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 2011A 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 2011A Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2011A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2011A 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. Also, in the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2011A Bonds, under existing law and to the extent interest on the Series 2011A 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

$349,730,000
AIRPORT SYSTEM REVENUE BONDS, SERIES 2011A
(AMT)

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

The Series 2011A Bonds are being issued by authority of the City's home rule charter and ordinances adopted pursuant thereto in order to current refund, redeem and defease outstanding Airport System revenue bonds and pay the costs of issuing the Series 2011A Bonds as described herein. Capitalized terms used on this cover page are defined herein.

The Series 2011A 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 2011A Bonds. Beneficial Ownership Interests in the Series 2011A 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 2011A Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2011A Bonds bear interest at the rates per annum set forth on the inside cover page hereof payable beginning on May 15, 2011, and semiannually thereafter on each November 15 and May 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 2011A Bonds are special obligations of the City, for and on behalf of its Department of Aviation, payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts as described herein. None of the properties of the Airport System is subject to any mortgage or other lien for the benefit of the Owners or Beneficial Owners of the Series 2011A Bonds, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2011A Bonds. The Series 2011A 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 2011A 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."

Purchasers of Beneficial Ownership Interests in the Series 2011A Bonds will be deemed to have consented to certain proposed amendments to the City's General Bond Ordinance as discussed herein.

The Series 2011A 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 David R. Fine, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the City; and for the Underwriters by Brownstein Hyatt Farber Schreck, LLP, Denver, Colorado, and GCR, LLP, Denver, Colorado. It is expected that delivery of the Series 2011A Bonds will be made through the facilities of DTC on or about April 14, 2011.

CITI

J.P. MORGAN **LOOP CAPITAL MARKETS** **MORGAN STANLEY**

Dated: April 7, 2011

MATURITY SCHEDULE

CITY AND COUNTY OF DENVER, COLORADO

FOR AND ON BEHALF OF ITS DEPARTMENT OF AVIATION

$349,730,000

AIRPORT SYSTEM REVENUE BONDS, SERIES 2011A

(AMT)

Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP© No.[1]
2012	$14,580,000	3.00%	1.47%	102.389	249182 BW5
2013	17,810,000	4.00	2.43	103.910	249182 BX3
2014	15,510,000	4.00	2.95	103.546	249182 BY1
2015	16,135,000	5.00	3.40	106.738	249182 BZ8
2016	26,190,000	5.00	3.83	105.830	249182 CA2
2017	895,000	4.00	4.26	98.517	249182 CB0
2017	26,445,000	5.00	4.26	104.207	249182 CJ3
2018	49,745,000	5.25	4.58	104.248	249182 CC8
2019	44,430,000	5.50	4.87	104.373	249182 CD6
2020	25,000,000	5.00	5.10	99.244	249182 CE4
2020	24,700,000	5.75	5.10	104.875	249182 CK0
2021	40,915,000	5.00	5.21	98.303	249182 CF1
2022	30,415,000	5.25	5.35	99.139	249182 CG9
2023	16,960,000	5.25	5.44	98.279	249182 CH7

[1] Copyright 2007, 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 2011A Bonds and only as of the issuance of the Series 2011A 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 2011A Bonds may be changed after the issuance of the Series 2011A 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 2011A Bonds.

SELECTED CITY OFFICIALS AND CONSULTANTS

Mayor

Guillermo "Bill" V. Vidal

City Council

Chris Nevitt, President

Carol Boigon	Douglas D. Linkhart
Charles V. Brown, Jr.	Paul López
Jeanne Faatz	Judy H. Montero
Michael B. Hancock	Jeanne Robb
Marcia M. Johnson	Paula E. Sandoval
Peggy A. Lehmann	Vacancy

Auditor

Dennis J. Gallagher

Cabinet Officials

Derek Brown ....Manager of the Department of General Services
Kim Day ....Manager of the Department of Aviation
George Delaney ....Manager of the Department of Public Works
Charles F. Garcia ....Manager of the Department of Safety
Peter J. Park ....Manager of Community Planning and Development
Pat Wilson Pheanious ....Manager of the Department of Human Services
Scott Robson..........................Manager of the Department of Parks and Recreation
Edward D. Scholz ....Manager of Finance/Chief Financial Officer/*Ex-Officio* Treasurer
Nancy J. Severson..................Manager of the Department of Environmental Health
David R. Fine, Esq.................City Attorney

Clerk and Recorder, *Ex-Officio* Clerk

Stephanie Y. O'Malley

Department of Aviation

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

Airport Consultant

LeighFisher
Burlingame, California

Financial Consultants

Jefferies & Company, Inc.
New York, New York

Estrada Hinojosa & Company, Inc.
Dallas, Texas

Bond Counsel

Hogan Lovells US LLP
Denver, Colorado

Bookhardt & O'Toole
Denver, Colorado

Special Counsel

Peck, Shaffer & Williams LLP
Denver, Colorado

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2011A Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the City, the Financial Consultants or the Underwriters to give any information or to make any representation other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

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

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2011A 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 2011A 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 2011A 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: WWW.MUNIDOC.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

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OFFICIAL STATEMENT

RELATING TO

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

$349,730,000
AIRPORT SYSTEM REVENUE BONDS, SERIES 2011A
(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 Revenue Bonds, Series 2011A, in the principal amount of $349,730,000 (the "Series 2011A Bonds"). Unless otherwise defined herein, capitalized terms used herein are defined in "APPENDIX B – GLOSSARY OF TERMS."

This Official Statement contains information that was either not available or differs from that stated in the Preliminary Official Statement dated March 29, 2011, including, without limitation, the aggregate principal amount of the Series 2011A Bonds, the maturities, interest rates, offering prices and yields, CUSIP© numbers and prior redemption provisions of the Series 2011A Bonds, the sources and anticipated uses of proceeds of the Series 2011A Bonds, the rating assigned to the Series 2011A Bonds by Fitch, Inc., the price paid by the Underwriters for the Series 2011A Bonds and certain other information related to or dependent upon the foregoing, as well as the description of the FAA Reauthorization Act of 2011. Accordingly, prospective investors should read this Official Statement in its entirety.

The Issuer

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

Denver International Airport

General. The Airport is the primary air carrier airport for the Denver air service region. According to statistics compiled by Airports Council International for 2010 (preliminary), the Airport was ranked as the 5th busiest airport in the nation and the 10th busiest airport in the world based on total passengers in 2010. The Airport was also named the "Best Airport in North America" in 2010 for the sixth consecutive year by *Business Traveler* magazine. See "THE AIRPORT SYSTEM," "DENVER INTERNATIONAL AIRPORT" and "AVIATION ACTIVITY AND AIRLINES."

Passenger Traffic and Airport System Revenues. As of December 2010 there were 27 passenger airlines providing scheduled service at the Airport, including 11 major/national passenger airlines, four foreign flag passenger airlines and 12 regional/commuter airlines. In addition, several passenger charter airlines and all-cargo airlines provide service at the Airport. In 2010, the Airport served approximately 26.1 million enplaned passengers (passengers embarking on airplanes), of which approximately 54% were passengers originating their travel at the Airport and 46% 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 actually 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 4.0% over 2009, resulting in the highest number of enplaned passengers at the Airport since it opened in 1995.

Operating revenues at the Airport, consisting primarily of facility rentals, concession revenues, parking revenues, car rentals, landing fees and aviation fuel tax, have shown continual growth since the downturns in 2001 and 2002, largely as the result of increases in passenger traffic. In 2009, operating revenues at the Airport increased 4.4% compared to 2008, notwithstanding a decline in enplaned passengers; and for the first nine months of 2010, operating revenues at the Airport increased 12.0% compared to the same period in 2009. Operating expenses at the Airport have also increased during this period. In response to global economic conditions and the financial condition of the airline industry, as well as to meet certain cost reduction obligations in the airlines' Airport Use and Lease Agreements, Airport management has implemented several cost containment measures over the past several years.

In 2009, the amounts paid by airlines operating at the Airport for terminal and other facility rentals, landing fees and other use charges constituted approximately 59.7% of the Airport System's operating revenues and approximately 53.6% of the Gross Revenues of the Airport System (see "The Series 2011A Bonds – *Security and Sources of Payment*" below in this Section, and "SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues – Historical Debt Service Coverage"), and nonairline revenues, including concession, car rental, parking and other revenues at the Airport, constituted approximately 40.3% of the Airport System's operating revenues and approximately 46.4% of the Gross Revenues of the Airport System. Comparable data for the first nine months of 2010 is not available.

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

For further information regarding passenger traffic at the Airport and financial information concerning the Airport System, see generally "SECURITY AND SOURCES OF PAYMENT – Historical Debt Service Coverage," "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AVIATION ACTIVITY AND AIRLINES," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements," "FINANCIAL INFORMATION – Historical Operations – Management's Discussion and Analysis of Financial Performance – Passenger Facility Charges," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – FINANCIAL ANALYSIS – Operation and Maintenance Expenses – Nonairline Revenues."

Major Air Carriers Operating at the Airport. The principal air carrier operating at the Airport is United Airlines ("United"). The Airport is a primary connecting hub in United's route system both in terms of passengers and flight operations. Under a Use and Lease Agreement with the City (the "United Use and Lease Agreement"), United currently leases 35 of the existing 92 full service jet gates at the Airport, as well as a 16-gate regional jet facility on Concourse B. United, together with its United

Express regional/commuter affiliates, but not including Continental Airlines, Inc. ("Continental") (collectively, the "United Group"), accounted for approximately 46.2% and 44.1% of passenger enplanements at the Airport in 2009 and 2010, respectively. The United Group also accounted for approximately 53.2% of the airline rentals, fees and charges component of the Airport System's operating revenues and approximately 28.2% of Airport System Gross Revenues in 2009 (2010 data not yet available).

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"). United Continental Holdings has announced its intention to integrate the two airlines under the United brand, and operate under a single Federal Aviation Administration ("FAA") operating certificate, by the end of 2011. Continental currently leases three gates on Concourse B under a Use and Lease Agreement with the City and accounted for approximately 2.0% and 2.1% of passenger enplanements at the Airport in 2009 and 2010, respectively. The United Group and Continental together accounted for approximately 48.2% and 46.2% of passenger enplanements at the Airport in 2009 and 2010, 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 2010.

Frontier Airlines Inc. ("Frontier") and its affiliates have the second largest market share at the Airport. The Airport is one of Frontier's three hubs and in 2010 was the busiest airport in the Frontier system. Prior to consolidation with Midwest Airlines as described below, the Airport was Frontier's only hub. Frontier currently leases 18 gates at the Airport under a Use and Lease Agreement with the City. Frontier and Lynx Aviation, Inc. ("Lynx"), which serves smaller airports in the region, are both wholly-owned subsidiaries of Frontier Airlines Holdings Inc. ("Frontier Holdings"), which in turn is a wholly-owned subsidiary of Republic Airways Holdings, Inc. ("Republic Holdings"). Frontier, Republic Airlines (also a Republic Holdings subsidiary) operating as Frontier ("Frontier/Republic"), Lynx and Frontier JetExpress commuter affiliates (collectively, the "Frontier Group") accounted for approximately 23.0% and 21.8% of passenger enplanements at the Airport in 2009 and 2010, respectively, as well as approximately 14.3% of the airline rentals, fees and charges component of the Airport System's operating revenues and approximately 7.6% of Airport System Gross Revenues in 2009 (2010 data not yet available).

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 has announced its intention to integrate the operations of its Midwest Airlines brand, currently being operated by other Republic Holdings subsidiaries but not currently operating at the Airport, under the Frontier brand by the end of 2011. On February 4, 2010, Republic Holdings announced that it planned to discontinue the operations of Lynx and replace its Q400 turboprop service with regional jets operated by Republic Airlines. On August 19, 2010, Republic Holdings announced that it would retain three Q400 turboprop aircraft to continue Lynx service from Denver to three Colorado destinations: Aspen, Colorado Springs and Durango. According to Republic Holdings filings with the Securities and Exchange Commission, the closure of Lynx is expected to occur in April 2011, although published schedule data indicate that Lynx service from Denver to Aspen, in particular, may continue through November 2011.

Southwest Airlines ("Southwest") has the third largest market share at the Airport. 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, which currently is the 5th busiest airport in the Southwest system. Southwest currently leases 17 gates at the Airport under a Use and Lease Agreement with the City. Southwest accounted for approximately 14.4% and 18.1% of passenger enplanements at the Airport in 2009 and 2010, respectively, as well as approximately 10.1% of the airline rentals, fees and charges component of the Airport System's operating revenues and approximately 5.3% of Airport System Gross Revenues in 2009 (2010 data not yet available).

Southwest has entered into a definitive merger agreement with AirTran Holdings, Inc. (the parent of AirTran Airways) that provides for the acquisition of AirTran Holdings, Inc. by Southwest. Subject to receipt of the necessary regulatory and shareholder approvals, Southwest expects the merger to be completed in the second quarter of 2011, after which Southwest plans to integrate AirTran Airways into the Southwest brand, and eventually operate under a single FAA operating certificate, within two years.

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2009 or 2010 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 2009 (2010 data not yet available).

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," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines – *The Airport's Role in United's System* – Fifth Busiest Southwest Airlines Airport – Historical Airline Traffic – Key Factors Affecting Future Airline Traffic."

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 2016 (the "2011-2016 Capital Program"). The 2011-2016 Capital Program, summarized in "CAPITAL PROGRAM," is estimated to have an aggregate cost of approximately $909.4 million and is planned to be financed primarily with a combination of Airport System revenue bonds, Airport equity and federal grants. See also "FINANCIAL INFORMATION – Plan of Financing" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Airport Capital Program."

The Series 2011A Bonds

Authorization. The Series 2011A Bonds are being issued by authority of the City's home rule charter (the "City Charter"), the State's Supplemental Public Securities Act and the General Bond Ordinance effective in November 1984, as amended and supplemented (the "General Bond Ordinance"), a supplemental ordinance (the "Series 2011A Supplemental Ordinance") to be approved by the Denver City Council (the "City Council") prior to the delivery of the Series 2011A Bonds. The General Bond Ordinance, the Series 2011A Supplemental Ordinance and any Supplemental Ordinances adopted by the City Council after the adoption of the Series 2011A Supplemental Ordinance are referred to herein collectively as the "Senior Bond Ordinance." The covenants and undertakings of the City with respect to the Series 2011A Bonds are covenants and undertakings of the City, for and on behalf of the Department. Certain amendments to the Senior Bond Ordinance have been proposed by the City but have not been adopted by the City Council (the "Proposed Amendments"). See "Consent to Proposed Amendments to the Senior Bond Ordinance" below, "THE SERIES 2011A BONDS – Authorization," "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Purpose. The proceeds of the Series 2011A Bonds, together with other Airport System moneys, will be used to: (1) current refund, redeem and defease all of the outstanding Airport System Revenue Bonds, Subseries 2008A3, currently outstanding in the aggregate principal amount of $122,060,000 (the "Subseries 2008A3 Bonds"), all of the outstanding Airport System Revenue Bonds, Subseries 2008A4, currently outstanding in the aggregate principal amount of $72,350,000 (the "Subseries 2008A4 Bonds"), and $160,135,000 in aggregate principal amount (all but the 2011 maturity) of the $173,095,000 in aggregate principal amount of outstanding Airport System Revenue Refunding Bonds, Series 2000A (the "Series 2000A Bonds"), referred to herein collectively as the "Refunded Bonds"; and (2) pay the costs of issuing the Series 2011A Bonds. See also "Plan of Financing" below, "APPLICATION OF PROCEEDS" and "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing."

General Provisions. The Series 2011A Bonds will be issued in the aggregate principal amounts, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the cover page and inside cover pages hereof. Interest on the Series 2011A Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on May 15, 2011, and semiannually thereafter on each November 15 and May 15 (each an "Interest Payment Date"). The Series 2011A Bonds are subject to redemption prior to maturity as described in "THE SERIES 2011A BONDS – Redemption Prior to Maturity."

Book-Entry Only System. The Series 2011A 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 2011A Bonds. Ownership interests in the Series 2011A 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 2011A Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2011A BONDS – General Provisions" and "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

Security and Sources of Payment. The Series 2011A Bonds are special obligations of the City, for and on behalf of the Department, payable solely from and secured by a pledge of Net Revenues (as defined herein) of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance, on a parity with all other bonds that may be issued and outstanding from time to time under the Senior Bond Ordinance, referred to herein collectively as the "Senior Bonds." The aggregate principal amount of Senior Bonds currently outstanding is approximately $3.98 billion, and the aggregate principal amount of Senior Bonds expected to be outstanding upon issuance of the Series 2011A Bonds is approximately $3.97 billion. See "FINANCIAL INFORMATION – Senior Bonds – *Outstanding Senior Bonds*." None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the registered owners (the "Owners") or Beneficial Owners of the Series 2011A Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2011A Bonds. The Series 2011A Bonds do not constitute general obligations of the City, the State or any political subdivision or agency of the State within the meaning of any constitutional, home rule charter or statutory limitation of the City or the State. See "SECURITY AND SOURCES OF PAYMENT – Pledge of Net Revenues."

Further Information. For further information regarding the Series 2011A Bonds, see generally "THE SERIES 2011A BONDS," "FINANCIAL INFORMATION – Senior Bonds," "APPENDIX B – GLOSSARY OF TERMS," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Plan of Financing

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc. (the "Financial Consultants"), as the Financial Consultants to the City, have prepared the plan of financing (the "Plan of Financing") in anticipation of the issuance of the Series 2011A Bonds. See generally "Denver International Airport – *The Airport Capital Plan*" above in this section, "APPLICATION OF PROCEEDS," "CAPITAL

PROGRAM," "FINANCIAL INFORMATION – Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – Plan of Financing," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Tax Matters

Upon issuance of the Series 2011A 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 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 2011A Bonds, with which the City has certified, represented and covenanted its compliance, interest on the Series 2011A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2011A 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. Also, in the respective opinions of Bond Counsel to the City to be delivered upon the issuance of the Series 2011A Bonds, under existing law and to the extent interest on the Series 2011A 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

LeighFisher (the "Airport Consultant") has been retained by the City as its Airport Consultant and in such capacity has prepared the Report of the Airport Consultant dated March 29, 2011 (the "Report of the Airport Consultant"), included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant presents certain airline traffic and financial forecasts for calendar years (each a "Fiscal Year") 2011 through 2018, including the assumptions upon which the forecasts are based, and also incorporates certain elements of the Plan of Financing. Also presented in the Report of the Airport Consultant is a sensitivity analysis of the Airport's forecast enplaned passengers and financial results based on a hypothetical reduction in passenger numbers which could occur under conditions of a weak economic recovery from the 2008-2009 economic recession, 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 2011A 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 2011A Bonds. The Report of the Airport Consultant will not be revised to reflect differences between the principal amounts and Debt Service Requirements of the Series 2011A Bonds as estimated therein and the actual principal amounts and Debt Service Requirements of the Series 2011A Bonds as marketed.

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

Consent to Proposed Amendments to the Senior Bond Ordinance

Purchasers of Beneficial Ownership Interests in the Series 2011A Bonds will be deemed to have consented to the Proposed Amendments to the Senior Bond Ordinance proposed by the City as discussed in "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond

Ordinance." The Proposed Amendments are set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Continuing Disclosure

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. In addition, pursuant to Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), which prohibits underwriters from purchasing or selling certain municipal securities unless the issuers of those securities agree to provide continuing disclosure information for the benefit of the owners of those securities, the City will deliver a Continuing Disclosure Undertaking in respect of the Series 2011A 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 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 continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

Additional Information

Brief descriptions of the Series 2011A Bonds, the City, the Department, the Airport, the Airport System, the Senior Bond Ordinance and certain other documents are included in this Official Statement and the appendices hereto. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2011A Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

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

Investment Considerations

The purchase and ownership of Beneficial Ownership Interests in the Series 2011A 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, including particularly the Report of the Airport Consultant, contains statements relating to future results that are "forward looking statements" as defined in the Federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Forward Looking Statements; Report of the Airport Consultant," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Miscellaneous

The cover page, inside cover 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 2011A Bonds.

APPLICATION OF PROCEEDS

The proceeds of the Series 2011A Bonds, together with other available Airport System moneys, will be used to (1) current refund, redeem and defease all of the outstanding Subseries 2008A3 Bonds, all of the outstanding Subseries 2008A4 Bonds and all but the 2011 maturity of the outstanding Series 2000A Bonds, and (2) pay the costs of issuing the Series 2011A Bonds. See also "FINANCIAL INFORMATION – Senior Bonds – Plan of Financing." A portion of the net proceeds of the Series 2011A Bonds will be deposited to one or more irrevocable escrow accounts (the "Escrow Accounts") to be established pursuant to one or more escrow agreements to be entered into by and between the City, for and on behalf of the Department, and Zions First National Bank, Denver, Colorado, as escrow agent, and utilized, together with any earnings on such deposits, to redeem and pay the Refunded Bonds in accordance with the schedules set forth in such agreements.

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2011A Bonds.

Sources:	
Principal amount of the Series 2011A Bonds	$349,730,000
Net original issue premium[1]	9,131,128
Other available Airport System moneys[2]	8,355,091
	$367,216,219
Uses:	
Deposit to the Escrow Account(s)[3]	$364,218,334
Costs of Issuance[4]	2,997,885
	$367,216,219

1 See "UNDERWRITING" and "TAX MATTERS."

2 Includes transfers from the Refunded Bonds accounts of the "City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund" (the "Bond Fund") and from the "City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund" (the "Bond Reserve Fund").

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

4 Includes Underwriters' discount, legal and other costs of issuance for the Series 2011A Bonds. See also "UNDERWRITING."

THE SERIES 2011A BONDS

The following is a summary of certain provisions of the Series 2011A Bonds during such time as the Series 2011A Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Bond Ordinance in its entirety for the detailed provisions pertaining to the Series 2011A Bonds, including provisions applicable upon discontinuance of participation in the DTC book-entry system. See also "APPENDIX B – GLOSSARY OF TERMS," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for a summary of certain provisions of the Senior Bond Ordinance and the Proposed Amendments, including, without limitation, certain covenants of the City, the rights and remedies of the Owners of the Series 2011A Bonds upon an Event of Default (as defined herein) under the Senior Bond Ordinance, provisions relating to amendments of the Senior Bond Ordinance and procedures for defeasance of the Series 2011A Bonds.

Authorization

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

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

The Series 2011A Bonds will be issued pursuant to the Senior Bond Ordinance, including any Proposed Amendments that may be adopted after issuance of the Series 2011A Bonds. See "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE" and "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

The City has appointed Zions First National Bank, Denver, Colorado, to serve as paying agent (the "Paying Agent") and registrar (the "Registrar") for the Series 2011A Bonds.

DTC Book-Entry System

The Series 2011A 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 2011A Bonds. Beneficial Ownership Interests in the Series 2011A 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 2011A 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 2011A Bonds will be made by the Paying Agent to Cede & Co., as the Owner of the Series 2011A 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 2011A 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 2011A 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 2011A Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2011A Bonds or (5) any other related matter.

General Provisions

The Series 2011A Bonds will be issued in the aggregate principal amount, bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months) and mature on the dates and in the principal amounts set forth on the cover page and inside cover page hereof, and will be subject to redemption prior to maturity as described below in "Redemption Prior to Maturity." Interest on the Series 2011A Bonds will accrue from the date of delivery thereof to the Underwriters and will be payable beginning on May 15, 2011, and semiannually on each Interest Payment Date thereafter.

Principal and interest payments with respect to the Series 2011A Bonds will be payable by check or wire transfer by the Paying Agent to Cede & Co., as the Owner of the Series 2011A 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 2011A Bonds maturing on and after November 15, 2022, are subject to redemption prior to maturity at the option of the City, on any date on and after November 15, 2021, in whole or in part, in principal amounts equal to authorized denominations in such order of maturities as may be determined by the City, at a price (the "Redemption Price") equal to 100% of the principal amount of the Series 2011A Bonds to be redeemed plus accrued interest to the date of redemption (the "Redemption Date").

Notice of Redemption. Notice of redemption is to be given no more than 45 days nor fewer than 30 days prior to the Redemption Date (1) by publication at least once in a newspaper of general circulation in the City and in a financial newspaper published in New York, New York, and (2) by first class mail or by telegram, telex, telecopy, overnight delivery or other telecommunication device capable of creating written notice, to the Paying Agent and the registered owner of any Series 2011A Bond to be redeemed (initially DTC or its nominee) at the address appearing on the registration books or records in the custody of the Registrar. The actual receipt by DTC or its nominee of written notice of redemption of Series 2011A 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 2011A Bonds is required to be given, moneys sufficient to redeem all of such Series 2011A 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 2011A 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 2011A Bonds properly called for redemption or any other action premised on that notice.

SECURITY AND SOURCES OF PAYMENT

Pledge of Net Revenues

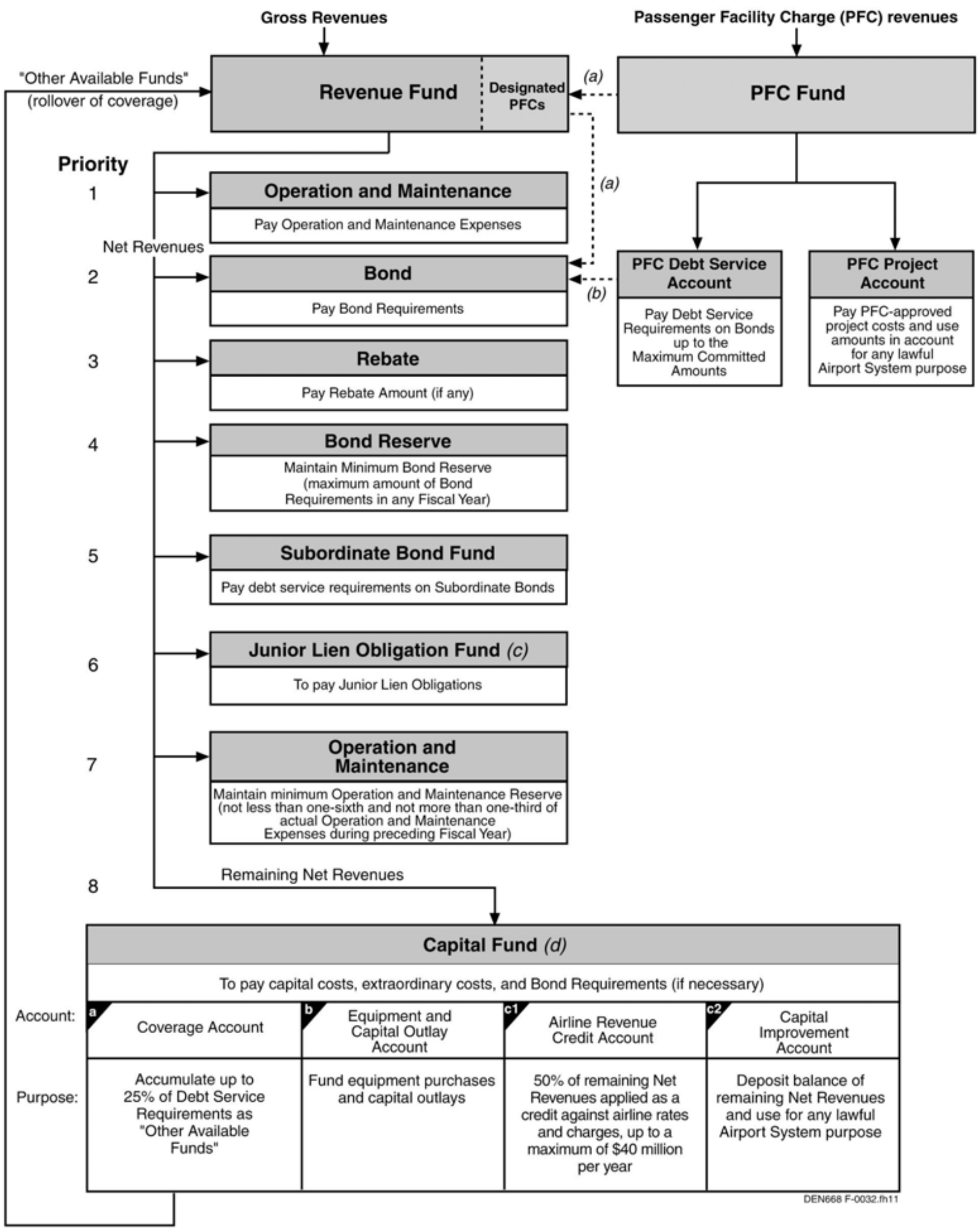
The Series 2011A Bonds are special obligations of the City, for and on behalf of the Department, payable solely from the Net Revenues on a parity with all other outstanding Senior Bonds. The Series 2011A Bonds also are payable under certain circumstances from the Bond Reserve Fund as discussed in "Bond Reserve Fund" below. The City has irrevocably pledged the Net Revenues and funds on deposit in the Bond Fund and the Bond Reserve Fund to the payment of the Senior Bonds. The Series 2011A 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 2011A Bonds. None of the properties of the Airport System has been pledged or mortgaged to secure payment of the Series 2011A Bonds.

"Net Revenues" is defined in the Senior Bond Ordinance to mean Gross Revenues of the Airport System remaining after the deduction of Operation and Maintenance Expenses. "Gross Revenues" generally constitutes any income and revenue lawfully derived directly or indirectly by the City from the operation and use of, or otherwise relating to, the Airport System, whether resulting from an Improvement Project or otherwise, and includes primarily the rentals, rates, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof. Gross Revenues do not include, among other things, any passenger taxes or other passenger charges, including passenger facility charges ("PFCs"), imposed for the use of the Airport System, except to the extent included as Gross Revenues by the terms of any Supplemental Ordinance. Prior to the adoption by the City Council of the Supplemental Ordinance approving the issuance of the Series 2009A-B Bonds (the "Series 2009A-B Supplemental Ordinance"), no Supplemental Ordinance had included revenue from any passenger taxes or charges, including PFCs, in the definition of Gross Revenues. Under the Series 2009A-B Supplemental Ordinance, the City has included certain revenue derived from the PFCs in the Gross Revenues as further described under "FINANCIAL INFORMATION – Passenger Facility Charges – *Designated Passenger Facility Charges*." "Operation and Maintenance Expenses" means, generally, all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System. For the complete definitions of Gross Revenues and Operation and Maintenance Expenses, see "APPENDIX B – GLOSSARY OF TERMS."

Flow of Funds; Revenue Fund

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

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



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

(b) Committed Passenger Facility Charges: Two-thirds of the PFCs received by the City (currently $3.00 of the $4.50 PFC) are irrevocably committed in the years 2009 through 2013 to the payment of Debt Service Requirements on Senior Bonds. See "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements – Treatment of PFCs in the Report of the Airport Consultant*" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Application of Revenues."

(c) ***This fund does not currently exist***. The City expects to create this fund in the future in order to provide for the payment of obligations in connection with future bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Senior Bonds, Subordinate Bonds and other subordinate obligations. See "FINANCIAL INFORMATION – Subordinate Bonds and Other Subordinate Obligations – Subordinate Bond Ordinance."

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

PFC Fund and PFC Debt Service Account

The Senior Bond Ordinance creates within the Airport System Fund the "City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund" (the "PFC Fund"), including therein the PFC Debt Service Account and the PFC Project Account. Pursuant to a Supplemental Ordinance (the "PFC Supplemental Ordinance") approved by the City Council, the City has agreed to deposit a portion of the PFC revenues (generally two-thirds of the PFC received by the City from time to time) in the PFC Debt Service Account and has irrevocably committed a maximum amount of PFCs, to the extent credited to the PFC Debt Service Account, to the payment of Debt Service Requirements on Senior Bonds through Fiscal Year 2013, as further discussed in "Rate Maintenance Covenant" below in this section and "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements.*" See also "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund."

Capital Fund

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

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

Rate Maintenance Covenant

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

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

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

The term "Debt Service Requirements" in the Senior Bond Ordinance provides that, in any computation required by the Rate Maintenance Covenant, there is to be excluded from Debt Service Requirements amounts that have been irrevocably committed to make such payments. See "APPENDIX B – GLOSSARY OF TERMS." As described in "PFC Fund and PFC Debt Service Account" above, the City has irrevocably committed a portion of the moneys (currently the revenues derived from $3.00 of the $4.50 PFC and defined herein as the "$3.00 PFC") collected from PFCs to the payment of Debt Service Requirements on the Senior Bonds through Fiscal Year 2013. This irrevocable commitment means that for purposes of determining compliance with the Rate Maintenance Covenant, the debt service to be paid from irrevocably committed PFCs is treated as a reduction in the Debt Service Requirements of Senior Bonds in each Fiscal Year through 2013.

In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts (the terms "Committed Passenger Facility Charges" and "Maximum Committed Amounts" being used as defined in "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements*") in Fiscal Years 2011 through 2013, (2) for Fiscal Years 2014 through 2018 (the remaining years of the forecast period), it is assumed that the City will use the amounts derived from the $3.00 PFC as though such amounts were Committed Passenger Facility Charges and (3) it is assumed that all of the revenue derived from the $3.00 PFC, whether or not Committed Passenger Facility Charges, will be applied by the City to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through Fiscal Year 2018, all as further described in "FINANCIAL INFORMATION – Passenger Facility Charges – *Irrevocable Commitment of Certain PFCs to Debt Service Requirements – Treatment of PFCs in the Report of the Airport Consultant.*"

Additionally, in the Report of the Airport Consultant, (1) all of the revenue derived from the additional $1.50 PFC that commenced April 1, 2001 (the "Additional $1.50 PFC") in Fiscal Years 2011 through 2013, being PFC revenue that constitutes Designated Passenger Facility Charges, is treated as Gross Revenues in such years, (2) for Fiscal Years 2014 through 2018, it is assumed that the City will treat the amounts derived from the Additional $1.50 PFC as though such amounts were Designated Passenger Facility Charges and (3) it is assumed that the City will treat all of the revenue derived from the Additional $1.50 PFC, whether or not Designated Passenger Facility Charges, as Gross Revenues of the Airport System through Fiscal Year 2018, all as further described in "FINANCIAL INFORMATION –

Passenger Facility Charges – *Designated Passenger Facility Charges – Treatment of PFCs in the Report of the Airport Consultant*."

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

Bond Reserve Fund

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

Upon the issuance of the Series 2011A Bonds, the amount on deposit in the Bond Reserve Fund will be at least equal to the Minimum Bond Reserve. The Minimum Bond Reserve with respect to any future series of Senior Bonds may, in the discretion of the City, be accumulated over a period as long as 60 months. Subject to certain limitations, any Supplemental Ordinance may provide for the deposit of a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, provided that any such Credit Facility is required to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund. To date, the City has funded the Bond Reserve Fund solely with bond proceeds and available Airport System moneys.

Additional Parity Bonds

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

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

Debt Service Coverage" below and "FINANCIAL INFORMATION – Senior Bonds – Passenger Facility Charges."

The Series 2011A Bonds are being issued to refund outstanding Senior Bonds, and therefore the Additional Bonds Test is not applicable to their issuance. See "APPLICATION OF PROCEEDS," "FINANCIAL INFORMATION – Plan of Financing," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Subordinate Bonds and Other Subordinate Obligations

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

Historical Debt Service Coverage

Set forth in the following table is a calculation of Net Revenues and debt service coverage of the outstanding Senior Bonds from 2005 through 2009, and budgeted for 2010, in accordance with the Rate Maintenance Covenant discussed in "Rate Maintenance Covenant" above. No representation, warranty or other assurance is made or given that historical debt service coverage levels will be experienced in the future.

Historical Net Revenues and Debt Service Coverage of the Senior Bonds

(Amounts in thousands, except coverage ratios, and rounded)

	Fiscal Year Ended December 31					
	2005[5]	2006[5]	2007	2008	2009	Budgeted 2010
Gross Revenues[1]	$571,102	$592,110	$616,106	$634,453	$631,592	$664,289
Operation and Maintenance Expenses[1]	231,733	256,191	282,746	305,640	309,270	314,074
Net Revenues	339,369	335,919	333,360	328,813	322,322	350,215
Other Available Funds[2]	55,173	50,791	53,251	53,575	49,288	56,700
Total Amount Available for Debt Service	$394,542	$386,710	$386,611	$382,388	$371,610	$406,915
Debt Service Requirements for the Senior Bonds[3,4]	$223,331	$205,935	$215,213	$217,208	$201,623	$227,000
Debt Service Coverage[4]	177%	188%	180%	176%	184%	179%

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

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

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

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

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

Sources: Audited financial statements of the Airport System for Fiscal Years 2005-2009, and Airport management and Department of Aviation management records.

Proposed Amendments to the Senior Bond Ordinance

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

Certain amendments to the Senior Bond Ordinance that were proposed and consented to by the requisite amount of the registered owners of the Senior Bonds, but not adopted by the City Council, are set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE." These Proposed Amendments may become effective only upon adoption of a Supplemental Ordinance by the City Council. The City Council is under no obligation to adopt any of these Proposed Amendments, and no representation is made herein regarding which of the Proposed Amendments, if any, may eventually be adopted. By purchase and acceptance of the Series 2011A Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE," and to the appointment of UMB Bank, n.a. (as successor to American National Bank) as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance.

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

RISKS AND OTHER INVESTMENT CONSIDERATIONS

The purchase and ownership of Beneficial Ownership Interests in the Series 2011A Bonds involve investment risk and considerations. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the Series 2011A Bonds.

Dependence on Levels of Airline Traffic and Activity

The Series 2011A Bonds are payable solely from and secured by a pledge of the Net Revenues of the Airport System and certain Airport System funds and accounts held under the Senior Bond Ordinance. The City also has irrevocably committed a portion of its PFC revenues to the payment of Debt Service Requirements on the outstanding Senior Bonds, including the Series 2011A Bonds, through 2013, and has included a portion of its PFC revenues in Gross Revenues. Both Gross Revenues and PFCs are dependent primarily on the level of aviation activity and enplaned passenger traffic at the Airport. Several factors, including (1) the global and national economic recession that began in late 2007, (2) weakened demand for air travel and (3) reduced airline passenger capacity, negatively impacted levels of passenger traffic and associated revenues at the Airport in 2008 and 2009. The number of enplaned passengers at the Airport increased in 2008 although at a lower rate than in 2006 and 2007. This was followed by a decline of 2.0% in 2009. However, the number of enplaned passengers at the Airport rebounded in 2010, with an increase of 4.0% over 2009. Future levels of aviation activity and enplaned passenger traffic at the Airport will be dependent upon many local, regional, national and international factors, including economic and political conditions, aviation security and public health concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline mergers, alliances and consolidations, availability and price of aviation and other fuel, employee cost and availability and labor relations within the airline industry and capacity of the national air traffic control system and of the Airport, some of which are discussed in further detail hereafter in this section. See also "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic."

Concentration of Airline Market Share

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

United is the principal air carrier operating at the Airport. United currently leases 35 of the 40 full service jet gates on Concourse B, constituting approximately 38.0% of the current 92 full service jet gates at the Airport, as well as the regional jet facility on the east end of Concourse B. The United Group accounted for 46.2% and 44.1% of passenger enplanements at the Airport in 2009 and 2010, respectively, as well as approximately 53.2% of the airline rentals, fees and charges component of the Airport System's operating revenues and approximately 28.2% of Airport System Gross Revenues in 2009 (2010 data not yet available). Effective October 1, 2010, as the result of the merger of United Continental Holdings (formerly known as UAL Corporation and the parent company of United) and Continental, Continental has also become a subsidiary of United Continental Holdings, which plans to fully integrate the operations of Continental under the United brand by the end of 2011. The United Group and Continental together accounted for approximately 48.2% and 46.2% of passenger enplanements at the Airport in 2009 and 2010, 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 2010. 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*."

Frontier is the second largest air carrier operating at the Airport. Frontier currently leases 18 of the 30 full service jet gates on Concourse A, constituting approximately 19.6% of the current 92 full service jet gates at the Airport. The Frontier Group accounted for 23.0% and 21.8% of passenger enplanements at the Airport in 2009 and 2010, respectively, as well as approximately 14.3% of the airline rentals, fees and charges component of the Airport System's operating revenues and approximately 7.6% of the Airport System's Gross Revenues in 2009 (2010 data not yet available). Republic Holdings has announced its intention to integrate the operations of its Midwest Airlines brand, currently being operated by other Republic Holdings subsidiaries but not currently operating at the Airport, under the Frontier brand by the end of 2011, and to wind-down the operations of Lynx, although the timetable for this latter action is uncertain. See "AVIATION ACTIVITY AND AIRLINES – Airline Information – *The Frontier Group*" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – *Generally*."

Southwest is the third largest air carrier operating at the Airport. Southwest currently leases 17 of the 22 full service jet gates on Concourse C, constituting approximately 18.5% of the current 92 full service jet gates at the Airport. Southwest also accounted for 14.4% and 18.1% of passenger enplanements at the Airport in 2010 and 2009, respectively, as well as approximately 10.1% of the airline rentals, fees and charges component of the Airport System's operating revenues approximately 5.3% of the Airport System's Gross Revenues in 2009 (2010 data not yet available). Subject to receipt of regulatory and shareholder approvals, Southwest expects to acquire AirTran Holdings, Inc. in the second quarter of 2011 and thereafter to integrate the operations of AirTran Airways under the Southwest brand, and eventually operate under a single FAA operating certificate, within two years. See "AVIATION ACTIVITY AND AIRLINES – Airline Information – *Southwest*" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – *Generally*."

Except for the United Group, the Frontier Group and Southwest, no single airline accounted for more than 5% of passenger enplanements at the Airport in 2010 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 2009 (2010 data not yet available). No assurances can be given with regard to the future level of activity of the United Group, the Frontier Group or Southwest at the Airport, or that, in the event that the operations of these airlines at the Airport are reduced or discontinued, for whatever reason, such operations would be replaced by other carriers. See "Risk of Airline Bankruptcies" below, as well as "AVIATION ACTIVITY AND AIRLINES," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines – Fifth Busiest Southwest Airlines Airport – Historical Airline Traffic."

Current Economic Conditions

Historically, the financial performance of the air transportation industry has directly correlated with the condition of the national economy. The Denver and Colorado economies are experiencing the effects of the national economic slowdown, with contractions in employment, consumer spending, personal income and construction activity. A continuation of these economic conditions would likely have an adverse impact on the air transportation industry. See also "Dependence on Levels of Airline Traffic and Activity" above and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Economic Basis for Airline Traffic – Key Factors Affecting Future Airline Traffic."

Financial Condition of the Airlines; Industry Consolidation

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

Cost and Availability of Aviation Fuel

The price of fuel is one of the most significant factors impacting the airline industry today. In 2008, according to the Air Transport Association, fuel had overtaken labor as the industry's top costs. Aviation fuel prices tend to fluctuate with crude oil prices, and the average price of crude oil was at historically high levels in 2008. Fuel prices fell sharply in the second half of 2008 as demand declined worldwide, but again increased in 2009 and 2010, partly as a result of a weakened U.S. dollar. During the first quarter of 2011, fuel prices have increased as a result of rising global demand and political instability in oil producing countries in the Middle East and North Africa. In recent years, some airlines have attempted to pass the higher fuel costs to consumers by increasing the fuel surcharge or increasing the price of airfares and associated services, and have reduced capacity, fleet and personnel. On March 7, 2011, Frontier announced plans to reduce capacity from its previous 2011 projections of 1.5% to 2.5% growth during the second quarter of 2011 to no growth compared with the same period in 2010 in response to the uncertainty related to future oil prices; and on March 8, 2011, United announced plans to reduce capacity from its previous 2011 projections by approximately 1% in May 2011 and 4% in September 2011 in response to the recent increases in fuel prices. Despite these types of efforts, the significant and prolonged increases in the cost of aviation fuel have had, and are likely to continue to have, an adverse impact on the air transportation industry by increasing airline operating costs, hampering airline financial recovery plans and reducing airline profitability. The City is not able to predict how continued uncertainty with respect to the cost of aviation fuel will impact the Airport or the airlines operating at the Airport. See "Dependence on Levels of Airline Traffic and Activity – Current Economic Conditions – Financial Condition of the Airlines; Airline Consolidation and Mergers" above and "AVIATION ACTIVITY AND AIRLINES" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – Availability and Price of Aviation Fuel."

Air Travel Security and Public Health 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 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 and the potential exposure to severe illnesses (such as the H1N1 influenza (swine flu) pandemic in 2009 and the outbreak of "Severe Acute Respiratory Syndrome" ("SARS") in 2003), all of which could lead to the avoidance of airline travel or the use of alternate modes of transportation. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Key Factors Affecting Future Airline Traffic – Aviation Safety, Security and Public Health Concerns."

Airport Rates and Charges

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

Regulations and Restrictions Affecting the Airport

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

Airport Use and Lease Agreements

A significant portion of Gross Revenues is derived from the Use and Lease Agreements. Pursuant to the Use and Lease Agreements, each Signatory Airline has agreed to pay the rates and charges for its use of the Airport. The United Use and Lease Agreement expires in 2025, and the other existing Use and Lease Agreements either expired in 2010 (and are subject to holdover provisions pending execution of one year extensions) or expire in 2011 or 2012, but may be terminated by the City or by a Signatory Airline, including United, under certain circumstances. No representations are made herein regarding whether additional Use and Lease Agreements will be executed or with respect to extensions or terminations thereof. See "Risk of Airline Bankruptcies" below and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements."

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 on January 5, 2010, is continuing operations but currently is not serving the Airport; and Mexicana Airlines, which initiated insolvency proceedings under the laws of Mexico on August 2, 2010, and has suspended operations. Additional bankruptcies, liquidations or major restructurings of airlines with operations at the Airport could occur in the future. The City cannot predict the extent to which any such events would impact the ability of the Airport to pay the outstanding Senior Bonds, including the Series 2011A 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 2011-2016 Capital Program

The national and international credit markets have experienced substantial disruptions for over two years, and it is not possible to predict the timing or extent of the recovery that may be made by the credit markets. The City plans to access the credit markets in 2011 and future years in order to issue additional Airport System revenue bonds to finance the 2011-2016 Capital Program and to extend or replace certain expiring letters of credit and standby bond purchase agreements constituting Credit Facilities under the Senior Bond Ordinance that secure certain series of Senior Bonds that are outstanding as variable rate obligations. In order to extend or replace these Credit Facilities the City may be required to pay higher fees or may determine that it is necessary to convert to a fixed rate and remarket such series of Senior Bonds, potentially resulting in increased Debt Service Requirements of the Senior Bonds. In addition, disruptions in the credit markets may cause the City to reduce or delay portions of the 2011-2016 Capital Program.

The funding plan for the 2011-2016 Capital Program as described herein and in the Report of the Airport Consultant assumes that the proceeds of Airport System revenue bonds, Airport equity, various federal grants and other moneys will be received in amounts and at times necessary to pay a portion of the costs of the 2011-2016 Capital Program. No assurance can be given that these sources of funding will actually be available in the amounts or on the schedule assumed.

See "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – Installment Purchase Agreements – Plan of Financing – Capital Fund – Federal Grants and Other Funding" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Airport Capital Program – South Terminal Redevelopment Program – Plan of Financing – *Future Planned Bonds* – Debt Service Requirements – *Future Planned Bonds.*"

Forward Looking Statements; Report of the Airport Consultant

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

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 2010 (preliminary), the Airport was ranked as the 5th busiest airport in the nation and the 10th busiest airport in the world based on total passengers in 2010. The Airport was also named the "Best Airport in North America" in 2010 for the sixth 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. Ms. Day has more than 31 years of experience in the aviation industry, including eight years in the public sector. She is also a registered architect in California. Prior to joining the City, Ms. Day was an aviation consultant with LeighFisher (formerly known as Jacobs Consultancy Inc.), which currently serves as the Airport Consultant. She had previously served as the Executive Director of Los Angeles World Airports ("LAWA"), which is the largest airport authority in the world and the agency that manages the four airports owned and operated by the City of Los Angeles, California, including Los Angeles International Airport, after having served as Deputy Director of Project and Facilities Development for LAWA. Prior to joining LAWA, Ms. Day worked for over 20 years as an architect, specializing in the planning and design of aviation projects.

Edward D. Scholz was appointed the City's Chief Financial Officer and Manager of Finance in March 2011. Mr. Scholz has over 14 years of experience in municipal budgeting, and most recently served as Deputy Chief Financial Officer and Budget Director for the City where he oversaw a budget of over $1.2 billion. Prior to joining the City, Mr. Scholz served as Budget Director for the City and County of Broomfield. Mr. Scholz holds an MBA in Human Resources and Non-Profit Management and a BS in Finance from Binghamton University in New York. He is also a graduate of the Harvard Kennedy School Senior Executives in State and Local Government program.

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.

Sally Covington became Deputy Manager of Aviation/Public Relations and Marketing in February 2006 after having served as Acting Deputy Manager of Aviation/Public Relations and Marketing since August 2003 and Director of Marketing and Air Service Development for the Airport. Ms. Covington has more than 22 years of experience in marketing and communications. Prior to joining the City, she was vice president of marketing for the Higher Education and Advanced Technology Center in Denver. Ms. Covington has held positions in Texas, including Dean of External Affairs for a state college, and worked in the Texas State Senate.

Mark Nagel became Acting Deputy Manager of Aviation/Operations in October 2010, after having served as Director of Aviation Security for the Airport since June 2007 and Assistant Director of Aviation Security for the Airport since 1998. Prior to 1998, Mr. Nagel held various positions in the aviation industry, including positions involving airline station operations with British Airways, airport operations at Detroit Metropolitan Wayne County Airport and airport operations at Stapleton and the Airport.

Kenric G. Greene became Deputy Manager of Aviation/Maintenance on October 26, 2009, after serving as 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.

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 17 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, minerals and the Airport's South Terminal Redevelopment Program. 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 92 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 40 full service jet gates plus facilities dedicated for commuter airline operations. The commuter aircraft facilities on Concourse B were recently improved in order to accommodate larger regional jet aircraft and provide various enhancements for passengers. Concourse C encompasses approximately 690,000 square feet and currently includes 22 full service jet gates and commuter aircraft facilities. The Airport was designed to facilitate expansion to more than 200 full service jet gates either through lengthening of the existing concourses or the construction of two additional concourses. The Airport currently has 54 concessionaires operating at approximately 145 locations in the terminal complex. For a discussion of the airline leases for gates on the concourses and space in the terminal, see "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – Other Agreements – *Terminal Complex Concessions*."

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

The 2011-2016 Capital Program includes an addition to the landside terminal, known as the South Terminal Redevelopment Program. See "CAPITAL PROGRAM – The 2011-2016 Capital Program – South Terminal Redevelopment Program – Other Projects in the 2011-2016 Capital Program, "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Agreements – *Public Parking*" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Airport Capital Program" for a discussion of the improvements planned for the terminal complex.

Other Facilities

Various other facilities at the Airport include general aviation facilities, remote facilities for the customer service and vehicle maintenance operations of rental car companies, facilities constructed and used by cargo carriers, a U.S. Postal Service sorting and distribution facility and other Airport warehousing, office and distribution facilities and related infrastructure. Also located at the Airport are support facilities for United, including aircraft and ground support equipment maintenance and air freight facilities, and a flight kitchen built by United and subleased to LSG Sky Chefs (the brand name of LSG Lufthansa Service Holding AG) and support facilities originally built for Continental and financed in part from a portion of the proceeds of the Series 1992C Bonds, including aircraft and ground support equipment maintenance, air freight and flight kitchen facilities, portions of which are currently being subleased to other users by Continental. See "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Other Building and Ground Leases" and "FINANCIAL INFORMATION – Senior Bonds – Special Facilities Bonds."

In April 2006, the City awarded a contract to CMCB Development Co. of Denver to develop a 17 acre retail development along Peña Boulevard, the major access highway to the Airport, near the on-site automobile service station. The City entered into a ground lease agreement with DIA Landings, LLC, for this project in May 2007. Grading and site development were completed in August 2008, but due to the continuing adverse economic conditions the project has been put on hold. The parties are discussing an amended and restated lease that would address the project's late start and resolve several outstanding matters, but have not yet reached an agreement.

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 2011-2016 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 through 2016 (the "2011-2016 Capital Program"). The Airport System's capital needs between 2011 and 2016, summarized in the following table, have an estimated total cost of approximately $909.4 million.

2011-2016 Capital Program

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

	2011	2012	2013	2014	2015	2016	Total
South Terminal Redevelopment Program:							
Terminal renovation	$ 4,502	$ 237	$ --	$ --	$ --	$ --	$ 4,739
Terminal extension	8,571	8,282	39,869	5,839	--	--	62,561
Airport Hotel	9,471	39,182	89,697	14,504	--	--	152,854
FasTracks train station	8,119	28,652	49,589	11,506	--	--	97,866
Foundations/podiums	30,902	29,361	--	--	--	--	60,263
FasTracks bridges	5,691	5,509	3,271	155	--	--	14,625
Utility relocation	49,444	--	23,209	--	--	--	72,654
Roadway improvements	350	581	1,005	--	--	--	1,937
	117,051	111,804	206,640	32,005	--	--	467,500
Airfield	27,658	9,599	9,488	15,016	15,995	8,660	86,416
Baggage/AGTS	1,600	12,700	19,700	13,000	16,500	16,500	80,000
Cargo/Support	4,977	700	5,106	--	--	--	10,783
Commercial	1,500	--	--	--	--	--	1,500
Environmental/Utilities	19,113	95	--	--	--	--	19,208
Miscellaneous/Public Art Program	6,031	6,098	5,203	4,561	3,866	3,795	29,554
Roads	9,352	4,510	3,325	1,125	1,125	1,125	20,562
Technologies	22,882	4,085	1,690	990	3,550	3,850	37,047
Terminal Complex	82,354	21,449	4,920	12,118	16,128	19,833	156,801
	$292,517	**$171,040**	**$256,073**	**$78,814**	**$57,164**	**$53,763**	**$909,371**

Source: Department of Aviation management records.

South Terminal Redevelopment Program

The largest component of the 2011-2016 Capital Program is an addition to the landside terminal, known as the South Terminal Redevelopment Program, consisting of a variety of projects described below.

The Regional Transportation District ("RTD") is in the process of expanding commuter and light rail service throughout the greater Denver metropolitan area, known as the "RTD FasTracks Program," and recently awarded a design-build-operate-maintain contract for the "East Corridor" of the program, to consist of a commuter rail line connecting Denver Union Station, located in downtown Denver, with the Airport. The East Corridor rail service currently is planned by RTD to commence in January 2016 and will be funded largely by Denver Transit Partners, a concessionaire selected by RTD to construct, operate and maintain the line. Neither the City nor the Department has any obligation in respect of the construction, operation or maintenance of the rail line, nor will they receive any revenue from the use of the commuter rail service.

In March 2010, the City, for and on behalf of the Department, and RTD entered into the Intergovernmental Agreement for the FasTracks East Corridor Project (the "FasTracks East Corridor IGA"), pursuant to which RTD has 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 "terminal-to-station" interface at the Airport (the "DIA Rail Station"). The Department will be responsible for operating and maintaining only certain portions of the DIA Rail Station. The term of the FasTracks East Corridor IGA extends through 2056, unless earlier terminated in writing by mutual consent of the parties, or by court order. The FasTracks East Corridor IGA provides that the Department will grant a lease of certain property at the Airport to RTD with an initial term of 50 years, and up to three renewal periods of 15 years each, with each renewal being subject to FAA approval.

The Department hired a planning and engineering firm to, among other things, develop a concept for the South Terminal Redevelopment Program, the intent of which is to meet the obligations of the Department under the FasTracks East Corridor IGA regarding the construction and opening of the DIA

Rail Station. The conceptual design of the South Terminal Redevelopment Program currently includes the following integrated project elements:

- The construction of the DIA Rail Station with public circulation space and two RTD tracks. The Department is planning the DIA Rail Station to provide additional capacity for future transportation modes.
- The expansion of Airport baggage systems to allow passengers using the RTD train service to check-in bags at the DIA Rail Station.
- The expansion of the AGTS to provide needed additional service capacity to the existing concourses.
- The construction of the DIA Rail Station roof, which will also form a plaza that would provide public access between the landside terminal, the DIA Rail Station and the planned Airport Hotel discussed below. The plaza area may also include future concessions for Airport passengers.
- The construction of a proposed 500-room, full service hotel (the "Airport 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 Department has selected Starwood Hotels and Resorts to operate the Airport Hotel under the "Westin" brand. The various agreements relating to the Airport Hotel, between the City, for and on behalf of the Department, and Westin DIA Hotel Operator, LLC, a Delaware limited liability company whose sole member is Starwood Hotels & Resorts Worldwide, Inc., are currently pending before City Council for approval.

The conceptual design of the South Terminal Redevelopment Program also includes the realignment of certain existing on-Airport roadways that serve the landside terminal to accommodate the rail lines, the construction of a bridge over Peña Boulevard for northbound and southbound train service, a portion of which would be paid by the Department, and the relocation of certain utilities.

The Department has established a budget for the South Terminal Redevelopment Program of approximately $500 million (in 2011 dollars). The Department currently expects that, if any reduction in the currently planned size or scope of the South Terminal Redevelopment Program becomes necessary due to cost constraints, it would likely occur in non-revenue producing portions of the proposed facilities. Further, based on projections of the Department's hospitality consultant, the Airport Hotel is expected to be financially self-sustaining when it opens, and therefore material changes to the size and scope of the Airport Hotel are not currently anticipated.

The Department is obligated under the FasTracks East Corridor IGA to have the DIA Rail Station substantially completed by January 1, 2014, and the bridge over Peña Boulevard substantially completed by February 28, 2014. The Report of the Airport Consultant forecasts that the Airport Hotel will be operational in 2014.

See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Airport Capital Program – South Terminal Redevelopment Program – Nonairline Revenues – *Other Terminal Revenues – Airport Hotel*."

Other Projects in the 2011-2016 Capital Program

In addition to the South Terminal Redevelopment Program, projects in the 2011-2016 Capital Program include, among others, the following, some of which will be undertaken only if they are determined to be financially viable and/or self-sustaining or certain sources of funding become available:

Airfield: Rehabilitation of taxiways and runways as part of the City's pavement management plan, construction of a high speed taxiway to improve airfield efficiency, installation of taxiway lights to improve operations in the airfield during snow conditions and preparation of a benefit cost analysis and certain environmental studies for a seventh runway.

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

Roadways, Public Parking and Ground Transportation: Rehabilitation of Peña Boulevard and pavement in targeted roadway and parking areas.

Other: Upgrades to the equipment storage and light maintenance facility, improvements to wastewater systems, improvements to the Airport information technology infrastructure and preparation of various environmental, energy and other studies.

Sources of Funding of the 2011-2016 Capital Program

The City currently expects to fund the 2011-2016 Capital Program primarily with Airport System revenue bonds (including Senior Bonds and Subordinate Bonds), Airport equity and federal grants. 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. It is assumed in the Report of the Airport Consultant that Airport System revenue bonds issued to fund the Airport Hotel will be fixed rate Senior Bonds and that Airport System revenue bonds issued to fund other projects in the 2011-2016 Capital Program will be fixed rate Subordinate Bonds. However, a number of factors will affect whether the City issues such future Airport System revenue bonds as Senior Bonds or Subordinate Bonds, and no assurance can be given regarding the actual type or amount of such future bonds that eventually may be issued. The City may also use the proceeds from Commercial Paper Notes or Installment Purchase Agreements to, among other things: (1) minimize the City's overall cost of issuing the Airport System revenue bonds and (2) fund project or equipment costs during construction. See "FINANCIAL INFORMATION – Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – Installment Purchase Agreements – Plan of Financing – Capital Fund – Federal Grants and Other Funding," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Airport Capital Program – Plan of Financing – *Future Planned Bonds* – Debt Service Requirements – *Future Planned Bonds.*" See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for the forecast of the cost per enplaned passenger at the Airport through 2018, which includes the impact thereon of the 2011-2016 Capital Program.

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 2009, the Airport was ranked as the 5th busiest airport in the nation and the 10th busiest airport in the world based on total passengers in 2009.

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. Currently, 27 passenger airlines provide scheduled service at the Airport, including 11 major/national passenger airlines, four foreign flag passenger airlines and 12 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 2010, the Airport served approximately 26.1 million enplaned passengers (passengers embarking on airplanes), which is the highest number of enplaned passengers at the Airport since it opened in 1995. Approximately 54% of the passengers enplaned in 2010 were passengers originating their travel at the Airport and 46% 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 actually 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 4.0% over 2009, 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.

History of Enplaned Passengers at the Airport

Year	Enplaned Passengers (millions)	Percent Change	Year	Enplaned Passengers (millions)	Percent Change
1995	15.618	--	2003	18.761	5.2%
1996	16.179	3.6%	2004	21.144	12.7
1997	17.530	8.4	2005	21.702	2.6
1998	18.445	5.2	2006[1]	23.665	9.0
1999	19.031	3.2	2007	24.941	5.4
2000	19.393	1.9	2008	25.650	2.8
2001	18.046	(6.9)	2009	25.128	(2.0)
2002	17.830	(1.2)	2010	26.134	4.0

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

Source: Department of Aviation management records.

See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

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

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

Enplaned Passengers by Airline Type[1]

	Major/National Airlines[2]		Regional/Commuter Airlines[3]		Charter/Miscellaneous Airlines		Total Airlines	
Year[4]	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**	**Enplaned Passengers**	**Percent Change**
2006	19,674,467	7.6%	3,791,642	17.7%	199,203	(1.5)%	23,665,312	9.0%
2007	20,774,889	5.6	3,945,388	4.1	220,676	10.8	24,940,953	5.4
2008	21,514,216	3.6	3,945,641	0.0	190,386	(13.7)	25,650,243	2.8
2009	20,646,529	(4.0)	4,239,139	7.4	242,365	27.3	25,128,033	(2.0)
2010	21,141,246	2.4	4,666,047	10.1	326,811	34.8	26,134,104	4.0

1 Includes revenue and nonrevenue enplaned passengers.

2 Includes Ted in 2006-2008 and Lynx in 2007-2010.

3 See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Historical Airline Traffic – Enplaned Passengers" for a discussion of recent trends at the Airport of increased enplaned passenger market share of both low cost and regional/commuter airlines.

4 See above and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for a discussion of factors affecting enplanements during this period.

Source: Department of Aviation management records.

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

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

	Calendar Year				
Airline	**2006**	**2007**	**2008**	**2009**	**2010**
United	35.3%	33.4%	32.6%	32.5%	28.3%
Ted[1]	8.5	7.8	4.3	--	--
United Express[2]	12.6	12.1	11.3	13.7	15.9
Total United Group	56.4	53.3	48.2	46.2	44.1
Frontier and Frontier/Republic	18.7	20.5	22.7	20.6	20.5
Lynx[3]	--	0.1	2.0	2.4	1.2
Frontier JetExpress[4]	2.0	2.1	0.8	--	0.1
Total Frontier Group	20.7	22.7	25.5	23.0	21.8
Southwest	3.3	5.3	9.3	14.4	18.1
American Airlines[5]	3.8	3.5	3.3	2.8	2.7
America West Airlines[6]	1.2	--	--	--	--
Continental[5]	2.3	2.2	2.0	2.0	2.1
Delta[5,7]	2.4	2.3	2.3	2.4	3.9
Northwest[7]	1.9	2.1	1.8	1.8	--
US Airways[6]	1.3	2.2	1.8	2.2	2.3
Other[4]	6.6	6.4	5.7	5.2	5.0
	19.5	18.7	17.0	16.4	15.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

3 Lynx commenced service at the Airport in December 2007.

4 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.

5 Does not include commuter affiliates.

6 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.

7 Delta Airlines, Inc. ("Delta") and Northwest Airlines, Inc. ("Northwest") merged 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 and the Report of the Airport Consultant.

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

	Calendar Year[1]				
	2006	2007	2008	2009	2010
Enplaned Passengers (millions):					
United	8.365	8.324	8.361	8.165	7.386
Ted[2]	2.011	1.955	1.105	--	--
United Express	2.971	3.018	2.906	3.438	4.152
Total United Group	13.347	13.297	12.372	11.603	11.537
Frontier[3]	4.427	5.118	5.812	5.181	5.368
Lynx[4]	--	0.017	0.504	0.602	0.311
Frontier JetExpress[5]	0.478	0.533	0.216	--	0.025
Total Frontier Group	4.904	5.668	6.531	5.782	5.704
Southwest	0.790	1.322	2.379	3.614	4.726
Other	4.624	4.654	4.369	4.129	4.166
Total	23.665	24.941	25.650	25.128	26.134
Percent Change from Prior Year	9.0%	5.4%	2.8%	(2.0)%	4.0%
Originating Passengers:					
Total Originating Passengers (millions)	13.250	14.243	14.335	13.656	14.119
Percent of Total Enplaned	56.0%	57.1%	55.9%	54.3%	54.0%
United Group Percent of Total Originating	41.2%	38.9%	34.9%	31.2%	29.4
Frontier Group Percent of Total Originating	21.0%	22.7%	23.0%	21.0%	20.1
Southwest Percent of Total Originating	5.8%	8.8%	14.0%	20.0%	23.9
Connecting Passengers:					
Total Connecting Passengers (millions)	10.415	10.698	11.315	11.472	12.015
Percent Connecting of Total Enplaned	44.0%	42.9%	44.1%	45.7%	46.0%
United Group Percent of Total Connecting	75.7%	72.5%	65.2%	64.0%	61.5%
Frontier Group Percent of Total Connecting	20.3%	22.7%	28.6%	25.4%	23.9%
Southwest Percent of Total Connecting	0.2%	0.6%	3.3%	7.7%	11.2%
United Group Passengers:[2]					
Percent Originating	40.9%	41.6%	40.4%	36.8%	36.0%
Percent Connecting	59.1%	58.4%	59.6%	63.2%	64.0%
Frontier Group Passengers:					
Percent Originating	56.8%	57.1%	50.5%	49.5%	49.7%
Percent Connecting	43.2%	42.9%	49.5%	50.5%	50.3%
Southwest Passengers:					
Percent Originating	97.9%	95.2%	84.4%	75.5%	71.4%
Percent Connecting	2.1%	4.8%	15.6%	24.5%	28.6%
Average Daily Departures:					
Passenger Airlines:					
United and Ted[2]	230	229	207	171	149
United Express	191	194	192	216	246
Frontier, Frontier/Republic and Lynx	125	137	167	158	158
Frontier JetExpress	24	28	10	--	1
Southwest	24	39	78	108	124
Other	179	179	160	149	156
Total Passenger Airlines	772	806	814	802	833
All-Cargo Airlines	28	27	26	25	25
Total	801	833	840	827	858
Percent Change from Prior Year	6.4%	4.1%	0.8%	(1.6)%	3.8%
Landed Weight (billion pounds):					
Passenger Airlines:					
United and Ted[2]	13.364	12.808	11.790	10.499	9.568
United Express	3.512	3.636	3.616	4.200	4.999
Frontier, Frontier/Republic and Lynx	6.087	6.695	7.342	6.768	6.714
Frontier JetExpress	0.617	0.699	0.263	--	0.030
Southwest	1.058	1.781	3.508	4.817	5.611
Other	5.776	5.851	5.406	5.165	5.130
Total Passenger Airlines	30.415	31.471	31.925	31.449	32.053
All-Cargo Airlines	1.430	1.363	1.325	1.250	1.222
Total	31.844	32.834	33.250	32.699	33.275
Enplaned Cargo (million pounds)[6]	280.534	262.724	248.122	221.444	241.710
Percent Change from Prior Year	(10.3)%	(6.4)%	(5.6)%	(10.8)%	9.2%
Total Aircraft Operations (Landings/Take-Offs):					
Air Carriers	428,794	451,228	460,311	456,675	468,962
Air Taxi/Commuter/Military/General Aviation	180,723	168,086	165,533	155,302	166,483
Total	609,517	619,314	625,844	611,977	635,445
Percent Change from Prior Year	7.4%	1.6%	1.1%	(2.2)%	3.8%

[Footnotes on next page]

[1] See “Aviation Activity – *Passengers and Revenue Information*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT” 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.

[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 Frontier’s busiest hub, and prior to consolidation with Midwest Airlines was Frontier’s only hub. The Airport has historically been the second busiest connecting hub in United’s route system, after Chicago O’Hare, both in terms of passengers (based on information provided by individual airports) and flight operations (according to data published by Official Airline Guides, Inc.).

In 2010, approximately 12.0 million passengers (46.0%) of the approximately 26.1 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 61.5%, 23.9% and 11.2% of the connecting passengers at the Airport in 2010, respectively. See “Aviation Activity – *Summary of Aviation Activity*” above and “APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines.”

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Airlines Serving the Airport

The following are the airlines that provided scheduled passenger service at the Airport as of December 2010:

Major/National	Regional/Commuter	Foreign Flag
AirTran Airways[1]	American Eagle Airlines	AeroMéxico
Alaska Airlines	Atlantic Southeast Airlines (operating as Delta Connection)	Air Canada
American Airlines	Comair (operating as Delta Connection)	British Airways
Continental[2]	Compass Airlines (operating as Delta Connection)	Lufthansa German Airlines
Delta/Northwest[3]	ExpressJet (operating as Continental Express)	
Frontier	GoJet Airline (operating as United Express)	
Frontier/Republic	Great Lakes Aviation	
JetBlue Airways	Lynx[4]	
Southwest[1]	Mesa Airlines (operating as US Air Express)	
United[2]	Mesaba Airlines (operating as Delta Connection)	
US Airways	Shuttle America (operating as United Express)	
	SkyWest Airlines (operating as United Express and Delta Connection)	

[1] Southwest has entered into a definitive merger agreement with AirTran Holdings, Inc., the parent of AirTran Airways. Subject to receipt of the necessary regulatory and shareholder approvals, Southwest expects the merger to be completed in the second quarter of 2011, after which Southwest plans to integrate the operations of AirTran Airways under the Southwest brand, and eventually operate under a single FAA operating certificate, within two years.

[2] Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) effective October 1, 2010. United and Continental are expected to be fully integrated under the United brand, and operate under a single FAA operating certificate, by the end of 2011.

[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] Lynx commenced service at the Airport in December 2007. However, Republic Holdings, the parent company of Lynx, has announced its intention to wind-down the operations of Lynx. See "Airline Information – *The Frontier Group*" hereafter.

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, Airborne Express, Air Transport International, Alpine Aviation, Ameriflight, Capital Cargo International Airlines, DHL Express (USA), Federal Express Corporation, Key Lime Air Corporation, United Parcel Service and Volga-Dnepr Airlines, 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 35 of the existing 92 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, which until October 1, 2010, consisted of United, its low-fare Ted brand (which was discontinued in 2008) and its United Express commuter affiliates, but did not include Continental, has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years, as well as airline rentals, fees and charges component of the Airport System's operating revenues and the Airport System's Gross Revenues for the years 2006 through 2009 (2010 data not yet available). See also "Aviation Activity – Originating and Connecting Passengers" in this section. The operations of Continental, which merged with United effective October 1, 2010, and its Continental Express commuter affiliate, are not included in these figures.

United Group Percent of Airport Operations[1]

	Fiscal Year				
	2006	2007	2008	2009	2010
Percent of Total Enplanements at the Airport	56.4%	53.3%	48.2%	46.2%	44.1%
United Group Percent Originating Passengers	40.9	41.6	40.4	36.8	36.0
United Group Percent Connecting Passengers	59.1	58.4	59.6	63.2	64.0
Percent of Airport Originating Passengers	41.2	38.9	34.9	31.2	29.4
Percent of Airport Connecting Passengers	75.7	72.5	65.2	64.0	61.5
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	59.3	57.6	54.2	53.2	Not Available
Percent of Airport System Gross Revenues	31.8	28.8	28.0	28.2	Not Available

[1] Does not include the operations of Continental, which merged with United effective October 1, 2010, or its Continental Express commuter affiliate.

Source: Department of Aviation management records.

United discontinued Ted in 2008 and ceased reporting separate enplanement data for Ted commencing with August 2008. Also in 2008, United began to significantly reduce its consolidated domestic capacity, its consolidated overall capacity and its workforce. Such reductions continued in 2009 and 2010. 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 plans to fully integrate the operations of the two airlines under the United brand, and operate under a single FAA operating certificate, by the end of 2011. The United Group and Continental together accounted for approximately 48.2% and 46.2% of passenger enplanements at the Airport in 2009 and 2010, 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 2010. The City makes no representations regarding the financial conditions of United Continental Holdings, United or Continental or their future plans generally or with regard to the Airport in particular.

See also "Aviation Activity – Originating and Connecting Passengers" in this section, as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements – *United Use and Lease Agreement*," "FINANCIAL INFORMATION – Special Facilities Bonds" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Airline Traffic Forecasts – Assumptions Underlying the Forecasts – Sensitivity Analysis Projection of Enplaned Passengers."

The Frontier Group. Frontier has the second largest market share at the Airport. The Airport is one of Frontier's three hubs and in 2010 was the busiest airport in the Frontier system. Prior to consolidation with Midwest Airlines as described below, the Airport was Frontier's only hub. In December 2007, Frontier's hubbing operations at the Airport were expanded with the introduction of a sister airline, Lynx, which serves smaller airports in the region. On February 4, 2010, Republic Holdings announced that it planned to discontinue the operations of Lynx and replace its Q400 turboprop service with regional jets operated by Republic Airlines. On August 19, 2010, Republic Holdings announced that it would retain three Q400 turboprop aircraft to continue Lynx service from Denver to three Colorado destinations: Aspen, Colorado Springs and Durango. According to Republic Holdings filings with the Securities and Exchange Commission, the closure of Lynx is expected to occur in April 2011, although published schedule data indicate that Lynx service from Denver to Aspen, in particular, may continue through November 2011.

Under a Use and Lease Agreement with the City, Frontier currently leases 18 gates at the Airport. In addition, the Frontier Group, consisting of Frontier, Frontier/Republic, Lynx and Frontier JetExpress commuter affiliates, also has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years, 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 2006 through 2009 (2010 data not yet available). See also "Aviation Activity – Originating and Connecting Passengers" in this section.

Frontier Group Percent of Airport Operations

	Fiscal Year				
	2006	2007	2008	2009	2010
Percent of Total Enplanements at the Airport	20.7%	22.7%	25.5%	23.0%	21.8%
Frontier Group Percent Originating Passengers	56.8	57.1	50.5	49.5	49.7
Frontier Group Percent Connecting Passengers	43.2	42.9	49.5	50.5	50.3
Percent of Airport Originating Passengers	21.0	22.7	23.0	21.0	20.1
Percent of Airport Connecting Passengers	20.3	22.7	28.6	25.4	23.9
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	13.0	15.1	14.7	14.3	Not Available
Percent of Airport System Gross Revenues	6.9	7.6	7.6	7.6	Not Available

Source: Department of Aviation management records.

Frontier Holdings, together with its Frontier and Lynx subsidiaries, filed for protection under the U.S. Bankruptcy Code in April of 2008 and continued operations pending approval of a plan for reorganization in September of 2009. The companies emerged from bankruptcy on October 1, 2009, with Frontier Holdings being acquired by and becoming a wholly-owned subsidiary of Republic Holdings. Republic Holdings also owns a number of regional carriers, including Chautauqua Airlines, Mokulele Airlines, Republic Airlines and Shuttle America. Republic Holdings also owns Midwest Airlines, which ceased to exist as an actual operating airline on November 3, 2009, and its FAA operating certificate was allowed to lapse. Since that time its branding, livery and route structure have been operated by other operating subsidiaries of Republic Holdings. Republic Holdings has announced that the operations of Midwest Airlines are planned to be fully integrated with the operations of Frontier under the Frontier name by the end of 2011. 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 "Aviation Activity – Originating and Connecting Passengers" in this section, "INTRODUCTION – Denver International Airport – *Major Air Carriers Operating at the Airport*," "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements," "AIRLINE BANKRUPTCY MATTERS," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

Southwest. Southwest has the third largest market share at the Airport. 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 37 cities to which it currently provides nonstop service from the Airport. The Airport currently is the 5th busiest airport in the Southwest system. Southwest has entered into a definitive merger agreement with AirTran Holdings, Inc., the parent of AirTran Airways, pursuant to which AirTran Holdings, Inc. will become a wholly-owned subsidiary of Southwest. Subject to receipt of regulatory and shareholder approvals, Southwest expects the merger to be completed in the second quarter of 2011, after which Southwest plans to integrate the operations of AirTran Airways under the Southwest brand within two years.

Under a Use and Lease Agreement with the City, Southwest currently leases 17 gates at the Airport. In addition, Southwest has accounted for the percentages set forth in the table below of passenger enplanements, originating passengers and connecting passengers at the Airport for the past five years, 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 2006 through 2009 (2010 data not yet available). See also "Aviation Activity" and "Originating and Connecting Passengers" in this section.

Southwest Percent of Airport Operations

	Fiscal Year				
	2006	2007	2008	2009	2010
Percent of Total Enplanements at the Airport	3.3%	5.3%	9.3%	14.4%	18.1%
Southwest Percent Originating Passengers	97.9	95.2	84.4	75.5	71.4
Southwest Percent Connecting Passengers	2.1	4.8	15.6	24.5	28.6
Percent of Airport Originating Passengers	5.8	8.8	14.0	20.0	23.9
Percent of Airport Connecting Passengers	0.2	0.6	3.3	7.7	11.2
Percent of Airline Rentals, Fees and Charges Component of Operating Revenues	2.6	4.1	6.9	10.1	Not Available
Percent of Airport System Gross Revenues	1.4	2.1	3.6	5.3	Not Available

Source: Department of Aviation management records.

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

See "Aviation Activity – Originating and Connecting Passengers" in this section, "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Airlines; Airline Consolidation and Mergers – Risk of Airline Bankruptcies," "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements," "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

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 2010, Delta, American, US Airways and Continental accounted for approximately 3.9%, 2.7%, 2.3% and 2.1% of passenger enplanements at the Airport, respectively, with all other airlines accounting for an aggregate of approximately 5.0% of passenger enplanements at the Airport. 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 60661-2511 and 233 Broadway, New York, NY 10279. Copies of these reports and statements also may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, at prescribed rates. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation (the "DOT"). These reports may be inspected at the following location: Department of Transportation, Research and Special Programs Administration, Office of Airlines Statistics at Room 4125, 400 7th Street, SW, Washington, DC 20590, and copies of the reports may be obtained from the DOT at prescribed rates.

None of the City, the Department or the Underwriters undertakes any responsibility for, and none of them makes any representations as to, the accuracy or completeness of the content of information available from the SEC or the DOT as discussed above, including, but not limited to, updates of such information or links to other Internet sites accessed through the SEC or the DOT websites.

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

AGREEMENTS FOR USE OF AIRPORT FACILITIES

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

Passenger Airlines Use and Lease Agreements

Generally. The following airlines have executed Use and Lease Agreements with the City that include leased gates. In addition to the 85 leased gates, seven gates, including common use international gates on Concourse A, are controlled by the Airport and used on a non-preferential use basis by various airlines.

Several airlines currently are operating on a month-to-month tenancy pursuant to the holdover provisions of Use and Lease Agreements that have by their terms expired. Amendments to extend the terms of these Use and Lease Agreements through December 2011 are either in the signature process or pending before City Council for approval. The City is actively engaged in discussions with the airlines for new Use and Lease Agreements beginning January 2012. The City expects these discussions to be completed by mid-2011 and that new Use and Lease Agreements will be executed by the airlines as their current Use and Lease Agreements expire.

Passenger Airlines Use and Lease Agreements with Leased Gates

Airline	Number of Gates	Concourse	Lease Expiration
AirTran Airways[1]	1	A	February 2010[4]
Alaska Airlines	1	A	December 2011
American Airlines	3	A	December 2010[4]
Frontier	18	A	February 2010[4]
	23		
Continental[2]	3	B	December 2011
United[2]	35	B	February 2025
US Airways	2	B	December 2011
	40		
Delta/Northwest[3]	5	C	December 2010[4]
Southwest[1]	17	C	December 2010[4]
	22		
Total leased gates	85		

[1] Southwest has entered into a definitive merger agreement with AirTran Holdings, the parent of AirTran Airways. Subject to receipt of regulatory and shareholder approval, Southwest expects the merger to be completed in the second quarter of 2011.

[2] Continental became a subsidiary of United Continental Holdings (formerly known as UAL Corporation) effective October 1, 2010. United Continental Holdings plans to fully integrate the operations of the two airlines under the United brand, and to operate under a single FAA operating certificate, by the end of 2011.

[3] 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.

[4] These airlines currently are operating on a month-to-month tenancy, but have signed extensions of their Use and Lease Agreements through December 2011, which are pending before City Council for approval. See the paragraph preceding the table.

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, British Airways, ExpressJet, GoJet, Great Lakes Aviation, JetBlue, Lufthansa German Airlines, Mesaba Aviation, Shuttle America and SkyWest. These airlines use gates pursuant to their affiliation with other airlines that lease gates at the Airport, use City-managed gates or use common use international or commuter gates on Concourse A. These Use and Lease Agreements expired in December 2010 (pending extension to December 2011 as discussed above in this section), or expire in December 2011 or December 2012. See "AVIATION ACTIVITY AND AIRLINES – Airlines Serving the Airport."

In the Use and Lease Agreements with each of the passenger airlines operating at the Airport, (1) each of such Signatory Airlines and the City agree to a compensatory methodology for establishing terminal rental rates and a cost center residual methodology for establishing landing fees, (2) each such Signatory Airline acknowledges that the rate base for rentals, fees and charges must generate Gross Revenues that, together with Other Available Funds (consisting of transfers from the Capital Fund), are sufficient to satisfy the Rate Maintenance Covenant, and agrees to pay such rentals, rates, fees and charges, (3) the City is permitted from time to time to amend the rate-making system with the written consent of a majority of the Signatory Airlines represented by (a) a numerical majority and (b) a majority in terms of rentals, rates, fees and charges paid in the preceding Fiscal Year and (4) the City is also permitted to adjust rates and charges at the beginning of each Fiscal Year and during each Fiscal Year after mid-year review and consultation with the Signatory Airlines. In all passenger airline Use and Lease Agreements executed since 2005, the provisions thereof dealing with utilization of preferential gates have been modified in order to provide for a more efficient utilization of these gates.

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

The cost per enplaned revenue passenger for all airlines at the Airport in 2009 was $12.72. See "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" for the forecast of the cost per enplaned passenger through 2018, which includes the impact thereon of the 2011-2016 Capital Program. See also "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport."

For Fiscal Years through 2005, 75% of the Net Revenues remaining after payment of debt service and fund deposit requirements, with an annual maximum of $40 million, was required to be credited to the Airline Revenue Credit Account of the Capital Fund to be applied as a credit against Signatory Airline rentals, fees and charges in the following Fiscal Year, with the balance to be credited to the Capital Improvement Account of the Capital Fund to be used for any lawful Airport purpose. For Fiscal Years 2006 and thereafter, 50% of remaining Net Revenues are to be credited to the Airline Revenue Credit Account, subject to the annual maximum of $40 million. For each of the Fiscal Years 2003 through 2008, the maximum of $40 million was credited to the Airline Revenue Credit Account. However, the airline revenue credit for Fiscal Year 2009 declined to $ 25.2 million. The airline revenue credit for Fiscal Year 2010 has not yet been determined.

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

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

United Use and Lease Agreement. United leases gates under a Use and Lease Agreement originally entered into in December 1991 and having substantially the same terms as the other passenger airlines Use and Lease Agreements described in "*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. As a result, United currently leases 35 of the 40 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, Continental and US Airways, each belonging to the Star Alliance airline network (to which United belongs), relocated their operations from Concourse A and Concourse C, respectively, to the other five 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.

In the event that United's cost per enplaned revenue passenger for any Fiscal Year exceeds or is projected to exceed $20 (in 1990 dollars), the City is required to take measures to reduce such cost in a manner consistent with operating and managing a safe and efficient airport. United's cost per enplaned revenue passenger at the Airport has never reached the $20 threshold, and in 2009 was $11.17 (in 1990 dollars). See "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

As a result of the United Stipulated Order and the 2005 and 2006 amendments to the United Use and Lease Agreement, the City agreed to reduce Airport rates and charges for all airlines on a net basis by

$4 million annually in each of the years 2004 through 2010, for an aggregate amount of $28 million over a seven-year period. In years 2006 through 2010, airline rates and charges are to be further reduced on a net basis up to an aggregate amount of $50 million according to a sliding scale based on the net amount available for revenue sharing each year. The sources available to meet these cost reductions goals include, without limitation, revenues from the Additional $1.50 PFC that commenced April 1, 2001, the City's share of Net Revenues available for revenue sharing and annual debt service interest savings from refunding outstanding Airport System revenue bonds. The City met the $4 million per year cost reduction goals through 2009. The net amount available for revenue sharing in 2004 through 2008 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 will meet 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. The rates and charges cost reductions may cease or be reduced and subsequently reinstated under certain circumstances set forth in the United Use and Lease Agreement as so amended. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Framework for Airport System Financial Analysis – *Airport Use and Lease Agreements* – United's Airport Use and Lease Agreement."

