City of Chicago, Illinois
Chicago O'Hare International Airport

Basic Financial Statements as of and for the
Years Ended December 31, 2012 and 2011,
Required Supplementary Information,
Additional Information, Statistical Information, and
Independent Auditors' Report

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE OF CONTENTS

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of Chicago O'Hare International Airport ("O'Hare"), an enterprise fund of the City of Chicago, Illinois (the "City"), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise O'Hare's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Chicago O'Hare International Airport as of December 31, 2012 and 2011, and the changes in financial position, and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the basic financial statements, the basic financial statements referred to above present only the Chicago O'Hare International Airport, an enterprise fund of the City, and do not purport to, and do not, present the financial position of the City as of December 31, 2012 and 2011, changes in its financial position, or where applicable, its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3–11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise O'Hare's basic financial statements. The statistical information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Deloitte & Touche LLP

June 29, 2013
Chicago, IL

The following discussion and analysis of Chicago O'Hare International Airport's (Airport) financial performance provides an introduction and overview of the Airport's financial activities for the fiscal years ended December 31, 2012 and 2011. Please read this discussion in conjunction with the Airport's basic financial statements and the notes to basic financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

2012

- Operating revenues for 2012 increased by $23,162 (3.4%) compared to prior-year operating revenues.

- Operating expenses before depreciation, amortization, and capital asset impairment increased by $19,129 (4.4%) compared to 2011 primarily due to increased salaries and wages, repairs and maintenance, professional and engineering services and other operating expenses.

- The Airport's total net position at December 31, 2012 was $1,409,099. This is an increase of $16,553 (1.2%) over total net position at December 31, 2011.

- Capital asset additions for 2012 were $476,527 principally due to land acquisition, building improvements, and runway and taxiway improvements and general parking enhancements.

2011

- Operating revenues for 2011 decreased by $23,201 (3.3%) compared to prior-year operating revenues.

- Operating expenses before depreciation and amortization increased by $20,422 (5.0%) compared to 2010 primarily due to increased repairs and maintenance, professional and engineering services and other operating expenses.

- The Airport's total net position at December 31, 2011 was $1,392,546. This is a decrease of $5,191 (0.4%) over total net position at December 31, 2010.

- Capital asset additions for 2011 were $393,968 principally due to land acquisition, building improvements, and runway and taxiway 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 is included in the City's reporting entity as an enterprise fund. The Airport's basic financial statements comprise the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

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

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

The Statements of Cash Flows report how cash and cash equivalents were provided and used by the Airport's operating, capital financing and 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 Supplemental Information section presents the debt service coverage calculations, and the Statistical Information section includes certain unaudited information related to the Airport's historical financial and non-financial operating results and capital activities.

FINANCIAL ANALYSIS

Landing fees, terminal area use charges and fueling system charges are assessed to the various airlines throughout each fiscal year based on estimated rates. Such rates are designed to yield collections from airlines adequate to cover certain expenses and required debt service and fund deposits as determined under provisions of the Amended and Restated Airport Use Agreement and Terminal Facilities Lease and the International Terminal Use Agreement and Facilities Lease (Use Agreements). Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses and required deposits for the year. Such incremental amounts due from airlines are included in amounts to be billed. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.
At December 31, 2012, the Airport's financial position continued to be strong with total assets of $9,244,151, total liabilities of $7,835,052, and net position of $1,409,099.

A comparative condensed summary of the Airport's net position at December 31, 2012, 2011, and 2010 is as follows (dollars in thousands):

	Net Position		
	2012	**2011**	**2010**
Current unrestricted assets	$ 231,055	$ 310,570	$ 336,992
Restricted and other assets	2,488,167	2,911,681	2,130,177
Capital assets — net	6,524,929	6,258,592	6,075,549
Total assets	$9,244,151	$9,480,843	$8,542,718
Current liabilities	$ 199,546	$ 272,369	$ 232,262
Liabilities payable from restricted assets and noncurrent liabilities	7,635,506	7,815,928	6,912,719
Total liabilities	$7,835,052	$8,088,297	$7,144,981
Net Position:			
Net investment in capital assets	$ 651,476	$ 713,876	$ 704,324
Restricted	726,112	640,469	588,683
Unrestricted	31,511	38,201	104,730
Total net position	$1,409,099	$1,392,546	$1,397,737

2012

Current unrestricted assets decreased by $79,515 (25.6%) primarily due to decreased balances in cash and cash equivalents and investments at December 31, 2012. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2012 and 2011 was 1.16:1and 1.14:1, respectively. Restricted and other assets decreased by $423,514 (14.6%) primarily due to a decrease in construction funds of $307,532. Net capital assets increased by $266,337 (4.3%) due principally to capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The decrease in current liabilities of $72,823 (26.7%) is mainly related to the decreased billings over amounts earned of $79,750 offset in part by an increase in accounts payable and accrued liabilities of $10,699. Liabilities payable from restricted assets and noncurrent liabilities decreased by $180,422 (2.3%) due primarily to the decrease in revenue bonds payable of $201,958 and an increase in notes payables of $30,697.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2012, total net position was $1,409,099, an increase of $16,553 (1.2%) from 2011. Due to the residual nature of the Use Agreement, this increase is mainly due to timing differences between depreciation on property and facilities and the cash requirements related to debt service.

2011

Current unrestricted assets decreased by $26,422 (7.8%) primarily due to decreased balances in cash and cash equivalents offset by increased investments and accounts receivables at December 31, 2011. The decrease of cash and cash equivalents was primarily due to the purchase of investments, decreased accounts payable and the distribution to the airlines of billings over amounts earned from prior years offset by the increase in billings over amounts earned for 2011. The Airport's current ratio (current unrestricted assets/current unrestricted liabilities) at December 31, 2011 and 2010 was 1.14:1 and 1.45:1, respectively. Restricted and other assets increased by $781,504 (36.7%) primarily due to an increase in construction funds, capitalized interest and debt service reserves of $571,431, $35,836, and $86,997, respectively. Net capital assets increased by $183,043 (3.0%) due principally to capital activities of the Capital Improvement Program and the O'Hare Modernization Program (OMP) at the Airport.

The increase in current liabilities of $40,107 (17.3%) is mainly related to the increased billings over amounts earned of $58,965 offset in part by a decrease in accounts payable and accrued liabilities of $14,279. Liabilities payable from restricted assets and noncurrent liabilities increased by $903,209 (13.1%) due primarily to the increase in revenue bonds payable of $807,911 and an increase in notes payables of $19,919.

Net position may serve, over a period of time, as a useful indicator of the Airport's financial position. As of December 31, 2011, total net position were $1,392,546, an increase of $5,191 (0.4%) from 2010. Due to the residual nature of the Use Agreement, this increase is mainly due to timing differences between depreciation on property and facilities and the cash requirements related to debt service. A comparative condensed summary of the Airport's changes in net position for the years ended December 31, 2012, 2011, and 2010 is as follows (dollars in thousands):

	Changes in Net Position		
	2012	**2011**	**2010**
Operating revenues:			
Landing fees and terminal charges	$ 436,909	$ 417,552	$ 458,879
Rents, concessions, and other	265,655	261,850	243,724
Total operating revenues	702,564	679,402	702,603
Operating expenses:			
Salaries and wages	163,542	154,974	147,437
Repairs and maintenance	88,784	94,519	86,463
Professional and engineering	74,307	65,382	57,981
Other operating expenses	123,546	116,175	118,747
Depreciation and amortization	216,762	178,449	185,079
Capital asset impairment	21,601		
Total operating expenses	688,542	609,499	595,707
Operating income	14,022	69,903	106,896
Nonoperating revenues	201,877	199,807	158,884
Nonoperating expenses	(272,884)	(280,732)	(238,952)
Special item		(53,910)	
Capital grants	73,538	59,741	57,567
Increase in net position	$ 16,553	$ (5,191)	$ 84,395

2012

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

Salaries and wages increased $8,568 (5.5%) in 2012 compared to 2011. Repairs and maintenance expenses decreased by $5,735 (6.1%). This decrease was mainly due to a decrease in costs associated with snow removal. Professional and engineering costs increased $8,925 (13.7%). This increase was mainly due to costs associated with consultant contractors. Other operating expenses increased by $7,371 (6.3%) compared to 2011. Other operating expenses are mainly comprised of certain employee costs, insurance premiums, indirect costs, materials and supplies and utilities. Depreciation, amortization, and capital asset impairment expense increased $59,914 (33.6%) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program and the OMP at the Airport and the reduction of the carrying value of certain properties and facilities.

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

Nonoperating expenses of $272,884 and $280,732 for the years 2012 and 2011, respectively, were comprised primarily of bond interest and PFC expenses. The decrease of $7,848 (2.8%) for 2012 over 2011 was mainly due to decreased interest expense requirements and reduction of the carrying value of certain properties and facilities.

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

2011

Landing fees and terminal area use charges for the years 2011 and 2010 were $417,552 and $458,879, respectively. Rents, concessions and other revenues were $261,850 and $243,724 for the years 2011 and 2010, respectively. The decrease in 2011 operating revenues of $23,201 (3.3%) compared to 2010 was primarily due to decreased terminal rental and usage charges. Such activity was due primarily to the residual nature of Use Agreement that requires airline revenue to be recognized to the extent necessary to pay the Airport's operating and maintenance expenses, net debt service and fund deposit requirements, reduced by non-airline revenues.

Salaries and wages increased $7,537 (5.1%) in 2011 compared to 2010. Salaries and wages includes a retroactive pay adjustment. Repairs and maintenance expenses increased by $8,056 (9.3%).This increase was mainly due to an increase in costs associated with snow removal. Professional and engineering costs increased by approximately $7,401. This increase was mainly due to costs associated with security and consultant contractors. Other operating expenses increased by $2,572 (2.2%) compared to 2010. Other operating expenses are mainly comprised of employee benefit costs, insurance premiums, indirect costs, materials and supplies and utilities. Depreciation and amortization expense decreased $6,630 (3.6%) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program and the OMP at the Airport and the reduction of the carrying value of certain properties and facilities.

Fiscal year 2011 nonoperating revenues of $199,807 are comprised principally of passenger facility charges (PFC) $125,184, customer facility charges (CFC) of $32,916, interest income $26,006 and Build America Bonds subsidy payment of $13,320. During 2011, nonoperating revenues increased by $40,923 principally due to an increased CFC revenues of $20,313 due to a full year of assessment in 2011, receipt of a Build America Bonds subsidy payment and an increased interest income of $15,214 due to higher investment yields year over year.

Nonoperating expenses of $280,732 and $238,952 for the years 2011 and 2010, respectively, were comprised of bond interest and PFC expenses. The increase of $41,780 (17.5%) for 2011 over 2010 was mainly due to additional interest expense requirements and the reduction of the carrying value of certain properties and facilities.

