance recoveries for Stapleton environmental remediation	2,112,638	25,798,064
Interest and dividends on investments and cash equivalents	28,297,512	35,033,317
Net cash used in investing activities	(133,603,299)	(39,458,876)
Net increase (decrease) in cash and cash equivalents	116,868,088	(84,369,409)
Cash and cash equivalents, beginning of year	129,499,411	213,868,820
Cash and cash equivalents, end of year	$ 246,367,499	$ 129,499,411
Cash and cash equivalents statements of net position classifications:		
Current assets - unrestricted	$ 95,311,462	$ 95,944,708
Current assets - restricted	151,056,037	33,554,703
	$ 246,367,499	$ 129,499,411

City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended December 31, 2012 and 2011

	2012	2011
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 57,934,859	$ 30,837,805
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	178,567,245	179,069,943
Miscellaneous income	2,094,303	566,050
Changes in assets and liabilities:		
Receivables, net of allowance	(2,886,869)	(8,968,719)
Inventories	181,739	27,375
Prepaid expenses and other	(13,170,299)	100,342
Vouchers and other payables	2,063,761	1,663,054
Deferred rent	(9,257,613)	(1,398,613)
Due to other City agencies	(2,518,745)	(1,155,072)
Compensated absences	374,221	246,128
Other operating liabilities	(10,572,618)	33,827,758
Net cash provided by operating activities	$ 202,809,984	$ 234,816,051

Noncash activities:

The Airport System issued bonds in the amount of $856,205,000 and $563,410,000 in 2012 and 2011, respectively, in order to refund debt and fund capital projects. Net bond proceeds of $555,071,369 and $586,439,192 for 2012 and 2011, 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 $105,764,998 and $28,129,083 were realized on the issuance of bonds in 2012 and 2011, respectively.

	2012	2011
Unrealized gain on investments	$ 987,515	$ 22,073,428
Unrealized gain (loss) on derivatives	17,248,090	(25,174,076)
Capital assets added through incurrence of vouchers and retainages payable	82,718,988	31,315,919
Amortization of bond premiums, deferred losses on bond refundings, and bond costs	15,764,475	16,626,877

See accompanying notes to financial statements.

(1) Organization and Reporting Entity

(a) *Nature of Operations*

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion regarding Stapleton.

(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, the changes in its financial position or, where applicable, its cash flows 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).

During the year ended December 31, 2012, the Airport System adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement is intended to address the accounting and financial reporting disclosure requirements surrounding service concession agreements.

During the year ended December 31, 2012, the Airport System adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement places all applicable pre-November 30, 1989 FASB and AICPA pronouncements within the authoritative GASB literature.

During the year ended December 31, 2012, the Airport System also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement changes the organization of the statement of net position, formerly the statement of net assets. Under this new standard, the statement of net position includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities and will report net position instead of net assets.

The adoption of the GASB 60, 62, and 63 had no material impact on the financial statements.

(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, 2012 and 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, 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 2012 and 2011 was $1,879,927 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 Premiums (Discounts)

Bond issue costs, losses on bond refundings, and 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 of assets held for disposition.

(h) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

(i) 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. The Airport System had $0 liability as of December 31, 2012, with the program ending on June 30, 2012. The amounts related to SIP of $122,721 are included in the statement of net position in compensated absences as of December 31, 2011.

(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 Position

2012

The Airport System assets exceeded liabilities by $582,335,664 as of December 31, 2012, a $37,261,817 increase in net position from the prior year-end. Of the Airport System's 2012 net position, 112.2% is restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $630,648,968 and are externally restricted for debt service. The net position restricted for capital projects represents $22,668,820.

The remaining net position includes unrestricted net position of $473,757,217 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 position 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, ($544,739,341) represents the Airport System's net investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2011

The Airport System assets exceeded liabilities by $545,073,847 as of December 31, 2011, a $9,949,263 decrease in net position from the prior year-end. Of the Airport System's 2011 net position, 114.4% is 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 position restricted for capital projects represents $18,562,436.

The remaining net position includes unrestricted net position of $571,023,969 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 position 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, ($649,695,316) represents the Airport System's net 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 position 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 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 revenues, expenses, and changes in net position 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, 2012 and 2011, the Airport System had accrued a liability to the airlines, included in current other liabilities, of $25,586,239 and $15,731,054, respectively.

50% of Net Revenues (as defined by the bond ordinance) with an annual cap of $40,000,000 remaining at the end of the year are to be credited in the following year to the passenger airlines signatory use and lease agreement. The Net Revenues credited to the airlines totaled $40,000,000 for both 2012 and 2011. Liabilities for these amounts were accrued as of December 31, 2012 and 2011 and are reported in the statement of net position 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 2011 balances have been reclassified to conform to the 2012 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, 2012, the amount of the Airport System's deposits was $24,524,372 (includes $15,489,271 of certificates of deposit). In addition, the Airport System had $3,328,535 in uncashed payroll and vendor warrants at December 31, 2012. 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.

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. The objectives of the City's Investment Policy, in order of priority are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. 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, 2012 and 2011, respectively, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

	December 31, 2012	December 31, 2011
Cash equivalents (including cash on hand)	$ 8,796	$ 12,624
Certificate of deposit	15,489	28,396
Local government investment pools	38,733	43,837
Municipal securities	-	531
Commercial Paper	212,188	122,599
State & local government securities	3,316	5,773
U.S. Treasury securities	293,059	210,870
U.S. Agency securities	1,091,818	979,241
	$ 1,663,399	$ 1,403,871

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2012 and 2011, is as follows (amount expressed in thousands).

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 95,312	$ 95,945
Investments	434,686	495,193
Restricted cash equivalents	151,056	33,555
Restricted investments	982,345	779,178
	$ 1,663,399	$ 1,403,871

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 by 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, 2012, 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	$ 212,188	$ 212,188	$ -	$ -	$ -
U.S. Treasury and State and Local Government Securities	296,375	13,999	230,209	52,167	-
U.S. Agency securities	1,091,818	168,496	636,388	230,429	56,505
Total	$ 1,600,381	$ 394,683	$ 866,597	$ 282,596	$ 56,505

** 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, 2012, the Airport System's portfolio included callable U.S. Agency securities with a fair value of $64,066,893. 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 AAA. Of the City's investments at December 31, 2012, Commercial Paper, state and local government securities, U.S. Agency securities and local government investment pools were subject to credit quality risk. 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. State and local government 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 at 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, 2012, the Airport's investments 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, 2012, 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% per provider, and 25% of total investments. The Policy also limits total investments to 15% of certificates of deposits, 50% of municipal securities, 50% of Commercial Paper, and 80% of federal agency securities.

As of December 31, 2012, all 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, 2012 and 2011, an allowance of $217,322 and $237,689, respectively, had been established.

(5) Capital Assets

Changes in capital assets for the years ended December 31, 2012 and 2011 were as follows (in thousands):

	2012				
	January 1, 2012	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2012
Depreciable:					
Buildings	$ 2,000,132	$ 97	$ 8,791	$ (1,180)	$ 2,007,840
Improvements other than buildings	2,258,895	-	16,464	-	2,275,359
Machinery and equipment	734,922	19,561	19,420	(4,512)	769,391
	4,993,949	19,658	44,675	(5,692)	5,052,590
Less accumulated depreciation and amortization	(2,262,245)	(178,567)	-	4,924	(2,435,888)
	2,731,704	(158,909)	44,675	(768)	2,616,702
Nondepreciable:					
Construction-in-progress	60,356	161,764	(44,675)	(555)	176,890
Land, land rights, and air rights	295,303	-	-	-	295,303
Total capital assets	$ 3,087,363	$ 2,855	$ -	$ (1,323)	$ 3,088,895

	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

(6) Assets Held for Disposition

The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

The carrying value of Stapleton was $3,157,690 and $9,326,437 at December 31, 2012 and 2011, respectively. The current and anticipated costs accrued in other liabilities for the environmental liability for Stapleton was $15,871,684 and $15,237,219 at December 31, 2012 and 2011, respectively. The Airport has accrued $11,200,048 and $9,886,711 of insurance recoveries in accounts receivable at December 31, 2012 and 2011, respectively. The Airport has received payments for insurance recovery totaling $2,112,638 in 2012 and $25,798,064 in 2011.

(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 2012 and 2011 totaled $17,291,229 and $16,335,504, 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 $48,538,871 and $46,271,093 at December 31, 2012 and 2011, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled $5,174,973 and $6,065,644 at December 31, 2012 and 2011, respectively.

The outstanding receivable from the City and its related agencies totaled $1,642,309 and $14,235 at December 31, 2012 and 2011, respectively.