United discontinued use of the automated baggage system at the Airport in September 2005 and reverted to the traditional tug and cart system. The rates and charges associated with the automated baggage system are to continue to be charged to the airlines. See "FINANCIAL INFORMATION – Rentals, Fees and Charges for the Airport." However, the City agreed with United and the other airlines to mitigate automated baggage system costs over time. The City agreed to a reduction in United's rates and charges associated with the automated baggage system of $4.9 million in 2006, $8.5 million in 2007 and $11.0 million annually in 2008 through 2025, the last year of the term of the United Use and Lease Agreement. This agreed reduction is to occur only after the reduction in rates and charges to all airlines by $4 million per year from 2004 through 2010, as described above. The City agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System revenue bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed $10 million per year, using available Capital Fund moneys and other legally available Airport funds. See also "REPORT OF THE AIRPORT CONSULTANT" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

In the 2005 amendment to the United Use and Lease Agreement, United agreed that it would enplane revenue connecting passengers at the Airport in each year through the end of the term of the United Use and Lease Agreement in the following minimum amounts: 7.5 million for 2006, 7.6 million for 2007 and 7.7 million for 2008 and subsequent years. If United fails to meet this "Base Hub Commitment" in any calendar year, United will not be in default under the United Use and Agreement Lease Agreement; however, for each connecting revenue enplaned passenger by which United falls below the Base Hub Commitment for that year, the City's commitment to reduce rates and charges to United will decline by $6.00, such amount to be set-off against United's share of the Net Revenues credit described above. The United Group had 7.4 million revenue connecting passengers in 2005, 7.9 million revenue connecting passengers in 2006, 7.7 million revenue connecting passengers in 2007, 7.3 million revenue connecting passengers in 2008, 7.2 million revenue connecting passengers in 2009 and 7.3 million revenue connecting passengers in 2010. As a result of United's failure to meet its Base Hub Commitment in 2008 through 2010, 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 emplaned passengers in the applicable year. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – AIRLINE TRAFFIC ANALYSIS – Airport Role – Hub for United and Frontier Airlines – *The Airport's Role in United's System* – FINANCIAL ANALYSIS – Framework for Airport System Financial Operations – *Airport Use and Lease Agreements* – United's Airport Use and Lease Agreement."

Cargo Operations Leases

The City has executed Use and Lease Agreements with the following all-cargo airlines, which also constitute Signatory Airlines: ABX Air, Air Transport International, DHL Express (USA), Federal Express Corporation, Key Lime Air Corporation and United Parcel Service, as well as with Air General and Swissport Cargo Services, which have only cargo handling facilities. The City also has executed a ground lease with the U.S. Postal Service for its sorting and distribution facilities at the Airport. See also "AVIATION ACTIVITY AND AIRLINES – Airlines Serving the Airport" above.

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

Other Building and Ground Leases

The City has entered into a Use and Lease Agreement with Continental with respect to certain support facilities originally built for Continental's then-planned hubbing operation at the Airport (portions of which are being subleased by Continental to other users) and special facilities leases and ground lease agreements with United and each of the rental car companies currently operating at the Airport with respect to their respective facilities at the Airport. In addition, in 1995 the City leased a 12.4-acre site for 30 years to Signature Flight Support (formerly AMR Combs), which has financed and constructed general aviation facilities on the site, and in 2007 the City entered into a ground lease for a 17-acre site for 40 years for a retail development known as the "Landings at DIA" along Peña Boulevard. See also "DENVER INTERNATIONAL AIRPORT – 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, which are described in more detail in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS – Nonairline Revenues." The revenues received from the following agreements constitute only a portion of the concession income, parking income and rental car revenue set forth in "FINANCIAL INFORMATION – Historical Financial Operations."

Terminal Complex Concessions. Concessions and passenger services are provided in the terminal complex by concessionaires and nonairline tenants under agreements with the City that provide for the payment to the City of the greater of a minimum annual guarantee, that was set by the City to recover the cost of the space occupied by nonairline tenants, or a percentage of gross revenues. The concession agreements also contain a reestablishment clause allowing the City to adjust rents within certain parameters if necessary to satisfy the Rate Maintenance Covenant. Revenues from terminal complex concessions constituted approximately 7.3% of Airport operating revenues and 6.2% of Gross Revenues in 2009.

Unlike the concession programs at most other U.S. airports, the Airport does not have one or two "master concessionaires" under contract who, in turn, sublease the concessions to others. The Airport's program since its opening in 1995 has emphasized direct contracting with individual concessionaires, providing opportunities for small businesses, greater competition, more choices for consumers and more revenue to the Airport. The Airport currently has 54 concessionaires operating at approximately 145 locations in the terminal complex.

Public Parking. Public automobile parking at the Airport is accommodated in parking structures, economy lots adjacent to the terminal, a remote shuttle parking lot and an overflow shuttle lot. The City has agreements with private contractors to manage these public parking facilities at the Airport, and also a concession agreement with a company operating a private parking lot on Airport property with approximately 1,500 spaces. Public parking revenues constituted approximately 20.3% of Airport operating revenues and 16.7% of Gross Revenues in 2009.

Rental Cars. The City has concession agreements with ten rental car companies to provide service at the Airport. Under the concession agreements, each company pays to the City the greater of a minimum annual guarantee or a percentage of annual gross revenues. Rental car privilege fee revenues constituted approximately 7.6% of Airport operating revenues and 5.2% of Gross Revenues in 2009.

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 2005 through 2009 and the first nine months of 2009 and 2010. See also "APPENDIX F – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2009 AND 2008," "APPENDIX G – UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009" and "Management's Discussion and Analysis of Financial Performance" below.

Audited financial statements of the Airport System for Fiscal Year 2010 are not yet available. The Annual Financial Report of the Airport System, including audited financial statements, typically is published in June or July following the end of the Fiscal Year. Unaudited financial statements of the Airport System for Fiscal Year 2010 also have not been completed, due in part to implementation by the Department of the recently promulgated Government Accounting Standards Board ("GASB") Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which is applicable to the accounting for terminated hedge instruments such as swaps. Governments are required to implement GASB 53 no later than the first fiscal year beginning after June 15, 2009, which for the Department is Fiscal Year 2010. The implementation of GASB 53 could also impact the information presented in the following table.

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

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

	Fiscal Year Ended December 31[1]					Nine Months Ended September 30 (Unaudited)	
	Restated 2005[2]	Restated 2006[2]	2007	2008	2009	2009	2010
Operating revenues:							
Facility rentals	$203,800	$197,353	$205,638	$198,138	$226,839	$153,046	$170,184
Concession income	32,566	34,304	40,599	42,297	41,085	31,087	32,367
Parking income	97,919	110,535	116,326	119,283	114,862	85,212	92,084
Car rentals	37,175	41,641	44,998	45,618	42,989	32,574	33,539
Landing fees	94,695	92,390	87,282	94,479	110,084	76,034	90,772
Aviation fuel tax	20,245	20,211	23,385	27,012	16,849	12,612	17,119
Other sales and charges	11,341	11,872	11,922	13,931	11,782	8,309	10,640
Total operating revenues	497,741	508,307	530,151	540,760	564,490	398,874	446,705
Operating expenses:							
Personnel services	92,979	97,592	104,321	114,288	116,540	78,966	77,894
Contractual services[3]	130,469	146,019	153,488	166,299	166,469	112,086	125,292
Repair and maintenance projects[3]	--	--	11,555	67,737	69,975	21,024	77,260
Maintenance, supplies and materials	15,956	18,903	21,408	25,506	26,533	15,086	13,019
Total operating expenses before depreciation, amortization and asset impairment	239,405	262,514	290,773	373,829	379,517	227,162	293,465
Operating income before depreciation, amortization and asset impairment	258,336	245,792	239,378	166,931	184,973	171,713	153,240
Depreciation and amortization	191,650	151,506	159,309	168,026	177,583	132,934	134,072
Impairment losses[4]	85,286	--	--	--	--	--	--
Operating income	(18,600)	94,286	80,069	(1,095)	7,390	38,779	19,168
Nonoperating revenues (expenses)							
Passenger facility charges[5]	84,000	93,510	97,191	96,786	96,865	75,880	80,113
Investment income	35,823	56,147	82,249	87,483	15,282	18,079	68,759
Interest expense	(205,142)	(207,385)	(220,064)	(238,643)	(227,122)	(161,836)	(154,648)
Grants	241	566	324	703	(829)	--	--
Other revenue (expense)[6]	(22,187)	(10,609)	(8,827)	8,683	(2,965)	(4,259)	6,987
Net nonoperating revenues (expenses)	(107,265)	(67,772)	(49,127)	(44,987)	(118,770)	(72,135)	1,212
Change in net assets before capital contributions	(125,865)	26,514	30,942	(46,083)	(111,379)	(33,357)	20,380
Capital grants[7]	31,547	29,188	1,894	13,993	36,964	29,295	12,383
Capital contributions[8]	196,795	--	532	400	1,656	1,494	132
Transfers in	--	--	--	--	12	--	--
Change in net assets	$102,477	$ 55,702	$ 33,368	$ (31,690)	$ (72,747)	$ (2,567)	$ 32,895

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

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

3 Contractual services increased significantly in 2008 due in part to a substantial increase in the cost of repair and maintenance projects. Repair and maintenance projects was included as part of contractual services prior to 2007.

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

5 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.

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

7 These amounts constitute amounts received from FAA grants.

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

Sources: Audited financial statements of the Airport System for Fiscal Years 2005-2009, and Department of Aviation for unaudited figures for the nine months ended September 30, 2009 and 2010.

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 2005 through 2009 and the nine months ended September 30, 2010 and 2009. The effects of the restatement of the 2005 and 2006 financial statements are included in the discussion. All figures presented below are approximate unless otherwise stated.

Nine Months Ended September 30, 2010 vs. Nine Months Ended September 30, 2009. Operating revenues at the Airport were $446.7 million for the nine month period ending September 30, 2010, an increase of $47.8 million (12.0%) as compared to the nine months ended September 30, 2009. This increase in operating revenues was primarily due to the increase in facility rentals, landing fees, aviation fuel tax, other sales and charges and nonairline revenues such as concessions, parking and car rentals. Passenger traffic increased 3.1% for the nine month period ending September 30, 2010.

Operating expenses, exclusive of depreciation and amortization, were $293.5 million for the nine month period ending September 30, 2010, an increase of $66.3 million (29.2%) as compared to the nine months ended September 30, 2009. This increase was attributable to an increase in guard services, management services, electricity, gas, city services charges and major repair and maintenance expenses of construction projects associated with Flight Information Display systems (FIDs), baggage system removal, Central Plant repairs, roadways and surface repairs (apron and ramp), Master Plan, airfield/roadway lighting, and south terminal studies and parking stair replacements.

Nonoperating revenues, net of nonoperating expenses, were $1.2 million for the nine month period ending September 30, 2010, as compared to net nonoperating expenses of $72.1 for the nine month period ending September 30, 2009. The increase in nonoperating revenue was due to an increase of $4.2 million (5.6%) in PFCs and an increase in investment income of $50.7 million due to an increase in unrealized gain on investments of $25.5 million, a slight increase in investment yields and an increase in investments resulting from the bond transaction in October of 2009. There was also an increase in other income from Stapleton due to the receipt of insurance moneys, as well as the receipt of $11.1 million for the termination of the 2007A swaps. See "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligations*" and "Stapleton" below.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for the first nine months of 2010 compared to the same period in 2009 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 NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009."

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 2.1% 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, were $119.0 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 $72.2 million (82.5%) due to a decrease in yields and an unrealized loss on investments of $23.9 million. 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.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2009 compared to 2008 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 2009 AND 2008.

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

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

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.

A more detailed discussion and analysis by Airport management of the financial performance and activity of the Airport System for 2008 compared to 2007 is included as part of the financial statements of the Airport System appearing as "APPENDIX F – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2009 AND 2008."

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

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

Nonoperating expenses, net of operating revenues, were $49.1 million in 2007 as compared to net nonoperating expenses of $67.8 million in 2006. The reduction in net nonoperating expenses in 2007 was due in part to an increase in investment income of $26.1 million (46.5%) resulting from an increase in yields and additional investments of cash received from the Senior Bonds issued in 2007 and an increase in PFC revenues of $3.7 million (3.9%) resulting from an increase in passenger traffic. In addition, Stapleton costs decreased $5.3 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. See "Stapleton" below. Interest expense also increased in 2007 by $12.7 million associated with the Senior Bonds issued in 2007.

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

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

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

Nonoperating expenses, net of operating revenues, were $67.8 million in 2006 as compared to net nonoperating expenses of $107.2 million in 2005. The reduction in net nonoperating expenses in 2006 was due in part to an increase in investment income of $20.3 million, or 56.7%, which was due to an increase in yields and additional investment of cash received related to notes payable. PFC revenues also increased by $9.5 million, or 11.3%, due to an increase in passenger traffic, and other expenses decreased due to the completion of environmental costs associated with remediation of Stapleton. Interest expense also increased by $2.2 million in 2006 due to an increase in notes payable.

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

Senior Bonds

Outstanding Senior Bonds. The following table sets forth the Senior Bonds that are currently outstanding and the Senior Bonds that are expected to be outstanding upon the issuance of the Series 2011A Bonds and the current refunding and defeasance of the Refunded Bonds. See also "Plan of Financing" below.

Outstanding Senior Bonds

Issue	Prior to Issuance of the Series 2011A Bonds	After Issuance of the Series 2011A Bonds
Series 1991D Bonds[1]	$ 57,875,000	$ 57,875,000
Series 1992C Bonds[1]	40,080,000	40,080,000
Series 1992F Bonds[2]	23,100,000	23,100,000
Series 1992G Bonds[2]	19,200,000	19,200,000
Series 1995C Bonds	7,305,000	7,305,000
Series 1997E Bonds	54,470,000	54,470,000
Series 1998A Bonds	128,695,000	128,695,000
Series 1998B Bonds	103,395,000	103,395,000
Series 2000A Bonds[3]	173,095,000	12,960,000
Series 2001A Bonds	225,830,000	225,830,000
Series 2001B Bonds	16,675,000	16,675,000
Series 2001D Bonds	46,940,000	46,940,000
Series 2002C Bonds[2, 4]	35,500,000	35,500,000
Series 2002E Bonds	131,390,000	131,390,000
Series 2003A Bonds	161,965,000	161,965,000
Series 2003B Bonds	91,460,000	91,460,000
Series 2005A Bonds	227,740,000	227,740,000
Series 2006A Bonds[4]	279,585,000	279,585,000
Series 2006B Bonds	90,365,000	90,365,000
Series 2007A Bonds	188,350,000	188,350,000
Series 2007B Bonds	24,250,000	24,250,000
Series 2007C Bonds	34,635,000	34,635,000
Series 2007D Bonds	147,815,000	147,815,000
Series 2007D2 Bonds	29,200,000	29,200,000
Series 2007E Bonds	47,400,000	47,400,000
Subseries 2007F1 Bonds[2, 4, 5]	51,825,000	51,825,000
Subseries 2007F2 Bonds[2, 4, 5]	51,600,000	51,600,000
Subseries 2007F3 Bonds[2, 4, 5]	51,575,000	51,575,000
Subseries 2007F4 Bonds[2, 4, 5]	51,525,000	51,525,000
Subseries 2007G1 Bonds[2, 4]	73,700,000	73,700,000
Subseries 2007G2 Bonds[2, 4]	73,700,000	73,700,000
Subseries 2008A1 Bonds	161,100,000	161,100,000
Subseries 2008A3 Bonds[2,3]	122,060,000	--
Subseries 2008A4 Bonds[2,3]	72,350,000	--
Series 2008B Bonds[2, 4]	75,700,000	75,700,000
Subseries 2008C1 Bonds[2, 4]	92,600,000	92,600,000
Subseries 2008C2 Bonds[2, 4]	100,000,000	100,000,000
Subseries 2008C3 Bonds[2, 4]	100,000,000	100,000,000
Series 2009A Bonds	170,190,000	170,190,000
Series 2009B Bonds	65,290,000	65,290,000
Series 2009C Bonds[2, 4]	104,655,000	104,655,000
Series 2010A Bonds	171,360,000	171,360,000
Series 2011A Bonds	--	349,730,000
	$3,975,545,000	$3,970,730,000

[1] In 1999, the City used the proceeds from certain federal grants to establish an escrow to defease $54.88 million of Series 1991D Bonds and Series 1992C Bonds. Annually since 2006, the City used Airport Net Revenues and revenues from PFCs to establish an escrow to defease or call Senior Bonds related to the discontinued automated baggage system. Neither defeasance satisfied all of the requirements of the Senior Bond Ordinance, and consequently such economically defeased Senior Bonds are reflected as still being outstanding. See also Note 8 to the financial statements of the Airport for Fiscal Year 2009 appended to this Official Statement.

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

[3] All of the outstanding Subseries 2008A3 Bonds and Subseries 2008A4 Bonds and all but the 2011 maturity of the outstanding Series 2000A Bonds are being refunded with the proceeds of the Series 2011A Bonds. See "APPLICATION OF PROCEEDS" and "Plan of Financing" below.

[4] A portion of these Senior Bonds are associated with certain swap agreements discussed in "Subordinate Bonds and Other Subordinate Obligations – *Subordinate Hedge Facility Obligations*" below and in Notes 12 and 21 to the financial statements of the Airport System for Fiscal Year 2009 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 Jefferies & Company, Inc.

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

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

Estimated Senior Bonds Debt Service Requirements. The following table sets forth the City's estimated aggregate debt service payment schedules for the Senior Bonds both prior to and after the issuance of the Series 2011A Bonds and the current refunding and defeasance of the Refunded Bonds. The schedules do not include the costs associated with related credit facility obligations, and assume that the City will elect to exercise its option to redeem certain Senior Bonds prior to their stated maturities.

Estimated Senior Bonds Debt Service Requirements[1, 2, 3]

(Totals may not add due to rounding)

Year	Prior to Issuance of the Series 2011A Bonds	After Issuance of the Series 2011A Bonds
2011	$ 339,583,650	$ 338,826,756
2012	339,272,497	338,921,237
2013	353,560,611	353,212,891
2014	353,810,046	353,457,737
2015	353,692,452	353,339,992
2016	358,674,915	357,797,165
2017	350,958,505	350,076,358
2018	343,524,500	342,645,135
2019	355,238,493	354,357,330
2020	360,235,485	360,357,470
2021	345,997,533	346,122,843
2022	357,810,056	356,925,743
2023	354,718,116	353,838,897
2024	364,810,504	364,810,504
2025	373,548,203	373,548,203
2026	103,147,969	103,147,969
2027	101,531,357	101,531,357
2028	102,361,207	102,361,207
2029	103,105,057	103,105,057
2030	102,583,963	102,583,963
2031	103,187,026	103,187,026
2032	103,095,951	103,095,951
2033	64,374,413	64,374,413
2034	22,843,151	22,843,151
2035	22,842,126	22,842,126
2036	22,856,476	22,856,476
2037	22,853,808	22,853,808
2038	22,857,393	22,857,393
2039	22,857,727	22,857,727
	$6,225,933,188	$6,218,735,884

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

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

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

Source: Jefferies & Company, Inc.

Subordinate Bonds and Other Subordinate Obligations

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

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

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

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

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

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

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

Subordinate Commercial Paper Notes. On July 7, 2003, the City authorized the issuance, from time to time, of its Airport System Subordinate Commercial Paper Notes, Series A (Tax-Exempt) and its Airport System Subordinate Commercial Paper Notes, Series B (Taxable) (collectively, the "Series A-B Subordinate Commercial Paper Notes"), constituting Subordinate Bonds, for the purpose of funding the costs of acquiring, improving and equipping facilities for the Airport, refunding or paying certain Airport

System obligations and any such other lawful undertakings as may be determined by the Manager of Aviation to be of benefit to the Airport System. The aggregate principal amount of Series A-B Subordinate Commercial Paper Notes that may be outstanding at any time may not exceed the lesser of $300 million or the amount that, together with the interest (including accreted amounts) due thereon to the stated maturity date of each such outstanding Series A-B Subordinate Commercial Paper Note, exceeds the amount available to be drawn on the credit facility securing the Series A-B Subordinate Commercial Paper Notes. The current credit facility securing the Series A-B Subordinate Commercial Paper Notes is an irrevocable direct-pay letter of credit issued by Barclays Bank PLC in a stated amount that may secure up to an aggregate of $128 million in principal amount of Series A-B Subordinate Commercial Paper Notes. Currently there are no Series A-B Subordinate Commercial Paper Notes outstanding.

Subordinate Hedge Facility Obligations. Since 1998, the City has entered into various interest rate swap agreements constituting Subordinate Hedge Facility Obligations under the Senior Bond Ordinance and the Subordinate Bond Ordinance in respect of certain series of the outstanding Senior Bonds. Detailed information regarding the swap agreements is set forth in Note 12 (Swap Agreements) and Note 21 (Subsequent Events) to the financial statements of the Airport System for Fiscal Year 2009 appended to this Official Statement. See "Master Derivatives Policy" below and "APPENDIX F – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2009 AND 2008."

Special Facilities Bonds

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

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

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

Certain rental car companies currently and previously operating at the Airport financed or refinanced separate outlying service and storage facilities at the Airport, as well as certain terminal area improvements and improvements at the Airport relating to the operations of such rental car companies and other providers of ground transportation services at the Airport, and two of such companies also financed the acquisition of shuttle vehicles to be owned and used by such companies, through the issuance by the City, for and on behalf of the Department, of its $36,535,000 Airport Special Facilities Revenue Bonds (Rental Car Projects), Tax-Exempt Series 1999A and $38,945,000 Airport Special Facilities Revenue Refunding and Improvement Bonds (Rental Car Projects), Taxable Series 1999B currently outstanding in the aggregate principal amount of $21,840,000. In 1999, each of such rental car companies executed a 15-year Special Facilities and Ground Lease with the City with respect to the use and occupancy of its respective facilities at the Airport.

Installment Purchase Agreements

The City has entered into certain Installment Purchase Agreements with GE Capital Public Finance, Inc., Siemens Financial Services, Inc., Koch Financial Corporation and Chase Equipment Leasing Inc. in order to provide for the financing of certain portions of the Airport's capital program, including, among other things, the acquisition of various runway maintenance (including snow removal) vehicles and equipment, additional jetways and flight information display systems, ticket counter improvements in the landside terminal and the funding of the portion of the costs of modifications to the baggage system facilities at the Airport that enabled the TSA to install and operate its own explosives detection systems for the screening of checked baggage "in-line" with the existing baggage systems facilities. The aggregate outstanding principal amount of the Installment Purchase Agreements as of December 31, 2010, was $31,429,298.

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

Plan of Financing

Jefferies & Company, Inc. and Estrada Hinojosa & Company, Inc., as the Financial Consultants, have prepared the Plan of Financing in anticipation of the issuance of the Series 2011A Bonds. The Plan of Financing assumes the issuance of the Series 2011A Bonds for the purpose of current refunding and defeasing the Refunded Bonds. The Plan of Financing also assumes the issuance by the City, for and on behalf of the Department, of additional Senior Bonds, Subordinate Bonds and commercial paper notes in 2011 through 2018 for the purpose of current refunding and defeasing additional outstanding Senior Bonds and funding certain projects in the 2011-2016 Capital Program.

The issuance of such Senior Bonds and Subordinate Bonds as assumed in the Plan of Financing will depend upon various factors, including market conditions, the continued need for or priority of particular projects in the 2011-2016 Capital Program, the eventual scope and timing of particular planned projects and the financial feasibility of issuing additional Senior Bonds or Subordinate Bonds. Consequently, there can be no assurance that any of the additional Senior Bonds or Subordinate Bonds assumed in the Plan of Financing will be issued.

See also "INTRODUCTION – The Series 2011A Bonds – *Purpose*," "CAPITAL PROGRAM" and "Senior Bonds – Subordinate Bonds and Other Subordinate Obligations – *Subordinate Commercial Paper Notes*" above and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT."

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, 2010, was approximately $320.0 million (unaudited). 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) $13.0 million to cover existing obligations and contingencies; and (3) $239.9 million for any lawful

Airport System purpose. See also "SECURITY AND SOURCES OF PAYMENT – Flow of Funds; Revenue Fund – Capital Fund" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – Application of Revenues – Insurance – Disposal of Airport Property."

Rentals, Fees and Charges for the Airport

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

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

Passenger Facility Charges

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

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

The amount of PFC revenues received each Fiscal Year is determined by the PFC rate and the number of qualifying passenger enplanements and level of passengers at the Airport. PFC revenues for the years 2005 through 2009 and the first nine months of 2009 and 2010 are set forth in the following table. See also "Historical Financial Operations" above and See also "THE REPORT OF THE AIRPORT CONSULTANT," "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT," "APPENDIX B – GLOSSARY OF TERMS" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE."

PFC Revenues

Year	**PFC Revenues (thousands)**[1]	**Percent Change**
2005	$84,000	--
2006	93,510	11.3%
2007	97,191	3.9
2008	96,786	(0.4)
2009	96,865	0.1
Jan.-Sept.		
2009	75,880	--
2010	80,113	5.6

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

Sources: Audited financial statements of the Airport System for Fiscal Years 2005-2009, and Department of Aviation for unaudited figures for the nine months ended September 30, 2009 and 2010.

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, 2010, the City had collected approximately $1.2 billion (36.4%) of such PFC revenues. In addition, the City's authority to impose the PFC may be terminated: (1) by the FAA, subject to certain procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Enabling Act or the related FAA regulations, or (b) the City otherwise violates the PFC Enabling Act or FAA regulations; or (2) if the City violates certain provisions of the Airport Noise and Capacity Act of 1990 and its related regulations, subject to certain procedural safeguards. The City has covenanted that as long as the imposition and use of the PFC is necessary to operate the Airport System in accordance with the requirements of the Senior Bond Ordinance, the City will use its best efforts to continue to impose the PFC and to use PFC revenues at the Airport and to comply with all valid and applicable federal laws and regulations pertaining thereto necessary to maintain the PFC. However, no assurance can be given that the City's authority to impose the PFC will not be terminated by Congress or the FAA or that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City. In the event the FAA or Congress reduced or terminated the City's ability to collect PFCs, the City would likely need to increase airline rates and charges to pay debt service on the Senior Bonds and the Subordinate Bonds and to comply with both the Rate Maintenance Covenant and a similar covenant made in connection with the Subordinate Bonds. See also "Federal Grants and Other Funding" below for a discussion of pending legislation affecting the maximum permissible PFC.

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

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

(1) to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (a) all Committed Passenger Facility Charges received in each such Fiscal Year, and (b) the portion of Committed Passenger Facility Charges received in each such Fiscal Year that, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth in the PFC Supplemental Ordinance (the "Maximum Committed Amounts"); and

(2) to the PFC Project Account all PFCs received in each Fiscal Year that are not otherwise required to be applied as described in clause (1).

The City has also irrevocably committed amounts on deposit in the PFC Debt Service Account, up to the Maximum Committed Amounts, to the payment of the Debt Service Requirements on Senior Bonds through Fiscal Year 2013. The Maximum Committed Amounts or any lesser amount of Committed Passenger Facility Charges and other credited amounts that may be deposited to the PFC Debt Service Account are to be transferred to the Bond Fund and used to pay Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013. The Committed Passenger Facility Charges 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 2011 through 2013. See "*Treatment of PFCs in the Report of the Airport Consultant*" below and Exhibit C of the Report of the Airport Consultant appended to this Official Statement. See also "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE – PFC Fund" for the Maximum Committed Amounts that have been irrevocably committed to the payment of the Debt Service Requirements of the Senior Bonds through Fiscal Year 2013.

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

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

Designated Passenger Facility Charges. Under the Series 2009A-B Supplemental Ordinance, the City has included the Additional $1.50 PFC in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2013, inclusive, and the amounts resulting from the collection of the Additional $1.50 PFC are to continue to be included in Gross Revenues in each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in (1) are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt

Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts will be irrevocably committed to pay Debt Service Requirements on such identified Bonds and would be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance. In the Series 2009A-B Supplemental Ordinance, Designated Passenger Facility Charges is defined to include the Additional $1.50 PFC and such additional charges as provided for in any written notice from the Manager to the Treasurer. See "SECURITY AND SOURCES OF PAYMENT – Rate Maintenance Covenant," "*Treatment of PFCs in the Report of the Airport Consultant*" below, "APPENDIX B – GLOSSARY OF TERMS" and Exhibit G of the Report of the Airport Consultant appended to this Official Statement.

Treatment of PFCs in the Report of the Airport Consultant. In the Report of the Airport Consultant, (1) the Committed Passenger Facility Charges are forecast by the Airport Consultant to be less than the Maximum Committed Amounts in Fiscal Years 2011 through 2013, (2) for Fiscal Years 2014 through 2018 (the remaining years of the forecast period), it is assumed that the City will use the amounts derived from the $3.00 PFC as though such amounts were Committed Passenger Facility Charges and (3) it is assumed that all of the revenue derived from the $3.00 PFC, whether or not Committed Passenger Facility Charges, will be applied by the City to the payment of a portion of the annual Debt Service Requirements of the Senior Bonds through Fiscal Year 2018, all as further described in "*Irrevocable Commitment of Certain PFCs to Debt Service Requirements*" above.

Additionally, in the Report of the Airport Consultant, (1) all of the revenue derived from the Additional $1.50 PFC in Fiscal Years 2011 through 2013, being PFC revenue that constitutes Designated Passenger Facility Charges, is treated as Gross Revenues in such years, (2) for Fiscal Years 2014 through 2018, it is assumed that the City will treat the amounts derived from the Additional $1.50 PFC as though such amounts were Designated Passenger Facility Charges and (3) it is assumed that the City will treat all of the revenue derived from the Additional $1.50 PFC, whether or not Designated Passenger Facility Charges, as Gross Revenues of the Airport System through Fiscal Year 2018, all as further described in "*Designated Passenger Facility Charges*" above.

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

Aviation Fuel Tax

An amount equal to 65% of any sales and use taxes imposed and collected by the State on aviation fuel sold for use at the Airport by turbo propeller or jet engine aircraft and credited to the State aviation fund is distributed to the City on a monthly basis and may be used by the City exclusively for "aviation purposes" as defined in the statute, excluding subsidization of airlines except for the promotion and marketing of air service at airport facilities. Such receipts are treated by the City as Gross Revenues. State aviation fuel tax receipts remitted to the Airport in 2010 were approximately $16.2 million.

The City also imposes a separate aviation fuel tax, which is not subject to the State allocation requirements but is treated as Gross Revenues under the Senior Bond Ordinance. City tax receipts in 2010 were approximately $7.5 million.

Federal Grants and Other Funding

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

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

Congressional authorization of the AIP and the continued funding of the Airport and Airway Trust Fund officially expired on September 30, 2007. Legislation to reauthorize and fund the AIP beyond such date (the "FAA Reauthorization") has been under consideration by Congress since that time but never enacted. However, Congress has approved several short-term extensions to the AIP, the most recent of which, the Airport and Airway Extension Act of 2011 (Public Law 112-7), extended FAA authority to provide AIP grants until May 31, 2011. The imposition and collection of PFCs is not impacted by the delay in enacting the FAA Reauthorization. See "Passenger Facility Charges" above.

The current proposed FAA Reauthorization is contained in the FAA Reauthorization Act of 2011 (the "2011 Reauthorization Act") that is currently pending before Congress. The House of Representatives version of the 2011 Reauthorization Act (H.R. 658), which was passed by the House of Representatives on April 1, 2011, provides for general FAA funding authorization through September 30, 2015, and revises requirements for the AIP. In particular, the House of Representatives version will fund the AIP in an amount of $3.2 billion for fiscal year 2011 and in an amount of $3.0 billion in each of the fiscal years 2012 through 2014. The bill currently retains the $4.50 PFC rate and does not provide for any increases in such rate. The Senate version of the 2011 Reauthorization Act (S. 223), which was passed by the Senate on February 17, 2011, provides for general FAA funding authorization through September 30, 2013, and also revises requirements for the AIP. While the Senate bill retains the $4.50 PFC rate, it permits an increase in PFCs for up to six airports in a pilot program. The Senate bill will also fund the AIP in an amount of $4.1 billion for fiscal year 2011. The 2011 Reauthorization Act will become effective once the House and Senate versions have been reconciled, consolidated and passed by each chamber. See "Passenger Facility Charges" above.

In its proposed Fiscal Year 2012 federal budget, the Administration has proposed to decrease AIP funding to 2008 levels and to eliminate entitlement and discretionary funding for large-hub airports such as the Airport. The Administration's proposed budget also includes an unspecified increase in the maximum PFC level, which could potentially offset any reduction in AIP funding if a large-hub airport operator applies for and receives authorization to impose and use the increased maximum PFC level.

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

Stapleton

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

Prior to February 2000, the City sold approximately 500 acres of the Stapleton site to various private parties. In February 2000, SDC entered into the Stapleton Purchase Agreement with Forest City Enterprises, Inc. under which this entity agreed to (1) purchase the remaining developable Stapleton property over a 15-year period commencing with the first purchase which occurred in May 2001 at land values set forth in a December 1999 appraisal (approximately $123.4 million), (2) pay certain development fees and (3) develop the property according to the principles set forth in the Redevelopment Plan. The SDC has sold a total of approximately 1,604 acres of Stapleton property for a total of approximately $51.4 million, and there are approximately 248 acres of pending sales in the amount of approximately $8.6 million. An additional area of open space of approximately 483 acres has been dedicated for parks and other public use space. The proceeds from the sales, net of closing costs, have been deposited to the Capital Fund. 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, and the Capital Fund advance is being repaid as Stapleton Gross Proceeds are recognized. Under certain circumstances the City may perform remediation that is beyond the level otherwise required by the Stapleton Airlines Agreement, and the City is permitted to pay up to an additional $20 million for such additional remediation from the City's share of Airport Net Revenues. The City has paid $20 million for such additional remediation, and does not expect to incur additional costs for environmental remediation at Stapleton that will not be reimbursed under the environmental liability insurance policy discussed above. All of the signatory air carriers were released from any further liability to the City for any obligations relating to or arising out of environmental remediation at Stapleton or disposing of the Stapleton site.

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

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

Noise Agreement with Adams County

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

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

Annual noise reports for the period commencing with the opening of the Airport in February 1995 through December 31, 2010, have been prepared by the City in accordance with the Intergovernmental Agreement. Over that period of time, the potential Class II violations have decreased to the extent that the annual noise reports for the calendar years ending December 31, 2005, 2006, 2007 and 2010, reported only one potential Class II violation for each year (maximum potential liability of $500,000 per year), no potential Class II violations for 2008 and 2009 and no noise contour violations in any of those six years. After a judgment was rendered against the City in favor of Adams County and the Cities of Aurora, Brighton, Commerce City and Thornton for eight noise violations that occurred in 1995 and, together with interest, was paid by the City, the City has settled with, and paid to, Adams County, and if applicable, the other cities, the claims for both Class II violations and noise violations, if any, occurring in the years 1996 through 2006. Since the one potential Class II violation in 2007 was cured in 2008, there will be no liability for any Class II violations in 2007, 2008 or 2009, and Adams County has made no claim for any of those years. The City expects that the potential Class II violation that occurred in 2010 may be cured in 2011; however, in the City's judgment it is likely that noise levels at a limited number of grid points may in future years exceed the levels established under the Intergovernmental Agreement.

Investment Policy

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

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

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

Master Derivatives Policy

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

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

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

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

Property and Casualty Insurance

The City maintains property insurance for most of the City's real and personal property located at the Airport except for any real and personal property for which the City contracts with its lessees to provide such insurance. For the first time as of September of 2010, the Airport and the City share a property insurance policy with a total loss limit of $1.5 billion, subject to a $250,000 per occurrence deductible. This is based on a reported value of approximately $5.3 billion for the Airport. Valuation of Airport real and personal property is based upon replacement cost, subject to the total loss limit and various sublimits. Airport motor vehicles and mobile equipment assets are insured under the same property insurance policy at reported values of approximately $92.3 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 $50 million per occurrence liability limit is currently provided with various aviation specific sublimits. In addition, an Excess Airport Owners and Operators Liability policy provides a limit of $450 million per occurrence in excess of the $50 million primary layer. War risk and terrorism is included in this coverage with a $1 billion 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 and Lynx, 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 on January 5, 2010, is continuing operations but currently is not serving the Airport; and Mexicana Airlines, which initiated insolvency proceedings under the laws of Mexico on August 2, 2010, and has suspended operations. 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 2011A Bonds. See also "AVIATION ACTIVITY AND AIRLINES – Airline Information," "RISKS AND OTHER INVESTMENT CONSIDERATIONS" and "AGREEMENTS FOR USE OF AIRPORT FACILITIES – Passenger Airlines Use and Lease Agreements." The following is a discussion of various impacts to the Airport of an airline bankruptcy.

Assumption or Rejection of Agreements

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

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

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

Prepetition Obligations

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

PFCs

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

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

REPORT OF THE AIRPORT CONSULTANT

LeighFisher, as the Airport Consultant, prepared the Report of the Airport Consultant, dated March 29, 2010, which is included herein as "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT." The Report of the Airport Consultant was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds to meet the requirements of the Rate Maintenance Covenant of the Senior Bond Ordinance in each year of the forecast period encompassing Fiscal Years 2011-2018. 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 Airport's forecast enplaned passengers and financial results based on a hypothetical reduction in passenger numbers which could occur under conditions of a weak economic recovery from the 2008-2009 economic recession, 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."

The forecasts of Net Revenues and Debt Service Requirements presented in the Report of the Airport Consultant include the estimated Debt Service Requirements with respect to the Series 2011A Bonds and other additional Airport System revenue bonds and commercial paper notes that may be issued during the forecast period to fund planned projects in the Airport's 2011-2016 Capital Program. The financial forecasts do not include the issuance of any Airport System revenue bonds to refund outstanding Airport System revenue bonds in 2011 or thereafter, or any debt service savings from the issuance of such refunding bonds. Based on the Plan of Financing, the Report of the Airport Consultant assumes that all additional Airport System revenue bonds will be Senior Bonds or Subordinate Bonds or a combination of the foregoing. See "SECURITY AND SOURCES OF PAYMENT – Additional Parity Bonds." The Report of the Airport Consultant assumes that additional Senior Bonds will be issued to fund the Airport Hotel portion of the South Terminal Redevelopment Program and that Subordinate Bonds, together with available Airport System moneys and federal grants, will fund the other projects in the 2011-2016 Capital Program. However, a number of factors will affect whether the City issues such future Airport System revenue bonds as Senior Bonds or Subordinate Bonds, and no assurance can be given regarding the actual type or amount of such future bonds that eventually may be issued. The financial forecasts also reflect that the Airport Hotel will be operational and begin to generate revenues beginning in 2014, based upon a forecast of revenues, expenses and deposits to reserve accounts provided to the Airport Consultant by the Department's hospitality consultant. In addition, the estimated Debt Service Requirements are net of certain PFC revenues that are forecasted to be received during the forecast period as described herein. See "CAPITAL PROGRAM," "FINANCIAL INFORMATION – Plan of Financing – Passenger Facility Charges" and "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT – FINANCIAL ANALYSIS."

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

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

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

(In thousands, except coverage ratios)

	Budgeted	Forecast							
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Revenues and Other Available Funds[1,2]	$406,915	$431,933	$457,331	$469,827	$517,826	$531,967	$541,685	$547,217	$557,951
Debt Service Requirements on Senior Bonds[3]	$227,000	$246,300	$260,400	$255,500	$284,500	$282,800	$284,800	$275,500	$276,000
Debt Service Coverage[3,4]	179%	175%	176%	184%	182%	188%	190%	199%	202%

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

[2] Includes revenues from the operation of the Airport Hotel beginning in 2014.

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

[4] Reflects the assumed issuance of Senior Bonds to fund the Airport Hotel.

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

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

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

	Budgeted	Forecast							
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net airline rentals, fees and charges	$312,395	$319,557	$334,533	$351,610	$380,023	$390,951	$398,599	$407,140	$416,705
Enplaned passengers	26,134	26,682	27,224	27,755	28,277	28,788	29,309	29,831	30,358
Cost per enplaned passenger	$11.95	$11.98	$12.29	$12.67	$13.44	$13.58	$13.60	$13.65	$13.73

Source: Report of the Airport Consultant.

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

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

LITIGATION

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

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Service, Inc. and Fitch, Inc. have published ratings of "A1" (negative outlook), "A+" (stable outlook) and "A+" (stable outlook), respectively, with respect to the Series 2011A 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 2011A 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 2011A 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 2011A Bonds.

UNDERWRITING

The Series 2011A Bonds are being purchased from the City by the underwriters set forth on the cover pages hereof (the "Underwriters") at a price equal to $357,166,502.28, being the aggregate principal amount of the Series 2011A Bonds, plus a net original issue premium of $9,131,127.60 and less an underwriting discount of $1,694,625.32. Pursuant to a Bond Purchase Agreement by and between the City, for and on behalf of the Department, and Citi, as representative of the Underwriters (the "Series 2011A Bond Purchase Agreement"), the Underwriters agree to accept delivery of and pay for all of the Series 2011A Bonds if any are delivered. The obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2011A 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. Incorporated, each an underwriter of the Series 2011A Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Series 2011A Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2011A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Series 2011A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2011A Bonds that such firm sells.

CONTINUING DISCLOSURE

The Senior Bond Ordinance requires the City to prepare and mail to Owners of Senior Bonds requesting such information certain financial reports and an annual audit related to the Airport System prepared in accordance with U.S. generally accepted accounting principles, a copy of which is also required to be filed with the MSRB and EMMA. In addition, in order to provide certain continuing disclosure with respect to the Series 2011A 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 2011A 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 continually complied with the requirements set forth in Rule 15c2-12 and its previous continuing disclosure undertakings.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2011A 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 David R. Fine, Esq., City Attorney, and Peck, Shaffer & Williams LLP, Denver, Colorado, Special Counsel to the

City; and for the Underwriters by Brownstein Hyatt Farber Schreck, LLP, Denver, Colorado, and GCR, LLP, Denver, Colorado.

TAX MATTERS

The following discussion is a summary of the opinions of Bond Counsel to the City that are to be rendered on the tax-exempt status of interest on the Series 2011A Bonds and of certain federal and State income tax considerations that may be relevant to prospective purchasers of Series 2011A 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 2011A 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, interest on the Series 2011A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2011A 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.

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 2011A 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 2011A Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2011A Bonds.

The opinions of Bond Counsel to the City will also provide to the effect that, under existing law and to the extent interest on any Series 2011A Bond is excluded from gross income for federal income tax purposes, such interest is not subject to income taxation by the State.

Bond Counsel to the City have further advised the City and the Underwriters that under existing law and to the extent interest on any Series 2011A Bonds is excluded from gross income for federal income tax purposes, any original issue discount on such Series 2011A Bonds will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder's tax basis in any such Series 2011A Bonds. Generally, original issue discount is the excess of the stated redemption price at maturity of any Series 2011A Bond over the issue price of the Series 2011A Bond. Purchasers of any such Series 2011A Bonds should consult with their own tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2011A 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 in such year even though no cash attributable to such original issue discount has been received in such year.

If a holder purchases a Series 2011A Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2011A 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 2011A Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2011A 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 2011A Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2011A Bond. Purchasers of Series 2011A 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 2011A 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 2011A Bonds. Prospective purchasers of the Series 2011A Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2011A 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 2011A Bonds or, in the case of financial institutions, that portion of a holder's interest expense allocated to interest on the Series 2011A 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 2011A Bonds; (3) interest on the Series 2011A 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 2011A 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 2011A 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 2011A Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2011A Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2011A Bonds could adversely affect their value and liquidity.

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

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2011A Bonds, the exclusion of interest on the Series 2011A Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2011A Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Prospective purchasers of Series 2011A 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 2011A Bonds in light of their particular tax situation.

EXPERTS

Jefferies & Company, Inc., and Estrada Hinojosa & Company, Inc., have served as Financial Consultants to the City with respect to the Series 2011A Bonds and in such capacity have prepared the Plan of Financing. LeighFisher has served as the Airport Consultant to the City with respect to the Series 2011A Bonds and in such capacity has prepared the Report of the Airport Consultant.

FINANCIAL STATEMENTS

The financial statements of the Airport System as of and for the years ended December 31, 2009 and 2008 are attached to this Official Statement as "APPENDIX F – ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2009 AND 2008." BKD, LLP, the City's independent external auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix F hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement. The consent of BKD, LLP to the inclusion of Appendix F was not sought or obtained. The financial statements present only the Airport System and do not present the financial position of the City and County of Denver, Colorado.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2011A Bonds, a copy of the Senior Bond Ordinance may be obtained from the City and the Department.

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

CITY AND COUNTY OF DENVER, COLORADO

By /s/ Kim Day
Manager of Aviation

By /s/ Edward D. Scholz
Manager of Finance

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

CITY AND COUNTY OF DENVER, COLORADO,

for and on behalf of its Department of Aviation

AIRPORT SYSTEM REVENUE BONDS
SERIES 2011A

Prepared for

City and County of Denver
Denver, Colorado

Prepared by

LeighFisher
Burlingame, California

March 29, 2011

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Leigh | Fisher
Management Consultants

March 29, 2011

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

Re: Report of the Airport Consultant on the proposed issuance of City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011A

Dear Ms. Day:

We are pleased to submit this Report of the Airport Consultant on the proposed issuance of Airport System Revenue Bonds, Series 2011A(the 2011A 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 2011A Bonds are to be issued as Senior Bonds under a General Bond Ordinance adopted by the City in 1984, as supplemented and amended by multiple Supplemental Bond Ordinances (collectively, the General Bond Ordinance), with a first lien on the Net Revenues of the Airport System. The City expects to adopt a Supplemental Bond Ordinance providing for the issuance of the 2011A Bonds following the date of this report and prior to the issuance of the 2011A Bonds.

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

Capitalized terms in this report are used as defined in the General Bond Ordinance* and/or the Airport use and lease agreements, as discussed later.

This report was undertaken to estimate the ability of the Airport System to generate sufficient Net Revenues and Other Available Funds from 2011** through 2018***, referred to in this report as the forecast period, to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance, taking into account the issuance of the proposed Series 2011A Bonds and, as described below, Future Planned Bonds in the approximate aggregate principal amount of $996.5 million.

2011A BONDS

According to the City's Financial Consultants****, the proposed Series 2011A Bonds are to be issued with a fixed interest rate to current refund and defease approximately $194.4 million in principal outstanding of the 2008A3 and 2008A4 Bonds, and up to $173.1 million in principal outstanding of the 2000A Bonds depending upon market conditions at the time of pricing. The net proceeds of the proposed 2011A Bonds are also to be used to pay certain costs related to the issuance of the 2011A Bonds.

The City may refund certain other outstanding Airport System Revenue Bonds during the forecast period. Debt service savings, if any, from the refunding of the 2000A Bonds and of other Bonds that may be refunded by the City in the future are not included in the financial forecasts presented in this report.

*See Appendix B of the Official Statement.
**The City's Fiscal Year is the calendar year ending December 31.
***2018 is the first year in which Debt Service Requirements on the last series of Future Planned Bonds would be payable from Net Revenues.
****Jefferies & Company, Inc., and Estrada Hinojosa & Company, Inc.

AIRPORT CAPITAL PROGRAM

In recognition of the current economic environment and the changing aviation industry, the City reassessed and revised its processes for expanding, maintaining, and reconstructing Airport facilities over the long term and has prepared a 6-year Capital Program for 2011 through 2016 (the 2011-2016 Capital Program). The City estimates that the 2011-2016 Capital Program will cost approximately $909.4 million,* including the following major projects:

- Rehabilitate certain pavement areas in the airfield, install taxiway center lights to improve operations during snow conditions, and construct a new high-speed taxiway to improve airfield efficiency.
- Improve public parking facilities and rehabilitate pavement in targeted roadway and parking areas.
- Improve concourse facilities and replace certain aging equipment, such as aircraft and passenger loading bridges, elevators, and escalators.
- Improve the Airport baggage handling systems.
- Upgrade the automated guideway transit system (AGTS).
- Improve building systems, including the fire protection system, electrical and mechanical systems, and heating and cooling systems.
- Construct a new bridge over Peña Boulevard, as well as a train station and plaza at the south end of the Landside Terminal Building to accommodate new commuter light rail train service (FasTracks) from Denver Union Station to the Airport; realign the roadways serving the Landside Terminal Building; and relocate certain utilities. In addition, the City plans to construct a new 500-room hotel adjacent to the proposed train station and plaza. These project elements are referred to collectively in this report as the "South Terminal Redevelopment Program" and are discussed more extensively in the Financial Analysis section of this report.

*The amount shown in Exhibit A includes inflation to the midpoint of construction for projects in the 2011-2016 Capital Program.

The City expects to fund the 2011-2016 Capital Program from (1) the issuance of additional Bonds (Future Planned Bonds*) by the City during the forecast period, (2) Airport equity, and (3) Federal Aviation Administration (FAA) grants-in-aid the City may receive during the forecast period. Certain assumptions were incorporated into the financial forecasts presented in this report in connection with the potential issuance of Future Planned Bonds regarding additional (1) Gross Revenues from airline rentals, rates, fees, and charges and/or other sources, (2) O&M Expenses, and (3) debt service associated with Future Planned Bonds.

RATE MAINTENANCE COVENANT

The following paragraphs describe the Rate Maintenance Covenant of the General Bond Ordinance, and how passenger facility charge (PFC) revenues are to be used to calculate debt service coverage under the Rate Maintenance Covenant.

General Bond Ordinance

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

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

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

In the General Bond Ordinance, "Other Available Funds" is defined to include the amount to be transferred in any Fiscal Year from the Coverage Account of the Capital Fund to the Revenue Fund, up to a maximum of 25% of the aggregate Debt Service Requirements on Senior Bonds. According to audited City data for 2009 and unaudited City data for the first 9 months of 2010, at least 25% of Debt Service Requirements on Senior Bonds was on deposit in the City's Coverage Account during those periods.

PFC Revenues

Under various FAA approvals, the City has the authority to collect a $4.50 PFC at the Airport for a total of $3.3 billion in PFC revenues. The City had collected just over one-third of its total approved amount through the first 9 months of 2010. Through an

*Future Planned Bonds were assumed to be issued as Subordinate Bonds, except for the portion to be used to fund the hotel project, which was assumed to be issued as Senior Bonds.

adopted PFC Supplemental Bond Ordinance, the City has irrevocably committed to pay debt service on Senior Bonds with a portion of the PFC revenues it receives each year and deposits into the PFC Debt Service Account.

The irrevocable commitment extends through December 31, 2013, and equals the revenues received from $3.00 of each $4.50 PFC* imposed by the City. From 2014 through 2018 (the end of the forecast period considered in this report), the City intends to use PFC revenues in the same manner as it has irrevocably committed through 2013. Under the General Bond Ordinance, the City is allowed to exclude from Debt Service Requirements on Senior Bonds all amounts irrevocably committed to pay such Debt Service Requirements for the purposes of calculating debt service coverage under the Rate Maintenance Covenant; this exclusion is reflected in the financial forecasts presented in this report.

Revenues from the remaining $1.50 from each $4.50 PFC received by the City through 2013 are to be considered Gross Revenues of the Airport System and included in the calculation of debt service coverage under the Rate Maintenance Covenant pursuant to a Supplemental Bond Ordinance adopted by the City in 2009. For the remaining years of the forecast period (2014 through 2018), the City intends to designate the revenues from the remaining $1.50 PFC as Gross Revenues. Collectively, these PFC revenues are defined as Designated Passenger Facility Charges under the 2009 Supplemental Bond Ordinance.

Because the use of PFC revenues is restricted under various FAA approvals, the City expects to use the Designated Passenger Facility Charges in 2011 through 2018 for one or both of the following eligible purposes:

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

AIRPORT USE AND LEASE AGREEMENTS

In 2009**, the rentals, fees, and charges received from the airlines operating at the Airport under Airport use and lease agreements or other agreements with the City accounted for approximately 53.6% of Gross Revenues. Nonairline revenues from public parking operations, concession fees, building and ground rentals, and other sources accounted for the remaining 46.4% of 2009 Gross Revenues.

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*Net of the airline collection fee.
**Latest available audited data at the time this report was prepared.

The Airport use and lease agreements include provisions for:

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

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

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

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

The City has executed Airport use and lease agreements, which include provisions for leased gates, with the passenger Signatory Airlines listed below. Of the 92 gates at the Airport, 85 are leased by the following Signatory Airlines (the number of leased gates is shown in parentheses):

AirTran Airways (1) *(a)*
Alaska Airlines (1)
American Airlines (3)
Continental Airlines (3) *(b)*
Delta Air Lines (5)
Frontier Airlines (18)
Southwest Airlines (17) *(a)*
United Airlines (35) *(b)*
US Airways (2)

(a) On September 27, 2010, Southwest Airlines announced that it had entered into a definitive merger agreement to purchase AirTran Airways. On March 23, 2011, AirTran shareholders approved the merger. According to publicly available records, if approved by the U.S. Department of Justice, the merger is expected to be completed by the second quarter of 2011.
(b) The parent companies of United Airlines and Continental Airlines merged on October 1, 2010.

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

United Airlines operates a connecting hub at the Airport under an Airport use and lease agreement with the City scheduled to expire in 2025. United's operations at the Airport include United mainline service and service by the United Express regional airline partners (collectively, the United Airlines Group). In 2009 and 2010, the United Airlines Group enplaned 46.2% and 44.1%, respectively, of all passengers enplaned at the Airport. Based on 2010 enplaned passenger data, Denver International Airport was the second busiest airport in the route network of the United Airlines Group.

On October 1, 2010, the parent companies of United Airlines and Continental Airlines merged their operations; the new company is operating its flights under the "United" name. According to statements made by representatives of both airlines, no major changes will be made to United Airlines' or Continental Airlines' operations prior to 2012. The issuance of a single operating certificate for the combined airline is expected by the end of 2011 or early 2012. Combined, the enplaned passengers of the United Airlines Group and Continental Airlines accounted for 48.2% of the total at the Airport in 2009 and 46.2% of the total in 2010. The Airport ranks as the fourth busiest airport in the combined route network of United and Continental based on enplaned passenger data for 2009.

Frontier Airlines—lessee of the second largest amount of airline space and accounting for the second largest number of enplaned passengers at the Airport for the last 10 years—operates under an Airport use and lease agreement that expired on February 28, 2010, but the airline continues operating at the Airport under a holdover provision.

Southwest Airlines is the lessee of the third largest amount of airline space and accounts for the third largest number of enplaned passengers at the Airport based on 2010 data. Southwest Airlines leases 17 gates on Concourse C and certain types and amounts of space under an Airport use and lease agreement that expired on December 31, 2010.

Frontier and Southwest airlines have executed their respective amendments to their Airport use and lease agreements, extending their terms through December 31, 2011, and have returned the amendments to the City for execution.

The City has also executed Airport use and lease agreements with regional/commuter passenger airlines (also defined as Signatory Airlines)—such as those operating as United Express—that do not lease space at the Airport, but use Airport facilities to operate express flights under code-sharing arrangements with certain of the Signatory Airlines. In addition, the City has executed Airport use and lease agreements with certain foreign-flag passenger airlines and six all-cargo airlines. A number of other passenger and cargo airline Airport use and lease agreements expired in 2010.

The City is in the process of amending and extending the expired agreements with the same business and lease terms through December 31, 2011. As the amended Airport use and lease agreements expire during the forecast period, the City expects to renegotiate the agreements with business provisions that will result in similar levels of Airport financial performance as provided for under the current agreements.

SCOPE OF REPORT

As stated earlier, our study was undertaken to estimate the ability of the Airport System to meet the requirements of the Rate Maintenance Covenant of the General Bond Ordinance in each year of the forecast period, taking into account the proposed 2011A Bonds and Future Planned Bonds. In conducting our study, we analyzed:

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

- The 2011-2016 Airport Capital Program, giving particular attention to major projects in the Capital Program and when those projects are expected to be operational.

- Estimated sources and uses of funds and annual Debt Service Requirements for the proposed Series 2011A Bonds and the Future Planned Bonds.

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

- Audited financial results for the Airport System in 2009, and the City's budgeted O&M Expenses for 2010 and 2011.

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

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

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

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

FORECAST DEBT SERVICE COVERAGE

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

- Designated Passenger Facility Charges (revenues from $1.50 of the $4.50 PFC charged at the Airport) as part of Gross Revenues of the Airport System through 2013, and the City's intent to designate the revenues from this source as Gross Revenues from 2014 through 2018 (the remaining years of the forecast period considered in this report).

- The estimated Debt Service Requirements on the proposed 2011ABonds and the Future Planned Bonds.

- Additional Gross Revenues and O&M Expenses resulting from completion of the projects in the 2011-2016 Capital Program.

Exhibit C presents the estimated Debt Service Requirements on the proposed 2011A Bonds and the Future Planned Bonds. The forecasts do not reflect any other Bonds the City may issue to refund outstanding Airport System Revenue Bonds.

Estimated Debt Service Requirements are net of PFC revenues irrevocably committed to pay Debt Service Requirements on Senior Bonds, which include the revenues from $3.00 of the $4.50 PFC required to be deposited in the PFC Debt Service Account under an existing PFC Supplemental Bond Ordinance through 2013, and the City's intent to continue using PFC revenues in the same manner from 2014 through 2018. Exhibit C presents the total PFC revenues assumed to be deposited in the PFC Debt Service Account and irrevocably committed to pay Debt Service Requirements during the forecast period.

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

	Budget	Forecast							
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Revenues and Other Available Funds	$406,915	$431,933	$457,331	$469,827	$517,826	$531,967	$541,685	$547,217	$557,951
Debt Service Requirements *(a)*									
Senior Bonds	$227,000	$246,300	$260,400	$255,500	$284,500	$282,800	$284,800	$275,500	$276,000
Subordinate Bonds	--	1,700	6,800	45,800	54,400	58,100	59,700	69,300	69,500
Total	$227,000	$248,000	$267,200	$301,300	$338,900	$340,900	$344,500	$344,800	$345,500
Debt service coverage									
Senior Bonds	179%	175%	176%	184%	182%	188%	190%	199%	202%
All Bonds	179%	174%	171%	156%	153%	156%	157%	159%	162%

(a) Provided by the City's Financial Consultants (Jefferies & Company, Inc., and Estrada Hinojosa & Company, Inc.).

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

AIRLINE COST PER ENPLANED PASSENGER

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net passenger airline rentals, fees, and charges	$312,395	$319,557	$334,533	$351,610	$380,023	$390,951	$398,599	$407,140	$416,705
Enplaned passengers	26,134	26,682	27,224	27,755	28,277	28,788	29,309	29,831	30,358
Cost per enplaned passenger	$11.95	$11.98	$12.29	$12.67	$13.44	$13.58	$13.60	$13.65	$13.73

The average airline cost per enplaned passenger is forecast to be approximately $13.12 between 2011 and 2018, compared to average costs per enplaned passenger at the Airport in 1996 (the first full year of Airport operations) through 2010 (budgeted), which ranged from $10.69 to $16.07.

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

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

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

* * * * *

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

Respectfully submitted,

LeighFisher

LEIGHFISHER

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Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE FOR THE FINANCIAL FORECASTS

City and County of Denver, Colorado

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CONTENTS

CONTENTS *(continued)*

CONTENTS *(continued)*

TABLES

FIGURES

FIGURES *(continued)*

EXHIBITS

AIRLINE TRAFFIC ANALYSIS

AIRPORT FACILITIES

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

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

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

Concourse A has 30 gates, 8 of which can accommodate international narrowbody aircraft. Of the 30 gates on Concourse A, 23 are leased by AirTran Airways, Alaska Airlines, American Airlines, and Frontier Airlines. Concourse B has 40 gates, all of which are leased by Continental Airlines, United Airlines, and US Airways. Concourse C has 22 gates, all of which are leased by Delta Air Lines and Southwest Airlines.

AIRPORT ROLE

Denver International Airport has an important role in the national, State, and local air transportation systems and is the fifth busiest airport in the United States, in terms of total passengers (enplaned plus deplaned). Its top-five ranking reflects the Airport's (1) central geographic location, (2) large origin and destination (O&D) passenger base, (3) role as a hub for United and Frontier, (4) role as the fifth busiest airport in Southwest's system, and (5) role as the primary commercial service airport in Colorado.

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

Central Geographic Location

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

Fifth Busiest U.S. Airport

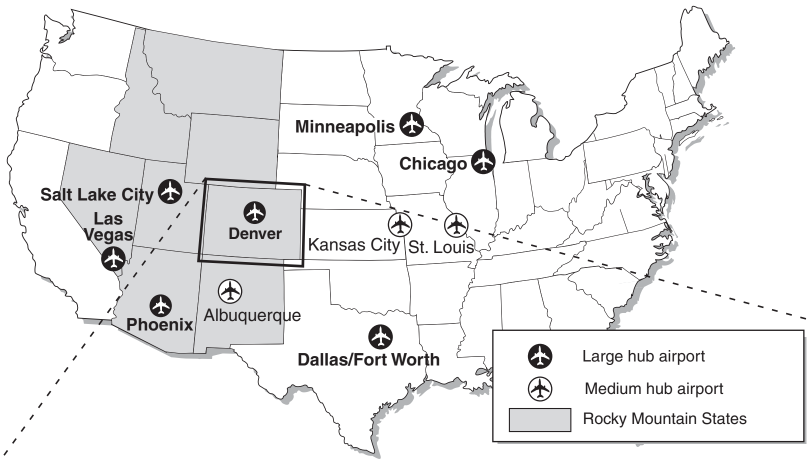
According to statistics compiled by Airports Council International (ACI), in terms of total passengers (enplaned plus deplaned), the Airport was the fifth busiest airport in the United States in 2009 (the most recent data available), as shown in Table 1. From 2005 to 2009, passenger traffic at the Airport increased an average of 3.7% per year—the strongest growth among the 10 busiest airports during this period—and reflects the strength of the Denver market, particularly in weathering the effects of the national economic recession and financial credit crisis. The 10 largest U.S. passenger airlines, in terms of systemwide scheduled enplaned passengers,* all serve the Airport, providing nonstop service to 168 airport destinations, including 144 within the continental United States, 2 in Alaska, 4 in Hawaii, and 18 international destinations. All of the large domestic all-cargo airlines also provide service at the Airport. (Complete data for 2010 are not yet available.)

Table 1
TOTAL PASSENGERS AT THE 10 BUSIEST U.S. AIRPORTS IN 2009

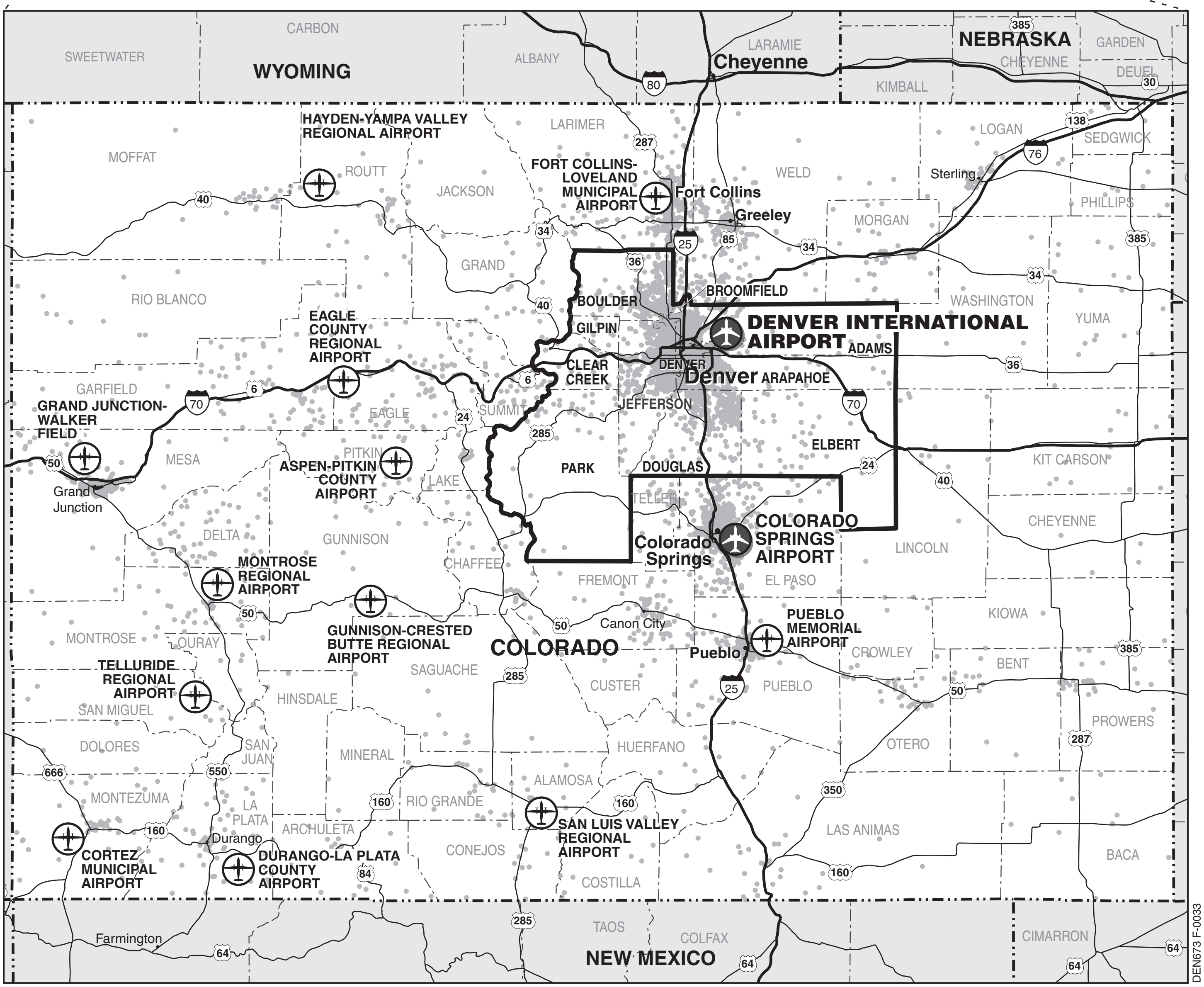
Rank		Total passengers (millions) *(a)*					Average annual percent increase (decrease)
2009	City (airport)	2005	2006	2007	2008	2009	2005-2009
1	Atlanta	85.9	84.8	89.4	90.0	88.0	0.6%
2	Chicago (O'Hare)	76.5	77.0	76.2	69.4	64.2	(4.3)
3	Los Angeles (International)	61.5	61.0	61.9	59.7	56.5	(2.1)
4	Dallas/Fort Worth	59.1	60.2	59.8	57.1	56.0	(1.3)
5	**Denver**	**43.4**	**47.3**	**49.9**	**51.3**	**50.2**	**3.7**
6	New York (John F. Kennedy)	41.9	43.8	47.7	47.8	45.9	2.3
7	Las Vegas (McCarran)	44.0	46.2	47.0	44.1	40.5	(2.1)
8	Houston (Bush)	39.7	42.6	43.0	41.7	40.0	0.2
9	Phoenix (Sky Harbor)	41.2	41.4	42.2	39.9	37.8	(2.1)
10	San Francisco	32.8	33.6	35.8	37.3	37.3	3.3
	Average for airports listed	50.9	52.0	53.6	52.2	50.0	(0.4%)

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

*U.S. Department of Transportation, Bureau of Transportation Statistics, www.bts.gov, accessed September 2009. Data are for 2010.



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



LEGEND

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

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

Figure 1
DENVER AIRPORT SERVICE REGION
Denver International Airport
March 2011

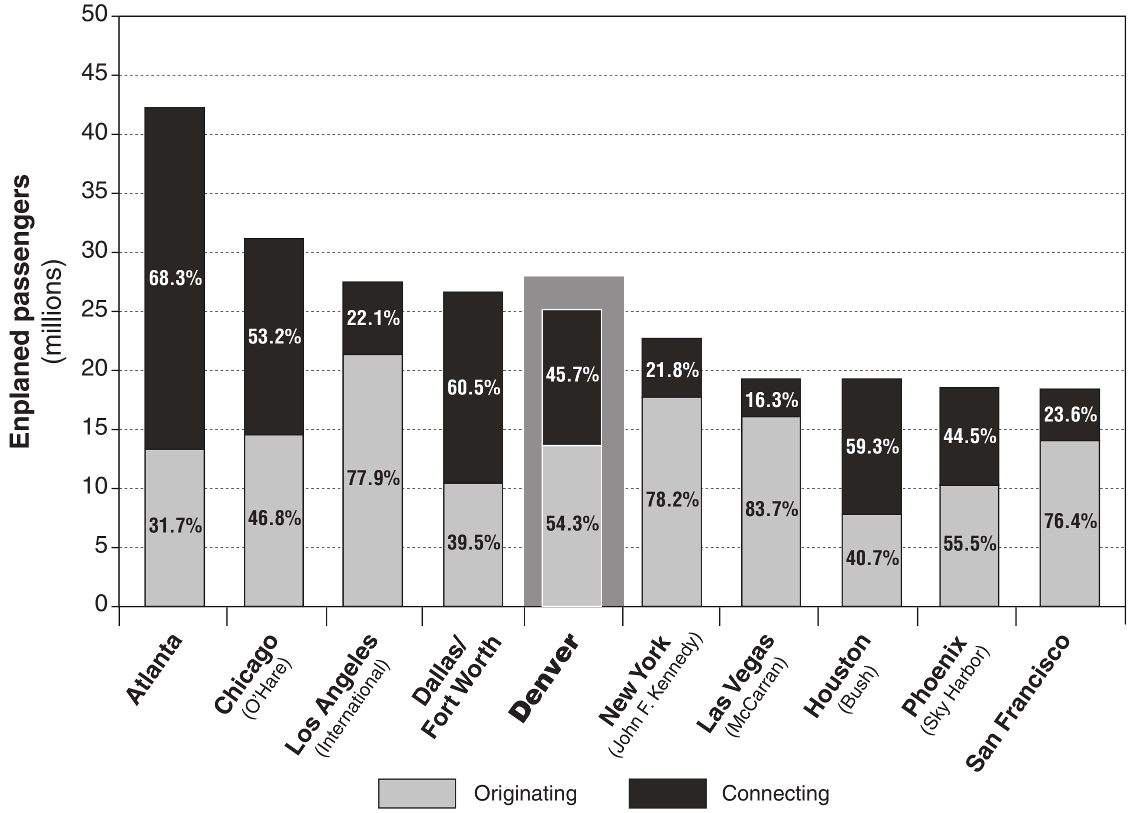
LeighFisher
Management Consultants

In 2009, approximately 46% of the approximately 25.1 million passengers enplaned at the Airport, or about 11.5 million passengers, connected from one flight to another, as shown on Figure 2. Of the 10 busiest domestic airports in terms of enplaned passengers 2009, the Airport had the sixth largest share of originating passengers (54%), which reflects the strength of the Denver market and the Airport's role as the primary commercial-service airport in the State of Colorado, as discussed in the following sections. (Complete data for 2010 are not yet available.)

Figure 2

ORIGINATING AND CONNECTING PASSENGERS AT THE 10 BUSIEST AIRPORTS

2009



Note: 2009 ranking based on Airports Council International, *North American Airport Rankings,* May 2010.

Sources: Denver—Airport management records.
All other airports—Connecting passengers: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, online database, accessed July 2010.
Total passengers: U.S. Department of Transportation, Schedule T-100, online database, accessed July 2010.

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Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the strength of the Denver economy and supports the connecting hub operations of United and Frontier airlines and continued service development by Southwest Airlines. This large base of local passengers enables United and Frontier to (1) improve load factors and profitability and (2) maintain high frequencies for scheduling passenger connections and provides Southwest with a large market of both leisure and business travelers. The flights of 13.7 million passengers originated in Denver in 2009 (i.e., these originating passengers did not connect with another flight at the Airport).

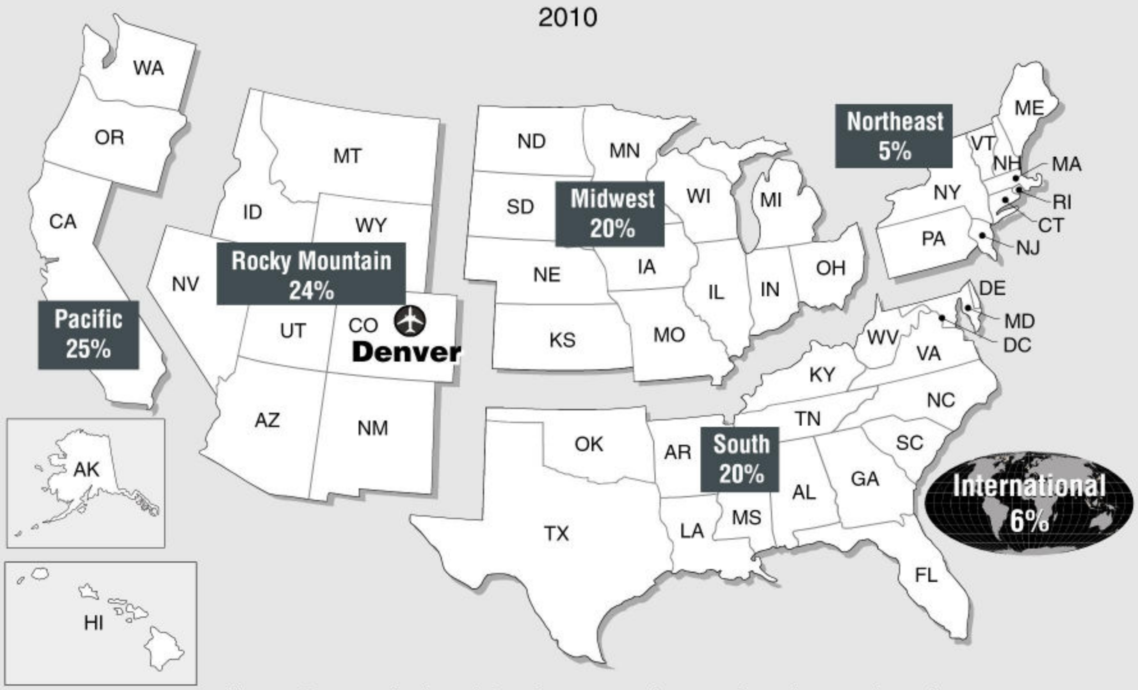
Hub for United and Frontier Airlines

As previously stated, the Airport serves as an important connecting hub in the route systems of both United and Frontier. As shown on Figure 3, the shares of passengers connecting through the Airport in 2010 reflect the Airport's central geographic location, with the western United States (states in the Rocky Mountain and Pacific regions) accounting for 49% of connecting passengers and the eastern United States (states in the Northeast, Midwest, and South regions) accounting for 45% of connecting passengers. The shares of connecting passengers for United and Frontier reflect the service patterns of each airline. United's share of connecting passengers parallels that for the Airport as a whole, while Frontier's share differs for some regions as a result of its regional route network. As shown in Table 2, the Airport accounted for the fifth highest number of daily scheduled seats at U.S. connecting hub airports in 2010.

Figure 3

PASSENGERS CONNECTING THROUGH DENVER BY REGION

2010



Note: Data are for the origins of passenger journeys from January through September 2010.

Source: U.S. Department of Transportation, *Origin–Destination Survey*, online database, accessed February 2011.

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Table 2
SCHEDULED AIRLINE SERVICE AT U.S. CONNECTING HUB AIRPORTS
2010

City (airport)	Average daily scheduled seats: Domestic	International	Total	Busiest airline(s): Airline *(a)*	Average daily scheduled seats	Airline share of airport total
Atlanta	132,577	15,663	148,240	Delta	113,963	76.9%
				AirTran	24,332	16.4
Chicago (O'Hare)	96,059	18,924	114,982	United	53,246	46.3
				American	41,585	36.2
Los Angeles (International)	73,872	26,814	100,685	United	17,448	17.3
Dallas/Fort Worth	88,209	9,320	97,530	American	84,359	86.5
Denver	**83,760**	**3,258**	**87,018**	**United**	**37,103**	**42.6**
				Frontier	**18,642**	**21.4**
New York (Kennedy)	40,650	40,492	81,143	Delta	20,169	24.9
				Jet Blue	19,879	24.5
Phoenix	64,838	3,771	68,609	US Airways	31,954	46.6
				Southwest	22,702	33.1
Houston (Bush Intercontinental)	52,123	15,027	67,150	Continental	56,698	84.4
Charlotte	61,417	4,545	65,962	US Airways	58,765	89.1
Las Vegas	61,762	3,313	65,074	Southwest	28,895	44.4
				Delta	6,434	9.9
San Francisco	50,668	14,153	64,821	United	26,154	40.3
Miami	30,309	29,507	59,816	American	41,855	70.0
New York (Newark Liberty)	39,416	19,562	58,978	Continental	41,444	70.3
Philadelphia	48,915	6,996	55,911	US Airways	37,854	67.7
Detroit (Metropolitan)	50,680	4,967	55,647	Delta	41,731	75.0
Minneapolis/St. Paul	51,260	4,105	55,365	Delta	40,596	73.3
Seattle-Tacoma	47,452	4,907	52,359	Alaska	26,498	50.6
Boston	43,003	6,818	49,821	Jet Blue	9,155	18.4
New York (LaGuardia)	44,673	2,319	46,992	Delta	14,370	30.6
Washington, D.C. (Dulles)	29,759	11,105	40,864	United	15,275	37.4
Washington, D.C. (Reagan National)	34,920	637	35,557	US Airways	15,275	43.0
Salt Lake City	33,760	777	34,538	Delta	25,284	73.2
Chicago (Midway)	31,689	357	32,047	Southwest	27,677	86.4
Honolulu	22,177	6,119	28,296	Hawaiian	12,867	45.5
St. Louis	22,592	262	22,854	Southwest	10,061	44.0
Memphis	17,753	466	18,219	Delta	15,442	84.8
Cleveland	16,230	506	16,736	Continental	10,797	64.5
San Juan	11,941	2,703	14,644	American	6,327	43.2
Cincinnati/Northern Kentucky	13,697	540	14,236	Delta	11,735	82.4
Guam	620	4,661	5,281	Continental	2,690	50.9

Notes: Rows may not add to totals shown because of rounding.
Delta merged with Northwest in January 2010.
United completed its merger with Continental on October 1, 2010.
On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways.

(a) Includes regional airline affiliates.

Source: Official Airline Guides, Inc., online database, accessed February 2011.

The Airport's Role in United's System. The United Airlines Group, which includes United mainline and the regional/commuter airline affiliates operating as United Express, accounted for 46.2% of the passengers enplaned at the Airport in 2009. Denver ranked as the second busiest airport in United's system in 2009 in terms of enplaned passengers.

On May 3, 2010, United and Continental announced an all-stock merger agreement to form a combined airline which was approved by the European Commission on July 27, 2010; by the U.S. Department of Justice on August 27, 2010; and by the stockholders of United and Continental on September 17, 2010. The merger closed on October 1, 2010. The issuance of a single operating certificate for the combined airline is currently expected by the end of 2011 or early 2012.

In the United and Continental airlines system, Denver ranks as the fourth busiest airport in terms of 2009 enplaned passengers, as shown on Figure 4. Bush Intercontinental Airport/Houston, Continental's busiest hub, accounts for the highest number of enplaned passengers in the combined system of United and Continental, followed by United's hub at Chicago O'Hare International Airport, and Continental's hub at Newark Liberty International Airport. (Complete data for 2010 are not yet available.)

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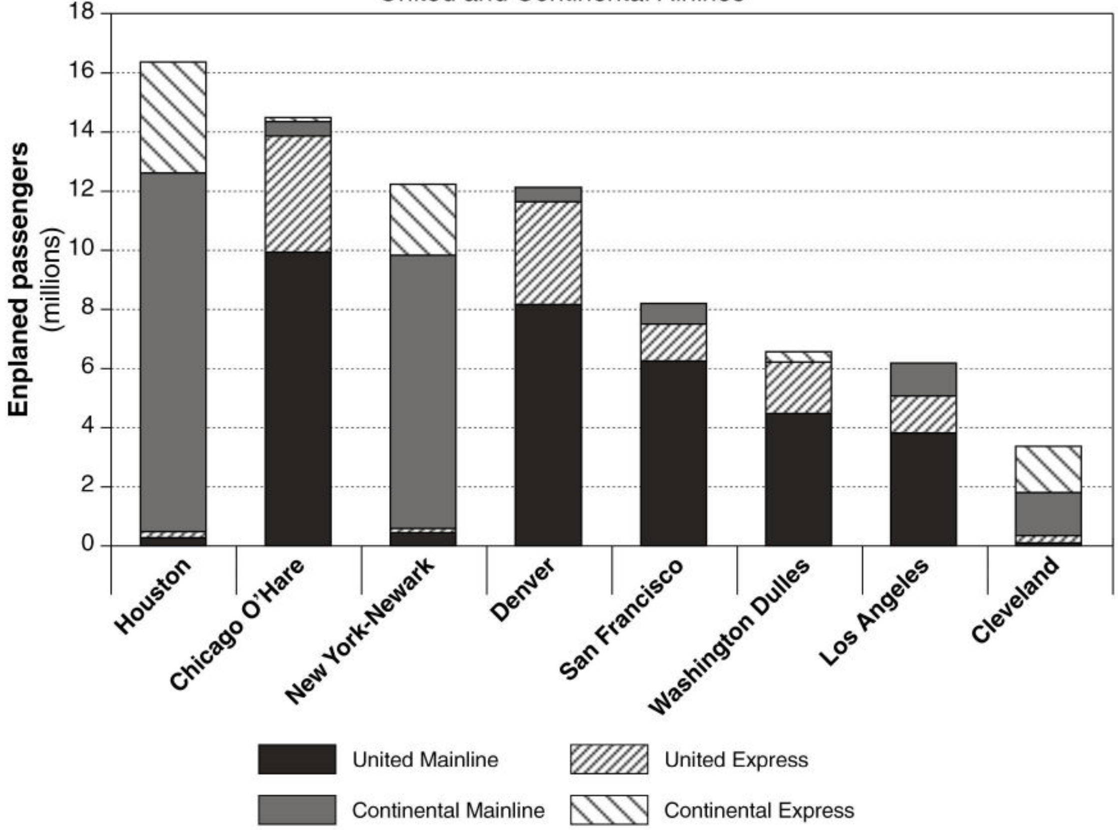
Figure 4

ENPLANED PASSENGERS BY HUB IN 2009

United and Continental Airlines



Sources: Denver—Airport management records.
Other airports—U.S. Department of Transportation, Schedule T100, online database, accessed July 2010.

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Outsourcing flights on short-haul and low-density routes to regional airline partners has been part of an overall airline industry trend to optimize airline revenues. As shown on Figure 5, regional airline affiliates accounted for approximately half or more of the total nonstop daily departures at each of the eight hubs in a combined United and Continental airline in 2010. In comparison, regional affiliates accounted for a smaller share of enplaned passengers by hub, ranging from a low of 15% at San Francisco International Airport to a high of 53% at Cleveland Hopkins International Airport, as shown on Figure 4. It is expected that the revenue optimization strategies of the combined airline will vary each year, but the large number of regional airline affiliates serving the hubs—four United affiliates serve Denver—underlines the airline's continued plans to use regional airline affiliates and the continued role and development of the Airport as a connecting hub in the combined airline's system.

