NEW ISSUES **Ratings: See "RATINGS" herein.**
BOOK-ENTRY ONLY

Interest on the Subordinate Series 2012A Bonds is included in gross income for federal income tax purposes and is includible in taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, and in taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes. In the opinion of Kutak Rock LLP, Bond Counsel to the Commission, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Subordinate Series 2012B Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Subordinate Series 2012B Bonds is not includible in taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, but is includible in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes. For a more complete description, see "TAX MATTERS" herein.

$81,785,000
MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

$39,770,000 Subordinate Airport Revenue Bonds Series 2012A (Taxable)	$42,015,000 Subordinate Airport Revenue Refunding Bonds Series 2012B (Tax-Exempt - Non-AMT)

Dated: Date of Delivery **Due**: January 1, as shown on the inside cover

The Metropolitan Airports Commission (the "Commission") is issuing its (a) Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2012A (the "Subordinate Series 2012A Bonds") to finance certain capital improvement projects at Minneapolis-St. Paul International Airport, fund a portion of the interest accruing on the Subordinate Series 2012A Bonds through January 1, 2014, make a deposit to the Reserve Fund, and pay the costs of issuance of the Subordinate Series 2012A Bonds, and (b) Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2012B (the "Subordinate Series 2012B Bonds," and together with the Subordinate Series 2012A Bonds, the "Subordinate Series 2012 Bonds") to current refund and defease the Refunded Bonds and pay the costs of issuance of the Subordinate Series 2012B Bonds, and as described herein. See "PLAN OF FINANCE AND APPLICATION OF THE SUBORDINATE SERIES 2012 BOND PROCEEDS" herein.

The Subordinate Series 2012 Bonds are limited obligations of the Commission payable solely from and secured by (a) a pledge of Subordinate Revenues which include certain income and revenue received by the Commission from the operation of the Airport System less all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System, less all amounts necessary to pay debt service and reserve and replenishment requirements on and relating to the Senior Parity Bonds, and (b) other amounts payable under the Subordinate Indenture. The Subordinate Series 2012 Bonds will be issued with a pledge of and lien on Subordinate Revenues on parity with the Commission's Prior Subordinate Bonds (including the Refunded Bonds), which, as of October 1, 2012, were outstanding in the aggregate principal amount of $722,970,000, and the Commission's Subordinate Short-Term Obligations, which as of October 1, 2012, were outstanding in the aggregate principal amount of $11,300,000.

THE SUBORDINATE SERIES 2012 BONDS ARE NOT GENERAL OBLIGATIONS, BUT ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE FROM A LIEN ON SUBORDINATE REVENUES, AS DESCRIBED HEREIN. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMISSION, THE CITY OF MINNEAPOLIS, THE CITY OF ST. PAUL, THE STATE OF MINNESOTA OR ANY POLITICAL SUBDIVISION OR PUBLIC AGENCY OF THE STATE, OTHER THAN THE COMMISSION, TO THE EXTENT OF THE SUBORDINATE REVENUES IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SUBORDINATE SERIES 2012 BONDS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SUBORDINATE SERIES 2012 BONDS.

The Subordinate Series 2012 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Subordinate Series 2012 Bonds may be made in book-entry form only in denominations of $5,000 and integral multiples thereof. Interest on the Subordinate Series 2012 Bonds will be payable on January 1 and July 1, commencing on July 1, 2013. So long as the Subordinate Series 2012 Bonds are held by DTC, the principal of and interest on the Subordinate Series 2012 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Subordinate Series 2012 Bonds, as more fully described herein.

The Subordinate Series 2012 Bonds are subject to optional redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS—Redemption of Subordinate Series 2012 Bonds" herein.

The purchase and ownership of the Subordinate Series 2012 Bonds involve investment risk and may not be suitable for all investors. This cover page is not intended to be a summary of the terms of, or the security for, the Subordinate Series 2012 Bonds. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS" herein. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Subordinate Series 2012 Bonds are offered, when, as and if issued by the Commission, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Commission, and to certain other conditions. Certain matters will be passed upon for the Commission by Thomas W. Anderson, Esq., General Counsel to the Commission, and certain legal matters will be passed upon for the Commission by Kutak Rock LLP, as Disclosure Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by their counsel, Hogan Lovells US LLP. Jefferies & Company, Inc. has served as Financial Advisor to the Commission. It is expected that the Subordinate Series 2012 Bonds in book-entry form will be available for delivery through the facilities of DTC on or about November 20, 2012.

Piper Jaffray & Co. **Wells Fargo Securities**

Barclays **Citigroup** **J.P. Morgan** **RBC Capital Markets**

Date of Official Statement: October 23, 2012.

MATURITY SCHEDULE

$39,770,000
Minneapolis-St. Paul Metropolitan Airports Commission
Subordinate Airport Revenue Bonds
Series 2012A
(Taxable)

Maturity Date (January 1)	Principal Amount	Interest Rate	Price	CUSIP Numbers[1]
2014	$5,395,000	0.486%	100%	603827UU8
2015	5,500,000	1.151	100	603827UV6
2016	5,565,000	1.499	100	603827UW4
2017	5,650,000	1.849	100	603827UX2
2018	5,755,000	2.238	100	603827UY0
2019	5,880,000	2.438	100	603827UZ7
2020	6,025,000	2.755	100	603827VA1

$42,015,000
Minneapolis-St. Paul Metropolitan Airports Commission
Subordinate Airport Revenue Refunding Bonds
Series 2012B
(Tax-Exempt - Non-AMT)

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield	CUSIP Numbers[1]
2026	$6,120,000	5.000%	2.830%[C]	603827VB9
2027	6,420,000	5.000	2.890[C]	603827VC7
2028	6,745,000	5.000	2.950[C]	603827VD5
2029	7,210,000	5.000	3.000[C]	603827VE3
2030	7,575,000	5.000	3.030[C]	603827VF0
2031	7,945,000	5.000	3.060[C]	603827VG8

[C] Priced to the par call date of January 1, 2022.

[1] Copyright 2012, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the Commission and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Subordinate Series 2012 Bonds. Neither the Commission nor the Underwriters take responsibility for the accuracy of the CUSIP numbers.

METROPOLITAN AIRPORTS COMMISSION[1]

Daniel Boivin
Chair

Carl Crimmins	Michael Madigan
James Deal	John McClung
Greg Foster	Tammy Mencel
Timothy Geisler	Donald Monaco
Pat Harris	Lisa Peilen
Rick King	Paul Rehkamp
Mike Landy	

MANAGEMENT OF THE COMMISSION

Executive Director/Chief Executive Officer	Jeffrey W. Hamiel
Executive Vice President	Dennis Probst
Vice President, Finance and Administration	Stephen L. Busch
Vice President, Management and Operations	Roy R. Fuhrmann
General Counsel	Thomas W. Anderson
Director of Finance	Robert C. Schauer

BOND COUNSEL AND DISCLOSURE COUNSEL

Kutak Rock LLP

FINANCIAL ADVISOR

Jefferies & Company, Inc.

SUBORDINATE TRUSTEE AND ESCROW AGENT

Wells Fargo Bank,
National Association

INDEPENDENT AUDITORS

BKD, LLP

AIRPORT CONSULTANT

LeighFisher

VERIFICATION AGENT

Causey Demgen & Moore Inc.

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[1] One position on the Commission is currently vacant and the Governor of the State of Minnesota is currently in the process of selecting a new Commissioner.

No dealer, broker, salesperson or other person has been authorized by the Commission to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Commission. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Subordinate Series 2012 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Subordinate Series 2012 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See "INTRODUCTION—Forward-Looking Statements" herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Commission since the date hereof. This Official Statement is submitted in connection with the sale of the Subordinate Series 2012 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SUBORDINATE SERIES 2012 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SUBORDINATE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SUBORDINATE SERIES 2012 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SUBORDINATE SERIES 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SUBORDINATE SERIES 2012 BONDS TO CERTAIN DEALERS AND OTHERS AT YIELDS HIGHER OR PRICES LOWER THAN THE PUBLIC OFFERING YIELDS AND/OR PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING YIELDS AND/OR PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

$81,785,000
MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

$39,770,000 **Subordinate Airport** **Revenue Bonds** **Series 2012A** **(Taxable)**	**$42,015,000** **Subordinate Airport** **Revenue Refunding Bonds** **Series 2012B** **(Tax-Exempt - Non-AMT)**

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the appendices, is to provide certain information concerning the sale and delivery by the Metropolitan Airports Commission (the "Commission" or "MAC") of its $39,770,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2012A (the "Subordinate Series 2012A Bonds"), and $42,015,000 Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2012B (the "Subordinate Series 2012B Bonds," and together with the Subordinate Series 2012A Bonds, the "Subordinate Series 2012 Bonds").

The Subordinate Series 2012A Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (the "Master Subordinate Indenture"), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as trustee (the "Subordinate Trustee"), and the Eleventh Supplemental Subordinate Trust Indenture, to be dated as of November 1, 2012 (the "Eleventh Supplemental Subordinate Indenture"), by and between the Commission and the Subordinate Trustee. The Subordinate Series 2012B Bonds are being issued pursuant to the Master Subordinate Indenture and the Twelfth Supplemental Subordinate Trust Indenture, to be dated as of November 1, 2012 (the "Twelfth Supplemental Subordinate Indenture," and collectively with the Master Subordinate Indenture and the Eleventh Supplemental Subordinate Indenture, and all supplements thereto, the "Subordinate Indenture"), by and between the Commission and the Subordinate Trustee. The Subordinate Series 2012 Bonds have been authorized by Resolution No. 2185 adopted by the Commission on October 15, 2012 (the "Resolution"). The Subordinate Series 2012 Bonds are being issued under and in accordance with Minnesota Statutes, Sections 473.601, et seq. (the "Act"). **Capitalized terms used but not otherwise defined herein are defined in Appendix C hereto.**

The Commission

The Commission was created by an act of the Minnesota State Legislature in 1943 as a public corporation. Its purpose is to promote air navigation and transportation (international, national and local) in and through the State of Minnesota (the "State"), promote the efficient, safe and economic handling of air commerce, assure the inclusion of the State in national and international programs of air transportation, and to those ends develop the full potentialities of the Metropolitan Area (as defined below) as an aviation center. The Commission exercises its jurisdiction over any place within 35 miles of the city hall of the City of Minneapolis or the city hall of the City of St. Paul, and over the Minneapolis-St. Paul Metropolitan Area (the "Metropolitan Area"), which includes the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington. See "THE COMMISSION."

Minneapolis-St. Paul International Airport and the Airport System

The Commission owns and operates seven airports in the Metropolitan Area, including Minneapolis-St. Paul International Airport (the "Airport" or "MSP"), which serves as the primary Air Carrier (as defined herein) facility, and six reliever airports which serve general aviation, including St. Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County/Blaine Airport, Lake Elmo Airport and Airlake Airport (collectively, the "Reliever Airports"). For purposes of this Official Statement, "Air Carrier" will mean all major or national commercial airlines, regional or commuter airlines and cargo carriers.

The Airport maintains four air-transport type runways, including two northwest-southeast runways, one north-south runway and one northeast-southwest cross-wind runway. Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1-Lindbergh Terminal Building (the "Terminal 1-Lindbergh") and Terminal 2-Hubert H. Humphrey Terminal (the "Terminal 2-Humphrey"). According to Airports Council International ("ACI") statistics, in calendar year 2011, the Airport was ranked as the 15th busiest airport in the country as measured by total number of enplaned and deplaned passengers. The Airport is classified by the Federal Aviation Administration (the "FAA") as a large hub airport (an airport that enplanes 1.0% or more of the total number of passenger boardings at all commercial service airports in the United States). See "THE COMMISSION—The Airport System," and "MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT."

Delta Air Lines

The Airport serves as a primary hub in the route system of Delta Air Lines, Inc. ("Delta"). Delta, together with its affiliated Air Carriers (including, among others, Mesaba Airlines ("Mesaba"), Pinnacle Airlines ("Pinnacle"), Compass Airlines ("Compass") and Comair), accounted for approximately 77.8% of all passengers enplaned at the Airport in 2011. Mesaba was a wholly-owned subsidiary of Pinnacle Airlines Corporation, and, in January 2012, Mesaba ceased operations when all of its aircraft and personnel were absorbed into Pinnacle's operations. Comair ceased operations on September 29, 2012. See "THE AIRPORT AGREEMENTS—Airline Lease Agreements," "AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta" and "CERTAIN INVESTMENT CONSIDERATIONS—Dominance of Delta at the Airport."

Purpose of the Subordinate Series 2012 Bonds

Proceeds from the sale of the Subordinate Series 2012A Bonds will be used to finance certain capital improvements at the Airport, fund a portion of the interest accruing on the Subordinate Series 2012A Bonds through January 1, 2014, make a deposit to the Reserve Fund (as defined herein) and pay the costs of issuance of the Subordinate Series 2012A Bonds, all as further described herein. Proceeds from the sale of the Subordinate Series 2012B Bonds, along with certain other available moneys, will be used to current refund and defease the Refunded Bonds (as defined herein), and pay the costs of issuance of the Subordinate Series 2012B Bonds, all as further described herein. See "PLAN OF FINANCE AND APPLICATION OF THE SUBORDINATE SERIES 2012 BOND PROCEEDS" and "DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS."

Security for the Subordinate Series 2012 Bonds

The Subordinate Series 2012 Bonds will be secured by a pledge of and lien on Subordinate Revenues (as defined herein) on parity with the outstanding Prior Subordinate Bonds (as defined below), any Subordinate Short-Term Obligations (as defined herein) issued by the Commission, and any additional obligations issued or incurred on parity with the Subordinate Series 2012 Bonds under the terms and provisions of the Master Subordinate Indenture (the "Additional Subordinate Obligations"). For purposes of this Official Statement, "Subordinate Obligations" means the Subordinate Series 2012 Bonds, the Prior Subordinate Bonds, the Subordinate Short-Term Obligations and any Additional Subordinate Obligations. Payment of the debt service on the Subordinate Obligations is subordinate to the payment of Maintenance and Operation Expenses of the Airport System and debt service and reserve and replenishment requirements on and relating to the Senior Parity Bonds (as defined herein). Subordinate Revenues are available for the equal and proportionate benefit of all Subordinate Obligations, except for the timing of payment of such Subordinate Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Flow of Funds," "—Pledge of Subordinate Revenues" and

"—Use of PFCs to Pay Debt Service" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Obligations."

The Subordinate Series 2012 Bonds are not general obligations, but are limited obligations of the Commission payable solely from and secured by (a) a pledge of Subordinate Revenues which will include certain income and revenue received by the Commission from the operation of the Airport System less all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System less all amounts required to pay debt service and reserve and replenishment requirements on and relating to the Senior Parity Bonds, and (b) other amounts payable under the Subordinate Indenture. Neither the full faith and credit nor the taxing power of the Commission, the City of Minneapolis, the City of St. Paul, the State or any political subdivision or public agency of the State, other than the Commission, to the extent of the Subordinate Revenues, is pledged to the payment of the principal of and interest on the Subordinate Series 2012 Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2012 Bonds.

Outstanding Subordinate Obligations

Pursuant to the Master Subordinate Indenture and various Supplemental Subordinate Indentures, the Commission has previously issued and as of October 1, 2012 there was $722,970,000 aggregate principal amount outstanding of its Subordinate Airport Revenue Bonds, Series 2003A (the "Subordinate Series 2003A Bonds"), Subordinate Airport Revenue Bonds, Series 2005A (the "Subordinate Series 2005A Bonds"), Subordinate Airport Revenue Bonds, Series 2005B (the "Subordinate Series 2005B Bonds"), Subordinate Airport Revenue Refunding Bonds, Series 2005C (the "Subordinate Series 2005C Bonds"), Subordinate Airport Revenue Refunding Bonds, Series 2007B (the "Subordinate Series 2007B Bonds"), Subordinate Airport Revenue Refunding Bonds, Series 2010C (the "Subordinate Series 2010C Bonds"), Subordinate Airport Revenue Refunding Bonds, Series 2010D (the "Subordinate Series 2010D Bonds"), and Subordinate Airport Revenue Refunding Bonds, Series 2011A (the "Subordinate Series 2011A Bonds," and collectively with the Subordinate Series 2003A Bonds, the Subordinate Series 2005A Bonds, the Subordinate Series 2005B Bonds, the Subordinate Series 2005C Bonds, the Subordinate Series 2007B Bonds, the Subordinate Series 2010C Bonds and the Subordinate Series 2010D Bonds, the "Prior Subordinate Bonds"). See "PLAN OF FINANCE AND APPLICATION OF THE SUBORDINATE SERIES 2012 BOND PROCEEDS," for a description of the Commission's plans to refund and defease all of the outstanding Subordinate Series 2003A Bonds with a portion of the proceeds of the Subordinate Series 2012B Bonds.

Additionally, pursuant to the Master Subordinate Indenture, the Tenth Supplemental Subordinate Trust Indenture, dated as of November 1, 2011 (the "Tenth Supplemental Subordinate Indenture"), by and between the Commission and the Subordinate Trustee, and the Credit Agreement, dated as of November 1, 2011 (the "Subordinate Short-Term Obligations Credit Agreement"), by and between the Commission and Wells Fargo Bank, National Association (the "Subordinate Short-Term Obligations Bank"), the Commission is authorized to issue and have outstanding, from time to time, up to $75,000,000 in aggregate principal amount of its Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Short-Term Obligations (collectively, the "Subordinate Short-Term Obligations"). As of October 1, 2012, the Commission had $11,300,000 aggregate principal amount of Subordinate Short-Term Obligations outstanding. All Subordinate Short-Term Obligations issued by the Commission are purchased by the Subordinate Short-Term Obligations Bank in accordance with the terms of the Subordinate Short-Term Obligations Credit Agreement.

The Subordinate Series 2012 Bonds, the Prior Subordinate Bonds, the Subordinate Short-Term Obligations and any Additional Subordinate Obligations are secured on a parity basis by the Subordinate Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

Senior Parity Bonds

Pursuant to the Master Trust Indenture, dated as of June 1, 1998, as amended and supplemented (the "Senior Indenture"), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as trustee (the "Senior Trustee"), the Commission has previously issued and as of October 1,

2012 there was outstanding $746,175,000 aggregate principal amount of its Senior Airport Revenue Refunding Bonds, Series 2007A (the "Senior Series 2007A Bonds"), Senior Airport Revenue Refunding Bonds, Series 2008A (the "Senior Series 2008A Bonds"), Senior Airport Revenue Refunding Bonds, Series 2009A (the "Senior Series 2009A Bonds"), Senior Airport Revenue Refunding Bonds, Series 2009B (the "Senior Series 2009B Bonds"), Senior Airport Revenue Bonds, Series 2010A (the "Senior Series 2010A Bonds"), and Senior Airport Revenue Bonds, Series 2010B (the "Senior Series 2010B Bonds," and collectively with the Senior Series 2007A Bonds, the Senior Series 2008A Bonds, the Senior Series 2009A Bonds, the Senior Series 2009B Bonds and the Senior Series 2010A Bonds, the "Senior Bonds"). The Senior Bonds are secured by a pledge and lien on Net Revenues (which includes certain income and revenue received by the Commission from the operation of the Airport System less all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System) senior to the Subordinate Obligations (including the Subordinate Series 2012 Bonds).

Additionally, pursuant to Section 473.667 of the Act and a resolution of the Commission, the Commission has previously issued and as of October 1, 2012 there was outstanding $9,240,000 aggregate principal of its General Obligation Revenue Refunding Bonds, Series 16 (the "Series 16 General Obligation Revenue Bonds"). The Commission also is authorized to issue up to $55,051,875 of additional General Obligation Revenue Bonds without additional statutory authorization and without having to meet the requirements of the additional bonds test set forth in the Senior Indenture. The Series 16 General Obligation Revenue Bonds are general obligations of the Commission secured by a pledge and lien on Net Revenues on parity with the Senior Bonds, except as to timing of payments, and senior to the pledge and lien granted the Subordinate Obligations (including the Subordinate Series 2012 Bonds). If Net Revenues are insufficient to pay principal and interest currently due on the Series 16 General Obligation Revenue Bonds, the Commission would be required to levy taxes, solely for the payment of principal and interest currently due on the Series 16 General Obligation Revenue Bonds, on all taxable property within the Metropolitan Area. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—General Obligation Revenue Bonds."

The Senior Bonds, the Series 16 General Obligation Revenue Bonds and such other obligations issued or incurred by the Commission that are payable from Net Revenues on parity with the Senior Bonds and the Series 16 General Obligation Revenue Bonds, are collectively referred to in this Official Statement as the "Senior Parity Bonds."

Airport Agreements

Most of the Air Carriers operating at the Airport have entered into an Airline Operating Agreement and Terminal Building Lease – Minneapolis-St. Paul International Airport, as amended, with the Commission (collectively, the "Airline Lease Agreements"). In addition to covering the lease of certain portions of the passenger terminal complex, including the apron, the Airline Lease Agreements cover the use of and charging mechanisms for the airfield facilities. The rates and charges under the Airline Lease Agreements are calculated based on a compensatory rate-setting methodology for the terminal building and a cost-center residual rate-setting methodology for the airfield. As of October 1, 2012, 27 Air Carriers operating at the Airport, including Delta and its affiliated Air Carriers, had entered into Airline Lease Agreements with the Commission. Eight of the Air Carriers, including Delta, have signed Airline Lease Agreements with a term through December 31, 2020. The remaining nineteen Air Carriers had entered into Airline Lease Agreements that expired on December 31, 2011. Seventeen of these Air Carriers have signed amendments to their respective Airline Lease Agreements extending the term until December 31, 2015. The remaining two Air Carriers, American Airlines and American Eagle, are expected shortly to sign amendments to their respective Airline Lease Agreements extending the term until December 31, 2015. The only change being made to the Airline Lease Agreements pursuant to these amendments is extending the expiration date to December 31, 2015. Once the Commission receives the signed amendments from American Airlines and American Eagle it will execute all of the amendments. Until American Airlines and American Eagle provide the Commission with their signed amendments and the Commission executes all of the amendments, these nineteen Air Carriers will continue to operate at the Airport pursuant to their respective Airline Lease Agreements that expired on December 31, 2011. For purposes of this Official Statement, except as otherwise provided herein, those Air Carriers that have signed an Airline Lease Agreement are referred to herein as "Signatory Airlines." See "THE AIRPORT AGREEMENTS—Airline Lease Agreements" and "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE LEASE AGREEMENTS."

The Commission has also entered into certain other agreements with various parties regarding the lease of space and the sale of goods and services in connection with certain activities at the Airport, including, but not limited to, concessions, parking and rental cars. See "THE AIRPORT AGREEMENTS."

Report of the Airport Consultant

Included as Appendix A to this Official Statement is the Report of the Airport Consultant, dated October 16, 2012 (the "Report of the Airport Consultant") prepared by LeighFisher (the "Airport Consultant"), which, among other things, provides information concerning the Airport System, describes the Commission's capital improvement program, forecasts future levels of activity at and revenues of the Airport System and forecasts future debt service coverage levels. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein. The Report of the Airport Consultant has not been revised subsequent to the date of such report to reflect the final terms of the Subordinate Series 2012 Bonds. See "REPORT OF THE AIRPORT CONSULTANT," "CERTAIN INVESTMENT CONSIDERATIONS—Assumptions in the Report of the Airport Consultant" and "APPENDIX A—REPORT OF THE AIRPORT CONSULTANT."

Forward-Looking Statements

This Official Statement, including the appendices hereto, contains statements relating to future results that are forward-looking statements. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. See "CERTAIN INVESTMENT CONSIDERATIONS—Forward-Looking Statements."

Continuing Disclosure

The Commission will covenant for the benefit of the Owners and Beneficial Owners (as defined herein) of the Subordinate Series 2012 Bonds to provide, or cause to be provided, annually certain financial information and operating data concerning the Commission and certain other obligated persons, including Delta, and to provide, or cause to be provided, notices of certain enumerated events, to assist the Underwriters (as defined herein) in complying with Rule 15c2-12(b)(5)(i) of the Securities and Exchange Commission (the "SEC"). See "CONTINUING DISCLOSURE" and "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Additional Information

Brief descriptions of the Subordinate Series 2012 Bonds, the Subordinate Indenture, the Senior Indenture, the Airline Lease Agreements and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. Information contained herein has been obtained from officers, employees and records of the Commission and from other sources believed to be reliable. The information herein is subject to change without notice, and the delivery of this Official Statement will under no circumstances, create any implication that there has been no change in the affairs of the Commission since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Commission or the Underwriters and the purchasers or Owners of any of the Subordinate Series 2012 Bonds.

PLAN OF FINANCE AND APPLICATION OF THE SUBORDINATE SERIES 2012 BOND PROCEEDS

Plan of Finance

Subordinate Series 2012A Bonds - Financing of Subordinate Series 2012A Project. The Subordinate Series 2012A Bonds are being issued to (a) finance the expansion of the rental car facilities located in the Terminal 2-Humphrey parking garage (the "Subordinate Series 2012A Project"), (b) fund a portion of the interest accruing on the Subordinate Series 2012A Bonds through January 1, 2014, (c) make a deposit to the Reserve Fund and (d) pay the costs of issuance of the Subordinate Series 2012A Bonds. See "CAPITAL IMPROVEMENT PROGRAM."

Subordinate Series 2012B Bonds - Refunding of Refunded Bonds. The Subordinate Series 2012B Bonds are being issued to (a) refund all of the Outstanding Subordinate Series 2003A Bonds (the "Refunded Bonds"), which are currently outstanding in the aggregate principal amount of $48,255,000, and (b) pay the costs of issuance of the Subordinate Series 2012B Bonds. The Refunded Bonds are described in more detail in the following table.

Refunded Bonds
(Subordinate Series 2003A Bonds)

Maturity Date (January 1)	Principal Amount	Redemption Date[1]	CUSIP Number[2]
2028	$22,235,000	January 1, 2013	603827UT1
2031	26,020,000	January 1, 2013	603827HC3
	$48,255,000		

[1] The Refunded Bonds will be redeemed on January 1, 2013 at a redemption price of 100% of the principal thereof, plus accrued interest

[1] CUSIP numbers are provided only for the convenience of the reader. Neither the Commission nor the Underwriters undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

A portion of the proceeds of the Subordinate Series 2012B Bonds, together with certain available moneys of the Commission, will be deposited in an escrow fund for the Refunded Bonds (the "Escrow Fund") to be established under the terms of an escrow agreement between the Commission and Wells Fargo Bank, National Association, as Subordinate Trustee and escrow agent. Certain amounts deposited into the Escrow Fund will be invested in direct, noncallable obligations of the United States Treasury and all remaining amounts deposited into the Escrow Fund will be held uninvested in cash. Amounts on deposit in the Escrow Fund will be used on January 1, 2013 (the "Refunded Bonds Redemption Date") to pay the redemption price of the Refunded Bonds of 100% of the principal amount thereof, and the accrued interest on the Refunded Bonds.

Upon delivery of the Subordinate Series 2012B Bonds, Causey Demgen & Moore Inc., a firm of independent public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the maturing principal of and interest on the investments in the Escrow Fund and the other moneys in the Escrow Fund to pay the redemption price of and interest on the Refunded Bonds on the Refunded Bonds Redemption Date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

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Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Subordinate Series 2012 Bonds.

	Subordinate Series 2012A Bonds	Subordinate Series 2012B Bonds	Total
Sources			
Par Amount of Subordinate Series 2012 Bonds	$39,770,000.00	$42,015,000.00	$81,785,000.00
Original Issue Premium	–	6,776,195.25	6,776,195.25
Funds Released from Subordinate Series 2003A Debt Service Fund	–	1,141,325.00	1,141,325.00
Total Sources	$39,770,000.00	$49,932,520.25	$89,702,520.25
Uses			
Deposit to Subordinate Series 2012A Construction Fund	$35,400,000.00	–	$35,400,000.00
Deposit to Interest Account of the Subordinate Series 2012A Debt Service Fund[1]	797,046.09	–	797,046.09
Deposit to Reserve Fund	3,141,624.48	–	3,141,624.48
Deposit to Escrow Fund	–	49,396,325.00	49,396,325.00
Costs of Issuance[2]	431,329.43	536,195.25	967,524.68
Total Uses	$39,770,000.00	$49,932,520.25	$89,702,520.25

[1] Represents a portion of the interest accruing on the Subordinate Series 2012A Bonds through January 1, 2014.
[2] Includes Underwriters' discount, legal fees, financial advisory fees, Airport Consultant fees, Verification Agent fees, rating agency fees and other costs of issuance.

DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS

General

The Subordinate Series 2012 Bonds will bear interest at the rates and mature on the dates set forth on the inside front cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Subordinate Series 2012 Bonds will be dated their initial date of delivery, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2013 (each an "Interest Payment Date"). Interest due and payable on the Subordinate Series 2012 Bonds on any Interest Payment Date will be paid to the person who is the registered owner as of the Record Date (DTC, so long as the book-entry system with DTC is in effect). Each Subordinate Series 2012 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Subordinate Series 2012 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Subordinate Series 2012 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before June 15, 2013, in which event such Subordinate Series 2012 Bond will bear interest from its date of delivery. If interest on the Subordinate Series 2012 Bonds is in default, Subordinate Series 2012 Bonds issued in exchange for Subordinate Series 2012 Bonds surrendered for transfer or exchange will bear interest from the last Interest Payment Date to which interest has been paid in full on the Subordinate Series 2012 Bonds surrendered.

The Subordinate Series 2012 Bonds will be issued in denominations of $5,000 and integral multiples thereof. The Subordinate Series 2012 Bonds will be issued in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Subordinate Series 2012 Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the

Subordinate Series 2012 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Subordinate Series 2012 Bonds, references herein to the Bondholders or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Subordinate Series 2012 Bonds.

So long as Cede & Co. is the registered owner of the Subordinate Series 2012 Bonds, the principal of and interest on the Subordinate Series 2012 Bonds will be payable by wire transfer by the Subordinate Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants for subsequent disbursement to the Beneficial Owners. See "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Redemption of Subordinate Series 2012 Bonds

Optional Redemption.

Subordinate Series 2012A Bonds (Make Whole). The Subordinate Series 2012A Bonds are redeemable at the option of the Commission, in whole or in part, at any time, from any moneys that may be provided for such purpose and at a redemption price equal to the greater of: (i) 100% of the principal amount of the Subordinate Series 2012A Bonds to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Subordinate Series 2012A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Subordinate Series 2012A Bonds are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 15 basis points; plus, in each case, accrued and unpaid interest on the Subordinate Series 2012A Bonds to be redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date for a particular Subordinate Series 2012A Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Subordinate Series 2012A Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the Subordinate Series 2012A Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Subordinate Series 2012A Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Subordinate Series 2012A Bond, (a) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (b) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Commission.

"Reference Treasury Dealer" means each of the four firms, specified by the Commission from time to time, that are primary United States government securities dealer in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Commission will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Subordinate Series 2012A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m. (New York City time), on the third Business Day preceding such redemption date.

<u>Subordinate Series 2012B Bonds</u>. The Subordinate Series 2012B Bonds are redeemable at the option of the Commission on or after January 1, 2022, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the Subordinate Series 2012B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Notices of Redemption to Bondholders; Conditional Notice of Optional Redemption. The Subordinate Trustee will give notice of redemption, in the name of the Commission, to Bondholders affected by redemption (or DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date and send such notice of redemption by first class mail (or with respect to Subordinate Series 2012 Bonds held by DTC by an express delivery service for delivery on the next following Business Day) to each owner of a Subordinate Series 2012 Bond to be redeemed; each such notice will be sent to the owner's registered address.

Each notice of redemption will specify the Series, maturity date, interest rate and CUSIP number of each Subordinate Series 2012 Bond to be redeemed (if less than all Subordinate Series 2012 Bonds of a Series and maturity date are called for redemption the numbers assigned to the Subordinate Series 2012 Bonds to be redeemed), the principal amount to be redeemed, the date fixed for redemption, the redemption price (or the formula that will be used to calculate the redemption price on the redemption date), the place or places of payment, the Subordinate Trustee's name, that payment will be made upon presentation and surrender of the Subordinate Series 2012 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

Failure to give any required notice of redemption as to any particular Subordinate Series 2012 Bond will not affect the validity of the call for redemption of any Subordinate Series 2012 Bond in respect of which no failure occurs. Any notice sent as provided in the Subordinate Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Subordinate Series 2012 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Subordinate Trustee sufficient for redemption, interest on the Subordinate Series 2012 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

Upon surrender of a Subordinate Series 2012 Bond to be redeemed, in part only, the Subordinate Trustee will authenticate for the holder a new Subordinate Series 2012 Bond or Subordinate Series 2012 Bonds of the same Series, maturity date and interest rate equal in principal amount to the unredeemed portion of the Subordinate Series 2012 Bond surrendered.

The Commission may provide that if at the time of mailing of notice of an optional redemption there has not been deposited with the Subordinate Trustee moneys sufficient to redeem all the Subordinate Series 2012 Bonds called for redemption, such notice may state that it is conditional and subject to the deposit of the redemption moneys with the Subordinate Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be cancelled and on such cancellation date notice of such cancellation will be mailed to the holders of such Subordinate Series 2012 Bonds.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Subordinate Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, interest on such Subordinate Series 2012 Bonds will cease to accrue from and after such redemption date, such Subordinate Series 2012 Bonds will cease to be entitled to any lien, benefit or security under the Subordinate Indenture, and the owners of such Subordinate Series 2012 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Subordinate Series 2012 Bonds which have been duly called for redemption and for the payment of the redemption price of which moneys will be held in trust for the holders of the respective Subordinate Series 2012 Bonds to be redeemed, all as provided in the Subordinate Indenture, will not be deemed to be Outstanding under the provisions of the Subordinate Indenture.

Selection of the Subordinate Series 2012A Bonds for Redemption; Subordinate Series 2012A Bonds Redeemed in Part. Redemption of the Subordinate Series 2012A Bonds will only be in Authorized Denominations. The Subordinate Series 2012A Bonds are subject to redemption in such order of maturity as the Commission may

direct. If less than all of the Subordinate Series 2012A Bonds of a maturity are redeemed prior to maturity, the particular Subordinate Series 2012A Bonds to be redeemed will be selected on a pro-rata pass-through distribution of principal basis in accordance with the rules and procedures of DTC.

It is the Commission's intent that redemption allocations made by DTC, the Participants or such other intermediaries that may exist between the Commission and the beneficial owners of the Subordinate Series 2012A Bonds will be made on a pro-rata pass-through distribution of principal basis. However, so long as the Subordinate Series 2012A Bonds are held in the book-entry system of DTC, the selection for redemption of such Subordinate Series 2012A Bonds will be made in accordance with the operational arrangements of DTC then in effect. The Commission cannot provide any assurance and nor will the Commission have any responsibility or obligation to ensure that DTC, the Participants or any other intermediaries allocate redemptions of the Subordinate Series 2012A Bonds among beneficial owners on a pro-rata pass-through distribution of principal basis. If the DTC operational arrangements do not allow for the redemption of the Subordinate Series 2012A Bonds on a pro-rata pass-through distribution of principal basis, the Subordinate Series 2012A Bonds will be selected for redemption, in accordance with DTC procedures, by lot. If the Subordinate Series 2012A Bonds are no longer held in the book-entry system of DTC and less than all of the Subordinate Series 2012A Bonds of a maturity are to be redeemed, the Subordinate Series 2012A Bonds to be redeemed will be selected by the Subordinate Trustee on a pro-rata pass-through distribution of principal basis among all of the holders of the Subordinate Series 2012A Bonds based on the principal amount of Subordinate Series 2012A Bonds owned by such holders.

Selection of Subordinate Series 2012B Bonds for Redemption; Subordinate Series 2012B Bonds Redeemed in Part. Redemption of the Subordinate Series 2012B Bonds will only be in Authorized Denominations. The Subordinate Series 2012B Bonds are subject to redemption in such order of maturity as the Commission may direct and by lot within such maturity selected in such manner as the Subordinate Trustee (or DTC, as long as DTC is the securities depository for the Subordinate Series 2010B Bonds), deems appropriate.

SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS

Flow of Funds

The application of revenues of the Commission is governed by relevant provisions of the Act, internal guidelines of the Commission and applicable provisions of the Senior Indenture and the Master Subordinate Indenture.

Pursuant to the internal guidelines of the Commission, all income and revenue from the operation of the Airport System, of whatever kind or nature, and all net income from leases or any other source of income or revenue, are deposited in a special fund established and administered by the Commission and designated as the "Operating Fund." These moneys are held separate and apart from all other moneys of the Commission.

Pursuant to the Act and the Senior Indenture, all moneys in the Operating Fund are set aside for the payment of the following amounts or transferred to the following funds and accounts in the order listed:

(a) *Maintenance and Operation Expenses of the Airport System*. A sufficient amount of Revenues will be set aside from time to time in the Operating Fund to be used to pay the current Maintenance and Operation Expenses of the Airport System.

(b) *Commission Debt Service Fund for General Obligation Revenue Bonds (current principal and interest portion) and Senior Debt Service Funds*. A sufficient amount of Revenues will be transferred by the Commission, without priority and on an equal basis, except as to timing of payment, (i) on or before October 10 of each Fiscal Year to the Commission Debt Service Fund to satisfy the Commission's obligation to have on deposit in such fund an amount equal to the principal and interest required to be paid in the following Fiscal Year on the outstanding General Obligation Revenue Bonds; and (ii) to the Senior Trustee in the amounts, at the times and in the manner provided for in the Senior Indenture, to provide for the payment of principal and interest to become due on the Outstanding Senior Bonds.

(c) *Commission Debt Service Fund for General Obligation Revenue Bonds (reserve portion) and Senior Debt Service Reserve Funds*. A sufficient amount of Revenues will be transferred by the Commission, without priority and on an equal basis, except as to timing of payment, (i) on or before October 10 of each Fiscal Year to the Commission Debt Service Fund to satisfy the Commission's obligation to have on deposit in such fund a reserve sufficient to pay the debt service on its General Obligation Revenue Bonds required to be paid in the second following Fiscal Year; and (ii) to the Senior Trustee for deposit into the respective debt service reserve funds established pursuant to the Senior Indenture, if any, such amounts as required to be used to pay or replenish such debt service reserve funds or reimburse a credit provider of a debt service reserve fund surety.

(d) *Reimbursement of Commission Debt Service Fund Deficiencies (Repay Property Taxes Used for General Obligation Revenue Bonds Debt Service).* If a Commission Debt Service Fund deficiency tax with respect to the General Obligation Revenue Bonds has been certified in accordance with the Act, a sufficient amount of Revenues will be set aside in the Operating Fund to make payments of principal and interest to the treasurer of each county which extended a deficiency tax on its tax rolls to make up the deficiency in the Commission Debt Service Fund.

(e) *Subordinate Obligation Debt Service.* To the Subordinate Trustee such amounts and, at such times, as are sufficient to pay the debt service on any indebtedness, including Subordinate Obligations, issued pursuant to the terms of the Subordinate Indenture.

(f) *Subordinate Obligation Debt Service Reserve Funds*. To the Subordinate Trustee for deposit into the respective debt service reserve funds established pursuant to the Subordinate Indenture, if any, such amounts as required to be used to pay or replenish such debt service reserve funds or reimburse a credit provider of a debt service reserve fund surety.

(g) *Maintenance and Operation Reserve Account*. To the payment of the amount established by the Commission as the minimum amount (currently equal to six months of maintenance and operation expenses) required to be deposited in the Maintenance and Operation Reserve Account (such account to be established within the Operating Fund).

(h) *Commission Construction Fund*. To the Commission Construction Fund (such fund being held and administered by the Commission), such amounts, if any, as the Commission may determine in its discretion to be used in any manner provided by the Commission. Pursuant to the Airline Lease Agreements, the Commission has established the Repair and Replacement Account in the Commission Construction Fund.

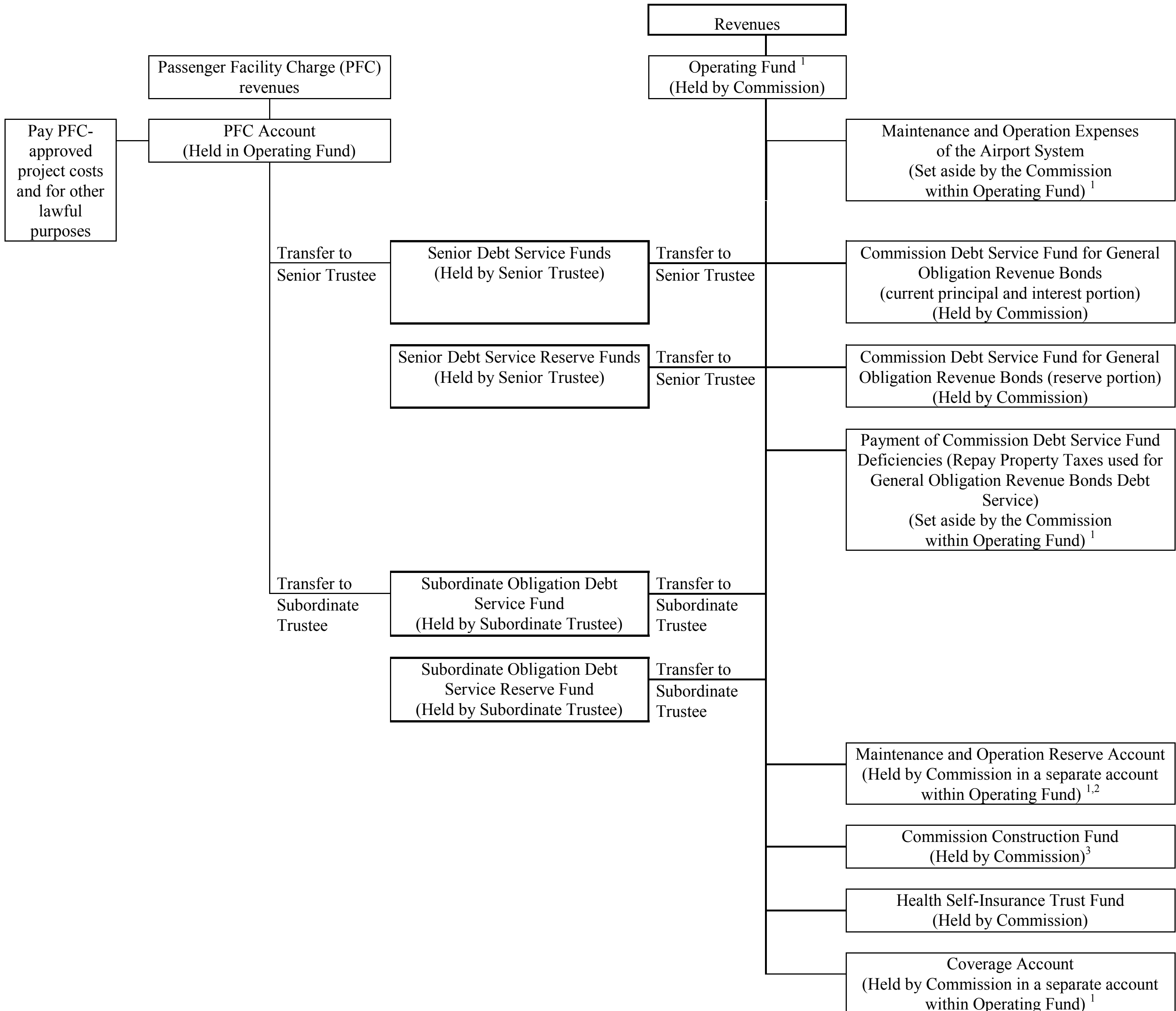
(i) *Health Self-Insurance Trust Fund*. To the Health Self-Insurance Trust Fund (such fund being held and administered by the Commission), such amounts, if any, as the Commission may determine in its discretion to be used in the manner provided by the Commission.

