City of Chicago
Chicago O’Hare International Airport
An Enterprise Fund of the City of Chicago

Comprehensive Annual Financial Report
For the Year Ended December 31, 2013 and 2012

Rahm Emanuel, Mayor
Lois Scott, Chief Financial Officer
Daniel Widawsky, City Comptroller
Rosemarie S. Andolino, Commissioner

2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CHICAGO O'HARE INTERNATIONAL AIRPORT

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PART I

INTRODUCTORY SECTION

CHICAGO DEPARTMENT OF AVIATION

CITY OF CHICAGO

June 30, 2014

To the Honorable Mayor Rahm Emanuel, Members of the City Council and Citizens of the City of Chicago:

I am pleased to submit the Comprehensive Annual Financial Report ("CAFR") of Chicago O'Hare International Airport ("Airport") for the year ended December 31, 2013. State law requires that all governmental units publish within six months of the close of each fiscal year financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited by a licensed public accountant.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the City of Chicago ("City") Department of Aviation and Comptroller's Office. The purpose of the CAFR is to provide complete and accurate information that complies with reporting requirements. The Chicago O'Hare International Airport's Management's Discussion and Analysis ("MD&A") can be found immediately following the independent auditors' report.

ECONOMIC CONDITION AND OUTLOOK

According to preliminary 2013 statistics compiled by Airports Council International, the Airport was the second-busiest airport in the world in 2013, as measured by total aircraft operations and fifth-busiest by total passengers. In North America, the Airport was the sixth-busiest airport in terms of total cargo tonnage handled. According to the *Official Airline Guide,* as of December 31, 2013, nonstop service was provided from the Airport to 216 airports, consisting of 156-domestic airports and 60-foreign airports. Given the strength and diversity of the economic base of the region and the resulting high demand for air transportation services, it is expected that the Airport will remain a major air traffic connecting hub, with a substantial number of airlines providing flights to all major domestic locations as well as an increasing number of international destinations.

10510 WEST ZEMKE ROAD, P.O. ROX 66142, CHIC.AGO, ILLINOIS 60666

REPORTING ENTITY

The Airport is the primary commercial airport for the City, and the region, as well as an important transfer and connecting point for numerous domestic and international flights. Located 18 miles northwest of the City's central business district, the Airport occupies approximately 7,265 acres of land. The Airport is accessed by a network of highways, including several regional expressways that are part of the federal Interstate Highway System, and is directly linked to the central business district by a rapid transit rail system.

The airlines servicing the Airport operate out of four terminal buildings. Three domestic terminal buildings, having a total of 169 gates, serve domestic flights and certain international departures. The International Terminal, having a total of 20 gates and five remote aircraft parking positions, serves the remaining international departures and all arrivals requiring customs clearance.

MAJOR INITIATIVES

The centerpiece of capital development at the Airport is the O'Hare Modernization Program (OMP). The OMP preserves and enhances the capacity of the Airport and the national air transportation system, while it also reduces delays, mitigates noise impacts, provides sufficient terminal, landside, and support facilities to accommodate existing and future passenger and cargo demand; provides efficient surface access for existing and future Airport users; and provides opportunities for enhanced competition among air carriers.

This program consists of the development of one new runway at the Airport, the relocation of three existing runways, the extension of two existing runways, addition of a western access road to the Airport and a new western terminal facility at an estimated cost of $6.6 billion stated in 2001 dollars. These improvements are designed to reduce weather delays by 95 percent, reduce overall delays by 70 percent and meet projected aviation demand beyond 2030. OMP is divided into OMP Phase 1 and OMP Completion Phase. Phase I began in September 2005 and includes the construction of a new runway, the relocation of an existing runway, the extension of a runway and a new air traffic control tower, which have all been completed.

The Completion Phase is further divided into OMP Phase 2A and OMP Phase 28. Design and construction began in March 2011 on Phase 2A projects, which include the construction of a runway and north airfield enabling projects. The estimated cost for Phase 2A is $943 million and is expected to be completed in 2015.

In addition to the above, the City is also implementing an ongoing five-year Capital Improvement Plan (CIP) for the Airport. The CIP includes airfield improvements, noise mitigation projects, parking and roadway improvements, heating and refrigeration plant improvements, safety and security improvements, other terminal enhancements and planning initiatives.

The City expects that these capital programs will be funded from the following sources: proceeds of airport revenue bonds, Passenger Facility Charge (PFC) revenues on a pay-as-you-go basis, PFC-backed bonds, federal grants and other available Airport funds.

FINANCIAL INFORMATION

The Departments of Finance and Aviation are responsible for implementing and maintaining an internal control structure to ensure the integrity of the Airport's operations and to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that the assets, resources and operations of the Airport are handled in a manner that protects against waste, theft, or neglect and other irregularities that may hinder the operations of the Airport. This objective is being met by adequate supervision of employees, segregation of the duties and multiple approvals of expenditures.

The Airport's budget is developed in connection with the City's annual budget and is based on an analysis of the Airport's historical operating expenses. The Commissioner of Aviation recommends the final proposed budget to the Budget Director. After approval by the Budget Director, the proposed budget is recommended to the Mayor for submission to the City Council for its approval following public hearings.

The budget process is designed to ensure that the Airport will have adequate funding for operations. The Airport cannot, by law, exceed the level of funding as established by the City Council-approved budget. The Budget Director uses an allotment system to manage each department's expenditures against its respective annual appropriation. The Budget Director, through the allotment system, has the authority to institute economic measures for the Airport to ensure that its expenditures do not exceed its revenue collection. The Airport uses encumbrances to control expenditures by preventing appropriated dollars from being used for any purpose other than that for which they have been legally appropriated.

RELEVANT FINANCIAL POLICIES

The Airport is owned by the City and operated by the Chicago Department of Aviation (CDA) and is accounted for as a self-supporting enterprise fund of the City. The City maintains the books, records and accounts of the Airport in accordance with generally accepted accounting principles and as required by the provisions of the Airport Use Agreements, the Bond Ordinance and Bond Indentures as supplemented and amended.

The Airport Use Agreements specify a residual rate-making methodology for the calculation of airline rates and charges. Under this methodology, total operating and maintenance expenses and debt service (including coverage) are calculated for each cost-revenue center and offset by non-airline revenues. The Airport Use Agreements provide that the aggregate of Airport Fees and Charges paid by the Airline Parties must be sufficient to pay for the net cost of operating, maintaining and developing the Airport (excluding the Land Support Area) including the satisfaction of Debt Service coverage, deposit and payment requirements of the Bond Ordinance and the Indentures.

INDEPENDENT AUDIT

Various bond indentures require the Airport financial statements to be audited by independent certified public accountants. The audit was conducted by Deloitte & Touche LLP and a consortium of Chicago-based minority and women-owned certified public accounting firms. An unqualified audit opinion, rendered by Deloitte & Touche LLP, is included in the financial section of this report.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airport for its CAFR for the fiscal year ended December 31, 2013. This was the 16th consecutive year that the Airport has received this prestigious award, which is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

This CAFR could not have been prepared without the dedication and effective help of the entire staff of the CDA and the Comptroller's Office. I wish to express my appreciation to them, particularly those that contributed directly to the preparation of the report.

Respectfully submitted,

Rosemarie S. Andolino
Commissioner
Chicago Department of Aviation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chicago O'Hare International Airport

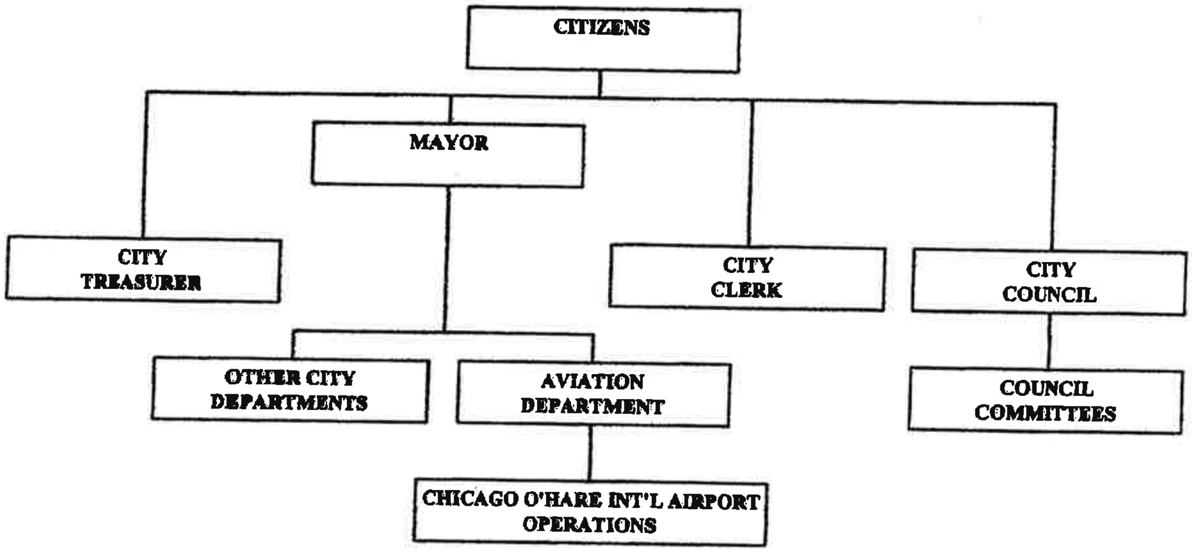
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT
ORGANIZATION CHART
AS OF 12/31/13



PART II

FINANCIAL SECTION

Deloitte.

Deloitte & Touche LLP
111 S. Wacker Drive
Chicago, IL 60606-4301
USA

Tel: +1 312 486 1000
Fax: +1 312 486 1486
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

The Honorable Rahm Emanuel, Mayor,
and Members of the City Council
City of Chicago, Illinois

We have audited the accompanying financial statements of Chicago O'Hare International Airport (O'Hare), an enterprise fund of the City of Chicago, Illinois (the City), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise O'Hare's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago O'Hare International Airport as of December 31, 2013 and 2012, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only Chicago O'Hare International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2013 and 2012, changes in its financial position, or where applicable, its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 and 11 to the basic financial statements, prior year amounts were restated for the adoption of Government Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the O'Hare's basic financial statements. The additional information, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

June 30, 2014

The following discussion and analysis of Chicago O'Hare International Airport's (Airport) financial performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2013 and 2012. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements immediately following this section. Due to the implementation of GASB Statement No. 65 in fiscal year 2013, as described in Note 11 to the basic financial statements, 2012 and 2011 numbers within the MD&A have been restated retroactively.

FINANCIAL HIGHLIGHTS

2013

- Operating revenues for 2013 increased by $15,116 (2.2%) compared to prior-year operating revenues.
- Operating expenses before depreciation, amortization and capital asset impairment costs decreased by $24,130 (5.4%) compared to 2012 primarily due to decreased salaries and wages, repairs and maintenance and other operating expenses, offset by increased professional and engineering fees.
- The Airport's total net position at December 31, 2013 was $1,327,399. This is an increase of $172,781 (14.0%) over total net position at December 31, 2012.
- Capital asset additions for 2013 were $421,602 principally due to land acquisition, buildings, runways and taxiway improvements and roadway rehabilitation.

2012

- Operating revenues for 2012 increased by $23,162 (3.4%) compared to prior-year operating revenues.
- Operating expenses before depreciation, amortization, and capital asset impairment increased by $19,129 (4.4%) compared to 2011 primarily due to increased salaries and wages, repairs and maintenance, professional and engineering services and other operating expenses.
- The Airport's total net position at December 31, 2012 was $1,154,618. This is an increase of $3,844 (.3%) over total net position at December 31, 2011.
- Capital asset additions for 2012 were $476,527 principally due to land acquisition, building improvements, and runway and taxiway improvements and general parking enhancements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport is included in the City's reporting entity as an enterprise fund. The Airport's basic financial statements comprise the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

The Statements of Net Position present all of the Airport's assets and liabilities using the accrual basis of accounting. The difference between assets, deferred outflows and liabilities is reported as net position. The increase or decrease in net position may serve as an indicator, over time, whether the Airport's financial position is improving or deteriorating. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of overall financial position and health of the Airport.

The Statements of Revenues, Expenses and Changes in Net Position present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net Position.

The Statements of Cash Flows report how cash and cash equivalents were provided and used by the Airport's operating, capital financing, and noncapital financing and investing activities. These statements present the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year and the cash and cash equivalents balance at year-end.

The Notes to Basic Financial Statements are an integral part of the basic financial statements; accordingly, such disclosures are essential to a full understanding of the information provided in the basic financial statements.

In addition to the basic financial statements, this report includes Additional and Statistical Information. The Additional Supplemental Information section presents the debt service coverage calculations, and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees, terminal area use charges and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease (Use Agreements). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.
At December 31, 2013, the Airport's financial position continued to be strong with total assets of $9,730,791 total liabilities of $8,407,694 and net position of $1,327,399.

A comparative condensed summary of the Airport's net position at December 31, 2013, 2012, and 2011 is as follows (dollars in thousands):

	Net Position		
	2013	2012	2011
Current unrestricted assets	$ 210,181	$ 231,055	$ 310,570
Restricted and other assets	2,715,535	2,233,686	2,669,909
Capital assets — net	6,742,101	6,524,929	6,258,592
Deferred Outflows	62,974	54,362	33,222
Total assets and Deferred Outflows	$9,730,791	$9,044,032	$9,272,293
Current liabilities	$ 174,621	$ 199,546	$ 272,369
Liabilities payable from restricted assets and noncurrent liabilities	8,228,771	7,689,868	7,849,150
Total liabilities	$8,403,392	$7,889,414	$8,121,519
Net Position:			
Net investment in capital assets	$ 582,086	$ 517,619	$ 563,890
Restricted	709,754	605,488	548,683
Unrestricted	35,559	31,511	38,201
Total net position	$1,327,399	$1,154,618	$1,150,774

2013

Current unrestricted assets decreased by $20,874 (9.0%) primarily due to decreased balances in cash and cash equivalents and a decrease in amounts to be billed at December 31, 2013. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2013 and 2012 was 1.17:1 and 1.16:1, respectively. Restricted and other assets increased by $481,849 (21.6%) primarily due to increases in construction funds of $172,536, debt service reserves of $133,300, debt service interest accounts of $105,127 and other funds of $151,371, offset by decreases in capitalized interest funds of $63,939. Net capital assets increased by $217,172 (3.3%) due principally to capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The decrease in current liabilities of $24,925 (12.3%) is mainly related to the decreased billings over amounts earned of $36,019 offset in part by an increase in accounts payable and accrued liabilities of $3,706. Liabilities payable from restricted assets and noncurrent liabilities increased by $538,903 (7.0%) due primarily to the increase in revenue bond payable.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2013, total net position was $1,327,399, an increase of $172,781 (15.0%) from 2012. Due to the residual Airport Use Agreement, this increase is mainly due to timing differences between depreciation on property and facilities and cash requirements required for debt service.