(8) Bonds Payable

Changes in long-term debt for the years ended December 31, 2012 and 2011 were as follows (in thousands):

	2012					
	January 1, 2012	Additions	Refunded debt	Retirements	December 31, 2012	Amounts due within one year
Airport System revenue bonds	$ 3,676,832	$ 912,205	$ (645,715)	$ (131,412)	$ 3,811,910	$ 132,714
Economic defeasance	54,880	-	-	-	54,880	14,800
Baggage defeasance	46,983	-	-	(16,353)	30,630	11,426
Less deferred loss on bonds	(227,006)	(35,921)	-	22,571	(240,356)	-
Plus unamortized net premiums	70,010	105,765	6,170	(14,342)	167,603	-
Total bond debt	$ 3,621,699	$ 982,049	$ (639,545)	$ (139,536)	3,824,667	$ 158,940
Less current portion					(158,940)	
Noncurrent portion					$ 3,665,727	

	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	

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, 2012 and 2011 are as follows:

Bond	Maturity	Interest Rate	Amount Outstanding 2012	Amount Outstanding 2011
Airport system revenue bonds				
Series 1991D Term bonds	November 15, 2013	7.75%	$ 5,950,000	$ 25,198,577
Series 1992F, G*	November 15, 2025	0.240%	38,800,000	40,600,000
Series 1995C Term bonds	November 15, 2012	6.50%	-	3,770,000
Series 1997E Serial bonds	November 15, 2013	6.00%	7,414,483	16,902,745
Series 1998A Term bonds	November 15, 2025	5.00%	-	128,695,000
Series 1998B Term bonds	November 15, 2025	5.00%	-	103,395,000
Series 2002C*	November 15, 2024	0.240%	32,200,000	33,900,000
Series 2002E Serial bonds	Annually November 15, 2012 to 2023	4.75-5.50%	-	117,140,000
Series 2003A Term bonds	November 15, 2026 and 2031	5.00%	-	161,965,000
Series 2003B Term bonds	November 15, 2033	5.00-5.75%	-	75,460,000
Series 2005A Serial bonds	Annually November 15, 2012 to 2025	4.00-5.00%	216,375,000	218,485,000
Series 2006A Serial bonds	Annually November 15, 2015 to 2025	4.00-5.00%	268,360,000	279,585,000
Series 2006B Serial bonds	Annually November 15, 2011 to 2015	5.00%	42,195,000	65,690,000
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	.430-440%	205,425,000	206,025,000
Series 2007G1-G2*	November 15, 2025	0.200%	146,600,000	147,000,000
Series 2008A1 Serial bonds	Annually November 15, 2011 to 2017	5.00-5.50%	115,140,000	138,765,000
Series 2008B*	November 15, 2025	1.21%	74,500,000	75,100,000
Series 2008C1-C3*	November 15, 2025	.897%-1.271%	292,600,000	292,600,000
Series 2009A	November 15, 2012 to 2036	5.00-5.25%	167,565,000	170,190,000
Series 2009B	November 15, 2039	6.414%	65,290,000	65,290,000
Series 2009C*	November 15, 2022	0.105%	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%	335,150,000	349,730,000

Bond	Maturity	Interest Rate	Amount Outstanding 2012	2011
Series 2011B	November 15, 2024	2.50-5.00%	179,165,000	198,370,000
Series 2011C	November 15, 2016	3.00-5.00%	15,310,000	15,310,000
Series 2012A	Annually November 15, 2013 to 2043	3.00-5.00%	315,780,000	-
Series 2012B	Annually November 15, 2013 to 2043	3.00-5.00%	510,140,000	-
Series 2012C	November 15, 2026	3.592%	30,285,000	-
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, 2013 to 2021	5.00-7.75%	30,630,517	46,983,678
Total revenue bonds			3,897,420,000	3,778,695,000
Less current portion			(158,940,000)	(141,060,000)
Net unamortized premiums			167,602,117	70,010,140
Deferred loss on refundings			(240,355,371)	(227,005,888)
Total bonds payable noncurrent			$3,665,726,746	$3,480,639,252

* Variable rates are as of December 31, 2012

** Auction rates are as of December 31, 2012

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport System bonds are subject to certain optional redemption provisions. Certain of the Airport System bonds are subject to certain mandatory sinking fund redemption requirements.

Economic Defeasances

On November 1, 1999, the Airport System entered into an economic defeasance of $54,880,000 through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to defease $40,080,000 of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds will be used to defease $14,800,000 of the Series 1991D Bonds maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance or an in-substance defeasance under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

On December 27, 2006, the Airport entered into an economic defeasance of $90,000,000 funded by PFC and net revenues. These funds were set aside in a special escrow account (ABS Baggage System defeasance) held by the City. The proceeds 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.

As of December 31, 2012, the remaining balance of $30,630,517 of long-term fixed rate bonds are similarly defeased for bond ordinance purposes, but not considered a legal defeasance. The special escrows for these bonds have been funded between December 27, 2006 and December 31, 2011 from PFC and net revenues.

Bond Issuances

On October 17, 2012, the Airport System issued $315,780,000, $510,140,000 and $30,285,000 of Airport System Revenue Bonds, Series 2012A, B and C, respectively, in a fixed rate mode to finance a portion of the costs of the Airport's 2013-2018 Capital Program, current refund all of the remaining 1998A Bonds in the amount of $104,050,000, current refund of all of the remaining 1998B Bonds of $103,395,000, current refund a portion of the 2002E Bonds in an amount of $63,570,000, current refund a portion of the 2003A Bonds in the amount of $134,475,000, advance refund a portion of the 2003A Bonds in the amount of $27,490,000, advance refund all of the 2003B Bonds in the amount of $75,460,000, and refund all of the outstanding Subordinate Commercial Paper Notes Series A in the amount of $56,000,000 drawn down earlier in 2012.

On October 1, 2012, the Airport System terminated the Existing Letter of Credit for the Series 2009C Bonds and entered into an agreement with U.S. Bank pursuant to which U.S. Bank will agree to hold the 2009C Bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through April 30, 2017.

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 2006.

On May 30, 2012, the Airport System drew $56,000,000 of Commercial Paper. The proceeds were used to reimburse approximately $19,500,000 of prior capital expenditures and $36,500,000 were used to fund capital projects. See disclosure above regarding refunding of this Commercial Paper in October 2012.

	2012				
	January 1, 2012	**Additions**	**Refunded debt**	**Retirements**	**December 31, 2012**
Commercial Paper	$ -	$56,000,000	$(56,000,000)	$ -	$ -
Total	$ -	$56,000,000	$(56,000,000)	$ -	$ -

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 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 portion of the Series 2000A Bonds in the amount of $160,135,000.

Deferred Refunding

The proceeds of the 2012A-C Bonds were used together with other Airport monies to pay for and finance a portion of the costs of the Airport's 2013-2018 Capital Program, current refund all of the 1998A Bonds, 1998B Bonds, a portion of the 2002E Bonds and 2003A Bonds. Advance refund a portion of the 2003A and B Bonds and refund all of the Subordinate Commercial Paper Note Series A. The current refunding and advance refunding resulted in a defeasance of debt. The difference between the reacquisition price of $524,083,393 and the net carrying amount of the old debt of $488,142,029 resulted in the recognition of a deferred loss on refunding in the amount of $35,941,364. The deferred loss 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 $66,416,535.

The proceeds of the 2011A Bonds were used together with other Airport monies to current refund all of the Subseries 2008A3 and Subseries 2008A4 Bonds, 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. The difference between the reacquisition price of $355,863,243 and the net carrying amount of the old debt of $357,294,392 resulted in 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 a 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. The difference between the reacquisition price of $230,575,950 and the net carrying amount of the old debt of $233,767,113 resulted in 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.

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, 2012 and 2011, respectively, $187,890,000 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, 2012 are as follows:

	Principal	Interest
Year:		
2013	$ 132,714,483	$ 150,746,775
2014	133,485,000	144,915,931
2015	141,060,000	139,324,266
2016	156,780,000	132,875,521
2017	156,420,000	125,421,816
2018-2022	921,375,000	524,072,238
2023-2027	1,318,725,000	312,803,421
2028-2032	480,015,000	176,210,753
2033-2037	205,925,000	69,304,123
2038-2042	143,830,000	21,879,420
2043	21,580,000	864,700
Total	$ 3,811,909,483	$ 1,798,418,964

Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2012, are as follows:

	Principal	Interest
Year:		
2013	$ 14,800,000	$ 3,601,900
2014	-	2,454,900
2015	-	2,454,900
2016	-	2,454,900
2017	-	2,454,900
2018-2022	-	12,274,500
2023-2025	40,080,000	5,891,025
Total	$ 54,880,000	$ 31,587,025

Debt service requirements for the economic defeasance ABS Baggage System of the Airport System to maturity as of December 31, 2012, are as follows:

	Principal	Interest
Year:		
2013	$ 11,425,517	$ 1,765,281
2014	10,000	1,079,950
2015	10,000	1,079,550
2016	10,000	1,079,150
2017	-	1,078,750
2018-2021	19,175,000	2,431,674
	$ 30,630,517	$ 8,514,355

(b) Notes Payable

The Airport System entered into a Master Installment Purchase Agreement on March 15, 2004, with GE Capital Public Finance Inc. for $13 million, to finance various capital equipment purchases at rates and terms of 3.6448% based on a 30/360 calculation for 2004. Payments are due quarterly to GE Capital Public Finance Inc. The Airport System entered into Master Installment Purchase Agreements on October 26, 2006. These include an agreement with Koch Financial Corporation for $23.0 million and an agreement with GE Capital Public Finance for $9.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, and 4.16% based on a 30/360 calculation for 2007. The Airport System entered into a $15.3 million Master Installment Purchase Agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, at a rate of 3.329% based on 30/360 calculation for 2008. The Airport System entered into a $20.5 million Master Installment Purchase Agreement with Sovereign Leasing, LLC on January 10, 2012, to finance capital equipment purchases, at a rate of 1.9595% based on a 30/360 calculation for 2012.