Capital grants, comprised mainly of federal grants, increased from $57,567 in 2010 to $59,741 in 2011, a 3.8% increase mainly as a result of when associated expenditures became eligible for grant reimbursements from the federal government.

A comparative summary of the Airport's changes in cash flows for the years ended December 31, 2012, 2011, and 2010 is as follows (dollars in thousands):

	Cash Flows		
	2012	**2011**	**2010**
Cash provided by (used in) activities:			
Operating	$ 193,763	$ 276,280	$ 379,391
Capital and related financing	(699,554)	408,412	139,789
Investing	482,633	(872,423)	(129,530)
Net change in cash and cash equivalents	(23,158)	(187,731)	389,650
Cash and cash equivalents:			
Beginning of year	826,067	1,013,798	624,148
End of year	$ 802,909	$ 826,067	$ 1,013,798

2012

As of December 31, 2012, the Airport's available cash and cash equivalents of $802,909 decreased by $23,158 compared to $826,067 at December 31, 2011 due to capital and related financing activities of $699,554 offset by operating activities of $193,763 and related investing activities of $482,633. Total cash and cash equivalents at December 31, 2012 were comprised of unrestricted and restricted cash and cash equivalents of $38,226 and $764,683, respectively.

2011

As of December 31, 2011, the Airport's available cash and cash equivalents of $826,067 decreased by $187,731 compared to $1,013,798 at December 31, 2010 due to operating activities of $276,280 offset by capital and related financing activities of $408,415 and related financing activities of $872,423. Total cash and cash equivalents at December 31, 2011 were comprised of unrestricted and restricted cash and cash equivalents of $69,207 and $756,860, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2012 and 2011, the Airport had $6,524,929 and $6,258,592, respectively, invested in net capital assets. During 2012, the Airport had additions of $476,527 related to capital activities. This included $8,649 for land acquisition and the balance of $467,878 for terminal improvements, road and sidewalk enhancement, runway and taxiway improvements along with general parking enhancements.

During 2012, completed projects totaling $314,835 were transferred from construction in progress to applicable buildings and other facilities capital accounts. These major completed projects were related to runway improvements, heating and refrigeration, road and sidewalk enhancements, electrical, water drainage, fuel system enhancements and terminal improvements.

The Airport's capital assets at December 31, 2012, 2011, and 2010 are summarized as follows (dollars in thousands):

	Capital Assets at Year-End		
	2012	**2011**	**2010**
Capital assets not depreciated:			
Land	$ 893,588	$ 884,939	$ 738,472
Construction in progress	1,183,153	1,030,110	1,264,280
Total capital assets not depreciated	2,076,741	1,915,049	2,002,752
Capital assets depreciated:			
Buildings and other facilities	7,014,287	6,769,384	6,389,283
Less accumulated depreciation for:			
Buildings and other facilities	(2,566,099)	(2,425,841)	(2,316,486)
Total capital assets depreciated — net	4,448,188	4,343,543	4,072,797
Total property and facilities — net	$ 6,524,929	$ 6,258,592	$ 6,075,549

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

The Airport issued $30,697 of Commercial Paper Notes during 2012 having interest rates ranging from .18% to .23% with maturity dates ranged from May 7, 2013 to June 5, 2013. Note proceeds may be used to finance portions of the costs of authorized airports projects and to repay the expenses of issuing the notes.

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

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

During 2011, the Airport sold $1,000,000 of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2011 A-C and having interest rates ranging from 3.00% to 6.50% with maturity dates ranging from January 1, 2014 to January 1, 2041. Certain net proceeds will be used to finance portions of the O'Hare Modernization Program (OMP) and the Capital Improvement Program and certain proceeds were used to fund capitalized interest deposit and debt service reserve deposit requirement and to pay the cost of issuance of the bonds.

During 2011, the Airport sold $46,005 of Chicago O'Hare International Airport Passenger Facility Bonds, Series 2011 A-B having interest rates ranging from 5.00% to 6.00% with maturity dates ranging from January 1, 2017 to January 1, 2033. Certain net proceeds were used to refund certain maturities of bonds outstanding, to fund the debt service reserve requirement and to pay the cost of issuance of the bonds.

The Airport's outstanding debt at December 31, 2012, 2011, and 2010 is summarized as follows (dollars in thousands):

	Outstanding Debt at Year-End		
	2012	**2011**	**2010**
Revenue bonds and notes payable	$7,081,945	$7,400,430	$6,570,520
Unamortized:			
Bond premium (discount)	200,381	92,249	86,856
Deferred loss on refunding	(54,362)	(33,222)	(39,155)
Total outstanding debt — net	7,227,964	7,459,457	6,618,221
Commercial paper	50,616	19,919	
Current portion	(111,085)	(140,620)	(107,295)
Total long-term revenue bonds and notes payable — net	$7,167,495	$7,338,756	$6,510,926

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

The Airport's revenue bonds at December 31, 2012 had credit ratings with each of the three major rating agencies as follows:

	Moody's Investor Services	Standard & Poor's	Fitch Ratings
Senior Lien General Airport Revenue Bonds	A2	A-	A-
Passenger Facility Charge Revenue Bonds	A2	A-	A

At December 31, 2012 and 2011 the Airport believes it was in compliance with the debt covenants as stated within the Master Trust Indentures.

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

In 2012, the Airport was the second busiest airport in the world, measured in terms of total aircraft operations, and the fifth busiest in terms of total passengers. The Airport had 33,245 and 33,207 enplaned passengers in 2012 and 2011, respectively. The strong origin-destination passenger demand and the Airport's central geographical location near the center of the United States and along the most heavily traveled east/west air routes make the Airport a natural hub location.

United Airlines and American Airlines each use the Airport as one of their major hubs. United Airlines (including its regional affiliates) comprised 33.3% of the Airport's enplaned passengers in 2012 and 38.1% of the enplaned passengers in 2011. American Airlines (including its regional affiliate) comprised 32.5% of the Airport's enplaned passengers in 2012 and 33.5% of the enplaned passengers in 2011.

Based on the Airport's rates and charges for fiscal year 2013, total budgeted operating and maintenance expenses are projected at $448,886 and total net debt service and fund deposit requirements are projected at $310,591. Additionally, 2013 nonsignatory revenues are budgeted for $318,133 resulting in a net airline requirement of $441,344 that will be funded through landing fees, terminal area use charges and fuel system use charges.

REQUESTS FOR INFORMATION

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2012 AND 2011
(Dollars in thousands)

ASSETS	2012	2011
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 38,226	$ 69,207
Investments (Note 2)	72,758	106,870
Accounts receivable — net of allowance for doubtful accounts of approximately $17,623 in 2012 and $5,808 in 2011	60,299	69,563
Amounts to be billed	24,218	30,647
Due from other City funds	28,482	25,207
Prepaid expenses	7,030	8,813
Interest receivable	42	263
Total current assets	231,055	310,570
RESTRICTED ASSETS (Note 3):		
Cash and cash equivalents (Note 2)	764,683	756,860
Investments (Note 2)	1,354,091	1,777,292
Passenger facility charges and other receivables	32,136	31,669
Interest receivable	3,043	6,530
Prepaid expenses	5,560	8,187
Due from other governments	28,170	25,706
Total restricted assets	2,187,683	2,606,244
NONCURRENT ASSETS:		
Other assets — deferred noise mitigation costs and financing fees	300,484	305,437
Property and facilities (Note 5):		
Land	893,588	884,939
Buildings and other facilities	7,014,287	6,769,384
Construction in progress	1,183,153	1,030,110
Total property and facilities	9,091,028	8,684,433
Less accumulated depreciation	(2,566,099)	(2,425,841)
Property and facilities — net	6,524,929	6,258,592
TOTAL	$ 9,244,151	$ 9,480,843

LIABILITIES AND NET POSITION	2012	2011
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 62,408	$ 51,709
Due to other City funds	3,710	5,394
Advances for terminal and hangar rent	7,190	9,278
Billings over amounts earned	126,238	205,988
Total current liabilities	199,546	272,369
LIABILITIES PAYABLE FROM RESTRICTED ASSETS (Note 3):		
Current portion of revenue bonds and notes payable (Note 4)	111,085	140,620
Advance from Federal	28,500	
Accounts payable	159,142	137,060
Interest payable	169,284	199,492
Total liabilities payable from restricted assets	468,011	477,172
NONCURRENT LIABILITIES:		
Revenue bonds payable — net of premium (Note 4)	7,116,879	7,318,837
Notes payable (Note 4)	50,616	19,919
Total noncurrent liabilities	7,167,495	7,338,756
Total liabilities	7,835,052	8,088,297
NET POSITION (Note 1):		
Net investment in capital assets	651,476	713,876
Restricted net position:		
Debt service		
Capital projects	121,001	164,683
Passenger facility charges	135,025	156,810
Airport use agreement	115,332	112,114
Noise mitigation program	120,624	91,786
Other assets	234,130	115,076
Total restricted net position	726,112	640,469
Unrestricted net position	31,511	38,201
Total net position	1,409,099	1,392,546
TOTAL	$ 9,244,151	$ 9,480,843

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Dollars in thousands)

	2012	2011
OPERATING REVENUES:		
Landing fees and terminal area use charges (Note 1)	$ 436,909	$ 417,552
Rents, concessions, and other (Note 6)	265,655	261,850
Total operating revenues	702,564	679,402
OPERATING EXPENSES (Notes 7 and 8):		
Salaries and wages	163,542	154,974
Repairs and maintenance	88,784	94,519
Professional and engineering services	74,307	65,382
Other operating expenses	123,546	116,175
Total operating expenses before depreciation, amortization and capital asset impairment	450,179	431,050
Depreciation and amortization	216,762	178,449
Capital asset impairment	21,601	
Total operating expenses	688,542	609,499
OPERATING INCOME	14,022	69,903
NONOPERATING REVENUES (EXPENSES):		
Passenger facility charge revenue	126,631	125,184
Customer facility charge revenue	34,069	32,916
Passenger facility charge expenses	(6,150)	(10,950)
Other nonoperating revenue	19,565	15,701
Interest income (Note 4)	21,612	26,006
Interest expense (Note 4)	(266,734)	(269,782)
Total nonoperating revenues (expenses)	(71,007)	(80,925)
SPECIAL ITEM (Note 5)		(53,910)
(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(56,985)	(64,932)
CAPITAL GRANTS (Note 1)	73,538	59,741
CHANGE IN NET POSITION	16,553	(5,191)
TOTAL NET POSITION — Beginning of year	1,392,546	1,397,737
TOTAL NET POSITION — End of year	$ 1,409,099	$ 1,392,546

