City of Chicago, Illinois
Chicago Midway International Airport

Basic Financial Statements as of and for the Years Ended December 31, 2009 and 2008, Required Supplementary Information, Additional Information, Statistical Information, and Independent Auditors' Report

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

The Honorable Richard M. Daley, Mayor,
and Members of the City Council
City of Chicago, Illinois

We have audited the accompanying basic financial statements of Chicago Midway International Airport (Midway) of the City of Chicago, Illinois (City) as of December 31, 2009 and 2008, and for the years then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting for Midway. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the basic financial statements referred to above present only Chicago Midway International Airport and are not intended to present the financial position of the City, the results of its operations, and its cash flows, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such basic financial statements present fairly, in all material respects, the financial position of Chicago Midway International Airport as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis as listed in the foregoing table of contents is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. The Management's Discussion and Analysis is the responsibility of the City's management. We have applied certain limited procedures that consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion or any other form of assurance on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the foregoing table of contents, which is also the responsibility of the City's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly presented, in all material respects, when considered in relation to the financial statements taken as a whole.

The statistical information, as listed in the foregoing table of contents, is also presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such statistical information has not been subjected to auditing procedures and, accordingly, we do not express an opinion or any other form of assurance on it.

Deloitte + Touche LLP

June 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
($ IN THOUSANDS)

This following discussion and analysis of the Airport's performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2009 and 2008. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements following this section.

FINANCIAL HIGHLIGHTS

2009

- Operating revenues for 2009 decreased by $2,684 compared to prior year operating revenues.
- Operating expenses before depreciation and amortization decreased by $10,011 compared to 2008, primarily due to reimbursement for professional fees related to the study of the privatization of the Airport.
- The Airport's total net assets at December 31, 2009 were $207,658. This is a decrease of $36,327 compared to total net assets at December 31, 2008.
- Capital asset additions for 2009 were $38,636, principally due to land acquisition, terminal improvements, security enhancements, parking and runway improvements.

2008

- Operating revenues for 2008 increased by $17,732 compared to prior year operating revenues.
- Operating expenses before depreciation and amortization decreased by $1,630 compared to 2007, primarily due to decreased salaries and wages, energy and other operating expenses.
- The Airport's total net assets at December 31, 2008 were $243,985. This is a decrease of $38,405 compared to total net assets at December 31, 2007.
- Capital asset additions for 2008 were $30,842, principally due to land acquisition, terminal improvements, security enhancements, parking and runway improvements.

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's basic financial statements are comprised of the financial statements and the notes to 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 Assets present all of the Airport's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between assets and liabilities is reported as net assets. The increase or decrease in net assets 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 Assets present all current fiscal year revenues and expenses, regardless of when cash is received or paid, and the ensuing change in net assets.

The Statements of Cash Flows report how cash and cash equivalents are provided and used by the Airport's operating, capital financing and investing activities. These statements are prepared on a cash basis and 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 Information section presents 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 and 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 operating expenses and required debt service and fund deposits as determined under provisions of the Airport Use Agreement and Facilities Lease (Use Agreement). 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 accrued revenue. 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 deferred revenue.

At December 31, 2009, the Airport's financial position continued to be strong with total assets of $1,581,342, total liabilities of $1,373,684, and net assets of $207,658. A comparative condensed summary of the Airport's net assets at December 31, 2009, 2008, and 2007 is as follows:

	Net Assets		
	2009	2008	2007
Current assets	$ 66,101	$ 64,925	$ 66,928
Noncurrent assets:			
Restricted and other assets	347,045	335,445	400,466
Capital assets — net	1,168,196	1,169,433	1,177,929
Total noncurrent assets	1,515,241	1,504,878	1,578,395
Total assets	$ 1,581,342	$ 1,569,803	$ 1,645,323
Current liabilities	$ 60,310	$ 34,099	$ 48,133
Noncurrent liabilities	1,313,374	1,291,719	1,314,800
Total liabilities	$ 1,373,684	$ 1,325,818	$ 1,362,933
Net assets:			
Invested in capital assets, net of related debt	$ 708	$ 40,352	$ 31,251
Restricted	201,158	184,019	232,344
Unrestricted	5,792	19,614	18,795
Total net assets	$ 207,658	$ 243,985	$ 282,390

2009

Current assets increased by $1,176 (1.8 percent) primarily due to a decreased balance in cash and investments offset by an increase in accounts receivable at December 31, 2009. The Airport's current ratio (current assets/current liabilities) at December 31, 2009 and 2008 was 1.10:1 and 1.90:1, respectively. Restricted and other assets increased by $11,600 (3.5 percent) mainly due to an increase in deferred noise mitigation costs. Net capital assets decreased by $1,237 (.1 percent) due principally to depreciation.

The increase in current liabilities of $26,211 (76.9 percent) is mainly related to the increase in amounts due to other City funds and an increase in deferred revenue of $3,248 and $18,235, respectively. The increase in due to other city funds is mainly due to benefits and related personnel costs and the increase in deferred revenue represents primarily the net adjustment for current year activity. Noncurrent liabilities increased by $21,655 (1.7 percent) in 2009 mainly due to the increase in accounts payable for restricted funds and notes payable of $9,591 and $50,686, respectively partially offset by decrease long term debt in revenue bonds payable of $37,721.

Net assets may serve, over a period of time, as a useful indicator of the Airport's financial position. At December 31, 2009, total net assets were $207,658, a decrease of $36,327 (14.9 percent) over 2008. Due to the residual Airport use agreement, this decrease is mainly due to timing differences between depreciation on property and facilities, and the cash requirements required for debt service.

2008

Current assets decreased by $2,003 (3.0 percent) primarily due to a decreased balance in investments at December 31, 2008. The Airport's current ratio (current assets/current liabilities) at December 31, 2008 and

2007 was 1.90:1 and 1.39:1, respectively. Restricted and other assets decreased by $65,021 (16.2 percent) mainly due to the payment of construction costs and the use of capitalized interest and Passenger Facility Charges (PFC) for payments on debt service. Net capital assets decreased by $8,496 (0.7 percent) due principally to less capital activities of the Capital Improvement Plan and depreciation.

The decrease in current liabilities of $14,034 (29.2 percent) is mainly related to the decrease in amounts due to other City funds and deferred revenue of $2,371 and $11,004, respectively. The decrease in due to other city funds is mainly due to benefits and related personnel costs and the decrease in deferred revenue represents primarily the net adjustment for current year activity and current year payments of deferred revenue. Noncurrent liabilities decreased by $23,081 (1.8 percent) in 2008 mainly due to the decreases in accounts payable and revenue bonds payable of $8,354 and $13,623, respectively.

Net assets may serve, over a period of time, as a useful indicator of the Airport's financial position. At December 31, 2008, total net assets were $243,985, a decrease of $38,405 (13.6 percent) over 2007. Due to the residual Airport use agreement, this decrease is mainly due to timing differences between depreciation on property and facilities, and the cash requirements required for debt service.

The primary sources of Airport operating revenues are landing fees, terminal area use charges, rents and concession revenues as defined within the Airline Use Agreement and Facilities Lease. These revenues fund Airport operating expenses, fund deposits and net debt service requirements. A comparative condensed summary of the Airport's changes in net assets for the years ended December 31, 2009, 2008, and 2007 is as follows:

	Changes in Net Assets		
	2009	**2008**	**2007**
Operating revenues:			
Landing fees and terminal area uses charges	$ 52,640	$ 54,985	$ 36,914
Rents, concessions and other	69,661	70,000	70,339
Total operating revenues	122,301	124,985	107,253
Operating expenses:			
Salaries and wages	39,521	36,931	39,998
Repairs and maintenance	37,967	37,399	36,863
Professional and engineering	6,727	19,775	14,780
Other operating expenses	15,426	15,547	19,641
Depreciation and amortization	47,667	45,944	42,437
Total operating expenses	147,308	155,596	153,719
Operating loss	(25,007)	(30,611)	(46,466)
Nonoperating revenues	47,985	47,442	60,116
Nonoperating expenses	(59,305)	(62,013)	(57,363)
Capital grants		6,777	30,565
Decrease in net assets	$ (36,327)	$ (38,405)	$ (13,148)

2009

Landing fees and terminal area use charges for the years 2009 and 2008 were $52,640 and $54,985, respectively. Rents, concessions and other revenues were $69,661 and $70,000 for the years 2009 and 2008, respectively. The decrease in 2009 operating revenues of $2,684 (2.1 percent) from 2008 was mainly due to decreased landing fees and concessions of $6,962 and $5,023 respectively, offset by increased other rental revenues of $9,301. Such changes were due to the residual Airport Use Agreement and Facilities Leases that require 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 by $2,590 (7.0 percent) in 2009 compared to 2008. Professional and engineering expenses decreased by $13,048 (66.0 percent) mainly due to reimbursement of costs from a deposit forfeiture of $7,578. Depreciation and amortization expense increased $1,723 (3.8 percent) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program.

Fiscal year 2009 nonoperating revenues of $47,985 are comprised mainly of passenger facility charges (PFC) revenue $34,009, customer facility charges (CFC) revenue $5,853, interest income of $1,051 and other non operating revenues of $7,072. During 2009, nonoperating revenues remained relatively flat.

Nonoperating expenses of $59,305 and $62,013 for the years 2009 and 2008, respectively, were comprised of bond interest expense. The decrease of $2,708 (4.4 percent) for 2009 over 2008 was mainly due to decreased interest expense related to bonds and less capitalized interest captured as capital projects are completed.

