City of Chicago, Illinois
Chicago O'Hare International Airport

Basic Financial Statements as of and for the Years Ended December 31, 2010 and 2009, Required Supplementary Information, Additional Information, Statistical Information, and Independent Auditors' Report

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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Deloitte.

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of Chicago O'Hare International Airport (O'Hare) of the City of Chicago, Illinois (City) as of December 31, 2010 and 2009, 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 O'Hare. 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 O'Hare 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 O'Hare International Airport as of December 31, 2010 and 2009, 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 forgoing 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 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, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollars in thousands)
The following discussion and analysis of Chicago O'Hare International Airport's (Airport) financial performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2010 and 2009. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2010

- Operating revenues for 2010 increased by $78,160 (12.5 percent) compared to prior year operating revenues.

- Operating expenses before depreciation and amortization increased by $6,343 (1.6 percent) compared to 2009 primarily due to increased repairs and maintenance, professional and engineering services and other operating expenses offset by decreased salaries and wages.

- The Airport's total net assets at December 31, 2010 were $1,397,737. This is an increase of $84,395 (6.4 percent) over total net assets at December 31, 2009.

- Capital asset additions for 2010 were $475,481 principally due to land acquisition, terminal improvements, security enhancement, taxiway runway, heating and refrigeration and apron improvements.

2009

- Operating revenues for 2009 decreased by $59,839 (8.7 percent) compared to prior year operating revenues.

- Operating expenses before depreciation and amortization decreased by $24,225 (5.7 percent) compared to 2008 primarily due to decreased salaries and wages, repairs and maintenance, and professional and engineering services.

- The Airport's total net assets at December 31, 2009 were $1,313,342. This is a decrease of $2,866 (0.2 percent) over total net assets at December 31, 2008.

- Capital asset additions for 2009 were $621,569 principally due to land acquisition, terminal improvements, security enhancement, parking, runway, water drainage and sewer, roads and sidewalks, heating and refrigeration and apron 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 comprise 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, deferred outflows 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 were 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 the debt service coverage calculations, and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees, terminal area use charges and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease (Use Agreements). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in 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, 2010 the Airport's financial position continued to be strong with total assets of $8,542,718, total liabilities of $7,144,981, and net assets of $1,397,737. A comparative condensed summary of the Airport's net assets at December 31, 2010, 2009, and 2008 is as follows (dollars in thousands):

	Net Assets		
	2010	2009	2008
Current unrestricted assets	$ 336,992	$ 230,549	$ 184,694
Restricted and other assets	2,130,177	1,695,879	2,061,004
Capital assets — net	6,075,549	5,758,020	5,289,362
Total assets	$ 8,542,718	$ 7,684,448	$ 7,535,060
Current unrestricted liabilities	$ 232,262	$ 140,994	$ 107,498
Liabilities payable from restricted assets and noncurrent liabilities	6,912,719	6,230,112	6,111,354
Total liabilities	$ 7,144,981	$ 6,371,106	$ 6,218,852
Net assets:			
Invested in capital — net of related debt	$ 704,324	$ 612,920	$ 644,828
Restricted	588,683	610,868	594,185
Unrestricted	104,730	89,554	77,195
Total net assets	$ 1,397,737	$ 1,313,342	$ 1,316,208

2010

Current unrestricted assets increased by $106,443 (46.2 percent) primarily due to increased balances in cash and cash equivalents, investments, and account receivables at December 31, 2010. The increase of cash and cash equivalents and investments was primarily due to the increase in deferred revenue during 2010. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2010 and 2009 was 1.45:1 and 1.64:1, respectively. Restricted and other assets increased by $434,298 (25.6 percent) primarily due to an increase in construction funds, capitalized interest and debt service reserves of $50,548, $195,266, and $153,870, respectively. Net capital assets increased by $317,529 (5.5 percent) due principally to capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current unrestricted liabilities of $91,268 (64.7 percent) is mainly related to the increased deferred revenue of $82,511 and the increase in accounts payable and accrued liabilities of $6,460. Liabilities payable from restricted assets and noncurrent liabilities increased by $682,607 (11.0 percent) mostly due to the increase in revenue bonds payable of $968,367 offset by a decrease in notes payables of $295,355.

Net assets may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2010 total net assets were $1,397,737, an increase of $84,395 (6.4 percent) over 2009. Due to the residual nature of the Use Agreement, this increase is mainly due to timing differences between depreciation on property and facilities and the cash requirements related to debt service.

2009

Current unrestricted assets increased by $45,855 (24.8 percent) primarily due to increased balances in investments, cash and cash equivalents at December 31, 2009. The increase of cash and cash equivalents and investments was primarily due to the increase in deferred revenue during 2009. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2009 and 2008 was 1.64:1 and 1.72:1, respectively. Restricted and other assets decreased by $365,125 (17.7 percent) primarily due to a decrease in construction and capitalized interest of $266,151 and $85,327, respectively. Net capital assets increased by $468,658 (8.9 percent) due principally to capital activities of the Capital Development Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current liabilities of $33,496 (31.2 percent) is mainly related to the increased deferred revenue ($50,005) offset by the decrease in accounts payable and accrued liabilities ($14,148). Liabilities payable from restricted assets and noncurrent liabilities increased by $118,758 (1.9 percent) mostly due to the increase in notes payable of $259,790 and offset by a decrease in revenue bond payable of $147,995.

Net assets may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2009 total net assets were $1,313,342, a decrease of $2,866 (0.2 percent) over 2008. Due to the residual Airport use agreement, this increase is mainly due to timing differences between depreciation on property and facilities and the cash requirements related to debt service. The primary sources of Airport operating revenues are landing fees, terminal area use charges, rents and concession revenues as defined within the Amended and Restated Airline Use Agreement and Terminal 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, 2010, 2009, and 2008 is as follows (dollars in thousands):

	Changes in Net Assets		
	2010	**2009**	**2008**
Operating revenues:			
Landing fees and terminal charges	$ 458,879	$ 394,279	$ 416,493
Rents, concessions, and other	243,724	230,164	267,789
Total operating revenues	702,603	624,443	684,282
Operating expenses:			
Salaries and wages	147,437	150,338	155,205
Repairs and maintenance	86,463	82,518	100,341
Professional and engineering	57,981	54,767	61,514
Other operating expenses	118,747	116,662	111,450
Depreciation and amortization	185,079	178,717	150,787
Total operating expenses	595,707	583,002	579,297
Operating income	106,896	41,441	104,985
Nonoperating revenues	158,884	134,175	186,698
Nonoperating expenses	(238,952)	(228,802)	(224,184)
Capital grants	57,567	50,320	49,950
Increase in net assets	$ 84,395	$ (2,866)	$ 117,449

2010

Landing fees and terminal area use charges for the years 2010 and 2009 were $458,879 and $394,279, respectively. Rents, concessions and other revenues were $243,724 and $230,164 for the years 2010 and 2009, respectively. The increase in 2010 operating revenues of $78,160 (12.5 percent) compared to 2009 was primarily due to increased landing fees and terminal rental and usage charges, rents, concessions and other fees, reimbursements and other rental and fueling system fees. Such activity was due primarily to the residual nature of Use Agreement that requires airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues.

Salaries and wages decreased $2,901(1.9 percent) in 2010 compared to 2009. Repairs and maintenance expenses increased by $3,945 (4.8 percent). This increase was mainly due to an increase in terminal maintenance costs attributable to electric door maintenance and associated metropolitan water reclamation fees. Professional and engineering costs increased by approximately $3,214. This increase was mainly due to costs associated with management of the automobile parking lots and custodial contract. Other operating expenses increased by $2,085 in 2010 compared to 2009 mainly due to the purchase of additional vehicles in 2010. Other operating expenses are mainly comprised of employee benefit costs, insurance premiums, indirect costs, materials and supplies and utilities. Depreciation and amortization expense increased $6,362 (3.6 percent) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program and the OMP at the Airport.

Fiscal year 2010 nonoperating revenues of $158,884 are comprised principally of passenger facility charges (PFC) $126,540, customer facility charges of $12,598, interest income $10,792 and Build America Bonds subsidy payment of $8,954. During 2010, nonoperating revenues increased by $24,709 principally due to increased PFC revenues of $5,454 as a result of increased PFC enplanement activity, the initiation of customer facility charges, receipt of a Build America Bonds subsidy payment and decreased interest income of $1,983 due to lower investment yields year over year.

Nonoperating expenses of $238,952 and $228,802 for the years 2010 and 2009, respectively, were comprised of bond interest and PFC expenses. The increase of $10,150 (4.4 percent) for 2010 over 2009 was mainly due to additional interest expense requirements.

Capital grants, comprised mainly of federal grants, increased from $50,320 in 2009 to $57,567 in 2010, a 14.4 percent increase mainly as a result of when associated expenditures became eligible for grant reimbursements from the Federal government.

2009

Landing fees and terminal area use charges for the years 2009 and 2008 were $394,279 and $416,493, respectively. Rents, concessions and other revenues were $230,164 and $267,789 for the years 2009 and 2008, respectively. The decrease in 2009 operating revenues of $59,839 (8.7 percent) compared to 2008 was primarily due to decreased in landing fees, terminal rental and usage revenues, concession revenues, reimbursements and other rentals and fueling system fees. Such activity was due to the residual Airport Use Agreement and Terminal Lease that requires airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues.

Salaries and wages decreased $4,867 (3.1 percent) in 2009 compared to 2008. Repairs and maintenance expenses decreased by $17,823 from $100,341 in 2008 to $82,518 in 2009. This decrease was mainly due to decreased equipment rental of $14,190 primarily associated with snow removal. Professional and engineering costs decreased by approximately $6,747 from $61,514 in 2008 to $54,767 in 2009. This decrease was mainly due to reimbursed costs of $2,405. Other operating expenses increased by $5,212 in 2009 compared to 2008 mainly due to increased insurance premiums and claims of $3,893. Other operating expenses are mainly comprised of employee benefit costs, insurance premiums, indirect costs, materials and supplies and utilities. Depreciation and amortization expense increased $ 27,930 (18.5 percent) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program and the OMP at the Airport.

Fiscal year 2009 nonoperating revenues of $134,175 are comprised principally of passenger facility charges (PFC) revenue $121,086 and interest income $12,775. During 2009, nonoperating revenues decreased by $52,523 principally due to decreased PFC revenues of $8,044 as a result of decreased PFC enplanement activity and decreased interest income of $32,511 due to lower investment yields year over year.

Nonoperating expenses of $228,802 and $224,184 for the years 2009 and 2008, respectively, were comprised of bond interest and PFC expenses. The increase of $4,618 (2.1 percent) for 2009 over 2008 was mainly due to additional interest expense requirements.