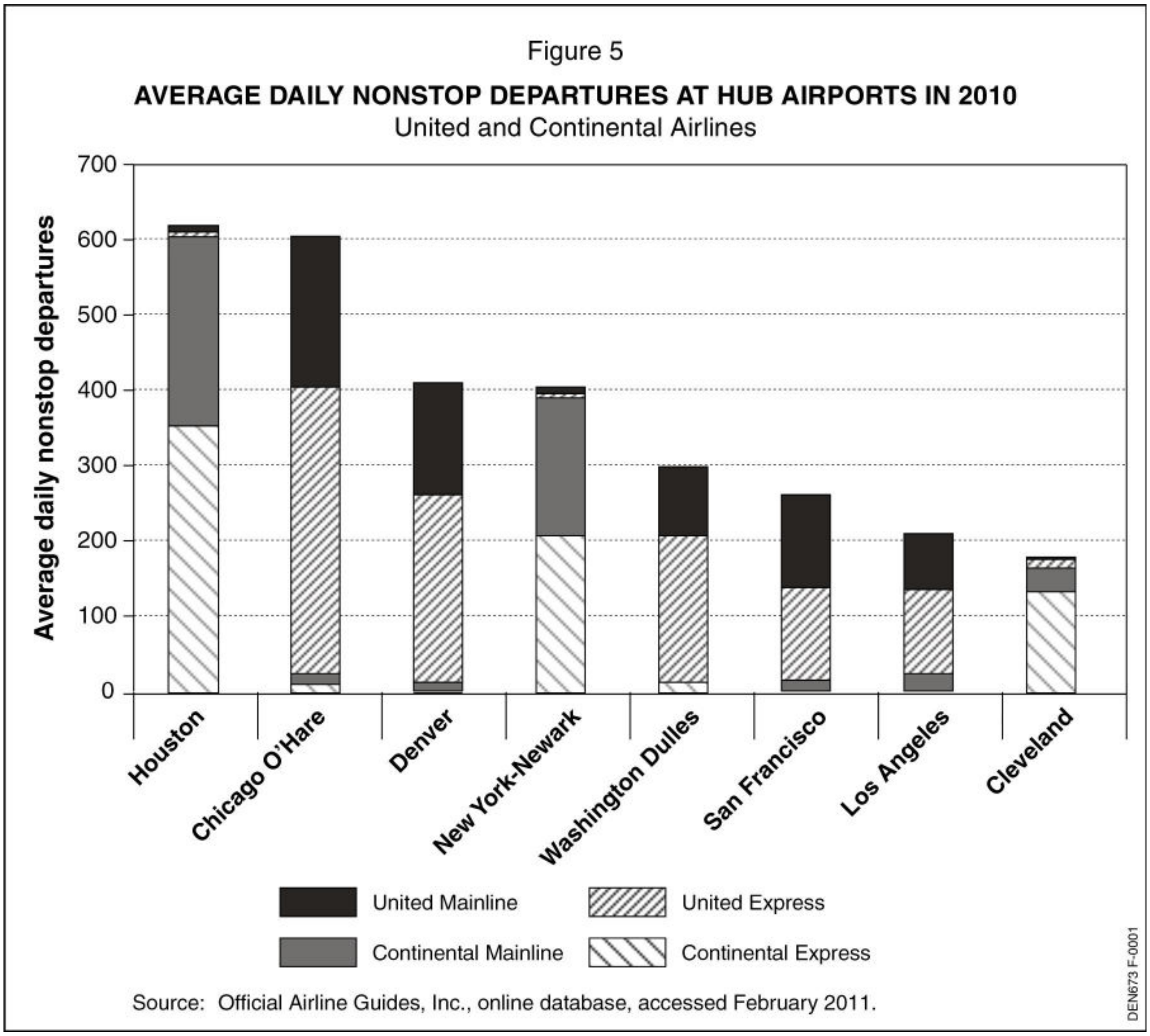


Table 3 presents trends in the numbers of passengers enplaned by United and Continental airlines at the Airport in 1995 through 2010. Between 1995, when the Airport opened, and 2000—the year prior to the 2001 terrorist attacks, and the national economic downturn—United increased its number of connecting passengers an average of 5.3% per year. From 2000 through 2010, United's number of connecting passengers at the Airport fluctuated, reflecting the national recovery from the 2001 events, United's entrance into and emergence from Chapter 11 bankruptcy protection, and United's efforts to balance mainline domestic capacity and optimize its revenue performance. The number of passengers enplaned by Continental Airlines at the Airport has varied from year to year, averaging approximately 530,000 per year since 2000.

Table 3
HISTORICAL ENPLANED PASSENGERS—UNITED AND CONTINENTAL AIRLINES
Denver International Airport

	Originating passengers			Connecting passengers			Enplaned passengers			Connecting percent of total
	United	Continental	Total	United	Continental	Total	United	Continental	Total	
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%
1996	5,410,808	448,290	5,859,098	6,646,634	10,842	6,657,476	12,057,442	459,132	12,516,574	53.2
1997	5,300,968	477,825	5,778,793	7,350,427	8,808	7,359,235	12,651,395	486,633	13,138,028	56.0
1998	5,530,645	492,818	6,023,463	8,188,437	10,505	8,198,942	13,719,082	503,323	14,222,405	57.6
1999	5,550,209	518,690	6,068,899	8,255,866	15,719	8,271,585	13,806,075	534,409	14,340,484	57.7
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
	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)	
	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%	
2000-2010	(2.6)	(0.7)	(2.5)	(0.7)	20.5	(0.6)	(1.4)	0.5	(1.4)	
1995-2010	(1.5)	(1.0)	(1.5)	1.3	7.1	1.3	0.1	(0.4)	0.1	

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

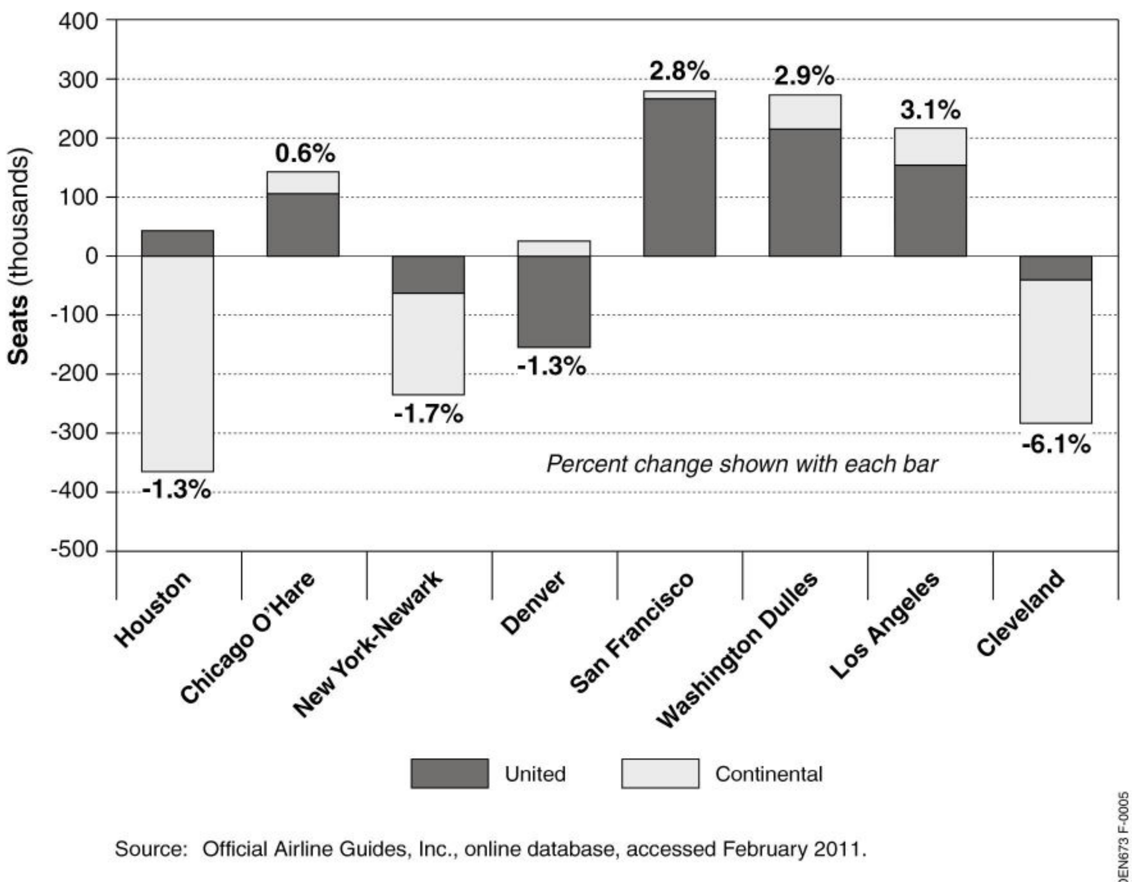
Source: Airport management records.

The number of United's connecting passengers at the Airport decreased in each year between 2007 and 2009, reflecting system wide capacity reductions announced by United in June 2008 and initiated in the last quarter of 2008. As shown on Figure 6, United increased capacity at four of its five hubs between 2009 and 2010. Although United's capacity at the Airport decreased between 2009 and 2010, its number of connecting passengers increased 0.7% between 2009 and 2010, as shown in Table 3. On March 8, 2011, United announced plans to reduce capacity from its previous 2011 projections by approximately 1% in May 2011 and 4% in September 2011 in response to the recent increases in fuel prices. The number of passengers connecting on Continental flights at the Airport has historically been small and varied from year to year, averaging approximately 14,000 passengers since 2000. Between 2009 and 2010, the number of Continental connecting passengers at the Airport increased threefold to 75,421, reflecting the initial effects of the Continental and United merger.

Figure 6

CHANGE IN SCHEDULED DEPARTING SEATS: 2009–2010

United and Continental Airlines



Source: Official Airline Guides, Inc., online database, accessed February 2011.

Similar to the trend in connecting passengers, the number of United's and Continental's originating passengers at the Airport decreased in each year since 2007, as a result of the airline's system wide capacity reductions, the continued development of low-cost carrier* service at the Airport by Southwest, and the national economic recession that contributed to an overall softening of passenger demand nationwide. Between 2009 and 2010, the number of originating passengers for the combined airline decreased 2.8%, a smaller decrease than during the height of the recession in 2008 and 2009.

Overall, the total number of passengers enplaned at the Airport by United and Continental decreased 0.3% between 2009 and 2010.

Table 4 presents a comparison of connecting passenger trends for United and Continental airlines at the Airport and at the combined airline's other hub airports from 2004 through 2009. As shown, the numbers of connecting passengers decreased between 2004 and 2009 at five of United's and Continental's eight hub airports, reflecting the reductions in airline seating capacity since 2008. Connecting passenger traffic increased at United's hub in Washington (Dulles) and at Continental's hub in Houston (Bush Intercontinental) and Newark.

Table 4
CONNECTING PASSENGERS BY HUB—UNITED AND CONTINENTAL AIRLINES

	2009		
Hub	Connecting passengers (millions)	Percent of airline enplaned passengers	Average annual percent increase (decrease) 2004-2009
United Airlines			
Chicago O'Hare International Airport	9.5	63%	(4.0%)
Denver International Airport	**7.4**	**61**	**(1.6)**
Washington Dulles International Airport	4.2	60	5.6
San Francisco International Airport	3.7	44	(0.5)
Los Angeles International Airport	2.6	41	(2.5)
Continental Airlines			
Bush Intercontinental Airport/Houston	10.8	62	8.7
Newark Liberty International Airport	4.4	35	5.5
Cleveland Hopkins International Airport	0.9	27	(7.6)

Note: Includes the activity of the combined mainline and regional airline affiliates for Continental and United at each hub. Data for United Airlines includes Ted, United's low fare unit, which stopped reporting its activity separately at the Airport in August 2008.

Sources: Denver International Airport: Airport management records.
Other airports: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic,* and *T100,* online databases, accessed September 2010.

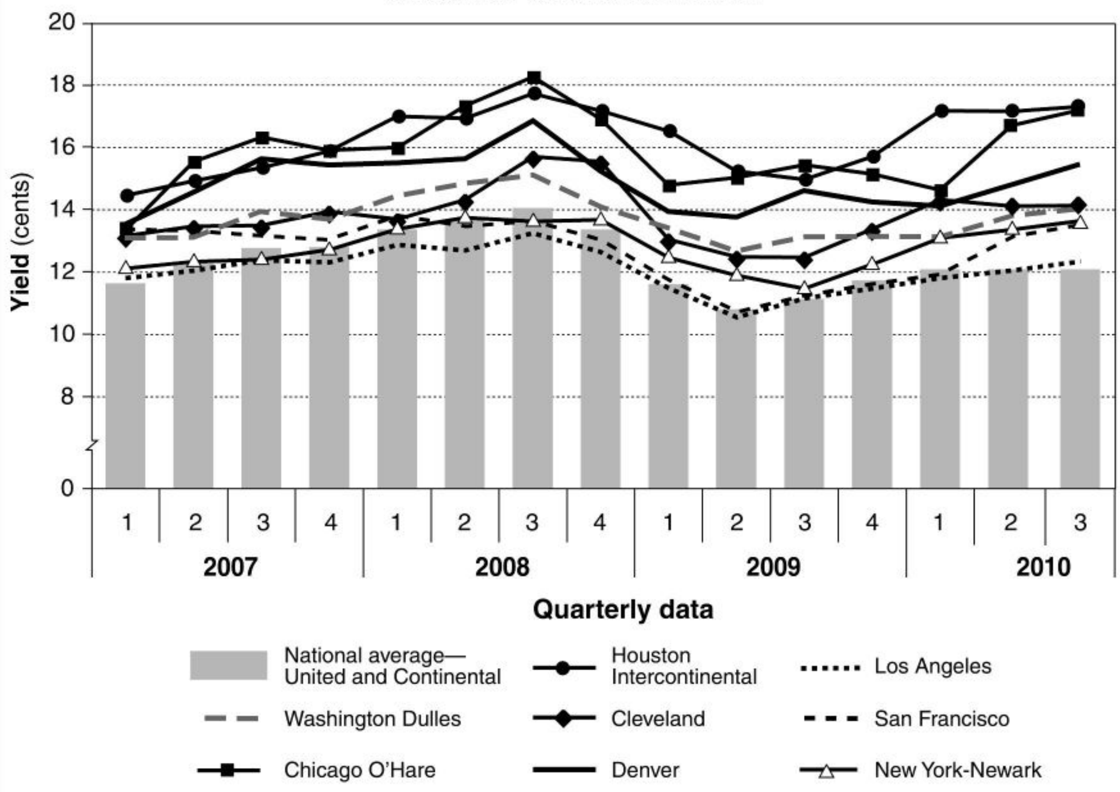
*"Low-cost carrier" is defined in the later section "Low-Cost Carrier Market Shares."

Figure 7 summarizes the combined mainline yields (cents per revenue-passenger-mile) for United and Continental at its eight hub airports in the first quarter of 2007 through the third quarter of 2010. The combined airline yields at Denver International Airport are higher than its yields at five of its other hub airports and the national average but lower than its yields at its Bush Intercontinental and Chicago O'Hare hubs. Overall airline yields at Denver and at the other hub airports are affected by the share of low-cost carrier service. In 2009, low-cost carriers accounted for 37% of total passenger traffic at the Airport, compared with a 1% share at Chicago O'Hare International Airport and Bush Intercontinental Airport/Houston, and contributed to lower yields in many Denver markets. The remaining airports accounted for lower shares of low-cost carrier enplaned passengers than Denver International—18% at Los Angeles International, 17% at San Francisco International, 12% at Washington Dulles International, 11% at Cleveland Hopkins International, and 4% at Newark Liberty International.

Figure 7

DOMESTIC YIELDS BY HUB AND NATIONWIDE

United and Continental Airlines



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

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic*, Domestic, online database, accessed February 2011.

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The combined airline mainline yield at Denver and its other hub airports decreased between the third quarter of 2008 and the third quarter of 2009, reflecting the effects of the national economic recession and the financial crisis which dampened the demand for airline travel by business and leisure travelers. In addition, the relatively high third quarter 2008 yields—in comparison to fourth quarter 2008 and earlier quarter yields—are related to rising fuel prices in 2008.

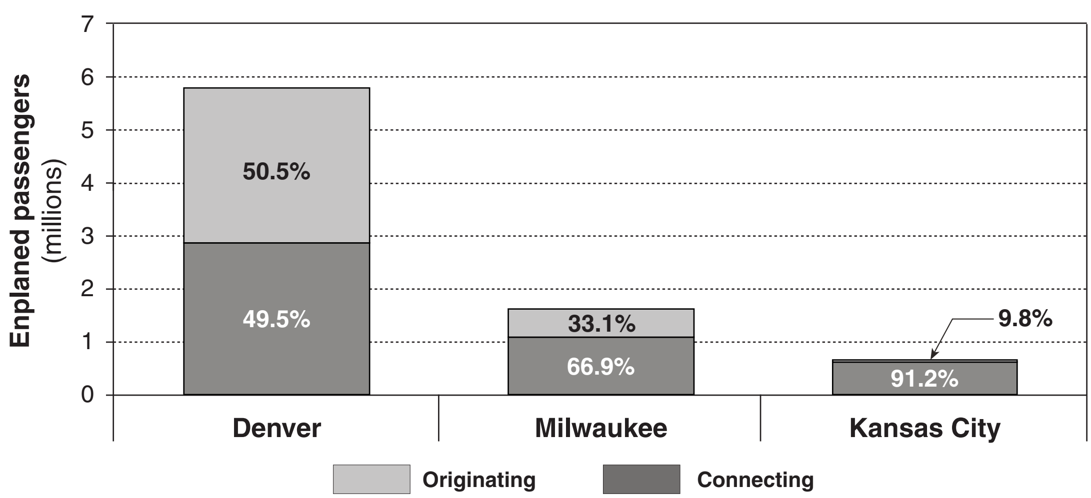
The Airport's Role in Frontier's System. Frontier Airlines, including Lynx Aviation and Republic Airlines, its regional/commuter airline affiliates, accounted for 21.8% of the passengers enplaned at the Airport in 2010. Denver was the busiest airport in Frontier's system in 2009 in terms of enplaned passengers.

On October 1, 2009, Republic Airways Holdings acquired Frontier Airlines and Lynx Aviation. Republic Airways Holdings also owns Midwest Airlines (based in Milwaukee, acquired on July 31, 2009) and a number of regional airlines (Chautauqua Airlines, Mokulele Airlines, Republic Airlines, and Shuttle America). On April 13, 2010, Republic announced that Frontier Airlines would be the name for its consolidated branded network. Beginning on October 1, 2010, all tickets for the combined Frontier-Midwest network were sold under the Frontier brand name. The branded network will have a regional focus in Denver, Kansas City, and Milwaukee. In the combined airline system, Denver ranks as the busiest airport in terms of 2009 enplaned passengers, as shown on Figure 8. Milwaukee's General Mitchell International Airport, accounts for the second largest number of enplaned passengers in the combined Frontier-Midwest airline system, followed by Kansas City International Airport.

Figure 8

ENPLANED PASSENGERS BY HUB IN 2009

Frontier and Midwest Airlines



Sources: Denver—Airport management records,
Other airports—U.S. Department of Transportation, Schedule T100, online database, accessed September 2010.

On February 4, 2010, Republic Airways Holdings announced that it planned to discontinue the operations of Lynx Aviation by the end of the third quarter 2010 and replace Lynx's Q400 turboprop service with regional jets operated by Republic Airlines. On August 19, 2010, Republic Airways Holdings announced that it would retain three Q400 turboprop aircraft to continue Lynx Aviation service from Denver to three Colorado destinations—Aspen, Colorado Springs, and Durango.

During the 6 months ended June 30, 2010, Republic Airways Holdings took delivery of three A320 aircraft and four E190 aircraft which were placed into service in the combined Frontier-Midwest network. In January 2010, Republic Airways Holdings returned 12 CRJ200 aircraft and 9 B717 aircraft from the fleet of Midwest Airlines as part of a restructuring agreement with SkyWest Airlines and the Boeing Aircraft Corporation. Republic Airways Holdings has firm orders to purchase or lease 14 A320 aircraft that have scheduled delivery dates beginning in January 2011 and continuing through November 2014. In addition, Republic has commitments to purchase 40 CS300 jets (120-145 seats) and the option to purchase up to an additional 40 aircraft. In July 2010, Republic Airways Holdings signed a letter of intent to acquire 24 new E190 aircraft (99 seats) with the option to convert any of the aircraft in the order to the larger E195 model (116 seats). From 2009 to 2010, the combined seating capacity of the Frontier-Midwest network at the Airport decreased 0.8%, compared with a decrease of 1.6% at the airline's Milwaukee hub, a decrease of 0.5% at its Kansas City hub, and a decrease of 0.7% for its overall system. On March 7, 2011, Frontier announced plans to reduce capacity from its previous 2011 projections of 1.5% to 2.5% growth during the second quarter of 2011 to no growth compared with the same period in 2010 in response to the uncertainty related to future oil prices.

Table 5 presents passenger trends for Frontier and its regional affiliates and, in particular, the growth in Frontier's connecting activity at the Airport. Between 1995 and 2000, the number of Frontier's enplaned passengers at the Airport increased more than fivefold, with originating passengers accounting for most of the total (77.8% in 2000). Since 2000, the total number of Frontier's enplaned passengers at the Airport has continued to grow—an average increase of 14.1% per year between 2000 and 2010—with connecting passengers accounting for an increasing share of the total (50.3% in 2010). In 2006, the first year of Southwest service at the Airport, and in 2007, Frontier's originating passengers increased 22.3% and 16.3%, respectively, as the airline responded to Southwest's service by decreasing fares; the number of Frontier's passengers connecting through Denver also increased, but at much slower rates than in previous years.

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

Table 5
HISTORICAL ENPLANED PASSENGERS—FRONTIER AIRLINES
Denver International Airport

	Originating passengers	Annual percent increase (decrease)	Connecting passengers	Annual percent increase (decrease)	Total enplaned passengers	Annual percent increase (decrease)	Connecting percent of total
1995	270,712	--%	27,265	--%	297,977	--%	9.2%
2000	1,187,597	--	339,122	--	1,526,719	--	22.2
2001	1,140,000	(4.0)	417,592	23.1	1,557,592	2.0	26.8
2002	1,259,053	10.4	700,708	67.8	1,959,761	25.8	35.8
2003	1,799,766	42.9	929,474	32.6	2,729,240	39.3	34.1
2004	2,090,471	16.2	1,430,520	53.9	3,520,991	29.0	40.6
2005	2,277,628	9.0	1,939,431	35.6	4,217,059	19.8	46.0
2006	2,785,288	22.3	2,118,943	9.3	4,904,231	16.3	43.2
2007	3,238,732	16.3	2,429,761	14.7	5,668,493	15.6	42.9
2008	3,295,331	1.7	3,235,775	33.2	6,531,106	15.2	49.5
2009	2,864,672	(13.1)	2,917,657	(9.8)	5,782,329	(11.5)	50.5
2010	2,834,862	(1.9)	2,869,517	(1.6)	5,704,379	(1.8)	50.3
		Average annual percent increase					
1995-2000	34.4%		65.6%		38.6%		
2000-2010	9.1		23.8		14.1		
1995-2010	17.0		36.4		21.7		

Note: Includes data for Frontier's regional affiliates.

(a) Includes data for Midwest Express in 2010 (24,796 enplaned passengers) to reflect the consolidation and branding of the Frontier-Midwest network.

Source: Airport management records.

However, in 2009 and 2010, the number of passengers enplaned by Frontier at the Airport decreased 11.5% and 1.8%, respectively, reflecting dampened demand for airline travel related to the national economic recession and seating capacity reductions initiated by Frontier in the last quarter of 2008.

The domestic yields for Frontier Airlines (excluding its regional affiliates) at the Airport have remained lower than those for United. Since 2004, the differences between Frontier and United yields have varied—from 8% to 17% in any given year. In 2009, the domestic yield for Frontier at the Airport was 12.1 cents per revenue-passenger-mile, compared with 14.1 cents per revenue-passenger-mile for the combined mainline yields of United and Continental and 13.1 cents for all airlines nationwide.

Fifth Busiest Southwest Airlines Airport

In 2010, Denver International Airport accounted for 4.0% of the total scheduled departing seats in Southwest Airlines' system, making it the fifth busiest airport in

Southwest's system. Since January 2006, when Southwest re-established service in Denver,* the airline has added nonstop service between Denver and 37 cities, as shown on Figure 9. Southwest served 10 cities from Denver in 2006, 16 cities in 2007, 29 cities in 2008, 31 cities in 2009, and 37 cities in 2010. The central geographical location of Denver provides Southwest with point-to-point access to all of the 68 airports it currently serves, as well as to Southwest's new service at Northwest Florida Beaches International Airport located in West Bay, near Panama City, which was initiated in May 2010.

Figure 9

SOUTHWEST AIRLINES NONSTOP SERVICE FROM DENVER

Denver International Airport

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

Source: Official Airline Guides, Inc., online database, accessed July 2010.

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

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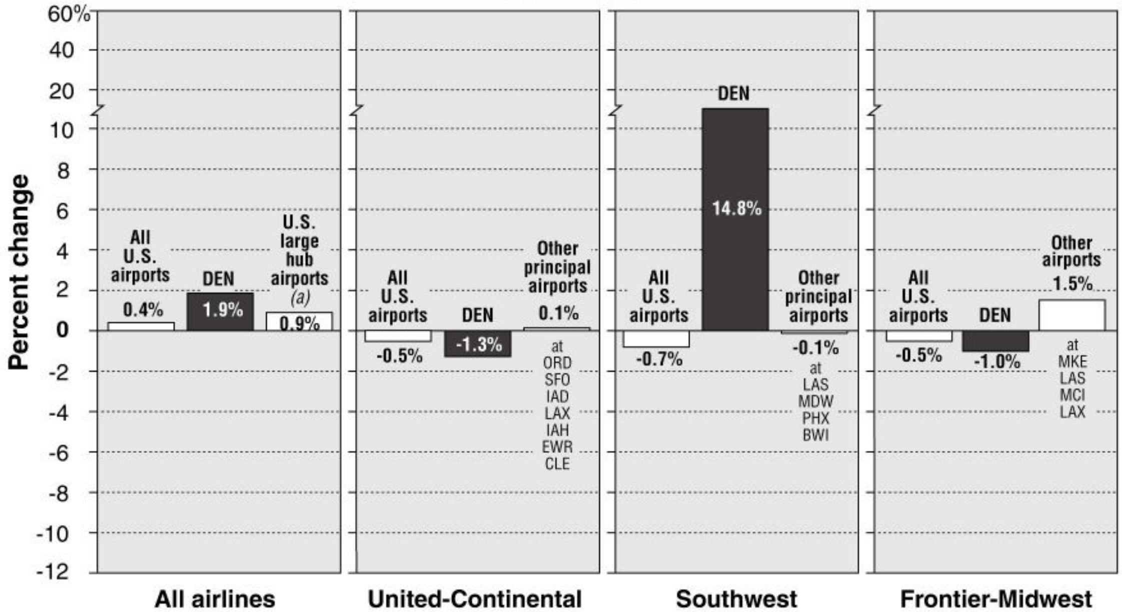
*Southwest served Denver from 1983 through 1986 with flights to Albuquerque and Phoenix.

Figure 10

YEAR-OVER-YEAR PERCENT CHANGE IN SCHEDULED SEAT CAPACITY

2009 – 2010



Note: Percent change in total scheduled departing seats (domestic and international), January - December 2010 versus the same months in 2009.

(a) As defined by the FAA for 2009.

Source: Official Airline Guides, Inc., online database, accessed February 2011.

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On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways for $1.4 billion. On March 23, 2011, AirTran shareholders approved the merger. If approved by the U.S. Department of Justice, the merger is expected to be completed by the second quarter of 2011. Gary Kelly, Southwest's Chairman, President, and CEO, stated during a teleconference with analysts that "After closing, we expect it will take up to 2 years to fully integrate under a single operating certificate." As of the date of this report, it is not known what effect—if any—the purchase of AirTran Airways by Southwest will have on the long-term operations and presence of AirTran and Southwest at the Airport, or how the flights of both airlines will be integrated. For purposes of the airline traffic forecasts presented in this report and consistent with statements made by representatives of Southwest Airlines, it was assumed that there would be no material change in the level of airline service (operations and passengers) by AirTran and Southwest at the Airport during the forecast period.

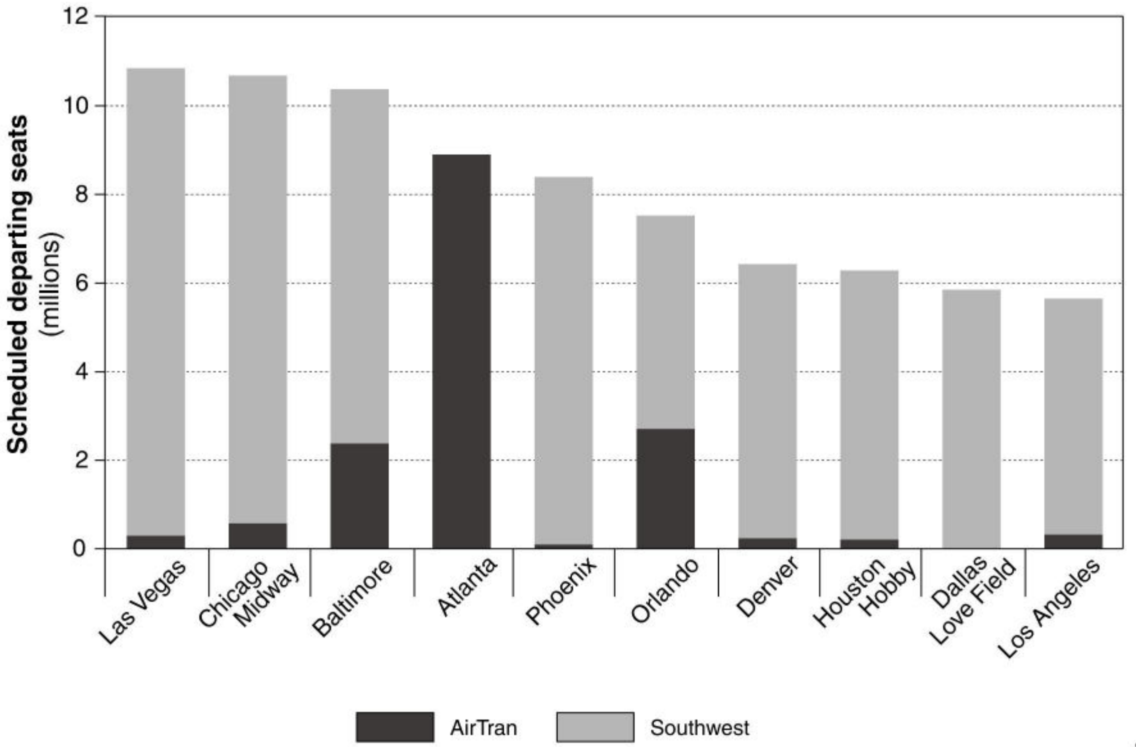
In a combined Southwest/AirTran system, Denver ranks as the seventh busiest airport in terms of 2010 scheduled departing seats, as shown on Figure 11. Two airports—Hartsfield-Jackson Atlanta International Airport, AirTran's busiest hub, and Orlando International Airport—would be included among the top 10 busiest airports in a combined airline system. Atlanta is not currently served by Southwest;

it would account for the fourth largest number of scheduled departing seats in a combined airline system.

Figure 11

SCHEDULED DEPARTING SEATS FOR THE TOP 10 AIRPORTS IN 2010

Southwest Airlines and AirTran Airways



Source: Official Airline Guides, Inc., online database, accessed February 2011.

During the first quarter of 2011, Southwest instituted a number of fare increases to offset the costs associated with rising fuel costs. According to Gary Kelly, Southwest's Chairman, President, and CEO, the fare increase that went into effect mid-February — $10 round trip — is part of the company's effort to pass along fuel costs to customers and maintain a healthy level of profitability for the company.

Primary Commercial Service Airport in Colorado

Of the 14 commercial service airports in Colorado (see Figure 1), Denver International Airport is the primary airport, accounting for more than 90% of the passengers enplaned, as shown in Table 6 on the following page. Colorado Springs Airport, a small-hub airport 70 miles south of the Airport, principally serves local demand; originating passengers accounted for about 97% of total enplaned passengers at Colorado Springs Airport in 2009. Nearly 1.0 million passengers were enplaned and 44 scheduled daily aircraft departures were provided at Colorado Springs Airport in 2009, compared with 25.1 million passengers enplaned and

810 scheduled daily aircraft departures provided at Denver International Airport in the same year.

Table 6
COLORADO COMMERCIAL SERVICE AIRPORTS

Colorado airport	2009 Enplaned passengers	2009 Average daily departures: Air carrier	Regional jet	Turboprop	Total
Denver International	**25,128,033**	**480**	**201**	**129**	**810**
Colorado Springs	921,092	7	30	8	45
Grand Junction-Walker Field	228,810	*(a)*	8	9	17
Aspen-Pitkin County	216,405	--	9	8	17
Eagle County Regional	181,436	4	--	2	6
Durango-La Plata County	148,049	--	3	9	12
Hayden-Yampa Valley Regional	122,438	2	3	1	6
Montrose Regional	92,125	1	2	4	7
Gunnison-Crested Butte Regional	42,104	*(a)*	1	2	3
Fort Collins-Loveland Municipal	31,050	*(a)*	--	--	--
Cortez Municipal	7,694	--	--	3	3
Telluride Regional	6,522	--	--	2	2
San Luis Valley Regional	6,267	--	--	3	3
Pueblo Memorial	5,155	--	--	3	3
Total Colorado airports	27,137,180	494	257	183	933

Note: Includes airports with scheduled passenger service in 2009.

(a) Less than one daily departure.

Sources: U.S. Department of Transportation, T-100 database, Denver International Airport records, and Official Airline Guides, Inc., online database, accessed June 2010.

Airport Service Region

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

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

The following sections of the airline traffic analysis present a review of (1) the economic basis for airline traffic at the Airport, including socioeconomic, local industry, and other factors that contribute to passenger and cargo demand, (2) historical airline traffic, including originating and connecting passengers and a review of air cargo activity at the Airport, (3) the key factors that will affect future airline traffic, both at the Airport and nationwide, and (4) forecasts of airline traffic at the Airport through 2018, including enplaned passengers and aircraft landed weight. In this context, passenger airline traffic primarily refers to the O&D traffic generated by the regional residents and visitors who travel through the Airport. Connecting traffic, in contrast, is affected by the financial health and routing decisions of the hubbing airlines, which, in turn, are affected by national and global economic conditions.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport serving the region. Generally, regions with large populations, high levels of employment, and high average per capita incomes will generate a high demand for airline travel. The demographics and economy of the region—as measured by changes in population, employment, and per capita income—as well as airline service and airfares—are typically the most important factors affecting O&D passenger demand. In 2009, approximately 54% of the Airport's passengers were O&D passengers; the remaining 46% were connecting passengers. Connecting passenger traffic is determined more by the route network decisions of the hubbing airlines, as discussed in the earlier section titled "Airport Role." The Airport's role as a connecting hub results, in part, from its geographic location and, in part, from the route network decisions of United and Frontier airlines.

The economic outlook for the United States, the State of Colorado, and the Denver Metropolitan Area forms a basis for anticipated growth in airline traffic at the Airport. In the following section, projections prepared by national, State, and regional agencies are summarized for (1) the short-term (through 2012) and (2) the long-term (through 2015). The national economic projections presented are the most current projections available and include an assessment of the ongoing national economic recession as well as long-term growth rates. In contrast, at the State and regional levels, single projections that reflect both short- and long-term outlooks are not available. Therefore, two types of State and regional projections are presented: (1) short-term projections for 2011 and 2012 that incorporate the effects of the national economic recession but do not provide indications of long-term growth, and (2) long-term projections of economic growth that do not incorporate the effects of the national economic recession. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of national, State, and regional economic outlooks as well as an analysis of historical socioeconomic trends and, as presented in the section titled "Airline Traffic Forecasts."

Economic Outlook

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

U.S. Economy. The short-term economic outlook for the nation depends on the strength of the recovery from the 2008-2009 recession. On September 20, 2010, the Business Cycle Dating Committee of the National Bureau of Economic Research* announced that the 2008-2009 economic recession, which began in December 2007, ended in June 2009. The 2008-2009 recession lasted 18 months, which makes it the longest of any recession since World War II.

The recovery from the 2008-2009 recession has been slower than most economic recoveries since World War II, as measured by the slower pace of growth in U.S. GDP and continued high unemployment rates. The slower than average recovery reflects the nature of the recession—triggered by housing and financial credit crises that resulted in constraints on credit availability for households and businesses, reductions in consumer spending as a result of reduced wealth and efforts to increase savings, and weak housing prices and unresolved foreclosures.

U.S. economic data for the fourth quarter of 2010 and recently published economic projections indicate that a sustained recovery in economic activity is underway, although unemployment rates are expected to take longer to return to historical rates. Inflation adjusted U.S. GDP increased 3.2% during the fourth quarter of 2010, while unemployment rates remained high (8.9% in February 2011). In January 2011, the Congressional Budget Office (CBO) published updated economic projections of economic activity—inflation adjusted U.S. GDP is projected to increase 3.1% in 2011 and 2.8% in 2012. The CBO's January 2011 outlook included the following observations.

- Continued strong growth in business investment, improvements in both residential investment and net exports (exports minus imports), and modest increases in consumer spending are expected as well as increased spending in 2011 related to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (referred to as the 2010 tax act), passed by Congress in late 2010.

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*The National Bureau of Economic Research is a nonprofit economic research organization that determines the start and end dates of U.S. economic cycles.

- Employment growth will be constrained by structural impediments in the labor market (such as a mismatch between the requirements of existing job openings and the characteristics of job seekers, including skills and geographic location) that have hindered the reemployment of jobless workers. As a result, the unemployment rate falls only to 9.4% in 2011 and to 8.4% in 2012 in CBO's projection. CBO expects the unemployment rate to continue declining thereafter, reaching 5.2% by 2021.

At its January 2011 meeting, the Federal Open Market Committee (FOMC) of the Federal Reserve Board released revised forecasts of the output of goods and services in 2011—an increase of 3.4% to 3.9%, higher than the FOMC's November 2010 forecast of 3.0% to 3.6%. The FOMC's January 2011 outlook included the following observations.

- A number of factors are expected to contribute to stronger than expected growth in 2011 and a sustained increase in the pace of economic expansion in 2012 and 2013, including a continued improvement in financial market conditions, further expansion of credit available to households and businesses, increasing household and business confidence, and a favorable outlook for U.S. exports. In addition, fiscal stimulus measures such as the 2010 tax act are expected to support household and business spending in 2011.

- Gradual and steady reductions in unemployment rates are expected through 2013, although the convergence to historical unemployment rates of approximately 5% is expected to take 5 to 6 years in the absence of further shocks.

- Inflation rates are expected to remain relatively unchanged through 2013, reflecting an underutilization of resources (i.e., labor, facilities, and capital), and approximate 2.0% by 2021.

Table 7 presents a comparison of U.S. economic projections prepared by the Congressional Budget Office (CBO), the *Blue Chip* Consensus (an average of about 50 forecasts by private-sector economists), and the FOMC. Consistent with the CBO projections, both the *Blue Chip* Consensus and the FOMC projections reflect the effects of fiscal stimulus and Federal Reserve measures to provide support to credit markets. The long-term growth rates for each of the three projections (through 2021) do not include assumptions regarding further economic and other shocks, and all three projections show GDP growth ranging from 2.5% to 3.0% from 2010 through 2021. This rate of growth is significantly lower than world-wide growth projections, especially in emerging economies such as India and China.

Table 7
U.S. ECONOMIC PROJECTIONS
2010-2021

	Average annual percent increase (decrease) *(a)*			
	Historical	Projected		
	1980-2010	2010-2011	2011-2012	2010-2021
Real GDP				
CBO	2.8%	3.1%	2.8%	2.8%
Blue Chip Consensus		3.3	3.2	*(b)*
FOMC		3.4 – 3.9	3.5 – 4.4	2.5 – 2.8
CPI-U				
CBO	3.3%	1.3%	1.3%	2.0%
Blue Chip Consensus		1.8	2.0	*(b)*
PCE price index				
FOMC	2.9%	1.3 – 1.7	1.0 – 1.9	1.6 – 2.0
	Calendar year average rates			
Unemployment rate (percent)				
CBO	6.3% *(c)*	9.4%	8.4%	5.2% *(d)*
Blue Chip Consensus		9.4	8.7	*(b)*
FOMC		8.8 – 9.0	7.6 – 8.1	5.0 – 6.0
3-Month Treasury Bill rate				
CBO	5.3% *(c)*	0.3%	1.1%	4.4% *(d)*
Blue Chip Consensus		0.3	1.2	*(b)*
10-Year Treasury Note rate				
CBO	7.1% *(c)*	3.4%	3.8%	5.4% *(d)*
Blue Chip Consensus		3.5	4.2	*(b)*

CBO= Congressional Budget Office
CPI-U = Consumer price index for all urban consumers
FOMC = Federal Reserve Board, Federal Open Market Committee
GDP = Gross domestic product
PCE = Personal Consumption Expenditures

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

(a) Represents the percent change between the fourth quarters of the years indicated, except for 1980 through 2010.
(b) The January 2010 *Blue Chip* Consensus is reported only through 2012.
(c) Represents the average from 1980 through 2010.
(d) Level in 2021.

Sources: Congressional Budget Office, *The Budget and Economic Outlook, An Update, Fiscal Years 2011 to 2021*, January 2011 (including data for the *Blue Chip* Consensus). Federal Reserve Board, Federal Open Market Committee, *Summary of Economic Projections*, January 25-26, 2011, published February 16, 2011.

Colorado Economy. The Colorado economy continues to gradually recover from the 2008-2009 economic recession. According to the State of Colorado Legislative Council (CLC), several economic indicators indicate growth, including increases in Colorado's private sector employment since May 2010, reductions in initial claims for unemployment insurance, gradual increases in retail spending, improvements in the energy markets with increases in rig counts and drilling permits, and moderate gains in personal income through the third quarter of 2010. The CLC expects the pace of Colorado's economic recovery in 2011 and the next few years to be limited by high unemployment and debt, constrained credit, and a weakened housing market.

State economists expect the Colorado economy to experience a slow pace of economic recovery, projecting increases in employment in 2011 ranging between 0.9% and 2.9%, as shown in Table 8. According to the economic outlook developed by the Center for Business and Economic Forecasting* for the Colorado Department of Local Affairs (DOLA), the State's recovery from the current economic recession is expected to be gradual given that:

- The U.S. economic recovery is expected to be slow.
- Small businesses are expected to experience continued difficulty borrowing money.
- The energy sector is expected to remain weak.

Long-term projections of Colorado nonagricultural employment growth prepared by DOLA are for an average annual increase of 3.4% between 2010 and 2015, compared with the Colorado Department of Labor (CDOL) projections for an average annual increase of 0.8% during the same period, as shown in Table 8. These projections provide an indication of long-term growth rates that are consistent with historical employment trends in the State (an average increase of 1.9% per year from 1980 to 2010). The Colorado Legislative Council forecasts State nonagricultural employment to increase at slower but comparable rates to those projected by CDOL—increases of 0.9% in 2011 and 2.1% in 2012.

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*The Center for Business and Economic Forecasting is a private company specializing in State and regional economic forecasting which assists DOLA in preparing its economic forecasts.

Table 8
COMPARISON OF SOCIOECONOMIC PROJECTIONS/FORECASTS FOR THE DENVER METROPOLITAN AREA AND COLORADO

	Average annual percent increase (decrease)			
	Historical	Projected/Forecast		
	1980-2010	2010-2011	2011-2012	2010-2015
Population				
Denver Metropolitan Area	1.9% *(a)*	1.5%	1.5%	1.5%
State of Colorado	1.9	1.6	1.6	1.7
Nonagricultural employment				
Denver Metropolitan Area				
DRP	1.3%	1.1%	n.a.	n.a.
DOLA		1.9	3.3	2.5
CDOL		n.a.	n.a.	0.8
State of Colorado				
CLC	1.9%	0.9	2.1	n.a.
DOLA		2.9	3.5	3.4
CDOL		n.a.	n.a.	0.8
Total personal income *(b)*				
Denver Metropolitan Area				
DOLA	6.8% *(a)*	4.8	6.3	6.3
State of Colorado	6.8 *(a)*			
CLC		3.1	3.4	n.a.
DOLA		5.0	6.4	6.5

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

(a) Represents the percent change through 2009.
(b) Unadjusted for inflation.

Sources*:* Short-term projections/forecasts*:* Metro Denver Economic Development Corporation/Development Research Partners, Metro Denver 2011 Economic Forecast, January 2011, www.metrodenver.org. Colorado Legislative Council Staff, *Focus Colorado: Economic and Revenue Forecast*, December 20, 2010.
Long-term projections: Colorado Division of Local Government, State Demography Office, www.dola.colorado.gov, as of November 2009. Colorado Department of Labor, Labor Market Information, Industry Employment and Projections data in Colorado from Base Year 2009 to Projected Year 2019, www.coworkforce.com, as of August 2010.

Denver Metropolitan Area Economy. Similar to economic trends in the State, the economic recovery in the Denver Metropolitan Area is expected to be gradual. In 2010, nonagricultural employment in the Denver Metropolitan Area decreased 1.4%, less than the decrease in the State (1.8%) but more than that in the nation (0.8%). Projections of economic activity through 2015 are summarized below and presented in Table 8.

- **Population**—The Colorado Department of Local Affairs projects that the Denver region's population will increase 1.5% per year between 2010 and 2015, compared with an average increase of 1.7% per year in the State.

- **Nonagricultural employment**— In its January 2011 economic outlook, the Metro Denver Economic Development Corporation projected nonagricultural employment in the Denver Metropolitan Area to increase 1.1% in 2011, reflecting reduced business and consumer confidence and constrained credit. Employment projections prepared by the Colorado Department of Local Affairs in November 2009 (prior to increases in unemployment rates in the Denver Metropolitan Area) are for an increase of 1.9% in 2011 and continued increases averaging 2.5% per year between 2010 and 2015. In comparison, the Colorado Department of Labor projects an average increase of 0.8% per year in nonagricultural employment in the Denver Metropolitan Area between 2010 and 2015.

- **Total personal income**—The Colorado Department of Local Affairs projects that per capita income in the Denver region will increase 6.3% per year (unadjusted for inflation) between 2010 and 2015.

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

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

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

- There is the risk that U.S. consumers may not be able to generate much spending growth due to persistent unemployment and the various reasons described above.

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

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

Historical Population, Employment, and Per Capita Personal Income

The Denver Metropolitan Area is the largest business center in the State of Colorado and the multi-state Rocky Mountain region, which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. In 2009, the Denver Metropolitan Area accounted for over 57% of Colorado's population and 61% of its employment. Denver ranked first of 30 U.S. metropolitan areas in a 2009 national survey by the Pew Research Center's Social and Demographic Trends Project. The survey found that nearly half (46%) of the public would rather live in a different type of community from the one in which they now live and Denver ranked first among favorite cities.*

Table 9 presents comparative trends in population, nonagricultural employment, and per capita personal income in the Denver Metropolitan Area, the State of Colorado, and the United States in 1980, 1990, and 2000 through 2010.

Population. As shown in Table 9, the population of the Denver Metropolitan Area increased at rates comparable to those in the State of Colorado and higher than the national average. Population in the Denver Metropolitan Area increased an average of 1.4% per year between 1980 and 1990, 2.7% per year between 1990 and 2000, and 1.7% per year between 2000 and 2009. Population growth in the Denver Metropolitan Area slowed between 2000 and 2005 and increased at above average growth rates between 2005 and 2009, reflecting increased in-migration in response to regional economic growth.

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

Table 9

HISTORICAL TRENDS IN SOCIOECONOMIC DATA

Denver Metropolitan Area, State of Colorado, and United States

1980-2010

	Population (thousands) *(a)*			Nonagricultural employment (thousands) *(b)*			Per capita income in 2000 dollars *(c)*		
	Denver Metropolitan Area	State of Colorado	United States *(c)*	Denver Metropolitan Area	State of Colorado	United States *(e)*	Denver Metropolitan Area	State of Colorado	United States
1980	1,640	2,890	226,546	896	1,251	90,528	$24,904	$22,390	$21,088
1990	1,876	3,294	248,710	963	1,521	109,487	28,572	25,530	25,500
2000	2,449	4,301	282,422	1,375	2,214	131,785	38,701	33,977	30,318
2001	2,526	4,433	285,082	1,375	2,227	131,826	39,011	33,319	30,283
2002	2,558	4,504	287,804	1,333	2,184	130,341	38,043	33,524	30,115
2003	2,580	4,549	290,326	1,314	2,153	129,999	37,278	32,902	30,201
2004	2,607	4,600	293,046	1,325	2,180	131,435	37,806	33,412	30,886
2005	2,640	4,661	295,753	1,350	2,226	133,703	38,434	33,995	31,234
2006	2,691	4,753	298,593	1,378	2,279	136,086	39,726	34,934	32,201
2007	2,745	4,842	301,580	1,407	2,331	137,598	39,705	35,186	32,771
2008	2,801	4,935	304,375	1,421	2,350	136,790	38,575	34,799	32,530
2009	2,856	5,025	307,007	1,358	2,244	130,920	37,037	33,582	31,806
2010	n.a.	5,075	308,746	1,339	2,204	129,819	n.a	n.a.	n.a.
				Percent increase (decrease)					
2000-2001	3.1 %	3.1%	1.3 %	0.0 %	0.6 %	0.0 %	0.8 %	1.0 %	(0.1%)
2001-2002	1.3	1.6	1.0	(3.1)	(1.9)	(1.1)	(2.5)	(2.3)	(0.6)
2002-2003	0.8	1.0	0.9	(1.4)	(1.4)	(0.3)	(2.0)	(1.9)	0.3
2003-2004	1.0	1.1	0.9	0.8	1.2	1.1	1.4	1.5	2.3
2004-2005	1.3	1.3	0.9	1.9	2.1	1.7	1.7	1.7	1.1
2005-2006	1.9	2.0	1.0	2.0	2.4	1.8	3.4	2.9	3.1
2006-2007	2.0	1.9	1.0	2.2	2.3	1.1	(0.1)	0.7	1.8
2007-2008	2.0	1.9	0.9	1.0	0.8	(0.6)	(2.8)	(1.1)	(0.7)
2008-2009	2.0	1.8	0.9	(4.4)	(4.5)	(4.3)	(4.0)	(3.5)	(2.2)
2009-2010	--	1.0	0.6	(1.4)	(1.8)	(0.8)	--	--	--
				Average annual percent increase (decrease)					
1980-1990	1.4%	1.3%	0.9%	0.7%	2.0%	1.9%	1.4%	1.3%	1.9%
1990-2000	2.7	2.7	1.2	3.6	3.8	1.9	3.1	2.9	1.7
2000-2010	1.7 *(d)*	1.7	1.0	(0.1)	0.2	(0.1)	(0.5) *(d)*	(0.1) *(d)*	0.5 *(d)*
1980-2010	1.9 *(d)*	1.9	1.0	1.3	1.9	1.2	1.4 *(d)*	1.4 *(d)*	1.4 *(d)*

n.a. = not available

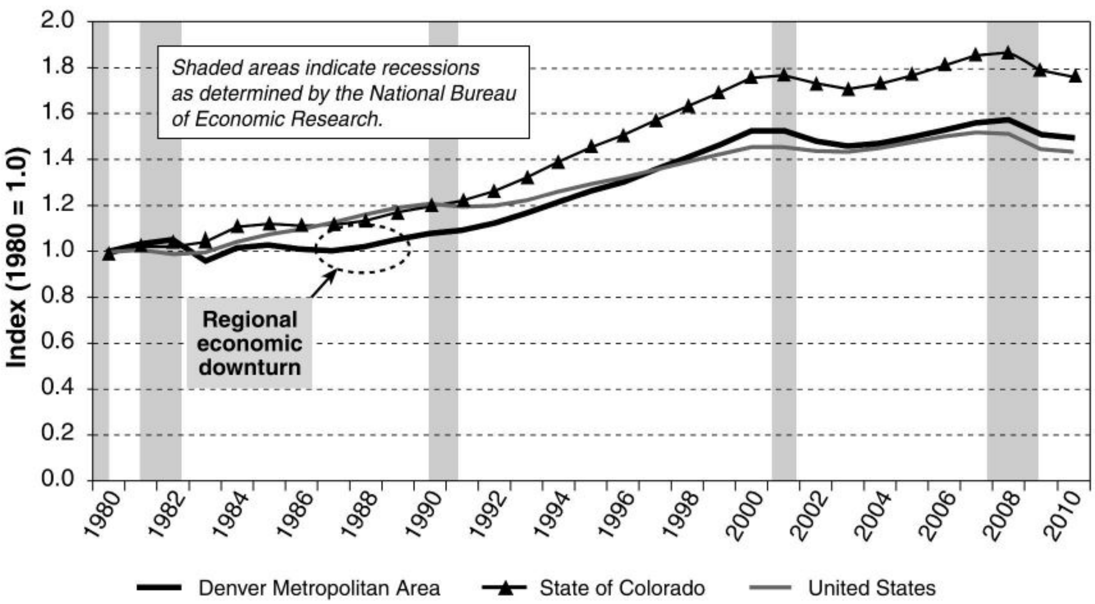
Note: The Denver Metropolitan Area includes the Denver-Aurora Metropolitan Statistical Area consisting of Adams, Arapahoe, Broomfield (prior to November 2001, the City of Broomfield was located within Adams, Boulder, Jefferson, and Weld counties), Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, 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 September 2010.
(b) U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed September 2010.
(c) U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed September 2010. Adjusted to constant 2000 dollars using the U.S. Department of Labor, Consumer Price Index for Urban Consumers (1982-84 = 100), www.bls.gov.
(d) Represents the percent change through 2009.

Employment. Nonagricultural employment in the Denver Metropolitan Area is correlated with national employment trends, as shown in Table 9 and on Figure 12. Following the trends in population, nonagricultural employment in the Denver Metropolitan Area expanded during the 1990s, increasing an average of 3.6% per year between 1990 and 2000, compared with slower growth between 1980 and 1990 (an average 0.7% per year). Between 2000 and 2010, nonagricultural employment in the Denver Metropolitan Area and the nation as a whole decreased an average of 0.1% per year, reflecting the effects of the 2008-2009 economic recession.

Figure 12

TRENDS IN NONAGRICULTURAL EMPLOYMENT



Sources: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov and National Bureau of Economic Research, www.nber.org accessed February 2011.

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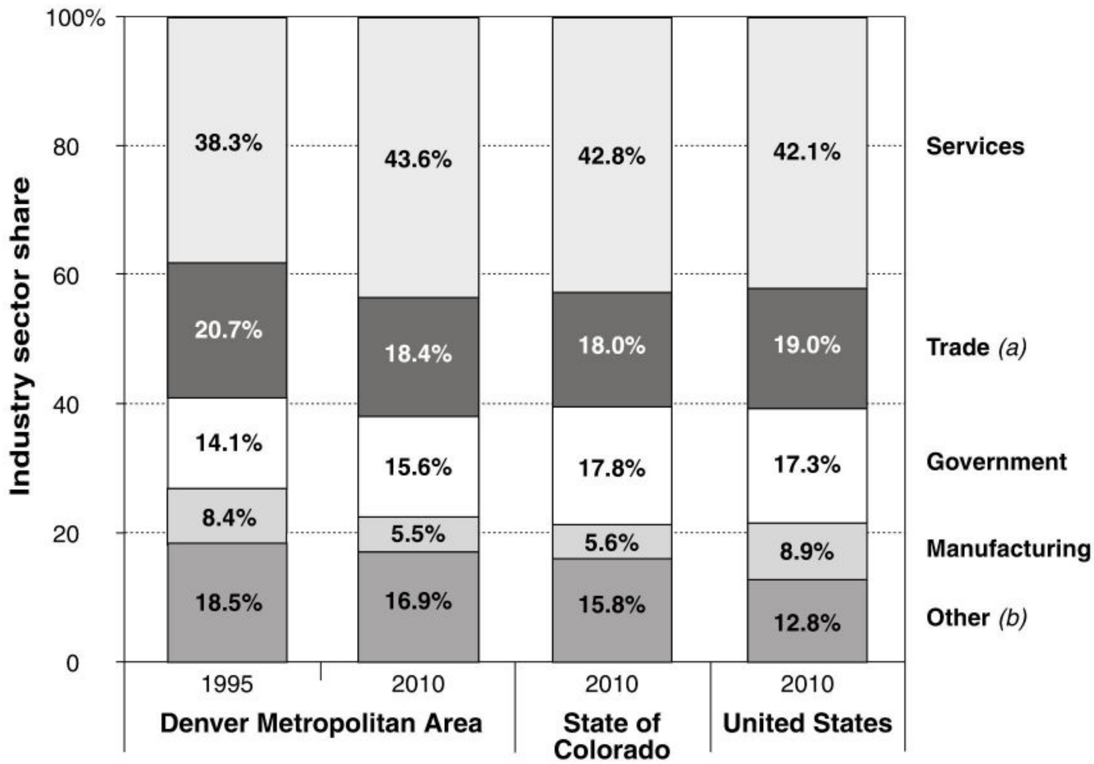
Per Capita Income. Per capita income (in 2000 constant dollars) in the Denver Metropolitan Area has historically exceeded that in the State of Colorado and the nation, as shown in Table 9. In 2009, average per capita income in the Denver Metropolitan Area exceeded that in the State and the nation by 10% and 16%, respectively. Per capita income levels and growth are closely related to growth in passenger traffic and the propensity to travel in a region because (1) income levels reflect the level of education of the work force and the mix of businesses, and (2) income growth translates into disposable income and thus reflects the potential for growth in the number of trips per person.

Nonagricultural Employment by Industry Sector. Figure 13 shows a comparative distribution of nonagricultural employment by industry sector for the Denver Metropolitan Area in 1995 and in 2010 and for the State and the nation in 2010. Employment in services (43.6%), including health, education, professional, business, and other services and trade (19.0%) accounted for a combined 62.6% of total nonagricultural employment in the Denver Metropolitan Area in 2010.

Figure 13

COMPARATIVE DISTRIBUTION OF EMPLOYMENT BY INDUSTRY SECTOR



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

Source: U. S. Department of Labor, Bureau of Labor Statistics, www.bls.gov., accessed February 2011.

Unemployment Rates. In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Table 10 shows comparative annual unemployment rates in the Denver Metropolitan Area, the State, and the nation as a whole for 2000 through 2010. The unemployment rate in the Denver Metropolitan Area has followed the trends in the State, but exceeded the national rate in 2002 through 2005. Since 2005, the unemployment rates in the Denver Metropolitan Area and the State have remained lower than the national rate.

Since the beginning of the recession in December 2007, monthly unemployment rates in the Denver Metropolitan Area, the State of Colorado, and the United States have increased, as shown on Figure 14. In December 2010, the Denver Metropolitan Area unemployment rate (unadjusted) was 8.4%, similar to that for the State (8.6%) and lower than that for the nation (9.1%).

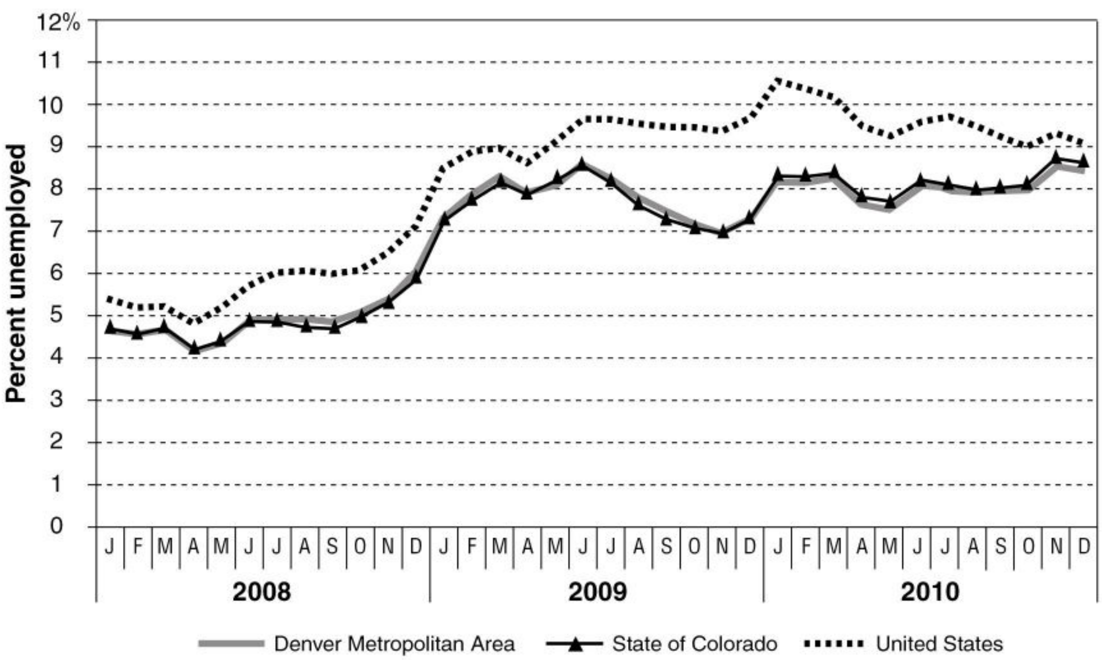
Table 10
COMPARATIVE UNEMPLOYMENT RATES

	Denver Metropolitan Area	State of Colorado	United States
2000	2.6%	2.7%	4.0%
2001	3.8	3.8	4.7
2002	5.9	5.7	5.8
2003	6.4	6.1	6.0
2004	5.8	5.6	5.5
2005	5.2	5.1	5.1
2006	4.4	4.4	4.6
2007	3.9	3.9	4.6
2008	4.9	4.9	5.8
2009	7.8	7.7	9.3
2010	8.0	8.2	9.6

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

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed February 2011.

Figure 14
MONTHLY UNEMPLOYMENT RATES



Note: Unemployment rates are not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed February 2011.

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Major Employers. Table 11 lists the 25 largest employers in the Denver Metropolitan Area as of May 2010. The list of major employers reflects the diversity of the companies and organizations in the area.

Table 11
25 LARGEST PRIVATE EMPLOYERS
Denver Metropolitan Area

Rank	Company	Description	Number of employees *(a)*
1	HealthONE Corporation	Healthcare	9,300
2	Qwest Communications	Telecommunications	7,700
3	Lockheed Martin Corporation	Aerospace/Defense systems	7,700
4	Exempla Healthcare	Healthcare	7,500
5	Centura Health	Healthcare	6,000
6	Kaiser Permanente	Healthcare	5,600
7	DISH Network	Satellite television equipment	4,900
8	United Airlines	Airline	4,500
9	Wells Fargo Bank	Financial services	4,400
10	University of Denver	Education	4,200
11	Children's Hospital	Healthcare	4,100
12	Frontier Airlines	Airline	4,100
13	IBM Corporation	Computer systems	4,100
14	University of Colorado Hospital	Healthcare research	4,100
15	Oracle	Software/Computer systems	3,800
16	United Parcel Service	Parcel delivery	3,600
17	Comcast Corporation	Telecommunications	3,500
18	Ball Corporation	Aerospace/containers	3,100
19	MillerCoors Brewing Company	Beverages	2,900
20	Xcel Energy	Utilities	2,800
21	Avaya	Telecommunications	2,500
22	FedEx	Shipping and freight	2,300
23	Sprint Nextel Corporation	Cellular and wireless phones	2,300
24	Boulder Community Hospital	Healthcare	2,200
25	Raytheon	Aerospace	2,200

Note: Excludes retail companies and public and government organizations.

(a) Rounded to the nearest hundred.

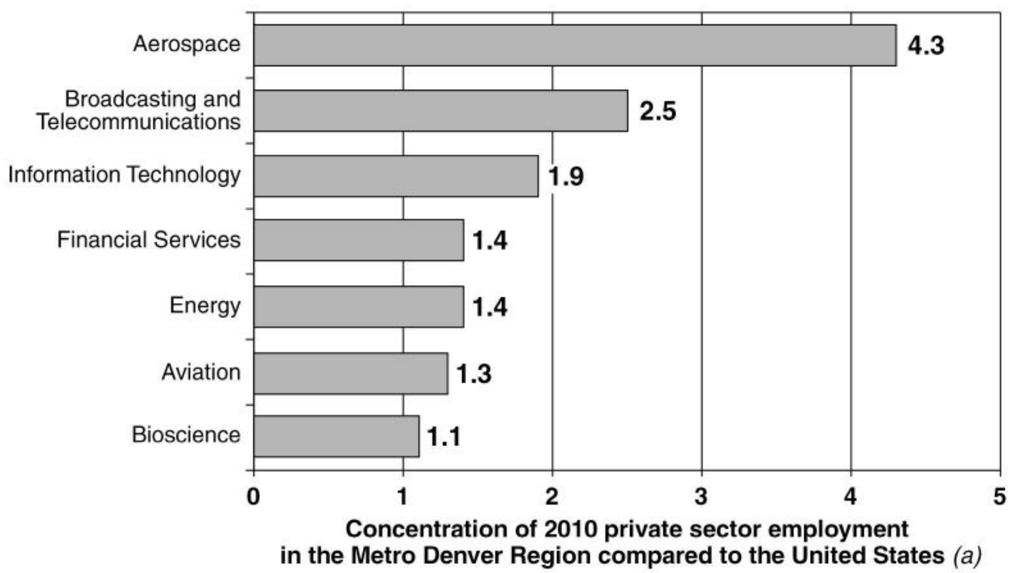
Source: Compiled from various business lists and resources by Development Research Partners Inc., May 2010.

Denver Industry Clusters

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

Figure 15

DENVER INDUSTRY CLUSTERS IN 2010



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

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

Source: Metro Denver Economic Development Corporation, *Industry Cluster Study*, January 2011, www.metro-denver.org

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Aerospace. The aerospace industry cluster includes companies that develop products and systems for commercial, military, and space applications. Employment in the aerospace industry cluster in Denver was 4.3 times more concentrated than in the United States as a whole, as shown on Figure 15. This large

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

concentration of employment indicates that the aerospace industry accounts for a larger share of total employment in Denver than it does for the nation as a whole. According to the EDC, Colorado's aerospace industry employed 53,440 workers in 2010, including 24,740 private-sector employees and 28,700 military personnel. Total Colorado private-sector aerospace employment increased an average of 1.3% per year between 2004 and 2010, compared with a 0.4% per year increase nationwide. Colorado is home to four military commands, six major aerospace contractors, and several universities involved in leading space research. The six major contractors are Lockheed Martin Corporation, Ball Aerospace & Technology Corp., The Boeing Company, Raytheon Company, Northrop Grumman Corporation, and ITT Corporation, in addition to more than 300 aerospace companies and suppliers. About 74% of aerospace companies are located in the nine-county Metro Denver Region, according to the EDC.

Aviation. The aviation industry cluster includes companies that manufacture aircraft and provide air transportation services, including airlines, airport operators, aircraft manufacturing companies, and support services. Employment in the aviation industry cluster in the Denver Metro Region was 1.3 times more concentrated than in the United States, as shown on Figure 15. According to the EDC, about 450 aviation-related companies were located in the Metro Denver Region in 2010, many of which were involved with airport operations and scheduled air transportation. Between 2004 and 2010, Denver's aviation industry experienced an average increase of 0.7% per year in employment, compared with an average decrease of 0.8% in the nation. Denver International Airport, three general aviation reliever airports, and top aircraft manufacturers create a solid foundation for 15,060 workers directly employed by air transportation companies in the Metro Denver Region in 2010.

Bioscience. The bioscience industry cluster is diverse and includes two sub-sectors: (1) pharmaceuticals and biotechnology and (2) medical devices and instruments. According to the EDC, the Metro Denver Region had 5,000 pharmaceuticals and biotechnology workers plus 9,460 medical device and instrument production workers, for a total of 14,460 total direct bioscience workers in 2010. The industry is supported by 11 local higher education institutions with bioscience programs and numerous research assets, as well as the Fitzsimons Bioscience Campus (formerly the Fitzsimons Army Medical Center), which is being transformed into a state-of-the-art integrated life sciences community. From 2004 to 2010, employment in Denver's bioscience sub-sectors, pharmaceuticals and biotechnology and medical devices and instruments, increased an average of 1.0% and 1.2% per year, respectively. Employment in the bioscience industry cluster in the Metro Denver Region was 1.1 times more concentrated than in the United States, as shown on Figure 15.

Energy. The energy industry cluster included 37,940 employees in the Metro Denver Region in 2010 in two energy sub-sectors: (1) fossil energy and (2) cleantech, including renewable energy and energy research. According to the EDC, Denver's energy industry included 2,410 companies in 2010, including 1,260 in the fossil fuel sub-sector and 1,150 in cleantech. The energy industry cluster in the Metro Denver Region was 1.4 times more concentrated than in the United States in 2010, as shown on Figure 15. From 2004 to 2010, employment in Denver's energy sub-sectors, fossil fuels and cleantech, increased an average of 4.2% and 5.9% per year, respectively. The majority of energy research companies in the Denver area are environmental consultants and noncommercial research institutions, including the National Renewable Energy Lab (the primary national laboratory for renewable energy and energy efficiency research and development) and the Colorado School of Mines and Colorado Energy Research institutes.

Financial Services. The financial services industry cluster in the Metro Denver Region employed a total of 87,460 workers in 2010 and is divided into three sub-sectors: (1) banking and finance, (2) investments, and (3) insurance. According to the EDC, Denver's financial services industry cluster consisted of 11,150 companies in 2010, including 3,440 in banking and finance, 4,500 in investments, and 3,210 in insurance. From 2004 to 2010, employment in two of Denver's financial services sub-sectors, banking and finance and insurance decreased—an average of 3.6% and 3.0% per year, respectively, while employment in the investments sub-sector increased an average of 1.9% per year. Employment in the financial services industry cluster in the Metro Denver Region was 1.4 times more concentrated than in the United States, as shown on Figure 15.

Broadcasting and Telecommunications. The broadcasting and telecommunications industry cluster includes companies that provide the means to deliver voice, data, and video to end users. In 2010, employment in this industry cluster totaled 40,780 people in the Metro Denver Region and was 2.5 times more concentrated than in the United States, as shown on Figure 15. Employment in Denver's broadcasting and telecommunications industry cluster decreased 1.0% per year from 2004 to 2010, compared with an average decrease of 2.7% per year nationwide. These declines reflect, in part, the industry's slow recovery from the 2001 recession as well as increases in productivity and competition that have dampened employment growth. Major broadcasting and telecommunications companies include Comcast Corporation, DirecTV, and Lucent Technologies.

Information Technology. The information technology industry cluster is divided into two sub-sectors: hardware and software. The EDC limits its analysis of the information technology industry cluster to the software sub-sector to avoid double-counting workers in other technology clusters such as broadcasting and telecommunications and aerospace. The 3,790 companies in the software sub-sector directly employed 40,360 workers in the Metro Denver Region in 2010. Denver's software industry employment decreased an average of 0.3% per year between 2004 and 2010, compared with a 0.5% per year decrease nationwide. Employment in the software sub-sector in the Metro Denver Region was 1.9 times more concentrated than in the United States.

Denver Housing Market

Figure 16 presents the percent change in home prices for the Denver Metropolitan Area from January 1988 through November 2010, compared with composites for 10 and 20 selected metropolitan areas, based on the Standard & Poor's/Case-Shiller Home Price Index. As shown, home prices in Denver increased from 1998 to 2002, prior to the increases in home prices for the metropolitan areas in the composite index that followed the dot-com downturn. From 2002 to 2007, the increase in Denver's home prices averaged less than 5%, considerably lower than increases of nearly 21% for the 20 metropolitan areas included in the index. Since 2007, home prices in Denver have decreased less than 6%, compared with decreases of nearly 20% for the composite of 20 metropolitan areas, reflecting the national sub-prime mortgage crisis and subsequent financial crisis. Home prices in Denver increased for eight consecutive months from November 2009 through June 2010. Since then, Denver home prices have decreased. In November 2010, home prices in Denver decreased 2.5% compared with November 2009 prices. According to the Metro Denver Economic Development Corporation (EDC), Denver's housing market—like other markets nationwide—declined when the homebuyers' tax credits expired although Denver home prices have held up better than prices in many other metropolitan areas. In its 2011 economic forecast for Denver, the EDC forecast a 2.0% increase in Denver's median home price and a 9.5% increase in home sales in 2011.

Visitors to Denver

Annually since 1991, Visit Denver, the Convention and Visitors Bureau, has commissioned an annual in-depth study of the Denver tourism market. Longwoods International, a research firm that analyzes North American travel patterns, prepares this annual study, which coincides with a study of the Colorado tourism market sponsored by the Colorado Tourism Office. Key results of the 2009 Longwoods International study included:

- Denver outperformed the national average in 2009 by attracting 12.1 million overnight visitors (compared with 12.2 million in 2008), while the number of overnight visitors in the rest of the nation decreased 7%.

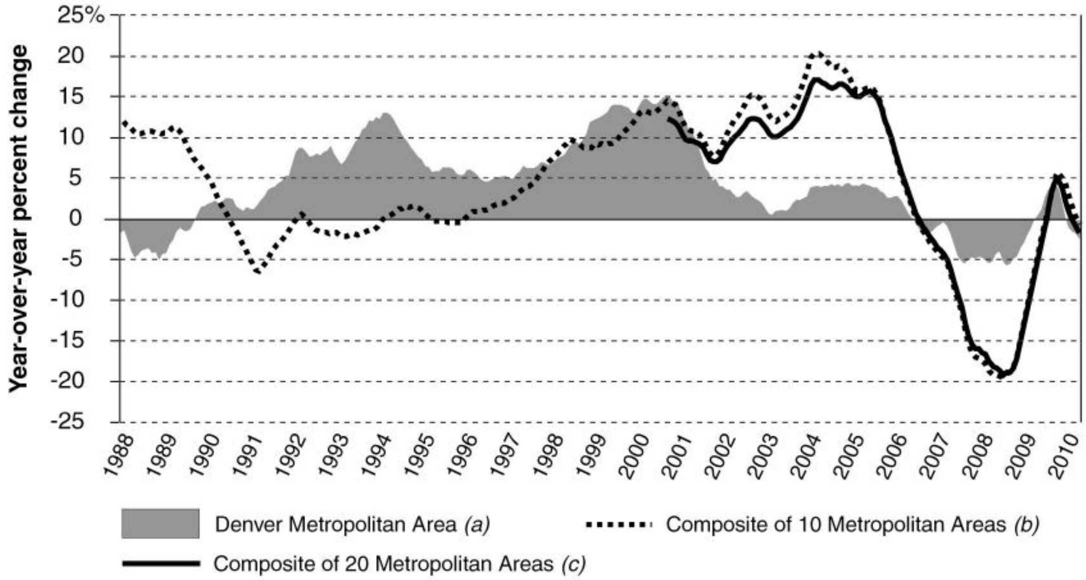
- Denver visitor spending decreased 9.0% between 2008 and 2009, reflecting a 20.0% decrease in the number of overnight business visitors. The number of overnight leisure visitors increased 4.1% between 2008 and 2009 although spending by leisure visitors remained unchanged.

- The length of stay by leisure visitors continued to increase—averaging 3.7 nights—in contrast to a trend toward shorter vacations in the nation as a whole.

Figure 16

PERCENT CHANGE IN HOME PRICES

Denver and Selected Metropolitan Areas



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

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

Source: Standard & Poor's/Case-Shiller Home Price Indices, www.standardandpoors.com, accessed February 2011.

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Table 12 presents a summary of the trends in visitor activity in the Denver Metropolitan Area in 1995 and 2000 through 2009, based on the Longwoods International study, as well as the number of conventions and delegates reported by Visit Denver, the Convention and Visitors Bureau.

Business Travel. In 2009, visitors traveling to Denver on business accounted for 17% of all overnight trips, according to the Longwoods International study. Business travelers spent the largest amounts, averaging $335 per person per trip, while leisure visitors spent an average of $215 per person per trip.

Leisure Travel. Leisure visitors to Denver accounted for most of the overnight trips (83%) and drove the growth trend in numbers of overall visitors. Denver continues to be a strong leisure market. Between 1996 and 2009, the number of leisure visitors increased an average of 4.9% per year. Colorado remained the country's top ski destination in 2009, accounting for approximately 20% of national overnight ski trips.

Conventions. Denver's meeting and convention business rebounded in 2010, with 75 conventions and 268,905 delegates. In January 2011, Denver was selected by the Toronto Globe & Mail as the top destination for conventions in the world and cited for its central U.S. location, low fare flights into Denver International Airport, and proximity of its hotels to the Colorado Convention Center—the site of the 2008 National Democratic Convention.

Table 12
VISITOR ACTIVITY
Denver Metropolitan Area

	Overnight trips to Denver (millions)			Denver conventions	
Year	Leisure	Business	Total	Number	Number of delegates
1995	5.2	1.9	7.1	32	110,613
2000	6.9	2.7	9.6	37	145,787
2001	8.0	2.3	10.3	34	140,995
2002	8.1	2.1	10.2	31	94,168
2003	7.8	1.9	9.7	26	105,259
2004	7.9	2.0	9.9	30	114,528
2005	7.9	2.5	10.4	40	153,483
2006	9.1	2.6	11.7	55	180,195
2007	9.6	2.6	12.2	75	226,030
2008	9.7	2.5	12.2	75	265,509
2009	10.1	2.0	12.1	66	209,548
2010	n.a.	n.a.	n.a.	75	268,905
	Average annual percent increase (decrease)				
1995-2000	5.8%	7.3%	6.2%	2.9%	5.7%
2000-2010	4.3 *(a)*	(3.3) *(a)*	2.6 *(a)*	7.3	6.3
1995-2010	4.9 *(a)*	0.4 *(a)*	3.9 *(a)*	5.8	6.1

n.a. = not available

(a) Represents the increase through 2009.

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

HISTORICAL AIRLINE TRAFFIC

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

Airline Service and Passenger Market Shares

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

Airline Service. Table 13 lists the passenger airlines that provided service at the Airport as of December 2010. In addition, several all-cargo airlines, including Airborne Express, Air Transport International, Alpine Aviation, Ameriflight, Capital Cargo International Airlines, DHL Express (USA), Federal Express Corporation, Key Lime Air, United Parcel Service, and Volga-Dnepr Airlines provide service at the Airport.

Table 13
SCHEDULED PASSENGER AIRLINES SERVING DENVER

Mainline/network	***Regional/commuter***
AirTran Airways *(a)*	American Eagle
Alaska Airlines	Atlantic Southeast Airlines (Delta Connection)
American Airlines	Comair (Delta Connection)
Continental Airlines *(b)*	Compass Air (Delta Connection)
Delta Air Lines *(c)*	ExpressJet (Continental Express)
Frontier Airlines *(d)*	GoJet Airlines (United Express)
JetBlue Airways	Great Lakes Aviation
Southwest Airlines *(a)*	Lynx Aviation (Frontier)
United Airlines *(b)*	Mesa Airlines (US Air Express)
US Airways	Mesaba Airlines (Delta Connection)
	Republic Airlines (Frontier)
	Shuttle America (United Express)
	SkyWest Airlines (Delta Connection and United Express)
Foreign-flag	***Charter***
Aeromexico	Allegiant Air
Air Canada	Casino Express
British Airways	Sun Country Airlines
Lufthansa German Airlines	

(a) On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways.
(b) United completed its merger with Continental on October 1, 2010. The operations of the two airlines will be combined into a single entity upon the issuance of a single operating certificate from the FAA.
(*c*) Delta completed its merger with Northwest on October 29, 2008, and a single operating certificate was issued on December 31, 2009.
(*d*) On October 1, 2010, all tickets for the combined Frontier-Midwest airline network were sold under the Frontier name.

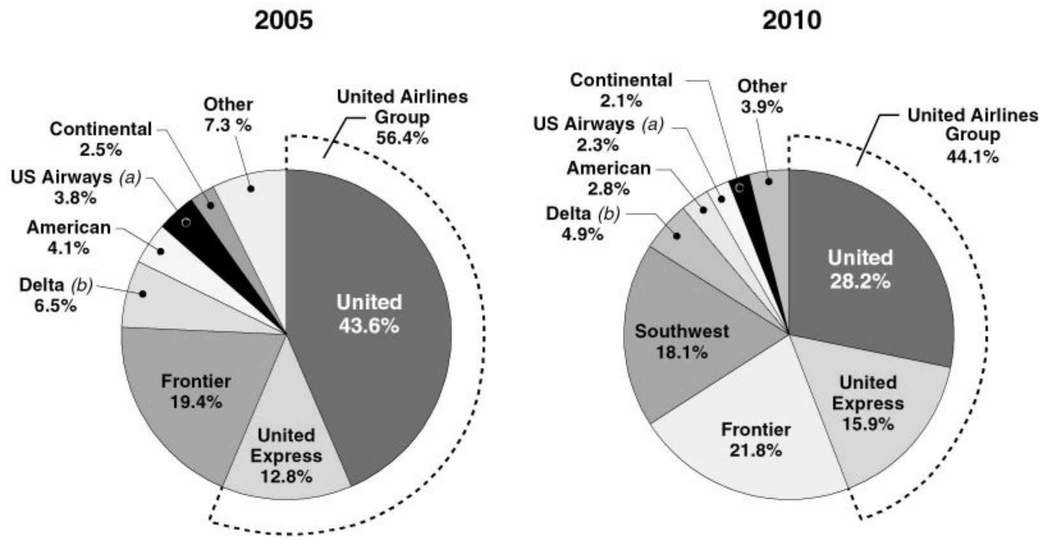
Source: Airport management records.

Enplaned Passenger Market Shares. The market shares for the passenger airlines serving the Airport are shown on Figure 17 and in Table 14. In 2010, United and Continental Airlines had the largest market share of enplaned passengers (46.2%) at the Airport, followed by Frontier (21.8%), and Southwest (18.1%).

Figure 17

ENPLANED PASSENGER MARKET SHARES

Denver International Airport



Note: Includes regional affiliates.
(a) Includes activity of America West Airlines, which merged with US Airways in September 2005.
(b) Includes activity of Northwest Airlines, which merged with Delta in January 2010.
Source: Airport management records.

The share of Airport passengers enplaned by the United Airlines Group decreased from 56.4% in 2005 to 44.1% in 2010, as a result of increased competition from Frontier as it continued to develop its hub at the Airport, the introduction and continued development of low-cost service by Southwest, and the discontinuation of service by Ted, United's low-fare unit. Frontier, which serves the second highest number of destinations from the Airport, including 19 of the Airport's top 20 O&D markets, increased its market share of Airport enplaned passengers from 19.4% in 2005 to 21.8% in 2010. Southwest initiated service at the Airport in January 2006, and enplaned 18.1% of total Airport enplaned passengers in 2010, up from 3.3% in 2006. The continued development of Southwest and Frontier service at the Airport has more than offset the loss of service by United's Ted.

Table 14

HISTORICAL ENPLANED PASSENGERS BY AIRLINE

Denver International Airport

2005 - 2010

	2005	2006	2007	2008	2009	2010
United Airlines Group *(a)*						
United	7,774,627	8,364,574	8,323,729	8,361,071	8,164,709	7,385,764
Ted *(b)*	1,689,891	2,011,441	1,955,333	1,104,886	--	--
United Express *(c)*	2,776,020	2,971,301	3,017,553	2,905,810	3,438,259	4,151,666
	12,240,538	13,347,316	13,296,615	12,371,767	11,602,968	11,537,430
Continental *(a, d)*	534,696	553,301	560,433	528,196	514,592	545,883
	12,775,234	13,900,617	13,857,048	12,899,963	12,117,560	12,083,313
Frontier *(e)*	4,217,059	4,904,231	5,668,493	6,531,106	5,782,329	5,704,379
Southwest *(f)*	--	789,637	1,322,152	2,378,512	3,614,028	4,726,176
Delta *(d, g)*	1,421,916	1,152,296	1,234,838	1,266,175	1,247,326	1,277,980
American *(d)*	886,533	973,233	933,045	862,173	715,674	722,380
US Airways *(d, h)*	821,455	654,457	586,865	488,182	542,335	599,775
Other	1,579,778	1,290,841	1,338,512	1,224,132	1,108,761	1,020,101
	8,926,741	9,764,695	11,083,905	12,750,280	13,010,473	14,050,791
Total	21,701,975	23,665,312	24,940,953	25,650,243	25,128,033	26,134,104
			Percent of total			
United Airlines Group *(a)*						
United	35.8%	35.3%	33.4%	32.6%	32.5%	28.2%
Ted *(b)*	7.8	8.5	7.8	4.3	0.0	0.0
United Express *(c)*	12.8	12.6	12.1	11.3	13.7	15.9
	56.4%	56.4%	53.3%	48.2%	46.2%	44.1%
Continental *(a, d)*	2.5	2.3	2.3	2.0	2.0	2.1
	59.9%	58.7%	55.6%	50.2%	48.2%	46.2%
Frontier *(e)*	19.4%	20.7%	22.7%	25.5%	23.0%	21.8%
Southwest *(f)*	--	3.3	5.3	9.3	14.4	18.1
Delta *(d, g)*	6.5	4.9	5.0	4.9	5.0	4.9
American *(d)*	4.1	4.1	3.7	3.4	2.8	2.8
US Airways *(d, h)*	3.8	2.8	2.4	1.9	2.2	2.3
Other	7.3	5.5	5.4	4.8	4.4	3.9
	41.1%	41.3%	44.4%	49.8%	51.8%	53.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) United completed its merger with Continental on October 1, 2010.