Capital grants, mainly comprised of Federal grants, decreased $6,777 in 2009 as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

2008

Landing fees and terminal area use charges for the years 2008 and 2007 were $54,985 and $36,914, respectively. Rents, concessions and other revenues were $70,000 and $70,339 for the years 2008 and 2007, respectively. The increase in 2008 operating revenues of $17,732 (16.5 percent) over 2007 was mainly due to increased landing fees, terminal area use charges and concessions of $9,295 and $10,538, respectively, offset by decreased other rental revenues of $2,101. Such changes were due to the residual Airport Use Agreement and Facilities Leases that require 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 decreased by $3,067 (7.7 percent) in 2008 compared to 2007. This decrease is mainly due to reductions in pension requirements and overtime. Professional and engineering expenses increased by $4,995 (33.8 percent) mainly due to additional professional fees related to the study of the privatization of Midway Airport of approximately $2,326 and additional parking management fees of $1,820. Other operating expenses decreased by $4,094 (20.8 percent) mainly due to decreased vehicle costs ($3,173) and electricity costs ($900). Depreciation and amortization expense increased $3,507 (8.3 percent) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program.

Fiscal year 2008 nonoperating revenues of $47,442 are comprised mainly of passenger facility charges (PFC) revenue $32,161, customer facility charges (CFC) revenue $6,882, and interest income $7,622. During 2008, nonoperating revenues decreased by $12,674 principally due to decreases in PFC revenues $5,528 and interest income $6,476.

Nonoperating expenses of $62,013 and $57,363 for the years 2008 and 2007, respectively, were comprised of bond interest expense. The increase of $4,650 (8.1 percent) for 2008 over 2007 was mainly due to additional interest expense related to bonds and less capitalized interest captured as capital projects are completed.

Capital grants, mainly comprised of Federal grants, decreased to $6,777 in 2008 from $30,565 in 2007, a 77.8 percent decrease, as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

A comparative summary of the Airport's cash flows for the years ended December 31, 2009, 2008, and 2007 is as follows:

	Cash Flows		
	2009	**2008**	**2007**
Cash from activities:			
Operating	$ 43,665	$ 48	$ 9,264
Capital and related financing	(51,857)	(84,756)	(58,290)
Investing	(90,733)	69,076	102,588
Net change in cash and cash equivalents	(98,925)	(15,632)	53,562
Cash and cash equivalents:			
Beginning of year	241,357	256,989	203,427
End of year	$ 142,432	$ 241,357	$ 256,989

2009

As of December 31, 2009 the Airport's available cash and cash equivalents of $142,432 decreased by $98,925 compared to $241,357 at December 31, 2008 due to investing activities of $90,733 and $69,076, respectively, offset by the use of $51,857 for capital and related financing activities. Total cash and cash equivalents at December 31, 2009 were comprised of unrestricted and restricted cash and cash equivalents of $7,049 and $135,383 respectively.

2008

As of December 31, 2008 the Airport's available cash and cash equivalents of $241,357 decreased by $15,632 compared to $256,989 at December 31, 2007 due to positive flows of cash provided by operating and investing activities of $48 and $69,076, respectively, offset by the use of $84,756 for capital and related financing activities. Total cash and cash equivalents at December 31, 2008 were comprised of unrestricted and restricted cash and cash equivalents of $54,599 and $186,758, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2009 and 2008 the Airport had $1,168,196 and $1,169,433, respectively, invested in net capital assets. During 2009, the Airport had additions of $38,635 related to capital activities. This included $3,079 for land acquisition and the balance of $35,556 for construction projects relating to terminal improvements, security enhancements, parking and runway improvements.

During 2009, completed projects totaling $34,949 were transferred from construction in progress to applicable buildings and other facilities capital account. These major completed projects were related to parking, runways, security enhancements and terminal improvements.

The Airport's capital assets at December 31, 2009, 2008, and 2007 are summarized as follows:

	Capital Assets at Year-end		
	2009	2008	2007
Capital assets not depreciated:			
Land	$ 106,918	$ 103,839	$ 102,832
Construction in progress	36,042	35,435	21,237
Total capital assets not depreciated	142,960	139,274	124,069
Capital assets depreciated:			
Buildings and other facilities	1,318,793	1,283,844	1,268,207
Less accumulated depreciation for:			
Buildings and other facilities	(293,557)	(253,685)	(214,347)
Total capital assets depreciated — net	1,025,236	1,030,159	1,053,860
Total property and facilities — net	$ 1,168,196	$1,169,433	$1,177,929

The Airport's capital activities are funded through Airport revenue bonds, Federal and State grants, passenger facility charges (PFC) and Airport revenue. Additional information on the Airport's capital assets is presented in Note 5 of the notes to the financial statements.

The Airport issued $61,360 of Commercial Paper Notes during 2009 having interest rates from 0.25% to 0.75% percent with a maturity date of January 6, 2010. Note proceeds may be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes.

The Airport's outstanding debt at December 31, 2009, 2008, and 2007 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-end		
	2009	2008	2007
Revenue bonds and notes payable	$ 1,266,515	$ 1,254,664	$ 1,269,169
Unamortized:			
Bond discount	(8,812)	(9,411)	(9,780)
Deferred loss on refunding	(6,899)	(7,414)	(7,927)
	1,250,804	1,237,839	1,251,462
Current bonds payable	(54,650)	(36,635)	(14,505)
Total long-term revenue bonds and notes payable – net	$ 1,196,154	$ 1,201,204	$ 1,236,957

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

The Airport's revenue bonds at December 31, 2009 had credit ratings with each of the three major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings
First Lien Chicago Midway Revenue Bonds	A2	A	A+
Second Lien Chicago Midway Revenue Bonds	A3	A-	A

At December 31, 2009 and 2008 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

The airlines using Chicago Midway International Airport generally provide low fare, point-to-point origination and destination passenger service. During 2009 and 2008, Southwest Airlines accounted for 83.9 and 83.1 percent, respectively, of total enplanements at the Airport.

Based on the Airport's rates and charges for fiscal year 2010, total budgeted operating and maintenance expenses are projected at $116,098 and total net debt service and fund deposit requirements are projected at $39,257. Additionally, 2010 non-airline and non-signatory revenues are budgeted for $60,847, resulting in a net airline requirement of $94,509 that will be funded through landing fees, terminal area use charges, and fueling system 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 Comptroller's Office.

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STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2009 AND 2008
($ in thousands)

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 7,049	$ 54,599
Investments (Note 2)	43,432	
Accounts receivable — net of allowance for doubtful accounts of approximately $1,343 in 2009 and $1,491 in 2008	11,932	6,773
Due from other City funds	3,564	3,176
Prepaid expenses	22	363
Interest receivable	102	14
Total current assets	66,101	64,925
NONCURRENT ASSETS:		
Restricted assets (Note 3):		
Cash and cash equivalents (Note 2)	135,383	186,758
Investments (Note 2)	94,584	46,243
Due from other governments	5	3,349
Accounts receivable (Note 1)	4,602	2,684
Interest receivable	186	121
Total restricted assets	234,760	239,155
Other assets — deferred noise mitigation costs and financing fees	112,285	96,290
Property and facilities (Note 5):		
Land	106,918	103,839
Buildings and other facilities	1,318,793	1,283,844
Construction in progress	36,042	35,435
Total property and facilities	1,461,753	1,423,118
Less accumulated depreciation	293,557	253,685
Property and facilities — net	1,168,196	1,169,433
Total noncurrent assets	1,515,241	1,504,878
TOTAL	$1,581,342	$1,569,803

LIABILITIES	2009	2008
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 17,085	$ 14,826
Due to other City funds	7,388	4,140
Advances for terminal and hangar rent	4,404	1,935
Deferred revenue	31,433	13,198
Total current liabilities	60,310	34,099
NONCURRENT LIABILITIES:		
Liabilities payable from restricted assets (Note 3):		
Revenue bond payable (Note 4)	54,650	36,635
Interest rate swap premium (Note 4)	15,408	16,185
Accounts payable	23,129	13,538
Due to other City funds	420	3
Interest payable	23,613	24,154
Total liabilities payable from restricted assets	117,220	90,515
Revenue bonds payable — net of discount (Note 4)	1,134,794	1,190,530
Notes payable	61,360	10,674
Total long-term liabilities	1,196,154	1,201,204
Total noncurrent liabilities	1,313,374	1,291,719
Total liabilities	1,373,684	1,325,818
NET ASSETS (Note 1):		
Invested in capital assets — net of related debt	708	40,352
Restricted net assets:		
Debt service		
Capital projects	10,408	26,486
Passenger facility charges	9,620	4,782
Airport use agreement	30,565	31,019
Noise mitigation program	105,540	89,214
Other assets	45,025	32,518
Total restricted net assets	201,158	184,019
Unrestricted net assets	5,792	19,614
Total net assets	207,658	243,985
TOTAL	$1,581,342	$1,569,803

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
($ in thousands)

	2009	2008
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 52,640	$ 54,985
Rents, concessions and other (Note 6)	69,661	70,000
Total operating revenues	122,301	124,985
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	39,521	36,931
Repairs and maintenance	37,967	37,399
Professional and engineering services	6,727	19,775
Other operating expenses	15,426	15,547
Total operating expenses before depreciation and amortization	99,641	109,652
Depreciation and amortization	47,667	45,944
Total operating expenses	147,308	155,596
OPERATING LOSS	(25,007)	(30,611)
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charges revenues	34,009	32,161
Customer facility charges revenues	5,853	6,882
Interest income	1,051	7,622
Interest expense (Note 4)	(59,305)	(62,013)
Other nonoperating revenues	7,072	777
Total nonoperating (expenses) revenues	(11,320)	(14,571)
LOSS BEFORE CAPITAL GRANTS	(36,327)	(45,182)
CAPITAL GRANTS (Note 1)		6,777
CHANGE IN NET ASSETS	(36,327)	(38,405)
TOTAL NET ASSETS — Beginning of year	243,985	282,390
TOTAL NET ASSETS — End of year	$ 207,658	$ 243,985

See notes to basic financial statements.