Capital grants, comprised mainly of federal grants, increased from $49,950 in 2008 to $50,320 in 2009, a 0.7 percent increase, 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 changes in cash flows for the years ended December 31, 2010, 2009, and 2008 is as follows (dollars in thousands):

	Cash Flows		
	2010	2009	2008
Cash from activities:			
Operating	$ 379,391	$ 246,673	$ 192,669
Capital and related financing	139,789	(569,859)	(410,486)
Investing	(129,530)	207,540	(518,058)
Net change in cash and cash equivalents	389,650	(115,646)	(735,875)
Cash and cash equivalents:			
Beginning of year	624,148	739,794	1,475,669
End of year	$ 1,013,798	$ 624,148	$ 739,794

2010

As of December 31, 2010, the Airport's available cash and cash equivalents of $1,013,798 increased by $389,650 compared to $624,148 at December 31, 2009 due to positive flows of cash provided by operating activities of $379,391 and capital and related financing activities of $139,789, respectively offset by investing activities of $129,530. Total cash and cash equivalents at December 31, 2010 were comprised of unrestricted and restricted cash and cash equivalents of $150,789 and $863,009, respectively.

2009

As of December 31, 2009 the Airport's available cash and cash equivalents of $624,148 decreased by $115,646 compared to $739,794 at December 31, 2008 due to positive flows of cash provided by operating activities of $246,673 and investing activities of $207,540, respectively offset by the use of capital and related financing activities of $569,859. Total cash and cash equivalents at December 31, 2009 were comprised of unrestricted and restricted cash and cash equivalents of $61,398 and $562,750, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2010 and 2009 the Airport had $6,075,549 and $5,758,020, respectively, invested in net capital assets. During 2010, the Airport had additions of $475,481 related to capital activities. This included $24,099 for land acquisition and the balance of $451,382 for terminal improvements, security enhancement, runway and taxiway improvements along with heating and refrigeration and apron improvements.

During 2010, completed projects totaling $451,302 were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway improvements, security enhancement, electrical, water drainage, fuel system enhancements and terminal improvements.

The Airport's capital assets at December 31, 2010, 2009, and 2008 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2010	**2009**	**2008**
Capital assets not depreciated:			
Land	$ 738,472	$ 714,373	$ 669,254
Construction in progress	1,264,280	1,264,200	908,332
Total capital assets not depreciated	2,002,752	1,978,573	1,577,586
Capital assets depreciated:			
Buildings and other facilities	6,389,283	5,937,981	5,717,399
Less accumulated depreciation for:			
Buildings and other facilities	(2,316,486)	(2,158,534)	(2,005,623)
Total capital assets depreciated — net	4,072,797	3,779,447	3,711,776
Total property and facilities — net	$ 6,075,549	$ 5,758,020	$ 5,289,362

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

The Airport has no outstanding Commercial Paper Notes at December 31, 2010. The Chicago O'Hare 2010 Third Lien Revenue Refunding Bonds were issued in April 2010 to repay the outstanding Commercial Paper Notes.

During 2010, the Airport sold $1,039,985 of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2010 A-F having interest rates ranging from 1.750 percent to 6.845 percent with maturity dates ranging from January 1, 2011 through January 1, 2040. Certain net proceeds will be used to finance portions of the OMP, O'Hare Noise Mitigation Program, Capital Improvement Program (CIP), refund a portion of the outstanding bonds, pay a portion of the outstanding Commercial Paper Notes and certain proceeds were used to fund capitalized interest deposit and debt service reserve deposit requirements, and to pay the cost of issuance of the bonds.

During 2010, the Airport sold $137,665 of Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds, Series 2010 A-D having interest rates ranging from 2.000 percent to 6.395 percent with maturity dates ranging from January 1, 2011 through January 1, 2040. Certain net proceeds will be used to finance portions of the OMP, refund a portion of the outstanding bonds, and certain proceeds were used to fund capitalized interest deposit and debt service reserve deposit requirements, and to pay the cost of issuance of the bonds.

The Airport's outstanding debt at December 31, 2010, 2009, and 2008 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2010	**2009**	**2008**
Revenue bonds and notes payable	$ 6,570,520	$ 5,602,745	$ 5,749,540
Unamortized:			
Bond premium (discount)	86,856	80,788	89,308
Deferred loss on refunding	(39,155)	(44,084)	(51,404)
Total outstanding debt — net	6,618,221	5,639,449	5,787,444
Commercial paper	0	295,355	35,565
Current portion	(107,295)	(96,890)	(146,795)
Total long-term revenue bonds and notes payable — net	$ 6,510,926	$ 5,837,914	$ 5,676,214

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

The Airport's revenue bonds at December 31, 2010 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 O'Hare Revenue Bonds	Aa3	AA	AA+
Second Lien Chicago O'Hare Revenue Bonds	A1	AA-	AA
Third Lien Chicago O'Hare Revenue Bonds	A1	A-	A
Passenger Facility Charge Revenue Bonds	A2	A-	A+

At December 31, 2010 and 2009 the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

In 2010, the Airport was the second busiest airport in the world, measured in terms of total aircraft operations, and the third busiest in terms of total passengers. The Airport had 33,232 and 32,047 enplaned passengers in 2010 and 2009, respectively. The strong origin-destination passenger demand and the Airport's central geographical location near the center of the United States and along the most heavily traveled east/west air routes make the Airport a natural hub location.

United Airlines and American Airlines each use the Airport as one of their major hubs. United Airlines (including its regional affiliates) comprised 44.0 percent of the Airport's enplaned passengers in 2010 and 47.9 percent of the enplaned passengers in 2009. American Airlines (including its regional affiliate) comprised 35.8 percent of the Airport's enplaned passengers in 2010 and 34.9 percent of the enplaned passengers in 2009.

Based on the Airport's rates and charges for fiscal year 2011, total budgeted operating and maintenance expenses are projected at $428,627 and total net debt service and fund deposit requirements are projected at $277,645. Additionally, 2011 nonsignatory revenues are budgeted for $298,730 resulting in a net airline requirement of $407,542 that will be funded through landing fees, terminal area use charges and fuel system use charges.

REQUESTS FOR INFORMATION

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

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STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2010 AND 2009
(Dollars in thousands)

ASSETS	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 150,789	$ 61,398
Investments (Note 2)	79,177	65,956
Accounts receivable — net of allowance for doubtful accounts of approximately $3,579 in 2010 and $4,272 in 2009	58,664	43,370
Accrued revenue	25,563	37,108
Due from other City funds	20,959	20,820
Prepaid expenses	1,642	1,678
Interest receivable	198	219
Total current unrestricted assets	336,992	230,549
RESTRICTED ASSETS (Note 3):		
Cash and cash equivalents (Note 2)	863,009	562,750
Investments (Note 2)	908,812	778,480
Passenger facility charges and other receivables	12,128	15,114
Interest receivable	4,339	4,025
Prepaid expenses	9,032	19,145
Due from other city funds	7	
Due from other governments	15,476	3,843
Total restricted assets	1,812,803	1,383,357
NONCURRENT ASSETS:		
Other assets — deferred noise mitigation costs and financing fees	317,374	312,522
Property and facilities (Note 5):		
Land	738,472	714,373
Buildings and other facilities	6,389,283	5,937,981
Construction in progress	1,264,280	1,264,200
Total property and facilities	8,392,035	7,916,554
Less accumulated depreciation	2,316,486	2,158,534
Property and facilities — net	6,075,549	5,758,020
TOTAL	$ 8,542,718	$ 7,684,448

LIABILITIES AND NET ASSETS	2010	2009
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 65,988	$ 59,528
Due to other City funds	4,656	5,046
Advances for terminal and hangar rent	14,595	11,908
Deferred revenue	147,023	64,512
Total current unrestricted liabilities	232,262	140,994
LIABILITIES PAYABLE FROM RESTRICTED ASSETS (Note 3):		
Current portion of revenue bonds and notes payable (Note 4)	107,295	96,890
Accounts payable	129,586	159,636
Interest payable	164,912	135,672
Total liabilities payable from restricted assets	401,793	392,198
NONCURRENT LIABILITIES:		
Revenue bonds payable — net of premium (Note 4)	6,510,926	5,542,559
Notes payable (Note 4)		295,355
Total revenue bonds and notes payable — net	6,510,926	5,837,914
Total liabilities	7,144,981	6,371,106
NET ASSETS (Note 1):		
Invested in capital assets — net of related debt	704,324	612,920
Restricted net assets:		
Debt service		40,032
Capital projects	151,040	158,171
Passenger facility charges	174,134	194,132
Airport use agreement	107,842	108,811
Noise mitigation program	104,409	102,310
Other assets	51,258	7,412
Total restricted net assets	588,683	610,868
Unrestricted net assets	104,730	89,554
Total net assets	1,397,737	1,313,342
TOTAL	$ 8,542,718	$ 7,684,448

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, 2010 AND 2009
(Dollars in thousands)

	2010	2009
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 458,879	$ 394,279
Rents, concessions, and other (Note 6)	243,724	230,164
Total operating revenues	702,603	624,443
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	147,437	150,338
Repairs and maintenance	86,463	82,518
Professional and engineering services	57,981	54,767
Other operating expenses	118,747	116,662
Total operating expenses before depreciation and amortization	410,628	404,285
Depreciation and amortization	185,079	178,717
Total operating expenses	595,707	583,002
OPERATING INCOME	106,896	41,441
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	126,540	121,086
Customer facility charge revenue	12,598	
Passenger facility charge expenses	(172)	(94)
Other nonoperating revenue	8,954	314
Interest income (Note 4)	10,792	12,775
Interest expense (Note 4)	(238,780)	(228,708)
Total nonoperating (expenses) revenues	(80,068)	(94,627)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	26,828	(53,186)
CAPITAL GRANTS (Note 1)	57,567	50,320
CHANGE IN NET ASSETS	84,395	(2,866)
TOTAL NET ASSETS — Beginning of year	1,313,342	1,316,208
TOTAL NET ASSETS — End of year	$ 1,397,737	$ 1,313,342

See notes to basic financial statements.