2012

Current unrestricted assets decreased by $79,515 (25.6%) primarily due to decreased balances in cash and cash equivalents and investments at December 31, 2012. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2012 and 2011 was 1.16:1 and 1.14:1, respectively. Restricted and other assets decreased by $436,223 (16.4%) primarily due to a decrease in construction funds of $307,532. Net capital assets increased by $266,337 (4.3%) due principally to capital activities of the Capital Improvement Program and the OMP at the Airport.

The decrease in current liabilities of $72,823 (26.7%) is mainly related to the decreased billings over amounts earned of $79,750 offset in part by an increase in accounts payable and accrued liabilities of $10,699. Liabilities payable from restricted assets and noncurrent liabilities decreased by $159,282 (2.0%) due primarily to the decrease in revenue bonds payable of $231,493 and an increase in notes payables of $30,697.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2012, total net position was $1,154,618, an increase of $3,844 (.3%) from 2011. Due to the residual Airport Use Agreement, this increase is mainly due to timing differences between depreciation on property and facilities and cash requirements required for debt service.

A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2013, 2012, and 2011 is as follows (dollars in thousands):

	Changes in Net Position		
	2013	**2012**	**2011**
Operating revenues:			
Landing fees and terminal charges	$ 442,934	$ 436,909	$ 417,552
Rents, concessions, and other	274,746	265,655	261,850
Total operating revenues	717,680	702,564	679,402
Operating expenses:			
Salaries and wages	162,233	163,542	154,974
Repairs and maintenance	85,484	88,784	94,519
Professional and engineering	81,070	74,307	65,382
Other operating expenses	97,262	123,546	116,175
Depreciation and amortization	196,352	190,224	152,849
Capital asset impairment	205	21,601	
Total operating expenses	622,606	662,004	583,899
Operating income	95,074	40,560	95,503
Nonoperating revenues	189,204	201,877	199,807
Nonoperating expenses	(315,034)	(312,131)	(297,655)
Special item			(53,910)
Capital grants	203,536	73,538	59,741
Increase in net position	$ 172,780	$ 3,844	$ 3,486

2013

Landing fees and terminal area use charges for the years 2013 and 2012 were $442,934 and $436,909, respectively. Rents, concessions and other revenues were $274,746 and $265,655 for the years 2013 and 2012, respectively. The increase in 2013 operating revenues of $10,814 (1.5%) compared to 2012 was primarily due to increased rents, concessions and other revenues.

Salaries and wages decreased $1,309 (0.8%) in 2013 compared to 2012. Repairs and maintenance expenses decreased by $3,300 (3.7%). Professional and engineering costs increased $6,763 (9.1%). This increase was mainly due to costs associated with service contractors. Other operating expenses decreased by $26,284 (21.3%) compared to 2012 primarily due to a decrease in provision for doubtful accounts. Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies, utilities, vehicle purchases and the provision for doubtful accounts. Depreciation, amortization, and capital asset impairment expense decreased $15,268 (7.2%) as a result of decreased capital impairment.

Fiscal year 2013 nonoperating revenues of $189,204 are comprised principally of passenger facility charges (PFC) $127,235, customer facility charges (CFC) of $34,898, other non operating revenue of $27,071 including Build America Bonds subsidy of $12,261 and revenues from the Federal government of $9,898 for the south air traffic control tower. During 2013, nonoperating revenues decreased by $12,673 due primarily to decreased interest income of $21,612 due to lower investment earnings year over year.

Nonoperating expenses of $315,034 and $312,131 for the years 2013 and 2012, respectively, were comprised primarily of bond interest, PFC expenses noise mitigating costs and costs of issuance. The decrease of $4,362 (1.4) for 2013 over 2012 was mainly due to decreased noise mitigation costs year over year.

Capital grants, comprised mainly of federal grants, increased from $73,538 in 2012 to $203,536 in 2013, a 176.8% increase mainly as a result of when associated expenditures became eligible for grant reimbursements from the federal government.

2012

Landing fees and terminal area use charges for the years 2012 and 2011 were $436,909 and $417,552, respectively. Rents, concessions and other revenues were $265,655 and $261,850 for the years 2012 and 2011, respectively. The increase in 2012 operating revenues of $23,162 (3.4%) compared to 2011 was primarily due to an increased terminal rental and usage charges. Such activity was due primarily to the residual nature of Use Agreement that requires airline revenue to be recognized to the extent necessary to pay the Airport’s operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues.

Salaries and wages increased $8,568 (5.5%) in 2012 compared to 2011. Repairs and maintenance expenses decreased by $5,735 (6.1%). This decrease was mainly due to a decrease in costs associated with snow removal. Professional and engineering costs increased $8,925 (13.7%). This increase was mainly due to costs associated with consultant contractors. Other operating expenses increased by $7,371 (6.3%) compared to 2011. Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies and utilities. Depreciation, amortization, and capital asset impairment expense increased $58,976 (38.6%) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program and the OMP at the Airport and the reduction of the carrying value of certain properties and facilities.

Fiscal year 2012 nonoperating revenues of $201,877 are comprised principally of PFC revenues of $126,631, CFC revenues of $34,069, interest income $21,612 and Build America Bonds subsidy payment of $13,320. During 2012, nonoperating revenues increased by $2,070 including receipts of non airlines related bankruptcy claim of $4,130 decreased interest income of $4,394 due to lower investment earnings year over year.

Nonoperating expenses of $312,131 and $297,655 for the years 2012 and 2011, respectively, were comprised primarily of bond interest and PFC expenses and noise mitigation costs. The increase of $14,476 (4.9%) for 2012 over 2011 was mainly due to an increase in noise mitigation costs.

Capital grants, comprised mainly of federal grants, increased from $59,741 in 2011 to $73,538 in 2012, a 23.1% increase mainly as a result of when associated expenditures became eligible for grant reimbursements from the federal government.

A comparative summary of the Airport's changes in cash flows for the years ended December 31, 2013, 2012, and 2011 is as follows (dollars in thousands):

	Cash Flows		
	2013	**2012**	**2011**
Cash provided by (used in) activities:			
Operating	$ 285,387	$ 193,763	$ 276,280
Capital and related financing	243,669	(667,169)	418,541
Noncapital financing	(19,639)	(32,385)	(10,129)
Investing	(330,111)	482,633	(872,423)
Net change in cash and cash equivalents	179,306	(23,158)	(187,731)
Cash and cash equivalents:			
Beginning of year	802,909	826,067	1,013,798
End of year	$ 982,215	$ 802,909	$ 826,067

2013

As of December 31, 2013, the Airport's available cash and cash equivalents of $982,215 increased by $179,306 compared to $802,909 at December 31, 2012 due to operating activities of $285,387 and capital and related financing activities of $243,66,9 offset by investing activities of $330,111 and noncapital financing. Total cash and cash equivalents at December 31, 2013 were comprised of unrestricted and restricted cash and cash equivalents of $1,206 and $981,009, respectively.

2012

As of December 31, 2012, the Airport's available cash and cash equivalents of $802,909 decreased by $23,158 compared to $826,067 at December 31, 2011 due to capital and related financing activities of $667,169 and noncapital financing activities of 32,385, offset by operating activities of $193,763 and related investing activities of $482,633. Total cash and cash equivalents at December 31, 2012 were comprised of unrestricted and restricted cash and cash equivalents of $38,226 and $764,683, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2013 and 2012, the Airport had $6,742,101and $6,524,929, respectively, invested in net capital assets. During 2013, the Airport had additions of $421,602 related to capital activities. This included $1,543 for land acquisition and the balance of $420,059 for terminal improvements, roadway enhancement, runway and taxiway improvements.

During 2013, completed projects totaling $757,717 were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway improvements, heating and refrigeration, roadway enhancements, electrical, water drainage, fuel system enhancements and terminal improvements.

The Airport's capital assets at December 31, 2013, 2012, and 2011 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2013	2012	2011
Capital assets not depreciated:			
Land	$ 884,636	$ 893,588	$ 884,939
Construction in progress	845,495	1,183,153	1,030,110
Total capital assets not depreciated	1,730,131	2,076,741	1,915,049
Capital assets depreciated:			
Buildings and other facilities	7,769,955	7,014,287	6,769,384
Less accumulated depreciation for:			
Buildings and other facilities	(2,757,985)	(2,566,099)	(2,425,841)
Total capital assets depreciated — net	5,011,970	4,448,188	4,343,543
Total property and facilities — net	$ 6,742,101	$ 6,524,929	$ 6,258,592

The Airport's capital activities are funded through Airport revenue bonds, federal and state grants, PFC, CFC and Airport revenue. Additional information on the Airport's capital assets is presented in Note 5 of the notes to basic financial statements.

The Airport issued $46,794 of Commercial Paper Notes during 2013. As of December 31, 2013, $20,000 of Commercial Paper Notes is outstanding having interest rates ranging from .10% to .12% with a maturity date of April 3, 2014. Notes proceeds may be used to finance portions of the costs of authorized airports projects and to repay the expenses of issuing the notes.

During 2013, the Airport sold $879,905 of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2013 A-D and having interest rates ranging from 2.0% to 5.5% with maturity dates ranged from January 1, 2014 to January 1, 2044. Certain net proceeds were used to refund certain maturities of outstanding bonds. Certain net proceeds will be used to finance portions of the O'Hare Modernization Program (OMP) and the Capital Improvement Program and certain process were used to fund capitalized interest deposit and debt service reserve deposit requirement and to pay the cost of issuance of the bonds.

During 2013, the Airport sold $248,750 of Chicago O'Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds, Series 2013 A and having interest rates ranging from 3.0% to 5.75% with maturity dates ranged from January 1, 2018 to January 1, 2043. Certain net proceeds will be used to finance portions of the rental car facility and the Airport Transit System (ATS) and certain process were used to fund capitalized interest deposit and debt service reserve deposit requirement and to pay the cost of issuance of the bonds.

During 2012, the Airport sold $728,895 of Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2012 A-C and have interest rates ranging from 1.0% to 5.0% with maturity dates ranged from January 1, 2013 to January 1, 2032. Certain net proceeds were used to refund all of the outstanding Second Lien Bonds and certain maturities of the Third Lien Bonds outstanding and certain proceeds were used to fund capitalized interest deposit and debt service reserve deposit requirement and to pay the cost of issuance of the bonds.

During 2012, the Airport sold $452,095 of Chicago O'Hare International Airport Passenger Facility Bonds, Series 2012 A-B have interest rates ranging from 2.5% to 5.0% with maturity dates ranging from January 1, 2013 to January 1, 2032. Certain net proceeds were used to refund certain maturities of bonds and to pay the cost of issuance of the bonds.

The Airport's outstanding debt at December 31, 2013, 2012, and 2011 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2013	**2012**	**2011**
Revenue bonds and notes payable	$7,645,205	$7,081,945	$7,400,430
Unamortized:			
Bond premium (discount)	224,056	200,381	92,249
Total outstanding debt — net	7,869,261	7,282,326	7,492,679
Commercial paper	20,000	50,616	19,919
Current portion	(168,895)	(111,085)	(140,620)
Total long-term revenue bonds and notes payable — net	$7,720,366	$7,221,857	$7,371,978

Additional information on the Airport's long-term debt is presented in Note 4 of the notes to the basic financial statements, and the Statistical Information section of this report.

The Airport's revenue bonds at December 31, 2013 had credit ratings with each of the three major rating agencies as follows:

	Moody's Investor Services	**Standard & Poor's**	**Fitch Ratings**
Senior Lien General Airport Revenue Bonds	A2	A-	A-
Passenger Facility Charge Revenue Bonds	A2	A-	A
Customer Facility Charge (CFC)	Baa1	BBB	NR

At December 31, 2013 and 2012 the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

In 2013, the Airport was the second busiest airport in the world, measured in terms of total aircraft operations, and the fifth busiest in terms of total passengers. The Airport had 33.3 million and 33.2 million enplaned passengers in 2013 and 2012, respectively. The strong origin-destination passenger demand and the Airport's central geographical location near the center of the United States and along the most heavily traveled east/west air routes make the Airport a natural hub location.

United Airlines and American Airlines each use the Airport as one of their major hubs. United Airlines (including its regional affiliates) comprised 39.3% of the Airport's enplaned passengers in 2013 and 34.0% of the enplaned passengers in 2012. American Airlines (including its regional affiliate) comprised 37.0% of the Airport's enplaned passengers in 2013 and 32.5% of the enplaned passengers in 2012.