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
($ in thousands)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 71,124	$ 43,852
Rents, concessions and other	66,722	69,839
Payments to vendors	(57,685)	(73,031)
Payments to employees	(32,175)	(33,827)
Transactions with other City funds — net	(4,321)	(6,785)
Cash flows from operating activities	43,665	48
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of notes	50,686	
Acquisition and construction of capital assets	(27,787)	(37,258)
Grant receipts	3,344	4,842
Principal paid on bonds	(38,835)	(14,505)
Interest paid	(59,713)	(64,879)
Cash paid for noise mitigation program	(23,791)	(11,683)
Passenger facility charges revenues	31,967	31,871
Customer facility charges revenues	5,977	6,856
Deposit forfeiture	5,472	
Fee reimbursement	823	
Cash flows used in capital and related financing activities	(51,857)	(84,756)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) of investments — net	(91,773)	58,119
Investment interest	1,040	10,957
Cash flows from investing activities	(90,733)	69,076
NET CHANGE IN CASH AND CASH EQUIVALENTS	(98,925)	(15,632)
CASH AND CASH EQUIVALENTS — Beginning of year	241,357	256,989
CASH AND CASH EQUIVALENTS — End of year	$ 142,432	$ 241,357

(Continued)

CITY OF CHICAGO, ILLINOIS
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
($ in thousands)

	2009	2008
RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 7,049	$ 54,599
Restricted	135,383	186,758
TOTAL	$ 142,432	$ 241,357
RECONCILIATION OF OPERATING LOSS TO CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (25,007)	$ (30,611)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation and amortization	47,667	45,944
Provision for uncollectible accounts	(968)	444
Changes in assets and liabilities:		
Increase in accounts receivable	(4,191)	(289)
(Increase) decrease due from other City funds	(388)	(1,468)
Decrease in prepaid expenses	341	62
Increase (decrease) in due to other City funds	3,248	(2,371)
Increase (decrease) in deferred revenue and advances for terminal and hangar rent	20,704	(11,004)
Increase (decrease) in accounts payable and accrued liabilities	2,259	(659)
CASH FLOWS FROM OPERATING ACTIVITIES	$ 43,665	$ 48

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:
Property additions in 2009 and 2008 of $20,484 and $9,362, respectively, are included in accounts payable.

The fair market value adjustments (loss) to investments for 2009 and 2008 were ($731) and ($344), respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Chicago Midway 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. Enterprise funds may elect to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, provided that such standards are not in conflict with standards issued by the GASB. The Airport has elected not to apply FASB pronouncements issued after November 30, 1989.

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 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 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 and 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.

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 may not have a maturity in excess of ten years from the date of purchase. Certain other investment balances are held in accordance with the specific provisions of 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 based on 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. Transactions that are related to financing, investing 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 and financing 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 and consist mainly of employee benefits, self-insured risks and administrative expenses.

Other Assets — Funds expended for the Noise Mitigation Program are recorded as other assets and amortized over a 20-year useful life on a straight-line basis.

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:

Facilities and structures	40 years
Runways, aprons, tunnels, taxiways and paved roads	30 years
Other	10–30 years

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

Employee Benefits — Employee benefits are granted for vacation and sick leave, workers' compensation and health care. 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 three 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, Bond Discounts and Refunding Transactions — Bond issuance costs and bond discounts are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

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

Capital Grants — The Airport reports capital grants as revenue on the statements of revenues, expenses and changes in net assets. Capital grants are on a reimbursement basis and revenues are recognized to the extent of allowable expenditures.

Revenue Recognition — Landing fees and 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 Airport Use Agreement and Facilities Leases (Use Agreement). 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 accrued revenue. 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 deferred revenue.

Passenger Facility Charge (PFC) Revenue — Effective January 1, 2007, the Federal Aviation Administration (FAA) approved PFCs of $4.50 per eligible enplaned passenger, less allowable airline administrative costs of $.11 per eligible enplaned passenger. PFCs are available, subject to FAA regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related expenses as nonoperating expenses in conformity with industry practice.

2. RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments — As of December 31, 2009, the Airport had the following investments ($ in thousands):

Investment Type	Investment Maturities (In Years) Less Than 1	1–5	6–10	More Than 10	Fair Value
U.S. treasuries	$ 3,999	$	$	$	$ 3,999
U.S. agencies	54,843	96,780			151,623
Certificates of deposits and other short-term	122,761				122,761
Subtotal	$ 181,603	$ 96,780	$	$	278,383
Share of City's pooled funds					16
Total					$ 278,399

As of December 31, 2008, the Airport had the following investments ($ in thousands):

Investment Type	Investment Maturities (In Years) Less Than 1	1–5	6–10	More Than 10	Fair Value
U.S. treasuries	$	$	$	$	$
U.S. agencies	12,521	34,698			47,219
Certificates of deposits and other short-term	228,268				228,268
Subtotal	$ 240,789	$ 34,698	$	$	275,487
Share of City's pooled funds					217
Total					$ 275,704

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 ten 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 following schedule summarizes the Airport's exposure to credit risk ($ in thousands):

Quality Rating	2009	2008
Aaa/AAA	$ 278,383	$ 275,487
A/A		
Total funds	$ 278,383	$ 275,487

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 105% 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 FDIC. The bank balance of cash and certificates of deposit with the City's various municipal depositories were $301.9 million and $372.1 million at December 31, 2009 and 2008, respectively. Of the bank balance, $301.9 million and $372.1 million or 100% and 100% at December 31, 2009 and 2008, respectively, were either insured or collateralized.

The following schedule summarizes the investments reported in the basic financial statements ($ in thousands):

	2009	2008
Per Note 2:		
Investments — Airport	$ 278,383	$ 275,487
Investments — City Treasurer Pooled Fund	16	217
	$ 278,399	$ 275,704
Per financial statements:		
Restricted investments	$ 94,584	$ 46,243
Unrestricted investments	43,432	
Investments included as cash and cash equivalents on the statements of net assets	140,383	229,461
	$ 278,399	$ 275,704

3. RESTRICTED ASSETS

There are various limitations and restrictions contained in the Master Indenture of Trust securing the Chicago Midway Airport Revenue Bonds (First Lien Master Indenture) and the Master Indenture of Trust securing the Chicago Midway Airport Second Lien Obligation (Second Lien Master Indenture) and together with the First Lien Master Indenture (Master Indentures), 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 Master Indenture requirements are as follows ($ in thousands):

	December 31	
Account	**2009**	**2008**
Construction	$ 21,048	$ 48,633
Capitalized interest		645
Debt service	61,507	49,522
Debt service reserve	64,309	64,309
Operation and maintenance reserve	18,442	18,244
Repair and replacement	4,640	4,675
Emergency reserve	353	338
Special projects	7,086	7,627
Customer facility charge	31,252	24,723
Other	16,321	11,720
Subtotal — Master Indentures and Use Agreement accounts	224,958	230,436
Passenger facility charges	5,009	2,565
Total	$ 229,967	$ 233,001

Construction and capitalized interest accounts, which are funded with bond proceeds, are restricted to pay authorized capital improvements and related interest costs during construction.

Required deposits are made by the Airport from revenues collected after funding deposits to an operation and maintenance account in the following priority on a monthly basis:

- The debt service account is restricted to the payment of debt service.
- 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 the funds become available.

The debt service reserve account requirement was funded upon issuance of the Series 1994 bonds with a surety bond, and upon issuance of the Series 1996 bonds and Series 1998 first and second lien bonds with a cash deposit. 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 junior lien obligation debt service fund is required to be established to record all transactions associated with junior lien obligations per the First Lien Master Indenture.

The repair and replacement account must be used for paying the cost of maintenance expenditures, such as costs incurred for major repairs, renewals and replacements at the Airport whether caused by normal wear and tear or by unusual and extraordinary occurrences.

The emergency reserve account is restricted to make payments for certain purposes, including terminal area use charges, landing fees and certain other charges that are deemed uncollectible and also for any judgments or settlements against the Airport.

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 special projects account is restricted to make payments of certain airline-approved capital expenditures.

The customer facility charge is for permitted costs and purposes related to the consolidated rental car facility.

The passenger facility charge account is restricted to fund eligible, approved PFC projects.

Other funds include the Federal and State Grant Funds, the security for payment fund and the Airport development fund.

At December 31, 2009 and 2008, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Master Indentures.