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CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Dollars in thousands)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 544,087	$ 440,653
Rents, concessions, and other	241,712	225,377
Payments to vendors	(230,806)	(233,800)
Payments to employees	(130,823)	(135,096)
Transactions with other City funds — net	(44,779)	(50,461)
Cash flows from operating activities	379,391	246,673
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	1,177,650	
Net proceeds from (payments of) commercial paper notes	(295,355)	259,790
Acquisition and construction of capital assets	(433,776)	(564,664)
Capital grants	45,934	59,908
Bond issuance costs	(8,220)	(184)
Principal paid on bonds	(196,727)	(146,795)
Interest paid on bonds and note	(276,864)	(285,247)
Noise mitigation program	(23,759)	(20,564)
Build America Bonds subsidy payment	8,954	314
Customer facility charge revenue	12,598	
Passenger facility charge revenue and other receipts	129,526	127,677
Passenger facility charge expenses	(172)	(94)
Cash flows provided by (used in) capital and related financing activities	139,789	(569,859)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments — net	(143,553)	180,803
Investment interest	14,023	26,737
Cash flows (used in) from investing activities	(129,530)	207,540
NET CHANGE IN CASH AND CASH EQUIVALENTS	389,650	(115,646)
CASH AND CASH EQUIVALENTS — Beginning of year	624,148	739,794
CASH AND CASH EQUIVALENTS — End of year	$ 1,013,798	$ 624,148

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Dollars in thousands)

	2010	2009
RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 150,789	$ 61,398
Restricted	863,009	562,750
TOTAL	$ 1,013,798	$ 624,148
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 106,896	$ 41,441
Adjustments to reconcile:		
Depreciation and amortization	185,079	178,717
Provision for doubtful accounts	(1,747)	2,153
Changes in assets and liabilities:		
Increase in accounts receivable	(13,547)	(5,751)
Increase in due from other City funds	(139)	(3,449)
Decrease in prepaid expenses	36	66
Increase (decrease) in accounts payable	6,460	(14,148)
(Decrease) increase in due to other City funds	(390)	306
Increase (decrease) in prepaid terminal rent	2,687	(2,667)
Increase in deferred revenue	82,511	50,005
Decrease in accrued revenue	11,545	
CASH FLOWS FROM OPERATING ACTIVITIES	$ 379,391	$ 246,673

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:

Property additions in 2010 and 2009 of $118,873 and $133,808, respectively, are included in accounts payable.

The fair market value adjustments (loss) to investments for 2010 and 2009 were $(6,463) and $(1,063), respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Airport uses the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. 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 or state savings and loan associations, located within the City, whose deposits are federally insured.

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

The Airport values its investments at fair value or amortized cost as applicable. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

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

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

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

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

Revenues and Expenses — Revenues from landing fees, terminal area use charges, fueling system charges, parking revenue, and concessions are reported as operating revenues. 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 by the Airport 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:

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

Net Assets — Net Assets comprised 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, noise mitigation program and other requirements; 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 on which constraints are placed by external parties (such as lenders and grantors), 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 two years have been less than insurance coverage maintained.

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

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

Bond Issuance Costs, 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 interest earned on construction bond proceeds is capitalized during construction on those capital projects paid from the bond proceeds and is being amortized over the depreciable life of the related assets on a straight-line basis.

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

Revenue Recognition — Landing fees, terminal area use charges, and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease (Use Agreements). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in 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 — The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2010 and 2009. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses in conformity with industry practice.

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

Reclassification — The Airport has reclassified restricted assets and liabilities payable from restricted assets in the Statements of Net Assets as of December 31, 2009, to be excluded from noncurrent assets and noncurrent liabilities, respectively, in order to conform with the December 31, 2010 presentation and to further clarify the short term nature of certain liabilities payable from restricted assets.

2. RESTRICTED AND UNRESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Investments — As of December 31, 2010, the Airport had the following investments (dollars in thousands):

	Investment Maturities (in Years)				
Investment Type	**Less Than 1**	**1–5**	**6–10**	**More Than 10**	**Fair Value**
U.S. Treasuries	$ -	$ -	$ -	$ -	$ -
U.S. Agencies	365,666	700,287	75,162		1,141,115
Commercial Paper					
Certificates of deposits and other short-term	860,690				860,690
Subtotal	$ 1,226,356	$ 700,287	$ 75,162	$ -	2,001,805
Share of City's pooled funds					8,859
Total					$ 2,010,664

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

	Investment Maturities (in Years)				
Investment Type	**Less Than 1**	**1–5**	**6–10**	**More Than 10**	**Fair Value**
U.S. Treasuries	$ 107,968	$ -	$ -	$ -	$ 107,968
U.S. Agencies	179,160	626,020			805,180
Commercial Paper					-
Certificates of deposits and other short-term	550,190				550,190
Subtotal	$ 837,318	$ 626,020	$ -	$ -	1,463,338
Share of City's pooled funds					12,389
Total					$ 1,475,727

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 percent 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 (dollars in thousands):

Quality Rating	2010	2009
Aaa/AAA	$ 2,001,805	$ 1,463,338
A/A		
Total funds	$ 2,001,805	$ 1,463,338

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 percent 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 was $211.0 million and $301.9 million at December 31, 2010 and 2009, respectively. Of the bank balance, $211.0 million and $301.9 million or 100% and 100% at December 31, 2010 and 2009, respectively, were either insured or collateralized with securities held by City agents in the City's name. The remainder was uninsured and uncollateralized.

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

	2010	2009
Per Note 2:		
Investments — Airport	$ 2,001,805	$ 1,463,338
Investments — City Treasurer Pooled Fund	8,859	12,389
	$ 2,010,664	$ 1,475,727
Per financial statements:		
Restricted investments	$ 908,812	$ 778,480
Unrestricted investments	79,177	65,956
Investments included as cash and cash equivalents on the statements of net assets	1,022,675	631,291
	$ 2,010,664	$ 1,475,727

3. RESTRICTED ASSETS

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

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

Account	2010	2009
Construction	$ 442,227	$ 391,679
Capitalized interest	285,372	90,106
Debt service reserve	427,209	273,339
Debt service interest	249,297	254,375
Debt service principal	17,605	16,475
Operation and maintenance reserve	107,157	106,789
Maintenance reserve	3,000	3,000
Other funds	57,971	14,729
Subtotal — Bond Ordinance, Second Lien Indenture and Third Lien Indenture accounts	1,589,838	1,150,492
Passenger facility charge	181,983	190,738
Total	$ 1,771,821	$ 1,341,230

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

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

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

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

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

Other funds include the Federal and State Grant Funds, the Special Capital Projects Fund and the Airport Development Fund.

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

At December 31, 2010 and 2009, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance, Second Lien Indenture and Third Lien Indenture.

4. LONG-TERM DEBT

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

First lien, second lien and third lien revenue bonds have been issued under the Bond Ordinance, Second Lien Indenture and Third Lien Indenture, respectively. The Series 2001 Second Lien Passenger Facility Revenue Bonds have been issued under an ordinance adopted by the City Council on March 28, 2001, and pursuant to the Master Trust Indenture Securing Chicago-O'Hare International Airport Passengers Facility Charge Revenue Bonds dated May 15, 2001. The Series 2008 Passenger Facility Charge Revenue Bonds have been issued under an ordinance adopted by the City Council on May 23, 2007 and pursuant to the Master Trust Indenture Securing Chicago-O'Hare International Airport Passengers Facility Charge Revenue Bonds Dated January 1, 2008. The PFC Master Indenture amended and restated the Master Trust Indenture Securing the Series 2001 Second Lien Passenger Facility Bonds dated May 15, 2001. The Series 2010 Passenger Facility Charge Revenue Bonds have been issued under an ordinance adopted by the City Council on November 18, 2009 and pursuant to the Master Trust Indenture Securing Chicago-O'Hare International Airport Passengers Facility Charge Revenue Bonds dated January 1, 2008.

Revenue Bonds Outstanding — The following summarizes revenue bonds outstanding at December 31, 2010 and 2009 (dollars in thousands):

	2010	2009
First lien bonds — $324,270 1993 Series A first lien revenue refunding bonds issued November 30, 1993, due through 2016; interest rates at 4.8%–5.0%	$ 72,795	$ 72,795
Second lien bonds:		
$50,000 Series 1984 B second lien bonds issued December 27, 1984, due through 2015 at variable floating interest rates (.32% at December 31, 2010)	16,520	19,205
$25,000 Series 1988 B second lien bonds issued December 21, 1988, due through 2018 at variable floating interest rates (.31% at December 31, 2010)	13,400	14,500
$320,430 1993 Series C second lien revenue refunding bonds issued November 30, 1993, due through 2018; interest at 4.9%–5.75%	44,130	86,160
$68,700 1994 Series B second lien revenue bonds issued October 12, 1994, due through 2018; variable floating interest rate (.38% at December 31, 2010)	36,100	39,500
$83,800 1994 Series C second lien revenue bonds issued November 9, 1994, due through 2018; variable floating interest rate (.35% at December 31, 2010)	44,300	48,500
$179,625 1996 Series A second lien revenue bonds issued October 31, 1996, due through 2018; interest rate at 4.7%–6.25%	24,485	82,260
$409,850 Series 1999 second lien revenue refunding bonds issued October 4, 1999, due through 2018; interest at 5.5%	271,315	294,955
Subtotal — second lien bonds	450,250	585,080
Third lien bonds:		
$490,515 Series 2002 A third lien revenue refunding bonds issued March 20, 2002, due through 2032; interest at 5.25%–5.75%	490,515	490,515
$248,910 Series 2003 A-1 and A-2 third lien revenue refunding bonds issued August 14, 2003, due through 2034; interest at 4.50%–6.00%	248,910	248,910
$382,155 Series 2003 B-1 and B-2 third lien revenue bonds issued August 21, 2003, due through 2034; interest at 5.25%–6.00%	382,155	382,155
$355,245 Series 2003 C-1 and C-2 third lien revenue refunding bonds issued August 21, 2003, due through 2034; interest at 5.25%	355,245	355,245
$149,330 Series 2003 D, E and F third lien revenue bonds issued December 2, 2003, due through 2034; interest at 2.125%–5.5%	129,170	129,220
$281,055 Series 2004 A and B third lien revenue refunding bonds issued December 2, 2004, due through 2035; interest at 4.75%–5.0%	145,870	145,870
$39,700 Series 2004 C and D third lien revenue refunding bonds issued December 2, 2004, due through 2026; interest at 4.70%–5.25%	39,700	39,700
$64,290 Series 2004 E, F, G, and H third lien revenue refunding bonds issued December 2, 2004, due through 2023; interest at 3.49%–5.35%	29,360	29,360

(Continued)