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Dollars in thousands)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Landing fees and terminal area use charges	$ 360,027	$ 472,189
Rents, concessions, and other	261,414	257,007
Payments to vendors	(224,786)	(248,815)
Payments to employees	(143,905)	(142,451)
Transactions with other City funds — net	(58,987)	(61,650)
Cash flows provided by operating activities	193,763	276,280
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	1,297,202	1,046,008
Proceeds from federal government	28,500	
Net proceeds from (payments of) commercial paper notes	30,697	19,919
Payment to refund bonds	(1,372,342)	(108,800)
Acquisition and construction of capital assets	(366,583)	(298,769)
Capital grants	71,074	49,511
Bond issuance costs	(6,981)	(6,071)
Principal paid on bonds	(140,620)	(107,295)
Interest paid on bonds and note	(381,764)	(319,272)
Noise mitigation program	(32,385)	(10,129)
Other nonoperating income	19,565	15,701
Customer facility charge revenue	34,069	32,916
Passenger facility charge revenue and other receipts	126,164	105,643
Passenger facility charge expenses	(6,150)	(10,950)
Cash flows provided (used in) by capital and related financing activities	(699,554)	408,412
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) investments — net	457,313	(896,173)
Investment interest	25,320	23,750
Cash flows (used in) provided by investing activities	482,633	(872,423)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(23,158)	(187,731)
CASH AND CASH EQUIVALENTS — Beginning of year	826,067	1,013,798
CASH AND CASH EQUIVALENTS — End of year	$ 802,909	$ 826,067

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Dollars in thousands)

	2012	2011
RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	$ 38,226	$ 69,207
Restricted	764,683	756,860
TOTAL	$ 802,909	$ 826,067
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 14,022	$ 69,903
Adjustments to reconcile:		
Depreciation, amortization, and impairment	238,363	178,449
Provision for doubtful accounts	14,980	3,094
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,716)	1,230
Increase in due from other City funds	(3,275)	(4,249)
Decrease (increase) in prepaid expenses	1,783	(7,171)
(Decrease) increase in accounts payable	10,699	(14,278)
Increase in due to other City funds	(1,684)	738
(Decrease) increase in prepaid terminal rent	(2,088)	(5,317)
(Decrease) increase in billings over amounts billed	(79,750)	58,965
Decrease (increase) in amounts to be blled	6,429	(5,084)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 193,763	$ 276,280

SUPPLEMENTAL DISCLOSURE OF NONCASH ITEMS:
Property additions in 2012 and 2011 of $148,476 and $126,191, respectively, are included in accounts payable.

The fair market value adjustments gain (loss) to investments for 2012 and 2011 were $6,608 and 1,647, respectively.

See notes to basic financial statements. (Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Assets — Funds expended for the Noise Mitigation Program are recorded as other assets and amortized over a 20-year useful life on a straight-line basis. The amounts reflected in restricted net position only includes amounts previously expended.

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

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

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

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

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

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

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

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

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

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

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

Passenger Facility Charge (PFC) Revenue — The Airport imposed PFCs of $4.50 per eligible enplaned passenger for the years ended December 31, 2012 and 2011. PFCs are available, subject to Federal Aviation Administration regulation and approval, to finance specific eligible capital projects. The City reports PFC revenue as nonoperating revenue and related noncapital expenses as nonoperating expenses.

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

Adopted Accounting Standards — In December 2010, the GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Airport implemented GASB Statement No. 62 on January 1, 2012. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30,1989, which do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure

The Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Propriety Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Those entities who chose to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements can continue to apply those pronouncements as other accounting literature. There was no impact on the financial statements as a result of the implementation of Statement No. 62.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows or Resources, and Net Position*. The Airport implemented GASB Statement No. 63 on January 1, 2012. Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The financial reporting impact resulting from the implementation of GASB Statement No. 63 is the change in terminology from net assets to net position.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions — An Amendment to GASB Statement No. 53*. The Airport implemented GASB Statement No. 64 on January 1, 2012. Statement No. 64 clarifies whether an effective hedge relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. There was no impact on the financial statements as a result of the implementation of Statement No. 64.

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

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the City beginning with its year ending December 31, 2013. The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, *Technical Corrections — 2012 — an amendment of GASB Statements No. 10 and No. 62,* will be effective for the City beginning with its year ending December 31, 2013. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

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

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

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

2. RESTRICTED AND UNRESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Investments — U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. The Airport had investments as of December 31, 2012, as follows (dollars in thousands):

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

Investments — U.S. agencies include investments in government-sponsored enterprises such as Federal National Mortgage Association, Federal Home Loan Banks, and Federal Home Loan Mortgage Corp. The Airport had investments as of December 31, 2011, as follows (dollars in thousands):

Investment Type	Investment Maturities (in Years) Less Than 1	1–5	6–10	More Than 10	Fair Value
U.S. Treasuries	$ 95,178	$	$	$	$ 95,178
U.S. agencies	82,523	1,478,362	109,864		1,670,749
Commercial paper	168,613				168,613
Corporate bonds	4,401	41,259			45,660
Municipal bonds		32,137	16,038		48,175
Certificates of deposits and other short term	669,559				669,559
Subtotal	$ 1,020,274	$ 1,551,758	$ 125,902	$	2,697,934
Share of City's pooled funds					1,799
Total					$ 2,699,733

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

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

Quality Rating	2012	2011
Aaa/AAA	$ 60,464	$ 18,842
Aa/AA	1,340,112	1,827,818
A/A	8,019	13,102
P1/A1	102,128	168,613
Not rated	727,854	669,559
Total funds	$ 2,238,577	$ 2,697,934

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

Custodial Credit Risk — Cash and Certificates of Deposit — This is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy states that in order to protect the City deposits, depository institutions are to maintain collateral pledges on City deposits during the term of the deposit of at least 102% of marketable U.S. government, or approved securities or surety bonds, issued by top-rated insurers. Collateral is required as security whenever deposits exceed the insured limits of the Federal Deposit Insurance Corporation. The bank balance of cash and certificates of deposit with the City's various municipal depositories was $532.3 million and $478.9 million at December 31, 2012 and 2011, respectively. Of the bank balance, $532.3 million and $478.9 million or 100% at December 31, 2012 and 2011were either insured or collateralized with securities held by City agents in the City's name. The remainder was uninsured and uncollateralized.

The investments reported in the basic financial statements as of December 31, 2012 and 2011, is as follows (dollars in thousands):

	2012	2011
Per Note 2:		
Investments — Airport	$ 2,238,577	$ 2,697,934
Investments — City Treasurer Pooled Fund	1,618	1,799
	$ 2,240,195	$ 2,699,733
Per financial statements:		
Restricted investments	$ 1,354,091	$ 1,777,292
Unrestricted investments	72,758	106,870
Investments included as cash and cash equivalents on the statements of net position	813,346	815,571
	$ 2,240,195	$ 2,699,733

3. RESTRICTED ASSETS

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

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

Account	2012	2011
Construction	$ 706,126	$ 1,013,658
Capitalized interest	207,971	321,208
Debt service reserve	484,411	514,206
Debt service interest	223,270	232,796
Debt service principal	26,610	81,205
Operation and maintenance reserve	112,221	110,619
Maintenance reserve	3,000	3,000
Customer facility charge	75,443	43,302
Other funds	167,949	78,248
Subtotal — Bond Ordinance, Master Indenture Accounts	2,007,001	2,398,242
Passenger facility charge	111,773	135,910
Total	$ 2,118,774	$ 2,534,152

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

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

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

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

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

Other funds include the federal and state grant funds, the special capital projects fund, and the Airport development fund.

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

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

At December 31, 2012 and 2011, the Airport believes it was in compliance with the funding requirements and restrictions as stated in the Bond Ordinance, and Master Indenture.

4. LONG-TERM DEBT

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

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

The Series 2001 Second Lien Passenger Facility Charge Revenue Bonds have been issued under an ordinance adopted by the City Council on March 28, 2001, and pursuant to the Master Trust Indenture Securing Chicago O'Hare International Airport Passengers Facility Charge Obligations dated as of May 15, 2001. The Series 2008 Passenger Facility Charge Revenue Bonds have been issued under an ordinance adopted by the City Council on May 23, 2007, and pursuant to the Master Trust Indenture

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

Revenue Bonds Outstanding — The revenue bonds outstanding as of December 31, 2012 and 2011, is as follows (dollars in thousands):

	2012	2011
First lien bonds — $324,270 1993 Series A first lien revenue refunding bonds issued November 30, 1993, due through 2016; interest rates at 4.8%–5.0%	$	$ 72,795
Second lien bonds:		
$50,000 Series 1984 B second lien bonds issued December 27, 1984, due through 2015 at variable floating interest rates (.13% at December 31, 2011)		13,650
$25,000 Series 1988 B second lien bonds issued December 21, 1988, due through 2018 at variable floating interest rates (.25% at December 31, 2011)		12,200
$68,700 1994 Series B second lien revenue bonds issued October 12, 1994, due through 2018; variable floating interest rate (.15% at December 31, 2011)		32,500
$83,800 1994 Series C second lien revenue bonds issued November 9, 1994, due through 2018; variable floating interest rate (.12% at December 31, 2011)		39,800
$179,625 1996 Series A second lien revenue bonds issued October 31, 1996, due through 2018; interest rate at 4.7%–6.25%		20,930
$409,850 Series 1999 second lien revenue refunding bonds issued October 4, 1999, due through 2018; interest at 5.5%		250,250
Subtotal — second lien bonds		369,330
Senior lien bonds (formerly third lien):		
$490,515 Series 2002 A third lien revenue refunding bonds issued March 20, 2002, due through 2032; interest at 5.25%–5.75%		490,515
$248,910 Series 2003 A-1 and A-2 third lien revenue refunding bonds issued August 14, 2003, due through 2034; interest at 4.50%–6.00%	248,910	248,910
$382,155 Series 2003 B-1 and B-2 third lien revenue bonds issued August 21, 2003, due through 2034; interest at 5.25%–6.00%	382,155	382,155
$355,245 Series 2003 C-1 and C-2 third lien revenue refunding bonds issued August 21, 2003, due through 2034; interest at 5.25%	355,245	355,245
$149,330 Series 2003 D, E and F third lien revenue bonds issued December 2, 2003, due through 2034; interest at 2.125%–5.5%	129,070	129,120
$281,055 Series 2004 A and B third lien revenue refunding bonds issued December 2, 2004, due through 2035; interest at 4.75%–5.0%	145,870	145,870
$39,700 Series 2004 C and D third lien revenue refunding bonds issued December 2, 2004, due through 2026; interest at 4.70%–5.25%	39,700	39,700
$64,290 Series 2004 E, F, G, and H third lien revenue refunding bonds issued December 2, 2004, due through 2023; interest at 3.49%–5.35%	29,360	29,360

(Continued)