(j) *Coverage Account*. To the Coverage Account (such account to be established within the Operating Fund) such amounts, if any, as the Commission may determine from time to time to be used to pay for Maintenance and Operation Expenses of the Airport System, debt service or redemption premiums on Outstanding Senior Bonds or the cost of additions, improvements and repairs to the Airport System.

The Commission will not be obligated to fund the Commission Debt Service Fund as provided in paragraphs (b)(i) and (c)(i) above and will not be required to reimburse any deficiencies as provided in paragraph (d) above after all outstanding General Obligation Revenue Bonds have been paid in full or defeased in accordance with the terms of the General Obligation Revenue Bond Resolution (as defined herein). The Series 16 General Obligation Revenue Bonds are currently the only outstanding General Obligation Revenue Bonds and they are scheduled to mature on January 1, 2015.

The following chart provides a graphic presentation of the flow of funds under the Senior Indenture upon the receipt of Revenues and the PFC Resolution (as defined herein) upon the receipt of passenger facility charges ("PFCs").

Metropolitan Airports Commission
Flow of Funds



[1] The Maintenance and Operation Reserve Account and Coverage Account are separate accounts established within the Operating Fund. Amounts set aside for Maintenance and Operation Expenses of the Airport System and funding Commission Debt Service Fund deficiencies are held within the Operating Fund.

[2] The Commission's current policy is to maintain in the Maintenance and Operation Reserve Account an amount equal to six months of maintenance and operation expenses.

[3] Includes amounts deposited to the Repair and Replacement Account.

Pledge of Subordinate Revenues

The Subordinate Series 2012 Bonds are limited obligations of the Commission payable solely from and secured by a pledge of Subordinate Revenues and other amounts payable under the Subordinate Indenture. "Subordinate Revenues" (which is referred to in the Master Subordinate Indenture as "Net Pledged Revenues") means, for any given period, the Revenues for such period less, for such period, all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System, less the debt service when due on the Senior Parity Bonds and less the reserve and replenishment requirements on and relating to the Senior Parity Bonds.

Revenues include, but are not limited to, except to the extent specifically excluded therefrom: rates, tolls, fees, rentals, charges and other payments made to or owed to the Commission for the use or availability of the Airport System; amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Commission; the principal portion of payments received pursuant to certain self-liquidating lease agreements; and such other amounts that may be designated as Revenues pursuant to a certificate of the Commission or a supplemental indenture. PFCs and capitalized interest, among other things, are specifically excluded from Revenues unless otherwise designated as Revenues pursuant to a certificate of the Commission or in a supplemental indenture. The Commission has not designated pursuant to a certificate or a supplemental indenture, including the Eleventh Supplemental Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture, PFCs or capitalized interest, or any additional amounts, as Revenues. However, see "—Use of PFCs to Pay Debt Service" below for a discussion regarding the Commission's irrevocable commitment of a portion of the PFCs received by the Commission to pay debt service on PFC Eligible Bonds (as defined herein). Additionally, any federal grants restricted by their terms to purposes inconsistent with the payment of debt service on Senior Bonds and Subordinate Obligations are specifically excluded from Revenues. See "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE, THE ELEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE AND THE TWELFTH SUPPLEMENTAL SUBORDINATE INDENTURE—CERTAIN DEFINITIONS" for a more complete definition of Revenues. The Subordinate Series 2012 Bonds are also secured by amounts held in certain funds and accounts pursuant to the Subordinate Indenture, as further described herein.

The Subordinate Series 2012 Bonds are not general obligations, but are limited obligations of the Commission payable solely from and secured by (a) a pledge of Subordinate Revenues, and (b) other amounts payable under the Subordinate Indenture. Neither the full faith and credit nor the taxing power of the Commission, the City of Minneapolis, the City of St. Paul, the State or any political subdivision or public agency of the State, other than the Commission, to the extent of the Subordinate Revenues, is pledged to the payment of the principal of and interest on the Subordinate Series 2012 Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2012 Bonds.

Subordinate Revenues are available for the equal and proportionate benefit and security of all Subordinate Obligations.

The Subordinate Series 2012 Bonds are secured by a pledge of and lien on Subordinate Revenues on parity with the Prior Subordinate Bonds, the Subordinate Short-Term Obligations and any Additional Subordinate Obligations. See "—Additional Subordinate Obligations" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Obligations."

Rate Covenant

The Commission has covenanted in the Master Subordinate Indenture to fulfill the following requirements:

(a) The Commission will, while any of the Subordinate Obligations remain Outstanding (but subject to all existing contracts and legal obligations of the Commission as of the date of execution of the Master Subordinate Indenture setting forth restrictions relating thereto), establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Subordinate Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the Aggregate Annual Debt Service on any Outstanding Subordinate Obligations required to be funded by the Commission during such Fiscal Year as required by the Master Subordinate Indenture, any Supplemental Subordinate Indenture or the Senior Indenture;

(ii) the required deposits to any Subordinate Debt Service Reserve Fund which may be established by a Supplemental Subordinate Indenture;

(iii) the reimbursement owed to any Credit Provider as required by a Supplemental Subordinate Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than for Special Facility Obligations, General Obligation Revenue Bonds, Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than General Obligation Revenue Bonds, Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

(b) The Commission has further agreed that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Subordinate Revenues, together with any Transfer, will be equal to at least 110% of Aggregate Annual Debt Service on the Outstanding Subordinate Obligations. For purposes of this subparagraph (b), the amount of any Transfer taken into account may not exceed 10% of Aggregate Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year. Notwithstanding anything to the contrary in the Master Subordinate Indenture, for purposes of this subparagraph (b) only, the calculation of Aggregate Annual Debt Service with respect to Subordinate Commercial Paper Notes will include only the principal and interest on such Subordinate Commercial Paper Notes paid from Subordinate Revenues during such Fiscal Year.

(c) The Commission has agreed that if Subordinate Revenues, together with any Transfer (only as applied in (b) above), in any Fiscal Year are less than the amount specified in subparagraph (a) or (b) above, the Commission will retain and direct a Consultant to make recommendations as to the revision of the Commission's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Commission in connection with the Airport System and, after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Subordinate Revenues, together with any Transfer (only as applied in (b) above), in the amount specified in subparagraph (a) or (b) above in the next succeeding Fiscal Year.

(d) In the event that Subordinate Revenues for any Fiscal Year are less than the amount specified in subparagraph (a) or (b) above, but the Commission promptly has taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as required by subparagraph (c) above, such deficiency in Subordinate Revenues will not constitute an Event of Default under the provisions of the Subordinate Indenture. Nevertheless, if after taking the measures required by subparagraph (c) above to revise the schedule of rentals, rates, fees and charges, Subordinate Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Commission for such Fiscal Year) are less than the amount specified in subparagraph (a) or (b) above, such deficiency in Subordinate Revenues will constitute an Event of Default under the provisions of the Subordinate Indenture.

The definition of Aggregate Annual Debt Service with respect to Subordinate Obligations specifically excludes the payment of debt service on certain Subordinate Obligations where the payment of such debt service is made from moneys (other than Subordinate Revenues) which are irrevocably committed or deposited for the specific

purpose of paying debt service on such Subordinate Obligations. Bond Counsel has advised the Commission that it may exclude from its calculation of Aggregate Annual Debt Service on the Subordinate Obligations and debt service on the Senior Bonds for the purpose of determining compliance with the rate covenant described above, the payment of debt service or portions thereof on Subordinate Obligations and Senior Bonds whose debt service is payable from moneys (including, but not limited to, PFCs) irrevocably committed or irrevocably deposited for the payment of debt service on such Subordinate Obligations and Senior Bonds. The Commission expects to use PFCs to pay a portion of the debt service on the Subordinate Obligations and the Senior Bonds. See "—Use of PFCs to Pay Debt Service." See also "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Debt Service Coverage."

See "THE AIRPORT AGREEMENTS—Airline Lease Agreements" for a discussion regarding certain limits on the ability of the Commission to raise fees to be charged to the airlines.

Subordinate Debt Service Deposits

The Subordinate Indenture provides that the Commission will transfer Subordinate Revenues in amounts needed to pay debt service on Outstanding Subordinate Obligations to the Subordinate Trustee five Business Days prior to each Payment Date with respect to a Series of Subordinate Obligations.

Reserve Fund

Pursuant to the Second Supplemental Subordinate Trust Indenture, dated as of May 1, 2001 (the "Second Supplemental Subordinate Indenture"), by and between the Commission and the Subordinate Trustee, the Commission established a Subordinate Debt Service Reserve Fund (the "Reserve Fund") with the Subordinate Trustee to secure any Subordinate Obligations elected by the Commission to participate in the Reserve Fund. At the time of issuance of the Subordinate Series 2003A Bonds, the Subordinate Series 2005A Bonds, the Subordinate Series 2005B Bonds, the Subordinate Series 2005C Bonds, the Subordinate Series 2007B Bonds, the Subordinate Series 2010C Bonds and the Subordinate Series 2010D Bonds, the Commission elected to have such Subordinate Obligations participate in the Reserve Fund. At the time of issuance of the Subordinate Series 2012 Bonds, the Commission will elect to have the Subordinate Series 2012 Bonds participate in the Reserve Fund.

Except as otherwise described below, the Reserve Fund is required to be funded at all times in an amount equal to the "Reserve Requirement." The "Reserve Requirement" equals the lesser of (a) Maximum Aggregate Annual Debt Service for Reserve Requirement for all Subordinate Obligations participating in the Reserve Fund, (b) 10% of the principal amount of the Subordinate Obligations that have been issued and are participating in the Reserve Fund, less the amount of original issue discount with respect to such Subordinate Obligations if such original issue discount exceeded 2% on such Subordinate Obligations at the time of their original sale, and (c) 125% of the average Aggregate Annual Debt Service for Reserve Requirement for all Subordinate Obligations participating in the Reserve Fund. At the time of issuance of any Additional Subordinate Obligations which the Commission elects to have participate in the Reserve Fund, the Commission will be required to deposit an amount to the Reserve Fund sufficient to cause the amount then on deposit in the Reserve Fund to equal the Reserve Requirement. Such deposit to the Reserve Fund can be made at the time of issuance of such Additional Subordinate Obligations or over a 12-month period following the date of issuance of such Additional Subordinate Obligations. At the time of issuance of the Subordinate Series 2012 Bonds, a portion of the proceeds of the Subordinate Series 2012A Bonds will be deposited to the Reserve Fund. At the time of issuance of the Subordinate Series 2012 Bonds, the Reserve Requirement will equal $63,231,943 and will be fully funded with cash and securities.

Moneys or investments held in the Reserve Fund may be only used to pay the principal of and interest on the Subordinate Obligations participating in the Reserve Fund (including the Subordinate Series 2012 Bonds). Moneys and investments held in the Reserve Fund are not available to pay debt service on the Senior Parity Bonds or any Subordinate Obligations for which the Commission has decided will not participate in the Reserve Fund. The Reserve Fund may be drawn upon if the amounts in the respective Subordinate Debt Service Funds for the Subordinate Obligations participating in the Reserve Fund (including the Subordinate Series 2012 Bonds) are insufficient to pay in full any principal or interest then due on such Subordinate Obligations participating in the Reserve Fund. In the event any amounts are required to be withdrawn from the Reserve Fund, such amounts will be

withdrawn and deposited pro rata to meet the funding requirements of the Subordinate Obligations participating in the Reserve Fund (including the Subordinate Series 2012 Bonds).

The Commission may fund all or a portion of the Reserve Requirement with a Debt Service Reserve Fund Surety Policy. A Debt Service Reserve Fund Surety Policy may be an insurance policy, letter of credit or surety bond deposited in the Reserve Fund in lieu of or in partial substitution for cash or securities. Any such Debt Service Reserve Fund Surety Policy must either extend to the final maturity of the Series of Subordinate Obligations for which the Debt Service Reserve Fund Surety Policy was issued or the Commission must agree, by Supplemental Subordinate Indenture, that the Commission will replace such Debt Service Reserve Fund Surety Policy prior to its expiration with another Debt Service Reserve Fund Surety Policy, or with cash, and the face amount of the Debt Service Reserve Fund Surety Policy, together with amounts on deposit in the Reserve Fund, including the face amount of any other Debt Service Reserve Fund Surety Policy, are at least equal to the Reserve Requirement. Any such Debt Service Reserve Fund Surety Policy deposited to the Reserve Fund must secure all of the Subordinate Obligations participating in the Reserve Fund.

The Reserve Fund is currently and will be at the time of issuance of the Subordinate Series 2012 Bonds funded with cash and securities. No portion of the Reserve Fund has been or will be at the time of issuance of the Subordinate Series 2012 Bonds funded with a Debt Service Reserve Fund Surety Policy.

Additional Subordinate Obligations

The Master Subordinate Indenture provides the Commission with flexibility in establishing the nature and terms of any Additional Subordinate Obligations hereafter issued with a lien and charge on Subordinate Revenues on parity with the Subordinate Obligations, including the Subordinate Series 2012 Bonds.

Additional Subordinate Obligations may be issued under the Master Subordinate Indenture on parity with the Subordinate Obligations provided, among other things, there is delivered to the Subordinate Trustee either:

(a) a certificate prepared by an Authorized Commission Representative showing that the Subordinate Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations or preceding the first issuance of the proposed Subordinate Program Obligations were at least equal to 110% of Maximum Aggregate Annual Debt Service with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations, and the proposed Series of Subordinate Obligations, calculated as if the proposed Series of Subordinate Obligations and the full Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by a Consultant showing that:

(i) the Subordinate Revenues, together with any Transfer (as calculated by said Consultant), for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations or the establishment of a Subordinate Program, were at least equal to 110% of the sum of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations for such applicable period;

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Obligations through and including the last Fiscal Year during any part of which interest on such Series of Subordinate Obligations is expected to be paid from the proceeds thereof, the Consultant estimates that the Commission will be in compliance with the Subordinate Obligation rate covenant, as described above; and

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Obligations during which no interest on such Series of Subordinate Obligations is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Subordinate Obligations, or (B) the third full Fiscal Year during which no interest on such Series of Subordinate Obligations is expected to be paid from the proceeds thereof, the estimated Subordinate Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 110% of the Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and calculated as if the proposed Series of Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding.

For purposes of paragraph (a) above, no Transfer will be taken into account in the computation of Revenues by the Authorized Commission Representative. For purposes of paragraph (b) above, the amount of any Transfer taken into account cannot exceed 10% of the Aggregate Annual Debt Service on the Outstanding Subordinate Obligations, the Unissued Subordinate Program Obligations, the proposed Series of Subordinate Obligations and the full Authorized Amount of such proposed Subordinate Program Obligations (as applicable) in such applicable Fiscal Year.

Additionally, when issuing Additional Subordinate Obligations in the future, the Commission may, for purposes of determining compliance with the additional bonds test described in paragraphs (a) and (b) above, exclude the following amounts from its calculation of Maximum Aggregate Annual Debt Service or Aggregate Annual Debt Service, as the case may be: (i) debt service on Subordinate Obligations which is payable from PFCs specifically and irrevocably committed thereto, and (ii) debt service on Subordinate Obligations which is payable from moneys, such as federal grants, specifically and irrevocably committed or deposited with the Subordinate Trustee to pay such debt service. Bond Counsel has advised the Commission that it may exclude from its calculation of Maximum Aggregate Annual Debt Service and Aggregate Annual Debt Service, as the case may be, for the purposes of complying with the additional bonds test described above, the amount of debt service on Subordinate Obligations payable from PFCs which have been irrevocably committed thereto. See "—Use of PFCs to Pay Debt Service" below. See also "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects—Passenger Facility Charges."

For purposes of paragraphs (b)(ii) and (iii) above, in estimating Subordinate Revenues and any applicable Transfer, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the Commission and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Maintenance and Operation Expenses of the Airport System, the Consultant will use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical Maintenance and Operation Expenses of the Airport System, (ii) Maintenance and Operation Expenses associated with the Projects and any other new Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the Commission, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Subordinate Revenues and any applicable Transfer and will also set forth the calculations of Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

At the time of issuance of the Subordinate Series 2012 Bonds, an Authorized Commission Representative will deliver a certificate as described in paragraph (a) above to the Subordinate Trustee.

Neither of the certificates described above under paragraphs (a) or (b) will be required:

(i) if such Subordinate Obligations are being issued for the purpose of refunding then Outstanding Subordinate Obligations and there is delivered to the Subordinate Trustee, instead, a certificate of the Authorized Commission Representative showing that Aggregate Annual Debt Service after the

issuance of such Refunding Subordinate Obligations will not exceed Aggregate Annual Debt Service prior to the issuance of such Refunding Subordinate Obligations, for each Fiscal Year;

(ii) if such Subordinate Obligations constitute Subordinate Notes and there is delivered to the Subordinate Trustee, instead, a certificate prepared by an Authorized Commission Representative showing that the principal amount of the proposed Subordinate Notes being issued, together with the principal amount of any Subordinate Notes then Outstanding, does not exceed 10% of the Subordinate Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Subordinate Notes and there is delivered to the Subordinate Trustee a certificate of an Authorized Commission Representative setting forth calculations showing that for each of the Fiscal Years during which the Subordinate Notes will be Outstanding, and taking into account the debt service becoming due on such Subordinate Notes, the Commission will be in compliance with the rate covenant established by the Master Subordinate Indenture; or

(iii) if such Subordinate Obligations are being issued to pay costs of completing a Project for which Subordinate Obligations have previously been issued and the principal amount of such Subordinate Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Subordinate Obligations originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Commission Representative and there is delivered to the Subordinate Trustee (A) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (B) a certificate of an Authorized Commission Representative to the effect that (1) all of the proceeds (including investment earnings on amounts in the Subordinate Construction Fund allocable to such Project) of the original Subordinate Obligations issued to finance such Project have been or will be used to pay Costs of the Project and (2) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Subordinate Construction Fund established for the Project (including unspent proceeds of Subordinate Obligations previously issued for such purpose).

Use of PFCs to Pay Debt Service

The definition of Revenues does not include, among other things, PFCs, except to the extent included in Revenues through the adoption of a supplemental indenture, which has not occurred to date. However, the definition of Aggregate Annual Debt Service provides that, if PFCs have been irrevocably committed or are held by the Subordinate Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal of and/or interest on the Subordinate Obligations, then such principal and/or interest may be excluded from the calculation of Aggregate Annual Debt Service; thus decreasing Aggregate Annual Debt Service and increasing debt service coverage for purposes of the rate covenant and the additional bonds test under the Master Subordinate Indenture.

Pursuant to Resolution No. 2021 adopted by the Commission on May 19, 2003, as amended by Resolution No. 2037 adopted by the Commission on April 19, 2004 (collectively, the "PFC Resolution"), the Commission has irrevocably committed a portion of the PFCs it receives to the payment and funding of debt service on Senior Bonds and/or Subordinate Obligations issued to finance projects authorized to be financed with PFCs (collectively, the "PFC Eligible Bonds") through December 31, 2030.

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Pursuant to the PFC Resolution, the Commission has irrevocably committed the following amounts of PFCs in the following Fiscal Years:

TABLE 1
Metropolitan Airports Commission
Irrevocably Committed PFCs

Fiscal Year	Irrevocably Committed PFCs	Fiscal Year	Irrevocably Committed PFCs
2012	$5,026,513	2022	$9,332,650
2013	5,026,513	2023	9,333,150
2014	5,026,513	2024	9,333,400
2015	9,336,513	2025	9,337,650
2016	9,335,238	2026	9,334,900
2017	9,337,150	2027	9,334,650
2018	9,338,400	2028	9,465,900
2019	9,337,650	2029	9,467,625
2020	9,339,400	2030	9,462,475
2021	9,337,900		

Source: Metropolitan Airports Commission.

If the Commission does not use the full amount of the irrevocably committed PFCs to pay debt service on PFC Eligible Bonds in a Fiscal Year (i.e., there is more irrevocably committed PFCs than there is debt service due on PFC Eligible Bonds in such Fiscal Year), any unused portion of the irrevocable commitment for such Fiscal Year is not required to be carried over for use in future Fiscal Years.

In addition to the PFCs irrevocably committed pursuant to the PFC Resolution, the Commission can, at its sole discretion, use excess PFCs to pay additional debt service on PFC Eligible Bonds. The Commission currently expects to utilize all of the irrevocably committed PFCs and a portion of the remaining PFCs to pay the debt service on the PFC Eligible Bonds. See "THE AIRPORT AGREEMENTS—Airline Lease Agreements" for additional information regarding certain agreements the Commission has made with respect to the use of PFCs.

Permitted Investments

Moneys and funds held by the Commission will be invested in Permitted Investments, subject to any restrictions set forth in the Subordinate Indenture and subject to restrictions imposed upon the Commission by the Act. Moneys and funds held by the Subordinate Trustee under the Subordinate Indenture, including moneys in the respective Subordinate Debt Service Funds (and the accounts therein) and he Reserve Fund, may be invested as directed by the Commission in Permitted Investments, subject to the restrictions set forth in the Subordinate Indenture and subject to restrictions imposed upon the Commission by the Act. The Commission's current investment policy provides that investments cannot exceed a maturity of three years. See "FINANCIAL INFORMATION—Investment Policy."

Events of Default and Remedies; No Acceleration

Events of Default under the Subordinate Indenture and related remedies are described in "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE, THE ELEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE AND THE TWELFTH SUPPLEMENTAL SUBORDINATE INDENTURE—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Defaults and Remedies." The occurrence of an Event of Default does not grant any right to accelerate payment of the Subordinate Obligations to either the Subordinate Trustee or the Holders of the Subordinate Obligations (including the Subordinate Series 2012 Bonds). The Subordinate Trustee is authorized to take certain actions upon the occurrence of an Event of Default, including proceedings to enforce the obligations of the Commission under the Subordinate Indenture. If there is an Event of Default, payments, if any, on the Subordinate Obligations will be

made after payments of Maintenance and Operation Expenses of the Airport System and after the payment of debt service and reserve and repayment requirements on and relating to the Senior Parity Bonds. Since Subordinate Revenues are Revenues net of all amounts needed to pay Maintenance and Operation Expenses of the Airport System and debt service and reserve and repayment requirements on and relating to the Senior Parity Bonds, and the Commission is not subject to involuntary bankruptcy proceedings, the Commission may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport System and the payment of debt service and reserve and repayment requirements on and relating to the Senior Parity Bonds even if an Event of Default has occurred and no payments are being made on the Subordinate Obligations.

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Senior Bonds

Pursuant to the Senior Indenture, the Commission has previously issued and, as of October 1, 2012, there was outstanding $746,175,000 aggregate principal amount of its Senior Bonds. The Senior Bonds are secured by a pledge and lien on Net Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Flow of Funds." The following table sets forth the Senior Bonds which have been issued and were outstanding as of October 1, 2012.

TABLE 2
Metropolitan Airports Commission
Senior Bonds
(as of October 1, 2012)

Series	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
2007A	$440,985,000	$440,985,000	1/1/2032
2008A	72,035,000	39,355,000	1/1/2016
2009A	23,075,000	19,595,000	1/1/2022
2009B	128,835,000	111,455,000	1/1/2022
2010A	62,210,000	62,210,000	1/1/2035
2010B	73,475,000	72,575,000	1/1/2028
Total	$800,615,000	$746,175,000	

Source: Metropolitan Airports Commission.

General Obligation Revenue Bonds

The Commission has previously issued and as of October 1, 2012 there was outstanding $9,240,000 aggregate principal amount of its Series 16 General Obligation Revenue Bonds. The Series 16 General Obligation Revenue Bonds have a final maturity date of January 1, 2015. The Series 16 General Obligation Revenue Bonds were issued pursuant to Section 473.667 of the Act and a resolution of the Commission (the "Series 16 General Obligation Revenue Bond Resolution"). The Series 16 General Obligation Revenue Bonds are general obligations of the Commission secured by a pledge of Net Revenues, subject to the prior pledge of Revenues of the Commission to the payment of Maintenance and Operation Expenses of the Airport System. The Series 16 General Obligation Revenue Bonds have a pledge of and lien on Net Revenues on parity, except as to timing of payment, with the Senior Bonds. If Net Revenues are insufficient to pay principal and interest currently due on the Series 16 General Obligation Revenue Bonds, the Commission would be required to levy a tax on all taxable property within the Metropolitan Area. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Flow of Funds."

The Commission is authorized to issue up to $55,051,875 of additional General Obligation Revenue Bonds without additional statutory authorization and without having to meet the requirements of the additional bonds test set forth in the Senior Indenture. If the Commission decides to issue additional General Obligation Revenue Bonds up to $55,051,875, such additional General Obligation Revenue Bonds would also have a pledge of and lien on Net

Revenues on parity, except as to timing of payment, with the Senior Bonds. At this time, the Commission has no plans to issue any of the authorized $55,051,875 of additional General Obligation Revenue Bonds. Prior to issuing additional General Obligation Revenue Bonds in excess of $55,051,875, the Commission would be required to seek authorization from the Minnesota State Legislature and would have to comply with the additional bonds test set forth in the Senior Indenture. Such additional General Obligation Revenue Bonds issued in excess of $55,051,875 could have a pledge of and lien on Net Revenues on parity, except as to timing of payment, with the Senior Bonds, or on a basis subordinate to the Senior Bonds (if such authority was granted by the Minnesota State Legislature), but could not have a pledge of and lien on Net Revenues senior to the Senior Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Flow of Funds."

Subordinate Obligations

General. The Subordinate Obligations currently consist of the Prior Subordinate Bonds and the Subordinate Short-Term Obligations. The Subordinate Obligations (including the Subordinate Series 2012 Bonds) are secured by a pledge and lien on Subordinate Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Flow of Funds."

Prior Subordinate Bonds. Pursuant to the Subordinate Indenture, the Commission has previously issued and, as of October 1, 2012, there was outstanding $722,970,000 aggregate principal amount of its Prior Subordinate Bonds (including the Refunded Bonds). The following table sets forth the Subordinate Bonds (including the Refunded Bonds) that have been issued and were outstanding as of October 1, 2012.

TABLE 3
Metropolitan Airports Commission
Prior Subordinate Bonds
(as of October 1, 2012)

Series	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
2003A[1]	$102,690,000	$ 48,255,000	1/1/2031
2005A	136,110,000	136,110,000	1/1/2035
2005B	113,155,000	86,695,000	1/1/2026
2005C	123,750,000	121,700,000	1/1/2032
2007B	197,360,000	197,360,000	1/1/2032
2010C	21,600,000	18,190,000	1/1/2024
2010D	68,790,000	62,645,000	1/1/2024
2011A	52,015,000	52,015,000	1/1/2025
Total	$815,470,000	$722,970,000	

[1] See "PLAN OF FINANCE AND APPLICATION OF THE SUBORDINATE SERIES 2012 BOND PROCEEDS—Plan of Refunding" for a discussion of the refunding and defeasance of the Subordinate Series 2003A Bonds.

Source: Metropolitan Airports Commission.

Subordinate Short-Term Obligations. Pursuant to the Master Subordinate Indenture, the Tenth Supplemental Subordinate Indenture and the Subordinate Short-Term Obligations Credit Agreement, the Commission is authorized to issue and have outstanding, from time to time, up to $75,000,000 in aggregate principal amount of Subordinate Short-Term Obligations. As of October 1, 2012, the Commission had $11,300,000 aggregate principal amount of Subordinate Short-Term Obligations outstanding. All Subordinate Short-Term Obligations issued by the Commission are purchased by the Subordinate Short-Term Obligations Bank (Wells Fargo Bank, National Association) in accordance with the terms of the Subordinate Short-Term Obligations Credit Agreement. Pursuant to the terms of the Subordinate Short-Term Obligations Credit Agreement, the tax-exempt Subordinate Short-Term Obligations bear interest, at the option of the Commission, at (1) a fluctuating rate per annum,

determined as of the first business day of each month, equal to the sum of (a) 70% of the one-month London Interbank Offered Rate ("LIBOR"), as in effect on the first business day of the month, plus (b) a spread that is currently equal to 0.75% but could increase to a maximum of 1.95% if the long-term rating on the Subordinate Obligations is downgraded; or (2) a fluctuating rate per annum, determined on Thursday of each week, equal to the sum of (a) the SIFMA Municipal Swap Index, as in effect on Thursday of each week, plus (b) a spread that is currently equal to 0.70% but could increase to a maximum of 1.90% if the long-term rating on the Subordinate Obligations is downgraded; and the taxable Subordinate Short-Term Obligations bear interest at a fluctuating rate per annum, determined as of the first business day of each month, equal to the sum of (a) LIBOR, as in effect on the first business day of the month, plus (b) the product of (i) a spread that is currently equal to 0.75% but could increase to a maximum of 1.95% if the long-term rating on the Subordinate Obligations is downgraded and (ii) 1.50. Except as otherwise provided in the Subordinate Short-Term Obligations Credit Agreement, the principal of all Subordinate Short-Term Obligations outstanding pursuant the Master Subordinate Indenture, the Tenth Supplemental Subordinate Indenture and the Subordinate Short-Term Obligations Credit Agreement are due and payable on November 3, 2014. However, subject to the terms of the Subordinate Short-Term Obligations Credit Agreement, on November 3, 2014, the Commission can convert any outstanding Subordinate Short-Term Obligations to a term loan that will be payable in sixteen equal quarterly installments following November 3, 2014.

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Debt Service Requirements

The following table sets forth the debt service funding requirements for the Senior Parity Bonds, the Prior Subordinate Obligations (after giving effect to the refunding and defeasance of the Refunded Bonds), the Subordinate Short-Term Obligations and the Subordinate Series 2012 Bonds.

TABLE 4
Metropolitan Airports Commission
Debt Service Requirements[1,2]

Year Ended December 31	Senior Parity Bonds[3,4]	Prior Subordinate Bonds and Subordinate Short-Term Obligations[5,6]	Subordinate Series 2012A Bonds[6]			Subordinate Series 2012B Bonds[6]			Total Senior and Subordinate Debt Service Requirements
			Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	
2012	$ 61,214,650	$ 62,156,438	–	–	–	–	–	–	$123,371,088
2013	62,894,350	59,876,955	$5,395,000	$ 797,046	$6,192,046	–	$2,340,002	$2,340,002	131,303,353
2014	59,997,550	59,879,521	5,500,000	689,333	6,189,333	–	2,100,750	2,100,750	128,167,154
2015	59,890,750	59,988,917	5,565,000	626,028	6,191,028	–	2,100,750	2,100,750	128,171,445
2016	60,378,000	59,996,993	5,650,000	542,609	6,192,609	–	2,100,750	2,100,750	128,668,351
2017	60,376,350	59,993,982	5,755,000	438,140	6,193,140	–	2,100,750	2,100,750	128,664,222
2018	60,382,800	55,372,695	5,880,000	309,343	6,189,343	–	2,100,750	2,100,750	124,045,588
2019	60,374,950	55,373,482	6,025,000	165,989	6,190,989	–	2,100,750	2,100,750	124,040,170
2020	60,367,450	55,367,451	–	–	–	–	2,100,750	2,100,750	117,835,651
2021	53,166,200	63,101,604	–	–	–	–	2,100,750	2,100,750	118,368,554
2022	53,517,244	63,088,761	–	–	–	–	2,100,750	2,100,750	118,706,755
2023	59,217,994	57,402,524	–	–	–	–	2,100,750	2,100,750	118,721,267
2024	61,472,994	56,287,651	–	–	–	–	2,100,750	2,100,750	119,861,394
2025	61,471,244	49,649,727	–	–	–	$6,120,000	2,100,750	8,220,750	119,341,720
2026	61,469,994	49,649,924	–	–	–	6,420,000	1,794,750	8,214,750	119,334,667
2027	61,473,369	49,645,167	–	–	–	6,745,000	1,473,750	8,218,750	119,337,285
2028	61,471,944	49,640,790	–	–	–	7,210,000	1,136,500	8,346,500	119,459,234
2029	61,465,319	49,642,954	–	–	–	7,575,000	776,000	8,351,000	119,459,272
2030	39,454,800	49,647,367	–	–	–	7,945,000	397,250	8,342,250	97,444,417
2031	22,117,000	49,644,714	–	–	–	–	–	–	71,761,714
2032	9,943,750	18,253,320	–	–	–	–	–	–	28,197,070
2033	9,939,250	18,255,054	–	–	–	–	–	–	28,194,304
2034	9,943,500	18,256,400	–	–	–	–	–	–	28,199,900
2035	–	4,360,644	–	–	–	–	–	–	4,360,644
2036	–	4,360,784	–	–	–	–	–	–	4,360,784
2037	–	4,364,891	–	–	–	–	–	–	4,364,891
2038	–	4,362,532	–	–	–	–	–	–	4,362,532
2039	–	4,363,709	–	–	–	–	–	–	4,363,709
2040	–	4,362,989	–	–	–	–	–	–	4,362,989
2041	–	4,360,158	–	–	–	–	–	–	4,360,158
Total	$1,172,001,450	$1,200,708,089	$39,770,000	$3,568,487	$43,338,487	$42,015,000	$33,127,252	$75,142,252	$2,491,190,279

[1] Numbers may not total due to rounding to nearest dollar.
[2] Represents the Commission's debt service funding requirements for each Fiscal Year.
[3] Includes debt service on the Series 16 General Obligation Revenue Bonds and the Senior Bonds. The Senior Parity Bonds have a parity lien on Net Revenues.
[4] By October 10 of each year, the Commission is required to have on deposit in the Commission Debt Service Fund an amount equal to the debt service due on the Series 16 General Obligation Revenue Bonds in the following Fiscal Year and the second following Fiscal Year.
[5] Includes debt service on the Prior Subordinate Bonds, after giving effect to the refunding and defeasance of the Refunded Bonds, and the Subordinate Short-Term Obligations. Assumes $75,000,000 of outstanding Subordinate Short-Term Obligations amortized over a 30-year period at an assumed interest rate of 4.31%. The actual average interest rate on the Subordinate Short-Term Obligations between April 4, 2012 (the initial date of issuance of the outstanding Subordinate Short-Term Obligations) and September 30, 2012 was 0.87%.
[6] The Prior Subordinate Bonds, the Subordinate Short-Term Obligations and the Subordinate Series 2012 Bonds have a parity lien on Subordinate Revenues.

Source: Metropolitan Airports Commission and Jefferies & Company, Inc.

Debt Service Coverage

The following table sets forth the historical debt service coverage on the Senior Parity Bonds, the Prior Subordinate Bonds and the previously outstanding subordinate commercial paper notes for Fiscal Years 2007 through 2011, and the budgeted debt service coverage on the Senior Parity Bonds, the Prior Subordinate Bonds and the Subordinate Short-Term Obligations for Fiscal Year 2012.

TABLE 5
Metropolitan Airports Commission
Debt Service Coverage
(Dollars in Thousands)

Fiscal Year	Revenues[1] [a]	Maintenance and Operation Expenses of the Airport System[1] [b]	Net Revenues[1] [c]=[a]-[b]	Debt Service Requirement for Senior Parity Bonds[1,2] [d]	Senior Debt Service Coverage[3,4] [c]/[d]	Debt Service Requirement for Subordinate Bonds[5] [e]	Total Debt Service Coverage[6,7] [c]/[[d]+[e]]
2007	$294,220	$124,642	$169,578	$78,961	215%	$24,180	164%
2008	293,076	126,735	166,341	78,863	211	32,490	149
2009	289,925	123,430	166,495	78,684	212	31,596	151
2010	296,110	131,389	164,721	74,072	222	31,886	155
2011	295,923	136,302	159,621	71,367	224	32,176	154
2012B[8]	279,600 [9]	139,663	139,937	46,912 [9]	298	41,169	159

[1] Calculated per the terms of the Senior Indenture.
[2] Includes aggregate annual debt service on the Senior Bonds, the Series 16 General Obligation Revenue Bonds and the previously outstanding General Obligation Revenue Bonds. Excludes debt service on the Senior Bonds paid or expected to be paid with PFCs. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service."
[3] Equals the debt service coverage on the Senior Bonds, the Series 16 General Obligation Revenue Bonds and the previously outstanding General Obligation Revenue Bonds. Senior Debt Service Coverage is not being provided to show compliance with the provisions of the rate covenant set forth in the Senior Indenture and as described under "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Rate Covenant."
[4] Does not include Transfer. If, as permitted by the Senior Indenture, Transfer is included in the calculation, the Senior Debt Service Coverage for Fiscal Year 2012 (Budget) is projected to be 322%.
[5] Includes aggregate annual debt service on the Prior Subordinate Bonds, the Subordinate Short-Term Obligations (which were initially issued on April 4, 2012) and the previously outstanding subordinate commercial paper notes. Excludes debt service on the Prior Subordinate Bonds, the Subordinate Short-Term Obligations and the previously outstanding subordinate commercial paper notes paid or expected to be paid with PFCs. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service." Does not give effect to the issuance of the Subordinate Series 2012 Bonds and the refunding and defeasance of the Refunded Bonds.
[6] Equals the debt service coverage on the Senior Bonds, the Series 16 General Obligation Revenue Bonds, the previously outstanding General Obligation Revenue Bonds, the Prior Subordinate Bonds, the Subordinate Short-Term Obligations and the previously outstanding subordinate commercial paper notes. Total Debt Service Coverage is not being provided to show compliance with the provisions of the rate covenants set forth in the Senior Indenture and the Master Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Rate Covenant."
[7] Does not include Transfer. If, as permitted by the Senior Indenture and the Master Subordinate Indenture, Transfer is included in the calculation, the Total Debt Service Coverage for Fiscal Year 2012 (Budget) is projected to be 171%.
[8] Budget for Fiscal Year 2012. Does not include the issuance of the Subordinate Series 2012 Bonds or the refunding and defeasance of the Refunded Bonds.
[9] On October 26, 2011, Delta prepaid all of the lease payments due under certain lease agreements (the "Series 15 Lease Agreements") entered into by the Commission and Delta (as successor to Northwest Airlines) with respect to certain land, buildings and equipment. The prepaid lease payments were used by the Commission on January 1, 2012 to redeem all of its outstanding Taxable General Obligation Revenue Refunding Bonds, Series 15 (the "Series 15 General Obligation Revenue Bonds"). The lease payments made by Delta under the Series 15 Lease Agreements accounted for approximately $25.7 million of Revenues per year between 2007 and 2011. The debt service requirements on the Series 15 General Obligation Revenues Bonds were approximately $25-26 million each year between 2007 and 2011.
Source: Metropolitan Airports Commission.

The definition of Aggregate Annual Debt Service provides that, if PFCs have been irrevocably committed or are held by the Subordinate Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal of and/or interest on the Subordinate Obligations, then such principal and/or interest may be excluded from the calculation of Aggregate Annual Debt Service; thus decreasing Aggregate Annual Debt Service and increasing debt service coverage for purposes of the rate covenant and the additional bonds test under the Master Subordinate

Indenture. Pursuant to the PFC Resolution, the Commission irrevocably committed approximately $5.0 million of PFCs to the payment of debt service on PFC Eligible Bonds in each Fiscal Year between Fiscal Years 2012 and 2014, and irrevocably committed approximately $9.3 million of PFCs to the payment of debt service on PFC Eligible Bonds in each Fiscal Year between Fiscal Years 2015 and 2030. While there is no assurance that the Commission will continue to do so in the future, historically, the Commission has applied PFCs in addition to the amounts irrevocably committed to pay debt service on PFC Eligible Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service." See also "THE AIRPORT AGREEMENTS—Airline Lease Agreements" for additional information regarding certain agreements the Commission has made with respect to the use of PFCs.

Subordinate Repayment Obligations

Under certain circumstances the obligation of the Commission, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a "Subordinate Repayment Obligation") may be secured by a pledge of and lien on Subordinate Revenues on parity with the Subordinate Obligations (including the Subordinate Series 2012 Bonds). If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Subordinate Obligations, all or a portion of the Commission's Subordinate Repayment Obligation may be afforded the status of a Subordinate Obligation under the Subordinate Indenture. The Commission currently does not have any Subordinate Repayment Obligations outstanding. See "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE, THE ELEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE AND THE TWELFTH SUPPLEMENTAL SUBORDINATE INDENTURE—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Subordinate Repayment Obligations Afforded Status of Subordinate Obligations."