Based on the Airport's rates and charges for fiscal year 2014, total budgeted operating and maintenance expenses are projected at $477,940 and total net debt service and fund deposit requirements are projected at $373,885. Additionally, 2014 nonsignatory revenues are budgeted for $350,632 resulting in a net airline requirement of $501,193 that will be funded through landing fees, terminal area use charges and fuel system use charges.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Airport's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Chicago Department of Finance.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2013 AND 2012
(Dollars in thousands)

ASSETS AND DEFERRED OUTFLOWS	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 1,206	$ 38,226
Investments (Note 2)	107,447	72,758
Accounts receivable — net of allowance for doubtful accounts of approximately $6,053 in 2013, $17,623 in 2012, and $5,808 in 2011	65,525	60,299
Amounts to be billed		24,218
Due from other City funds	34,716	28,482
Prepaid expenses	1,106	7,030
Interest receivable	181	42
Total current assets	210,181	231,055
RESTRICTED ASSETS (Note 3):		
Cash and cash equivalents (Note 2)	981,009	764,683
Investments (Note 2)	1,639,993	1,354,091
Passenger facility charges and other receivables	29,766	32,136
Interest receivable	4,687	3,043
Prepaid expenses	8,160	5,560
Due from other governments	15,640	28,170
Total restricted assets	2,679,255	2,187,683
NONCURRENT ASSETS:		
Other assets	36,280	46,003
Property and facilities (Note 5):		
Land	884,636	893,588
Buildings and other facilities	7,769,955	7,014,287
Construction in progress	845,495	1,183,153
Total property and facilities	9,500,086	9,091,028
Less accumulated depreciation	(2,757,985)	(2,566,099)
Property and facilities — net	6,742,101	6,524,929
Total assets	9,667,817	8,989,670
DEFERRED OUTFLOWS	62,974	54,362
TOTAL	$ 9,730,791	$ 9,044,032

LIABILITIES AND NET POSITION	2013	2012
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 66,114	$ 62,408
Due to other City funds	6,062	3,710
Advances for terminal and hangar rent	12,226	7,190
Billings over amounts earned	90,219	126,238
Total current liabilities	174,621	199,546
LIABILITIES PAYABLE FROM RESTRICTED ASSETS (Note 3):		
Current portion of revenue bonds and notes payable (Note 4)	168,895	111,085
Advance from Federal	18,602	28,500
Accounts payable	142,357	159,142
Interest payable	178,551	169,284
Total liabilities payable from restricted assets	508,405	468,011
NONCURRENT LIABILITIES:		
Revenue bonds payable — net of premium (Note 4)	7,700,366	7,171,241
Commercial Paper (Note 4)	20,000	50,616
Total noncurrent liabilities	7,720,366	7,221,857
Total liabilities	8,403,392	7,889,414
NET POSITION (Note 1):		
Net investment in capital assets	582,086	517,619
Restricted net position:		
Debt service	19,688	
Capital projects	77,732	121,001
Passenger facility charges	126,333	135,025
Airport use agreement	122,272	115,332
Airport development fund	261,027	121,485
Customer facility charge	63,512	74,321
Other assets	39,190	38,324
Total restricted net position	709,754	605,488
Unrestricted net position	35,559	31,511
Total net position	1,327,399	1,154,618
TOTAL	$9,730,791	$9,044,032

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Dollars in thousands)

	2013	2012
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 442,934	$ 436,909
Rents, concessions, and other (Note 6)	274,746	265,655
Total operating revenues	717,680	702,564
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	162,233	163,542
Repairs and maintenance	85,484	88,784
Professional and engineering services	81,070	74,307
Other operating expenses	97,262	123,546
Total operating expenses before depreciation, amortization and capital asset impairment	426,049	450,179
Depreciation and amortization	196,352	190,224
Capital asset impairment	205	21,601
Total operating expenses	622,606	662,004
OPERATING INCOME	95,074	40,560
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	127,235	126,631
Customer facility charge revenue	34,898	34,069
Passenger facility charge expenses	(9,159)	(6,150)
Other nonoperating revenue	27,071	19,565
Noise mitigation costs (Note 1)	(19,639)	(32,385)
Costs of issuance (Note 1)	(8,008)	(6,862)
Investment income (loss) (Note 4)	(7,699)	21,612
Interest expense (Note 4)	(270,528)	(266,734)
Total nonoperating revenues (expenses)	(125,829)	(110,254)
(LOSS) BEFORE CAPITAL GRANTS	(30,755)	(69,694)
CAPITAL GRANTS (Note 1)	203,536	73,538
CHANGE IN NET POSITION	172,781	3,844
TOTAL NET POSITION — Beginning of year, as restated (Note 11)	1,154,618	1,150,774
TOTAL NET POSITION — End of year	$1,327,399	$1,154,618

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Dollars in thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 432,426	$ 360,027
Rents, concessions, and other	273,264	261,414
Payments to vendors	(215,266)	(224,786)
Payments to employees	(157,461)	(143,905)
Transactions with other City funds — net	(47,576)	(58,987)
Cash flows provided by operating activities	285,387	193,763
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	1,196,322	1,297,202
Net proceeds from (payments of) commercial paper notes	(30,616)	30,697
Payment to refund bonds	(472,310)	(1,372,342)
Principal paid on bonds	(111,085)	(140,620)
Bond issuance costs	(8,008)	(6,981)
Interest paid on bonds and note	(362,658)	(381,764)
Acquisition and construction of capital assets	(356,561)	(366,583)
Capital grants	206,168	99,574
Other nonoperating income	27,072	19,565
Customer facility charge revenue	34,898	34,069
Passenger facility charge revenue and other receipts	129,606	126,164
Passenger facility charge expenses	(9,159)	(6,150)
Cash flows provided (used in) by capital and related financing activities	243,669	(667,169)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid for Noise mitigation program	(19,639)	(32,385)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments — net	(344,343)	457,313
Investment interest	14,232	25,320
Cash flows (used in) provided by investing activities	(330,111)	482,633
NET CHANGE IN CASH AND CASH EQUIVALENTS	179,306	(23,158)
CASH AND CASH EQUIVALENTS — Beginning of year	802,909	826,067
CASH AND CASH EQUIVALENTS — End of year	$ 982,215	$ 802,909

See notes to the basic financial statements

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Dollars in thousands)

	2013	2012
RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 1,206	$ 38,226
Restricted	981,009	764,683
TOTAL	$ 982,215	$ 802,909
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 95,074	$ 14,022
Adjustments to reconcile:		
Depreciation, amortization, and impairment	196,352	216,762
Capital asset impairment	205	21,601
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,226)	(5,716)
Increase in due from other City funds	(6,234)	(3,275)
Decrease (increase) in prepaid expenses	5,924	1,783
(Decrease) increase in accounts payable	3,706	10,699
Increase in due to other City funds	2,351	(1,684)
(Decrease) increase in prepaid terminal rent	5,036	(2,088)
(Decrease) increase in billings over amounts billed	24,218	(79,750)
Decrease (increase) in amounts to be billed	(36,019)	6,429
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 285,387	$ 193,763

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:

Property additions in 2013 and 2012 of $121,429 and $148,476 respectively, are included in accounts payable.

The fair market value adjustments gain (loss) to investments for 2013 and 2012 were ($17,134), $6,608 respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Chicago O'Hare International Airport (Airport) is operated by the City of Chicago (City) Department of Aviation. The Airport is included in the City's reporting entity as an Enterprise Fund. The City is a member of the Chicago-Gary Regional Airport Authority, which was created in 1995 to address the air transportation needs of the Chicago-Northwest Indiana Region.

Basis of Accounting and Measurement Focus — The accounting policies of the Airport are based upon accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the Airport are reported using the flow of economic resources measurement focus.

The Airport uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Annual Appropriated Budget — The Airport has a legally adopted annual budget which is not required to be reported.

Management's Use of Estimates — The preparation of basic 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 and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Cash, Cash Equivalents, and Investments — Cash, cash equivalents and investments generally are held with the City Treasurer as required by the Municipal Code of Chicago (Code). Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances. Due to contractual agreements or legal restrictions, the cash and investments of certain funds are segregated and earn and receive interest directly.

The Code permits deposits only to City Council-approved depositories which must be regularly organized state or national banks and federal or state savings and loan associations, located within the City, whose deposits are federally insured.

Investments authorized by the Code include interest-bearing general obligations of the City, the State of Illinois (State), and the U.S. government; U.S. Treasury bills and other non-interest-bearing general obligations of the U.S. government purchased in the open market below face value; domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission and tax anticipation warrants issued by the City. The City is prohibited by ordinance from investing in derivatives, as defined, without City Council approval.

The Airport values its investments at fair value or amortized cost as applicable. U.S. government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost. The fair value of U.S. agency securities, corporate bonds and municipal bonds are estimated using recently executed transactions, market price quotations (where observable), or bond spreads.

Repurchase agreements can be purchased only from banks and certain other institutions authorized to do business in the State. The City treasurer requires that securities pledged to secure these agreements have a market value equal to the cost of the repurchase agreements plus accrued interest.

Investments, generally, do not have a maturity in excess of 10 years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of the applicable bond ordinances.

Cash equivalents include certificates of deposit and other investments with maturities of three months or less when purchased.

Accounts Receivable Allowance — Management has provided an allowance for amounts recorded at year-end which may be uncollectible.

Revenues and Expenses — Revenues from landing fees, terminal area use charges, fueling system charges, parking revenue, and concessions are reported as operating revenues. Revenues that are related to financing, investing, customer facility charges, and passenger facility charges are reported as nonoperating revenues. Salaries and wages, repair and maintenance, professional and engineering services, and other expenses that relate to Airport operations are reported as operating expenses. Interest expense, passenger facility charge expenses, financing costs and noise mitigation costs. are reported as nonoperating expenses.

Transactions with the City — The City's general fund provides services to the Airport. The amounts allocated to the Airport for these services are treated as operating expenses by the Airport and consist mainly of employee benefits, self-insured risks and administrative expenses.

Property and Facilities — Property and facilities are recorded at cost or, for donated assets, at market value at the date of acquisition. Expenditures greater than $5,000 for the acquisition, construction or equipping of capital projects, together with related design, architectural and engineering fees, are capitalized. Expenditures for vehicles and other movable equipment are expensed as incurred.

Depreciation and amortization are provided using the straight-line method and begin in the year following the year of acquisition or completion. Estimated useful lives are as follows:

Runways, aprons, tunnels, taxiways, and paved roads	30 years
Water drainage and sewer system	20–50 years
Refrigeration and heating systems	30 years
Buildings	40 years
Electrical system	15–20 years
Other	10–30 years

Deferred Outflows — Deferred Outflows represent the unamortized loss on bond refundings.

Net Position — Net Position comprises the net earnings from operating and nonoperating revenues, expenses and capital grants. Net position is displayed in three components — net investment in capital assets; restricted for debt service, capital projects, passenger facility charges, airport use agreement and other requirements; and unrestricted. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt net of debt service reserve and unspent proceeds. Restricted net position consists of net position on which constraints are placed by external parties (such as lenders and grantors), laws, regulations and enabling legislation. Unrestricted net position consists of all other net position not categorized as either of the above.

Employee Benefits — Employee benefits are granted for vacation and sick leave, workers' compensation and health care. Specified unused vacation leave is accrued and may be carried over for one year. Sick leave is accumulated at the rate of one day for each month worked, up to a maximum of 200 days. Severance of employment terminates all rights to receive compensation for any unused sick leave. Sick leave pay is not accrued. Employee benefit claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities. The Airport maintains insurance from a commercial carrier for workers' compensation claims. Settlements in each of the past two years have been less than insurance coverage maintained.

Employees are eligible to defer a portion of their salaries until future years under the City's deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by third-party administrators who maintain the investment portfolio. The plan's assets have been placed in trust accounts with the plan administrators for the exclusive benefit of participants and their beneficiaries and are not considered assets of the City.

The City is subject to the State of Illinois Unemployment Compensation Act and has elected the reimbursing employer option for providing unemployment insurance benefits for eligible former employees. Under this option, the City reimburses the State for claims paid by the State.

Bond Issuance Costs, and Bond Premiums and Discounts — Bond issuance costs related to bond insurance and bond premiums and discounts are deferred and amortized over the term of the related debt.

Capitalized Interest — Interest expense and interest earned on construction bond proceeds is capitalized during construction on those capital projects paid from the bond proceeds and is being amortized over the depreciable life of the related assets on a straight-line basis.

Capital Grants — The Airport reports capital grants as revenue on the statements of capital contributions, expenses, and changes in net position. Capital grants are on a reimbursement basis and revenues are recognized when associated capital expenditures become eligible for grant reimbursement.

Noise Mitigation Costs — Funds expended for the Noise Mitigation Program are recorded as non-operating expenses in the period they are incurred.

Revenue Recognition — Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease (Use Agreements). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

Passenger Facility Charge (PFC) Revenue — The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2013 and 2012. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses.

Customer Facility Charge (CFC) Revenue — The Airport imposed a CFC of $8.00 per contract day on each customer for motor vehicle rentals at the Airport beginning August 1, 2010. CFCs are available to finance specific eligible capital projects. The City reports CFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

Adopted Accounting Standards —In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The financial reporting impact resulting from the implementation of GASB 65 is primarily the change in presentation from long term liabilities to Deferred Outflows for unamortized loss on refundings. In addition, bond issuance costs (excluding costs related to bond insurance) and certain noise mitigation costs which were recorded as other assets have been recorded as outflows of resources as they no longer meet the asset or deferred outflow definition, as of January 1, 2012. GASB 65 is effective for the Airport's financial statements for the fiscal year ending December 31, 2013, resulting in a restatement of net position as of January 1, 2012.

In March 2012, the GASB issued GASB Statement No. 66, *Technical Corrections — 2012 — an amendment of GASB Statements No. 10 and No. 62* ("GASB 66"). The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. There was no impact on the Airport's Financial Statements as a result of the implementation of GASB 66.

Upcoming Accounting Standards — Other accounting standards that the Water Fund is currently reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), establishes new financial reporting requirements for most governments that provide their employees with pension benefits through these types of plans. GASB 68 will be effective for the Airport Fund beginning with its year ending December 31, 2015. GASB 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB 69"), establishes accounting and financial reporting standards related to government combinations and disposals of government operations. GASB 69 will be effective for the Airport beginning with its year ending December 31, 2014. GASB 69 requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB 70"), establishes accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. GASB 70 will be effective for the Airport beginning with its year ending December 31, 2014. GASB 70 requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. Requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68* ("GASB 71"), relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB 71 will be effective for the City beginning with its year ending December 31, 2015. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability and requires that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts

2. RESTRICTED AND UNRESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Investments — U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. The Airport had investments as of December 31, 2013, as follows (dollars in thousands):

	Investment Maturities (in Years)				
Investment Type	**Less than 1**	**1–5**	**6–10**	**More than 10**	**Fair Value**
U.S. agencies	$ 149,290	$ 1,146,155	$ 211,031	$ -	$ 1,506,476
Commercial paper	91,080				91,080
Corporate bonds		40,656			40,656
Municipal bonds	23,515	144,448	45,495		213,459
Certificates of deposits and other short term	862,153				862,153
Subtotal	$ 1,126,038	$ 1,331,259	$ 256,526	$ -	2,713,824
Share of City's pooled funds					1,946
Total					$ 2,715,770

The Airport had investments as of December 31, 2012, as follows (dollars in thousands):

	Investment Maturities (in Years)				
Investment Type	**Less than 1**	**1–5**	**6–10**	**More than 10**	**Fair Value**
U.S. agencies	$ 75,401	$ 842,922	$ 302,033	$ -	$ 1,220,356
Commercial paper	85,531				85,531
Corporate bonds	9,497	27,713			37,210
Municipal bonds	6,976	109,147	63,774		179,897
Certificates of deposits and other short term	715,583				715,583
Subtotal	$ 892,988	$ 979,782	$ 365,807	$ -	2,238,577
Share of City's pooled funds					1,618
Total					$ 2,240,195

Interest Rate Risk — As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that investments generally may not have a maturity date in excess of 10 years from the date of purchase. Certain other investments are held in accordance with the specific provisions of applicable ordinances.