	2012	2011
Senior lien bonds (formerly thrid lien):		
\$961,010 Series 2005 A third lien revenue bonds issued December 22, 2005, due through 2033; interest at 5.0%–5.25%	\$ 961,010	\$ 961,010
\$238,990 Series 2005 B third lien revenue refunding bonds issued December 22, 2005, due through 2018; interest at 5.25%	238,990	238,990
\$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate (.13% and .14% at December 31, 2012)	240,600	240,600
\$112,630 Series 2006 A, B, and C third lien revenue refunding bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.50%	30,280	30,280
\$43,520 Series 2006 D third lien revenue bonds issued December 13, 2006, due through 2037; interest at 4.55%–5.00%	27,250	43,520
\$530,170 Series 2008 A third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.5%–5.0%	530,170	530,170
\$175,500 Series 2008 B third lien revenue bonds issued January 31, 2008, due through 2020; interest at 5.0%	175,500	175,500
\$74,245 Series 2008 C and D third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.0%–4.6%	71,540	72,480
\$91,590 Series 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%–5.0%	87,490	91,590
\$669,590 Series 2010 B third lien revenue bonds issued April 29, 2010, due through 2040; interest at 6.145%–6.845%	578,000	578,000
\$171,450 Series 2010 C third lien revenue bonds issued April 29, 2010, due through 2035; interest at 4.00%–5.25%	171,450	171,450
\$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010, due through 2019; interest at 5.00%–5.25%	55,850	55,850
\$47,360 Series 2010 E third lien revenue refunding bonds issued April 29, 2010, due through 2016; interest at 1.75%–5.00%	32,175	39,540
\$95,375 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040; interest at 4.25%–5.25%	95,735	95,735
\$420,155 Series 2011 A third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.625%–5.750%	420,155	420,155
\$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%–6.00%	295,920	295,920
\$283,925 Series 2011 C third lien revenue bonds issued May 5, 2011, due through 2041; interest at 5.50%–6.50%	283,925	283,925
\$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	444,760	
\$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12, 2012, due through 2032; interest at 1.00%–5.00%	277,735	
\$6,400 Series 2012 C senior lien revenue refunding bonds issued September 12, 2012, due through 2015; interest at 3.00%–4.00%	6,400	
Subtotal — senior lien bonds	6,355,245	6,145,590

(Continued)

	2012	2011
Passenger facility charge revenue bonds:		
$430,415 Series 2001 A and B Passenger Facility Charge Revenue Bonds issued June 19, 2001, due through 2032; interest at 4.0%–5.75%	$	$ 347,945
$215,065 Series 2001 C and D Passenger Facility Charge Revenue Bonds issued August 21, 2001, due through 2032; interest at 3.4%–5.5%		169,955
$111,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31, 2008, due through 2016; interest at 4.0%–5.0%	91,215	111,425
$24,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	24,965	24,965
$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%–5.25%	51,305	51,305
$48,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%–6.395%	48,495	48,495
$12,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%–5.0%	12,620	12,620
$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%–5.625%	12,190	12,190
$33,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%–6.0%	33,815	33,815
$114,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 3.0%–5.0%	114,855	
$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through 2032; interest at 2.5%–5.0%	337,240	
Subtotal — passenger facility charge revenue bonds	726,700	812,715
Commercial Paper Notes:		
Series A,B,C,D,E,F (Taxable) Commercial Paper Notes outstanding at December 31, 2012, due through 2013; interest at .18% to .23%	50,616	19,919
Total revenue bonds and notes	7,132,561	7,420,349
Unamortized premium	200,381	92,249
Unamortized deferred loss on bond refunding	(54,362)	(33,222)
	7,278,580	7,479,376
Current portion	(111,085)	(140,620)
Total long-term revenue bonds payable	$ 7,167,495	$ 7,338,756

(Concluded)

Long-term debt during the years ended December 31, 2012 and 2011, changed as follows (dollars in thousands):

2012	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year
Revenue bonds	$ 7,400,430	$ 1,180,990	$ (1,499,475)	$ 7,081,945	$ 111,085
Unamortized premium (discount)	92,249	(15,720)	123,852	200,381	
Deferred loss on refunding	(33,222)	(28,646)	7,506	(54,362)	
Total revenue bonds	7,459,457	1,136,624	(1,368,117)	7,227,964	111,085
Commercial paper	19,919	30,697		50,616	
Total long-term debt	$ 7,479,376	$ 1,167,321	$ (1,368,117)	$ 7,278,580	$ 111,085

2011	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year
Revenue bonds	$ 6,570,520	$ 1,046,005	$ (216,095)	$ 7,400,430	$ 140,620
Unamortized premium (discount)	86,856	(24,145)	29,538	92,249	
Deferred loss on refunding	(39,155)	(1,497)	7,430	(33,222)	
Total revenue bonds	6,618,221	1,020,363	(179,127)	7,459,457	140,620
Commercial paper		19,919		19,919	
Total long-term debt	$ 6,618,221	$ 1,040,282	$ (179,127)	$ 7,479,376	$ 140,620

Interest expense capitalized for 2012 and 2011 totaled $92.4 million and $90.2 million, respectively. Interest income capitalized for 2012 and 2011 totaled $8.4 million and $6.2 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2012 and 2011 of $7.5 million and $7.4 million, respectively, and amortization of $13.6 million of premium, net and $9.3 million of premium, net, respectively.

Issuance of Debt — Chicago O'Hare International Airport Commercial Paper Notes, Series A-1 through F-1 (AMT), Series A-2 (Non-AMT), Series A3-F3 (Taxable), $300.0 million maximum aggregated authorized amount of which $50.6 million was outstanding at December 31, 2012. Irrevocable letters of credit delivered by six banks in an aggregate maximum amount of $333.8 million provide for the timely payment of principal and interest on the notes until September 30, 2013. At December 31, 2012, there were no outstanding letter of credit advances.

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

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

In September 2012, the Airport sold $277.7 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2012B (AMT) at a premium of $26.3 million. The bonds have interest rates ranging from 1.00% to 5.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2013 to January 1, 2032. Certain net proceeds of $222.0 million together with $17.8 million transferred from the debt service account were used to fully defease Series 1996A Second Lien Bonds ($17.2 million of principal and $.2 million of interest) and Series 1999 Second Lien Bonds ($220.1 million of principal and $2.4 million of interest). Certain net proceeds of $16.4 million were used to defease a portion of the Series 2006 Third Lien Bonds ($16.2 million of principal and $.2 million of interest). Certain net proceeds of $59.4 were used to pay a portion of the Commercial Paper Notes. Certain net proceeds of $4.2 million and $.2 million were used to fund the Debt Service Reserve and the Capitalized Interest accounts respectively and certain net proceeds of $1.8 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $2.3 million that will be charged to operations from over 5 to 21 years using the straight-line method.

In September 2012, the Airport sold $6.4 million of Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2012C (Non-AMT) at a premium of $.4 million. The bonds have interest rates ranging from 3.00% to 4.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014 to January 1, 2015. Certain net proceeds of $6.6 were used to pay a portion of the Commercial Paper Notes. Certain of net proceeds of $.2 million were used to fund the Debt Service Reserve account and to pay the cost of issuance of the bonds.

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

In September 2012, the Airport sold $114.9 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2012A (non-AMT) at a premium of $16.2 million. The bonds have interest rates ranging from 3.00% to 4.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014 to January 1, 2032. Certain net proceeds of $130.5 million together with $4.0 million transferred from the debt service and debt service reserve accounts were used to fully defease Series 2001B PFC Bonds ($91.5million of principal and $1.4 million of interest) and Series 2001D PFC Bonds ($41.0 million of principal and $.6 million of interest). Certain net proceeds of $.5 million were used to pay the cost of issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $2.9 million that will be charged to operations over 21 years using the straight-line method. The advance refunding decreased the Airport's total debt service payments by $30.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $22.5 million.

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

In May 2011, the Airport sold $420.1 million of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2011 A (non-AMT) at a discount of $11.4 million. The bonds have interest rates ranging from 5.625% to 5.75% and maturity and mandatory redemption maturity dates ranging from January 1, 2033 to January 1, 2039. Certain net proceeds of $365.0 million will be used to finance the portion of the O'Hare Modernization Program (OMP) and the Capital Improvement Program (CIP); certain net proceeds of $40.9 were used to fund the were used to fund the debt service reserve deposit requirement and certain net proceeds of $2.8 million were used to pay the cost of the issuance of the bonds.

In May 2011, the Airport sold $295.9 million of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2011 B (non-AMT) at a premium of $12.0 million. The bonds have interest rates ranging from 3.0% to 6.0% and maturity and mandatory redemption maturity dates ranging from January 1, 2014 to January 1, 2041. Certain net proceeds of $238.2 million will be used to finance the portion of the O'Hare Modernization Program (OMP) and the Capital Improvement Program (CIP); certain net proceeds of $44.8 were used to fund the capitalized interest deposit requirement; certain net proceeds of $23.1 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $1.8 million were used to pay the cost of the issuance of the bonds.

In May 2011, the Airport sold $283.9 million of Chicago O'Hare International Airport Third Lien Revenue Bonds, Series 2011 C (non-AMT) at a premium of $12.1 million. The bonds have interest rates ranging from 5.5% to 6.5% and maturity and mandatory redemption maturity dates ranging from January 1, 2021 to January 1, 2041. Certain net proceeds of $203.9 million will be used to finance the portion of the O'Hare Modernization Program (OMP) and the Capital Improvement Program (CIP); certain net proceeds of $67.9 were used to fund the capitalized interest deposit requirement; certain net proceeds of $22.2 million were used to fund the debt service reserve deposit requirement and certain net proceeds of $2.0 million were used to pay the cost of the issuance of the bonds.

In May 2011, the Airport sold $12.2 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2011 A (non-AMT) at a premium of $0.8 million. The bonds have interest rates ranging from 5.000% to 5.625%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2018 to January 1, 2032. Certain net proceeds of $11.9 million were deposited in an escrow to defease a portion of the Series 2001 B PFC Bonds ($11.5 million of principal and $0.4 million of interest and redemption premium); certain net proceeds of $1 million were used to fund the debt service reserve requirement and certain of net proceeds of $0.1 million were used to pay the cost of the issuance of the bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $0.5 million that will be charged to operations over 22 years using the straight-line method.

In May 2011, the Airport sold $33.8 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2011 B (AMT) at a premium of $1.4 million. The bonds have interest rates ranging from 5.0% to 6.0%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2017 to January 1, 2033. Certain net proceeds of $32.3 million together with $6.8 million transferred from the debt service and the debt service reserve accounts were deposited in an escrow to defease a portion of the Series 2001 A PFC Bonds ($8.7 million of principal and $0.3 million of interest and redemption premium) and fully defease Series 2001 E PFC Bonds ($29.1 million of principal and $1.0 million of interest and redemption premium); certain net proceeds of $ 2.7 million were used to fund the debt service reserve requirement and certain of net proceeds of $0.2 million were used to pay the cost of the issuance of the bonds. The advance refunding of the Series 2001A PFC Bonds and the Series 2001E PFC Bonds resulted in a difference between the acquisition price and the net carrying amount of $0.2 million and $0.7 million that will be charged to operations over 22 years and 8 years using the straight-line method, respectively.

