City of Chicago, Illinois
Chicago Midway
International Airport

Basic Financial Statements for the Years
Ended December 31, 2007 and 2006,
Required Supplementary Information,
Additional Information, Statistical Information and
Independent Auditors' Report

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of Chicago Midway International Airport (Midway) of the City of Chicago, Illinois (City) as of December 31, 2007 and 2006, and for the years then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, such basic financial statements present fairly, in all material respects, the financial position of Chicago Midway International Airport as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

The statistical information as listed in the forgoing 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 subject to auditing procedures and, accordingly, we do not express an opinion on it.

Deloitte + Touche LLP

June 27, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
($ IN THOUSANDS)

This following discussion and analysis of the Airport's performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2007 and 2006. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements following this section.

FINANCIAL HIGHLIGHTS

2007

- Operating revenues for 2007 increased by $1,683 compared to prior year operating revenues.
- Operating expenses before depreciation and amortization increased by $13,899 compared to 2006, primarily due to increased salaries and wages, repairs and maintenance, professional and engineering and other operating expenses.
- The Airport's total net assets at December 31, 2007 were $282,390. This is a decrease of $13,148 compared to total net assets at December 31, 2006.
- Capital asset additions for 2007 were $43,204, principally due to land acquisition, security enhancements, parking and runway improvements.

2006

- Operating revenues for 2006 increased by $13,342 compared to prior year operating revenues.
- Operating expenses before depreciation and amortization increased by $9,156 compared to 2005, primarily due to increased repairs and maintenance, professional and engineering and other operating expenses.
- The Airport's total net assets at December 31, 2006 were $295,538. This is a decrease of $12,814 compared to total net assets at December 31, 2005.
- Capital asset additions for 2006 were $88,881 (38.2 percent increase over 2005), principally due to land acquisition, terminal improvements, security enhancements, parking, runway, heating and refrigeration improvements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport's basic financial statements are comprised of the financial statements and the notes to financial statements. In addition to the basic financial statements this report also presents additional and statistical information after the notes to basic financial statements.

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

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

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

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

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

FINANCIAL ANALYSIS

Landing fees and terminal area use charges and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain operating expenses and required debt service and fund deposits as determined under provisions of the Airport Use Agreement and Facilities Leases (Use Agreement). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in accrued revenue. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in deferred revenue. In the event that fund balance is not available to reduce net airline requirements in future years, airline revenues would be increased as provided by the Use Agreement.

At December 31, 2007, the Airport's financial position continued to be strong with total assets of $1,645,323, total liabilities of $1,362,933 and net assets of $282,390. A comparative condensed summary of the Airport's net assets at December 31, 2007, 2006 and 2005 is as follows:

	Net Assets		
	2007	2006	2005
Current assets	$ 66,928	$ 68,888	$ 79,249
Noncurrent assets:			
Restricted and other assets	400,466	437,585	477,322
Capital assets — net	1,177,929	1,171,139	1,114,892
Total noncurrent assets	1,578,395	1,608,724	1,592,214
Total assets	$1,645,323	$1,677,612	$ 1,671,463
Current liabilities	$ 48,133	$ 37,327	$ 44,270
Noncurrent liabilities	1,314,800	1,344,747	1,318,841
Total liabilities	$1,362,933	$1,382,074	$ 1,363,111
Net assets:			
Invested in capital assets, net of related debt	$ 31,251	$ 48,388	$ 73,843
Restricted	232,344	215,589	199,531
Unrestricted	18,795	31,561	34,978
Total net assets	$ 282,390	$ 295,538	$ 308,352

2007

Current assets decreased by $1,960 (2.8 percent) primarily due to decreased balances in accounts receivable and due from other city funds at December 31, 2007. This decrease is primarily due to the collection of these outstanding balances. The Airport's current ratio (current assets/current liabilities) at December 31, 2007 and 2006 was 1.39:1 and 1.85:1, respectively. Restricted and other assets decreased by $37,119 (8.5 percent) mainly due to the payment of construction costs and the use of capitalized interest and Passenger Facility Charges (PFC) for payments on debt service. Net capital assets increased by $6,790 (.6 percent) due principally to ongoing capital activities of the Capital Improvement Plan.

The increase in current liabilities of $10,806 (29.0 percent) is mainly related to the increase in amounts due to other City funds and deferred revenue of $2,309 and $7,594, respectively. The increase in due to other city funds is mainly due to benefits and related personnel costs and the increase in deferred revenue represents primarily the net adjustment for current year activity, prior year true up and current year payments of deferred revenue. Noncurrent liabilities decreased by $29,947 (2.2 percent) in 2007 mainly due the decreases in accounts payable and revenue bonds payable of $16,277 and $13,573 , respectively.

Net assets may serve, over a period of time, as a useful indicator of the Airport's financial position. At December 31, 2007, total net assets were $282,390, a decrease of $13,148 (4.4 percent) over 2006. Due to the residual Airport use agreement, this decrease is mainly due to the use of Airport fund balance to reduce net airline requirements.

2006

Current assets decreased by $10,361 (13.1 percent) due to decreased cash and cash equivalents at December 31, 2006. This decrease is primarily due to the payment of deferred revenue to the Signatory airlines during fiscal year 2006. The Airport's current ratio (current assets/current liabilities) at December 31, 2006 and 2005 was 1.85:1 and 1.79:1, respectively. Restricted and other assets decreased by $39,738 (8.3 percent) mainly due to the payment of construction costs and the use of capitalized interest and Passenger Facility Charges (PFC) for payments on debt service. Capital assets increased by $56,247 (5.0 percent) due principally to ongoing capital activities of the Capital Improvement Plan.

The decrease in current liabilities of $6,943 (15.7 percent) is related to the payment of deferred revenue ($6,599) to the Signatory airlines during 2006. Noncurrent liabilities increased by $25,905 (2.0 percent) in 2006 mainly due to the increases in accounts payable of $23,127 and notes payable of $10,269 offset by payment of revenue bonds payable of $6,341 during 2006.

Net assets may serve, over a period of time, as a useful indicator of the Airport's financial position. At December 31, 2006, total net assets were $295,538, a decrease of $12,814 (4.2 percent) over 2005. Due to the residual Airport use agreement, this decrease is mainly due to the use of Airport fund balance to reduce net airline requirements.

The primary sources of Airport operating revenues are landing fees, terminal area use charges, rents and concession revenues as defined within the Airline Use Agreement and Facilities Lease. These revenues fund Airport operating expenses, fund deposits and net debt service requirements. A comparative condensed summary of the Airport's changes in net assets for the years ended December 31, 2007, 2006 and 2005 is as follows:

	Changes in Net Assets		
	2007	2006	2005
Operating revenues:			
Landing fees and terminal area uses charges	$ 36,914	$ 42,638	$ 32,847
Rents, concessions and other	70,339	62,932	59,381
Total operating revenues	107,253	105,570	92,228
Operating expenses:			
Salaries and wages	39,998	35,316	32,259
Repairs and maintenance	36,863	32,762	31,690
Professional and engineering	14,780	13,326	11,274
Other operating expenses	19,641	15,979	13,004
Depreciation and amortization	42,437	37,893	35,677
Total operating expenses	153,719	135,276	123,904
Operating loss	(46,466)	(29,706)	(31,676)
Nonoperating revenues	60,116	47,493	34,060
Nonoperating expenses	(57,363)	(52,818)	(48,035)
Capital grants	30,565	22,217	18,083
Decrease in net assets	$ (13,148)	$ (12,814)	$ (27,568)

2007

Landing fees and terminal area use charges for the years 2007 and 2006 were $36,914 and $42,638, respectively. Rents, concessions and other revenues were $70,339 and $62,932 for the years 2007 and 2006, respectively. The increase in 2007 operating revenues of $1,683 (1.6 percent) over 2006 was mainly due to decreased landing fees, terminal area use charges and other rentals of $1,228 and $1,232, respectively, offset by increased concession revenues of $4,143. Such changes were due to the residual Airport Use Agreement and Facilities Leases that require airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues.