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

(c) Includes Mesa Airlines and SkyWest Airlines from 2004 through 2010, Air Wisconsin from 2005 through 2006, and GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2010.

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

(e) Includes Horizon Air from 2005 through 2007, Republic Airlines in 2007 and 2008 and from 2009 through 2010; Lynx Aviation in 2008 and 2009; and Midwest Express in 2010.

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

(g) Includes activity of Northwest Airlines, which merged with Delta Air Lines in January 2010.

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

Source: Airport management records.

Originating Passenger Market Shares. Originating passengers account for more than half of all passengers enplaned at the Airport. The share of originating passengers is a function of the population, the strong local economy, and the service provided by the airlines at the Airport. Since 2005, the United Airlines Group has accounted for a decreasing share of originating passengers, particularly since 2006 with the initiation of service by Southwest, although United's total numbers of originating passengers increased through 2007, as shown in Table 15. The large numbers of originating passengers enplaned at the Airport by the United Express affiliates, traditionally used to provide connecting passenger feeder service to airline hubs, reflects the increasing use of these regional carriers to increase the domestic seating capacity of a hub airline, such as United, and to improve service and market share with increased frequencies.

Frontier's numbers and share of originating passengers increased from 2005 through 2008 with the continued development of its service at the Airport. Since 2008, Frontier's numbers and share of originating passengers have decreased, reflecting the effects of the national economic recession on passenger demand, the continued development of service at the Airport by Southwest Airlines and increased competition for originating passenger traffic, reductions in seating capacity, and adjustments made to its overall network following the airline's acquisition by Republic Airways Holdings in 2009.

Low-Cost Carrier Market Shares. A major trend at the Airport since 2005 has been the increased enplaned passenger market share of the low-cost carriers.* As shown on Figure 18, the share of passengers enplaned by low-cost carriers at the Airport increased from 23.7% in 2005 to 41.0% in 2010, exceeding the national market share of the low-cost carriers—24% in 2009, according to U.S. Department of Transportation data.

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

Table 15
HISTORICAL ORIGINATING PASSENGERS BY AIRLINE
Denver International Airport
2005 - 2010

	2005	2006	2007	2008	2009	2010
United Airlines Group *(a)*						
United	3,349,934	3,613,737	3,729,230	3,637,738	3,328,471	2,995,306
Ted *(b)*	801,896	965,617	898,004	507,544	--	--
United Express *(c)*	679,006	881,718	910,173	852,277	935,722	1,155,643
	4,830,836	5,461,072	5,537,407	4,997,559	4,264,193	4,150,949
Continental *(a, d)*	524,207	526,022	543,053	509,607	489,770	470,462
	5,355,043	5,987,024	6,080,460	5,507,166	4,753,963	4,621,411
Frontier *(e)*	2,277,628	2,785,288	3,238,732	3,295,331	2,864,672	2,834,862
Southwest *(f)*	--	773,348	1,258,305	2,008,453	2,730,310	3,375,835
Delta *(d, g)*	1,393,631	1,123,742	1,206,391	1,236,614	1,410170	1,227,497
American *(d)*	886,533	973,233	933,045	862,173	727,753	722,380
US Airways *(d, h)*	769,854	617,333	560,911	470,266	682,417	598,998
Other	1,301,133	989,248	964,967	954,760	639,583	738,103
	6,628,779	7,250,820	8,162,351	8,827,597	8,901,586	9,497,675
Total	11,983,822	13,249,829	14,242,811	14,334,763	13,655,549	14,119,086
			Percent of total			
United Airlines Group *(a)*						
United	28.0%	27.3%	26.2%	25.4%	24.4%	21.2%
Ted *(b)*	6.7	7.3	6.3	3.5	0.0	0.0
United Express *(c)*	5.7	6.6	6.4	5.9	6.9	8.2
	40.4%	41.2%	38.9%	34.8%	31.2%	29.4%
Continental *(a, d)*	4.4	4.0	3.8	3.6	3.6	3.4
	44.7%	45.2%	42.7%	38.4%	34.8%	32.8%
Frontier *(e)*	19.0%	21.0%	22.7%	23.0%	21.0%	20.1%
Southwest *(f)*	--	5.8	8.8	14.0	20.0	23.9
Delta *(d, g)*	11.6	8.5	8.5	8.6	10.3	8.7
American *(d)*	7.4	7.3	6.6	6.0	5.2	5.1
US Airways *(d, h)*	6.4	4.7	3.9	3.3	4.0	4.2
Other	10.8	7.5	6.8	6.7	4.7	5.2
	59.3%	58.7%	57.3%	61.6%	65.2%	67.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

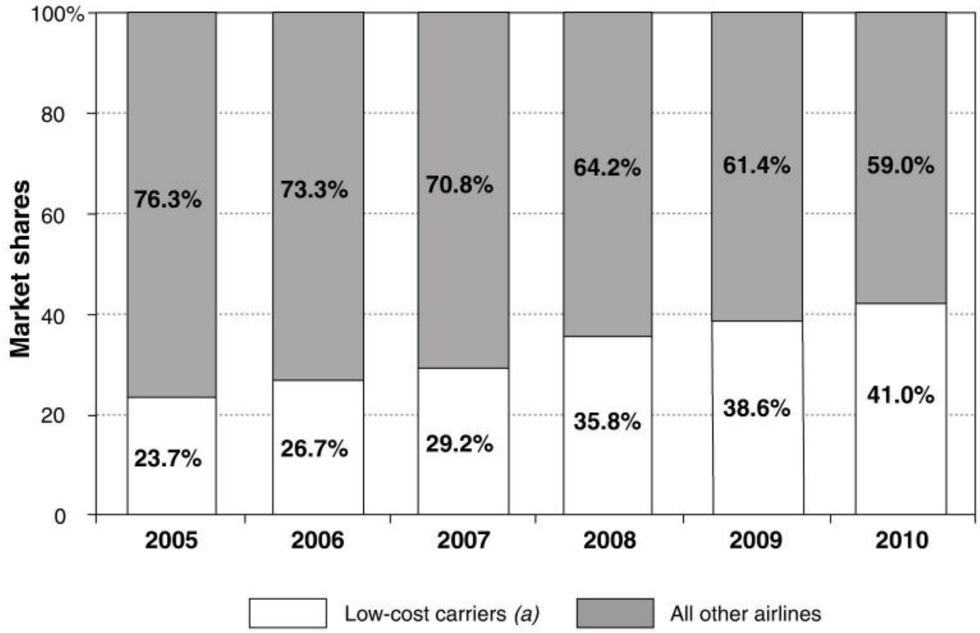
(a) United completed its merger with Continental on October 1, 2010.
(b) Ted, United's low-fare unit, initiated service at the Airport on February 12, 2004, stopped reporting its activity separately at the Airport in August 2008, and ceased operations on January 6, 2009.
(c) Includes Mesa Airlines and SkyWest Airlines from 2004 through 2010, Air Wisconsin from 2005 through 2006, and GoJet Airlines, Shuttle America, and Trans States Airlines from 2005 through 2010.
(d) Includes enplaned passengers on the airline's commuter affiliates.
(e) Includes Horizon Air from 2005 through 2007, Republic Airlines in 2007 and 2008 and from 2009 through 2010; Lynx Aviation in 2008 and 2009; and Midwest Express in 2010.
(f) Initiated service at the Airport in January 2006.
(g) Includes activity of Northwest Airlines, which merged with Delta Air Lines in January 2010.
(h) Includes activity of America West Airlines, which merged with US Airways in September 2005.

Source: Airport management records.

Figure 18

LOW-COST CARRIER MARKET SHARES OF ENPLANED PASSENGERS

Denver International Airport



(a) Low-cost carriers include:

AirTran Airways (c)
Allegiant Air
America West Airlines (b)
America West Express (b)
ATA Airlines (terminated service April 2008)
Frontier Airlines
JetBlue Airways (initiated service January 2001)
Southwest Airlines (initiated service January 2006)

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

(c) On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways.

Source: Airport management records.

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Enplaned Passengers

Table 16 summarizes the numbers of historical enplaned passenger data at the Airport in 1995 and 2000 through 2010, organized by originating, connecting, and total enplaned passengers. The total number of enplaned passengers increased an average of 3.5% per year between 1995 and 2010, with the number of originating and connecting passengers increasing at averages of 2.9% and 4.2% per year, respectively. In 2010, the total number of enplaned passengers at the Airport increased 4.0%. Between 2009 and 2010, the number of originating passengers increased 3.4%, compared with a 4.7% increase in the number of connecting passengers. A further discussion of originating and connecting passenger trends at the Airport is presented in the following sections under "Originating Passengers" and "Connecting Passengers." Figure 19 presents the trends in U.S. GDP (in 2005 dollars) and enplaned passengers at the Airport and in the nation from 1970 through 2010 (using

1970 as the index year). Overall, there has been a positive, gradually increasing trend in U.S. GDP and enplaned passengers, with the Airport showing stronger growth in passenger traffic than the nation's airports as a whole. From 1970 through 2010, GDP increased an average of 2.9% per year, compared with average increases of 3.3% and 5.1% per year, respectively, in the numbers of enplaned passengers in the nation and at the Airport during that period.

Table 16
HISTORICAL ENPLANED PASSENGERS
Denver International Airport

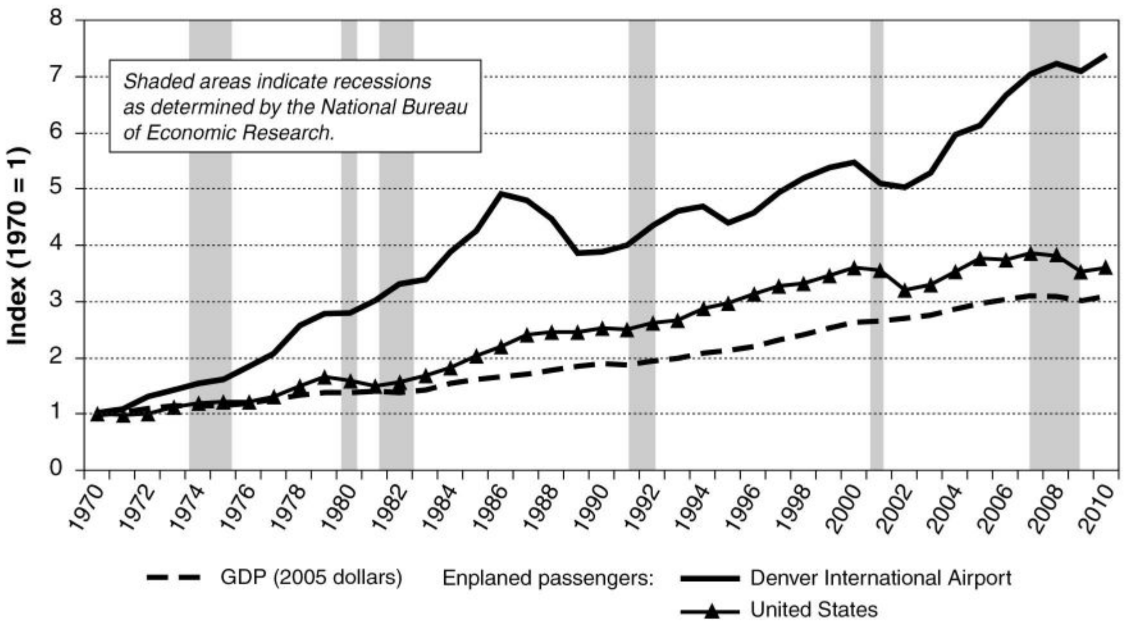
Year	Enplaned passengers Originating	Connecting	Total	Annual percent increase (decrease) total passengers	Originating share of total passengers
1995	9,165,705	6,452,339	15,618,044	--%	58.7%
2000	10,979,642	8,413,354	19,392,996	--	56.6
2001	10,258,209	7,787,900	18,046,109	(6.9)	56.8
2002	9,644,278	8,185,286	17,829,564	(1.2)	54.1
2003	10,265,526	8,495,409	18,760,935	5.2	54.7
2004	11,395,216	9,748,865	21,144,081	12.7	53.9
2005	11,983,822	9,718,153	21,701,975	2.6	55.2
2006	13,249,286	10,416,026	23,665,312	9.0	56.0
2007	14,242,811	10,698,142	24,940,953	5.4	57.1
2008	14,334,763	11,315,480	25,650,243	2.8	55.9
2009	13,655,549	11,472,484	25,128,033	(2.0)	54.3
2010	14,119,086	12,015,018	26,134,104	4.0	54.0
	Average annual percent increase				
1995-2000	3.7%	5.5%	4.4%		
2000-2010	2.5	3.6	3.0		
1995-2010	2.9	4.2	3.5		

Source: Airport management records.

As shown on Figure 19, national passenger traffic closely correlates with the trends in GDP since 1970, including decreases during the 2008-2009 and past four national economic recessions. In comparison, the Airport has outperformed or correlated with national passenger trends during periods of national economic recession. During the 2008-2009 economic recession, the number of passengers enplaned at the Airport increased 2.8% in 2008 and decreased 2.0% in 2009. In comparison, the number of U.S. enplaned passengers decreased 3.8% in 2008 and 5.0% in 2009 based on data from the U.S. Department of Transportation. During the recovery from the 2008-2009 recession, the number of passengers enplaned at the Airport increased 4.0% between 2009 and 2010. Passenger data available from the U.S. Department of Transportation, Bureau of Transportation Statistics for the first 11 months of 2010 indicate that the number of enplaned passengers on the scheduled mainline flights of U.S. airlines increased 2.3% systemwide compared with the same period of 2009.

Figure 19

U.S. GROSS DOMESTIC PRODUCT AND ENPLANED PASSENGERS



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

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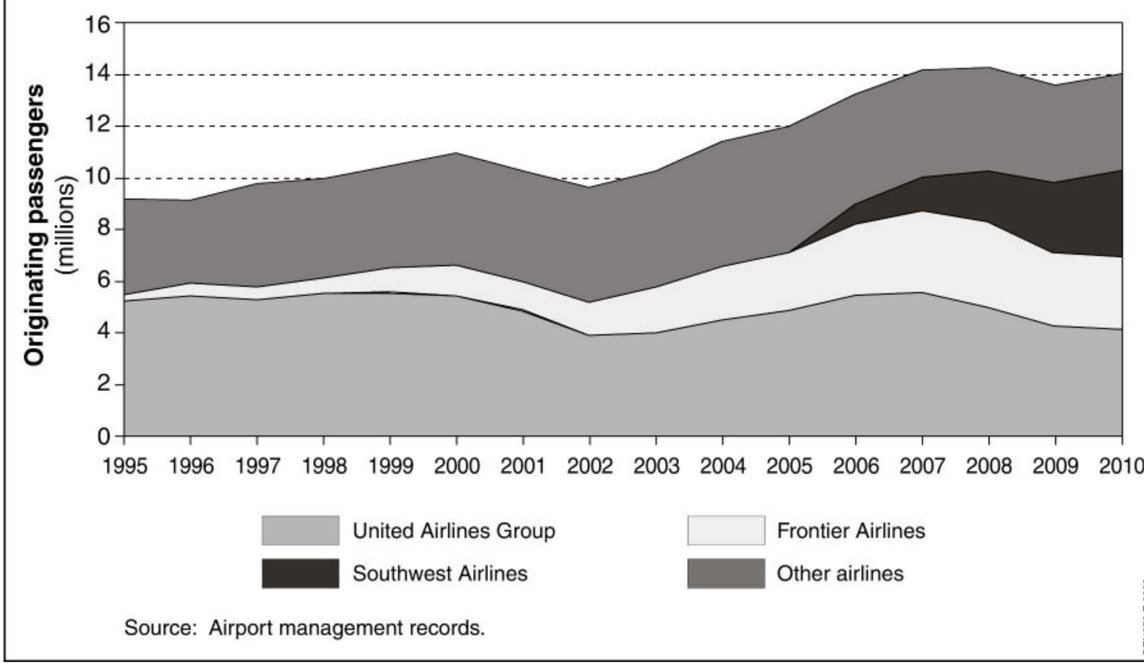
Originating Passengers

Figure 20 presents the trends in the numbers of originating passengers at the Airport from 1995 through 2010. As discussed earlier, the important factors affecting O&D passenger demand are the demographics and economy of the region served by the airport as well as airline service and airfares. Since 1995, the number of originating passengers at the Airport has decreased in 4 of the 14 years—a 0.2% decrease in 1996 related to the decrease in service by Continental as it closed its Denver hub, decreases in 2001 and 2002 of 6.6% and 6.0%, respectively, related to the effects of national economic recession and the 2001 terrorist attacks, and a decrease of 4.7% in 2009 related to the effects of the national economic recession and financial crisis. The growth in originating passenger traffic at the Airport since 1995 reflects the continued economic growth in the Denver Metropolitan Area and the State as well as the development of airline service and airfares. As shown on Figure 20, the shares of originating passengers by airline reflect the major economic events that occurred during this period as well as the continued development of service by United and Frontier and the introduction of low-cost service by Southwest.

Figure 20

ORIGINATING PASSENGER TRENDS

Denver International Airport



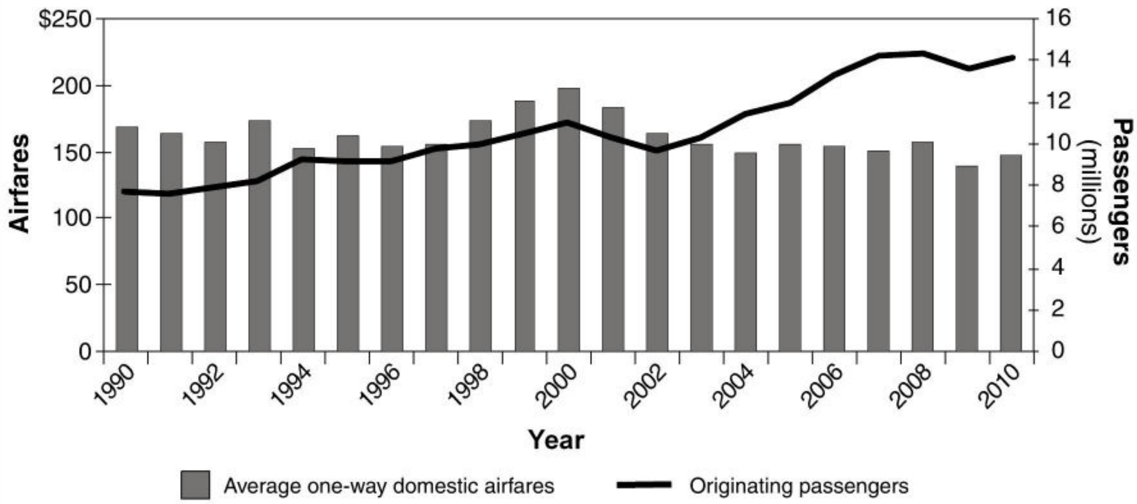
Source: Airport management records.

Figure 21 provides a specific comparison of changes in numbers of originating passengers and average domestic airfares at the Airport in 1990 through 2010. As stated earlier, the market share of the low-cost carriers at the Airport increased from 23.7% in 2005 to 41.0% in 2010 and contributed to the overall decrease in airfares at the Airport over that period.

Figure 21

AIRFARES AND ORIGINATING PASSENGERS

Denver International Airport



Note: Airfare data for 2010 are for January through September.

Sources: Average fare data—U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic,* online database, accessed February 2011. Originating passenger data—Airport management records.

Origin-Destination Passenger Markets. Table 17 presents the Airport's top 20 domestic O&D passenger markets in 2010. Table 17 also shows the average number of seats on daily nonstop departures from the Airport to each of the top markets scheduled in 2010. Of the 83,760 scheduled daily nonstop seats from the Airport, 62.8% are to the top 20 markets listed in the table. Low cost carriers accounted for 40% of all scheduled departing seats to domestic destinations from the Airport in 2010. In 7 of the 20 domestic markets, low cost carriers accounted for 50% or more of scheduled departing seats. New York and Dallas/Fort Worth had the lowest shares of low cost carrier seats in August 2010 with 23% and 22%, respectively.

Table 17

TOP 20 DOMESTIC ORIGIN-DESTINATION PASSENGER MARKETS AND AIRLINE SERVICE

Denver International Airport

2010

				Scheduled daily nonstop departures	
Rank	Origin-destination market	Air miles from Denver	Percent of originating passengers at Denver	Number of seats	Percent of low cost carrier service
1	Los Angeles *(a)*	862	7.2%	5,834	46%
2	San Francisco *(b)*	967	5.1	4,231	43
3	Chicago (c)	888	4.5	4,062	40
4	Washington, D.C. *(d)*	1,452	4.4	3,258	34
5	New York (e)	1,605	4.3	2,314	23
6	Phoenix	602	4.3	3,163	53
7	Las Vegas	629	3.8	3,156	63
8	Dallas-Fort Worth *(f)*	641	3.0	2,685	22
9	Houston *(g)*	861	2.9	2,389	35
10	Minneapolis-St. Paul	680	2.7	2,489	36
11	Seattle-Tacoma	1,024	2.6	2,221	42
12	San Diego	853	2.5	1,986	59
13	Atlanta	1,199	2.3	2,412	35
14	Salt Lake City	391	2.2	2,440	48
15	Boston	1,754	2.1	1,242	43
16	Orlando	1,545	2.0	1,278	50
17	Kansas City	532	1.8	1,904	58
18	Portland	992	1.8	1,676	57
19	Philadelphia	1,552	1.7	1,215	42
20	Miami (h)	1,557	1.6	717	60
	Cities listed		62.8%	50,675	
	Other cities		37.2	33,085	
	All cities		100.0%	83,760	40

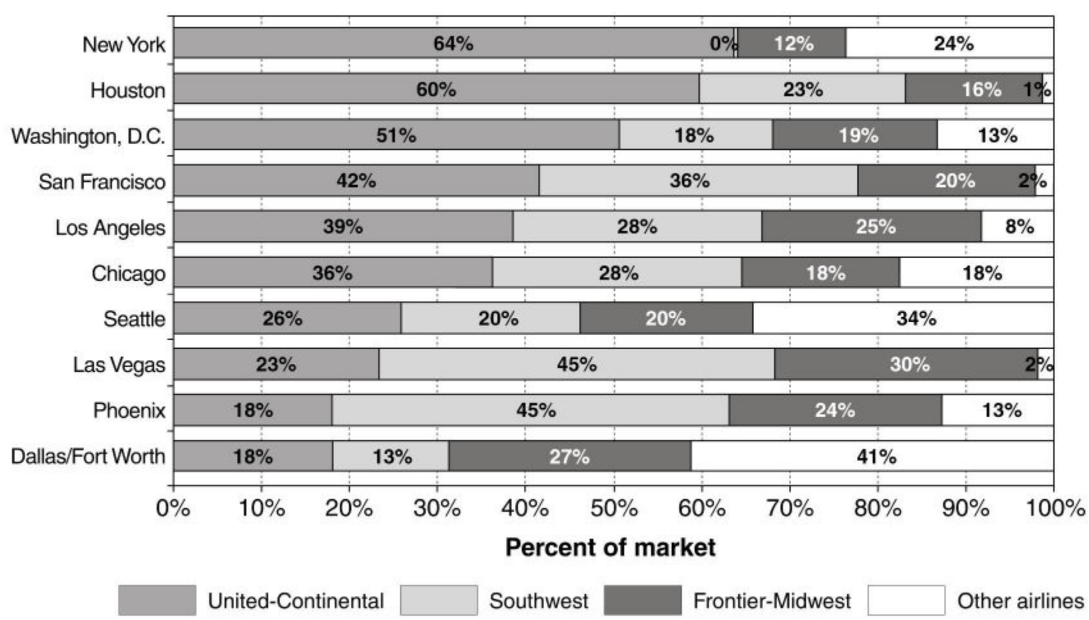
(a) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.
(b) San Francisco, Oakland, and Mineta San Jose international airports.
(c) Chicago O'Hare and Midway international airports.
(d) Reagan Washington National, Baltimore/Washington International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

Sources: Originating percentage: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, for the twelve months ended September 30, 2010, online database, accessed February 2011.
Departures: Official Airline Guides, Inc. online database, for 2010, for domestic destinations, accessed February 2011.

Airline Shares of Origin-Destination Passenger Markets. Figure 22 presents the shares of originating passengers to the Airport's top 10 origin-destination markets in 2010. United and Continental Airlines together accounted for the largest share of originating passengers in 6 of the top 10 markets—New York, Houston, Washington, D.C., San Francisco, Los Angeles, and Chicago—each of which is a United or Continental hub. Southwest accounted for the largest share of originating passengers in 2 of the top 10 markets—Las Vegas and Phoenix—both of which are among Southwest's busiest airports. Although Frontier did not account for the largest share of originating passengers in any of the top 10 markets, the airline accounted for the second largest share in 5 markets—New York, Seattle, Las Vegas, Phoenix, and Dallas/Fort Worth. Other airlines accounted for the largest share of originating passengers in the remaining 2 top 10 markets, reflecting the role of these markets as connecting hubs for other airlines—Dallas/Fort Worth for American, and Seattle-Tacoma for Alaska.

Figure 22

AIRLINE SHARES OF DOMESTIC ORIGINATING PASSENGERS FOR TOP 10 MARKETS IN 2010



Note: Data include regional affiliates.

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic*, online database, accessed February 2011.

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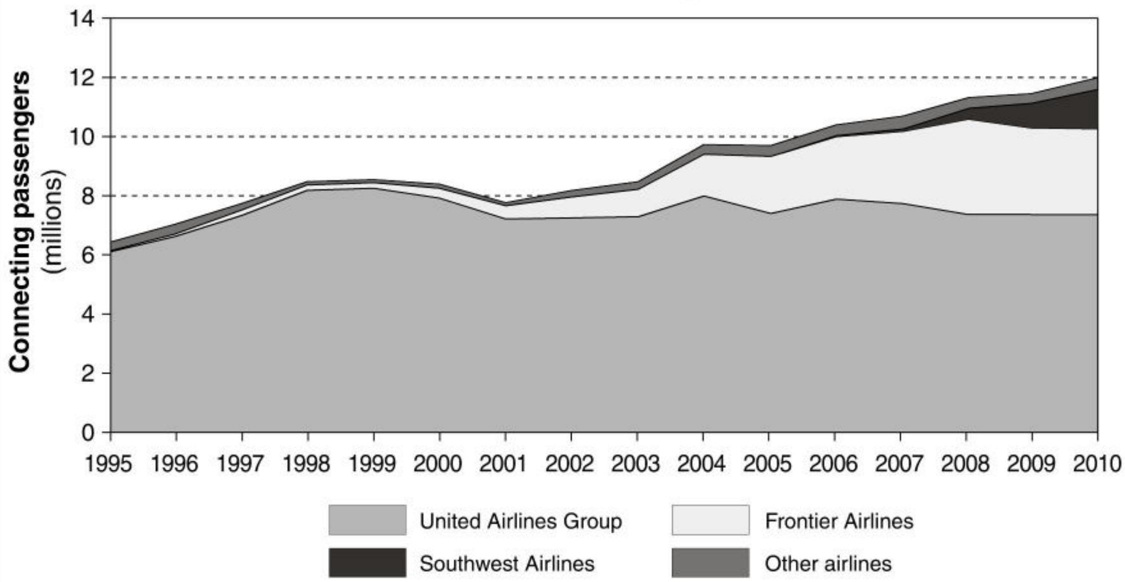
Connecting Passengers

Figure 23 presents the trends in the numbers of connecting passengers at the Airport from 1995 through 2010. As discussed earlier, connecting passenger traffic is determined by the route network decisions of the hubbing airlines. (See earlier discussion under "Airport Role" for a description of the Airport role as an important connecting hub in the route systems of both United and Frontier.) Since 1995, the number of connecting passengers at the Airport has decreased in only 3 of the past 13 years—decreases of 1.5% in 2000 and 7.4% in 2001, related to the effects of national economic recession and the 2001 terrorist events and a decrease of 0.3% in 2005. As shown on Figure 23, the shares of connecting passengers by airline reflect the role of the Airport as a hub for United and Frontier. Although Southwest does not operate a traditional hub and spoke network, the airline's numbers of connecting passengers has also increased since it initiated service at the Airport in 2006.

Figure 23

CONNECTING PASSENGER TRENDS

Denver International Airport



Source: Airport management records.

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Air Cargo Activity

Table 18 presents data on enplaned cargo at the Airport in 1995 and in 2000 through 2010. Enplaned air cargo at the Airport accounted for about 44% of total cargo tonnage (enplaned plus deplaned) in 2010. Enplaned cargo tonnage increased an average of 4.2% per year between 1995 and 2000, but has decreased each year since 2000, for reasons discussed below. Between 2009 and 2010, total enplaned cargo tonnage increased 9.2%, reflecting a 55.2% increase in air mail tonnage and a 6.5% increase in freight and express. Total cargo tonnage by passenger airlines increased 26.8% between 2009 and 2010, while the total cargo tonnage handled by all-cargo airlines increased 8.1%.

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

Table 18
HISTORICAL ENPLANED CARGO
Denver International Airport
(tons)

Year	Air mail	Freight and express	Total	Total average annual increase (decrease)	All-cargo airline share of total cargo *(a)*
1995	65,559	134,307	199,866	--%	n.a.
2000	85,902	159,769	245,671	--	56.4%
2001 *(b)*	53,421	130,085	183,506	(25.3)	61.2
2002	22,421	141,618	164,039	(10.6)	69.7
2003	27,544	135,877	163,421	(0.4)	67.5
2004	20,016	140,586	160,602	(1.7)	71.1
2005	17,232	139,100	156,332	(2.7)	70.6
2006	11,064	129,204	140,268	(10.3)	75.3
2007	2,680	128,682	131,362	(6.3)	81.8
2008	5,892	118,170	124,061	(5.6)	79.5
2009	6,459	104,262	110,722	(10.8)	78.0
2010	9,832	111,024	120,856	9.2	75.1
	Annual average increase (decrease)				
1995-2000	5.6%	3.5%	4.2%		
2000-2010	(19.5)	(3.6)	(6.8)		
1995-2010	(11.9)	(1.3)	(3.3)		

n.a. = not available

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

Source: Airport management records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

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

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

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger numbers during those years. The recession that extended from late 2007 to mid-2009, and associated high unemployment and reduced discretionary income, contributed to reduced airline travel demand in 2008 and 2009. In the second half of 2009, an economic recovery began that contributed to an increase in airline passenger traffic in 2010. During the first 11 months of 2010, the number of enplaned passengers in the nation increased 2.3% compared with the same period in 2009 according to data reported by the Bureau of Transportation Statistics.

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

Aviation Safety, Security, and Public Health Concerns

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

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

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

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

Financial Health of the Airline Industry

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

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

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

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. US Airways twice filed for bankruptcy protection, in August 2002 and September 2004, before emerging in September 2005 following its merger with America West Airlines. In December 2002, United filed for bankruptcy protection (emerged in February 2006). In 2003, American Airlines avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and reducing service at its St. Louis hub. In September 2005, Northwest Airlines filed for bankruptcy protection (emerged in May 2007), and subsequently merged with Delta in December 2009. In 2005, Delta eliminated its Dallas/Fort Worth hub and began to downsize its Cincinnati hub. Among smaller airlines, between 2003 and 2005, Hawaiian Airlines, ATA Airlines, Aloha Airlines, and Independence Air filed for bankruptcy protection. (Of these airlines, only Hawaiian is still operating.)

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 financial 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 March and April 2008, Aloha, ATA, and Skybus airlines declared bankruptcy and ceased operations. In April 2008, Frontier Airlines filed for bankruptcy protection, but continued to operate. Frontier emerged from bankruptcy in October 2009 following its acquisition by Republic Airways Holdings. In April 2010, American closed its St. Louis hub.

In 2010, the U.S. airline industry regained profitability by reducing capacity, increasing airfares, achieving record high load factors, controlling non-fuel operating expenses, and increasing ancillary revenues. In 2010, the U.S. passenger airlines collectively increased domestic seat-mile capacity approximately 3% and increased revenues approximately 15%. During the first quarter of 2011, U.S. airlines instituted a number of fare increases and revised capacity plans for 2011 in response to increasing oil prices related to rising global demand and political instability in oil producing countries in the Middle East and North Africa. Sustained industry profitability will depend on economic growth to support travel demand and continued capacity control, among other factors. Any resumption of financial losses could cause any number of 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, particularly at certain connecting hub airports such as the Airport, present business opportunities for the remaining airlines, and change airline travel patterns throughout the U.S. aviation system.

Airline Service and Routes

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

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

Prior to 1995, United and Continental each operated a hub in Denver for many years. As discussed in the earlier section, "Airport Role," the Airport is an important connecting hub for United and Frontier airlines. For the last 5 years, the Airport has been United's second busiest hub after Chicago O'Hare International Airport in terms of numbers of enplaned passengers. In 2010, the United Airlines Group accounted for approximately 61% of total connecting passengers at the Airport. In the combined United and Continental airlines system, Denver ranked as the fourth busiest airport in terms of 2009 enplaned passengers. Frontier Airlines also uses the Airport as a connecting hub, accounting for approximately 24% of total connecting passengers at the Airport in 2010. The Airport is the busiest airport in Frontier's route network. In addition, Southwest Airlines accounted for approximately 11% of total connecting passengers at the Airport in 2010.

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

Airline Competition and Airfares

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

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

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

Airline Consolidation and Alliances

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

In October 2010, United and Continental completed a merger transaction, thereby creating the largest U.S. airline. The merged airline, which will operate under the United name, expects to integrate most of its operations by mid-2012. On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways, thereby creating the largest U.S. domestic airline as measured by passengers enplaned. On March 23, 2011, AirTran shareholders approved the merger. If approved by the U.S. Department of Justice, the merger is expected to be completed by the second quarter of 2011. Various other airline merger combinations have been rumored. Any such further airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers and all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on certain routes.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainties. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the rapidly growing economies of China, India, Nigeria, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Increased prices were an important contributor to airline industry losses in 2008 and 2009. Fuel prices fell sharply in the second half of 2008 as demand declined worldwide, but again increased in 2009 and 2010, partly as a result of a weakened U.S. dollar. 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.

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

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

Capacity of the National Air Traffic Control System

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

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

Capacity of the Airport

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

AIRLINE TRAFFIC FORECASTS

Forecasts of enplaned passengers and landed weight at the Airport in 2011 through 2018 are presented in Table 19.

Assumptions Underlying the Forecasts

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

It was assumed that, during the forecast period:

- The U.S. economy will recover from the recession and sustained GDP growth will average between 2.0% and 2.5% per year.

- The economy of the Airport service region will increase at a rate comparable to that of the United States as a whole.

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

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

Table 19

AIRLINE TRAFFIC FORECASTS
Denver International Airport
2007 – 2018

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				Baseline forecast							
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Enplaned passengers												
United Airlines												
Mainline	10,279,062	9,465,957	8,164,709	7,385,764	6,914,000	7,018,000	7,116,000	7,209,000	7,297,000	7,378,000	7,452,000	7,521,000
United Express	3,017,553	2,863,454	3,438,259	4,151,666	4,290,000	4,358,000	4,434,000	4,517,000	4,608,000	4,707,000	4,815,000	4,930,000
	13,296,615	12,329,411	11,602,968	11,537,430	11,204,000	11,376,000	11,550,000	11,726,000	11,905,000	12,085,000	12,267,000	12,451,000
Frontier Airlines *(a)*	5,668,493	6,531,106	5,782,329	5,704,379	5,644,000	5,722,000	5,800,000	5,878,000	5,958,000	6,040,000	6,123,000	6,207,000
Southwest Airlines	1,322,152	2,378,512	3,614,028	4,726,176	5,542,000	5,750,000	5,947,000	6,129,000	6,296,000	6,467,000	6,634,000	6,805,000
Other	4,653,693	4,411,214	4,128,708	4,116,119	4,292,000	4,376,000	4,458,000	4,544,000	4,629,000	4,717,000	4,807,000	4,895,000
Total passenger airlines	24,940,953	25,650,243	25,128,033	26,134,104	26,682,000	27,224,000	27,755,000	28,277,000	28,788,000	29,309,000	29,831,000	30,358,000
Annual percent increase (decrease)		2.8%	(2.0%)	4.0%	2.1%	2.0%	2.0%	1.9%	1.8%	1.8%	1.8%	1.8%
Originating passengers	14,242,811	14,334,763	13,655,549	14,119,086	14,522,000	14,892,000	15,249,000	15,593,000	15,923,000	16,260,000	16,604,000	16,950,000
Connecting passengers	10,698,142	11,315,480	11,472,484	12,015,018	12,160,000	12,332,000	12,506,000	12,684,000	12,865,000	13,049,000	13,227,000	13,408,000
Percent originating	57.1%	55.9%	54.3%	54.0%	54.4%	54.7%	54.9%	55.1%	55.3%	55.5%	55.7%	55.8%
Percent connecting	42.9%	44.1%	45.7%	46.0%	45.6%	45.3%	45.1%	44.9%	44.7%	44.5%	44.3%	44.2%
Landed weight (1,000-lb units)												
Passenger airlines												
United Airlines	12,808,215	11,790,067	10,498,733	9,567,978	8,929,000	8,973,000	9,008,000	9,035,000	9,053,000	9,062,000	9,062,000	9,053,000
United Express	3,636,420	3,616,136	4,200,019	4,999,488	5,115,000	5,146,000	5,183,000	5,230,000	5,284,000	5,346,000	5,417,000	5,495,000
	16,444,636	15,406,202	14,698,751	14,567,466	14,044,000	14,119,000	14,191,000	14,265,000	14,337,000	14,408,000	14,479,000	14,548,000
Frontier Airlines *(a)*	7,414,459	7,604,890	6,767,649	6,714,239	6,594,000	6,618,000	6,641,000	6,662,000	6,685,000	6,708,000	6,731,000	6,755,000
Southwest Airlines	1,781,420	3,508,071	4,817,262	5,611,134	6,525,000	6,704,000	6,864,000	7,005,000	7,124,000	7,245,000	7,358,000	7,474,000
Other	5,830,181	5,406,321	5,164,505	5,159,488	5,272,000	5,318,000	5,365,000	5,409,000	5,458,000	5,504,000	5,553,000	5,596,000
Total passenger airlines	31,470,696	31,925,485	31,448,167	32,052,356	32,435,000	32,759,000	33,061,000	33,341,000	33,604,000	33,865,000	34,121,000	34,373,000
All-cargo airlines	1,363,717	1,324,770	1,250,445	1,222,945	1,295,000	1,308,000	1,323,000	1,336,000	1,347,000	1,362,000	1,373,000	1,388,000
Total	32,834,412	33,250,254	32,698,612	33,275,271	33,730,000	34,067,000	34,384,000	34,677,000	34,951,000	35,227,000	35,494,000	35,761,000
Annual percent increase (decrease)		1.3%	(1.7%)	1.8%	1.4%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%

(a) Includes regional affiliates. Includes Midwest Express in 2010.

Sources: Historical: Airport management records.
Forecast: LeighFisher, February 2011.

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

- The planned acquisition of AirTran Airways by Southwest Airlines announced in September 2010 will not materially affect Southwest's operations at the Airport.

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

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

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

- The airlines serving the Airport will be financially viable.

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

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

Baseline Forecast of Enplaned Passengers

In 2011, the number of enplaned passengers is forecast to total 26.7 million, a 2.1% increase from the 2010 number, reflecting published flight schedules for the Airport, announced airline service additions at the Airport, and airline industry announcements regarding reductions in seating capacity for 2011.

From 2011 through 2018, the numbers of passengers enplaned at the Airport are forecast to increase an average of 1.9% per year, numbering 30.4 million in 2018. In its most recent *Terminal Area Forecast* for the Airport (published December 2010), the FAA forecasts an average annual increase of 3.6% in the number of enplaned passengers at the Airport between 2009 (the base year of the FAA forecasts) and 2018.

Table 20
BASELINE FORECAST AND SENSITIVITY ANALYSIS PROJECTION
Denver International Airport
2007 – 2018

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.

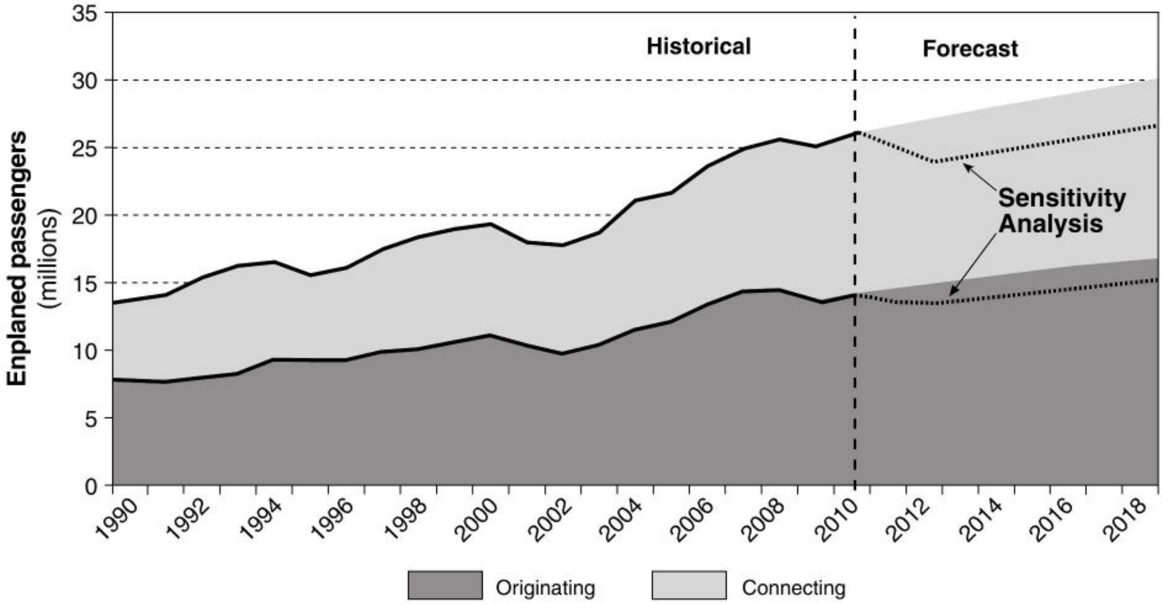
	Historical				Forecast/Projection							
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
BASELINE FORECAST												
Enplaned passengers												
Originating	14,242,811	14,334,763	13,655,549	14,119,086	14,522,000	14,892,000	15,249,000	15,593,000	15,923,000	16,260,000	16,604,000	16,950,000
Connecting	10,698,142	11,315,480	11,472,484	12,015,018	12,160,000	12,332,000	12,506,000	12,684,000	12,865,000	13,049,000	13,227,000	13,408,000
Total	24,940,953	25,650,243	25,128,033	26,134,104	26,682,000	27,224,000	27,755,000	28,277,000	28,788,000	29,309,000	29,831,000	30,358,000
Annual percent increase (decrease)		2.8%	-2.0%	4.0%	2.1%	2.0%	2.0%	1.9%	1.8%	1.8%	1.8%	1.8%
Percent originating	57.1%	55.9%	54.3%	54.0%	54.4%	54.7%	54.9%	55.1%	55.3%	55.5%	55.7%	55.8%
Percent connecting	42.9%	44.1%	45.7%	46.0%	45.6%	45.3%	45.1%	44.9%	44.7%	44.5%	44.3%	44.2%
Landed weight	32,834,412	33,250,254	32,698,612	33,275,271	33,730,000	34,067,000	34,384,000	34,677,000	34,951,000	35,227,000	35,494,000	35,761,000
SENSITIVITY ANALYSIS PROJECTION												
Enplaned passengers												
Originating	14,242,811	14,334,763	13,655,998	14,119,086	13,658,000	13,522,000	13,836,000	14,139,000	14,432,000	14,730,000	15,034,000	15,340,000
Connecting	10,698,142	11,315,480	11,472,484	12,015,018	11,369,000	10,484,000	10,618,000	10,763,000	10,904,000	11,054,000	11,193,000	11,335,000
Total	24,940,953	25,650,243	25,128,482	26,134,104	25,027,000	24,006,000	24,454,000	24,902,000	25,336,000	25,784,000	26,227,000	26,675,000
Annual percent increase (decrease)		2.8%	-2.0%	4.0%	(4.2%)	(4.1%)	1.9%	1.8%	1.7%	1.8%	1.7%	1.7%
Percent originating	57.1%	55.9%	54.3%	54.0%	54.6%	56.3%	56.6%	56.8%	57.0%	57.1%	57.3%	57.5%
Percent connecting	42.9%	44.1%	45.7%	46.0%	45.4%	43.7%	43.4%	43.2%	43.0%	42.9%	42.3%	42.5%
Percent of baseline forecast				100.0%	93.8%	88.2%	88.1%	88.1%	88.0%	88.0%	87.9%	87.9%
Landed weight	32,834,412	33,250,254	32,698,612	33,275,271	31,658,000	30,154,000	30,413,000	30,662,000	30,886,000	31,125,000	31,340,000	31,559,000
Percent of baseline forecast				100.0%	93.9%	88.5%	88.5%	88.4%	88.4%	88.4%	88.3%	88.2%

Sources: Airport management records.
Forecast: LeighFisher, February 2011.

Figure 24

HISTORICAL AND FORECAST ENPLANED PASSENGERS

Denver International Airport



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

Sources: Historical—Airport management records.
Forecast—LeighFisher, February 2011.

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Sensitivity Analysis Projection of Enplaned Passengers

A projection of enplaned passengers was developed to provide the basis for a sensitivity test of the Airport's forecast financial results (presented later in this report) to a hypothetical reduction in passenger numbers such as could occur under conditions of a weak economic recovery from the 2008-2009 economic recession, restricted seat capacity, higher airfares resulting from a spike in oil prices, an unexpected geopolitical event, and reduced overall airline service. The sensitivity analysis projection of enplaned passengers at the Airport for 2011 through 2018 is presented in Table 20.

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

- Weak economic conditions would depress disposable income and airline travel demand in the short-term.

- Overall airline service at the Airport would be reduced, such as could occur if a spike in oil prices caused all airlines to reduce service at the Airport equal to 5% in 2011 and by a further 5% in 2012.

- Significant increases in airfares together with reductions in disposable income would result in decreases in the number of originating passengers at the Airport in the short-term.

- The Airport would continue to be a regional transfer point for the western United States, but the level of connecting service now provided would not be replaced by other airlines.

- United's and Frontier's international service from the Airport would be significantly reduced and would not be replaced by other airlines.

- Airline service patterns would stabilize in 2013 and 2014 and passenger numbers would thereafter increase at rates similar to those in the baseline forecast.

In the sensitivity analysis projection, by 2018, the overall number of enplaned passengers would be 26.7 million versus 30.4 million in the baseline forecast. Relative to the baseline forecast, the number of originating passengers in 2018 would be 9.5% lower, the number of connecting passengers would be 15.5% lower, and the total number of enplaned passengers would be 12.1% lower. Originating passengers would account for 57.5% of the total versus 55.8% in the baseline forecast.

Landed Weight

Under the baseline forecast, aircraft landed weight is forecast to increase from 33.3 million 1,000-pound units in 2010 to 35.8 million 1,000-pound units in 2018. The forecast growth in landed weight is slightly lower than that for enplaned passengers, reflecting an assumed gradual increase in the enplaned passenger load factors at the Airport. Corresponding assumptions were made for the sensitivity analysis projection, producing a projection of 31.6 million 1,000-pound units in 2018.

FINANCIAL ANALYSIS

FRAMEWORK FOR AIRPORT SYSTEM FINANCIAL OPERATIONS

The City accounts for Airport System financial operations according to generally accepted accounting principles for governmental entities and the requirements of the General Bond Ordinance, as discussed below.

General Bond Ordinance

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

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

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

Pursuant to the General Bond Ordinance, the City can also issue Special Facilities Bonds (SFBs) 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 analysis.

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

According to unaudited City data for the first 9 months of 2010, the City had accumulated an estimated balance of approximately $67.1 million in the Coverage Account of the Capital Fund, which is considered Other Available Funds under the General Bond Ordinance; such funds can be used by the City to meet the Rate Maintenance Covenant on Senior Bonds by an amount equal to 25% of Debt Service

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*The City's Fiscal Year is the calendar year ending December 31.

Requirements on such Bonds. The City intends to deposit additional amounts, if necessary, in the Coverage Account so as to maintain a balance equal to approximately 25% of the Debt Service Requirements on Senior Bonds and to apply such amounts as Other Available Funds each year in the calculation of the Rate Maintenance Covenant.

Under the General Bond Ordinance, certain debt service on Senior Bonds may be excluded from Debt Service Requirements in calculating debt service coverage under the Rate Maintenance Covenant. See the later section of this report entitled "Passenger Facility Charge Revenues" regarding the framework for using passenger facility charge (PFC) revenues under the General Bond Ordinance for this purpose and the related assumptions underlying the financial forecasts presented in this report.

Subordinate Bond Ordinance

As discussed later in this report, the City intends to fund a majority of the 2011-2016 Capital Program from the net proceeds of Future Planned Bonds, which were assumed to be issued as Senior Bonds for the proposed hotel and Subordinate Bonds for all other projects in the Capital Program. The City makes no assurance that if it issues Future Planned Bonds, the Bonds will be issued as Subordinate Bonds. Provided below is a brief description of the Subordinate Bond Rate Maintenance Covenant.

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

Airport Use and Lease Agreements

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

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

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

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

The use and lease agreement and a series of other agreements, as amended, between the City and United provide for the following, among other things:

1. ***Rentals, fees, and charges cost reductions for United.*** The City is to reduce the annual rentals, fees, and charges associated with the automated baggage system (ABS) that it would have otherwise charged to United through 2025, the final year of United's current Airport use and lease agreement. The City intends to meet its cost reduction goals during the forecast period through interest savings from the refunding of prior bonds and the defeasance of outstanding Bonds. Additional information regarding the City's planned Bond defeasances is provided in the later section entitled "Plan of Financing."

2. ***United revenue-connecting passenger targets.*** The United Airlines Group is to enplane no fewer than 7,700,000 revenue-connecting passengers at the Airport each year from 2011 through 2025. The United Airlines Group enplaned 7,289,381 revenue-connecting-passengers in 2010, which did not meet its 2010 revenue-connecting-passenger target for that year. United's failure to reach its targeted passenger levels does not constitute a default under its use and lease agreement, but allows the City to decrease United's portion of the deposit to the Airline Revenue Credit Account by an amount equal to $6.00 for each revenue-connecting-passenger below the target number, provided that the total reduction does not exceed United's share of the Airline Revenue Credit Account in the then current year.

3. ***Relinquish three gates on Concourse B to the City***. Effective January 1, 2010, United Airlines relinquished certain gates and premises on Concourse B to the City until December 31, 2015. The three gates are currently leased by Continental Airlines, which, as stated earlier, has merged with United Airlines effective October 1, 2010. Pursuant to the terms of the 2009 amendment to United's Airport use and lease agreement, the three gates are to revert back to the airline as gates and premises leased under United's Airport use and lease agreement effective January 1, 2016.

Based on the forecast of enplaned and connecting passengers presented in the "Airline Traffic Analysis" section of this report, it is estimated that United would not meet its revenue-connecting-passenger target pursuant to its amended Airport use and lease agreement from 2011 through 2015 and the City will decrease United's portion of the deposit to the Airline Revenue Credit Account in those years by between $0.726 million and $3.5 million per year.

The United Airport use and lease agreement provides that United may terminate its agreement if its cost per enplaned revenue passenger at the Airport exceeds $20 (in 1990 dollars) in any given year. United's cost per enplaned revenue passenger at the Airport is not expected to exceed $20 during the forecast period, as shown later in Exhibit E (all financial exhibits are presented at the end of this report).

Other Airline Airport Use and Lease Agreements. A list of the airlines other than United that lease gates in the Terminal Complex under Airport use and lease agreements with the City, as amended, the number of gates they lease; and the lease expiration date for each agreement are provided in Table 21. For the agreements that expired in 2010, the City has sent amendments to each airline extending the term of those agreements until December 31, 2011.

Frontier Airlines—lessee of the second largest amount of airline space after United and accounting for the second largest number of enplaned passengers at the Airport for the last 10 years—operates under an Airport use and lease agreement that expired on February 28, 2010, but continues under a holdover provision.

Southwest Airlines is the lessee of the third largest amount of airline space and has the third largest number of enplaned passengers at the Airport based on 2010 results. Southwest Airlines leases 17 gates on Concourse C plus associated support space on the concourse and the Landside Terminal under an Airport use and lease agreement that expired on December 31, 2010.

Frontier and Southwest airlines have signed their respective amendments extending the term through December 31, 2011, and have returned the amendments to the City for approval.

On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways, which leases 1 gate and associated space under an Airport use and lease agreement that expires in February 2011. The City has sent an amendment to AirTran Airways to extend its Airport use and lease agreement until December 31, 2011, but the amendment has not been executed by AirTran. For purposes of this report, it was assumed that one of the following outcomes will occur: (1) AirTran will not renew their Airport use and lease agreement when it expires in February 2011, but another airline would lease all of the space relinquished by AirTran Airways and AirTran will continue to provide service at the Airport on gates leased by Southwest Airlines or (2) AirTran will sign the amended Airport use and lease agreement.

Table 21

OTHER AIRLINE AIRPORT USE AND LEASE AGREEMENTS, NUMBER OF GATES LEASED AND SCHEDULED AGREEMENT EXPIRATION DATES

AirTran Airways (1) (February 2011) *(a)*	Delta Air Lines (5) (December 2010)
Alaska Airlines (1) (December 2011)	Frontier Airlines (18) (February 2010)
American Airlines (3) (December 2010)	Southwest Airlines (17) (December 2010)
Continental Airlines (3) (December 2011)	US Airways (2) (December 2011)

(a) On September 27, 2010, Southwest Airlines announced that it has entered into a definitive merger agreement to purchase AirTran Airways. On March 23, 2011, AirTran shareholders approved the merger. According to publicly available records, the merger is expected to be completed by the second quarter of 2011 if the merger is approved by the U.S. Department of Justice.

Source: Airport management records.

The City also has 5- and 10-year Airport use and lease agreements with other airlines that do not lease gates in the Terminal Complex, but use Airport facilities. These other airlines include: Great Lakes Aviation, JetBlue Airways, Mesa Airlines, and Mesaba Airlines. Many of these agreements are with regional airlines that have code-sharing agreements with the airlines listed in Table 21. The City also has Airport use and lease agreements with the following foreign-flag passenger airlines: Aeromexico, Air Canada, British Airways and Lufthansa German Airlines. A number of other passenger and cargo airline Airport use and lease agreements expired in 2010 or will expire during the forecast period.

As the amended airline use and lease agreements expire during the forecast period, the City expects to renegotiate the agreements with business provisions that will result in similar levels of Airport financial performance as provided for under the current agreements.

The City also has Airport use and lease agreements with certain all-cargo airlines and other cargo tenants, as discussed later in this report. Please refer to the "AGREEMENTS FOR USE OF AIRPORT FACILITIES" section of the Official Statement for a summary of the agreements between the City and the airlines serving the Airport.

Agreements for Stapleton Disposition and Redevelopment. Under the General Bond Ordinance, the site of the former air carrier airport (Stapleton) that served the region is part of the Airport System. In accepting the FAA grant assurances (as they relate to the receipt of airport grants) and in entering into Airport use and lease agreements with the airlines, the City agreed to use net proceeds from the sale of the Stapleton site to retire Airport System debt.

The City and the nonprofit Stapleton Development Corporation (SDC) have an agreement (the Disposition Agreement) that provides for SDC to redevelop and dispose of the 4,051-acre Stapleton site. As property is sold by SDC, it is released from the terms of the Disposition Agreement, which is scheduled to expire in June 2013. The proceeds from the Stapleton land sales, net of closing costs, were deposited to the Capital Fund.

The City has agreements with nine airlines that provide, among other things, the framework for the City to (1) pay for Stapleton disposition expenditures and (2) recover those payments through airline landing fees at the Airport for 25 years. Also under the agreement, three airlines have funded the costs of certain environmental clean-up at Stapleton. Please refer to the section of the Official Statement entitled "FINANCIAL INFORMATION—Stapleton" for additional information regarding the Disposition Agreement and the agreement between the City and the nine airlines.

AIRPORT CAPITAL PROGRAM

Airport management has prepared a 6-year Airport capital program spanning 2011 through 2016 (the 2011-2016 Capital Program), which includes projects with the following purposes for Airport facilities owned and operated by the City:

- Major maintenance
- Expansion
- Capacity enhancements
- Upgrades and improvements
- Revenue-generating

Airport management continues to revise its 2011-2016 Capital Program as a result of: (1) the changing aviation industry, including consolidations such as the merger between United and Continental, (2) the expectation that in the short-term, growth in passenger traffic will moderate, and (3) the ability of Airport management to better match capital investment needs with the current economic and aviation industry environments. The projects in the 2011-2016 Capital Program are described below and are estimated by the City to cost approximately $909.4 million. The cost of the 2011-2016 Capital Program shown on Exhibit A presented at the end of this report includes an allowance for inflation based on the start and end date of each project.

Airfield Area and Concourse Apron

- Rehabilitate taxiways and runways as part of the City's pavement management plan

- Construct a high speed taxiway to improve Airfield efficiency

- Install taxiway lights to improve operations in the Airfield during snow conditions

- Prepare a benefit cost analysis and certain environmental studies for a 7th runway

Terminal Complex and AGTS

- Improve existing concourses, including replacement of loading bridges and escalators, and other improvements

- Relocate baggage system security screening to the Landside Terminal

- Improve building systems, including the fire protection system, electrical and mechanical systems, heating and cooling systems, and the central utility plant

- Upgrade the AGTS computer hardware

- Implement the South Terminal Redevelopment Program, as discussed more fully below

Roadways, Public Parking, and Ground Transportation

- Rehabilitate Peña Boulevard

- Rehabilitate pavement in targeted roadway and parking areas

Other Airport Areas

- Upgrade equipment storage and light maintenance facility, and improve waste water systems

- Improve the Airport information technology infrastructure

- Prepare various environmental, energy and other studies

South Terminal Redevelopment Program

The Regional Transportation District (RTD) is in the process of expanding commuter and light rail service throughout the greater Denver area, and recently awarded a design-build-operate-maintain contract to connect Denver Union Station with the Airport. The expansion of rail service to the Airport is expected to be completed by 2015 and would largely be funded by Denver Transit Partners, a concessionaire selected by RTD to construct this line. Fare revenues to ride the new rail service to and from the Airport would not be part of the Gross Revenues of the Airport.

As part of the expansion program, the Department is required to finance and build a "terminal-to-station" interface pursuant to an intergovernmental agreement (IGA) between RTD and the Department. The Department is responsible for operating and maintaining only certain portions of the terminal-to-station interface. The IGA provides that the Department will grant a lease to RTD with an initial term of 50 years, and up to three renewal periods of 15 years each, with each renewal being subject to FAA approval.

The Department hired a planning and engineering firm to develop, among other things, a concept for what has been referred to as the South Terminal Redevelopment Program (STRP), the intent of which is to meet the obligations of the Department under the IGA regarding the construction and opening of a train station, among other purposes. As of the date of this report, the conceptual design of the STRP includes a variety of integrated project elements, as follows:

- The construction of a train station with public circulation space and two RTD tracks. The Airport is planning the station to provide additional capacity for future transportation modes.

- The expansion of Airport baggage systems to allow passengers using the train service to check-in bags at the train station.

- The expansion of the Automated Guideway Transit System (AGTS) to provide needed additional service capacity to the existing concourses.

- The construction of the train station roof, which will also form a plaza that would provide public access between the Landside Terminal, the train station, and as discussed below, a proposed hotel. The plaza area may also include future concessions for Airport passengers.

- The construction of a proposed 500-room, full service hotel on top of the plaza and the rail station. Customers using the hotel would have access to it from the Landside Terminal, the plaza, and the train station. As discussed in the "Financial Analysis" section of this report, the Department has entered into an agreement with Westin DIA Operator LLC (Westin) to operate and manage the hotel under the Westin brand.

The conceptual design of the STRP also includes the following additional projects: (1) realignment of certain existing on-Airport roadways that serve the Landside Terminal to accommodate the rail lines, (2) the construction of a bridge over Peña Boulevard for north and south bound train service, a portion of the cost of which would be paid by the Airport, and (3) the relocation of certain utilities.

The Department has established a budget for the STRP of approximately $500 million (in 2011 dollars), which includes the train station, plaza, baggage system and AGTS extensions, roadway improvements and utility relocations, as well as the proposed hotel.

The scope and size of the STRP will be designed to meet the budget of approximately $500 million. The Department is obligated under the IGA to construct and have available for use a train station by January 2014. Any reduction in the size and the scope of the STRP would likely occur in non-revenue producing areas of the proposed STRP, meaning that material changes to the size and scope of the proposed hotel may not occur given that it is expected to be financially self-sustaining when it opens, according to projections prepared by a hospitality consultant to the City.

PLAN OF FINANCING

The major sources of funds the City expects to use for the 2011-2016 Capital Program are shown in Exhibits A and B, and are discussed below. To the extent that the City does not receive the funding shown in Exhibit A, the City would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional Bonds, or (3) use additional Airport equity.

Federal Grants

The City is eligible to receive FAA grants-in-aid under the AIP for up to 75% of the costs of eligible projects. Certain of these grants are to be received as "entitlement" grants, the annual amounts of which are calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airport. Discretionary grants are awarded on the basis of the FAA's determination of the priorities for projects at the Airport and at other airports nationwide.

FAA authorization and the funding of the Airport and Airway Trust Fund (the primary source of AIP funding) continues under a short-term extension that is set to expire on March 31, 2011. The short-term extension may be extended by Congress until September 30, 2011. After this date, AIP funding will terminate until a reauthorization bill is passed or further extended.

In its Federal Fiscal Year (FFY) 2012 budget, the Obama Administration proposed to decrease AIP funding to FFY 2008 levels, and to eliminate entitlement and discretionary funding for large-hub airports, like Denver International Airport. The Administration's proposed budget would also include an increase in the maximum PFC level, which could potentially offset any reduction in AIP funding if a large-hub airport operator receives authorization to impose and use the maximum PFC level. For purposes of the financial forecasts presented in this report, it was assumed that (1) Congress will extend the current authorization, (2) no lapse in AIP funding authority will occur, and (3) Airport management will revise its AIP-eligible projects in the 2011-2016 Capital Program if entitlement and discretionary funding were eliminated for large-hub airports or they would apply for the higher PFC level to fund those and other projects.

The federal funding shown in Exhibit A reflects entitlement and discretionary grants the City expects to receive during the forecast period, based in part on prior levels of federal funding.

Purchase Agreements

The City has entered into Master Installment Purchase Agreements (the Purchase Agreements) with GE Public Finance; Siemens Financial Services, Inc.; Chase Equipment Leasing Inc.; and Koch Financial Corporation (the Financing Companies), which allow the City to take loans to fund equipment at the Airport. The City has taken such loans for certain projects at the Airport.

Under the Purchase Agreements, the City makes installment purchase payments to the Financing Companies for 3 to 10 years at per annum interest rates between 3% and 5%. See the later section of this report entitled "Application of Revenues" regarding the priority for making installment purchase payments to the Financing Companies relative to other City obligations under the General Bond Ordinance.

2011A Bonds

The 2011A Bonds are to be issued with a fixed interest rate to

- Current refund and defease approximately $194.4 million in principal outstanding of the 2008A3 and 2008A4 Bonds, and up to $173.1 million in principal outstanding of the 2000A Bonds depending upon market conditions at the time of pricing

- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement under the General Bond Ordinance

- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for the proposed 2011A Bonds

Future Planned Bonds

Exhibit B also shows the aggregate sources and uses of funds for Future Planned Bonds, which, together with estimated FAA grants-in-aid would be used to:

- Pay capitalized interest on Future Planned Bonds

- Fund a deposit to the Bond Reserve Fund equal to the Minimum Bond Reserve Requirement

- Fund certain 2011-2016 Capital Program costs

- Pay the costs of issuance for Future Planned Bonds

During the forecast period, the City may use the proceeds from Commercial Paper Notes and the Purchase Agreements to, among other things: (1) minimize the City's overall cost of issuing Bonds and (2) fund project and equipment costs during construction. Use of these sources of funds for purposes other than that described above, however, was not assumed for purposes of the plan of financing for the 2011-2016 Capital Program.

As stated previously, the cost of the 2011-2016 Capital Program, net of FAA grants and other funds, was assumed to be funded from the net proceeds of Future Planned Bonds, which were assumed to be issued as Senior Bonds for the proposed hotel and Subordinate Bonds for all other projects. During the forecast period, the City may decide to fund more of the 2011-2016 Capital Program from the net proceeds of Senior Bonds, which decision would be based on a number of factors, at the time of issuance, such as (a) the type of project to be financed (i.e., major maintenance or revenue-producing), (b) the difference in interest rates between Senior and Subordinate Bonds, and (c) the implications, if any, on the Airport's debt service coverage ratio, airline rates and charges, and credit rating, among other factors, by issuing Senior or Subordinate bonds.

Defeasance of Bonds

Between 2006 and 2010, the City redeemed and defeased a significant portion of the outstanding Senior Bond principal attributable to the Concourse B Baggage Sortation Equipment, the Concourse A ABS, and the Concourse B ABS with PFC revenues and the City's share of Net Revenues.

The City intends to redeem and defease the remaining outstanding Bond principal associated with the Concourse A ABS and the Concourse B ABS from PFC revenues in 2011. The reduction in Debt Service Requirements associated with the prior and planned defeasance of Bonds is reflected in the financial forecasts presented in this report.

PASSENGER FACILITY CHARGE REVENUES

PFC Approvals

As approved by the FAA, the City imposes a $4.50 PFC per eligible enplaned passenger at the Airport. Under various FAA approvals, the City has the authority to use approximately $3.3 billion in PFC revenues for PFC-eligible costs at the Airport. Through the first 9 months of 2010, the City had collected just over one-third of the total collections authorized by the FAA.

The use of PFC revenues during the forecast period is discussed below.

PFC Framework

Under a PFC Supplemental Bond Ordinance, the PFC Fund and two subaccounts—the PFC Debt Service Account and PFC Project Account—were established for the annual deposit and use of PFC revenues. The two defined terms established under the PFC Supplemental Bond Ordinance and the Supplemental Bond Ordinance are discussed below as they relate to the framework for using PFC revenues at the Airport.

Committed Passenger Facility Charges. Under the PFC Supplemental Bond Ordinance, the City has irrevocably committed to apply two-thirds of its annual PFC revenues each year from 2011 through 2013 (generally equal to $3.00 of each $4.50 PFC), up to certain specified maximum amounts (the Maximum Committed Amounts), to pay debt service on Senior Bonds. The PFC Supplemental Bond Ordinance defines these PFC revenues as Committed Passenger Facility Charges, which are not currently defined as Gross Revenues of the Airport and are not expected to be defined as such during the forecast period.

For purposes of calculating debt service coverage under the Rate Maintenance Covenant, the General Bond Ordinance allows the City to exclude any debt service irrevocably committed to be paid from the PFC Debt Service Account (effectively, for purposes of this report, the Committed Passenger Facility Charges revenues) from the calculation of Debt Service Requirements on Senior Bonds. Since the Airport opened in 1995, the City has irrevocably committed a portion of its annual PFC revenues each year to pay Debt Service Requirements on Senior Bonds.

Designated Passenger Facility Charges. Under a Supplemental Bond Ordinance adopted by the City in 2009, revenues from $1.50 of each $4.50 PFC received by the City (defined as Designated Passenger Facility Charges under that Supplemental Bond Ordinance) would be deposited in the Revenue Fund, included as Gross Revenues of the Airport, and included as Net Revenues in calculating debt service coverage under the Rate Maintenance Covenant.

Under the Supplemental Bond Ordinance adopted in 2009, the City may elect to continue to define Designated Passenger Facility Charge revenues as Gross Revenues each year after the stipulated period (2011-2013) in the Ordinance. Because the FAA restricts the use of PFC revenues, the City intends to use Designated Passenger Facility Charges revenues from 2014 through 2018 to (1) pay debt service on Senior Bonds and/or (2) defease the outstanding principal of certain Senior Bonds, which would reduce the amount of debt service in the next fiscal year that would have otherwise been payable from Net Revenues.

Forecast Assumptions

The assumptions underlying the financial forecasts with regard to PFC revenues are as follows:

- The City would use two-thirds of its annual PFC revenues—the Committed Passenger Facility Charges revenue—through the forecast period in a manner consistent with the requirements of the PFC Supplemental Bond Ordinance to pay Debt Service Requirements on Senior Bonds through 2013. For the remaining years of the forecast period (2014 through 2018), the City intends to use PFC revenues in a manner consistent with the PFC Supplemental Bond Ordinance governing the use of the $3.00 portion of the $4.50 PFC through 2013.

The Debt Service Requirements paid from Committed Passenger Facility Charges will be excluded from the calculation of debt service coverage under the Rate Maintenance Covenant of the General Bond Ordinance.

- Designated Passenger Facility Charges revenues will be defined as Gross Revenues and used during the forecast period as described earlier.

The uses of PFC revenue described above are shown on Exhibit C and Exhibit C-1 for Committed Passenger Facility Charges and Exhibit G for Designated Passenger Facility Charges.

DEBT SERVICE REQUIREMENTS

Exhibit C presents annual Debt Service Requirements for Outstanding Bonds, the proposed 2011A Bonds, and Future Planned Bonds. Debt Service Requirements for 2008 and 2009 were based on audited results provided by the City. Debt service is shown net of capitalized interest, Committed Passenger Facility Charges revenues, amounts in escrow to be used to economically defease certain Senior Bonds, and amounts expected to be used to defease certain Senior Bonds in 2011, as discussed earlier.

Under interest rate exchange agreements between the City and various financial institutions, certain payments may be made to or from each financial institution equal to the difference between the fixed or variable rates payable by the City under each agreement and the fixed or variable rates payable by the financial institutions. Under these agreements, the City’s obligation to make payments to the financial institutions is subordinate to the City’s payment of debt service on Senior Bonds. For purposes of the financial forecasts presented in this report, however, it was assumed that such payments would be on parity with the payment of debt service on outstanding Senior Bonds.

Proposed 2011A Bonds

Debt Service Requirements on the proposed 2011A Bonds were estimated by the City’s Financial Consultants based on the following assumptions:

- Delivery date: April 14, 2011
- Final maturity: 2023
- Assumed interest rate: 5.00%

Future Planned Bonds

According to the City's Financial Consultants, the net proceeds of Future Planned Bonds would be used to fund approximately $767.9 million in Capital Program project costs. Debt service on Future Planned Bonds is shown on Exhibit C and reflects (1) allowances for future changes in bond interest rates and (2) varying bond terms of 20 and 30 years.

Allocation of Debt Service to Cost Centers

Exhibit C-1 summarizes the allocation of Debt Service Requirements to Airport System cost centers in accordance with procedures and formulas specified in the Airport use and lease agreements.

OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents O&M Expenses by object type and by cost center. The amounts for 2008 and 2009 reflect audited financial results for the Airport. Provided below is a discussion of O&M Expenses for 2010 and 2011, and the forecast of O&M Expenses from 2012 through 2018.

Budgeted 2010 Operating and Maintenance Expenses

O&M Expenses for 2010 are based on the City's budget*, and are approximately 2% higher than actual O&M Expenses for 2009.

Historically, personnel services have represented the single largest category of expense at the Airport, which is typical of most U. S. airports and was the case in 2010. Personnel services include all salaries, wages, and benefits for filled staff positions; for budgeting purposes, such expenses are included for vacant positions.

The next largest category of expense at the Airport is professional services, which include management and other contracts for the provision of the following services at the Airport (from highest to lowest cost):

- Bombardier Transportation, which maintains the AGTS.
- 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.
- ISS, which provides janitorial services in the Terminal Complex.
- Standard Parking/DAJA International, which operates and manages the public parking facilities at the Airport under a contract that allows Standard Parking to be reimbursed for its expenses.

Other major expense categories include guard services and utilities. Electricity costs for tenant-leased space, the use of tenant equipment, and tenant support facilities are billed directly to tenants, and are not included in Airport O&M Expenses. Expenses associated with baggage handling and fueling systems—which are owned by the City—are paid directly by the airlines through third-party operator arrangements.

Budgeted 2010 O&M Expenses were allocated to Airport cost centers by Department of Aviation staff based on historical Airport operations, airport industry practices, provisions in the Airport use and lease agreements, and other considerations.

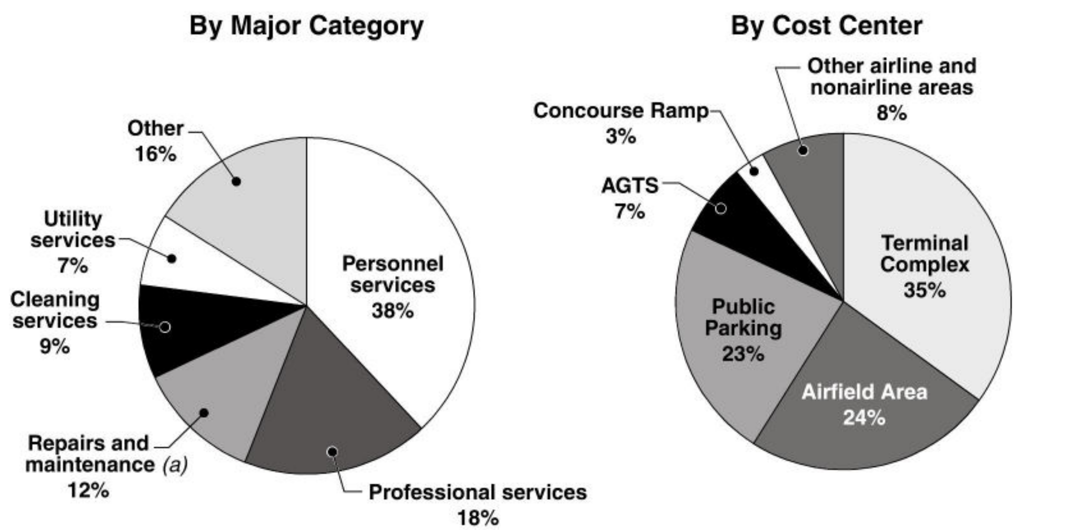
Budgeted 2011 Operation and Maintenance Expenses

The City's O&M Expense budget for 2011 is approximately 5.0% higher than budgeted 2010 O&M Expenses. The major categories of O&M Expenses for 2011 and the distribution of expenses among Airport cost centers are shown on Figure 25.

Figure 25

2011 BUDGETED OPERATION AND MAINTENANCE EXPENSES

Denver International Airport



(a) Includes maintenance costs for the AGTS.

Source: Airport management records.

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Forecast 2012-2018 Operation and Maintenance Expenses

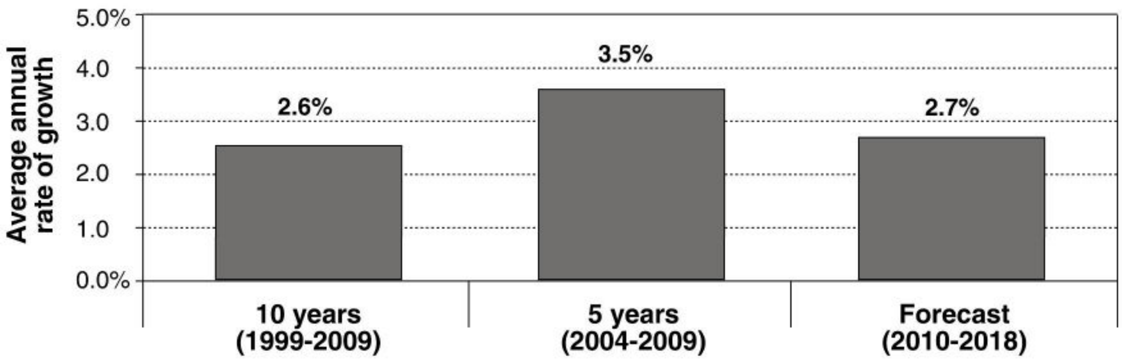
Airport management recently completed a strategic business planning effort after a review of projected financial results for the Airport, assuming that the 2011-2016 Capital Program will be financed and implemented during the forecast period. As a result of this effort, Airport management established goals and targets for managing future O&M Expenses—the largest single cost of the Airport.

For the most recent 10-year and 5-year historical results (through 2009), O&M Expenses per enplaned passenger at the Airport increased approximately 2.6% and 3.5% per year, respectively. The relationship between O&M Expenses and enplaned passengers was analyzed since the cost of maintaining and operating an airport is typically tied to passenger levels, among other factors. Provided below is a comparison of historical and forecast O&M Expenses per enplaned passenger as shown on Figure 26 below.

Figure 26

O&M EXPENSES PER ENPLANED PASSENGER

Denver International Airport



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

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Forecast O&M Expenses for existing facilities and allowances for additional O&M Expenses associated with projects in the 2011-2016 Capital Program that are expected to be available during the forecast period reflects the following targeted goals established by Airport management:

- Personnel expenses were assumed to increase 4% per year, consistent with expected cost of living adjustments during each year of the forecast period.
- O&M Expenses from 2011 to 2012 would be unchanged other than personnel costs.

- From 2012 through 2018, all non-personnel expenses would increase at a rate equal to 1% over the annual rate of inflation of 2.1% per year in the Denver area for the 5-year period 2004 through 2009*.

GROSS REVENUES

Table 22 presents the major sources of Gross Revenues for the Airport. Line-item details for airline rentals, fees, and charges and nonairline revenues are shown in Exhibits E and F, respectively.

The following sections discuss the basis for and assumptions used to forecast the financial results of the Airport throughout the forecast period. Audited City data for 2009 are quoted in the sections that follow as the latest available actual data.

AIRLINE RENTALS, FEES, AND CHARGES

Historical and forecast airline rentals, fees, and charges, in total and expressed on a per enplaned passenger basis, for the Airport, for United Airlines, and other airlines serving the Airport, are shown in Exhibit E. In 2009, airline rentals, fees, and charges represented 53.6% of Airport Gross Revenues.

Required Airport costs in the airline rate base include allocable amounts of:

1. Operation and Maintenance Expenses

2. Debt Service Requirements on Bonds issued for (a) the Airport, net of Committed PFCs, and (b) Airport land acquisition

3. Amortization of City investments before and after the opening of the Airport on February 28, 1995

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*Source: U.S. Department of Labor, Bureau of Labor Statistics, from www.bls.gov, accessed September 28, 2010.

Table 22
GROSS REVENUES
Denver International Airport

	Actual 2009		Forecast 2018	
	Revenues (thousands)	Percent of total	Revenues (thousands)	Percent of total
Airline rentals, fees, and charges				
Landing fees	$111,727	17.1%	$178,924	19.1%
Terminal Complex rentals	76,906	11.8	89,668	9.5
Tenant finishes and equipment charges	55,545	8.5	59,190	6.3
Baggage system fees	29,170	4.5	38,943	4.2
Other	76,311	11.7	96,929	10.3
Total airline revenues	$349,659	53.6%	$463,654	49.4%
Nonairline revenues				
Terminal concessions *(a)*	$ 40,174	6.2%	$ 67,351	7.2%
Public automobile parking	109,185	16.7	163,000	17.4
Rental car privilege fees	33,732	5.2	44,320	4.7
Other terminal revenues *(b)*	18,892	2.9	69,902	7.5
Building and ground rentals	14,837	2.3	16,079	1.7
Other	28,468	4.4	41,522	4.4
Total nonairline revenues	$245,288	37.7%	$402,174	42.9%
Designated PFCs *(c)*	32,288	4.9%	38,270	4.1%
Interest income	24,844	3.8	33,553	3.6
Total Gross Revenues *(d)*	$652,080	100.0%	$937,651	100.0%

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

(a) Includes revenues from food and beverage, merchandise, and terminal services.
(b) Includes revenues from employee parking, rental car service and storage areas, ground transportation, and other terminal space rentals.
(c) Under a Supplemental Bond Ordinance, the Designated Passenger Facility Charges are considered Gross Revenues of the Airport.
(d) The amount shown for 2009 does not match the amount reported in Table 25 because of the manner in which certain year-end settlements and adjustments are calculated for rentals, fees, and charges.

Source: Actual—Airport management records.

Other costs included in the calculation of airline rentals, fees, and charges include, but are not limited to: (1) deposits to funds and accounts established under the General Bond Ordinance, as necessary, including the O&M Reserve Account, (2) equipment and capital outlay expenditures, and (3) the cost of City-used space in the Terminal Complex. The assumptions underlying the forecasts of future Debt Service Requirements and O&M Expenses—the two largest components of Airport costs included in airline rentals, fees, and charges—were presented earlier in this report. The costs allocable to airline cost centers and used to forecast airline rentals, fees, and charges are shown in Exhibit C-1 for Debt Service Requirements and Exhibit D for O&M Expenses.

Amortization charges for certain City investments are calculated over 30 years (except for the cost of certain equipment that is to be amortized over 5 years) at the weighted average effective interest cost on all fixed-rate Bonds issued on behalf of the Airport. City investments after the Airport opened are amortized over 15 years.

Payments that the City expects to make to the Financing Companies under the Purchase Agreements, net of AIP grants-in-aid and TSA grants, are included as a "rate-base" cost in the forecast of airline rentals, fees, and charges.

Interest income on amounts in the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on amounts in the Interest and Principal accounts of the Bond Fund is credited to Airport System cost centers in the same proportion as the allocation of debt service. Non-signatory airline landing fees and other nonairline revenues are credited to the landing fee rate base.

As discussed in the earlier section "Airport Use and Lease Agreements," the City is obligated to achieve certain reductions in rentals, fees, and charges under various amendments to United's Airport use and lease agreement. Such reductions were assumed to be achieved during the forecast period.

The following subsections summarize the rate-making methodologies and assumptions used to forecast airline rentals, fees, and charges. The calculation of the airline landing fee rate is shown in Exhibit E-1 and the average Terminal Complex rental rate is shown in Exhibit E-2.

Landing Fees

Exhibit E-1 shows the landing fees, calculated according to a cost-center residual cost rate-making methodology, under which the net requirements allocable to the Airfield Area are recovered through landing fees assessed per 1,000-pound units of airline aircraft landed weight.

Airfield Area costs to be recovered through landing fees are expected to increase during the forecast period as airfield projects are completed and the City begins to include related debt service and other costs in the airline rate base.

The Signatory Airlines were assumed to account for a significant portion of total forecast landed weight each year.

Terminal Complex Rentals

Terminal Complex rental rates are set to recover the net requirement of the Terminal Complex calculated according to a commercial compensatory rate-making methodology. The net requirement is divided by total rentable space to determine the average rental rate per square foot for that space. Airlines are charged this average rate for space they actually rent, except for approximately 93,400 square feet of space on Concourse B, which is charged at 65% of the average rental rate. Exhibit E-2 shows the calculation of the average rental rate for all Terminal Complex space (Landside Terminal and concourses).

Tenant Finishes and Equipment

Tenant finishes and equipment charges are assessed to recover City-investments in terminal and concourse finishes, as well as baggage sortation space and equipment. In meeting its cost reduction goals under certain amendments to its Airport use and lease agreement with United, the City intends to write off the book value associated with $17.5 million of reimbursements from the Capital Fund to United for costs associated with modifications to the baggage system on Concourse B.

Although not part of the other Airport use and lease agreements with airlines on Concourse C, the City agreed in principle to reduce Concourse C tenant finish charges by approximately 3% through 2011, which is the last year of the Airport use and lease agreements with the airlines operating on Concourse C. The reduction has been achieved by applying interest savings from prior Bond refundings.

Baggage System Fees

The automated baggage system fee and the conventional baggage system fee are assessed to recover the terminal space and equipment costs, operating expenses, debt service, and amortization charges allocated to the two baggage systems.

Under the Airport use and lease agreements, the airlines on Concourses A and B have agreed to pay the net requirements of the ABS, which is allocated 35% to Concourse A and 65% to Concourse B, even though the ABS is inoperable. Debt service and amortization charges associated with the ABS reflect the (1) redemption and defeasance of Bond principal associated with the ABS and (2) write off Capital Fund investments in the ABS made by the City, both of which are substantially complete.