The payment schedule relating to note requirements as of December 31, 2012 is as follows:

	Principal	Interest
Year:		
2013	$ 7,243,415	$ 805,413
2014	5,497,465	611,791
2015	5,675,798	433,457
2016	3,398,612	268,098
2017	2,066,875	195,530
2018-2021	8,683,622	365,998
Total	$ 32,565,787	$ 2,680,287

Changes in notes payable for the years ended December 31, 2012 and 2011 were as follows:

	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012	Amounts due within one year
Notes payable	$ 20,640,245	$ 20,500,000	$ (8,574,458)	$ 32,565,787	$ 7,243,415
Less current portion				(7,243,415)	
Noncurrent portion				$ 25,322,372	

	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	

(10) Demand Bonds

Included in long-term debt are $38,800,000 for Series 1992F, G; $32,200,000 of Series 2002C, $74,500,000 of Series 2008B, $92,600,000 of Series 2008C1, $200,000,000 of Series 2008C2-C3, $104,655,000 of Series 2009C and $146,600,000 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 October 1, 2012, the Airport entered into a credit facility and reimbursement agreement with U.S. Bank National Association, who purchased the Series 2009C bonds at a floating rate indexed to one-month LIBOR. 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 2008C2-C3 Bonds at a floating rate index to one-month LIBOR. Series 1992F, 1992G, 2002C, and 2007G1-G2 each have irrevocable letters of credit 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, and 2007G 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	$ 21,200,000	$ 22,441,491	0.163%	October 2, 2014
Series 1992G	17,600,000	18,684,318	0.163%	October 2, 2014
Series 2002C	32,200,000	32,697,557	0.163%	October 2, 2014
Series 2007G1-G2	146,600,000	148,286,904	0.280%	November 13, 2014

* As of December 31, 2012 and 2011 no amounts have been drawn under any of the existing agreements

(11) Bond Ordinance Provisions

Additional Bonds

The Airport System may issue additional parity and subordinate bonds, subject to certain coverage and other provisions, for the purpose of acquiring, improving or equipping facilities related to the Airport System.

Airport System Revenue Bonds

Under the terms of the Bond Ordinance, all bond series, (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 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, 2012 and 2011 and the changes in the fair value of such 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	Variable Receivable Swap Rate	Changes in Fair Value		Fair Value 12/31/2012
							Classification	Amount	
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	$ 1,708,223	$ (31,343,181)
							Investment Income	(2,160,816)	
Societe Generale, New York Branch	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	70% LIBOR + 0.10%	Deferred Outflow	1,704,598	(30,969,737)
							Investment Income	(2,129,048)	
1999 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	Deferred Outflow	2,990,762	(34,008,787)
							Investment Income	(2,420,645)	
Merrill Lynch Capital Services, Inc.	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	Deferred Outflow	1,493,057	(16,751,420)
							Investment Income	(1,183,599)	
2002 Swap Agreements									
Goldman Sachs Capital Markets, L.P.	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	Investment Income	(1,418,471)	(1,034,441)
2005 Swap Agreements									
Royal Bank of Canada	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	(37,929)	(11,912,269)
JP Morgan Chase Bank, N.A.	11/15/2006	55.917	11/15/2025	2006A	3.6874%	70% LIBOR	Investment Income	(50,282)	(12,065,203)
Jackson Financial Products, LLC	11/15/2006	111.834	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	(75,859)	(23,824,538)
Piper Jaffray Financial Products, Inc.	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	Investment Income	(37,929)	(11,912,269)
2006A Swap Agreements									
JP Morgan Chase Bank, N.A.	11/15/2007	178.150	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(1,085,647)	(38,603,601)
GKB Financial Services Corp.	11/15/2007	59.383	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(361,882)	(12,867,867)

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable Receivable Swap Rate	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value 12/31/2012
2006B Swap Agreements									
Royal Bank of Canada	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(868,125)	12,564,372
JP Morgan Chase Bank, N.A.	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(868,125)	12,564,372
Jackson Financial Products, LLC	11/15/2006	111.834	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(1,736,253)	25,128,746
Piper Jaffray Financial Products, Inc.	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	Investment Income	(868,125)	12,564,372
2008A Swap Agreement									
Royal Bank of Canada	12/18/2008	118.767	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	Investment Income	(772,591)	(25,732,960)
2008B Swap Agreement									
Loop Financial Products I LLC	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	0.1%	Investment Income	(354,392)	(32,406,129)
2009A Swap Agreement									
Loop Financial Products I LLC	1/12/2010	50	11/15/2022	(1)	5.6229%	SIFMA	Deferred Outflow	1,151,480	(17,024,108)
							Investment Income	(868,372)	
Total									$ (237,634,648)

(1) Previously associated with the 2001C1- C4 Bonds. 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

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable 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)

Counterparty	Effective Date	Notional Amount (in millions)	Bond/Swap Termination Date	Associated Debt Series	Payable Swap Rate	Variable 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 + 0.1%	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)

(1) Previously associated with the 2001C1- C4 Bonds. 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

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, 2012 and 2011. 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, 2012. 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, 2012, 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, 2012 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-	A3	A
JP Morgan Chase Bank, N.A.	A+	Aa3	A+
LOOP Financial Products, LLC			
(Deutsche Bank, AG, New York Branch)	A+	A2	A+
Merrill Lynch Capital Services, Inc.			
(Merrill Lynch & Co., Inc.)	A-	Baa2	A
Royal Bank of Canada	AA-	Aa3	AA
Societe Generale, New York Branch	A	A2	A+
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A-	Baa2	A
GKB Financial Services Corporation II, Inc.			
(Societe Generale New York Branch)	A	A2	A+
Piper Jaffray Financial Products, Inc.			
(Morgan Stanley Capital Services, Inc.)	A-	Baa1	A

The ratings of the counterparties, or their credit support providers, as of December 31, 2011 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.	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

As of December 31, 2012, 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 4.7395%. 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 2001C1-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 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 the SIFMA, on $150 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.5962%. 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 Agreements" 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 with RFPC, Ltd. 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 financial institution. The net effect of the 2002 Swap Agreement, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.33% 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 76.33% of LIBOR received under the 2002 Swap Agreements. 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 LIBOR 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 one-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 $178.2 million and $59.4 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of London Interbank Offered Rate (LIBOR) for one-month deposits of U.S. dollars payable for the respective financial institutions.

On November 14, 2007, the Airport System issued the Series 2007F1-F4 and Series 2007G1-G2 Bonds to refund a portion of the Series 1997E Bonds. The net effect of the 2006A Swap Agreements, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 Bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $241.0 million of obligations.

The Airport System is exposed to basis risk under the 2006A Swap Agreements, due to the differences between the variable interest rate it pays on the associated debt and 70% of LIBOR received under the 2006A Swap Agreements. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap

Agreements is 4.0085%. The 2006A Swap Agreements became effective on November 15, 2007 and payments under these 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 one-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 2008A Swap Agreement – On December 18, 2008, the Airport System 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 LIBOR for one-month deposits of U.S. dollars plus 0.10% payable to Royal Bank of Canada. The Airport System 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 plus 0.10% 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 plus 0.10% received under the 2008A Swap Agreement. The fixed rate payable by the Airport System under the 2008A Swap Agreement is 4.0085%. The 2008A Swap Agreement became effective on December 18, 2008 and payment under this Agreement commenced on January 1, 2009.

The 2008B Swap Agreement – On January 8, 2009, the Airport System 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 LIBOR for three-month deposits of U.S. dollars payable by Loop Financial Products I LLC. The Airport System 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 Airport System to Loop Financial Products I LLC will take into account such payments and will be above the market rate.

The net effect of the 2008B Swap Agreement, when considered together with the variable rate Series 2008C1 Bonds, is that the Airport System will effectively pay a fixed rate on $100 million, plus or minus the difference between the actual rate on $92.6 million of the Series 2008C1 Bonds and 70% of three-month LIBOR on $100 million notional amount of swaps.

The Airport System is exposed to basis risk under the 2008B Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and 70% of three-month LIBOR received under the 2008B Swap Agreement. The fixed rate payable by the Airport System under the 2008B Swap Agreement is 4.76%. The 2008B Swap Agreement became effective on January 8, 2009 and payments under this Agreement commenced on February 1, 2009.

The 2009A Swap Agreement – On January 12, 2010, the Airport System 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 Agreement and the SIFMA index payable by Loop Financial Products I LLC. The Airport System 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 Products I LLC, the fixed rate to be paid by the Airport System 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, 2012):

Swaps	1999, 2002, 2009A	2005, 2006B	2006A, 2008A	1998
Associated Debt	2002C, 2008B, 2009C	2006A 2007D	2007F-G, 2002C	2008C2-C3
Payment to Counterparty:	5.7329%	3.7923%	4.0085%	4.7395%
Payment from Counterparty:	0.2903%	4.2325%	0.1470%	0.2470%
Net Swap Payment:	5.4426%	(0.4402%)	3.8615%	4.4925%
Associated Bond Interest Rate:	1.0262%	4.9504%	0.3360%	0.9000%
Net Swap & Bond Payment:	6.4688%	4.5102%	4.1975%	5.3925%

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2012, 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:				
2013	$ 4,700,000	$ 3,852,440	$ 19,900,507	$ 28,452,947
2014	4,800,000	3,795,570	19,900,507	28,496,077
2015	6,925,000	3,737,490	19,900,507	30,562,997
2016	7,500,000	3,672,177	19,900,507	31,072,684
2017	7,800,000	3,603,507	19,900,507	31,304,014
2018-2022	274,285,000	13,103,167	69,656,958	357,045,125
2023-2025	93,990,000	2,128,450	8,220,526	104,338,976
Total	$ 400,000,000	$ 33,892,801	$177,380,019	$ 611,272,820

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2012.

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, 2012 and 2011, Special Facility Revenue Bonds outstanding totaled $276,615,000 and $291,865,000, respectively.

(13) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2012 and 2011 are as follows:

	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012	Amounts due within one year
Compensated absences payable	$ 8,625,273	$ 6,894,620	$ (6,520,399)	$ 8,999,494	$ 2,704,267
Less current				(2,704,267)	
Noncurrent portion				$ 6,295,227	

	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	

(14) Pension Plan

Substantially all of Denver International's employees are covered under the City and County of Denver'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. DERP Retirement Board acts as the trustee of the plan's assets. As of January 1, 2012, the date of the last actuarial valuation, the plan was underfunded; 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, 2012, 2011 and 2010 were approximately $47,176,000, $43,047,000 and $38,427,000, respectively, which equaled the required contributions each year. Denver International's share of the City's contributions for the years ended December 31, 2012, 2011 and 2010 were approximately $6,859,004, $6,268,376 and $5,509,853, 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.