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

Debt Redemption — Following is a schedule of debt service requirements to maturity of the senior lien bonds. For issues with variable rates, interest is imputed at the effective rate as of December 31, 2012, as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2013	$ 84,475	$ 316,578	$ 401,053
2014	124,230	318,594	442,824
2015	154,570	311,860	466,430
2016	154,835	304,288	459,123
2017	208,640	295,206	503,845
2018–2022	1,131,885	1,298,214	2,430,100
2023–2027	1,023,020	1,033,980	2,057,000
2028–2032	1,299,685	735,093	2,034,778
2033–2037	1,483,385	377,664	1,861,049
2038–2041	690,520	70,458	760,978
Total	$ 6,355,245	$ 5,061,935	$ 11,417,180

The Airport’s senior lien variable rate bonds may bear interest from time to time at a flexible rate, a daily rate, a weekly rate, an adjustable long rate or the fixed rate as determined from time to time by the remarketing agent, in consultation with the City. At December 31, 2011, the third lien bonds were in the weekly rate interest mode. Irrevocable letters of credit ($244.8 million) provide for the timely payment of principal and interest on the Series 2005 C&D bonds until August 15, 2014. At December 31, 2012, there were no outstanding letter of credit advances.

The debt service requirements to maturity of the Passenger Facility Charge Revenue Bonds as of December 31, 2012, is as follows (dollars in thousands):

Years Ending December 31	Principal	Interest	Total
2013	$ 26,610	$ 30,893	$ 57,503
2014	36,310	33,661	69,971
2015	32,535	32,199	64,734
2016	35,615	30,528	66,143
2017	36,995	28,505	65,500
2018–2022	138,540	119,747	258,287
2023–2027	162,305	84,769	247,074
2028–2032	209,115	39,106	248,221
2033–2037	29,505	8,308	37,813
2038–2040	19,170	1,469	20,639
Total	$ 726,700	$ 409,185	$ 1,135,885

The Series Series A-1 through F-1 (AMT), Series A-2 (Non-AMT), Series A3-F3 (Taxable) Commercial Paper Notes outstanding at December 31, 2012 of $50.6 million will be refunded with new commercial paper notes as the existing notes mature. The Airport plans to refinance these notes with future bonds.

5. CHANGES IN CAPITAL ASSETS

Capital assets during the years ended December 31, 2012 and 2011, changed as follows (dollars in thousands):

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

(1) Includes net capitalized interest of $158,422

2011	Balance January 1	Additions	Disposals and Transfers	Balance December 31
Capital assets not depreciated:				
Land	$ 738,472	$ 11,717	$ 134,750	$ 884,939
Construction in progress (1)	1,264,280	382,251	(616,421)	1,030,110
Total capital assets not depreciated	2,002,752	393,968	(481,671)	1,915,049
Capital assets depreciated — buildings and other facilities	6,389,283	616,421	(236,320)	6,769,384
Less accumulated depreciation for — buildings and other facilities	(2,316,486)	(109,355)		(2,425,841)
Total capital assets depreciated — net	4,072,797	507,066	(236,320)	4,343,543
Total property and facilities — net	$6,075,549	$ 901,034	$(717,991)	$6,258,592

(1) Includes net capitalized interest of $103,258

In 2012, the Airport recorded an operating expense from capital asset impairment of $21.6 million. These operating expenses are primarily from the disposal or demolition of prior capitalized assets in the course of O'Hare Modernization Program.

During 2011, Chicago Department of Aviation recorded special item in the amount of $53 million reducing the carrying value for the World Gateway Program (WGP) to $0. WGP was conceived to expand gate capacity at the Airport through construction of new terminal complexes. In September 2002, in light of changed conditions in the airline industry and the economy, the Airport and airlines agreed to temporarily suspend work on the WGP until demand and airline approval would resume construction. Chicago Department of Aviation reconsidered the impairment of assets previously capitalized under the World Gateway Program and determined the assets to be impaired considering the prolonged poor economic conditions and trends in the aviation industry during 2011. The Chicago Department of Aviation determined any future revitalization of the program would likely require new design activities due to the age of the design work previously capitalized, resulting in an insignificant value as of December 31, 2011.

6. LEASING ARRANGEMENTS WITH TENANTS

Most of the Airport's land, buildings and terminal space are leased under operating lease agreements with airlines and other tenants. The minimum future rental income on noncancelable operating leases as of December 31, 2012, is as follows (dollars in thousands):

Years Ending December 31	Amount
2013	$ 84,203
2014	83,796
2015	66,513
2016	66,510
2017	66,789
2018–2022	133,707
2023–2027	8,867
2028–2032	9,656
2033–2036	5,738
Total minimum future rental income	$ 525,779

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

Rental income, consisting of all rental and concession revenues, except ramp rentals and automobile parking, amounted to approximately $365.8 million and $399.7 million in 2012 and 2011, respectively. Contingent rentals included in the totals were approximately $86.0 million and $84.4 million for 2012 and 2011, 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 basic financial statements for each of the pension plans which may be obtained at the respective fund's office.

The funds provide retirement, death and disability benefits as established by State law. Benefits generally vest after 20 years of credited service. Employees who retire at or after age 55 with at least 10 years of credited service qualify to receive a money purchase annuity and those with more than 20 years of credited service qualify to receive a minimum formula annuity. The annuity is computed by multiplying the final average salary by a maximum of 2.4% 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 Airport reimburses the City's general fund for the estimated pension cost applicable to the covered payroll of Airport employees. These reimbursements, recorded as expenses of the Airport, were $15.3 million 2012 and $14.3 million 2011. The annual pension costs are determined using the entry age normal actuarial cost method and the level dollar amortization method.

The funding policy mandated by State law requires City contributions at statutorily, not actuarially, determined rates. The rates are expressed as multiples of employee contributions. These contributions equal employee contributions made in the calendar year two years prior to the year for which the applicable tax is levied, multiplied by the statutory rates. The statutory rates in effect for the City's contributions made during the years ended December 31, 2012 and 2011, 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, 2012, assists users in assessing each pension fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each annuity and benefit fund is as follows (dollars in thousands):

	Annual Pension Cost	Percent of Annual Pension Cost Contributed	Required Contribution	Percent of Required Contributions Contributed	Net Pension Obligation (Asset)
Municipal employees':					
2010	$ 482,421	32.1 %	$ 483,948	32.0 %	$ 1,007,404
2011	609,491	24.1	611,756	24.0	1,469,886
2012	687,519	21.7	690,823	21.5	2,008,546
Laborers':					
2010	47,129	32.6	46,665	32.9	(174,584)
2011	57,651	22.2	57,259	22.3	(129,712)
2012	77,857	15.2	77,566	22.2	(63,707)

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

8. OTHER POSTEMPLOYMENT BENEFITS — CITY OBLIGATION

In addition to providing pension benefits, under State law, the City provides certain health benefits to employees who retire from the City based upon their participation in the City's pension plans. Substantially, all employees who qualify as Municipal Employees' or Laborers' pension plan participants older than age 55 with at least 20 years of service may become eligible for postemployment benefits if they eventually become annuitants. Health benefits include basic benefits for annuitants and supplemental benefits for Medicare-eligible annuitants. Currently, the City does not segregate benefit payments to annuitants by fund. The cost of health benefits is recognized as claims are reported and are funded on a pay-as-you-go basis. The total cost to the City for providing health benefits to approximately 24,408 annuitants and their dependents was approximately $97.5 million and $99.1 million in 2012 and 2011, respectively.

The annuitants who retired prior to July 1, 2005, received a 55% subsidy from the City and the annuitants who retired on or after July 1, 2005, received a 50%, 45%, 40%, and 0% subsidy from the City based on the annuitant's length of actual employment with the City for the gross cost of retiree health care under a court-approved settlement agreement. During 2012 and 2011, the pension funds contributed $65 per month for each Medicare-eligible annuitant and $95 per month for each Non-Medicare-eligible annuitant to their gross cost, respectively. The annuitants contributed a total of $67.8 million and $68.3 million in 2012 and 2011, respectively, to the gross cost of their retiree healthcare pursuant to premium amounts set forth in the above-referenced agreement.

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

Plan Description Summary — The City 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 Plans, the City administers a single-employer defined benefit health care plan (the "Health Plan"), for which the City pays a portion of the costs on a pay-as-you-go method. Under the Plans' agreement, the City 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, Compiled Statutes authorize the four respective Pension Funds (Police, Fire, Municipal and Laborers) to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under the Health Plan through June 30, 2013. After that date, no supplements are authorized.

The liabilities for the monthly dollar supplements paid to annuitants enrolled in the retiree medical plan by their respective pension funds are included in the liabilities and reports of the respective four pension funds.

Special Benefits under the Collective Bargaining Agreements (CBA) — Under the terms of the latest collective bargaining agreements for the Fraternal Order of Police and the International Association of Fire Fighters, certain employees who retire after attaining age 55 with the required years of service are permitted to enroll themselves and their dependents in the healthcare benefit program offered to actively employed members. They may keep this coverage until they reach the age of Medicare eligibility. These retirees do not contribute towards the cost of coverage, but the Police pension fund contributes $95 per month towards coverage for police officers (which is assumed to continue); the Fire Pension Fund does not contribute. Once CBA early retirees reach Medicare eligibility age, their healthcare benefits are provided under the provisions of the Settlement Plan.

No extension of the CBA has been negotiated as of the end of the governing contract period (June 30, 2012), and therefore this valuation assumes the expiration of the early retirement special benefits as of December 31, 2012, but includes the liabilities for continuation of payments to those members already retired under the CBA as of December 31, 2012.

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

Annual OPEB Cost and Net OPEB Obligation — The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of two 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 Plans, the amount actually contributed to the Plans 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 position as of year-end as the net liability for the other postemployment 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 position for 2012 is the annual OPEB cost (expense).

	Annual OPEB Cost and Contributions Made (In thousands)	
	2012 Health Plan	**2011 Health Plan**
Contribution rates:		
City	Pay as you go	Pay as you go
Plan members	N/A	N/A
Annual required contribution	$ 252,747	$ 200,062
Interest on net OPEB obligation	3,816	4,567
Adjustment to annual required contribution	(179,586)	(155,675)
Annual OPEB cost	76,977	48,954
Contributions made	115,961	99,091
Decrease in net OPEB obligation	(38,984)	(50,137)
Net OPEB obligation — beginning of year	254,345	304,482
Net OPEB obligation — end of year	$ 215,361	$ 254,345

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation for fiscal years 2012, 2011 and 2010 are as follows (in thousands):

	Schedule of Contributions, OPEB Costs, and Net Obligations		
Fiscal Years Ended	**Annual OPEB Cost**	**Percentage of Annual OPEB Cost Contributed**	**Net OPEB Obligation**
December 31, 2012	$ 76,977	260.5 %	$ 215,361
December 31, 2011	48,954	202.4	254,345
December 31, 2010	82,874	129.6	304,483

Funded Status and Funding Progress — As of December 31, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $471.0 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plans) was approximately $2,518.7 million and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.6%.