	2010	2009
Third lien bonds:		
$961,010 Series 2005 A third lien revenue bonds issued December 22, 2005, due through 2033; interest at 5.0%–5.25%	$ 961,010	$ 961,010
$238,990 Series 2005 B third lien revenue refunding bonds issued December 22, 2005, due through 2018; interest at 5.25%	238,990	238,990
$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate (.36% and .32% at December 31, 2010)	300,000	300,000
$112,630 Series 2006 A, B, and C third lien revenue refunding bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.50%	30,280	74,785
$43,520 Series 2006 D third lien revenue bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.00%	43,520	43,520
$530,170 Series 2008 A third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.5%–5.0%	530,170	530,170
$175,500 Series 2008 B third lien revenue bonds issued January 31, 2008, due through 2020; interest at 5.0%	175,500	175,500
$74,245 Series 2008 C and D third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.0%–4.6%	73,380	74,245
$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	91,590	
$669,590 Series 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145%–6.845%	578,000	
$171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%–5.25%	171,450	
$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00%–5.25%	55,850	
$47,360 Series 2010 E third lien revenue refunding bonds issued April 29, 2010, due through 2016; interest at 1.75%–5.00%	47,360	
$95,375 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,735	
Subtotal — third lien bonds	5,213,760	4,219,195
Passenger facility charge revenue bonds:		
$218,890 Series 1996 A Passenger Facility Charge Revenue Bonds issued July 30, 1996, fully refunded on January 31, 2008		
$430,415 Series 2001 A and B Passenger Facility Charge Revenue Bonds issued June 19, 2001, due through 2032; interest at 4.0%–5.75%	377,400	386,190
$215,065 Series 2001 C and D Passenger Facility Charge Revenue Bonds issued August 21, 2001, due through 2032; interest at 3.4%–5.5%	174,660	192,285

(Continued)

	2010	2009
$54,520 Series 2001 E Passenger Facility Charge Revenue Bonds issued October 4, 2001, due through 2018; interest at 3.5%–5.5%	$ 32,565	$ 35,775
$111,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31, 2008, due through 2016; interest at 4.0%–5.0%	111,425	111,425
$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	24,965	
$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	51,305	
$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%–6.395%	48,495	
$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%–5.0%	12,900	
Subtotal — passenger facility charge revenue bonds	833,715	725,675
Commercial Paper Notes:		
Series A, B, and C (Taxable) Commercial Paper Notes outstanding at December 31, 2010		295,355
Total revenue bonds and notes	6,570,520	5,898,100
Unamortized premium	86,856	80,788
Unamortized deferred loss on bond refunding	(39,155)	(44,084)
	6,618,221	5,934,804
Current portion	(107,295)	(96,890)
Total long-term revenue bonds payable	$ 6,510,926	$ 5,837,914

(Concluded)

During the years ended December 31, 2010 and 2009, long-term debt changed as follows (dollars in thousands):

2010	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds	$ 5,602,745	$ 1,177,650	$ (209,875)	$ 6,570,520	$ 107,295
Unamortized (discount) premium	80,788	(13,222)	19,290	86,856	
Deferred loss on refunding	(44,084)	(2,301)	7,230	(39,155)	
Total revenue bonds	5,639,449	1,162,127	(183,355)	6,618,221	107,295
Commercial paper	295,355		(295,355)		
Total long-term debt	$ 5,934,804	$ 1,162,127	$ (478,710)	$ 6,618,221	$ 107,295

2009	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Revenue bonds	$ 5,749,540	$ -	$ (146,795)	$ 5,602,745	$ 96,890
Unamortized (discount) premium	89,308	(10,257)	1,737	80,788	
Deferred loss on refunding	(51,404)		7,320	(44,084)	
Total revenue bonds	5,787,444	(10,257)	(137,738)	5,639,449	96,890
Commercial paper	35,565	259,790		295,355	
Total long-term debt	$ 5,823,009	$ 249,533	$ (137,738)	$ 5,934,804	$ 96,890

Interest expense capitalized for 2010 and 2009 totaled $65.2 million and $47.2 million, respectively. Interest income capitalized for 2010 and 2009 totaled $3.5 million and $4.8 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2010 and 2009 of $7.2 million and $7.3 million, respectively, and amortization of $10.5 million of premium, net and $8.5 million of premium, net, respectively.

Issuance of Debt — Chicago O'Hare International Airport Commercial Paper Notes, Series A (Tax-Exempt), Series B (Tax-Exempt) and Series C (Taxable) $600.0 million maximum aggregated authorized outstanding at December 31, 2010 were $0. Irrevocable letters of credit $667.5 million provide for the timely payment of principal and interest on the notes until July 20, 2010. 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 percent (Base Rate). Advances outstanding greater than sixty days will bear interest at the Base Rate plus 1.0 percent beginning on the sixty-first day after such advance is made. At December 31, 2010, there were no outstanding letter of credit advances.

In April 2010, the Airport sold $91.6 million of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2010 A (Non-AMT) at a premium of $5.0 million. The bonds have interest rates ranging from 3.0% to 5.0% and maturity and mandatory redemption maturity dates ranging from January 1, 2012 to January 1, 2040. Certain net proceeds of $65.9 million will be used to finance the portion of the O'Hare Modernization Program (OMP); certain net proceeds of $20.6 were used to fund the capitalized interest deposit requirement; certain net proceeds of $9.7 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $.4 million were used to pay the cost of the issuance of the bonds.

In April 2010, the Airport sold $578.0 million of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2010 B (Build America Bonds-Direct Payment). The bonds have interest rates ranging from 6.145% to 6.845% and maturity and mandatory redemption maturity dates ranging from January 1, 2035 to January 1, 2040. Certain net proceeds of $146.3 million will be used to finance a portion of the OMP; certain net proceeds of $165.7 million were used to pay a portion of the outstanding Commercial Paper Notes; certain net proceeds of $204.2 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $57.8 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $4.0 million were used to pay the cost of the issuance of the bonds.

In April 2010, the Airport sold $171.5 million of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2010 C (Non-Amt). The bonds have interest rates ranging from 4.00% to 5.25% and maturity and mandatory redemption maturity dates ranging from January 1, 2021 to January 1, 2035. Certain net proceeds of $81.0 million will be used to finance a portion of the Capital Improvement Program (CIP); certain net proceeds of $78.2 million were used to pay a portion of the outstanding Commercial Paper Notes; certain net proceeds of $2.3 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $14.7 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $2.2 million were used to pay the cost of the issuance of the bonds.

In April 2010, the Airport sold $55.8 million of Chicago O'Hare International Airport Third Lien Revenue Refunding Bonds, Series 2010 D (AMT) at a premium of $2.4 million. The bonds have interest rates ranging from 5.00% to 5.25%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014 to January 1, 2019. Certain net proceeds of $52.1 million were used to pay a portion of the outstanding Commercial Paper Notes; certain net proceeds of $5.8 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $.3 million were used to pay the cost of the issuance of the bonds.

In April 2010, the Airport sold $47.4 million of Chicago O'Hare International Airport Third Lien Revenue Refunding Bonds, Series 2010 E (AMT) at a premium of $1.7 million. The bonds have interest rates ranging from 1.75% to 5.00%, the bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2011 to January 1, 2016. Certain net proceeds of $48.9 were deposited in an escrow to defease a portion of the Series 1996A Second Lien Bonds (Military portion) ($47.8 million of principal and $1.1 million of interest) and certain net proceeds of $.2 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $1.5 million that will be charged to operations over 7 years using the straight-line method. The advance refunding decreased the Airport's total debt service payments by $3.1 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $2.8 million.

In April 2010, the Airport sold $95.7 million of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2010 F (Non-AMT) at a premium of $.2 million. The bonds have interest rates ranging from 4.25% to 5.25% and maturity and mandatory redemption maturity dates ranging from January 1, 2020 to January 1, 2040. Certain net proceeds of $70.3 million will be used to finance a portion of the O'Hare Modernization Program Noise Program; certain net proceeds of $17.5 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $7.5 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $.6 million were used to pay the cost of the issuance of the bonds.

In May 2010, the Airport sold $24.9 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds, Series 2010 A (Non-AMT) at a discount of $.3 million. The bonds have interest rates ranging from 5.00% to 5.25% and maturity and mandatory redemption maturity dates ranging from January 1, 2025 to January 1, 2040. Certain net proceeds of $17.7 million will be used to finance a portion of the OMP; certain net proceeds of $4.5 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $2.2 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $.2 million were used to pay the cost of the issuance of the bonds.

In May 2010, the Airport sold $51.3 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds, Series 2010 B (Non-AMT) at a discount of $.7 million. The bonds have interest rates ranging from 5.00% to 5.25% and maturity and mandatory redemption maturity dates ranging from January 1, 2025 to January 1, 2040. Certain net proceeds of $36.4 million will be used to finance a portion of the OMP; certain net proceeds of $9.2 million were used to fund the capitalized interest deposit requirement; certain net proceeds of $4.6 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $.4 million were used to pay the cost of the issuance of the bonds.

In May 2010, the Airport sold $48.5 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds, Series 2010 C (Non-AMT). The bonds have interest rates ranging from 5.272% to 6.395% and maturity and mandatory redemption maturity dates ranging from January 1, 2019 to January 1, 2031. Certain net proceeds of $4.8 million were used to fund the debt service reserve deposit requirement; certain net proceeds of $43.3 million were used to fund the reserve fund deposit requirement for the O'Hare Series 2001 PFC Bonds and certain net proceeds of $.4 million were used to pay the cost of the issuance of the bonds.

In May 2010, the Airport sold $12.9 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2010 D (Non-AMT) at a premium of $.9 million. The bonds have interest rates ranging from 2.0% to 5.0%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2011 to January 1, 2019. Certain net proceeds of $13.7 million together with $.3 million transferred from the debt service account were deposited in an escrow to defease a portion of the Series 2001 D PFC Bonds ($13.2 million) and certain net proceeds of $.8 million of interest) and certain net proceeds of $.1 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $.8 million that will be charged to operations over 10 years using the straight-line method. The advance refunding decreased the Airport's total debt service payments by $1.2 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $.7 million.

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

Years Ending December 31	Principal	Interest	Total
2011	$ -	$ 3,640	$ 3,640
2012	46,340	2,481	48,821
2013	8,115	1,120	9,235
2014		917	917
2015		917	917
2016	18,340	456	18,796
Total	$ 72,795	$ 9,531	$ 82,326

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 effective rate at December 31, 2010 (dollars in thousands).

Years Ending December 31	Principal	Interest	Total
2011	$ 80,920	$ 17,043	$ 97,963
2012	46,960	14,286	61,246
2013	49,640	12,323	61,963
2014	52,435	10,251	62,686
2015	55,555	8,066	63,621
2016–2018	164,740	10,433	175,173
Total	$ 450,250	$ 72,402	$ 522,652

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, 2010, the second lien bonds were in the weekly rate interest mode. An irrevocable letter of credit ($17.6 million) provides for the timely payment of principal and interest on the Series 1984 bonds until October 1, 2011. An irrevocable letter of credit ($13.6 million) provides for the timely payment of principal and interest on the Series 1988 bonds until November 30, 2015. An irrevocable letter of credit ($81.8 million) provides for the timely payment of principal and interest on the Series 1994 bonds until October 1, 2011. At December 31, 2010, there were no outstanding letter of credit advances.

In the event the bonds are put back to the bank and not successfully remarketed, or if the letter of credit expires without an extension or substitution, the bank bonds will convert to a term loan. There is no principal due on potential term loans within the next fiscal year.