(15) 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 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 purpose 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 \$123,693, \$864,100 and \$743,100 for the years ended December 31, 2012, 2011 and 2010, respectively, based on a pay-as-you-go financing.

(16) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

(17) Commitments and Contingencies

(a) Commitments

At December 31, 2012, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	$	49,149,781
Construction projects to be funded by bonded debt		42,111,001
Construction project to be funded by bonded debt - South Terminal		30,355,569
Projects related to remediation – Stapleton		1,496,296
Total commitments	$	123,112,647

The South Terminal Redevelopment Program consists of a variety of projects which are in part under construction.

(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, 2012, the Airport System had accrued $.5 million in the accompanying financial statements for noise violations and penalties. There is no noise penalty due for 2012.

(c) Regional Transportation District (RTD)

The City and Regional Transportation District (RTD) entered into an intergovernmental agreement for Denver International Airport (DIA) dated March 16, 2010 (the Intergovernmental Agreement). The Airport and RTD have different interpretations of the IGA's division of performance and payment responsibility in the area immediately south of the DIA Rail Station. Negotiations to settle the remaining issues were unsuccessful. The City's best estimate of the range of possible liability of the City not accounted for in the Airport System's original capital program for the South Terminal is between $12 million and $20 million.

(d) Claims and Litigation

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

(d) Denver International Assets under Operating Leases

The Airport leases portions of its buildings and improvements to airline and concession tenants under noncancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2012 and 2011 was $77,144,567 and $75,202,183, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2013	$	59,239,647
2014		25,140,833
2015		19,910,576
2016		18,319,474
2017		14,508,042
2018-2022		33,482,092
2023		590,100
Total minimum future rentals	$	171,190,764

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 2012 or 2011. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

(e) Federal grants

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(18) Insurance

The Airport System is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has purchased commercial insurance for the various risks.

Employees of the City (including all Airport System employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees.

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on-site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability, and professional liability for all applicable construction and consulting firms working on-site at the Denver International Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of $250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of $25,000, $100,000, and $1,000,000 per occurrence, respectively.

Settled claims for these risks have not exceeded this commercial coverage in any of the past three fiscal years.

(19) Significant Concentration of Credit Risk

The Airport System derives a substantial portion of its operating revenues from airlines' landing and facility rental fees (airline operating revenue). For each of the years ended December 31, 2012 and 2011, United Airlines group, including Continental Airlines, represented approximately 48.1% and 54.5% of the Airport System's airline operating revenue, respectively. Southwest Airlines represented 15.1% and 14.1% in 2012 and 2011, respectively. Frontier Airlines group represented 13.4% and 14.4% in 2012 and 2011 of the Airport System's airline operating revenue, 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.

(20) 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 40.5% and 42.2% of enplaned passengers at the Airport in 2012 and through March of 2013, respectively.

(21) Subsequent Events

Denver International Airport earned several high rankings among U.S. airports in some of the industry's most prestigious awards. Denver International was voted the third best airport in North America, fifth on the list of the "World's Best Domestic Airports" and second for the "Best Regional Airports in North America" in the 2013 Skytrax World Airport News.

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

(UNAUDITED)

December 31, 2012 and 2011

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 Percentaged of Covered Payroll (b-a)/(c)
12/31/2010	$ -	$ 113,048,000	$ 113,048,000	0.0%	$ 409,058,000	27.6%
12/31/2011	-	115,813,000	115,813,000	0.0%	425,186,000	27.2%
12/31/2012	-	88,704,000	88,704,000	0.0%	446,182,000	19.9%

City and County of Denver
Municipal Airport System

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(UNAUDITED)

December 31, 2012 and 2011

Implicit Rate Subsidy

Year Beginning January 1	Annual Actuarially Required Contribution	Percentage Contributed
2010	$ 8,026,000	70%
2011	$ 8,280,000	78%
2012	$ 6,261,000	86%

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, 2012

Gross Revenue		
Facility rentals	$	245,847,539
Concession income		49,592,429
Parking income		137,912,053
Car rental income		47,221,960
Landing fees		127,346,400
Aviation fuel tax		32,782,884
Other sales and charges		18,406,121
Interest income		17,974,663
Designated Passenger Facility Charge Revenues		34,271,254
Miscellaneous income		1,924,205
Operation and Gross revenues as defined in the ordinance		713,279,508
Personnel services		119,658,952
Contractual services		175,420,405
Maintenance, supplies, and materials		23,315,015
Operation and maintenance expenses as defined in the ordinance		318,394,372
Other available funds		394,885,136
Net revenue		51,685,419
Net revenue plus other available funds as defined in the ordinance	$	446,570,555
Debt service requirement as defined in the ordinance (1)	$	247,562,500
Coverage ratio (net revenue plus other available funds as a percentage of debt service)		180%
Debt service requirements for the senior debt (1)	$	209,519,583
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements for senior debt)		213%

Net of irrevocably committed PFCs of $68,542,509 applied under the Supplemental Bond Ordinance

(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

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, 2012

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 12/31/2012
Series 1991D	05/15/13	$ 230,563	$ 38,427
Series 1992F-G	01/01/13	8,036	8,036
Series 1997E	05/15/13	222,434	37,072
Series 2002C	01/01/13	6,669	6,669
Series 2005A	05/15/13	5,407,825	901,304
Series 2006A	05/15/13	6,639,725	1,106,621
Series 2006B	05/15/13	1,054,875	175,813
Series 2007A	05/15/13	4,708,750	784,792
Series 2007B	05/15/13	606,250	101,042
Series 2007C	05/15/13	865,875	144,313
Series 2007D	05/15/13	3,924,319	654,053
Series 2007D2	05/15/13	730,000	121,667
Series 2007E	05/15/13	1,185,000	197,500
Series 2007F1-F4	01/01/13	154,703	154,703
Series 2007G1-G2	01/01/13	19,589	19,589
Series 2008A	05/15/13	2,990,625	498,438
Series 2008B	01/01/13	75,046	75,046
Series 2008C1	01/01/13	93,282	93,282
Series 2008C2-C3	01/01/13	149,694	149,694
Series 2009A	05/15/13	4,358,475	726,413
Series 2009B	05/15/13	2,093,850	348,975
Series 2009C	01/01/13	94,626	94,626
Series 2010A	05/15/13	4,240,922	706,820
Series 2011A	05/15/13	8,532,775	1,422,129
Series 2011B	05/15/13	4,067,400	677,900
Series 2011C	05/15/13	301,125	50,188
Series 2012A	05/15/13	7,286,981	1,214,497
Series 2012B	05/15/13	12,099,950	2,016,658
Series 2012C	05/15/13	543,919	90,653
			$ 12,616,920

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, 2012

(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 12/31/2012
Series 1991D	11/15/13	$ 5,950,000	$ 495,833
Series 1992 F, G	11/15/13	1,900,000	158,333
Series 1997E	11/15/13	7,414,483	617,874
Series 2002C	11/15/13	1,900,000	158,333
Series 2005A	11/15/13	70,000	5,833
Series 2006B	11/15/13	19,680,000	1,640,000
Series 2007F1-F4	11/15/13	600,000	50,000
Series 2007G1-G2	11/15/13	400,000	33,333
Series 2008A	11/15/13	28,140,000	2,345,000
Series 2008B	11/15/13	4,700,000	391,667
Series 2011A	11/15/13	17,810,000	1,484,167
Series 2011B	11/15/13	33,095,000	2,757,917
Series 2012A	11/15/13	290,000	24,167
Series 2012B	11/15/13	7,815,000	651,250
Series 2012C	11/15/13	1,350,000	112,500
			$ 10,926,207

(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, 2012

(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, 2012, the redemption account had a balance of $22.4 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 (b) above is as follows:

Aggregate required bond account balance	$ 23,543,127
Bond account balance at December 31, 2012	23,543,127
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, 2012 is $406,960,624. The minimum Bond Reserve Account requirement is $406,960,624.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport System is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2012.

Computation of minimum operation and maintenance reserve:

2011 Operation and Maintenance expenses	$ 312,277,998
Minimum operations and maintenance reserve requirement for 2011	$ 52,046,333
Operation and maintenance reserve account balance at December 31, 2012	75,720,150
Overfunded	$ 23,673,817

(1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to four times the prior year's monthly average.

APPENDIX G

UNAUDITED FINANCIAL STATEMENT OF THE AIRPORT SYSTEM FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

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City and County of Denver
Municipal Airport System
Management's Discussion and Analysis
For the Three Months Ended March 31, 2013
(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 the three months ended March 31, 2013, and 2012, and for the year ended December 31, 2012. 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 $154.3 million, for the three month period ending March 31, 2013 an increase of $1.2 million (.8%), as compared to three months ending March 31, 2012. The increase in revenue was primarily related to the increased rates for parking and landing fees, and a slight increase in car rental and aviation fuel, while revenue from facility rentals, concession revenues and other sales and charges decreased

Operating expenses, exclusive of depreciation, and amortization were $83.1 million for the three months ending March 31, 2013, an increase of $6.0 million (7.8%) as compared to the three month period ending March 31, 2012. The increase was attributable to an increase in personnel services, repair and maintenance of projects for apron and ramp road repairs, sewer repairs, remodel expenses and HVAC concourse air pressure, and commercial and chemical solvents.

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 position, statements of cash flows, and notes to financial statements. The statements of net position present information on the Airport System's assets, deferred outflows, liabilities, deferred inflows and net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Airport System's is improving or deteriorating. The statements of revenues and expenses and changes in net position present information showing how the Airport Systems' net position, changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue 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. 2013, 2012 and 2011).