Salaries and wages increased by $4,682 (13.2 percent) in 2007 compared to 2006. This increase is mainly due to negotiated contract wage increases (approximately $1,400), additional police overtime (approximately $1,500) as a result of an increase in Orange security alerts, additional pension costs (approximately $837) and additional indirect costs (approximately $260) charged to the Airport from the City's Cost Allocation Plan. The increase in repairs and maintenance of $4,101 (12.5 percent) is primarily due to increased snow removal costs of approximately $500, airport security costs of approximately $1,500, and terminal management fees of approximately $1,700. Professional and engineering expenses increased by $1,454 (10.9 percent) mainly due to additional costs related to the increased security costs (approximately $700) related to the screening card system and additional professional fees related to the study of the privatization of Midway Airport of approximately $700. Other operating expenses increased by $3,662 (22.9 percent) mainly due to increased electricity costs ($2,300) and de-icer supplies ($1,300). Depreciation and amortization expense increased $4,544 (12.0 percent) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program.

Fiscal year 2007 nonoperating revenues of $60,116 are comprised mainly of passenger facility charges (PFC) revenue ($37,689), customer facility charges (CFC) revenue ($7,552) and interest income ($14,098). During 2007, nonoperating revenues increased by $12,623 principally due to increases in PFC revenues ($13,283). PFC revenues increased due to increased PFC fee charged per enplanement — see Note 1 of the notes to basic financial statements.

Nonoperating expenses of $57,363 and $52,818 for the years 2007 and 2006, respectively, were comprised of bond interest expense. The increase of $4,545 (8.6 percent) for 2007 over 2006 was mainly due to additional interest expense related to bonds and less capitalized interest captured as capital projects are completed.

Capital grants, mainly comprised of Federal grants, increased to $30,565 in 2007 from $22,217 in 2006, a 37.5 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.

2006

Landing fees and terminal area use charges for the years 2006 and 2005 were $42,638 and $32,847, respectively. Rents, concessions and other revenues were $62,932 and $59,381 for the years 2006 and 2005, respectively. The increase in 2006 operating revenues of $13,342 (14.5 percent) over 2005 was mainly due to increased landing fees, terminal area use charges and other rentals and concession revenues of $5,166, $6,203 and $1,973, respectively. Such increases were due to the residual Airport Use Agreement and Facilities Leases that require airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues.

Salaries and wages increased by $3,057 (9.5 percent) in 2006 compared to 2005. This increase is mainly due to negotiated contract wage increases (approximately $900), additional police overtime (approximately $700) as a result of an increased Orange security alert in October 2006 and additional indirect costs (approximately $980) charged to the Airport from the City's Cost Allocation Plan. The increase in repairs and maintenance of $1,072 (3.4 percent) is primarily due to increased property management fees of approximately $2,400, offset by reduced shuttle bus services of approximately $1,300. Professional and engineering expenses increased by $2,052 (18.2 percent) mainly due to increased parking management fees of approximately $400, additional professional fees related to the study of the privatization of Midway Airport of approximately $702, increased concession management fees of approximately $170 and increased computer professional service costs of approximately $250. Other operating expenses increased by $2,975 (2.3 percent) mainly due to vehicle acquisitions of approximately $4,000 during 2006 offset by reduced utility costs year over year of approximately $1,003. Depreciation and amortization expense increased $2,216 (6.2 percent) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program.

Fiscal year 2006 nonoperating revenues of $47,493 are comprised mainly of passenger facility charges (PFC) revenue ($24,406), customer facility charges (CFC) revenue ($7,206) and interest income ($15,104). During 2006, nonoperating revenues increased by $13,433 principally due to increases in interest income ($7,238), CFC revenues ($5,081) and PFC revenue ($1,114). Interest income increased mainly due to higher interest rate yields on construction and debt service cash and investment trustee accounts. PFC revenues increased due to increased enplanement activity at the Airport.

Nonoperating expenses of $52,818 and $48,035 for the years 2006 and 2005, respectively, were comprised of PFC and bond interest expenses. The increase of $4,783 (10.0 percent) for 2006 over 2005 was mainly due to additional interest expense requirements due to bonds issued in 2004 and less capitalized interest captured as capital projects are completed.

Capital grants, mainly comprised of Federal grants, increased to $22,217 in 2006 from $18,083 in 2005, a 22.9 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 cash flows for the years ended December 31, 2007, 2006 and 2005 is as follows:

	Cash Flows		
	2007	2006	2005
Cash from activities:			
Operating	$ 9,264	$ 99	$ 15,115
Capital and related financing	(58,290)	(109,849)	(83,262)
Investing	102,588	48,318	28,641
Net change in cash and cash equivalents	53,562	(61,432)	(39,506)
Cash and cash equivalents:			
Beginning of year	203,427	264,859	304,365
End of year	$ 256,989	$ 203,427	$ 264,859

2007

As of December 31, 2007 the Airport's available cash and cash equivalents of $256,989 increased by $53,562 compared to $203,427 at December 31, 2006 due to positive flows of cash provided by operating and investing activities of $9,264 and $102,588, respectively, offset by the use of $58,290 for capital and related financing activities. Total cash and cash equivalents at December 31, 2007 were comprised of unrestricted and restricted cash and cash equivalents of $31,962 and $225,027, respectively.

2006

As of December 31, 2006 the Airport's available cash and cash equivalents of $203,427 decreased by $61,432 compared to $264,859 at December 31, 2005 due to positive flows of cash provided by operating and investing activities of $99 and $48,318, respectively, offset by the use of $109,849 for capital and related financing activities. Total cash and cash equivalents at December 31, 2006 were comprised of unrestricted and restricted cash and cash equivalents of $27,719 and $175,708, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2007 and 2006 the Airport had $1,177,929 and $1,171,139, respectively, invested in net capital assets. During 2007, the Airport had additions of $43,204 related to capital activities. This included $213 for land acquisition and the balance of $42,991 for construction projects relating to terminal improvements, security enhancements, parking, runway, heating and refrigeration improvements.

During 2007, completed projects totaling $110,362 were transferred from construction in progress to applicable buildings and other facilities capital account. These major completed projects were related to roadway rehabilitation, parking and terminal improvements.

The Airport's capital assets at December 31, 2007, 2006 and 2005 are summarized as follows:

	Capital Assets at Year-end		
	2007	**2006**	**2005**
Capital assets not depreciated:			
Land	$ 102,832	$ 102,619	$ 100,903
Contruction in progress	21,237	88,608	114,906
Total capital assets not depreciated	124,069	191,227	215,809
Capital assets depreciated:			
Buildings and other facilities	1,268,207	1,157,845	1,044,383
Less accumulated depreciation for:			
Buildings and other facilities	(214,347)	(177,933)	(145,300)
Total capital assets depreciated — net	1,053,860	979,912	899,083
Total property and facilities — net	$ 1,177,929	$1,171,139	$1,114,892

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

The Airport issued $405 of Commercial Paper Notes during 2007 having an interest rate of 2.72 percent with a maturity date of June 5, 2008. Note proceeds may be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes.

The Airport's revenue bonds and notes payable at December 31, 2007 and 2006 are summarized as follows:

	Outstanding Debt at Year-end		
	2007	**2006**	**2005**
Revenue bonds and notes payable	$ 1,269,169	$ 1,282,384	$ 1,279,455
Unamortized:			
Bond discount	(9,779)	(10,197)	(10,681)
Deferred loss on refunding	(7,928)	(8,442)	(8,957)
	1,251,462	1,263,745	1,259,817
Current bonds payable	(14,505)	(13,620)	(7,340)
Total long-term revenue bonds and notes payeble – net	$ 1,236,957	$ 1,250,125	$ 1,252,477

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

The Airport's revenue bonds at December 31, 2007 and 2006, had credit ratings with each of the three major rating agencies as follows:

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

At December 31, 2007 and 2006 the Airport was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

The airlines using Chicago Midway International Airport generally provide low fare, point-to-point origination and destination passenger service. During 2007 and 2006, Southwest Airlines accounted for 75.9 and 72.5 percent, respectively, of total enplanements at the Airport.

Based on the Airport's rates and charges for fiscal year 2008, total budgeted operating and maintenance expenses are projected at $109,573 and total net debt service and fund deposit requirements are projected at $17,798. Additionally, 2008 non-airline and non-signatory revenues are budgeted for $64,312, resulting in a net airline requirement of $63,059 that will be funded through landing fees, terminal area use charges, and fueling system charges.