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

(Dollars in thousands)

Actuarial Valuation Date	**Actuarial Value of Assets**	**Actuarial Accrued Liability (AAL)**	**Unfunded Actuarial Accrued Liability (UAAL)**	**Funded Ratio**	**Covered Payroll**
December 31, 2011	$	$ 470,952	$ 470,952	%	$ 2,518,735
December 31, 2010	$	390,611	390,611	%	2,475,080

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

For the Plans' benefits (not provided by the pension funds) in the actuarial valuation for the fiscal years ended December 31, 2012 and 2011, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual health care cost trend rate of 10.5% initially, reduced by decrements to an ultimate rate of 5.0%. Both rates included a 3.0% inflation assumption. The Plans have 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 1.5%. The UAAL is being amortized as a level-dollar amount over one to five years.

Item	**2012 Health Plan**	**2011 Health Plan**
Actuarial valuation date	December 31, 2011	December 31, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar	Level dollar
Remaining amortization period	1 to 5 years	2 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	1.50%	1.50%
Projected salary increases	3.0%	2.5%
Healthcare inflation rate	10.5% initial to 5.0% ultimate	11.5% initial to 10.5% ultimate

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

9. RELATED-PARTY TRANSACTIONS

Included in operating expenses are reimbursements to the general fund of the City for services provided by other City departments, employee fringe benefits and certain payments made on behalf of the Airport. Such reimbursements amounted to $67.4 million and $70.8 million in 2012 and 2011, respectively.

10. COMMITMENTS AND CONTINGENCIES

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

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

Uninsured claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the claims liability amount for the years ended December 31, 2012 and 2011, are as follows (dollars in thousands):

	2012	2011
Beginning balance — January 1	$ 2,274	$ 2,244
Total claims incurred (expenditures)	23,137	21,090
Claims paid	(22,993)	(21,060)
Claims liability — December 31	$ 2,418	$ 2,274

The City purchases annuity contracts from commercial insurers to satisfy certain liabilities. The City renewed its property insurance for the City's Airports, effective December 31, 2012, at a limit of $3.5 billion. Claims have not exceeded the purchased insurance coverage in the past 12 years. Property and casualty risks for the Airport are transferred to commercial insurers.

At December 31, 2012 and 2011, the Airport had commitments in the amounts of approximately $350.1 million and $426.7 million, respectively, in connection with contracts entered into for construction projects.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION
SENIOR LIEN GENERAL AIRPORT REVENUE BONDS
CALCULATIONS OF COVERAGE COVENANT
YEAR ENDED DECEMBER 31, 2012
(Dollars in thousands)

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues — as defined	$ 701,499	$ 701,499
Other available moneys (passenger facility charges for debt service)	69,740	69,740
Cash balance in Revenue Fund on the first day of fiscal year (Note 2)	73,715	
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 844,954	$ 771,239
COVERAGE REQUIREMENTS:		
Deposits required:		
Operation and maintenance reserve	$ 1,791	
Maintenance reserve	476	
Special capital projects	1,440	
Senior lien debt service fund	267,645	
TOTAL DEPOSITS REQUIREMENTS	$ 271,352	
AGGREGATE SENIOR LIEN DEBT SERVICE	$ 437,899	$ 437,899
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(106,146)	(106,146)
NET AGGREGATE DEBT SERVICE	331,753	331,753
COVENANT REQUIREMENT	1.10	
NET AGGREGATE DEBT SERVICE	$ 364,928	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 110 percent of net aggregate debt service)	$ 364,928	
OPERATION AND MAINTENANCE EXPENSES — As defined	439,309	439,309
TOTAL REQUIREMENT	$ 804,237	$ 771,062
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 844,954	$ 771,239

See notes to calculations of coverage.

1. RATE COVENANT

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

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

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

2. REVENUE FUND BALANCE

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL OPERATING RESULTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)
(Dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OPERATING REVENUES:										
Landing fees	$ 141,426	$ 131,406	$ 157,791	$ 159,094	$ 179,076	$ 196,453	$ 181,335	$ 170,907	$ 179,924	$ 189,997
Rental revenues:										
Terminal rental and use charges	150,151	96,870	140,038	145,417	211,732	220,040	212,944	287,972	237,628	246,912
Other rentals and fueling system fees	33,511	35,316	36,365	40,172	51,026	47,378	39,809	40,468	41,745	40,530
Subtotal rental revenues	183,662	132,186	176,403	185,589	262,758	267,418	252,753	328,440	279,373	287,442
Concessions:										
Auto parking	83,210	90,421	95,521	98,613	103,137	108,545	89,131	93,430	95,997	93,557
Auto rentals	17,325	17,340	19,604	19,928	22,376	22,213	22,915	22,643	23,745	25,445
Restaurants	22,088	27,161	29,790	33,401	34,904	34,813	32,721	35,669	38,547	41,330
News and gifts	10,185	11,001	11,893	12,357	13,267	14,640	13,662	14,495	15,608	16,579
Other	21,560	21,501	33,125	30,374	34,909	34,912	26,685	30,377	37,989	41,197
Subtotal concessions	154,368	167,424	189,933	194,673	208,593	215,123	185,114	196,614	211,886	218,108
Reimbursements	2,501	11,553	8,750	6,560	2,336	5,288	5,241	6,642	8,219	7,017
Total operating revenues (1)	481,957	442,569	532,877	545,916	652,763	684,282	624,443	702,603	679,402	702,564
OPERATING AND MAINTENANCE EXPENSES:										
Salaries and wages (2)	167,891	153,926	157,116	168,361	177,800	177,418	174,897	174,331	190,830	191,677
Repairs and maintenance	65,870	66,066	73,903	73,591	83,865	100,341	82,518	86,463	94,519	88,784
Energy	23,011	22,270	30,894	29,118	35,924	38,535	37,261	33,687	31,777	31,775
Materials and supplies	5,702	8,228	9,338	5,120	10,411	17,506	17,661	9,526	14,288	9,797
Engineering and other professional services	35,759	35,533	52,142	45,357	56,506	61,514	54,767	57,981	65,382	74,307
Other operating expenses	33,317	31,807	28,572	33,038	33,628	33,196	37,181	48,640	34,254	53,839
Total operating and maintenance expenses before depreciation and amortization (3)	331,550	317,830	351,965	354,585	398,134	428,510	404,285	410,628	431,050	450,179
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (4)	$ 150,407	$ 124,739	$ 180,912	$ 191,331	$ 254,629	$ 255,772	$ 220,158	$ 291,975	$ 248,352	$ 252,385
FIRST AND SECOND LIEN BONDS:										
NET REVENUES FOR CALCULATING COVERAGE LESS FUND DEPOSIT REQUIREMENTS	$ 167,952	$ 179,862	$ 292,193	$ 354,363	$ 356,299	$ 358,671	$ 261,166	$ 372,341	$ 407,700	$
AGGREGATE DEBT SERVICE LESS DISBURSEMENTS FROM CAPITALIZED INTEREST ACCOUNTS (5)	$ 101,791	$ 116,932	$ 92,773	$ 56,563	$ 107,700	$ 107,389	$ 108,898	$ 104,349	$ 112,181	$
DEBT SERVICE COVERAGE RATIO (6)	1.65	1.54	3.15	6.26	3.31	3.34	2.40	3.57	3.63	
THIRD LIEN BONDS:										
NET REVENUES FOR CALCULATING COVERAGE PER MASTER INDENTURE THIRD LIEN	$ 476,131	$ 503,355	$ 653,743	$ 710,017	$ 764,133	$ 761,514	$ 664,917	$ 800,380	$ 861,675	$
COVERAGE REQUIRED PER MASTER INDENTURE — THIRD LIEN	$ 499,418	$ 503,497	$ 544,458	$ 577,301	$ 690,407	$ 723,259	$ 660,463	$ 790,282	$ 785,213	$
SENIOR LIEN BONDS:										
NET REVENUES FOR CALCULATING COVERAGE PER MASTER INDENTURE SENIOR LIEN (7)	$	$	$	$	$	$	$	$	$	$ 844,954
COVERAGE REQUIRED PER MASTER INDENTURE — SENIOR LIEN (7)	$	$	$	$	$	$	$	$	$	$ 804,237
COVERAGE RATIO (8)	1.05	1.00	1.20	1.23	1.11	1.05	1.01	1.01	1.10	1.05

(1) Average annual compound growth rate for 2003–2012 for total operating revenues is 4.3%.
(2) Salaries and wages includes charges for pension, health care and other employee benefits.
(3) Average annual compound growth rate for 2003–2012 for total operating and maintenance expenses before depreciation and amortization is 3.5%.
(4) Amount for 2012 may be reconciled to operating income of $14,022 reported in the 2012 Statements of Revenues, Expenses and Changes in Net Position by deducting depreciation and amortization of $216,762 and capital asset impairment of $21,601. Amount for prior years may be reconciled through similar calculations.
(5) Represents debt service on first and second lien bonds.
(6) Represents debt service coverage ratio on first and second lien bonds.
(7) Represents required coverage per senior lien master indenture.
Source: Chicago O'Hare International Airport Audited Financial Statements and City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE (UNAUDITED)
(Dollars in thousands)

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

Year Ending December 31	Total Debt Service on Senior Lien Bonds (1)	Total GARB Debt Service	Total PFC Debt Service	Total Debt Service
2013	$ 401,053	$ 401,053	$ 57,503	$ 458,556
2014	442,824	442,824	69,971	512,796
2015	466,430	466,430	64,734	531,164
2016	459,123	459,123	66,143	525,266
2017	503,846	503,846	65,500	569,346
2018	537,435	537,435	65,454	602,889
2019	531,566	531,566	49,738	581,304
2020	494,824	494,824	47,786	542,610
2021	433,237	433,237	47,671	480,908
2022	433,036	433,036	47,636	480,672
2023	412,754	412,754	47,590	460,344
2024	412,395	412,395	47,558	459,953
2025	412,172	412,172	50,657	462,829
2026	410,590	410,590	50,605	461,195
2027	409,088	409,088	50,664	459,752
2028	408,941	408,941	50,618	459,559
2029	407,949	407,949	50,562	458,511
2030	406,333	406,333	50,410	456,743
2031	405,932	405,932	50,347	456,279
2032	405,623	405,623	46,285	451,908
2033	446,894	446,894	10,187	457,081
2034	438,139	438,139	6,917	445,056
2035	447,400	447,400	6,910	454,310
2036	265,197	265,197	6,901	272,098
2037	263,419	263,419	6,898	270,317
2038	260,891	260,891	6,887	267,778
2039	257,324	257,324	6,880	264,204
2040	146,295	146,295	6,873	153,168
2041	96,469	96,469		96,469
2042				
	$ 11,417,179	$ 11,417,179	$ 1,135,885	$ 12,553,065

(1) Assumes an interest rate effective at December 31, 2012 on $240,600,000 of Senior Lien Bonds that are variable-rate demand obligations.