Credit Risk — The Code limits investments in commercial paper to banks whose senior obligations are rated in the top two rating categories by at least two national rating agencies and who are required to maintain such rating during the term of such investment. The Code also limits investments to domestic money market mutual funds regulated by, and in good standing with, the Securities and Exchange Commission. Certificates of deposit are also limited by the Code to national banks which provide collateral of at least 105% by marketable U.S. government securities marked to market at least monthly; or secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois and having a claims-paying rating in the top rating category, as rated by a nationally recognized statistical rating organization maintaining such rating during the term of such investment. The Airport's exposure to credit risk as of December 31, 2013, 2012, and 2011, is as follows (dollars in thousands):

Quality Rating	2013	2012
Aaa/AAA	$ 28,638	$ 60,464
Aa/AA	1,629,875	1,340,112
A/A	20,103	8,019
P1/A1	157,871	102,128
Not rated	877,337	727,854
Total funds	$2,713,824	$2,238,577

The Airport participates in the City's pooled cash and investments account, which includes amounts from other City funds and is maintained by the City Treasurer. Individual cash or investments are not specifically identifiable to any participant in the pool. The Treasurer's pooled fund is included in the City's Comprehensive Annual Financial Report.

Custodial Credit Risk — Cash and Certificates of Deposit — This is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's investment policy states that in order to protect the City deposits, depository institutions are to maintain collateral pledges on City deposits during the term of the deposit of at least 102% of marketable U.S. government, or approved securities or surety bonds, issued by top-rated insurers. Collateral is required as security whenever deposits exceed the insured limits of the Federal Deposit Insurance Corporation. The bank balance of cash and certificates of deposit with the City's various municipal depositories was $490.6 million. 99.2 percent of the bank balance was either insured or collateralized with securities held by City agents in the City's name. $4.0 million was uncollateralized at December 31, 2013, and thus was subject to custodial credit risk.

The investments reported in the basic financial statements as of December 31, 2013 and 2012, is as follows (dollars in thousands):

	2013	2012
Per Note 2:		
Investments — Airport	$2,713,824	$2,238,577
Investments — City Treasurer Pooled Fund	1,946	1,618
	$2,715,770	$2,240,195
Per financial statements:		
Restricted investments	1,639,993	1,354,091
Unrestricted investments	107,447	72,758
Investments classified as cash and cash equivalents on the statements of net position	968,330	813,346
	$2,715,770	$2,240,195

3. RESTRICTED ASSETS

The General Airport Revenue Bond Ordinance (Bond Ordinance), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Second Lien Obligations (Second Lien Indenture), the Master Indenture of Trust Securing Chicago-O'Hare International Airport Third Lien Obligations (Third Lien Indenture), the Use Agreement and federal regulations contain various limitations and restrictions which, among other things, require the creation and maintenance of separate accounts, certain of which must be held by a trustee and into which required deposits are made by the Airport on a periodic basis to fund construction, debt retirement, operation and maintenance and contingencies.

Restricted cash, cash equivalents and investment balances in accordance with the Bond Ordinance, the Second Lien Indenture and the Third Lien Indenture requirements are as follows (dollars in thousands):

Account	2013	2012
Construction	$ 878,662	$ 706,126
Capitalized interest	144,032	207,971
Debt service reserve	617,711	484,411
Debt service interest	328,397	223,270
Debt service principal	36,310	26,610
Operation and maintenance reserve	119,485	112,221
Maintenance reserve	3,000	3,000
Customer facility charge	67,908	75,443
Airport Development Fund	264,090	122,796
Other funds	55,230	45,153
Subtotal — Bond Ordinance, Master Indenture Accounts	2,514,825	2,007,001
Passenger facility charge	106,177	111,773
Total	$2,621,002	$2,118,774

Construction and capitalized interest accounts are restricted for authorized capital improvements and related interest costs during construction.

The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

The debt service principal and interest accounts are restricted to the payment of bond principal and interest.

The operation and maintenance reserve account is restricted to make loans to the operation and maintenance account, as needed, which are to be repaid as funds become available. The maintenance reserve account is restricted to extraordinary maintenance expenditures.

The City has entered into arbitrage agreements under which the City has agreed to comply with certain requirements of the Internal Revenue Code of 1986, as amended, in order to maintain the exclusion of the interest on the bonds from the gross income of the recipients thereof for federal income tax purposes. The rebate account relating to each series of the bonds has been established to account for any liability of the City to make arbitrage rebate payments to the federal government relating to such series of Bonds.

The Airport Development Fund is restricted and may be used by the Airport for any lawful Airport purpose.

Other funds include the federal and state grant funds and the special capital projects fund. The passenger facility charge account is restricted to fund eligible and approved PFC projects.

The customer facility charge account is restricted to fund eligible and approved CFC projects.

At December 31, 2013,and 2012, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance, and Master Indenture.

4. LONG-TERM DEBT

The Bond Ordinance authorizes the issuance of Chicago O’Hare International Airport General Airport Revenue Bonds for financing improvements and expansion of the Airport and to redeem outstanding bonds. Net revenues of the Airport, as defined, are pledged for first lien bond principal and interest payments. The Bond Ordinance further permits the issuance of second and third lien notes, bonds and other obligations which are payable from, and secured by, a pledge of amounts deposited in the junior lien obligation debt service accounts created under the Bond Ordinance.

First lien, second lien and third lien revenue bonds have been issued under the Bond Ordinance, Second Lien Indenture and Third Lien Indenture, respectively. The Series 2012 Senior Lien Bonds have been issued and secured under the Master Indenture of Trust securing Chicago O’Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012. This Indenture amended and restated the Third Lien Master Indenture and is now the Senior Lien Indenture for general airport revenue debt of the City. The Bond Ordinance and the Second Lien Master Indenture are no longer in effect.

The Series 2008 Passenger Facility Charge Revenue Bonds have been issued under an ordinance adopted by the City Council on May 23, 2007, and pursuant to the Master Trust Indenture Securing Chicago-O’Hare International Airport Passenger Facility Charge Obligations dated as of January 1, 2008. The PFC Master Indenture amended and restated the Master Trust Indenture Securing the

Series 2001 Second Lien Passenger Facility Charge Revenue Bonds dated as of May 15, 2001. The Series 2010 Passenger Facility Charge Revenue Bonds have been issued under an ordinance adopted by the City Council on November 18, 2009, and pursuant to the Master Trust Indenture Securing Chicago O'Hare International Airport Passengers Facility Charge Obligations dated as of January 1, 2008. The Series 2011 Passenger Facility Charge Revenue Bonds have been issued under an ordinance adopted by the City Council of the City on September 8, 2010, as amended and supplemented by an ordinance adopted by the City Council on December 8, 2010, and pursuant to the Master Trust Indenture Securing Chicago O'Hare International Airport Passenger Facility Charge Obligations, dated as of January 1, 2008. The Series 2012 Passenger Facility Charge Revenue Bonds have been issue under an ordinance adopted by the City Council of the City on March 14, 2012, and pursuant to the Master Trust Indenture Securing Chicago O'Hare International Airport Passenger Facility Charge Obligations, dated as of January 1, 2008.

Revenue Bonds Outstanding — The revenue bonds outstanding as of December 31, 2013 and 2012, is as follows (dollars in thousands):

	2013	2012
Senior lien bonds (formerly third lien):		
$248,910 Series 2003 A-1 and A-2 third lien revenue refunding bonds issued August 14, 2003, due through 2034; interest at 4.50%–6.00%	$ 62,630	$ 248,910
$382,155 Series 2003 B-1 and B-2 third lien revenue bonds issued August 21, 2003, due through 2034; interest at 5.25%–6.00%	152,535	382,155
$355,245 Series 2003 C-1 and C-2 third lien revenue refunding bonds issued August 21, 2003, due through 2034; interest at 5.25%	335,980	355,245
$149,330 Series 2003 D, E and F third lien revenue bonds issued December 2, 2003, due through 2034; interest at 2.125%–5.5%	75,970	129,070
$281,055 Series 2004 A and B third lien revenue refunding bonds issued December 2, 2004, due through 2035; interest at 4.75%–5.0%	145,870	145,870
$39,700 Series 2004 C and D third lien revenue refunding bonds issued December 2, 2004, due through 2026; interest at 4.70%–5.25%	39,700	39,700
$64,290 Series 2004 E, F, G, and H third lien revenue refunding bonds issued December 2, 2004, due through 2023; interest at 3.49%–5.35%	29,360	29,360
$961,010 Series 2005 A third lien revenue bonds issued December 22, 2005, due through 2033; interest at 5.0%–5.25%	961,010	961,010
$238,990 Series 2005 B third lien revenue refunding bonds issued December 22, 2005, due through 2018; interest at 5.25%	238,990	238,990
$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate (.05% at December 31, 2013)	240,600	240,600
$112,630 Series 2006 A, B, and C third lien revenue refunding bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.50%	30,280	30,280
$43,520 Series 2006 D third lien revenue bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.00%	27,250	27,250
$530,170 Series 2008 A third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.5%–5.0%	530,170	530,170

(Continued)

	2013	2012
$175,500 Series 2008 B third lien revenue bonds issued January 31, 2008, due through 2020; interest at 5.0%	$ 175,500	$ 175,500
$74,245 Series 2008 C and D third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.0%–4.6%	70,565	71,540
$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	48,005	87,490
$669,590 Series 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145%–6.845%	578,000	578,000
$171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%–5.25%	171,450	171,450
$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00%–5.25%	55,850	55,850
$47,360 Series 2010 E third lien revenue refunding bonds issued April 29, 2010, due through 2016; interest at 1.75%–5.00%	24,690	32,175
$95,375 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,735	95,735
$420,155 Series 2011 A third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.625%–5.750%	420,155	420,155
$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%–6.00%	295,920	295,920
$283,925 Series 2011 C third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.50%–6.50%	283,925	283,925
$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	427,335	444,760
$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	274,585	277,735
$6,400 Series 2012 C senior lien revenue refunding bonds issued September 12, 2012, due through 2015; interest at 3.00%–4.00%	6,400	6,400
$336,350 Series 2013 A senior lien revenue refunding bonds issued October 17, 2013 due through 2026; interest at 2.00%–5.00%	336,350	
$165,435 Series 2013 B senior lien revenue refunding bonds issued October 17, 2013 due through 2029; interest at 2.00%–5.25%	165,435	
$98,375 Series 2013 C senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 5.00%–5.50%	98,375	
$297,745 Series 2013 D senior lien revenue bonds issued October 17, 2013 due through 2044; interest at 3.00%–5.25%	297,745	
Subtotal — senior lien bonds	6,696,365	6,355,245

(Continued)

	2013	2012
Passenger Facility Charge Revenue Bonds:		
$111,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31, 2008, due through 2016; interest at 4.0%–5.0%	$ 70,025	$ 91,215
$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	24,965	24,965
$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	51,305	51,305
$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%–6.395%	48,495	48,495
$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%–5.0%	11,045	12,620
$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%–5.625%	12,190	12,190
$33,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%–6.0%	33,815	33,815
$114,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 3.0%–5.0%	114,855	114,855
$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 2.5%–5.0%	333,395	337,240
Subtotal — Passenger Facility Charge Revenue Bonds	700,090	726,700
Customer Facility Charge Revenue Bonds — $248,750 Series 2013 A Senior Lien CFC Bonds issued August 22, 2013, due through 2043; interest at 3.0%–5.75%	248,750	
Commercial Paper Notes — Series A, B, C, D, E, F (Taxable) Commercial Paper Notes outstanding at December 31, 2013, due through 2014; interest at .10%–.12%	20,000	50,616
Total revenue bonds and notes	7,665,205	7,132,561
Unamortized premium	224,056	200,381
	7,889,261	7,332,942
Current portion	(168,895)	(111,085)
Total long-term revenue bonds payable	$ 7,720,366	$ 7,221,857

(Concluded)

Long-term debt during the years ended December 31, 2013 and 2012, changed as follows (dollars in thousands):

2013	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year
Revenue bonds	$ 7,081,945	$ 1,146,655	$ (583,395)	$ 7,645,205	$168,895
Unamortized premium (discount)	200,381	50,926	(27,251)	224,056	
Total revenue bonds	7,282,326	1,197,581	(610,646)	7,869,261	168,895
Commercial paper	50,616		(30,616)	20,000	
Total long-term debt	$ 7,332,942	$ 1,197,581	$ (641,262)	$ 7,889,261	$168,895

2012	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year
Revenue bonds	$ 7,400,430	$ 1,180,990	$ (1,499,475)	$ 7,081,945	$111,085
Unamortized premium (discount)	92,249	123,852	(15,720)	200,381	
Total revenue bonds	7,227,964	1,304,842	(1,515,195)	7,282,326	111,085
Commercial paper	19,919	30,697		50,616	
Total long-term debt	$ 7,247,883	$ 1,335,539	$ (1,515,195)	$ 7,332,942	$111,085

Interest expense capitalized for 2013 and 2012, totaled $80.4 million and $92.4 million, respectively. Interest income capitalized for 2013 and 2012, totaled $6.5 million and $8.4 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2013 and 2012 of $9.5 million and $7.5 million, respectively, and amortization of $22.5 million of premium, net, $13.6 million of premium, net, and $9.3 million of premium, net, respectively.

Issuance of Debt — Chicago O’Hare International Airport Commercial Paper Notes, Series A-1 through E-1 (AMT), Series A-2 through E-2 (Non-AMT), Series A3 through E3 (Taxable), $275.0 million maximum aggregated authorized amount of which $20 million was outstanding at December 31, 2013. The City has excluded commercial paper from current liabilities as it intends and has the ability to refinance the obligation on a long term basis. Irrevocable letters of credit delivered by five banks in an aggregate maximum principal amount of $3.05.9 million provide for the timely payment of principal and interest on the notes until September 30, 2016. At December 31, 2013, there were no outstanding letter of credit advances.