REQUESTS FOR INFORMATION

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF NET ASSETS
DECEMBER 31, 2007 AND 2006
($ in thousands)

ASSETS	2007	2006
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 31,962	$ 27,719
Investments (Note 2)	25,322	28,911
Accounts receivable, net of allowance for doubtful accounts of approximately $1,447 in 2007 and $732 in 2006	6,928	7,769
Due from other City funds	1,708	3,014
Prepaid expenses	425	765
Interest receivable	583	710
Total current assets	66,928	68,888
NONCURRENT ASSETS:		
Restricted assets (Note 3):		
Cash and cash equivalents (Note 2)	225,027	175,708
Investments (Note 2)	79,040	159,831
Due from other governments	1,414	14,516
Accounts receivable (Note 1)	2,369	3,322
Interest receivable	1,401	2,178
Total restricted assets	309,251	355,555
Other assets		
Deferred soundproofing and financing fees	91,215	82,030
Property and facilities (Note 5):		
Land	102,832	102,619
Buildings and other facilities	1,268,207	1,157,845
Construction in progress	21,237	88,608
Total property and facilities	1,392,276	1,349,072
Less accumulated depreciation	214,347	177,933
Property and facilities — net	1,177,929	1,171,139
Total noncurrent assets	1,578,395	1,608,724
TOTAL	$ 1,645,323	$ 1,677,612

LIABILITIES AND NET ASSETS	2007	2006
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 15,485	$ 14,582
Due to other City funds	6,511	4,202
Deferred revenue	26,137	18,543
Total current liabilities	48,133	37,327
NONCURRENT LIABILITIES:		
Liabilities payable from restricted assets (Note 3):		
Revenue bond payable (Note 4)	14,505	13,620
Interest rate swap premium (Note 4)	16,962	17,739
Accounts payable	21,892	38,169
Due to other City funds	123	229
Interest payable	24,361	24,865
Total liabilities payable from restricted assets	77,843	94,622
Revenue bonds payable—net of discount (Note 4)	1,226,283	1,239,856
Notes payable	10,674	10,269
Total long-term liabilities	1,236,957	1,250,125
Total noncurrent liabilities	1,314,800	1,344,747
TOTAL	$ 1,362,933	$ 1,382,074
NET ASSETS (Note 1):		
Invested in capital assets — net of related debt	$ 31,251	$ 48,388
Restricted net assets:		
Debt service	11,281	8,874
Capital projects	31,374	42,879
Passenger facility charges	21,096	29,277
Airport use agreement	34,342	39,118
Other assets	134,251	95,441
Total restricted net assets	232,344	215,589
Unrestricted net assets	18,795	31,561
Total net assets	282,390	295,538
TOTAL	$ 1,645,323	$ 1,677,612

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2007 AND 2006
($ in thousands)

	2007	2006
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 36,914	$ 42,638
Rents, concessions and other (Note 6)	70,339	62,932
Total operating revenues	107,253	105,570
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	39,998	35,316
Repairs and maintenance	36,863	32,762
Professional and engineering services	14,780	13,326
Other operating expenses	19,641	15,979
Total operating expenses before depreciation and amortization	111,282	97,383
Depreciation and amortization	42,437	37,893
Total operating expenses	153,719	135,276
OPERATING LOSS	(46,466)	(29,706)
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charges revenues	37,689	24,406
Passenger facility charges expenses		(2)
Customer facility charges revenues	7,552	7,206
Interest income	14,098	15,104
Interest expense (Note 4)	(57,363)	(52,816)
Other nonoperating revenues	777	777
Total nonoperating (expenses)	2,753	(5,325)
(LOSS) BEFORE CAPITAL GRANTS	(43,713)	(35,031)
CAPITAL GRANTS (Note 1)	30,565	22,217
CHANGE IN NET ASSETS	(13,148)	(12,814)
TOTAL NET ASSETS — Beginning of year	295,538	308,352
TOTAL NET ASSETS — End of year	$ 282,390	$ 295,538

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006
($ in thousands)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 44,843	$ 35,295
Rents, concessions and other	70,845	62,154
Payments to vendors	(73,844)	(66,968)
Payments to employees	(29,349)	(24,799)
Transactions with other City funds — net	(3,231)	(5,583)
Cash flows from operating activities	9,264	99
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of notes	405	10,269
Acquisition and construction of capital assets	(56,976)	(61,450)
Grant receipts	43,667	7,759
Principal paid on bonds	(13,620)	(7,340)
Interest paid	(62,754)	(62,162)
Cash paid for noise mitigation program	(15,206)	(29,085)
Passenger facility charges revenues	38,602	24,956
Customer facility charges revenues	7,592	7,206
Passenger facility charges expenses		(2)
Cash flows used in capital and related financing activities	(58,290)	(109,849)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) of investments — net	84,380	28,448
Investment interest	18,208	19,870
Cash flows from investing activities	102,588	48,318
NET CHANGE IN CASH AND CASH EQUIVALENTS	53,562	(61,432)
CASH AND CASH EQUIVALENTS — Beginning of year	203,427	264,859
CASH AND CASH EQUIVALENTS — End of year	$ 256,989	$ 203,427

See notes to basic financial statements

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006
($ in thousands)

	2007	2006
RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED ON THE BALANCE SHEETS:		
Unrestricted	$ 31,962	$ 27,719
Restricted	225,027	175,708
TOTAL	$ 256,989	$ 203,427
RECONCILIATION OF OPERATING LOSS TO CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (46,466)	$ (29,706)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation and amortization	42,437	37,893
Provision for uncollectible accounts	1,101	(8)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(260)	(1,506)
Decrease due from other City funds	1,306	611
Decrease (increase) in prepaid expenses	340	(241)
Increase (decrease) in due to other City funds	2,309	(198)
Increase (decrease) in deferred revenue	7,594	(6,600)
Increase (decrease) in accounts payable and accrued liabilities	903	(146)
CASH FLOWS FROM OPERATING ACTIVITIES	$ 9,264	$ 99

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:
Property additions in 2007 and 2006 of $15,720 and $27,569, respectively, are included in accounts payable.

The fair market value adjustments (loss) to investments for 2007 and 2006 were ($140) and ($1,107), respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting and Measurement Focus — The accounting policies of the Airport are based upon accounting principles generally accepted in the United States of America, as prescribed by the Government 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. For the year ended December 31, 2007, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and the Intra-Entity Transfers of Assets and Future Revenues.*

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 Governmental Accounting Standards Board (GASB). The Airport has elected not to apply FASB pronouncements issued after November 30, 1989.

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

Management's Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bond Issuance Costs, Bond Discounts and Refunding Transactions — Bond issuance costs and bond discounts are deferred and amortized over the life of the related debt, except in the case of refunding debt transactions where the amortization period is over the term of the refunding or refunded debt, whichever is shorter.

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

Capital Grants — The Airport reports capital grants as revenue on the Statements of Revenues, Expenses and Changes in Net Assets. Capital Grants are on a reimbursement basis and revenues are recognized to the extent of allowable expenditures.

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

Passenger Facility Charge (PFC) Revenue — For 2006, PFCs of $3.00 per eligible enplaned passenger, less allowable airline administrative costs of $.11 per eligible enplaned passenger, were imposed by the Airport. Effective January 1, 2007, the Federal Aviation Administration (FAA) approved PFCs of $4.50 per eligible enplaned passenger, less allowable airline administrative costs of $.11 per eligible enplaned passenger. PFCs are available, subject to FAA regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related expenses as nonoperating expenses in conformity with industry practice.

2. RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Investments — As of December 31, 2007 the Airport had the following Investments ($ in thousands):

Investment Type	Investment Maturities (in Years)				
Airport Funds	Less Than 1	1-5	6-10	More Than 10	Fair Value
U.S. Agencies	$ 176,863	$41,131	$	$	$ 217,994
Commercial Paper	2,300				2,300
Certificates of Deposits and Other Short-term	125,972				125,972
Subtotal	$ 305,135	$41,131	$	$	346,266
Share of City's pooled funds					4,298
Total					$ 350,564

As of December 31, 2006 the Airport had the following Investments ($ in thousands):

Investment Type	Investment Maturities (in Years)				
Airport Funds	Less Than 1	1-5	6-10	More Than 10	Fair Value
U.S. Treasuries	$ 1,575	$	$	$	$ 1,575
U.S. Agencies	268,248	5,895			274,143
Certificates of Deposits and Other Short-term	120,051				120,051
Subtotal	$ 389,874	$ 5,895	$	$	395,769
Share of City's pooled funds					1,633
Total					$ 397,402

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 ($ in thousands):

Quality Rating	2007	2006
Aaa/AAA	$ 343,966	$ 395,769
A/A	2,300	
Total Funds	$ 346,266	$ 395,769

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 public fund 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 were $515.7 and $248.4 million at December 31, 2007 and 2006, respectively. Of the bank balance, $509.4 million and $247.6 million or 98.8% and 99.7% at December 31, 2007 and 2006, respectively, were either insured or collateralized

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

	2007	2006
Per Note 2:		
Investments — Airport	$ 346,266	$ 395,769
Investments — City Treasurer Pooled Fund	4,298	1,633
	$ 350,564	$ 397,402
Per Financial Statements:		
Restricted Investments	$ 79,040	$ 159,831
Unrestricted Investments	25,322	28,911
Investments included as cash and cash equivalents on the Statements of Net Assets	246,202	208,660
	$ 350,564	$ 397,402

3. RESTRICTED ASSETS

There are various limitations and restrictions contained in the Master Indenture of Trust securing the Chicago Midway Airport Revenue Bonds (First Lien Master Indenture) and the Master Indenture of Trust securing the Chicago Midway Airport Second Lien Obligation (Second Lien Master Indenture) and together with the First Lien Master Indenture (Master Indentures), the Use Agreement and Federal regulations contain various limitations and restrictions which, among other things, require the creation and maintenance of separate accounts, certain of which must be held by a trustee and into which required deposits are made by the Airport on a periodic basis to fund construction, debt retirement, operation and maintenance and contingencies.