4. LONG-TERM DEBT

At December 31, 2009 and 2008, long-term debt consisted of the following ($ in thousands):

	2009	2008
First lien bonds:		
$148,820 Series 1996 A Chicago Midway Airport Revenue Bonds, issued issued November 7, 1996, due through 2029, interest at 4.8%–6.0%	$ 58,420	$ 61,730
$105,220 Series 1996 B Chicago Midway Airport Revenue Bonds, issued issued November 7, 1996, due through 2029, interest at 4.9%–6.5%	87,130	89,430
$397,715 Series 1998 A, B, and C Chicago Midway Airport Revenue Bonds, issued September 10, 1998, due through 2035, interest at 4.3%–5.5%	383,445	386,465
$295,855 Series 2001 A and B Chicago Midway Airport Revenue Bonds, issued September 13, 2001, due through 2031, interest at 5.0%–5.5%	277,020	283,650
Subtotal — first lien bonds	806,015	821,275
Second lien bonds:		
$171,000 Series 1998 A and B Chicago Midway Airport Second Lien Revenue Bonds, issued September 16, 1998, due through 2014, bank bond interest rate (3.25% at December 31, 2009)	149,625	171,000
$22,000 Series 2002 A Chicago Midway Airport Second Lien Revenue Bonds, issued February 13, 2002, due through 2021, bank bond interest rate (3.25% at December 31, 2009)	19,800	22,000
$77,565 Series 2004 A and B Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2024, interest rate at 3.20%–5.00%	77,565	77,565
$152,150 Series 2004 C and D Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2035, interest rate at 4.174%	152,150	152,150
Subtotal — second lien bonds	399,140	422,715
Commercial paper notes — $61,360 Series A, B, C, & D commercial paper notes outstanding — at December 31, 2009, due through 2010; interest at .25% to .75%	61,360	10,674
Total revenue bonds and notes	1,266,515	1,254,664
Unamortized discount	(8,812)	(9,411)
Unamortized deferred loss on bond refunding	(6,899)	(7,414)
	1,250,804	1,237,839
Current portion	(54,650)	(36,635)
Total long-term revenue bonds payable	$ 1,196,154	$ 1,201,204

During the years ended December 31, 2009 and 2008, long-term debt changed as follows ($ in thousands):

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
Revenue bonds	$ 1,243,990	$	$ (38,835)	$ 1,205,155	$ 54,650
Unamortized discount	(9,411)		599	(8,812)	
Deferred loss on refunding	(7,414)		515	(6,899)	
Total revenue bonds	1,227,165		(37,721)	1,189,444	54,650
Commercial paper	10,674	61,360	(10,674)	61,360	
Total long-term debt	$ 1,237,839	$ 61,360	$ (48,395)	$ 1,250,804	$ 54,650

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008	Due Within One Year
Revenue bonds	$ 1,258,495	$	$ (14,505)	$ 1,243,990	$ 36,635
Unamortized discount	(9,780)		369	(9,411)	
Deferred loss on refunding	(7,927)		513	(7,414)	
Total revenue bonds	1,240,788		(13,623)	1,227,165	36,635
Commercial paper	10,674	10,674	(10,674)	10,674	
Total long-term debt	$ 1,251,462	$ 10,674	$ (24,297)	$ 1,237,839	$ 36,635

Interest expense capitalized for 2009 and 2008 totaled $.98 million and $3.5 million, respectively. Interest income capitalized for 2009 and 2008 totaled $.14 million and $1.5 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2009 and 2008 of $.52 million and $.52 million, respectively, and amortization of bond discount for 2009 and 2008 of $.60 million and $.37 million, respectively.

Issuance of Debt — Chicago Midway International Airport Commercial Paper Notes, Series A, B, C, & D ($100.0 million maximum aggregated authorized) outstanding at December 31, 2009 and 2008, were $ 61.3 million and $10.7 million, respectively. At December 31, 2009, the notes have interest rates range from .25 percent to .75 percent with a maturity date of January 6, 2010. Note proceeds may be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes. An irrevocable letter of credit ($111.3 million) provides for the timely payment of principal and interest on the notes until January 12, 2012. Amounts paid by drawing on the letter of credit shall be reimbursed by the Airport on said day paid; any amounts not reimbursed shall constitute an advance and will bear interest at the greater of the most recent prime rate or the Federal Funds rate plus 0.5% (Base Rate). Advances outstanding greater than one hundred eighty days will bear interest at the Base Rate plus 1% beginning on the one hundred eighty-first day after such advance is made. At December 31, 2009 and 2008, there were no outstanding letter of credit advances.

Debt Redemption — Following is a schedule of debt service requirements to maturity of the first lien bonds ($ in thousands):

Years Ending December 31	Principal	Interest	Total
2010	$ 12,575	$ 41,834	$ 54,409
2011	13,235	41,154	54,389
2012	13,945	40,417	54,362
2013	14,710	39,633	54,343
2014	15,505	38,819	54,324
2015–2019	91,165	180,027	271,192
2020–2024	133,165	151,143	284,308
2025–2029	205,585	105,844	311,429
2030–2034	256,030	43,368	299,398
2035	50,100	1,274	51,374
Total	$ 806,015	$ 683,513	$ 1,489,528

Following is a schedule of debt service requirements to maturity of the second lien bonds. For issues with variable rates, interest is imputed at the percent rate effective at December 31, 2009 ($ in thousands).

Years Ending December 31	Principal	Interest	Total
2010	$ 42,075	$ 9,222	$ 51,297
2011	43,095	7,785	50,880
2012	46,960	6,303	53,263
2013	47,365	4,803	52,168
2014	24,185	3,571	27,756
2015–2019	52,815	12,987	65,802
2020–2024	53,170	4,640	57,810
2025–2029	35,350	1,673	37,023
2030–2034	44,075	759	44,834
2035	10,050	23	10,073
Total	$ 399,140	$ 51,766	$ 450,906

The Airport's second 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, 2009, the Series 1998 A&B bonds and the Series 2002A were in bank bond interest mode. In 2009, Series 1998A made term out payments of $12,825,000 ($4,275,000 quarterly), Series 1998B made term out payments of $8,550,000 ($8,550,000 semi-annually) and Series 2002A made term out payments of $2,200,000 ($2,200,000 semi-annually). At December 31, 2009, there was $72,675,000 principal outstanding for the Series 1998A, $76,950,000 principal outstanding for the Series 1998B and $19,800,000 principal outstanding for the Series 2002A. The bank rate for the Series 1998 A&B and the Series 2002A was 3.25%.

The global economic downturn has adversely impacted the Airport's variable rate debt. In 2008, global financial markets incurred substantial declines in value due to the credit crisis. Monoline insurers' credit ratings came under review due to subprime mortgage exposure resulting in downgrades by the major rating agencies. As a result of the downgrades, the 1998 A and B Chicago Midway Airport Second Lien Revenue Bonds were unable to be remarketed and went into bank bond in June 2008. The 2002A Chicago Midway Airport Second Lien Revenue Bonds went into bank bond mode in February 2009.

The Series A, B, C, & D Commercial Paper Notes outstanding at December 31, 2009, of $61.3 million will be refunded with new commercial paper notes as the existing notes mature. The Airport plans to refinance these notes with future bonds.

Pay-Fixed, Receive-Variable Interest Rate Swaps — In order to protect against the potential of rising interest rates, the Airport entered into two separate pay-fixed, receive-variable interest rate swaps at a cost less than what the Airport would have paid to issue fixed-rate debt ($ in thousands).

Associated Bond Issue	Notional Amounts	Effective Date	Rate Paid	Rate Received	Fair Value	Termination Date	Credit Rating
Series 2004 C Bonds	$ 91,290	December 14, 2004	4.174 %	SIFMA +.05%	$ 7,670	January 1, 2035	A1/A
Series 2004 D Bonds	60,860	December 14, 2004	4.174 %	SIFMA +.05%	5,294	January 1, 2035	Aa1/AA-
Total	$ 152,150				$ 12,964		

Terms, Fair Values and Credit Risk — The terms, including the fair value and credit ratings of the outstanding swaps as of December 31, 2009, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City's swap agreements contained scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category.

Fair Value — As per industry convention, the fair value of the Airport's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required by the swap, assuming that the forward rates implied the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap. Because interest rates declined subsequent to the date of execution, the Airport's swaps had negative values.

Credit Risk — The Airport is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the Airport by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support and termination if the counterparty is unable to meet the said credit requirements.

Basis Risk — Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and BMA ratios. Credit may create basis risk because the Airport's bonds may trade differently than the swap index as a result of a credit change in the Airport. BMA ratios (or spreads) may create basis risk if BMA swaps of the Airport's bonds trade higher than the BMA received on the swap. This can occur due to many factors including, without limitations, changes in marginal tax rates, tax-exempt status of bonds and supply and demand for variable rate bonds. The Airport is exposed to basis risk on the swaps if the rate paid on the bonds is higher than the rate received. The Airport is liable for the difference. The difference would need to be available on the debt service payment date and would add additional underlying cost to the transaction.

Tax Risk — The swap exposes the Airport to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the Federal or State tax exception of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of this swap agreement.

Termination Risk — The risk that the swap could be terminated as a result of certain events, including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

Swap Payments and Associated Debt — Bonds maturing and interest payable January 1, 2009, have been excluded because funds for their payment have been provided for. As of December 31, 2009, debt service requirements for the Airport's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows ($ in thousands):

Years Ending December 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps — Net	Total
2010	$	$ 703	$ 5,895	$ 6,598
2011		703	5,895	6,598
2012	3,650	694	5,824	10,168
2013	3,825	677	5,679	10,181
2014	4,000	659	5,528	10,187
2015–2019	22,825	2,995	25,121	50,941
2020–2024	28,375	2,406	20,178	50,959
2025–2029	35,350	1,673	14,026	51,049
2030–2034	44,075	759	6,363	51,197
2035	10,050	23	195	10,268
Total	$ 152,150	$ 11,292	$ 94,704	$ 258,146

Chicago Midway International Airport Revenue Bonds Series 2004 C & D — Second Lien bonds (Midway Bonds) bear interest at rates reset periodically through an auction process conducted by an independent financial institution appointed as an auction agent by the City. From their dates of issue until December 31, 2009, interest rates on the Midway Bonds ranged from 0.46% to 4.55%. The volatility in the financial markets, in part caused by the sub-prime mortgage market and resulting downgrades of various municipal bond insurers, continues to cause fluctuations in the interest rates generally applicable to auction rate securities regardless of the issuer of such securities.