In October 2013, the Airport sold $336.4 million of Chicago O’Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2013 A (AMT) at a premium of $28.1 million. The bonds have interest rates ranging from 2.00% to 5.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014, to January 1, 2026. Certain net proceeds of $323.4 million were used to defease a portion of the Series 2003A-2 General Airport Revenue Bonds ($170.4 million of principal and $4.8 million of interest) and a portion of Series 2003B-2 General Airport Revenue Bonds ($144.0 million of principal and $4.2 million of interest) certain of net proceeds of $39.5 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $1.6 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $11.7 million that will be charged to operations over 3 to 14 years using the straight-line method.

In October 2013, the Airport sold $165.4 million of Chicago O’Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2013 B (non-AMT) at a premium of $14.0 million. The bonds have interest rates ranging from 2.00% to 5.25%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014, to January 1, 2029. Certain net proceeds of $162.2 million were used to defease a portion of the Series 2003B-2 General Airport Revenue Bonds ($85.6 million of principal and $2.5 million of interest), a portion of the Series 2003C-2 General Airport Revenue Bonds ($19.3 million of principal and $.5 million of interest) a portion of the Series 2003D General Airport Revenue Bonds ($24.7 million of principal and $.6 million of interest) a portion of the Series 2003E General Airport Revenue Bonds ($20.9 million and $.5 million of interest) and a portion of the Series 2003F General Airport Revenue Bonds ($7.4 million of principal and $.2 million of interest), certain of net proceeds of $16.2 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $1.0 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $6.4 million that will be charged to operations over 2 to 17 years using the straight-line method.

The advance refundings of the Bonds decreased the Airport’s total debt service payments by $1.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $56.9 million.

In October 2013, the Airport sold $98.4 million of Chicago O’Hare International Airport Senior Lien Revenue Bonds, Series 2013 C (AMT) at a premium of $1.5 million. The bonds have interest rates ranging from 5.00% to 5.50% and maturity and mandatory redemption maturity dates ranging from January 1, 2017, to January 1, 2044. Certain net proceeds of $42.2 million were used to pay a portion of the Commercial Paper Notes; certain of net proceeds of $53.5 million will be used to finance the portion of the OMP and the Capital Improvement Program (CIP); certain net proceeds of $3.6 million were used to fund the capitalized interest deposit requirement and certain net proceeds of $0.6 million were used to pay the cost of the issuance of the bonds.

In October 2013, the Airport sold $297.7 million of Chicago O’Hare International Airport Senior Lien Revenue Bonds, Series 2013 D (non-AMT) at a premium of $4.3 million. The bonds have interest rates ranging from 3.00% to 5.250% and maturity and mandatory redemption maturity dates ranging from January 1, 2017, to January 1, 2044. Certain net proceeds of $35.5 million were used to pay a portion of the Commercial Paper Notes; certain of net proceeds of $214.4 million will be used to finance the portion of the OMP and the (CIP); certain of net proceeds of $26.9 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $23.3 million were used to fund the capitalized interest deposit requirement and certain net proceeds of $1.9 million were used to pay the cost of the issuance of the bonds.

In August 2013, the Airport sold $248.8 million of Chicago O’Hare International Airport Customer Facility Charge Senior Lien Revenue Bonds, Series 2013 A at a premium of $1.7 million. The bonds have interest rates ranging from 3.00% to 5.750% and maturity and mandatory redemption maturity dates ranging from January 1, 2018, to January 1, 2043. Certain net proceeds of $183.4 million will be used to finance the portion of the rental car facility and the ATS; certain of net proceeds of $18.3 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $45.5 were used to fund the were used to fund the capitalized interest deposit requirement and certain net proceeds of $3.3 million were used to pay the cost of the issuance of the bonds.

In August 2013, the City entered into a loan agreement with the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to fund a portion of Consolidated Rental Car Facility at O’Hare, additions, extensions and improvements to the ATS including the purchase of new ATS vehicles and certain public parking facilities. The loan amount of $288.1 million is subordinate to the O'Hare Customer Facility Charge Senior Lien Revenue Bonds, Series 2013. The interest rate is 3.86% and the final maturity of the loan is January 1, 2052. There have been no loan disbursements made to the City as of December 31, 2013.

In September 2012, the Airport issued $85.0 million of Commercial Paper Notes to fully defease the Series 1984B Second Lien Bonds ($10.5 million of principal), Series 1988B Second Lien Bonds ($10.9 million of principal), Series 1994B Second Lien Bonds ($28.6 million of principal) and Series 1994C Second Lien Bonds ($35.0 million of principal). The outstanding Commercial Paper Notes were later retired by the issuance of the Series 2012B and 2012C Senior Lien Bonds ($66.0 million of proceeds) with $19.0 million transferred from the debt service accounts.

In September 2012, the Airport sold $444.8 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2012 A (AMT) at a premium of $45.0 million. The bonds have interest rates ranging from 1.00% to 5.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2013, to January 1, 2032. Certain net proceeds of $487.3 million together with $8.5 million transferred from the debt service reserve account were used to fully defease Series 2002A Third Lien Bonds ($490.5 million of principal and $5.3 of interest) and certain net proceeds of $2.5 million were used to pay the cost of the issuance of the bonds. The advance refunding of the Series 2002A Third Lien Bonds resulted in a difference between the acquisition price and the net carrying amount of $17.3 million that will be charged to operations over 21 years using the straight-line method.

In September 2012, the Airport sold $277.7 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2012B (AMT) at a premium of $26.3 million. The bonds have interest rates ranging from 1.00% to 5.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2013, to January 1, 2032. Certain net proceeds of $222.0 million together with $17.8 million transferred from the debt service account were used to fully defease Series 1996A Second Lien Bonds ($17.2 million of principal and $0.2 million of interest) and Series 1999 Second Lien Bonds ($220.1 million of principal and $2.4 million of interest). Certain net proceeds of $16.4 million were used to defease a portion of the Series 2006 Third Lien Bonds ($16.2 million of principal and $0.2 million of interest). Certain net proceeds of $59.4 were used to pay a portion of the Commercial Paper Notes. Certain net proceeds of $4.2 million and $0.2 million were used to fund the Debt Service Reserve and the Capitalized Interest accounts respectively and certain net proceeds of $1.8 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $2.3 million that will be charged to operations from over 5 to 21 years using the straight-line method.

In September 2012, the Airport sold $6.4 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2012C (Non-AMT) at a premium of $0.4 million. The bonds have interest rates ranging from 3.00% to 4.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014, to January 1, 2015. Certain net proceeds of $6.6 were used to pay a portion of the Commercial Paper Notes. Certain of net proceeds of $0.2 million were used to fund the Debt Service Reserve account and to pay the cost of issuance of the bonds.

The advance refunding of the Second & Third Lien Bonds decreased the Airport's total debt service payments by $156.1 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $118.2 million.

In September 2012, the Airport sold $114.9 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2012A (non-AMT) at a premium of $16.2 million. The bonds have interest rates ranging from 3.00% to 4.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014, to January 1, 2032. Certain net proceeds of $130.5 million together with $4.0 million transferred from the debt service and debt service reserve accounts were used to fully defease Series 2001B PFC Bonds ($91.5 million of principal and $1.4 million of interest) and Series 2001D PFC Bonds ($41.0 million of principal and $0.6 million of interest). Certain net proceeds of $0.5 million were used to pay the cost of issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $2.9 million that will be charged to operations over 21 years using the straight-line method. The advance refunding decreased the Airport's total debt service payments by $30.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $22.5 million.

In September 2012, the Airport sold $337.2 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2012B (AMT) at a premium of $28.3 million. The bonds have interest rates ranging from 2.50% to 5.00% and maturity and mandatory redemption maturity dates ranging from January 1, 2013, to January 1, 2032. Certain net proceeds of $363.8 million together with $12.0 million transferred from the debt service and debt service reserve accounts were used to fully defease Series 2001A PFC Bonds ($246.0 million of principal and $4.0 million of interest) and Series 2001C PFC Bonds ($124.0 million of principal and $1.8 million of interest). Certain net proceeds of $1.7 million were used to pay the cost of issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $6.1 million that will be charged to operations over 21 years using the straight-line method. The advance refunding decreased the Airport's total debt service payments by $69.5 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $50.9 million.

The current refunding of the bonds increased the Airport's total debt service by $4.3 million and resulted in a net economic gain (taking into account the associated reduction in capitalized interest on the Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2011 A–C) of approximately $10.1 million.

Debt Redemption — Following is a schedule of debt service requirements to maturity of the senior lien bonds. For issues with variable rates, interest is imputed at the effective rate as of December 31, 2013, as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2014	$ 132,585	$ 323,013	$ 455,598
2015	157,070	329,349	486,419
2016	157,310	321,778	479,088
2017	218,365	312,555	530,920
2018	256,235	300,795	557,030
2019–2023	1,114,190	1,326,855	2,441,045
2024–2028	1,128,770	1,058,051	2,186,821
2029–2033	1,473,740	733,322	2,207,062
2034–2038	1,454,475	355,240	1,809,715
2039–2042	603,625	57,374	660,999
Total	$ 6,696,365	$ 5,118,332	$ 11,814,697

The Airport's senior lien variable rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent, in consultation with the City. At December 31, 2011, the third lien bonds were in the weekly rate interest mode. Irrevocable letters of credit ($244.8 million) provide for the timely payment of principal and interest on the Series 2005 C&D bonds until August 15, 2014. At December 31, 2013, there were no outstanding letter of credit advances.

The debt service requirements to maturity of the Passenger Facility Charge Revenue Bonds as of December 31, 2013, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2014	$ 36,310	$ 33,661	$ 69,971
2015	32,535	32,199	64,734
2016	35,615	30,528	66,143
2017	36,995	28,505	65,500
2018	38,845	26,609	65,454
2019–2023	127,170	113,252	240,422
2024–2028	173,605	76,497	250,102
2029–2033	178,275	29,515	207,790
2034–2038	27,650	6,863	34,513
2039–2041	13,090	663	13,753
Total	$ 700,090	$ 378,292	$ 1,078,382

The Series A-1 through E-1 (AMT), Series A-2 through E-2 (Non-AMT), and Series A-3 through E-3 (Taxable) Commercial Paper Notes Outstanding at December 31, 2013, of which $20.0 million will be refunded with new commercial paper notes as the existing notes mature. The Airport plans to refinance these notes with future long term bonds.

The debt service requirements to maturity of the Customer Facility Charge Revenue Bonds as of December 31, 2013, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2014	$ -	$ 11,634	$ 11,634
2015		13,554	13,554
2016		13,554	13,554
2017		13,554	13,554
2018	4,725	13,435	18,160
2019–2023	27,300	63,411	90,711
2024–2028	35,035	55,412	90,447
2029–2033	45,170	45,048	90,218
2034–2038	58,835	30,858	89,693
2039–2041	77,685	11,497	89,182
Total	$ 248,750	$ 271,957	$ 520,707

5. CHANGES IN CAPITAL ASSETS

Capital assets during the years ended December 31, 2013 and 2012, changed as follows (dollars in thousands):

2013	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 893,588	$ 1,543	$ (10,495)	$ 884,636
Construction in progress	1,183,153	420,059	(757,717)	845,495
Total capital assets not depreciated	2,076,741	421,602	(768,212)	1,730,131
Capital assets depreciated — buildings and other facilities	7,014,287	757,717	(2,049)	7,769,955
Less accumulated depreciation for — buildings and other facilities	(2,566,099)	(191,886)		(2,757,985)
Total capital assets depreciated — net	4,448,188	565,831	(2,049)	5,011,970
Total property and facilities — net	$ 6,524,929	$ 987,433	$ (770,261)	$ 6,742,101

Includes capitalized interest of $129,985

2012	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 884,939	$ 8,649	$ -	$ 893,588
Construction in progress	1,030,110	467,878	(314,835)	1,183,153
Total capital assets not depreciated	1,915,049	476,527	(314,835)	2,076,741
Capital assets depreciated — buildings and other facilities	6,769,384	314,835	(69,932)	7,014,287
Less accumulated depreciation for — buildings and other facilities	(2,425,841)	(140,258)		(2,566,099)
Total capital assets depreciated — net	4,343,543	174,577	(69,932)	4,448,188
Total property and facilities — net	$ 6,258,592	$ 651,104	$ (384,767)	$ 6,524,929

Includes capitalized interest of $158,422

In 2013, the Airport recorded an operating expense from capital asset impairment of $0.2 million. These operating expenses are primarily from the disposal or demolition of previously capitalized assets in the course of OMP.

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings and terminal space are leased under operating lease agreements with airlines and other tenants. The minimum future rental income on noncancelable operating leases as of December 31, 2013, is as follows (dollars in thousands):

Years Ending December 31	Amount
2014	$ 94,624
2015	77,337
2016	77,334
2017	77,613
2018	76,162
2019–2023	103,171
Total minimum future rental income	$ 506,241

Contingent rentals that may be received under certain leases, based on the tenants' revenues or fuel consumption, are not included in minimum future rental income.

Rental income, consisting of all rental and concession revenues, except ramp rentals and automobile parking, amounted to approximately $376.2 million and $365.8 million in 2013 and 2012, respectively. Contingent rentals included in the totals were approximately $92.1 million and $86.0 million for 2013 and 2012, respectively.

7. PENSION PLANS

Eligible Airport employees participate in one of two of the City's single-employer defined benefit pension plans, which are separate units of government established under State law. These plans are the Municipal Employees' and the Laborers' and Retirement Board Employees' Annuity and Benefit Funds (Plans). These Plans are administered by individual retirement boards represented by elected and appointed officials. Each plan issues publicly available financial statements for each of the pension plans, which may be obtained at the respective fund's office.

The Plans provide retirement, death, and disability benefits as established by State law. Benefits generally vest after 20 years of credited service. Employees who retire at or after age 55 with at least 10 years of credited service qualify to receive a money purchase annuity and those with more than 20 years of credited service qualify to receive a minimum formula annuity. The annuity is computed by multiplying the final average salary by a minimum of 2.4% per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service. However, the State passed legislation in 2010 providing less generous benefits for employees who join one of the Plans after January 1, 2011.

Participating employees contribute 8.5% of their salary to the Plans as required by State law. By law, the City's contributions are based on the amounts contributed by the employees. Financing of the City's contribution is through a separate property tax levy and the personal property replacement tax. The Airport reimburses the City's General Fund for the estimated pension cost applicable to the covered payroll of Airport employees. These reimbursements, recorded as expenses of the Airport, were $16.3 million in 2013 and $15.3 million in 2012. The annual pension costs are determined using the entry age normal actuarial cost method and the level dollar amortization method.