Special Facility Obligations

The Commission may designate an existing facility or a planned facility as a "Special Facility" and may incur indebtedness in order to acquire, construct, renovate or improve such facility or to finance the acquisition, construction, renovation or improvement thereof by a third party. Additionally, the Commission may provide that certain contractual payments derived from or related to such Special Facility, together with other income and revenues available therefrom, will constitute "Special Facilities Revenue" and will not be included as Revenues, Net Revenues or Subordinate Revenues. Such indebtedness will constitute a "Special Facility Obligation" and will be payable solely from the Special Facilities Revenue. When Special Facility Obligations issued for a Special Facility are fully paid or otherwise discharged, all revenues received by the Commission from such facility will be included as Revenues. To the extent Special Facility Revenues exceed the amounts required to pay the principal of and interest on Special Facility Obligations when due, to the extent not otherwise encumbered, the excess may constitute Revenues as determined by the Commission. The Commission does not currently have any outstanding Special Facility Obligations. See "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE, THE ELEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE AND THE TWELFTH SUPPLEMENTAL SUBORDINATE INDENTURE—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Special Facilities and Special Facility Obligations."

Future Financings

Other than the issuance of Subordinate Short-Term Obligations, from time to time, the Commission has no current plans to issue any additional Senior Bonds and/or Additional Subordinate Obligations between 2012 and 2018 to finance capital improvement projects. See "CAPITAL IMPROVEMENT PROGRAM." However, the Commission continuously evaluates refunding opportunities and may refund one or more series of its Senior Bonds or Subordinate Obligations in the future.

THE COMMISSION

General

The Commission was created by an act of the Minnesota State Legislature in 1943 as a public corporation. Its purpose is to promote air navigation and transportation (international, national and local) in and through the State of Minnesota, promote the efficient, safe and economic handling of air commerce, assure the inclusion of the State in national and international programs of air transportation, and to those ends, develop the full potentialities of the Metropolitan Area as an aviation center. The Commission exercises its jurisdiction over any place within 35 miles of the city hall of the City of Minneapolis or the city hall of the City of St. Paul and over the Metropolitan Area. It has the responsibility to assure residents of the Metropolitan Area minimal environmental impact from air navigation and transportation, promote the overall goals of the State's environmental policies and minimize the public's exposure to noise and safety hazards around airports.

The Commission may, under the Act, borrow money and issue bonds for the purpose of acquiring property, constructing and equipping new airports, acquiring existing airports, equipping, improving and making additions to such existing airports and making capital improvements to any airport constructed or acquired by the Commission. The Commission may contract with any person for the use by such person of any properties or facilities under the control of the Commission for purposes which will further the interests of aeronautics in the State, including, but not limited to, the right to lease any such properties or facilities, or any part thereof, to any person, the national government, or any foreign government, or any department of either, or to the State or any municipality. Other powers delegated to the Commission include the power to levy taxes against property in the Metropolitan Area required to pay debt service on the General Obligation Revenue Bonds issued by the Commission, to the extent debt service is not paid from Net Revenues of the Airport System, and to levy taxes not in excess of 0.00806% in each year upon the taxable market value of all property in the Metropolitan Area to pay costs of operation and maintenance of airport facilities. The Commission does not currently levy taxes to pay either debt service on its General Obligation Revenue Bonds or Maintenance and Operation Expenses of the Airport System.

Certain capital projects of the Commission at the Airport requiring the expenditure of more than $5,000,000, and other projects at the Reliever Airports requiring an expenditure of $2,000,000, are required by law to be submitted for approval to the Metropolitan Council, a public agency established by law with powers of regulation over the development of the Metropolitan Area.

The Airport System

General. The Commission owns and operates seven airports within the Metropolitan Area including the Airport and the six Reliever Airports, which are used mainly for general aviation.

Minneapolis-St. Paul Airport. The Airport has been designated as the major scheduled passenger airport for the Metropolitan Area, located south and equidistant from the downtown areas of Minneapolis and St. Paul. See "MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT" for further discussion of the Airport.

Reliever Airports. In addition to the Airport, the Commission owns and operates the six Reliever Airports which mainly serve general aviation and constitute part of the Airport System. The six Reliever Airports include St. Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County/Blaine Airport, Lake Elmo Airport and Airlake Airport. The facilities at Airlake, Anoka County/Blaine, Crystal and Lake Elmo function as general aviation airports and are also used for pilot and flight training. In addition, a control tower is operational at Crystal Airport and Anoka County/Blaine. Flying Cloud Airport functions as a general aviation field and is also served by an FAA control tower. The St. Paul Downtown Airport serves as a corporate reliever and an all-purpose general aviation field and is served by an FAA control tower.

Revenues from the Airport are used to cover certain shortfalls incurred by the Reliever Airports. In recent years, the Commission has significantly reduced the amount of such subsidy. In 2007, the Commission adopted an ordinance (the "2007 Reliever Airports Ordinance") that amended the rates and charges methodology at the Reliever Airports. The 2007 Reliever Airports Ordinance requires that all costs associated with the Reliever Airports are to

be collected from the users of such airports. As a result of the adoption of the 2007 Reliever Airports Ordinance and certain agreements made with the Signatory Airlines, beginning with calendar year 2006, the Commission's annual subsidy from Airport revenues to the Reliever Airports is now limited to $300,000 per year, escalated annually by 3%. However, there can be no assurance that major catastrophic liabilities or other unanticipated events will not occur with respect to one or more of the Reliever Airports which would require a substantial transfer of Revenues to such airports. In Fiscal Years 2010 and 2011, the Reliever Airports had a combined net operating loss (including depreciation and interest for projects financed at the Reliever Airports) of $3,325,000 and $3,496,000, respectively.

Organization of the Commission

Commissioners. The Commission is governed by 15 Commissioners, 12 of whom are appointed by the Governor of the State of Minnesota (the "Governor") for four-year terms and one of whom is appointed by the Governor as chair of the Commission and serves at the pleasure of the Governor. The remaining two Commissioners are the mayors of St. Paul and Minneapolis, or their designees, who serve a term equal to the term of office of such mayor. Of the 12 Commissioners that are appointed by the Governor for terms of four years, eight are appointed from designated districts within the Metropolitan Area and four are appointed from outside of the Metropolitan Area. From time to time, there have been bills introduced in the Minnesota State Legislature that proposed changes to the membership of the Commission. To date, none of these bills has been passed by the Minnesota State Legislature and signed by the Governor; however, the Commission cannot predict if additional bills will be introduced in the future to change the membership of the Commission or, if introduced and ultimately adopted by the Minnesota State Legislature and signed by the Governor, what effect, if any, such changes might have on the Commission.

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The present Commissioners and their occupations are set forth in the following table:

TABLE 6
Metropolitan Airports Commission
Commissioners[1]

Name	Position	Occupation	Term Expires
Daniel Boivin	Chair	Executive VP, Chief Legal Officer and General Counsel; SeeChange Health	N/A[2]
Carl Crimmins	Commissioner	Retired; Current President of Minnesota Pipes Trades Association	January 2015
James Deal	Commissioner	Retired; Former Owner and Chairman of the Board of NAU	January 2015
Greg Foster[3]	Commissioner	Financial Advisor – UBS	Term of Office
Timothy Geisler	Commissioner	Manager – Public Affairs, Mayo Clinic	January 2016
Pat Harris[4]	Commissioner	Vice President; RBC Global Asset Management	Term of Office
Rick King	Commissioner	Chief Technology Officer, Professional Division – Thomson Reuters	January 2015
Michael Landy	Commissioner	Owner; Landy Beef International, Inc.; Cake, Candy and Wedding Supply Company; and Landy Properties	January 2014
Michael Madigan	Commissioner	Attorney and Managing Partner – Madigan, Dahl & Harlan	January 2015
John McClung	Commissioner	Retired businessman	January 2013
Tammy Mencel	Commissioner	President and Publisher – Minneapolis-St. Paul Business Journal	January 2015
Donald Monaco	Commissioner	Owner; Monaco Air Duluth, LLC	January 2013
Lisa Peilen	Commissioner	Director – Minnesota Multi-Housing Association	January 2013
Paul Rehkamp	Commissioner	Funeral Director, Partner; Rehkamp Funeral Home	January 2015

[1] One position on the Commission is currently vacant and the Governor of the State of Minnesota is currently in the process of selecting a new Commissioner.
[2] Serves at the pleasure of the Governor of the State of Minnesota.
[3] Representative of the Mayor of the City of Minneapolis. Term expires when the Mayor's term in office expires.
[4] Representative of the Mayor of the City of St. Paul. Term expires when the Mayor's term in office expires.

Administration. Management and operation of the Commission are accomplished by the Executive Director/Chief Executive Officer through his staff. The Commission is organized into four divisions which include Executive, Finance and Administration, Planning, Development and Environment, and Management and Operations. The following table sets forth the responsibilities of the four divisions.

TABLE 7
Metropolitan Airports Commission
Organization

Division	Responsibilities
Executive Division	Commercial Management and Airline Affairs, Human Resources and Labor Relations, Internal Audit, Legal Affairs, Governmental Affairs, Public Affairs and Marketing
Finance and Administration Division	Finance, Purchasing, Information Services, and Risk/Insurance/Safety
Planning, Development and Environmental Division	Airport Development and Environment
Management and Operations Division	MSP Airport Operations, Fire, Police, and Reliever Airports

Chair and Administrative Staff.

Daniel Boivin, Chair. Governor Dayton appointed Mr. Boivin to serve as Chair of the Commission in February 2011. Prior to this, he served as the Mayor of Minneapolis' appointee to the Commission beginning in May 2002. As a Commissioner, Mr. Boivin chaired the Human Resources and Affirmative Action Committee. In addition to serving as Chair of the Commission, he is the Executive Vice-President, Chief Legal Officer and General Counsel for SeeChange Health, a value-based health insurance and technology company. Previously, Mr. Boivin served as attorney and partner with the Meshbesher & Spence law firm. He served as the chair of the Minnesota Bar Association Civil Litigation Section, and has provided pro bono legal representation and acted as a volunteer judge for the Minnesota State High School Mock Trial Tournament. He is a graduate of Hamline Law School.

Jeffrey W. Hamiel, Executive Director/Chief Executive Officer. Mr. Hamiel was appointed Executive Director/Chief Executive Officer of the Commission on November 24, 1985. He received his Bachelor of Arts degree from the University of Minnesota, a Master of Arts degree in Public Administration from Northern Michigan University and a Doctorate in Public Administration from Hamline University, St. Paul, Minnesota. In 1977, Mr. Hamiel was initially employed by the Commission as its first Manager of Noise Abatement and Environmental Affairs; in 1980, he was promoted to Assistant Director of Operations and to Director of Operations in 1983. Between 1984 and 1985 he served as Airport Director and was promoted to Deputy Executive Director before becoming Executive Director. Mr. Hamiel was a pilot in the United States Air Force for over seven years and thereafter joined the United States Air Force Reserve where he served as a Chief Pilot and retired as Squadron Commander of the 96th Airlift Squadron in 1998. He retired in the rank of Lieutenant Colonel. Mr. Hamiel served as Chairman, ACI–North America for 2001 and continues to serve as a member of the ACI-North America Board of Directors. Mr. Hamiel is the past Chair of the ACI International Affairs Committee and has served on the Governmental Affairs Committee, Environmental Committee, Technical Committee and Marketing/Communications Committee. Additionally, he is a certified member of the American Association of Airport Executives ("AAAE"). Mr. Hamiel serves as Vice Chair of the Airport Cooperative Research Program of the National Academy of Sciences in Washington, D.C. He is currently the chair of the Executive Committee of the Center for Transportation Studies at the University of Minnesota. Mr. Hamiel is a member of the Board of Trustees of Hamline University. He also is an adjunct instructor and serves on the Board of Advisors, Graduate School of Business at Hamline University. Mr. Hamiel has served as an adjunct instructor at the University of St. Thomas teaching in the MBA program. He was inducted into the Minnesota Aviation Hall of Fame in 2003.

Dennis Probst, Executive Vice President. Mr. Probst was appointed Executive Vice President in July 2012. He was appointed Deputy Executive Director, Planning and Environment, in January 2008. Prior to that position, he served as Building Construction Manager of the Commission and was promoted to Director of Landside Development of the Commission in January, 1999. Mr. Probst received a Bachelor of Science in Civil Engineering, a Bachelor of Arts Architecture Degree and a Master of Architecture Degree from Iowa State University. He was previously employed with DMJM Harris as Vice President and was employed with BRW for 14 years as an

Architect and Project Manager, Office Manager and Vice President. Mr. Probst served as Mayor of the City of Arden Hills from 1994–2002 and was President of the I-35W Corridor Coalition from 1998–2002. He served as Chairman of the Central Corridor Coordinating Committee. As a member of the American Institute of Architects, Mr. Probst served as Minneapolis Chapter President as well as a Board Member of the Minnesota Society American Institute of Architects. He served as Chair of the Arden Hills Planning Commission and is a former member of American Society of Heating, Refrigeration and Air Conditioning Engineers.

Stephen L. Busch, Vice President, Finance and Administration/Treasurer. Mr. Busch was appointed Vice President, Finance and Administration in June 2008. He also serves as Treasurer of the Commission. Prior to his current appointment he served as Director of Finance of the Commission for 12 years. Mr. Busch has worked for the Commission since 1981. He received his Bachelor of Science degree from St. Johns University and holds a Masters of Business Administration degree from the University of St. Thomas. Prior to his employment with the Commission, he worked for three years at Control Data Corporation and Emmer Distribution Centers, a lumber wholesaler, for one year. In addition, he is a member of the Government Finance Officers Association and is involved with ACI Economic Committee and ACI CFO Committee issues.

Roy R. Fuhrmann, Vice President, Management and Operations. Mr. Fuhrmann was appointed Vice President, Management and Operations in August 2012. He is responsible for safety, security, fire and police protection, daily maintenance and operations, customer service and emergency response at the Airport and the Reliever Airports. Prior to his current appointment, Mr. Fuhrmann served as the Director of Environment for 11 years and has worked at the Commission at various organizational levels since 1991. Mr. Fuhrmann holds a Bachelor of Arts degree in Airport Administration from the University of North Dakota. He also served for over 22 years in the military in a number of aviation staff and flying positions during multiple deployments. Mr. Fuhrmann is a member of ACI's Environmental Affairs Committee and serves as the Chair of the Environmental Affairs Committee.

Thomas W. Anderson, General Counsel. Mr. Anderson has been employed as the Commission's chief legal officer since December 1979. He obtained a Bachelor's degree in Mathematics and Law degree from the University of Minnesota. He has served as Chair of the ACI–North America Legal Committee, Chair of the Transportation Law Committee of the American Bar Association Section of Urban, State and Local Government Law, President of the Corporate Counsel Association of Minnesota, as a member of the Minnesota State Bar Association Board of Governors and as a member of the Minnesota Secretary of State's Corporate Advisory Council. He is currently serving as a member of the Airport Foundation MSP.

Robert C. Schauer, Director of Finance. Mr. Schauer was appointed Director of Finance in August 2008. Prior to his current appointment he served as Assistant Director of Finance and Manager of Accounting and Finance of the Commission for 20 years. Mr. Schauer has worked for the Commission since 1983. He received his Bachelor of Arts degree and Masters of Business Administration degree from the University of St. Thomas. Mr. Schauer is a Certified Public Accountant and Certified Treasury Professional. Prior to his employment with the Commission, he worked for St. Joseph's Hospital in St. Paul, Minnesota. In addition, he is a member of the Government Finance Officers Association and the Association for Finance Professionals.

Employees. As of October 1, 2012, approximately 566 full-time employees, including maintenance personnel, police officers, firefighters, clerical and professional persons, were employed by the Commission. The Commission staff believes its relationship with the employees is satisfactory. Certain employees of the Commission are unionized. The number of employees of the Commission represented by unions, the representative union and the date of expiration of respective union contracts are set forth in the following table.

[Remainder of page intentionally left blank.]

TABLE 8
Metropolitan Airports Commission
Union Representation of Employees

Union	Number of Employees	Expiration Date of Union Contracts
International Association of Fire Fighters, Local S-6 (representing fire fighters)	35	December 31, 2013
International Association of Fire Fighters, Local S-6 (representing fire captains)	9	December 31, 2013
International Brotherhood of Electrical Workers, Local 292	18	April 30, 2014
International Union of Operating Engineers, Local 49	22	December 31, 2013
International Union of Operating Engineers, Local 70	17	December 31, 2013
Lakes & Plains Regional Council of Carpenters	9	April 30, 2014
Law Enforcement Labor Services, Local 302 (Police Officers)	55	December 31, 2013
Law Enforcement Labor Services, Local 307 (Police Supervisors)	19	December 31, 2013
Minnesota Teamsters Public and Law Enforcement Employees Union, Local 320	92	June 30, 2014
Painter's and Allied Trades, Local 386	8	April 30, 2014
United Association Plumbers, Local 34	8	April 30, 2014
Law Enforcement Labor Services, Local 358	11	December 31, 2013
Total	303	

Source: Metropolitan Airports Commission.

MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT

General

The Airport was opened in 1927 as Wold-Chamberlain Field, and was operated by the Minneapolis Park Board until 1943, when it was transferred by State law to the Commission. In 1946, the Commission designated the field as the primary Air Carrier airport for the Metropolitan Area and renamed the Airport the Minneapolis-St. Paul International Airport-Wold-Chamberlain Field.

The Airport serves as a primary hub in the route system of Delta. In 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle and Compass. As of January 31, 2010, the operations of Delta and Northwest were merged into a single entity that now operates under the Delta brand. On January 31, 2010, Delta assumed all of the obligations of Northwest under the leases and agreements between Northwest and the Commission. On July 1, 2010, Delta sold Mesaba and Compass to two separate buyers. According to Delta, under the terms of the sale agreements, Mesaba and Compass will continue to operate Delta Connection flights under long-term, extendable agreements ranging from 7-12 years depending on aircraft type. Delta, together with its affiliated Air Carriers, accounted for approximately 77.8% of all passengers enplaned at the Airport in 2011. Mesaba was a wholly-owned subsidiary of Pinnacle Airlines Corporation, and, in January 2012, Mesaba ceased operations when all of its aircraft and personnel were absorbed into Pinnacle's operations. Comair ceased operations on September 29, 2012. See "AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta."

The Airport is primarily located within Hennepin County which is within the Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area (the "MSA"). The MSA is composed of 13 counties located in the east-central region of the State and the western portion of Wisconsin. There are seven core counties which represent over 87% of the MSA's population. These counties are Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, which are all located within the State. The other six counties in the MSA are Chisago, Isanti, Sherburne and Wright, which are also located in the State, and Pierce and St. Croix located in Wisconsin. See "—Air Trade Area" below and "APPENDIX A—REPORT OF THE AIRPORT CONSULTANT" for further discussion of the MSA.

Current Airport Facilities

Runways. The Airport maintains four air-transport-type runways, including two northwest-southeast runways, one north-south runway and one northeast-southwest cross-wind runway. The runways provide operational facilities to cover varying wind conditions and are connected by a system of taxiways and aprons. In addition, all eight of the runway approach directions are equipped with high-intensity runway lighting and instrument landing systems which permit continuous operation under almost all weather conditions. The northerly northwest-southeast runway is 8,200 feet long and 150 feet wide. The parallel northwest-southeast runway is 10,000 feet long and 200 feet wide. The north-south runway (also known as Runway 17/35) is 8,000 feet long and 150 feet wide. The northeast-southwest runway, which is provided to cover other wind conditions, is 11,000 feet long and 150 feet wide. The runways, in the opinion of the Commission's engineers, have sufficient capacity and are of sufficient strength to permit the operation of the largest existing commercial aircraft. The boundaries of the Airport provide sufficient clear area for runway approaches to meet the requirements of the FAA.

Terminal Facilities. Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1-Lindbergh and Terminal 2-Humphrey. International arrivals facilities ("IAF") at the Airport are located in both of the passenger terminal facilities. Terminal 1-Lindbergh and Terminal 2-Humphrey are connected by the light rail system that runs between downtown Minneapolis and the Mall of America (the "Light Rail System"). The Light Rail System includes stations at Terminal 1-Lindbergh and Terminal 2-Humphrey. During peak traffic times during the year, a shuttle bus also provides transportation between Terminal 1-Lindbergh and Terminal 2-Humphrey, which are approximately 3.5 miles apart.

Terminal 1-Lindbergh is a three level structure consisting of approximately 2.8 million square feet of space, of which approximately 1.3 million square feet are considered rentable. Terminal 1-Lindbergh currently consists of one terminal (the "Main Building") and seven concourses designated as the A, B, C, D, E, F and G Concourses. Terminal 1-Lindbergh also includes the principal IAF; the ground transportation center; and a valet parking garage, which is located beneath the terminal. The seven concourses, which extend from the Main Building, provided a total of 114 aircraft loading positions. These aircraft loading positions consist of passenger loading bridges and immediately adjacent ramp areas which are utilized by regional airline aircraft that may or may not utilize the passenger loading bridges. Concourses A and B are comprised of 14 and 16 gates, respectively, and are leased to Delta which utilizes them for regional airline operations. See "CAPITAL IMPROVEMENT PROGRAM—Demand Driven CIP Projects" for additional information concerning the proposed expansion of Terminal 1-Lindbergh.

Within Terminal 1-Lindbergh are ticketing facilities on the second level in the Main Building; security checkpoint locations on the second level in the Main Building and at the entrance to the G Concourse from the parking garage skyway; passenger boarding facilities on the second level in each of the seven concourses; baggage claim and the international arrivals waiting area on the ground or first level; and the ground transportation center, which contains covered space for shuttle and taxi pickup on the ground level. Concessions are located throughout Terminal 1-Lindbergh, the majority of which are located past the security checkpoints. A coffee shop and a full-service restaurant, are located outside of the secure areas of Terminal 1-Lindbergh and are available to all visitors to the Airport, ticketed passengers and non-ticketed passengers.

The majority of international arrivals and departures at the Airport are conducted from the IAF on the G Concourse. The facility contains dual-purpose domestic-international gates that provide ten aircraft loading positions (at nine gates) with international arrival capability. The total processing capacity of this IAF is estimated to be approximately 800 passengers per hour.

Terminal 2-Humphrey is a two-story structure consisting of approximately 400,000 square feet of space, providing 10 gates. Four of the ten gates consist of international arrival facility gates. The Commission has designated Terminal 2-Humphrey as a common use facility. The three main Air Carriers operating out of Terminal 2-Humphrey are Southwest, Sun Country and Spirit. Southwest, Sun Country and Spirit operate primarily from three, four and one gates, respectively. Currently, due to demand, Southwest and Sun Country also are using, on a common use basis, the other gates in Terminal 2-Humphrey. See "CAPITAL IMPROVEMENT PROGRAM—Demand Driven CIP Projects" for additional information concerning the proposed expansion of Terminal 2-Humphrey.

Parking Facilities. The parking facilities located at the Airport currently provide approximately 23,200 public parking spaces. However, the Commission is currently expanding the rental car facilities in the parking facilities located adjacent to Terminal 2-Humphrey, and once completed (which is expected in the third quarter of 2013), the number of public parking spaces located at the Airport will decrease to approximately 22,941 spaces. The on-Airport parking options include a valet garage, short-term and long-term parking located adjacent to and below Terminal 1-Lindbergh, and short-term and long-term parking located adjacent to Terminal 2-Humphrey.

The public parking facilities located adjacent to and below Terminal 1-Lindbergh contain 14,080 public parking spaces. The valet garage located beneath Terminal 1-Lindbergh provides 386 parking spaces, with the remaining 13,694 parking spaces contained in two seven-level parking garages and two nine-level parking garages that are connected to Terminal 1-Lindbergh and the G Concourse via an enclosed skyway and a surface parking lot located adjacent to the parking garages. The parking garages also can be accessed via the ground transportation center. Thirty percent of the two nine-level parking garages are utilized by the five on-Airport rental car companies and the remaining 70% is utilized for public parking. The Commission also provides approximately 242 employee parking spaces at several surface lots near Terminal 1-Lindbergh.

The public parking facilities located adjacent to Terminal 2-Humphrey currently provide approximately 9,100 public parking spaces which are contained in an eight-level parking garage and surface lots. However, once the expansion of the rental car facilities is completed, the number of public parking spaces in the Terminal 2-Humprey parking facilities will be reduced to approximately 8,861 spaces. The Commission also currently provides approximately 2,203 employee parking spaces in the Terminal 2-Humphrey parking facility and at several surface lots near Terminal 2-Humphrey. See “CAPITAL IMPROVEMENT PROGRAM—2012-13 Capital Improvement Program-Planned CIP Projects.”

Four off-Airport private parking facilities serve passengers of the Airport and provide an estimated additional 5,450 automobile parking spaces.

Other Facilities. In addition to the facilities described above, the following facilities also are located at the Airport:

- Several Air Carriers have maintenance facilities located on the Airport, including Delta and Sun Country. Delta occupies two large hangar facilities that include support functions such as office space, shops, engine-testing cells, computer facilities and storage. The first hangar, Delta Building B, can accommodate either three narrowbody or two B-747-sized aircraft. Delta Building C has capacity to accommodate six narrowbody, two widebody, and two B-747-400 aircraft simultaneously.

  Additionally, Sun Country occupies significant hangar space at the Airport. Including the adjacent apron space, the leased premises of Sun Country Hangar #1 includes approximately 440,000 square feet. The hangar can accommodate four 737-800 aircraft and the outside ramp has parking capacity for an additional four 737-800 aircraft. Sun Country Hangar #2 occupies approximately 270,000 square feet, including the apron. The hangar can accommodate one 737-800 aircraft and the ramp has parking capacity for one additional 737-800 aircraft. The building includes approximately 40,000 square feet of office and ancillary support space.

- The Airport rescue and firefighting facility is located between the west end of runways 12R/30L and 12L/30R. The facility is operated by the Commission and staffed with Commission employees.

- The Commission houses a portion of its administrative offices and buildings for maintenance facilities and equipment on the west side of the Airport along 28th Avenue.

- Various buildings and areas are used for cargo operations, including facilities for FedEx and UPS.

- The military occupies land along 34th Avenue between runways 12R/30L and 12L/30R and a second area, located on the northeast side of the Airport, while not located on Airport property, contains taxiway connectors and a small section of apron area.

Aviation Activity

Airport Enplanements. The Airport is classified by the FAA as one of the large hub airports in the United States. According to ACI statistics, in calendar year 2011 the Airport was the 15th busiest airport in the nation in terms of passenger volume and the 25th busiest airport in the nation in terms of total cargo. The following table sets forth total enplaned and deplaned passengers and cargo information for 2011 for the Airport as compared to other airports in the United States.

TABLE 9
2011 Ranking of U.S. Airports
(for the 12 months ended December 31, 2011)

Total Passengers [1] (in thousands)			Total Cargo [1] (freight and mail, in thousands of metric tons)		
Rank	**Airport**	**Passengers**	**Rank**	**Airport**	**Cargo**
1	Atlanta	92,389	1	Memphis	3,916.4
2	Chicago	66,660	2	Anchorage	2,543.1
3	Los Angeles	61,862	3	Louisville	2,188.4
-	-		-	-	
-	-		-	-	
11	Charlotte	39,044	21	Phoenix	274.0
12	Miami	38,314	22	Boston	251.5
13	Orlando	35,426	23	Denver	248.1
14	Newark	33,711	24	Salt Lake	233.1
15	**Minneapolis-St. Paul**	**33,118**	**25**	**Minneapolis-St. Paul**	**208.6**
16	Seattle	32,467	26	Detroit	206.4
17	Detroit	32,406	27	Portland	194.5
18	Philadelphia	30,839	28	Toledo	163.9
19	Boston	28,908	29	Orlando	146.5

[1] Sum of enplaned and deplaned volume.
Source: ACI, *2011 North American Traffic Report.*

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The following table sets forth historical enplanement information for the Airport for the years ended December 31, 2007 through 2011 and for the first six months of 2011 and 2012. The table categorizes enplanement information into origin and destination ("O&D") enplanements and connecting enplanements.

TABLE 10
Minneapolis-St. Paul International Airport
O&D and Connecting Passengers[1]

	O&D		Connecting			
Year[2]	**Enplaned Passengers**	**% of Total**	**Enplaned Passengers**	**% of Total**	**Total**	**% Change from Previous Year**
2007	8,922,000	52.1%	8,203,000	47.9%	17,125,000	(1.5)%
2008	8,264,000	50.0	8,256,000	50.0	16,520,000	(3.5)
2009	8,103,000	51.6	7,603,000	48.4	15,706,000	(4.9)
2010	8,132,000	52.5	7,347,000	47.5	15,479,000	(1.4)
2011	8,373,000	52.7	7,526,000	47.3	15,899,000	2.7
First 6 Months[3]						
2011	4,363,273	56.6	3,340,063	43.4	7,703,336	–
2012	4,357,528	55.5	3,491,611	44.5	7,849,139	1.9

[1] Passenger figures are rounded to the nearest thousand and may differ from statistics reported by the Air Carriers to the Commission. Includes revenue passengers only.
[2] Year ended December 31.
[3] January 1 through June 30. Results for the first six months of Fiscal Year 2012 may not be indicative of results for the full Fiscal Year 2012.
Sources: Fiscal Years 2007-2011 - U.S. DOT, Schedules T100 and T3; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1; and LeighFisher. First 6 Months of 2011 and 2012 - Metropolitan Airports Commission.

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Airport Operations. The following table sets forth information regarding aircraft operations at the Airport for the years ended December 31, 2006 through 2010 and for the first six months of 2011 and 2012.

TABLE 11
Minneapolis-St. Paul International Airport
Historical Aircraft Operations

Year[1]	Air Carrier Operations	Commuter Operations	Cargo Operations	Total Commercial Operations[3]	Percent Commercial Operations[3]	General Aviation Operations	Military Operations	Total Operations
2007	263,816	141,013	15,292	420,121	92.75%	30,562	2,289	452,972
2008	226,646	176,237	14,361	417,244	92.71	30,685	2,115	450,044
2009	211,085	183,911	11,146	406,142	93.93	24,361	1,892	432,395
2010	191,341	203,066	12,499	406,906	93.12	27,921	2,145	436,972
2011	179,057	217,106	12,203	408,366	93.55	26,157	1,983	436,506
First 6 Months[2]								
2011	88,085	108,578	6,144	202,807	93.53	13,198	837	216,842
2012	86,748	104,854	5,600	197,202	94.00	11,949	649	209,800

[1] Year ended December 31.
[2] January 1 through June 30. Results for the first six months of Fiscal Year 2012 may not be indicative of results for the full Fiscal Year 2012.
[3] Total Commercial Operations equal Air Carrier Operations (including charters), Commuter Operations and Cargo Operations.
Source: Metropolitan Airports Commission.

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Landed Weight. The following table sets forth landed weight information for the Airport for the years ended December 31, 2007 through 2011 and for the first six months of 2011 and 2012.

TABLE 12
Minneapolis-St. Paul International Airport
Trends in Aircraft Landed Weight
(in thousands of pounds)

	Type of Air Carrier		
Year[1]	**Passenger**	**All Cargo**	**Total Landed Weight**
2007	21,991,657	1,236,885	23,228,542
2008	21,177,817	1,123,707	22,301,524
2009	21,415,920	950,908	22,366,828
2010	19,930,341	1,023,380	20,953,720
2011 [2]	19,765,862	980,578	20,746,440
First 6 Months[3]			
2011	9,749,510	494,949	10,244,459
2012	9,577,961	435,912	10,013,873

[1] Year ended December 31.
[2] During 2011, Delta's operations represented 75% of Total Landed Weight of Signatory Airlines at the Airport.
[3] January 1 through June 30. Results for the first six months of Fiscal Year 2012 may not be indicative of results for the full Fiscal Year 2012.
Source: Metropolitan Airports Commission.

Air Carriers Serving the Airport

General. As of October 1, 2012, the Airport was served by 27 Air Carriers, including 20 U.S.-flag carriers providing scheduled service, 2 foreign-flag carriers providing scheduled service and 5 all-cargo service carriers. The following table sets forth the Air Carriers providing service at the Airport as of October 1, 2012.

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TABLE 13
Minneapolis-St. Paul International Airport
Air Carriers Serving the Airport[1]
(As of October 1, 2012)

U.S.-Flag Carriers

Air Wisconsin[*2]	Delta[**]	SkyWest[*5,6]
Alaska[*]	Frontier[*]	Southwest[*]
American[*3]	GoJet[*6]	Spirit[*]
American Eagle[*3,4]	Great Lakes[*]	Sun Country[*]
Chautauqua[**5]	Pinnacle[**6]	United[*]
Compass[**6]	Republic Airlines[*2,7]	US Airways[*]
Express Jet[*5,6]	Shuttle America[*5,6]	

Foreign-Flag Carriers

Air Canada Jazz[**]	Icelandair[*]	

All-Cargo Service

ABX Air[*8]	Bemidji[**]	UPS[**]
ASTAR Air Cargo[*]	FedEx[**]	

* Signatory to an Airline Lease Agreement that expired on December 31, 2011. Except for American Airlines and American Eagle, all Air Carriers that entered into Airline Lease Agreements with an expiration date of December 31, 2011 have signed amendments to their respective Airline Lease Agreements extending the expiration date to December 31, 2015. The Commission expects to shortly receive signed amendments from American and American Eagle. Once the Commission receives signed amendments from all Air Carriers that entered into Airline Lease Agreements expiring on December 31, 2011 (including American Airlines and American Eagle), it will execute all of the amendments. Until American and American Eagle provide the Commission with their signed amendments and the Commission executes all of the amendments, these Air Carriers will continue to operate at the Airport pursuant to their respective Airline Lease Agreements that expired on December 31, 2011.

** Signatory to Airline Lease Agreement that expires on December 31, 2020.

1 Excludes carriers reporting fewer than 1,000 enplaned passengers per annum. Does not indicate which major air carriers codeshare with each other.

2 Codeshare with US Airways.

3 AMR Corporation, along with its subsidiaries American Airlines and American Eagle, filed for bankruptcy protection on November 29, 2011. American Airlines and American Eagle continue to operate at the Airport while they reorganize under bankruptcy protection.

4 Codeshare with American.

5 Codeshare with United.

6 Codeshare with Delta.

7 Codeshare with Frontier.

8 Provides air service to DHL.

Sources: Metropolitan Airports Commission.

Three branches of the United States Armed Forces are represented at the Airport: the Air Force Reserve 934th Tactical Airlift Group, the Marine Air Reserve Training Detachment, and the Naval Air Reserve-Twin Cities Center. Also located at the Airport is the Minnesota Air National Guard 133rd Tactical Airlift Group. At the St. Paul Downtown Airport, the Army maintains a dozen support helicopters and the National Guard bases its Fixed Wing Squadron. Training flights, servicing and simulated emergencies are conducted on a regular basis.

Enplanements by Air Carriers. Enplanements (departing passengers) for the largest Air Carriers operating at the Airport for the years ended December 31, 2007 through 2011 are shown in the following table.

TABLE 14
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Enplaned Passengers [1]
(for the 12 months ended December 31)
(Ranked on 2011 results)

Air Carrier	2007	2007% of Total[2]	2008	2008% of Total[2]	2009	2009% of Total[2]	2010	2010% of Total[2]	2011	2011% of Total[2]
Delta[3]	13,612,000	79.5%	13,329,000	80.7%	12,324,000	78.5%	12,197,000	78.8%	12,372,000	77.8%
Mainline[3]	*11,447,000*	*66.8*	*10,273,000*	*62.2*	*8,980,000*	*57.2*	*8,329,000*	*53.8*	*8,041,000*	*50.6*
Regional Affiliates[3]	*2,165,000*	*12.6*	*3,056,000*	*18.5*	*3,345,000*	*21.3*	*3,868,000*	*25.0*	*4,331,000*	*27.2*
Southwest[4]	315,000	1.8	254,000	1.5	532,000	3.4	762,000	4.9	906,000	5.7
United[5]	804,000	4.7	735,000	4.4	750,000	4.8	733,000	4.7	679,000	4.3
Sun Country	753,000	4.4	632,000	3.8	497,000	3.2	475,000	3.1	555,000	3.5
American[6]	657,000	3.8	622,000	3.8	569,000	3.6	522,000	3.4	497,000	3.1
US Airways	461,000	2.7	436,000	2.6	456,000	2.9	432,000	2.8	467,000	2.9
Frontier	204,000	1.2	242,000	1.5	265,000	1.7	249,000	1.6	258,000	1.6
Alaska	–	–	16,000	0.1	91,000	0.6	94,000	0.6	96,000	0.6
Other	320,000	1.9	254,000	1.5	223,000	1.4	15,000	0.1	69,000	0.4
Total	17,125,000	100.0%	16,520,000	100.0%	15,706,000	100.0%	15,479,000	100.0%	15,899,000	100.0%

[1] Passenger figures are rounded to the nearest thousand and may differ from the statistics reported by the Air Carriers to the Commission.
[2] Percentages may not sum to totals due to rounding.
[3] In 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle and Compass. As of January 31, 2010, the operations of Delta and Northwest were merged into a single entity that now operates under the Delta brand. Enplanements are for Delta, Northwest and their regional affiliates.
[4] On May 2, 2011, Southwest acquired Air Tran. Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012. Southwest began operating at the Airport in 2009. Enplanements for 2008 and 2009 are for Air Tran only, and enplanements for 2009 through 2011 are for both Air Tran and Southwest.
[5] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Enplanements are for both United Airlines and Continental Airlines.
[6] AMR Corporation, along with its subsidiaries American Airlines and American Eagle, filed for bankruptcy protection on November 29, 2011. American Airlines and American Eagle continue to operate at the Airport while they reorganize under bankruptcy protection.

Sources: U.S. DOT, Schedules T100; U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedules T100 and 298C T1.

Enplanements (departing passengers) for the largest Air Carriers operating at the Airport for the first six months of 2011 and 2012 are shown in the following table.

TABLE 15
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Enplaned Passengers [1]
(for the 6 months ended June 30)
(Ranked on 2012 results)

Air Carrier	2011	2011% of Total[1]	2012[2]	2012% of Total[1,2]
Delta[3]	6,148,000	77.3%	6,180,000	77.5%
Mainline[3]	*3,999,000*	*50.3*	*3,923,000*	*49.2*
Regional Affiliates[3]	*2,149,000*	*27.0*	*2,257,000*	*28.3*
Southwest[4]	442,000	5.6	451,000	5.7
United[5]	341,000	4.3	326,000	4.1
Sun Country	300,000	3.8	326,000	4.1
US Airways	273,000	3.4	279,000	3.5
American[6]	256,000	3.2	263,000	3.3
Frontier	128,000	1.6	92,000	1.2
Alaska	46,000	0.6	40,000	0.5
Other	21,000	0.3	21,000	0.3
Total	7,955,000	100.0%	7,978,000	100.0%

1 Percentages may not sum to totals due to rounding.
2 Results for the first six months of Fiscal Year 2012 may not be indicative of results for the full Fiscal Year 2012.
3 In 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle and Compass. As of January 31, 2010, the operations of Delta and Northwest were merged into a single entity that now operates under the Delta brand. Enplanements are for Delta, Northwest and their regional affiliates.
4 On May 2, 2011, Southwest acquired Air Tran. Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012. Southwest began operating at the Airport in 2009. Enplanements are for both Air Tran and Southwest.
5 On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Enplanements are for both United Airlines and Continental Airlines.
6 AMR Corporation, along with its subsidiaries American Airlines and American Eagle, filed for bankruptcy protection on November 29, 2011. American Airlines and American Eagle continue to operate at the Airport while they reorganize under bankruptcy protection.
Sources: Metropolitan Airports Commission.

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Cargo Handled by Air Carriers. The following table presents the total cargo handled (enplaned and deplaned) by the largest Air Carriers operating at the Airport for the years ended December 31, 2007 through 2011.

TABLE 16
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Cargo Handled (tons in thousands) [1]
(for the 12 months ended December 31)
(Ranked on 2010 results)

Airline	2007	2008	2009	2010	2011	2011% of Total
FedEx	145.4	133.0	105.9	102.5	98.7	42.9%
UPS	59.7	55.5	53.8	58.3	61.1	26.6
Delta[2]	44.3	41.4	32.2	43.2	45.2	19.7
ATI/BAX Global[3]	8.2	4.9	8.1	17.5	12.2	5.3
ABX Air[4]	14.9	12.4	1.1	4.3	4.6	2.0
US Airways	1.2	2.0	2.0	2.3	2.1	0.9
United[5]	1.6	2.7	3.2	2.6	2.0	0.9
Southwest	–	–	0.8	1.3	1.5	0.6
Sun Country	3.7	2.6	1.4	0.6	1.0	0.4
American[6]	2.1	2.2	0.9	0.3	0.2	0.1
All Other	2.9	1.1	0.4	1.2	1.4	0.6
Total	284.1	257.8	209.6	234.3	230.0	100.0%

[1] Sum of enplaned and deplaned cargo. Tonnages and percentages may not sum to totals due to rounding.
[2] In 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle and Compass. As of January 31, 2010, the operations of Delta and Northwest were merged into a single entity that now operates under the Delta brand. Cargo numbers are for Delta, Northwest and their regional affiliates.
[3] ATI provided air service to BAX Global and DHL. ATI ceased operating at the Airport in September 2011.
[4] DHL purchased Airborne Express in 2003. DHL contracted with ABX to provide air service to DHL. In 2008, DHL ceased its U.S. domestic express business. DHL continues to operate its international express business.
[5] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Cargo numbers are for both United Airlines and Continental Airlines.
[6] AMR Corporation, along with its subsidiaries American Airlines and American Eagle, filed for bankruptcy protection on November 29, 2011. American Airlines and American Eagle continue to operate at the Airport while they reorganize under bankruptcy protection.
Source: Metropolitan Airports Commission.

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The following table presents the total cargo handled (enplaned and deplaned) by the largest Air Carriers operating at the Airport for the first six months of 2011 and 2012.