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

The change has been made to facilitate reconciliation to revenue bonds payable at December 31, 2012.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O’HARE INTERNATIONAL AIRPORT

CAPITAL IMPROVEMENT PLAN (CIP), 2013–2017 (UNAUDITED)
(Dollars in thousands)

ESTIMATED USES:	
Five-Year Capital Improvement Program:	
Airfield improvements	$ 1,059,422
Terminal improvements	87,938
Noise mitigation	
Parking/roadway projects	849,693
Heating and refrigeration	166,556
Safety and security	20,592
Planning and other costs	
Implementation	39,676
Sound	141,593
TOTAL ESTIMATED USES (1)	$ 2,365,470
ESTIMATED SOURCES:	
Existing PFC revenue bond proceeds	$ 6,737
PFC revenues (pay-as-you-go)	81,124
Future PFC revenue bond proceeds	
Federal AIP entitlements grants	20,982
Federal AIP discretionary grants	
Federal AIP LOI	187,457
TSA funds	
Prior airport revenue bond proceeds	212,605
LOI Backed GARBS	73,119
PFC Backed GARBS	322,440
Future airport obligation proceeds	788,129
Customer Facility Charges	332,859
Other airport funds	340,018
TOTAL ESTIMATED SOURCES	$ 2,365,470

(1) The total of O’Hare 2013–2017 CIP is $2,365,470 and includes $988,355 in active CIP projects $353,763 in proposed CIP projects, $181,282 in OMP Phase I projects, $700,477 in OMP Completion Phase Design and Completion Phase 2A projects, and $141,593 in sound program projects.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

OPERATIONS OF THE AIRPORT
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)

AIRPORT ACTIVITY

According to statistics compiled by Airports Council International, the Airport was the second busiest airport in the world as measured by total aircraft operations, and the fifth busiest airport as measured by total passengers. In North America, the Airport is the sixth busiest airport in terms of total cargo tonnage handled. According to the Official Airline guide, as of December 31, 2012, nonstop service was provided from the Airport to 201 destinations, 145 domestic airports, and 56 foreign airports.

Chicago O'Hare International Airport Historical Connecting Passengers

Year	Total Enplanements	Total Originating Enplanements (1)	Total Connecting Enplanements	Connecting Enplanements Percentage
2003	34,454,921	15,331,493	19,123,428	53.6 %
2004	37,464,632	16,799,401	20,665,231	55.2
2005	37,970,886	17,548,038	20,422,848	53.8
2006	37,784,336	18,058,904	19,725,432	52.2
2007	37,779,576	18,223,460	19,556,116	51.8
2008	34,744,030	17,685,020	17,059,010	49.1
2009	32,047,097	15,708,291	16,338,806	51.0
2010	33,232,412	17,419,794	15,812,618	47.6
2011	33,207,302	15,972,745	17,234,557	51.9
2012	33,244,515	16,318,810	16,925,705	50.9
Average Annual Compound Growth Rates				
2003–2012	(0.4)%	0.7 %	(1.3)%	

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANED COMMERCIAL PASSENGERS BY AIRLINE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012	
Airline (1)	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**	**Enplanements**	**% of Total**
United Airlines	13,780,164	40.0 %	14,222,780	38.0 %	13,035,044	34.3 %	12,905,929	34.2 %	12,798,917	34.0 %	11,818,081	34.0 %	10,304,138	32.2 %	9,655,258	29.1 %	8,763,788	26.4 %	7,417,697	22.3%
American Airlines	9,552,465	27.7	10,641,646	28.4	10,880,167	28.7	10,283,798	27.2	10,277,846	27.2	9,291,364	26.7	8,050,514	25.1	8,115,097	24.4	7,629,479	23.0	7,212,437	21.7
Simmons Airlines (dba American Eagle)	2,319,637	6.7	2,993,453	8.0	3,249,766	8.5	3,524,127	9.3	3,424,753	9.1	3,145,183	9.1	3,128,488	9.8	3,278,628	9.9	3,500,279	10.5	3,591,209	10.8
Sky West (dba United Express)					1,385,206	3.6	2,333,968	6.2	2,231,622	5.9	2,010,239	5.8	1,763,788	5.5	1,932,478	5.8	1,375,680	4.1	1,276,718	3.8
Mesa (dba United Express)					517,511	1.4	1,032,938	2.7	1,227,446	3.2	1,032,402	3.0	1,327,751	4.1	703,936	2.1	553,439	1.7	524,665	1.6
Northwest Airlines	547,737	1.6	505,278	1.3	576,618	1.5	626,705	1.7	680,695	1.8	586,600	1.7	439,517	1.4						
Shuttle America (dba United Express)					282,928	0.7	870,661	2.3	721,642	1.9	689,203	2.0	936,803	2.9	1,067,038	3.2	941,420	2.8	1,163,078	3.5
Continental Airlines	437,571	1.3	423,693	1.1	461,804	1.2	486,762	1.3	584,908	1.5	519,567	1.5	514,528	1.6	542,760	1.6	947,868	2.9	1,901,333	5.7
US Airways	465,034	1.3	489,918	1.3	580,460	1.5	474,309	1.3	578,879	1.5	892,225	2.6	923,729	2.9	865,420	2.6	926,447	2.8	1,024,706	3.1
Go Jet (UA Express)							432,179	1.0	449,979	1.2	399,076	1.1	567,601	1.8	787,343	2.4	695,580	2.1	743,794	2.2
Delta Airlines	616,039	1.8	607,226	1.6	603,677	1.6	518,373	1.4	443,342	1.2	430,985	1.2	311,533	1.0	572,588	1.7	692,244	2.1	956,245	2.9
Trans State Air (dba United Express)					259,510	0.7	384,147	1.0	390,640	1.0	464,624	1.3	450,469	1.4	428,504	1.3	347,997	1.0	208,197	0.6
America West	342,750	1.0	367,469	1.0	426,571	1.1	442,308	1.2	320,778	0.8										
Air Canada	270,105	0.8	268,824	0.7	204,485	0.5	161,023	0.4	132,572	0.4	136,277	0.4	123,367	0.3	132,392	0.4	104,683	0.3	108,637	0.4
Chautauqua (dba United Express)					489,195	1.5	188,805	0.5	47,800	0.1	92	0.0	78	0.0	43,191	0.1	3,520		236	
Air Wisconsin (dba United Express)	1,561,285	4.5	2,172,712	5.8	1,906,211	5.0	21,100	0.1			24,143	0.1			147		2		4	
Independence Air			48,804	0.1	86,154	0.2	1,559													
Trans World Airlines																				
Atlantic Coast	1,829,053	5.3	770,768	2.1																
All Other (2)	2,733,081	8.0	3,952,061	10.5	3,025,579	8.0	3,095,645	8.2	3,467,757	9.2	3,303,969	9.5	3,204,793	10.0	5,107,632	15.4	6,724,876	20.3	7,115,559	21.4
Total	34,454,921	100.0 %	37,464,632	100.0 %	37,970,886	100.0 %	37,784,336	100.0 %	37,779,576	100.0 %	34,744,030	100.0 %	32,047,097	100.0 %	33,232,412	100 %	33,207,302	100.0 %	33,244,515	100.0 %

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

AIRLINES PROVIDING SERVICE AT THE AIRPORT
As of December 31, 2012, the Airport had scheduled air service by 73 airlines, including 23 domestic airlines, 25 foreign flag airlines, and 25 all-cargo airlines. Service to the Airport is provided by 17 of the 20 "Group III Carriers," which are defined by the U.S. Department of Transportation, Research and Special Programs Administration to include domestic air carriers with annual operating revenues in excess of $1 billion

United Airlines and American Airlines (including their commuter affiliates) together accounted for 81.4% of the enplaned commercial passengers at the Airport in 2012.

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PASSENGER TRAFFIC
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)

Year	Total Domestic Passengers	Percent of Total Passengers	Total International Passengers	Percent of Total Passengers	Total Passengers	Annual Percent Change
2003	60,197,706	86.6 %	9,310,966	13.4 %	69,508,672	4.4 %
2004	64,685,299	85.6	10,849,393	14.4	75,534,692	8.7
2005	64,772,036	85.1	11,382,369	14.9	76,154,405	0.8
2006	64,573,153	84.6	11,726,137	15.4	76,299,290	0.2
2007	64,376,479	84.5	11,801,376	15.5	76,177,855	(0.2)
2008	59,404,334	83.9	11,414,681	16.1	70,819,015	(7.0)
2009	54,114,214	83.8	10,439,179	16.2	64,553,393	(8.8)
2010	56,615,214	84.5	10,410,977	15.5	67,026,191	3.8
2011	57,233,467	85.7	9,558,683	14.3	66,792,150	(0.3)
2012	56,857,637	85.1	9,977,294	14.9	66,834,931	0.1
Average Annual Compound Growth Rates						
2003–2012	(0.6)%		0.8%		(0.4)%	

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL TOTAL ORIGIN AND DESTINATION (O&D) ENPLANEMENTS
CHICAGO REGION AIRPORTS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)

	Chicago O'Hare International Airport		Chicago Midway International Airport		
Year	Total O&D Enplanements (1)	Percent of Total Chicago	Total O&D Enplanements (1)	Percent of Total Chicago	Total O&D Enplanements
2003	15,331,493	71.1 %	6,243,039	28.9 %	21,574,532
2004	16,799,401	71.7	6,634,138	28.3	23,433,539
2005	17,548,038	73.2	6,431,517	26.8	23,979,555
2006	18,058,904	72.9	6,708,494	27.1	24,767,398
2007	18,223,460	73.6	6,532,362	26.4	24,755,822
2008	17,685,020	75.0	5,910,045	25.0	23,595,065
2009	15,708,291	73.6	5,647,591	26.4	21,355,882
2010	17,419,794	76.1	5,485,191	23.9	22,904,985
2011	15,972,745	73.7	5,693,938	26.3	21,666,683
2012	16,318,810	73.0	6,045,841	27.0	22,364,651
	Average Annual Compound Growth Rates				
2003–2012	0.7%		-0.4%		0.4%

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

ENPLANEMENT SUMMARY
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)