Following is a schedule of debt service requirements to maturity of the third lien bonds. For issues with variable rates, interest is imputed at the effective rate at December 31, 2010 (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2011	$ 8,770	$ 262,875	$ 271,645
2012	12,455	262,622	275,077
2013	63,900	260,948	324,848
2014	72,415	257,611	330,026
2015	86,860	253,497	340,357
2016–2020	824,920	1,168,486	1,993,406
2021–2025	920,615	924,032	1,844,647
2026–2030	1,148,250	651,565	1,799,815
2031–2035	1,374,765	338,471	1,713,236
2036–2040	700,810	104,315	805,125
Total	$5,213,760	$4,484,422	$9,698,182

The Airport's third 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, 2010, the third lien bonds were in the weekly rate interest mode. Irrevocable letters of credit ($305.3 million) provide for the timely payment of principal and interest on the Series 2005 bonds until September 9, 2011. At December 31, 2010, there were no outstanding letter of credit advances.

Following is a schedule of debt service requirements to maturity of the Passenger Facility Charge Revenue Bonds (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2011	$ 17,605	$ 44,421	$ 62,026
2012	38,395	42,305	80,700
2013	40,355	40,274	80,629
2014	42,455	38,129	80,584
2015	44,650	36,095	80,745
2016–2020	143,975	152,184	296,159
2021–2025	152,355	115,724	268,079
2026–2030	212,205	67,009	279,214
2031–2035	111,240	15,263	126,503
2036–2040	30,480	3,958	34,438
Total	$833,715	$555,362	$1,389,077

The Series A, B, and C (Taxable) Commercial Paper Notes outstanding 2009 of $295.3 million were refunded by the Chicago O'Hare Airport Third Lien Revenue Bonds, Series 2010 in April 2010.

Defeased Bonds — Defeased bonds have been removed from the balance sheet because the related assets have been placed in irrevocable trusts that, together with interest earned thereon, will provide amounts sufficient for payment of all principal and interest. Defeased bonds at December 31, 2010, are as follows (dollars in thousands):

	Defeased	Outstanding
Chicago O'Hare International Airport PFC Bonds, Series 2001D	$ 13,150	$ 13,150

No-commitment Debt — Special Facility Bonds issued in the City's name by certain airline parties related to airport capital assets are no-commitment debt and not included in the accompanying financial statements as the City has no obligation to provide for their repayment, which is the responsibility of the related airlines.

5. CHANGES IN CAPITAL ASSETS

During the years ended December 31, 2010 and 2009, capital assets changed as follows (dollars in thousands):

2010	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 714,373	$ 24,099	$ -	$ 738,472
Construction in progress	1,264,200	451,382	(451,302)	1,264,280
Total capital assets not depreciated	1,978,573	475,481	(451,302)	2,002,752
Capital assets depreciated — buildings and other facilities	5,937,981	451,302		6,389,283
Less accumulated depreciation for — buildings and other facilities	(2,158,534)		(157,952)	(2,316,486)
Total capital assets depreciated — net	3,779,447	451,302	(157,952)	4,072,797
Total property and facilities — net	$ 5,758,020	$926,783	$ (609,254)	$ 6,075,549

2009	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 669,254	$ 45,119	$ -	$ 714,373
Construction in progress	908,332	576,450	(220,582)	1,264,200
Total capital assets not depreciated	1,577,586	621,569	(220,582)	1,978,573
Capital assets depreciated — buildings and other facilities	5,717,399	220,582		5,937,981
Less accumulated depreciation for — buildings and other facilities	(2,005,623)		(152,911)	(2,158,534)
Total capital assets depreciated — net	3,711,776	220,582	(152,911)	3,779,447
Total property and facilities — net	$ 5,289,362	$842,151	$ (373,493)	$ 5,758,020

Included in construction in progress are approximately $68.7 million of costs associated with the World Gateway Program (the WGP). The WGP was conceived to expand gate capacity at the Airport through construction of new terminal complexes. In September 2002, in light of changed conditions in the airline industry and the economy, the Airport and airlines agreed to temporarily suspend work on the WGP until demand and airline approval would resume construction. Management has determined that the assets related to the WGP are not considered impaired as of December 31, 2010 as it has not determined that the assets will no longer be used, and any decline in service utility of the assets is not considered significant or unexpected.

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings and terminal space are leased under operating lease agreements with airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2010 (dollars in thousands):

Years Ending December 31	Amount
2011	$ 72,282
2012	71,723
2013	71,049
2014	57,778
2015	45,711
2016–2020	145,091
2021–2025	8,302
2026–2030	9,591
2031–2034	9,564
Total minimum future rental income	$ 491,091

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

Rental income, consisting of all rental and concession revenues except ramp rentals and automobile parking, amounted to approximately $381.6 million and $348.7 million in 2010 and 2009, respectively. Contingent rentals included in the totals were approximately $79.4 million and $71.9 million for 2010 and 2009, respectively.

7. PENSION PLANS

Eligible O'Hare 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 maximum 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 O'Hare Fund reimburses the City's General Fund for the estimated pension cost applicable to the covered payroll of O'Hare Fund employees. These reimbursements, recorded as expenses of the O'Hare Fund, were $13.9 million in 2010 and $13.4 million in 2009. 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, 2010 and 2009, 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, 2010, 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 (dollars in thousands):

	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Required Contribution	Percent of Required Contributions Contributed	Net Pension Obligation
Municipal employees':					
2008	$ 359,933	40.8 %	$ 360,387	40.7 %	$ 415,207
2009	412,575	35.9	413,509	35.8	679,736
2010	482,421	32.1	483,948	32.0	1,007,406
Laborers':					
2008	18,166	83.9	$ 17,562	86.3	(225,759)
2009	34,025	43.0	33,517	43.6	(206,361)
2010	47,129	32.6	46,665	32.9	(174,585)

The pension benefits information pertaining expressly to O'Hare 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 to eligible O'Hare Fund employees, 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 $107.4 million and $98.0 million in 2010 and 2009, 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 2010 and 2009 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 $64.1 million in 2010 and $60.8 million in 2009 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 three 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)* (dollars in thousands):

	Health Plan	
Annual OPEB Cost and Contributions Made	**2010**	**2009**
Contribution rates:		
City	Pay As You Go	Pay As You Go
Plan members	By Schedule	By Schedule
Annual required contribution	$ 189,328	$ 220,891
Interest on net OPEB obligation	9,871	11,713
Adjustment to annual required contribution	(116,325)	(74,795)
Annual OPEB cost	82,874	157,809
Contributions made	107,431	98,044
Increase in net OPEB obligation	(24,557)	59,765
Net OPEB obligation — beginning of year	329,040	269,275
Net OPEB obligation — end of year	$ 304,483	$ 329,040

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 2010, 2009, and 2008 are as follows (dollars 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, 2010	$ 82,874	129.6 %	$ 304,483
December 31, 2009	157,809	62.1	329,040
December 31, 2008	218,897	44.8	269,275

Funded Status and Funding Progress — As of December 31, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $533,387 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2,546,961 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21 percent.

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)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
December 31, 2009	$ -	$ 533,387	$ 533,387	%	$ 2,546,961
December 31, 2008		787,395	787,395		2,475,107

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, 2010, 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 3%. The Unfunded Accrued Actuarial Liability, as of December 31, 2010, is being amortized as a level dollar amount over three years.

Summary of Assumptions and Methods

Item	Health Plan 2010	Health Plan 2009
Actuarial valuation date	December 31, 2009	December 31, 2008
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar	Level dollar
Remaining amortization period	3 years	4 years
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	3.0%	4.35%
Projected salary increases	2.5%	2.5%
Healthcare inflation rate	12% initial to 10.5% ultimate	12% initial to 9% 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 certain payments made on behalf of the Airport. Such reimbursements amounted to $62.3 million and $62.4 million in 2010 and 2009, respectively.

10. COMMITMENTS AND CONTINGENCIES

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

The Airport provides employee health benefits under a self-insurance program, administered by the City. Such claims outstanding, including claims incurred but not reported, are estimated and recorded as liabilities in the 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, 2010 and 2009 are as follows (dollars in thousands):

	2010	2009
Beginning balance — January 1	$ 2,049	$ 1,882
Total claims incurred (expenditures)	20,372	19,326
Claims paid	(20,177)	(19,159)
Claims liability — December 31	$ 2,244	$ 2,049

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, 2010, at a limit of $3.6 billion. Claims have not exceeded the purchased insurance coverage in the past ten years. Property and casualty risks for the Airport are transferred to commercial insurers.

At December 31, 2010 and 2009, the Airport had commitments in the amounts of approximately $151.1 million and $321.9 million, respectively, in connection with contracts entered into for construction projects.

11. SUBSEQUENT EVENTS

In January 2011, Fitch Ratings downgraded the Chicago O'Hare International Airport's Third Lien Revenue Bonds from A to A- and the Airport's Passenger Facility Charge Revenue Bonds from A+ to A-.

In April 2011, Fitch Ratings upgraded the Chicago O'Hare International Airport's Passenger Facility Charge Revenue Bonds from A- to A.

In April 2011, the City sold Chicago O'Hare International Airport General Airport Third Lien Revenue (Non-AMT) Bonds Series 2011A, General Airport Third Lien Revenue (Non-AMT) Bonds Series 2011B and General Airport Third Lien Revenue (Non-AMT) Bonds Series 2011C ($1.0 billion). The bonds were issued at interest rates ranging from 3.00 percent to 6.50 percent and maturity dates from January 1, 2014 to January 1, 2041. Proceeds will be used to pay a portion of the costs of certain projects at Chicago O'Hare International Airport including the O'Hare Modernization Program.

In April 2011, the City sold Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding (Non-AMT) Bonds Series 2011A and Passenger Facility Charge Revenue Refunding (AMT) Series 2011B Bonds ($46.005 million). The bonds were issued at interest rates ranging from 5.0 percent to 6.0 percent and maturity dates from January 1, 2017 to January 1, 2033. Proceeds will be used to pay a portion of the costs of certain projects at Chicago O'Hare International Airport including the O'Hare Modernization Program and to refund certain outstanding Passenger Facility Charge Revenue bonds.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL INFORMATION
FIRST AND SECOND LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE
YEAR ENDED DECEMBER 31, 2010
(Dollars in thousands)

NET REVENUES FOR CALCULATION OF COVERAGE:	
Change in net assets	$ 84,395
Capital grants	(57,567)
Customer facility charges	(12,598)
Passenger facility charges	(126,368)
	(112,138)
ADJUSTMENTS:	
Interest on bonds	307,270
Interest capitalized for financial reporting purposes	(61,648)
	245,622
Change in net assets of the Land Support area — net of amount to be deposited in the Revenue Fund	(4,053)
Revenue Fund balance — January 1, 2010 (Note 2)	60,283
Depreciation and amortization of sound proofing, bond discount, financing fees and loss on refunding	181,760
Income earned on Airport Development, Emergency Reserve and Construction Funds	5,479
NET REVENUES FOR CALCULATION OF COVERAGE	$ 376,953
COVERAGE REQUIREMENT:	
Required deposits from revenues:	
Operation and maintenance reserve	$ 779
Maintenance reserve	2,873
Special capital projects	960
Total fund deposit requirements	4,612
Aggregate first and junior debt service for the bond year	104,349
Less amounts transferred from capitalized interest accounts	
	1.10
Net debt service required	114,784
COVERAGE REQUIREMENT	$ 119,396
COVERAGE RATIO:	
Net revenues for calculation of coverage	$ 376,953
Total fund deposit requirements	(4,612)
NET REVENUES	$ 372,341
AGGREGATE DEBT SERVICE FOR THE BOND YEAR	$ 104,349
COVERAGE RATIO	3.57

See notes to calculations of coverage.