Restricted cash, cash equivalents and investment balances in accordance with the Master Indenture requirements are as follows ($ in thousands):

Account	**December 31** **2007**	**2006**
Construction	$ 79,406	$ 123,343
Capitalized interest	1,166	3,212
Debt service	49,958	47,067
Debt service reserve	64,652	66,363
Operation and maintenance reserve	17,444	16,884
Repair and replacement	4,378	4,080
Emergency reserve	338	331
Special projects	11,938	17,693
Other	54,239	30,984
Subtotal — Master Indentures and Use Agreement accounts	283,519	309,957
Passenger facility charges	20,548	25,581
Total	$ 304,067	$ 335,538

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

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

- The debt service account is restricted to the payment of debt service.
- The operation and maintenance reserve account is restricted to make loans to the operation and maintenance account, as needed, which are to be repaid as the funds become available.

The working capital account, which is recorded in unrestricted cash and cash equivalents, had a balance of $1,810 and $1,810 at December 31, 2007 and 2006, respectively.

The debt service reserve account requirement was funded upon issuance of the Series 1994 bonds with a surety bond, and upon issuance of the Series 1996 bonds and Series 1998 first and second lien bonds with a cash deposit. The debt service reserve account is restricted to the payment of debt service in the event that the balance in the debt service account is insufficient.

The junior lien obligation debt service fund is required to be established to record all transactions associated with junior lien obligations per the First Lien Master Indenture.

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

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

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

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

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

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

At December 31, 2007 and 2006 the Airport was in compliance with the funding requirements and restrictions as stated in the Master Indentures.

4. LONG-TERM DEBT

At December 31, 2007 and 2006, long-term debt consisted of the following ($ in thousands):

	2007	2006
First lien bonds:		
$148,820 Series 1996 A Chicago Midway Airport Revenue Bonds, issued issued November 7, 1996, due through 2029, interest at 4.8% — 6.0%	$ 64,875	$ 67,840
$105,220 Series 1996 B Chicago Midway Airport Revenue Bonds, issued issued November 7, 1996, due through 2029, interest at 4.9% — 6.5%	91,600	93,645
$397,715 Series 1998 A, B, and C Chicago Midway Airport Revenue Bonds, issued September 10, 1998, due through 2035, interest at 4.3% — 5.5%	389,335	392,060
$295,855 Series 2001 A and B Chicago Midway Airport Revenue Bonds, issued September 13, 2001, due through 2031, interest at 5.0% — 5.5%	289,970	295,855
Subtotal first lien bonds	835,780	849,400
Second lien bonds:		
$171,000 Series 1998 A and B Chicago Midway Airport Second Lien Revenue Bonds, issued September 16, 1998, due through 2029, variable floating interest rate (3.80 % at December 31, 2007)	171,000	171,000
$22,000 Series 2002 A Chicago Midway Airport Second Lien Revenue Bonds, issued February 13, 2002, due through 2021, variable floating interest rate (4.45% at December 31, 2007)	22,000	22,000
$77,565 Series 2004 A and B Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2024, interest rate at 3.20% — 5.00%	77,565	77,565
$152,150 Series 2004 C and D Chicago Midway Airport Second Lien Revenue Bonds, issued December 14, 2004, due through 2035, interest rate at 4.174%	152,150	152,150
Subtotal second lien bonds	422,715	422,715
Commercial Paper Notes:		
$10,674 Series A Commercial Paper Notes outstanding at December 31, 2007, due through 2008; interest at 2.72%	10,674	10,269
Total revenue bonds and notes	1,269,169	1,282,384
Unamortized discount	(9,780)	(10,197)
Unamortized deferred loss on bond refunding	(7,927)	(8,442)
	1,251,462	1,263,745
Current portion	(14,505)	(13,620)
Total long-term revenue bonds payable	$ 1,236,957	$ 1,250,125

During the years ended December 31, 2007 and 2006, long-term debt changed as follows ($ in thousands):

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Revenue bonds	$1,272,115	$	$ (13,620)	$1,258,495	$ 14,505
Unamortized discount	(10,197)		417	(9,780)	
Deferred loss on refunding	(8,442)		515	(7,927)	
Total revenue bonds	1,253,476		(12,688)	1,240,788	14,505
Commercial Paper	10,269	405		10,674	
Total Long-term debt	$1,263,745	$ 405	$ (12,688)	$1,251,462	$ 14,505

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
Revenue bonds	$1,279,455	$	$ (7,340)	$1,272,115	$ 13,620
Unamortized discount	(10,681)		484	(10,197)	
Deferred loss on refunding	(8,957)		515	(8,442)	
Total revenue bonds	1,259,817		(6,341)	1,253,476	13,620
Commercial Paper		10,269		10,269	
Total Long-term debt	$1,259,817	$ 10,269	$ (6,341)	$1,263,745	$ 13,620

Interest expense capitalized for 2007 and 2006 totaled $5.8 million and $10.3 million, respectively. Interest income capitalized for 2007 and 2006 totaled $3.2 million and $5.7 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2007 and 2006 of $.52 million and $.52 million, respectively, and amortization of bond discount for 2007 and 2006 of $.42 million and $.48 million, respectively.

Issuance of Debt — Chicago Midway International Airport Commercial Paper Notes, Series A ($100.0 million maximum aggregated authorized) outstanding at December 31, 2007 and 2006 were $10.7 million and $10.3 million, respectively. At December 31, 2007 the notes have an interest rate of 2.72 percent with a maturity date of June 5, 2008. Note proceeds may be used to finance portions of the costs of authorized airport projects and to repay the expenses of issuing the notes. An irrevocable letter of credit ($111.3 million) provides for the timely payment of principal and interest on the notes until July 12, 2009. 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, 2007 and 2006, there were no outstanding letter of credit advances.

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

Years Ending December 31	Principal	Interest	Total
2008	$ 14,505	$ 43,350	$ 57,855
2009	15,260	42,567	57,827
2010	12,575	41,834	54,409
2011	13,235	41,154	54,389
2012	13,945	40,417	54,362
2013-2017	81,975	189,495	271,470
2018-2022	106,900	163,926	270,826
2023-2027	182,675	126,215	308,890
2028-2032	251,560	69,314	320,874
2033-2035	143,150	11,158	154,308
Total	$ 835,780	$ 769,430	$ 1,605,210

Following is a schedule of debt service requirements to maturity of the second lien bonds. For issues with variable rates, interest is imputed at the percent rate effective at December 31, 2007 ($ in thousands).

Years Ending December 31	Principal	Interest	Total
2008	$	$ 18,129	$ 18,129
2009		18,129	18,129
2010	3,475	18,054	21,529
2011	4,495	17,871	22,366
2012	8,360	17,570	25,930
2013-2017	48,100	81,387	129,487
2018-2022	82,685	67,028	149,713
2023-2027	35,400	51,998	87,398
2028-2032	211,375	20,949	232,324
2033-2035	28,825	1,988	30,813
Total	$ 422,715	$ 313,103	$ 735,818

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, 2007 the Series 1998 bonds were in a daily interest mode and the Series 2002 bonds were in a weekly rate interest mode. An irrevocable letter of credit ($172.6 million) provides for the timely payment of principal and interest on the Series 1998 bonds until March 3, 2008 ($86.3 million) and September 15, 2008 ($86.3 million). An irrevocable letter of credit ($22.3 million) provides for the timely payment of principal and interest on the Series 2002 bonds until February 13, 2009. At December 31, 2007, there were no outstanding letter of credit advances.