Summary of Revenues, Expenses, and Changes in Net Position

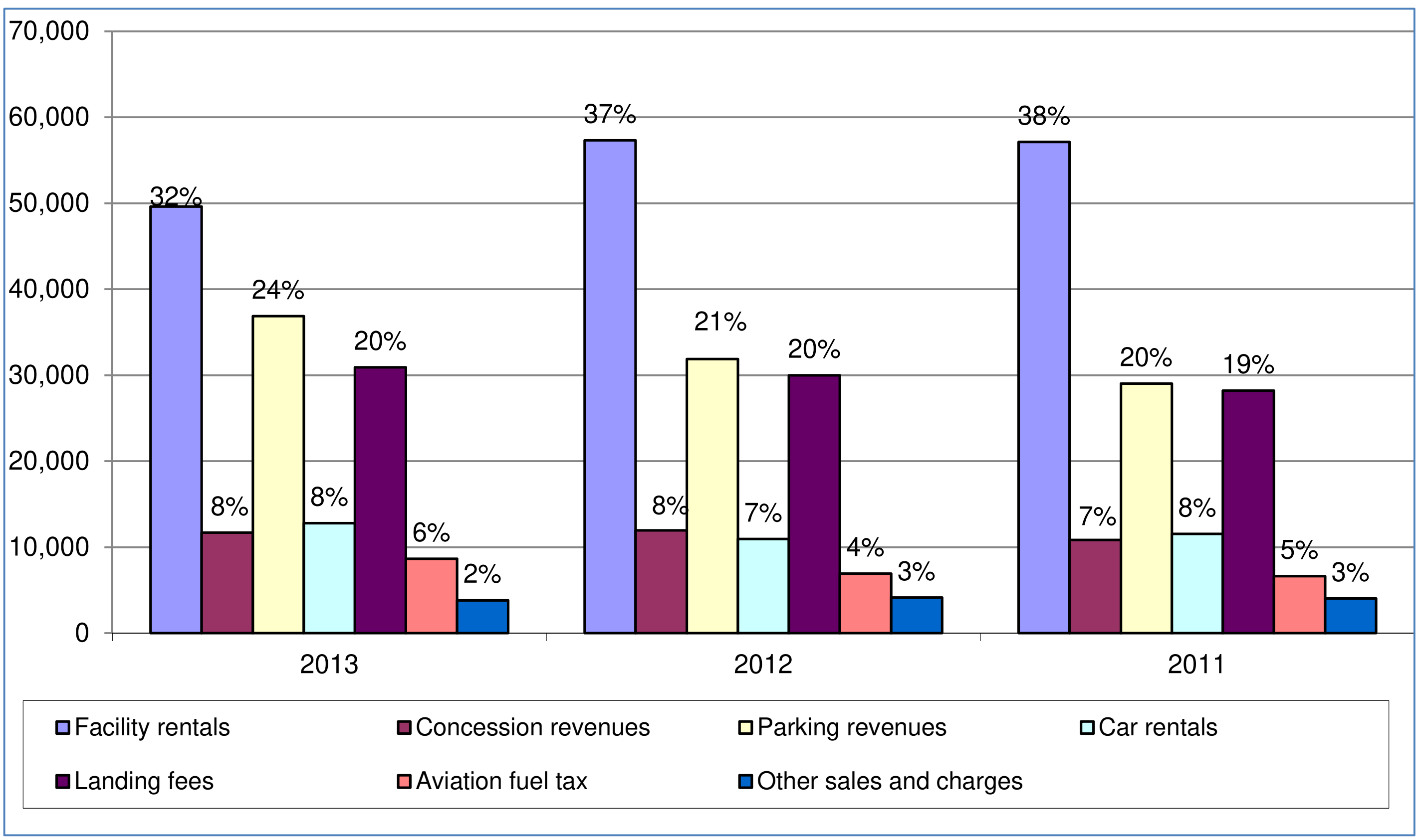
The following is a summary of the revenues, expenses and changes in net position for the three-month period ended March 31, 2013, 2012 and 2011 (in thousands):

	2013	2012	2011
Operating revenues	$ 154,331	$ 153,138	$ 147,373
Operating expenses before depreciation and amortization	(83,129)	(77,114)	(84,352)
Operating income before depreciation and amortization	71,202	76,024	63,021
Depreciation and amortization	(45,285)	(44,114)	(44,153)
Operating income	25,917	31,910	18,868
Nonoperating revenues	38,204	43,895	42,049
Nonoperating expenses	(42,379)	(49,301)	(58,067)
Capital grants and contributions	-	31	885
Increase(decrease) in net position	21,742	26,535	3,735
Net position, beginning of year	582,336	545,074	555,023
Net position, end of year	$ 604,078	$ 571,609	$ 558,758

OPERATING REVENUES
(in thousands)

	2013	2012	2011
Operating Revenues:			
Facility rentals	$ 49,601	$ 57,310	$ 57,113
Concession revenues	11,678	11,949	10,844
Parking revenues	36,856	31,882	29,020
Car rentals	12,791	10,939	11,535
Landing fees	30,920	29,998	28,212
Aviation fuel tax	8,653	6,931	6,633
Other sales and charges	3,832	4,129	4,016
Total Operating Revenues	$ 154,331	$ 153,138	$ 147,373

Total Operating Revenues



City and County of Denver
Municipal Airport System
Management's Discussion and Analysis
For the Three Months Ended March 31, 2013
(Unaudited)

The Airport System's activities increased slightly in total passengers and enplanements, and decreased in aircraft operations, cargo and landed weight for the three months ended March 31, 2013, as compared to 2012 and for the three months ended March 31, 2012, as compared to 2011 (in thousands):

	2013	2012	2011	Percentage Change 2013-2012	Percentage Change 2012-2011
Enplanements	6,112	6,088	6,091	.4%	(.0%)
Passengers	12,178	12,122	12,098	.5%	.2%
Aircraft Operations (1)	141	149	155	(5.4%)	(3.8%)
Cargo (in pounds)	126,925	127,117	139,095	(.2%)	(8.6%)
Landed Weight	7,295	7,647	7,958	(4.6%)	(3.9%)

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

2013/2012

Operating revenues increased by $1.2 million or .8%, to $154.3 million in 2013, primarily due to the increased rates for parking and landing fees and an increase in car rental revenues and aviation fuel tax, which is offset by a decrease in facility rentals, concession, .and other sales and charges.

Parking revenues increased by $5.0 million, or 15.6%, which is attributable to the increase in daily parking rates on January 1, 2013 and a 5.4% increase in origin and destination passengers (O & D).

Landing fees increased by $1.0 million or 3.1%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight from $4.23 for signatory and $5.08 for non-signatory airlines in 2013 from $3.91 for signatory and $4.69 for non-signatory 2012.

Car rental revenue increased by $1.9 million, or 17.0%, to $12.8 million, due to a 5.4% increase in O & D passenger traffic.

Aviation fuel tax increased in 2013 by $1.7 million, or 24.8%, due to an increase in fuel prices.

Facility rentals decreased by $7.7 million or 13.5%, which is attributable to a decrease in airline automated baggage system for sortation and spine no longer being charged to the airlines.

Concession revenues between 2013 and 2012 decreased by $.3 million, or 2.3%, primarily due to the decrease in service concession related to the construction and closer of concessions. Additionally, there was an increase in spend rate per enplaned passenger to $10.96 in 2013 from $10.83 in 2012.

Other sales and charges decreased by $.3 million or 7.2%, due to a decrease in oil and gas royalties.

2012/2011

Operating revenues increased by $5.8 million or 3.9%, to $153.1 million in 2012, primarily due to the increase in facility rentals, aviation fuel tax, landing fees and non-airline revenues: (concessions and parking), which is offset by a decrease in car rental income.

Facility rentals increased by $.2 million or .3%, which is attributable to an increase in airline AGTS fees, and airline ramp rent.

Concession revenues between 2012 and 2011 increased $1.1 million, or 10.2%, primarily due to the increase in service concession related to advertising revenues, and food and beverages services due to the increase in passenger traffic. Additionally, there was an increase in spend rate per enplaned passenger to $10.87 in 2012 from $10.25 in 2011.

Parking revenues increased by $2.8 million, or 9.9%, which is attributable to the increase in daily parking rates on June 1, 2011, and an increase in origin and destination (O & D).

Landing fees increased by $1.8 million or 6.3%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight from $3.91 for signatory and $4.69 for non-signatory airlines in 2012 from $3.35 for signatory and $4.24 for non-signatory 2011.

Aviation fuel tax increased in 2012 by $.3 million, or 4.5%, due to an increase in fuel prices.