**ADDITIONAL INFORMATION
FIRST AND SECOND LIEN GENERAL AIRPORT REVENUE BONDS
NOTES TO CALCULATIONS OF COVERAGE
YEAR ENDED DECEMBER 31, 2010**

1. RATE COVENANT

The 1983 General Airport Revenue Bond Ordinance (Ordinance) requires that revenues in each fiscal year in which bonds are outstanding shall equal an amount at least sufficient to produce net revenues for calculation of coverage, as defined, of not less than an aggregate amount equal to the greater of (a) the sum of (i) the amounts required to be deposited for such fiscal year in the first lien Debt Service Reserve Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund, the Special Capital Projects Fund and the Junior Lien Obligation Debt Service Fund, and (ii) one and twenty-five hundredths times (1.25x) the aggregate first lien debt service for the bond year commencing during such fiscal year reduced by an amount equal to any amount held in any capitalized interest account for disbursement during such bond year to pay interest on first lien bonds; and (b) the sum of (i) the amounts required to be deposited for such fiscal year in the first lien Debt Service Reserve Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund, the Special Capital Projects Fund and the Junior Lien Obligation Debt Service Fund (exclusive of deposits in respect of Aggregate Second Lien Debt Service), and (ii) one and ten hundredths (1.10 x) times the aggregate first lien and second lien debt service for the bond year commencing during such fiscal year reduced by an amount equal to the sum of any amount held in any capitalized interest account for disbursement during such bond year to pay interest on first lien bonds and 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 bonds.

2. REVENUE FUND BALANCE

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL INFORMATION
THIRD LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE
YEAR ENDED DECEMBER 31, 2010
(Dollars in thousands)

REVENUES:	
Total revenues — as defined	$ 699,299
Other available moneys (passenger facility charges)	40,798
Cash balance in Revenue Fund on the first day of fiscal year (Note 2)	60,283
TOTAL REVENUES	$ 800,380
COVERAGE REQUIREMENTS:	
Required deposits from revenues:	
Operation and maintenance reserve	$ 779
Maintenance reserve	2,873
Special capital projects	960
First lien obligation debt service fund	3,640
Junior lien obligation debt service fund	100,709
Third lien obligation debt service fund	214,222
TOTAL FUND DEPOSITS REQUIRED	$ 323,183
AGGREGATE FIRST LIEN, JUNIOR LIEN AND THIRD LIEN DEBT SERVICE	$ 417,836
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(64,252)
Net aggregate debt service	353,584
	1.10
NET DEBT SERVICE REQUIRED	$ 388,942
OPERATION AND MAINTENANCE EXPENSES — As defined	$ 401,340
COVERAGE REQUIREMENT (Greater of total fund deposit requirements or 110 percent of aggregate debt service)	388,942
TOTAL COVERAGE REQUIRED	$ 790,282
TOTAL REVENUES	$ 800,380
COVERAGE RATIO	1.01

See notes to calculations of coverage.

ADDITIONAL INFORMATION
THIRD LIEN GENERAL AIRPORT REVENUE BONDS
NOTES TO CALCULATIONS OF COVERAGE
YEAR ENDED DECEMBER 31, 2010

1. RATE COVENANT

The Master Indenture of Trust securing Chicago O'Hare International Airport Third Lien Obligations requires that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient: (i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and (ii) to provide for the greater of: (a) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding First Lien Bonds, Second Lien Obligations, Third Lien Obligations or other Airport Obligations are issued and secured, and (b) one and ten-hundredths times Aggregate First, Second and Third Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on First Lien Bonds, Second Lien Obligations or Third Lien Obligations.

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

2. REVENUE FUND BALANCE

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)
(Dollars in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OPERATING REVENUES:										
Landing fees	$ 136,375	$ 131,369	$ 141,426	$ 131,406	$ 157,791	$ 159,094	$ 179,076	$ 196,453	$ 181,335	$ 170,907
Rental revenues:										
Terminal rental and use charges	144,653	138,440	150,151	96,870	140,038	145,417	211,732	220,040	212,944	287,972
Other rentals and fueling system fees	31,283	32,102	33,511	35,316	36,365	40,172	51,026	47,378	39,809	40,468
Subtotal rental revenues	175,936	170,542	183,662	132,186	176,403	185,589	262,758	267,418	252,753	328,440
Concessions:										
Auto parking	84,688	81,580	83,210	90,421	95,521	98,613	103,137	108,545	89,131	93,430
Auto rentals	18,077	17,511	17,325	17,340	19,604	19,928	22,376	22,213	22,915	22,643
Restaurants	16,951	20,247	22,088	27,161	29,790	33,401	34,904	34,813	32,721	35,669
News and gifts	7,071	9,389	10,185	11,001	11,893	12,357	13,267	14,640	13,662	14,495
Other	24,307	17,826	21,560	21,501	33,125	30,374	34,909	34,912	26,685	30,377
Subtotal concessions	151,094	146,553	154,368	167,424	189,933	194,673	208,593	215,123	185,114	196,614
Reimbursements	2,354	2,582	2,501	11,553	8,750	6,560	2,336	5,288	5,241	6,642
Total operating revenues (1)	465,759	451,046	481,957	442,569	532,877	545,916	652,763	684,282	624,443	702,603
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	154,507	166,964	167,891	153,926	157,116	168,361	177,800	177,418	174,897	174,331
Repairs and maintenance	71,117	66,310	65,870	66,066	73,903	73,591	83,865	100,341	82,518	86,463
Energy	24,661	23,445	23,011	22,270	30,894	29,118	35,924	38,535	37,261	33,687
Materials and supplies	5,362	5,198	5,702	8,228	9,338	5,120	10,411	17,506	17,661	9,526
Engineering and other professional services	41,540	33,494	35,759	35,533	52,142	45,357	56,506	61,514	54,767	57,981
Other operating expenses	28,205	29,959	33,317	31,807	28,572	33,038	33,628	33,196	37,181	48,640
Total operating and maintenance expenses before depreciation and amortization (3)	325,392	325,370	331,550	317,830	351,965	354,585	398,134	428,510	404,285	410,628
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$ 140,367	$ 125,676	$ 150,407	$ 124,739	$ 180,912	$ 191,331	$ 254,629	$ 255,772	$ 220,158	$ 291,975
FIRST AND SECOND LIEN BONDS:										
NET REVENUES FOR CALCULATING COVERAGE LESS FUND DEPOSIT REQUIREMENTS	$ 171,359	$ 147,895	$ 167,952	$ 179,862	$ 292,193	$ 354,363	$ 356,299	$ 358,671	$ 261,166	$ 372,341
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS (5)	$ 155,781	$ 115,154	$ 101,791	$ 116,932	$ 92,773	$ 56,563	$ 107,700	$ 107,389	$ 108,898	$ 104,349
DEBT SERVICE COVERAGE RATIO (6)	1.10	1.28	1.65	1.54	3.15	6.26	3.31	3.34	2.40	3.57
THIRD LIEN BONDS:										
NET REVENUES FOR CALCULATING COVERAGE PER MASTER INDENTURE THIRD LIEN	$ 171,359	$ 471,746	$ 476,131	$ 503,355	$ 653,743	$ 710,017	$ 764,133	$ 761,514	$ 664,917	$ 800,380
COVERAGE REQUIRED PER MASTER INDENTURE — THIRD LIEN (7)		$ 479,911	$ 499,418	$ 503,497	$ 544,458	$ 577,301	$ 690,407	$ 723,259	$ 660,463	$ 790,282
COVERAGE RATIO (8)		1.02	1.05	1.00	1.20	1.23	1.11	1.05	1.01	1.01

(1) Average annual compound growth rate for 2001-2010 for total operating revenues is 4.7 percent.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2001-2010 for total operating and maintenance expenses before depreciation and amortization is 2.6 percent.
(4) Amount for 2010 may be reconciled to operating income of $106,896 reported in the 2010 Statements of Revenues, Expenses and Changes in Net Assets by deducting depreciation and amortization of $185,079. Amount for prior years may be reconciled through similar calculations.
(5) Represents debt service on first and second lien bonds.
(6) Represents debt service coverage ratio on first and second lien bonds.
(7) Represents required coverage per third lien master indenture.
(8) Represents coverage ratio calculation per third lien master indenture. Minimum coverage required per indenture is 1.0

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE (UNAUDITED)
(Dollars in thousands)

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

Year Ending December 31	Total Debt Service on First Lien Bonds	Total Debt Service on Second Lien Bonds (1)	Total Debt Service on Third Lien Bonds (1)	Total GARB Debt Service	Total PFC Debt Service	Total Debt Service
2011	$ 3,640	$ 97,963	$ 271,646	$ 373,249	$ 62,026	$ 435,275
2012	48,821	61,246	275,077	385,144	80,700	465,844
2013	9,235	61,963	324,848	396,046	80,629	476,675
2014	917	62,687	330,026	393,630	80,584	474,213
2015	917	63,621	340,357	404,895	80,745	485,640
2016	18,798	60,551	335,869	415,219	80,681	495,900
2017		56,470	360,269	416,739	55,367	472,106
2018		58,153	397,089	455,242	55,326	510,567
2019			468,352	468,352	51,687	520,039
2020			431,827	431,827	53,098	484,925
2021			370,134	370,134	53,062	423,196
2022			370,113	370,113	53,033	423,146
2023			368,609	368,609	52,988	421,596
2024			368,011	368,011	52,947	420,958
2025			367,780	367,780	56,050	423,830
2026			363,587	363,587	55,988	419,575
2027			359,461	359,461	55,903	415,364
2028			359,147	359,147	55,841	414,988
2029			358,920	358,920	55,768	414,688
2030			358,701	358,701	55,713	414,414
2031			358,380	358,380	55,660	414,039
2032			358,054	358,054	50,095	408,150
2033			350,965	350,965	6,921	357,886
2034			320,922	320,922	6,917	327,839
2035			324,914	324,914	6,910	331,825
2036			181,115	181,115	6,901	188,016
2037			180,838	180,838	6,898	187,736
2038			178,273	178,273	6,887	185,159
2039			132,569	132,569	6,880	139,449
2040			132,330	132,330	6,873	139,203
	$ 82,328	$ 522,654	$ 9,698,183	$ 10,303,163	$ 1,389,078	$ 11,692,241