TABLE 17
Minneapolis-St. Paul International Airport
Air Carrier Market Share
Total Cargo Handled (tons in thousands) [1]
(for the 6 months ended June 30)
(Ranked on 2012 Results)

Airline	2011	2011% of Total	2012[2]	2012% of Total[2]
FedEx	48.6	42.2%	49.0	45.3%
UPS	28.1	24.4	29.3	27.1
Delta[3]	23.5	20.4	22.9	21.2
ABX Air[4]	2.2	1.9	2.9	2.6
United[5]	.9	0.7	1.1	1.0
US Airways	1.2	1.0	.8	0.7
Southwest	.7	0.6	.7	0.7
Sun Country	.2	0.2	.7	0.7
American[6]	.1	0.1	<.1	<0.1
ATI/BAX Global[7]	8.9	7.7	–	0.0
All Other	.7	0.6	.7	0.6
Total	115.2	100.0%	108.2	100.0%

[1] Sum of enplaned and deplaned cargo. Tonnages and percentages may not sum to totals due to rounding.
[2] Results for the first six months of Fiscal Year 2012 may not be indicative of results for the full Fiscal Year 2012.
[3] In 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle and Compass. As of January 31, 2010, the operations of Delta and Northwest were merged into a single entity that now operates under the Delta brand. Cargo numbers are for Delta, Northwest and their regional affiliates.
[4] DHL purchased Airborne Express in 2003. DHL contracted with ABX to provide air service to DHL. In 2008, DHL ceased its U.S. domestic express business. DHL continues to operate its international express business.
[5] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Cargo numbers are for both United Airlines and Continental Airlines.
[6] AMR Corporation, along with its subsidiaries American Airlines and American Eagle, filed for bankruptcy protection on November 29, 2011. American Airlines and American Eagle continue to operate at the Airport while they reorganize under bankruptcy protection.
[7] ATI provided air service to BAX Global and DHL. ATI ceased operating at the Airport in September 2011.
Source: Metropolitan Airports Commission.

Air Trade Area

The air trade area served by the Airport consists primarily of the MSA. The Airport is currently the only large hub airport in the MSA serving scheduled air commerce. See "THE COMMISSION—The Airport System." Following is some selected information on population, per capita personal income and unemployment with respect to the air trade area. See "APPENDIX A—REPORT OF THE AIRPORT CONSULTANT."

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TABLE 18
Population
(in thousands)

Year	United States	United States % Change	Minnesota	Minnesota % Change	MSA	MSA % Change
2007	301,231	0.9%	5,207	0.8%	3,200	1.2%
2008	304,094	0.9	5,247	0.8	3,232	1.0
2009	306,772	0.9	5,281	0.6	3,262	1.0
2010	309,330	0.8	5,311	0.6	3,286	0.7
2011	311,592	0.7	5,345	0.6	3,318	1.0

Source: U.S. Department of Commerce, Bureau of the Census website.

TABLE 19
Per Capita Personal Income

Year	United States	Minnesota	MSA
2007	$39,506	$41,642	$46,853
2008	40,947	43,466	48,207
2009	38,846	41,204	45,262
2010	39,937	42,798	46,819
2011	41,663	44,672	n.a.

n.a. = not available
Source: U.S. Department of Commerce, Bureau of Economic Analysis website.

TABLE 20
Civilian Unemployment Rate[1]

Year	United States	Minnesota	MSA
2007	4.6%	4.7%	4.4%
2008	5.8	5.4	5.1
2009	9.3	8.0	7.9
2010	9.7	7.3	7.3
2011	8.9	6.4	6.3
2012 [1]	8.3	6.0	5.7

[1] 2012 data represents the average for January-May 2012.
Source: U.S. Department of Labor, Bureau of Labor Statistics website.

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THE AIRPORT AGREEMENTS

General

The Commission has entered into, and receives payments under, different agreements with various airlines and other parties, including lease agreements relating to landing fees and the leasing of space in terminal buildings, leases with Delta, leases relating to cargo and miscellaneous hangar facilities, concession agreements relating to the sale of goods and services at the Airport, and other leases relating to the construction of buildings and facilities for specific tenants.

Airline Lease Agreements

General. The Commission has entered into Airline Lease Agreements with Delta and all of the other airlines operating at the Airport. As of October 1, 2012, 27 Air Carriers operating at the Airport, including Delta, had approved and signed Airline Lease Agreements. In addition to covering the lease of certain portions of the passenger terminal complex, including the apron, the Airline Lease Agreements cover the use of and rate-setting mechanisms for the airfield facilities. As of October 1, 2012, eight of the Airline Lease Agreements entered into by the Commission and various Air Carriers (including the Airline Lease Agreement entered into with Delta) had expiration dates of December 31, 2020. The remaining 19 Air Carriers had entered into Airline Lease Agreements that expired on December 31, 2011. Seventeen of these Air Carriers have signed amendments to their respective Airline Lease Agreements extending the term until December 31, 2015. The remaining two Air Carriers, American Airlines and American Eagle, are expected shortly to sign amendments to their respective Airline Lease Agreements extending the term until December 31, 2015. The only change being made to the Airline Lease Agreements pursuant to these amendments is extending the expiration date to December 31, 2015. Once the Commission receives the signed amendments from American Airlines and American Eagle it will execute all of the amendments. Until American Airlines and American Eagle provide the Commission with their signed amendments and the Commission executes all of the amendments, these nineteen Air Carriers will continue to operate at the Airport pursuant to their respective Airline Lease Agreements that expired on December 31, 2011.

Any airline that does not execute an Airline Lease Agreement and continues to operate at the Airport is charged landing fees and terminal rentals as set by ordinances adopted by the Commission. The landing fees and terminal rentals charged pursuant to ordinance are generally higher than the landing fees and terminal rentals charged under the Airline Lease Agreements, but are subject to the FAA rules and regulations with respect to rates and charges imposed by airports.

The Airline Lease Agreements provide for, among other things, the use of the airfield and apron areas of the Airport and the lease of certain space in the terminal buildings. The Airline Lease Agreements also establish, among other things, procedures for the annual calculation of rents, fees and charges for the use of the Airport. Included in the rates and charges under the Airline Lease Agreements are the required deposits under the Senior Indenture and the Subordinate Indenture, including deposits to any debt service reserve funds established for the Senior Bonds or the Subordinate Obligations, the Maintenance and Operation Reserve Account and the Coverage Account. Although the Airline Lease Agreements allow the Commission to include required deposits, such as amounts to any debt service reserve funds established for the Senior Bonds and the Subordinate Obligations, in the calculation of rates, fees and charges, the Commission has agreed that it will not include deposits to the Maintenance and Operation Reserve Account and Coverage Account in the calculation of rates, fees and charges, except for such amounts which are necessary to be deposited to the Coverage Account in order to meet the rate covenant requirements under the Senior Indenture. The Airline Lease Agreements do not provide for the deposits to the Coverage Account necessary in order for the Commission to meet the rate covenant requirements under the Subordinate Indenture, and therefore, such deposits are not included in the calculation of rates, fees and charges.

Additionally, the Airline Lease Agreements provide that the Commission will utilize PFCs actually collected from the lesser of 90% of originating passengers or 45% of enplaned passengers from 2012 through 2030, for the funding of PFC eligible projects in the 2010 Plan, including the payment of debt service on Senior Bonds and Subordinate Obligations issued to finance PFC eligible projects in the 2010 Plan, before being applied in any other manner. In addition to the provisions of the Airline Lease Agreements, the Commission has agreed to apply PFCs to the fullest extent of eligibility, to pay debt service on the Senior Bonds and the Subordinate Obligations issued to

finance airfield projects, including Runway 17/35. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE LEASE AGREEMENTS" for further information on the Airline Lease Agreements.

For the year ended December 31, 2011, the Commission reported revenues of $87,571,000 collected from the Signatory Airlines pursuant to the terms of the Airline Lease Agreements.

Rates, Fees and Charges. Following is a brief discussion of certain provisions with respect to the rates, fees and charges set forth in the Airline Lease Agreements. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE LEASE AGREEMENTS" for additional information on the Airline Lease Agreements.

The rates, fees and charges under the Airline Lease Agreements are calculated on a compensatory rate-setting methodology for the terminal building and a cost-center residual rate-setting methodology for the airfield. The Airline Lease Agreements define 13 cost centers (including, but not limited to, the airfield, Terminal 1-Lindbergh, Terminal 2-Humphrey, and the IAF) to be used in accounting for revenues and expenses and for calculating rents, fees and charges. The Signatory Airlines are charged "Recoverable Costs" for each of the cost centers, which include: direct and indirect operation and maintenance expenses; annual debt service costs, plus reasonable amortization of commercial paper for rate-base related projects (including capital equipment); and the required deposits pursuant to the Senior Indenture and the Subordinate Indenture, including amounts required to be deposited to any debt service reserve funds established for the Senior Bonds and the Subordinate Obligations, but excluding amounts which may be deposited in the Coverage Account and the Maintenance and Operation Reserve Account outlined in the Senior Indenture, except for such amounts which are necessary to be deposited in the Coverage Account in order for the Commission to meet the rate covenant requirements of the Senior Indenture.

In addition to Recoverable Costs, the Signatory Airlines are charged annually, among certain airline cost centers, $15 million (for 2006, escalated by 3% per year beginning in 2007) which is deposited to a repair and replacement account (the "Repair and Replacement Account") within the Commission Construction Fund for major maintenance and minor (less than $2 million) capital projects, except for parking facilities and roadways.

Following is a summary of several of the rate setting methodologies provided for in the Airline Lease Agreements. See also "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE LEASE AGREEMENTS—Rents, Fees and Charges" for further information on the rate setting methodology. Pursuant to the Airline Lease Agreements, the landing fee rates at the Airport per 1,000 pounds of aircraft weight are calculated by dividing the net airfield cost by the total landed weight of the Signatory Airlines. The net airfield cost is calculated as Recoverable Costs, plus, (a) the landing fee repair and replacement amount (68% of the amount deposited to the Repair and Replacement Account each year), (b) $79,535.16 annually (representing the costs of Runway 17/35 not yet charged to the Signatory Airlines), and (c) certain fines, assessments, judgments, settlements or extraordinary charges, less certain revenues including: service fees from the military; general aviation and nonsignatory landing fees; and debt service on capital costs, if any, disapproved by a Majority-In-Interest of the Signatory Airlines.

Air Carriers that are not Signatory Airlines are charged a landing fee rate as established from time to time by the Commission. In September 2002, the Commission adopted Ordinance No. 96, which, among other things, set the landing fee rate to be paid by Air Carriers that are not Signatory Airlines at the greater of 125% of the Signatory Airline landing fee rate ($59 for Fiscal Year 2012).

Rental rates at Terminal 1-Lindbergh are calculated on the basis of dividing the net terminal building cost by total rentable space, excluding rentable space in the G Concourse. The net terminal building cost is calculated as Recoverable Costs, plus $2,910,547.40 annually (representing the costs of Concourses A, B, C and D not yet charged to the Signatory Airlines), less certain reimbursed expenses for steam and chilled water on the G Concourse, carrousel and conveyor costs, ground power, loading dock and consortium utilities, and janitorial operation and maintenance expenses.

The IAF use fee is charged for use of the IAF on the G Concourse and is calculated as the sum of certain costs associated with the IAF divided by total international passengers arriving at the IAF. A gate use fee per

aircraft operation is also charged for the use of gates, ramps and loading bridges on the IAF. The gate use fee per operation is $400, $800 and $1,200 for propeller aircraft, narrowbody jet aircraft, and widebody jet aircraft, respectively. The Commission imposes certain other fees and charges for the use of the Airport, including, among others, the terminal apron fees and a carrousel and conveyor charge.

The use and occupancy of Terminal 2-Humphrey are not subject to the Airline Lease Agreements. The Commission establishes the rents, fees and charges and the terms for the common-use of Terminal 2-Humphrey by ordinance.

The Airline Lease Agreements provide that: (a) except as otherwise provided in the Airline Lease Agreements, no capital projects are subject to approval by a Majority-in-Interest of the Signatory Airlines except for airfield projects costing in excess of $1 million; (b) the Commission cannot charge the airlines for the cost of improvements to the airfield if a Majority-in-Interest of the Signatory Airlines have disapproved the project, provided that such improvements are subject to the approval of a Majority-in-Interest of the Signatory Airlines; and (c) identified projects in the 2010 Plan totaling approximately $2.68 billion are deemed approved by the Majority-in-Interest of the Signatory Airlines and thus their costs can be included in the calculation of rates, charges and fees to the extent provided in the Airline Lease Agreements. See "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects." The Airline Lease Agreements allow the Commission to establish a Contingency Fund in the amount of $50 million per year beginning in 2010 and continuing through 2020 to be funded from excess revenues and used for capital projects, including projects in the airfield cost center, to be determined by the Commission. Any projects funded from the Contingency Fund will not require Majority-in-Interest approval. The Airline Lease Agreements define "Majority-in-Interest" as the Signatory Airlines who (a) represent no less than 50% in number of the Signatory Airlines operating at the time of the voting action and (b) paid no less than 40% of landing fees incurred by Signatory Airlines during the preceding Fiscal Year. Included in such rates and charges would be amounts sufficient to cover the Commission's costs of the capital improvements to the airfield, terminal and runways at the Airport.

If, during the course of the year, the Commission believes significant variances exist in budgeted or estimated expense amounts that were used to calculate rents, fees, and charges for the then current Fiscal Year, the Commission may after notice to the Signatory Airlines adjust the rents, fees, and charges for future monthly billing to reflect current estimated expenditure amounts.

As soon as practical following the close of each Fiscal Year, but in no event later than July 1, the Commission is required to furnish to each Signatory Airline an accounting of the costs actually incurred and revenues and credits actually realized during the previous Fiscal Year with respect to each of the components of the calculation of the rents, fees, and charges broken down by rate making cost center. In the event a Signatory Airline's rents, fees, and charges billed during the previous Fiscal Year exceed the amount of such Signatory Airline's rents, fees, and charges required (as recalculated based on actual costs and revenues), such excess is refunded or credited to the Signatory Airline. In the event such Signatory Airline's rents, fees, and charges billed during the previous Fiscal Year are less than the amount of such Signatory Airline's rents, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency is charged to the Signatory Airline in a supplemental billing. For Fiscal Year 2010, collections from the Signatory Airlines were deficient by approximately $5,154,000, which deficiency was billed to the Signatory Airlines during Fiscal Year 2011. For Fiscal Year 2011, the Commission collected an excess of approximately $2,861,000 from the Signatory Airlines, which excess was credited back to the Signatory Airlines during Fiscal Year 2012.

Food and beverage, merchandise and auto-rental annual gross concession revenues ("Selected Concession Revenues") are shared with the Signatory Airlines that provide passenger service at the Airport (the "Passenger Signatory Airlines") (allocated among the Passenger Signatory Airlines based upon their proportionate share of enplanements at the Airport for the applicable Fiscal Year) pursuant to the following schedule (all dollar amounts are for 2006 and are escalated for future years at an approximate annual average of 4.3%) (the "Shared Concession Revenues"):

Annual Selected Concession Revenues[1,2]	Percent Shared with Passenger Signatory Airlines
Greater than $32,299,999	25% up to $32,299,999 and 50% for amounts above $32,299,999
$25,000,000 to $32,299,999	25%
$24,000,000 to $24,999,999	20
$23,000,000 to $23,999,999	15
$22,000,000 to $22,999,999	10
$21,000,000 to $21,999,999	5
Less than $21,000,000	0

[1] Dollar amounts are for 2006 and are escalated each year at an approximate annual average of 4.3%.
[2] Selected Concession Revenues were $37,297,220 for Fiscal Year 2011, resulting in Shared Concession Revenues of $9,324,305.

The total amount of Shared Concession Revenues is structured as a credit against terminal rates and charges payable by the Passenger Signatory Airlines in the subsequent Fiscal Year. Notwithstanding the above schedule, the amount of Shared Concession Revenues will be reduced to the extent necessary so that Net Revenues, after subtracting the Shared Concession Revenues, will not be less than 1.25 times the total annual debt service on Senior Parity Bonds, Subordinate Obligations and other debt obligations of the Commission. In the event that the Shared Concession Revenues are reduced in any year, such reduction will be deferred until the next Fiscal Year and will be credited against the rates and charges payable by the Passenger Signatory Airlines in the next Fiscal Year to the extent that Net Revenues, after subtracting the applicable Shared Concession Revenues, are not less than 1.25 times the total annual debt service on Senior Parity Bonds, Subordinate Obligations and other debt obligations of the Commission.

The Airline Lease Agreements provide that, in the event any Signatory Airline is not in compliance with its payment obligations under any agreement with the Commission, during the period following any applicable notice and cure period under such agreement and continuing until payment of any such amounts (the "Payment Default Period"), the Commission would have the right, upon written notice to such Signatory Airline (provided that if such Signatory Airline is in bankruptcy, no notice would be required for the effectiveness of the following although invoices would reference the additional amounts due and the applicable rate that applies), to: (i) have such Signatory Airline's payment obligations under their applicable Airline Lease Agreement during the Payment Default Period revert to the rate structure in effect prior to the effective date of the third Amendment to the Airline Lease Agreement, and (ii) apply the amount of any accrued and unpaid Shared Concession Revenues credits, if any, due to such Signatory Airline for such period against any amounts owed by such Signatory Airline to the Commission to the extent necessary to cure such payment defaults.

Delta Lease Agreement. In addition to the terms of the Airline Lease Agreements discussed above, the Airline Lease Agreement originally entered into by Northwest, and assumed by Delta on January 31, 2010, as amended (the "Delta Lease Agreement") contains the following additional terms, (i) Delta will make available one wide-body gate on an as-needed basis, (ii) Delta has exclusive use of the G Concourse through December 31, 2015, with the exception of gates 1-9 which constitute the IAF and (iii) Delta is not required to provide the Commission with a performance bond or security deposit. The Delta Lease Agreement provides for, among other things, the payment of rent for use of space in the G Concourse and for Delta to retain 85% of concession revenues generated on the G Concourse. Pursuant to the Delta Lease Agreement, the Commission and Delta have begun discussions regarding the extension of the G Concourse lease to December 31, 2020. The Commission and Delta have agreed that the Commission will assume operational control and maintenance of the G Concourse in 2016. See also "AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta—Role at the Airport."

Pursuant to the Delta Lease Agreement, Delta also has covenanted that it and its regional affiliate airlines will maintain an annual average of 360 daily departing flights from the Airport (not less than 250 of such daily

flights being serviced with jet aircraft with 70 or more passenger seats) and that at least 30% of enplaned passengers of Delta and its regional affiliate airlines at the Airport will be connecting passengers (the "Hubbing Covenant"). Delta will be allowed to reduce the daily flights below the limits set forth in the Hubbing Covenant, without violating the Hubbing Covenant, if such reduction is in connection with a system-wide reduction of flights by Delta. During Fiscal Year 2011, Delta complied with the terms of the Hubbing Covenant.

In the event Delta violates the Hubbing Covenant, Delta's credit from the Shared Concession Revenues would be eliminated for such year the Hubbing Covenant is violated and if violation of the Hubbing Covenant continues for three consecutive years, or if the Hubbing Covenant is determined to be unenforceable, Delta's credit from the Shared Concession Revenues would be eliminated permanently. See "AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta."

Additional Leases with Delta

The Commission and Delta also have entered into additional leases for certain facilities utilized by Delta for maintenance and overhaul and a facility utilized by Delta as an operational headquarters.

Other Building and Miscellaneous Leases

The Commission and certain parties have entered into certain leases which relate to rentals and other fees associated with Terminal 2-Humphrey, Delta's maintenance hangar, miscellaneous hangar facilities, office rentals for tenants located in the west terminal area, non-airline tenants in Terminal 1-Lindbergh, cargo facilities and military facilities. For the year ended December 31, 2011, the aggregate annual rentals under these leases were approximately $24,944,000.

Self-Liquidating Leases

The Commission has constructed various buildings and facilities for specific tenants including a fueling facility for Servisair Fuel Services, hangars and office space for Delta, Mesaba (now part of Pinnacle) and Champion Air (facilities are now leased by Sun Country) and cargo facilities for FedEx. As part of its agreement to construct these facilities, the Commission entered into certain leases ("Self-Liquidating Leases") which relate to the use of these buildings and facilities. For the year ended December 31, 2011 the aggregate lease payments paid to the Commission under Self-Liquidating Leases were approximately $37,973,000. The receipt of payments of imputed interest with respect to the Self-Liquidating Leases is treated as non-operating revenues of the Commission.

Debt Financed Self-Liquidating Leases. If the construction of a facility subject to a self-liquidating lease is financed with bonds issued by the Commission, the lessee is required to pay annual lease payments equal to the debt service requirements due in the following year on the bonds issued to construct such facility. The lease remains in effect until the total debt service on the bonds has been paid. Proceeds from the issuance of certain bonds were used to finance certain facilities subject to self-liquidating leases for Delta, FedEx and a new hangar for Mesaba to replace its then existing hangar that was torn down as part of the construction of Runway 17/35. As part of its reorganization under bankruptcy, Mesaba rejected its lease of the hangar. The Commission leased the hangar to Paragon Aviation, which, until December 2010, used the hanger for aircraft sales and its charter business. On October 1, 2012, the Commission leased the hangar to Sun Country for three years (with an option at Sun Country's discretion to lease the hangar for two additional years).

Commission Funded Self-Liquidating Leases. If the construction of a facility subject to a self-liquidating lease is financed from funds the Commission has on hand, the lessee is required to make lease payments equal to the debt service requirements which would have been required if bond funds were used. Commission funds were used to finance certain facilities subject to self-liquidating leases for Servisair Fuel Services, Mesaba (now part of Pinnacle), Champion Air and certain Delta facilities, including the extension of the G Concourse and hangar and office space for Mesaba. Champion Airlines ceased operations on May 31, 2008 and vacated the hangar financed by the Commission. The Commission has leased the hangar to Sun Country.

Concession Agreements - Terminal Buildings

The Commission has entered into separate concession agreements with various firms (including, among others, Host International, Inc., Creative Host Services, Inc., Anton Airfood, Inc. (which is now part of Host International, Inc.), Minnesota Retail Partners, Theisen Vending, Inc., Delaware North, Inc. and Project Horizon Inc.) to operate concessions inside the terminal buildings at the Airport, including, among others, food and beverage services, newsstands-gifts, advertising, amusements/games, insurance, personal service shops, catering and telephones. The term of each agreement ranges from 1 to 9 years, with options to extend. Each of the agreements also contain provisions for rental payments, which are for a certain percentage of the revenues generated by such concession, and minimum annual guarantees. For the year ended December 31, 2011, revenues from concessions totaled approximately $26,222,000. See "—Airline Lease Agreement—Rates, Fees and Charges."

Parking Agreement

The public automobile parking facilities at the Airport are operated for the Commission by AMPCO System Parking ("AMPCO") under a management contract. The Commission receives all revenues and pays all costs of operation and maintenance of the facilities plus a management fee. The on-Airport parking options include a valet garage, short-term and long-term parking located at Terminal 1-Lindbergh, and short-term and long-term parking at a parking garage located adjacent to Terminal 2-Humphrey. See "MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT—Current Airport Facilities—Parking Facilities." The management contract with AMPCO became effective on August 1, 2004 and had a term of two years with three additional two-year extension periods at the Commission's option, for a possible total term of eight years. On August 1, 2006, 2008 and 2010 the Commission extended AMPCO's contract for two additional years. AMPCO's contract expired on August 1, 2012. In early 2013, the Commission plans to issue a new request for proposals for management services of the public automobile parking facilities at the Airport. Until a new management contract is executed by the Commission and a parking management company, the Commission plans to retain AMPCO as the manager of the public automobile parking facilities on a month-to-month basis. For the year ended December 31, 2011, revenues from parking totaled approximately $66,612,000.

Rental Car Agreements

The Commission has entered into concession agreements with five on-Airport rental car companies (Avis, Budget, Dollar/Thirty (in August 2012, Hertz announced that it had agreed to acquire Dollar/Thirty), Enterprise (which operates Enterprise Rent-A-Car, Alamo Rent A Car and National Car Rental) and Hertz to operate at the Airport. The Commission also has issued permits authorizing two off-Airport rental car companies (Ace and Payless) to operate at the Airport. Pursuant to an ordinance of the Commission, the off-Airport companies operate through a permit only, while the on-Airport companies operate through a concession agreement for terminal counter space and a ground lease for maintenance facilities. The agreements with the on-Airport rental car companies have terms of three years and seven months (beginning June 1, 2011) with 2 one-year extension options at the Commission's discretion. The on-Airport companies pay the Commission 10% of their gross revenue collected at the Airport. The on-Airport rental car companies also pay rent for exclusive-use space in Terminal 1-Lindbergh and Terminal 2-Humphrey and rent for the use of ready/return car parking positions. The on-Airport rental car companies have guaranteed a minimum payment to the Commission on an annual basis, which equals the greater of 85% of the previous year's gross revenue paid to the Commission by the applicable rental car company or the minimum annual guaranteed amount paid to the Commission in 2011.

Additionally, with respect to the on-Airport rental car companies only, a customer facility charge per transaction day is currently being assessed by the Commission to recover the rental car portion of capital costs associated with the construction of the auto rental/public parking garage located adjacent to Terminal 1-Lindbergh and certain agreed upon maintenance items. In 2011, the customer facility charge was $2.00 per transaction day and the Commission collected a total of approximately $5,788,000 of customer facilities charges. The customer facility charge is $2.00 per transaction day for 2012. In connection with the expansion of the rental car facilities in the Terminal 2-Humphrey parking garage (a portion of which will be financed with proceed of the Subordinate Series 2012A Bonds), the Commission expects to increase the customer facility charge to $3.25 per transaction day in 2013. Each year, the Commission determines whether to increase, decrease or leave unchanged the customer facility charge at a level sufficient to recover the rental car portion of capital costs associated with the rental car

facilities located in the public parking garages adjacent to Terminal 1-Lindbergh and Terminal 2-Humphrey. The customer facility charges received by the Commission each year are included in Revenues. See "CAPITAL IMPROVEMENT PROGRAM—2012-13 Capital Improvement Program-Planned CIP Projects." The customer facility charge is not included in the calculation of the Shared Concession Revenues.

The off-Airport rental car companies operate under a permit, which is renewed on an annual basis and requires the off-Airport rental car companies to pay a privilege fee equal to a percentage of gross receipts. The percentage with respect to the privilege fee is the same as the percentage charged to the on-Airport rental car companies and can be adjusted at such time as the percentage charged to on-Airport rental car companies is adjusted.

For the year ended December 31, 2011, revenues from on-Airport and off-Airport rental car companies, including the customer facility charge, totaled approximately $22,918,000. See "—Airline Lease Agreements—Rates, Fees and Charges."

Reliever Airport Leases and Agreements

In addition to the above agreements, the Commission has entered into various other leases and agreements with tenants at the Reliever Airports. These include reliever airport tenant leases, fuel flowage fees, hangar rentals, storage lots, commercial fees and other miscellaneous amounts. For the year ended December 31, 2011, the revenues from these agreements totaled approximately $5,461,000.

Miscellaneous—Off-Airport Concession Leases and Ground Transportation Fees

The Commission has entered into certain leases with off-Airport concessionaires which provide off-Airport advertising and auto services. Additionally, the Commission charges fees for permits and licenses to operate shuttles, vans, buses and taxis at the Airport. Such fees are set by Commission ordinances. For the year ended December 31, 2011, the Commission received approximately $8,829,000 in off-Airport leases and ground transportation fees.

Miscellaneous Revenues

In addition to the above agreements, the Commission has entered into various other leases and agreements and collects certain miscellaneous revenues, including, among other things, utility charges, ground space rentals, office rentals for commuter airlines and concessionaires, commuter and general aviation fees, employee parking/shuttle bus fees, loading dock consortium/utility fees and other miscellaneous amounts. For the year ended December 31, 2011, the Commission collected approximately $13,991,000 in other miscellaneous revenues.

FINANCIAL INFORMATION

General Information

The Commission maintains its financial records on a calendar year basis, using the accrual method of accounting. Financial statements are audited annually by a firm of independent auditors. Financial statements for the years ended December 31, 2011 and 2010 are included in this Official Statement as set forth in Appendix B.

Summary of Financial Operations

The Commission's financial report, attached as Appendix B, includes three financial statements: the Balance Sheets, the Statements of Revenues and Expenses and Changes in Net Assets and the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following table summarizes the financial results from operations for the Commission for the years ended December 31, 2007 through 2011.

TABLE 21
Metropolitan Airports Commission
Summary of Statements of Revenues, Expenses and Changes in Net Assets
($000s)

	2007	2008[1]	2009	2010	2011
Operating Revenues					
Airline rates and charges – gross[2]	$ 85,475	$ 87,244	$ 89,867	$ 90,376	$ 96,422
Concessions[2]	115,857	112,365	109,636	112,503	118,792
Rentals/fees	20,560	28,632	28,435	29,609	27,575
Utilities and other revenues	16,359	13,313	12,937	12,555	13,759
Total Operating Revenues	$ 238,251	$ 241,554	$ 240,875	$ 245,043	$ 256,548
Operating Expenses					
Personnel	$ 56,278	$ 59,811	$ 59,304	$ 63,412	$ 66,297
Administrative	1,538	1,298	1,301	1,271	1,532
Professional services	4,474	4,161	4,004	3,519	4,167
Utilities	16,466	18,089	16,553	16,238	16,568
Operating services	15,437	17,540	16,043	17,278	17,151
Maintenance	21,527	22,140	23,718	27,088	27,057
Depreciation	115,329	117,999	123,060	121,555	118,985
Other	8,922	3,696	2,510	2,583	3,530
Total Operating Expenses	$ 239,971	$ 244,734	$ 246,493	$ 252,944	$ 255,287
Operating Income (Loss)	$ (1,720)	$ (3,180)	$ (5,618)	$ (7,901)	$ 1,261
Nonoperating Revenues (Expenses)					
Investment income	$ 62,271	$ 49,938	$ 30,625	$ 33,933	$ 21,496
Passenger facility charges	66,662	54,682	67,481	59,453	62,244
Gain/(Loss) on disposal of assets	(70)	5,178	205	119	14
Bond interest expense	(95,556)	(88,722)	(84,198)	(85,141)	(78,186)
Part 150 home insulation expenses[3]	(2,308)	–	–	–	–
Total Nonoperating Revenues/ (Expenses)	$ 30,999	$ 21,076	$ 14,113	$ 8,364	$ 5,568
Income Before Capital Contributions and Grants	29,279	17,896	8,495	463	6,829
Capital contributions and grants	22,805	30,149	26,918	24,723	22,635
Change in Net Assets	52,084	48,045	35,413	25,186	29,464
Net Assets – Beginning of Year	1,352,178	1,412,574	1,523,530	1,558,943	1,584,129
Prior period adjustments	–	62,911	–	–	–
Net Assets – Beginning of Year, as restated	–	1,475,485	1,523,530	–	–
Net Assets – End of Year	$1,404,262	$1,523,530	$1,558,943	$1,584,129	$1,613,593

[1] Restated. During Fiscal Year 2009, the Commission changed its method of accounting with respect to Part 150 home insulation costs, depreciation related to land purchased for Runway 17/35, and amortization of bond and commercial paper costs. The Commission's financial statements for the Fiscal Year ended December 31, 2008, were retroactively restated to reflect these changes in accounting principles.

[2] For Fiscal Years 2007-2009, the Commission reclassified certain Operating Revenues that had previously been classified as "Other" as "Airline rates and charges – gross," "Concessions" and "Other building rentals". Total Operating Revenues did not change as a result of this reclassification.

[3] Includes Part 150 home insulation expenses financed with PFCs and/or federal grants. Beginning with the Commission's restated financial statements for Fiscal Year 2008, Part 150 home insulation expenses financed with PFCs and/or federal grants are no longer recorded as a nonoperating expense but are recorded as an intangible asset and depreciated over a ten-year period.

Source: Basic Financial statements of the Metropolitan Airports Commission.

Management Discussion of Airport Finances

2011 vs. 2010. Change in net assets for the year ended December 31, 2011 was $29,464,000 as compared to $25,186,000 for the year ended December 31, 2010. Operating income for the year ended December 31, 2011 increased by $9,162,000. Operating revenues increased by $11,505,000. Factors affecting operating revenues included: (a) a $6,046,000 increase in airline rates and charges attributed to higher snow removal costs as well as higher debt service costs; (b) concessions increased by $6,289,000 primarily as a result of (i) an increase in public

parking revenue as the number of transactions and the length of stays increased, and (ii) higher rental car concession recovery fees attributable to new agreements entered into with the auto rental companies in 2011; (c) rentals and fees decreased $2,034,000 primarily as a result of a lower auto rental customer facility charge in 2011; (d) utilities and other revenues increased by $1,204,000 due to higher consumption and utility rates, higher reliever airport revenues and increases in one-time types of revenue such as energy rebates and other miscellaneous reimbursements. Operating expenses increased by $2,343,000 in 2011. Factors affecting operating expenses included: (a) a $2,885,000 increase in personnel costs attributable to (i) higher wage and associated benefit costs, and (ii) an increase of the Commission's required contribution to the Minnesota Employees Retirement Fund ($1.9 million); (b) a $261,000 increase in administrative expenses primarily as a result of higher spending on computer supplies; (c) a $648,000 increase in professional services as a result of higher legal expenses as well as expensing certain capital improvement projects that will not be going forward; (d) a $330,000 increase in utilities primarily as a result of higher electricity prices offset partially by lower natural gas prices; (e) a decrease of $2,570,00 in depreciation as a result of assets that became fully depreciated in 2010 and 2011; (f) a $947,000 increase in other expenses as a result of higher spending on technology related items as well as an international air service incentive payment to Delta for the scheduling of international service between the Airport and Paris. Nonoperating revenues decreased $9,751,000 mainly due to a decrease in interest income as a result of the termination of an investment agreement that was part of a debt refinancing as well as lower rates earned on investments. Nonoperating expenses decreased due to the refunding or retirement of debt and an increase in capitalized interest.

2010 vs. 2009. Change in net assets for the year ended December 31, 2010 was $25,186,000 as compared to $35,413,000 for the year ended December 31, 2009. Operating loss for the year ended December 31, 2010 increased by $2.3 million. Operating revenues increased by $4,168,000. Factors affecting operating revenues included: (a) a $509,000 increase in airline rates and charges, attributable to higher snow removal costs as well as slightly higher debt service costs; (b) a $2,867,000 increase in concessions primarily as a result of increases in public parking revenue as the number of transactions along with longer length of stays increased, a new ATM lease and increased revenues from indoor advertising; (c) a $275,000 increase in utilities due to higher consumption and higher utility rates; (d) a $581,000 increase in other building rentals due to higher rates for non-airline tenants in Terminal 1-Lindbergh and Terminal 2-Humphrey as well as additional rentals received from Delta for Building C; and (e) a $64,000 decrease in other revenues as a result of lower one-time types of revenue such as energy rebates and lower Police K9 reimbursements. Operating expenses increased by $6,451,000. Factors affecting operating expenses included: (a) a $4,108,000 increase in personnel costs attributable to higher wage and benefit costs associated with the above average snow fall received during the fourth quarter of 2010 and increases in the healthcare trend rate associated with the Commission post-employment healthcare benefit; (b) a $1,235,000 increase in operating services as a result of higher parking management expense (parking management expenses were higher due to labor costs and increases in parking activity), higher storm water monitoring (storm water monitoring costs were higher due to higher than average snow fall amounts) and higher service agreement expenses (service agreement expenses were higher due to support costs of flight information displays in the terminal buildings); (c) a $3,370,000 increase in maintenance expense related to higher snow removal costs as well as an increase in the maintenance of the Airport's mechanical systems such as moving walkways and automated people mover systems. Nonoperating revenues decreased $5,749,000 due to a decrease in PFC revenues offset by an increase in interest income. PFC revenues decreased as a result of a change in accounting policy adopted in 2009 (see 2009 vs. 2008 discussion below). Interest income increased as a result of additional interest earned by the termination of an investment agreement that was part of a debt refunding. Nonoperating expenses increased slightly due to a new debt issue in 2010.

2009 vs. 2008. Change in net assets for the year ended December 31, 2009 was $35,413,000 as compared to $48,045,000 (a $12.6 million decrease) for the year ended December 31, 2008, restated. Operating loss for the year ended December 31, 2009 increased by $2.4 million. Operating revenues decreased by $679,000. Factors affecting operating revenues included: (a) a $2.6 million increase in airline rates and charges mainly attributed to an increase in debt service relating to equipment financing (in 2009 the Commission retired debt that was used to finance equipment which had a large balloon payment at maturity); (b) concessions decreased $2.7 million primarily due to a reduction in public parking, lower passenger counts as well as shorter length of stays; and (c) other revenues decreased $573,000 due to lower ground rent and lower customer facility charges collected from auto rental firms, lower Reliever Airports revenue, lower utility rates and lower general aviation landing and airside fees due to lower traffic. Operating expenses increased by $1.8 million. All categories of operating expense decreased with the exception of maintenance and depreciation. The increase in maintenance was in the contract cleaning and

mechanical areas. Contract cleaning increased as a result of an increase in the frequency of cleaning certain areas of the terminal building as well as a general rate increase. Mechanical areas increased due to increased prices on the automated people mover and escalator maintenance contracts. Depreciation increased $5.1 million as a result of the parking garage addition at Terminal 2-Humphrey, which became fully operational in February 2009, as well as incurring a full years' depreciation on projects that were closed in 2008. The remaining operating expense categories decreased due to lower spending, wage and hiring freezes and decreases in utility rates. Non-operating revenues decreased $11.5 million due to lower cash balances and interest rates earned on the Commission's investments. Additionally, in 2008 the Commission received $3.2 million from Mesaba with respect to its emergence from bankruptcy and $2.0 million from the gain on a sale of a hangar to 3M Corporation. PFC revenues increased by $12.8 million in 2009 as a result of how the Commission recognizes PFC revenues. In 2009, the Commission reversed the policy adopted in 2008 with respect to the timing of the recognition of PFC revenues. In 2008, the Commission changed its accounting policy on PFC revenue recognition from a basis of tickets sold to that of enplaned passengers. In 2009, the Commission and its auditors determined that the previous policy of recognizing PFC revenue based upon when a ticket is sold rather than when a passenger is actually enplaned was preferable. Non-operating expenses decreased $4.5 million primarily due to refunding and retiring debt.

2008 (restated) vs. 2007. Subsequent to the issuance of its financial statements for the year ended December 31, 2008, the Commission determined that it incorrectly recorded certain transactions. The Commission's financial statements for the year ended December 31, 2008 were restated to correctly record these transactions. The corrections by the Commission included, among others, recognizing grant revenue when the allowable expenditures were incurred. Historically, the Commission had recognized grant revenue when a qualifying capital expenditure was submitted for reimbursement to the FAA or such other granting agency. This restatement resulted in an $8,311,000 increase in the January 1, 2008 net asset balance, an $11,130,000 increase to the capital contribution balance within the Statement of Revenues, Expenses and Changes in Net Assets, and a $19,441,000 increase in December 31, 2008 government grants in aid of construction receivable balance within the Balance Sheet. This restatement had no effect on the Net Revenues reported for the fiscal year ended December 31, 2008.

Additionally, during Fiscal Year 2009, the Commission changed its method of accounting with respect to Part 150 home insulation costs, depreciation related to land purchased for Runway 17/35, and amortization of bond and commercial paper costs. The Commission's financial statements for the year ended December 31, 2008 (as restated) were retroactively restated to reflect these changes in accounting principles. These changes in accounting principles included capitalizing Part 150 sound insulation costs that were reimbursed with PFCs and/or federal grants, eliminating prior depreciation expense recognized on land acquired in connection with the construction of Runway 17/35, and adjusting the estimated bond and commercial paper issuance costs. These restatements resulted in an increase of $60.5 million to Net Assets for the fiscal year ended December 31, 2008. These restatements had no effect on the Net Revenues reported for the fiscal year ended December 31, 2008.

Change in Net Assets for the year ended December 31, 2008 was $48,045,000 as compared to $52,084,000 for the year ended December 31, 2007 (a $4 million decrease). Operating loss for the year ended December 31, 2008 increased by $1.5 million. Operating revenues increased by $3.3 million. Factors affecting operating revenues included: (a) a $1.8 million increase in airlines rates and charges mainly attributed to an increase in terminal building rentals which was a result of increases in utilities, building maintenance and cleaning expenses; (b) concessions decreased $3.5 million primarily due a reduction in public parking, lower passenger counts as well as shorter length of stays contributed to this decrease; and (c) other revenue increased $5.0 million due to higher customer facility charges collected from the auto rental firms due to a higher level of activity and higher non-airline building income at Terminal 2-Humphrey. Operating expenses increased $4.8 million. Factors affecting operating expenses included: (i) an increase in personnel expenses of $3.5 million as a result of general wage adjustments, additional headcount as well as overtime costs associated with snow events; (ii) administrative expenses decreased $240,000 as a result of reduced spending; (iii) professional services decreased $313,000 due to lower legal fees incurred offset partially by an increase in airport planning fees; (iv) utilities increased $1.6 million due to an increase in rates for electricity, natural gas and sewer; (v) operating services increased $2.1 million due to an increase in computer service agreements, increases in parking management expenses, storm water monitoring due to an increase in snow events in 2008 and the cost of hosting national conventions; (vi) maintenance increased $613,000 due to the increase on the frequency of cleaning certain areas in the terminal building as well as increases in contract prices for the people mover and escalator contracts; (vii) depreciation increased due to capital improvement projects that were

placed into service during 2007 and 2008. Non-operating revenues decreased $19.1 million as a result of lower cash balances in construction and operating funds as well as lower interest rates earned on Commission investments which amounted to a $12.3 million decrease and PFC's were $12.0 million lower in 2008. In 2008, the Commission changed its accounting policy on PFC revenue recognition from a basis of tickets sold to that of enplaned passengers. These decreases in interest income and PFC's were offset by a $3.2 million bankruptcy claim received from Mesaba as well as a $2.0 million gain on a sale of a hangar to 3M Corporation. Non-operating expenses decreased by $11.2 million. Interest expense decreased $9.1 million due to refunding and retiring debt in 2007 and 2008; noise mitigation program expenses decreased $2.1 million due to lower levels of spending from the previous year as the program nears completion.

Airline Revenues

During 2011, operations of Delta and its affiliated Air Carriers represented approximately 72.2% of the total takeoffs and landings at the Airport. The following table sets forth total operating revenue of the Commission and total revenue of the Air Carriers and that portion of each derived from payments made by Northwest (and its affiliated Air Carriers) in 2007, by Northwest and Delta (and their affiliated Air Carriers) in 2008 and 2009 and by Delta (and its affiliated Air Carriers) in 2010 and 2011.