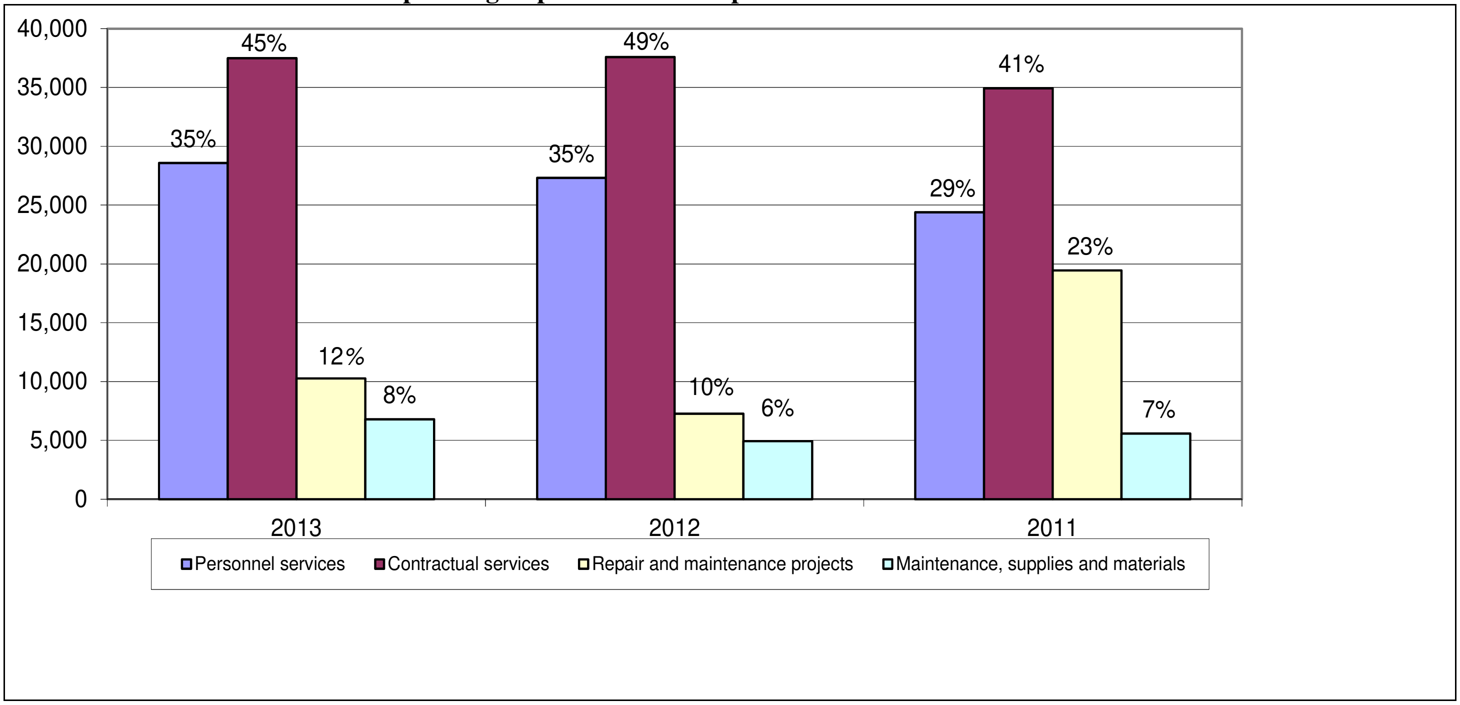
Other sales and charges increased by $.1 million or 2.8%, due to an increase in interest revenue.

Car rental revenue decreased by $0.6 million, or 5.2%, to $10.9 million, due to a 2011 adjustment.

Operating Expenses before Depreciation and Amortization
(in thousands)

	2013	2012	2011
Operating Expenses:			
Personnel services	$ 28,569	$ 27,307	$ 24,378
Contractual services	37,496	37,584	34,940
Repair and maintenance projects	10,266	7,278	19,454
Maintenance, supplies and materials	6,798	4,945	5,580
Total Operating Expenses, before depreciation and amortization	$ 83,129	$ 77,114	$ 84,352

Total Operating Expenses Before Depreciation and Amortization



2013/2012
Operating expenses before depreciation and amortization increased by $6.0 million, or 7.8%, to $83.1 million in 2013.

Personnel services increased $1.3 million, or 4.6%, in 2013 which was due to an increase in permanent salaries and the payment of workers compensation for the year. This was offset by a decrease in other city agencies costs.

Contractual services decreased by $.1 million or .2%, was due primarily to a decrease in repair and maintenance of baggage system and snow removal offset by an increase in electricity and guard services.

Repair and maintenance projects increased by $3.0 million, or 41.1% the addition of $10.3 million which has been expensed, such as apron, ramp and road repairs, sewer repairs, remodel expenses and HVAC system.

Maintenance, supplies and materials increased by $1.8 million, or 37.5%, to $6.8 million due to the increase in commercial chemicals and solvents.

2012/2011
Operating expenses before depreciation and amortization decreased by $7.2 million, or 8.6%, to $77.1 million in 2012.

Personnel services increased $2.9 million, or 12.0%, in 2012 which was due to an increase in permanent salaries. This was offset by a decrease in snow overtime.

Contractual services increased by $2.6 million or 7.6% was due primarily to an increase in professional service contracts, snow removal and management services offset by a decrease in repair and maintenance of elevator equipment, roads and technical equipment.

Repair and maintenance projects decreased by $12.2 million, or 62.6% 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, $6.1 million for the first quarter were expensed for such items as runway ramp repairs, roadway, and remodeling that had been funded through the capital improvement program.

Maintenance, supplies and materials decreased by $.6 million, or 11.4%, to $4.9 million due to the decrease in commercial chemicals and solvents and diesel fuel costs. This was offset by an increase in runway lighting, and gasoline costs.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2013/2012
Total nonoperating expenses, net of nonoperating revenues, decreased by $1.2 million or 22.8% to $4.2 million in the first three months of 2013 as compared to 2012. The decrease was due to an increase of $1.4 million in Stapleton income, a decrease in investment expense of $6.5 million, which was offset by a decrease in Passenger Facility Charges (PFC) of $.5 million and a decrease in interest income.

2012/2011
Total nonoperating expenses, net of nonoperating revenues, decreased by $.3 million or 66.3% to $5.4 million in the first three months of 2012 as compared to 2011. The decrease was due to a decrease of $8.2 million or 104.3% in Stapleton expenses, an increase in investment income of $1.1 million, an increase in Passenger Facility Charges (PFC) of $.7 million and a decrease interest expense.

In 2013and 2012 totaled $0.

City and County of Denver, Colorado
Municipal Airport System
Management's Discussion and Analysis
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(Unaudited)

Summary of Net Assets

The following is a summary of the Net Assets as of March 31, 2013 and December 31, 2012 and 2011 (in thousands):

	2013	2012	2011
Assets:			
Current assets, unrestricted	$ 194,479	$ 293,663	$ 282,157
Restricted assets, current	510,824	315,377	197,713
Noncurrent investments	410,190	294,947	362,037
Long-term receivables	10,560	10,694	11,049
Prepaid Expense and other	11,883	11,986	_
Capital assets, net	3,075,101	3,088,895	3,087,363
Bond issue costs, net	28,863	29,587	42,923
Interest rate swaps	59,063	62,822	58,481
Investments – restricted	641,541	845,033	634,640
Assets held for disposition	1,773	3,158	9,327
Total assets	4,944,277	4,956,162	4,685,690
Deferred Outflows			
Accumulated decrease in fair value of hedging derivatives	38,836	42,900	33,852
Liabilities:			
Current liabilities, unrestricted	127,545	125,810	142,347
Current liabilities payable from restricted assets	270,593	293,116	227,211
Bonds payable, noncurrent	3,666,976	3,665,727	3,480,639
Interest rate swaps, noncurrent	283,946	300,456	304,316
Notes Payable, noncurrent	23,740	25,322	13,940
Compensated absences	6,234	6,295	6,015
Total liabilities	4,379,034	4,416,726	4,174,468
Deferred inflows			
Accumulated increase in fair value Of hedging derivatives	-	-	-
Net Position (Deficit):			
Net investment in capital assets	(498,526)	(544,739)	(649,695)
Restricted	707,308	653,318	623,745
Unrestricted	395,297	473,757	571,024
Total net assets	$ 604,079	$ 582,336	$ 545,074

2013/2012

Total assets decreased by $11.9 million in March of 2013 compared to December of 2012. This was primarily due to a decrease in capital asset of $13.8 million, and decreases in interest rate swap, due from other agengies, and grants receivable, which was offset by an increase of $19.6 million in cash and investments

Total deferred outflow decreased by $4.1 million due to the change in the fair value of the hedging derivatives.

Total liabilities decreased by $37.7 million in March 31, 2013 compared to December 31, 2012. The decrease was primarily due to a decrease in interest rate swaps, notes payable and vouchers payable which was offset by an increase revenue credit and due to other agencies.

Of the Airport System's 2013 total net position, 117% are restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $692.7 million for debt service and $14.6 million for capital projects, respectively.

As of March 31, 2013, the remaining net positions include unrestricted net position of $395.3 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $66.3 million of its unrestricted net position amounts as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($498.6) million represents the Airport's investment in capital assets. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

2012/2011

Total assets increased by $270.5 million in 2012, compared to 2011. This was primarily due to increases in current restricted cash and investments, (net) of $110.3 million, an increase in accounts receivable, increase in Construction in progress of $116.5 million, and an increase in noncurrent restricted investments of $210.4 offset by a decrease in noncurrent investments of $67.1 million and increase in depreciation of $173.6 million.

Total deferred outflows of resources increased by $9 million due to the changes in fair value of the hedging derivatives of effective swaps.

Total liabilities increased by $242.3 million in 2012, compared to 2011. The increase was primarily attributed to the issuance of new debt that when offset by the savings from refunding of debt, and an increase in vouchers payable, which is offset by a decrease in other liabilities related to 2010 and 2011 taken as of December 31, 2011, and interest rate swaps associated with GASB 53.

Of the Airport System's 2012 total net position, 112% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $630.6 million for debt service and $22.7 million for capital projects, respectively.

At December 31, 2012, the remaining net position included unrestricted net position of $473.8 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 position amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($544.7) million represents the Airport's, net investment in capital assets. 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 March 31, the Airport System had approximately $3.9 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 $314.2 million in 2012.

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, 2012 and 2011 was 180% and 197%, respectively, of total debt service.

On October 17, 2012, the Airport System issued $315,780,000, $510,140,000 and $30,285,000 of Airport System Revenue Bonds, Series 2012A, B and C, respectively, in a fixed rate mode to finance a portion of the costs of the Airport's 2013-2018 Capital Program, current refund all of the remaining 1998A Bonds in the amount of $104,050,000, current refund of all of the remaining 1998B Bonds of $103,395,000, current refund a portion of the 2002E Bonds in an amount of $63,570,000, current refund a portion of the 2003A Bonds in the amount of $134,475,000, advance refund a portion of the 2003A Bonds in the amount of $27,490,000, advance refund all of the 2003B Bonds in the amount of $75,460,000, and to refund all of the outstanding Subordinate Commercial Paper Note Series A in the amount of $56,000,000
.