The Series A Commercial Paper Notes outstanding at December 31, 2007 of $10.7 million will be refunded with new commercial paper notes as the existing notes mature. The Airport plans to refinance these notes with future bonds.

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

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
Series 2004 C Bonds	$ 91,290	12/14/2004	4.174%	BMA	$ (3,980)	1/1/2035	Aa3/AA-
Series 2004 D Bonds	60,860	12/14/2004	4.174%	BMA	(2,794)	1/1/2035	Aaa/AAA
Total	$ 152,150				$ (6,774)		

Terms, Fair Values and Credit Risk — The terms, including the fair value and credit ratings of the outstanding swaps as of December 31, 2007, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City's swap agreements contained scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category.

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

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

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

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

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

Swap Payments and Associated Debt — Bonds maturing and interest payable January 1, 2007 have been excluded because funds for their payment have been provided for. As of December 31, 2007 debt service requirements for the Airport's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows ($ in thousands):

Years Ending December 31	Variable-Rate Bonds Principal	Variable-Rate Bonds Interest	Interest Rate Swaps–Net	Total
2008	$	$ 6,855	$ 167	$ 7,022
2009		6,855	167	7,022
2010		6,855	167	7,022
2011		6,855	167	7,022
2012	3,650	6,773	165	10,588
2013-2017	20,875	31,182	761	52,818
2018-2022	26,025	25,917	633	52,575
2023-2027	32,400	19,105	473	51,978
2028-2032	40,375	11,202	300	51,877
2033-2035	28,825	1,987	50	30,862
	$ 152,150	$ 123,586	$ 3,050	$ 278,786

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

Option on Interest Rate Swap Agreement — Effective October 27, 1999 the Airport entered into an Option on Interest Rate Swap Agreement (the Option) in connection with $397.7 million (the Notional Amount) of Chicago Midway Airport Series Revenue Bonds 1998 A, 1998 B and 1998 C. Pursuant to the Option, the Airport received a premium of $23.0 million that was recorded as a deferred gain. As a synthetic refunding of the bonds, this premium represents the risk-adjusted, present value savings of a refunding, without issuing refunding bonds. The deferred gain is amortized over the term of the agreement (30 years). The buyer may exercise the Option if the daily weighted average of the Municipal Swap Index for the 180 days on the day prior to the exercise date is greater than 7.5 percent. If the Option is exercised, the Airport will owe interest calculated on a floating rate equal to the Municipal Swap Index plus 25 basis points (the Spread) to the buyer of the swap. In return, the buyer will owe the Airport interest calculated on a fixed rate of 5.1 percent. The Notional Amount is not exchanged; it is only the basis on which interest payments are calculated. The Airport's floating rate is capped at 15 percent. The Airport continues to pay interest to the bondholders at the fixed rate stated in the bonds. However, during the term of the swap agreement, the Airport will effectively pay a variable rate on the bonds. The Option increases the Airport's exposure to variable interest rates. The debt service requirements to maturity for these bonds (presented in this note) are based on the fixed rate stated in the Bonds. The Airport will be exposed to paying fixed rates if the buyer to the swap defaults or if the swap is terminated. The Airport or the counter-party may terminate the Option if the other party fails to perform under the terms of the agreement. A termination of the swap agreement may result in the Airport making or receiving a termination payment. As of December 31, 2007 the Option had a negative fair market value of $10.7 million. The Option was not exercised during 2007.

5. CHANGES IN CAPITAL ASSETS

During the years ended December 31, 2007 and 2006, capital assets changed as follows ($ in thousands):

	Balance January 1, 2007	Additions	Disposals and Transfers	Balance December 31, 2007
Capital assets not depreciated:				
Land	$ 102,619	$ 213	$	$ 102,832
Construction in progress	88,608	42,991	(110,362)	21,237
Total capital assets not depreciated	191,227	43,204	(110,362)	124,069
Capital assets depreciated:				
Buildings and other facilities	1,157,845	110,362		1,268,207
Less accumulated depreciation for:				
Buildings and other facilities	(177,933)	(36,414)		(214,347)
Total capital assets depreciated — net	979,912	73,948		1,053,860
Total property and facilities — net	$1,171,139	$117,152	$(110,362)	$1,177,929

	Balance January 1, 2006	Additions	Disposals and Transfers	Balance December 31, 2006
Capital assets not depreciated:				
Land	$ 100,903	$ 1,716	$	$ 102,619
Construction in progress	114,906	87,165	(113,463)	88,608
Total capital assets not depreciated	215,809	88,881	(113,463)	191,227
Capital assets depreciated:				
Buildings and other facilities	1,044,383	113,462		1,157,845
Less accumulated depreciation for:				
Buildings and other facilities	(145,300)	(32,633)		(177,933)
Total capital assets depreciated — net	899,083	80,829		979,912
Total property and facilities — net	$1,114,892	$169,710	$(113,463)	$1,171,139

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings and terminal space are leased under operating lease agreements to airlines and other tenants. The following is a schedule of the minimum future rental income on noncancelable operating leases as of December 31, 2007 ($ in thousands):

Years Ending December 31	Amount
2008	$ 11,134
2009	10,603
2010	10,460
2011	10,460
2012	7,971
2013–2014	437
Total	$ 51,065

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

Rental income, consisting of all rental and concession revenues except aircraft parking fees and turns and automobile parking, amounted to $62.4 million and $60.9 million in 2007 and 2006, respectively. Contingent rentals included in the totals were approximately $26.8 million and $26.1 million for 2007 and 2006, respectively.

7. PENSION PLANS

Eligible Airport 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 and death and disability benefits as established by State law. Benefits generally vest after 20 years of credited service. Employees who retire at or after age 55 with at least 10 years of credited service qualify to receive a money purchase annuity and those with more than 20 years of credited service qualify to receive a minimum formula annuity. The annuity is computed by multiplying the final average salary by a minimum of 2.4 percent per year of credited service. The final average salary is the employee's highest average annual salary for any four consecutive years within the last 10 years of credited service.

Participating employees contribute 8.5 percent of their salary to these funds as required by State law. By law, the City's contributions are based on the amounts contributed by the employees. Financing of the City's contribution is through a separate property tax levy and the personal property replacement tax. The Midway Fund reimburses the City's General Fund for the estimated pension cost applicable to the covered payroll of Midway Fund employees. These reimbursements recorded as expenses of the Midway Fund were $3.5 million in 2007 and $2.7 million in 2006. 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 current year, multiplied by the statutory rates. The statutory rates in effect for the City's contributions made during the years ended December 31, 2007, 2006 and 2005 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, 2007 assists readers 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 will be accumulated over the next year ($ in thousands):

	Annual Pension Cost	Annual Pension Cost Contributed	Required Contribution	Required Contributions Contributed	Net Pension Assets
Municipal Employees':					
2005	$284,587	54.5	$ 285,291	54.4	$ 169,895
2006	325,514	48.3	325,914	48.3	1,442
2007	343,127	40.7	343,123	40.7	(202,078)
Laborers':					
2005	$ 12,138	0.3	$ 12,774	0.3	$ 258,125
2006	20,536	0.5	17,600	0.6	237,696
2007	22,260	59.3	21,726	61.0	228,692

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

In addition to providing pension benefits, under State law, the City provides certain health benefits to employees who retire from the City based upon their participation in the City's pension plans. Substantially all employees who qualify as Municipal Employees' or Laborers' pension plan participants older than age 55 with at least 20 years of service may become eligible for postemployment benefits if they eventually become annuitants. Health benefits include basic benefits for annuitants and supplemental benefits for Medicare-eligible annuitants. Currently, the City does not segregate benefit payments to annuitants by fund. The cost of health benefits is recognized as claims are reported on and funded on a pay-as-you-go basis. The total cost to the City for providing health benefits to approximately 24,350 and 24,374 annuitants and their dependents was approximately $87.5 million and $79.3 million in 2007 and 2006, respectively.

8. OTHER POST-EMPLOYMENT BENEFITS — CITY OBLIGATION

Plan Description Summary - Eligible Airport fund employees participate in the City's Settlement Healthcare Plan (The Health Plan). The Health Plan is a single employer defined benefit plan for the entire City. The City of Chicago 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 agreement does not require or extend continuation of the Plans after June 30, 2013. Pursuant to the Settlement, 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 of Chicago sponsors health benefit plans for employees, former employees and retired former 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 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 pension funds contributed $55 for each Medicare eligible annuitant and $85 for each Non-Medicare eligible annuitant to their gross cost. The annuitants contributed a total of $54.8 million in 2007 to the gross cost of their retiree heath care pursuant to premium amounts set forth in the above-referenced settlement agreement.