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TABLE 22
Minneapolis-St. Paul International Airport
Airline Revenue (Unaudited)
($000s)

	Year Ended December 31				
	2007[1]	**2008[1]**	**2009[1]**	**2010[1]**	**2011**
Commission Revenues Attributable to Northwest/Delta[2]					
Total Commission Operating Revenue	$238,251	$241,554	$240,874	$245,043	$256,547
Commission Funded & Bond Funded Self-Liquidating Revenue (Principal & Interest)	36,246	36,277	38,430	37,676	37,973
Interest Income – Commission Funds[3]	31,628	21,318	5,193	11,183	3,467
Total Adjusted Commission Operating Revenue	$306,125	$299,149	$284,498	$293,902	$297,987
Northwest/Delta's Portion of Operating Revenue[2]	$55,080	$62,970	$66,503	$66,711	$70,910
Northwest/Delta's Portion of Commission Funded Bond & Self-Liquidating Revenue (Principal & Interest)[2]	31,605	31,875	32,127	33,336	33,736
Total Northwest/Delta Revenue [2]	$86,685	$94,845	$98,630	$100,047	$104,646
Northwest/Delta's Percentage of Total Adjusted Commission Operating Revenue[2]	28.32%	31.70%	34.67%	34.04%	35.12%
Total Adjusted Commission Operating Revenue	$306,125	$299,149	$284,498	$293,891	$297,987
Less: Northwest/Delta's Self-Liquidating Lease Payments due with respect to the Series 15 Bonds [2,4]	25,222	25,413	25,721	26,037	26,376
Total Adjusted Commission Operating Revenue (Net of Series 15 Bond Payments)	$280,903	$273,736	$258,777	$267,854	$271,611
Total Northwest/Delta's Portion of Revenue Less Northwest/Delta's Self-Liquidating Lease Payments due with respect to the Series 15 Bonds [2,4]	61,463	69,432	72,909	74,010	78,270
Northwest/Delta's Percentage of Total Adjusted Commission Operating Revenue (Net of Series 15 Bond Payments)[2]	21.88%	25.36%	28.17%	27.63%	28.82%
Total Airline Revenues Attributable to Northwest/Delta[2]					
Total Airline Rates and Charges Revenue[1]	$85,475	$87,244	$89,867	$90,376	$96,422
Total Air Carrier Commission Funded Self-Liquidating Revenue	34,231	34,262	36,188	35,658	35,960
Total Air Carrier Revenue	$119,706	$121,506	$126,055	$126,034	$132,362
Total Northwest/Delta Revenue [2]	$86,685	$94,845	98,630	100,047	104,646
Northwest/Delta's Percentage of Total Air Carrier Revenue[2]	72.41%	78.06%	78.24%	79.38%	79.05%
Total Air Carrier Revenue[1]	$119,706	$121,506	$126,055	$126,034	$132,382
Less: Northwest/Delta's Self-Liquidating Lease Payments due with respect to the Series 15 Bonds [2,4]	25,222	25,413	25,721	26,037	26,376
Total Air Carrier Revenue (Net of Series 15 Bond Payments)	$94,484	$96,093	$100,334	$99,997	106,006
Total Northwest/Delta's Portion of Revenue Less Northwest Airlines' Self-Liquidating Lease Payments due with respect to the Series 15 Bonds [2,4]	61,463	69,432	72,909	74,010	78,270
Northwest/Delta's Percentage of Total Air Carrier Revenue (Net of Series 15 Bond Payments)[2]	65.05%	72.26%	72.67%	74.01%	73.84%

1 Restated. Rates and charges revenues collected at Terminal 2-Humphrey are now included in Total Airline Rates and Charges Revenue.

2 For the year ended December 31, 2007 includes revenues for Northwest (and its affiliated Air Carriers). For the years ended December 31, 2008 and 2009 includes revenues for Northwest and Delta (and their affiliated Air Carriers). For the years ended December 31, 2010 and 2011 includes revenues for Delta (and its affiliated Air Carriers).

3 Does not include interest income earned on PFCs.

4 In 1992, the Commission issued its Taxable General Obligation Revenue Bonds, Series 9 (the "Series 9 General Obligation Revenue Bonds"), the proceeds of which were loaned to Northwest Airlines. In 2002, the Commission refunded all of the outstanding Series 9 General Obligation Revenue Bonds with the proceeds of its Taxable General Obligation Revenue Refunding Bonds, Series 15 (the "Series 15 General Obligation Revenue Bonds"). In connection with the issuance of the Series 15 General Obligation Revenue Bonds, the Commission and Delta (as successor to Northwest Airlines), entered into certain lease agreements (the "Series 15 Lease Agreements") with respect to certain land, buildings and equipment. On October 26, 2011, Delta prepaid all of the lease payments due under the Series 15 Lease Agreements and on January 1, 2012 the Commission redeem all of the outstanding Series 15 General Obligation Revenue Bonds.

Source: Metropolitan Airports Commission.

Operating Revenue Diversity

The following tables set forth the top ten operating revenue providers and top ten revenue sources for the Commission for the year ended December 31, 2011.

TABLE 23
Metropolitan Airports Commission
Top Ten Operating Revenue Providers
(for the year ended December 31, 2011)

1. Delta
2. HMS Host
3. Enterprise[1]
4. Hertz
5. Minnesota Retail Partners
6. Sun Country Airlines
7. Avis Rent A Car
8. United Airlines
9. American Airlines[2]
10. Southwest Airlines

[1] Includes Enterprise Rent-A-Car, Alamo Rent A Car and National Car Rental.
[2] AMR Corporation, along with its subsidiaries American Airlines and American Eagle, filed for bankruptcy protection on November 29, 2011. American Airlines and American Eagle continue to operate at the Airport while they reorganize under bankruptcy protection.
Source: Metropolitan Airports Commission.

TABLE 24
Metropolitan Airports Commission
Top Ten Operating Revenue Sources
(for the year ended December 31, 2011)

	Source	Revenue
1.	Parking	$66,612,000
2.	Landing Fees	51,781,000
3.	Terminal Rent-Airlines	35,996,000
4.	Auto Rental (on- and off-Airport)[1,2]	22,918,000
5.	Other Building Rent	18,505,000
6.	Food and Beverage[2]	13,453,000
7.	Ground Rent[2]	9,860,000
8.	Merchandise	8,318,000
9.	Ramp Fees	6,328,000
10.	Passenger Services	4,449,000

[1] Excludes the customer facility charge imposed on the on-Airport rental car companies, of which the Commission collected $5,788,000 in 2011. See "THE AIRPORT AGREEMENTS—Rental Car Agreements."
[2] See "THE AIRPORT AGREEMENTS—Airline Lease Agreements" for a discussion of certain concession revenues that are shared with the Signatory Airlines that provide passenger service at the Airport.
Source: Metropolitan Airports Commission.

Budgeting Process

Operating Budget. The budget for the Commission is prepared on an accrual basis. Work on the budget begins in April of each Fiscal Year. During April, the Finance Department prepares historical information for each service center. In late May, the Finance and Administration Committee provides direction to staff regarding growth and allocation of funds and budget targets. These targets are typically focused around revenue growth, expense growth, debt coverage and airline rates and charges. The direction provided by the Finance and Administration Committee is communicated to staff at various informational meetings and included in their budget packages.

Budget packages are distributed to each service center in June. All service centers have four weeks to complete their budget. The Finance Department reviews all packages and summarizes information. The staffing matrix is the first item reviewed by senior staff. The Executive Director/Chief Executive Officer requests preliminary approval for additional positions, if any, from the Finance and Administration Committee. This preliminary approval provides the basis for more accurate projections.

During August, staff compiles summary reports and completes, on a preliminary basis, the revenue budget, the expense budget and the schedule of airline rates and charges. During September, presentations and supporting documents are prepared for the Finance and Administration Committee, senior staff and the Air Carriers. A draft of the budget is also provided to the Minnesota State Legislature. The month of October is reserved for presentations to the Finance and Administration Committee and revisions prior to requesting final approval.

The Finance and Administration Committee receives updates from staff during October and November. The recommendation from the Finance and Administration Committee for final approval is typically requested at the December Commission meeting. Final approval of the operating budget is given at the December Commission meeting. Rate changes are provided at the beginning of December based upon final draft information.

For the year ended December 31, 2012, the Commission has budgeted operating revenues of approximately $263,808,000 and total operating expenses of approximately $260,663,000 (including approximately $121,000,000 of depreciation and amortization). For the six months ended June 30, 2012, the Commission's operating revenues for Fiscal Year 2012 were approximately 0.5% under budget and the Commission's operating expenses, not including depreciation and amortization, for Fiscal Year 2012 were approximately 3.0% under budget. Results for the first six months of Fiscal Year 2012 may not be indicative of results for the full Fiscal Year. Actual results for the full Fiscal Year may vary from budgeted figures and such variations may be material.

Capital Budget. Each year, the Commission reviews, revises and approves capital projects that will start within the next 12 months, and adopts a Capital Improvement Program ("CIP") which covers all projects which are to be started during the second calendar year. In addition, a CIP which covers an additional five years is adopted. These serve as a basis for determining funding requirements and other operational planning decisions. The Commission's policy is to include in the CIP projects which enable the Commission to maximize federal aid and enhance safety and those that are customer service oriented. Certain projects which have a metropolitan significance are also submitted to the Metropolitan Council for review and approval. The Metropolitan Council is a regional planning agency responsible for coordinating and planning certain governmental services for the metropolitan area.

Commission staff has developed a set of project priority categories to use as a guide in determining the projects to be included in the CIP. Commission approval authorizes staff to proceed with plans and specifications and to obtain bids for contract award by the Commission. These priority categories in order of importance include (a) projects which the Commission has made a commitment to complete; (b) projects that enhance or ensure continued safety at each of the airports in the Airport System; (c) projects that cannot be accomplished by Commission maintenance crews, but are essential for reasons of economics or continued operation; (d) projects that are necessitated by regulatory requirements, such as FAA regulations and local, state or federal laws; (e) projects which address various environmental issues ranging from asbestos abatement to wetland mitigation; (f) projects constituting preventative maintenance; (g) projects which improve customer service and/or convenience; and (h) projects which have been identified as improving various operational aspects of the Airport System, whether applicable to aircraft, tenants, Commission staff or off-airport service providers.

The Commission approved a two-year capital program (the "2012-13 CIP"), on December 19, 2011 (and an amendment to the 2012-13 CIP on September 17, 2012), that includes projects in the 2010 Plan and certain of the Other Capital Projects, construction of which will occur and/or begin during calendar years 2012 and 2013. The 2012-13 CIP has a total cost of $278.2 million. See "CAPITAL IMPROVEMENT PROGRAM" for additional information on the 2012-13 CIP.

Pension and Retirement Plans

GERF and PEPFF. All full-time and certain part-time employees of the Commission hired after June 30, 1978 are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota ("PERA"). PERA administers the General Employees Retirement Plan (previously known as the Public Employees Retirement Fund) ("GERF") and the Public Employees Police and Fire Fund ("PEPFF") which are cost-sharing, multiple-employer retirement plans. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by PEPFF. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. GERF members belong to the Coordinated Plan, which incorporates Social Security. PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon the death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's average salary for any five successive years of allowable service, age and years of credit at termination of service. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010—NOTES TO THE FINANCIAL STATEMENTS—NOTE K: PENSION AND RETIREMENT PLANS" for additional information on GERF and PEPFF.

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. The Commission makes annual contributions to GERF and PEPFF equal to the amounts required by State law.

The following table sets forth the statutorily required contributions made by the Commission and the employees of the Commission to GERF and PEPFF for Fiscal Years 2007 through, and including, 2011, and the budgeted contributions for Fiscal Year 2012. The Commission and the employees of the Commission have always made their full statutorily required contributions to GERF and PEPFF. The Commission cannot predict the levels of funding that will be required in the future.

TABLE 25
Metropolitan Airports Commission
Contributions to GERF and PEPFF

	GERF				PEPFF			
	Commission Contribution		Commission Employees' Contribution		Commission Contribution		Commission Employees' Contribution	
Fiscal Year	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2007	$1,721,000	6.25%	$1,583,000	5.75%	$1,159,000	11.70%	$ 773,000	7.80%
2008	1,927,000	6.50	1,779,000	6.00	1,321,000	12.90	881,000	8.60
2009	1,989,000	6.75	1,768,000	6.00	1,421,000	14.10	947,000	9.40
2010	2,174,000	7.00	1,863,000	6.00	1,490,000	14.10	993,333	9.40
2011	2,284,000	7.25	1,958,000	6.25	1,526,000	14.40	1,017,000	9.60
2012 [1]	2,415,000	7.25	2,070,000	6.25	1,531,000	14.40	1,021,000	9.60

[1] Budgeted.
Source: Metropolitan Airports Commission

The following tables set forth certain information about the funding status of GERF and PEPFF that has been extracted from the comprehensive annual financial reports of PERA for the fiscal years ended June 30, 2007

through, and including, 2011 (collectively, the "PERA CAFRs (2007-2011)"), and the actuarial valuation reports provided to PERA by The Segal Group, Inc. (for the fiscal year ended June 30, 2007) and by Mercer (for the fiscal years ended June 30, 2008 through, and including, 2011) (collectively, the "PERA Actuarial Reports (2007-2011)"). Complete copies of the PERA CAFRs (2007-2011) and the PERA Actuarial Reports (2007-2011) can be obtained from PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088. According to PERA, there are approximately 2,000 separate units of government (including the Commission) that participate in PERA's various funds, including GERF and PEPFF. PERA does not breakout the funding status for each participating entity in GERF and PEPFF; therefore, it is not possible to determine the Commission's allocable share of the funding status of GERF and PEPFF.

TABLE 26
Funding Status of GERF
(Dollars in thousands)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
7/1/2007	$12,985,324	$13,718,459	$17,705,627	$4,720,303	73.34%	$3,987,168	77.48%	$4,448,954	106.10%
7/1/2008	13,048,970	12,770,183	17,729,847	4,680,877	73.60	4,959,664	72.03	4,722,432	99.12
7/1/2009	13,158,490	10,116,852	18,799,416	5,640,926	69.99	8,682,564	53.81	4,778,708	118.04
7/1/2010	13,126,993	11,338,582	17,180,956	4,053,963	76.40	5,842,374	66.00	4,804,627	84.38
7/1/2011	13,455,753	13,616,622	17,898,849	4,443,096	75.18	4,282,227	76.08	5,079,429	87.47

Source: PERA CAFRs (2007-2011) and PERA Actuarial Reports (2007-2011).

TABLE 27
Funding Status of PEPFF
(Dollars in thousands)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
7/1/2007	$5,198,922	$5,529,663	$5,669,347	$ 470,425	91.70%	$ 139,684	97.54%	$648,342	72.56%
7/1/2008	5,233,015	5,110,823	5,918,061	685,046	88.42	807,238	83.22	703,701	97.34
7/1/2009	5,239,855	4,001,046	6,296,274	1,056,419	83.22	2,295,228	63.55	733,164	144.09
7/1/2010	5,188,339	4,453,737	5,963,672	775,333	87.00	1,509,935	74.68	740,101	104.76
7/1/2011	5,274,602	5,317,032	6,363,546	1,088,944	82.89	1,046,514	83.55	775,806	140.36

Source: PERA CAFRs (2007-2011) and PERA Actuarial Reports (2007-2011).

When calculating the funding status of GERF and PEPFF for the fiscal year ended June 30, 2011, PERA and Mercer, the actuary of PERA (the "PERA Actuary"), used the following assumptions: (1) assets are valued on a five-year moving average of expected and market values so that investment gains and losses for a fiscal year are recognized over five years at 20% per year; (2) the remaining amortization period under GERF is 20 years and under PEPFF is 27 years; (3) the rate of return on investments is assumed to be 8.5% (pre-retirement) and 7.5% (post-retirement) for GERF, and 8.5% (pre-retirement) and 7.0% (post-retirement) for PEPFF; (4) salaries are projected to increase 3.75-12.25% for GERF and 4.50-13.0% for PEPFF; (5) the rate of inflation is assumed to be 3.0%; (6) payrolls are projected to increase 3.75% per year for GERF and 3.75% per year for PEPFF; and (7) cost of living adjustments for GERF are assumed to be 1.0% per year until GERF is 90% funded on a market value basis and 2.5% per year thereafter, and for PEPFF are assumed to be 1.0% in 2011 and 2012, 1.5% per year starting in 2013 and continuing at 1.5% per year until PEPFF is 90% funded on a market value basis and 2.5% per year thereafter.

MERF. All full-time and certain part-time employees of the Commission hired before July 1, 1978 are covered by the Minnesota Employees Retirement Fund ("MERF"), a defined benefit pension plan administered by PERA. MERF is a cost-sharing, multiple-employer retirement plan. MERF has two accounts, one for active employees and one for retired employees. The Commission funds the active employee portion and when the employee retires the actuarially required balance is transferred to the retiree benefit fund, for which MERF is responsible. There are currently 4 active employees of the Commission that are part of MERF. MERF is closed to new participants and current active participants are quickly approaching retirement age. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010—NOTES TO THE FINANCIAL STATEMENTS—NOTE K: PENSION AND RETIREMENT PLANS" for additional information on MERF.

In May 2010, the Minnesota State Legislature passed and the Governor of the State signed an omnibus retirement bill (the "2010 Retirement Bill") that, among other things, made MERF a division of PERA as of July 1, 2010, and, in order to substantially reduce the unfunded actuarial accrued liability of MERF, requires increased contributions to be made by the members of MERF, including the Commission. The following table sets forth certain information about the funding status of MERF that has been extracted from the actuarial valuation report of MERF (the "MERF Actuarial Report") completed by Mercer (the "MERF Actuary"), as of July 1, 2011. A complete copy of the MERF Actuarial Report can be obtained from PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088. MERF does not breakout the funding status for each participating entity; therefore, it is not possible to determine the Commission's allocable share of the funding status of MERF.

TABLE 28
Funding Status of MERF
(Dollars in thousands)

Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Liquidity Trigger Adjustment [c]	Unfunded Actuarial Accrued Liability [b+c]-[a]	Funded Ratio [a]/[b+c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll [[b+c-a]/[d]]
7/1/2007 *	$1,383,741	$1,610,881	$ 0	$227,139	85.90%	$17,296	1,313.27%
7/1/2008 *	1,214,305	1,576,854	12,135	374,685	76.42	13,957	2,684.64
7/1/2009 *	880,133	1,551,099	23,913	694,878	55.88	10,979	6,328.96
7/1/2010	844,033	1,286,151	0	442,118	65.62	11,090	3,986.64
7/1/2011	910,987	1,238,703	0	327,716	73.54	7,869	4,164.65

* Prior to 2007, the valuation method under statute ignored the actual market value of the assets and therefore did not develop a contribution plan to fund the unfunded actuarial accrued liability (UAAL). This method was changed in 2007.
Source: MERF Actuarial Report.

When calculating the funding status of MERF, PERA and the MERF Actuary, used the following assumptions: (1) for purposes of determining the actuarial value of assets, assets are valued at market value (prior to July 1, 2010, asset gains and losses were smoothed over a five year period); (2) the remaining amortization period under MERF is 20 years; (3) the rate of return on investments is assumed to be 8.5%; (4) salaries are projected to increase 4.0%; (5) the rate of inflation is assumed to be 3.0%; and (6) cost of living adjustments are assumed to be 1.0% per year until GERF is 90% funded on a market value basis and 2.5% per year thereafter.

The Commission contributed $393,000 to MERF to meet 100% of its required contribution for Fiscal Year 2009 and $122,000 to MERF to meet 100% of its required contribution for Fiscal Year 2010. As a result of the passage of the 2010 Retirement Bill, the Commission expects that its future required contributions to MERF will increase substantially. For Fiscal Year 2011, the Commission contributed $2,010,000 for its required contribution to MERF. For Fiscal Year 2012, the Commission budgeted $2,027,000 for its required contribution to MERF. The Commission expects that its required annual contributions to MERF between Fiscal Years 2013 and 2031 will average approximately $1.9 million per Fiscal Year. The Commission cannot predict if its required contributions to

MERF will be greater than these expected contributions. The Commission funds its MERF obligations with unrestricted revenues of the Commission.

Post-Retirement Health Benefits. In addition to the contributions to GERF, PEPFF and MERF, the Commission provides health insurance benefits for certain of its retired employees (the "Post-Retirement Health Benefits Program"). Active employees (hired before August 17, 2006) who retire from the Commission and who have become vested in either PERA or MERF, and who do not participate in any other health benefits program providing coverage similar to that offered by the Commission, are eligible to continue receiving coverage with respect to both themselves and their eligible dependents under the Post-Retirement Health Benefits Program. Employees of the Commission hired after August 17, 2006 are not eligible for the Post-Retirement Health Benefits Program. The Commission's post-retirement health benefits expense for Fiscal Year 2011 was $3,689,000 and is expected to be $2,702,000 in 2012. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010—NOTES TO THE FINANCIAL STATEMENTS—NOTE L: POST RETIREMENT BENEFITS" for additional information on the post-retirement benefits offered by the Commission to its employees.

As a result of the adoption of GASB Statement No. 45, an actuarial valuation of the Post-Retirement Health Benefits Program was completed by Van Iwaarden Associates in May 2012 (the "OPEB Actuarial Report"). According to the OPEB Actuarial Report, as of January 1, 2012, the Post-Retirement Health Benefits Program had an actuarial accrued liability of $92,692,830. As of December 31, 2011 and 2010, the Commission held $51,893,000 and $48,297,000, respectively, in designated cash that was reserved against the Commission's actuarial accrued liability to the Post-Retirement Health Benefits Program. As of December 31, 2012, the Commission expects to hold approximately $53,182,000 in designated cash that will be reserved against the Commission's actuarial accrued liability to the Post-Retirement Health Benefits Program. However, since such designated cash has not been irrevocably deposited in trust for the benefit of the Post-Retirement Health Benefits Program, the OPEB Actuarial Report stated that 100% of the actuarial accrued liability of the Post-Retirement Health Benefits Program was unfunded. The OPEB Actuarial Report assumed an amortization period of 30 years for contributions to be made by the Commission to the Post-Retirement Health Benefits Program, a discount rate of 4%, and health care cost increases of 8.5% per year until 2018 and 5% in 2019 and remaining at 5% through 2042.

Risk Management and Insurance

The Senior Indenture and the Subordinate Indenture do not specify any minimum amount of insurance coverage. Instead, the Senior Indenture requires the Commission to maintain insurance or qualified self-insurance against such risks at the Airport as are usually insured at other major airports. The Senior Indenture and the Subordinate Indenture also do not require that the Commission carry insurance against losses due to seismic activity.

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As of October 1, 2012, the Commission maintained the following insurance coverages:

Insurer	Expiration	Coverage	Policy Limits (Thousands of Dollars)
ACE/IUSA[1]	1/1/13	General aviation liability including personal injury	$500,000
Driver Alliant	7/1/13	Blanket fire & extended coverage on building and contents. Boiler and machinery	$1,050,000
Self-insured [2]	Continuous	Statutory workers' compensation	Excess of $460,000
Great American Insurance Group	6/1/13	Comprehensive crime employee/police	$3,000
Minnesota Risk Management Fund	7/1/13	Auto liability (licensed vehicles), physical damage, hired automobiles, valet parking, inland marine and garage keepers	Physical Damage; Other (MN State Tort Cap)
Minnesota Risk Management Fund	7/1/13	Non-aviation liability	MN State Tort Cap.

[1] Prior to the terrorist attacks on September 11, 2011, war risk/terrorism insurance was provided as a free rider to the Commission's general liability insurance policy for the Airport. After the events of September 11, 2011, the rider was cancelled by the insurer and such insurance was unavailable for a period of time. War risk/terrorism insurance has again been made available to the Commission, although at a cost which the Commission has determined to be prohibitive and not cost-effective. The Commission continues to evaluate its options of obtaining war risk/terrorism insurance.

[2] Funded from current operating revenues of the Commission. Administered by Berkley Risk Services, Inc.

Investment Policy

Minnesota Statutes require that all Commission deposits be protected by insurance, a surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or surety bonds (140% for mortgage notes pledged). Authorized collateral includes allowable investments as discussed below, certain first mortgage notes and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the Commission or in a financial institution other than that furnishing the collateral.

The Commission invests funds as authorized by Minnesota Statutes in direct obligations or obligations guaranteed by the United States or its agencies, general obligations of the State or any other state or any of its municipalities, commercial paper rated in the highest category by at least two nationally recognized rating agencies, bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, certificates of deposit issued by official depositories of the Commission, shares of investment companies registered under the Investment Company Act of 1940, as amended, and whose only investments are in direct obligations or obligations guaranteed by the United States or its agencies, and repurchase agreements with financial institutions. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010—NOTES TO FINANCIAL STATEMENTS—NOTE B: DEPOSITS AND INVESTMENTS—Investments" for additional discussion on the Commission's investment policies and the Commission's investments as of December 31, 2011.

Derivatives Policy

In November 2003, the Commission adopted a derivatives policy which provides guidelines to be used by the Commission when entering into derivative financial products, including, but not limited to, interest rate swaps, swaptions, municipal warrants and interest rate caps. As of the date of this Official Statement, the Commission has not entered into any derivative financial products.

CAPITAL IMPROVEMENT PROGRAM

The Commission has an ongoing capital improvement program at the Airport and the Reliever Airports, which includes projects set forth in its 2010 Plan and certain other capital projects at the Airport and the Reliever

Airports. The Commission also has certain demand driven projects in its capital improvement program that will be only undertaken if the Commission determines that sufficient demand exists for such projects.

Planned CIP Projects

In order to modernize the Airport System, in the 1990's, the legislature of the State directed the Commission to develop and implement a long-term capital improvement program for the Airport System. In response to this directive, the Commission created a long-term capital improvement program, known as the 2010 Long Term Comprehensive Plan (the "2010 Plan"). The principal features of the 2010 Plan include, among other things, the construction of a new 8,000 foot north-south runway on the west side of the Airport (Runway 17/35), expansion of Terminal 1-Lindbergh (including expansion of the C Concourse, construction of a new commuter terminal consisting of Concourses A and B, an automated people mover along Concourses A, C and D, upgrades to Concourses E and F, and concession area development), construction of a new auto rental/public parking facility adjacent to Terminal 1-Lindbergh, a new multi-level econolot/employee parking structure adjacent to Terminal 2-Humphrey, construction of Terminal 2-Humphrey, and certain improvements to the Reliever Airports. As of October 1, 2012, the total capital cost of the 2010 Plan was estimated to be approximately $2.90 billion; and as of October 1, 2012, almost all of the projects under the 2010 Plan had been completed and $2.89 billion of the costs of the 2010 Plan had been incurred. The main project remaining to be completed under the 2010 Plan are various noise mitigation projects.

In addition to the remaining projects to be constructed under the 2010 Plan, the Commission has plans to construct certain additional capital projects at the Airport and the Reliever Airports, including, runway and airfield rehabilitation, security and terminal improvements, various landside improvements and certain Reliever Airport improvements (collectively, the "Other Capital Projects"). Between 2012 and 2018 the Commission expects to incur approximately $699.8 million of costs for the Other Capital Projects. The Subordinate Series 2012A Project is one of the Other Capital Projects.

The remaining projects to be constructed under the 2010 Plan and the Other Capital Projects are collectively referred to herein as the "Planned CIP Projects." As of October 1, 2012, the Planned CIP Projects had an estimated capital cost of approximately $708.1 million (in actual and inflated dollars). The Commission anticipates constructing, equipping and funding the Planned CIP Projects between 2012 and 2018. The Planned CIP Projects include, among other things, airfield and runway rehabilitation at the Airport, noise mitigation programs (including the noise mitigation required pursuant to the Consent Decree (as defined herein)), rehabilitation and improvements to Terminal 1-Lindbergh and Terminal 2-Humphrey, and various projects at the Reliever Airports.

Demand Driven CIP Projects

In addition to the Planned CIP Projects, the Commission has included certain demand driven projects in its capital improvement program (the "Demand Driven CIP Projects") that will only be undertaken if demand exists for such projects. The Demand Driven CIP Projects include, among other projects, expanding Terminal 2-Humphrey (including modifying the existing baggage sorting system to provide for in-line explosive detection systems capabilities) in connection with moving all airlines, other than Delta and its affiliated Air Carriers, to Terminal 2-Humphrey; modifying and expanding the E Concourse and the ticket lobby in Terminal 1-Lindbergh; equipping a new tram system for the G Concourse and the potential H Concourse (an extension of the G Concourse); and construction of additional parking facilities at Terminal 2-Humphrey. As of October 1, 2012, the Demand Driven CIP Projects had a total estimated capital cost of approximately $1.01 billion.

In connection with the Demand Driven CIP Projects and certain other long-term projects at the Airport (which are neither Planned CIP Projects nor Demand Driven CIP Projects), the Commission prepared a Draft Federal Environmental Assessment/State Environmental Assessment Worksheet (the "Draft EA/EAW") to evaluate the environmental effects of the proposed improvements to the Airport. The Commission held three public open houses in September and October 2012 to answer any questions about the Draft EA/EAW and held a public hearing on October 1, 2012. The purpose of the public hearing was to allow the public to formally submit verbal and written comments with respect to the Draft EA/EAW. The Commission is currently in the process of reviewing the comments that it received and preparing a final EA/EAW.

In the event the Commission approves any of the Demand Driven CIP Projects, such projects will not require the approval of the Majority-in-Interest of the Signatory Airlines and such related construction costs will be included in the calculation of rates and charges under the Airline Lease Agreements. See "THE AIRPORT AGREEMENTS—Airline Lease Agreements—Rates, Fees and Charges."

2012-13 Capital Improvement Program-Planned CIP Projects

In order to determine funding and operational planning requirements, the Commission annually reviews, revises and approves capital projects that are scheduled to be constructed during the next two calendar years. See "FINANCIAL INFORMATION—Budgeting Process—Capital Budget." The Commission approved a two-year capital program, the 2012-13 CIP, on December 19, 2011 (and an amendment to the 2012-13 CIP on September 17, 2012), which includes projects that the Commission expects to construct and/or begin constructing during the period from January 1, 2012 through December 31, 2013. The 2012-13 CIP includes $278.2 million of Planned CIP Projects, as set forth in the following table. Future two-year CIPs could reflect project revisions and additional projects could be added to the 2012-13 CIP, including, but not limited to, one or more of the Demand Driven CIP Projects.

TABLE 29
Metropolitan Airports Commission
2012-13 Capital Improvement Program
Planned CIP Projects

Projects	2012	2013
Noise Mitigation Program[1]	$ 3,600,000	$ 1,300,000
Terminal 1-Lindbergh Rehabilitation and Repair	69,250,000	33,325,000
Airfield and Runway	13,450,000	3,725,000
Auto Rental Facilities (Terminal 2-Humphrey)[2]	35,400,000	–
Parking Facilities	3,850,000	2,500,000
Terminal 2-Humphrey Rehabilitation and Repair	4,450,000	62,000,000
Police and Fire	12,800,000	4,000,000
Environmental	5,350,000	2,600,000
Reliever Airport Program	4,600,000	4,350,000
Other	2,200,000	9,400,000
Total	$154,950,000	$123,200,000

[1] Includes amounts expected to be spent by the Commission in compliance with the Consent Decree.
[2] Design of the auto rental facilities began in 2012 and construction is expected to begin in 2013.
Source: Metropolitan Airports Commission.

The Planned CIP Projects include the Subordinate Series 2012A Project (the expansion of the rental car facilities located in the Terminal 2-Humphrey parking garage). The Subordinate Series 2012A Project includes, among other things, expansion of the rental car counters in the ground transportation building located adjacent to Terminal 2-Humphrey, expansion of the ready-return facilities at the Terminal 2-Humphrey parking garage (upon completion, the ready-return facilities will consist of 600 parking spaces), and construction of a quick-turn-around facility at the Terminal 2-Humphrey parking garage, that would provide car wash bays, fueling positions and a car stacking/storage area. The Subordinate Series 2012A Project will cost approximately $35.4 million and will be financed with a portion of the proceeds of the Subordinate Series 2012A Bonds. The Subordinate Series 2012A Project is expected to be completed and operational in the third quarter of 2013.

2014-18 Capital Improvement Program-Planned CIP Projects

For longer range funding and planning decisions in addition to the two-year CIP, the Commission also adopts a capital improvement plan that covers an additional five-year period. In addition to the 2012-13 CIP, on December 19, 2011, the Commission adopted a CIP for the period between 2014 through 2018 (the "2014-18 CIP").

The 2014-18 CIP includes $430 million of Planned CIP Projects, which are expected to be constructed between 2014 and 2018. Future CIPs could reflect project revisions and additional projects could be added to the 2014-18 CIP, including, but not limited to, one or more of the Demand Driven CIP Projects. The following table sets forth the Planned CIP Projects included in the 2014-18 CIP.

TABLE 30
Metropolitan Airports Commission
2014-18 Capital Improvement Program
Planned CIP Projects

Projects	2014	2015	2016	2017	2018
Noise Mitigation Program[1]	$ 3,420,000	–	–	–	–
Terminal 1-Lindbergh Rehabilitation and Repair	21,535,000	$ 96,050,000	$59,400,000	$48,200,000	$50,750,000
Airfield and Runway	1,550,000	13,025,000	13,350,000	1,550,000	8,550,000
Parking Facilities	2,500,000	11,450,000	3,000,000	3,500,000	3,500,000
Terminal 2-Humphrey Rehabilitation and Repair	–	2,300,000	–	–	–
Police and Fire	2,300,000	5,000,000	17,700,000	500,000	500,000
Environmental	410,000	3,150,000	–	–	–
Reliever Airport Program	3,600,000	13,600,000	3,250,000	8,700,000	14,800,000
Other	2,130,000	8,800,000	850,000	500,000	500,000
Total	$37,445,000	$153,375,000	$97,550,000	$62,950,000	$78,600,000

[1] Includes amounts expected to be spent by the Commission in compliance with the Consent Decree.
Source: Metropolitan Airports Commission.

Funding Sources for the Planned CIP Projects

General. The Commission anticipates financing the Planned CIP Projects in the 2012-13 CIP and the 2014-18 CIP with a combination of proceeds of previously issued Senior Bonds (approximately $53.4 million); proceeds of the Subordinate Series 2012A Bonds (approximately $35.4 million); proceeds of Subordinate Short-Term Obligations (approximately $68.2 million); PFCs (approximately $120.2 million, on a pay-as-you-go basis); federal and State grants (approximately $111.8 million); other available revenues of the Commission (approximately $309.9 million, including $133 million from the Repair and Replacement Account); and moneys contributed by private 3rd parties (approximately $9.4 million).

Senior Bond Proceeds. The Commission expects to use approximately $53.4 million of the proceeds of previously issued Senior Bonds to finance a portion of the costs of the Planned CIP Projects in the 2012-13 CIP and the 2014-18 CIP.

Subordinate Obligations. The Commission expects to use approximately $35.4 million of the proceeds of Subordinate Series 2012A Bonds and approximately $68.2 million of the proceeds of Subordinate Short-Term Obligations to finance a portion of the costs of the Planned CIP Projects in the 2012-13 CIP and the 2014-18 CIP.

Passenger Facility Charges. The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1.00, $2.00 or $3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of $4.50. Regardless of the number of PFC applications which have been approved by the FAA, an airport can only collect a maximum of $4.50 on each enplaning passenger. Public agencies wishing to impose and use these PFCs must apply to the FAA for such authority and satisfy the requirements of the PFC Act. In addition, an application for the imposition of PFCs by certain public agencies (including the Commission) will not be approved by the FAA after October 1, 2000, unless such applying public agency has submitted a competition plan acceptable to the FAA. See "—Competition Plan" below.

The purpose of the PFC is to develop an additional capital funding source to provide for the expansion of the national airport system. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among Air Carriers. See "CERTAIN INVESTMENT CONSIDERATIONS—Availability of Funding for the Capital Improvement Program."

The Commission has received approval from the FAA, pursuant to ten separate applications (eight of which were later amended by the Commission, with the approval of the FAA), to collect a PFC on each enplaning passenger at the Airport totaling approximately $1,551,884,000. The Commission has closed PFC Applications 1 through 5. These applications have been fully funded and the projects they financed have been completed. In the third quarter of 2012, the Commission filed an amendment to: (a) PFC Application 6 with the FAA for the purpose of decreasing the approved collection amount under PFC Application 6 from $779,146,000 to $759,735,000; and (b) PFC Application 8 with the FAA for the purpose of decreasing the approved collection amount under PFC Application 8 from $191,380,000 to $147,986,000. Additionally, the Commission plans to file an 11th PFC application in the fourth quarter of 2012 with the FAA for the purpose of collecting $55.1 million of PFCs for costs associated with certain Planned CIP Projects.

The Commission first began collecting a $3.00 PFC in 1992. In 2001 the Commission received approval from the FAA to collect an additional $1.50 on each enplaning passenger resulting in a $4.50 PFC now being collected on each enplaning passenger at the Airport. Such PFCs have been approved by the FAA to be used to finance all or a portion of certain capital improvements at the Airport, including, among other things, the automated people mover system which was constructed as part of the auto rental/public parking garage located adjacent to Terminal 1-Lindbergh, noise mitigation projects, primarily the Part 150 Residential Insulation Program which applied to homes within the FAA-certified 65 or greater Day Night Level ("DNL") noise contours, Terminal 2-Humphrey, portions of the Runway 17/35 project, Concourses A and B of Terminal 1-Lindbergh, and expansion of Concourse C of Terminal 1-Lindbergh.

Under the Airline Lease Agreement, the Commission has agreed to use PFCs actually collected from the lesser of 90% of originating passengers or 45% of enplaned passengers from 2012 through 2030, for the funding of projects in the 2010 Plan including debt service on obligations issued to fund projects in the 2010 Plan, before being applied in any other manner. The Commission also has agreed to use PFCs to the fullest extent of eligibility, to pay the debt service on PFC Eligible Bonds issued to finance airfield projects, including Runway 17/35. See "THE AIRPORT AGREEMENTS—Airline Lease Agreements." See also "SECURITY AND SOURCES OF PAYMENT OF THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service."

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The following table sets forth a summary of the Commission's approved PFC applications and the total amount of PFCs received by the Commission under each application through August 30, 2012.

TABLE 31
Metropolitan Airports Commission
Approved PFC Applications[1]

PFC Application	Initial Approval Date	Initial Approval Amount	Amended Approval Amount	Total Amount Received as of August 31, 2012[2]
1	June 1992	$ 66,356,000	$ 92,714,000	$ 92,714,000
2	August 1994	113,064,000	140,717,000	140,717,000
3	December 1995	32,700,000	36,377,000	36,377,000
4	December 1998	55,460,000	47,801,000	47,801,000
5	January 2000	106,874,000	112,533,000	112,533,000
6	January 2003	1,161,479,000 [3]	779,146,000 [3]	423,555,000
7	June 2005	0	14,109,000	1,855,000
8	May 2005	191,380,000 [3]	191,380,000 [3]	140,456,000
9	November 2005	7,316,000	8,659,000	8,659,000
10	May 2008	128,448,000 [3]	128,448,000 [3]	73,959,000
Total		$1,863,077,000	$1,551,884,000	$1,076,771,000

[1] PFC Applications 1 through 5 were originally approved for the collection of a $3.00 PFC on each enplaning passenger. The Commission subsequently amended its PFC Application 5, which was subsequently approved by the FAA, authorizing the Commission to collect an additional $1.50 PFC per enplaning passenger. PFC Applications 6 through 10 have been approved at the collection rate of $4.50 per enplaning passenger.

[2] Authorization to collect PFCs under all of the applications and amendments expires on September 1, 2020, however, such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to September 1, 2020.

[3] In the third quarter of 2012, the Commission filed an amendment to: (a) PFC Application 6 with the FAA for the purpose of decreasing the approved collection amount under PFC Application 6 from $779,146,000 to $759,735,000; and (b) PFC Application 8 with the FAA for the purpose of decreasing the approved collection amount under PFC Application 8 from $191,380,000 to $147,986,000.

Source: Metropolitan Airports Commission.

The following table sets forth the amount of PFCs collected in 2007 through 2011.

TABLE 32
Metropolitan Airports Commission
Annual Collections of PFCs[1]

Year	PFCs Collected
2007	$66,865,000
2008	64,126,000
2009	57,638,000
2010	57,262,000
2011	62,432,000

[1] The information in this table is presented on a cash basis, and, therefore, will not match the accrual accounting presentation set forth in the Commission's audited financial statements for the years ended December 31, 2011 and 2010 that are included in Appendix B to this Official Statement.

Source: Metropolitan Airports Commission.

Federal and State Grants.

Airport Improvement Program Grants. The Commission receives federal grant money from the FAA each year. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program ("AIP"), which is administered by the FAA. Grants are available to airport operators in the form of entitlement funds and discretionary funds and are payable on a reimbursement basis. Entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft; discretionary funds are available at the discretion of the FAA based upon a national priority system.

The Commission expects to receive approximately $63.4 million of AIP entitlement/discretionary grants to finance Planned CIP Projects in the 2012-13 CIP and the 2014-18 CIP. There can be no assurance as to the amount of such funding to the Commission in the future. See "CERTAIN INVESTMENT CONSIDERATIONS—Availability of Funding for the Capital Improvement Program." Additionally, pursuant to the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century ("AIR 21"), no AIP grants will be approved by the FAA after October 1, 2000 for certain airports (including the Airport), unless such applying airport has submitted a competition plan acceptable to the FAA. See "—Competition Plan" below.

As described above, the FAA has granted the Commission approval to collect PFCs at the Airport. In accordance with the PFC Act and the PFC Regulations, since the Commission collects a $4.50 PFC the amount of AIP entitlement grants which the Commission is permitted to receive annually may be reduced up to 75%. However, as a result of the increased funding of AIP entitlement grants pursuant to AIR 21, the Commission has not experienced a material reduction from its previous level of AIP entitlement grants since it began collecting a $4.50 PFC.