The conventional baggage system is maintained by a third party, which charges the airlines directly. Therefore, utility costs are the only operating expense associated with the baggage system to be incurred by the City and recovered from the airlines.

Other Airline Fees and Charges

Other airline fees and charges shown in Exhibit E include concourse ramp fees, AGTS charges, international facility fees, and fueling system charges. Such fees and charges are set according to a compensatory rate-making methodology to recover the costs associated with such facilities.

For those airlines that are not signatory to the Airport use and lease agreements, the City assesses fees and charges following procedures consistent with those outlined in the Airport use and lease agreements, at a premium of 20% over Signatory Airline rates. In addition, non-signatory airlines do not share in the year-end Net Revenue credit.

NONAIRLINE REVENUES

Nonairline properties and tenants at the Airport are managed by the Commercial Division of the Department of Aviation. While managing and maintaining its existing businesses and tenants at the Airport, many of which are discussed below, this division started certain key initiatives in 2010 that will continue throughout the forecast period, as discussed below:

- Refresh the concession and specialty retail programs in the Terminal Complex as existing agreements expire and new agreements are executed as part of a comprehensive concessions master plan that the City is in the process of completing. The City believes that these improvements will not only increase the passenger's experience at the Airport, but also increase the revenues earned by the City from these locations, as discussed below.

- Maximize the use of Terminal Complex space by competitively selecting a concessionaire or concessionaires to install and operate specialty merchandise carts and kiosks, which the City expects will increase the overall financial performance of the concessions program.

- Implement new programs and revenue-management systems in its on-Airport public parking facilities to better match customer needs with public parking options and to more effectively manage the use of its facilities through adjustments to parking rates. These changes are expected to result in better management of the use of public parking facilities, thereby delaying the need for additional public parking facilities while increasing the net revenues earned by the City.

- Develop a long-term strategy to increase the use of on-Airport land for commercial purposes while meeting the aeronautical needs of the Airport.

Many of these initiatives continue to be developed and refined. The financial benefits of these initiatives are not fully known and have not been included in the forecast of nonairline revenues presented on Exhibit F, except for allowances for increased concession revenue performance during the forecast period and additional revenues from a new merchandise kiosk program, as discussed more fully below.

Terminal Concessions

Space for concessions and services is provided in the Landside Terminal and the concourses in approximately 145 locations. The City leases such space to the concessionaires pursuant to concession agreements, which provide for payment to the City of the greater of a percentage of gross revenue or a minimum annual guarantee. The concession agreements also contain a reestablishment clause that allows the City to adjust rental rates, within certain parameters, if necessary, to satisfy the Rate Maintenance Covenant. As these agreements expire during the forecast period, the City intends to enter into new agreements with similar terms and conditions.

In 2009, revenues from Terminal Complex concessions represented 6.2% of Gross Revenues.

In general, the forecasts of Terminal Complex concession and terminal services revenues were based on (1) forecasts of enplaned passengers presented earlier in this report, (2) recent historical trends in concessions revenues paid to the City, expressed on a per enplaned passenger basis, (3) allowances for inflation of 2.1% per year, (4) allowances for improved revenues to the Airport of 2.5% per year from 2012 through 2015, (5) additional revenues of $1.0 million per year from a new merchandise kiosk program to be implemented by the third quarter of 2011, which amount reflects the minimum annual guarantee to the City, and (6) the terms and conditions of agreements with the City. Additional assumptions are noted below.

Food and Beverage. The food and beverage concession agreements provide for percentage fee revenues to the City ranging from 10% to 20% of gross revenues or a minimum annual guarantee, whichever is higher. Recent performance trends were taken into account in forecasting food and beverage concession revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

Specialty Retail. The specialty retail and merchandise concession agreements provide for percentage revenues to the City that range from 10% to 20% of gross revenues or a minimum annual guarantee, whichever is higher. Recent performance trends were taken into account in forecasting merchandise revenues, and revenues were computed at the higher of the estimated percentage fee or minimum annual guarantee.

Services. Services include telephones, advertising, baggage carts, insurance, shoeshine stands, vending machines, bag storage facilities, automated bank teller machines, and other services. In general, these services are provided by concessionaires that pay the City the higher of a percentage of gross revenues or a minimum annual guarantee, depending on the type of service provided. For most concessionaires, the estimated percentage fee is greater than the minimum annual guarantee, with percentage fees ranging from 10% to 12% of gross revenues.

Outside Nonairline Revenues

Outside nonairline revenues are generated from public automobile parking, rental car privilege fees, and ground transportation services.

Public Automobile Parking. Public automobile parking at the Airport is provided in parking structures, surface lots adjacent to the Landside Terminal, and remote parking lots. In 2009, public parking revenues accounted for 16.7% of total Gross Revenues.

Table 23 lists the City-owned parking facilities at the Airport, the number of spaces in each facility, and parking rates in the facilities, which are adjusted by the City from time-to-time. Standard Parking/DAJA International operates and manages the public parking facilities at the Airport under a management contract with the City. Under this contract, the City retains all rights to implement parking rate increases.

Table 23
CURRENT AIRPORT PUBLIC PARKING FACILITIES AND RATES

Parking facilities	Number of spaces	24-hour rate	Hourly rate
Short-term (close-in) parking			
Garages	14,950	$18	$2 to $3 per hour
Valet	657	$27	$11 first hour $2 each additional hour
Long-term surface parking	8,328	$10	$1
Remote surface parking	17,579	$6	$1
	41,514		

Source: Airport management records.

The City has an agreement with LRW Investment Company, scheduled to expire on October 31, 2014, to operate WallyPark, an automobile parking lot located on Airport property, and to provide courtesy vehicle service between WallyPark and the Landside Building for its customers. Published daily rates for the approximate 1,500 parking spaces at this facility are $10.95 for self-parking and $13.95 for valet parking. Pursuant to the agreement with the owner of WallyPark, the City is to receive the greater of (1) a minimum annual guarantee equal to 85% of the previous year's payment to the City or (2) a percentage of gross revenues, ranging from 18% to 24% during the term of the agreement. For purposes of this report, it was assumed that WallyPark would continue to operate at the Airport under similar terms and conditions following expiration of the LRW Investment Company agreement with the City. Revenue from WallyPark is included under Terminal Services in Exhibit F.

Off-Airport parking options near Denver International Airport have increased since the Airport opened in 1995. The largest off-Airport parking operation has approximately 8,000 uncovered spaces ($2.00 per hour or $9.00 per day) and 1,100 covered parking spaces ($3.00 per hour or $14.00 per day) and provides courtesy vehicle service to and from the Landside Terminal.

On December 10, 2010, the City imposed an off-Airport parking privilege fee on companies such as DIA Park, Parking Spot, Canopy Airport Parking, and US Airport equal to 8% of gross revenues from those companies. Three of these companies have petitioned the Manager of Aviation for a hearing, claiming that the Airport's rule imposing the new fee is not a reasonable apportionment of Airport expenses as required by local law. The Manager disputes this claim and has appointed a hearing officer, who has scheduled a hearing for October 2011.

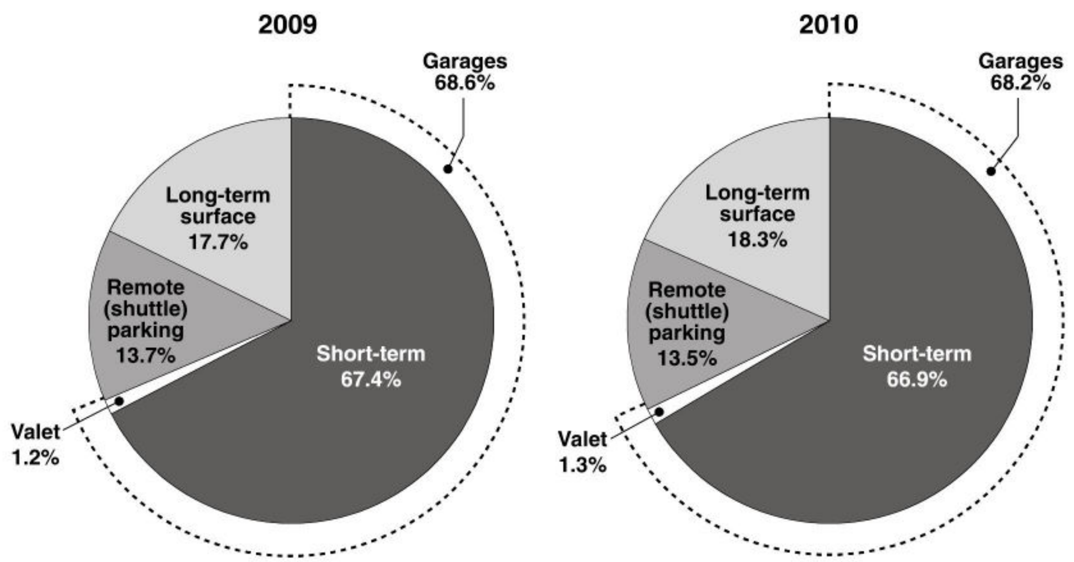
Revenue from off-Airport parking companies is included under Terminal Services in Exhibit F.

Figure 27 below shows parking transactions—a measure of customer use for 2009 and 2010, the results of which are almost identical.

Figure 27

PUBLIC PARKING TRANSACTIONS

Denver International Airport



Source: Airport management records using available, but unaudited data for 2010.

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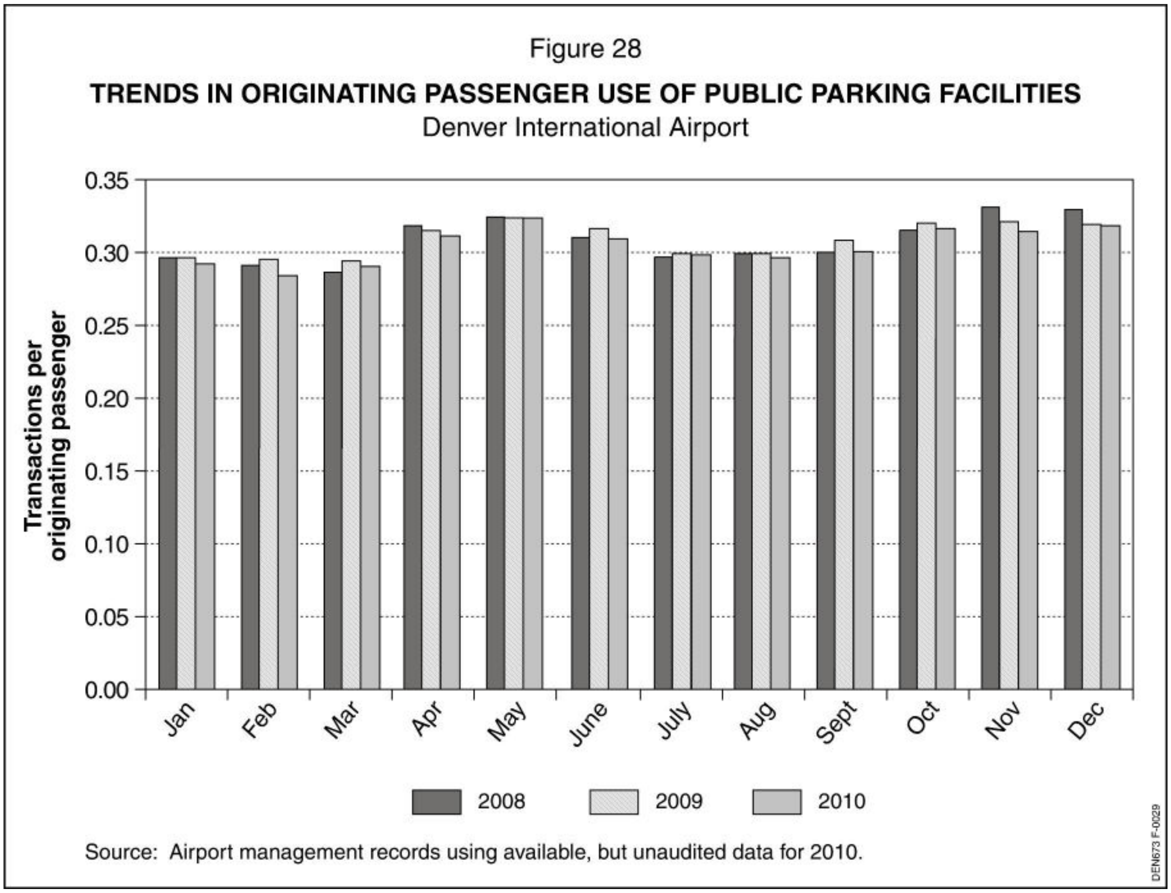
As shown on Figure 27, use of the Airport's parking facilities remained relatively constant, with some customers shifting from garages to remote surface lots in 2009 and 2010, which continues a trend that has been ongoing over the last four years.

The number of transactions per originating passenger—a measure of the proportion of originating passengers who choose to park in Airport-operated facilities—has declined slightly over the last 2 years. Figure 28 shows trends in parking facility use from 2008 through 2010.



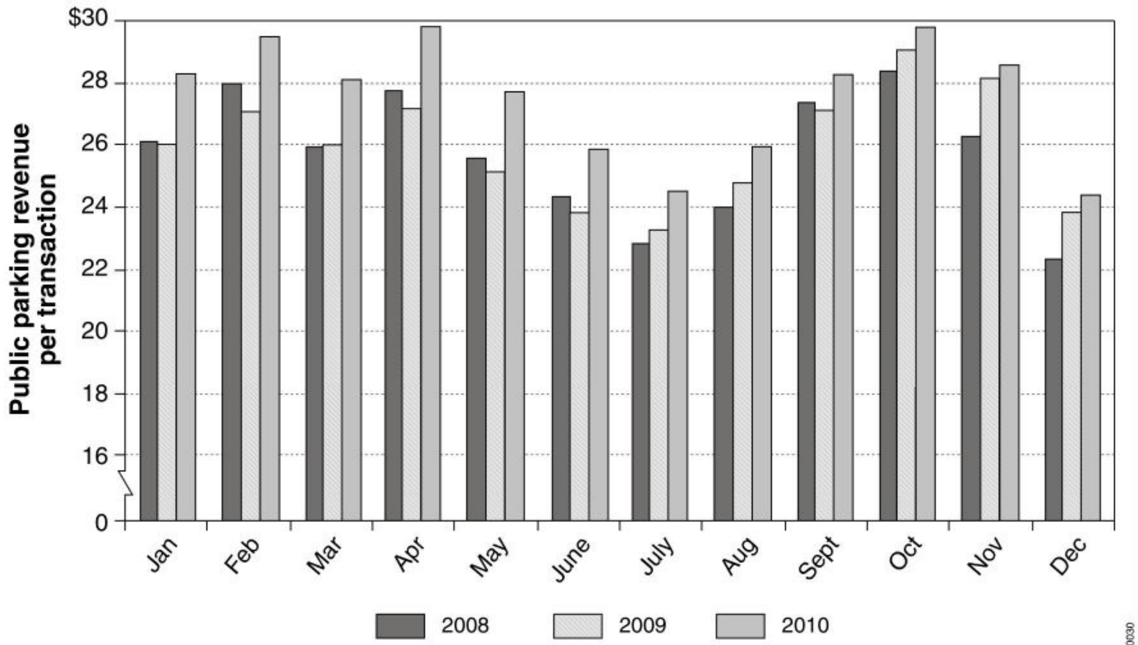
A summary of trends in public parking revenue per transaction—a measure of customers' parking duration as well as their choice of on-Airport parking facility—from 2008 through 2010 is provided on Figure 29.

As shown on Figure 29, public parking revenues per transaction have exhibited a seasonal pattern over the last 2 years—with lower revenues per transaction during the summer months (May through August). This pattern reflects the preference of long duration, non-business, customers to park in the remote surface lots (lower-priced facility) during leisure travelling periods. The average revenue per transaction decreased between 2008 and 2009 because of the increased use of lower-priced facilities, but increased between 2009 and 2010 due to the 2009 parking rate increase in the long term and remote surface lots.

Figure 29

TRENDS IN PUBLIC PARKING REVENUE PER TRANSACTION

Denver International Airport



Source: Airport management records using available, but unaudited data for 2010.

From the review of the trends mentioned above, it appears that (1) the proportion of passengers using each Airport-operated facility will remain consistent with prior year trends, (2) the average number of transactions per originating passenger will continue to decrease, and (3) public parking revenues per transaction may increase in the near term because of parking rate increases in the long term and remote surface lots but may eventually decrease because of capacity constraints in the garages which diverts passengers to lower-priced parking facilities (i.e. remote surface lots). Public automobile parking revenues were forecast on the basis of (1) recent trends in transaction per originating passenger and public parking revenues per transaction as discussed above, (2) forecast increases in the number of originating passengers, (3) a planned parking rate increase of 15% to 20% in the short term garage in mid-2011, and (4) parking rate increases in all lots from 2012 through 2018 equaling the assumed rate of inflation (2.1% per year).

Rental Car Privilege Fees. The City has concession agreements with the following rental car companies to provide service at the Airport through January 1, 2014: Advantage, Alamo, Avis, Budget, Dollar, Enterprise, EZ, FOX Rent A Car Hertz, National, Payless, and Thrifty. In 2009, rental car privilege fee revenues accounted for 5.2% of Gross Revenues.

The Avis Budget Group and the Dollar Thrifty Automotive Group are jointly pursuing antitrust clearance of the proposed acquisition of the Dollar Thrifty

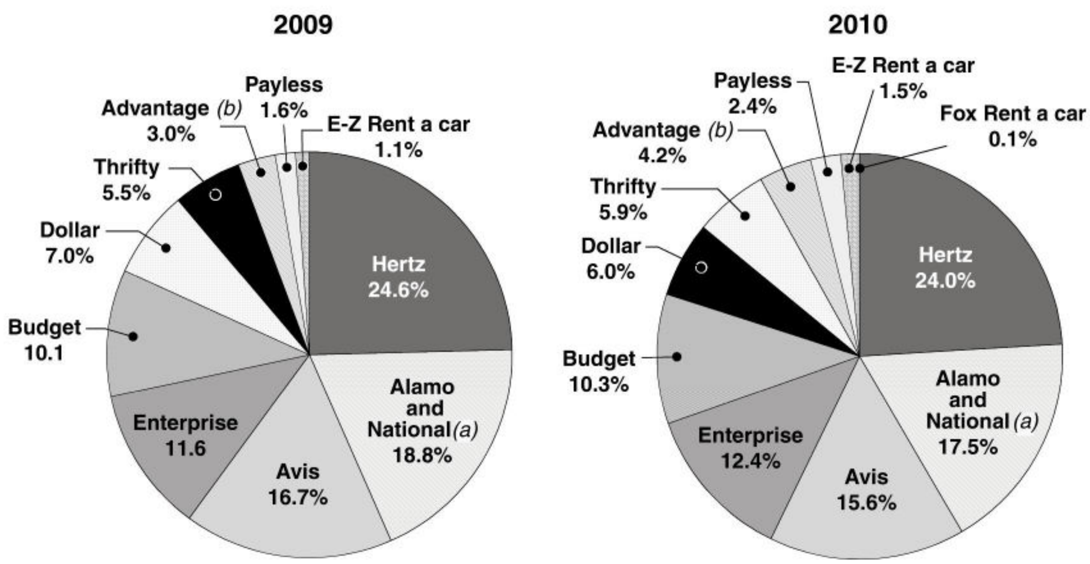
Automotive Group by the Avis Budget Group. As of the date of this report, it is unknown if Avis Budget will be successful in acquiring Dollar Thrifty. For purposes of this report, it was assumed that any acquisition will not materially affect the forecast revenues from the on-Airport rental car privilege fees.

Figure 30 presents the market shares of gross revenue by on-Airport rental car company for 2009 and 2010.

Figure 30

ON-AIRPORT RENTAL CAR COMPANY MARKET SHARES

Denver International Airport



(a) Alamo and National operate as rental car brands under Vanguard Car Rental USA, Inc.
(b) Owned by Hertz.
Source: Airport management records using available, but unaudited data for 2010.

Under the concession agreements, each rental car company pays the City 10% of its annual gross revenues or a minimum annual guarantee, whichever is higher. The minimum annual guarantee is equal to 85% of the percentage rent payable in the preceding year, but no less than the highest minimum annual guarantee for any previous year.

Figure 31 presents the monthly trend in rental car gross revenues per originating passenger* at the Airport from 2008 through 2010.

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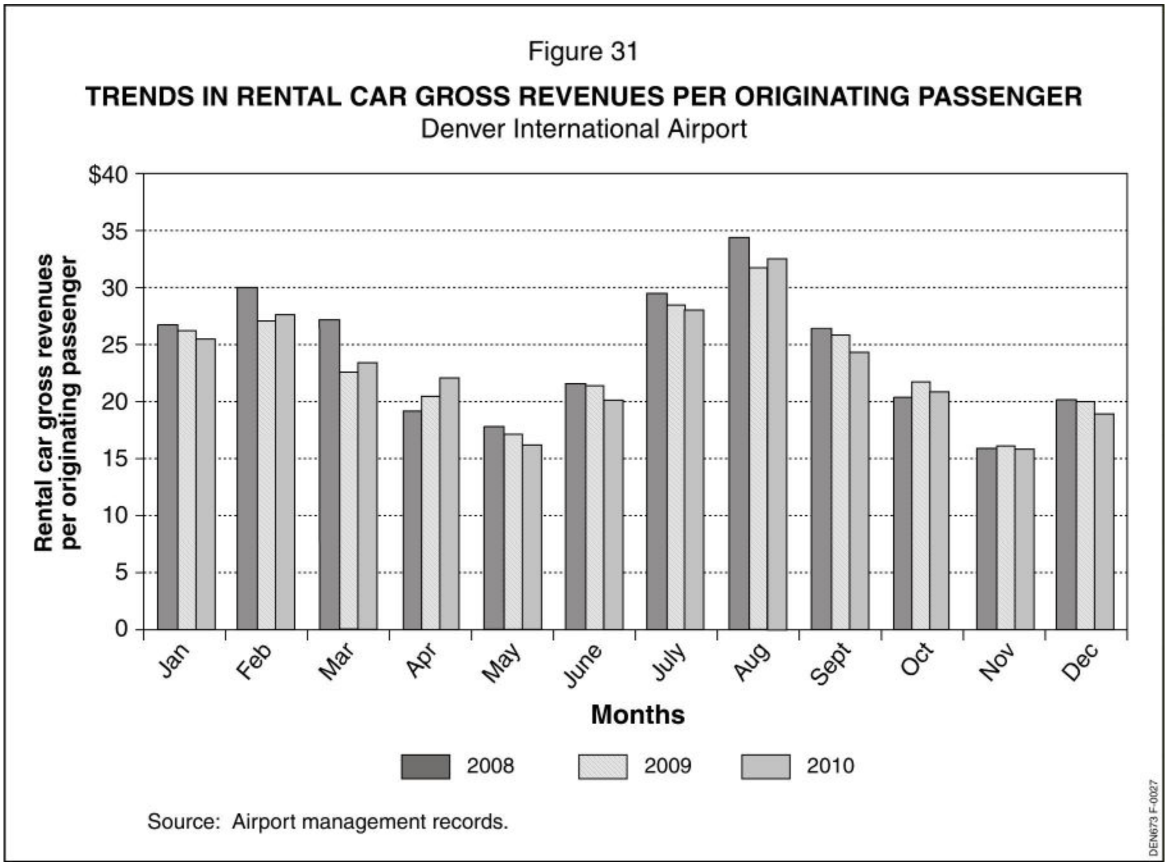
*The best approximation of the average revenue generated per rental car contract transaction.



Total rental car gross revenues from 2008 to 2009 decreased by 8.6% and total rental car gross revenues per originating passenger decreased by 5.8%. In 2010, total rental car gross revenue increased by 1.9% and total rental car gross revenues per originating passenger decreased by (1.5%), as compared with 2009 data.

For most of 2009, monthly gross revenues per originating passenger were similar to or slightly lower than the monthly amounts for 2008, except from February-March 2009 and July-August 2009 when the difference was more severe.

In 2010, monthly gross revenues per originating passenger were similar to the monthly results for 2009, but lower than the monthly results for 2008.

Rental car privilege fee revenues were forecast on the basis of (1) forecast numbers of originating passengers and (2) moderate increases in the average daily rate per rental car, assumed to equal 75% of the assumed rate of inflation during the forecast period of 2.1% per year. This reflects the assumption that the on-Airport rental car companies will continue to manage fleet levels in a manner that will result in higher daily rates over the long-term.

Ground Transportation Services. The City charges the operators of all commercial ground transportation vehicles (such as buses, limousines, shuttles, hotel/motel courtesy vans, off-Airport rental car vans, and off-Airport parking vans) on the basis of the frequency and duration of their use of the terminal roadways and curbside. Access to the terminal curbside is controlled by an automated vehicle identification system that tracks both the frequency and duration of use by each commercial vehicle operator.

Other Terminal Revenues

Other sources of terminal revenues include employee parking fees, rental car service and storage area rentals, additional building rentals, and other terminal space rentals. Other terminal revenues accounted for 2.9% of Gross Revenues in 2009.

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 area and in the administration building. Employees (other than City employees) pay a monthly fee to the City to park at these locations. Shuttle bus service is provided to the employee lot under a contract with AMPCO Transportation Services.

Rental Car Service and Storage Areas. In 1999, the City issued Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds to finance the design, acquisition, and construction of certain terminal area improvements, rental car facilities, vehicles, and maintenance equipment at the Airport. A portion of the net proceeds of these bonds was also used to refund bonds issued by the City in 1993 to finance existing rental car facilities.

Advantage, Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, Payless, and Thrifty have entered into a Special Facilities and Ground Lease with the City, under which each company pays:

- Facilities rentals to cover its pro rata share of debt service on the Taxable Special Facilities Revenue Bonds and Airport Development Revenue Bonds issued to finance Airport improvements for the rental car companies

- Administrative expenses

- Ground rentals for land leased from the City north of Peña Boulevard

- Additional rentals in an annual amount equal to 10% of the depreciated cost of constructing the original facilities

The ground rentals and additional rentals paid by the rental car companies under the Special Facilities and Ground Leases are considered Gross Revenues of the Airport System. The other rentals and fees paid by the rental car companies are related to Special Facilities Bonds and are not considered Gross Revenues.

In addition, the City receives ground rentals from land leased to EZ Rent A Car, and ground rentals from FOX Rent A Car.

Airport Hotel. As mentioned previously, the South Terminal Redevelopment Program includes the construction of a proposed 500-room, full service hotel on top of the plaza and the rail station. The hotel would be accessed from the Landside Terminal, the plaza and the train station. The proposed hotel would be owned by the City and financed from the net proceeds of Future Planned Bonds, which were assumed to be issued as Senior Bonds.

The City has three agreements with Westin, which have been signed by Westin and are pending Denver City Council approval. The agreements provide for Westin involvement, as follows: (1) consulting on design and programming (the Development Consulting Services Agreement), (2) pre-opening services, which includes those activities necessary to open the hotel (the Pre-Opening Services Agreement), and (3) hotel operation and management (Hotel Management Agreement). The Hotel Management Agreement will be effective upon date of beneficial occupancy of the hotel and will expire 15 years from that date. Under the Hotel Management Agreement, Westin will be paid a management fee and will receive reimbursement for certain operating expenses.

All of the annual revenues, expenses*, and Debt Service Requirements associated with the hotel would be the responsibility of the City and have been reflected in the financial forecasts presented in this report. Forecast of revenues, expenses and deposits to reserve accounts are as provided by the City's hotel consultant, and the City's Financial Consultants. Estimated annual Debt Service Requirements associated with Future Planned Bonds that would be used to fund the cost of building the hotel are as provided by the City's Financial Consultants.

According to the City, any hotel revenues remaining after paying hotel specific O&M Expenses and Debt Service Requirements will be deposited in a Redemption Account, which will be used in the future by the City to defease the principal outstanding associated with the Bonds issued to fund hotel project costs, which has been reflected in Exhibit G.

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

Airfield Area Revenues

Nonairline Airfield Area revenues include general aviation landing fees, farming income, rentals for certain land parcels and structures and fuel flowage fees.

The City owns all of the mineral rights to the land that constitutes the boundaries of the Airport. In addition to the sources of Airfield Area revenues listed above, the

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*Some of the hotel expenses are expected to be classified as O&M Expenses and other expenses would constitute obligations paid from the Junior Lien Obligation Fund, which is a fund that the City intends to create through a future Supplemental Subordinate Bond Ordinance. See Figure 32.

City also receives oil and gas revenues. In March 2010, the City completed a transaction to buy back a lease from Petro Canada Resources U.S.A., which had previously managed and operated the Airport oil and gas program for the City. It is the City's expectation that as a result of the lease buy-back, the level of oil and gas revenues it earns each year should double in comparison to recent actual results (see Exhibit F) as well as to provide the City with the ability to pursue additional oil and gas/mineral exploration at the Airport.

Building and Ground Rentals. Building and ground rentals include rentals for cargo, airline maintenance, and general aviation facilities at the Airport. In Exhibit F, these revenues are summarized as follows: North Airline Support Area, South Airline Support Area, South Cargo Area, and General Aviation Area. Most of the facilities in the north and south airline support and cargo areas were financed with the net proceeds of Senior Bonds and Special Facilities Bonds. In 2009, building and ground rentals accounted for 2.3% of Gross Revenues.

The City has a policy of establishing and annually adjusting ground rental rates to recover all capital and operating costs allocable to land made available for lease to Airport tenants. The rate base for calculating the ground rental rate includes costs allocable to the North Cargo Area, which was graded as part of the new Airport construction project in 1995, but then abandoned when cargo operations were established at the South Cargo Area. Of these costs, 50% are allocated to the Airfield Area cost center and recovered through landing fees. The balance will not be recovered until the North Cargo Area land is leased.

The City establishes building and ground rentals for the facilities it financed with Senior Bonds to recover O&M Expenses, debt service, and amortization charges allocable to such facilities.

Facilities Financed with Senior Bonds. The City owns and financed the construction of cargo buildings, cargo ramp, and ground service equipment areas, which are leased to the tenants listed in Table 24 under cargo use and lease agreements. The lease expiration date for each tenant is also shown in Table 24.

Table 24
AIRLINES SIGNATORY TO CARGO USE AND LEASE AGREEMENTS

ABX Air (February 2015)	Key Lime Air (December 2011)
Air General (December 2011)	Swissport Cargo (December 2016) *(a)*
DHL Express (February 2015)	UPS Air Cargo (December 2011)
FedEx (February 2023)	

(a) The City has sent Swissport Cargo an amendment to their cargo use and lease agreement, extending to the month and year shown.

As these and other agreements expire during the forecast period, the City also expects that it will negotiate agreements with similar terms and conditions.

The City has a 25-year agreement with Continental Airlines for maintenance hangar, in-flight kitchen, cargo, and ground service equipment facilities that were financed from a portion of the net proceeds of the 1992B and 1992C Bonds. The agreement with Continental Airlines provides for, among other things, the repayment of debt service on the Senior Bonds issued for Continental's facilities.

Facilities Financed with Special Facilities Bonds. In addition to issuing Special Facilities Bonds to finance rental car facilities at the Airport, the City has issued Special Facilities Bonds to finance a line maintenance hangar and other facilities for United Airlines. As stated earlier, Debt Service Requirements on Special Facilities Bonds are not payable from Net Revenues of the Airport.

United leases approximately 500,000 square feet of land for facilities that were financed with Special Facilities Bonds. These bonds were refunded in June 2007. United pays ground rent for the land it leases under its Special Facilities and Ground Lease with the City, which is scheduled to expire on October 1, 2023.

Other Facilities. The U.S. Postal Service financed its sorting and distribution facility at the Airport. Under an agreement with the City, which is scheduled to expire in May 2013, the U.S. Postal Service pays ground rent for the areas of the Airport that it uses.

General aviation area revenues shown in Exhibit F include the ground rentals and aircraft fees paid by Signature Flight Support under a 30-year agreement with the City, which is scheduled to expire in March 2025. Signature leases a 12.4-acre site at the Airport and provides fixed base operator (FBO) services for corporate and other aircraft.

In general, building and ground rentals were forecast on the basis of the following assumptions: (1) the occupancy of building and ground space leased as of January 1, 2011 is assumed throughout the forecast period, (2) the City will continue to establish ground rentals in a manner consistent with its adopted policy, and (3) cargo building rentals are to be established each year based on the costs included in the calculation of rentals, fees and charges.

Other Revenues

The largest portion of other revenues received by the City is derived from aviation fuel tax proceeds, as shown in Exhibit F. Under legislation enacted by the State of Colorado, the City receives approximately 65% of aviation fuel tax proceeds collected by the State.

The City also receives revenues from a tax it imposes on fuel sold at the Airport.

Interest Income

Interest income on investments of moneys held in all funds and accounts (other than the Project Fund, PFC Fund, and Bond Reserve Fund) is defined as Gross Revenues under the General Bond Ordinance. In 2009, interest income accounted for 3.8% of Gross Revenues.

The forecast of interest income (as shown in Exhibit G) is based on actual average yields earned by the City. Under the City's rate-making methodology, interest income earned on the moneys in the Bond Reserve Fund and Bond Fund is applied as a credit to all cost centers (in the same proportion as the allocation of Debt Service Requirements) in calculating rentals, fees, and charges for the passenger airlines under the Airport use and lease agreement and for the cargo airlines under the cargo use and lease agreements.

Stapleton Redevelopment and Disposition

For the financial forecasts, it was assumed that (1) the City will not receive revenues from the future development of the Stapleton site and (2) all O&M Expenses associated with Stapleton are to be paid by the Stapleton Development Corporation.

APPLICATION OF REVENUES

Exhibit G presents the forecast application of Gross Revenues, including Designated Passenger Facility Charges revenues, to the various funds and accounts under the General Bond Ordinance, as described below and shown on Figure 32.

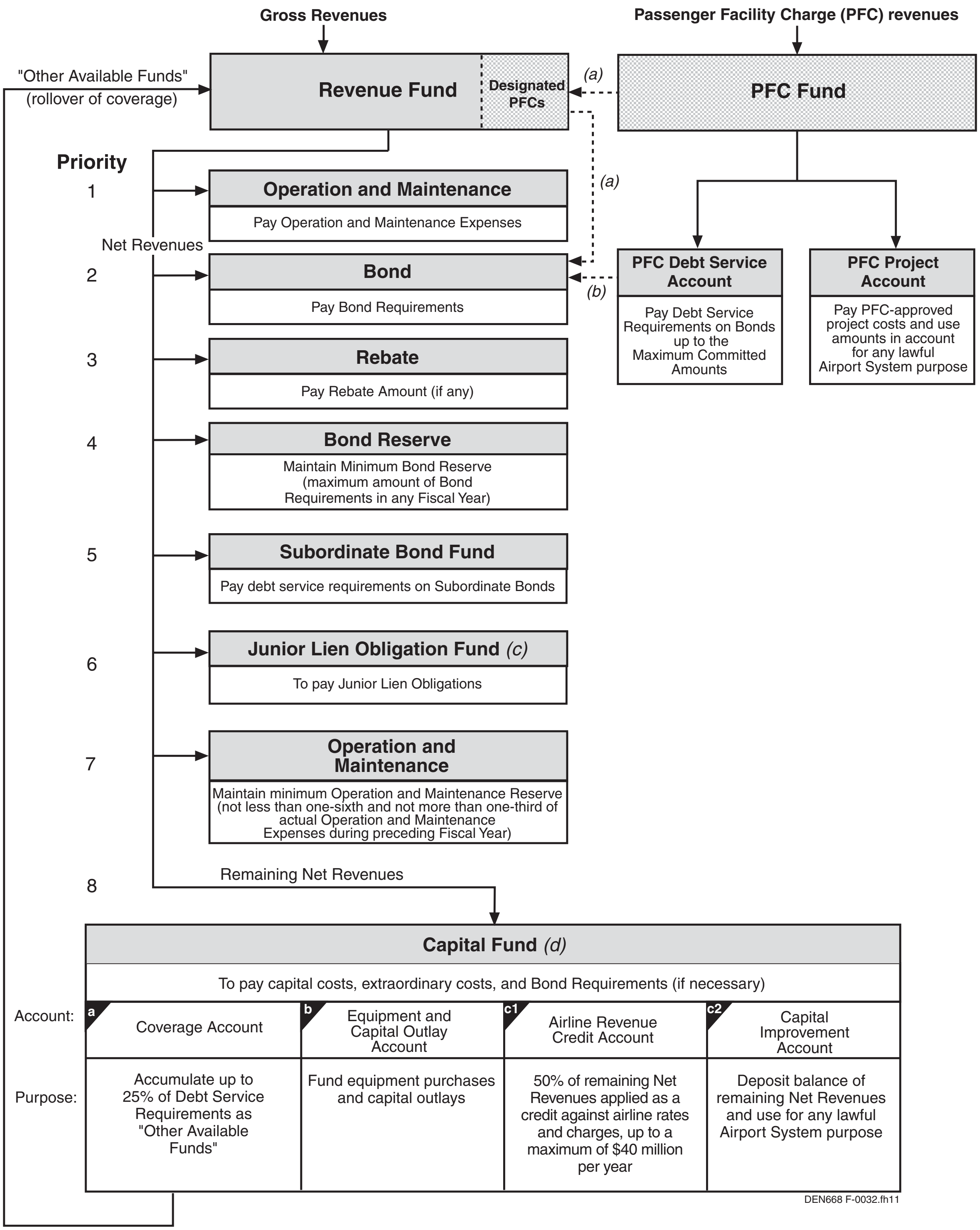
The General Bond Ordinance provides that the Gross Revenues of the Airport are to be deposited into the Revenue Fund. Moneys held in the Revenue Fund are then to be deposited into the funds and accounts established under the General Bond Ordinance.

Gross Revenues remaining after the payment of O&M Expenses, Debt Service Requirements on Senior Bonds and Subordinate Bonds, and other fund deposit requirements are transferred to the Capital Fund at the end of each Fiscal Year. Under the Airport use and lease agreements, certain accounts were established within the Capital Fund, as also shown on Figure 32.

Figure 32

STRUCTURE OF FUNDS AND ACCOUNTS AND APPLICATION OF REVENUES UNDER THE GENERAL BOND ORDINANCE AND SUBORDINATE BOND ORDINANCE

City and County of Denver



(a) Designated Passenger Facility Charges: Represents one-third of the PFCs received by the City (currently $1.50 of the $4.50 PFC) that are considered Gross Revenues under the General Bond Ordinance from 2009 through 2013, and may continue to be defined as Gross Revenues (as determined by the City) through the remaining years of the forecast period.

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

(c) The City expects to create the Junior Lien Obligation Fund in a future supplemental Subordinate bond ordinance to pay Junior Lien Obligations.

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

Moneys flowing into the Capital Fund each year are to be deposited and used in the following priority:

- To the *Coverage Account*, to replenish this account and maintain a balance equal to 25% of Debt Service Requirements on Senior Bonds. This amount is defined in the General Bond Ordinance as Other Available Funds and is to be "rolled over" each year and applied toward meeting the Rate Maintenance Covenant, as discussed earlier.

- As shown in Exhibit G, additional deposits to the Coverage Account to meet the 25% coverage requirement were assumed to be provided from remaining Net Revenues before the split between the Airline Revenue Credit and Capital Improvement accounts, discussed below.

- To the *Equipment and Capital Outlay Account* to fund equipment purchases and capital outlays that were expensed during the year and purchased from the Financing Companies, as described below.

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

Remaining moneys are to flow as follows: 50%, up to a maximum of $40 million, to the *Airline Revenue Credit Account* to be applied as a credit against Signatory Airline rentals, fees, and charges in the following year. Moneys deposited in the Airline Revenue Credit Account are to be credited to each airline signatory to an Airport use and lease agreement based on its share of total airline rentals, fees, and charges paid by all airlines signatory to Airport use and lease agreements.

The balance is to flow to the *Capital Improvement Account* to be used for any lawful Airport System purpose.

DEBT SERVICE COVERAGE

Exhibit H shows forecast Net Revenues and the calculation of debt service coverage according to the Rate Maintenance Covenant of the General Bond Ordinance.

Taking into consideration the balance forecast to be available in the Coverage Account, Net Revenues together with Other Available Funds are forecast to exceed the 125% requirement of the Rate Maintenance Covenant in each year of the forecast period for Senior Bonds and the 110% requirement of the Subordinate Bond Rate Maintenance Covenant in each year of the forecast period for Senior and Subordinate Bonds.

For reference, Table 25 provides historical data on debt service coverage for Senior Bonds*.

SENSITIVITY ANALYSIS—FINANCIAL RESULTS

The forecast financial results presented in this report were tested to determine the potential effects on future financial results of the sensitivity analysis projection of enplaned passengers and landed weight.

The assumptions for the sensitivity projection include the following:

- Certain sources of nonairline revenues would decrease in proportion to decreases in numbers of originating and connecting passengers, and aviation fuel tax revenues would decrease in proportion to decreases in landed weight at the Airport
- PFC revenues would also decrease in proportion to the decreases in the number of enplaned passengers, but the City would continue to use PFC revenues as assumed for the baseline forecast

As shown on Table 26, the City is projected to meet the requirements of the Rate Maintenance Covenant and the Subordinate Bond Rate Maintenance Covenant under the sensitivity projection.

If the hypothetical assumptions of the sensitivity projection were to be realized, the City would take some or all of the actions listed below to (1) meet the Rate Maintenance Covenant, (2) minimize the increase in airline rentals, fees, and charges required to satisfy the Rate Maintenance Covenant, and (3) provide a cost structure for the airlines at the Airport that would not adversely affect airline traffic. Such actions could include:

- Reduce equipment and capital outlays
- Increase public parking rates or other rates charged to Airport tenants
- Restructure principal payments on Outstanding bonds
- Defer or reduce amortization charges
- Use available money from the Capital Fund to pay debt service

*For the historical period shown, subordinate bonds were not outstanding.

Table 25

HISTORICAL NET REVENUES AND DEBT SERVICE COVERAGE UNDER THE GENERAL BOND ORDINANCE

Denver International Airport
Fiscal Years ended December 31
(dollars in thousands)

Calculation of debt service coverage		2005 *(a)*	2006	2007	2008 *(a)*	2009 *(a)*
Gross Revenues		$571,102	$592,110	$616,106	$634,453	$631,592
Operation and Maintenance Expenses		231,733	256,191	282,746	305,640	309,270
Net Revenues		$339,369	$335,919	$333,360	$328,813	$322,322
Other Available Funds		55,173	50,791	53,251	53,575	49,288
Total amount available for Debt Service Requirement	[A]	$394,542	$386,710	$386,611	$382,388	$371,610
Debt service coverage on Senior Bonds						
Debt Service Requirement *(b)*	[B]	$223,331	$205,935	$215,213	$217,208	$201,623
Debt service coverage	[A/B]	177%	188%	180%	176%	184%
Rate Maintenance Covenant		125%	125%	125%	125%	125%

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

(a) The amount shown in each year was revised by the City following the publication of the Audited Financial Statements to exclude certain major maintenance costs that were initially considered "Operation and Maintenance Expenses" under the Bond Ordinance, and to make certain other corrections. The amount shown in this table may not match the amount shown in Table 22 and the financial exhibits because of the manner in which certain year-end settlements and adjustments to rentals, fees, and charges are calculated.

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

Sources: City and County of Denver Airport System Audited Financial Statements, and Airport management records for the years shown.

Table 26

COMPARISON OF FORECAST AND SENSITIVITY RESULTS

	Forecast and Projected Results							
	2011	2012	2013	2014	2015	2016	2017	2018
Airline cost per enplaned passenger								
Baseline forecast	$11.98	$12.29	$12.67	$13.44	$13.58	$13.60	$13.65	$13.73
Sensitivity projection	13.01	14.32	15.16	16.07	16.03	15.90	15.89	15.99
Debt service coverage on Senior Bonds								
Baseline forecast	175%	176%	184%	182%	188%	190%	199%	202%
Sensitivity projection	173%	166%	173%	171%	176%	177%	185%	187%
Debt service coverage on all Bonds								
Baseline forecast	174%	171%	156%	153%	156%	157%	159%	162%
Sensitivity projection	172%	162%	148%	144%	147%	147%	148%	151%

Exhibit A

ESTIMATED COSTS AND SOURCES OF FUNDS
2011-2016 AIRPORT CAPITAL PROGRAM
Denver International Airport
(in thousands)

	Gross project cost	Funding Sources for Projects: Federal grants-in-aid	Airport equity and other funds (a)	Future Planned Bonds
Airfield Area and Concourse Apron				
Rehabilitate targeted slab and joint areas	$58,770	$31,835	$16,323	$10,612
Improve Taxiways	10,497	7,873	-	2,624
Construct ramp area drainage control and mitigation	5,275	3,956	-	1,319
Snow management	2,275	1,706	-	569
Other projects	13,363	4,006	8,022	1,335
	$90,181	$49,377	$24,344	$16,459
Terminal Complex, Baggage Sytem, AGTS, and Other Improvements				
Terminal and Concourse				
Repair and maintain Concourse jet bridges and Aprons	$19,844	$0	$0	$19,844
Rehabilitate Concourse elevators and escalators	5,421	-	-	5,421
Renovate terminal and concourse public restrooms	15,624	-	-	15,624
Baggage System				
Relocate baggage system security screening to the terminal	39,042	-	-	39,042
Improve AGTS	50,526	-	37,691	12,835
Improve building systems	21,740	-	1,736	20,004
Improve central plant systems	990	-	-	990
Upgrade fire alarm systems	16,836	-	-	16,836
Upgrade HVAC controls	18,519	-	-	18,519
Program management	-	-	-	-
Other projects	33,731	-	1,604	32,126
	$222,272	$0	$41,031	$181,241
Roadways, Parking, Ground Transportation, and Cargo				
Parking System Improvements	$28,958	$0	$0	$28,958
Improve Mt. Elbert and Pike's Peak parking lots	1,650	-	-	1,650
Rehabilitate targeted areas on Pena boulevard	17,088	-	5,776	11,313
Rehabilitate road pavement	6,254	-	-	6,254
Miscellaneous cargo facility improvement projects	11,600	29	6,423	5,148
Reconfigure terminal roadway and curbside	2,022	-	-	2,022
Other projects	1,226	-	-	1,226
	$68,797	$29	$12,198	$56,570
South Terminal Redevelopment Program				
Terminal Renovation	$4,739	$0	$0	$4,739
Terminal Interface	35,456	-	-	35,456
Terminal Station	274,451	-	5,393	269,058
Westin Hotel	152,854	-	-	152,854
	$467,500	$0	$5,393	$462,107
Other projects				
Revenue and Business Development	$18,059	$0	$8,751	$9,308
Environmental/Energy Study and Improvements	18,830	13,894	-	4,936
Improve IT/Telecom systems	37,059	2,172	-	34,887
Master Plan updates	9,937	724	6,869	2,344
	$83,885	$16,790	$15,620	$51,476
	$932,635	$66,196	$98,587	$767,853

Note: Gross project costs include construction administration costs, contingencies, and architectural and engineering fees, as appropriate.
The costs shown above include inflation to the mid-point of construction.
(a) Includes $5.4M from RTD for the proposed terminal station.
Source: Airport management records.

Exhibit B

ESTIMATED PLAN OF FINANCING

Denver International Airport
(dollars in thousands)

		Future Planned Bonds			
	2011A Bonds	Senior Bonds	Subordinate Bonds	Total	Total
SOURCES OF FUNDS					
Principal amount of Bonds	$188,630	$190,222	$806,253	$996,475	$1,185,105
Original issue premium	11,642	-	-	-	11,642
Airport funds	3,823	-	-	-	3,823
Interest earnings	-	1,720	5,749	7,469	7,469
Total sources of funds	$204,096	$191,942	$812,002	$1,003,944	$1,208,040
USES OF FUNDS					
Project costs	$0	$152,854	$614,999	$767,853	$767,853
Bond reserve fund	1,901	14,739	72,737	87,476	89,377
Defease and refund 2000A Bonds (a)	-	-	-	-	-
Defease and refund 2008A3-A4 Bonds	199,361	-	-	-	199,361
Capitalized interest account	-	22,446	116,205	138,651	138,651
Cost of issuance	2,834	1,902	8,063	9,965	12,799
Total uses of funds	$204,096	$191,942	$812,002	$1,003,944	$1,208,040

(a) Refunding of the Series 2000A Bonds for up to $173.1m depending upon market conditions at the time of pricing. This report assumes that there will be no savings by refunding the Series 2000A Bonds.

Notes: Columns may not add to totals shown because of rounding.
See the "Plan of Financing" section of the report for additional information.

Source: Jefferies & Company, Inc., Plan of Financing dated March 10, 2011.

Exhibit C

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

	Actual (a)		Budget (a)		Forecast						
DEBT SERVICE REQUIREMENTS (b)	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Senior Bonds											
Series 1991A	$11,417	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Series 1991D	21,209	20,757	18,000	17,900	21,200	6,400	--	--	--	--	--
Series 1992D-G (variable rate)	2,459	1,733	3,500	6,100	6,100	6,200	6,200	6,300	6,400	6,500	6,500
Series 1995C	691	691	4,000	4,000	4,000	--	--	--	--	--	--
Series 1997E	3,268	2,068	2,100	19,600	10,500	7,900	--	--	--	--	--
Series 1998A-B	15,503	13,964	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600	11,600
Series 2000A	28,184	27,670	27,700	23,200	23,200	26,000	23,000	23,000	23,000	22,900	30,300
Series 2000B-C (variable rate)	16,691	--	--	--	--	--	--	--	--	--	--
Series 2001A-B	22,825	21,907	26,700	22,200	27,400	42,900	45,600	37,700	37,800	34,300	--
Series 2001D	5,961	6,039	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	7,200
Series 2002A1-A3 (variable rate)	3,882	--	--	--	--	--	--	--	--	--	--
Series 2002C-D (variable rate)	2,388	3,103	3,100	3,100	3,100	3,200	3,300	3,300	3,300	3,400	3,400
Series 2002E	14,678	14,468	13,300	13,400	13,500	13,600	13,500	13,800	13,700	13,700	13,200
Series 2003A-B	12,322	11,871	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900
Series 2004A-B (variable rate)	2,465	--	--	--	--	--	--	--	--	--	--
Series 2005A	11,382	11,221	11,200	13,000	13,000	13,000	13,000	13,000	13,000	20,800	32,600
Series 2005B-C (variable rate)	4,474	--	--	800	1,100	1,100	1,100	1,000	1,000	900	900
Series 2006A-B	40,180	39,822	39,800	42,600	40,200	35,200	25,700	34,400	35,700	38,600	22,000
Series 2007A-C	4,308	12,362	12,400	12,400	12,400	12,400	12,400	12,400	16,200	17,000	11,900
Series 2007D-E	10,255	11,810	3,200	9,900	11,700	11,700	24,500	27,400	27,500	27,400	27,300
Series 2007F-G	12,489	17,820	16,100	16,100	16,100	16,100	40,600	40,900	35,800	35,700	37,700
Series 2008A1	25,999	30,681	29,700	31,700	31,800	35,100	38,300	36,500	15,700	7,100	--
Series 2008A2-A4	11,661	19,859	18,600	--	--	--	--	--	--	--	--
Series 2008B	3,965	7,528	3,200	4,800	4,800	8,800	8,700	8,600	8,500	8,300	8,200
Series 2008C1-C3	257	13,676	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	29,200
Series 2009A	--	--	2,800	2,700	11,500	8,700	11,400	8,600	19,000	12,100	7,900
Series 2009B	--	--	--	--	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Series 2009C (variable rate)	--	5,542	5,900	5,800	5,800	5,800	5,800	5,800	5,800	5,800	17,000
Series 2010A	--	--	--	8,500	8,500	8,500	8,500	8,500	13,700	13,700	18,600
Proposed Series 2011A	--	--	--	6,800	11,200	11,200	11,200	11,200	19,500	19,500	33,100
Future Planned Bonds (2011-2016 CIP)	--	--	--	--	--	--	11,200	11,200	11,200	11,200	14,700
	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------
	$288,913	$294,590	$285,600	$308,900	$324,100	$320,800	$351,000	$350,600	$353,800	$345,900	$347,900
Continental support facilities bonds (c)	5,416	5,423	5,300	5,300	5,500	5,300	5,400	5,400	5,500	5,500	5,500
	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------
	$294,328	$300,013	$290,900	$314,200	$329,600	$326,100	$356,400	$356,000	$359,300	$351,400	$353,400
Less: Committed Passenger Facility Charges revenue (d)	(65,766)	(64,969)	(63,900)	(67,900)	(69,200)	(70,600)	(71,900)	(73,200)	(74,500)	(75,900)	(77,400)
	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------
Debt Service Requirements -- Senior Bonds	**$222,035**	**$235,044**	**$227,000**	**$246,300**	**$260,400**	**$255,500**	**$284,500**	**$282,800**	**$284,800**	**$275,500**	**$276,000**

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

	Actual (a)		Budget (a)		Forecast						
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
DEBT SERVICE REQUIREMENTS (b)											
Subordinate Bonds											
Series 2001C	$3,360	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Series A CP Notes	1,356	738	--	--	--	--	--	--	--	--	--
Swap payments	13,571	--	--	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Future Planned Bonds (2011-2016 CIP)	--	--	--	--	5,100	44,100	52,700	56,400	58,000	67,600	67,800
	$18,287	$738	$0	$1,700	$6,800	$45,800	$54,400	$58,100	$59,700	$69,300	$69,500
Total Debt Service Requirements	**$240,322**	**$235,781**	**$227,000**	**$248,000**	**$267,200**	**$301,300**	**$338,900**	**$340,900**	**$344,500**	**$344,800**	**$345,500**
DEBT SERVICE REQUIREMENTS (b)											
Gross debt service	$312,616	$300,750	$290,900	$315,900	$336,400	$371,900	$410,800	$414,100	$419,000	$420,700	$422,900
Less: Committed Passenger Facility Charges revenue (d)	(65,766)	(64,969)	(63,900)	(67,900)	(69,200)	(70,600)	(71,900)	(73,200)	(74,500)	(75,900)	(77,400)
Transfer from the PFC Project Account	(6,527)	--	--	--	--	--	--	--	--	--	--
Less: Additional PFC revenues	--	--	--	--	--	--	--	--	--	--	--
Required debt service from Gross Revenues (e)	**$240,322**	**$235,781**	**$227,000**	**$248,000**	**$267,200**	**$301,300**	**$338,900**	**$340,900**	**$344,500**	**$344,800**	**$345,500**
COVERAGE REQUIREMENT ON BONDS (f)											
Airport portion	$55,787	$57,405	$55,400	$60,300	$63,700	$62,600	$69,800	$69,400	$69,800	$67,500	$67,600
Continental portion	1,354	1,356	1,300	1,300	1,400	1,300	1,400	1,400	1,400	1,400	1,400
	$57,141	$58,761	$56,700	$61,600	$65,100	$63,900	$71,200	$70,800	$71,200	$68,900	$69,000

(a) Source: 2008 and 2009 Airport management records based on audited financial results. Source for Debt Service Requirements: Jefferies & Company, Inc.
Source: 2010 and 2011 Budget results reflect the City's budget plus other adjustments for the proposed 2011A Refunding Bonds.
(b) Net of capitalized interest. The amounts shown are also net of funds in escrow to economically defease certain Senior Bonds.
(c) Includes debt service on Senior Bonds allocable to Continental's support facilities at the Airport.
(d) Reflects two-thirds (generally equal to $3) of forecast PFC revenue and associated interest income, as provided under the PFC Supplemental Bond Ordinance covering commitments through 2013.
(e) Debt service for purposes of calculating airline rates and charges.
(f) Equal to 25% of Debt Service Requirements on Senior Bonds.

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Exhibit C-1

ALLOCATION OF DEBT SERVICE TO COST CENTERS
Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

	Actual (a)		Budget (a)		Forecast						
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
DEBT SERVICE REQUIREMENTS (b)											
Senior Bonds and Subordinate Bonds	$312,616	$300,750	$290,900	$315,900	$336,400	$371,900	$410,800	$414,100	$419,000	$420,700	$422,900
Less: Committed Passenger Facility Charges revenue (b)	(65,766)	(64,969)	(63,900)	(67,900)	(69,200)	(70,600)	(71,900)	(73,200)	(74,500)	(75,900)	(77,400)
Transfer from the PFC Project Account	(6,527)	--	--	--	--	--	--	--	--	--	--
Additional PFC revenues	--	--	--	--	--	--	--	--	--	--	--
	$240,322	**$235,781**	**$227,000**	**$248,000**	**$267,200**	**$301,300**	**$338,900**	**$340,900**	**$344,500**	**$344,800**	**$345,500**
ALLOCATION TO COST CENTERS											
Airline cost centers											
Terminal Complex	$106,502	$105,140	$98,600	$106,100	$113,500	$120,500	$126,600	$123,800	$127,000	$118,400	$109,600
Tenant Finishes and Equipment											
Landside Terminal	3,366	3,220	3,200	3,400	3,400	3,400	3,500	3,500	3,500	3,300	3,100
Concourse A	7,140	6,714	6,600	7,300	8,700	8,600	8,800	8,800	8,900	8,400	7,800
Concourse B	18,176	12,526	12,300	14,300	14,800	14,600	15,100	16,200	15,300	14,200	12,800
Concourse C	2,296	1,601	1,600	1,900	2,900	2,900	3,000	3,000	3,000	2,800	2,600
Loading Bridges	422	595	700	600	1,000	1,000	1,200	1,000	900	800	700
International Facilities	1,561	1,470	1,400	1,600	1,600	1,600	1,600	1,700	1,700	1,600	1,500
Common Use Terminal Equipment	105	115	100	100	200	200	200	200	200	200	200
Concourse A commuter facility	135	135	100	100	100	100	100	100	100	100	100
Concourse B regional jet facility	662	1,897	1,900	1,800	1,800	1,800	1,800	1,700	1,800	1,800	1,800
Baggage Claim	1,478	1,463	1,400	1,600	1,600	1,600	1,600	1,600	1,600	1,500	1,400
Automated Baggage Systems	223	95	100	100	400	400	500	400	400	400	400
Conventional Baggage Systems	10,104	9,950	10,100	9,600	10,900	12,900	13,900	13,000	13,500	17,400	16,800
International Facilities	1,013	1,047	1,100	900	900	900	900	900	800	700	800
Automated Guideway Transit System	4,352	4,680	4,300	4,800	5,200	5,700	8,300	8,400	8,300	8,100	8,400
Concourse Ramp Area	3,585	3,877	3,600	3,000	3,800	3,800	4,000	4,000	3,800	3,500	3,600
Airfield Area	18,022	19,478	19,000	24,300	27,700	30,700	39,600	41,200	41,800	47,900	58,500
Fueling System	10,346	9,766	9,600	10,500	10,600	10,500	10,700	10,800	10,900	10,400	9,700
	$189,488	$183,767	$175,700	$192,000	$209,100	$221,200	$241,400	$240,300	$243,500	$241,500	$239,800
Nonairline cost centers	45,418	46,591	45,700	50,700	52,700	74,900	91,900	95,300	95,600	98,000	100,400
Continental support facilities	5,417	5,423	5,600	5,300	5,400	5,200	5,600	5,300	5,400	5,300	5,300
	$240,322	**$235,781**	**$227,000**	**$248,000**	**$267,200**	**$301,300**	**$338,900**	**$340,900**	**$344,500**	**$344,800**	**$345,500**

(a) Source: 2008 and 2009 Airport management records based on audited financial results.
Source: 2010 and 2011 Budget results reflect the City's budget plus other adjustments for the proposed 2011A Refunding Bonds.
(b) See Exhibit C.

Exhibit D

OPERATION AND MAINTENANCE EXPENSES

Denver International Airport
Fiscal Years Ending December 31
(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Budgeted (b)		Forecast						
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
BY OBJECT TYPE											
Personnel services	$113,585	$116,942	$113,784	$122,006	$126,887	$131,962	$137,241	$142,730	$148,439	$154,377	$160,552
Contractual services											
Professional services	$51,878	$56,072	$57,017	$58,578	$58,578	$60,416	$62,312	$64,267	$66,284	$68,364	$70,509
Utility services	22,843	18,102	22,420	22,502	22,502	23,208	23,936	24,687	25,462	26,261	27,085
Cleaning services	31,785	30,779	27,522	30,092	30,092	31,037	32,011	33,015	34,051	35,120	36,222
Other services	14,460	18,667	18,341	19,996	19,996	20,623	21,271	21,938	22,626	23,336	24,069
Repairs and maintenance (c)	33,336	32,037	37,208	38,365	38,365	39,568	40,810	42,091	43,411	44,774	46,179
Rentals	988	501	611	565	565	583	601	620	640	660	681
Insurance	3,683	3,836	4,140	3,492	3,492	3,602	3,715	3,831	3,952	4,076	4,204
Other contractual services (d)	2,126	1,846	2,195	2,613	2,613	2,695	2,780	2,867	2,957	3,050	3,146
	$161,097	$161,841	$169,454	$176,204	$176,204	$181,733	$187,436	$193,317	$199,384	$205,640	$212,093
Maintenance, supplies, and materials	24,769	26,262	25,759	26,331	26,331	27,157	28,009	28,888	29,795	30,729	31,694
	$299,450	**$305,045**	**$308,998**	**$324,541**	**$329,421**	**$340,852**	**$352,685**	**$364,936**	**$377,617**	**$390,747**	**$404,339**
Additional O&M Expenses (2011-2016 Capital Program) (e)	**--**	**--**	--	--	3,905	7,909	35,621	37,773	40,099	40,985	41,907
	$299,450	**$305,045**	**$308,998**	**$324,541**	**$333,326**	**$348,761**	**$388,306**	**$402,709**	**$417,716**	**$431,731**	**$446,246**
BY COST CENTER											
Airline cost centers											
Terminal Complex (f)	$97,196	$97,542	$106,535	$111,324	$116,696	$121,706	$125,930	$130,137	$135,100	$139,604	$144,266
International Facilities	1,119	767	288	292	296	307	318	329	340	352	364
Automated Baggage Systems	385	415	358	399	405	419	434	449	465	481	497
Conventional Baggage Systems	2,020	1,919	1,801	1,845	1,873	1,938	2,006	2,075	2,147	2,222	2,299
Baggage Claim	--	--	--	--	--	--	--	--	--	--	--
Automated Guideway Transit System	19,734	20,255	21,606	23,358	23,720	24,610	26,213	27,231	28,143	29,088	30,067
Common Use Terminal Equipment	65	54	152	153	156	161	167	173	179	185	191
Concourse B RJ Facility	619	607	788	808	820	848	878	908	940	973	1,006
Concourse Ramp Area	9,862	10,075	11,141	11,261	11,436	11,855	12,267	12,709	13,149	13,605	14,076
Concourse A commuter facility	355	349	484	500	507	525	544	562	582	602	623
Airfield Area	75,716	81,578	74,436	79,158	80,392	83,493	86,391	89,463	92,557	95,759	99,074
Fueling System	1,958	1,897	1,504	1,578	1,602	1,660	1,717	1,782	1,844	1,908	1,974
	$209,029	$215,457	$219,094	$230,675	$237,903	$247,524	$256,865	$265,820	$275,446	$284,778	$294,439
Nonairline cost centers	90,421	89,588	89,903	93,865	95,423	101,238	131,442	136,889	142,270	146,953	151,806
	$299,450	**$305,045**	**$308,998**	**$324,541**	**$333,326**	**$348,761**	**$388,306**	**$402,709**	**$417,716**	**$431,731**	**$446,246**
Annual rate of growth	8.7%	1.9%	1.3%	5.0%	2.7%	4.6%	11.3%	3.7%	3.7%	3.4%	3.4%

(a) Source: Airport management records. Based on audited financial results.
(b) Source: Airport management records. Based on 2010 and 2011 budgeted expenses.
(c) Excludes maintenance costs of the conventional baggage system.
(d) Includes bad debt expenses, if any, for the historical years shown.
(e) Includes allowances for additional O&M Expenses associated with the Capital Program, including those for the proposed hotel.
(f) Includes expenses associated with maintaining the loading bridges and the Concourse B Regional Jet Facility. These expenses are recovered through TF&E Charges.

Exhibit E

AIRLINE RENTALS, FEES, AND CHARGES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Actual (a)		Budget (a)		Forecast						
	reference	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Airline Revenues												
Landing fees--Signatory Airlines	E-1	$88,935	$111,244	$116,126	$125,275	$129,305	$135,647	$147,356	$153,156	$155,681	$164,980	$178,812
Landing fees--nonsignatory airlines		362	477	256	83	85	88	95	98	98	103	111
Terminal complex rentals	E-2	76,666	76,906	75,390	76,962	80,841	84,830	88,707	89,737	92,354	90,923	89,668
Nonpreferential, commuter, common-use gates		1,301	898	78	531	554	571	589	598	611	610	610
Tenant finishes and equipment charges (b)		60,460	55,545	54,740	55,360	58,278	59,729	62,095	63,454	63,619	61,526	59,190
Automated baggage system fees		5,370	6,074	5,677	5,080	5,070	5,375	5,655	5,760	5,928	5,871	5,826
Conventional baggage system fees		24,258	23,800	23,663	24,744	26,379	28,767	30,309	29,811	30,703	33,767	33,118
International facility fees		6,512	4,660	4,571	2,289	2,406	2,527	2,654	2,787	2,930	3,079	3,234
Automated Guideway Transit System charges		25,118	26,550	27,077	30,059	30,762	32,184	39,538	41,813	42,229	42,945	44,140
Baggage claim charges		17,405	17,697	17,765	18,855	19,724	20,619	21,489	21,720	22,308	21,886	21,503
Interline baggage fees		490	796	891	943	991	1,040	1,087	1,100	1,132	1,115	1,099
Concourse ramp fees		11,974	12,419	12,628	11,801	12,560	12,938	13,339	13,828	13,887	14,015	14,471
Commuter ramp fees		359	397	139	146	155	161	166	173	174	177	183
Common use terminal equipment fees		115	107	126	142	179	183	187	191	196	200	--
Fueling system charges		12,446	12,089	11,293	12,104	12,216	12,178	12,442	12,634	12,775	12,333	11,690
Total rentals, fees, and charges		**$331,770**	**$349,659**	**$350,420**	**$364,374**	**$379,504**	**$396,837**	**$425,707**	**$436,861**	**$444,626**	**$453,530**	**$463,654**
Less: Balance in Airline Revenue Credit Account	G	**(37,205)**	**(25,200)**	**(33,421)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**	**(40,000)**
Less: Aviation fuel tax rebate (c)		**(10,129)**	**(618)**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Net rentals, fees, and charges		**$284,436**	**$323,841**	**$316,999**	**$324,374**	**$339,504**	**$356,837**	**$385,707**	**$396,861**	**$404,626**	**$413,530**	**$423,654**
Net rentals, fees, and charges by airline												
United		$139,476	$158,482	$140,894	$144,566	$151,673	$159,386	$170,506	$173,906	$177,307	$178,553	$195,998
Other airlines		144,961	165,360	176,105	179,808	187,831	197,450	215,202	222,954	227,319	234,977	227,655
		$284,436	$323,841	$316,999	$324,374	$339,504	$356,837	$385,707	$396,861	$404,626	$413,530	$423,654
Less: cargo carrier landing and other fees (d)		(3,569)	(4,241)	(4,604)	(4,817)	(4,971)	(5,226)	(5,685)	(5,910)	(6,027)	(6,390)	(6,949)
[A]		**$280,867**	**$319,600**	**$312,395**	**$319,557**	**$334,533**	**$351,610**	**$380,023**	**$390,951**	**$398,599**	**$407,140**	**$416,705**
Enplaned passengers [B]		25,650	25,128	26,134	26,682	27,224	27,755	28,277	28,788	29,309	29,831	30,358
Airline cost per enplaned passenger [A/B]		**$10.95**	**$12.72**	**$11.95**	**$11.98**	**$12.29**	**$12.67**	**$13.44**	**$13.58**	**$13.60**	**$13.65**	**$13.73**
Maximum cost per enplaned revenue passenger for United (in 1990 dollars) (e)		**$9.16**	**$11.03**	**$11.11**	**$11.68**	**$11.82**	**$11.99**	**$12.40**	**$12.23**	**$12.08**	**$11.79**	**$12.55**

(a) Source: 2008 and 2009 Airport management records based on audited financial results.
Source: 2010 and 2011 Budget results reflect the City's budget plus other adjustments for the proposed 2011A Refunding Bonds.
(b) Includes debt service associated with the Concourse B regional jet facility.
(c) Equals the total payout of the aviation fuel tax rebate for 2004, 2005, and 2006 distributed in 2008.
(d) Cargo carriers do not enplane passengers. As such, their landing fees are excluded from the calculation of the average cost per enplaned pasenger.
(e) Source for the discount factor: Historical based on actual Consumer Price Index (CPI) for the Denver-Boulder-Greeley Consolidated Metropolitan Statistical Area (CMSA). Forecast was based on a 2.1% discount factor, which approximates the Denver-Boulder-Greeley CMSA CPI from 2004-2009.

Exhibit E-1

LANDING FEES
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit reference	Actual (a)		Budget (a)		Forecast						
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operation and Maintenance Expenses	D	$75,716	$81,578	$74,436	$79,158	$80,392	$83,493	$86,391	$89,463	$92,557	$95,759	$99,074
Operation and Maintenance Reserve Account replenishment (b)		--	1,096	--	--	--	282	725	1,856	674	703	657
Equipment and capital outlays		1,586	1,058	1,954	1,470	1,320	1,349	1,377	1,407	1,437	1,468	1,499
Debt service	C-1	18,022	19,478	19,000	24,300	27,700	30,700	39,600	41,200	41,800	47,900	58,500
Variable rate bond fees (c)		818	889	778	946	517	504	486	467	448	427	408
Amortization charges		19,713	21,983	25,067	28,801	28,801	28,766	28,202	28,161	28,161	28,161	28,161
Other allocable costs		304	301	297	334	369	375	388	390	397	383	367
Capital cost of north site (50%)		1,298	1,264	1,225	1,348	1,364	1,352	1,381	1,392	1,371	1,328	1,284
Total Airfield Area Requirement		**$117,459**	**$127,647**	**$122,757**	**$136,357**	**$140,463**	**$146,820**	**$158,551**	**$164,336**	**$166,845**	**$176,129**	**$189,951**
Less credits:												
Nonairline revenues	F	($4,891)	($2,952)	($3,429)	($8,144)	($8,122)	($8,101)	($8,080)	($8,059)	($8,039)	($8,020)	($8,000)
State aviation fuel tax revenues (d)	F	(19,949)	(10,385)	--	--	--	--	--	--	--	--	--
Nonsignatory airline landing fees (e)		(362)	(477)	(256)	(83)	(85)	(88)	(95)	(98)	(98)	(103)	(111)
Interest income (f)		(3,118)	(2,236)	(2,991)	(2,855)	(2,952)	(2,985)	(3,021)	(3,023)	(3,026)	(3,026)	(3,027)
Net Airfield Area Requirement		$89,139	$111,597	$116,081	$125,275	$129,305	$135,647	$147,356	$153,156	$155,681	$164,980	$178,812
Signatory Airline landed weight (1,000 pound units) (g)		33,217	32,669	32,086	33,711	34,048	34,365	34,658	34,932	35,208	35,475	35,742
Signatory Airline landing fee rate		**$2.68**	**$3.42**	**$3.62**	**$3.72**	**$3.80**	**$3.95**	**$4.25**	**$4.38**	**$4.42**	**$4.65**	**$5.00**
Total Signatory Airline landing fees		**$88,935**	**$111,244**	**$116,126**	**$125,275**	**$129,305**	**$135,647**	**$147,356**	**$153,156**	**$155,681**	**$164,980**	**$178,812**

(a) Source: 2008 and 2009 Airport management records based on audited financial results.
Source: 2010 and 2011 Budget results reflect the City's budget plus other adjustments for the proposed 2011A Refunding Bonds.
(b) Allocated to Airport cost centers based on Operation and Maintenance Expenses.
(c) Source: the City's Financial Advisors for the total variable rate bond fees, which are allocated to Airport cost centers based on debt service.
(d) Between 2007 and 2009, the City agreed to mitigate a portion of the cost of the Airport's snow management plan by applying State aviation fuel tax revenues against the Airfield Area Requirement.
(e) Reflects the calculated Signatory Airline landing fee rate multiplied by a premium of 20% and assessed to nonsignatory airline landed weight.
(f) Allocated to all Airport cost centers based on debt service requirements on Bonds issued to construct the Airport.
(g) Based on the forecast of landed weight presented in the report prorated for Signatory Airline traffic.

Exhibit E-2

TERMINAL COMPLEX RENTALS
Denver International Airport
Fiscal Years Ending December 31
(in thousands, except rates)

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit reference	Actual (a) 2008	Actual (a) 2009	Budget (a) 2010	Budget (a) 2011	Forecast 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018
Operation and Maintenance Expenses	D	$97,196	$97,542	$106,535	$111,324	$116,696	$121,706	$125,930	$130,137	$135,100	$139,604	$144,266
Less: Loading bridge maintenance expenses (b)		(673)	(591)	(679)	(758)	(770)	(797)	(824)	(853)	(882)	(913)	(945)
Operation and Maintenance Reserve Account replenishment (c)		--	1,785	--	--	--	410	1,057	2,700	984	1,025	957
Equipment and capital outlays		814	812	987	638	1,013	1,035	1,057	1,080	1,103	1,126	1,150
Debt service		107,462	106,047	99,495	107,069	114,458	121,439	127,538	124,722	127,948	119,303	110,457
Variable rate bond fees (d)		1,995	2,153	1,935	2,308	1,118	1,089	1,052	1,010	968	924	883
Amortization charges		7,820	8,360	11,344	11,206	11,104	10,501	10,905	10,940	12,165	12,165	12,851
Other allocable costs		783	777	765	861	953	968	1,000	1,005	1,025	988	947
Total Terminal Complex Requirement		**$215,398**	**$216,885**	**$220,383**	**$232,647**	**$244,572**	**$256,352**	**$267,715**	**$270,742**	**$278,411**	**$274,222**	**$270,567**
Less credits: Interest income (e)		(8,042)	(5,766)	(7,713)	(7,613)	(7,698)	(7,792)	(7,797)	(7,806)	(7,806)	(7,808)	(7,834)
Net Terminal Complex Requirement		$207,356	$211,119	$212,671	$225,034	$236,874	$248,560	$259,918	$262,936	$270,605	$266,414	$262,733
Rentable space (square feet)		2,327	2,331	2,331	2,330	2,335	2,335	2,335	2,335	2,335	2,335	2,335
Average rental rate per square foot		**$89.09**	**$90.58**	**$91.24**	**$96.56**	**$101.43**	**$106.43**	**$111.30**	**$112.59**	**$115.87**	**$114.08**	**$112.50**
Average rental rate per square foot at 100%		$89.09	$90.58	$91.24	$96.56	$101.43	$106.43	$111.30	$112.59	$115.87	$114.08	$112.50
Differential rate per square foot at 65%		57.91	58.88	$59.31	$62.77	$65.93	$69.18	$72.34	$73.18	$75.32	$74.15	$73.13
Total airline space rentals (f)		$76,666	$76,906	$75,390	$76,962	$80,841	$84,830	$88,707	$89,737	$92,354	$90,923	$89,668

(a) Source: 2008 and 2009 Airport management records based on audited financial results.
Source: 2010 and 2011 Budget results reflect the City's budget plus other adjustments for the proposed 2011A Refunding Bonds.
(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 exclusive, preferential, and joint-use space rentals.

Exhibit F

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

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual (a)		Budget (a)		Forecast						
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Terminal concession revenues											
Food and beverage	$20,039	$21,300	$19,766	$25,839	$27,600	$29,459	$31,421	$33,489	$34,824	$36,202	$37,629
Merchandise	12,839	11,228	13,348	13,039	13,860	14,767	15,724	16,730	17,397	18,086	18,799
Terminal services (b)	8,329	7,647	10,469	7,954	8,493	8,954	9,325	9,702	10,095	10,502	10,923
	$41,207	$40,174	$43,584	$46,832	$49,952	$53,180	$56,469	$59,922	$62,317	$64,790	$67,351
Outside concession revenues											
Public automobile parking	$113,369	$109,185	$114,395	$120,103	$125,810	$132,000	$137,000	$143,000	$150,000	$156,000	$163,000
Rental car privilege fees	36,522	33,732	32,427	35,759	35,393	36,823	38,258	39,695	41,184	42,729	44,320
Ground transportation	3,495	3,354	3,420	3,667	3,841	4,017	4,195	4,376	4,564	4,760	4,963
	$153,385	$146,271	$150,243	$159,529	$165,043	$172,840	$179,454	$187,070	$195,748	$203,489	$212,283
Other terminal revenues											
Employee parking fees	$5,951	$5,703	$6,187	$6,354	$6,490	$6,629	$6,771	$6,915	$7,063	$7,214	$7,369
Rental car											
Service and storage rentals (c)	5,394	5,341	5,357	5,593	6,015	6,291	6,571	6,853	7,148	7,455	7,773
Additional building rentals (d)	3,589	3,802	3,883	3,899	3,982	4,067	4,154	4,243	4,334	4,426	4,521
Other terminal space rentals	693	691	575	121	123	126	128	131	134	137	140
New Hotel (e)	--	--	--	--	--	--	39,619	44,119	47,322	48,636	50,100
	$15,627	$15,538	$16,001	$15,966	$16,610	$17,113	$57,243	$62,262	$66,001	$67,868	$69,902
Airfield											
General aviation landing fees	$152	$126	$167	$140	$143	$146	$149	$152	$156	$159	$162
Farming income	205	233	350	255	261	266	272	278	284	290	296
Land rentals	241	--	247	--	--	--	--	--	--	--	--
Oil and gas royalty revenues	4,197	2,514	2,559	7,663	7,631	7,599	7,568	7,536	7,505	7,474	7,443
Fuel flowage fees	96	79	106	85	87	89	91	93	95	97	99
	$4,891	$2,952	$3,429	$8,144	$8,122	$8,101	$8,080	$8,059	$8,039	$8,020	$8,000

Exhibit F (page 2 of 2)

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

	Actual (a)		Budget (a)		Forecast						
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Building and ground rentals											
Continental support facilities	$8,463	$7,316	$7,934	$7,686	$7,787	$7,820	$7,850	$7,922	$7,975	$7,999	$8,007
Other North Airline Support Area	1,408	1,408	1,408	1,557	1,633	1,654	1,673	1,720	1,755	1,770	1,771
Other South Airline Support Area	575	648	648	816	855	866	876	901	919	927	928
South Cargo Area	4,636	4,479	4,239	4,337	4,897	4,946	4,915	5,018	5,080	5,093	4,971
FedEx	582	582	582	582	582	582	582	582	582	--	--
General Aviation Area	389	402	402	402	402	402	402	402	402	402	402
	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------
	$16,054	$14,837	$15,214	$15,380	$16,157	$16,270	$16,299	$16,545	$16,714	$16,192	$16,079
Other revenues											
In-flight catering fees	$875	$799	$910	$799	$1,056	$1,100	$1,145	$1,190	$1,238	$1,287	$1,337
Coverage--Continental Support Facilities	--	--	--	--	100	--	100	--	--	--	--
Aviation fuel tax proceeds											
City	7,063	6,464	6,200	6,648	7,625	7,695	7,761	7,822	7,883	7,942	8,001
State	19,949	10,385	8,200	10,708	10,818	10,918	11,010	11,097	11,183	11,268	11,351
Miscellaneous revenues	7,768	7,868	7,868	7,868	7,868	7,868	7,868	7,868	7,868	7,868	7,868
	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------
	$35,655	$25,517	$23,178	$26,023	$27,468	$27,581	$27,884	$27,977	$28,172	$28,365	$28,557
	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------
Total	**$266,820**	**$245,288**	**$251,649**	**$271,874**	**$283,353**	**$295,085**	**$345,429**	**$361,836**	**$376,991**	**$388,723**	**$402,174**
	========	========	========	========	========	========	========	========	========	========	========
Annual rate of growth	4.1%	(8.1%)	2.6%	8.0%	4.2%	4.1%	17.1%	4.7%	4.2%	3.1%	3.5%

(a) Source: 2008 and 2009 Airport management records based on audited financial results.
Source: 2010 and 2011 Budget results reflect the City's budget plus other adjustments for the proposed 2011A Refunding Bonds.
(b) Includes telephone, advertising, luggage cart, other in-terminal concession revenues, and new parking concession privilege fees from WallyPark, DIAPark, USAirport, and FasTracks.
(c) Reflects ground and facility rentals based, in part, on debt service requirements.
(d) Reflects additional rentals payable by the rental car companies to the City.
(e) Source: PKF Consulting.

Exhibit G

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

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Exhibit	Budget		Forecast						
	reference	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Gross Revenues										
Airline rentals, fees, and charges	E	$350,420	$364,374	$379,504	$396,837	$425,707	$436,861	$444,626	$453,530	$463,654
Other Airport revenues	F	251,649	271,874	283,353	295,085	345,429	361,836	376,991	388,723	402,174
Interest income		30,627	31,013	31,566	30,884	31,154	31,780	32,411	32,843	33,553
Designated Passenger Facility Charge Revenues (a)		31,592	33,559	34,240	34,909	35,565	36,208	36,863	37,520	38,270
		$664,289	$700,821	$728,663	$757,714	$837,856	$866,684	$890,891	$912,615	$937,651
Operation and Maintenance Expenses										
Operating expenses	D	$308,998	$324,541	$333,326	$348,761	$388,306	$402,709	$417,716	$431,731	$446,246
Variable rate bond fees		5,076	5,947	3,106	3,026	2,924	2,808	2,690	2,567	2,453
		$314,074	$330,488	$336,432	$351,787	$391,230	$405,517	$420,406	$434,298	$448,699
Net Revenues		**$350,215**	**$370,333**	**$392,231**	**$405,927**	**$446,626**	**$461,167**	**$470,485**	**$478,317**	**$488,951**
Other Available Funds (coverage requirement)	C	56,700	61,600	65,100	63,900	71,200	70,800	71,200	68,900	69,000
Net Revenues plus Other Available Funds		**$406,915**	**$431,933**	**$457,331**	**$469,827**	**$517,826**	**$531,967**	**$541,685**	**$547,217**	**$557,951**
Less transfers to:										
Bond Fund (b)										
Designated Passenger Facility Charge Revenues		$1,519	$24,358	$34,240	$34,909	$35,565	$36,208	$36,863	$37,520	$38,270
Other Gross Revenues		225,481	221,942	226,160	220,591	248,935	246,592	247,937	237,980	237,730
Reserve account for FedEx project (c)		56	56	56	56	56	56	56	--	--
Reserve account for other outstanding bonds (c)		1,101	1,201	1,201	1,201	2,495	5,179	6,031	5,447	1,398
Redemption Account (d)		30,073	9,201	--	--	--	--	--	--	--
Subordinate Lien Bond Fund		--	1,700	6,800	45,800	54,400	58,100	59,700	69,300	69,500
Junior Lien Obligation Fund		--	--	--	--	396	882	1,420	2,432	3,507
Operation and Maintenance Reserve Account		--	--	--	1,176	3,261	8,354	3,043	3,170	2,961
Transfer to Capital Fund		**$148,685**	**$173,475**	**$188,874**	**$166,094**	**$172,719**	**$176,596**	**$186,636**	**$191,368**	**$204,585**
Adjustments (e)		691	691	691	691	691	691	691	691	691
Adjusted transfer to Capital Fund		**$149,376**	**$174,166**	**$189,565**	**$166,786**	**$173,410**	**$177,287**	**$187,327**	**$192,059**	**$205,277**

Exhibit G (page 2 of 2)

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

	Exhibit	Budget		Forecast						
	reference	2010	2011	2012	2013	2014	2015	2016	2017	2018
Allocation of Capital Fund transfer										
Rollover to Coverage Account	C	$56,700	$61,600	$65,100	$63,900	$71,200	$70,800	$71,200	$68,900	$69,000
Addition to Coverage Account (Continental portion)	C	--	--	46	--	--	--	--	--	--
Addition to Coverage Account (Airport portion)	C	--	--	--	--	5,393	--	--	--	--
Interest income credit to Continental Airlines (f)		34	30	32	32	32	32	32	32	32
Equipment and Capital Outlay Account										
Other equipment purchases		3,859	3,162	3,230	3,299	3,369	3,442	3,515	3,590	3,667
Set-aside for installment purchase equipment payments (g)		18,133	17,325	17,325	17,056	10,779	10,330	10,330	10,330	10,330
Capital Improvement Account (h)										
Remaining balance deposit for Airport Improvements (i)		33,943	50,666	62,450	41,117	41,255	51,301	60,867	67,824	80,865
Other (e)		691	691	691	691	691	691	691	691	691
Airline Revenue Credit Account (i)		35,325	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
		$148,685	**$173,475**	**$188,874**	**$166,094**	**$172,719**	**$176,596**	**$186,636**	**$191,368**	**$204,585**

(a) Under an existing Supplemental Bond Ordinance revenues from $1.50 of each $4.50 PFC received from eligible enplaned passengers will be included in Gross Revenues of the Airport and will be available for the calculation of debt service coverage through 2018. See the "Passenger Facility Charge Revenues" in this report for additional information.