Historically, State law requires City contributions at statutorily, not actuarially, determined rates. The rates are expressed as multiples of employee contributions. These contributions equal employee contributions made in the calendar year two years prior to the year for which the applicable tax is levied, multiplied by the statutory rates. The statutory rates in effect for the City's contributions made during the years ended December 31, 2013 and 2012, were 1.25 for the Municipal Employees' Annuity and Benefit Fund and 1.00 for the Laborers' and Retirement Board Employees' Annuity and Benefit Fund. The City has made the required contributions under State law.

The following table as of December 31, 2013, assists users in assessing each pension fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each annuity and benefit fund, which includes all City employees within each respective annuity and benefit fund, is as follows (dollars in thousands):

	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Annual Required Contribution	Percent of Required Contributions Contributed	Net Pension Obligation (Asset)
Municipal employees:					
2011	$ 609,491	24.12 %	$ 611,756	24.00 %	$ 1,469,886
2012	687,519	21.65	690,823	21.50	2,008,546
2013	812,463	18.24	820,023	18.10	2,672,812
Laborers:					
2011	57,651	22.17	57,259	22.30	(129,712)
2012	77,858	15.22	77,566	15.30	(63,707)
2013	106,439	10.88	106,199	10.90	31,148

The pension benefits information pertaining expressly to Airport employees is not available as the obligation is the responsibility of the general government. Accordingly, no amounts have been recorded in the accompanying basic financial statements for the net pension asset or obligation of these plans. Amounts for the City are recorded within the City's government-wide basic financial statements.

8. OTHER POSTEMPLOYMENT BENEFITS — CITY OBLIGATION

In addition to providing pension benefits, under State law, the City provides certain health benefits to employees who retire from the City based upon their participation in the City's pension plans. Substantially all employees who qualify as municipal employees' or laborers' pension plan participants older than age 55 with at least 20 years of service may become eligible for postemployment benefits if they eventually become annuitants. Health benefits include basic benefits for annuitants and supplemental benefits for Medicare-eligible annuitants. Currently, the City does not segregate benefit payments to annuitants by fund. The cost of health benefits is recognized as claims are reported and are funded on a pay-as-you-go basis. The total cost to the City for providing health benefits to approximately 24,408 annuitants and their dependents was approximately $97.5 million in 2013 and 2012.

The annuitants who retired prior to July 1, 2005, received a 55% subsidy from the City and the annuitants who retired on or after July 1, 2005, received a 50%, 45%, 40%, and 0% subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court-approved settlement agreement (the "Settlement Agreement"). During 2013 and 2012, the pension funds contributed $65 for each Medicare-eligible annuitant and $95 for each non-Medicare-eligible annuitant to their gross cost. The annuitants contributed a total of $66.6 million and $67.8 million in 2013 and 2012, respectively, to the gross cost of their retiree health care pursuant to premium amounts set forth in the Settlement Agreement discussed below.

The City's net expense and the annuitants' contribution indicated above are preliminary and subject to the reconciliation per the Settlement Agreement.

Plan Description Summary — The City of Chicago was party to a written legal settlement agreement outlining the provisions of the retiree health program, The Settlement Health Care Plans (the Plans), through June 30, 2013. Although the agreement did not extend continuation of the Plans after June 30, 2013, a phase out of three years to end the program was announced in 2013, with annual subsidy modifications and a final sunset of subsidies at December 31, 2016, for all but the Korshak class of members. As a result of the extension, the post settlement plan subsidized retiree medical benefits will cease for members as of December 31, 2016, except for the Korshak class who shall have lifetime benefits. Duty disabled retirees who have statutory pre-63/65 coverage will continue to have fully subsidized coverage under the active health plan.

The City administers a single employer, self-funded defined benefit healthcare plan (the Health Plan), for which the City pays a portion of the costs on a pay as you go method. The City sponsors health benefit plans for employees, former employees and retired former employees. The provisions of the post settlement benefit program provide in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital and medical coverage to eligible retired employees and their dependents for a specified period, recently revised to end December 31, 2016. The percentage subsidies were revised to reduce by approximately 25% in 2014. Additional step downs in subsidy levels for 2015 and 2016 have not yet been decided.

In addition, State Law authorizes the four respective Pension Funds (Police, Fire, Municipal, and Laborers) to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under the Health Plan through December 31, 2016. After that date, no supplements are authorized. The liabilities for the monthly dollar supplements paid to annuitants enrolled in the retiree medical plan by their respective Pension Funds are included in the actuarial valuation reports of the respective four Pension Funds.

Funding Policy — The City's retiree Health Plan is a single-employer plan, which operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree Health Plan benefits.

Funding Policy — The City's retiree Health Plan is a single-employer plan, which operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree Health Plan benefits.

Annual OPEB Cost and Net OPEB Obligation — The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of one year (the remaining years of coverage under the settlement agreement).

The following table shows the components of the City's annual OPEB costs for the year for the Health Plan, the amount actually contributed to the Health Plan, and changes in the City's net OPEB obligation to the Health Plan. The net OPEB obligation is the amount entered upon the City's statements of net position as of year-end as the net liability for the OPEBs. The amount of the annual cost for the Health Plan that is to be recorded in the statements of changes in net position in the City CAFR is the annual OPEB cost (expense) (in thousands).

	Annual OPEB Cost and Contributions Made	
	2013 Health Plan	**2012 Health Plan**
Contribution rates:		
City	Pay as you go	Pay as you go
Plan members	N/A	N/A
Annual required contribution	$ 134,083	$ 252,747
Interest on net OPEB obligation	8,614	3,816
Adjustment to annual required contribution	(25,531)	(179,586)
Annual OPEB cost	117,166	76,977
Contributions made	139,336	115,961
Decrease in net OPEB obligation	(22,170)	(38,984)
Net OPEB obligation — beginning of year	215,361	254,345
Net OPEB obligation — end of year	$ 193,191	$ 215,361

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plans, and the net OPEB obligation for fiscal years 2013, 2012, and 2011 are as follows (in thousands):

	Schedule of Contributions, OPEB Costs, and Net Obligations		
Fiscal Years Ended	**Annual OPEB Cost**	**Percentage of Annual OPEB Cost Contributed**	**Net OPEB Obligation**
December 31, 2013	$ 117,166	118.9 %	$ 193,191
December 31, 2012	76,977	150.6	215,361
December 31, 2011	48,954	202.4	254,345

Funded Status and Funding Progress — As of December 31, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $997.3 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plans) was approximately $2,385.2 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 41.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the Plans and the annual required contributions of the employer are subject to continual revisions as the results are compared with past expectations and new estimates are made about the future.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
December 31, 2012	$ -	$ 997,281	$ 997,281	- %	$ 2,385,198
December 31, 2011		470,952	470,952		2,518,735

Actuarial Method and Assumptions — Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in AALs and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the Settlement Plan benefits (not provided by the Pension Funds) in the actuarial valuation for the fiscal year ended December 31, 2013, the Entry Age Normal actuarial cost method was used. The actuarial method was changed in 2013 from Projected Unit Credit due to the phase out of the Settlement Plan. The actuarial assumptions included an annual healthcare cost trend rate of 9.5% initially, reduced by decrements to an ultimate rate of 5.0% in 2031. The range of rates included a 3% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 3.0%. The UAAL is amortized as a level dollar amount over ten years.

The benefits include an extension of the Settlement Plan sunset so as to completely phase out in December 2016. The Korshak category is entitled to lifetime benefits.

Summary of Assumptions and Methods

	Health Plan	
Item	**2013**	**2012**
Actuarial valuation date	December 31, 2012	December 31, 2011
Actuarial cost method	Entry Age Normal	Projected unit credit
Amortization method	Level dollar, open	Level dollar, closed
Remaining amortization period	10 years	1 to 5 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	3.00%	1.50%
Projected salary increases	3.00%	3.00%
Healthcare inflation rate	9.5% initial to 5.0% ultimate	10.5% initial to 5% ultimate

The OPEB benefit information pertaining expressly to the Airport Fund employees is not available as the obligation is the responsibility of the general government. Accordingly, no obligation has been recorded in the accompanying basic financial statements. Amounts for the City are recorded within the City's government-wide basic financial statements.

9. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits and certain payments made on behalf of the Airport. Such reimbursements amounted to $68.3 million and $67.4 in 2013 and 2012, respectively.

10. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims and commitments incident to its ordinary course of business. Management expects that the final resolution of these contingencies will not have a material adverse effect on the financial position or results of operations of the Airport.

The Airport provides employee health benefits under a self-insurance program, administered by the City. Such claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the basic financial statements.

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2013 and 2012, are as follows (dollars in thousands):

	2013	**2012**
Beginning balance — January 1	$ 2,418	$ 2,274
Total claims incurred (expenditures)	21,593	23,137
Claims paid	(21,817)	(22,993)
Claims liability — December 31	$ 2,194	$ 2,418

The City purchases annuity contracts from commercial insurers to satisfy certain liabilities. The City renewed its property insurance for the City's Airports, effective December 31, 2013, at a limit of $3.5 billion. Claims have not exceeded the purchased insurance coverage in the past 10 years. Property and casualty risks for the Airport are transferred to commercial insurers.

At December 31, 2013 and 2012, the Airport had commitments in the amounts of approximately $242.4 million and $350.1 million, respectively, in connection with contracts entered into for construction projects.

11. RESTATEMENT DUE TO IMPLEMENTATION OF NEW ACCOUNTING STANDARDS – O'HARE AIRPORT

As a result of implementing GASB 65, net position was restated at January 1, 2012. With the adoption of GASB 65, the Airport is reporting deferred loss on debt refunding as deferred outflows. Bond issuance costs (excluding the portion related to bond insurance) and noise mitigation costs are expensed and no longer amortized annually. The following is a reconciliation of the 2012 amounts that have been restated as a result of the implementation of GASB 65 (dollars in thousands):

	As Originally Reported	Adjustment	As Restated
Statement of financial position:			
Other assets	$ 300,484	$ (254,481)	$ 46,003
Deferred outflows		54,362	54,362
Revenue Bonds payable — net of current maturities	7,116,879	54,362	7,171,241
Net investment in capital assets	651,476	(133,857)	517,619
Net position — noise mitigation program	120,624	(120,624)	-
Statement of revenues, expenses, and changes in net position:			
Depreciation and amortization	$ 216,762	$ (26,538)	$ 190,224
Noise mitigation cost		32,385	32,385
Total net position — beginning of year	1,392,546	(241,772)	1,150,774
Statement of cash flows:			
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 14,022	$ 26,538	$ 40,560
Depreciation, amortization and impairment	238,363	(26,538)	211,825

12. SUBSEQUENT EVENTS

In June 2014, the City issued $31.0 million aggregate principal amount of Chicago O'Hare International Airport Commercial Paper Notes (O'Hare CP Notes). The proceeds of these O'Hare CP Notes will be used to finance a portion of the costs of authorized airport projects.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE COVENANT
YEAR ENDED DECEMBER 31, 2013
(Dollars in thousands)

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues — as defined	$ 716,808	$ 716,808
Other available moneys (passenger facility charges for debt service)	71,093	71,093
Cash balance in Revenue Fund on the first day of fiscal year (Note 2)	65,315	
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 853,216	$ 787,901
COVERAGE REQUIREMENTS — Deposits required:		
Operation and maintenance reserve	$ 8,306	
Maintenance reserve	1,300	
Special capital projects	460	
Senior lien debt service fund	310,432	
TOTAL DEPOSITS REQUIREMENTS	$ 320,498	
AGGREGATE SENIOR LIEN DEBT SERVICE	$ 449,839	$ 449,839
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(77,687)	(77,687)
Net aggregate debt service	372,152	372,152
COVENANT REQUIREMENT	1.10	
NET AGGREGATE DEBT SERVICE	$ 409,367	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 110 percent of net aggregate debt service)	$ 409,367	
OPERATION AND MAINTENANCE EXPENSES — As defined	415,749	415,749
TOTAL REQUIREMENT	$ 825,116	$ 787,901
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 853,216	$ 787,901

See notes to calculations of coverage.

ADDITIONAL SUPPLEMENTARY INFORMATION
SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
NOTES TO CALCULATIONS OF COVERAGE
YEAR ENDED DECEMBER 31, 2013

1. RATE COVENANT

In the Master Indenture of Trust securing Chicago O'Hare International Airport Senior Lien Obligations:

The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and (ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other outstanding Airport Obligations are issued and secured, and (B) one and ten-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (i) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (ii) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and (ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

2. REVENUE FUND BALANCE

The Revenue Fund balance includes all cash, cash equivalents and investments held in any Airport account which were available to the Revenue Fund to satisfy the coverage requirement under the terms of the Bond Ordinance.

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PART III

STATISTICAL SECTION
(UNAUDITED)

PART III
STATISTICAL SECTION
(UNAUDITED)

This part of the Airport's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the Airport's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Airport's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Airport's most significant revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Airport's current levels of outstanding debt and the Airport's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the Environment within which the Airport's financial activities takes place.