The cost of health benefits is recognized as an expenditure in the accompanying financial statements as claims are reported and are funded on a pay-as-you-go basis. In 2007, the net expense to the City for providing these benefits to approximately 24,350 annuitants plus their dependents was approximately $87.5 million.

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

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.

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

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC (Annual Required Contribution) 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 six and one-half 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 Settlement Plan, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the Retiree 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 retiree health plan. The amount of the annual cost for the retiree health plan which is to be recorded in the Statement of Changes in Net Assets for 2007 is the *Annual OPEB Cost (expense)*.

Annual OPEB Cost and Contributions Made
(dollars in thousands)

	Retiree Settlement Health Plan
Contribution Rates:	
City	Pay As You Go
Plan Members	N/A
Annual Required Contribution	$ 245,591
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	245,591
Contributions Made	97,245
Increase (Decrease) in Net OPEB Obligation	148,346
Net OPEB Obligation (Excess), Beginning of Year	-

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2007 is 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
12/31/2007	$ 245,591	39.6%	$ 148,346

The City, as required, adopted GASB 45 in fiscal year 2007. Information is provided for Fiscal Year End 2007 only, the year of adoption. Subsequent years' disclosure will provide information for the reporting year and for the prior two years, as applicable.

Funded Status and Funding Progress - As of January 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $1,301,417 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was approximately $2,502,154 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 52%.

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 plan and the annual required contributions of the employer are subject to continual revisions as the results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents, as required, supplementary information following the notes to the financial statements (dollars in thousands).

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
12/31/2006	$ -	$ 1,301,417	$ 1,301,417	0%	$ 2,502,154

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 Settlement Plan benefits (not provided by the Pension Funds) in the actuarial valuation for the fiscal year ended December 31, 2007, 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 7%. Both rates included a 3% inflation assumption. The plan has not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations which will yield an annual return rate of 4.35% (percent). The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 6.5 years.

Summary of Assumptions and Methods

	Settlement Health Plan
Actuarial Valuation Date	December 31, 2006
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	6.5 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.35%
Projected Salary Increases	2.5%
Healthcare Inflation Rate	12% initial to 7% ultimate

The pension benefit information pertaining to Airport fund is not available

9. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the General Fund of the City for services provided by other City departments, employee fringe benefits and self-insured risks. Such reimbursements were $11.8 million and $11.4 million in 2007 and 2006, respectively.

10. COMMITMENTS AND CONTINGENCIES

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

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

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2007 and 2006, are as follows ($ in thousands):

	2007	2006
Beginning balance — January 1	$ 264	$ 317
Total claims incurred (expenditures)	2,901	2,818
Claims paid	(2,882)	(2,871)
Claims liability — December 31	$ 283	$ 264

The City purchases annuity contracts from commercial insurers to satisfy certain liabilities. The City renewed its property insurance for the City's Airports, effective January 1, 2007, at a limit of $2.5 billion, which the City's insurance broker advised was the highest amount commercially available at the time. Claims have not exceeded the purchased insurance coverage in the past three years. Accordingly, no liability is reported for those claims. Property and casualty risks for the Airport are transferred to commercial insurers.

At December 31, 2007 and 2006, the Airport had commitments in the amount of approximately $29.5 million and $53.2 million, respectively, in connection with contracts entered into for construction projects.

11. SUBSEQUENT EVENTS

The City is evaluating the sale of a long-term lease to operate Midway International Airport. The City intends to pursue such a transaction in accordance with the provisions of 49 U.S.C — 47134 relating to a pilot program for the private ownership of airports (the Airports Privatization Act). It is not possible to predict whether or when any such transaction will occur.

Chicago Midway International Airport Revenue Bonds Series 2004 C & D – Second Lien bonds ("Midway Bonds") bear interest at rates reset periodically through an auction process conducted by an independent financial institution appointed as an auction agent by the City. From their dates of issue until December 31, 2007, interest rates on the Midway Bonds ranged from 1.45% to 4.55%. The volatility in the financial markets, in part caused by the sub-prime mortgage market and resulting ratings downgrades of various municipal bond insurers, continues to cause increases in the interest rates generally applicable to auction rate securities regardless of the issuer of such securities. During the period from January 1, 2008 through May 30, 2008, interest rates on the Midway Bonds ranged from 3.58% to 4.92%.

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006
($ in thousands)

	2007	2006
REVENUES:		
Total revenues — as defined	$ 115,697	$ 114,488
Other available moneys (passenger facility charges and letter of intent)	62,917	55,776
Cash balance in Revenue Fund on first day of fiscal year (Note 2)	28,051	46,512
TOTAL REVENUES	$ 206,665	$ 216,776
COVERAGE REQUIREMENT:		
Required deposits from revenues:		
Debt Service Fund	$ 56,350	$ 54,578
Operation and Maintenance Reserve Account		
Junior Lien Obligation Debt Service Fund	14,792	13,102
Repair and Maintenance Fund	1,104	
Total fund deposit requirements	$ 72,246	$ 67,680
AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR	$ 58,236	$ 58,086
Less amounts transferred from capitalized interest accounts		(136)
Net aggregate debt service	58,236	57,950
	1.25	1.25
Net debt service required	$ 72,795	$ 72,438
OPERATION AND MAINTENANCE EXPENSES	$ 111,282	$ 97,383
COVERAGE REQUIRED (Greater of total fund deposit requirements or 125 percent of aggregate debt service)	72,795	72,438
TOTAL COVERAGE REQUIRED	$ 184,077	$ 169,821
TOTAL REVENUES	$ 206,665	$ 216,776
COVERAGE RATIO	1.12	1.28

See notes to Debt Service Coverage Calculations.

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006

1. RATE COVENANT

The Master Indenture of Trust (Master Indenture) securing the Chicago Midway Airport Revenue Bonds (Bonds) requires that revenues, together with other available moneys deposited with the trustee and any cash balance held in the Revenue Fund on the first day of the calendar year not then required to be deposited in any fund or account, will be at least sufficient (i) to provide for the payment of operation and maintenance expenses for the fiscal year, and (ii) to provide for the greater of (a) the amounts needed to make required deposits into the Debt Service Fund, the Operating and Maintenance Reserve Account, the Working Capital Account, the Debt Service Reserve Fund, the Junior Lien Obligation Debt Service Fund, the Repair and Replacement Fund and the Special Project Fund, and (b) an amount not less than 125 percent of the aggregate debt service for the bond year commencing during such fiscal year.

2. REVENUE FUND BALANCE

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006
($ in thousands)

	2007	2006
REVENUES:		
Total revenues — as defined	$ 115,697	$114,488
Other available moneys (passenger facility charges & letter of intent)	62,917	55,776
Cash balance in Revenue Fund on first day of fiscal year (Note 2)	28,051	46,512
TOTAL REVENUES FOR CALCULATION OF COVERAGE	$ 206,665	$216,776
COVERAGE REQUIREMENT:		
Required deposits from revenues:		
First Lien Debt Service Fund	$ 56,350	$ 54,578
Operation and Maintenance Reserve Account		
Junior Lien Obligation Debt Service Fund	14,792	13,102
Junior Lien Obligation Debt Service Fund	1,104	
Total fund deposit requirements	$ 72,246	$ 67,680
125% OF AGGREGATE FIRST LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 58,236	$ 58,086
Less amounts transferred from First Lien Capitalized Interest Accounts		(136)
Net aggregate First Lien Debt Service	58,236	57,950
	1.25	1.25
125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 72,795	$ 72,438
GREATER OF FUND DEPOSIT REQUIREMENTS AND 125% OF AGGREGATE FIRST LIEN DEBT SERVICE	$ 72,795	$ 72,438
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE FOR THE BOND YEAR:		
Aggregate First Lien Debt Service	$ 58,236	$ 58,086
Aggregate Second Lien Debt Service	16,875	21,207
Less amounts transferred from First Lien Capitalized Interest Accounts		(136)
Less amounts transferred from Junior Lien Capitalized Interest Accounts	(2,116)	(8,098)
Net aggregate First and Second Lien Debt Service	72,995	71,059
	1.10	1.10
110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 80,295	$ 78,164
GREATER OF FUND DEPOSIT REQUIREMENTS AND 110% OF AGGREGATE FIRST AND SECOND LIEN DEBT SERVICE	$ 80,295	$ 78,164
GREATER OF 125% OF FIRST LIEN DEBT OR 110% OF AGGREGATE DEBT SERVICE	$ 80,295	$ 78,164
COVERAGE CALCULATION:		
Operation and maintenance expenses	$ 111,282	$ 97,383
110% of aggregate First and Second Lien Debt Service	80,294	78,164
TOTAL COVERAGE REQUIRED	$ 191,576	$175,547
TOTAL REVENUES	$ 206,665	$216,776
REVENUES IN EXCESS OF COVERAGE REQUIREMENT	$ 15,089	$ 41,229
COVERAGE RATIO	1.08	1.23

See notes to Debt Service Coverage Calculations.