(b) Required annual debt service requirements to be deposited in the Bond Fund, net of the PFC revenues presented on Exhibit C, for the payment of debt service on Senior Bonds and Subordinate Bonds.

(c) Reflects the difference between the rentals paid by FedEx and actual debt service allocable to the FedEx facilities. The deposit will be used to fund debt service payments in the future that are in excess of annual FedEx rental payments. Also includes a set-aside for the difference between lease payments on the Concourse B regional jet facility and the actual debt service on that facility. The reserve account for other outstanding bonds includes the remaining revenues associated with the hotel.

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

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

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

(g) Equipment funded by those companies and leased by the City.

(h) Remaining Net Revenues are to be allocated to the Capital Improvement Account as follows: 50% to Signatory Airlines and 50% to the Airport. Under the Airline Agreement, remaining Net Revenues deposited in the Airline Revenue Account cannot exceed $40 million in any year.

(i) Does not include any offset for United's portion of the Airline Revenue Credit Account, which is to be remitted to the City if United does not meet its connecting-revenue passenger targets at the Airport under an amendment to its Airport use and lease agreement.

Exhibit H

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

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Budget		Forecast						
		2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL BOND ORDINANCE										
Net Revenues and Other Available Funds (a)										
Gross Revenues		$664,289	$700,821	$728,663	$757,714	$837,856	$866,684	$890,891	$912,615	$937,651
Operation and Maintenance Expenses (b)		314,074	330,488	336,432	351,787	391,230	405,517	420,406	434,298	448,699
Net Revenues		$350,215	$370,333	$392,231	$405,927	$446,626	$461,167	$470,485	$478,317	$488,951
Other Available Funds (coverage requirement)		56,700	61,600	65,100	63,900	71,200	70,800	71,200	68,900	69,000
	[A]	$406,915	$431,933	$457,331	$469,827	$517,826	$531,967	$541,685	$547,217	$557,951
Debt Service Requirements (c)										
Senior Bonds	[B]	$227,000	$246,300	$260,400	$255,500	$284,500	$282,800	$284,800	$275,500	$276,000
Subordinate Bonds		--	1,700	6,800	45,800	54,400	58,100	59,700	69,300	69,500
	[C]	$227,000	$248,000	$267,200	$301,300	$338,900	$340,900	$344,500	$344,800	$345,500
Debt service coverage on Senior Bonds	[A/B]	**179%**	**175%**	**176%**	**184%**	**182%**	**188%**	**190%**	**199%**	**202%**
Debt service coverage on Senior and Subordinate Bonds	[A/C]	**179%**	**174%**	**171%**	**156%**	**153%**	**156%**	**157%**	**159%**	**161%**

(a) See Exhibit G.
(b) Includes variable rate bond fees.
(c) Net of certain PFC revenues. See Exhibit C.

APPENDIX B

GLOSSARY OF TERMS

Set forth below are definitions of some of the terms used in this Official Statement and the Senior Bond Ordinance. Reference is hereby made to the provisions of the Senior Bond Ordinance for a complete recital of the terms defined therein, some of which are set forth below. See also "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE" for certain proposed amendments to the definitions.

"*Additional Parity Bonds*" means additional Bonds which the City issues under the Senior Bond Ordinance on a parity with the Series 2011A Bonds.

"*AGTS*" means the Airport's automated guideway transit system.

"*AIP*" means the Federal Aviation Administration's Airport Improvement Program.

"*Airport*" means Denver International Airport.

"*Airport Consultant*" means an independent airport management consultant or airport management consulting firm, as from time to time appointed by the Manager on behalf and in the name of the City: (a) who has a wide and favorable reputation for special skill and knowledge in methods of the development, operation, and management of airports and airport facilities; but (b) who is not in the regular employ or control of the City.

"*Airport System*" means the following facilities, whether heretofore or hereafter acquired by the City and whether located within or without the boundaries of the City: (a) Stapleton; (b) Denver International Airport; (c) all other airports, heliports or functionally similar aviation facilities; and (d) all other facilities of whatsoever nature relating to or otherwise used in connection with the foregoing, including without limitation, buildings, structures, terminals, parking and ground transportation facilities, roadways, land, hangars, warehouses, runways, shops, hotels, motels and administration offices. The term does not include any Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance.

"*Airport System Fund*" means the separate fund designated as the "City and County of Denver, Airport System Fund," created under the Senior Bond Ordinance.

"*Bond Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Interest and Principal Retirement Fund," created in the Senior Bond Ordinance.

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

"*Bond Reserve Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Bond Reserve Fund," created under the Senior Bond Ordinance.

"*Bonds*" or "*Senior Bonds*" means bonds, notes, certificates, commercial paper, or other securities issued by the City or by the City, for and on behalf of the Department, pursuant to the provisions of the Senior Bond Ordinance which are payable from the Net Revenues of the Airport System and which payment is secured by a pledge of and lien on such Net Revenues, including, without limitation, Completion Bonds, Refunding Bonds, Serial Bonds, Term Bonds, Credit Enhanced Bonds, Option Bonds, Capital Appreciation Bonds, and Variable Rate Bonds; but the term does not include any Special Facilities Bonds, Subordinate Bonds or any Obligations (except as represented by any bonds registered in the name of any provider of any Credit Facility or its nominee as a result of a purchase by a draw on the Credit Facility).

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

"*Capital Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Capital Improvement and Replacement Fund," created under the Senior Bond Ordinance.

"*Capitalized Interest Account*" means the special and separate subaccount within the Project Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Capitalized Interest Account," created under the Senior Bond Ordinance.

"*Chief Financial Officer*" means the Chief Financial Officer and *ex-officio* Treasurer of the City appointed by the Mayor, currently being the Manager of Finance.

"*City*" means the City and County of Denver, Colorado.

"*City Charter*" means the home-rule charter of the City, as amended from time to time, and the term includes any successor charter or like document adopted as the organic law of the City.

"*City Council*" means the City Council of the City.

"*Code*" or "*Tax Code*" means the Internal Revenue Code of 1986, as from time to time amended, or the Internal Revenue Code of 1954, as amended, to the extent it remains applicable to any Bonds or other matters under the Senior Bond Ordinance. The term includes any regulations of the U.S. Department of the Treasury proposed or promulgated thereunder. Any reference to a specific section of the "Tax Code" is deemed to be a reference to the latest correlative section thereof, except where the context by clear implication otherwise requires.

"*Committed Passenger Facility Charges*" means two-thirds of all PFCs received by the City from time to time pursuant to the First PFC Application and the Second PFC Application.

"*Completion Bonds*" means Bonds issued for the purpose of defraying additional Cost of an Improvement Project and thereby implementing its completion.

"*Cost*" means the City's costs properly attributable to any Improvement Project, Refunding Project, or combination thereof (as the context requires), including without limitation: (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work; (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed; (c) administrative and general overhead costs; (d) the costs of reimbursing funds advanced by the City, including any intrafund or interfund loan, or advanced with the approval of the City by the State, any city, the federal government, or by any other person, or any combination thereof; (e) the costs of surveys, appraisals, plans, designs, specifications, or estimates; (f) the costs, fees and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees; (g) the costs of publishing, reproducing, posting, mailing, or recording; (h) the costs of contingencies or reserves; (i) interest on Bonds for such period as may be determined by Supplemental Ordinance, any discount on the sale or remarketing of Bonds, any reserves for the payment of Bonds, or any other costs of issuing, carrying or repaying Bonds or of purchasing, carrying, and selling or redeeming Investment Securities, including without limitation any fees or charges of agents, trustees or other fiduciaries, and any fees, premiums or other costs incurred in connection with any Credit Facility; (j) the costs of amending any resolution, ordinance or other instrument relating to Bonds; (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans; (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, or franchises; (m) the costs of demolition, removal, and relocation; and (n) all other lawful costs as may be determined by the Manager.

"*Credit Enhanced Bonds*" means Bonds, the payment of which, or other rights in respect of which, is secured in whole or in part by a Credit Facility or by a pledge of revenues other than Gross Revenues.

"*Credit Facility*" means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Bonds.

"*Credit Facility Obligations*" means repayment or other obligations incurred by the City under a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Credit Facility; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds.

"*Debt Service Requirements*" for any period means the sum of: (i) the amount required to pay the interest on any Bonds during such period; (ii) the amount required to pay the principal, Redemption Price or Purchase Price of any Bonds during such period, whether at stated or theretofore extended maturity, upon mandatory redemption, upon the exercise of any option to redeem or require tender of such Bonds if the City has irrevocably committed itself to exercise such option, or by reason of any other circumstance which will, with certainty, occur during such period; and (iii) the amount of any Credit Facility Obligations required to be paid and any Regularly Scheduled Hedge Payments to be made by the City with respect to any Hedge Facility secured under the Senior Bond Ordinance during such period, in each case computed as follows: (a) no payments required for any Option Bonds, other Bonds, or Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners thereof, or which may otherwise become due by reason of any other circumstance which will not, with certainty, occur during such period, shall be included in any computation of Debt Service Requirements prior to the stated or theretofore extended maturity or otherwise certain due dates thereof, and all such payments shall be deemed to be required on such stated or theretofore extended maturity dates or otherwise certain due dates; (b) except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the Senior Bond Ordinance, Variable Rate Bonds, and Obligations which bear interest at a variable rate, shall be deemed to bear interest at a fixed annual rate equal to the prevailing rate of such Variable Rate Bonds or Obligations on the date of computation; provided that in any computation (i) of Minimum Bond Reserve; (ii) relating to the issuance of additional Bonds required by the Senior Bond Ordinance; or (iii) required by the rate maintenance covenant of the Senior Bond Ordinance, Variable Rate Bonds shall be deemed to bear interest at a fixed annual rate equal to (y) the average of the daily rates of such Bonds during the 365 consecutive days (or any lesser period such Bonds have been Outstanding) next preceding the date of computation; or (z) with respect to any Variable Rate Bonds which are being issued on the date of computation, the initial rate of such Bonds upon issuance; (c) further, in any computation relating to the issuance of additional Bonds required by the Senior Bond Ordinance and any computation required by the rate maintenance covenant in the Senior Bond Ordinance, there shall be excluded from the computation of Debt Service Requirements amounts which are irrevocably committed to make the payments described in clauses (i), (ii), and (iii) above during such period, including without limitation any amounts in an Escrow Account and any proceeds of Bonds deposited to the credit of the Capitalized Interest Account; and (d) any Variable Rate Bonds with respect to which there exists a Hedge Facility that obligates the City to pay a fixed interest rate shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Hedge Facility for the full term of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the City to pay a floating interest rate Debt Service Requirements shall be deemed for the full term of the Hedge Facility to include the interest payable on such Bonds, less the fixed amounts received by the City under the Hedge Facility, plus the amount of the floating payments (using the conventions described in (b) above) to be made by the City under the Hedge Facility.

"*Department of Aviation*" or "*Department*" means the Department of Aviation of the City and its successor in functions, if any.

"*Designated Passenger Facility Charges*" mean amounts received by the City from the PFCs approved by the FAA by letter dated January 30, 2001, excluding the Committed Passenger Facility Charges, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues. Designated Passenger Facility Charges also include such additional charges as provided for in any written notice from the Manager to the Treasurer.

"*DTC*" means The Depository Trust Company, New York, New York, which will be the registered owner of all the Series 2011A Bonds.

"*Escrow Account*" means any special and separate account established with a trust bank, designated by Supplemental Ordinance to administer such account in whole or in part with the proceeds of any Refunding Bonds or other moneys to provide for the timely payment of any Bond Requirements.

"*Event of Default*" means each of the events declared an "event of default" under the General Bond Ordinance or the Series 2011A Supplemental Ordinance.

"*Facilities*" or "*Airport Facilities*" means any real, personal, or real and personal property, or any interest therein, and any facilities (other than Special Facilities, except to the extent otherwise provided in the Senior Bond Ordinance) comprising a part of the Airport System, including without limitation, land for environmental or noise abatement purposes.

"*Financial Consultant*" means any financial consultant which is appointed by the City with respect to any series of Bonds.

"*First PFC Application*" means the City's 1992 PFC Application as amended by the FAA in October 2000.

"*Fiscal Year*" means the 12 months commencing on January 1 of any calendar year and ending on December 31 of the same calendar year, or any other 12-month period which the appropriate authority designates as the fiscal year for the operation of the Airport System.

"*Fitch*" means Fitch, Inc. and its successors.

"*General Bond Ordinance*" means the General Bond Ordinance passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, as amended and supplemented prior to the adoption of the Series 2011A Supplemental Ordinance.

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

"*Hedge Facility*" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction entered into by the City, for and on behalf of the Department, and a Hedge Provider, which is intended to be integrated with and to convert or limit the interest rate on any Bonds.

"*Hedge Facility Obligations*" means payment obligations of the City in respect of Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under the Senior Bond Ordinance; but only if such obligations have a lien on the Net Revenues of the Airport System on the same priority as the lien thereon of Bonds; provided that Hedge Termination Payments to be made by the City are not to be secured under the Senior Bond Ordinance on a parity with the Bonds.

"*Hedge Provider*" means a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as is acceptable to the Rating Agencies) of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by any Federal Reserve Bank or a depository acceptable to the City, (iii) subject to a perfected first lien on behalf of the Bonds, and (iv) free and clear from all third-party liens.

"*Hedge Termination Payment*" means any amount payable to the City or a Hedge Provider, in accordance with a Hedge Facility, if the Hedge Facility is terminated prior to its scheduled termination date.

"*Improvement Project*" means any project to acquire, improve or equip (or any combination thereof) Facilities, as authorized and described by Supplemental Ordinance.

"*Independent Accountant*" means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City: (a) who is, in fact, independent and not under the control of the City; (b) who does not have a substantial interest, direct or indirect, with the City; and (c) who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

"*Interest Account*" means the special and separate subaccount within the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Interest Account," created under the Senior Bond Ordinance.

"*Interest Payment Date*" means, with respect to the Series 2011A Bonds, each May 15 and November 15, commencing May 15, 2011.

"*Investment Securities*" means, to the extent the following are permitted investments under the City's investment policy, as such investment policy may be amended from time to time: (a) Federal Securities; and (b) if the laws applicable to the City permit any of the following investments to be made at the time such investment is made, any of the following: (i) Certificates or any other evidences of an ownership interest in Federal Securities or the interest thereon; (ii) interest bearing bank time deposits evidenced by certificates of deposit issued by banks incorporated under the laws of any state (including the State) or the Federal Government, or any national banking association that is a member of the Federal Deposit Insurance Corporation, and interest bearing savings and loan association time deposits evidenced by certificates of deposit issued by savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, if (1) such deposits are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (2) the shareholders' equity (*e.g.*, capital stock, surplus, and undivided profits), however denominated, of such bank or savings and loan association is at least equal to $10,000,000.00, or (3) such deposits are secured by Federal Securities, by obligations described in subparagraphs (b)(i) or (b)(iii) of this definition, or by tax-exempt, unlimited general obligation bonds of a state or municipal government rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, having at all times a market value in the aggregate (exclusive of accrued interest) at least equal to the amount of such deposits so secured, including accrued interest (or by any combination thereof); (iii) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following agencies: Federal Farm Credit Banks; the Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association; the Tennessee Valley Authority; the Government National Mortgage Association; the Federal Financing Bank; the Farmers Home Administration; the Federal Home Loan Bank; or any agency or instrumentality of the Federal Government which is established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor; (iv) repurchase agreements with banks described in subparagraph (b)(ii) of this definition and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by depositing Federal Securities or obligations described in subparagraphs (b)(i) or (b)(iii) of this definition with an escrow agent satisfactory to the City, including, without limitation, any Federal Reserve Bank or any branch thereof; (v) banker's acceptances that are rated at the time of purchase in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and that mature not more than 180 days after the date of purchase; (vi) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under a contract with the Federal Government; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the Federal Government; (vii) obligations issued by the City which are rated "A" (or its equivalent) or better by one or more nationally recognized rating agencies, but excluding any Bonds or Subordinate Bonds; (viii) commercial paper that is rated at the time of purchase in the highest short-term rating category of, or is otherwise approved by, the Rating Agencies and that matures not more than 270 days after the date of purchase; (ix) investments in (1) money market funds which are rated, at the time of purchase, in the highest short-term rating category of, or are otherwise approved by, the Rating Agencies and (2) public sector investment pools operated pursuant to Rule 2a-7 promulgated by the Securities and Exchange Commission in which the issuer's deposit must not exceed 5% of the aggregate pool balance at any time, if the pool is rated, at the time of purchase, in one of the two highest short-term rating categories by, or is otherwise approved by, the Rating Agencies; (x) any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and either: (A) that are rated, on the date of purchase, based on the irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category by, or are otherwise approved by, the Rating Agencies; or (B) as to which the following apply: (1) such bonds or other obligations are fully secured as to principal, interest and any redemption premium by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of the principal, interest and any redemption premium on those bonds or other obligations on their maturity date or dates or the specified redemption date or dates in accordance with those irrevocable instructions, as appropriate; and (2) the escrow is sufficient, as verified by an independent certified public accountant, to pay principal, interest and any redemption premium on the bonds or other obligations described in this paragraph (x) on the maturity date or dates or the specified redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; (xi) obligations issued by any state of the United States of America or any agency, instrumentality or local government unit of such state, and which obligations have on the date of purchase a rating in one of the two highest rating categories of, or are otherwise approved by, the Rating Agencies, without regard to any numerical or positive or negative designation; (xii) Investment Agreements with: (A) a Broker/Dealer (or its parent) either (1) having uninsured, unsecured and unguaranteed debt rated, at the time of investment, investment grade by, or is otherwise approved by, the Rating Agencies (in which case the agreement must provide that, if the provider is downgraded below investment grade by at least two of the Rating Agencies, the City may terminate the agreement) or (2) providing an investment agreement which is fully secured by Federal Securities which are (a) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (b) held by any Federal Reserve Bank or a depository acceptable to the City, (c) subject to a perfected first lien on behalf of owners of the Bonds, and (d) free and clear from all third-party liens; (B) a bank having long-term uninsured, unsecured and unguaranteed debt rated, at the time of investment, in one of the two highest rating categories by, or is otherwise approved by, the Rating Agencies (the agreement must provide that, if the bank is downgraded below "A-" (or its equivalent) by at least two Rating Agencies, the City may terminate the agreement); (C) an insurance company having an uninsured, unsecured, and unguaranteed claims paying ability rated, at the time of investment, in the highest rating category by, or otherwise approved by, the Rating Agencies (the agreement must provide that, if the insurance company is downgraded below the highest rating category by at least two Rating Agencies, the City may terminate the agreement); and (D) a corporation whose principal business is to enter into investment agreements, if that corporation has been assigned, at the time of investment, a counterparty rating in the highest rating category by, or is otherwise approved by, the Rating Agencies, or the Rating Agencies have, at the time of the investment, rated the investment agreements of such corporation in the highest rating category or have otherwise approved such investment (the agreement must provide that, if either the corporation's counterparty rating or that corporation's investment agreements rating is downgraded by at least two of the Rating Agencies, the City may terminate the agreement); and (xiii) such other investments as the Treasurer may be authorized to make with the general funds of the City.

"*Junior Lien Obligations*" means bonds, notes, certificates, commercial paper, or other securities, contracts or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of the Subordinate Bonds and other subordinate obligations.

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

"*Mayor*" means the mayor of the City, or his or her designee, and his or her successor in functions, if any.

"*Minimum Bond Reserve*" means the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding. With respect to any series of Bonds, 25% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it will be assumed for purposes of determining the Minimum Bond Reserve that (a) such series of Bonds matures over a twenty-year term from its date of issuance, (b) bears interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined is not to be less than the actual rate or rates borne by such series of Bonds, and (c) is payable on a substantially level annual debt service basis assuming the rate so determined. *This definition would be changed by the Proposed Amendments. See* "*APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.*"

"*Minimum Operation and Maintenance Reserve*" means an amount equal to not less than one-sixth and not more than one-third of the actual Operation and Maintenance Expenses of the Airport System during the next preceding Fiscal Year, as determined by the Manager not more often than once in each Fiscal Year.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Rent Lease*" means a lease of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all operation and maintenance expenses relating to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied. *This definition would be changed by the Proposed Amendments. See* "*APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.*"

"*Net Revenues*" means the Gross Revenues remaining after the deduction of the Operation and Maintenance Expenses.

"*Ninth Supplemental Ordinance*" means the Supplemental Ordinance which creates the PFC Fund as a separate account within the Airport System Fund, establishes the PFC Debt Service Account and the PFC Project Account as separate subaccounts within the PFC Fund, and provides for the deposit of PFC revenues to such fund and accounts. The procedure for the administration of the PFCs set forth in the Ninth Supplemental Ordinance is replaced and superseded to the extent provided in the PFC Supplemental Ordinance.

"*Obligations*" means Credit Facility Obligations and Hedge Facility Obligations.

"*Operation and Maintenance Expenses*" means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, and repairing the Airport System. The term includes without limitation: (a) engineering, auditing, reporting, legal, and other overhead expenses of the various departments of the City (including without limitation the expenses of the Treasurer) directly related and reasonably allocable to the administration, operation, and maintenance of the Airport System; (b) fidelity bond and property and liability insurance premiums relating to the Airport System, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Airport System; (c) payments to pension, retirement, health, and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance; (d) any general (ad valorem) taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the City, the Airport System, the revenue, or income derived therefrom, or any privilege in connection therewith; (e) the reasonable charges of the Paying Agent and any other depository bank relating to Bonds; (f) costs of contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs, and labor, relating to the Airport System or to Bonds, including without limitation the reasonable expenses and compensation of trustees, receivers, or other agents or fiduciaries; (g) costs incurred in collecting or refunding all or any part of the Gross Revenues including the amount of any such refunds; (h) costs of any utility services furnished to the Airport System by the City or otherwise; (i) periodic fees, premiums or other costs incurred in connection with any Credit Facility Obligations; and (j) all other generally accepted current expenses of operating, maintaining and repairing an airport system similar to the Airport System. The term does not include any allowance for depreciation; the Cost of any Improvement Project (except to the extent not paid as part of such Cost and otherwise properly characterized as an Operation and Maintenance Expense); any reserves for major capital replacements or Operation and Maintenance Expenses (except as required in the Senior Bond Ordinance); payments in respect of Debt Service Requirements; any expenses incurred by lessees or licensees under Net Rent Leases; any Operation and Maintenance Expenses relating to Special Facilities (except as otherwise provided in the Senior Bond Ordinance); and any liabilities imposed on the City, including, without limitation, negligence in the operation of the Airport System.

"*Operation and Maintenance Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Operation and Maintenance Fund," created under the Senior Bond Ordinance.

"*Operation and Maintenance Reserve Account*" means the special and separate subaccount in the Operation and Maintenance Fund designated as the "City and County of Denver, Airport System Operation and Maintenance Reserve Account," created under the Senior Bond Ordinance.

"*Option Bonds*" means Bonds which by their terms may be tendered for payment by and at the option of the owners thereof prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the owners thereof.

"*Ordinance*" means the General Bond Ordinance of the City passed by the City Council on November 26, 1984, and approved by the Mayor on November 29, 1984, Ordinance No. 626, Series of 1984, as supplemented and amended by the 1984 Airport System Supplemental Bond Ordinance, Ordinance No. 627, Series of 1984; the Series 1985 Airport System Supplemental Bond Ordinance, Ordinance No. 674, Series of 1985; the Series 1990A Airport System Supplemental Bond Ordinance, Ordinance No. 268, Series of 1990; the Series 1991A Airport System Supplemental Bond Ordinance, Ordinance No. 278, Series of 1991; the Series 1991D Airport System Supplemental Bond Ordinance, Ordinance No. 726, Series of 1991; the Series 1992A Airport System Supplemental Bond Ordinance, Ordinance No. 82, Series 1992; the Series 1992B Airport System Supplemental Bond Ordinance, Ordinance No. 288, Series of 1992; the Ninth Supplemental Ordinance; the Series 1992C Airport System Supplemental Bond Ordinance, Ordinance No. 640, Series of 1992; the Series 1992D Airport System Supplemental Bond Ordinance, Ordinance No. 641, Series of 1992; the Series 1992E Airport System Supplemental Bond Ordinance, Ordinance No. 642, Series of 1992; the Series 1992F Airport System Supplemental Bond Ordinance, Ordinance No. 643, Series of 1992; the Series 1992G Airport System Supplemental Bond Ordinance, Ordinance No. 644, Series of 1992; the Series 1994A Airport System Supplemental Bond Ordinance, Ordinance No. 680, Series of 1994; the Series 1995A Airport System Supplemental Bond Ordinance, Ordinance No. 428, Series of 1995; the Series 1995B Airport System Supplemental Bond Ordinance, Ordinance No. 429, Series of 1995; the Series 1995C Airport System Supplemental Bond Ordinance, Ordinance No. 950, Series of 1995; the Series 1996A Airport System Supplemental Bond Ordinance, Ordinance No. 226, Series of 1996; the Series 1996B Airport System Supplemental Bond Ordinance, Ordinance No. 227, Series of 1996; the Twenty-first Supplemental Ordinance; the Series 1996C Airport System Supplemental Bond Ordinance, Ordinance No. 888, Series of 1996; the Series 1996D Airport System Supplemental Bond Ordinance, Ordinance No. 889, Series of 1996; the Twenty-fourth Supplemental Ordinance, Ordinance No. 480, Series of 1997; the Series 1997D

Airport System Supplemental Bond Ordinance, Ordinance No. 547, Series of 1997; the Series 1997E Airport System Supplemental Bond Ordinance, Ordinance No. 548, Series of 1997; the Twenty-seventh Supplemental Ordinance; the Series 1998A Airport System Supplemental Bond Ordinance, Ordinance No. 821, Series of 1998; the Series 1998B Airport System Supplemental Bond Ordinance, Ordinance No. 822, Series of 1998; the Thirtieth Supplemental Ordinance; the Series 2000A Airport System Supplemental Bond Ordinance, Ordinance No. 647, Series of 2000; the Series 2000B Airport System Supplemental Bond Ordinance, Ordinance No. 648, Series of 2000; the Series 2000C Airport System Supplemental Bond Ordinance, Ordinance No. 649, Series of 2000; the Series 2001A Airport System Supplemental Bond Ordinance, Ordinance No. 539, Series of 2001; the Series 2001B Airport System Supplemental Bond Ordinance, Ordinance No. 540, Series of 2001; the Series 2001D Airport System Supplemental Bond Ordinance, Ordinance No. 675, Series of 2001; the Series 2002A1-A3 Airport System Supplemental Bond Ordinance, Ordinance No. 715, Series of 2002; the Series 2002C Airport System Supplemental Bond Ordinance, Ordinance No. 800, Series of 2002; the Series 2002D Airport System Supplemental Bond Ordinance, Ordinance No. 801, Series of 2002; the Series 2002E Airport System Supplemental Bond Ordinance, Ordinance No. 802, Series of 2002; the Series 2003A Supplemental Bond Ordinance, Ordinance No. 298, Series of 2003; the Series 2003B Supplemental Bond Ordinance, Ordinance No. 299, Series of 2003; the Series 2004A Supplemental Bond Ordinance, Ordinance No. 748, Series of 2004; the Series 2004B Supplemental Bond Ordinance, Ordinance No. 749, Series of 2004; the Series 2005A Supplemental Bond Ordinance, Ordinance No. 559, Series of 2005; the Series 2005B1-B2 Supplemental Bond Ordinance, Ordinance No. 785, Series of 2005; the Series 2005C1-C2 Supplemental Bond Ordinance, Ordinance No. 786, Series of 2005; the Series 2006A Supplemental Bond Ordinance, Ordinance No. 495, Series of 2006; the Series 2006B Supplemental Ordinance, Ordinance No. 496, Series of 2006; the Series 2007A-B Supplemental Ordinance, Ordinance No. 375, Series of 2007; the Series 2007C Supplemental Ordinance, Ordinance No. 376, Series of 2007; the Series 2007D-E Supplemental Ordinance, Ordinance No. 415, Series of 2007; the Series 2007F1-F4 Supplemental Ordinance, Ordinance No. 625, Series of 2007, as amended by Ordinance No. 363, Series of 2008; the Series 2007G1-G2 Supplemental Ordinance, Ordinance No. 626, Series of 2007, as amended and restated by the Amended and Restated Series 2007G1-G2 Supplemental Bond Ordinance, Ordinance No. 722, Series of 2007; the Series 2008A Supplemental Ordinance, Ordinance No. 179, Series of 2008; the Series 2008B Supplemental Ordinance, Ordinance No. 322, Series of 2008; the Series 2008C1-C3 Supplemental Ordinance, Ordinance No. 483, Series of 2008; the Series 2009A-B Supplemental Ordinance, Ordinance No. 578, Series of 2009; the Series 2009C Supplemental Ordinance, Ordinance No. 577, Series of 2009; the Series 2010A Supplemental Ordinance, Ordinance No. 107, Series of 2010; the Series 2010B Supplemental Ordinance, Ordinance No. 108, Series of 2010; the Series 2011A Supplemental Ordinance, Ordinance No.181, Series of 2011; and the PFC Supplemental Ordinance.

"*Other Available Funds*" means for any Fiscal Year the amount determined appropriate by the Manager to be transferred from the Capital Fund to the Revenue Fund; but in no event is such amount to exceed 25% of the aggregate Debt Service Requirements for such Fiscal Year.

"*Outstanding*" when used with reference to any Bonds and as of any particular date means all such Bonds in any manner theretofore or thereupon issued, except: (a) any Bonds canceled or paid by or on behalf of the City on or before such date; (b) any Bonds which are deemed to be paid pursuant to the Senior Bond Ordinance or for which sufficient moneys are held in trust pursuant to the Senior Bond Ordinance; (c) any Bonds in lieu of or in substitution for which other Bonds have been executed and delivered; and, (d) except any Bonds held as Bank Bonds (as defined in any related Supplemental Ordinance), any Option Bonds deemed tendered or purchased as provided by Supplemental Ordinance. In determining whether the owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver, Bonds owned by the City are to be disregarded and deemed not to be Outstanding.

"*Passenger Facility Charges*" or "*PFCs*" means charges collected by the City pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"*Paying Agent*" means any entity providing paying agency services for the Series 2011A Bonds, initially being Zions First National Bank, Denver, Colorado, and any successor or assign thereof for the Series 2011A Bonds.

"*PFC Debt Service Account*" means the special and separate subaccount in the PFC Fund designated as the "PFC Debt Service Account," created under the Senior Bond Ordinance.

"*PFC Fund*" means the special and separate account designated as the "City and County of Denver, Colorado, Airport System Revenue Bonds, PFC Fund," created under the Senior Bond Ordinance.

"*PFC Project Account*" means the special and separate subaccount in the PFC Fund designated as the "PFC Project Account," created under the Senior Bond Ordinance.

"*PFC Supplemental Ordinance*" means the Supplemental Ordinance which provides for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund.

"*Pledged Revenues*" means all or a portion of the Gross Revenues. The designated term indicates a source of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

"*Principal Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Principal Account," created under the Senior Bond Ordinance.

"*Project Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Revenue Bonds, Project Fund," created under the Senior Bond Ordinance, which consists of (a) separate subaccounts for each Improvement Project and Refunding Project, or combination thereof, as provided by Supplemental Ordinance and (b) the Capitalized Interest Account.

"*Proposed Amendments*" means the proposed amendments to the Senior Bond Ordinance as set forth in "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

"*Purchase Price*" means that amount due an owner of any Bond purchased or deemed purchased pursuant to and as provided in the Supplemental Ordinance authorizing such Bond.

"*Rating Agencies*" means any of Moody's, S&P or Fitch then maintaining ratings on any of the Bonds at the request of the City.

"*Redemption Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Redemption Account," created under the Senior Bond Ordinance.

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

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

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

"*Refunding Project*" means any undertaking to refund, pay, and discharge any Bonds, Credit Facility Obligations, Subordinate Bonds, or other securities or obligations.

"*Registrar*" means, when used with respect to the Series 2011A Bonds, Zions First National Bank, Denver, Colorado, and any successors and assigns thereof.

"*Regularly Scheduled Hedge Payments*" means the regularly scheduled payments under the terms of a Hedge Facility which are due absent any termination, default or dispute in connection with such Hedge Facility.

"*Revenue Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Gross Revenue Fund," created under the Senior Bond Ordinance.

"*S&P*" means Standard & Poor's Ratings Service, Inc. and its successors.

"*Second PFC Application*" means the City's PFC application which was approved by the FAA in January 2001.

"*Securities Depository*" means DTC, designated as the depository for the Series 2011A Bonds, and includes any nominee or successor thereof.

"*Senior Bond Ordinance*" means the Ordinance, as amended and supplemented by any Supplemental Ordinance that may be adopted by the City Council after the adoption of the Series 2011A Supplemental Ordinance.

"*Series 1991D Bonds*" means the Airport System Revenue Bonds, Series 1991D, issued on October 23, 1991, in the original aggregate principal amount of $600,001,390.65.

"*Series 1992C Bonds*" means the Airport System Revenue Bonds, Series 1992C, issued on September 24, 1992, in the original aggregate principal amount of $392,160,000.

"*Series 1992F Bonds*" means the Airport System Revenue Bonds, Series 1992F, issued on September 24, 1992, as variable rate bonds, and additionally secured by a liquidity facility, in the original aggregate principal amount of $30,000,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"*Series 2007A Bonds*" means the Airport System Revenue Bonds, Series 2007A, issued on August 29, 2007, in the original aggregate principal amount of $188,350,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007B Bonds*" means the Airport System Revenue Bonds, Series 2007B, issued on August 29, 2007, in the original aggregate principal amount of $24,250,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007C Bonds*" means the Airport System Revenue Bonds, Series 2007C, issued on August 29, 2007, in the original aggregate principal amount of $34,635,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007D Bonds*" means the Airport System Revenue Bonds, Series 2007D, issued on August 29, 2007, in the original aggregate principal amount of $147,815,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007D2 Bonds*" means the Airport System Revenue Bonds, Series 2007D2, issued on October 4, 2007, in the original aggregate principal amount of $31,950,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007E Bonds*" means the Airport System Revenue Bonds, Series 2007E, issued on October 4, 2007, in the original aggregate principal amount of $47,400,000 and additionally secured by municipal bond insurance constituting a Credit Facility.

"*Series 2007F1-F4 Bonds*" means the Airport System Revenue Bonds, Series 2007F1-F4, issued on November 14, 2007, in four subseries as auction rate bonds in the original aggregate principal amount of $208,025,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Series 2007G1-G2 Bonds*" means the Airport System Revenue Bonds, Series 2007G1-G2, issued on November 14, 2007, in two subseries as variable rate bonds in the original aggregate principal amount of $148,500,000 and additionally secured both by municipal bond insurance and a standby bond purchase agreement constituting Credit Facilities.

"*Series 2008A1-A4 Bonds*" means the Airport System Revenue Bonds, Series 2008A1-A4, issued on April 14, 2008, in four subseries as both fixed rate and variable rate (term) rate bonds in the original aggregate principal amount of $608,840,000.

"*Series 2008B Bonds*" means the Airport System Revenue Bonds, Series 2008B, issued on June 30, 2008, as variable rate bonds in the original aggregate principal amount of $81,800,000 and additionally secured by a direct-pay letter of credit constituting a Credit Facility providing both credit and liquidity support.

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

"*Series 2009A Bonds*" means the Airport System Revenue Bonds, Series 2009A, issued on October 28, 2009, in the original aggregate principal amount of $170,190,000.

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

"*Series 2009B Bonds*" means the Taxable Airport System Revenue Bonds, Series 2009B (Build America Bonds – Direct Payment), issued on October 28, 2009, in the original aggregate principal amount of $65,290,000.

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

"*Series 2010A Bonds*" means the Airport System Revenue Bonds, Series 2010A, issued on March 9, 2010, in the original aggregate principal amount of $171,360,000.

"*Series 2011A Bonds*" means the Airport System Revenue Bonds, Series 2011A, in the original aggregate principal amount of $349,730,000, offered pursuant to this Official Statement.

"*Series 2011A Supplemental Ordinance*" means the "Series 2011A Airport System Supplemental Bond Ordinance," as amended and supplemented from time to time by any other Supplemental Ordinance, which authorizes the issuance of the Series 2011A Bonds.

"*Sinking Fund Account*" means the special and separate subaccount in the Bond Fund designated as the "City and County of Denver, Airport System Revenue Bonds, Sinking Fund Account," created under the Senior Bond Ordinance.

"*Special Facilities*" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to the Senior Bond Ordinance. *This definition would be changed by the Proposed Amendments. See* "*APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE.*"

"*Special Facilities Bonds*" means bonds or other securities to finance the cost of any Special Facilities and which are payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease of such Special Facilities.

"*Stapleton*" means the site of the former Stapleton International Airport, which is part of the Airport System.

"*State*" means the State of Colorado.

"*Subordinate Bonds*" means bonds or other securities or obligations relating to the Airport System, payable from Net Revenues, and having a lien thereon subordinate and junior to the lien thereon of Bonds.

"*Subordinate Bond Fund*" means the special and separate account designated as the "City and County of Denver, Airport System Subordinate Revenue Bonds, Interest and Principal Retirement Fund," created under the Senior Bond Ordinance.

"*Subordinate Bond Ordinance*" means the 1997 Airport System Subordinate Bond Ordinance of the City approved on August 25, 1997, Series of 1997, as supplemented and amended from time to time.

"*Subordinate Contract Obligations*" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts incurred pursuant to the provisions of the Subordinate Bond Ordinance which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues, subordinate only to the lien thereon of the Bonds. The term does not include (i) Subordinate Bonds, Subordinate Credit Facility Obligations, or Subordinate Hedge Facility Obligations; or (ii) obligations that may be treated as Operation and

Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

"*Subordinate Credit Facility*" means any letter of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security or liquidity in respect of Subordinate Bonds.

"*Subordinate Credit Facility Obligations*" means repayment or other obligations incurred by the City pursuant to a credit agreement or similar instrument in respect of draws or other payments or disbursements made under a Subordinate Credit Facility, and which obligations are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

"*Subordinate Hedge Facility*" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate on any Bonds or Subordinate Bonds.

"*Subordinate Hedge Facility Obligations*" means payment obligations of the City in respect of Subordinate Hedge Facilities, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured by a pledge of and a lien on such Net Revenues subordinate only to the lien thereon of the Bonds and any Credit Facility Obligations.

"*Supplemental Ordinance*" means any ordinance of the City amending or supplementing the Senior Bond Ordinance, including without limitation any such ordinance authorizing the issuance of Bonds thereunder, and any ordinance amendatory thereof or supplemental thereto.

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

"*Treasurer*" means the City's Manager of the Department of Finance, Chief Financial Officer, *ex-officio* Treasurer, or his or her designee, and his or her successor in functions, if any.

"*Twenty-first and Twenty-seventh Supplemental Ordinances*" means the Supplemental Ordinances which provide for the deposit of PFC revenues to the PFC Fund, and to the PFC Debt Service Account and the PFC Project Account in such fund. The procedures for the administration of PFCs set forth in the Twenty-first and Twenty-seventh Supplemental Ordinances are replaced and superseded to the extent provided in the PFC Supplemental Ordinance.

"*Underwriters*" means, with respect to the Series 2011A Bonds, the underwriters identified on the cover of this Official Statement.

"*Variable Rate Bonds*" means Bonds issued with a variable, adjustable, convertible, or other similar rate which is not fixed in percentage for the entire term thereof at the date of issue, but which is subject to a maximum limitation.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND ORDINANCE

The following statements are summaries of certain provisions of the Senior Bond Ordinance, including, without limitation, the PFC Supplemental Ordinance, and are in addition and complementary to the summary found under "THE SERIES 2011A BONDS."

Several of the provisions and defined terms used in this summary would be changed by the Proposed Amendments. See "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Description of the Bonds

The City and the Paying Agent may treat the person in whose name any Bond is registered upon the books or records of the Registrar as the absolute owner thereof, whether the Bond is overdue or not, for all purposes whatsoever; and payment of, or on account of, the Bond Requirements of any Bond is to be made only to, or upon the order of, such owner or his legal representative.

The Supplemental Ordinances relating to the issuance of the Outstanding Senior Bonds and the Series 2011A Bonds each provide that so long as Senior Bonds are registered in the name of the Securities Depository, all payments of the Debt Service Requirements or Redemption Price and all notices with respect to the Bonds are to be made and given in the manner provided in the letter of representation from the City to the Securities Depository.

If the date for making any payment or deposit or the last date for performance of any act or the exercise of any right, as provided in the Senior Bond Ordinance, is a Saturday, Sunday, legal holiday or other day on which banking institutions in the City are authorized by law to remain closed, such payment or deposit may be made or act performed or right exercised on the next succeeding day not a Saturday, Sunday, legal holiday or other day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date so provided, and no interest will accrue for the period after such nominal date.

Bonds which have been called for redemption are due and payable on the Redemption Date stated in the notice of redemption at the applicable Redemption Price, plus interest accrued to the Redemption Date; and upon presentation and surrender thereof, together with a written instrument of transfer duly executed by the owner or by his duly authorized attorney, such Bonds are to be paid; provided that if at the time of notice of any optional redemption of the Bonds there have not been deposited moneys in the Redemption Account or to an Escrow Account available for payment pursuant to the Senior Bond Ordinance and sufficient to redeem all of the Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of sufficient moneys by not later than one business day prior to the redemption date, and if the deposit is not timely made the notice shall be of no effect. If on the Redemption Date sufficient moneys are held by or on behalf of the Paying Agent for the redemption of the called Bonds, and if notice of redemption has been duly published and mailed, then from and after the Redemption Date such Bonds will cease to bear interest and no longer will be considered Outstanding.

Additional Parity Bonds

The Senior Bond Ordinance permits the City to issue Additional Parity Bonds to pay the Cost of an Improvement Project or a Refunding Project. In order to issue Additional Parity Bonds for an Improvement Project under the Senior Bond Ordinance, the City is required to obtain:

(a) a certificate or opinion of an Independent Accountant, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of additional Bonds, as determined by the Independent Accountant, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the aggregate Debt Service Requirements for such period; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amount needed to make the required deposits to the credit of the several subaccounts in the Bond Fund and to the credit of the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate Debt Service Requirements for such period;

(b) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the earlier of either the Fiscal Year following the Fiscal Year in which the Manager estimates such Improvement Project will be completed or the first Fiscal Year in which there are Debt Service Requirements with respect to the Bonds to be issued for such Improvement Project: (i) the Gross Revenues and (ii) the Operation and Maintenance Expenses and other amounts required to be deposited in each of the subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the several subaccounts (other than the Redemption Account) in the Bond Fund, the Bond Reserve Fund and the Operation and Maintenance Reserve Account or (B) an amount not less than 125% of the aggregate of any Debt Service Requirements for each such Fiscal Year, for the series of Bonds then to be issued and for any future series of Bonds which the Manager estimates will be required to complete payment of the Cost of such Improvement Project (such Debt Service Requirements of any future series of Bonds to be estimated by the Airport Consultant or by the Financial Consultant, if any), in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Improvement Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges (or any combination thereof) as a result of the completion of such Improvement Project or any completed portion thereof; and

(c) a certificate of the Manager to the effect that as of the date of the adoption of the Supplemental Ordinance authorizing such additional Bonds the City is not in default in making any payments required by the Senior Bond Ordinance.

In any computation required by the above, there is excluded from Gross Revenues any capital gain resulting from any sale or revaluation of Investment Securities or bank deposits, or both. If any one or more of the documents required by subsections (a) through (c) above cannot be given with the required results stated therein, the City may not issue Additional Parity Bonds; *provided however*, the City may issue Additional Parity Bonds for the purpose of refunding Senior Bonds without having to comply with the requirements described in subparagraphs (a) through (c) above.

Security

Subject only to the right of the City to pay Operation and Maintenance Expenses of the Airport System, the Gross Revenues and all moneys and securities paid or to be paid to, or held or to be held in, any fund or account under the Senior Bond Ordinance (except moneys and securities held in any Escrow Account and except as otherwise provided in the Senior Bond Ordinance) are irrevocably pledged to secure the payment of the Bond Requirements of the Bonds, Credit Facility Obligations and Hedge Facility Obligations. No preference, priority or distinction will exist between Bonds except as otherwise expressly provided in the Senior Bond Ordinance. The Bond Requirements of the Bonds are not to constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bond Requirements of the Bonds are not to be considered or held to be general obligations of the City but are to constitute its special obligations. The City has not pledged its full faith and credit and taxing power for the payment of the Bond Requirements of the Bonds.

The payment of the Bond Requirements of any Bonds is not secured by an encumbrance, mortgage, or other pledge of property of the City, except the Net Revenues and other funds pledged for their payment. No property of the City, subject to such exception, is liable to be forfeited or taken in payment of the Bond Requirements of the Bonds.

The Airport System Fund

The Senior Bond Ordinance creates the following accounts and subaccounts in the Airport System Fund, all of which are held by the City: the Revenue Fund, the Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Bond Fund (including the Interest Account, Principal Account, Sinking Fund Account and Redemption Account), the Bond Reserve Fund, the Subordinate Bond Fund, the Capital Fund, the Project Fund (including the Capitalized Interest Account) and the PFC Fund (including the PFC Debt Service Account and the PFC Project Account).

Application of Revenues

So long as any Bonds are Outstanding, all Gross Revenues of the Airport System, upon their receipt from time to time by the City, are to be deposited to the credit of the Revenue Fund. After making the payments each month required to be credited to the Operation and Maintenance Fund, moneys in the Revenue Fund are required to be transferred and credited to the following accounts and subaccounts in the following order of priority and at the following times:

(a) to the Interest Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Bonds, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source, including without limitation moneys in the Capitalized Interest Account set aside for the payment of interest, to pay the next maturing installment of interest on Outstanding Bonds (in computing any required credit with respect to any Variable Rate Bonds the interest rate used is to be as provided by Supplemental Ordinance);

(b) to the Principal Account of the Bond Fund, monthly, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient, together with any other moneys from time to time available therefor from whatever source to pay the next maturing installment of principal on Outstanding Serial Bonds;

(c) with the same priority as the Principal Account, to the Sinking Fund Account of the Bond Fund, monthly, commencing on the first day of the twelfth calendar month prior to the date on which the City is required to pay any Term Bonds, one-twelfth of the amount necessary to pay the Redemption Price or principal of Outstanding Term Bonds, scheduled to be retired in any year by mandatory redemption, at fixed maturity, or otherwise, except to the extent any other moneys, including without limitation, moneys in any Escrow Account, are available therefor;

(d) on or prior to any date on which the City exercises its option to call for prior redemption any Bonds, to the Redemption Account, an amount necessary to pay the Redemption Price of such Bonds on such Redemption Date, except to the extent any other moneys (including without limitation moneys in any Escrow Account) are available therefor;

(e) to the Bond Reserve Fund, not less frequently than monthly, commencing no later than the first day of the month next succeeding each date on which any series of Bonds is issued or on which the amounts credited thereto are less than the Minimum Bond Reserve, cash or Investment Securities in an amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Bond Reserve on or before the first day of the sixtieth month following the date of commencement (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period of sixty months);

(f) to the Subordinate Bond Fund, from any moneys remaining in the Revenue Fund amounts which are required for the payment of any Subordinate Bonds, including any reasonable reserves therefor, as provided by any Supplemental Ordinance or other instrument;

(g) to the Operation and Maintenance Reserve Account, from any moneys remaining in the Revenue Fund, not less frequently than monthly, an amount in cash or Investment Securities, or both, at least equal to the amount which, if made in substantially equal installments thereafter, would be sufficient to accumulate the Minimum Operation and Maintenance Reserve on or before the first day of the 36^{th} month thereafter (taking into account, in all such cases, the known minimum gain from Investment Securities to be received by the City over such period); and

(h) to the Capital Fund, at the end of each Fiscal Year and after all payments referred to in (a) through (g) above have been made, all remaining moneys in the Revenue Fund.

Moneys in the Capital Fund may be withdrawn in any priority for any one, all, or any combination of the following purposes, as the Manager may from time to time determine: (a) to pay the Costs of acquiring, improving or equipping any Airport Facilities, to the extent such Costs are not Operation and Maintenance Expenses; (b) to pay costs of extraordinary and major repairs, renewals, replacements, or maintenance items pertaining to any Airport Facilities, of a type not properly defrayed as Operation and Maintenance Expenses; and (c) to pay the Bond Requirements of any Bonds (or payments due for Subordinate Bonds) if such payment is necessary to prevent any default in the payment of such Bond Requirements.

If any monthly credit required to be made to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund is deficient, the City is required to include the amount of such deficiency in the next monthly deposit into such subaccount.

No payment need be made into the Bond Reserve Fund so long as the moneys therein are at least equal to the Minimum Bond Reserve, and any moneys therein exceeding the Minimum Bond Reserve are to be transferred as Gross Revenues to the Revenue Fund and used for the purposes thereof, as provided in the Senior Bond Ordinance. In the event any Supplemental Ordinance so provides, the City may at any time or from time to time, subject to certain limitations, deposit a Credit Facility in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve; provided that any such Credit Facility is to be payable on any date on which moneys are required to be withdrawn from the Bond Reserve Fund as provided in the Senior Bond Ordinance. The Supplemental Ordinances authorizing the respective series of outstanding Senior Bonds impose limitations on the City's ability to deposit a Credit Facility in the Bond Reserve Fund.

So long as any Senior Bonds remain rated by Moody's, and unless Moody's otherwise agrees, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current Moody's rating on the Senior Bonds is equal to or less than the Moody's rating (or public finance equivalent thereof) of (a) the senior unsecured debt instruments of the provider of such Credit Facility or (b) in the event the provider of such Credit Facility is a bond or other insurance company the higher of the following: (i) any claims paying rating assigned by Moody's to such provider or (ii) any Moody's rating of debt secured by the insurance policies or surety bonds of such provider. In no event may any rating described in clause (a) or clause (b) above be less than "A" or "A3," as the case may be, unless Moody's otherwise agrees. In addition, no Credit Facility may be deposited in the Bond Reserve Fund in full or partial satisfaction of the Minimum Bond Reserve, pursuant to the Senior Bond Ordinance, unless the then current rating of the provider of such Credit Facility by Moody's or by S&P is in one of the two highest rating categories of such rating agency.

If on any Bond Requirement payment date the City has failed for any reason to pay the full amount required into the Interest Account, the Principal Account and the Sinking Fund Account, as described above, an amount equal to the respective difference between that paid from the Net Revenues and the full amount required is to be paid on such date into such subaccounts from the Bond Reserve Fund (including any Credit Facility therein). The moneys so used are to be reaccumulated (or any such Credit Facility will be reinstated) in the Bond Reserve Fund from the first Net Revenues thereafter received (not required to be otherwise applied) in not more than sixty substantially equal monthly installments (taking into account the known minimum gain from Investment Securities to be received). If any monthly payment to be made into the Bond Reserve Fund is deficient, the City is required to pay into such fund the amount of such deficiency from the first Net Revenues thereafter received.

No payment is to be made into the Operation and Maintenance Reserve Account if the moneys therein then equal not less than the Minimum Operation and Maintenance Reserve. The moneys in the Operation and Maintenance Reserve Account are to be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the Operation and Maintenance Expenses of the Airport System resulting from the failure to deposit into the Operation and Maintenance Fund sufficient funds to pay such expenses as the same accrue and become due.

PFC Fund

All Passenger Facility Charges, upon their receipt from time to time by the City, are to be immediately deposited directly to the credit of the subaccounts in the PFC Fund in the following order of priority:

(a) First, to the PFC Debt Service Account in each Fiscal Year through 2013, inclusive, the lesser of (i) all Committed Passenger Facility Charges received in each such Fiscal Year, and (ii) that portion of Committed Passenger Facility Charges received in each such Fiscal Year which, together with other available amounts credited to the PFC Debt Service Account, will be sufficient to make the payments from the PFC Debt Service Account to the Bond Fund required in each such Fiscal Year, as set forth below; and

(b) Second, to the PFC Project Account all Passenger Facility Charges so received by the City in each Fiscal Year not otherwise required to be applied as described in (a).

The following amounts, to the extent credited to the PFC Debt Service Account, will be irrevocably committed under the PFC Supplemental Ordinance to the payment of Debt Service Requirements on Senior Bonds in each Fiscal Year through 2013, inclusive:

2010	$119,664,000
2011	123,852,000
2012	128,188,000
2013	132,673,000

If no payments to the PFC Debt Service Account are required, no Passenger Facility Charges are required to be deposited to the credit of the PFC Debt Service Account. Any amounts remaining in the PFC Debt Service Account on December 31, 2013, are to be credited to the PFC Project Account.

Amounts credited to the PFC Project Account may be applied to any lawful purpose relating to the Airport System as the Manager may from time to time determine, including the transfer to the PFC Debt Service Account for the payment of Debt Service Requirements.

The PFC Supplemental Ordinance is applicable only to the Passenger Facility Charges, as defined therein.

Notwithstanding the provisions of the PFC Supplemental Ordinance relating to the use of Passenger Facility Charges in excess of the Committed Passenger Facility Charges, Designated Passenger Facility Charges are to be included in Gross Revenues of the Airport System for purposes of the General Bond Ordinance in each of the Fiscal Years 2009 through 2013, inclusive, and are to continue to be included in Gross Revenues of the Airport System each Fiscal Year thereafter until such time as the Manager gives written notice to the Treasurer that such Designated Passenger Facility Charges are no longer to continue to be included in Gross Revenues for purposes of the General Bond Ordinance. While the Designated Passenger Facility Charges are included in Gross Revenues for purposes of the General Bond Ordinance, all such Designated Passenger Facility Charges, upon their receipt from time to time, to the extent not otherwise required to be applied under the General Bond Ordinance, are to be applied as follows: (1) first, in such amounts as the Manager determines, to pay Debt Service Requirements for Outstanding Bonds; (2) second, all Designated Passenger Facility Charges not applied as described in clause (1) above are to be irrevocably deposited in one or more Escrow Accounts established by the Manager to provide for the timely payment of Debt Service Requirements on such Outstanding Bonds as identified in such Escrow Accounts; and (3) third, all Designated Passenger Facility Charges not applied as described in (1) or (2) are to be expended for PFC eligible projects. All amounts credited to such Escrow Accounts pursuant to clause (2) in the previous sentence have been irrevocably committed to pay Debt Service Requirements on such identified Bonds and are to be excluded from the computation of Debt Service Requirements relating to the issuance of Additional Bonds under the General Bond Ordinance or any computation required by the Rate Maintenance Covenant under the General Bond Ordinance.

Project Fund

The money in the appropriate subaccount in the Project Fund is to be applied to the payment of the Cost of the Improvement Project or Refunding Project, or a combination thereof, as the case may be.

Payments from the Project Fund can be made only after the Manager has certified that such payments will comply with the Tax Code and upon voucher drawn by the Manager and filed with the Auditor. For each Fiscal Year after the delivery of any Bonds, until the termination of each Improvement Project, the City will cause an audit to be made by an Independent Accountant of all receipts and money then on deposit in the Project Fund and all disbursements made pursuant to the provisions of the Senior Bond Ordinance.

Upon substantial completion of the Improvement Project, surplus moneys in the Project Fund, not reserved for the payment of any remaining Cost, are to be paid to the Bond Reserve Fund if the Minimum Bond Reserve is not fully accumulated, and then paid to the Interest Account, the Principal Account or the Sinking Fund Account or to any combination of such subaccounts. Notwithstanding the above, any surplus moneys in the Project Fund will be applied so as to permit compliance with requirements of the Tax Code.

Alterations of, additions to, and deletions from any Improvement Project may be made prior to the withdrawal of all moneys accounted for in the applicable subaccount in the Project Fund, but, in the required Airport Consultant's opinion, any such alterations, additions and deletions will neither render the City incapable of meeting its rate maintenance covenant nor increase the estimated Cost of such Improvement Project, as fixed by Supplemental Ordinance, by more than 25% (excluding from such determination of Cost any capitalized interest, funded reserves, purchase discounts, or costs of issuance).

Investments

The Investment Securities purchased as an investment or reinvestment of moneys in any such account or subaccount are to be deemed at all times to be part of the account or subaccount and held in trust therefor. Except as otherwise provided in the Senior Bond Ordinance, any interest earned on, or any profit or loss realized from the liquidation of, such Investment Securities and any interest or other gain from the deposit of moneys in any commercial bank, are to be credited or charged to the Revenue Fund as such gain or loss is realized; but any such interest, profit or loss on Investment Securities in any subaccount in the Project Fund or in the Bond Reserve Fund is to be credited or charged to such account or subaccount, and no interest or profit transferred to the Revenue Fund from any subaccount in the Project Fund until its termination or from the Bond Reserve Fund until the moneys accounted for therein, after any such transfer, are at least equal to the Minimum Bond Reserve.

In the computation of the amount in any account or subaccount as required by the Senior Bond Ordinance, Investment Securities purchased as an investment of moneys therein are to be valued at the cost thereof (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Investment Securities purchased at a premium initially may be valued at the cost thereof, but in each year after such purchase are to be valued at a lesser amount determined by ratably amortizing the premium over their remaining term. Any bank deposits shall be valued at the amounts deposited, exclusive of any accrued interest or any other gain to the City until such gain is realized by the receipt of an interest-earned notice, or otherwise. The valuation of Investment Securities and bank deposits accounted for in any account or subaccount must be made not less frequently than annually.

Insurance

The City has covenanted that it will insure and at all times keep the Airport System insured to the extent insurable by a responsible insurance company, companies, or carriers authorized and qualified under the laws of the State to assume the risk thereof against direct physical damage or loss from fire and so-called extended coverage perils in an amount not less than 80% of the replacement value of the Facilities so insured, less depreciation; but such amount of insurance will at all times be sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the City of a portion of any loss or damage as a co-insurer; and also, if at any time the City is unable to obtain such insurance to the extent required at reasonable cost, the City will maintain such insurance to the extent reasonably obtainable. The proceeds of all such insurance will be available for, and to the extent necessary will be applied to, the repair, reconstruction and other replacement of damaged or destroyed Facilities. If the proceeds are more than sufficient for such purpose, the balance remaining will be paid first into the Bond Reserve Fund to the extent necessary to bring the amount on deposit therein up to the then Minimum Bond Reserve, then any balance will be transferred into the Capital Fund. If such proceeds are insufficient to repair, reconstruct or otherwise replace the damaged or destroyed Facilities, the deficiency may be supplied from moneys in the Capital Fund, or any other moneys legally available for such purposes.

The City also covenants that it will at all times carry with a responsible insurance company, to the extent not provided for in leases and agreements between the City and others relating to the Airport System, insurance covering the loss of revenues from Facilities by reason of necessary interruption, total or partial, in the use thereof, resulting from damage thereto, or destruction thereof, however caused, in such amounts as are estimated to be sufficient to provide a full normal income during the period of suspension subject to certain conditions. The Senior Bond Ordinance also makes provision for insurance against liability to any person sustaining bodily injury or property damage or the death of any person by reason of defect or want of repair in or about the Airport System or by reason of the negligence of any employee, and against such other liability for individuals, including workmen's compensation insurance, to the extent attributed to ownership and operation of the Airport System and damage to property.

For any company insuring the Airport System under a general liability policy, the total liability of such company for all damages resulting from all bodily injury and all property damage as the result of any one occurrence, will not be less than $75 million under a single limit of liability endorsement or other like provision of the policy regardless of the number of insureds under the policy, individuals who sustain bodily injury or property damage, claims made or suits brought on account of bodily injury or property damage, or occurrences.

Records, Reports and Audits

The City has covenanted that it will keep complete and correct books and records showing the monthly revenues derived from the Airport System or any Special Facilities and of the disposition thereof in reasonable detail as may be determined by the Manager, and in accordance with generally accepted accounting principles; and that, on the basis of such books and records, the City will cause reports to be prepared quarterly and copies to be mailed promptly (a) to the Airport Consultant and (b) to those owners of Outstanding Bonds who may request in writing such reports.

The City has covenanted it will cause an audit to be made of its books and accounts pertaining to the Airport System by an Independent Accountant as soon as practicable following the close of each Fiscal Year. The annual audit report is to include for the period covered (a) a statement showing, among other things, (i) the amount of Gross Revenues, (ii) the amount of Operation and Maintenance Expenses, (iii) the amount of Net Revenues including a statement as to the amount of Other Available Funds and as to whether or not such Net Revenues together with Other Available Funds have been at least sufficient to meet the Rate Maintenance Covenant, and (iv) the amount of any capital expenditures pertaining to the Airport System and any Special Facilities; (b) a balance sheet as of the end of the Fiscal Year; (c) a comment by the Independent Accountant concerning the City's methods of operation, accounting practices, and compliance with the Senior Bond Ordinance and other instruments and proceedings relating to the Airport System and any Special Facilities as is deemed appropriate; (d) a list of insurance policies in effect at the end of the audit period; and (e) a recapitulation of each account and subaccount created by the Senior Bond Ordinance and any other instrument or proceeding relating to the Airport System. Within 90 days after each annual audit report is filed with the City, copies of such reports are to be mailed to the Airport Consultant, to those owners of Outstanding Bonds who may request in writing such report, and to any others as required.

Defeasance

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

Any Outstanding Bond, prior to the maturity or Redemption Date thereof, will be deemed to have been paid if (a) in case such Bond is to be redeemed on any date prior to its maturity, the City has by Supplemental Ordinance given irrevocable instructions to effect due notice of redemption on such Redemption Date, if such notice is required; (b) there have been deposited in an Escrow Account, either (i) moneys in an amount which will be sufficient or (ii) direct obligations of, or obligations the principal and interest on which are unconditionally guaranteed by, the United States of America ("Federal

Securities") which do not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in such Escrow Account at the same time, will be sufficient to pay when due the principal of and interest due and to become due on such Bond on or prior to its redemption or maturity date; and (c) in the event such Bond is not subject to redemption within the next 60 days, the City by Supplemental Ordinance will have given irrevocable instructions to effect, as soon as practicable, notice to the owner of such Bond that the deposit required by (b) above has been placed in such Escrow Account and that such Bond is deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on such Bond.

As to Variable Rate Bonds, the amount required for the interest thereon will be calculated at the maximum rate which such Variable Rate Bonds may bear; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and such Federal Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Variable Rate Bonds, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing such Variable Rate Bonds or otherwise existing under the Senior Bond Ordinance.

Notwithstanding any provisions of the Senior Bond Ordinance to the contrary, Option Bonds may only be discharged and satisfied by depositing moneys or Federal Securities which together with other moneys lawfully available therefor are sufficient at the time of such deposit to pay when due the maximum amount of principal of, premium, if any, and interest on such Option Bonds which could become payable to the owners of such Option Bonds upon the exercise of any options provided to the owner of such Option Bonds or upon the mandatory tender thereof; provided, however, that if, at the time such a deposit is made, the options originally exercisable by the owner of an Option Bond are no longer exercisable or such Option Bonds are no longer subject to mandatory tender, such Option Bond will not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited for the payment of the principal of, and premium, if any, and interest on Option Bonds is not required for such purpose, the City may use the amount of such excess for lawful purposes relating to the Airport System free and clear of any trust, lien, security interest, pledge or assignment securing said Option Bonds or otherwise existing under the Senior Bond Ordinance.

This provision would be changed by the Proposed Amendments. See "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Modification of the Senior Bond Ordinance

The Senior Bond Ordinance may be amended or supplemented by a Supplemental Ordinance without the consent of or notice to the owners of Bonds as follows: (a) to authorize the issuance of Additional Parity Bonds and to specify and determine matters which are not contrary to or inconsistent with the Senior Bond Ordinance; (b) to cure defects in the Senior Bond Ordinance; (c) to grant any additional rights to the owners of Bonds, including, without limitation, the designation of a trustee; (d) to add covenants of the City; (e) to add limitations on the City; (f) to confirm any pledge of the Pledged Revenues or any other moneys; (g) to cause the Senior Bond Ordinance to comply with the Trust Indenture Act of 1939, as amended; and (h) to effect any other changes in the Senior Bond Ordinance which in the opinion of an attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, do not materially and prejudicially affect the rights of the owners of any Bonds.

The Senior Bond Ordinance also may be amended or supplemented by a Supplemental Ordinance adopted by the City upon the written consent of the owners of Bonds constituting more than 50% in aggregate principal amount of all Bonds then Outstanding and affected by the amendment or supplement. Notwithstanding, no such Supplemental Ordinance will have the effect of permitting without the consent of the owner of any Bond Outstanding so affected: (a) a change (other than as expressly provided for in the Supplemental Ordinance authorizing such Bond) in the maturity or in the terms of redemption of principal, or any installment of interest of any Outstanding Bond; (b) a reduction of the principal, interest rate or prior redemption premium of any Bond; (c) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Senior Bond Ordinance; (d) a reduction of the principal amount or percentages of Bonds, the consent of the owners of which is required for any such amendment or modifications; (e) the establishment of priorities as between Outstanding Bonds; or (f) modifications materially and prejudicially affecting the rights of the owners of any Bonds then Outstanding.

This provision would be changed by the Proposed Amendments. See "APPENDIX D – PROPOSED AMENDMENTS TO THE SENIOR BOND ORDINANCE."

Events of Default

The Senior Bond Ordinance provides that each of the following events is an "Event of Default": (a) the City's failure to pay when due the principal of any Bond, or any prior redemption premium in connection therewith, or both, or any failure to pay any installment of interest after it is due and payable; (b) the City is rendered incapable of fulfilling its obligations under the Senior Bond Ordinance; (c) the City's failure to perform (or in good faith begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, the Airport System, or otherwise, which failure continues for 60 days after receipt of notice by the City from the owners of 10% in principal amount of all Bonds then Outstanding of such failure; (d) the City discontinues, delays, or fails to carry out the repair, reconstruction or replacement of any material part of the Airport System (which, if not promptly repaired, would have a material adverse effect on the Pledged Revenues) which is destroyed or damaged and is not promptly replaced (whether such failure to replace the same is due to impracticability of such replacement, is due to a lack of moneys therefor, or for any other reason); (e) an order or decree is entered with the City's consent appointing a receiver for the Airport System or the Pledged Revenues derived therefrom, or having been entered without the consent of the City, such order or degree is not vacated, discharged, or stayed on appeal within 60 days after entry; (f) the City defaults in the due and punctual performance of any other covenants, agreements, and provisions contained in any Bonds or in the Senior Bond Ordinance on its part to be performed, and such default has continued for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the owners of 10% in principal amount of all Bonds then Outstanding; (g) the City files a petition pertaining to its Airport System and seeking a composition of indebtedness under the Federal Bankruptcy Law, or under any other applicable law or statute of the United States of America or the State; and (h) such other Event of Default as is set forth in any Supplemental Ordinance; provided, however, that it will not be an Event of Default under clauses (c) or (f) if the Manager determines that corrective action has been instituted within the 60-day period and is being diligently pursued.

Remedies of Owners of Bonds

Upon the occurrence and continuance of any Event of Default (except as otherwise provided by Supplemental Ordinance with respect to Credit Enhanced Bonds), the owners of not less than 10% in principal amount of all Bonds then Outstanding may declare the principal and interest of the Bonds then outstanding due and immediately payable and proceed against the City to protect and enforce the rights of the owners of the Bonds issued under the Senior Bond Ordinance by mandamus or by other suit, action, or special proceedings in equity, or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in, or by any award of execution of any power granted in the Senior Bond Ordinance or for the enforcement of any proper legal or equitable remedy as such bond owners may deem most effectual to protect and enforce such rights, or for acceleration subject to the conditions of the Senior Bond Ordinance. No remedy specified in the Senior Bond Ordinance is intended to be exclusive of any other remedy, and each and every remedy is to be cumulative.

Upon the happening of an Event of Default, the City will perform all acts on behalf of the owners of the Bonds to protect the security created for the Bonds and to insure timely payment thereof. During the continuance of an Event of Default, subject to any limitations with respect to payment of Credit Enhanced Bonds, the City, after payment (but only out of moneys received other than pursuant to a draw on a Credit Facility) of the amounts required for reasonable and necessary Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the Airport System necessary in the judgment of the City to prevent a loss of Gross Revenues, will apply all moneys, securities and funds under the Senior Bond Ordinance, including, without limitation, Gross Revenues as an express trust for the owners of the Bonds and will apply the same toward the payment of principal of and interest on the Bonds in the order specified in the Senior Bond Ordinance.

Covenant Against Competing Facilities

Unless, in the opinion of an attorney or firm of attorneys of recognized standing, compliance with such covenant in a particular situation would violate federal or State antitrust laws, the City has covenanted that it will neither construct, affirmatively permit to be constructed, facilitate the construction or operation of, nor enter into any agreement permitting or otherwise facilitating the construction or operation of, other facilities to be operated by any person competing with the operation of the Airport in a manner that would materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant, but nothing in such covenant impairs the police power of the City, and nothing therein prevents the City from participating in a joint action agency, other regional entity or as a party to any intergovernmental agreement for the acquisition, operation and maintenance of airport facilities so long as provision has been made for the repayment of all Bond Requirements of all Outstanding Bonds or so long as such acquisition, operation and maintenance of such airport facilities, in the opinion of the Airport Consultant, will not materially and adversely affect the City's ability to comply with the requirements of the rate maintenance covenant of the Senior Bond Ordinance.

Corporate Existence

The City has covenanted that it will maintain its corporate identity and existence so long as any Bonds remain Outstanding, unless another body corporate and politic, by operation of law or by contract, succeeds to the duties, privileges, powers, liabilities, disabilities, immunities, and rights of the City with respect to the Airport System without, in an attorney's opinion, adversely and materially affecting the privileges and rights of any owner of any Outstanding Bond.

Disposal of Airport Property

The City has covenanted that, except in the normal course of business and except as otherwise provided below, neither all nor a substantial part of the Airport System will be sold, leased, mortgaged, pledged, encumbered, alienated, or otherwise disposed of until all Bonds have been paid in full, or unless provision has been made therefor. The City may, however, transfer all or a substantial part of the Airport System to another body corporate and politic (including without limitation, any successor of the City) which assumes the City's obligations with respect to the Airport System, wholly or in part, if in an attorney's opinion, the privileges and rights of any owner of any Outstanding Bonds are not materially and adversely affected. In the event of any such transfer and assumption, the City is not prevented from retaining any facility of the Airport if, in an attorney's opinion, such retention will not materially and adversely affect the privileges and rights of any owner of any Outstanding Bonds.

The City may execute (with certain limitations) leases, licenses, easements, or other agreements in connection with the operation of the Airport System.

The City may sell, exchange, lease, or otherwise dispose of, or exclude from the Airport System, any Facilities constituting a part of the Airport System which have, in the opinion of the Manager, ceased to be necessary for the efficient operation of the Airport System, or which have been replaced by other Facilities of at least equal value, except to the extent the City is prevented from so doing by any contractual limitation pertaining thereto. The net proceeds of the sale of any such Facilities are to be used for the purpose of replacing Facilities at the Airport System, or are to be paid into the Capital Fund.

Tax Covenant

The City has covenanted that it will not take (or omit to take) or permit or suffer any action to be taken if the result thereof would cause any Bonds to become arbitrage bonds within the meaning of Section 148 of the Tax Code. The City further has covenanted that it will not (a) make any use of the proceeds of any Bonds, any fund reasonably expected to be used to pay the principal of or interest on any Bonds, or any other funds of the City, (b) make any use of any Facilities, or (c) take (or omit to take) any other action with respect to any Bonds, if such use, action or omission would, under the Tax Code, cause the interest on any Bonds to be included in gross income for federal income tax purposes. Notwithstanding, the City may issue Bonds the interest on which is intended to be included in gross income for federal income tax purposes.

Miscellaneous

The City has agreed that it will maintain and keep the Facilities in a sanitary condition, in good repair, in working order, and free from obstructions. The City further has agreed to maintain and operate the Facilities in a manner suitable for air transport operations. The City will make any further assurances as may be necessary with respect to the pledge of Gross Revenues of the Airport System. The City will prevent any accumulation of claims for interest after maturity.

Series 2011A Supplemental Ordinance

The undertakings, covenants, agreements, obligations, warranties and representations of the City in the Senior Bond Ordinance in respect of the Series 2011A 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 2011A Bonds, the Owners and Beneficial Owners thereof are deemed to have consented to the adoption of the Proposed Amendments, either in whole or in part, substantially in the form set forth below and to the appointment of American National Bank as their agent with irrevocable instructions to file a written consent to that effect at the time and place and in the manner provided by the Senior Bond Ordinance. The purchasers of all Senior Bonds issued by the City in 2000 and thereafter have likewise been deemed to have consented to the Proposed Amendments. See also "SECURITY AND SOURCES OF PAYMENT – Proposed Amendments to the Senior Bond Ordinance." ***The Proposed Amendments are shown in blackline.***

DEFINITIONS–Section 102 A.

The following definitions are to be amended to read as follows:

(8.1) "Balloon Maturities" means, with respect to any series of Bonds or other Obligations 50% or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, that portion of that series which matures within that Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of those Bonds or other Obligations required to be redeemed or otherwise prepaid prior to their stated maturity date. Similar structures with respect to commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities for purposes of this Instrument.

(22.1) "Contract Obligations" means capital leases, installment purchase agreements, guaranty agreements, or other similar contracts, which are payable from all or any designated portion of the Net Revenues of the Airport System and secured under this Instrument. The term does not include (a) Bonds, Credit Facility Obligations, or Hedge Facility Obligations; or (b) obligations that may be treated as Operation and Maintenance Expenses under generally accepted accounting principles and obligations incurred and payable in full within a single Fiscal Year (whether or not such obligations may be so treated as Operation and Maintenance Expenses).

(47) "Minimum Bond Reserve" means **(i) so long as any Bonds issued prior to August 1, 2000 are Outstanding,** the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding**, and (ii) if no Bonds issued prior to August 1, 2000 are Outstanding, an amount equal to the lesser of (A) the maximum amount of Bond Requirements in any Fiscal Year, or portion thereof, during the period commencing on the date of such computation and ending on the last date on which any Bonds to which such Bond Requirements relate will be Outstanding or (B) 125% of the average annual aggregate Bond Requirements on the Bonds then Outstanding; provided that if no Bonds issued prior to August 1, 2000 remain**

Outstanding, the Minimum Bond Reserve may be reduced to the maximum amount which is permitted to be capitalized for such purpose from the proceeds of such Bonds under then current law in order to maintain the exclusion from gross income for federal income tax purposes of interest on such Bonds; and provided further that no Minimum Bond Reserve shall be required for any Short Term/Demand Obligations. With respect to any series of Bonds, ~~25%~~ **50%** or more of the aggregate principal amount (or stated face amount) of which is payable as a Bond Requirement in any Fiscal Year, if such principal (or stated face amount) is not required to be redeemed or prepaid prior to such date of payment, it shall be assumed for purposes of determining the Minimum Bond Reserve that ~~(i) such~~**(x) such** series of Bonds matures over a ~~twenty~~ **thirty**-year term from its date of issuance, ~~(ii) bears~~**(y) bears** interest at a rate determined by the Treasurer to be the rate on bonds of comparable term and credit under then existing market conditions, provided that the rate so determined shall not be less than the actual rate or rates borne by such series of Bonds, and ~~(iii) is~~**(z) is** payable on a substantially level annual debt service basis assuming the rate so determined.

(50) "Net Rent Lease" means a lease **or license** of facilities relating to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals **or other payments** during the term thereof **for the use of certain facilities**, and to pay in addition all operation and maintenance expenses relating to ~~the leased~~ **such** facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or hereafter lawfully levied.

(56.1) "Other Defeasance Securities" means any type of security or obligation, in addition to Federal Securities, that the Rating Agencies then maintaining ratings on any Bonds to be defeased have determined are permitted defeasance securities and qualify the Bonds to be defeased thereby for a rating in the highest category of, or are otherwise approved by, such Rating Agencies; provided that such security or obligation must be a permitted investment under the City's investment policy as then in effect.

(58) The term "owner" or any similar term, when used in connection with any Bonds means the registered owner of any Bond or the owner of record as to any Bond issued in book-entry form**; provided that with respect to any series of Bonds which is insured by a bond insurance policy, the term "owner" for purposes of all consents, directions, and notices provided for in this Instrument and any applicable Supplemental Ordinance, shall mean the issuer of such bond insurance policy so long as such policy issuer has not defaulted under its policy.**

(71.2) "Released Revenues" means revenues of the Airport System in respect of which the following have been filed with the Clerk:

> **(a) a certificate of the Manager describing such revenues and requesting that such revenues be excluded from the term Gross Revenues;**
>
> **(b) either (i) an Independent Accountant's certificate to the effect that Net Revenues in the two most recent completed Fiscal Years, after the revenues covered by the Manager's request are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 135% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues; or (ii) an Airport Consultant's certificate containing the estimates required by Section 704B, to the effect that, based upon reasonable assumptions, projected Net Revenues for**

each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, after the revenues covered by the Manager's certificate are excluded, will not be less than the larger of (A) the amounts needed for making the required deposits to the credit of the several subaccounts in the Bond Fund, the Bond Reserve Fund, and the Operation and Maintenance Reserve Account, or (B) an amount not less than 150% of the average Debt Service Requirements for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such revenues from the definition of Gross Revenues and from the pledge and lien of this Instrument will not, in and of itself, cause the interest on any outstanding Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such revenues from the pledge and lien of this Instrument will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds.

Upon filing of such documents, the revenues described in the Manager's certificate shall no longer be included in Gross Revenues and shall be excluded from the pledge and lien of this Instrument.

(74.1) "Short-Term/Demand Obligations" means each series of Bonds issued pursuant to this Instrument, (a) the payment of principal of which is either (i) payable on demand by or at the option of the owner at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (A) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper or other similar program, or (B) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar program, and (b) the purchase price, payment or refinancing of which is additionally secured by a Credit Facility.

(77) "Special Facilities" means facilities relating to or used in connection with the Airport System, the cost of which is financed with the proceeds of Special Facilities Bonds issued pursuant to art. VIII hereof. **The Cost of any Special Facilities may include the types of costs included herein under the definition of "Cost," and may also include indirect costs for improvements to other parts of the Airport System or public utilities and other infrastructure not owned by the City that the Manager deems necessary and desirable in connection with such Special Facilities.**

The following new subparagraphs (e), (f), and (g) are to be added to the definition of "Debt Service Requirements":

(e) The Debt Service Requirements of any series of Bonds (other than Bonds that mature within one year of the date of issuance thereof) or other Obligations all or a portion of which constitutes a Balloon Maturity shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be calculated by assuming that principal and interest on such Balloon Maturity is to be amortized over a 30-year period, beginning on the date of issuance or incurrence, assuming level debt service payable in each year at a rate of interest equal to the actual rate of interest of such Balloon Maturity on the date of

calculation, provided that if the date of calculation is within 12 months of the final due date of such Balloon Maturity, the full amount of principal to become due shall be included in the calculation unless provision (g) of this definition then applies to such maturity.

(f) If all or any portion of an outstanding series of Bonds constitutes Short-Term/Demand Obligations, then, for purposes of determining Debt Service Requirements, each maturity that constitutes Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Ordinance pursuant to which such Bonds are authorized, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index designated by the Manager, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any series of Bonds only a portion of which constitutes Short-Term/Demand Obligations, the remaining portion shall be assumed to be paid in accordance with any amortization schedule established by the Supplemental Ordinance setting forth the terms of such Bonds or shall be treated as described in such other provision of this definition as shall be applicable.

(g) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (e) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Debt Service Requirements is made, shall be assumed to become due and payable on the stated maturity date, and provision (e) above shall not apply thereto, unless the Treasurer shall file a certificate with the Clerk stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that City has the financial ability to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Debt Service Requirements; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (e) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

The following new subparagraph (i) is to be added to the definition of "Gross Revenues":

(i) Any Released Revenues in respect of which there have been filed with the Clerk a Manager's certificate, an Airport Consultant's certificate, and an opinion of Bond Counsel and the other documents contemplated in the definition of "Released Revenues."

OTHER PROVISIONS

The last paragraph of Section 603 (Deposit and Investment of Moneys) is to be amended to read as follows:

Moneys held in the Bond Fund, Capitalized Interest Account and the Bond Reserve Fund shall not be invested and reinvested in any obligations of the City included within the definition of Investment Securities. Investments of money in the Bond Reserve Fund shall mature not later than ~~ten years from the date of investment, and in no event later than~~ the final fixed maturity date of Bonds the payment of which is secured thereby. For purposes of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor **or a third party** is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. In scheduling each such investment or reinvestment, the Treasurer may rely upon estimates of appropriate officers or employees of the City.

A new Section 709 is to be added as follows:

Section 709. Contract Obligations.

The City or the City for and on behalf of the Department may incur Contract Obligations for any Improvement Project or Refunding Project. Such Contract Obligations shall be incurred pursuant to a Supplemental Ordinance, which (i) may pledge all or any designated portion of the Net Revenues to the payment of such Contract Obligations; (ii) shall provide the terms and conditions of such Contract Obligations; (iii) shall provide for the payment of such Contract Obligations; and (iv) may provide for such other matters as the Manager and the City shall determine. Prior to the incurrence of any Contract Obligations there shall be filed with the Clerk the certificates, opinions and reports described in subsections B and C of Section 704 hereof; provided that for the purposes of such certificates, opinions and reports Contract Obligations shall be treated, as nearly as practicable, as Bonds.

A new Section 806 is to be added as follows:

Section 806. Loan Agreements for Special Facilities Bonds.

In connection with Special Facilities to be used by one or more persons, in lieu of a Net Rent Lease the City may also enter into a loan or financing agreement under which the user or users of the Special Facilities agree to pay all expenses of operation and maintenance and to make payments sufficient to pay the principal of, interest on, and any redemption premium due in connection with Special Facilities Bonds to be issued by the City to finance such Special Facilities. Except for ground rentals or payments in lieu of ground rentals to be received by the City, all or part of the payments to be made under such loan or financing agreement may be assigned by the City to secure the payment of Special Facilities Bonds issued by the City to finance such Special Facilities.

The last paragraph of Section 1101 (Defeasance) is to be amended to read as follows:

For all purposes of this section, the term "Federal Securities" shall be deemed to include those Investment Securities described in (but subject to the limitations of) § 102A(44) (b)(i) hereof **and Other Defeasance Securities.**

A new Section 1106 is to be added as follows:

Section 1106. Notice to Rating Agencies.

The Treasurer shall provide or cause to be provided to each of the Rating Agencies a copy of each notice given to owners of the Bonds, such notices to be sent to the address of each Rating Agency as filed with the Treasurer.

Paragraph (F) of Section 1303 (Amendments) is to be amended to read as follows:

F. Prejudicial Modification. ~~Modifications~~ **Other modifications** materially and prejudicially affecting the rights of the owners of ~~any~~ **some (but not all)** Bonds then Outstanding.

OTHER CHANGES

The General Bond Ordinance may be changed in other respects as necessary to implement the foregoing amendments and integrate them into the existing text of the Ordinance.

* * *

APPENDIX E

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the City nor the Department takes any responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the City, the Department, the Paying Agent, the Registrar or the 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 2011A 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 2011A Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2011A Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2011A Bonds. The Series 2011A 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 2011A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The Series 2011A Bonds may in the future be registered in such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and http://www.dtc.org. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of Series 2011A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A 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 2011A 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 2011A Bonds except in the event that use of the book-entry system for the Series 2011A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011A 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 2011A 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 2011A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A 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 2011A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011A Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Bond Ordinance. For example, Beneficial Owners of Series 2011A Bonds may wish to ascertain that the nominee holding the Series 2011A 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 2011A Bonds within a maturity of the Series 2011A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2011A 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 2011A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2011A 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 2011A Bonds to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011A 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 2011A 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 2011A Bonds. In that event, certificates representing the Series 2011A Bonds will be printed and delivered to DTC.