The Commission's financial plan for funding its Planned CIP Projects assumes that AIP entitlement and discretionary grant funds will be available to fund the grant-eligible portion of certain projects. In the event that AIP grants to the Airport are lower than those made in recent years, the Commission would either elect to delay or not undertake certain projects or seek alternative sources of funding, including the possible issuance of additional debt. See "CERTAIN INVESTMENT CONSIDERATIONS—Availability of Funding for the Capital Improvement Program."

Transportation Security Administration Grants. The Commission has received a grant from the Transportation Security Administration ("TSA") in the amount of $30.2 million for phase 1 of the in-line baggage screening program at Terminal 1-Lindbergh. The Commission also applied for, and expects to receive, approximately $41.9 million of additional grants from the TSA in 2012 and 2013, which will be used for phase 2 of the in-line baggage screening program at Terminal 1-Lindbergh and for the in-line baggage screening program at Terminal 2-Humphrey. The Commission does not plan to move forward with phase 2 of the in-line baggage screening program at Terminal 1-Lindbergh or the in-line baggage screening program at Terminal 2-Humphrey until it receives approval from the TSA for the applied grants.

MNDOT Grants. In the past, the Commission has received grants from the Minnesota Department of Transportation ("MNDOT") that are used to fund projects at the Airport. The Commission currently expects to receive approximately $13.7 million of MNDOT grants between 2013 and 2016.

Internally Generated Commission Funds. The Commission also intends to use certain amounts it generates from operations after the payment of all of its operating expenses, debt service and other payment obligations to pay for costs of the Planned CIP Projects. The Commission expects that approximately $309.9 million of such funds (including $133 million to come from the Repair and Replacement Account) will be available to fund Planned CIP Projects in the 2012-13 CIP and the 2014-18 CIP.

Projects to be Funded by 3rd Parties. Certain of the Planned CIP Projects, totaling approximately $9.4 million, are to be funded with contributions from Airport tenants or other third parties. These projects will only move forward when the Commission receives a firm commitment for funding from the applicable Airport tenant or such other third parties.

Competition Plan

Pursuant to the AIR 21, certain covered airports, including the Airport, are required to file a competition plan with the FAA in order to receive further AIP entitlement grants after October 1, 2000 and in order to receive approval of PFC applications submitted after October 1, 2000. The airports that are required to comply with these provisions of AIR 21, include airports that board more than 0.25% of all passengers throughout the United States and at which one or two Air Carriers control more than 50% of the passenger boardings at such airport. The Airport meets both of these criteria and therefore must comply. AIR 21 states that the competition plan should include information on the availability of airport gates and related facilities, leasing and sub-leasing arrangements, gate-use requirements, patterns of air service, gate-assignment policy, financial constraints, airport controls over air- and ground-side capacity, whether the airport intends to build or acquire gates that would be used as common facilities, and airfare levels compared to other large airports.

The Commission filed an update to its competition plan with the FAA in the fall of 2001, which the FAA subsequently accepted. The Commission filed a new update to its competition plan in 2008, which was also accepted by the FAA.

AIRLINE AND AIRLINE INDUSTRY INFORMATION

Availability of Information Concerning Individual Airlines

Certain of the airlines or their parent corporations operating at the Airport are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and, as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the DOT. Such reports can be inspected at the following location: Bureau of Transportation Statistics, Research and Innovation Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

Neither the Commission nor the Underwriters undertake any responsibility for and make no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed in the preceding paragraphs, including, but not limited to, updates of such information on the SEC’s website or links to other Internet sites accessed through the SEC’s website.

See also “CERTAIN INVESTMENT CONSIDERATIONS” for discussions regarding the financial condition of the airlines and the effects of airline bankruptcies on the Commission.

Delta

General. Delta Air Lines Inc.’s SEC filings provide comprehensive financial, operational and other information concerning Delta and prospective investors are encouraged to review such filings prior to making an investment decision.

Role at the Airport. The Airport serves as a domestic hub in the route system of Delta. Delta also maintains domestic hubs at Atlanta, Cincinnati, Detroit, Memphis, New York-JFK and Salt Lake City. Delta is the dominant Air Carrier operating at the Airport. Delta, together with its affiliated Air Carriers (including, among others, Mesaba, Pinnacle, Compass and Comair), accounted for approximately 77.8% of passenger enplanements at

the Airport in 2011 and approximately 73.8% of the airline rentals, fees and charges component of the Airport System's operating revenues. Additionally, Delta leases 101 of the 114 full service jet gates in Terminal 1-Lindbergh. Mesaba was a wholly-owned subsidiary of Pinnacle Airlines Corporation, and, in January 2012, Mesaba ceased operations when all of its aircraft and personnel were absorbed into Pinnacle's operations. Comair ceased operations on September 29, 2012. See "CERTAIN INVESTMENT CONSIDERATIONS—Dominance of Delta at the Airport" and "—Factors Affecting the Airline Industry."

AIRPORT SYSTEM ENVIRONMENTAL MATTERS

There are several significant environmental matters which have direct and indirect impacts on the Commission and the Airport. These include aircraft noise reduction and the discharge of storm water runoff.

Airport Noise Control Program

65 or Greater DNL Noise Contours. The Commission's plans for mitigating noise in homes near the Airport have changed in recent years. The Commission's previously approved Part 150 Residential Insulation Program, which applied only to homes within the FAA-certified DNL noise contours of 65 decibels or greater, was designed to reduce the average internal noise level in habitable rooms directly exposed to aircraft noise to a level equal to a home located in the 45 DNL noise contours or by an average of 5 decibels. Once a home in the 65 or greater DNL noise contours was designated for sound insulation, its degree of sound insulation modifications depended on the existing conditions of the home's windows, doors, insulation levels, and mechanical systems. Residents within the 65 or greater DNL noise contours received a five decibel reduction package, which included some, or all, of the following items: reconditioning or replacement of existing windows; addition of exterior acoustical storm windows; reconditioning or replacement of existing prime doors; addition of exterior acoustical storm doors; baffling of attic and roof vents; addition of wall and attic insulation; and addition of central air conditioning (if not existing). Insulation modification to the 7,846 homes eligible to receive such modifications within the 65 or greater DNL noise contours have been completed at a total cost of approximately $229.5 million.

60 to 64 DNL Noise Contours. In addition to insulating homes within the 65 or greater DNL noise contours, the Commission has received Majority-In-Interest approval from the Signatory Airlines to spend up to $150 million for noise mitigation within the 60 to 64 DNL noise contours (the "60 to 64 DNL Noise Contours"). In early 2001, the Commission planned to spend the $150 million on noise mitigation for homes within the 60 to 64 DNL Noise Contours. It had been estimated in 2001 that providing the five decibel reduction mitigation package to all of the homes located in the 60 to 64 DNL Noise Contours would cost approximately $450 million (in the 2004 update to the Commission's 150 Residential Insulation Program the cost was estimated to be approximately $331.5 million), and therefore, the Commission's plan to spend $150 million would not have been sufficient. In November 2001, the Commission submitted a proposal to the FAA regarding, among other things, noise mitigation in the 60 to 64 DNL Noise Contours. On December 17, 2001, the Commission decided to reevaluate the best and most efficient use of the $150 million for noise mitigation within the 60 to 64 DNL Noise Contours. Additionally, in 2002 the Commission withdrew its November 2001 submittal to the FAA in order to develop revised noise contours for 2007. The Commission submitted revised noise contours to the FAA in November 2004 for review and approval. These revised noise contours took into account recent changes in the aviation industry but did not represent current conditions.

In 2004, the Commission proposed a $48 million noise mitigation plan for the 60 to 64 DNL Noise Contours, whereby the Commission would spend $28 million (down from the $150 million plan) and the homeowners would spend $20 million of their own money. The plan would include the installation of a mechanical package (including, among other things air conditioning) to the affected homes.

On April 6, 2005, the City of Minneapolis, the Minneapolis Public Housing Authority in and for the City of Minneapolis, the City of Eagan and the City of Richfield (collectively, the "Noise Plaintiffs") filed a lawsuit in Minnesota State District Court, Fourth Judicial District (the "District Court"), against the Commission, alleging, among other things, that the Commission has violated and will likely continue to violate certain noise pollution provisions of the Minnesota Environmental Rights Act ("MERA") and other laws of the State. The Noise Plaintiffs requested the court, among other things, to order the Commission to cease violating the noise pollution provisions of MERA and other laws of the State and to provide a five decibel reduction package to all homes within the 60 to 64

DNL Noise Contours, at no cost to the homeowners. The Commission estimated that the cost of providing a five decibel reduction package to all homes within the 60 to 64 DNL Noise Contours would be approximately $331.5 million; however, the Commission estimated that the cost could be approximately $450 million if it was required to provide the five decibel reduction mitigation package to all of the homes located in the 60 to 64 DNL Noise Contours in effect in 2001. On January 25, 2007, the court granted the Noise Plaintiffs' motion for summary judgment, holding that the Commission created an environmental quality standard under MERA that required the Commission to provide a five decibel reduction package to all homes within the 60 to 64 DNL Noise Contours and that the Commission violated that standard. In February 2007, the district court held a five-day trial on the issue of whether the Commission's failure to provide a five decibel reduction package violated MERA by materially adversely affecting the environment, and on the issue of an appropriate remedy under MERA.

On September 1, 2005, David B. Wiencke, et. al., on behalf of themselves and all others similarly situated, filed a lawsuit in Minnesota State District Court, Fourth Judicial District, against the Commission seeking a declaratory judgment and monetary relief for the Commission's failure to implement a five decibel reduction package to all homes within the 60 to 64 DNL Noise Contours. On August 3, 2006, the court issued an order certifying a class action of all individuals owning homes or other buildings within the boundaries of the City of Minneapolis and the City of Richfield within the 60 to 64 DNL Noise Contours as projected for 2005 by the Commission in its 1996 DNL Noise Contour Maps. The complaint, as amended, alleged breach of express contract, breach of implied contract, breach of contract on the grounds of promissory estoppel and sought declaratory relief. Although the legal claims were different than those raised by the Noise Plaintiffs discussed in the previous paragraph, the underlying facts and general claims for relief were substantially similar.

Consent Decree On October 19, 2007, the District Court approved a Consent Decree (the "Consent Decree") negotiated by the Commission, the Noise Plaintiffs and David B. Wiencke, et. al. Under the Consent Decree, the Commission will provide mitigation to homes in the 60 to 64 DNL Noise Contours. Mitigation activities will vary based on noise contour, with homes in the most noise-impacted contours eligible for more extensive mitigation than those in less impacted areas. Multi-family dwellings (those with more than three living units) will receive less extensive mitigation than single-family homes. The total cost to the Commission is uncertain until the program is complete, but the Commission estimates that the program will cost as much as $127 million to implement (approximately $47 million of which will be funded from amounts on deposit in the Repair and Replacement Account and approximately $80 million of which will be funded from Airport revenues generated from sources other than the rates, charges and payments received from the Air Carriers).

Four separate residential noise mitigation programs are included in the Consent Decree. Costs depicted in each of the four programs are in 2007 dollars and will be adjusted annually for inflation according to the Consumer Price Index:

(1) Single-Family Homes in the Projected 2007 Mitigated 63-64 DNL Noise Contours - The approximately 432 homes in the most noise-impacted contours will be eligible to receive the same level of noise mitigation provided in the 65 or greater DNL noise contours. The program is designed to achieve five decibels of noise reduction on average. Depending on the improvements needed to reduce interior noise sufficiently, modifications could include: central air conditioning; exterior and storm window repair or replacement; prime door and storm door repair or replacement; wall and attic insulation; baffling of roof vents and chimney treatment. This program was substantially completed in March 2010.

(2) Single-Family Homes in the Projected 2007 Mitigated 60-62 Noise Contours - Owners of the approximately 5,392 homes in less noise-impacted areas will be eligible for one of two mitigation packages: (1) the estimated 3,421 homes that did not have central air conditioning as of September 1, 2007 may receive it, and additionally, homeowners would get up to $4,000 (including installation costs) in other noise mitigation products and services to be chosen from a menu provided by the Commission; and (2) owners of homes that already had central air conditioning installed as of September 1, 2007 or who choose not to receive central air conditioning would be eligible for up to $14,000 (including installation costs) of noise mitigation products and services to be chosen from a menu provided by the Commission. Categories of products on the menu to be provided by the Commission will include: exterior and storm window repair or replacement; prime door and storm door repair or replacement; wall and attic insulation; baffling of roof vents and chimney treatment. The Commission estimates that this program will be substantially completed by December 1, 2012.

(3) Multi-family homes in the Projected 2007 Mitigated 60-64 DNL Noise Contours - Any of the approximately 1,646 multi-family units in the projected 2007 mitigated 60-64 DNL noise contours that do not have air conditioning will receive through-the-wall or equivalent permanently installed air conditioners. The Commission will also install an acoustical cover for each air conditioner in the multi-family units. This program was substantially completed in December 2010.

(4) $7 Million Total for Opt-Out and 2005 Mitigated Single-Family Homes - Single-family homes whose owners originally opted out of the already completed Commission noise-mitigation program within the 65 or greater DNL noise contours, but that now have new owners, will be eligible to "opt in" and receive noise mitigation. If the total cost to the Commission of opt-in mitigation is less than $7 million, any remaining moneys would be used to reimburse owners of approximately 2,352 single-family homes in the 2005 Mitigated 60-64 DNL noise contours for purchase and installation of products included on a menu to be provided by the Commission. The amount each homeowner receives will be determined by subtracting dollars spent for the opt-in program from the total $7 million budget and dividing the remainder among the total number of single-family homes within the 2005 Mitigated 60-64 DNL noise contours. The Commission began issuing reimbursements in March 2010 and expects to complete such reimbursement by September 1, 2014. The Commission's monetary obligation with respect to the opt-out and 2005 Mitigated 60-64 DNL program is capped at $7 million (plus an annual Consumer Price Index adjustment).

Owners of single-family homes participating in the program who sell their home within two years of receiving mitigation will be required to reimburse the Commission for twenty-five percent of the cost of providing the mitigation, up to a maximum of $3,500 per home.

Federal Aviation Administration Approval. On November 30, 2007 the FAA issued a determination that the settlement agreement with the Noise Plaintiffs and the Wiencke plaintiffs is an appropriate use of Airport revenues and is consistent with federal grant obligations.

State Legislation. From time to time, there have been bills introduced in the Minnesota State Legislature that addressed noise mitigation with respect to communities surrounding the Airport. To date, none of these bills has been passed by the Minnesota State Legislature and signed by the Governor; however, the Commission cannot predict if additional bills will be introduced in the future that may impose restrictions or obligations on the Commission with respect to noise mitigation or, if introduced and ultimately adopted by the Minnesota State Legislature and signed by the Governor, what effect, if any, such restrictions or obligations might have on the Commission.

Discharge Permit

Under the Clean Water Act and Environmental Protection Agency Regulations, the Airport is required to obtain a National Pollutant Discharge Elimination System/State Disposal System permit from the MPCA. The permit authorizes the discharge of the Airport's storm water runoff, subject to certain requirements and conditions. The Airport's storm water discharge is impacted primarily from the use of airline deicing chemicals. The permit contains limitations on the total amount of a pollutant, known as biological oxygen demand ("BOD"), that the Airport may discharge on an annual basis. BOD is associated with the use of deicing chemicals at the Airport and is carried by storm water to the points of discharge regulated by the permit. The current permit was issued in 1993. A reapplication was made by the Commission in 1995 (six months prior to expiration date), as required by the permit. The Commission continues to operate under the 1993 permit and certain modifications that were made to the permit in 2004. The Commission, the Air Carriers operating at the Airport and MPCA are currently in discussions with respect to MPCA issuing a new permit.

REPORT OF THE AIRPORT CONSULTANT

General

The Commission has retained LeighFisher, which is recognized as an expert in its field, to prepare a report in connection with the Subordinate Series 2012 Bonds. The Report of the Airport Consultant is included as Appendix A hereto, with the Airport Consultant's consent. The information regarding the analyses and conclusions

contained in the Report of the Airport Consultant is included in the Official Statement in reliance upon the expertise of the Airport Consultant. The Report of the Airport Consultant should be read in its entirety for an understanding of the assumptions and rationale underlying the financial forecasts contained therein and the key factors impacting such forecasts. The Report of the Airport Consultant has not been revised subsequent to the date of such report to reflect the final terms of the Subordinate Series 2012 Bonds.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Commission's management. In the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "INTRODUCTION—Forward-Looking Statements," and "CERTAIN INVESTMENT CONSIDERATIONS—Assumptions in the Report of the Airport Consultant."

Forecast of Debt Service Coverage

The following table sets forth the projected Net Revenues, debt service requirements for the Senior Parity Bonds and the Subordinate Obligations and the coverage of such debt service requirements based upon the Net Revenues, as forecast by the Airport Consultant, for the years 2012 through 2018.

The Debt Service Requirement numbers in the following table exclude the debt service on the Senior Bonds and the Subordinate Obligations to be paid with PFCs. For a discussion of the calculation of debt service on the Senior Bonds and Subordinate Obligations paid with PFCs, see "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service."

The forecasted financial information in the following table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of the Commission's management, was prepared on a reasonable basis, to reflect the best currently available estimates and judgments and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Commission. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither the Commission's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information.

The assumptions and estimates underlying the forecasted financial information are inherently uncertain and, though considered reasonable by the management of the Commission as of the date hereof, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under "CERTAIN INVESTMENT CONSIDERATIONS" above. Accordingly, there can be no assurance that the forecasted results are indicative of the future performance of the Commission or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

TABLE 33
Metropolitan Airports Commission
Projected Debt Service Coverage
(dollars in thousands)

Year	Net Revenues	Senior Parity Debt Service Requirement [1,2]	Senior Parity Debt Service Coverage [3]	Subordinate Debt Service Requirement [4,5]	Total Debt Service Coverage [6]
2012	$141,151	$46,912	324%	$41,147	172%
2013	150,254	50,898	319	48,814	173
2014	152,626	48,659	339	49,859	169
2015	150,354	48,560	335	48,531	164
2016	157,722	46,435	365	53,191	172
2017	159,274	46,433	368	53,584	172
2018	159,879	46,437	369	49,780	172

[1] Includes aggregate annual debt service on the Senior Bonds and the Series 16 General Obligation Revenue Bonds.
[2] The Senior Parity Debt Service Requirement numbers exclude the debt service on Senior Bonds which the Commission expects to pay with PFCs. For a description of the treatment of PFCs that have been irrevocably committed to pay debt service on specified bonds in connection with the rate covenant, see "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Irrevocable Commitment of PFCs."
[3] Includes Transfer equal to 25% of debt service on Senior Bonds.
[4] Includes Subordinate Aggregate Annual Debt Service on the Subordinate Obligations (including the Subordinate Series 2012 Bonds). For purposes of the table only, the Subordinate Short-Term Obligations are assumed to (a) be outstanding in the aggregate principal amount of $11.3 million through 2012, with an additional $12.8 million issued in 2013 and a total of $68.2 million outstanding by 2018, and (b) bear interest at a rate of 1.75% per annum through 2014, 2.0% in 2015 and 2.5% per annum through 2018.
[5] The Subordinate Debt Service Requirement numbers exclude the debt service on Subordinate Obligations which the Commission expects to pay with PFCs. For a description of the treatment of PFCs that have been irrevocably committed to pay debt service on specified bonds in connection with the rate covenant, see "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Irrevocable Commitment of PFCs."
[6] Calculated by dividing Net Revenues by the sum of Senior Parity Debt Service Requirement and Subordinate Debt Service Requirement. Includes Transfer equal to 25% of debt service on Senior Bonds.
Source: LeighFisher

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Subordinate Series 2012 Bonds involve investment risk and may not be suitable for all investors. The factors set forth below, among others, may affect the security of the Subordinate Series 2012 Bonds.

The Subordinate Series 2012 Bonds are Limited Obligations

The Subordinate Series 2012 Bonds are limited obligations of the Commission, payable solely from and secured by a pledge of Subordinate Revenues, other amounts payable under the Subordinate Indenture and certain funds and accounts held under the Subordinate Indenture, as described in this Official Statement. None of the properties of the Airport System are subject to any mortgage or other lien (except for the lien created by the Subordinate Indenture on the Subordinate Revenues) for the benefit of the owners of the Subordinate Series 2012 Bonds. Neither the full faith and credit nor the taxing power of the Commission, the City of Minneapolis, the City of St. Paul, the State or any political subdivision or public agency of the State, other than the Commission, to the extent of the Subordinate Revenues, is pledged to the payment of the principal of or interest on the Subordinate Series 2012 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS."

The Subordinate Series 2012 Bonds are payable from Revenues only after, and subordinate to, the prior payment of the Maintenance and Operation Expenses of the Airport System and the payment of debt service when due on the Senior Parity Bonds and the funding of the reserve and replenishment requirements on and relating to the

Senior Parity Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Flow of Funds."

Dominance of Delta at the Airport

Delta is the dominant Air Carrier operating at the Airport, which serves as a primary hub in Delta's route system. Delta currently leases 101 of the existing 114 full service jet gates in Terminal 1-Lindbergh. In 2011, Delta, together with its affiliated Air Carriers, accounted for approximately 77.8% of passenger enplanements at the Airport, and approximately 73.8% of the airline rentals, fees and charges component of the Airport System's operating revenues. No other airline accounted for more than 6.0% of passenger enplanements at the Airport in 2011 or accounted for over 5.9% of the airline rentals, fees and charges component of the Airport System's operating revenues in 2011.

The Commission has no information regarding the financial condition of Delta other than from SEC filings and press releases made by Delta. See "AIRLINE AND AIRLINE INDUSTRY INFORMATION—Delta." No assurances can be given concerning the present or future financial viability of Delta.

Although the Commission assumes that, as a result of the Airport's geographic location, facilities and capabilities and Delta's investment in the Airport, the Airport is likely to remain a system hub for Delta, no assurance can be given that the Airport will continue as a system hub for Delta, regardless of Delta's financial condition. In the event Delta discontinues or reduces its hubbing operations at the Airport, Delta's current level of activity may not be replaced by other carriers, thereby resulting in reduced revenue collections by the Commission.

Additionally, any significant financial or operational difficulties incurred by Delta may have a material adverse effect on the Commission's revenues and the Airport, although financial or operational difficulties by any of the other Air Carriers also may, whether directly or indirectly, have an adverse impact on the Commission's revenues and the Airport, the effect of which may be material.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at the Airport and the financial condition of the airlines, and, therefore, the amount of Subordinate Revenues available for payment of the Subordinate Series 2012 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of the Airport and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001 and the economic recession that occurred between 2008 and 2009. Other business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at the Airport and could have a more pronounced effect in the future.

Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, costs of aviation fuel, international conflicts and threats of terrorism and structural changes in the travel market. See also "—Aviation Security Concerns" below for additional discussion on the costs of security.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. During September 2008, significant and dramatic

changes occurred in the U.S. and global financial markets. Between 2008 and 2009, the U.S. economy experienced a recession, which has been followed by weak economic growth. It is not known at this time whether the high national unemployment rate, or the slow rate of national and global economic growth will persist beyond 2012. As a result of concerns about the U.S. government's ability to resolve long-term deficits, in August 2011, Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, downgraded the credit rating of the U.S. sovereign debt from "AAA" to "AA+". There can be no assurances that the prolonged weak economic conditions, the downgrade of the credit rating of the U.S. sovereign debt or other national and global fiscal concerns will not have an adverse effect on the air transportation industry.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America (formerly known as the Air Transport Association of America), fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. According to Airlines for America, every one-cent increase in the price per gallon of jet fuel increases annual operating expenses by approximately $190 million to $200 million. The price of aviation fuel rose to an all-time high of almost $4.00 per gallon in July 2008. According to Airlines for America, the price of aviation fuel averaged approximately $2.95 per gallon for the first eight months of 2012. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

International Conflict and the Threat of Terrorism. The increased threat of terrorism has had, and may continue to have, a negative impact on air travel. The Commission cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001, the likelihood of future air transportation disruptions or the impact on the Commission or the airlines operating at the Airport from such incidents or disruptions.

Structural Changes in the Travel Market. Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price-sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Consumers have come to expect extraordinarily low fares. In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the Internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele- and video-conferencing.

Effect of Airline Bankruptcies

General. Since December 2000, numerous airlines have filed for bankruptcy protection including, among others, Northwest, Delta, including its subsidiary Comair, Mesaba, Sun Country (which filed for protection twice), US Airways (which filed for protection twice), UAL Corporation, the parent of United, Air Canada and Frontier. Each of these airlines has emerged from bankruptcy and, except for Comair and Mesaba, continue to operate at the Airport.

AMR Corporation, along with its subsidiaries American Airlines and American Eagle, filed for bankruptcy protection on November 29, 2011. American Airlines and American Eagle continue to operate at the Airport while they reorganize under bankruptcy protection.

Assumption or Rejection of Agreements. An airline that has executed an Airline Lease Agreement or other executory contract with the Commission and seeks protection under the U.S. bankruptcy laws must assume or reject (a) its Airline Lease Agreement within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed (further extensions are subject to the consent of the Commission)), and (b) its other executory contracts with the Commission prior to the confirmation of a plan of reorganization.

In the event of assumption and/or assignment of any agreement to a third party, the airline would be required to cure any pre- and post-petition monetary defaults and provide adequate assurance of future performance under the applicable Airline Lease Agreement or other agreements.

Rejection of an Airline Lease Agreement or other agreement or executory contract will give rise to an unsecured claim of the Commission for damages, the amount of which in the case of an Airline Lease Agreement or other agreement is limited by the United States Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (i) one year of rent or (ii) 15% of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of an Airline Lease Agreement or other agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. Certain amounts unpaid as a result of a rejection of an Airline Lease Agreement or other agreement in connection with an airline in bankruptcy, such as airfield, terminal, concourse and ramp costs would be passed on to the remaining airlines under their respective Airline Lease Agreements, thereby increasing such airlines' cost per enplanement, although there can be no assurance that such other airlines would be financially able to absorb the additional costs. In addition, payments made by an airline in bankruptcy (or by its surety) within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor or its trustee in bankruptcy, in particular if the debtor posts collateral with its surety. In general, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment and the risk that the Commission may not be able to enforce any of its remedies under the agreements with a bankrupt airline

Northwest, Delta, Comair, Mesaba, Sun Country, US Airways, United, Air Canada and Frontier were each operating at the Airport under an Airline Lease Agreement at the time of their respective filings for bankruptcy protection. Northwest, Delta, Comair, Mesaba, US Airways, United, Air Canada and Frontier each assumed their respective Airline Lease Agreements when they emerged from bankruptcy protection. During its first bankruptcy proceedings, Sun Country rejected its Airline Lease Agreement, however the investor group that purchased the assets of the defunct Sun Country signed a new Airline Lease Agreement. During its second bankruptcy proceedings, Sun Country, assumed its Airline Lease Agreement. The Commission expects American Airlines and American Eagle to assume their respective Airline Lease Agreements and to sign amendments to their respective Airline Lease Agreements extending the term to December 31, 2015 when they emerge from bankruptcy protection. See also "THE AIRPORT AGREEMENTS."

With respect to an airline in bankruptcy proceedings in a foreign country, the Commission is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Pre-Petition Obligations. During the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Commission on account of goods and services provided prior to the bankruptcy. Thus, the Commission's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees. All of the pre-petition obligations of Northwest, Delta, Comair, Mesaba, Sun Country (with respect to its second bankruptcy filing), US Airways, United, Air Canada and Frontier were paid in full. A portion of Mesaba's pre-petition obligations were paid from Mesaba's security deposit made to the Commission. At the time of Sun Country's first bankruptcy filing, it owed the Commission approximately $570,000 in pre-petition obligations; approximately $72,000 of such obligations was recovered from the other Air Carriers operating at the Airport through increased landing fees, approximately $46,000 of such obligations was recovered from an Air Carrier which leased a hangar previously leased by Sun Country, and $451,392 of such obligations was written off as bad debt and was not recoverable.

At the time of their bankruptcy filings, American Airlines and American Eagle owed the Commission $105,000 of pre-petition obligations. American Airlines and American Eagle are expected to pay the Commission all of their pre-petition obligations.

PFCs. Pursuant to the PFC Act, the FAA has approved the Commission's applications to require the airlines to collect and remit to the Commission a $4.50 PFC on each enplaning revenue passenger at the Airport. See "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects—Passenger Facility Charges."

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Commission) imposing the PFCs, except for any handling fee (which currently is $0.11 per PFC) or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their respective financial statements. However, the airlines, provided they are not under bankruptcy protection, are permitted to commingle PFC collections with other revenues. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Commission cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at the Airport. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues.

It is possible that the Commission could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the Commission cannot predict whether an airline operating at the Airport that files for bankruptcy protection would have properly accounted for the PFCs owed to the Commission or whether the bankruptcy estate would have sufficient moneys to pay the Commission in full for the PFCs owed by such airline. All of the airlines (including American Airlines and American Eagle) that were operating at the Airport at the time of their respective filings for bankruptcy protection and during the time they operated at the Airport while under bankruptcy protection submitted to the Commission all of the PFCs collected by them. PFCs are not pledged to the repayment of the Senior Parity Bonds or the Subordinate Obligations (including the Subordinate Series 2012 Bonds), however, see "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service" for a discussion of the Commission's irrevocable commitment of a portion of PFCs received by the Commission to pay debt service on the Eligible PFC Bonds.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks, increased threat levels declared by the Department of Homeland Security and world health concerns such as the Severe Acute Respiratory Syndrome ("SARS") outbreak in 2003 and the H1N1 influenza ("swine flu") outbreak in 2009 and 2010, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

The Commission cannot predict whether the Airport or any of the Reliever Airports will be targets of terrorists in the future. Additionally, the Commission cannot predict the effect of any future government-required security measures on passenger activity at the Airport.

Regulations and Restrictions Affecting the Airport

The operations of the Airport are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the terrorist attacks of September 11, 2001, the Airport also has been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on Airport operations will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for the Airport, whether additional requirements will be funded by the federal government or require funding by the Commission, or whether such restrictions or legislation or regulations would adversely affect Revenues. See "—Aviation Security Concerns" above, "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects—Passenger Facility Charges" and "—Federal and State Grants."

Ability to Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Rate Covenant," the Commission has covenanted in the Master Subordinate Indenture to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the rate covenant set forth in the Master Subordinate Indenture is met. In addition to Subordinate Revenues, the Commission expects to use $15.5 million to $19.2 million of PFCs each Fiscal Year between Fiscal Years 2012 and 2018, respectively, to pay a portion (approximately 25.2%-28.2%) of the debt service on the Subordinate Obligations. If PFCs have been irrevocably committed or are otherwise used to pay principal of and/or interest on the Subordinate Obligations, the principal and/or interest on such Subordinate Bonds may be excluded from the calculation of Aggregate Annual Debt Service; thus decreasing Aggregate Annual Debt Service and increasing debt service coverage for purposes of the rate covenant under the Master Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service." Also see "—Availability of PFCs" below.

If Subordinate Revenues (and PFCs expected to be used to pay debt service) were to fall below the levels necessary to meet the rate covenant, the Master Subordinate Indenture provides for procedures under which the Commission would retain and direct a Consultant to make recommendations as to the revision of the Commission's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Commission in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Commission is required to take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to meet the rate covenant. Increasing the schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Commission in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see "—Regulations and Restrictions Affecting the Airport" above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of the Airport could have a detrimental impact on the operation of the Airport by making the cost of operating at the Airport unattractive to airlines (including using the Airport for hubbing activities), concessionaires and others in comparison to other airports, or by reducing the operating efficiency of the Airport. Notwithstanding this potential detrimental impact, the Airline Lease Agreements acknowledge the existence of the rate covenant under the Senior Indenture (which includes the payment of debt service on the Subordinate Obligations, but does not include the requirement that Subordinate Revenues must equal 110% of Annual Debt Service on the Subordinate Obligations) and include an agreement by the Signatory Airlines to pay such rentals, rates, fees and charges. The Airline Lease Agreements do not address the rate covenant under the Master Subordinate Indenture.

Availability of PFCs

In addition to the use of Subordinate Revenues, the Commission expects to use $15.5 million to $19.2 million of PFCs each Fiscal Year between Fiscal Years 2012 and 2018, respectively, to pay a portion (approximately 25.2%-28.2%) of the debt service on the Subordinate Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Use of PFCs to Pay Debt Service" and "—Ability to Meet Rate Covenant" above. Additionally, the Commission expects to use approximately $120.2 million of PFCs to finance a portion of the costs of the Planned CIP Projects, and the Commission expects to use $11.3 million to $13.9 million of PFCs each Fiscal Year between Fiscal Years 2012 and 2018, respectively, to pay a portion (approximately 19.9%-24.3%) of the debt service on the Senior Bonds.

The amount of PFC revenue received by the Commission in future years will vary based upon the actual number of PFC-eligible passenger enplanements at the Airport. No assurance can be given that any level of

enplanements will be realized. See "—Factors Affecting the Airline Industry" above. See also "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects—Passenger Facility Charges" and "—Ability to Meet Rate Covenant" above. Additionally, the FAA may terminate the Commission's authority to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the PFC Regulations, or (b) the Commission otherwise violates the PFC Act or the PFC Regulations. The Commission's authority to impose a PFC may also be terminated if the Commission violates certain provisions of the Airport Noise and Capacity Act of 1990 (the "ANCA") and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Commission's authority to impose a PFC would not be summarily terminated. No assurance can be given that the Commission's authority to impose a PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Commission or that the Commission will not seek to decrease the amount of PFCs to be collected, provided such decrease does not violate the Commission's covenant in the PFC Resolution. A shortfall in PFC revenues may cause the Commission to increase rates and charges at the Airport to meet the debt service requirements on the Senior Bonds and the Subordinate Obligations that the Commission plans to pay from PFCs, and/or require the Commission to identify other sources of funding for its capital program, including issuing additional Senior Bonds and/or Subordinate Obligations, to finance the pay-as-you-go projects currently expected to be paid with PFC revenues.

The PFC Act also provides that for certain classes of airports, including the Airport, federal AIP entitlement funds will be reduced by 50% following the imposition of a PFC of $3.00 or less and will be reduced by 75% following the imposition of a PFC greater than $3.00. The Commission currently collects a PFC of $4.50.

Availability of Funding for the Capital Improvement Program

General. In addition to a portion of the proceeds of the Subordinate Series 20112B Bonds and the previously issued Senior Bonds, and proceeds of Subordinate Short-Term Obligations to be issued in the future, the Commission's plan of finance assumes that PFC revenues on a pay-as-you-go basis, federal and State grants, other available revenues of the Commission (including certain amounts to be on deposit in the Repair and Replacement Account), and certain moneys to be contributed by third parties will be received by the Commission in certain amounts and at certain times to pay the costs of the Planned CIP Projects. See "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects." No assurance can be given that these sources of funding will be available in the amounts or on the schedule assumed. See "—Availability of PFCs" above.

To the extent that any portion of the funding assumed in the plan of finance for the Planned CIP Projects is not available as anticipated, the Commission may be required to defer or remove certain of the Planned CIP Projects or issue additional Senior Bonds and/or Subordinate Obligations to pay the costs of such Planned CIP Projects.

Federal Grants. See also "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects—Federal Grants," for a discussion of the assumptions with respect to AIP entitlement and discretionary grant funding. Although the Commission considers these assumptions to be reasonable, assumptions are inherently subject to certain uncertainties and contingencies. Actual AIP entitlement and/or discretionary funding levels and timing may vary and such differences may be material. Funds obligated for the AIP are drawn from the Airport and Airway Trust Fund that is supported by user fees, fuel taxes, and other similar revenue sources that must be authorized and approved by Congress.

On February 6, 2012, Congress passed a four-year reauthorization bill for the FAA, the "FAA Modernization and Reform Act of 2012," which was signed into law on February 14, 2012 by the President. This is the first long-term FAA authorization since the last such authorization expired in 2007. Since that time, there have been 23 short-term extensions of the FAA's authority and a two-week partial shutdown of the FAA in the summer of 2011. The final FAA reauthorization retains the federal cap on PFCs at $4.50 and authorizes $3.35 billion per year for AIP through federal fiscal year 2015, which is $150 million per year less than the funding level for the past five years. The President's budget proposal for federal fiscal year 2013, published on February 13, 2012, proposes to reduce AIP funding to $2.4 billion (from the $3.35 billion authorized) and eliminate "guaranteed" AIP funding for large hub airports, such as the Airport, and medium hub airports. The President's budget also proposes an increase in the PFC cap for large and medium hub airports. The Commission is unable to predict whether Congress will

approve the President's budget, appropriate funds as proposed in the President's budget or otherwise predict the level of future AIP funding. If there is a reduction in the amount of AIP grants awarded to the Commission for use at the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the Commission would need to fund from other sources (including operating revenues, additional Senior Bonds or Additional Subordinate Obligations), (ii) result in decreases to the Planned CIP Projects or (iii) extend the timing for completion of certain projects. See "CAPITAL IMPROVEMENT PROGRAM—Funding Sources for the Planned CIP Projects—Federal Grants."

Legislation Reducing the Federal Deficit

The Budget Control Act of 2011 (the "Budget Act") requires the Joint Select Committee on Deficit Reduction and Congress to propose and enact legislation before January 2, 2013 that reduces the federal deficit by $1.2 trillion. If legislators fail to enact specific deficit reduction measures by January 2, 2013, automatic comprehensive budget sequestration and cuts to defense and nondefense spending will occur. Any new budget reducing legislation enacted by Congress or any automatic sequestration and cuts that may occur could have an effect on the Airport System, including, among other things, the operations of the FAA and the TSA. At this time, the Commission cannot predict what actions Congress will ultimately take to comply with the Budget Act or what effect those actions may have on the Airport System. None of the Commission's Senior Parity Bonds or Subordinate Obligations were issued as "direct-pay" bonds, such as "Build America Bonds."

Potential Limitation of Tax Exemption of Interest on Subordinate Series 2012B Bonds

On September 12, 2011, President Obama announced a legislative proposal entitled the American Jobs Act of 2011 (the "American Jobs Act of 2011"). The American Jobs Act of 2011 was introduced in the United States Senate on September 13, 2011, as Senate Bill 1549. The American Jobs Act of 2011, if enacted, would, among other things, subject interest on tax-exempt bonds (including the Subordinate Series 2012B Bonds) to federal income taxation for taxpayers with incomes above certain thresholds for tax years beginning after 2012. The American Jobs Act of 2011 or other legislative proposals, if enacted into law, clarification of the Internal Revenue Code of 1986, as amended, or court decisions may cause interest on the Subordinate Series 2012B Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Subordinate Series 2012B Bonds. Prospective purchasers of the Subordinate Series 2012B Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS—Changes in Federal and State Tax Law."

No Acceleration

Events of Default under the Subordinate Indenture and related remedies are described herein under "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE, THE ELEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE AND THE TWELFTH SUPPLEMENTAL SUBORDINATE INDENTURE—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Defaults and Remedies" The occurrence of an Event of Default does not grant any right to accelerate payment of the Subordinate Series 2012 Bonds. Since Subordinate Revenues are Revenues net of all amounts needed to pay Maintenance and Operation Expenses and debt service and reserve and repayment requirements on an relating to the Senior Parity Bonds, and the Commission is not subject to involuntary bankruptcy proceedings, the Commission may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airport even if an Event of Default has occurred and no payments are being made on the Subordinate Series 2012 Bonds.

Assumptions in the Report of the Airport Consultant

The Report of the Airport Consultant incorporates numerous assumptions as to the utilization of the Airport and other matters and states that any forecast is subject to uncertainties. The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No

assurances can be given that the assumptions contained in the Report of the Airport Consultant will occur. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material. Additionally, the Report of the Airport Consultant has not been revised subsequent to the date of such report to reflect the final terms of the Subordinate Series 2012 Bonds. See "REPORT OF AIRPORT CONSULTANT" and "APPENDIX A—REPORT OF THE AIRPORT CONSULTANT." For a discussion of the key factors affecting future airline traffic at the Airport as discussed in the Report of the Airport Consultant see "APPENDIX A—REPORT OF THE AIRPORT CONSULTANT—Key Factors Affecting Future Airline Traffic."

Income Taxation Risk Upon Defeasance of the Subordinate Series 2012A Bonds

In the event the Commission were to defease all or a portion of the Subordinate Series 2012A Bonds, for federal income tax purposes, the Subordinate Series 2012A Bonds that are the subject of such a defeasance may be deemed to be retired and "reissued" as a result of the defeasance. In such an event, a bondholder who owns such a Subordinate Series 2012A Bond may recognize gain or loss on the Subordinate Series 2012A Bond at the time of defeasance. Holders who own Subordinate Series 2012A Bonds should consult their own tax advisors regarding the tax consequences of a defeasance of the Subordinate Series 2012A Bonds. See "TAX MATTERS—Subordinate Series 2012A Bonds (Federally Taxable)—Disposition and Defeasance of Subordinate Series 2012A Bonds."

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward looking statements". When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See "INTRODUCTION—Forward-Looking Statements."

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to the prospective financial information. The Commission's independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Commission's independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Commission's independent auditors assume no responsibility for its content.

TAX MATTERS

Subordinate Series 2012A Bonds (Federally Taxable)

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Subordinate Series 2012A Bonds. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not address all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this summary is generally limited to investors that are "U.S. holders" (as defined below) who will hold the Subordinate Series 2012A Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code.

Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of the Subordinate Series 2012A Bonds. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "Service") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Subordinate Series 2012A Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Subordinate Series 2012A Bond that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

General. Interest on the Subordinate Series 2012A Bonds (including original issue discount, as discussed below) is included in gross income for federal income tax purposes. Payments of interest with respect to the Subordinate Series 2012A Bonds will be included in gross income as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code. Market discount, if any, on the Subordinate Series 2012A Bonds will be treated as ordinary income to owners of the Subordinate Series 2012A Bonds, and principal payments (excluding the portion of the payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Characterization of the Subordinate Series 2012A Bonds as Indebtedness. For federal income tax purposes, the Subordinate Series 2012A Bonds will be treated as indebtedness of the Commission. The owners of the Subordinate Series 2012A Bonds, by purchasing the Subordinate Series 2012A Bonds, will be deemed to have agreed to treat the Subordinate Series 2012A Bonds as indebtedness of the Commission for federal income tax purposes. The Commission intends to treat the Subordinate Series 2012A Bonds as its indebtedness for tax and financial accounting purposes.