	Total O'Hare Enplanements						
Year	**Domestic Air Carrier**	**Domestic Commuter**	**Total Domestic (1)**	**Percent of Total O'Hare**	**Total International Enplanements**	**Percent of Total O'Hare**	**Total (2) Enplanements**
2003	29,909,585	1,173	29,910,758	86.8 %	4,544,163	13.2 %	34,454,921
2004	32,192,142		32,192,142	85.9	5,272,490	14.1	37,464,632
2005	32,426,920		32,426,920	85.4	5,543,966	14.6	37,970,886
2006	32,136,521		32,136,521	85.1	5,647,815	14.9	37,784,336
2007	32,126,121		32,126,121	85.0	5,653,455	15.0	37,779,576
2008	29,111,375		29,111,375	83.8	5,632,655	16.2	34,744,030
2009	26,863,092		26,863,092	83.8	5,184,005	16.2	32,047,097
2010	28,100,388		28,100,388	84.6	5,132,024	15.4	33,232,412
2011	28,306,173		28,306,173	85.2	4,901,129	14.8	33,207,302
2012	28,288,427		28,288,427	85.1	4,956,088	14.9	33,244,515
	Average Annual Compound Growth Rates						
2003–2012	(0.6)%		(0.6)%		1.0 %		0.1 %

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

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

AIRCRAFT OPERATIONS
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)

	Annual Aircraft Operations						
Year	**Domestic Air Carrier**	**International Air Carrier**	**Total Air Carrier**	**Commuter**	**All-Cargo**	**General Aviation**	**Total**
2003	802,234	76,455	878,689	498	21,257	28,247	928,691
2004	859,696	82,394	942,090		21,588	28,749	992,427
2005	835,414	84,778	920,192		21,979	30,077	972,248
2006	821,586	83,986	905,572		21,165	31,906	958,643
2007	802,933	87,043	889,976		20,702	16,295	926,973
2008	762,995	81,211	844,206		17,542	19,818	881,566
2009	721,169	74,842	796,011		13,988	17,900	827,899
2010	771,550	72,144	843,694		17,248	21,675	882,617
2011	772,707	69,704	842,411		17,149	19,238	878,798
2012	783,371	66,992	850,363		16,887	10,858	878,108
Average Annual Compound Growth Rates							
2003–2012	(0.3)%	(1.5)%	(0.4)%		(2.5)%	(10.1)%	(0.6)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET AIRLINE REQUIREMENT AND COST PER ENPLANED PASSENGER
YEAR ENDED DECEMBER 31, 2012 (UNAUDITED)
(Dollars in thousands)

Calculation of Cost per Enplaned Passenger	
Operating and maintenance expenses (1)	$ 426,461
Net debt service (1)	276,770
Debt service coverage requirement (2)	490
Fund deposits (3)	3,228
Total Airport expenses (1)	706,949
Less:	
Non-airline revenue (1)	(245,977)
PFC revenue applied to eligible debt service	(6,369)
Other	(4,047)
Net Airline Requirement (4)	$ 450,556
Enplaned Passengers	33,244,515
Cost per Enplaned Passenger	13.55

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

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)
(Dollars in thousands)

Year	Total Enplanements	PFC Enplanements (1)	PFC Revenues (Net of Airline Collection Fees) (2) (3)	PFC Interest Income	Total PFC Revenues
2003	34,454,921	28,993,623	$ 128,152	$ 1,667	$ 129,819
2004	37,464,632	30,810,007	136,180	2,548	138,728
2005	37,970,886	32,546,469	143,855	5,662	149,517
2006	37,784,336	33,765,769	148,232	10,052	158,284
2007	37,779,576	34,243,364	150,329	18,922	169,251
2008	34,744,030	30,720,227	130,922	3,940	134,862
2009	32,047,097	27,533,048	117,103	3,767	120,870
2010	33,232,412	29,493,621	129,477	2,596	132,073
2011	33,207,302	28,503,338	125,130	2,631	127,761
2012	33,244,515	28,067,538	123,215	1,575	124,790

(1) Historical collection information reflects an actual percentage of eligible PFC enplanements of 84.4% in 2012.

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

(3) Actual amounts above are recorded on a cash basis but are reported in the Airport's audited financial statements on an accrual basis. For 2003–2012, a separate cash basis PFC audit was performed as required by the PFC Regulations. The cash basis PFC audit for 2010, 2011 and 2012 has not yet been issued.

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE (PFC) DEBT SERVICE COVERAGE
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003–2012 (UNAUDITED)
(Dollars in thousands)

Bond Year Ended	PFC Revenues (2)	PFC Bonds Debt Service	Coverage by PFC Revenues (1)
January 1, 2003	$ 132,777	$ 63,685	2.08 %
January 1, 2004	129,819	73,498	1.77
January 1, 2005	138,728	73,512	1.89
January 1, 2006	149,518	73,502	2.03
January 1, 2007	158,284	73,502	2.15
January 1, 2008	169,251	73,498	2.30
January 1, 2009	134,862	50,048	2.69
January 1, 2010	120,870	49,411	2.45
January 1, 2011	132,073	59,077	2.24
January 1, 2012	127,761	77,497	1.65
January 1, 2013	124,790	66,163	1.89

(1) Ratio represents the amount of PFC revenues to debt service:
For bond years ended 2003 through 2008, Series 1996 PFC and Series 2001 PFC Bonds.
(2) Actual amounts above are recorded on a cash basis and includes interest earnings.

Source: City of Chicago Comptroller's Office.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NET POSITION BY COMPONENT
EACH OF THE SEVEN YEARS ENDED DECEMBER 31, 2006–2012 (UNAUDITED)
(Dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012
Net position:							
Net investment in capital assets	$ 213,090	$ 481,321	$ 644,828	$ 612,920	$ 704,324	$ 713,876	$ 651,476
Restricted	751,069	644,048	594,185	610,868	588,683	640,469	726,112
Unrestricted (deficit)	60,111	73,390	77,195	89,554	104,730	38,201	31,511
Total net position	$ 1,024,270	$ 1,198,759	$ 1,316,208	$ 1,313,342	$ 1,397,737	$ 1,392,546	$ 1,409,099

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

CHANGE IN NET POSITION
EACH OF THE SEVEN YEARS ENDED DECEMBER 31, 2006–2012 (UNAUDITED)
(Dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012
Operating revenues	$ 545,916	$ 652,763	$ 684,282	$ 624,443	$ 702,603	$ 679,402	$ 702,564
Operating expenses	496,581	544,890	579,297	583,002	595,707	609,499	688,542
Operating income	49,335	107,873	104,985	41,441	106,896	69,903	14,022
Nonoperating revenues (expenses)	24,446	18,363	(37,486)	(94,627)	(80,068)	(80,925)	(71,007)
Special items						(53,910)	
Income(loss) before capital contributions	73,781	126,236	67,499	(53,186)	26,828	(64,932)	(56,985)
Capital grants	71,238	48,253	49,950	50,320	57,567	59,741	73,538
Change in net position	$ 145,019	$ 174,489	$ 117,449	$ (2,866)	$ 84,395	$ (5,191)	$ 16,553

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

LONG TERM DEBT
EACH OF THE SEVEN YEARS ENDED DECEMBER 31, 2006–2012 (UNAUDITED)
(Dollars in thousands)

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

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

FULL TIME EQUIVALENT CHICAGO O'HARE AIRPORT EMPLOYEES BY FUNCTION
EACH OF THE SEVEN YEARS ENDED DECEMBER 31, 2006–2012 (UNAUDITED)

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

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

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2012 (1)			2003 (1)		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
J. P. Morgan Chase Bank, N.A. (2)	8,168	1	0.76 %	10,192	1	0.95 %
United Airlines	7,521	2	0.70	7,634	2	0.71
Accenture LLP	5,590	3	0.52	3,862	6	0.36
Northern Trust Company	5,448	4	0.51	5,084	4	0.47
Jewel Food Stores, Inc	4,572	5	0.43			
Ford Motor Company	4,187	6	0.39			
Bank of America NT & SA	3,811	7	0.36			
ABM Janitorial Midwest, Inc.	3,398	8	0.32			
American Airlines	3,076	9	0.29	4,403	5	0.41
Walgreen's Co	2,789	10	0.26			
CVS Corporation						
SBC Ameritech (3)				5,240	3	0.49
Target Corporation				2,904	7	0.27
Harris Trust & Savings Bank				2,684	8	0.25
LaSalle Bank				2,668	9	0.25
United Parcel Service				2,649	10	0.25

(1) Source: City of Chicago, Department of Revenue, Employer's Expense Tax Returns.
(2) J.P. Morgan Chase formerly known as Banc One.

CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS
(Unaudited)

Year	Population (1)	Median Age (2)	Number of Households (2)	Unemployment Rate (3)	Per Capita Income (4)	Total Income (5)
2003	2,896,016	32.6	1,067,823	8.2 %	$35,464	$102,704,311,424
2004	2,896,016	32.6	1,051,018	7.2	37,169	107,642,018,704
2005	2,896,016	33.0	1,045,282	7.0	38,439	111,319,959,024
2006	2,896,016	33.5	1,040,000	5.2	41,887	121,305,422,192
2007	2,896,016	33.7	1,033,328	5.7	43,714	126,596,443,424
2008	2,896,016	34.1	1,032,746	6.4	45,329	131,273,509,264
2009	2,896,016	34.5	1,037,069	10.0	45,957	126,634,091,632
2010	2,695,598	34.8	1,045,666	10.1	N/A (5)	N/A (5)
2011	2,695,598	33.2	1,048,222	9.3	N/A (5)	N/A (5)
2012	2,695,598	33.0	1,030,746	8.9	N/A (5)	N/A (5)

Notes:
(1) Source: U.S. Census Bureau.
(2) Source: World Business Chicago Website, Claritas date estimates; Cook County's Website.
(3) Source: Bureau of Labor Statistics 2012, Unemployment rate for Chicago-Naperville-Illinois Metropolitan Area.
(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Per Capita Personal Income for Chicago-Naperville-Illinois Metropolitan Area (in 2012 dollars).
(5) N/A means not available at time of publication.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY — 2012 TERMINAL RENTALS, FEES AND CHARGES
FOR THE PERIOD COMMENCING JULY 1, 2012

DOMESTIC TERMINAL	Signatory	Non-Signatory
DESCRIPTION		
Landing Fee/1,000 lbs.	$ 5.48	$ 6.85
Base Rent	5.00	
Existing Footage	52.43	
Special Facility Additional Footage	64.28	
Additional Footage	64.28	
Ultimate Additional Footage	7.88	
INTERNATIONAL TERMINAL		
DESCRIPTION		
Landing Fee/1,000 lbs.	$ 5.48	$ 6.85
Terminal Rent/Sq. ft./Annum		
Long-Term Signatory	78.06	
Short-Term Signatory	97.58	
Month-To-Month	105.38	
ENPLANED PASSENGER USE CHARGE		
Long-Term Signatory	14.48	
Short-Term Signatory	18.10	
Month-To-Month	19.54	
DEPLANED PASSENGER USE CHARGE		
Long-Term Signatory	9.20	
Short-Term Signatory	11.50	
Month-To-Month	12.42	