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APPENDIX F

ANNUAL FINANCIAL REPORT OF THE AIRPORT SYSTEM FOR FISCAL YEARS 2009 AND 2008

This appendix includes the following sections from the 2009 Annual Financial Report of the Airport System: Independent Auditors' Report (pages 8 and 9); Management's Discussion and Analysis (pages 10 through 23); Financial Statements and Notes thereto (pages 24 through 28); and Supplemental Information (pages 29 through 63). The Introduction (pages 1 through 7) and Annual Financial Information (pages 64 through 70) have not been included but are available from the sources set forth in "Request for Information" on page 23 of this appendix.

* * *

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Independent Accountants' Report on Financial Statements and Supplementary Information

Audit Committee
City and County of Denver
Denver, Colorado

We have audited the accompanying basic financial statements of City and County of Denver Municipal Airport System (the Airport System), an enterprise fund of the City and County of Denver (the City), as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the City and County of Denver's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Airport System are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Airport System. They do not purport to, and do not, present fairly the financial position of the City as of December 31, 2009 and 2008, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport System as of December 31, 2009 and 2008, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Audit Committee
City and County of Denver

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2010, on our consideration of the Airport System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying introductory section and supplementary information section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

BKD, LLP

May 24, 2010

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 (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, 2009 and 2008. The Airport System includes the Denver International Airport (the Airport) and the former Stapleton International Airport (Stapleton). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Financial Highlights

Operating revenues at the Airport were $564.5 million for the year ended December 31, 2009, an increase of $23.7 million (4.4%), as compared to the year ended December 31, 2008. The increase in revenue was primarily related to the increase in facility rentals and landing fees which was offset by a decrease in passenger traffic, which led to a decrease in concession, parking, aviation fuel tax and car rental revenues. Passenger traffic decreased 2.1% 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 the year ended December 31, 2008. The increase was attributable to an increase in personnel costs, shuttle buses, City service charges, commercial chemicals and solvents, and, major repair and maintenance expenses of construction projects associated United's payment for the relinquishment of gates on Concourse B.

Overview of the Financial Statements

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of its statements of net assets, statements of revenues, expenses, and changes in net assets, statements of cash flows, and notes to financial statements. The statements of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statements of revenues, expenses, and changes in net assets present information showing how the Airport System's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In accordance with guidance prepared by the staff of the Governmental Accounting Standards Board, because the Airport presents comparative financial statements, its MD&A is required to address both years presented in the comparative financial statements. Therefore, the Airport's MD&A presents three years of comparative data – the current year, the prior year and the year proceeding the prior year (i.e. 2009, 2008, and 2007).

Summary of Revenues, Expenses, and Changes in Net Assets

The following is a summary of the revenues, expenses, and changes in net assets for the years ended December 31, 2009, 2008, and 2007 (in thousands):

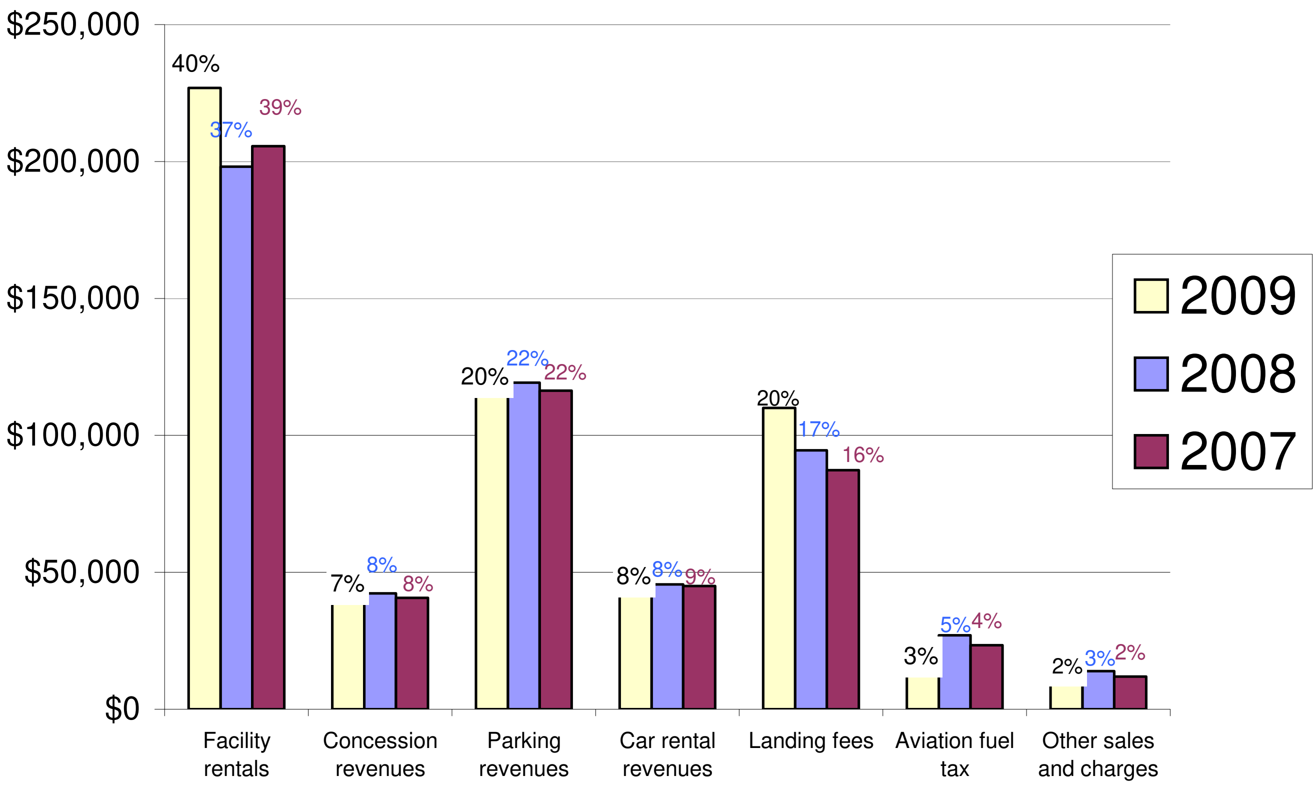
	2009	2008	2007
Operating revenues	$ 564,490	$ 540,760	$ 530,151
Operating expenses before depreciation and amortization	(379,517)	(373,829)	(290,773)
Operating income before depreciation and amortization	184,973	166,931	239,378
Depreciation and amortization	(177,583)	(168,026)	(159,309)
Operating income (loss)	7,390	(1,095)	80,069
Nonoperating revenues	112,147	193,655	179,764
Nonoperating expenses	(230,917)	(238,643)	(228,891)
Capital contributions	38,621	14,393	2,426
Transfers in	12	-	-
Increase (decrease) in net assets	(72,747)	(31,690)	33,368
Net assets, beginning of year	842,300	873,990	840,622
Net assets, end of year	$ 769,553	$ 842,300	$ 873,990

Operating Revenues
(In thousands)

	2009	2008	2007
Operating revenues:			
Facility rentals	$ 226,839	$ 198,138	$ 205,639
Concession revenues	41,085	42,297	40,599
Parking revenues	114,862	119,284	116,326
Car rental revenues	42,989	45,618	44,998
Landing fees	110,084	94,480	87,282
Aviation fuel tax	16,849	27,012	23,385
Other sales and charges	11,782	13,931	11,922
Total operating revenues	$ 564,490	$ 540,760	$ 530,151

Operating Revenues

% of Total Operating Revenues



In order to understand some of the variances in the Airport System financial statement changes, the analysis below explains the increases and decreases in revenues.

The Airport System's activities decreased in all areas as described below for the year ended December 31, 2009 as compared to 2008 (in thousands):

	2009	2008	Percentage change
Enplanements	25,128	25,650	(2.0) %
Passengers	50,167	51,245	(2.1) %
Aircraft operations (1)	612	625	(2.1) %
Cargo (in pounds)	494,763	553,459	(10.6) %
Landed weight (in tons)	32,695	33,251	(1.7) %

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

The Airport System's activities increased in four areas as described below and decreased in cargo for the year ended December 31, 2008 as compared to 2007 (in thousands):

	2008	2007	Percentage change
Enplanements	25,650	24,941	2.8 %
Passengers	51,245	49,863	2.8 %
Aircraft operations (1)	625	619	1.0 %
Cargo (in pounds)	553,459	589,402	(6.1) %
Landed weight (in tons)	33,251	32,834	1.3 %

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

2009/2008

Operating revenues increased by $23.7 million, or 4.4%, from $540.8 million in 2008 to $564.5 million in 2009, primarily due to increase in facility rentals and landing fees, which is offset by a decrease in concession, car rental, parking, and aviation fuel tax. Landing fees increased by $15.6 million, or 16.5%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight from $2.68 for signatory and $3.20 for non-signatory airlines in 2008 to $3.40 for signatory and $4.08 for non-signatory airlines in 2009.

Facility rentals increased by $28.7 million, or 14.5%, with the increase being primarily attributable to the Airport 2009 year-end revenue credit which was $29.3 million, thus not meeting the $40.0 million cap for the first time in several years. Additionally, there was an increase in space rent and preferential use.

Concession revenues between 2009 and 2008 decreased by $1.2 million, or 2.9%, primarily due to the decrease in passenger traffic. Additionally, there was a decrease in spend rate per enplaned passenger from $9.71 in 2008 to $9.62 in 2009.

The parking revenues decline of $4.4 million, or 3.7%, is attributable to the decrease in originating and destination (O & D) traffic that was partly offset by a rate increase effective July 1, 2009.

Car rental revenues decreased $2.6 million, or 5.8%, to $43.0 million due to a decrease in O & D passenger traffic. Total passenger traffic decreased 2.1% for the year ended December 31, 2009; O & D passenger declined 5.0%.

Aviation fuel tax decreased in 2009 by $10.1 million, or 37.6%, due to the decrease in fuel price and usage.

Other sales and charges decreased by $2.1 million, or 15.4%, due to the decrease in price of natural resources (oil and gas), thus reflecting the decrease in oil and gas prices from record highs in 2008.

2008/2007

Operating revenues increased by 2.0%, to $540.8 million in 2008, from $530.2 million in 2007, primarily due to increases in parking, concession, fuel tax, and car rental revenues. The parking revenues increase of $3.0 million, or 2.5%, is attributable to an increase in passenger traffic. Concession revenues between 2008 and 2007 increased by $1.7 million, or 4.2%. The concession revenues increase was attributable to food and beverage service and retail concession revenue growth due to an increase in passenger traffic, and a minor increase in the spend-rate per passenger. Car rental revenues increased by $.6 million, or 1.4%, to $45.6 million due to an increase in O & D passenger traffic.

Aviation fuel tax increased in 2008 by $3.6 million, or 15.5%, due to the increase in usage and prices.

Landing fees increased by $7.2 million, or 8.2%, which is attributable to the increase in landing fee rates per 1,000 pounds landed weight from $2.65 for signatory (an airline that has entered into a lease/use agreement with the Airport System) and $3.18 for non-signatory airlines (an airline that has entered into a Non-Signatory Airline Operating Agreement with the Airport System) in 2007 to $2.68 for signatory, and $3.20 for non-signatory airlines in 2008.

Facility rentals decreased by $7.5 million, or 3.6%, which is attributable to the Airport in 2008 agreeing to issue the airlines credits of $10.7 million for additional monies that were identified in the state fuel tax audit. This was offset by an increase in space rent, preferential use which relates to the billing on Concourse B regional jet.

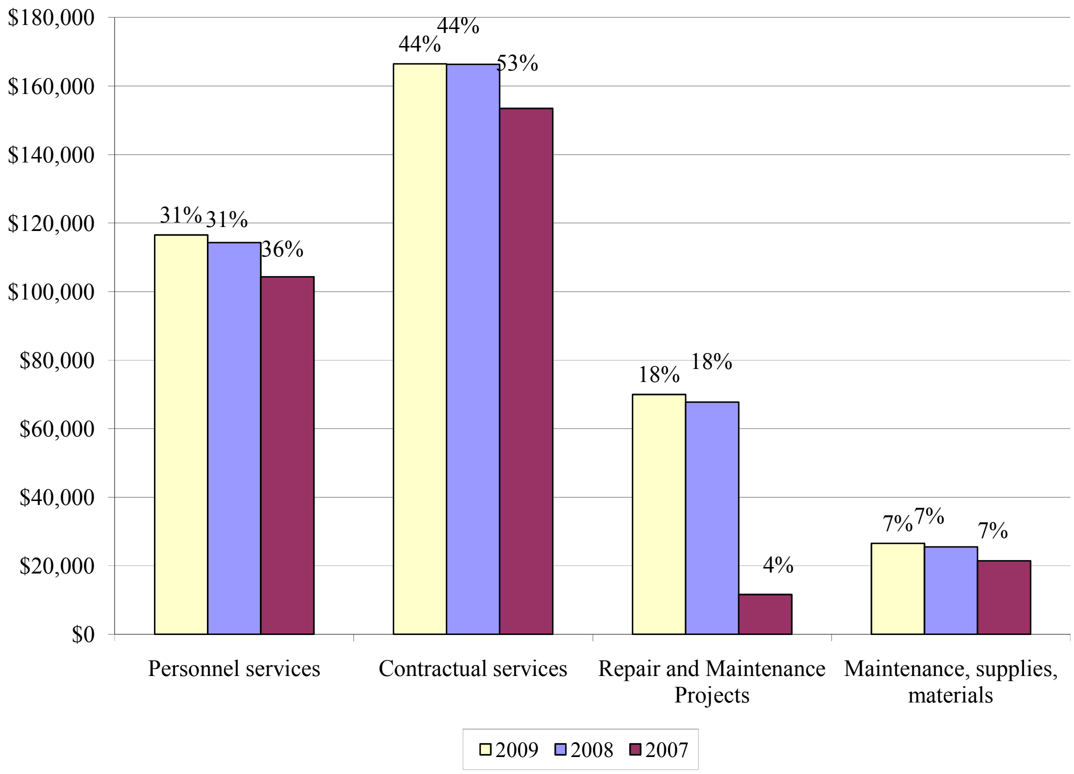
Operating Expenses Before Depreciation and Amortization

(In thousands)

	2009	2008	2007
Operating expenses before depreciation and amortization			
Personnel services	$ 116,540	$ 114,288	$ 104,321
Contractual services	166,469	166,299	153,489
Repair and maintenance projects	69,975	67,737	11,555
Maintenance, supplies, and materials	26,533	25,505	21,408
Total operating expenses before depreciation and amortization	$ 379,517	$ 373,829	$ 290,773

% Total Operating Expenses Before Depreciation and Amortization

(In thousands)



2009/2008

Operating expenses before depreciation and amortization increased by $5.7 million, or 1.5%, from $373.8 million in 2008 to $379.5 million in 2009. Personnel services increased by $2.3 million, or 2.0%, in 2009 which was due to an increase in health insurance, worker compensation, special incentive early retirement and other City agency salaries.

Repair and maintenance projects increased by $2.2 million, or 3.3%, related to the $12.5 million United payment for the release of 5 gates on Concourse B which is being amortized over a six-year period, which was offset by a decrease in construction projects being expensed for 2009.

Maintenance, supplies, and materials increased $1.0 million, or 4.0%, to $26.5 million from $25.5 million in 2008 due to increases in runway lighting, and air conditioning repair parts. The majority of the increase was related to the increase in commercial chemicals and solvents due to the increase in price and usage.

Contractual services increased in 2009 compared to 2008 by $.2 million due primarily to an increase in shuttle buses and City agency charges offset by a decrease in electricity, snow removal, and other contractual services.

2008/2007

Operating expenses before depreciation and amortization increased by $83.0 million, or 28.6%, from $290.8 million in 2007 to $373.8 million in 2008. Personnel services increased by $10.0 million, or 9.6%, to $114.3 million in 2008 compared to $104.3 million in 2007. The increase in personnel costs permanent salaries was due to an increase in personnel staff and a 1% cost of living increase in 2008 for permanent salaries, overtime cost relating to snow personnel, and health insurance.

The increase in contractual services in 2008 compared to 2007 of $12.8 million was due to an increase of $1.7 million for the repair and maintenance of the Automated Guideway Transportation System (AGTS) train and shuttle bus operations of $5.3 million due to an increase in the contracted maintenance rates. Additionally, there was an increase of $3.7 million in snow removal and an increase of $2.3 million for electricity.

The increase in repair and maintenance projects was due to a write-off in design work of $10.4 million related to hotel design, $3.9 million of concourse carpeting, $15.8 million of remodel of bathrooms, concourse remodel, relocation, and renovations, $5.0 million of roadways, surface repairs, $4.6 million in studies, $4.3 million in central plant relining, $3.5 million in ceiling replacements, $7.0 million of miscellaneous expenses, and $13.2 million in other costs such as inside/out communication wiring, community press room, emergency employees lodging, pond liner, baggage repair, telecommunications, and ground power replacement.

Maintenance, supplies, and materials increased by $4.1 million or 19.1% to $25.5 million from $21.4 million in 2007 due to an increase in commercial snow removal chemicals and solvents, radio and electronic supplies and gasoline, diesel and natural gas costs, due to the increase in fuel costs in the first six months of 2008.

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2009/2008

Total nonoperating expenses, net of nonoperating revenues, increased by $73.8 million to $119 million in 2009. The increase was due largely to a decrease in investment income of $72.2 million, or 82.5%, which was due to a decrease in yields from 3.91% in 2008 to 2.05% in 2009 and an unrealized loss on investments of $23.9 million. An increase in other expense, net, of $11.6 million or 134.2% was due to an increase in Stapleton expenses and the reversal of K-9 grant monies that were never received. The increase in total nonoperating expenses, net of revenues, was partially offset by a decrease in interest expense and 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 the FAA grants and the Airport receiving grant allocations through the recently enacted American Recovery and Reinvestment Act of 2009.

2008/2007

Total nonoperating expenses, net of nonoperating revenues, decreased by $4.1 million to $45.0 million in 2008. The decrease was due to an increase in investment income of $5.2 million, or 6.4%, which was due to additional proceeds from notes payable being invested during the year and an unrealized gain on investments of $23.8 million. Stapleton costs decreased $17.5 million related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton. The reduction in total nonoperating expenses, net of nonoperating revenues, was partially offset by an increase in interest expense. The increase in interest expense was due to distressed auction bonds and Variable Rate Demand Notes (VRDNs) that were refunded.

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

Summary of Net Assets

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

	2009	2008	2007
Assets:			
Current assets, unrestricted	$ 206,665	$ 320,948	$ 320,616
Restricted assets, current	169,611	386,568	571,245
Noncurrent investments	299,258	170,301	121,443
Long-term receivables	2,000	2,000	-
Capital assets, net	3,314,609	3,400,133	3,472,238
Bond issue costs, net	51,457	52,204	59,633
Deferred loss on swap termination, net	38,577	19,857	-
Investments - restricted	900,246	642,223	541,593
Assets held for disposition	12,799	13,073	14,095
Total assets	4,995,222	5,007,307	5,100,863
Liabilities:			
Current liabilities, unrestricted	114,180	122,371	121,258
Current liabilities payable from restricted assets	225,393	200,450	200,385
Bonds payable, noncurrent	3,808,388	3,767,329	3,850,321
Notes payable, noncurrent	71,783	69,137	49,532
Special Incentive Program payable, noncurrent	351	-	-
Compensated absences payable, noncurrent	5,574	5,720	5,377
Total liabilities	4,225,669	4,165,007	4,226,873
Net assets (deficit):			
Invested in capital assets, net of related debt	(291,115)	(213,290)	(131,740)
Restricted	658,095	679,782	676,271
Unrestricted	402,573	375,808	329,459
Total net assets	$ 769,553	$ 842,300	$ 873,990

2009/2008

Total assets decreased by $12.1 million in 2009, compared to 2008. This was primarily due to a decrease in capital assets, net, of $85.5 million, a decrease in bond issues costs and grants receivable, which was offset by an increase in cash, cash equivalents and investments associated with the 2009 bond series, an increase in accounts receivable associated with the insurance recoveries of pollution remediation, and an increase of $22.1 million for the deferred loss on the 1998 Swap termination.

Total liabilities increased by $60.7 million in 2009, compared to 2008. The increase was due to the $22.1 million for notes payable related to the 1998 Swap termination, and an increase in revenue bonds payable associated with the 2009 new money revenue bonds issued which is offset by the payments of revenue bonds for 2009, and an increase in due to other City agencies of $5.6 million which is associated with the increase in other City personnel and the City's indirect cost study increase for 2009 of $4.4 million.

Of the Airport System's 2009 total net assets, 85.5% were restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $645.0 million for debt service and $13.1 million for capital projects, respectively.

At December 31, 2009, the remaining net assets include unrestricted net assets of $402.6 million, which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amount, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($291.1) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

2008/2007

Total assets decreased by $93.6 million in 2008, compared to 2007. This was primarily due to a decrease in unrestricted cash and cash equivalents of $38.6 million and current investments which decreased by $55.6 million in 2008, a decrease in capital assets of $72.1 million, an increase of $17.3 million in accounts receivable associated with insurance recoveries of pollution remediation, an increase of $21.1 million for the deferred loss on the 2006A swap termination and an increase in notes receivable of $3.0 million associated with Frontier's stipulated order.

Total liabilities decreased by $61.9 million in 2008, compared to 2007. The decrease was due to $99.7 million in payments of revenue bonds. There was an increase in other liabilities of $10.0 million associated with liabilities related to the pollution remediation and $21.1 million for notes payable related to the 2006A swap termination.

Of the Airport System's 2008 total net assets, 80.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $657.6 million for debt service and $22.2 million for capital projects, respectively.

At December 31, 2008, the remaining net assets included unrestricted net assets of $375.8 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amount as allowed in 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition ($213.3) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the assets net book value.

Long-Term Debt

As of December 31, 2009 and 2008, the Airport System had approximately $4.1 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 $348.5 million in 2009.

The Airport System's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1, and A+, respectively, with stable outlooks.

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, 2009 and 2008 was 156% and 160%, respectively, of total debt service.

On November 6, 2009, the Airport issued $104,655,000 of Airport System Revenue Bonds, Series 2009C, in a variable rate mode for the purpose of current refunding all of the Airport System Subordinate Commercial Paper Notes, Series A.

On October 28, 2009, the Airport issued $170,190,000 and $65,290,000 of Airport System Revenue Bonds, Series 2009A and 2009B (taxable "Build America Bonds") in a fixed rate mode for the purpose of purchasing and retiring portions of the Series 2006B, Series 2007D2, and Subseries 2008A4 Bonds, and the funding of new money for capital improvement projects.

On January 8, 2009, the City entered into an interest rate swap agreement ("the 2008B Swap Agreement") with Loop Financial Products I LLC and simultaneously terminated a 1998 Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for Chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $100.0 million notional amount associated with the 2008C1 Bonds outstanding in the amount of $92.6 million. The swap provides for certain payment to or from Loop Financial Products I LLC equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for three month deposits of U. S. dollars payable by Loop Financial Product I LLC. The City received $22,100,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $22,213,550 due to Lehman Brothers Special Financing. As a result of receiving $22,100,000 from Loop Financial Product I LLC, the fixed rate to be paid by the City to Loop Financial Products I LLC will take into account such payments and will be above the market rate.

The net effect of the 2008B Swap Agreement, when considered together with the variable rate Series 2008C1 Bonds, is that the Airport System will effectively pay a fixed rate on $100.0 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 $100.0 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.

On December 18, 2008, the City entered into an interest rate swap agreement ("the 2008A Swap Agreement") with Royal Bank of Canada and simultaneously terminated a 2006A Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for Chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $120.233 million notional amount associated with the 2007-G Bonds. The swap provides for certain payment to or from Royal Bank of Canada equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable to Royal Bank of Canada. The City received $21,100,000 from Royal Bank of Canada to assist in paying the settlement amount of $21,353,831 due to Lehman Brothers Special Financing. As a result of receiving the loan of $21,100,000 from Royal Bank of Canada, this loan, including interest at an implied rate of 6.519%, will be paid through the fixed rate to be paid by the City to Royal Bank of Canada.

The net effect of the 2008A Swap Agreement, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 Bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $120.233 million of obligations.

The Airport System is exposed to basis risk under the 2008A Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and 70% of LIBOR received under the 2008A Swap Agreement. The fixed rate payable by the Airport System under the 2008A Swap Agreement is 4.0085%. The 2008A Swap Agreement became effective on December 18, 2008, and payment under this Agreement commenced on January 1, 2009.

On November 2, 2008, the Airport issued $92,600,000 and $200,000,000 of Airport System Revenue Bonds, Series 2008C1 and 2008C2-C3 in a variable rate mode for the purpose of refunding the 2000C and 2000B Bonds.

The Airport system entered into a $15.3 million Master Installment Purchase Agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, primarily snow removal equipment, based on a ten-year life.

On June 24, 2008, the Airport issued $81,800,000 of Airport System Revenue Bonds, Series 2008B in a variable rate mode for the purpose of refunding Series 2005C1-C2 Bonds which were trading at above market rate because of distressed bond insurance.

The Airport drew $50.0 million on March 28, 2008 and $50.0 million on April 1, 2008 of Commercial Paper Notes, Series A, to current refund the Series 2001C1-C2 Auction Rate Securities ("ARS"). On April 14, 2008, the Airport issued $221,215,000, $111,000,000, $181,965,000, and $94,660,000 of 2008A1-A4 Bonds in a fixed rate and term rate mode for the purpose of current refunding $100,000,000 of the Series 2001C3-C4, $267,625,000 of the Series 2002A1-A3, $85,275,000 of the Series 2005B1-B2 Airport Revenue Bonds that were variable rate bonds in an auction rate mode and to current refund $144,000,000 of the 2004A-B variable rate bonds. The Series 2001C1-C4 Airport Revenue Bonds which were Auction Rate Securities and associated with 1999, 2002, and 2007A Swap Agreements, were refunded on March 28, 2008, April 1, 2008, and April 14, 2008, with Commercial Paper and a portion of the Series 2008A1-A4 variable rate bonds which will bear interest initially in a term mode. The refunding transactions were necessitated by the deterioration of the credit ratings of certain bond insurers.

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, 2009 and 2008, the Airport System had capital assets of approximately $3.3 billion and $3.4 billion, respectively. These amounts are net of accumulated depreciation of approximately $1.9 billion and $1.7 billion, respectively.

The Airport System purchased World Port, a cargo property on March 5, 2008 for $4 million using internal funds (Capital Fund) for the acquisition.

In an agreement between United Airlines and the Airport System dated October 6, 2009, United agreed to provide the Airport System with 5 gates on Concourse B and in exchange the Airport agreed to compensate United for these gates in the amount of $2.5 million per gate, for a total of $12.5 million, payable on December 31, 2009. United will be relieved of all lease payment obligations for the leasehold (gates, hold rooms, support areas, equipment rental, etc.) for a period of six years beginning January 1, 2010. The Airport System will lease the gates to other carriers. Effective January 1, 2016, the leasehold will automatically revert to United Airlines.

In 2008, United began to significantly reduce its consolidated domestic capacity, consolidated overall capacity, and its workforce.

Automated Baggage System: United discontinued use of the automated baggage system and reverted to the traditional tug and cart system on September 6, 2005. The rates and charges associated with the system continued to be charged to United as the exclusive user of Concourse B. However, the Airport System began discussions with United and all airlines to explore ways to mitigate automated baggage system costs over time, consistent with the cost reduction goals and sources of funds outlined in the Stipulated Order. These discussions culminated with the 2005-2 Amendatory Agreement, whereby the Airport System reduced United's Rates and Charges up to $11.0 million per year, over three years, in exchange for certain concessions.

2006 Amendment: In the 2006 Amendment to United's Use and Lease Agreement, the Airport System agreed to further mitigate United's baggage system charges by defeasing certain outstanding Airport System Revenue Bonds and reducing amortization charges allocated to the automated baggage system in stated amounts not to exceed $10.0 million per year, using available Capital Fund monies and other legally available Airport funds to defease associated debt. The Airport System also agreed to improve the existing commuter facilities on the east end of Concourse B in order to accommodate larger regional jet aircraft and provide new and enhanced passenger amenities. These improvements, referred to herein as the Concourse B Commuter Facility Project, cost $41.3 million. The facility opened April 24, 2007.

Under the 2006 Amendment, United agreed to gradually relinquish its six leased gates on Concourse A. This was completed in 2007.

PFC: In 1992, the PFC program authorized the imposition of a fee of $3.00 per enplaned passenger and the use of this funding for approved projects, with certain qualifying airports permitted to charge a maximum PFC of $4.50. In 2000, the Federal Aviation Administration approved the Airport's application for an increase in the rate of PFC from $3.00 to $4.50, the revenues from which are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of December 31, 2009, a total of $1.1 billion has been remitted to the Airport, including interest earned on late payments, of which $105.0 million has been expended on approved projects, $1.02 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.

Construction Commitments: As of December 31, 2009, the Airport System had outstanding contractual construction and professional services commitments of approximately $153.0 million, and had made over $143.5 million in contractual payments for the year then ended.

The Airport's current 2009-2012 Capital Program includes approximately $583.5 million of planned projects. The Airport has also identified a number of Demand Responsive Projects that will be undertaken only if there is sufficient need of such projects and they are financially viable. The 2009-2012 Capital Programs are expected to be financed with a combination of Airport Revenue bonds, commercial paper, installment purchase agreements, federal grants, and Airport System monies.

In addition, the fourth module of the parking garage on the west side of Jeppesen Terminal opened in January of 2008.

Additional information related to the Airport's capital assets can be found in note 5.

Economic Factors

Passenger traffic was down 2.1% in 2009 compared with a national average change of (5.3%) as reported by the Department of Transportation's Bureau of Transportation Statistics (BTS).

Southwest Airlines (Southwest) began service at the Airport in January of 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Southwest has grown steadily and now offers 113 nonstop flights, and by August 2010 it will have 144 daily flights.

The dominant air carrier at Denver International Airport is United, it accounted for approximately 46.2% and 46.3% of passenger enplanements at the Airport in 2009 and for the first three months of 2010, respectively.

United discounted its Ted operating unit in 2008 and ceased reporting separate enplanement data for Ted commencing with August 2008.

Frontier has the second largest market share at the Airport, which serves as Frontiers only hub, which accounted for approximately 23.0% and 21.7% of passenger enplanements at the Airport in 2009 and for the first three months of 2010, respectively.

Frontier filed for bankruptcy protection in April of 2008, received approval of a plan for reorganization in September 2009, and emerged from bankruptcy on October 1, 2009 as a subsidiary of Republic Holdings, that also has purchased Midwest Airlines in July of 2009. Since then, the two carriers have operated as partners with the goal of eventually integrating into one carrier. On April 13, 2010, Republic Holdings announced that it has selected the Frontier Airlines name for its consolidated branded airline. Republic expects it to take up to 12-18 months to integrate the airlines.

As part of its bankruptcy proceedings and pursuant to the Frontier Stipulated Order, Frontier assumed its Use and Lease Agreement with the Airport, as well as certain ground service and cargo leases, as part of its reorganization proceedings. To cure their debt owed to the Airport prior to filing for bankruptcy, Frontier issued and delivered to the Airport its $3.0 million promissory note payable in three equal installments, plus interest thereon at 3% per annum commencing October 1, 2010. The Use and Lease Agreement was amended to reduce the number of gates it used by Frontier eliminate administrative spaces leased such as ticket counters and office space. Prior to bankruptcy, Frontier leased 15 gates on Concourse A and used six additional full service jet gates on Concourse A on a preferential basis as well as one common use international gate on Concourse A on a subordinated basis. Pursuant to the amended Use and Lease Agreement, Frontier agreed to lease 17 gates on Concourse A and relinquished its preferential rights to other gates.

The Airport currently holds a letter of credit provided by Frontier in the amount of $3.0 million as security for its obligations under the terms of its Use and Lease Agreement.

In November 2008, Southwest leased an additional gate bringing its total number of usage to 14 gates and will get another 5 gates in May of 2010. Southwest has the third largest market share at the Airport, which accounted for approximately 14.4% and 16.0% of passenger enplanements at the Airport for 2009 and for the first three months of 2010, respectively.

On April 15, 2008, Delta Air Lines announced it had reached an agreement with Northwest Airlines to acquire Northwest and create the world's largest carrier. The Delta/Northwest merger received Department of Justice approval on October 30, 2008. The combined entity has expressed interest in returning space to the Airport, including a gate. An agreement was reached to return one gate in June 2009.

United and Continental Airlines announced on May 3, 2010, that the companies have reached a merger agreement that will form the world's largest airline by total passenger traffic. The transaction must still be approved by each airline's labor unions, and it must also meet the approval of federal regulators within the U.S. Department of Justice. Both companies have said that they hope to close the merger transaction by December 31, 2010.

As previously discussed, operating revenues were up 4.4% in 2009 compared to 2008. Operating income before depreciation and amortization of $185.0 million represented an increase of $18.0 million compared to 2008. Revenues Available for Sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was $58.0 million. The airlines will receive $29.3 million, with the balance flowing to the Airport System's Capital Fund for discretionary purposes.

Request for Information

This financial report is designed to provide a general overview of the Airport System's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Laura Trujillo, Accounting Controller, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at www.flydenver.com.

City and County of Denver
Municipal Airport System

STATEMENTS OF NET ASSETS

December 31, 2009 and 2008

		2009		2008
ASSETS				
Current assets:				
Cash and cash equivalents	$	97,628,667	$	94,817,156
Investments		30,740,497		155,232,557
Accounts receivable (net of allowance for doubtful accounts $1,074,533 and $1,025,211)		57,847,456		53,151,011
Accrued interest receivable		6,064,842		6,040,726
Other receivables		1,118,640		1,030,000
Inventories		10,739,578		10,054,201
Prepaid expenses and other		2,524,994		621,880
Total current unrestricted assets		206,664,674		320,947,531
Restricted assets:				
Cash and cash equivalents		71,194,287		218,444,354
Investments		77,541,269		142,453,247
Accrued interest receivable		2,631,092		2,151,945
Prepaid expenses and other		8,788,509		5,466,414
Grants receivable		357,887		9,458,785
Passenger facility charges receivable		9,098,428		8,593,038
Total current restricted assets		169,611,472		386,567,783
Total current assets		376,276,146		707,515,314
Noncurrent assets:				
Investments		299,257,982		170,301,192
Long-term receivable, net of current portion		2,000,000		2,000,000
Capital assets				
Buildings		1,988,351,492		1,990,254,694
Improvements other than buildings		2,161,395,306		2,130,485,966
Machinery and equipment		689,952,223		683,471,238
		4,839,699,021		4,804,211,898
Less accumulated depreciation		(1,904,391,951)		(1,746,588,398)
		2,935,307,070		3,057,623,500
Construction-in-progress		83,996,420		47,204,134
Land, land rights and air rights		295,305,625		295,305,625
Total capital assets		3,314,609,115		3,400,133,259
Bond issue costs, net of accumulated amortization		51,456,627		52,204,523
Deferred loss on swap termination, net of current portion		38,576,664		19,857,144
Investments - restricted		900,246,114		642,222,572
Assets held for disposition		12,799,153		13,073,101
Total noncurrent assets		4,618,945,655		4,299,791,791
Total assets		4,995,221,801		5,007,307,105

continued

City and County of Denver
Municipal Airport System

STATEMENTS OF NET ASSETS

December 31, 2009 and 2008

	2009	2008
LIABILITIES		
Current liabilities:		
Vouchers payable	34,259,867	35,307,375
Due to other City agencies	23,668,950	18,072,610
Special Incentive Program payable	245,442	-
Compensated absences payable	2,010,263	2,097,649
Other liabilities	1,606,260	3,051,362
Revenue credit	29,334,593	40,000,000
Deferred rent	23,054,356	23,842,853
Total current liabilities	114,179,731	122,371,849
Current liabilities payable from restricted assets:		
Vouchers payable	19,321,389	13,642,042
Retainages payable	22,531,914	22,459,220
Accrued interest and matured coupons	25,203,128	24,241,055
Notes payable	17,052,812	15,611,304
Other liabilities	28,888,635	23,711,112
Revenue bonds	112,395,000	100,785,000
Total current liabilities payable from restricted assets	225,392,878	200,449,733
Total current liabilities	339,572,609	322,821,582
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	4,023,745,000	3,998,990,000
(Less) plus:		
Deferred losses on bond refunding	(274,564,624)	(295,179,410)
Net unamortized premiums	59,207,645	63,518,072
Total bonds payable, noncurrent	3,808,388,021	3,767,328,662
Notes payable	71,783,218	69,136,743
Special Incentive Program payable	350,487	-
Compensated absences payable	5,574,438	5,720,174
Total noncurrent liabilities	3,886,096,164	3,842,185,579
Total liabilities	4,225,668,773	4,165,007,161
NET ASSETS		
Invested in capital assets, net of related debt	(291,114,739)	(213,290,453)
Restricted for :		
Capital projects	13,062,862	22,163,760
Debt service	645,031,962	657,618,225
Unrestricted	402,572,943	375,808,412
Total net assets	$ 769,553,028	$ 842,299,944

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Years ended December 31, 2009 and 2008

	2009	2008
Operating revenues:		
Facility rentals	$ 226,838,509	$ 198,138,164
Concession revenues	41,084,601	42,297,262
Parking revenues	114,861,852	119,283,478
Car rental revenues	42,989,223	45,618,135
Landing fees	110,083,983	94,479,498
Aviation fuel tax	16,849,474	27,012,242
Other sales and charges	11,782,469	13,931,468
Total operating revenues	564,490,111	540,760,247
Operating expenses:		
Personnel services	116,539,988	114,287,724
Contractual services	166,468,909	166,299,254
Repair and maintenance projects	69,974,674	67,736,821
Maintenance, supplies and materials	26,533,326	25,505,576
Total operating expenses, before depreciation and amortization	379,516,897	373,829,375
Operating income before depreciation and amortization	184,973,214	166,930,872
Depreciation and amortization	177,582,988	168,026,267
Operating income (loss)	7,390,226	(1,095,395)
Nonoperating revenues (expenses):		
Passenger facility charges	96,864,736	96,786,406
Investment income	15,282,228	87,483,406
Interest expense	(227,122,048)	(238,642,827)
Grants	(829,224)	703,155
Other income (expense)	(2,965,292)	8,682,524
Total nonoperating revenues (expenses)	(118,769,600)	(44,987,336)
Loss before capital grants and contributions	(111,379,374)	(46,082,731)
Capital grants	36,964,192	13,993,410
Capital contributions	1,656,437	399,637
Transfers in	11,829	-
Change in net assets	(72,746,916)	(31,689,684)
Net assets, beginning of year	842,299,944	873,989,628
Net assets, end of year	$ 769,553,028	$ 842,299,944

See accompanying notes to financial statements.

City and County of Denver
Municipal Airport System

STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008

		2009		2008
Cash flows from operating activities:				
Receipts from customers	$	549,008,417	$	555,822,784
Payments to suppliers		(236,656,345)		(253,659,523)
Interfund activity payments to other funds		(18,377,890)		(13,131,284)
Payments to employees		(115,818,382)		(111,297,407)
Net cash provided by operating activities		178,155,800		177,734,570
Cash flows from noncapital financing activities:				
Operating grants received		-		66,610
Proceeds from note payable		22,100,000		21,100,000
Swap termination payment		(22,100,000)		(21,100,000)
Transfers in		11,829		-
Net cash provided by noncapital financing activities		11,829		66,610
Cash flows from capital and related financing activities:				
Proceeds from issuance of debt		242,022,569		16,832,560
Proceeds from note payable		-		15,295,480
Principal paid on notes payable		(15,857,491)		(13,318,496)
Principal paid on revenue bonds		(203,770,000)		(99,736,973)
Interest paid on revenue bonds		(210,306,507)		(231,452,357)
Bond issuance costs paid		(3,603,956)		(7,333,875)
Interest paid on notes payable		(2,580,180)		(2,617,141)
Capital grant receipts		46,065,090		11,238,665
Passenger Facility Charges		96,359,346		99,897,771
Purchases of capital assets		(56,414,768)		(55,483,262)
Payments of accrued expenses for capital assets		(33,228,489)		(36,720,227)
Payments to escrow for current refunding of debt		(4,082)		(13,813,109)
Proceeds from sale of capital assets		1,210,576		217,703
Net cash used in capital and related financing activities		(140,107,892)		(316,993,261)
Cash flows from investing activities:				
Purchases of investments		(9,218,474,839)		(5,813,321,480)
Proceeds from sales and maturities of investments		8,997,007,219		5,743,315,098
Proceeds from sales of assets held for disposition		273,948		1,021,174
Payments to maintain assets held for disposal		(8,753,045)		(26,147,182)
Insurance recoveries for Stapleton environmental remediation		8,615,889		20,490,000
Interest and dividends on investments and cash equivalents		38,832,535		62,176,590
Net cash used in investing activities		(182,498,293)		(12,465,800)
Net decrease in cash and cash equivalents		(144,438,556)		(151,657,881)
Cash and cash equivalents, beginning of year		313,261,510		464,919,391
Cash and cash equivalents, end of year	$	168,822,954	$	313,261,510

(Continued)

STATEMENTS OF CASH FLOWS (Continued)

Years ended December 31, 2009 and 2008

		2009		2008
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$	7,390,226	$	(1,095,395)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization		177,582,988		168,026,267
Miscellaneous income		1,565,709		3,114,333
Changes in assets and liabilities:				
Receivables, net of allowance		(2,604,592)		13,716,124
Inventories		(685,377)		(3,396,481)
Prepaid expenses and other		(4,516,300)		(1,751,993)
Vouchers and other payables		(1,094,820)		2,866,229
Deferred rent		(788,497)		21,327
Due to other City agencies		5,596,340		(167,990)
Special Incentive Program payable		595,929		-
Compensated absences		(233,122)		526,660
Other operating liabilities		(4,652,684)		(4,124,511)
Net cash provided by operating activities	$	178,155,800	$	177,734,570

Noncash activities:

The Airport System issued bonds in the amount of $340,135,000 and $1,083,240,000 in 2009 and 2008, respectively, in order to refund debt and fund capital projects. Net bond proceeds of $121,731,559 and $1,085,033,919 for 2009 and 2008, respectively, were deposited immediately into 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 $3,617,601 and $12,656,769 were realized on the issuance of bonds in 2009 and 2008, respectively.

		2009	2008
Unrealized gain (loss) on investments	$	(23,891,326)	23,834,924
Capital assets added through incurrence of vouchers and retainages payable		36,251,283	33,228,489
Amortization of bond premiums, deferred losses on bond refundings, and bond costs		18,060,703	17,919,645

See accompanying notes to financial statements.

(1) Organization and Reporting Entity

(a) *Nature of Operations*

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53-square mile site. Stapleton was closed to all air traffic on February 27, 1995. See note 6 for further discussion.

(b) *Reporting Entity*

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) *Basis of Accounting*

The Airport System is an enterprise fund of the City and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at December 31, 2009. In implementing GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Airport System elected not to adopt Financial Accounting Standards Board pronouncements issued after November 30, 1989.

(b) *Cash and Cash Equivalents*

Cash and cash equivalents, which the City manages, consist principally of U.S. Treasury securities, U.S. agency securities, and commercial paper with original maturities of less than 90 days.

(c) *Investments*

Investments, which the City manages, are reported at fair value, which is primarily determined based on quoted market prices at December 31, 2009 and 2008. The Airport System's investments are maintained in pools at the City and include U.S. Treasury securities, U.S. Agency securities, and commercial paper.

(d) *Inventories*

Inventories consist of materials and supplies which have been valued at the lower of cost (weighted average cost method) or market.

(e) *Capital Assets*

Capital assets are recorded at historical cost and consist of buildings, roadways, runways/taxiways, 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 2009 and 2008 was $4,238,039 and $8,594,909, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20 – 40 years
Roadways	30 – 40 years
Runways/taxiways	35 – 40 years
Other improvements	15 – 40 years
Major system equipment	15 – 25 years
Vehicles and other equipment	5 – 10 years

(f) *Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premiums (Discounts)*

Bond issue costs, deferred losses on bond refundings, and unamortized premiums (discounts) are deferred and amortized over the life of the old bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums on bond refundings are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

(g) *Assets Held for Disposition*

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred. See note 6 for further discussion.

(h) *Compensated Absences Payable*

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

(i) 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 the SIP, each employee who separated from employment will receive $500 per month for thirty months beginning in January 2010. A total of 322 employees elected to participate in the program. The City recorded a current liability of $2,079,798 for the 2010 payments and a long-term liability of $2,969,912 for the 2011 and 2012 payments. The Airport System had a total of 36 employees who elected to accept the plan. The Airport System recorded a current liability of $245,442 for the 2010 payments and a long-term liability of $350,487 for the 2011 and 2012 payments. The liability for 2011 and 2012 was calculated using the present value of the payments. The discount rate of .23% used for the present value calculation was based on the projected yield of investments that will be used to fund the future payments.

(j) Deferred Rent

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

(k) Net Assets

2009

The Airport System assets exceeded liabilities by $769,553,028 as of December 31, 2009, a $72,746,916 decrease in net assets from the prior year-end. Of the Airport System's 2009 net assets, 85.5% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $645,031,962 and are externally restricted for debt service. The net assets restricted for capital projects represent $13,062,862.

The remaining net assets include unrestricted net assets of $402,572,943 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67,267,320 of its unrestricted net asset amount, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($291,114,739) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2008

The Airport System's assets exceeded liabilities by $842,299,944 as of December 31, 2008, a $31,689,684 decrease in net assets from the prior year-end. Of the Airport System's 2008 net assets, 80.7% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $657,618,225 which is externally restricted for debt service. The net assets restricted for capital projects represent $22,163,760.

The remaining net assets include unrestricted net assets of $375,808,412 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67,267,320 of its unrestricted net asset amounts, as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($213,290,453) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

(l) Restricted and Unrestricted Resources

Uses of restricted and unrestricted resources are made on a case-by-case basis by management depending on overall requirements. Generally, management applies restricted resources and then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(m) Operating Revenues and Expenses

The statement of revenues, expenses, and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline tenants for facility rentals, landing fees and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), interest expense, interest income, grants from the federal government and Stapleton demolition and remediation expenses.

(n) Governmental Grants

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from capital grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues. The Airport System has also received a grant allocation through the recently enacted American Recovery and Reinvestment Act (ARRA) of 2009.

(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, 2009 and 2008, the Airport System had accrued a liability (receivable) to/from the airlines, included in other current liabilities, of ($5,891,209), and $1,184,259, respectively.

For the years ended December 31, 2000 through 2005, 75% of Net Revenues (as defined by the bond ordinance) remaining at the end of each year were to be credited in the following year to the passenger airlines signatory use and lease agreements; and thereafter it is 50%, capped at $40,000,000 for all years. The Net Revenues credited to the airlines totaled $29,334,593 and $40,000,000 for 2009 and 2008, respectively. Liabilities for these amounts were accrued as of December 31, 2009 and 2008, respectively, and are reported in the statement of net assets as revenue credit payable.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(q) Reclassifications

Certain 2008 balances have been reclassified to conform to the 2009 financial statements presentation.

(3) Cash, Cash Equivalents, and Investments

(a) Deposits

The Airport System's deposits are commingled with the City's and are subject to, and are in accordance with, the State of Colorado's Public Deposit Protection Act (the PDPA). In addition, the City's investment policy requires that Certificates of Deposit be purchased from institutions that are certified as eligible public depositories. Under the PDPA, all uninsured deposits exceeding the amount insured by the FDIC, are to be fully collateralized with specific approved securities identified in the act valued at 102% of the deposits. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. All collateral so held must be clearly identified as being security maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the "City's name." At December 31, 2009, the amount of the Airport System's deposits was $17,669,750. In addition, the Airport System had $5,500,382 in uncashed payroll and vendor warrants at December 31, 2009. Also, the Airport System's portion of a certificate of deposit owned by the City was $13,366,692.

Custodial credit risk is the risk that in the event of a failure of a financial institution or counterparty, the Airport System would not be able to recover its deposits, investments, or collateral securities. St. Paul/Travelers Insurance (St. Paul) manages an owner-controlled insurance plan on behalf of the Airport System. St. Paul pays claims from an escrow account held in the Airport System's name that is uninsured, uncollateralized, and subject to custodial credit risk. The balance of the account at December 31, 2009 was $114,312. All other deposits are not subject to custodial credit risk since they are deposited in certified eligible public depositories under the PDPA.

(b) Investments

The Airport System's investments are managed by the City and are subject to the Investment Policy of the City. It is the policy of the City to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands. The City's Investment Policy applies to all investment activity of the City under the control of the Chief Financial Officer (CFO), including investments of certain monies related to business-type activities, and trust and agency funds. The City's investment policy does not apply to the investments of the deferred compensation plan or component units. Other monies that may from time to time be deposited with the CFO for investment shall also be administered in accordance with the Investment Policy.

The City Charter, Section 2.5.3(c), and Denver Revised Municipal Code, Section 20-21, authorizes the type of investments that the City can hold. The Investment Policy generally requires that investments shall be managed in accordance with portfolio theory management principles to compensate for actual or anticipated changes in market interest rates. To the extent possible, investment maturity will be matched with anticipated cash flow requirements of each investment pool. Additionally, to the extent possible, investments will be diversified by security type and institution. This diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Deviations from expectations shall be reported in a timely fashion and appropriate action taken to control adverse developments.

The City has retained Dominion Capital Group, Inc. (DCG) to perform quarterly reviews of the investment portfolio to ensure that the investments are authorized by the Denver City Charter and are in compliance with the City's Investment Policy. DCG also reviews investment market prices for accuracy as well as the accuracy of the portfolio performance as reported by the City.

At December 31, 2009 and 2008, respectively, the Airport System's cash, cash equivalents, and investment balances were as follows (in thousands):

	December 31, 2009	December 31, 2008
Cash equivalents	$ 14,273	$ 35,539
Certificate of deposit	13,367	—
Local government investment pools	126,267	72,503
Municipal auction securities	625	72,561
Commercial paper	71,383	443,630
State and local government securities	14,851	15,135
U.S. Treasury securities	194,507	34,761
U.S. Agency securities	1,041,336	749,342
	$ 1,476,609	$ 1,423,471

A reconciliation of cash, cash equivalents, and investment balances as shown in the basic financial statements as of December 31, 2009 and 2008, is as follows (in thousands).

	December 31, 2009	December 31, 2008
Cash and cash equivalents	$ 97,629	$ 94,817
Investments	329,999	325,534
Restricted cash equivalents	71,194	218,444
Restricted investments	977,787	784,676
	$ 1,476,609	$ 1,423,471

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. 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, 2009, the Airport System's investment balances and maturities, in years, for those investments subject to interest rate risk were as follows (in thousands):

		Investments maturity in years			
Investment type	**Fair value**	**Less than 1**	**1-5**	**6-10**	**Greater than 10****
Discount Commercial Paper	$ 71,383	$ 71,383	$ —	$ —	$ —
U.S. Treasury securities	194,507	—	146,483	48,024	—
U.S. Agency securities	1,041,336	35,412	785,872	173,949	46,103
State and local government securities	14,851	9,008	2,613	3,230	—
Municipal auction securities	625	—	—	—	625
Total	$ 1,322,702	$ 115,803	$ 934,968	$ 225,203	$ 46,728

**The CFO is authorized to waive certain portfolio constraints when such action is deemed to be in the best interest of the City. The CFO has waived the maximum maturity for certain investments in U.S. Agency securities that are part of the Denver Airport System structured pool created to facilitate an economic defeasance of a portion of the future debt service payments due on certain Airport System bonds.

The Airport System's portfolio of U.S. agency securities includes callable securities with scheduled interest changes. If a callable investment is purchased at a discount, the maturity date is assumed to be the maturity date of the investment. If the investment is bought at a premium, the maturity date is assumed to be the call date. As of December 31, 2009, the Airport System owned callable securities with a fair value of $264,824,702. Of these, securities with scheduled increases to predetermined interest rates had a fair value of $51,448,338.

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 of December 31, 2009, commercial paper, municipal variable rate demand obligations (VRDO's) and local government investment pools were subject to credit quality risk. The VRDO's were issued by the City and County of Denver. The City's investment policy requires that commercial paper be rated by at least two of the recognized rating agencies and have a minimum rating of A-1, P-1, and F-1 from Standard & Poor's, Moody's, and Fitch, respectively, at the time of purchase. The investment policy requires that the VRDO's have a minimum underlying issuer rating from at least one of the three rating agencies of A from Standard & Poor's and Fitch and A2 from Moody's. 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, 2009, all of the City's investments subject to credit quality risk were in compliance with the City's investment policy.

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of failure, the Airport System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the City's name.

None of the Airport System's investments owned at December 31, 2009, were subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's Investment Policy states that a maximum of 5% of the portfolio may be invested in commercial paper, municipal securities, or certificates of deposit issued by any one provider. The City's Investment Policy also limits investments in money market funds to 25% of total investments and investment in municipal securities to 15% of total investments.

As of December 31, 2009, all investments in commercial paper, money markets funds and municipal securities were in compliance with this policy.

(4) Accounts Receivables

Management of the Airport System reviews accounts receivables periodically and an allowance for doubtful accounts has been established based upon management's assessment of the probability of collection. As of December 31, 2009 and 2008, an allowance of $1,074,533 and $1,025,211, respectively, had been established.

(5) Capital Assets

Changes in capital assets for the years ended December 31, 2009 and 2008 were as follows (in thousands):

	2009				
	January 1, 2009	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2009
Depreciable:					
Buildings	$ 1,990,255	$ 410	$ 1,231	$ (3,544)	$ 1,988,352
Improvements other than buildings	2,130,486	-	31,231	(322)	2,161,395
Machinery and equipment	683,471	15,675	11,566	(20,760)	689,952
	4,804,212	16,085	44,028	(24,626)	4,839,699
Less accumulated depreciation and amortization	(1,746,588)	(177,583)	-	19,779	(1,904,392)
	3,057,624	(161,498)	44,028	(4,847)	2,935,307
Nondepreciable:					
Construction in progress	47,204	80,820	(44,028)	-	83,996
Land, land rights, and air rights	295,306	-	-	-	295,306
Total capital assets	$ 3,400,134	$ (80,678)	$ -	$ (4,847)	$ 3,314,609

	2008				
	January 1, 2008	Additions	Transfers of completed projects	Retirements and impairments	December 31, 2008
Depreciable:					
Buildings	$ 1,972,606	$ 5,038	$ 23,611	$ (11,000)	$ 1,990,255
Improvements other than buildings	2,014,224	4,865	111,397	-	2,130,486
Machinery and equipment	603,385	33,218	48,201	(1,333)	683,471
	4,590,215	43,121	183,209	(12,333)	4,804,212
Less accumulated depreciation and amortization	(1,583,993)	(168,026)	-	5,431	(1,746,588)
	3,006,222	(124,905)	183,209	(6,902)	3,057,624
Nondepreciable:					
Construction in progress	170,710	89,009	(183,209)	(29,306)	47,204
Land, land rights, and air rights	295,306	-	-	-	295,306
Total capital assets	$ 3,472,238	$ (35,896)	$ -	$ (36,208)	$ 3,400,134

(6) Assets Held for Disposition

The City ceased aviation operations at Stapleton upon the opening of Denver International on February 28, 1995, and is continuing to dispose of the Stapleton property. Certain portions of Stapleton were acquired with proceeds from federal grants, which provide for the return of certain federal funds. In addition, certain portions of the property are also subject to deed restrictions, under which the property would revert to the United States government. The City is able to seek releases from the grant assurances and deed restrictions from the Secretary of Transportation as dispositions occur, provided that: 1) the property is sold at fair market value, and 2) the proceeds are used to develop, improve, and construct Denver International. The City intends to continue to seek such releases and, in accordance with certain use and lease agreements, use any net proceeds from sales of Stapleton to retire or defease subordinate debt.

In 1999, as the land that comprised the former Stapleton International Airport ("SIA") was being prepared for sale, the City purchased from American International Specialty Lines Insurance ("AISLIC") a Pollution Legal Liability Policy ("PLL") to cover unknown environmental conditions at SIA. AISLIC is a subsidiary of AIG Commercial Group, Inc. and has now become Chartis Specialty Insurance Company. Beginning in 2003, certain areas of SIA were found to have friable asbestos in the soil, and the City filed Notices of Loss with AISLIC as asbestos continued to be found in new sites. Originally, AISLIC accepted the claims under the PLL. As the claims climbed into the tens of millions of dollars, however, AISLIC reconsidered and began denying claims on the basis that the City's remediation choices exceeded what was required by law. AISLIC, now Chartis, has made over $70 million in payments for asbestos remediation it agrees is covered, including an additional $8.8 million in 2009 and early 2010. Several additional remediation projects were on hold in 2009 due to denial of coverage, but the parties have worked collectively throughout 2009 to reach agreement, and the City has been able to proceed with remediating several projects which had been on hold. On March 10, 2010, Chartis formally approved the City's state-approved clean-up plan for Filing 19, and has accepted coverage for Filing 7. There are still some differences in position, but the City is optimistic that litigation will not be necessary and that an acceptable compromise will be reached for the remediation of the other ACM areas. If litigation is necessary, the City will pursue all available remedies, and although it is still possible that the loss through denial coverage will be in excess of the materiality limits, the recent negotiations are promising.

The carrying value of Stapleton was $12,799,153 and $13,073,101 at December 31, 2009 and 2008, respectively. The current and anticipated costs accrued for environmental liability for Stapleton was $25,496,960 and $19,365,644 at December 31, 2009 and 2008, respectively. The Airport has accrued $34,437,389 and $32,256,896 of insurance recoveries at December 31, 2009 and 2008, respectively, that are reported as accounts receivable in the statements of net assets. The Airport has received payments for insurance recovery totaling $8,442,727 in 2009.

(7) Due to Other City Agencies

The City provides various services to the Airport System, including data processing, investing, financial services, budgeting, and engineering. Billings from the City, both direct and indirect, during 2009 and 2008 totaled $18,377,890 and $13,131,284, 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 $45,939,203 and $38,394,714 for the years ended December 31, 2009 and 2008, respectively. The outstanding liability to the City and its related agencies in connection with these services totaled $23,668,950 and $18,072,610 at December 31, 2009 and 2008, respectively.

(8) Bonds Payable

Changes in long-term debt for the years ended December 31, 2009 and 2008 were as follows (in thousands):

	2009					
	January 1, 2009	Additions	Refunded debt	Retirements	December 31, 2009	Amounts due within one year
Airport System revenue bonds	$ 3,907,145	$ 340,135	$ (120,215)	$ (149,210)	$ 3,977,855	$ 105,784
Economic defeasance	54,880	-	-	-	54,880	-
Baggage defeasance	137,750	-	-	(34,345)	103,405	6,611
Less deferred loss on bonds	(295,179)	(931)	-	21,545	(274,565)	-
Plus unamortized premiums	63,518	3,618	-	(7,928)	59,208	-
Total bond debt	$ 3,868,114	$ 342,822	$ (120,215)	$ (169,938)	3,920,783	$ 112,395
Less current portion					(112,395)	
Noncurrent portion					$ 3,808,388	

	2008					
	January 1, 2008	Additions	Refunded debt	Retirements	December 31, 2008	Amounts due within one year
Airport System revenue bonds	$ 4,002,742	$ 1,083,240	$ (1,079,100)	$ (99,737)	$ 3,907,145	$ 97,115
Economic defeasance	54,880	-	-	-	54,880	-
Baggage defeasance	141,228	-	-	(3,478)	137,750	3,670
Less deferred loss on bonds	(303,121)	(13,000)	-	20,942	(295,179)	-
Plus unamortized premiums	58,422	12,656	-	(7,560)	63,518	-
Total bond debt	$ 3,954,151	$ 1,082,896	$ (1,079,100)	$ (89,833)	3,868,114	$ 100,785
Less current portion					(100,785)	
Noncurrent portion					$ 3,767,329	

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. Auction rate bonds carry interest rates that are periodically reset for 7 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, 2009 are as follows:

Bond	Maturity	Interest Rate	Amount Outstanding 2009	Amount Outstanding 2008
Airport system revenue bonds				
Series 1991D				
Term bonds	November 15, 2013	7.75%	$ 53,815,752	$ 69,210,752
Series 1992F,G*	November 15, 2025	.290%	43,900,000	45,400,000
Series 1995C				
Term bonds	November 15, 2012	6.50%	10,625,000	10,625,000
Series 1997E				
Serial bonds	Annually November 15, 2011 and 2013	6.00%	34,461,718	34,461,718
Series 1998A				
Term bonds	November 15, 2025	5.00%	128,695,000	175,990,000
Series 1998B				
Term bonds	November 15, 2025	5.00%	103,395,000	103,395,000
Series 2000A				
Serial bonds	Annually November 15, 2010 to 2019	5.00-6.00%	187,870,000	201,775,000
Term bonds	November 15, 2023	5.625%	31,495,000	31,495,000
Series 2001A				
Serial bonds	Annually November 15, 2010 to 2017	5.00-5.625%	197,297,504	206,912,115
Series 2001B				
Serial bonds	Annually November 15, 2013 to 2016	4.75-5.50%	16,675,000	16,675,000
Series 2001D				
Serial bonds	Annually November 15, 2010 to 2024	5.00-5.50%	50,305,000	53,510,000
Series 2002C*	November 15, 2024	.290%	37,000,000	38,400,000
Series 2002E				
Serial bonds	Annually November 15, 2010 to 2023	4.00-5.50%	140,440,000	152,440,000
Series 2003A Term bonds	November 15, 2026 and 2031	5.00%	161,965,000	161,965,000
Series 2003B Term bonds	November 15, 2033	5.00-5.75%	75,460,000	75,460,000

Bond	Maturity	Interest Rate	Amount Outstanding 2009	2008
Series 2005A Serial bonds	Annually November 15, 2011 to 2025	4.00-5.00%	224,510,000	224,510,000
Series 2006A Serial bonds	Annually November 15, 2015 to 2025	4.00-5.00%	279,585,000	279,585,000
Series 2006B Serial bonds	Annually November 15, 2010 to 2015	5.00%	111,170,000	133,555,000
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	31,950,000
Series 2007E Term bonds	November 15, 2032	5.00%	47,400,000	47,400,000
Series 2007F1-F4**	November 15, 2025	.735%-.795%	207,025,000	208,025,000
Series 2007G1-G2*	November 15, 2025	.280%	147,800,000	148,500,000
Series 2008A1 Serial bonds	Annually November 15, 2010 to 2017	5.00-5.50%	181,465,000	201,830,000
Series 2008A2-A4 Term rate bonds	November 15, 2032	5.00-5.25%	372,815,000	387,625,000
Series 2008B*	November 15, 2025	.290%	75,700,000	78,800,000
Series 2008C1- C3*	November 15, 2025	.280%-.35%	292,600,000	292,600,000
Series 2009A	November 15, 2012 to 2036	5.00-5.25%	170,190,000	—
Series 2009B	November 15, 2039	6.414%	65,290,000	—
Series 2009C *	November 15, 2022	.250%	104,655,000	—
Series 2008 A-B Commercial Paper	November 15, 2022	1.10%	—	100,000,000
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, 2010 to 2021	5.00-7.75%	103,405,026	137,750,415
Total revenue bonds			4,136,140,000	4,099,775,000
Less current portion			(112,395,000)	(100,785,000)
Net unamortized premiums			59,207,645	63,518,072
Deferred loss on refundings			(274,564,624)	(295,179,410)
Total bonds payable noncurrent			$ 3,808,388,021	$ 3,767,328,662

* Variable rates are as of December 31, 2009

** Auction rates are as of December 31, 2009

Most of the Airport term bonds are subject to certain mandatory redemption requirements and most of the Airport System bonds are subject to certain optional redemption provisions. Certain of the Airport System bonds are subject to certain mandatory sinking fund redemption requirements.

Economic Defeasances

On November 1, 1999, the Airport System entered into an economic defeasance of $54,880,000 through the use of certain 1998 and 1999 federal grant proceeds from the United States Department of Transportation under a 1990 Letter of Intent. These funds were set aside in special escrow accounts (Escrow A and Escrow B) held by the City. Escrow A proceeds will be used to defease $40,080,000 of the Series 1992C Bonds maturing on November 15, 2025. Escrow B proceeds will be used to defease $14,800,000 of the Series 1991D Bonds maturing on November 15, 2013. These bonds are considered defeased for bond ordinance purposes; however, the defeasance was not considered a legal defeasance or an in-substance defeasance under accounting principles generally accepted in the United States of America and, therefore, the bonds remain outstanding in the accompanying financial statements.

On December 27, 2006, the Airport entered into an economic defeasance of $90,000,000 funded by PFC and net revenues. These funds were set aside in a special escrow account (ABS Baggage System defeasance) held by the City. The proceeds will be used to defease a portion of the Airport System Revenue bonds related to the ABS baggage system. On December 12, 2007, the Airport added an additional $85,000,000 to the ABS Baggage System defeasance escrow.

Bond Issuances

On November 6, 2009, the Airport issued $104,655,000 of Airport System Revenue Bonds, Series 2009C, in a variable rate mode for the purpose of current refunding all of the Airport System Subordinate Commercial Paper Notes, Series A.

On October 28, 2009, the Airport issued $170,190,000 and $65,290,000 (Build America Bonds) of Airport System Revenue Bonds, Series 2009A and 2009B in a fixed rate mode for the purpose of purchasing and retiring portions of the Series 2006B, Series 2007D2 and Subseries 2008A4 Bonds, and the funding of new money for capital improvement projects.

On November 2, 2008, the Airport issued $92,600,000 and $200,000,000 of Airport System Revenue Bonds, Series 2008C1 and 2008C2-C3 in a variable rate mode for the purpose of refunding the 2000C and 2000B bonds.

On June 24, 2008, the Airport issued $81,800,000 of Airport System Revenue Bonds, Series 2008B in a variable rate mode for the purpose of refunding Series 2005C1-C2 bonds which were trading at above market rate because of distressed bond insurance.

The Airport drew $50 million on March 28, 2008 and $50 million on April 1, 2008 of Commercial Paper Notes, Series A, to current refund the series 2001C1-C2 Auction Rate Securities (“ARS”). On April 14, 2008, the Airport issued $221,215,000, $111,000,000, $181,965,000 and $94,660,000 of 2008A1-A4 Bonds in a fixed rate and term rate mode for the purpose of current refunding $100,000,000 of the Series 2001C3-C4, $267,625,000 of the Series 2002A1-A3, $85,275,000 of the 2005B1-B2, Airport Revenue Bonds that were variable rate bonds in an auction rate mode and to current refund $144,000,000 of the 2004A-B variable rate bonds. The Series 2001C1-C4 Airport Revenue Bonds which were Auction Rate Securities and associated with 1999, 2002, and 2007A Swap Agreements, were refunded on March 28, 2008, April 1, 2008 and April 14, 2008, with Commercial Paper and a portion of the Series 2008A1-A4 variable rate bonds which will bear interest initially in a term mode. The refunding transactions were necessitated by the deterioration of the credit rating of certain bond insurers.

Deferred Refunding

The proceeds of the Series 2009A Bonds were used together with other Airport monies to current refund a portion of the Series 2006B, Series 2007D2 and Subseries 2008A1-A4 Bonds to approximately match the principal amortization of the refunded bonds and debt service. The current refunding resulted in a defeasance of debt with a difference between the reacquisition price of $21,253,068 and the net carrying amount of the old debt of $20,321,917, and the recognition of a deferred loss on refunding in the amount of $931,151. 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 $455,626.

The proceeds of the 2008A1-A4, 2008B, 2008C1, and 2008C2-C3 bonds were used, together with other Airport monies, to current refund all the outstanding Series 2001C3-C4, 2002A1-A3, 2004A-B, 2005B1-B2, 2005C1-C2, 2000B and 2000C Airport Revenue Bonds. Series 2008A1-A4, 2008B, 2008C1 and 2008C2-C3 debt service maturities approximately match the principal amortization of the refunded bonds, and debt service. The current refunding resulted in a defeasance of debt between the reacquisition price of $979,100,000 and the net carrying amount of the old debt of $966,099,416, and the recognition of a deferred loss on refunding in the amount of $13,000,584. The deferred loss on refunding is being amortized over the remaining life of the old debt. Debt service savings and economic gains resulting from the refunding transactions are not meaningful because all debt was variable rate debt.

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, 2009 and 2008, respectively, $65,720,000 and $65,720,000 of bonds outstanding are considered defeased.

(9) Bond and Notes Payable Debt Service Requirements

(a) Bonds Payable

Bond debt service requirements of the Airport System for bonds payable to maturity as of December 31, 2009 are as follows:

	Principal	Interest
Year:		
2010	$ 105,784,263	$ 165,093,930
2011	128,549,389	158,729,064
2012	135,781,839	151,620,702
2013	133,409,483	144,027,600
2014	138,630,000	136,840,371
2015-2019	788,465,000	567,741,587
2020-2024	1,169,030,000	380,563,578
2025-2029	955,190,000	174,875,973
2030-2034	327,355,000	70,524,641
2035-2039	95,660,000	18,607,530
Total	$ 3,977,854,974	$ 1,968,624,976

Debt service requirements for the economic defeasance LOI of the Airport System to maturity as of December 31, 2009, are as follows:

		Principal		Interest
Year:				
2010	$	-	$	3,601,900
2011		-		3,601,900
2012		-		3,601,900
2013		14,800,000		3,601,900
2014		-		2,454,900
2015-2019		-		12,274,500
2020-2024		24,060,000		12,274,500
2025		16,020,000		981,225
Total	$	54,880,000	$	42,392,725

Debt service requirements for the economic defeasance ABS Baggage system of the Airport System to maturity as of December 31, 2009, are as follows:

		Principal		Interest
Year:				
2010	$	6,610,737	$	5,978,216
2011		7,650,611		5,553,011
2012		8,148,161		5,060,261
2013		11,425,517		4,571,459
2014		9,105,000		3,886,128
2015 – 2019		49,445,000		11,532,410
2020 – 2021		11,020,000		674,462
Total	$	103,405,026	$	37,255,947

(b) Notes Payable

The Airport System entered into two Master Installment Purchase Agreements on March 15, 2004, one with Siemens Financial Services for $20 million and one with GE Capital Public Finance Inc. for $13 million, to finance various capital equipment purchases at rates and terms of 3.46% and 3.6448% based on a 30/360 calculation for 2004. Payments are due semiannually to Siemens Financial Services and quarterly to GE Capital Public Finance. The Airport System entered into three Master Installment Purchase Agreements on October 26, 2006, and one on August 1, 2006. These include two agreements with Koch Financial Corporation for $23.0 million and $2.0 million, for a total of $25.0 million, and two agreements with GE Capital Public Finance for $9.0 million and $20.0 million for a total of $29.0 million. These transactions will finance capital equipment purchases at rates and terms of 4.34%, 4.22%, 4.16% and 4.67% based on a 30/360 calculation for 2007. The Airport System entered into a $15.3 million Master Installment Purchase Agreement with Chase Equipment Leasing Inc. on August 5, 2008, to finance capital equipment purchases, at a rate of 3.329% based on 30/360 calculation for 2008.

Additionally, in connection with the termination of the 2006A Swap Agreement with Lehman Brothers Special Financing, the Airport System entered into a new swap agreement (the 2008A Swap Agreement – see Note 12) with Royal Bank of Canada. Under the 2008A Swap Agreement, the City received $21,100,000 from Royal Bank of Canada to assist in paying the settlement amount due at termination of the 2006A Swap Agreement. The $21,100,000 will be repaid monthly, including interest at an implied rate of 6.519%, commencing January 1, 2009 through November 15, 2025. The loss on termination of the 2006A Swap Agreement has been deferred and will be amortized over the remaining life of the debt which matures November 15, 2025.

In connection with the termination of the 1998 Swap with Lehman Brothers Special Financing, the Airport System entered into a new swap agreement (the 2008B Swap Agreement – see Note 12) with Loop Financial Products LLC. Under the 2008B Swap Agreement, the City received $22,100,000 from Loop Financial Products LLC, to assist in paying the settlement amount due at termination of the 1998 Swap Agreement. The $22,100,000 will be repaid monthly, including interest at an implied rate of 7.118% commencing on February 2, 2009 through November 15, 2025. The loss on termination of the 1998 Swap Agreement has been deferred and will be amortized over the remaining life of the debt which matures November 15, 2025.

The payment schedule relating to note requirements as of December 31, 2009 is as follows:

	Principal	Interest
Year:		
2010	$ 17,052,812	$ 4,356,071
2011	14,937,436	3,616,665
2012	9,516,472	3,078,249
2013	8,592,392	2,627,417
2014	6,729,471	2,256,960
2015-2019	21,244,408	6,700,689
2020-2024	10,071,197	1,726,935
2025	691,842	25,067
	$ 88,836,030	$ 24,388,053

Changes in notes payable for the years ended December 31, 2009 and 2008 were as follows:

	Balance January 1, 2009	Additions	Retirements	Balance December 31, 2009	Amounts due within one year
Notes payable	$ 84,748,047	$ 22,100,000	$ (18,012,017)	$ 88,836,030	$ 17,052,812
Less current portion				(17,052,812)	
Noncurrent portion				$ 71,783,218	

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Amounts due within one year
Notes payable	$ 61,671,062	$ 36,395,480	$ (13,318,495)	$ 84,748,047	$ 15,611,304
Less current portion				(15,611,304)	
Noncurrent portion				$ 69,136,743	

(10) Demand Bonds

Included in long-term debt are $43,900,000 for Series 1992F, G; $37,000,000 of Series 2002C, $75,700,000 of Series 2008B, $92,600,000 of Series 2008C1, $200,000,000 of Series 2008C2-C3, $104,655,000 of Series 2009C and $147,800,000 for Series 2007G1-G2 of Airport System Revenue Bonds Series, respectively, which bear interest at flexible or weekly rates and are subject to mandatory redemption upon conversion of the interest rate to a different rate type or rate period. If the bonds are in a weekly (or monthly) mode, the bonds are subject to purchase on demand of the holder at a price of par plus accrued interest. Each series has an irrevocable letter of credit or standby bond purchase agreement which the remarketing agent for the bonds can draw upon to purchase the bonds. If the bonds purchased by the remarketing agent could not be resold within a designated period of time, each irrevocable letter of credit and standby bond purchase agreement contains provisions for a take out agreement which would convert the obligation to an installment loan with the provider of that agreement. If the take out agreement were to be exercised, the Airport System would be required to pay interest amounts on the loan that are expected to be higher than the interest amount on the bonds.

Irrevocable letters of credit and standby bond purchase agreements (SBPA) were issued as collateral for the Series 1992F, 1992G, 2002C, 2007G1-G2, 2008B, 2008C1, 2008C2-C3 and 2009C revenue bonds in the amounts as follows:

Bonds	Par amount outstanding	Letter of credit or SBPA amount *	Annual commitment fee	Letter of credit or SBPA expiration date
Series 1992F	$ 24,000,000	$ 24,370,849	0.163%	October 2, 2014
Series 1992G	19,900,000	20,207,496	0.163%	October 2, 2014
Series 2002C	37,000,000	37,571,726	0.163%	October 2, 2014
Series 2007G1-G2	147,800,000	149,500,712	0.280%	November 13, 2014
Series 2008B	75,700,000	76,571,068	0.800%	June 30, 2011
Series 2008C1	92,600,000	93,909,085	1.100%	November 4, 2011
Series 2008C2-C3	200,000,000	202,827,398	0.800%	November 3, 2011
Series 2009C	104,655,000	106,134,507	1.400%	November 5, 2012

*As of December 31, 2009 and 2008 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. In accordance with US GAAP, the fair value of swap agreements is not reported in the financial statements.

Counterparty	Trade date	Effective date	Notional amount (in millions)	Bond/Swap termination date	Associated Debt series (1)	Payable swap rate	Variable receivable swap rate	Fair values December 31, 2009
1998 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	1/22/1998	10/4/2000	$ 100	11/15/2025	2008C2-C3	4.7600%	Bond rate	$ (18,777,108)
Societe Generale, New York Branch	1/22/1998	10/4/2000	100	11/15/2025	2008C2-C3	4.7190%	Bond rate	(17,824,998)
1999 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	7/22/1999	10/4/2001	100	11/1/2022	(1)	5.6179%	SIFMA	(23,725,401)
Merrill Lynch Capital Services, Inc.	7/22/1999	10/4/2001	50	11/1/2022	(1)	5.5529%	SIFMA	(11,562,043)
RFPC, LTD.	7/22/1999	10/4/2001	50	11/1/2022	(1)	5.6229%	SIFMA	(11,885,828)
2002 Swap Agreements								
Goldman Sachs Capital Markets, L.P.	4/11/2002	4/15/2002	100	11/1/2022	(1)	SIFMA	76.33% LIBOR	(180,789)
RFPC, LTD.	4/11/2002	4/15/2002	100	11/1/2022	(1)	SIFMA	76.00% LIBOR	(302,124)
2005 Swap Agreements								
Royal Bank of Canada	4/14/2005	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	(4,652,820)
JP Morgan Chase Bank, N.A.	4/14/2005	11/15/2006	55.917	11/15/2025	2006A	3.6874%	70% LIBOR	(4,825,654)
Jackson Financial Products, LLC	4/14/2005	11/15/2006	111.834	11/15/2025	2006A	3.6560%	70% LIBOR	(9,305,639)
Piper Jaffray Financial Products, Inc.	4/14/2005	11/15/2006	55.917	11/15/2025	2006A	3.6560%	70% LIBOR	(4,652,820)
2006B Swap Agreements								
Royal Bank of Canada	8/9/2006	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	5,223,457
JP Morgan Chase Bank, N.A.	8/9/2006	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	5,223,457
Jackson Financial Products, LLC	8/9/2006	11/15/2006	111.834	11/15/2025	2006A	SIFMA	4.0855%	10,446,914
Piper Jaffray Financial Products, Inc.	8/9/2006	11/15/2006	55.917	11/15/2025	2006A	SIFMA	4.0855%	5,223,457
2006A Swap Agreements								
JP Morgan Chase Bank, N.A.	6/1/2006	11/15/2007	179.850	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	(20,548,313)
GKB Financial Services Corp.	6/1/2006	11/15/2007	59.950	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	(6,849,438)
2007A Swap Agreements								
JP Morgan Chase Bank, N.A.	12/21/2007	5/1/2010	150	11/1/2022	(2)	76.165% IM LIBOR	65.55% 10 YR LIBOR	5,881,139
Royal Bank of Canada	12/21/2007	5/1/2010	50	11/1/2022	(2)	76.165% IM LIBOR	65.55% 10 YR LIBOR	1,962,713
2008A Swap Agreements								
Royal Bank of Canada	12/18/2008	12/18/2008	119.90	11/15/2025	2007F-G(2)	4.0085%	70% LIBOR	(13,690,742)
2008B Swap Agreements								
Loop Financial Products I LLC	1/8/2009	1/8/2009	100	11/15/2025	2008C1(2)	4.7600%	70% LIBOR + 0.1%	(17,534,728)
Total								$ (132,357,308)

(1) Swaps are currently associated with Series 2009C bonds, Series 2008B and a portion of Series 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, 2009. 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, 2009. When the present value of payments to be made by the Airport System exceeds the present value of payments to be received, the swap has a negative value to the Airport System. When the present value of payments to be received by the Airport System exceeds that of payments to be made, the swap has a positive value to the Airport System.

Risks Associated with the Swap Agreements

The following risks are generally associated with swap agreements:

Credit Risk – All of the Airport System's swap agreements rely upon the performance of swap counterparties. The Airport System is exposed to the risk of these counterparties being unable to fulfill their financial obligations to the Airport System. The Airport System measures the extent of this risk based upon the credit ratings of the counterparty and the fair value of the swap agreement. If the Airport System delivers a surety policy or other credit support document guaranteeing its obligations under the swap agreement that is rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch, for any swap agreement, the counterparty to that agreement is obligated to either be rated, or provide credit support securing its obligations under the swap agreement rated in the highest rating category of either Standard & Poor's, Moody's Investors Service or Fitch; or, under certain circumstances, provide collateral. The Airport System is obligated, under the swap agreements, to provide such surety policy or credit support if the unsecured and unenhanced ratings of the Airport System's Senior Bonds is below any two of BBB by Standard & Poor's, Baa2 by Moody's Investors Service or BBB by Fitch. As of December 31, 2009, the ratings of the Airport System's Senior Bonds were A+ by Standard & Poor's (with a stable outlook), A1 by Moody's Investors Service (with a stable outlook) and A+ by Fitch (with a stable outlook). Therefore, no surety policy or credit has been provided to the counterparties by the Airport System. Failure of either the Airport System or the counterparty to provide credit support or collateral, as described in the swap agreements, is a termination event under the swap agreements (see termination risk below).

The ratings of the counterparties, or their credit support providers, as of December 31, 2009 are as follows:

	Ratings of the counterparty or its credit support provider		
Counterparty (credit support provider)	**S&P**	**Moody's**	**Fitch**
Goldman Sachs Capital Markets, L.P. (Goldman Sachs Group, Inc.)	A	A1	A+
JP Morgan Chase Bank, N.A.	AA-	Aa1	AA-
Loop Financial Products I LLC (Deutsche Bank, AG, New York Branch)	A+	Aa1	AA-
Merrill Lynch Capital Services, Inc. (Merrill Lynch & Co., Inc.)	A	A2	A+
Royal Bank of Canada	AA-	Aaa	AA
Societe Generale, New York Branch	A+	Aa2	A+
Jackson Financial Products, LLC (Merrill Lynch & Co., Inc.)	A	A2	A+
GKB Financial Services Corporation II, Inc. (Societe Generale New York Branch)	A+	Aa2	A+
Piper Jaffray Financial Products, Inc. (Morgan Stanley Capital Services, Inc.)	A	A2	A
RFPC, Ltd. (Ambac Assurance Corporation)	R	Caa2	NR

As of December 31, 2009, there was no risk of loss for the swap agreements that had negative fair values. For the swap agreements that had positive fair values, the risk of loss is the amount of the derivatives' fair value.

Termination Risk – Any party to the Airport System's swap agreements may terminate the swap if the other party fails to perform under the terms of the contract. Additionally, the Airport System may terminate any of its swap agreements at any time at its sole discretion. Further, certain credit events can lead to a termination event under the swap agreements (see Credit Risk above). If, at the time of termination, the swap has a negative fair value, the Airport System could be liable to the counterparty for a payment equal to the swap's fair value. If any of the Airport System's swap agreements are terminated, the associated variable rate bonds would either no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the swap agreement may change. The Airport System is not aware of any existing event that would lead to a termination event with respect to any of its swap agreements.

Basis Risk – Each of the Airport System's swap agreements are associated with certain debt obligations or other swaps. The Airport System pays interest at variable interest rates on some of the associated debt obligations and associated swaps. The Airport System receives variable payments under some of its swap agreements. To the extent the variable rate on the associated debt or the associated swap paid by the Airport System is based on an index different than that used to determine the variable payments received by the Airport System under the swap agreement, there may be an increase or decrease in the synthetic interest rate intended under the swap agreement. The nature of this risk for each of the Airport System's series of swaps is discussed more specifically in the descriptions of these swap agreements below.

Description of the Swap Agreements and Associated Debt

The 1998 Swap Agreements and Associated Debt – On January 1, 1998, the Airport System entered into interest rate swap agreements ("the 1998 Swap Agreements") 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 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 (SIFMA) Index 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. The effect of a counterparty applying the alternative rate would be to increase the basis risk for the swap. There would be a greater likelihood of differences between the variable rate paid by the Airport System on the associated debt and variable payments received from the counterparty under the swap. There was no such taxability event for the year ended December 31, 2009. As of December 31, 2009, the short-term ratings of Series 2008C1were A-1 by S&P, VMIG-1 by Moody's and F-1+by Fitch. The short-term ratings of Series 2008C2-C3 Bonds were A-2 by S&P, VMIG-1 Moody's and F-1+ by Fitch. On January 20, 2010, S&P withdrew ratings on LBBW, the liquidity provider for the Series 2008C2-C3 Bonds, at LBBW's request. Consequently, S & P's short-term rating on the Series 2008C2-C3 Bonds was also withdrawn.

In August 2000, the Airport System issued the Series 2000B and the Series 2000C Bonds in order to refund a portion of the Series 1990A Bonds, and treated such 1998 Swap Agreements as relating to the payments due on the Series 2000B Bonds and the Series 2000C Bonds (the associated debt), thereby effectively converting the floating rates of the Series 2000B Bonds and the Series 2000C Bonds to a fixed interest rate. The Series 2000B and Series 2000C Bonds were refunded in 2008, by the Series 2008C1-C3 bonds. The Series 2008C2-C3 Bonds are currently associated debt with the 1998 swaps. The aggregate weighted average fixed rate payable by the Airport System under the 1998 Swap Agreements is 4.7463%. The 1998 Swap Agreements became effective on October 4, 2000, and payments under these 1998 Swap Agreements commenced on November 1, 2000.