ADDITIONAL INFORMATION
CHICAGO MIDWAY AIRPORT SECOND LIEN REVENUE BONDS
NOTES TO DEBT SERVICE COVERAGE CALCULATIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006

1. RATE COVENANT

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

2. REVENUE FUND BALANCE

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
TEN YEARS ENDED DECEMBER 31, 2007 (UNAUDITED)
($ in thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OPERATING REVENUES:										
Landing fees	$ 11,749	$ 12,657	$ 20,432	$ 18,773	$ 20,934	$ 14,524	$ 15,585	$ 15,668	$ 20,834	$ 19,606
Rental revenues:										
Terminal area use charges	2,580	3,479	6,322	14,748	19,073	12,089	13,714	17,179	21,804	17,308
Other rentals and fueling system fees	2,930	2,631	2,979	6,693	9,837	8,688	11,055	12,942	14,520	17,784
Subtotal rental revenues	5,510	6,110	9,301	21,441	28,910	20,777	24,769	30,121	36,324	35,092
Concessions:										
Auto parking	17,799	20,719	25,613	23,595	23,443	25,348	25,939	25,675	27,433	29,740
Auto rentals	4,566	7,376	7,436	8,049	8,039	7,808	8,001	8,417	7,698	8,440
Restaurant	1,899	2,053	2,559	3,595	5,249	6,057	6,715	6,879	7,391	8,136
News and gifts	802	864	1,195	1,347	2,287	2,968	3,272	3,852	3,905	3,876
Other	914	1,056	1,044	668	996	1,490	1,328	1,616	1,985	2,363
Subtotal concessions	25,980	32,068	37,847	37,254	40,014	43,671	45,255	46,439	48,412	52,555
Reimbursements	43	43								
Total operating revenues (1)	43,282	50,878	67,580	77,468	89,858	78,972	85,608	92,228	105,570	107,253
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	25,461	28,498	31,094	33,121	34,036	36,582	32,316	32,259	35,316	39,998
Repairs and maintenance	5,312	8,108	9,695	18,215	24,562	26,770	28,065	31,690	32,762	36,863
Energy	876	1,112	2,613	3,332	4,143	3,621	4,869	6,040	5,076	7,495
Materials and supplies	928	1,427	1,275	588	811	616	663	1,170	437	1,751
Professional and engineering services	4,742	6,652	8,192	10,085	9,536	9,214	10,678	11,274	13,326	14,780
Other operating expenses	4,613	4,164	3,033	2,379	4,467	6,390	4,940	5,794	10,466	10,395
Total operating and maintenance expenses before depreciation and amortization (3)	41,932	49,961	55,902	67,720	77,555	83,193	81,531	88,227	97,383	111,282
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$ 1,350	$ 917	$ 11,678	$ 9,748	$ 12,303	$ (4,221)	$ 4,077	$ 4,001	$ 8,187	$ (4,029)
DEBT SERVICE COVERAGE RATIO (5)	1.26	1.29	1.30	1.27	1.19	1.05	1.16	1.23	1.23	1.12

(1) Average annual compound growth rate for 1998-2007 for Total operating revenues is 10.6 percent.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 1998-2007 for Total operating and maintenance expenses before depreciation and amortization is 11.5 percent.
(4) Amount for 2007 may be reconciled to operating loss of $46,466 reported in the 2006 Statement of Revenues, Expenses and Changes in Net Assets by deducting depreciation and amortization of $42,437. Amount for prior years may be reconciled through similar calculations.
(5) Represents debt service coverage ratio on first and second lien bonds.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE (UNAUDITED)
($ in thousands)

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

Year Ending December 31	Debt Service Series 1996 First Lien Bonds	Debt Service Series 1998 First Lien Bonds	Debt Service Series 2001 First Lien Bonds	(First Lien) Total Debt Service	Debt Service Series 1998 Second Lien Bonds	Debt Service Series 2002 Second Lien Bonds	Debt Service Series 2004 Second Lien Bonds	(Second Lien) Total Debt Service (1)	Total Debt Service
2008	13,947	22,731	21,177	57,855	6,498	979	10,652	18,129	75,984
2009	13,935	22,729	21,163	57,827	6,498	979	10,652	18,129	75,956
2010	10,529	22,722	21,158	54,409	6,498	979	14,052	21,529	75,938
2011	10,522	22,721	21,146	54,389	6,498	979	14,889	22,366	76,755
2012	10,519	22,719	21,124	54,362	6,498	979	18,453	25,930	80,292
2013	10,529	22,702	21,112	54,343	6,498	979	18,462	25,939	80,282
2014	10,522	22,705	21,097	54,324	6,498	979	18,430	25,907	80,231
2015	10,509	22,691	21,083	54,283	6,498	979	18,453	25,930	80,213
2016	10,504	22,701	21,072	54,277	6,498	979	18,332	25,809	80,086
2017	10,502	22,684	21,058	54,244	6,498	979	18,425	25,902	80,146
2018	10,494	22,674	21,040	54,208	6,498	979	18,410	25,887	80,095
2019	10,488	22,671	21,021	54,180	6,498	979	18,401	25,878	80,058
2020	10,480	22,664	21,029	54,173	6,498	979	18,383	25,860	80,033
2021	10,473	22,658	21,016	54,147	6,498	22,490	18,266	47,254	101,401
2022	10,467	22,646	21,005	54,118	6,498		18,337	24,835	78,953
2023	17,334	22,643	20,981	60,958	6,498		11,942	18,440	79,398
2024	17,313	22,632	20,968	60,913	6,498		11,942	18,440	79,353
2025	17,294	24,151	20,944	62,389	6,498		10,360	16,858	79,247
2026	17,274	24,137	20,926	62,337	6,498		10,362	16,860	79,197
2027	17,252	24,126	20,915	62,293	6,498		10,301	16,799	79,092
2028	17,230	24,113	20,888	62,231	6,498		10,327	16,825	79,056
2029	17,205	24,107	20,867	62,179	174,249		10,312	184,561	246,740
2030		51,656	20,840	72,496			10,332	10,332	82,828
2031		51,607	20,810	72,417			10,310	10,310	82,727
2032		51,550		51,550			10,297	10,297	61,847
2033		51,495		51,495			10,267	10,267	61,762
2034		51,439		51,439			10,269	10,269	61,708
2035		51,374		51,374			10,276	10,276	61,650
2036									
2037									
2038									
	$285,322	$815,448	$504,440	$1,605,210	$310,707	$35,217	$389,894	$735,818	$2,341,028

(1) Assumes an interest rate effective at December 31, 2007 on $422,715 of Second Lien Bonds that are variable-rate demand obligations.