Operating Information

These schedules contains data to help the reader understand how the information in the Airport's financial report relates to the services the Airport provides and the activities it performs.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Dollars in thousands)
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OPERATING REVENUES:										
Landing fees	$131,406	$157,791	$159,094	$179,076	$196,453	$181,335	$170,907	$179,924	$189,997	$169,323
Rental revenues:										
Terminal rental and use charges	96,870	140,038	145,417	211,732	220,040	212,944	287,972	237,628	246,912	273,611
Other rentals and fueling system fees	35,316	36,365	40,172	51,026	47,378	39,809	40,468	41,745	40,530	44,813
Subtotal rental revenues	132,186	176,403	185,589	262,758	267,418	252,753	328,440	279,373	287,442	318,424
Concessions:										
Auto parking	90,421	95,521	98,613	103,137	108,545	89,131	93,430	95,997	93,557	95,614
Auto rentals	17,340	19,604	19,928	22,376	22,213	22,915	22,643	23,745	25,445	26,274
Restaurants	27,161	29,790	33,401	34,904	34,813	32,721	35,669	38,547	41,330	42,662
News and gifts	11,001	11,893	12,357	13,267	14,640	13,662	14,495	15,608	16,579	18,367
Other	21,501	33,125	30,374	34,909	34,912	26,685	30,377	37,989	41,197	40,337
Subtotal concessions	167,424	189,933	194,673	208,593	215,123	185,114	196,614	211,886	218,108	223,254
Reimbursements	11,553	8,750	6,560	2,336	5,288	5,241	6,642	8,219	7,017	6,679
Total operating revenues (1)	442,569	532,877	545,916	652,763	684,282	624,443	702,603	679,402	702,564	717,680
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	153,926	157,116	168,361	177,800	177,418	174,897	174,331	190,830	191,677	192,744
Repairs and maintenance	66,066	73,903	73,591	83,865	100,341	82,518	86,463	94,519	88,784	85,484
Energy	22,270	30,894	29,118	35,924	38,535	37,261	33,687	31,777	31,775	32,895
Materials and supplies	8,228	9,338	5,120	10,411	17,506	17,661	9,526	14,288	9,797	8,961
Engineering and other professional services	35,533	52,142	45,357	56,506	61,514	54,767	57,981	65,382	74,307	81,070
Other operating expenses	31,807	28,572	33,038	33,628	33,196	37,181	48,640	34,254	53,839	24,895
Total operating and maintenance expenses before depreciation and amortization (3)	317,830	351,965	354,585	398,134	428,510	404,285	410,628	431,050	450,179	426,049
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$124,739	$180,912	$191,331	$254,629	$255,772	$220,158	$291,975	$248,352	$252,385	$291,631
FIRST AND SECOND LIEN BONDS — Net revenues for calculating coverage less fund deposit requirements	$179,862	$292,193	$354,363	$356,299	$358,671	$261,166	$372,341	$407,700	$ -	$ -
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS (5)	$116,932	$ 92,773	$ 56,563	$107,700	$107,389	$108,898	$104,349	$112,181	$ -	$ -
DEBT SERVICE COVERAGE RATIO (6)	$ 2	$ 3	$ 6	$ 3	$ 3	$ 2	$ 4	$ 4	$ -	$ -
THIRD LIEN BONDS — Net revenues for calculating coverage per master indenture third lien	$503,355	$653,743	$710,017	$764,133	$761,514	$664,917	$800,380	$861,675	$ -	$ -
COVERAGE REQUIRED PER MASTER INDENTURE — Third lien	$503,497	$544,458	$577,301	$690,407	$723,259	$660,463	$790,282	$785,213	$ -	$ -
SENIOR LIEN BONDS — Net revenues for calculating coverage per master indenture senior lien (7)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$844,954	$853,216
COVERAGE REQUIRED PER MASTER INDENTURE — Senior lien (7)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$804,237	$825,116
COVERAGE RATIO (8)	1.00	1.20	1.23	1.11	1.05	1.01	1.01	1.10	1.05	1.10

(1) Average annual compound growth rate for 2004–2013 for total operating revenues is 5.5%.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2004–2013 for total operating and maintenance expenses before depreciation and amortization is 3.3%.
(4) Amount for 2013 may be reconciled to operating income of $95,074 reported in the 2013 Statements of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $196,352 and capital asset impairment of $205. Amount for prior years may be reconciled through similar calculations.
(5) Represents debt service on first and second lien bonds.
(6) Represents debt service coverage ratio on first and second lien bonds.
(7) Represents required coverage per senior lien master indenture.

Source: Chicago O'Hare International Airport Audited Financial Statements and City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE
(Dollars in thousands)
(Unaudited)

The following table sets forth aggregate annual debt service for outstanding General Airport Revenue Bonds:

Year Ending December 31	Total Debt Service on Senior Lien Bonds (1)	Total PFC Debt Service	Total CFC Debt Service	Total Debt Service
2014	$ 455,598	$ 69,971	$ 11,634	$ 537,203
2015	486,419	64,734	13,554	564,707
2016	479,088	66,143	13,554	558,785
2017	530,920	65,500	13,554	609,974
2018	557,030	65,454	18,161	640,645
2019	558,825	49,738	18,154	626,717
2020	521,923	47,786	18,160	587,869
2021	460,326	47,671	18,143	526,140
2022	460,117	47,637	18,125	525,879
2023	439,854	47,590	18,129	505,573
2024	439,492	47,558	18,113	505,163
2025	439,247	50,657	18,099	508,003
2026	436,131	50,605	18,082	504,818
2027	436,064	50,664	18,072	504,800
2028	435,888	50,618	18,081	504,587
2029	434,854	50,562	18,072	503,488
2030	433,225	50,410	18,059	501,694
2031	432,789	50,347	18,044	501,180
2032	432,454	46,285	18,029	496,768
2033	473,739	10,186	18,014	501,939
2034	465,008	6,917	17,977	489,902
2035	474,378	6,910	17,955	499,243
2036	292,160	6,901	17,939	317,000
2037	290,359	6,898	17,920	315,177
2038	287,810	6,887	17,902	312,599
2039	284,218	6,880	17,881	308,979
2040	173,155	6,873	17,862	197,890
2041	123,302		17,838	141,140
2042	26,803		17,815	44,618
2043	26,778		17,785	44,563
2044	26,743			26,743
	$ 11,814,697	$ 1,078,382	$520,707	$ 13,413,786

(1) Assumes an interest rate effective at December 31, 2013, on $240,600,000 of Senior Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1. The information above is presented with a year ended December 31.

The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2013.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2014–2018
(Dollars in thousands)
(Unaudited)

ESTIMATED USES — Five-Year Capital Improvement Program:	
Airfield improvements	$ 802,898
Terminal improvements	187,630
Noise mitigation	122,740
Parking/roadway projects	60,077
Heating and refrigeration	235,064
Safety and security	42,776
Planning and other costs	784,104
Implementation	75,333
Sound	
TOTAL ESTIMATED USES (1)	$2,310,622
ESTIMATED SOURCES:	
Existing PFC revenue bond proceeds	$ 355
PFC revenues (pay-as-you-go)	63,384
Future PFC revenue bond proceeds	
Federal AIP entitlements grants	20,462
Federal AIP discretionary grants	
Federal AIP LOI	
TSA funds	33,210
Prior airport revenue bond proceeds	426,377
LOI Backed GARBS	8,692
PFC Backed GARBS	168,729
Future airport obligation proceeds	652,070
Customer facility charges	337,682
Other airport funds	599,661
TOTAL ESTIMATED SOURCES	$2,310,622

(1) The total of O'Hare 2014–2018 CIP is $2,310,622 and includes $1,050,456 in active CIP projects, $527,432 in proposed CIP projects, $12,000 in OMP Phase I projects, $597,994 in OMP Completion Phase Design and Completion Phase 2A projects, and $122,740 in sound program projects.

(2) The Customer Facility Charge Fund includes CFC PayGo and CFC Bond Funds.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

OPERATIONS OF THE AIRPORT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

Airport Activity

According to statistics compiled by Airports Council International, the Airport was the second busiest airport in the world as measured by total aircraft operations, and the fifth busiest airport as measured by total passengers. In North America, the Airport is the sixth busiest airport in terms of total cargo tonnage handled. According to the Official Airline guide, as of December 31, 2013, nonstop service was provided from the Airport to 216 destinations, 156 domestic airports, and 60 foreign airports.

Chicago O'Hare International Airport Historical Connecting Passengers

Year	Total Enplanements	Total Originating Enplanements (1)	Total Connecting Enplanements (1)	Connecting Enplanements Percentage
2004	37,464,632	16,799,401	20,665,231	55.2 %
2005	37,970,886	17,548,038	20,422,848	53.8
2006	37,784,336	18,058,904	19,725,432	52.2
2007	37,779,576	18,223,460	19,556,116	51.8
2008	34,744,030	17,685,020	17,059,010	49.1
2009	32,047,097	15,708,291	16,338,806	51.0
2010	33,232,412	17,419,794	15,812,618	47.6
2011	33,207,302	15,972,745	17,234,557	51.9
2012	33,244,515	16,867,283	16,377,232	49.3
2013	33,297,578	17,044,643	16,252,942	48.8
Average Annual Compound Growth Rates				
2004–2013	(1.3)%	0.2 %	(2.6)%	

(1) Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
Airline (1)	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
United Airlines	14,222,780	38.0 %	13,035,044	34.3 %	12,905,929	34.2 %	12,798,917	34.0 %	11,818,081	34.0 %	10,304,138	32.2 %	9,655,258	29.1 %	8,763,788	26.4 %	7,417,697	22.3 %	8,293,334	24.9 %
American Airlines	10,641,646	28.4	10,880,167	28.7	10,283,798	27.2	10,277,846	27.2	9,291,364	26.7	8,050,514	25.1	8,115,097	24.4	7,629,479	23.0	7,212,437	21.7	7,209,709	21.7
Simmons Airlines (dba American Eagle)	2,993,453	8.0	3,249,766	8.5	3,524,127	9.3	3,424,753	9.1	3,145,183	9.1	3,128,488	9.8	3,278,628	9.9	3,500,279	10.5	3,591,209	10.8	4,022,596	12.1
Sky West (dba United Express)			1,385,206	3.6	2,333,968	6.2	2,231,622	5.9	2,010,239	5.8	1,763,788	5.5	1,932,478	5.8	1,375,680	4.1	1,276,718	3.8	1,386,813	4.2
Mesa (dba United Express)			517,511	1.4	1,032,938	2.7	1,227,446	3.2	1,032,402	3.0	1,327,751	4.1	703,936	2.1	553,439	1.7	524,665	1.6	540,671	1.6
Northwest Airlines	505,278	1.3	576,618	1.5	626,705	1.7	680,695	1.8	586,600	1.7	439,517	1.4								
Shuttle America (dba United Express)			282,928	0.7	870,661	2.3	721,642	1.9	689,203	2.0	936,803	2.9	1,067,038	3.2	941,420	2.8	1,163,078	3.5	903,682	2.7
Continental Airlines	423,693	1.1	461,804	1.2	486,762	1.3	584,908	1.5	519,567	1.5	514,528	1.6	542,760	1.6	947,868	2.9	1,901,333	5.7	697,398	2.1
US Airways	489,918	1.3	580,460	1.5	474,309	1.3	578,879	1.5	892,225	2.6	923,729	2.9	865,420	2.6	926,447	2.8	1,024,706	3.1	1,068,630	3.2
Go Jet (UA Express)					432,179	1.0	449,979	1.2	399,076	1.1	567,601	1.8	787,343	2.4	695,580	2.1	743,794	2.2	795,407	2.4
Delta Airlines	607,226	1.6	603,677	1.6	518,373	1.4	443,342	1.2	430,985	1.2	311,533	1.0	572,588	1.7	692,244	2.1	956,245	2.9	716,938	2.1
Trans State Air (dba United Express)			259,510	0.7	384,147	1.0	390,640	1.0	464,624	1.3	450,469	1.4	428,504	1.3	347,997	1.0	208,197	0.6	475,863	1.4
America West	367,469	1.0	426,571	1.1	442,308	1.2	320,778	0.8												
Air Canada	268,824	0.7	204,485	0.5	161,023	0.4	132,572	0.4	136,277	0.4	123,367	0.3	132,392	0.4	104,683	0.3	108,637	0.4	80,190	0.2
Chautauqua (dba United Express)			489,195	1.5	188,805	0.5	47,800	0.1	92		78		43,191	0.1	3,520		236		6,086	
Air Wisconsin (dba United Express)	2,172,712	5.8	1,906,211	5.0	21,100	0.1			24,143	0.1			147		2		4		1	
Independence Air	48,804	0.1	86,154	0.2	1,559															
Atlantic Coast	770,768	2.1																		
All Other (2)	3,952,061	10.5	3,025,579	8.0	3,095,645	8.2	3,467,757	9.2	3,303,969	9.5	3,204,793	10.0	5,107,632	15.4	6,724,876	20.3	7,115,559	21.4	7,100,260	21.3
Total	37,464,632	100.0 %	37,970,886	100.0 %	37,784,336	100.0 %	37,779,576	100.0 %	34,744,030	100.0 %	32,047,097	100.0 %	33,232,412	100.4 %	33,207,302	100.0 %	33,244,515	100.0 %	33,297,578	100.0 %

(1) Each airline listed is a signatory to a 1983 Airport Use Agreement.
(2) Included in All Other are the signatories to the 1990 International Terminal Use Agreement not already listed on this table (Aer Lingus, Aeroflot, Aeromexico, Air Berlin, Air France, Air India, Air Jamaica, Air One, Alitalia, All Nippon, Asiana, Austrian Air Aviacsa, British Airways, British Midland, Cathay Pacific, China Eastern, El Al Israel, Etihad, Hainan, Iberia, Japan, KLM, Korean, Kuwait, Lot Polish, Lufthansa, Mexicana, Pakistan, Qatar, Royal Jordanian, Scandinavian, Singapore, Spirit Airlines, Swiss Airlines (Cross Air), TACA / LACSA, Turkish Airlines, USA 3000 and Virgin Air and all other U.S. and foreign flag airlines operating at the Airport.

AIRLINES PROVIDING SERVICE AT THE AIRPORT
As of December 31, 2013, the Airport had scheduled air service by 81 airlines, including 22 domestic airlines, 32 foreign flag airlines, and 27 all-cargo airlines. Service to the Airport is provided by 14 of the 19 "Group III Carriers," which are defined by the U.S. Department of Transportation, Research and Special Programs Administration to include domestic air carriers with annual operating revenues in excess of $1 billion.