On October 1, 2012, the Airport System terminated the Existing Letter of Credit for the Series 2009C Bonds and entered into an agreement with US Bank pursuant to which United bank will agree to hold the 2009C bonds which, subject to certain conditions, will bear interest at the LIBOR index rate, through April 30, 2017.

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.

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.

Capital Assets

As of March 31, 2013 and December 31, 2012, 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 $2.5 billion and $2.4 billion, respectively

On January 10, 2012, the Airport System entered into 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.

The South Terminal Redevelopment Program consisting of a variety of projects which are in part under construction. The south terminal is made up of three independent, yet physically integrated projects which include the design and construction of:

> Westin Hotel and Conference Center: Hotel with 519 rooms, conference center space for meetings, banquets, conventions and trade shows, full service restaurant, full gym and indoor pool.
>
> Public Transit Center: Aviation commuter rail station with trains connecting the Airport with Denver's Union Station as part of the Regional Transportation District's east rail line under construction by Denver Transit Partners.
>
> Public Plaza: A connection of the hotel and transit center to the Jeppesen Terminal that also provides a venue for programs and events where passengers and visitors can find entertainment, relaxation, art and restaurants.
>
> Excavation work for the project is nearly complete and foundations have been set to allow vertical construction to begin. The Public Transit Center is planned to be open to revenue passengers in 2016 with the hotel open in late 2015.

The Airport's current capital program for the Airport represents the expectations of future Airport System capital needs in order to maintain, reconstruct and expand Airport facilities from 2013-2018. The 2013-2018 Capital Programs have an estimated total cost of approximately $1.4 billion and are expected to be financed with a combination of Airport system revenue bonds, commercial paper, and Airport System monies.

Construction Commitments: As of December 31, 2012, the Airport System had outstanding contractual construction and professional services commitments of approximately $99.7 million and had made over $560.1 million in contractual payments for the year then ended.

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 March 31, 2013 a total of $1.5 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 $13.4 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.

Economic Factors

For the first three months of 2013, passenger traffic increased to 12.2 million passengers or .5% over the first three months of 2012.

United, one of the world's largest airlines is the principal air carrier operating at Denver International. United Airlines operates a major connecting hub at Denver International Airport under a use-and-lease agreement with the City that expires in 2025. United currently leases 36 of the Airport's 90 full-service jet gates and all 16 gates at Concourse B's regional jet facility.

The dominant air carrier at Denver International Airport is United Airlines, which together with its affiliates account for approximately 40.5% and 42.1% of passenger enplanements at the Airport in 2012 and for three months of 2013, 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 has integrated the two airlines under the United brand, to, operate under a single Federal Aviation Administration "(FAA") operating certificate, effective November 30, 2011.

Southwest Airlines (Southwest) has the second-largest market share at the Airport for 2012 and for the first three months of 2013. 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 sixth--- busiest station in its system. Southwest currently leases 17 gates under a use and lease agreement. Southwest together with AirTran accounted for approximately 23.5% and 25.0% of passenger enplanements at the Airport in 2012 and the first three months of 2013 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.

Frontier has the third largest market share at the Airport for 2012 and 2013. The Airport serves as Frontier's largest hub. Frontier accounted for approximately 21.9% of passenger enplanements in 2012 and 18.3% for the first three months of 2013.

As previously discussed, operating revenues were up 3.6% in 2013 compared to 2012. Operating income before depreciation and amortization of $236.5 million represented an increase of $26.6 million compared to 2012.

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, 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 Position
As of March 31, 2013, and December 31, 2012
(Unaudited)

Assets		March 31, 2013		December 31, 2012
Current assets:				
Cash and cash equivalents	$	48,559,872	$	95,311,462
Investments		91,501,923		139,739,059
Accounts receivable (net of allowance for for doubtful accounts $231,641 and $217,322)		37,456,137		37,770,507
Accrued interest receivable		4,893,923		5,889,690
Due from other City agencies		-		1,642,309
Other receivables		712,135		761,976
Inventories		10,347,414		10,523,594
Prepaid expenses and other		1,420,563		2,024,914
Total current unrestricted assets		194,891,967		293,663,511
Restricted assets:				
Cash and cash equivalents		338,100,728		151,056,037
Investments		153,140,027		137,311,950
Accrued interest receivable		2,631,227		2,572,119
Prepaid expenses and other		2,602,370		2,837,201
Grants receivable		1,861,832		9,963,844
Passenger facility charges receivable		12,074,255		11,635,716
Total current restricted assets		510,410,439		315,376,867
Total current assets		705,302,406		609,040,378
Non-current assets:				
Investments		410,190,319		294,946,838
Long term receivable, net of current portion		10,559,849		10,694,554
Prepaid expense and other		11,883,164		11,986,497
Capital assets:				
Buildings		2,007,887,624		2,007,840,022
Improvements other than buildings		2,275,420,516		2,275,358,468
Machinery and equipment		762,428,815		769,391,221
		5,045,736,995		5,052,589,711
Less accumulated depreciation and amortization		(2,470,543,639)		(2,435,888,059)
		2,575,193,316		2,616,701,652
Construction in progress		204,604,558		176,889,592
Land, land rights and air rights		295,303,475		295,303,475
Total capital assets		3,075,101,349		3,088,894,719
Bonds issue costs, net of accumulated amortization		28,862,550		29,586,939
Interest rate swaps		59,063,278		62,821,862
Investments – restricted		641,540,704		845,032,887
Assets held for disposition		1,773,125		3,157,690
Total noncurrent assets		4,238,974,338		4,347,121,986
Total assets		4,944,276,744		4,956,162,364
Deferred Outflows of Resources				
Accumulated decrease in fair value of hedging Derivatives	$	38,835,947	$	42,899,753

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Position
As of March 31, 2013, and December 31, 2012
(Unaudited)

		March 31, 2013		December 31, 2012
Liabilities				
Current liabilities:				
Vouchers payable	$	17,549,549	$	33,256,393
Due to other City agencies		9,830,000		5,174,973
Compensated absences payable		2,838,607		2,704,267
Other liabilities		35,724,942		32,235,241
Revenue credit payable		50,000,000		40,000,000
Advance revenues		11,601,817		12,438,881
Total current unrestricted liabilities		127,544,915		125,809,755
Current liabilities payable from restricted assets:				
Vouchers payable		8,729,884		65,093,650
Retainages payable		18,612,137		18,612,137
Accrued interest and matured coupons		60,795,641		23,295,649
Notes payable		6,477,457		7,243,415
Other liabilities		17,038,174		19,930,992
Revenue bonds		158,940,000		158,940,000
Total current liabilities payable from restricted assets		270,593,293		293,115,843
Total current liabilities		398,138,208		418,925,598
Noncurrent liabilities:				
Bonds payable:				
Revenue bonds, net of current portion		3,738,480,000		3,738,480,000
Less: deferred loss on bond refunding		(234,554,329)		(240,355,371)
Less: unamortized premiums		163,050,206		167,602,117
Total bonds payable, noncurrent		3,666,975,877		3,665,726,746
Interest rate swaps		283,945,685		300,456,510
Notes Payable		23,740,562		25,322,372
Compensated absences payable		6,233,864		6,295,227
Total noncurrent liabilities		3,980,895,988		3,997,800,855
Total liabilities		4,379,034,196		4,416,726,453
Net Position				
Net Investment in capital assets (deficit)		(498,526,428)		(544,739,341)
Restricted for:				
Capital projects		14,566,807		22,668,820
Debt service		692,741,483		630,648,968
Unrestricted		395,296,633		473,757,217
Total net position	$	604,078,495	$	582,335,664

See accompanying notes to financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Revenues, Expenses and Changes in Net Position
For the Three Months Ended March 31, 2013, and 2012
(Unaudited)

	March 31, 2013	March 31, 2012
Operating revenues:		
Facility rentals	$ 49,601,387	$ 57,310,254
Concession revenues	11,678,298	11,948,534
Parking revenues	36,856,484	31,881,919
Car rental revenues	12,791,387	10,938,695
Landing fees	30,919,609	29,998,119
Aviation fuel tax	8,652,904	6,931,208
Other sales and charges	3,831,296	4,129,335
Total operating revenues	154,331,365	153,138,064
Operating expenses:		
Personnel services	28,569,456	27,307,109
Contractual services	37,495,653	37,583,865
Repair and maintenance projects	10,265,558	7,277,444
Maintenance, supplies and materials	6,798,089	4,945,368
Total operating expenses	83,128,756	77,113,786
Operating income before depreciation and amortization	71,202,609	76,024,278
Depreciation and amortization	45,285,058	44,114,655
Operating income	25,917,551	31,909,623
Non-operating revenues (expenses):		
Passenger facility charges	27,822,313	28,342,902
Investment income	8,854,888	15,552,938
Interest expense	(42,340,333)	(48,798,528)
Grant income	(38,413)	-
Other income (expense)	1,526,825	(502,765)
Total non-operating expenses, net	(4,174,720)	(5,405,453)
Income before capital grants and contributions	21,742,831	26,504,170
Capital grants	-	31,433
Capital contributions	-	-
Change in net position	21,742,831	26,535,603
Net position, beginning of year	582,335,664	545,073,847
Net position, end of period	$ 604,078,495	$ 571,609,450

See accompanying notes to the financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Three Months Ended March 31, 2013, and 2011
(Unaudited)