Note: The annual debt service tables in the Official Statements for the above debt were presented with a year ended January 1. The information above is presented with a year ended December 31. The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2004.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

MIDWAY AIRPORT REVENUE BONDS
SERIES 1996 ESTIMATED BOND-FUNDED COSTS
DECEMBER 31, 2007 (UNAUDITED)
($ in thousands)

	Estimated Bond-Funded Costs (1)
Airfield	$ 28,634
Terminal	39,371
Terminal ramp	2,374
Parking and roadways	90,480
Noise	22,627
Land acquisition	16,603
Fuel storage facilities	17,392
Total	$ 217,481

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PROGRAM 2008 — 2013
ESTIMATED SOURCES AND USES OF FUNDS
DECEMBER 31, 2007 (UNAUDITED)
($ in thousands)

ESTIMATED SOURCES:	
AIP—Entitlements	$ 21,600
Other federal funds	45,600
Airport development fund	500
Other airport funds	76,900
Series 1998 Bonds	5,500
Series 2001 Bonds	4,500
Series 2004 Bonds	38,600
Future Bonds	180,800
TOTAL ESTIMATED SOURCES	$ 374,000
ESTIMATED USES:	
Terminal area projects (1)	$ 41,400
Land acquisition	19,200
Airfield projects	84,900
Parking/roadway projects	112,300
Noise projects	61,100
Safety and Security	41,100
Implementation	14,000
TOTAL ESTIMATED USES	$ 374,000

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

TERMINAL DEVELOPMENT PROGRAM
ESTIMATED SOURCES AND USES OF FUNDS
DECEMBER 31, 2007 (UNAUDITED)
($ in thousands)

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

(1) The estimated sources and uses of the TDP include approximately $629.7 million of funds expended through December 31, 2007.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
TEN YEARS ENDED DECEMBER 31, 2007 (UNAUDITED)

Year	Domestic Air Carrier	Domestic Commuter	Total Domestic	International Enplanements	Total Enplanements	Percent Change
1998	5,190,367	120,542	5,310,909		5,310,909	15.3
1999	6,223,525	154,161	6,377,686		6,377,686	20.1
2000	7,042,744	282,653	7,325,397		7,325,397	14.9
2001	7,062,749	398,429	7,461,178		7,461,178	1.9
2002	7,531,464	561,917	8,093,381	115,131	8,208,512	10.0
2003	8,228,230	658,478	8,886,708	113,665	9,000,373	9.7
2004	8,815,951	656,468	9,472,419	153,481	9,625,900	7.0
2005	8,501,430	99,991	8,601,421	104,382	8,705,803	(9.6)
2006	9,049,740	57,734	9,107,474	91,058	9,198,532	5.7
2007	9,296,778	56,764	9,353,542	60,639	9,414,181	2.3

Average Annual Compound Growth Rates

1998-2007	6.7 %	(8.0)%	6.5 %	(12.0)%	6.6 %

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
TEN YEARS ENDED DECEMBER 31, 2007 (UNAUDITED)

	1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	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
Southwest Airlines	2,625,879	49.4 %	2,933,217	46.0 %	3,314,836	45.3 %	3,261,567	43.7 %	3,348,624	40.9 %	3,651,618	40.5 %	3,967,477	41.2 %	5,542,890	63.6 %	6,666,986	72.5 %	7,147,154	75.9 %
American Trans Air	1,150,225	21.7	1,517,290	23.8	2,008,826	27.4	2,476,073	33.2	3,032,663	37.0	3,473,581	38.5	3,668,159	38.1	1,714,873	19.6	783,224	8.5	686,065	7.3
AirTran (1)	214,575	4.0	222,013	3.5	253,282	3.5	351,242	4.7	296,909	3.6	248,891	2.8	229,040	2.4	338,057	3.9	681,936	7.4	645,363	7.0
Northwest Airlines	339,229	6.4	376,177	5.9	404,851	5.5	370,176	5.0	329,709	4.0	357,425	4.0	349,161	3.6	290,080	3.3	285,310	3.1	280,911	3.0
Frontier											101,035	1.1	134,593	1.4	154,120	1.8	189,216	2.1	206,675	2.2
Shuttle America (Delta Express)																			144,539	1.5
Atlantic Southeast																	99,373	1.1	61,460	0.6
Continental Airlines	180,247	3.4	204,753	3.2	52,434	0.7	123,883	1.7	148,946	1.8	140,100	1.6	162,823	1.7	63,433	0.7	84,153	0.9	48,478	0.5
Continental Express															53,458	0.6	53,363	0.6	37,500	0.4
Comair											23,818	0.3	17,655	0.2	5,123	0.1	4,371	0.1	19,264	0.1
American	69,984	1.3	116,344	1.8	110,043	1.5	92,500	1.2	116,071	1.4	153,043	1.7	143,211	1.5	113,818	1.3	60,793	0.7	164	.0
Delta (2)	22,110	0.4	98,053	1.5	86,096	1.2	48,075	0.6	175,323	2.1	163,104	1.8	184,166	1.9	86,621	1.0				
United															106,951	1.3	74,520	0.8		
American Eagle/Simmons													22,267	0.2	7,599	0.1	27,863	0.3		
U.S. Airways (3)			143,848	2.3	173,344	2.4	62,780	0.8	17,644	0.2	25,293	0.3	14,116	0.1						
Chicago Express											564,951	6.3	570,580	5.9	41,410	0.5				
Mexicana									33,045	0.4	5,786	0.1		0.0		0.0				
All other airlines	237,181	4.5	287,054	4.5	460,813	6.3	479,738	6.4	594,181	7.2	91,728	1.0	162,652	1.7	187,370	2.2	187,424	2.0	136,608	1.5
Total	4,839,430	100.0 %	5,898,749	100.0 %	6,864,525	100.0 %	7,266,034	100.0 %	8,093,115	100.0 %	9,000,373	100.0 %	9,625,900	100.0 %	8,705,803	100.0 %	9,198,532	100.0 %	9,414,181	100.0 %

(1) AirTran Airlines, formerly known as Valujet, temporarily suspended operations system-wide from June 18, 1996 to September 30, 1996. AirTran resumed operations at the Airport on October 24, 1996.
(2) Delta includes commuter affiliate Comair. Delta commenced scheduled service to Atlanta from Midway in September 2001.
(3) U.S. Airways ceased operations at Midway in March 2005.

Note: Percentage totals may not add due to individual rounding.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL ENPLANED PASSENGERS
CHICAGO REGION AIRPORTS
TEN YEARS ENDED DECEMBER 31, 2007 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Year	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**	**Percent of Total Chicago**	**Total Enplanements**
1998	5,310,909	12.9	35,789,961	87.1	41,100,870
1999	6,377,686	15.1	35,981,457	84.9	42,359,143
2000	7,325,397	17.0	35,700,949	83.0	43,026,346
2001	7,461,178	18.3	33,329,966	81.7	40,791,144
2002	8,208,512	19.9	32,938,702	80.1	41,147,214
2003	9,000,373	20.7	34,454,921	79.3	43,455,294
2004	9,625,900	20.4	37,464,632	79.6	47,090,532
2005	8,705,803	18.7	37,970,886	81.3	46,676,689
2006	9,198,532	19.6	37,784,336	80.4	46,982,868
2007	9,414,181	19.9	37,779,576	80.1	47,193,757

Average Annual Compound Growth Rates

1998-2007	6.6 %	0.6 %	5.1 %

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
TEN YEARS ENDED DECEMBER 31, 2007 (UNAUDITED)

	Chicago Midway International Airport		Chicago O'Hare International Airport		
Year	Total O&D Enplanements	Percent of Total Chicago	Total O&D Enplanements	Percent of Total Chicago	Total O&D Enplanements
1998	4,493,259	21.1	16,764,341	78.9	21,257,600
1999	5,353,193	24.1	16,849,260	75.9	22,202,453
2000	5,865,172	25.4	17,215,087	74.6	23,080,259
2001	5,503,697	25.9	15,750,781	74.1	21,254,478
2002	5,700,605	27.2	15,279,859	72.8	20,980,464
2003	6,243,039	28.9	15,331,493	71.1	21,574,532
2004	6,634,138	28.3	16,799,401	71.7	23,433,539
2005	6,431,517	26.8	17,548,038	73.2	23,979,555
2006	6,708,494	27.1	18,058,904	72.9	24,767,398
2007	6,532,362	26.4	18,223,460	73.6	24,755,822
Average Annual Compound Growth Rates					
1998-2007	4.2 %		0.9 %		1.7 %

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO MIDWAY INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
TEN YEARS ENDED DECEMBER 31, 2007 (UNAUDITED)

	Aircraft Operations						
Year	**Domestic Air Carrier**	**International Air Carrier**	**Total Air Carrier**	**Domestic Commuter**	**General Aviation**	**Military**	**Total**
1998	128,906		128,906	19,435	128,430	1,873	278,644
1999	143,658		143,658	22,740	129,691	928	297,017
2000	163,625		163,625	27,320	106,890	280	298,115
2001	154,362		154,362	32,938	91,232	202	278,734
2002	161,401	1,965	163,366	48,102	91,880	956	304,304
2003	169,282	1,630	170,912	57,824	99,289		328,025
2004	181,750	2,472	184,222	57,905	97,381		339,508
2005	184,863	1,669	186,532	7,444	95,603		289,579
2006	199,229	1,433	200,662	3,066	94,820		298,548
2007	206,865	1,060	207,925	3,085	93,596		304,606
	Average Annual Compound Growth Rates						
1998–2007	5.4 %	(11.6)%	5.5 %	(18.5)%	(3.5)%	(100.0)%	1.0 %

Source: City of Chicago Department of Aviation.