No-Commitment Debt — Bonds payable on no-commitment debt are not included in the accompanying financial statements because the City has no obligation to provide for their repayment, which is the responsibility of the borrowing entities.

Option on Interest Rate Swap Agreement — Effective October 27, 1999, the Airport entered into an Option on Interest Rate Swap Agreement (the Option) in connection with $397.7 million (the Notional Amount) of Chicago Midway Airport Series Revenue Bonds 1998 A, 1998 B and 1998 C. Pursuant to the Option, the Airport received a premium of $23.5 million that was recorded as a deferred gain. As a synthetic refunding of the bonds, this premium represents the risk-adjusted, present value savings of a refunding, without issuing refunding bonds. The deferred gain is amortized over the term of the agreement (30 years). The buyer may exercise the Option if the daily weighted average of the Municipal

Swap Index for the 180 days on the day prior to the exercise date is greater than 7.5%. If the Option is exercised, the Airport will owe interest calculated on a floating rate equal to the Municipal Swap Index plus 25 basis points (the Spread) to the buyer of the swap. In return, the buyer will owe the Airport interest calculated on a fixed rate of 5.1%. The Notional Amount is not exchanged; it is only the basis on which interest payments are calculated. The Airport's floating rate is capped at 15%. The Airport continues to pay interest to the bondholders at the fixed rate stated in the bonds. However, during the term of the swap agreement, the Airport will effectively pay a variable rate on the bonds. The Option increases the Airport's exposure to variable interest rates. The debt service requirements to maturity for these bonds (presented in this note) are based on the fixed rate stated in the Bonds. The Airport will be exposed to paying fixed rates if the buyer to the swap defaults or if the swap is terminated. The Airport or the counter-party may terminate the Option if the other party fails to perform under the terms of the agreement. A termination of the swap agreement may result in the Airport making or receiving a termination payment. As of December 31, 2009, the Option had a negative fair market value of $18.1 million. The Option was not exercised during 2009.

5. CHANGES IN CAPITAL ASSETS

During the years ended December 31, 2009 and 2008, capital assets changed as follows ($ in thousands):

	Balance January 1, 2009	Additions	Disposals and Transfers	Balance December 31, 2009
Capital assets not depreciated:				
Land	$ 103,839	$ 3,079	$	$ 106,918
Construction in progress	35,435	35,556	(34,949)	36,042
Total capital assets not depreciated	139,274	38,635	(34,949)	142,960
Capital assets depreciated — buildings and other facilities	1,283,844	34,949		1,318,793
Less accumulated depreciation for — buildings and other facilities	(253,685)	(39,872)		(293,557)
Total capital assets depreciated — net	1,030,159	(4,923)		1,025,236
Total property and facilities — net	$ 1,169,433	$ 33,712	$ (34,949)	$ 1,168,196

	Balance January 1, 2008	Additions	Disposals and Transfers	Balance December 31, 2008
Capital assets not depreciated:				
Land	$ 102,832	$ 1,007	$	$ 103,839
Construction in progress	21,237	29,835	(15,637)	35,435
Total capital assets not depreciated	124,069	30,842	(15,637)	139,274
Capital assets depreciated — buildings and other facilities	1,268,207	15,637		1,283,844
Less accumulated depreciation for — buildings and other facilities	(214,347)	(39,338)		(253,685)
Total capital assets depreciated — net	1,053,860	(23,701)		1,030,159
Total property and facilities — net	$ 1,177,929	$ 7,141	$ (15,637)	$ 1,169,433

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2009 ($ in thousands):

Years Ending December 31	Amount
2010	$18,524
2011	18,543
2012	15,412
2013	15,420
2014	14,654
Total	$82,553

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

Rental income, consisting of all rental and concession revenues except aircraft parking fees and certain departure fees (turns) and automobile parking, amounted to $89.3 million and $62.3 million in 2009 and 2008, respectively. Contingent rentals included in the totals were approximately $34.6 million and $25.8 million for 2009 and 2008, respectively.

7. PENSION PLANS

Eligible Midway Fund employees participate in one of two of the City's single-employer defined benefit pension plans. These plans are the Municipal Employees' and the Laborers' and Retirement Board Employees' Annuity and Benefit Funds. 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 funds 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 percent 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.

Participating employees contribute 8.5 percent of their salary to these funds 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 Midway Fund reimburses the City's General Fund for the estimated pension cost applicable to the covered payroll of Midway Fund employees. These reimbursements, recorded as expenses of the Midway Fund, were $2.7 million in 2009 and $2.7 million in 2008. The annual pension costs are determined using the entry age normal actuarial cost method and the level dollar amortization method.

The funding policy mandated by 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, 2009 and 2008 were 1.25 for the Municipal Employees' and 1.00 for the Laborers' and Retirement Board Employees' Annuity and Benefit Funds, respectively. The City has made the required contributions under State law.

The following table as of December 31, 2009 assists users in assessing each fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each annuity and benefit fund is as follows ($ in thousands):

	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Required Contribution	Percent of Required Contributions Contributed	Net Pension Obligation
Municipal employees':					
2007	$ 343,123	40.7 %	$ 343,123	40.7 %	$ 202,077
2008	359,933	40.8	360,387	40.7	415,207
2009	412,575	35.9	413,509	35.8	679,736
Laborers':					
2007	$ 22,260	59.6 %	$ 21,726	61.0 %	$ (228,692)
2008	18,166	83.9	17,652	86.3	(225,759)
2009	34,025	43.0	33,517	43.6	(206,361)

The pension benefits information pertaining expressly to Midway Fund employees is not available. Accordingly, no amounts have been recorded in the accompanying financial statements for the net pension assets of these Plans.

8. OTHER POST-EMPLOYMENT 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 post-employment 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 24,000 annuitants and their dependents was approximately $98.0 million and $89.3 million in 2009 and 2008, respectively.

The annuitants who retired prior to July 1, 2005, received a 55 percent subsidy from the City and the annuitants who retired on or after July 1, 2005, received a 50, 45, 40 and zero percent 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 2009 and 2008 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 $60.8 million in 2009 and $59.6 million in 2008 to the gross cost of their retiree health care pursuant to premium amounts set forth in the above-referenced settlement agreement.

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

Plan Description Summary — The City is 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. The Settlement Agreement does not require or extend continuation of the Plans after June 30, 2013. Pursuant to the Settlement Agreement, the City administers a single employer defined benefit healthcare plan (the Health Plan), for which the City pays a portion of the costs on a pay as you go method. Under the Settlement Agreement, the City sponsors health benefit plans for employees, former employees, and retired employees. The provisions of the 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, until June 30, 2013.

In addition, Illinois Compiled Statutes authorize the respective Pension Funds to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under the Health Plan through June 30, 2013. 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 liabilities and reports of the respective Pension funds. (See Note 7).

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

Annual OPEB Cost and Net OPEB Obligation — The City's annual other post employment 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 four years (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 Statement of Net Assets as of year end as the net liability for the other post employment benefits. The amount of the annual cost for the Health Plan that is to be recorded in the Statement of Changes in Net Assets is the *Annual OPEB Cost (Expense)* (in thousands):

	Health Plan	
Annual OPEB Cost and Contributions Made	**2009**	**2008**
Contribution rates:		
City	Pay As You Go	Pay As You Go
Plan members	By Schedule	N/A
Annual required contribution	$ 220,891	$ 244,692
Interest on net OPEB obligation	11,713	6,453
Adjustment to annual required contribution	(74,795)	(32,248)
Annual OPEB cost	157,809	218,897
Contributions made	98,044	97,968
Increase in net OPEB obligation	59,765	120,929
Net OPEB obligation — beginning of year	269,275	148,346
Net OPEB obligation — end of year	$ 329,040	$ 269,275

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation for fiscal year 2009, 2008, and 2007 are as follows (in thousands):

Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	$157,809	62.1 %	$ 329,040
December 31, 2008	218,897	44.8	269,275
December 31, 2007	245,591	39.6	148,346

Funded Status and Funding Progress — As of December 31, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $.8 million all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Health Plan) was approximately $2.5 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 32%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in to the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Health Plan and the ARC 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)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
December 31, 2008	$ -	$ 787,395	$ 787,395	- %	$2,475,107
December 31, 2007		1,062,864	1,062,864		2,562,067

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 actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. For the Health Plan benefits (not provided by the Pension Funds) in the actuarial valuation for the fiscal year ended December 31, 2009, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 12% initially, reduced by decrements to an ultimate rate of 9%. Both rates included a 3% inflation assumption. The Health 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 4.35% (percent). The Unfunded Accrued Actuarial Liability, as of December 31, 2009, is being amortized as a level dollar amount over 4 years.

Summary of Assumptions and Methods

	Health Plan	
Item	**2009**	**2008**
Actuarial valuation date	December 31, 2008	December 31, 2007
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar	Level dollar — closed
Remaining amortization period	4 years	5.5 years
Asset valuation method	Market Value	Market value
Actuarial assumptions:		
Investment rate of return	4.35%	4.35%
Projected salary increases	2.5%	2.5%
Healthcare inflation rate	12% initial to 9% ultimate	12% initial to 7% ultimate

The OPEB benefit information pertaining expressly to the Airport is not available.