		March 31, 2013		March 31, 2012
Cash flows from operating activities				
Receipts from customers	$	167,895,115	$	137,855,765
Payments to suppliers		(58,358,688)		(57,242,405)
Interfund activity payments to other funds		(3,750,000)		(3,750,000)
Payments to employees		(28,496,479)		(30,021,569)
Net cash provided by operating activities		77,289,949		46,841,791
Cash flows from noncapital financing activities				
Operating grants received		-		-
Net cash used by noncapital financing activities		-		-
Cash flows from capital and related financing activities				
Proceeds from issuance of debt		-		-
Proceeds from issuance of notes payable		-		20,500,000
Principal paid on notes payable		(2,347,768)		(2,227,844)
Interest paid on notes payable		(261,600)		(295,390)
Principal paid on revenue bonds		-		-
Interest paid on revenue bonds		(1,533,854)		(11,079,119)
Bond issuance costs paid		-		67,703
Capital grant receipts		8,559,910		4,693,758
Passenger facility charges		27,383,774		22,868,746
Purchases of capital assets		(6,183,923)		(4,405,871)
Payments from accrued expenses for capital assets		(26,677,945)		(28,801,457)
Payments to escrow for current refunding of debt		-		-
Proceeds from sale of capital assets		171,541		32,471
Net cash used in capital and related financing activities		(889,865)		1,352,997
Cash flows from investing activities				
Purchases of investments		(3,040,958,666)		(3,608,922,844)
Proceeds from sales and maturities of investments		3,106,316,108		3,743,756,911
Proceeds from sale of assets held for disposition		1,384,565		2,655,288
Interest rate swap settlements		(9,343,487)		5,039,845
Payments to maintain assets held for disposal		(2,079,990)		(12,358,752)
Insurance recoveries for Stapleton environmental remeditiation		202,002		3,968,844
Interest and dividends on investments and cash equivalents		8,372,485		8,095,856
Net cash provided by investing activities		63,893,017		142,235,148
Net increase (decrease) in cash and cash equivalents		140,293,101		190,429,936
Cash and cash equivalents, beginning of the year		246,367,499		129,499,411
Cash and cash equivalents, end of the year	$	386,660,600	$	319,929,347

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Three Months Ended March 31, 2013, and 2012
(Unaudited)

	March 31, 2013	March 31, 2012
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	$ 25,917,551	$ 31,909,623
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	45,285,058	44,114,655
Miscellaneous revenue	412,198	520,277
Change in assets and liabilities		
Receivables, net of allowance	498,916	(1,065,899)
Inventories	176,180	129,290
Prepaid expenses	913,057	(7,929,285)
Accounts and other payables	(12,043,143)	(10,309,483)
Deferred rent	(837,064)	(2,803,588)
Due to other city agencies	6,297,336	3,764,356
Compensated absences	72,977	514,508
Accrued expenses	10,596,882	(12,002,376)
Net cash provided by operating activities	$ 77,289,949	$ 46,841,791

Noncash activities

Unrealized gain/(loss) on investments	$ (7,269,373)	$ (6,607,049)
Unrealized gain/(loss) on investments	8,688,435	15,144,776
Amortization of bond premiums, deferred losses on bond. refundings, and bond issue costs.	3,097,512	3,097,512
Capital assets added through incurrence of vouchers and retainages payable	31,544,234	31,544,234

(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 in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) (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 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).

During the year ended December 31, 2012, the Airport System adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement is intended to address the accounting and financial reporting disclosure requirements surrounding service concession agreements.

During the year ended December 31, 2012, the Airport System adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement places all applicable pre-November 30, 1989 FASB and AICPA pronouncements within the authoritative GASB literature.

During the year ended December 31, 2012, the Airport System also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement changes the organization of the statement of net position, formerly the statement of net assets. Under this new standard, the statement of net position includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities and will report net position instead of net assets

(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 March 31, 2013 and December 31, 2012. 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 March 31, 2013, and December 31, 2012 was $7,188,398 and $1,879,927, 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, losses on bond refundings, and premiums (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 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.

(h) Compensated Absences Payable

Accumulated vested sick and vacation benefits in accordance are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences liability.

(i) Deferred Rent

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

(k) Net Assets

2013

The Airport System assets exceeded liabilities by $604,078,495 as of March 31, 2013, a $21,742,831 increase in net position from the prior year end. Of the Airport System's 2013 net position, 117.1% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $692,741,483 and are externally restricted for debt service. The net assets restricted for the capital projects represent $14,566,807.

The remaining net position includes unrestricted net position of $395,296,633 which may be used to meet any of the Airport System's ongoing operations. Airport System management has internally designated $66,333,642 of its unrestricted net position 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, ($498,526,428) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2012

The Airport System's assets exceeded liabilities by $582,335,664 as of December 31, 2012, a $37,261,817 increase in net position from the prior year end. Of the Airport System's 2012 net position, 112.2% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $630,648,968 and are externally restricted for debt service. The net position restricted for the capital projects represent $22,668,820.

The remaining net position includes unrestricted net position of $473,757,217 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport Systems has internally designated $67,267,320 of its unrestricted net position 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, ($544,739,341) 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 position 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 position 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, 2013 and 2011, the Airport System had accrued a liability to the airlines, included in current other liabilities, of $25,586,239 and $15,731,054, respectively.

50%, of Net Revenues (as defined by the bond ordinance) with an annual cap of $40,000,000 remaining at the end of the year are to be credited in the following year to the passenger airlines signatory use and lease agreement. The Net Revenues credited to the airlines totaled $40,000,000 for both 2012 and 2011. Liabilities for these amounts were accrued as of December 31, 2012 and 2011, respectively, and are reported in the statement of net position as revenue credit payable. The Airport System forecasts the 2013 credit to the airlines to be $40,000,000; therefore for the three-month period ending March 31, 2013, an additional accrual of $10,000,000 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 2012 balances have been reclassified to conform to the 2013 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 March 31, 2013 and 2012, is comprised of interest income, and an unrealized gain (loss) on investments of ($7,269,373) and ($6,607,049), respectively also included in the investments income is the change in fair value of the derivatives and for March of 2013 and 2012 the there was an unrealized gain of $8,688,435 and $15,144,776 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 March 31, 2013 and December 31, 2012, an allowance of $231,641 and $217,322, 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 March 31, 2013 and December 31, 2012, Special Facility Revenue Bonds outstanding totaled $276,615,000 and $276,615,000, 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 three months ending March 31, 2013 and for the year ending December 31, 2012, United Airlines group not including Continental Airlines represented approximately 47.6% and 48.1%, respectively, of the Airport System's airline operating revenue. Southwest Airlines represented 17.6% and 15.1% respectively. Frontier Airlines represented 13.6% and 13.4% respectively, and. The Airport System requires performance bonds to support airlines and concession accounts receivables. No other airline represented more than 10% of the Airport System's airline operating revenues.

(7) United Group (United and Continental Airlines)

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 35 of the 92 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, including Continental accounted for 40.5% and 42.2 % of enplaned passengers at the Airport in 2012 and through March of 2013, respectively

(8) Subsequent Events

On June 10, 2012, the Airport System begin a nonstop flight from Denver to Tokyo.

On June 7, 2013, the Airport System welcomed the United Express inaugural flight from Fort McMurray Canada to Denver.

Denver International airport earned several high rankings among the U.S. airports in some of the industry's most prestigious awards. Denver International was voted the third best airport in North America, fifth on the list of the "World's Best Domestic Airports" and second for the "Best Regional Airports in North America" in the 2013 Skytrax World Airport news.

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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 Subordinate Revenue Bonds, Series 2013A" in the aggregate principal amount of $326,260,000 (the "**Series 2013A Bonds**"), and the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2013B" in the aggregate principal amount of $393,655,000 (the "**Series 2013B Bonds**" and, together with the Series 2013A 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. 302, Series of 2013, as heretofore amended and supplemented, and as further supplemented by Ordinance No. 301, Series 2013, each adopted by the City Council of the City on June 24, 2013 (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 July 10, 2013, 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, 2013, 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

[Closing Date]

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
City and County Building
Denver, Colorado 80202

Citigroup
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 Subordinate Revenue Bonds
Series 2013A - $326,260,000
Series 2013B - $393,655,000

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of Denver, Colorado (the "**City**"), in connection with the City's issuance, for and on behalf of its Department of Aviation (the "**Department**"), of $326,260,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2013A" and $393,655,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Subordinate Revenue Bonds, Series 2013B" (collectively, the "**Series 2013A-B Subordinate Bonds**") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, Ordinance No. 302, Series of 2013, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 301 , Series of 2013, with respect to the Series 2013A-B Subordinate Bonds, (collectively, the "**Ordinance**"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2013A-B Subordinate Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds, the forms of the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate 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 lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2013A-B Subordinate Bonds subordinate to Senior Bonds (and any Obligations in respect thereof) and on a parity with the lien thereon of other Subordinate Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2013A Subordinate Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2013A Subordinate 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 Series 2013A Subordinate 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 Series 2013B Subordinate 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 Series 2013B Subordinate 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 Series 2013A-B Subordinate Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements of the Code. Failure to comply with such requirements could cause the interest on the Series 2013A-B Subordinate Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2013A-B Subordinate Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2013A-B Subordinate Bonds.

6. To the extent interest on the Series 2013A-B Subordinate Bonds is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State. We express no opinion regarding other State or local tax consequences arising with respect to the Series 2013A-B Subordinate Bonds, including whether interest on the Series 2013A-B Subordinate Bonds is exempt from taxation under the laws of any jurisdiction other than the State.

It is to be understood that the rights of the owners of the Series 2013A-B Subordinate Bonds and the enforceability of the Series 2013A-B Subordinate 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 2013A-B Subordinate 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 2013A-B Subordinate Bonds.

Respectfully submitted,

* * *

CITY AND COUNTY OF DENVER

SEAL