(1) Assumes an interest rate effective at December 31, 2010 on $110,320 of Second Lien Bonds and $300,000 of Third Lien Bonds that are variable -rate demand obligations of Third 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, 2010.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2011-2015 (UNAUDITED)
(Dollars in thousands)

ESTIMATED USES:	
Five-Year Capital Improvement Program:	
Airfield improvements	$ 1,581,455
Terminal improvements	23,328
Noise mitigation	167,682
Parking/roadway projects	21,270
Heating and refrigeration	9,231
Safety and security	53,142
Planning and other costs	45,671
Implementation	10,525
TOTAL ESTIMATED USES (1)	1,912,304
ESTIMATED SOURCES:	
Existing PFC revenue bond proceeds	$ 61,734
PFC revenues (pay-as-you-go)	113,931
Future PFC revenue bond proceeds	53,422
Federal AIP entitlements grants	50,570
Federal AIP discretionary grants	278,173
TSA funds	16,302
Prior airport revenue bond proceeds	334,043
Future airport obligation proceeds	954,433
Other airport funds	49,696
TOTAL ESTIMATED SOURCES	$ 1,912,304

(1) The total CIP $1,912,304 includes $175,572 in active CIP projects, $459,897 in OMP Phase I projects, $727,818 in OMP Completion Phase 2A projects, and $381,335 in OMP Completion Phase 2B in sound program projects.

Source: City of Chicago Department of Aviation.

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

AIRPORT ACTIVITY

According to statistics compiled by Airports Council International, the Airport was the second busiest airport in the world as measured by total aircraft operations, and the fourth busiest airport as measured by total passengers. In North America, the Airport is the seventh busiest airport in terms of total cargo tonnage handled. According to the Official Airline guide, as of December 31, 2010, nonstop service was provided from the Airport to 214 destinations, 144 domestic airports, and 70 foreign airports.

Chicago O'Hare International Airport Historical Connecting Passengers

Year	Total Enplanements	Total Originating Enplanements (1)	Total Connecting Enplanements	Connecting Enplanements Percentage
2001	33,329,966	15,750,781	17,579,185	52.7 %
2002	32,938,702	15,279,859	17,658,843	53.6
2003	34,454,921	15,331,493	19,123,428	55.5
2004	37,464,632	16,799,401	20,665,231	55.2
2005	37,970,886	17,548,038	20,422,848	53.8
2006	37,784,336	18,058,904	19,725,432	52.2
2007	37,779,576	18,223,460	19,556,116	51.8
2008	34,744,030	17,685,020	17,059,010	49.1
2009	32,047,097	15,708,291	16,338,806	51.0
2010	33,232,412	17,419,794	15,812,618	47.6
Average Annual Compound Growth Rates				
2001–2010	0.0 %	1.1 %	(1.2)%	

(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 O'HARE INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)

	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
Airline (1)	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**
United Airlines	14,057,978	42.2 %	13,935,560	42.3 %	13,780,164	40.0 %	14,222,780	38.0 %	13,035,044	34.3 %	12,905,929	34.2 %	12,798,917	34.0 %	11,818,081	34.0 %	10,304,138	32.2 %	9,655,258	29.1 %
American Airlines	9,696,773	29.1	9,436,168	28.7	9,552,465	27.7	10,641,646	28.4	10,880,167	28.7	10,283,798	27.2	10,277,846	27.2	9,291,364	26.7	8,050,514	25.1	8,115,097	24.4
Simmons Airlines (dba American Eagle)	1,666,814	5.0	1,841,764	5.6	2,319,637	6.7	2,993,453	8.0	3,249,766	8.5	3,524,127	9.3	3,424,753	9.1	3,145,183	9.1	3,128,488	9.8	3,278,628	9.9
Sky West (dba United Express)									1,385,206	3.6	2,333,968	6.2	2,231,622	5.9	2,010,239	5.8	1,763,788	5.5	1,932,478	5.8
Mesa (dba United Express)									517,511	1.4	1,032,938	2.7	1,227,446	3.2	1,032,402	3.0	1,327,751	4.1	703,936	2.1
Northwest Airlines	603,497	1.8	527,303	1.6	547,737	1.6	505,278	1.3	576,618	1.5	626,705	1.7	680,695	1.8	586,600	1.7	439,517	1.4		
Shuttle America (dba United Express)									282,928	0.7	870,661	2.3	721,642	1.9	689,203	2.0	936,803	2.9	1,067,038	3.2
Continental Airlines	525,146	1.6	461,407	1.4	437,571	1.3	423,693	1.1	461,804	1.2	486,762	1.3	584,908	1.5	519,567	1.5	514,528	1.6	542,760	1.6
US Airways	511,215	1.5	532,549	1.6	465,034	1.3	489,918	1.3	580,460	1.5	474,309	1.3	578,879	1.5	892,225	2.6	923,729	2.9	865,420	2.6
Go Jet (UA Express)											432,179	1.0	449,979	1.2	399,076	1.1	567,601	1.8	787,343	2.4
Delta Airlines	874,228	2.6	658,086	2.0	616,039	1.8	607,226	1.6	603,677	1.6	518,373	1.4	443,342	1.2	430,985	1.2	311,533	1.0	572,588	1.7
Trans State Air (dba United Express)									259,510	0.7	384,147	1.0	390,640	1.0	464,624	1.3	450,469	1.4	428,504	1.3
America West					342,750	1.0	367,469	1.0	426,571	1.1	442,308	1.2	320,778	0.8						
Air Canada	352,240	1.1	344,910	1.0	270,105	0.8	268,824	0.7	204,485	0.5	161,023	0.4	132,572	0.4	136,277	0.4	123,367	0.3	132,392	0.4
Chautauqua (dba United Express)									489,195	1.5	188,805	0.5	47,800	0.1	92	0.0	78	0.0	43,191	0.1
Air Wisconsin (dba United Express)	987,094	2.9	854,881	2.6	1,561,285	4.5	2,172,712	5.8	1,906,211	5.0	21,100	0.1			24,143	0.1			147	
Independence Air							48,804	0.1	86,154	0.2	1,559									
Trans World Airlines	304,432	0.9																		
Atlantic Coast					1,829,053	5.3	770,768	2.1												0
All Other (2)	3,750,549	11.3	4,346,074	13.2	2,733,081	8.0	3,952,061	10.5	3,025,579	8.0	3,095,645	8.2	3,467,757	9.2	3,303,969	9.5	3,204,793	10.0	5,107,632	15.4
Total	33,329,966	100.0 %	32,938,702	100.0 %	34,454,921	100.0 %	37,464,632	100.0 %	37,970,886	100.0 %	37,784,336	100.0 %	37,779,576	100.0 %	34,744,030	100.0 %	32,047,097	100.0 %	33,232,412	100 %

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

AIRLINES PROVIDING SERVICE AT THE AIRPORT

As of December 31, 2009, the Airport had scheduled air service by 51 airlines, including 24 domestic airlines, 27 foreign flag airlines, and 23 all-cargo airlines. Service to the Airport is provided by 11 of the 15 "Major Air Carriers," which are defined by the U.S. Department of Transportation, Research and Special Programs Administration to include domestic air carriers with annual operating revenues in excess of $1 billion.

United Airlines and American Airlines (including their commuter affiliates) together accounted for 78.3 percent of the enplaned commercial passengers at the Airport in 2010.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PASSENGER TRAFFIC
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2001	57,913,099	85.9 %	9,534,965	14.1 %	67,448,064	6.5 %
2002	57,626,957	86.6	8,938,995	13.4	66,565,952	(1.3)
2003	60,197,706	86.6	9,310,966	13.4	69,508,672	4.4
2004	64,685,299	85.6	10,849,393	14.4	75,534,692	8.7
2005	64,772,036	85.1	11,382,369	14.9	76,154,405	0.8
2006	64,573,153	84.6	11,726,137	15.4	76,299,290	0.2
2007	64,376,479	84.5	11,801,376	15.5	76,177,855	(0.2)
2008	59,404,334	83.9	11,414,681	16.1	70,819,015	(7.0)
2009	54,114,214	83.9	10,439,179	16.2	64,553,393	(8.8)
2010	56,615,214	84.5	10,410,977	15.5	67,026,191	3.8
Average Annual Compound Growth Rates						
2001–2010	(0.3)%		1.0 %		(0.1)%	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)

	Chicago O'Hare International Airport		Chicago Midway International Airport		
Year	Total O&D Enplanements (1)	Percent of Total Chicago	Total O&D Enplanements (1)	Percent of Total Chicago	Total O&D Enplanements
2001	15,750,751	74.1 %	5,503,697	25.9 %	21,254,448
2002	15,279,859	72.8	5,700,605	27.2	20,980,464
2003	15,331,493	71.1	6,243,039	28.9	21,574,532
2004	16,799,401	71.7	6,634,138	28.3	23,433,539
2005	17,548,038	73.2	6,431,517	26.8	23,979,555
2006	18,058,904	72.9	6,708,494	27.1	24,767,398
2007	18,223,460	73.6	6,532,362	26.4	24,755,822
2008	17,685,020	75.0	5,910,045	25.0	23,595,065
2009	15,708,291	73.6	5,647,591	26.4	21,355,882
2010	17,419,794	76.1	5,485,191	23.9	22,904,985

Average Annual Compound Growth Rates

2001–2010	1.1%		0.0%		0.8%

(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 O'HARE INTERNATIONAL AIRPORT

ENPLANEMENT SUMMARY
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)

	Total O'Hare Enplanements						
Year	Domestic Air Carrier	Domestic Commuter	Total Domestic (1)	Percent of Total O'Hare	Total International Enplanements	Percent of Total O'Hare	Total (2) Enplanements
2001	28,627,443	85,251	28,712,694	86.1 %	4,617,272	13.9 %	33,329,966
2002	28,555,307	24,816	28,580,123	86.8	4,358,579	13.2	32,938,702
2003	29,909,585	1,173	29,910,758	86.8	4,544,163	13.2	34,454,921
2004	32,192,142		32,192,142	85.9	5,272,490	14.1	37,464,632
2005	32,426,920		32,426,920	85.4	5,543,966	14.6	37,970,886
2006	32,136,521		32,136,521	85.1	5,647,815	14.9	37,784,336
2007	32,126,121		32,126,121	85.0	5,653,455	15.0	37,779,576
2008	29,111,375		29,111,375	83.8	5,632,655	16.2	34,744,030
2009	26,863,092		26,863,092	83.8	5,184,005	16.2	32,047,097
2010	28,100,388		28,100,388	84.6	5,132,024	15.4	33,232,412
	Average Annual Compound Growth Rates						
2001–2010	(0.2)%		(0.2)%		1.2%		- %