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 self-insured risks. Such reimbursements were $13.5 million and $12.3 million, in 2009 and 2008, respectively.

10. COMMITMENTS AND CONTINGENCIES

The Airport has certain contingent liabilities resulting from litigation, claims and commitments incident to the 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 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, 2009 and 2008, are as follows ($ in thousands):

	2009	2008
Beginning balance — January 1	$ 348	$ 283
Total claims incurred (expenditures)	3,657	3,389
Claims paid	(3,618)	(3,324)
Claims liability — December 31	$ 387	$ 348

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, 2009, at a limit of $3.5 billion, which the City's insurance broker advised was the highest amount commercially available at the time. Claims have not exceeded the purchased insurance coverage in the past three years. Accordingly, no liability is reported for those claims. Property and casualty risks for the Airport are transferred to commercial insurers.

At December 31, 2009 and 2008, the Airport had commitments in the amount of approximately $20.8 million and $53.1 million, respectively, in connection with contracts entered into for construction projects.

11. SUBSEQUENT EVENTS

In April 2010, Fitch Ratings downgraded the Chicago Midway International Airport's First Lien Airport Revenue Bonds from "A+" to "A" and the Second Lien Airport Revenue Bonds from "A" to "A-." In addition, Fitch Ratings assigned the Second Lien Revenue Refunding Bonds Series 2010, issued in April 2010, a rating of "A- ."

In May 2010 the City successfully remarketed the 1998A, 1998B, 2004C, and 2004D Midway bonds, in a variable rate mode.

In May 2010, the City issued Midway Series 2010A-1 & A-2 bonds, with aggregate principal amount of $80.475 million. The proceeds of the bonds will be used to refund principal of existing second lien debt, repay a portion of Midway's Commercial Paper, fund a debt service reserve account, and pay the costs of issuance. The 2002A bonds, which were in bank bond mode, were fully refunding with the Series 2010A-1 & A-2 issuance.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008
($ in thousands)

	2009	2008
REVENUES:		
Total revenues — as defined	$ 123,078	$ 130,361
Other available moneys (passenger facility charges and letter of intent)	51,020	56,932
Cash balance in Revenue Fund on first day of fiscal year (Note 2)	17,914	23,770
TOTAL REVENUES	$ 192,012	$ 211,063
COVERAGE REQUIREMENT — Required deposits from revenues:		
Debt Service Fund	$ 52,959	$ 55,427
Operation and maintenance reserve account	247	182
Junior Lien Obligation Debt Service Fund	24,222	18,930
Repair and Maintenance Fund	1,153	1,104
TOTAL FUND DEPOSIT REQUIREMENTS	$ 78,581	$ 75,643
AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR	$ 52,999	$ 58,230
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS		
Net aggregate debt service	52,999	58,230
	1.25	1.25
NET DEBT SERVICE REQUIRED	$ 66,249	$ 72,788
OPERATION AND MAINTENANCE EXPENSES	$ 99,641	$ 109,652
COVERAGE REQUIRED (Greater of total fund deposit requirements or 125% of aggregate debt service)	78,581	75,643
TOTAL COVERAGE REQUIRED	$ 178,222	$ 185,295
TOTAL REVENUES	$ 192,012	$ 211,063
COVERAGE RATIO	1.08	1.14

See notes to debt service coverage calculations.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008

1. RATE COVENANT

The Master Indenture of Trust (Master Indenture) securing the Chicago Midway Airport Revenue Bonds (Bonds) requires that revenues, together with other available moneys deposited with the trustee and any cash balance held in the Revenue Fund on the first day of the calendar 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 amounts, if any, needed to make required deposits into the Debt Service Fund, the Operating and Maintenance (O&M) Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and (b) an amount not less than 125% of the aggregate debt service for the bond year commencing during such fiscal year.

2. REVENUE FUND BALANCE

The Revenue Fund Balance includes all cash, cash equivalents and investments which were available to the Revenue Fund to satisfy the coverage requirement under the terms of the Master Indenture.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008
($ in thousands)

	2009	2008
REVENUES:		
Total revenues — as defined	$123,078	$130,361
Other available moneys (passenger facility charges and letter of intent)	51,020	56,932
Cash balance in Revenue Fund on first day of fiscal year (Note 2)	17,914	23,770
TOTAL REVENUES FOR CALCULATION OF COVERAGE	$192,012	$211,063
COVERAGE REQUIREMENT — Required deposits from revenues:		
First Lien Debt Service Fund	$ 52,959	$ 55,427
Operation and maintenance reserve account	247	182
Junior Lien Obligation Debt Service Fund	24,222	18,930
Repair and Replacement Fund	1,153	1,104
TOTAL FUND DEPOSIT REQUIREMENTS	$ 78,581	$ 75,643
125% OF AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 52,999	$ 58,230
Less amounts transferred from First Lien Capitalized Interest Accounts		
Net aggregate First Lien Debt Service	52,999	58,230
	1.25	1.25
125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 66,249	$ 72,788
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 78,581	$ 75,643
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 52,999	$ 58,230
Aggregate Second Lien Debt Service	16,788	19,677
Less amounts transferred from First Lien Capitalized Interest Accounts		
Less amounts transferred from Junior Lien Capitalized Interest Accounts	(566)	(746)
Net aggregate First and Second Lien Debt Service	69,221	77,161
	1.10	1.10
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 76,143	$ 84,877
GREATER OF FUND DEPOSIT REQUIREMENTS OR 110% OF AGGREGATE FIRST OR SECOND LIEN DEBT SERVICE	$ 78,581	$ 84,877
GREATER OF FUND DEPOSIT REQUIREMENTS OR 125% OF FIRST LIEN DEBT OR 110% OF AGGREGATE DEBT SERVICE	$ 78,581	$ 84,877
COVERAGE CALCULATION:		
Operation and maintenance expenses	$ 99,641	$109,652
110% of aggregate First and Second Lien Debt Service		84,877
Fund Deposit Requirements	78,581	
TOTAL COVERAGE REQUIRED	$178,222	$194,529
TOTAL REVENUES	$192,012	$211,063
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	$ 13,790	$ 16,534
COVERAGE RATIO	1.08	1.08

See notes to debt service coverage calculations.

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008

1. RATE COVENANT

The Master Indenture of Trust (Master Indenture) securing the Chicago Midway Airport Second Lien Revenue Bonds (Bonds) requires that revenues, together with other available moneys deposited with the First Lien Trustee or the Second Lien Trustee and any cash balance held in the First Lien Revenue Fund or the Second Lien Revenue Fund on the first day of the fiscal year not then required to be deposited in any fund or account under the First Lien Indenture or the Second Lien Indenture, will be at least sufficient (a) to provide for the payment of operation and maintenance expenses for the fiscal year, and (b) to provide for: (i) the greater of the amounts needed to make the deposits required under the First Lien Indenture during such calendar year into the First Lien Debt Service Fund, the Operating and Maintenance (O&M) Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, or an amount not less than 125% of the Aggregate First Lien Debt Service for the Bond Year commencing during such fiscal year, reduced by any amount held in any capitalized interest account for disbursement during such Bond Year to pay interest on First Lien Bonds; or (ii) the greater of the amounts needed to make the deposits required under the First Lien Indenture during such fiscal year into the First Lien Debt Service Fund, the O&M Reserve Account, the Working Capital Account, the First Lien Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, or an amount not less than 110% of the sum of Aggregate First Lien Debt Service and Aggregate Second Lien Debt Service for the Bond Year commencing during such fiscal year, reduced by (a) any amount held in any capitalized interest account for disbursement during such Bond Year to pay interest on any First Lien Bonds, and (b) any amount held in any capitalized interest account established pursuant to a Supplemental Indenture for disbursement during such Bond Year to pay interest on Second Lien Obligations.

2. REVENUE FUND BALANCE

The Revenue Fund Balance includes all cash, cash equivalents and investments which were available to the Revenue Fund to satisfy the coverage requirement under the terms of the Master Indenture.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)
($ in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING REVENUES:										
Landing fees	$ 20,432	$ 18,773	$ 20,934	$ 14,524	$ 15,585	$ 15,668	$ 20,834	$ 19,606	$ 28,901	$ 21,939
Rental revenues:										
Terminal area use charges	6,322	14,748	19,073	12,089	13,714	17,179	21,804	17,308	26,084	30,701
Other rentals and fueling system fees	2,979	6,693	9,837	8,688	11,055	12,942	14,520	17,784	15,683	20,367
Subtotal rental revenues	9,301	21,441	28,910	20,777	24,769	30,121	36,324	35,092	41,767	51,068
Concessions:										
Auto parking	25,613	23,595	23,443	25,348	25,939	25,675	27,433	29,740	31,561	27,902
Auto rentals	7,436	8,049	8,039	7,808	8,001	8,417	7,698	8,440	8,355	8,505
Restaurant	2,559	3,595	5,249	6,057	6,715	6,879	7,391	8,136	8,099	7,396
News and gifts	1,195	1,347	2,287	2,968	3,272	3,852	3,905	3,876	3,816	3,437
Other	1,044	668	996	1,490	1,328	1,616	1,985	2,363	2,486	2,054
Subtotal concessions	37,847	37,254	40,014	43,671	45,254	46,439	48,412	52,555	54,317	49,294
Reimbursements										
Total operating revenues (1)	67,580	77,468	89,858	78,972	85,608	92,228	105,570	107,253	124,985	122,301
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	31,094	33,121	34,036	36,582	32,316	32,259	35,316	39,998	36,931	39,521
Repairs and maintenance	9,695	18,215	24,562	26,770	28,065	31,690	32,762	36,863	37,399	37,967
Energy	2,613	3,332	4,143	3,621	4,869	6,040	5,076	7,495	7,228	8,245
Materials and supplies	1,275	588	811	616	663	1,170	437	1,751	2,377	1,252
Professional and engineering services	8,192	10,085	9,536	9,214	10,678	11,274	13,326	14,780	19,775	6,727
Other operating expenses	3,033	2,379	4,467	6,390	4,940	5,794	10,466	10,395	5,942	5,929
Total operating and maintenance expenses before depreciation and amortization (3)	55,902	67,720	77,555	83,193	81,531	88,227	97,383	111,282	109,652	99,641
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$ 11,678	$ 9,748	$ 12,303	$ (4,221)	$ 4,077	$ 4,001	$ 8,187	$ (4,029)	$ 15,333	$ 22,660
DEBT SERVICE COVERAGE RATIO (5)	1.30	1.27	1.19	1.05	1.16	1.23	1.23	1.12	1.14	1.08