United Airlines and American Airlines (including their commuter affiliates) together accounted for 73.1% of the enplaned commercial passengers at the Airport in 2013.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PASSENGER TRAFFIC
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2004	64,685,299	85.6 %	10,849,393	14.4 %	75,534,692	8.7 %
2005	64,772,036	85.1	11,382,369	14.9	76,154,405	0.8
2006	64,573,153	84.6	11,726,137	15.4	76,299,290	0.2
2007	64,376,479	84.5	11,801,376	15.5	76,177,855	(0.2)
2008	59,404,334	83.9	11,414,681	16.1	70,819,015	(7.0)
2009	54,114,214	83.8	10,439,179	16.2	64,553,393	(8.8)
2010	56,615,214	84.5	10,410,977	15.5	67,026,191	3.8
2011	57,233,467	85.7	9,558,683	14.3	66,792,150	(0.3)
2012	56,857,637	85.1	9,977,294	14.9	66,834,931	0.1
2013	56,728,189	84.8	10,181,394	15.2	66,909,583	0.1

Average Annual Compound Growth Rates

2004–2013	(1.4)%		(0.7)%		(1.3)%	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

	Chicago O'Hare International Airport		Chicago Midway International Airport		
Year	**Total O&D Enplanements (1)**	**Percent of Total Chicago**	**Total O&D Enplanements (1)**	**Percent of Total Chicago**	**Total O&D Enplanements**
2004	16,799,401	71.7 %	6,634,138	28.3 %	23,433,539
2005	17,548,038	73.2	6,431,517	26.8	23,979,555
2006	18,058,904	72.9	6,708,494	27.1	24,767,398
2007	18,223,460	73.6	6,532,362	26.4	24,755,822
2008	17,685,020	75.0	5,910,045	25.0	23,595,065
2009	15,708,291	73.6	5,647,591	26.4	21,355,882
2010	17,419,794	76.1	5,485,191	23.9	22,904,985
2011	15,972,745	73.7	5,693,938	26.3	21,666,683
2012	16,867,283	75.4	6,045,841	27.0	22,364,651
2013	17,044,643	72.4	6,505,206	27.6	23,549,849

Average Annual Compound Growth Rates

2004–2013	0.2 %	(0.2)%	0.1 %

(1) Originating enplanements, resulting connecting enplanements and percentages have been recalculated based on updated information.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANEMENT SUMMARY
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

	Total O'Hare Enplanements						
Year	Domestic Air Carrier	Domestic Commuter	Total Domestic (1)	Percent of Total O'Hare	Total International Enplanements	Percent of Total O'Hare	Total (2) Enplanements
2004	32,192,142	-	32,192,142	85.9 %	5,272,490	14.1 %	37,464,632
2005	32,426,920		32,426,920	85.4	5,543,966	14.6	37,970,886
2006	32,136,521		32,136,521	85.1	5,647,815	14.9	37,784,336
2007	32,126,121		32,126,121	85.0	5,653,455	15.0	37,779,576
2008	29,111,375		29,111,375	83.8	5,632,655	16.2	34,744,030
2009	26,863,092		26,863,092	83.8	5,184,005	16.2	32,047,097
2010	28,100,388		28,100,388	84.6	5,132,024	15.4	33,232,412
2011	28,306,173		28,306,173	85.2	4,901,129	14.8	33,207,302
2012	28,288,427		28,288,427	85.1	4,956,088	14.9	33,244,515
2013	28,195,077		28,195,077	84.7	5,102,501	15.3	33,297,578
	Average Annual Compound Growth Rates						
2004–2013	(1.5)%		(1.5)%		(0.4)%		(1.3)%

(1) Total Domestic Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements.
(2) Total Enplanements equals Total Domestic Air Carrier Enplanements plus Total Domestic Commuter Enplanements plus Total International Enplanements.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

	Annual Aircraft Operations						
Year	**Domestic Air Carrier**	**International Air Carrier**	**Total Air Carrier**	**Commuter**	**All-Cargo**	**General Aviation**	**Total**
2004	859,696	82,394	942,090	-	21,588	28,749	992,427
2005	835,414	84,778	920,192		21,979	30,077	972,248
2006	821,586	83,986	905,572		21,165	31,906	958,643
2007	802,933	87,043	889,976		20,702	16,295	926,973
2008	762,995	81,211	844,206		17,542	19,818	881,566
2009	721,169	74,842	796,011		13,988	17,900	827,899
2010	771,550	72,144	843,694		17,248	21,675	882,617
2011	772,707	69,704	842,411		17,149	19,238	878,798
2012	783,371	66,992	850,363		16,887	10,858	878,108
2013	784,681	71,858	856,539		16,326	10,422	883,287
	Average Annual Compound Growth Rates						
2004–2013	(1.0)%	(1.5)%	(1.1)%		(3.1)%	(10.7)%	(1.3)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET AIRLINE REQUIREMENT AND COST PER ENPLANED PASSENGER
YEAR ENDED DECEMBER 31, 2013
(Dollars in thousands)
(Unaudited)

Calculation of cost per enplaned passenger:	
Operating and maintenance expenses (1)	$ 406,318
Net debt service (1)	306,765
Debt service coverage requirement (2)	9,361
Fund deposits (3)	10,067
Total airport expenses (1)	732,511
Less:	
Non-airline revenue (1)	(250,727)
PFC revenue applied to eligible debt service	(6,685)
Other	(3,798)
Net airline requirement (4)	$ 471,301
Enplaned passengers	33,297,578
Cost per enplaned passenger	14.15

(1) This analysis excludes the Land Support Cost Revenue Center, Airport Development Fund, Emergency Reserve Fund and PFC Fund.
(2) Incremental adjustment required which provide 10 percent coverage on aggregate debt service.
(3) Deposits to the Operations and Maintenance Reserve, Maintenance Reserve, Emergency Reserve and Special Capital Project Funds.
(4) Revenue required to be collected from all Airline Parties under the 1983 Airport Use Agreements and the 1990 International Terminal Use Agreements.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Dollars in thousands)
(Unaudited)

Year	Total Enplanements	PFC Enplanements (1)	PFC Revenues (Net of Airline Collection Fees) (2) (3)	PFC Interest Income	Total PFC Revenues
2004	37,464,632	30,810,007	$ 136,180	$ 2,548	$ 138,728
2005	37,970,886	32,546,469	143,855	5,662	149,517
2006	37,784,336	33,765,769	148,232	10,052	158,284
2007	37,779,576	34,243,364	150,329	18,922	169,251
2008	34,744,030	30,720,227	130,922	3,940	134,862
2009	32,047,097	27,533,048	117,103	3,767	120,870
2010	33,232,412	29,493,621	129,477	2,596	132,073
2011	33,207,302	28,503,338	125,130	2,631	127,761
2012	33,244,515	28,067,538	123,215	1,575	124,790
2013	33,297,578	29,516,583	129,578	1,527	131,105

(1) Historical collection information reflects an actual percentage of eligible PFC enplanements of 88.6% in 2013.
(2) This amount is net of the airline collection fee of $.11 per enplaning passenger since May 1, 2004.
(3) Actual amounts above are recorded on a cash basis but are reported in the Airport's audited financial statements on an accrual basis. For 2004–2013, a separate cash basis PFC audit was performed as required by the PFC Regulations. The cash basis PFC audit for 2011, 2012, and 2013 has not yet been issued.

Source: City of Chicago Comptroller's Office and Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE (PFC) DEBT SERVICE COVERAGE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Dollars in thousands)
(Unaudited)

Bond Year Ended	PFC Revenues (2)	PFC Bonds Debt Service	Coverage by PFC Revenues (1)
January 1, 2004	$ 129,819	$ 73,498	1.77 %
January 1, 2005	138,728	73,512	1.89
January 1, 2006	149,518	73,502	2.03
January 1, 2007	158,284	73,502	2.15
January 1, 2008	169,251	73,498	2.30
January 1, 2009	134,862	50,048	2.69
January 1, 2010	120,870	49,411	2.45
January 1, 2011	132,073	59,077	2.24
January 1, 2012	127,761	77,497	1.65
January 1, 2013	124,790	66,163	1.89
January 1, 2014	131,105	70,860	1.85

(1) Ratio represents the amount of PFC revenues to debt service:
For bond years ended 2004 through 2008, Series 1996 PFC and Series 2001 PFC Bonds.
(2) Actual amounts above are recorded on a cash basis and includes interest earnings.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2007–2013
(Dollars in thousands)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013
Net position:								
Net investment in capital assets	$ 213,090	$ 481,321	$ 644,828	$ 612,920	$ 704,324	$ 713,876	$ 517,619	$ 582,175
Restricted	751,069	644,048	594,185	610,868	588,683	640,469	605,488	709,665
Unrestricted (deficit)	60,111	73,390	77,195	89,554	104,730	38,201	31,511	35,559
Total net position	$1,024,270 *	$1,198,759 *	$1,316,208 *	$1,313,342 *	$1,397,737 *	$1,392,546 *	$1,154,618	$ 1,327,399

Ten year information will be provided prospectively starting with year 2007.

*Amounts have not been restated for the implemetation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2006–2013
(Dollars in thousands)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013
Operating revenues	$ 545,916	$ 652,763	$ 684,282	$ 624,443	$ 702,603	$ 679,402	$ 702,564	$ 717,680
Operating expenses	496,581	544,890	579,297	583,002	595,707	609,499	662,004	622,606
Operating income	49,335	107,873	104,985	41,441	106,896	69,903	40,560	95,074
Nonoperating revenues (expenses)	24,446	18,363	(37,486)	(94,627)	(80,068)	(80,925)	(110,254)	(125,829)
Special items						(53,910)		
Income (loss) before capital contributions	73,781	126,236	67,499	(53,186)	26,828	(64,932)	(69,694)	(30,755)
Capital grants	71,238	48,253	49,950	50,320	57,567	59,741	73,538	203,536
Change in net position	$ 145,019	$ 174,489	$ 117,449	$ (2,866)	$ 84,395	$ (5,191)	$ 3,844	$ 172,781
	*	*	*	*	*	*		

Ten year information will be provided prospectively starting with year 2007.
*Amounts have not been restated for the implemetation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

LONG TERM DEBT
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2006–2013
(Dollars in thousands)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013
First lien bonds	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ -	$ -
Second lien bonds	732,845	721,470	656,875	585,080	450,250	369,330		
Third lien bonds	3,620,670	3,559,420	4,278,530	4,219,195	5,213,760	6,145,590		
Senior lien bonds							6,355,245	6,696,365
Commercial paper notes		334,673	35,565	295,355		19,919	50,616	
Passenger facility								
Passenger facility charge revenue bonds	825,709	796,715	741,340	725,675	833,715	812,715	726,700	700,090
Customer facility								
Customer facility charge revenue bonds								248,750
Total revenue bonds and notes	$ 5,252,019	$ 5,485,073	$ 5,785,105	$ 5,898,100	$ 6,570,520	$ 7,420,349	$ 7,132,561	$ 7,396,455
Enplanements	37,784,336	37,779,576	34,744,030	32,047,097	33,232,412	33,206,867	33,244,515	33,297,578
Debt per enplanement	139.00	145.19	166.51	184.04	197.71	223.46	214.55	222.13

Ten year information will be provided prospectively starting with year 2006.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

FULL TIME EQUIVALENT CHICAGO O'HARE AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE EIGHT YEARS ENDED DECEMBER 31, 2006–2013
(Unaudited)

Function	2006	2007	2008	2009	2010	2011	2012	2013
Administration (Pre-2009 Executive Directions)	20	25	15	73	130	127	119	110
Capital Development	57	49	49	30	39	43	35	34
Financial Administration	27	25	21					
Human Resources Management	26	24	22					
Capital Finance Management	21	9	9					
Contract Administration	11	18	18					
Business Information Services	13	11	9					
Business Communication	44	40	41	10	13	13		
Commercial Development and Concessions	5	6	5	3	6	6	4	3
Administration	32	26	24					
Airfield Operations	270	280	280	309	309	306	305	305
Landside Operations	26	19	18	14	13	11	12	22
Security Management	241	233	249	243	243	242	236	236
Facility Management	537	537	498	502	515	519	500	504
Safety Management		9	9	9	7	7	7	7
Total	1,330	1,311	1,267	1,193	1,275	1,274	1,218	1,221

Ten year information will be provided prospectively starting with year 2006.

Source: City of Chicago's Program and Budget Summary.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
PRINCIPAL EMPLOYERS (NONGOVERNMENT)
CURRENT YEAR AND NINE YEARS AGO (SEE NOTE AT THE END OF THIS PAGE)
(Unaudited)

	2013 (1)			2004 (1)		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
J. P. Morgan Chase Bank, N.A. (2)	8,499	1	0.78 %	9,437	1	0.89 %
United Airlines	8,199	2	0.75	6,448	2	0.61
Accenture LLP	5,821	3	0.53	3,869	6	0.36
Northern Trust Corporation	5,353	4	0.49	4,659	4	0.44
Ford Motor Company	5,103	5	0.47	2,662	10	0.25
Jewel Food Stores, Inc.	4,441	6	0.41			
ABM Janitorial Services — North Central	3,399	7	0.31			
Bank of America NT & SA	3,392	8	0.31	3,139	7	0.30
Walgreen’s Co	2,869	9	0.26			
American Airlines	2,749	10	0.25	3,985	5	0.38
SBC Ameritech (3)				4,803	3	0.45
Target Corporation				2,904	8	0.28
ABN Amro				2,923	9	0.28

(1) Source: City of Chicago, Department of Revenue, Employer’s Expense Tax Returns.
(2) J.P. Morgan Chase formerly known as Banc One.
(3) Ameritech currently known as SBC/AT&T.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2004–2013
(Unaudited)

Year	Population (1)	Median Age (2)	Number of Households (2)	Unemployment Rate (3)	Per Capita Income (4)	Total Income
2004	2,896,016	32.6	1,051,018	7.2 %	$37,169	$107,642,018,704
2005	2,896,016	33.0	1,045,282	7.0	38,439	111,319,959,024
2006	2,896,016	33.5	1,040,000	5.2	41,887	121,305,422,192
2007	2,896,016	33.7	1,033,328	5.7	43,714	126,596,443,424
2008	2,896,016	34.1	1,032,746	6.4	45,329	131,270,613,248
2009	2,896,016	34.5	1,037,069	10.0	43,727	126,634,091,632
2010	2,695,598	34.8	1,045,666	10.1	45,957	123,881,597,286
2011	2,695,598	33.2	1,048,222	9.3	45,977	123,935,509,246
2012	2,695,598	33.0	1,030,746	8.9	48,305	130,210,861,390
2013	2,695,598	33.5	1,062,029	8.3	N/A (5)	N/A (5)

Notes:
(1) Source: U.S. Census Bureau.
(2) Source: World Business Chicago Website and Environmental System Research Institute data estimates.
(3) Source: Bureau of Labor Statistics 2013, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.
(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area (in 2013 dollars).
(5) N/A means not available at time of publication.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY — 2013 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2013

	Signatory	Non-Signatory
DOMESTIC TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 6.05	$ 7.56
Base rent	5.00	
Existing footage	63.79	
Special facility additional footage	N/A	
Additional footage	98.31	
Ultimate additional footage	N/A	
INTERNATIONAL TERMINAL		
DESCRIPTION:		
Landing fee/1,000 lbs.	$ 6.05	$ 7.56
Terminal rent/sq. ft./annum:		
Long-term signatory	77.30	
Short-term signatory	N/A	
Month-to-month	104.35	
ENPLANED PASSENGER USE CHARGE:		
Long-term signatory	12.42	
Short-term signatory		
Month-to-month	16.76	
DEPLANED PASSENGER USE CHARGE:		
Long-term signatory	8.18	
Short-term signatory	N/A	
Month-to-month	11.05	