The 1999 Swap Agreements and Associated Debt – On July 28, 1999, the Airport System entered into interest rate Swap Agreements ("the 1999 Swap Agreements") in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1991A Bonds and Series 1991D Bonds through the Airport System's issuance of variable rate bonds on or before October 4, 2001. The 1999 Swap Agreements have notional amounts of $100 million, $50 million and $50 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and the SIFMA Index payable by the respective financial institutions. Historically, SIFMA Index averages have been lower than the variable interest rate the Airport System pays on the associated debt. The Airport System attributes this difference largely to the fact that the associated debt is subject to the alternative minimum tax. This means that, on average, the Airport System pays more in interest on the associated debt than it receives under the 1999 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt are considered together with the 2002 Swap Agreements and 2007A Swap Agreements.

On October 4, 2001, the Airport System issued the Series 2001 C1-C4 to refund a portion of the Series 1991A Bonds and Series 1991D Bonds. The Series 2001C1-C4 Bonds were refunded by commercial paper and Series 2008A1-A4 Bonds in April 2008. Because the Series 2008A1-A4 were initially issued in a fixed rate mode, the 1999 Swap Agreements were subsequently associated with the commercial paper, Series 2008B Bonds and a portion of the Series 2002C Bonds. The commercial paper was refunded by the Series 2009C Bonds. The 1999 Swap Agreements are currently associated with the Series 2009C, Series 2008B and a portion of the Series 2002C Bonds. The net effect of the 1999 Swap Agreements, when considered together with the associated bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the associated bonds and the Bond Market Association Index, on $200 million of obligations. The aggregate weighted average fixed rate payable by the Airport System under the 1999 Swap Agreements is 5.6029%. The 1999 Swap Agreements became effective on October 4, 2001, and payments under these Agreements commenced on November 1, 2001.

On January 12, 2010, the Airport System terminated the 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 a replacement swap with Loop Financial Products I LLC (credit support provided by Deutsche Bank).

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). The 2002 Swap Agreements have a notional amount of $200 million, relate to the 1999 Swap Agreements and provide for certain payments to or from each financial institution equal to the difference between SIFMA payable by the Airport System and a percentage of LIBOR payable by the respective financial institutions. The net effect of the 2002 Swap Agreements, when considered together with the 1999 Swap Agreements, is that the Airport System will receive 76.165% of LIBOR, rather than SIFMA, to offset the actual rate paid on the associated bonds. (See "the 1999 Swap Agreements and Associated Debt").

The Airport System is exposed to basis risk under the 1999 and 2002 Swap Agreements, due to the differences in indices between the variable interest rate it pays on the associated debt and 76.165% of LIBOR received under the 2002 Swap Agreements. This basis risk is modified when the 1999 Swap Agreements and associated debt and the 2002 Swap Agreements are considered together with the 2007A Swap Agreements. The 2002 Swap Agreements became effective on April 15, 2002 and payments under these Agreements commenced on May 1, 2002.

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 2005 Swap Agreements – In April 2005, the Airport System entered into interest rate Swap Agreements ("the 2005 Swap Agreements") with four financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of a portion of the Series 1996A Bonds and Series 1996D Bonds through the

Airport System's issuance of variable rate bonds on or before November 15, 2006. On August 9, 2006, the Airport System amended the 2005 Swap Agreements. The notional amounts of the 2005 Swap Agreements are approximately $56 million, $56 million, $112 million and $56 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a fixed rate payable by the Airport System under each Agreement and 70% of the London Interbank Offered Rate for one-month deposits of U.S. dollars (LIBOR) payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds, and entered into the 2006B Swap Agreements (described below under *"The 2006B Swap Agreements").* The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the SIFMA index and 70% of 1-month LIBOR on $280 million of obligations.

The aggregate weighted average fixed rate payable by the Airport System under the 2005 Swap Agreements is 3.66%. The Airport System is exposed to basis risk under the 2005A Swap Agreements, due to the difference in indices between SIFMA paid on the associated 2006B Swap Agreements and 70.0% LIBOR received under the 2005 Swap Agreements. The 2005 Swap Agreements became effective on November 15, 2006 and payments under the Agreements commenced on December 1, 2006.

The 2006A Swap Agreements – On June 1, 2006, the City entered into interest rate swap agreements ("the 2006A Swap Agreements") with three financial institutions in order to take advantage of and secure prevailing interest rates in contemplation of the future refunding of the Series 1997E bonds through the Airport System's issuance of variable rate bonds on or before November 15, 2007. One of these agreements, with Lehman Brothers Special Financing was terminated on December 18, 2008 and replaced with a 2008A swap agreement with Royal Bank of Canada described below. The remaining 2006A Swap Agreements have notional amounts of approximately $179.9 million and $60.0, million, respectively, and provide for certain payments to or from each financial institution equal to the difference between the fixed rate payable by the Airport System under each Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable for the respective financial institutions.

On November 14, 2007, the Airport System issued the Series 2007F1-F4 and Series 2007G1-G2 Bonds to refund a portion of the Series 1997E Bonds. The net effect of the 2006A Swap Agreements, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $241.0 million of obligations.

The Airport System is exposed to basis risk under the 2006A Swap Agreements, due to the differences between the variable interest rate it pays on the associated debt and 70% of LIBOR received under the 2006A Swap Agreements. The aggregate weighted average fixed rate payable by the Airport System under the 2006A Swap Agreements is 4.0085%. The 2006A Swap Agreements became effective on November 15, 2007 and payments under these Agreements commenced on December 1, 2007.

The 2006B Swap Agreements - On August 9, 2006, the Airport System entered into interest rate swap agreements ("the 2006B Swap Agreements") with four financial institutions in order to synthetically create variable rate debt in association with the refunding of the Series 1996A and 1996D bonds on August 17, 2006. The 2006B Swap Agreements have notional amounts of approximately $56.0 million, $56.0 million, $112.0 million and $56.0 million, respectively, and provide for certain payments to or from each financial institution equal to the difference between a variable rate based on the SIFMA index payable by the Airport System under each Agreement and a fixed rate payable by the respective financial institutions.

In August 2006, the Airport System issued the Series 2006A bonds in order to refund the Series 1996A and 1996D bonds. The net effect of the 2006B Swap Agreements, when considered together with the fixed rate Series 2006A bonds, is that the Airport System will effectively pay a variable rate based on SIFMA plus or minus the difference between the fixed rate on the Series 2006A bonds and the fixed rate received under the 2006B Agreements on $280.0 million of obligations. In November 2006, the 2005 Swap Agreements became effective. The net effect of the 2005 Swap Agreements, when considered together with the fixed rate Series 2006A bonds and the 2006B Swap Agreements is that the Airport System will pay a fixed rate plus or minus the difference between the SIFMA index and 70.0% of 1-month LIBOR, minus the difference of the fixed receiver rate on the 2006B Swap and the weighted average fixed payor rate on the 2005 Swap on $280.0 million of obligations.

The aggregate weighted average fixed rate payable by the financial institutions under the 2006B Swap Agreements is 4.09%. The 2006B Swap Agreements became effective on November 15, 2006 and payments under these Agreements commenced on December 1, 2006.

The 2007A Swap Agreements - On December 21, 2007, the City entered into interest rate swap agreements ("the 2007A Swap Agreements") with two financial institutions to effectively change the amounts it receives under the 2002 Swap Agreements from a percentage of the London Interbank Offered Rate (LIBOR) for one-month deposits of U.S. dollars ("one-month LIBOR") to a percentage of LIBOR for ten-year deposits of U.S. dollars ("ten-year LIBOR"). The 2007A Swap Agreements have notional amounts of $150.0 million and $50.0 million, $100 million relate to the 2008C commercial paper, $78.8 of Series 2008B bonds and $12.2 of Series 2002C bonds and provide for certain payments to or from each financial institution equal to the difference between a percentage of one-month LIBOR payable by the Airport System and a percentage of ten-year LIBOR payable by the respective financial institutions. The net effect of the 2007A Swap Agreements, when considered together with the 2002 Swap Agreements, is that the Airport System will receive 65.55% of ten-year LIBOR, rather than 76.165% of one-month LIBOR, to offset the actual rate paid on the 2008 Commercial paper, Series 2008B bonds and a portion of the Series 2002C bonds (see "the 1999 Swap Agreements and Associated Debt" and "the 2002 Swap Agreements and Associated Debt").

The Airport System is exposed to basis risk under the 1999, 2002 and 2007A Swap Agreements, due to the differences in indices between the variable rate it pays on the associated debt and 65.55% of ten-year LIBOR received under the 2007A Swap agreements. The 2007A Swap Agreements have an effective date of May 1, 2010 and payments under these agreements have not commenced.

On February 5, 2010 and February 10, 2010, the City terminated the 2007A Swaps in order to monetize the economic value of those Agreements.

The 2008A Swap Agreement – On December 18, 2008, the City entered into an interest rate swap agreement ("the 2008A Swap Agreement") with Royal Bank of Canada and simultaneously terminated a 2006A Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for Chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $120.233 million notional amount associated with 2007-G Bonds. The swap provides for certain payment to or from Royal Bank of Canada equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for one month deposits of U.S. dollars payable to Royal Bank of Canada. The City received $21,100,000 from Royal Bank of Canada to assist in paying the settlement amount of $21,353,831 due to Lehman Brothers Special Financing. As a result of receiving the loan of $21,100,000 from Royal Bank of Canada, this loan, including interest at an implied rate of 6.519%, will be paid through the fixed rate to be paid by the City to Royal Bank of Canada.

The net effect of the 2008A Swap Agreement, when considered together with the variable rate Series 2007F1-F4 and Series 2007G1-G2 bonds, is that the Airport System will effectively pay a fixed rate, plus or minus the difference between the actual rate on the Series 2007F1-F4 and Series 2007G1-G2 Bonds and 70% of LIBOR on $120.233 million of obligations.

The Airport System is exposed to basis risk under the 2008A Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and 70% of LIBOR received under the 2008A Swap Agreement. The fixed rate payable by the Airport System under the 2008A Swap Agreement is 4.0085%. The 2008A Swap Agreement became effective on December 18, 2008 and payment under this Agreement commenced on January 1, 2009.

The 2008B Swap Agreement – On January 8, 2009, the City entered into an interest rate swap agreement ("the 2008B Swap Agreement") with Loop Financial Products I LLC and simultaneously terminated a 1998 Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for Chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $100 million notional amount associated with the 2008C1 Bonds outstanding in the amount of $92.6 million. The swap provides for certain payment to or from Loop Financial Products I LLC equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for three month deposits of U.S. dollars payable by Loop Financial Products I LLC. The City received $22,100,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $22,213,550 due to Lehman Brothers Special Financing. As a result of receiving $22,100,000 from Loop Financial Products I LLC, the fixed rate to be paid by the City to Loop Financial Products I LLC will take into account such payments and will be above the market rate.

The net effect of the 2008B Swap Agreement, when considered together with the variable rate Series 2008C1 bonds, is that the Airport System will effectively pay a fixed rate on $100 million, plus or minus the difference between the actual rate on $92.6 million of the Series 2008C1 Bonds and 70% of three month LIBOR on $100 million notional amount of swaps.

The Airport System is exposed to basis risk under the 2008B Swap Agreement, due to the differences between the variable interest rate it pays on the associated debt and 70% of three month LIBOR received under the 2008B Swap Agreement. The fixed rate payable by the Airport System under the 2008B Swap Agreement is 4.76%. The 2008B Swap Agreement became effective on January 8, 2009 and payments under this Agreement commenced on February 1, 2009.

Swap Payments and Associated Debt

Interest Rate Swap Profile (all rates as of December 31, 2009)

Swaps	**1999,2002(1)**	**2005,2006B**	**2006A,2008A**	**1998**	**2008B**
Associated Debt	**CP, 2002C, 2008B, 2009C(2)**	**2006A**	**2007F-G, 2002C(3)**	**2008C2-C3**	**2008C1, 2002C(4)**
Payment to Counterparty:	5.853%	3.912%	4.008%	4.740%	4.760%
Payment from Counterparty:	.426%	4.247%	.162%	.280%	0.275%
Net Swap Payment:	5.427%	(0.335%)	3.846%	4.460%	4.485%
Associated Bond Interest Rate:	.269%	4.950%	0.554%	0.280%	0.345%
Net Swap & Bond Payment:	5.696%	4.615%	4.400%	4.740%	4.830%

(1) Associated 1999 Swap with RFPC, Ltd. was terminated, and replaced with a 2010 Swap Agreement, and associated 2002 Swap with RFPC, Ltd. was terminated on January 12, 2010. The effect of this termination and replacement is not reflected here. The 2007A swaps were terminated on February 5, 2010 and

February 10, 2010. Because these swaps were not scheduled to be effective until May 1, 2010, the effect of these swaps is not included.

(2) Swaps currently associated by the Airport with $104.655 million Series 2009C, $75.70 million Series 2008B, and a portion of the Series 2002C Bonds.

(3) Swaps currently associated by the Airport with $207,025,000 Series 2007F1-F4, $147,800,000 Series 2007G1-G2, and a portion of the Series 2002C Bonds.

(4) Swaps currently associated by the Airport with $92,600,000 Series 2008C1, and a portion of the Series 2002C Bonds.

As rates vary, variable rate bond interest payments and net swap payments will vary. As of December 31, 2009, debt service requirements of the related variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms, were as follows:

	Principal	Interest	Interest rate swaps net	Total
Year:				
2010	$ 900,000	$ 17,275,431	$ 37,158,030	$ 55,333,461
2011	1,500,000	17,270,536	37,115,715	55,886,251
2012	1,600,000	17,263,901	37,073,401	55,937,302
2013	7,320,000	17,256,511	37,027,239	61,603,750
2014	32,450,000	17,232,532	36,981,077	86,663,609
2015-2019	340,740,000	75,673,658	168,518,217	584,931,875
2020-2024	619,590,000	46,540,619	73,817,634	739,948,253
2025	135,185,000	2,363,737	3,787,675	141,336,412
Total	$ 1,139,285,000	$ 210,876,925	$ 431,478,988	$ 1,781,640,913

Variable Rate Bonds and Swap payments are calculated using rates in effect on December 31, 2009.

(13) Denver International Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of December 31, 2009 and 2008, Special Facility Revenue Bonds outstanding totaled $304,260,000 and $309,905,000, respectively.

(14) Compensated Absences

Employees may accumulate earned but unused benefits up to specified maximum. The changes in compensated absences for 2009 and 2008 are as follows:

	Balance January 1, 2009	Additions	Retirements	Balance December 31, 2009	Amounts due within one year
Compensated absences payable	$ 7,817,823	$ 785,400	$ (1,018,522)	$ 7,584,701	$ 2,010,263
Less current				2,010,263	
Noncurrent portion				$ 5,574,438	

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Amounts due within one year
Compensated absences payable	$ 7,291,163	$ 845,577	$ (318,917)	$ 7,817,823	$ 2,097,649
Less current				(2,097,649)	
Noncurrent portion				$ 5,720,174	

(15) Pension Plan

Substantially all of DIA's employees are covered under the City and County of Denver's pension plan, the Denver Employees Retirement Plan.

Plan Description

The following are brief descriptions of the retirement plan. Plan participants should refer to the appropriate source documents or publicly available financial reports for more complete information on the plans.

The Denver Employees Retirement Plan (DERP) is a cost-sharing multiple-employer defined benefit plan established by the City to provide pension and post-retirement health benefits for its employees. The DERP is administered by the DERP Retirement Board in accordance with sections 18-401 through 18-430.7 of the City's Revised Municipal Code. Amendments to the plan are made by ordinance. These Code sections establish the plan, provide complete information on the DERP, and vests the authority for the benefit and contribution provisions with the City Council. The DERP Retirement Board acts as the trustee of the plan's assets. As of January 1, 2009, 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

Pension Plans' Funding Policy and Annual Pension Cost

For DERP, the City contributes 8.50% of covered payroll and employees make a pre-tax contribution of 2.50% in accordance with Section 18-407 of the Revised Municipal Code of the City. The City's contributions to DERP for the years ended December 31, 2009, 2008 and 2007 were approximately $41,006,000, $41,313,000, and $38,862,000, respectively, which equaled the required contributions each year. DIA's share of the City's contributions for the years ended December 31, 2009, 2008 and 2007 were approximately $5,782,918, $5,676,000 and $5,311,000, respectively.

(16) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust by the City for the exclusive benefit of the participants and their beneficiaries. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

(17) Commitments and Contingencies

(a) Commitments

At December 31, 2009, the Airport System has the following contractual commitments for construction and professional services:

Construction projects	$	57,503,367
Construction projects to be funded by bonded debt		89,362,742
Projects related to remediation – Stapleton		6,126,392
Total commitments	$	152,992,501

(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, 2009, the Airport System had accrued $.5 million in the accompanying financial statements for noise violations and penalties. There is no noise penalty due for 2009.

(c) Claims and Litigation

The Airport System is involved in several other claims and lawsuits and is the subject of certain other investigations. The Airport System and its legal counsel estimate that the ultimate resolution of these matters will not materially affect the accompanying financial statements of the Airport System.

(d) Denver International Assets under Operating Leases

The Airport leases portions of its buildings and improvements to airline and concession tenants under noncancelable operating leases. Lease terms vary from 1 to 30 years. The operating leases with the concession tenants require rental payments equal to the greater of a fixed minimum amount per square foot or percentage of gross receipts. Rental income under operating leases for 2009 and 2008 was $67,895,546 and $71,582,216, respectively.

Minimum future rentals due from concession tenants are as follows for the years ending December 31:

2010	$	52,433,175
2011		49,846,611
2012		47,922,961
2013		45,772,384
2014		14,025,507
2015-2019		18,474,604
2020-2022		1,056,000
Total minimum future rentals	$	229,531,242

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 2009 or 2008. Rental rates for airlines are established under a ratemaking methodology whereby a compensatory method is used to set terminal rental rates and a residual method is used to set landing fees. Rentals, fees, and charges must generate gross revenues together with other available funds sufficient to meet the rate maintenance covenant per the Bond Ordinance.

(e) Federal grants

Under the terms of the Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The Airport System management believes disallowances, if any, will be immaterial to its financial position and activities of the Airport.

(18) Insurance

The Airport System is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport System has purchased commercial insurance for the various risks.

Employees of the City (including all DIA employees) are covered by the City's insurance policies. Effective October 1, 1989, the City established a workers' compensation self-insurance trust in accordance with State statutes, to be held for the benefit of the City's employees.

The City's Workers' Compensation Internal Service Fund compensates City employees, or their eligible dependents, for injuries as authorized by the State Workers' Compensation law or City ordinances. The administrators of the fund provide safety training and enhancement programs, in addition to maintaining in-house records of claims. On August 1, 1991, a separate insurance program was established by the City to insure all contract labor working on-site at Denver International. The program provides medical and indemnity payments as required by law for on-the-job related injuries for all non-City employees and builders' risk, general liability, and professional liability for all applicable construction and consulting firms working on-site at the Denver International Airport. The insurance program covers only incidents incurred prior to September 1994.

Deductibles under this insurance program are: (1) workers' compensation liability of $250,000 per occurrence; and (2) general liability, builders' risk, and professional liability insurance of $25,000, $100,000, and $1,000,000 per occurrence, respectively.

Settled claims for these risks have not exceeded this commercial coverage in any of the past three fiscal years.

(19) Significant Concentration of Credit Risk

The Airport System derives a substantial portion of its operating revenues from airline's landing and facility rental fees (airline operating revenue). For the years ended December 31, 2009 and 2008, United Airlines represented approximately 51% and 56% of the Airport System's airline operating revenues, respectively. Frontier Airlines represented 14% and 15% in 2009 and 2008 of the Airport System's airline operating revenues, respectively. Southwest Airlines represented 10% in 2009. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

(20) United Airlines

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of passengers and flight operations. Pursuant to the United Use and Lease Agreement, United currently leases 35 of the 92 full-service gates at the Airport. In addition, United together with its United Express commuter affiliates, accounted for 46.2% and 46.3% of enplaned passengers at the Airport in 2009 and for the first three months of 2010, respectively.

(21) Subsequent Events

United and Continental Airlines announced on May 3, 2010, that the companies have reached a merger agreement that will form the world's largest airline by total passenger traffic. The transaction must still be approved by each airline's labor unions, and it must also meet the approval of federal regulators within the U.S. Department of Justice. Both companies have said that they hope to close the merger transaction by December 31, 2010.

On March 9, 2010, the Airport System issued $171,360,000 of the Airport System Revenue Bonds Series 2010A Bonds in a fixed rate mode to current refund all of the 2008A2 term rate bonds (Subseries 2008A2 Bonds) and a portion of the 2008A3 and 2008A4 (Subseries 2008A3 and 2008A4) term rate bonds.

On March 5, 2010, the Airport System spent $5.5 million to buy 27 oil and natural gas wells on its property. The Airport owns the mineral rights on all of its 34,000 acres, but had leased approximately 27,000 acres to Petro-Canada Resources (USA) Inc. (PCR) for oil and natural gas exploration. The Airport exercised its preferential right to buy the assets on the airport property and it is anticipated the wells will provide the Airport with additional annual revenue of approximately $3.5 million.

On March 4, 2010, the Airport System entered into a loan agreement, with Airport Solar I LLC, for $4 million to be repaid together with interest at the rate of 5.5%, over twenty years. The principal and interest shall be due and payable in annual installments of $334,717 commencing on January 1, 2011. The loan proceeds will be used for the acquisition of the completed commissioned 1.6MWDC photovoltaic solar electrical generation plant.

On February 5, 2010 and February 10, 2010, the Airport System terminated the 2007A Swaps in order to monetize the economic value of those Agreements. The Airport System received $11,092,000 from the counterparties for the settlement of the agreements.

On January 12, 2010, the Airport System terminated the 1999 and 2002 Swap Agreements with RFPC Ltd., due to deterioration in the credit ratings of AMBAC, the credit support provider for those swaps. The Airport System simultaneously entered into an interest rate swap agreement with Loop Financial Products I LLC to replace the 1999 swap agreement. The Airport System received $10,570,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $11,460,000 due to RFPC, Ltd. As a result of receiving $10,570,000 from Loop Financial Products I LLC, the fixed rate to be paid by the Airport System to Loop Financial Products I LLC will take into account such payments and will be above the market rate. The 2002 swap agreement was not replaced.

(22) Future Accounting Pronouncements

GASB 51

Effective January 1, 2010, the Airport System adopted GASB 51, *Accounting and Financial Reporting for Intangible Assets*. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. GASB 51 also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

GASB 53

Effective January 1, 2010, the Airport System adopted GASB 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting.

The standard provides specific criteria that governments will use to determine whether a derivative instrument results in an effective hedge. Changes in fair value for effective hedges that are achieved with derivative instruments will be recognized in the reporting period to which they relate. The changes in fair value of these hedging derivative instruments do not affect current investment revenue, but are instead reported as deferrals in the statement of net assets. Derivative instruments that either do not meet the criteria for an effective hedge or are associated with investments that are already reported at fair value are classified as investment derivative instruments for financial reporting purposes. Changes in fair value of those derivative instruments are reported as part of investment revenue in the current reporting period. GASB 53 also improves disclosures, providing a summary of the government's derivative instrument activity, its objectives for entering into derivative instruments, and their significant terms and risks.

City and County of Denver
Municipal Airport System

SCHEDULE OF COMPLIANCE WITH RATE MAINTENANCE COVENANT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE AIRPORT REVENUE ACCOUNT
(Unaudited)

Year ended December 31, 2009

Gross revenue:		
Facility rentals	$	251,700,814
Concession income		41,084,601
Parking income		114,861,852
Car rental income		42,989,223
Landing fees		110,083,983
Aviation fuel tax		16,849,474
Other sales and charges		11,782,469
Interest income		24,893,823
Designated Passenger Facility Charge Revenues		15,085,647
Miscellaneous income		2,260,152
Operation and Gross revenues as defined in the ordinance		631,592,038
Personnel services		116,539,988
Contractual services		166,468,909
Maintenance, supplies and materials		26,261,568
Miscellaneous expense		—
Operation and maintenance expenses as defined in the ordinance		309,270,465
Net revenue		322,321,573
Other available funds		49,288,429
Net revenue plus other available funds as defined in the ordinance	$	371,610,002
Debt service requirements as defined in the ordinance (1)	$	237,905,217
Coverage ratio (net revenue plus other available funds as a percentage of debt service requirements)		156%

(1) Net of irrevocably committed Passenger Facility Charges of $63,125,243 applied under Supplemental Bond Ordinance.

City and County of Denver
Municipal Airport System

SCHEDULE OF REQUIRED DEPOSITS TO THE BOND ACCOUNT, BOND RESERVE ACCOUNT, AND THE OPERATION AND MAINTENANCE RESERVE ACCOUNT AS DEFINED IN THE 1984 AIRPORT SYSTEM GENERAL BOND ORDINANCE (UNAUDITED)

Year ended December 31, 2009

(1) Bond Account

There shall be credited to the Bond Account, in the following order of priority:

(a) Interest Account

Required deposit monthly to the Bond Interest Account, commencing on the first day of the month immediately succeeding the issuance of any bonds, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of interest on such series of bonds.

Bond series	Interest payment date		Balance interest due		Required interest account balance at December 31, 2009
Series 1991D	05/15/10	$	2,085,360	$	347,560
Series 1992F-G	01/01/10		12,833		12,833
Series 1995C	05/15/10		345,313		57,552
Series 1997E	05/15/10		1,033,851		172,309
Series 1998A	05/15/10		3,217,375		536,229
Series 1998B	05/15/10		2,584,875		430,813
Series 2000A	05/15/10		6,472,365		1,078,727
Series 2001A	05/15/10		5,425,428		904,238
Series 2001B	05/15/10		456,563		76,094
Series 2001D	05/15/10		1,337,113		222,852
Series 2002C	01/01/10		10,816		10,816
Series 2002E	05/15/10		3,705,313		617,552
Series 2003A	05/15/10		4,049,125		674,854
Series 2003B	05/15/10		1,886,500		314,417
Series 2005A	05/15/10		5,610,500		935,083
Series 2006A	05/15/10		6,710,402		1,118,400
Series 2006B	05/15/10		2,779,250		463,208
Series 2007A	05/15/10		4,708,750		784,792
Series 2007B	05/15/10		606,250		101,042
Series 2007C	05/15/10		865,875		144,313
Series 2007D	05/15/10		3,924,319		654,053
Series 2007D2	05/15/10		730,000		121,667
Series 2007E	05/15/10		1,185,000		197,500
Series 2007F1-F4	01/01/10		107,904		107,904
Series 2007G1-G2	01/01/10		35,917		35,917
Series 2008A	05/15/10		14,318,950		2,386,492
Series 2008B	01/01/10		21,445		21,445
Series 2008C1	01/01/10		36,786		36,786
Series 2008C2-C3	01/01/10		54,301		54,301
Series 2009A	05/15/10		4,841,932		806,989
Series 2009B	05/15/10		2,291,603		381,934
Series 2009C	01/01/10		41,174		41,174
				$	13,849,846

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, 2009

(b) Principal Account

Required deposit monthly to the Bond Principal Account, commencing on the first day of the month immediately succeeding the issuance of any Serial Bonds, or commencing one year prior to the first fixed maturity date of such Serial Bonds, whichever date is later, an amount which if made in substantially equal installments thereafter would be sufficient to pay the next maturing installment of principal of such Serial Bonds.

Bond series	Principal payment date		Balance principal due		Required principal account balance at December 31, 2009
Series 1991D	11/15/10	$	13,846,524	$	1,153,877
Series 1992 F, G	11/15/10		1,600,000		133,333
Series 1995C	11/15/10		3,320,000		276,667
Series 2000A	11/15/10		14,730,000		1,227,500
Series 2001A	11/15/10		14,952,739		1,246,062
Series 2001D	11/15/10		3,365,000		280,417
Series 2002C	11/15/10		1,500,000		125,000
Series 2002E	11/15/10		11,300,000		941,667
Series 2006B	11/15/10		20,805,000		1,733,750
Series 2007F1-F4	11/15/10		500,000		41,667
Series 2007G1-G2	11/15/10		400,000		33,333
Series 2008A	11/15/10		20,365,000		1,697,083
Total principal account requirement				$	8,890,356

(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, 2009

(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, 2009, the redemption account had a balance of $17.3 million for the sixth runway and baggage system.

(e) Bond Account Summary

The sum of the required bond account balances described in items (a) through (d) above is as follows:

Aggregate required Bond Account balance	$	22,740,202
Bond Account balance at December 31, 2009		23,237,315
Overfunded	$	497,113

(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, 2009 is $375,988,134. The minimum Bond Reserve Account requirement is $375,988,134.

(3) Operation and Maintenance Reserve Account

The operation and maintenance reserve account is an amount equal to two times the monthly average operating and maintenance costs of the preceding year. The Airport System is required to make equal monthly transfers sufficient to fully fund the Operations and Maintenance Reserve Account by January 1, 2009.

Computation of minimum operation and maintenance reserve:

2008 Operation and Maintenence expenses	$	306,092,554
Minimum operations and maintenance reserve requirement for 2008	$	51,015,426
Operation and maintenance reserve account balance at December 31, 2009		59,733,489
Overfunded	$	8,718,063

(1) Under the Supplemental Bond Ordinance effective September 9, 2003, the City may increase the operating and maintenance reserve account balance to an amount equal to three times the prior year's monthly average.

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APPENDIX G

UNAUDITED FINANCIAL STATEMENTS OF THE AIRPORT SYSTEM FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

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City and County of Denver
Municipal Airport System
Management's Discussion and Analysis
For the Nine Months Ended September 30, 2010
(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 and nine months ended September 30, 2010, and 2009, and for the year ended December 31, 2009. 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 $152.6 million, an increase of $19.1 million (14.3%) for the three month period ended September 30, 2010, as compared to three months ended September 30, 2009. The increase in revenue was primarily related to increases in airline facility rentals and landing fees. A 8.6% increase in passenger traffic for the three month period ended September 30, 2010 over the same period in 2009 contributed to increase in parking and Concession revenues. Revenues from aviation fuel tax and other sales and charges also increased while car rental revenue declined slightly.

Operating revenue at the Airport were $446.7 million, an increase of $47.8 million (12.0%) for the nine month period ended September 30, 2010. The majority of the increase was related to increase in airline facility rentals, landing fees, parking revenues and aviation fuel tax. A 3.1% increase in passenger traffic and a 3.7% increase in per passenger spend rate for the period contributed to a 6.1 % increase in non airline revenues (concession, parking, and car rental).

Operating expenses, exclusive of depreciation, and amortization were $116.4 and $293.5 million respectively for the three and nine month periods ending September 30, 2010, an increase of $41.8 million (56.0%) and $66.3 million (29.2%) respectively as compared to period ending September 30, 2009. The increase was attributable to an increase in guard services, management services, electricity, gas, city services charges, and major repair and maintenance expenses of construction projects associated with Flight Information Display systems (FIDs), baggage system removal, Central Plant Repairs, roadways and surface repairs (apron and ramp), Master Plan, Airfield/Roadway lighting, and South terminal studies and parking stair replacements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Airport System is an enterprise fund of the City. An enterprise fund is established to account for operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

The Airport System's financial statements consist of its statement of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to financial statements. The statement of net assets present information on the Airport System's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Airport System is improving or deteriorating. The statement of revenues, expenses and changes in net assets presents information showing how the Airport System's net assets changed during the period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Summary of Revenues, Expenses, and Changes in Net Assets

The following is a summary of the revenues, expenses and changes in net assets for the nine-month period ended September 30, 2010, 2009 and 2008 (in thousands):

	2010	2009	2008
Operating revenues	446,705	398,875	411,448
Operating expenses before depreciation and amortization	(293,465)	(227,162)	(244,190)
Operating income before depreciation and amortization	153,240	171,713	167,258
Depreciation and amortization	(134,072)	(132,934)	(123,439)
Operating income	19,168	38,779	43,819
Nonoperating revenues	155,859	93,959	120,136
Nonoperating expenses	(154,647)	(166,095)	(175,864)
Capital contributions	12,515	30,789	11,232
Increase (decrease) in net assets	32,895	(2,568)	(677)
Net assets, beginning of period (1/1)	769,553	842,300	873,990
Net assets, end of period (9/30)	$ 802,448	$ 839,732	$ 873,313

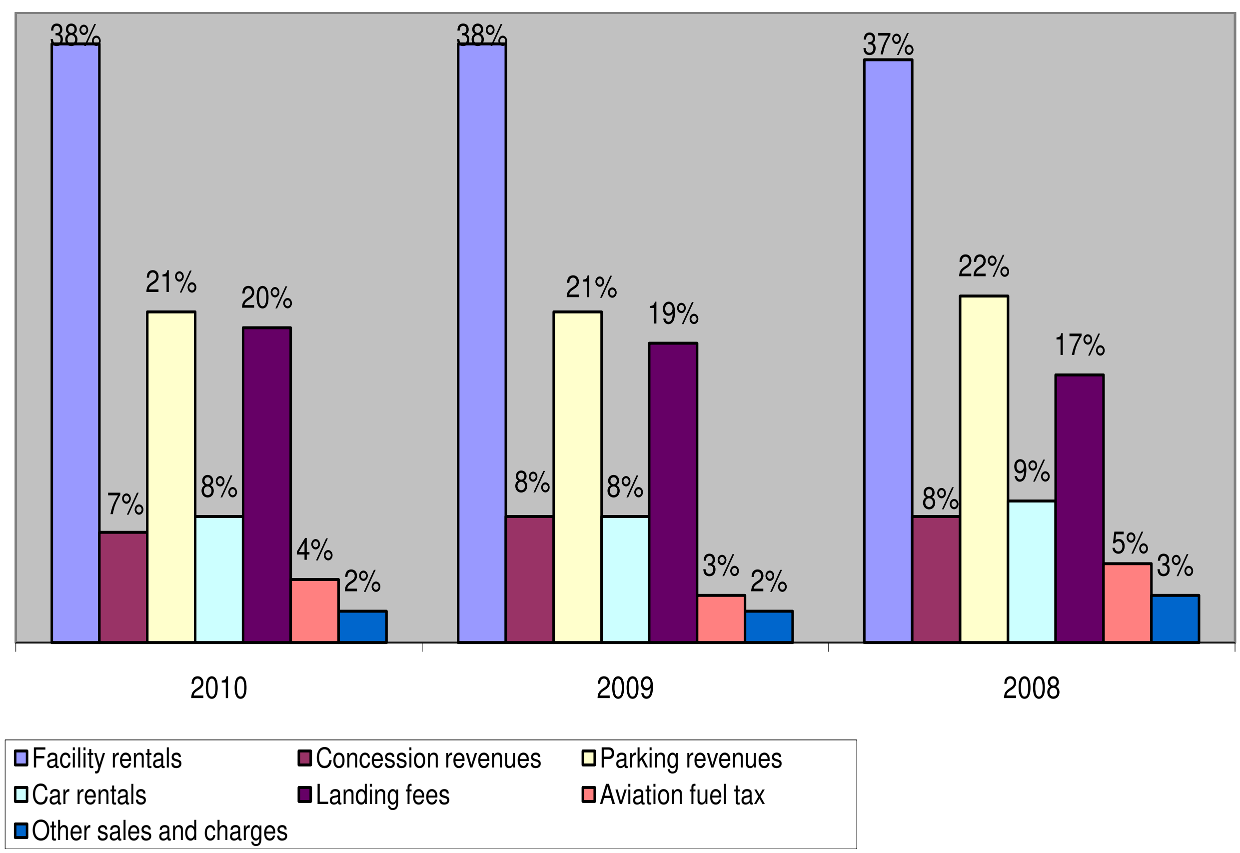
City and County of Denver
Municipal Airport System
Management's Discussion and Analysis
For the Nine Months Ended September 30, 2010
(Unaudited)

OPERATING REVENUES

(in thousands)

	2010	2009	2008
Operating Revenues:			
Facility rentals	$ 170,184	$ 153,046	$ 150,775
Concession revenues	32,367	31,087	32,260
Parking revenues	92,084	85,212	90,735
Car rentals	33,539	32,574	35,245
Landing fees	90,772	76,034	68,811
Aviation fuel tax	17,119	12,613	22,625
Other sales and charges	10,640	8,309	10,997
Total Operating Revenues	$ 446,705	$ 398,875	$ 411,448

Percent of Total Operating Revenues



City and County of Denver
Municipal Airport System
Management's Discussion and Analysis
For the Nine Months Ended September 30, 2010
(Unaudited)

To understand some of the variances in the Airport System financial statement changes for the nine months ended Septembere 30, the analysis below explains the increase in revenues.

The Airport System's activities increased in all five areas for the nine months ended September 30, 2010. as compared to 2009 (in thousands):

	2010	2009	Percentage Change
Enplanements	19,791	19,216	3.0%
Passengers	39,508	38,335	3.1%
Aircraft Operations (1)	477	463	3.1%
Cargo (in pounds)	408,443	357,530	14.2%
Landed Weight	25,044	24,774	1.1%

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

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

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

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

2010/2009

Operating revenues increased by $47.8 million or 12.0% to $446.7 million for the nine month period ending September 30, 2010, from $398.9 million in 2009, primarily due to the increase in facility rentals, landing fees, aviation fuel tax, other sales and charges, and non airline revenues: concession, parking and car rental.

Landing fees increased by $14.7 million or 19.4%, which is attributable to the increase in landing rate fees per 1,000 pounds landed weight from $3.06 for signatory and $3.67 for non-signatory airlines in September 2009 to $3.62 for signatory and $4.34 for non-signatory in September 2010.

Facility rentals increased by $17.1 million or 11.1% which is attributable to an increase airline non preferential use fees, baggage fees, airline ramp rent and a decrease in the accrued year end revenue credit.

Concession revenues between 2010 and 2009 increased $1.3 million, or 4.1%, primarily due to the increase in passenger traffic. Additionally, there was an increase in spend rate per enplaned passenger from $9.46 in 2009 to $9.81 in 2010.

The parking revenue increase of $6.9 million, or 8.0%, is attributable to the increase in originating and destination (O&D) traffic and an increase in parking rates in July 2009 of a $1.00 for the economy and shuttle parking lots.

Car rental revenue increased by $1.0 million, or 3.0%, to $33.5 million, due to an increase in O&D passenger traffic and strengthening of rental rates.

Aviation fuel tax increased in 2010 by $4.5 million, or 35.7%, due to an increase in fuel prices and flight operations.

Other sales and charges increased by $2.3 million or 28.1% due to an increase in natural resources related to the purchase of the oil and gas wells this year which was offset by a decrease in charges to tenants for utilities, trash and taxi cabs.

2009/2008

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

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

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

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

The parking revenue decline of $5.5 million, or 6.1%, is attributable to the decrease in originating and destination traffic

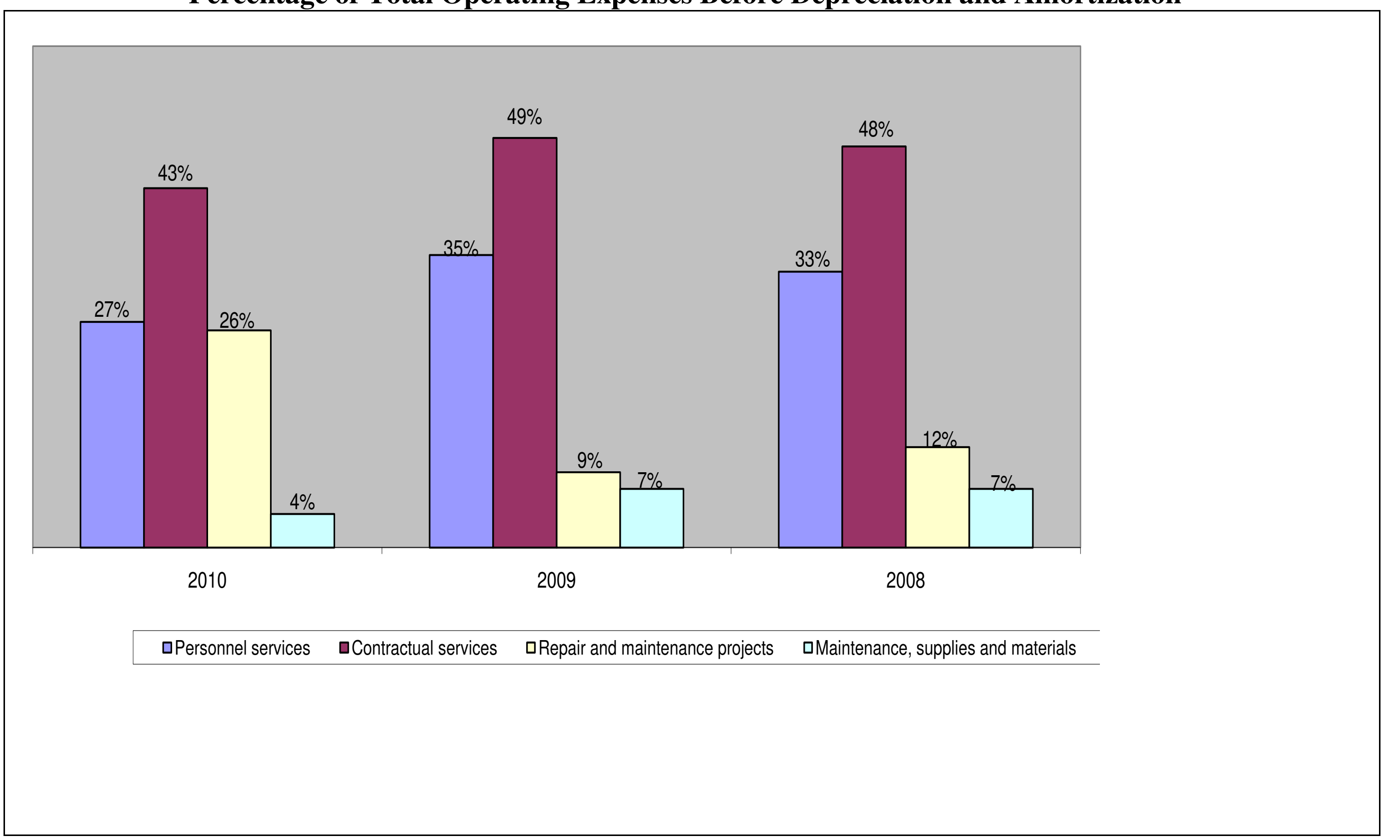
Concession revenues between 2009 and 2008 decreased by $1.2 million, or 3.6%, primarily due to the decrease in passenger traffic. Additionally, there was a decrease in spend rate per enplaned passenger from $9.96 in 2008 to $9.80 in 2009.

Car rentals revenue decreased by $2.7 million, or 7.6%, to $32.6 million, due to a decrease in originating and destination (O&D) passenger traffic.

Operating Expenses before Depreciation and Amortization
(in thousands)

	2010	2009	2008
Operating Expenses:			
Personnel services	$ 77,894	$ 78,966	$ 80,231
Contractual services	125,292	112,086	116,050
Repair and maintenance projects	77,260	21,024	30,514
Maintenance, supplies and materials	13,019	15,086	17,395
Total Operating Expenses, before depreciation and amortization	$ 293,465	$ 227,162	$ 244,190

Percentage of Total Operating Expenses Before Depreciation and Amortization



2010/2009
Operating expenses before depreciation and amortization increased by $66.3 million, or 29.2%, to $293.5 million for the nine month period ending September 30, 2010 from $227.2 million in 2009.

Personnel services decreased $1.1 million, or 1.3%, in 2010 which was due to a decrease in direct labor and benefits associated with the furlough days taken by personnel 2010.

Repair and maintenance projects increased by $56.2 million, or 267.4% which was primarily due to the expenses for Flight Information Display systems (FIDs), baggage system removal, roadways and surface repairs (apron and ramp), Master Plan, and South terminal studies and parking stair replacements that had been funded through the capital improvement program.

Contractual services increased by $13.2 million or 11.8% related to, banking service, guard service, electricity, gas, management services and city agency charges, R & M nonstructural improvement and roads which was offset by a decrease in Architectural & engineering services, Shuttle buses, repair and maintenance of building equipment, snow removal.

Maintenance, supplies and materials decreased by $2.1 million, or 13.7%, to $13.0 million due to the decrease in commercial chemicals & solvents, runway, and emergency lighting, radio & electronic supplies, and air condition repair parts which is offset by a an increase in the natural gas, and off road machinery & parts.

2009/2008

Operating expenses before depreciation and amortization decreased by $17.0 million, or 7.0%, from $244.2 million in 2008 to $227.2 million in 2009.

Personnel services decreased $1.3 million, or 1.6%, in 2009 which was due to a decrease in overtime costs relating to regular and snow overtime and direct labor and benefits associated with the furloughs taken by personnel.

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

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

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

Nonoperating Revenues and Expenses, Capital Grants and Capital Contributions

2010/2009

Total nonoperating revenues, net of nonoperating expenses, increased by $73.3 million or 101.7% to $1.2 million for the first nine months of 2010 as compared to net expense of $72.1 million in 2009. The increase in revenue was due to an increase of $4.2 million or 5.6% in Passenger Facility Charges (PFCs) and an increase in investment income of $50.7 million due to an increase in unrealized gain on investments of $25.5 million, a slight increase in investment yields and an increase in investments resulting from the bond transaction in October of 2009. Also there was an increase in other income from Stapleton due to the insurance monies and the receipt of $11.1 million for the termination of the 2007A swaps.

2009/2008

Total nonoperating expenses, net of nonoperating revenues, increased by $16.4 million or 29.4% to $72.1 million in the first nine months of 2009 as compared to 2008. The increase was due to a decrease in investment income of $24.6 million or 57.6% which was due to a decrease in investment yields and an unrealized loss on investments of $12.0

million. Passenger Facility Charges decreased by $1.0 million or 1.3% due to the decrease in passenger traffic. Lastly there was a decrease in Stapleton costs related to the reimbursement of insurance costs to complete the remediation of certain environmental conditions at Stapleton

During the first nine months of 2010 and 2009, capital grants totaled $12.5 million and $30.8 million respectively

Summary of Net Assets

The following is a summary of the Net Assets as of September 30, 2010 and December 31, 2009 and 2008 (in thousands):

	2010	2009	2008
Assets:			
Current assets	$ 364,494	$ 206,665	$ 320,948
Restricted assets, current	230,138	169,611	386,568
Noncurrent investments	211,544	299,258	170,301
Long-term receivables	5,847	2,000	2,000
Capital assets	3,240,610	3,314,609	3,400,133
Bond issue costs, net	46,988	51,457	52,204
Derivative instrument- swaps	49,395	-	-
Deferred loss on swap termination, net of current portion	49,488	38,577	19,857
Investments restricted	895,600	900,246	642,223
Assets held for disposition	9,903	12,799	13,073
Deferred inflow of resources	(49,395)	-	-
Total assets	5,054,612	4,995,222	5,007,307
Liabilities:			
Current liabilities	90,346	114,180	122,371
Current liabilities payable from restricted assets	261,103	225,393	200,450
Bonds payable	3,822,727	3,808,388	3,767,329
Notes payable	72,219	71,783	69,137
Special Incentive Program	179	351	-
Derivative instrument- liability	279,354	-	-
Compensated absence	5,590	5,574	5,720
Deferred outflow of resources	(279,354)	-	-
Total liabilities	4,252,164	4,225,669	4,165,007
Net Assets (Deficit):			
Invested in capital assets, net of related debt	(464,631)	(291,115)	(213,290)
Restricted	757,226	658,095	679,782
Unrestricted	509,853	402,573	375,808
Total net assets	$ 802,448	$ 769,553	$ 842,300

2010/2009

Total assets increased by $59.4 million in September of 2010 compared to December of 2009. This was primarily due to an increase of $146.6 million in cash and cash equivalents and investments, an increase in deferred loss on swap termination, passenger facility charges receivable and long-term receivables. This is offset by a decrease of $74.0 million in capital assets, net, and a decrease in bond issue costs.

Total liabilities increased by $26.5 million in September 30, 2010 compared to December 31, 2009. The increase was an increase in, bonds payable, other liabilities for year-end settlement, and an increase in accrued interest being recorded for four and half months in September 30, 2010, as compared to one and a half in December 31, 2009, and offset by a decrease in vouchers payable, due to other city agencies, and deferred rent.

Of the Airport System's 2010 total net assets, 94.4% are restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $744.5 million for debt service and $12.7 million for capital projects, respectively.

As of September 30, 2010, the remaining net assets includes unrestricted net assets of $509.9 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amounts as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition ($464.6) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

2009/2008

Total assets decreased by $12.1 million in 2009, compared to 2008. This was primarily due to a decrease in capital assets, net of $85.5 million, a decrease in bond issue costs and grants receivable, which was offset by an increase in cash, cash equivalents and investments associated with the 2009 bond series, an increase in accounts receivable associated with the insurance recoveries of pollution remediation, and an increase of $22.1 million for the deferred loss on the 1998 swap termination.

Total liabilities increased by $60.7 million in 2009, compared to 2008. The increase resulted from several factors: (1) $22.1 million for notes payable related to the 1998 swap termination; (2) an increase in revenue bonds payable associated with the 2009 new money revenue bonds issued which is offset by the payments of revenue bonds for 2009; (3) an increase in due to other city agencies of $5.6 million which is associated with the increase in other city personnel and the City's indirect cost study increase for 2009 of $4.4 million.

Of the Airport System's 2009 total net assets, 85.5% are restricted for future debt service and capital construction. The bond reserve account and bond accounts that are externally restricted represent $645.0 million for debt service and $13.1 million for capital projects, respectively.

At December 31, 2009, the remaining net assets included unrestricted net assets of $402.6 million that may be used to meet any of the Airport System's ongoing operations. Management of the Airport System has internally designated $67.3 million of its unrestricted net asset amounts as allowed in the 1984 Airport System General Bond Ordinance as supplemented and amended, to help meet debt covenant coverage requirements. In addition ($291.1) million represents the Airport's investment in capital assets, net of related debt. A negative investment results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness.

Long-Term Debt

As of September 30, 2010 and December 31, 2009, the Airport System had approximately $4.1 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 $348.5 million in 2009.

The Airport System's senior lien debt is currently rated by Standard & Poor's, Moody's, and Fitch at A+, A1, and A+, respectively, with stable outlooks.

The Airport System's governing bond ordinances (the bond ordinance) require that the Airport System's net revenues plus other available funds, as defined in the bond ordinance, be sufficient to provide debt service coverage of 125% of the annual debt service requirement on senior bonds. The debt service coverage ratio for the year ended December 31, 2009 and 2008 was 156% and 160%, respectively, of total debt service.

On March 9, 2010, the Airport System issued $171,360,000 of the Airport System Revenue Bonds Series 2010A Bonds in a fixed-rate mode to currently refund all of the 2008A2 term-rate bonds (Subseries 2008A2 Bonds) and a portion of the 2008A3 and 2008A4 (Subseries 2008A3 and 2008A4) term rate bonds.

On February 5, 2010 and February 10 2010, the Airport System terminated the 2007A swaps to monetize the economic value of those agreements. The Airport System received $11,092,000 from the counterparties for the settlement of the agreements.

On January 12, 2010, the Airport System terminated the 1999 and 2002 Swap Agreements with RFPC Ltd, due to deterioration in the credit ratings of AMBAC, the credit support provider for those swaps. The Airport System simultaneously entered into an interest rate swap agreement with Loop Financial Products I LLC to replace the 1999 swap agreement. The Airport System received $10,570,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $11,460,000 due to RFPC, Ltd. As a result of receiving $10,570,000 from Loop Financial Products I LLC, the fixed rate to be paid by the Airport System to Loop Financials Products I LLC will take into account such payments and will be above the market rate. The 2002 swap agreement was not replaced.

On November 6, 2009, the Airport issued $104,655,000 of Airport System Revenue Bonds, Series 2009C, in a variable rate mode to currently refund all of the Airport System Subordinate Commercial Paper Note, Series A.

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On October 28, 2009, the Airport issued $170,190,000 and $65,290,000 of Airport System Revenue Bonds, Series 2009A and 2009B (taxable "Build America Bonds") in a fixed-rate mode for the purpose of purchasing and retiring portions of the Series 2006B, Series 2007D2, and Subseries 2008A4 bonds, and to fund new money for capital improvement projects.

On January 8, 2009, the City entered into an interest rate swap agreement ("the 2008B Swap Agreement") with Loop Financial Products I LLC and simultaneously terminated a 1998 Swap Agreement with Lehman Brothers Special Financing. The purpose of the transaction was to replace Lehman Brothers Special Financing, which filed a voluntary petition for Chapter 11 bankruptcy protection on September 15, 2008, as counterparty to $100.0 million notional amount associated with the 2008C1 Bonds outstanding in the amount of $92.6 million. The swap provides for certain payment to or from Loop Financial Products I LLC equal to the difference between the fixed rate payable by the Airport System under the Agreement and 70% of London Interbank Offered Rate (LIBOR) for three-month deposits of US dollars payable by Loop Financial Product I LLC. The City received $22,100,000 from Loop Financial Products I LLC to assist in paying the settlement amount of $22,213,550 due to Lehman Brothers Special Financing. As a result of receiving

$22,100,000 from Loop Financial Product I LLC, the fixed-rate that the City will pay 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 $100.0 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 $100.0 million notional amount of swaps.

The Airport System is exposed to basis risk under the 2008B Swap Agreement because of 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.

Capital Assets

As of September 30, 2010, and December 31, 2009, the Airport System had capital assets of approximately $3.2 billion and $3.3 billion, respectively. These amounts are net of accumulated depreciation of approximately $2.0 billion and $1.9 billion, respectively.

On September 15, 2010, The Airport System announced that the Airport will gain a third solar installation with the development of a new 4.4 megawatt solar installation by Denver-based Oak Leaf Energy Partners. Construction of the project commenced in the fall of 2010 with completion expected in early 2011.

On August 26, 2010, The Regional Transportation District (RTD) broke ground at the airport for the FasTracks East Corridor-rail line that will link the City's downtown to Denver International Airport. The east corridor line, which is estimated to be completed in 2016, is the first of four lines that will be built for an expanded commuter rail system in the region.

On July 29, 2010 the Airport unveiled the conceptual design of the South Terminal Redevelopment Program at the Westin Tabor Center in Denver. In conjunction with the RTD's FasTracks East Corridor, the South Terminal Redevelopment Program is expected to create more than 6,600 jobs and is scheduled for completion in 2016. The South Terminal Redevelopment Program includes the construction of a train station to connect the Airport to downtown Denver, a signature rail bridge and a plaza. The program also includes a planned 500-room hotel and conference center connected to Jeppesen Terminal.

On March 5, 2010 the Airport System bought 27 oil and natural gas wells on its property for $5.5 million. The Airport owns the mineral rights on all of its 34,000 acres, but had leased approximately 27,000 acres to Petro-Canada Resources (USA) Inc. (PCR) for oil and natural gas exploration. The Airport exercised its preferential right to buy the assets on the airport property and it is anticipated, at current prices, the wells could provide the Airport additional annual revenue of approximately $3.5 million.

On March 4, 2010, the Airport System entered into a loan agreement, with Airport Solar I LLC, for $4 million to be repaid together with interest at the rate of 5.5% over twenty years. The principal and interest shall be due and payable in annual installments of $334,717 commencing on January 1, 2011.

In an agreement between United Airlines and the Airport System dated October 6, 2009 United agreed to provide the Airport System with five gates on Concourse B and in exchange the Airport agreed to compensate United for these gates in the amount of $2.5 million per gate, for a total of $12.5 million, payable on December 31, 2009. United will be relieved of all lease payment obligations for the leasehold (gates, hold rooms, support areas, equipment rental etc.) for a period of six years beginning January 1, 2010. Effective January 1, 2016, the leasehold will automatically revert to United Airlines. The Airport System has leased the gates to other carriers.

Passenger Facility Charges (PFCs): In 1992, the PFC program authorized the imposition of a fee of $3.00 per revenue 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. PFC revenues are to be used for qualified costs of the Airport, including associated debt service and approved capital projects. The Airport increased the PFC rate from $3.00 to $4.50 effective April 1, 2001. As of September 30, 2010, a total of $1.2 billion has been remitted to the Airport, (including interest earned on late payments), of which $105.0 million has been expended on approved projects, $1.2 billion has been used to pay debt service on the Airport's general airport revenue bonds, and $1.1 billion is unexpended. The Airport System's authorization to impose the PFC expires on the earlier of January 1, 2030 or upon the collection of the $3.3 billion authorized maximum amount of PFC revenues.

Construction Commitments: As of December 31, 2009, the Airport System had outstanding contractual construction and professional services commitments of approximately $153.0 million and had made over $143.5 million in contractual payments for the year then ended.

ECONOMIC FACTORS

The first nine months of 2010, passenger traffic level increased to 39.5 million passengers or 3.1% over the nine months of 2009

As previously discussed, operating revenues were up 12.0% in 2010 compared to 2009. Operating income before depreciation and amortization of $153.2 million represented a decrease of $18.5 million compared to 2009. Revenues available for sharing, the net revenue that is split 50%/50% with the signatory airlines under the use and lease agreements, was $49.7 million in 2009. The airlines received $25.2 million with the balance flowing to the Airport System's Capital Fund for discretionary purposes.

The dominant air carrier at Denver International Airport is United, which together with its regional affiliates account for approximately 46.2% of the passenger enplanements in 2009, and 44.3% for the nine months ended September 30, 2010.

United and Continental Airlines announced on May 3, 2010, that both companies have reached a merger agreement that will form the world's largest airline by passenger traffic. The deal has been approved by each airline's stockholders and the United States Department of Justice has cleared the merger with appropriate divestitures of slots at Newark Airport by the combined company. European Union regulators have also cleared the transaction to proceed. Both companies have said that they hope to close the merger transaction by December 31, 2010.

Frontier has the second largest market share at the Airport, which serves as Frontiers largest hub, Frontier accounted for approximately 23.0% of passenger enplanements in 2009 and 22.0% for the first nine months of 2010.

Frontier filed for bankruptcy protection in April of 2008, received approval of a plan of reorganization in September 2009 and emerged from bankruptcy on October 1, 2009, as a subsidiary of Republic Holdings, Republic Holdings, also purchased Midwest Airlines in July of 2009. On April 13, 2010 Republic Holdings announced that it has selected the Frontier Airlines name for its consolidated branded airline.

As part of its bankruptcy proceedings and pursuant to the Frontier Stipulated Order, Frontier assumed its use and lease agreement with the Airport, as well as certain ground service and cargo leases, as part of its reorganization proceedings. To cure their debt owed to the Airport prior to filing for bankruptcy, Frontier issued and delivered to the Airport its $3.0 million promissory note payable in three equal installments plus interest thereon at 3% per annum commencing October 1, 2010. The use and lease agreement was amended to reduce the number of gates used by Frontier, and eliminate administrative spaces leased such as ticket counters and office space. Prior to bankruptcy, Frontier leased 15 gates on Concourse A and used six additional full service jet gates on Concourse A on a preferential basis as well as one common use international gate on Concourse A on a subordinated basis. Pursuant to the amended Use and Lease Agreement, Frontier agreed to lease 18 gates on Concourse A and relinquished its preferential rights to other gates.

Southwest Airlines (Southwest) began service at the Airport in January of 2006, with an initial daily schedule of 13 departing flights, utilizing two gates on Concourse C. Southwest will now offers 135 departing flights. Southwest has the third largest market share at the Airport, accounting for approximately 14.4% of passenger enplanements in 2009 and 17.3% the first nine months of 2010.

Southwest currently leases 17 gates on Concourse C.

Request for Information

This financial report is designed to provide a general overview of the Airport System's finances for interested individuals. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Laura Trujillo, Accounting Controller, Denver International Airport, Airport Office Building, 8th Floor, 8500 Pena Boulevard, Denver, CO 80249-6340. Copies are available on-line at www.flydenver.com.

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets
As of September 30, 2010, and December 31, 2009
(Unaudited)

Assets		September 30, 2010		December 31, 2009
Current assets:				
Cash and cash equivalents	$	175,159,064	$	97,628,667
Investments		131,349,303		30,740,497
Accounts receivable (net of allowance for for doubtful accounts $1,120,556 and $1,074,533)		43,817,405		57,847,456
Accrued interest receivable		1,591,975		6,064,842
Other long-term receivables		1,468,005		1,118,640
Inventories		11,108,480		10,739,578
Prepaid expenses and interest		-		2,524,994
Total current unrestricted assets		364,494,232		206,664,674
Restricted assets:				
Cash and cash equivalents		76,710,804		71,194,287
Investments		132,835,539		77,541,269
Accrued interest receivable		1,010,085		2,631,092
Prepaid expenses and interest		5,514,064		8,788,509
Grants receivable		-		357,887
Passenger facility charges receivable		14,067,204		9,098,428
Total current restricted assets		230,137,696		169,611,472
Total current assets		594,631,928		376,276,146
Non-current assets:				
Investments		211,544,544		299,257,982
Long term receivable		5,846,557		2,000,000
Capital assets:				
Buildings		1,989,896,000		1,988,351,492
Improvements other than buildings		2,223,935,595		2,161,395,306
Machinery and equipment		704,355,084		689,952,223
		4,918,186,679		4,839,699,021
Less accumulated depreciation and amortization		(2,038,248,948)		(1,904,391,951)
		2,879,937,731		2,935,307,070
Construction in progress		65,368,999		83,996,420
Land, land rights and air rights		295,303,475		295,305,625
Total capital assets		3,240,610,205		3,314,609,115
Bond issue costs, net of accumulated amortization		46,988,321		51,456,627
Derivative instrument- interest rate swap		49,394,549		-
Deferred loss on swap termination, net of current		49,487,740		38,576,664
Investments – restricted		895,599,735		900,246,114
Assets held for disposition		9,902,978		12,799,153
Deferred inflows on swaps		(49,394,549)		-
Total assets	$	5,054,612,008	$	4,995,221,801

City and County of Denver, Colorado
Municipal Airport System
Statements of Net Assets, continued
As of September 30, 2010, and December 31, 2009
(Unaudited)

	September 30, 2010	December 31, 2009
Liabilities		
Current liabilities:		
Vouchers payable	$ 18,671,992	$ 34,259,867
Due to other City agencies	17,370,000	23,668,950
Special incentive program payable	245,442	245,442
Compensated absences payable	2,279,802	2,010,263
Other liabilities	16,228,145	1,606,260
Revenue credit payable	25,902,450	29,334,593
Deferred rent	9,648,326	23,054,356
Total current unrestricted liabilities	90,346,157	114,179,731
Current liabilities payable from restricted assets:		
Vouchers payable	25,592,321	19,321,389
Retainages payable	22,531,914	22,531,914
Accrued interest and matured coupons	63,022,431	25,203,128
Notes payable	15,208,134	17,052,812
Other liabilities	22,352,967	28,888,635
Revenue bonds	112,395,000	112,395,000
Total current liabilities payable from restricted assets	261,102,767	225,392,878
Total current liabilities	351,448,924	339,572,609
Noncurrent liabilities:		
Bonds payable:		
Revenue bonds, net of current portion	4,016,700,000	4,023,745,000
Less: deferred loss on bond refunding	(257,271,666)	(274,564,624)
Less: unamortized premiums	63,299,215	59,207,645
Total bonds payable, noncurrent	3,822,727,549	3,808,388,021
Notes payable	72,218,529	71,783,218
Special incentive program payable	179,487	350,487
Compensated absences payable	5,589,741	5,574,438
Derivative instruments liability	279,354,073	-
Total noncurrent liabilities	4,180,069,379	3,886,096,164
Deferred outflow of resources- swaps	(279,354,073)	-
Total liabilities	4,252,164,230	4,225,668,773
Net Assets (Deficit)		
Invested in capital assets, net of debt	(464,631,175)	(291,114,739)
Restricted for:		
Capital projects	12,704,975	13,062,862
Debt service	744,521,209	645,031,962
Unrestricted	509,852,769	402,572,943
Total net assets	$ 802,447,778	$ 769,553,028

See accompanying notes to financial statements.

City and County of Denver, Colorado
Municipal Airport System
Statements of Revenues, Expenses and Changes in Net Assets
For the Three & Nine Months Ended September 30, 2010 and 2009
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Operating revenues:				
Facility rentals	$ 55,161,211	$ 46,127,182	$ 170,184,172	$ 153,046,372
Concession revenues	11,534,273	10,708,582	32,367,190	31,086,658
Parking revenues	31,363,658	29,987,231	92,084,355	85,212,154
Car rental revenues	12,764,427	13,114,186	33,538,789	32,573,949
Landing fees	31,615,251	26,123,966	90,772,108	76,033,929
Aviation fuel tax	5,911,767	4,579,974	17,118,710	12,612,454
Other sales and charges	4,302,990	2,945,000	10,639,544	8,309,185
Total operating revenues	152,653,577	133,586,121	446,704,868	398,874,701
Operating expenses:				
Personnel services	26,394,903	26,080,047	77,894,080	78,965,622
Contractual services	43,468,849	35,338,364	125,292,252	112,086,082
Repair and maintenance projects	43,114,465	8,234,521	77,259,605	21,023,827
Maintenance, supplies and materials	3,409,284	4,959,637	13,018,947	15,086,549
Total operating expenses before depreciation and amortization	116,387,501	74,612,569	293,464,884	227,162,080
Operating income before depreciation and amortization	36,266,076	58,973,552	153,239,984	171,712,621
Depreciation and amortization	47,118,823	44,931,547	134,071,951	132,933,953
Operating income	(10,852,747)	14,042,005	19,168,033	38,778,668
Non-operating revenues (expenses):				
Passenger facility charges	26,820,923	25,538,407	80,112,728	75,880,367
Interest on Investment	23,218,613	12,237,101	68,759,012	18,078,846
Interest expense	(52,866,641)	(54,041,503)	(154,647,592)	(161,835,921)
Grant income	-	-	-	-
Other revenue expense	(1,773,308)	(1,049,868)	6,987,400	(4,258,582)
Total non-operating revenues (expenses), net	(4,600,413)	(17,315,863)	1,211,548	(72,135,290)
Income (loss) before capital contributions	(15,453,160)	(3,273,858)	20,379,581	(33,356,622)
Gain before capital contributions				
Capital contributions:				
Capital grants	11,059,895	21,450,405	12,383,272	29,295,396
Capital contributions	-	839,055	131,897	1,493,561
Change in net assets	(4,393,265)	19,015,602	32,894,750	(2,567,665)
Net assets, beginning of year	769,533,028	842,299,944	769,553,028	842,299,944
Net assets, end of period	$ 765,139,763	$ 861,315,546	$ 802,447,778	$ 839,732,279

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Nine Months Ended September 30, 2010, and 2009
(Unaudited)

	September 30, 2010	September 30, 2009
Cash flows from operating activities		
Receipts from customers	$ 458,468,267	$ 419,276,960
Payments to suppliers	(210,353,321)	(157,723,694)
Interfund activity payments to other funds	(11,250,000)	(7,500,000)
Payments to employees	(78,013,900)	(78,700,845)
Net cash provided by operating activities	158,851,046	175,352,421
Cash flows from noncapital financing activities		
Proceeds from note payable	11,725,000	21,100,000
Swap termination payment	(11,725,000)	(21,100,000)
Operating grants received	-	-
Net cash used by noncapital financing activities	-	-
Cash flows from capital and related financing activities		
Proceeds from issuance of debt	1,638,822	-
Proceeds from notes payable	-	-
Principal paid on notes payable	(13,134,368)	(10,066,564)
Interest paid on notes payable	(1,355,662)	(1,755,450)
Principal paid on revenue bonds	-	(31,475,000)
Interest paid on revenue bonds	(112,791,861)	(117,121,056)
Bond issuance costs paid	(1,862,787)	(363,969)
Capital grant receipts	12,873,056	37,671,857
Passenger facility charges	75,143,952	72,176,733
Purchases of capital assets	(31,681,669)	(95,880,515)
Payments from accrued expenses for capital assets	(36,251,283)	(36,557,591)
Payments to escrow for current refunding of debt	(1,073,183)	-
Proceeds from sale of capital assets	92,643	682,365
Net cash used in capital and related financing activities	(108,402,340)	(182,689,190)
Cash flows from investing activities		
Purchases of investments	(9,028,253,115)	(5,912,230,850)
Proceeds from sales and maturities of investments	9,002,502,562	5,787,559,963
Proceeds from sale of assets held for disposition	2,896,175	-
Payments to maintain assets held for disposal	(7,467,269)	(3,887,293)
Insurance recoveries for Stapleton environmental remeditiation	25,684,872	26,383,500
Investment income	37,234,983	35,503,865
Net cash provided by investing activities	32,598,208	(66,670,815)
Net increase (decrease) in cash and cash equivalents	83,046,914	(74,007,584)
Cash and cash equivalents, beginning of the year	168,822,954	313,261,510
Cash and cash equivalents, end of the year	$ 251,869,868	$ 239,253,926

City and County of Denver, Colorado
Municipal Airport System
Statements of Cash Flows
For the Nine Months Ended September 30, 2010, and 2009
(Unaudited)

		September 30, 2010		September 30, 2009
Reconciliation of Operating Income to Net Cash Provided By Operating Activities				
Operating income	$	19,168,033	$	38,778,668
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization		134,071,951		132,933,953
Miscellaneous revenue		12,898,075		2,013,540
Change in assets and liabilities				
Receivables, net of allowance		1,081,612		6,592,481
Inventories		9,631,098		(273,640)
Prepaid expenses		6,524,994		3,191,868
Accounts and other payables		(15,587,875)		(14,424,648)
Deferred rent		(13,406,030)		(11,321,368)
Due to other city agencies		(6,298,950)		(5,652,610)
Compensated absences		(119,820)		264,777
Accrued expenses		10,887,958		23,249,400
Net cash provided by operating activities	$	158,851,046	$	175,352,421

Noncash activities

The Airport System issued bonds in the amount of $171,360,000 during the nine months ending September 30, 2010, to refund debt. No bonds were issued during the three month period ending September 30, 2009. Net bond proceeds of $110,995,192 and $0 for September 30, 2010 and 2009, respectively, were deposited immediately into an irrevocable trust for the defeasance of outstanding revenue bonds principal, payment of redemption premium and accrued interest amounts. Original issue premium on bonds of $14,592,502 and $0 were realized on the issuance of bonds in September 30, 2010 and 2009.

Unrealized gain/(loss) on investments	$	25,474,518	$	(12,016,053)
Amortization of bond premiums, deferred losses on bond. refundings, and bond issue costs.		21,145,047		35,347,683
Capital assets added through incurrence of vouchers and retainages payable	$	13,189,123	$	12,899,240

(1) Organization and Reporting Entity

(a) Nature of Operations

Pursuant to Article XX of the State of Colorado Constitution and the City and County of Denver, Colorado (the City) Charter, the City acquired, owns, operates, and maintains certain airport facilities. These facilities include Denver International Airport (Denver International) and certain assets of Stapleton International Airport (Stapleton) and are referred to herein as the City and County of Denver Municipal Airport System (the Airport System). The Airport System is operated as the Department of Aviation, with a Manager of Aviation appointed by and reporting to the Mayor.

Denver International consists of a landside terminal building, three airside concourses, six runways, roadways, and ancillary facilities on a 53 square mile site. Stapleton was closed to all air traffic on February 27, 1995.

(b) Reporting Entity

The accompanying financial statements present only the Airport System enterprise fund and are not intended to present fairly the financial position of the City, and the changes in its financial position and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Airport System is an enterprise fund of the City, and, as such, is an integral part of the City. An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt services).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport System uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

The Airport System has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements, including National Council on Governmental Accounting Statements and Interpretations in effect at January 1, 2010. GASB Statement No.51, "*Accounting and Financial Reporting for Intangible Assets"* was implemented. This statement establishes accounting and financial reporting for intangible assets be classified as capital assets. The statement for capital assets should be applied to intangible assets and in addition to the existing guidance for capital assets.

The Airport System also adopted GASB Statement No.53. "*Accounting and Financial reporting for Derivative Instruments*." This statement establishes accounting and financial reporting for derivative instruments at fair value in the financial statements.

(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 September 30, 2010 and December 31, 2009. 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 nine months ended September 30, 2010, and December 31, 2009 was $15,157,697 and $4,238,039, respectively.

Depreciation is recorded using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Roadways	30-40 years
Runways/taxiways	35-40 years
Other improvements	15-40 years
Major system equipment	15-25 years
Vehicles and other equipment	5-10 years

(f) Bond Issue Costs, Deferred Losses on Bond Refundings, and Unamortized Premium (Discounts)

Bond issue costs, deferred losses on bond refundings, and unamortized premium (discounts) are deferred and amortized over the life of the bonds, or the remaining life of the refunding bonds, whichever is shorter, using the effective interest rate method. Bond issue costs are recorded as deferred charges. Unamortized premiums of bond refunding are recorded as an addition to the face amount of the bonds payable. Unamortized discounts and deferred losses on bond refundings are recorded as a reduction of the face amount of the bonds payable.

(g) Assets Held for Disposition

Assets held for disposition consist of the Stapleton assets. Depreciation is not recorded on those assets held for sale. Ongoing maintenance and redevelopment costs are expensed as incurred.

(h) Compensated Absences Payable

Accumulated vested sick and vacation benefits are recorded as an expense and a liability as benefits accrue to employees. The Airport System uses the vesting method for estimating sick leave compensated absences payable.

(i) Special Incentive Program (SIP)

In 2009, the Airport System approved a Special Incentive Program (SIP) for the purpose of reducing payroll expense by encouraging employees eligible to retire to separate from employment. Under the SIP, each employee who separated from employment will receive $500 per month for thirty months beginning in January 2010. The Airport System recorded a current liability of $245,442 for the three months remaining in 2010 and nine months of 2011 payments and long-term liability of $179,487 for the three months half of 2011 and six months of 2012. The discount rate of .23% used for the present value calculation was based on the projected yield of investments that will be used to fund the future payments.

(j) Deferred Rent

Deferred rent is recorded when rental payments are received by the Airport System prior to a legal claim to them. Included in deferred rent are customer credits and deposits.

(k) Net Assets

2010

The Airport System assets exceeded liabilities by $802,447,778 as of September 30, 2010, a $32,894,750 increase in net assets from the prior year end. Of the Airport System's 2010 net assets, 94.3% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $744,521,209 and are externally restricted for debt service. The net assets restricted for the Stapleton capital projects represent $12,704,975.

The remaining net assets include unrestricted net assets of $509,852,769 which may be used to meet any of the Airport System's ongoing operations. Airport System management has internally designated $67,267,320 of its unrestricted net assets, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements

In addition, ($464,631,175) represents the Airport System's investment in capital assets, less the related indebtedness outstanding used to acquire those capital assets.

2009

The Airport System's assets exceeded liabilities by $769,553,028 as of December 31, 2009, a $72,746,916 decrease in net assets from the prior year end. Of the Airport System's 2009 net assets, 85.5% are restricted for future debt service and capital construction. The bond reserve account and bond accounts represent $645,031,962 that was externally restricted for debt service. The net assets restricted for the capital projects represent $13,062,862.

The remaining net assets include unrestricted net assets of $402,572,943 which may be used to meet any of the Airport System's ongoing operations. Management of the Airport System's internally designated $67,267,320 of its unrestricted net asset amounts, as allowed for in the 1984 Airport System General Bond Ordinance, as supplemented and amended, to help meet debt covenant coverage requirements. In addition, ($291,114,739) 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 then unrestricted resources when both restricted and unrestricted resources are available to pay an expense.

(m) Operating Revenues and Expenses

The statement of revenues, expenses, and changes in net assets distinguish operating revenues and expenses from nonoperating activity and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Denver International's principal ongoing operations. The principal operating revenues of the Airport System are charges to airline and other tenants for facility rentals, landing fees, and parking. Operating expenses include the cost of providing services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. Such items include Passenger Facility Charges (PFCs), interest expense, interest income, governmental grants and Stapleton demolition, and remediation expenses.

(n) Governmental Grants

The Airport System periodically receives grant revenues from federal agencies which are either for capital projects or operating purposes. Revenue is considered earned as the related approved capital outlays or expenses are incurred by the Airport System. Revenues from capital grants are reported as capital contributions on the statements of revenue, expenses and changes in net assets and revenues from operating grants are reported as nonoperating revenues. The Airport System has also received a grant allocation through the recently enacted American Recovery an Reinvestment Act (ARRA) of 2009.

(o) Rates and Charges

The Airport System establishes annually, and adjusts semi-annually, airline facility rentals, landing fees, and other charges sufficient to recover the costs of operations (excluding certain debt service payments), maintenance, and debt service related to the airfield and the space rented by the airlines. Any differences between amounts collected from and actual costs allocated to the airlines' leased space are credited or billed to the airlines. As of December 31, 2009 and December 31, 2008, the Airport System had accrued a liability, included in current other liabilities, of ($5,891,209) and $1,184,259, respectively.

For years ended December 31, 2000 through 2005, 75% of net revenues (as defined by the bond ordinance) remaining at the end of each year is to be credited in the following year to the passenger airlines signatory (lease agreement signed) to use and lease agreements; and thereafter it is 50% capped at $40 million for all years. The net revenues credited to the airlines totaled $25,200,432 and $37,105,629 for 2009 and 2008, respectively. Liabilities for these amounts were accrued as of December 31, 2009 and 2008, respectively, and are reported in the statement of net assets as revenue credit payable. The Airport System forecasts the 2010 credit to airlines to be $34,536,600; therefore, for the nine-month period ending September 30, 2010, an additional accrual of $25,902,450 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 2009 balances have been reclassified to conform to the 2010 financial statements presentation.

(3) Interest Income

Investment income earned on the Airport System's pool cash and investment is allocated to the participating Airport System's funds based upon the average investment balances of each fund. Investment income for September 30, 2010 and 2009, is comprised of interest income, and an unrealized gain (loss) on investments of $25,474,518 and ($12,016,053), 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 September 30, 2010 and December 31, 2009, an allowance of $1,120,556 and $1,074,533, respectively, had been established.

(5) Denver International Special Facility Revenue Bonds

To finance the acquisition and construction of various facilities at Denver International, the City issued three series of Special Facility Revenue Bonds. These bonds are special limited obligations of the City, payable and secured by a pledge of certain revenues to be received from lease agreements for these facilities. The bonds do not constitute a debt or pledge of the full faith and credit of the City or the Airport System, and accordingly, have not been reported in the accompanying financial statements. As of September 30, 2010 and December 31, 2009, Special Facility Revenue Bonds outstanding totaled $298,255,000 and $304,260,000, 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 nine months ending September 30, 2010 and for the year ending December 31, 2009, United Airlines represented approximately 47% and 56%, respectively, of the Airport System's airline operating revenue. Frontier Airlines represented 15% and 14% respectively, and Southwest Airlines represented 11% and 10% respectively. No other airline represented more than 10% of the Airport System's airline operating revenues. The Airport System requires performance bonds to support airlines and concession accounts receivables.

(7) United Airlines

The dominant air carrier at Denver International Airport is United Airlines, one of the world's largest airlines. The Airport currently is the second largest connecting hub in United's route system, both in terms of passengers and flight operations. Pursuant to the United use and lease agreement, United currently leases all of the gates on Concourse B (40 of the 92 full service gates at the Airport). In addition, United together with its United Express commuter affiliates, accounted for 46.2% and 44.3% of enplaned passengers at the Airport in 2009 and the nine months of 2010, respectively.

(8) Subsequent Events

On October 1, 2010 United Continental Holdings, Inc. formerly UAL Corporation announced that a wholly owned subsidiary has merged with Continental Airlines, Inc. and the Continental Airlines and United Airlines, Inc. are now wholly owned subsidiaries of United Continental Holdings, Inc.

APPENDIX H

FORM OF CONTINUING DISCLOSURE UNDERTAKING

THIS CONTINUING DISCLOSURE UNDERTAKING (this "**Disclosure Undertaking**") is executed and delivered by the CITY AND COUNTY OF DENVER, COLORADO (the "**City**"), in connection with the issuance of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011A," in the aggregate principal amount of $349,730,000 (the "**Bonds**"), by the City, for and on behalf of its Department of Aviation (the "**Department**"). The Bonds are being issued pursuant to Ordinance No. 626, Series of 1984, as heretofore amended and supplemented and as further supplemented by Ordinance No. 181, Series of 2011, adopted by the City Council of the City on March 29, 2011 (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 Section 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 Securities and Exchange 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 April 7, 2011, together with any supplements thereto prior to the date the Bonds are issued, delivered in connection with the original issue and sale of the Bonds.

"*Participating Underwriters*" has the meaning given thereto under the Rule, or any successors to such Underwriters known to the Treasurer.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*Treasurer*" means the Manager of Finance of the City's Department of Finance, Chief Financial Officer, *ex-officio* Treasurer of the City, or his or her designee, and successor in functions, if any.

Section 2. Provision of Annual Financial Information.

(a) Commencing with respect to the Fiscal Year ended December 31, 2010, and each Fiscal Year thereafter while the Bonds remain outstanding under the Ordinance, the Treasurer shall provide or cause to be provided to 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 ("**United**"), which includes itself and its United Express commuter affiliates, is the only Obligated Person other than the City, at present, that is required by federal law to file Annual Financial Information with the Commission. The City and the Treasurer take no responsibility for the accuracy or completeness of such filings by United or by any future Obligated Person. Unless no longer required by the Rule to do so, the City and the Treasurer agree to use their reasonable best efforts to cause United (to the extent United is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual Financial Information available as contemplated by this Section 2. Any change in Obligated Persons shall be reported by the Treasurer in connection with the Annual Financial Information.

Section 3. Reporting of Events.

(a) 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, if material:

(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.

[Date 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

Loop Capital Markets, LLC
Detroit, Michigan

Citigroup Global Markets
New York, New York

Morgan Stanley & Co. Incorporated
Denver, Colorado

J.P. Morgan Securities LLC
Denver, Colorado

City and County of Denver, Colorado
for and on behalf of its Department of Aviation
Airport System Revenue Bonds
Series 2011A – $349,730,000

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 $349,730,000 aggregate principal amount of the "City and County of Denver, Colorado, for and on behalf of its Department of Aviation, Airport System Revenue Bonds, Series 2011A" (the "**Series 2011A Bonds**") pursuant to Ordinance No. 626, Series of 1984, as supplemented and amended by certain supplemental ordinances, including Ordinance No. 181, Series of 2011 (collectively, the "**Ordinance**"). All capitalized terms used and not defined herein shall have the same meanings set forth in the Ordinance.

The Series 2011A Bonds are being issued as fully registered bonds and are dated the date of issuance. The Series 2011A Bonds mature, bear interest, are payable and are subject to redemption prior to maturity, in the manner and upon the terms set forth therein and in the Ordinance.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including, without limitation, Article XX of the Colorado Constitution, the Supplemental Public Securities Act, title 11, article 57, part 2, Colorado Revised Statutes, as amended (the "**Supplemental Public Securities Act**"), the Charter of the City, Ordinance No. 755, Series of 1993, designating the Department as an "enterprise" within the meaning of Section 20, Article X of the Colorado Constitution, the resolution of the Manager of the Department authorizing, approving, and requesting the issuance of the Series 2011A 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 2011A Bonds, the forms of the Series 2011A Bonds, and certificates of officers of the City (specifically including a tax certificate and a pricing certificate) and of others delivered in connection with the issuance of the Series 2011A 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 2011A 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 2011A 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 2011A Bonds have been duly authorized, executed and delivered by the City, for and on behalf of the Department, and are valid and binding special obligations of the City, for and on behalf of the Department, payable solely from the sources provided therefor in the Ordinance.

4. The Ordinance creates, pursuant to the home rule powers of the City under Article XX of the Colorado Constitution and the Supplemental Public Securities Act, an irrevocable and first lien (but not necessarily an exclusive lien) on the Net Revenues of the Airport System for the benefit of the Series 2011A Bonds, on a parity with the lien thereon of Bonds (and any Obligations in respect thereof) heretofore or hereafter issued by the City, or by the City, for and on behalf of the Department.

5. The interest on the Series 2011A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2011A 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**"), but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations. The forgoing opinion assumes compliance by the City with certain requirements of the Code that must be met subsequent to the issuance of the Series 2011A 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 2011A Bonds to be includable in gross income for federal income tax purposes, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2011A Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2011A Bonds.

6. To the extent interest on the Series 2011A 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 2011A Bonds, including whether interest on the Series 2011A 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 2011A Bonds and the enforceability of the Series 2011A 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 2011A 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.

Respectfully submitted,

* * *

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CITY AND COUNTY OF DENVER

SEAL