(1) Average annual compound growth rate for 2000–2009 for Total operating revenues is 6.8%.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2000–2009 for Total operating and maintenance expenses before depreciation and amortization is 6.6%.
(4) Amount for 2009 may be reconciled to operating loss of $25,007 reported in the 2009 Statement of Revenues, Expenses and Changes in Net Assets by deducting depreciation and amortization of $47,667. Amount for prior years may be reconciled through similar calculations.
(5) Represents debt service coverage ratio on first and second lien bonds.

Source: Chicago Midway Airport Audited Financial Statements and City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE (UNAUDITED)
($ in thousands)

The following table sets forth aggregate annual debt service of principal and interest for outstanding Midway Airport Revenue Bonds:

Year Ending December 31	Debt Service Series 1996 First Lien Bonds	Debt Service Series 1998 First Lien Bonds	Debt Service Series 2001 First Lien Bonds	(First Lien) Total Debt Service	Debt Service Series 1998 Second Lien Bonds	Debt Service Series 2002 Second Lien Bonds	Debt Service Series 2004 Second Lien Bonds	(Second Lien) Total Debt Service (1)	Total Debt Service
2010	$ 10,529	$ 22,721	$ 21,158	$ 54,408	$ 38,438	$ 4,960	$ 7,899	$ 51,297	$ 105,705
2011	10,522	22,721	21,147	54,390	37,326	4,817	8,737	50,880	105,270
2012	10,519	22,720	21,124	54,363	36,215	4,674	12,374	53,263	107,626
2013	10,529	22,702	21,112	54,343	35,102	4,531	12,535	52,168	106,511
2014	10,522	22,705	21,097	54,324	12,883	2,212	12,661	27,756	82,080
2015	10,509	22,691	21,083	54,283			12,850	12,850	67,133
2016	10,503	22,701	21,072	54,276			12,900	12,900	67,176
2017	10,502	22,684	21,058	54,244			13,172	13,172	67,416
2018	10,494	22,674	21,040	54,208			13,346	13,346	67,554
2019	10,488	22,671	21,021	54,180			13,534	13,534	67,714
2020	10,480	22,664	21,029	54,173			13,723	13,723	67,896
2021	10,473	22,658	21,016	54,147			13,820	13,820	67,967
2022	10,467	22,646	21,005	54,118			14,114	14,114	68,232
2023	17,334	22,643	20,982	60,959			7,953	7,953	68,912
2024	17,313	22,632	20,968	60,913			8,199	8,199	69,112
2025	17,294	24,150	20,944	62,388			6,873	6,873	69,261
2026	17,274	24,137	20,926	62,337			7,143	7,143	69,480
2027	17,252	24,126	20,915	62,293			7,361	7,361	69,654
2028	17,230	24,113	20,888	62,231			7,678	7,678	69,909
2029	17,204	24,107	20,867	62,178			7,968	7,968	70,146
2030		51,656	20,840	72,496			8,306	8,306	80,802
2031		51,607	20,810	72,417			8,618	8,618	81,035
2032		51,550		51,550			8,954	8,954	60,504
2033		51,495		51,495			9,287	9,287	60,782
2034		51,439		51,439			9,669	9,669	61,108
2035		51,374		51,374			10,073	10,073	61,447
2036									
2037									
2038									
2039									
2040									
	$257,438	$769,987	$462,102	$1,489,527	$159,964	$21,194	$269,747	$450,905	$1,940,432

(1) Assumes an interest rate effective at December 31, 2009 on $399,140 of Second 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, 2009.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

MIDWAY AIRPORT REVENUE BONDS
SERIES 1996 ESTIMATED BOND-FUNDED COSTS
AS OF DECEMBER 31, 2009 (UNAUDITED)
($ in thousands)

	Estimated Bond-Funded Costs (1)
Airfield	$ 20,808
Terminal	36,173
Terminal ramp	2,374
Parking and roadways	90,551
Noise	28,984
Land acquisition	23,563
Fuel storage facilities	17,392
Total	$ 219,845

(1) Includes estimated costs to be funded from investment earnings.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PROGRAM 2010–2016
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2009 (UNAUDITED)
($ in thousands)

ESTIMATED SOURCES:	
AIP — Entitlements	$ 198
Other federal funds	5,264
Airport development fund	2,734
Other airport funds	
Series 2001 Bonds	
Series 2004 Bonds	2,000
Future Bonds	331,453
TOTAL ESTIMATED SOURCES	$ 341,649
ESTIMATED USES:	
Terminal area projects (1)	$ 15,700
Land acquisition	18,333
Airfield projects	111,341
Parking/roadway projects	115,701
Noise projects	67,057
Safety and security	3,847
Implementation	9,670
TOTAL ESTIMATED USES	$ 341,649

(1) Terminal ramp is a reclassification of projects which were previously included in Airfield and Terminal projects.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

TERMINAL DEVELOPMENT PROGRAM
ESTIMATED SOURCES AND USES OF FUNDS
AS OF DECEMBER 31, 2009 (UNAUDITED)
($ in thousands)

ESTIMATED SOURCES:	
AIP — Entitlements	$ 19,600
AIP — Discretionary	2,700
Airport development fund	6,200
Federal Highway Grant	6,500
Series 1996 Bonds	156,000
Series 1998 Bonds	359,000
Series 2001 Bonds	68,500
Series 2004 Bonds	40,800
TOTAL ESTIMATED SOURCES (1)	$ 659,300
ESTIMATED USES:	
Terminal projects	$ 340,100
Terminal ramp projects (2)	24,900
Airfield projects	28,600
Parking/roadway projects	149,600
Development of FIS	22,500
Implementation costs	93,600
TOTAL ESTIMATED USES	$ 659,300

(1) The estimated sources and uses of the Terminal Development Program include approximately $631 million of funds expended through December 31, 2009.

(2) Terminal ramp is a reclassification of projects which were previously included in Airfield and Terminal projects.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)

Years	Domestic Air Carrier	Domestic Commuter	Total Domestic	International Enplanements	Total Enplanements	Percent Change
2000	7,042,744	282,653	7,325,397		7,325,397	14.9 %
2001	7,062,749	398,429	7,461,178		7,461,178	1.9
2002	7,531,464	561,917	8,093,381	115,131	8,208,512	10.0
2003	8,228,230	658,478	8,886,708	113,665	9,000,373	9.7
2004	8,815,951	656,468	9,472,419	153,481	9,625,900	7.0
2005	8,501,430	99,991	8,601,421	104,382	8,705,803	(9.6)
2006	9,049,740	57,734	9,107,474	91,058	9,198,532	5.7
2007	9,296,778	56,764	9,353,542	60,639	9,414,181	2.3
2008	8,310,041	31,771	8,341,812	16,475	8,358,287	(11.2)
2009	8,541,786	158	8,541,944	29,903	8,571,847	2.6

Average Annual Compound Growth Rates

2000–2009	2.2%	(56.5)%	1.7%	(17.5)%	1.8%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)

	2000		2001		2002		2003		2004	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
Southwest Airlines	3,314,836	45.3 %	3,261,567	43.7 %	3,348,624	40.9 %	3,651,618	40.5 %	3,967,477	41.2 %
American Trans Air (4)	2,008,826	27.4	2,476,073	33.2	3,032,663	37.0	3,473,581	38.5	3,668,159	38.1
AirTran	253,282	3.5	351,242	4.7	296,909	3.6	248,891	2.8	229,040	2.4
Northwest Airlines	404,851	5.5	370,176	5.0	329,709	4.0	357,425	4.0	349,161	3.6
Frontier							101,035	1.1	134,593	1.4
Shuttle America (Delta Express)										
Atlantic Southeast										
Continental Airlines (1)	52,434	0.7	123,883	1.7	148,946	1.8	140,100	1.6	162,823	1.7
Continental Express										
Comair							23,818	0.3	17,655	0.2
American	110,043	1.5	92,500	1.2	116,071	1.4	153,043	1.7	143,211	1.5
Delta (2)	86,096	1.2	48,075	0.6	175,323	2.1	163,104	1.8	184,166	1.9
United										
American Eagle/Simmons									22,267	0.2
U.S. Airways (3)	173,344	2.4	62,780	0.8	17,644	0.2	25,293	0.3	14,116	0.1
Chicago Express							564,951	6.3	570,580	5.9
Mexicana					33,045	0.4	5,786	0.1		
All other airlines	921,685	12.5	674,882	9.1	709,578	8.6	91,728	1.0	162,652	1.7
Total	7,325,397	100.0 %	7,461,178	100.0 %	8,208,512	100.0 %	9,000,373	100.0 %	9,625,900	100.0 %