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)

	Annual Aircraft Operations							
Year	**Domestic Air Carrier**	**International Air Carrier**	**Total Air Carrier**	**Commuter**	**All-Cargo**	**General Aviation**	**Military**	**Total**
2001	757,133	81,885	839,018	14,940	21,105	36,854		911,917
2002	794,878	70,103	864,981	6,736	20,790	30,216	94	922,817
2003	802,234	76,455	878,689	498	21,257	28,247		928,691
2004	859,696	82,394	942,090		21,588	28,749		992,427
2005	835,414	84,778	920,192		21,979	30,077		972,248
2006	821,586	83,986	905,572		21,165	31,906		958,643
2007	802,933	87,043	889,976		20,702	16,295		926,973
2008	762,995	81,211	844,206		17,542	19,818		881,566
2009	721,169	74,842	796,011		13,988	17,900		827,899
2010	771,550	72,144	843,694		17,248	21,675		882,617
	Average Annual Compound Growth Rates							
2001–2010	0.2%	(1.4)%	0.1%		(2.2)%	(5.7)%		(0.4)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET AIRLINE REQUIREMENT AND COST PER ENPLANED PASSENGER
YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)
(Dollars in thousands)

Calculation of Cost per Enplaned Passenger	
Operating and maintenance expenses (1)	$ 384,600
Net debt service (1) (2)	316,285
Debt service coverage requirement (3)	7,472
Fund deposits (4)	4,612
Total Airport expenses (1)	712,969
Less:	
Non-airline revenue (1)	(216,494)
PFC revenue applied to eligible debt service	(5,794)
Net Airline Requirement (5)	$ 490,681
Enplaned Passengers	33,232,412
Cost per Enplaned Passenger	14.77

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

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)
(Dollars in thousands)

Year	Total Enplanements	PFC Enplanements (1)	PFC Revenues (Net of Airline Collection Fees) (2) (3)	PFC Interest Income	Total PFC Revenues
2001	33,329,966	28,184,459	$107,007	$ 664	$107,671
2002	32,938,702	29,556,221	130,638	2,139	132,777
2003	34,454,921	28,993,623	128,152	1,667	129,819
2004	37,464,632	30,810,007	136,180	2,548	138,728
2005	37,970,886	32,546,469	143,855	5,662	149,517
2006	37,784,336	33,765,769	148,232	10,052	158,284
2007	37,779,576	34,243,364	150,329	18,922	169,251
2008	34,744,030	30,720,227	130,922	3,940	134,862
2009	32,047,097	27,533,048	117,103	3,767	120,870
2010	33,232,412	29,493,621	129,477	2,596	132,073

(1) Historical collection information reflects an actual percentage of eligible PFC enplanements of 88.7 percent in 2010. PFC enplanements for 2001 were estimated since the PFC fee was changed from $3.00 to $4.50 on April 1, 2001.

(2) This amount is net of the airline collection fee of $.11 per enplaning passenger since May 1, 2004.

(3) Actual amounts above are recorded on a cash basis but are reported in the Airport's audited financial statements on an accrual basis. For 2000-2009, a separate cash basis PFC audit was performed as required by the PFC Regulations. The cash basis PFC audit for 2008, 2009, and 2010 has not yet been issued.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE (PFC) DEBT SERVICE COVERAGE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)
(Dollars in thousands)

Bond Year Ended	PFC Revenues (2)	PFC Bonds Debt Service	Coverage by PFC Revenues (1)
January 1, 2002	$ 107,670	$ 41,227	2.61 %
January 1, 2003	132,777	63,685	2.08
January 1, 2004	129,819	73,498	1.77
January 1, 2005	138,728	73,512	1.89
January 1, 2006	149,518	73,502	2.03
January 1, 2007	158,284	73,502	2.15
January 1, 2008	169,251	73,498	2.30
January 1, 2009	134,862	50,048	2.69
January 1, 2010	120,870	49,411	2.45
January 1, 2011	132,073	49,411	2.67

(1) Ratio represents the amount of PFC revenues to debt service:
For bond years ended 2002 through 2008, Series 1996 PFC and Series 2001 PFC Bonds.
(2) Actual amounts above are recorded on a cash basis and includes interest earnings.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET ASSETS BY COMPONENT
EACH OF THE FIVE YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)
(Dollars in thousands)

	2006	2007	2008	2009	2010
Net assets:					
Invested in capital assets — net of related debt	$ 213,090	$ 481,321	$ 644,828	$ 612,920	$ 704,324
Restricted	751,069	644,048	594,185	610,868	588,683
Unrestricted (deficit)	60,111	73,390	77,195	89,554	104,730
Total net assets	$ 1,024,270	$ 1,198,759	$ 1,316,208	$ 1,313,342	$ 1,397,737

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CHANGE IN NET ASSETS
EACH OF THE FIVE YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)
(Dollars in thousands)

	2006	2007	2008	2009	2010
Operating revenues	$ 545,916	$ 652,763	$ 684,282	$ 624,443	$ 702,603
Operating expenses	496,581	544,890	579,297	583,002	595,707
Operating income	49,335	107,873	104,985	41,441	106,896
Nonoperating (expenses) revenues	24,446	18,363	(37,486)	(94,627)	(80,068)
Income (loss) before capital contributions	73,781	126,236	67,499	(53,186)	26,828
Capital grants	71,238	48,253	49,950	50,320	57,567
Change in net assets	$ 145,019	$ 174,489	$ 117,449	$ (2,866)	$ 84,395

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

LONG TERM DEBT
EACH OF THE FIVE YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)
(Dollars in thousands)

	2006	2007	2008	2009	2010
First Lien Bonds	$ 72,795	$ 72,795	$ 72,795	$ 72,795	$ 72,795
Second Lien Bonds	732,845	721,470	656,875	585,080	450,250
Third Lien Bonds	3,620,670	3,559,420	4,278,530	4,219,195	5,213,760
Commercial Paper Notes		334,673	35,565	295,355	
Passenger Facility Charge Revenue bonds	825,709	796,715	741,340	725,675	833,715
Total Revenue Bonds and Notes	$ 5,252,019	$ 5,485,073	$ 5,785,105	$ 5,898,100	$ 6,570,520

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

FULL TIME EQUIVALENT CHICAGO O'HARE AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE FIVE YEARS ENDED DECEMBER 31, 2010 (UNAUDITED)

Function	2006	2007	2008	2009	2010
Administration (Pre-2009 Executive Directions)	20	25	15	73	130
Capital Development	57	49	49	30	39
Financial Administration	27	25	21		
Human Resources Management	26	24	22		
Capital Finance Management	21	9	9		
Contract Administration	11	18	18		
Business Information Services	13	11	9		
Business Communication	44	40	41	10	13
Commercial Development and Concessions	5	6	5	3	6
Administration	32	26	24		
Airfield Operations	270	280	280	309	309
Landside Operations	26	19	18	14	13
Security Management	241	233	249	243	243
Facility Management	537	537	498	502	515
Safety Management		9	9	9	7
Total	1,330	1,311	1,267	1,193	1,275

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

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2010 (1)			2001 (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)	8,094	1	0.81 %			
United Airlines	5,585	2	0.58	9,282	1	0.81 %
Northern Trust	5,833	3	0.56	5,769	2	0.51
Jewel Food Stores, Inc.	5,307	4	0.52			
Bank of America NT	4,668	5	0.44			
Walgreen's Co.	4,552	6	0.33			
Accenture LLP	4,224	7	0.32			
CVS Corporation	4,067	8	0.30			
ABM Janitorial Midwest, Inc.	3,840	9	0.30			
American Airlines	3,153	10	0.27	5,317	4	0.46
First National Bank of Chicago				5,565	3	0.49
Ameritech (3)				5,303	5	0.46
Arthur Andersen, LLP				4,972	6	0.44
M O Hill & Robert Prince				4,686	7	0.41
Ford Motor Company				3,197	8	0.28
Dominick's Finer Foods, LLC				3,167	9	0.28
Commonwealth Edison Company				3,146	10	0.28

(1) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Return, June 30, 2010.
(2) J.P. Morgan Chase formerly known as Banc One.
(3) Ameritech currently known as SBC/AT&T.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
(Unaudited)

Year	Population (1)	Median Age (2)	Number of Households(2)	Unemployment Rate (3)	Per Capita Income (4)	Total Income (6)
2001	2,896,016	34.8	1,074,200	7.2 %	$35,157	$ 101,815,234,512
2002	2,896,016	31.9	1,059,960	8.5	35,085	101,606,721,360
2003	2,896,016	32.6	1,067,823	8.2	35,464	102,704,311,424
2004	2,896,016	32.6	1,051,018	7.2	37,169	107,642,018,704
2005	2,896,016	33.0	1,045,282	7.0	38,439	111,319,959,024
2006	2,896,016	33.5	1,040,000	5.2	41,887	121,305,422,192
2007	2,896,016	33.7	1,033,328	5.7	43,714	126,596,443,424
2008	2,896,016	34.1	1,032,746	6.4	45,329	131,273,509,264
2009	2,896,016	34.5	1,037,069	10.0	43,727	126,634,091,632
2010	2,695,598	34.8	1,045,666	10.1	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 2010, 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 2010 dollars).
(5) N/A means not available at time of publication.
(6) Population multiplied by the Per Capita Income.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY — 2010 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2010

DOMESTIC TERMINAL	Signatory	Non-Signatory
DESCRIPTION		
Landing Fee/1,000 lbs.	$ 6.28	$ 7.85
Rentals (per square foot)		
Base Rent	5.00	N/A
Existing Footage	71.55	N/A
Special Facility Additional Footage	84.19	N/A
Additional Footage	85.53	N/A
	18.26	N/A
INTERNATIONAL TERMINAL		
DESCRIPTION		
Landing Fee/1,000 lbs.	6.28	7.85
Terminal Rent/Sq.ft./Annum		
Long-Term Signatory	81.58	
Short-Term Signatory	101.98	
Month-To-Month	137.67	
ENPLANED PASSENGER USE CHARGE		
Long-Term Signatory	11.53	
Short-Term Signatory	14.42	
Month-To-Month	17.52	
DEPLANED PASSENGER USE CHARGE		
Long-Term Signatory	8.44	
Short-Term Signatory	10.56	
Month-To-Month	12.83	