Disposition and Defeasance of Subordinate Series 2012A Bonds. Upon the sale, exchange, retirement or other taxable disposition (collectively, a "disposition") of a Subordinate Series 2012A Bond, a Bondholder will generally recognize gain or loss equal to the difference between the amount realized on such disposition (less any accrued interest, which will be taxable as ordinary income in the manner described above under "General") and the Bondholder's adjusted tax basis in such Subordinate Series 2012A Bond. The Commission may deposit moneys or securities with the Senior Trustee in escrow in such amount and manner as to cause the Subordinate Series 2012A Bonds to be deemed to be no longer outstanding under the Subordinate Indenture (a "defeasance"). A defeasance of the Subordinate Series 2012A Bonds may result in a reissuance thereof, in which event a Bondholder will also recognize gain or loss as described in the first sentence of this paragraph. Ordinarily, upon the disposition or defeasance of the Subordinate Series 2012A Bonds, such gain or loss will be treated as a capital gain or loss. At the present time, the maximum capital gain rate for certain assets held for more than twelve months is 15%. However, if a Subordinate Series 2012A Bond was initially issued at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income.

Original Issue Discount. If the Subordinate Series 2012A Bonds are deemed to be issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. The holder of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days he owned the instrument. The legislative history of the original issue discount provisions indicates that the calculation and accrual of original issue discount should be based on the prepayment assumptions used by the parties in pricing the transaction.

Owners of Subordinate Series 2012A Bonds purchased at a discount should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning such Subordinate Series 2012A Bonds.

Bond Premium. An investor that acquires a Subordinate Series 2012A Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may

generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Subordinate Series 2012A Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount. An investor that acquires a Subordinate Series 2012A Bond for a price less than the adjusted issue price of such bond (or an investor who purchases a Subordinate Series 2012A Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Subordinate Series 2012A Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Subordinate Series 2012A Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Subordinate Series 2012A Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Subordinate Series 2012A Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Subordinate Series 2012A Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Subordinate Series 2012A Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Subordinate Series 2012A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Subordinate Series 2012A Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by

such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Subordinate Series 2012A Bond is urged to consult its own tax advisor regarding the application of these provisions.

Backup Withholding. Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Subordinate Series 2012A Bonds if the purchasers, upon issuance, fail to supply to any person required to collect such information pursuant to Section 6049 of the Code their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide the applicable party with a certified statement, under penalty of perjury, that they are not subject to backup withholding. Information returns will be sent annually to the Service and to each purchaser setting forth the amount of interest paid with respect to the Subordinate Series 2012A Bonds and the amount of tax withheld thereon.

State, Local or Foreign Taxation. No representations are made regarding the tax consequences of purchase, ownership or disposition of the Subordinate Series 2012A Bonds under the tax laws of any state, locality or foreign jurisdiction (except as provided in "—Minnesota State Law" below).

Circular 230. To ensure compliance with Treasury Circular 230, holders of the Subordinate Series 2012A Bonds should be aware and are hereby put on notice that: (a) the discussion in this Official Statement with respect to U.S. federal income tax consequences of owning the Subordinate Series 2012A Bonds is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (b) such discussion was written in connection with the promotion or marketing (within the meaning of Treasury Circular 230) of the transactions or matters addressed by such discussion; and (c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

Subordinate Series 2012B Bonds (Tax-Exempt)

General. In the opinion of Kutak Rock LLP, Bond Counsel to the Commission, under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Series 2012B Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Commission with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Subordinate Series 2012B Bonds. Failure to comply with such requirements could cause interest on the Subordinate Series 2012B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Subordinate Series 2012B Bonds. The Commission will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Subordinate Series 2012B Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Subordinate Series 2012B Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Subordinate Series 2012B Bonds may otherwise affect the federal income tax liability of the owners of the Subordinate Series 2012B Bonds. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Subordinate Series 2012B Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Subordinate Series 2012B Bonds.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Subordinate Series 2012B Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Subordinate Series 2012B Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Tax Treatment of Original Issue Premium. The Subordinate Series 2012B Bonds are being sold at a premium. An amount equal to the excess of the issue price of a Subordinate Series 2012B Bond over its stated redemption price at maturity constitutes premium on such Subordinate Series 2012B Bond. An initial purchaser of a Subordinate Series 2012B Bond must amortize any premium over such Subordinate Series 2012B Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Subordinate Series 2012B Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Subordinate Series 2012B Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Subordinate Series 2012B Bond prior to its maturity. Although the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Subordinate Series 2012B Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Subordinate Series 2012B Bond.

Minnesota State Law

Interest on the Subordinate Series 2012A Bonds is includible in the taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, and is includable in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes.

In the opinion of Bond Counsel, interest on the Subordinate Series 2012B Bonds is not includible in the taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, but is includable in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend federal and state tax matters referred to above or adversely affect the market value of the Subordinate Series 2012 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Subordinate Series 2012 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Subordinate Series 2012 Bonds or the market value thereof would be impacted thereby. Purchasers of the Subordinate Series 2012 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Subordinate Series 2012 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CERTAIN ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Subordinate Series 2012A Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to Title I of ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and Section 4975 of the Code generally prohibit certain transactions between an ERISA Plan or "plan" as defined in and subject to Section 4975 of the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Subordinate Series 2012A Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as individual retirement accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Commission or any broker dealer of the Subordinate Series 2012A Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of Section 4975 of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Section 4975 of the Code or Section 503 of the Code. Prohibited transactions within the meaning of ERISA and Section 4975 of the Code or Section 503 of the Code may arise if the Subordinate Series 2012A Bonds are acquired by such plans or arrangements with respect to which the Commission or any broker dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Subordinate Series 2012A Bonds. The sale of the Subordinate Series 2012A Bonds to a plan is in no respect a representation by the Commission or the underwriters of the Subordinate Series 2012A Bonds that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Subordinate Series 2012A Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

By its acceptance of a Subordinate Series 2012A Bond, each purchaser will be deemed to have represented and warranted that either (i) no "plan assets" of any plan have been used to purchase such Subordinate Series 2012A Bond, or (ii) the Underwriters are not a party in interest with respect to the "plan assets" of any plan used to purchase such Subordinate Series 2012A Bond, or (iii) the purchase and holding of such Subordinate Series 2012A Bonds is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

LITIGATION

No Litigation Relating to the Subordinate Series 2012 Bonds

There is no litigation now pending or, to the best of the Commission's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Subordinate Series 2012 Bonds or in any way contests the validity of the Subordinate Series 2012 Bonds or any proceedings of the Commission taken with respect to the authorization, sale or issuance of the Subordinate Series 2012 Bonds, or the pledge or application of any moneys provided for the payment of or security for the Subordinate Series 2012 Bonds.

Litigation Relating to the Commission and the Airport System

O'Neill Noise Litigation. On March 10, 2010, a suit was filed by the O'Neill Family, owners of a farm located off the extended centerline of Runway 17/35, against the Commission, the City of Bloomington and other interested parties, claiming that their property was the subject of a "taking" without just compensation arising from (a) the adoption of an airport zoning regulation on May 3, 2004 (the "Zoning Taking"), and (b) an avigational easement as a result of the overflight of planes originating from Runway 17/35 (the "Noise Taking"). The O'Neill Family has claimed damages of approximately $17.8 million with respect to the Zoning Taking and approximately $630,000 with respect to the Noise Taking. The Commission has agreed to indemnify the City of Bloomington with respect to any damages that may be incur with respect to the Zoning Taking. In March 2012, a trial was held in Minnesota District Court with respect to both the Zoning Taking and the Noise Taking. On August 31, 2012, the court ruled that (1) the O'Neill Family failed to establish a regulatory taking under applicable law with respect to the Zoning Taking, but (2) the O'Neill Family did establish that the Noise Taking did occur and ordered the Commission to commence condemnation proceedings to acquire the necessary avigational easement on the O'Neill's property. The O'Neill Family and the Commission have the ability to appeal the district court's ruling. At this time, the Commission has not made a decision whether to appeal the ruling and the Commission cannot predict if the O'Neill Family will appeal the ruling. The Commission cannot predict the ultimate outcome of this litigation.

Other Litigation. There also are a number of other litigation matters pending against the Commission for incidents at the Airport System. These claims and suits are of a nature usually incident to the operation of the Airport System and, in the aggregate, in the opinion of Airport management, based upon the advice of the General Counsel to the Commission, will not have a material adverse effect on the Net Revenues or financial condition of the Airport System. It should be noted that a portion of the claims relating to personal injuries and property damage are covered by a comprehensive insurance program maintained by the Commission for the Airport System.

There are no material claims or litigation arising out of or challenging any federal grants held by the Commission to date.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), and Fitch Ratings ("Fitch") have assigned ratings of "A" (stable outlook) and "A" (stable outlook), respectively, to the Subordinate Series 2012 Bonds. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, NY 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Subordinate Series 2012 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Subordinate Series 2012 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore Inc., independent certified public accountants, will verify from the information provided to them the mathematical accuracy of the computations contained in the provided schedules to determine that the amounts to be held in the Escrow Fund, will be sufficient to pay the redemption price of and interest on the Refunded Bonds on January 1, 2013.

LEGAL MATTERS

The validity of the Subordinate Series 2012 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to the Commission. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix E hereto. Certain matters will be passed upon for the

Commission by Thomas W. Anderson, Esq., General Counsel to the Commission. Certain legal matters will be passed upon for the Commission by Kutak Rock LLP, as Disclosure Counsel to the Commission. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with regard to the issuance of the Subordinate Series 2012 Bonds are contingent upon the issuance and delivery of the Subordinate Series 2012 Bonds.

FINANCIAL ADVISOR

The Commission has retained the services of Jefferies & Company, Inc., New York, New York, as Financial Advisor, in connection with the issuance of the Subordinate Series 2012 Bonds. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees of the Financial Advisor with regard to the issuance of the Subordinate Series 2012 Bonds are contingent upon the issuance and delivery of the Subordinate Series 2012 Bonds.

CONTINUING DISCLOSURE

The Commission will covenant to provide such annual financial statements and other information in the manner required by Rule 15c2-12 of the SEC (17 C.F.R. § 240.15c2-12) ("Rule 15c2-12"). The Commission will enter into an undertaking (the "Undertaking") for the benefit of the holders of the Subordinate Series 2012 Bonds to provide certain financial information and operating data concerning the Commission and certain other obligated persons, including Delta, and notices of certain enumerated events to the Municipal Securities Rulemaking Board, pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12. See "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein for a description of the Undertaking. A failure by the Commission to provide any information required thereunder will not constitute an Event of Default under the Subordinate Indenture. During the last five years, the Commission has never failed to comply, in all material respects, with any undertakings under Rule 15c2-12.

UNDERWRITING

The Subordinate Series 2012 Bonds will be purchased by Piper Jaffray & Co., Wells Fargo Bank, National Association, Barclays Capital Inc., Citigroup Global Markets Inc., J.P. Morgan Securities LLC, and RBC Capital Markets, LLC (collectively, the "Underwriters"), from the Commission at a price of $88,136,668.12 (which is the par amount of the Subordinate Series 2012 Bonds, plus an original issue premium of $6,776,195.25, less an underwriters' discount of $424,527.13), subject to the terms of a bond purchase agreement (the "Bond Purchase Agreement"), between Piper Jaffray & Co., as representative of the Underwriters, and the Commission. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Subordinate Series 2012 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Subordinate Series 2012 Bonds set forth on the inside front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Subordinate Series 2012 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside front cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission.

Piper Jaffray & Co. provided the information contained in this paragraph for inclusion in this Official Statement and the Commission does not take any responsibility for or make any representation as to its accuracy or completeness. Piper Jaffray & Co., one of the underwriters of the Subordinate Series 2012 Bonds, and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Piper/Pershing Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Subordinate Series 2012 Bonds. Under the Piper/Pershing Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

Wells Fargo Bank, National Association provided the information contained in this paragraph for inclusion in this Official Statement and the Commission does not take any responsibility for or make any representation as to its accuracy or completeness. Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"). WFBNA, one of the underwriters of the Subordinate Series 2012 Bonds, has entered into an agreement (the "Wells Fargo Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the Subordinate Series 2012 Bonds. Pursuant to the Wells Fargo Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Subordinate Series 2012 Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

Citigroup Global Markets Inc. ("Citigroup") provided the information contained in this paragraph for inclusion in this Official Statement and the Commission does not take any responsibility for or make any representation as to its accuracy or completeness. Citigroup, one of the underwriters of the Subordinate Series 2012 Bonds, and its parent company, Citigroup, Inc., have entered into a distribution agreement dated May 31, 2009, as amended, with Morgan Stanley Smith Barney LLC ("MSSB") and its parent company, Morgan Stanley Smith Barney Holdings LLC, whereby Citigroup will distribute municipal securities to retail investors through the financial advisor network of MSSB. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup will compensate MSSB for its selling efforts with respect to the Subordinate Series 2012 Bonds.

J.P. Morgan Securities LLC ("JPMS") provided the information contained in this paragraph for inclusion in this Official Statement and the Commission does not take any responsibility for or make any representation as to its accuracy or completeness. JPMS, one of the underwriters of the Subordinate Series 2012 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Subordinate Series 2012 Bonds, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Subordinate Series 2012 Bonds from JPMS at the original issue prices less a negotiated portion of the selling concession applicable to any Subordinate Series 2012 Bonds that such firm sells.

INDEPENDENT AUDITORS

The basic financial statements of the Commission as of and for the Fiscal Years ended December 31, 2011 and December 31, 2010, included in this Official Statement in Appendix B, have been audited by BKD, LLP, independent auditors, as stated in their report included in Appendix B hereto dated May 16, 2012. The Commission did not request BKD, LLP to perform any updating procedures subsequent to the date of its audit report on the December 31, 2011 financial statements.

RELATED PARTIES

Wells Fargo Bank, National Association is serving as Subordinate Trustee, Subordinate Paying Agent, Subordinate Registrar and one of the Underwriters with respect to the Subordinate Series 2012 Bonds. Additionally, Wells Fargo Bank, National Association is serving as Escrow Agent with respect to the Refunded Bonds and as Senior Trustee with respect to the Senior Bonds. The Commission and Wells Fargo Bank, National Association also entered into the Subordinate Short-Term Obligations Credit Agreement, pursuant to which Wells Fargo Bank, National Association has agreed to purchase all Subordinate Short-Term Obligations issued by the Commission.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representation of fact. No representation is made that any of the opinions or estimates will be realized.

All references to the Act, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements and all other agreements with the airlines and other parties are made subject to the detailed provisions of such documents. Copies of such documents are available for review at the offices of the Metropolitan Airports Commission which are located at 6040 28th Avenue South, Minneapolis, Minnesota 55450. The Commission maintains certain websites, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein and should not be relied upon by the Holders of the Subordinate Series 2012 Bonds.

AUTHORIZATION

The Commission has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Executive Director/Chief Executive Officer on behalf of the Commission.

METROPOLITAN AIRPORTS COMMISSION

By /s/ Jeffrey W. Hamiel
Executive Director/Chief Executive Officer

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Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION
SUBORDINATE AIRPORT REVENUE BONDS, SERIES 2012A-B

Prepared for

Minneapolis-St. Paul Metropolitan Airports Commission

Prepared by

LeighFisher
Burlingame, California

October 16, 2012

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LeighFisher

October 16, 2012

Mr. Daniel Boivin, Chair
Metropolitan Airports Commission
6040 28th Avenue South
Minneapolis, MN 55450

Re: **Report of the Airport Consultant**
Metropolitan Airports Commission
Subordinate Airport Revenue Bonds, Series 2012

Dear Mr. Boivin:

LeighFisher is pleased to submit this Report of the Airport Consultant (the Report) in connection with the planned issuance by the Metropolitan Airports Commission (the Commission) of its Subordinate Airport Revenue Bonds, Series 2012A and Subordinate Airport Revenue Refunding Bonds, Series 2012B (collectively, the Subordinate Series 2012 Bonds) in the original principal amount of $83,585,000*. This letter and the accompanying attachment and exhibits constitute our Report.

The Commission owns and operates Minneapolis-St. Paul International Airport (MSP or the Airport) and six reliever airports—St. Paul Downtown, Flying Cloud, Crystal, Anoka County-Blaine, Lake Elmo, and Airlake (collectively, the Airport System). Revenues generated at MSP have represented greater than 98% of the Commission's total revenues in each of the previous five fiscal years.

The Subordinate Series 2012 Bonds are being issued under the Master Subordinate Trust Indenture, dated October 1, 2000, as amended and supplemented (Master Subordinate Indenture). Capitalized terms not otherwise defined in the Report shall have the meanings given in the Master Subordinate Indenture. The Subordinate Series 2012 Bonds are secured by a pledge of Subordinate Revenues (called the Net Pledged Revenues in the Master Subordinate Indenture), which are equivalent to Net Revenues remaining after payment of debt service as well as reserve and replenishment requirements on and relating to the Senior Airport Revenue Bonds and the General Obligation Revenue Bonds.

*Preliminary, subject to change.

555 Airport Boulevard, Suite 300 | Burlingame, California 94010 U.S.A. | 1.650.579.7722 | www.leighfisher.com

The purpose of the Report is to evaluate the ability of the Commission to meet the requirements of the Master Subordinate Indenture Rate Covenant during the forecast period, taking into account the proposed Subordinate Series 2012 Bonds as well as the currently outstanding Senior Airport Revenue Bonds, General Obligation Revenue Bonds, and Subordinate Airport Revenue Bonds. The forecast period covered by the Report is the period Fiscal Year (FY) 2013 through FY 2018. The Fiscal Year of the Commission ends on December 31.

Capital Construction Program

In the late 1990s, the Commission developed and began implementation of a major capital development effort known as the 2010 Long Term Comprehensive Plan (the 2010 Plan). In 2009, with the 2010 Plan nearing completion, the Commission adopted a capital improvement program (CIP) for the 2010 through 2016 period known as the Planned CIP Projects. The Commission updates the Planned CIP Projects annually, with the current version covering the period 2012 through 2018. The total cost of the current Planned CIP Projects is $708 million.

Costs of the Planned CIP Projects and the expected funding sources are shown in Exhibit A at the end of the Report. Proceeds of the Subordinate Series 2012 Bonds, unexpended proceeds from the earlier issuance of Senior Series 2010 Bonds, and the use, if and as needed, of the Commission's revolving line of credit are the only sources of debt funding for the Planned CIP Projects (expected to total $157 million of debt funding). Non-debt funding sources include:

- Federal and State grants ($77 million)
- Transportation Security Administration (TSA) grants ($35 million)
- "Pay-as-you-go" Passenger Facility Charges (PFCs) ($120 million)
- Contributions from third parties (tenants at Reliever Airports) ($9 million)
- Commission funds in the form of monies available in the Commission Construction Fund (including the Airline Repair and Replacement Account) ($310 million)

Additionally, as part of its periodic evaluation of facility needs for the Airport and the Airport System, the Commission identifies certain projects, primarily terminal and other facility expansion projects, which could potentially be needed if growth in demand, especially in connecting traffic, warrants the projects (these are termed "Demand Driven Projects" by the Commission). The Demand Driven Projects have an estimated cost of approximately $1 billion and include expansion of Terminal 1-Lindbergh and Terminal 2-Humphrey. Current projections of aviation activity demand

do not show a need for these projects during the forecast period. Therefore, the potential construction and funding of the Demand Driven CIP Projects is not reflected in the Financial Analysis section of the Report.

Purpose of the Subordinate Series 2012 Bonds

The Subordinate Series 2012 Bonds are being issued as fixed rate bonds in two series. The Subordinate Series 2012A Bonds are being issued to pay costs associated with a planned rental car facility expansion project at Terminal 2-Humphrey. This project is a component of the Planned CIP Projects. The Subordinate Series 2012B Bonds are being issued to refund the outstanding Subordinate Series 2003A Bonds in the principal amount of $48.3 million. For purposes of the Report, the debt service used for the Subordinate Series 2012B Bonds is assumed to be the same as that of the Bonds being refunded. However, the Commission requires a certain level of debt service savings be achieved before it will complete the refunding.

Rate Covenant

The Commission has covenanted in Section 5.04 of the Master Subordinate Indenture that, so long as any of the Subordinate Airport Revenue Bonds remain outstanding, the Commission will establish, fix, prescribe, and collect rates, tolls, fees, rentals, and charges in connection with the Airport System and for services rendered in connection therewith, so that:

i) Subordinate Revenues in each Fiscal Year are sufficient to fund the deposits required in Section 5.04(a) of the Master Subordinate Indenture and

ii) During each Fiscal Year, the Subordinate Revenues, together with any Transfer, will be equal to at least 110% of Aggregate Annual Debt Service on the outstanding Subordinate Airport Revenue Bonds.

For purposes of this calculation, the amount of any Transfer taken into account shall not exceed 10% of Aggregate Annual Debt Service on the outstanding Subordinate Airport Revenue Bonds in such Fiscal Year.

As described in the Report, the Commission's Master Senior Indenture has its own rate covenant requirement.

Airline Agreement

The Commission has entered into separate but substantially similar agreements (known as the Airline Operating Agreement and Terminal Building Lease) with eight airlines that currently operate at the Airport, including Delta Air Lines, for a term through December 31, 2020. The Commission is in the process of executing amendments with 19 additional airlines to extend the term of their expired agreements through

December 31, 2015 (collectively, the Airline Agreements). These 27 airlines represent the majority of aviation activity at MSP. Airlines that operate at the Airport but that are not covered by an Airline Agreement are charged non-signatory landing fees and terminal rentals established by ordinances of the Commission.

The Airline Agreements provide for, among other things, the use of the airfield and apron areas of the Airport and the lease of certain space in Terminal 1-Lindbergh. The Airline Agreements also establish procedures for the annual calculation of rents, fees, and charges for the use of facilities and areas covered by the Airline Agreements. These rents, fees, and charges are calculated based on a compensatory rate-setting methodology for Terminal 1-Lindbergh and a cost-center residual rate-setting methodology for the airfield.

The use and occupancy of Terminal 2-Humphrey are not subject to the Airline Agreements. It is operated as a common-use facility by the Commission, with rents, fees, charges, and the terms for use of the facility established by Commission ordinance.

Scope of the Report

In preparing the Report, we analyzed the following:

- Historical and future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the region served, historical trends in airline traffic, the role of the Airport in the route systems of Delta Air Lines and other airlines, and other key factors that may affect future airline traffic

- Annual Debt Service on outstanding General Obligation Revenue Bonds, Senior Airport Revenue Bonds, and Subordinate Airport Revenue Bonds, in addition to the proposed Subordinate Series 2012 Bonds

- Possible uses and associated repayment of the Commission's short-term bank loan program to fund portions of the Planned CIP Projects

- Historical relationships among revenues, expenses, airline traffic, and other factors that may affect future revenues and expenses

- Historical and future PFC receipts and their planned uses

- Historical results, the budgeted and year-to-date results for FY 2012, expected staffing requirements, and other operational considerations

- Commission policies and contractual arrangements relating to the use and occupancy of the Airport, including the calculation of airline rentals, fees, and charges under the Airline Agreements; the operation of concession privileges; and the leasing of buildings and grounds

We identified key factors upon which the future financial results of the Commission may depend. We reviewed financial forecasts prepared by the Commission, which were based on the passenger forecast we provided. Assumptions used in the preparation of the financial forecasts were examined. Specifically, information and expectations provided by the Commission as to changes in revenues, expenses, space used in the terminal rate calculation, and other items related to its assumption of control and operation of the G Concourse in 2016 were reviewed. Using the financial forecasts prepared by the Commission, we assembled the financial forecasts presented in the exhibits at the end of the Report. Estimates of project costs, project financing, Annual Debt Service, and other data are provided by the sources noted in those exhibits.

Forecast Debt Service Coverage

As shown in Exhibit H and Exhibit H-1, provided at the end of the Report, the Net Revenues of the Commission are projected to be sufficient to meet the Rate Covenant requirements of the Master Senior Indenture and the Master Subordinate Indenture during each year of the forecast period. The table below presents calculations showing that Subordinate Revenues, without the benefit of a Transfer, are forecast to provide coverage on total Annual Debt Service (which is debt service net of amounts paid with PFC receipts) of outstanding Subordinate Airport Revenue Bonds plus the proposed Subordinate Series 2012 Bonds of 203% or greater during each year of the forecast period.

FORECAST DEBT SERVICE COVERAGE
Metropolitan Airports Commission
(dollars in thousands)

Year	Subordinate Revenues [A]	Subordinate Annual Debt Service [B]	Subordinate Debt Service Coverage [A/B]
2011(A)	$88,254	$32,176	274%
2012 (E)	$94,239	$41,617	226%
2013	$99,356	$42,973	231%
2014	$103,967	$48,807	213%
2015	$101,794	$50,245	203%
2016	$111,287	$52,207	213%
2017	$112,841	$53,039	213%
2018	$113,442	$52,998	214%

Note: A=Actual; E=Estimated.

To reflect coverage on all Commission debt service, the table below presents pro forma calculations showing that Net Revenues, without the benefit of a Transfer, are forecast to provide coverage on total Annual Debt Service (which is net of amounts paid from PFC receipts) of outstanding Senior Airport Revenue Bonds, General Obligation Revenue Bonds, and Subordinate Airport Revenue Bonds plus the proposed Subordinate Series 2012 Bonds of 152% or greater in each year of the forecast period.

PRO FORMA DEBT SERVICE COVERAGE
Metropolitan Airports Commission
(dollars in thousands)

Year	Net Revenues [A]	Total Annual Debt Service *(a)* [B]	Debt Service Coverage [A/B]
2011(A)	$159,621	$103,543	154%
2012 (E)	$141,151	$88,529	159%
2013	$150,254	$93,871	160%
2014	$152,626	$97,466	157%
2015	$150,354	$98,805	152%
2016	$157,722	$98,642	160%
2017	$159,274	$99,472	160%
2018	$159,879	$99,435	161%

Notes: A=Actual; E=Estimated.

(a) Total combined Senior plus Subordinate debt service.

Forecast Payments by Airlines

As shown in Exhibit F-4, airline payments on a per enplaned passenger basis, which are estimated to be $6.60 in FY 2012, are forecast to range from $6.75 to $6.90 over the forecast period.

Sensitivity Test Projections

To test the sensitivity of the financial forecasts, we used hypothetical assumptions for fewer enplaned passengers and reduced airline rented space in Terminal 1-Lindbergh. The effect was to increase airline payments per enplaned passenger and to reduce Net Revenues in each year of the forecast period. However, Net Revenues, without any Transfer, were projected to provide coverage on Annual Debt Service of outstanding Senior Airport Revenue Bonds and General Obligation Revenue Bonds of 238% or greater in each year of the forecast period. Net Revenues, without any Transfer, were projected to provide coverage on total Annual Debt Service of the proposed Subordinate Series 2012 Bonds and the outstanding Senior Airport Revenue Bonds,

General Obligation Revenue Bonds, and Subordinate Airport Revenue Bonds of 122% or greater in each year of the forecast period. Also, airline payments per enplaned passenger did not exceed $9.25 in any year of the forecast period. The Financial Analysis section of the Report contains additional discussion and information about the sensitivity test, which should be read to understand the results.

Underlying Assumptions

The forecasts are based on information and assumptions that were provided by, or reviewed with and agreed to by, Commission management. The forecasts reflect Commission management's expected course of action during the forecast period and, in Commission management's judgment, present fairly the expected financial results of the Airport System. Those key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. Neither LeighFisher nor any person acting on behalf of LeighFisher makes any warranty, expressed or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the Report. We have no responsibility to update this report to reflect events and circumstances occurring after the date of the Report.

* * * * *

We appreciate the opportunity to serve as Airport Consultant for the Commission's proposed financing.

Respectfully submitted,

LeighFisher

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Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION
SUBORDINATE AIRPORT REVENUE BONDS, SERIES 2012A-B

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1. AIRPORT FACILITIES

Minneapolis-St. Paul International Airport (MSP or the Airport) is owned and operated by the Metropolitan Airports Commission (MAC or the Commission). The Commission, whose purpose is to promote air transportation in the Minneapolis-St. Paul metropolitan area, was created in 1943 as a public corporation pursuant to an act of the Minnesota state legislature. The Commission owns and operates seven airports—MSP, St. Paul Downtown, Flying Cloud, Crystal, Anoka County-Blaine, Lake Elmo, and Airlake—which service commercial air carriers and general aviation and are referred to herein as the Airport System.

The Airport is located equidistant (approximately nine miles) south and southwest of the central business districts of Minneapolis and St. Paul, respectively. It occupies approximately 3,100 acres.

1.1 AIRFIELD FACILITIES

The Airport has four commercial aircraft runways consisting of two parallel northwest-southeast runways—runway 12L/30R and runway 12R/30L, one north-south runway— runway 17/35, and a crosswind runway—runway 4/22. The parallel runways are 8,200 and 10,000 feet long, respectively. The north-south runway is 8,000 feet long. The crosswind runway extends 11,000 feet, intersecting the two parallel runways. All eight of the runway approach directions are equipped with instrument landing systems to enable continuous all-weather operations.

1.2 TERMINAL FACILITIES

Passenger terminal facilities at the Airport are located in two separate buildings: Terminal 1-Lindbergh, and Terminal 2-Humphrey. International arrivals facilities (IAF) at the Airport are located in each of the passenger terminals. The light rail system that runs between downtown Minneapolis and the Mall of America has stations at both terminals and provides transportation between the two terminals at no charge. Shuttle bus service between the terminals is also available in certain circumstances.

1.2.1 Terminal 1-Lindbergh

Terminal 1-Lindbergh is a three-story structure consisting of approximately 2.8 million square feet of space, of which approximately 1.3 million square feet are considered rentable (see Table 1). The building consists of one terminal (the Main Building) and seven concourses designated with the letters A through G. Terminal 1-Lindbergh also includes (1) the principal IAF (see Section 1.2.3, International Arrivals Facilities); (2) the ground transportation center; and (3) a valet parking garage, which is located beneath Terminal 1-Lindbergh (the primary parking facility is located adjacent to this terminal; see Section 1.3, Parking Facilities). As of September 1, 2012, the seven concourses, which extend from the Main Building, provided a total of 114 jet aircraft loading positions utilizing passenger loading

bridges. Regional airline operations are conducted primarily from Concourse A (14 gates) and Concourse B (16 gates). The jet aircraft loading positions, except for the 11 on Concourse G discussed below, and the associated holdroom areas are leased to airlines on a preferential-use basis. Under specific conditions, the preferential user of an aircraft loading position may be required to accommodate the operations of another airline. In addition, seven positions are designated as "Short Term Gates." The Commission has retained the right to replace, under certain circumstances, a preferential user of a Short Term Gate with an airline that is providing new service to the Airport.

Table 1
TERMINAL 1-LINDBERGH FACILITIES PROFILE
Minneapolis-St. Paul International Airport
(as of September 1, 2012)

	Rentable Square Feet	Total Square Feet
Main Building	564,578	1,064,030
G Concourse	247,261	368,638
F Concourse	106,586	177,812
E Concourse	87,785	148,210
C/D Concourses	250,231	638,056
A/B Concourses	41,600	153,714
Other	29,126	280,645
Total	1,327,167	2,831,105

Gate Positions	Number of Gates
G Concourse	20
F Concourse	16
E Concourse	16
C/D Concourses	32
A/B Concourses	30

Source: Metropolitan Airports Commission.

Within Terminal 1-Lindbergh are ticketing facilities on the second level in the Main Building; security checkpoint locations on the second level in the Main Building; passenger boarding facilities on the second level in each of the concourses; baggage claim and the international arrivals waiting area on the ground or first level; and the ground transportation center, which contains covered space for shuttle and taxi pickup on the ground level. Concessions are located throughout the passenger terminal complex, primarily inside the secure area beyond the security checkpoints.

Approximately 269,000 square feet (including both rentable and other) of the total space on the G Concourse are under an exclusive lease, which expires in 2015, to Delta Air Lines through its acquisition of Northwest Airlines. Eleven of the jet aircraft loading positions (which exclude the nine positions in the IAF, discussed in Section 1.2.2) on the G Concourse are under preferential lease to Delta under the general airline use agreement, which expires in 2020.

1.2.2 Terminal 2-Humphrey

The Commission opened Terminal 2-Humphrey on May 2, 2001, and transferred all operations to it from the previous facility, which was also named the Humphrey Terminal. Terminal 2-Humphrey is a two-story structure consisting of approximately 400,000 square feet of space. Terminal 2-Humphrey is a common-use facility with 10 gates. Airlines using Terminal 2-Humphrey are Southwest Airlines/AirTran Airways, Sun Country Airlines, and Spirit Airlines. Icelandair and charter carriers use the facility on a seasonal basis. Terminal 2-Humphrey houses one of the IAFs located at the Airport (see below, International Arrivals Facilities).

1.2.3 International Arrivals Facilities

In late 1996, the Commission opened the IAF on the G Concourse of Terminal 1-Lindbergh. This facility is intended for use by regularly scheduled international flights and, therefore, the majority of international arrivals and departures at the Airport are conducted from this facility. The facility contains dual-purpose domestic-international gates that provide nine jet aircraft loading positions with international arrival capability. The total processing capacity of this IAF is estimated to be approximately 800 passengers per hour. An additional IAF is contained in Terminal 2-Humphrey, which is intended for use by the scheduled carriers operating at the facility, international charter flights, and off-schedule international flights.

1.3 PARKING FACILITIES

Parking facilities located on the Airport provide approximately 23,180 public automobile parking spaces (see Table 2). The on-Airport parking options include a valet garage located at Terminal 1-Lindbergh, short-term and long-term parking located in a parking facility adjacent to Terminal 1-Lindbergh, and short-term and long-term parking adjacent to Terminal 2-Humphrey.

The public parking facilities, located adjacent to and below Terminal 1-Lindbergh, provide 14,080 of the public parking spaces. The valet garage located beneath Terminal 1-Lindbergh provides 386 parking spaces. The remaining 13,694 parking spaces are contained in four parking ramps, including two nine-story structures that have auto rental operations on the first three levels. Included in these spaces are 45 reserved for the ePark® program, which is a credit (debit) card based discount parking option that eliminates the use of tickets and cashiers. The parking ramps are connected to Terminal 1-Lindbergh and the G Concourse via an enclosed

skyway and can also be accessed using an automated people mover from the ground transportation center.

Table 2
PUBLIC AUTOMOBILE PARKING FACILITIES
Minneapolis-St. Paul International Airport
(as of October 1, 2012)

Facility	Number of Spaces
Terminal 1-Lindbergh	
Short-term	925
ePark®	45
Long-term	11,786
Overflow	938
Valet Garage	386
Total	14,080
Terminal 2-Humphrey	approx. 9,100
Total On-Airport Spaces	approx. 23,180
Estimated Off-Airport Parking Facilities	5,450

Source: Metropolitan Airports Commission.

The remaining public parking spaces (approximately 9,100), including the "Value Parking" operation, are contained in an eight-level parking ramp located adjacent to Terminal 2-Humphrey. Four off-Airport private parking facilities serve Airport passengers and provide approximately 5,450 additional automobile parking spaces.

1.4 GROUND ACCESS

Major highways that connect with the rest of the metropolitan area bound the Airport. On the south side of the Airport is I-494 that connects to I-694 forming an interstate highway loop through the metropolitan area around the cities of Minneapolis and St. Paul. Access to I-94 and I-35 is readily available from this loop. To the west of the Airport is State Highway 77 (Cedar Avenue). The Crosstown Highway (State Highway 62) lies to the north of the Airport, while to the east are State Highways 5 and 55.

Connection to the downtown area of Minneapolis is, in addition to various city streets, provided by State Highway 55 and by I-35W, which connects to both I-494 and the Crosstown Highway west of the Airport. Downtown Minneapolis is linked to the Airport by a light-rail system, which continues on to the Mall of America. The St. Paul downtown area is also accessible by various city streets with the primary access via State Highway 5 and by I-35E, which connects to both Highway 5 and I-494 east of the Airport.

1.5 OTHER FACILITIES

Several air carrier maintenance facilities are located on the Airport. Delta Air Lines occupies two large hangar facilities which include support functions such as office space, shops, engine-testing cells, computer facilities and storage. The first hangar, Delta Building B, can accommodate either three narrowbody or two B-747-sized aircraft. Delta Building C has capacity to accommodate six narrowbody, two widebody, and two B-747-400 aircraft simultaneously.

Additionally, Sun Country occupies significant hangar space at the Airport. Including the adjacent apron space, the leased premises of Sun Country Hangar #1 includes approximately 440,000 square feet. The hangar can accommodate four 737-800 aircraft and the outside ramp has parking capacity for an additional four 737-800 aircraft. Sun Country Hangar #2 was originally constructed and leased by Mesaba Airlines in 2003 and the premises occupies approximately 270,000 square feet, including the apron. The hangar can accommodate one 737-800 aircraft and the ramp has parking capacity for one additional 737-800 aircraft. The building includes approximately 40,000 square feet of office and ancillary support space.

In addition to the areas described above, there are other areas on the Airport with distinct functions, as follows:

- The Airport rescue and firefighting facility is located between the west ends of the parallel runways. The facility is operated by the Commission and staffed with Commission employees.
- The Commission houses a portion of its administrative offices and buildings for maintenance facilities and equipment on the west side of the Airport along 28th Avenue.
- Various buildings and areas are used for cargo operations, including facilities for FedEx and UPS.
- The military occupies land along 34th Avenue between runways 12R/30L and 12L/30R and a second area, located on the northeast side of the Airport, which, while not located on Airport property, contains taxiway connectors and a small section of apron area.

2. AVIATION ACTIVITY ANALYSIS

This section of the report concerns the demographic and economic characteristics of the Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area (the MSA), which, in combination with airline service levels and airfares, affect demand for air travel to and from the Airport. While demographic and economic characteristics affect the demand for origin and destination (O&D) passenger air travel, connecting passenger traffic at the Airport is largely dependent upon the route network decisions of Delta Air Lines (previously Northwest Airlines), which operates a major hubbing operation at MSP. Aviation activity forecasts are also presented and discussed.

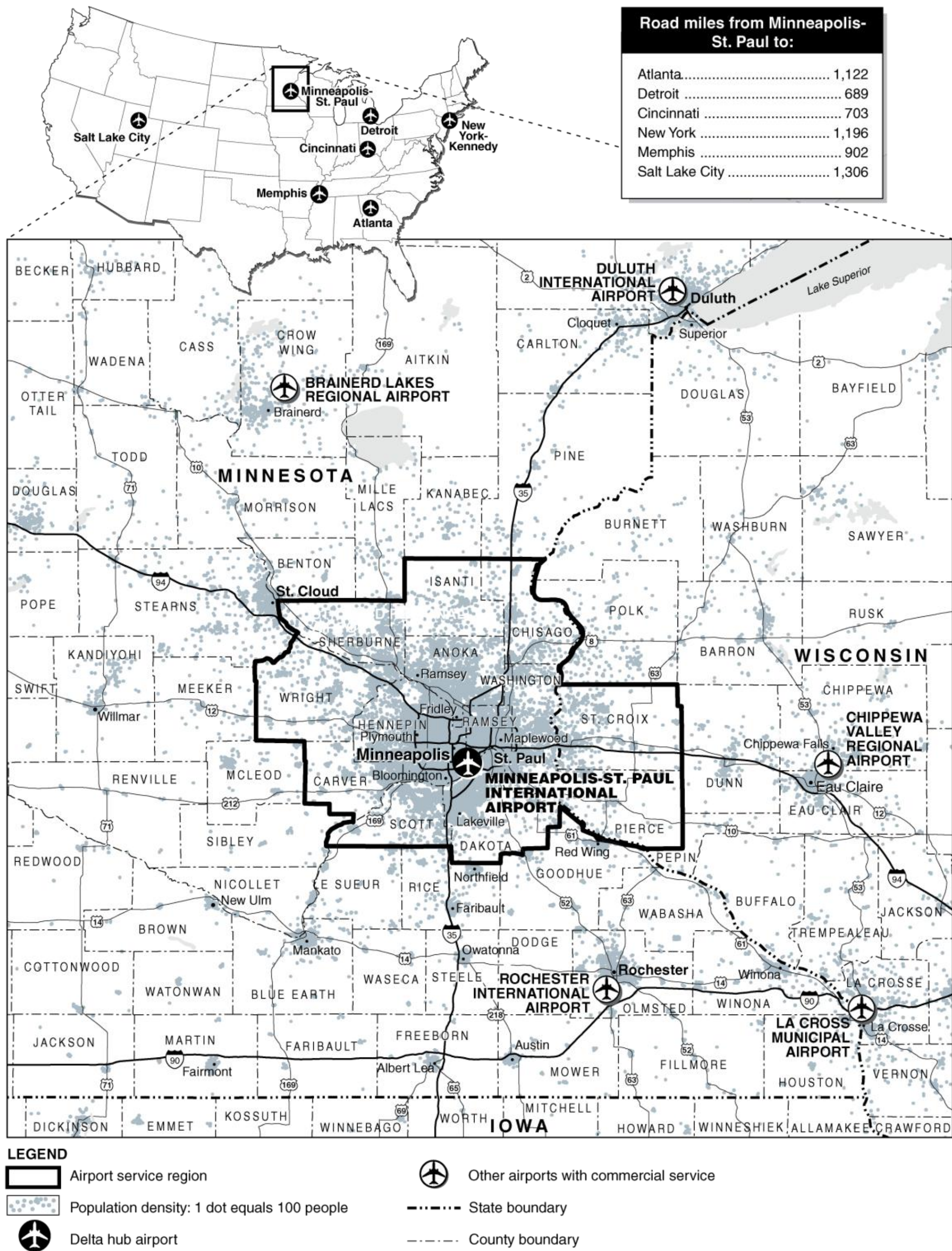
2.1 AIRPORT SERVICE REGION

The primary region served by the Airport is the MSA, located in east-central Minnesota, as shown on Figure 1. The state of Minnesota is located in the upper Midwest region of the continental United States, bordering Canada.