	2005		2006		2007		2008		2009	
	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total	Enplanements	% of Total
Southwest Airlines	5,542,890	63.6 %	6,666,986	72.5 %	7,147,154	75.9 %	6,941,870	83.1 %	7,188,750	83.9 %
American Trans Air (4)	1,714,873	19.6	783,224	8.5	686,065	7.3	54,650	0.7		
AirTran	338,057	3.9	681,936	7.4	645,363	7.0	512,429	6.1	487,087	5.7
Northwest Airlines	290,080	3.3	285,310	3.1	280,911	3.0	237,969	2.8	267,433	3.1
Frontier	154,120	1.8	189,216	2.1	206,675	2.2	207,674	2.5	164,749	1.9
Shuttle America (Delta Express)					144,539	1.5	223,153	2.7	181,356	2.0
Atlantic Southeast			99,373	1.1	61,460	0.6	882		3,715	0.1
Continental Airlines (1)	63,433	0.7	84,153	0.9	48,478	0.5	6,601	0.1		
Continental Express	53,458	0.6	53,363	0.6	37,500	0.4	4,372	0.1		
Comair	5,123	0.1	4,371	0.1	19,264	0.1	21,135	0.1		
American	113,818	1.3	60,793	0.7	164					
Delta (2)	86,621	1.0							144,037	1.7
United	106,951	1.3	74,520	0.8						
American Eagle/Simmons	7,599	0.1	27,863	0.3						
U.S. Airways (3)										
Chicago Express	41,410	0.5								
Mexicana										
All other airlines	187,370	2.2	187,424	2.0	136,608	1.5	147,552	1.8	134,720	1.6
Total	8,705,803	100.0 %	9,198,532	100.0 %	9,414,181	100.0 %	8,358,287	100.0 %	8,571,847	100.0 %

(1) Continental includes commuter affiliate Continental Express for the years 1999–2004.
(2) Delta includes commuter affiliate Comair for the years 1999–2004. Delta commenced scheduled service to Atlanta from Midway in September 2001.
(3) U.S. Airways ceased operations at Midway on March 2005.
(4) American Trans Air ceased operations at Midway on April 3, 2008.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	Total Enplanements	Percent of Total Chicago	Total Enplanements	Percent of Total Chicago	Total Enplanements
2000	7,325,397	17.0 %	35,700,949	83.0 %	43,026,346
2001	7,461,178	18.3	33,329,966	81.7	40,791,144
2002	8,208,512	19.9	32,938,702	80.1	41,147,214
2003	9,000,373	20.7	34,454,921	79.3	43,455,294
2004	9,625,900	20.4	37,464,632	79.6	47,090,532
2005	8,705,803	18.7	37,970,886	81.3	46,676,689
2006	9,198,532	19.6	37,784,336	80.4	46,982,868
2007	9,414,181	19.9	37,779,576	80.1	47,193,757
2008	8,358,287	19.4	34,744,030	80.6	43,102,317
2009	8,571,847	21.1	32,047,097	78.9	40,618,944

Average Annual Compound Growth Rates

	Chicago Midway	Chicago O'Hare	Total
2000–2009	1.8%	(1.2)%	(0.6)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Years	Total O&D Enplanements (1)	Percent of Total Chicago	Total O&D Enplanements (1)	Percent of Total Chicago	Total O&D Enplanements
2000	5,865,172	25.4 %	17,215,087	74.6 %	23,080,259
2001	5,503,697	25.9	15,750,781	74.1	21,254,478
2002	5,700,605	27.2	15,279,859	72.8	20,980,464
2003	6,243,039	28.9	15,331,493	71.1	21,574,532
2004	6,634,138	28.3	16,799,401	71.7	23,433,539
2005	6,431,517	26.8	17,548,038	73.2	23,979,555
2006	6,708,494	27.1	18,058,904	72.9	24,767,398
2007	6,532,362	26.4	18,223,460	73.6	24,755,822
2008	5,910,045	25.0	17,685,020	75.0	23,595,065
2009	5,647,591	26.4	15,708,291	73.6	21,355,882
Average Annual Compound Growth Rates					
2000–2009	(0.4)%		(1.0)%		(0.9)%

(1) Originating enplanements, resulting connecting enplanements and percentages have been recalculated for the entire period to account for point-to-point foreign flag activity not included in the U.S. DOT passenger survey.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)

	Aircraft Operations						
Years	Domestic Air Carrier	International Air Carrier	Total Air Carrier	Domestic Commuter	General Aviation	Military	Total
2000	163,625	-	163,625	27,320	106,890	280	298,115
2001	154,362		154,362	32,938	91,232	202	278,734
2002	161,401	1,965	163,366	48,102	91,880	956	304,304
2003	169,282	1,630	170,912	57,824	99,289		328,025
2004	181,750	2,472	184,222	57,905	97,381		339,508
2005	184,863	1,669	186,532	7,444	95,603		289,579
2006	199,229	1,433	200,662	3,066	94,820		298,548
2007	206,865	1,060	207,925	3,085	93,647		304,657
2008	186,840	557	187,397	1,351	77,593		266,341
2009	180,391	3,354	183,745	7	61,057		244,809
	Average Annual Compound Growth Rates						
2000–2009	1.1%	7.9%	1.3%	(60.1)%	(6.0)%		(2.2)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

NET ASSETS BY COMPONENT
EACH OF THE FOUR YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009
Net assets:				
Invested in capital assets — net of related debt	$ 48,388	$ 31,251	$ 40,352	$ 708
Restricted	215,589	232,344	184,019	201,158
Unrestricted	31,561	18,795	19,614	5,792
Total net assets	$ 295,538	$ 282,390	$ 243,985	$ 207,658

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CHANGE IN NET ASSETS
EACH OF THE FOUR YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009
Operating revenues	$ 105,570	$ 652,763	$ 124,985	$ 122,301
Operating expenses	135,276	544,890	155,596	147,308
Operating (loss) gain	(29,706)	107,873	(30,611)	(25,007)
Nonoperating (expenses) revenues	(5,325)	18,363	(14,571)	(11,320)
(Loss) gain before capital grants	(35,031)	126,236	(45,182)	(36,327)
Capital grants	22,217	48,253	6,777	
Change in net assets	$ (12,814)	$ 174,489	$ (38,405)	$ (36,327)

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

LONG TERM DEBT
EACH OF THE FOUR YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)
($ in thousands)

	2006	2007	2008	2009
First lien bonds	$ 849,400	$ 835,780	$ 821,275	$ 806,015
Second lien bonds	422,715	422,715	422,715	399,140
Commercial paper notes	10,269	10,674	10,674	61,360
Total revenue bonds and notes	$ 1,282,384	$ 1,269,169	$ 1,254,664	$ 1,266,515

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

FULL TIME EQUIVALENT CHICAGO MIDWAY AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE FOUR YEARS ENDED DECEMBER 31, 2009 (UNAUDITED)

Function	2006	2007	2008	2009
Business Communication		7	6	
Capital Development	4			
Airfield Operations	59	60	59	75
Landside Operations	6			
Security Management	64	60	61	60
Facility Management	37	37	32	28
Midway Administration	13	12	12	11
Safety Management		3	2	2
Total	183	179	172	176

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 MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
PRINCIPAL EMPLOYERS (NON-GOVERNMENT)
Current Year and Nine Years Ago (See Note at the End of this Page)
(Unaudited)

	2009 (1)			2000 (1)		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
J. P. Morgan Chase (2)	8,431	1	0.81 %	5,149	2	0.45 %
United Airlines	6,019	2	0.58	4,368	4	0.38
Jewel Food Stores, Inc.	5,833	3	0.56			
Northern Trust	5,394	4	0.52	6,160	1	0.53
Bank of America NT	4,631	5	0.44			
American Airlines	3,394	6	0.33			
Accenture LLP	3,341	7	0.32			
SBC/AT&T (3)	3,136	8	0.30	4,745	3	0.41
CVS Corporation	3,120	9	0.30			
Ford Motor Company	2,764	10	0.27			
Andersen Consulting				4,329	5	0.37
Arthur Andersen, LLP				3,904	6	0.34
Commonwealth Edison Company				3,197	7	0.28
Harris Trust and Savings Bank (4)				3,047	8	0.26
Dayton Hudson Corporation				2,885	9	0.25
United Parcel Service				2,839	10	0.25

(1) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Return, June 30, 2009
(2) J.P. Morgan Chase formerly known as Banc One.
(3) SBC/AT&T formerly known as Ameritech.
(4) Harris Trust and Saving Bank formerly known as Harris Trust

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
(Unaudited)

Year	Population (1)	Median Age (2)	Number of Households(2)	Unemployment Rate (3)	Per Capita Income (4)	Total Income (5)
2008	2,896,016	34.1	1,032,746	6.40 %	N/A (5)	N/A (5)
2009	2,896,016	34.5	1,037,069	10.0	N/A (5)	N/A (5)

Notes:
(1) Source: U.S. Census Bureau.
(2) Source: World Business Chicago Website, Claritas date estimates; Cook County's Website.
(3) Source: Bureau of Labor Statistics 2009, 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 2009 dollars).
(5) N/A means not available at time of publication.