The MSA ranks as the 16th largest in the United States, and the third largest in the Midwestern United States (following Chicago and Detroit), with an estimated population of 3,320,000 in 2011. The MSA comprises 11 counties in Minnesota (Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright), which together account for approximately 60% of the state's population, and 2 counties in neighboring Wisconsin (Pierce and St. Croix). The MSA contains the cities of Minneapolis and St. Paul, known as the Twin Cities. St. Paul is the capital of Minnesota.

Historically, air travel demand to and from the MSA has been generated largely by steady growth in population, employment, and personal income. The MSA's unemployment rate has historically been below the national average, and its per capita personal income has been above the national average. The economy is well-diversified and not overly dependent on a single large employer; several Fortune 500 companies maintain corporate headquarters in the Twin Cities area.

Figure 1
AIRPORT SERVICE REGION
Minneapolis-St. Paul International Airport



Source: U.S. Census Bureau, 2010 U.S. Census data.

2.2 DEMOGRAPHIC AND ECONOMIC PROFILE

Local demographic and economic trends generally reflect the long-term growth of the MSA economy, and a growing economy generally correlates with increasing volumes of airline passenger traffic. The demographic variables with the strongest influence on O&D airline travel demand are the MSA population, per capita income, and employment. Tourism and local activities also affect airline travel demand.

2.2.1 Population

Population growth is a key factor influencing the demand for airline travel. Figure 2 shows that, between 1990 and 2011, the MSA population increased at a greater rate than that of Minnesota and the nation.

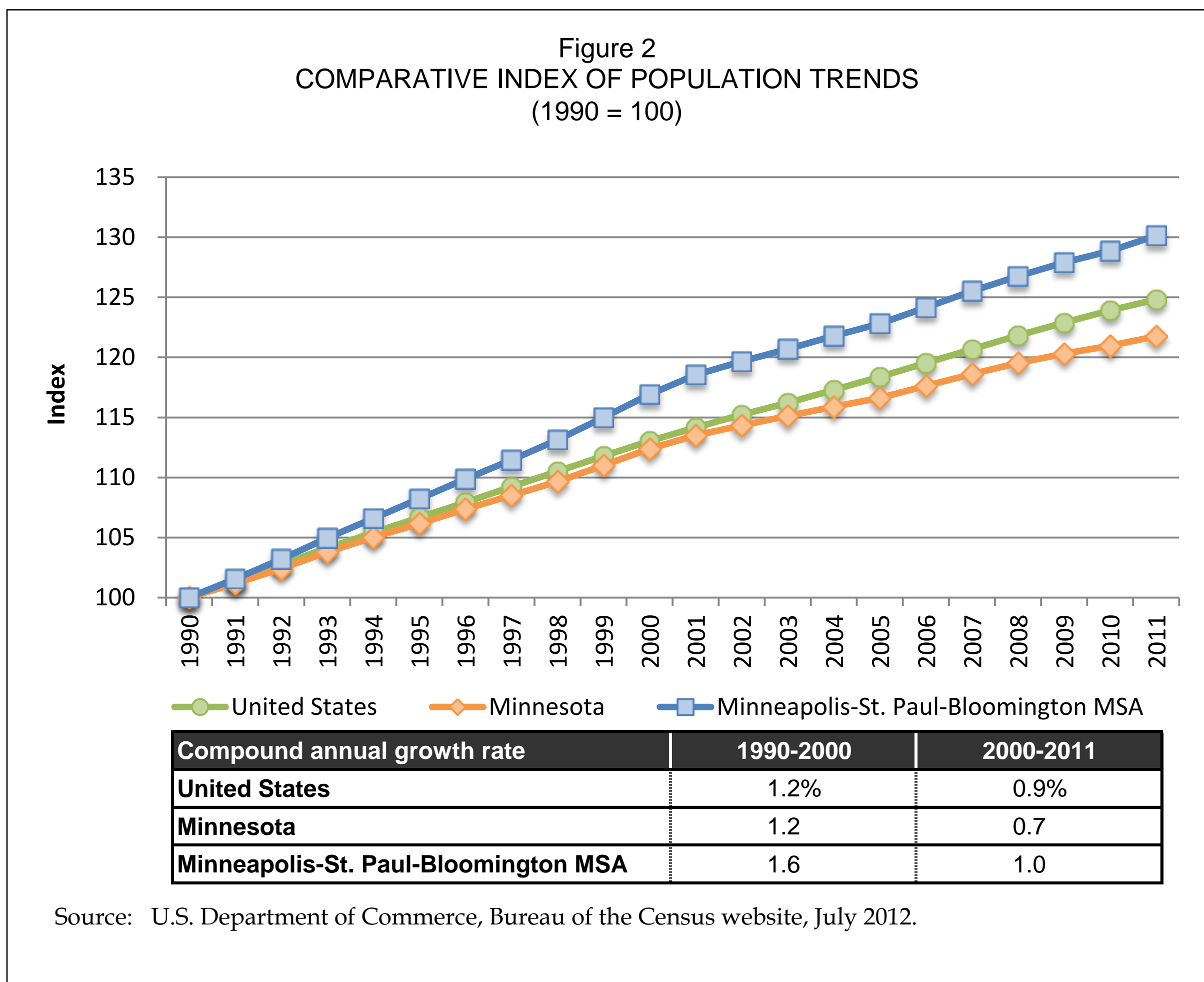


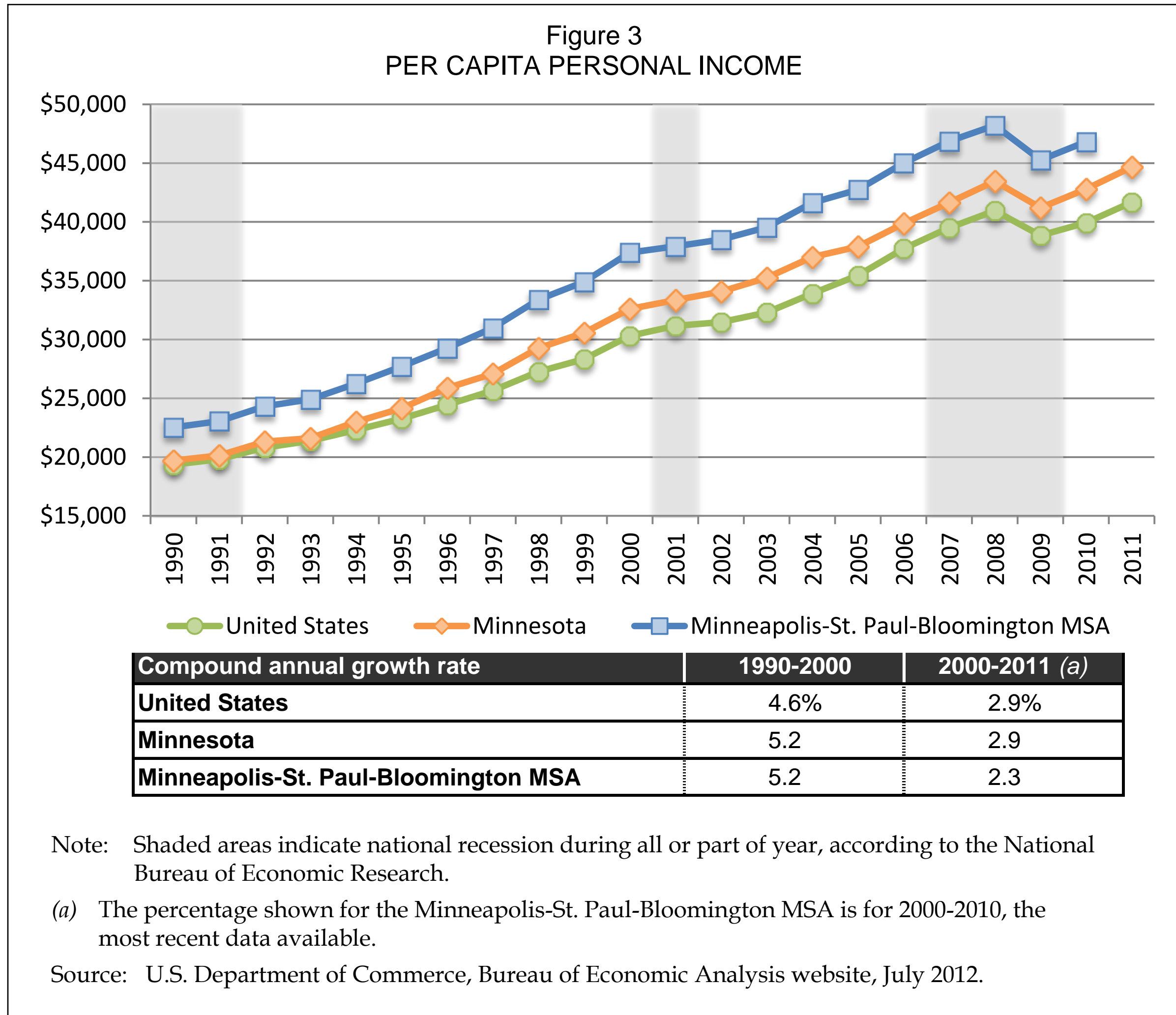
Figure 2
COMPARATIVE INDEX OF POPULATION TRENDS
(1990 = 100)

Compound annual growth rate	1990-2000	2000-2011
United States	1.2%	0.9%
Minnesota	1.2	0.7
Minneapolis-St. Paul-Bloomington MSA	1.6	1.0

Source: U.S. Department of Commerce, Bureau of the Census website, July 2012.

2.2.2 Income

Figure 3 shows that the MSA's per capita personal income in 2010 ($46,800) was higher than both the state average ($42,800) and the national average ($39,900). In fact, the MSA ranked 23rd among the 366 metropolitan statistical areas nationwide in terms of per capita personal income. Per capita income growth in the MSA has generally mirrored the pattern of nationwide growth, while remaining at somewhat higher levels over the past two decades.



Compound annual growth rate	1990-2000	2000-2011 *(a)*
United States	4.6%	2.9%
Minnesota	5.2	2.9
Minneapolis-St. Paul-Bloomington MSA	5.2	2.3

Note: Shaded areas indicate national recession during all or part of year, according to the National Bureau of Economic Research.

(a) The percentage shown for the Minneapolis-St. Paul-Bloomington MSA is for 2000-2010, the most recent data available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis website, July 2012.

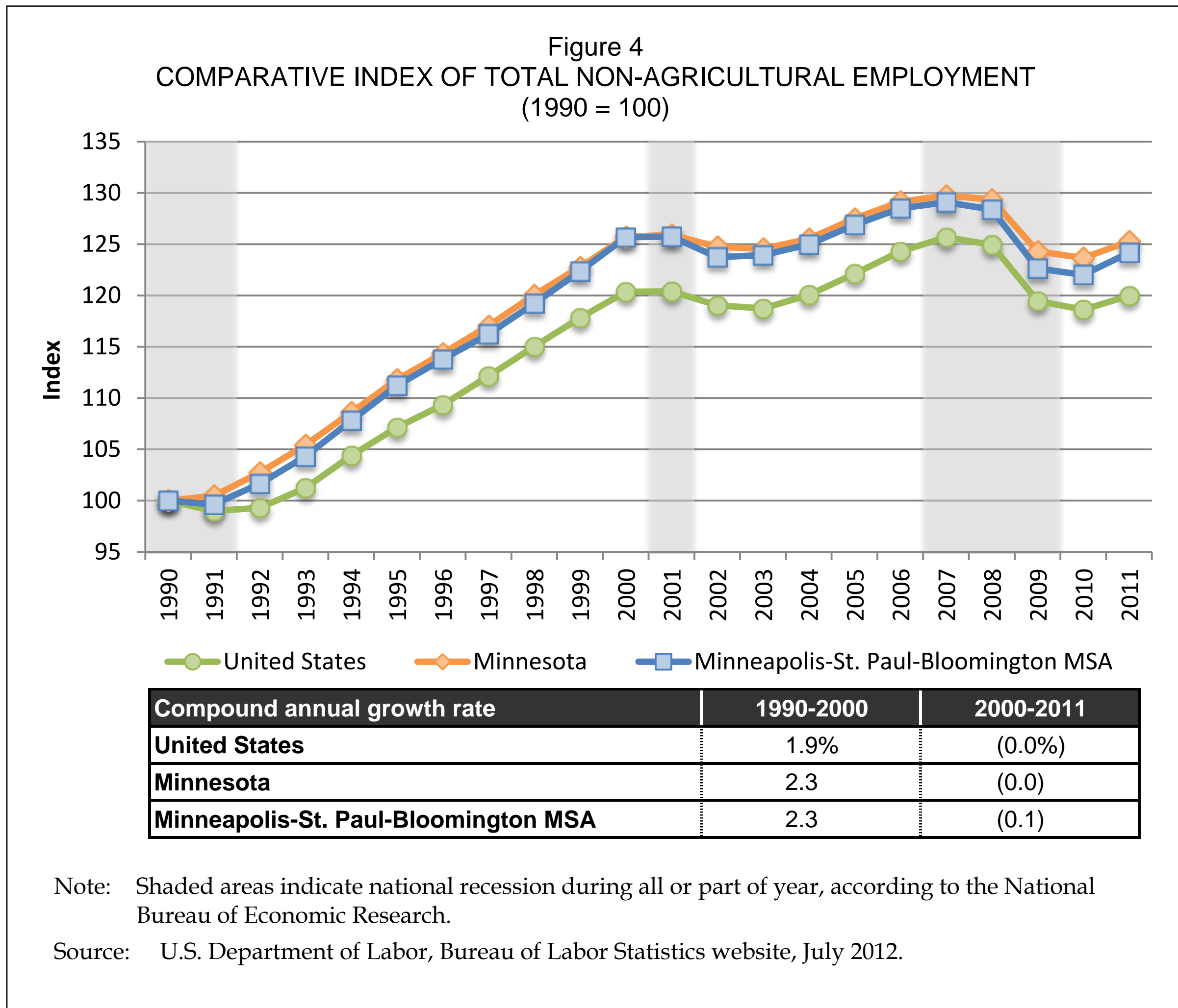
Measured on a household basis, a greater proportion of households in the MSA have incomes of greater than $75,000 per year (42%) relative to the national average (33%), according to the U.S. Census Bureau's American Community Survey.

2.2.3 Employment

Figure 4 shows that, since 1990, employment growth in the MSA has generally mirrored statewide employment growth. Aside from a relatively quicker recovery from the 1990-91 recession, employment growth in both the MSA and Minnesota has generally followed the nationwide pattern. Despite interim fluctuations, the MSA, Minnesota, and the nation have experienced no net growth in employment since 2000.

Unemployment rates, employment by sector, and major employers are discussed below.

Figure 4
COMPARATIVE INDEX OF TOTAL NON-AGRICULTURAL EMPLOYMENT
(1990 = 100)



Compound annual growth rate	1990-2000	2000-2011
United States	1.9%	(0.0%)
Minnesota	2.3	(0.0)
Minneapolis-St. Paul-Bloomington MSA	2.3	(0.1)

Note: Shaded areas indicate national recession during all or part of year, according to the National Bureau of Economic Research.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, July 2012.

Unemployment Rate

Low unemployment rates serve as an indicator of an area's economic health. Figure 5 shows that unemployment in the MSA has been lower than or equal to that of the United States and Minnesota overall in every year since 1990. During the most recent economic recession, unemployment rates increased substantially; the Bureau of Labor Statistics estimates that unemployment in the MSA peaked at 7.9% in 2009, below the Minnesota (8.0%) and national (9.7%) peaks. Since this peak, the MSA and Minnesota have recovered more quickly than the nation. Unemployment rates during the first 5 months of 2012 were 5.7% for the MSA, 6.0% for Minnesota, and 8.3% for the nation.

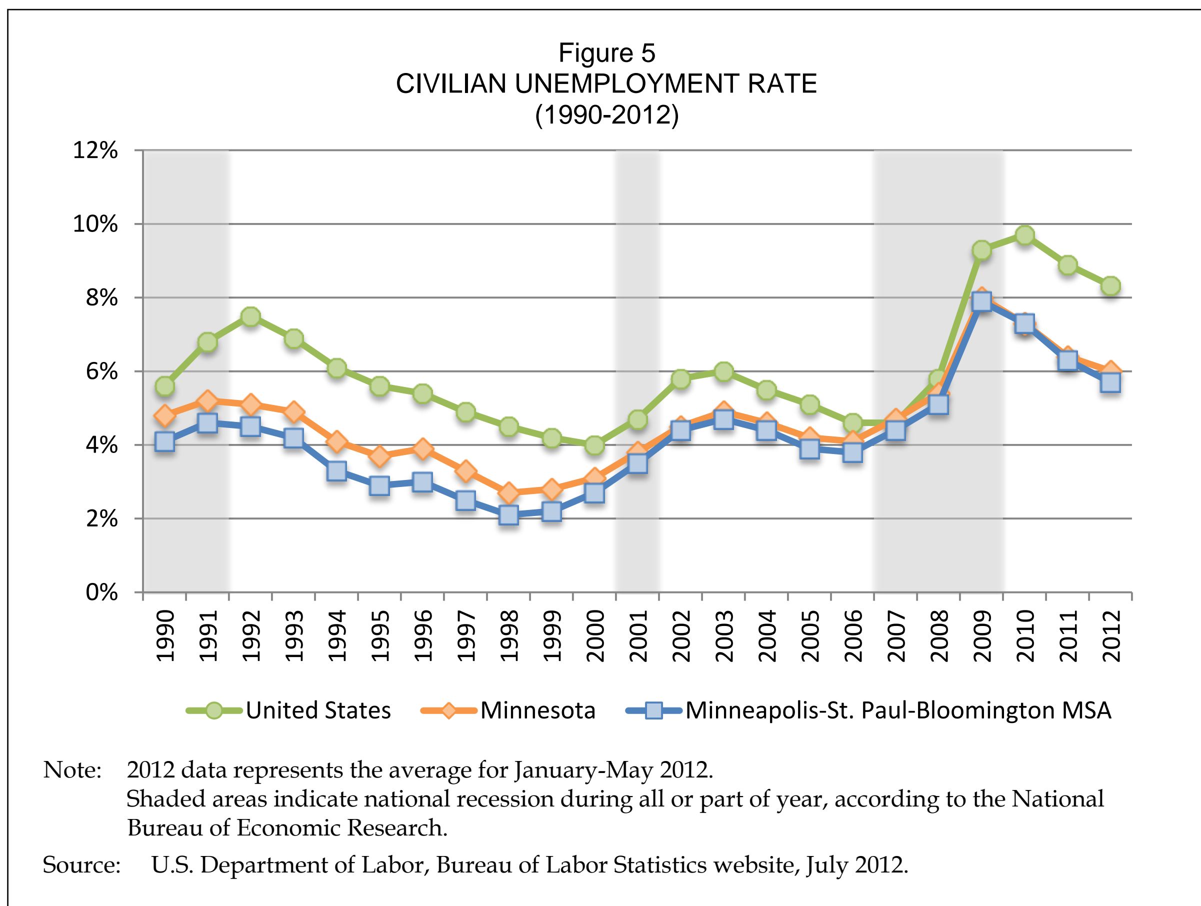


Figure 5
CIVILIAN UNEMPLOYMENT RATE
(1990-2012)

Note: 2012 data represents the average for January-May 2012.
Shaded areas indicate national recession during all or part of year, according to the National Bureau of Economic Research.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, July 2012.

Employment by Sector

Table 3 shows the major nonagricultural employment sectors. The MSA has a higher percentage of jobs in education and health services, financial activities, professional/business services, and manufacturing than the United States overall, and a lower percentage in trade, transportation, utilities; government; and leisure and hospitality.

Table 3
AVERAGE ANNUAL NONAGRICULTURAL EMPLOYMENT GROWTH, 2001-2011, AND EMPLOYMENT SHARE BY INDUSTRY, 2011

	Compound annual growth rate 2001-2011			2011 Percent of total		
Industry	MSA	Minnesota	United States	MSA	Minnesota	United States
Trade, Transportation, Utilities	(1.1%)	(0.8%)	(0.4%)	18.1%	18.5%	19.0%
Education & Health Services	3.7	3.3	2.4	16.0	17.5	15.1
Professional/Business Services	0.2	0.5	0.5	15.3	12.3	13.2
Government	(0.1)	(0.0)	0.5	13.4	15.3	16.8
Manufacturing	(2.4)	(2.3)	(3.3)	10.3	11.2	8.9
Leisure & Hospitality	0.6	0.4	1.0	9.1	8.8	10.1
Financial Activities	0.2	0.3	(0.2)	8.0	6.5	5.8
Other Services	0.5	(0.2)	0.2	4.5	4.3	4.1
Natural Resources, Mining, Construction	(4.0)	(2.8)	(1.7)	3.2	3.6	4.8
Information	(2.6)	(2.8)	(3.1)	2.2	2.0	2.0
TOTAL	(0.1%)	(0.1%)	(0.0%)	100.0%	100.0%	100.0%

Note: Columns may not add to totals shown because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics, July 2012.

Major Employers

Table 4 shows the top private employers in Minnesota, ranked by the number of in-state employees. Eleven of the 20 companies listed are ranked in the Fortune 500 list of largest U.S. companies, based upon worldwide revenues. Ten of the 20 companies are engaged in health services or medical technology. Delta Air Lines, the eighth-largest employer in the state, is the dominant provider of passenger airline service at the Airport.

Table 4
MAJOR PRIVATE-SECTOR EMPLOYERS IN MINNESOTA
(Ranked by number of in-state employees)

Company	Employment	Type of business
Mayo Foundation	32,893	Health services
Target Corp. *(a),(b)*	30,500	Retail trade
Allina Health System	23,302	Health services
Wal-Mart Stores *(a)*	20,434	Retail trade
Fairview Health Services	20,178	Health services
Wells Fargo *(a)*	20,000	Financial services
3M Co. *(a),(b)*	15,000	Manufacturing
Delta Air Lines *(a)*	13,000	Passenger airline
HealthPartners	12,000	Health services
U.S. Bancorp *(a),(b)*	10,655	Financial services
UnitedHealth Group *(a),(b)*	10,000	Health services
Essentia Health	9,100	Health services
Medtronic *(a),(b)*	9,000	Medical technology
Supervalu *(a),(b)*	8,578	Retail trade
Park Nicollet Health Services	8,274	Health services
Hormel Foods *(a)*	7,800	Manufacturing
Best Buy *(a),(b)*	7,527	Retail trade
HealthEast Care System	7,345	Health services
Thomson Reuters Legal	7,100	Legal services
CentraCare Health System	6,624	Health services

(a) Ranked in 2012 Fortune 500 list of largest U.S. companies (based upon 2011 revenues).
(b) Fortune 500 company headquartered in the MSA.

Source: Minneapolis/St. Paul Business Journal, *2012 Book of Lists*.

Additionally, 18 Fortune 500 companies* maintain corporate headquarters in the MSA. Corporate headquarters are important generators of airline travel demand

*UnitedHealth Group, Target, Best Buy, Supervalu, CHS, 3M, U.S. Bancorp, Medtronic, General Mills, Land O'Lakes, Xcel Energy, Ameriprise Financial, C.H. Robinson Worldwide, Mosaic, Thrivent Financial for Lutherans, Ecolab, St. Jude Medical, and Nash-Finch.

due to trips to and from field offices and customer locations, as well as visits from vendors and suppliers.

2.2.4 Tourism and Local Activities

Located within the MSA are numerous tourist attractions as well as local activities. Given the lengthy winter season in the Twin Cities, the area offers many indoor activities. For example, the MSA is home to one of the nation's largest shopping centers and entertainment complexes, the Mall of America, located in Bloomington (less than 5 miles from the Airport). The Mall of America's website reports that it receives over 40 million visitors per year, and that over one-third of its visitors are tourists rather than area residents. In addition, 42% of all tourists cite the Mall of America as their primary reason for visiting the area.

In addition to shopping, the region offers a number of cultural activities. The area has a number of nationally renowned art, music, and theatre organizations including the Guthrie Theater, the Children's Theatre Company, the Minnesota Orchestra, the St. Paul Chamber Orchestra, the Minnesota Opera, the Walker Art Center, and the Minneapolis Institute of Arts. The MSA also has three historic theaters that host Broadway shows and other cultural events, namely, the State Theatre, the Orpheum Theatre, and the Pantages Theatre.

With respect to sports activities, the MSA is home to five major league professional sports teams: (1) the Minnesota Twins baseball team, (2) the Minnesota Vikings football team, (3) the Minnesota Timberwolves basketball team, (4) the Minnesota Lynx women's basketball team, and (5) the Minnesota Wild hockey team. At the college level, the University of Minnesota Gophers compete within the Big Ten Conference in a number of sports, including basketball, hockey, football, and soccer.

Major local activities include the annual Minnesota State Fair (one of the largest in the nation) held for 12 days in late August and early September; the annual Minneapolis Aquatennial, a festival celebrating lakes and rivers throughout the city, is held for nine days in July; and the annual St. Paul Winter Carnival held for 11 days in the latter part of January.

2.3 ECONOMIC OUTLOOK

Between the fourth quarter of 2007 and the second quarter of 2009, the U.S. economy, as measured by real gross domestic product (GDP), contracted 4.1%. National GDP growth resumed in the second half of 2009, but economic growth since then has not been strong enough to replace the jobs lost during the 2008-2009 recession.

In August 2011, Standard & Poor's lowered the U.S. long-term sovereign credit rating from AAA to AA+, citing the high federal debt and concerns about the effectiveness of U.S. policymaking and political institutions in stabilizing the government's debt dynamics. The credit downgrade, as well as the possibility of

default by heavily indebted European nations and other global economic and political uncertainties, contributed to renewed concerns about recession in the European and U.S. economies.

2.3.1 National Economic Outlook

In August 2012, the Congressional Budget Office (CBO) updated its budgetary and economic outlook. It envisages continued modest recovery—GDP growth of 2.25%—during the second half of 2012. However, the CBO indicates a high degree of economic uncertainty with regard to 2013, related to substantial changes in tax and spending policies that could take effect in January 2013 following the upcoming U.S. presidential election. CBO's expectations for GDP in 2013 range from a 0.5% decline to a 1.7% increase. Economic growth is projected to strengthen in the years 2014 through 2017.

Sustained strong economic growth, nationally and regionally, will depend on, among other factors, recovery in the housing market, the effectiveness of monetary stimulus, the health of the financial and credit markets, the strength of the U.S. dollar versus other currencies, energy prices, the ability of the federal government to reduce historically high fiscal deficits, inflation remaining within the range targeted by the Federal Reserve, and the economic health of U.S. trading partners.

2.3.2 Regional Economic Outlook

The Federal Reserve Bank of Minneapolis, in its July 2012 *Ninth District Outlook* publication, states that the modest economic recovery of the past few years will continue through 2013 within the district.[*] For Minnesota specifically, the Federal Reserve Bank of Minneapolis projects a slight increase in employment, a slight decrease in the unemployment rate, and a moderate increase in personal income in 2012 and 2013.

The Metropolitan Council, a regional planning organization based in St. Paul, periodically publishes long-range projections of population and employment for a core seven-county region representing more than 85% of the population of the MSA. The Metropolitan Council's most recent projections, published in April 2012, call for 1.0% and 1.2% average annual growth in population and employment, respectively, in the seven-county region between 2010 and 2020. These projections are modestly in excess of population projections prepared by the U.S. Census Bureau for the nation and Minnesota (0.8% and 0.9% annual growth, respectively, between 2010 and 2020), and of employment projections prepared by the Bureau of Labor Statistics for the nation (1.0% annual growth between 2008 and 2018) and by the Minnesota Department of Employment and Economic Development for the state (0.8% annual growth between 2009 and 2019).

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*The Ninth Federal Reserve District includes Minnesota, North Dakota, South Dakota, Montana, northern Wisconsin, and Michigan's Upper Peninsula.

2.4 AIRPORT RANKINGS AND ROLES

MSP is a large-hub airport, as defined by the Federal Aviation Administration (FAA), and a key connecting hub in the route network of Delta Air Lines that was inherited as part of its merger with Northwest Airlines in 2008. The central location of MSP in the continental United States allows for passenger connections that minimize routing circuity, particularly for transcontinental trip itineraries. Additionally, the Airport is an international gateway for destinations in Canada, Europe, the Caribbean, Mexico, and Asia. Delta had a 78% market share at MSP, as measured by passenger numbers, in 2011.

2.4.1 Comparison to National Trends

Figure 6 shows trends in the total number of enplaned passengers at MSP relative to national trends since 2000. MSP and the nation recorded generally similar passenger traffic trajectories between 2000 and 2005. Between 2005 and 2007, however, the number of enplaned passengers declined at MSP, due largely to a loss of connecting traffic as Northwest restructured during bankruptcy, while the number of passengers nationwide continued to increase. Since 2007, MSP and the nation have again followed similar patterns: decline during the 2008 run-up of energy prices and the 2008-2009 economic recession, and a return to positive growth thereafter. However, the 2011 passenger number at MSP was approximately 5% below their level in 2000.

2.4.2 Position Among the Top U.S. Airports

According to Airports Council International (ACI) statistics for 2011, MSP was the 39th largest airport in the world as measured by total passengers.

U.S. Department of Transportation (DOT) statistics show that, for 2011, MSP was the 16th largest airport in the nation in terms of total enplaned (domestic and international) passengers, as illustrated on Figure 7.

Passenger enplanements totaled 15.9 million at MSP during 2011. A total of approximately 8.4 million of those passengers originated their outbound or return airline trips at MSP in 2011 (i.e., these passengers did not connect from another flight). Figure 7 shows that these O&D passengers made up 53% of the passenger base at MSP.* O&D passengers accounted for 54% or more of all passengers at 12 of the top 20 U.S. airports, indicating a somewhat greater concentration of connecting traffic at MSP relative to many of its peer large-hub airports. (See discussion of natural hub concept in Section 2.5.2, Passenger Traffic Trends, in the subsection, Connecting Passenger Trends.)

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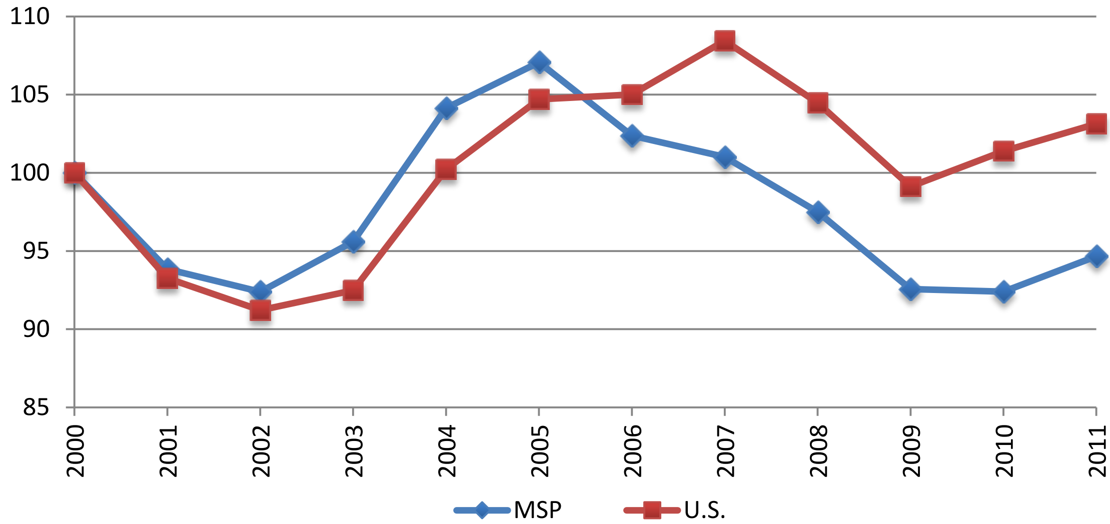
*O&D passengers are those who use the subject airport as their initial point of departure or their final destination.



Sources: U.S. DOT, Schedules T100 and 298C T1, July 2012.

MSP is one of seven connecting hub airports in the United States for Delta Air Lines, as shown earlier on Figure 1. When Northwest was an independent airline, prior to its merger with Delta, MSP was one of its three U.S. hub airports. (See discussion of Delta's hubs in Section 2.4.3, Delta Air Lines/Northwest Airlines.)

MSP's ranking by domestic enplaned passengers, international enplaned passengers, and cargo tonnage is summarized in the sections that follow.

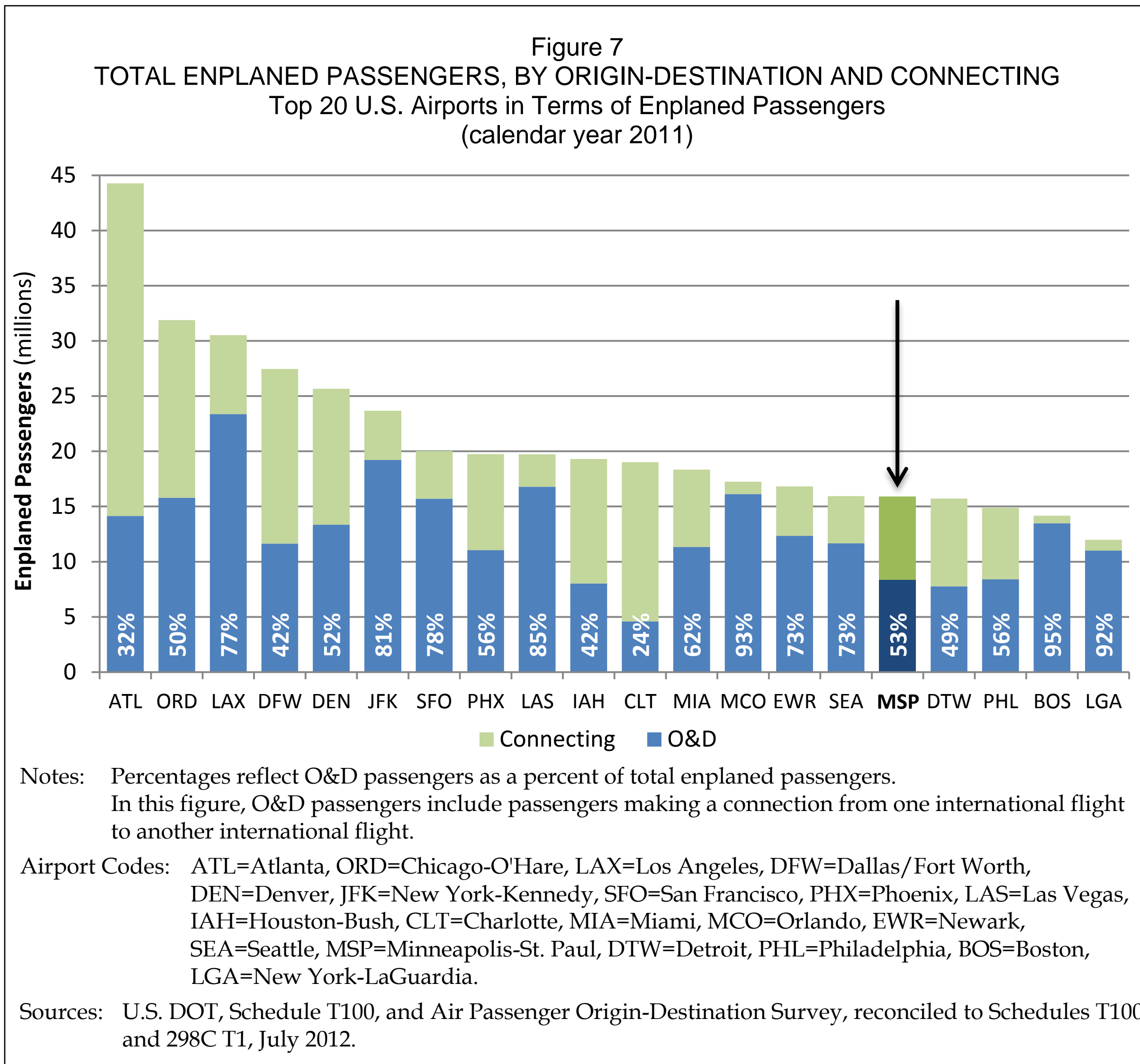


Figure 7
TOTAL ENPLANED PASSENGERS, BY ORIGIN-DESTINATION AND CONNECTING
Top 20 U.S. Airports in Terms of Enplaned Passengers
(calendar year 2011)

Notes: Percentages reflect O&D passengers as a percent of total enplaned passengers. In this figure, O&D passengers include passengers making a connection from one international flight to another international flight.

Airport Codes: ATL=Atlanta, ORD=Chicago-O'Hare, LAX=Los Angeles, DFW=Dallas/Fort Worth, DEN=Denver, JFK=New York-Kennedy, SFO=San Francisco, PHX=Phoenix, LAS=Las Vegas, IAH=Houston-Bush, CLT=Charlotte, MIA=Miami, MCO=Orlando, EWR=Newark, SEA=Seattle, MSP=Minneapolis-St. Paul, DTW=Detroit, PHL=Philadelphia, BOS=Boston, LGA=New York-LaGuardia.

Sources: U.S. DOT, Schedule T100, and Air Passenger Origin-Destination Survey, reconciled to Schedules T100 and 298C T1, July 2012.

Ranking by Domestic Enplaned Passengers

Table 5 shows that MSP ranked 12th among U.S. airports in terms of total domestic enplaned passengers in 2011. The number of domestic passengers enplaned at the Airport in 2011 was 3.6% lower than in 2000. By comparison, the number of domestic passengers enplaned at all U.S. airports increased 1.6% over the 11-year period.

Table 5
COMPARATIVE TRENDS IN DOMESTIC ENPLANED PASSENGERS
Top 20 U.S. Airports
(calendar years; passengers in thousands)

2011		Domestic enplaned passengers			Increase/(decrease) in passengers		2011 as percent
Rank	City(-Airport)	2000	2010	2011	2000-2010	2010-2011	of 2000
1	Atlanta	36,121	38,514	39,595	2,393	1,081	109.6%
2	Chicago-O'Hare	28,700	27,008	26,704	(1,693)	(304)	93.0
3	Dallas/Ft. Worth	25,763	24,515	24,846	(1,248)	331	96.4
4	Denver	17,681	24,284	24,786	6,603	503	140.2
5	Los Angeles	23,986	21,185	22,455	(2,801)	1,271	93.6
6	Phoenix	17,578	17,847	18,652	269	805	106.1
7	Las Vegas	15,888	17,834	18,482	1,946	648	116.3
8	Charlotte	10,975	17,304	17,617	6,329	313	160.5
9	San Francisco	15,575	15,155	15,721	(420)	566	100.9
10	Orlando	13,492	15,453	15,550	1,961	97	115.2
11	Houston-Bush	13,663	15,343	15,075	1,680	(268)	110.3
12	**Minneapolis-St. Paul**	**15,340**	**14,375**	**14,781**	**(965)**	**406**	**96.4**
13	Seattle	12,721	14,018	14,499	1,297	481	114.0
14	Detroit	15,265	14,196	14,212	(1,069)	16	93.1
15	Philadelphia	10,986	13,071	12,975	2,085	(97)	118.1
16	Boston	11,496	11,711	12,185	215	473	106.0
17	New York-Kennedy	7,055	11,549	11,881	4,494	332	168.4
18	New York-LaGuardia	11,996	11,463	11,449	(533)	(14)	95.4
19	New York-Newark	12,782	10,889	11,099	(1,893)	209	86.8
20	Baltimore	9,351	10,592	10,781	1,240	190	115.3
	Total---top 30 airports	**326,415**	**346,306**	**353,344**	**19,891**	**7,038**	**108.2%**
	All Other	304,550	285,668	287,642	(18,882)	1,974	94.4
	Total---all U.S. airports	**630,965**	**631,974**	**640,987**	**1,009**	**9,013**	**101.6%**

Sources: U.S. DOT, Schedules T100 and 298C T1, July 2012.

Ranking by International Enplaned Passengers

Table 6 shows that MSP ranked 21st among U.S. airports in terms of total international enplaned passengers in 2011. The number of international passengers enplaned at the Airport in 2011 was 25% lower than in 2000, driven by the loss of Sun Country's international charter service and, to a lesser extent, a decline in gateway connecting traffic at MSP over the 11-year period. By comparison, the number of international passengers enplaned at all U.S. airports increased 17% over the 11-year period.

Table 6
COMPARATIVE TRENDS IN INTERNATIONAL ENPLANED PASSENGERS
Top 25 U.S. Airports
(calendar years; passengers in thousands)

2011 Rank	Airport	International enplaned passengers 2000	2010	2011	Increase/(decrease) in passengers 2000-2010	2010-2011	2011 as percent of 2000
1	New York-Kennedy	9,018	11,379	11,782	2,361	402	130.6%
2	Miami	7,986	8,372	9,187	386	815	115.0
3	Los Angeles	8,159	7,671	8,069	(488)	398	98.9
4	New York-Newark	4,402	5,679	5,713	1,276	34	129.8
5	Chicago-O'Hare	4,962	5,162	5,183	199	22	104.5
6	Atlanta	3,112	4,509	4,679	1,397	170	150.3
7	San Francisco	3,952	4,191	4,317	238	126	109.2
8	Houston-Bush	2,666	4,181	4,229	1,514	48	158.6
9	Wash. DC-Dulles	1,948	2,993	3,119	1,046	126	160.2
10	Dallas/Fort Worth	2,415	2,524	2,611	109	87	108.1
11	Boston	2,132	1,849	1,985	(283)	136	93.1
12	Philadelphia	1,283	1,877	1,906	594	29	148.6
13	Honolulu	2,494	1,804	1,877	(690)	73	75.3
14	Fort Lauderdale	701	1,620	1,757	920	137	250.9
15	Orlando	1,219	1,558	1,699	339	142	139.4
16	Detroit	1,919	1,435	1,503	(484)	68	78.3
17	Seattle	1,110	1,361	1,442	251	81	130.0
18	Charlotte	474	1,324	1,404	850	81	296.2
19	Las Vegas	512	1,075	1,253	563	178	244.7
20	Guam	1,398	1,272	1,220	(126)	(52)	87.2
21	**Minneapolis-St. Paul**	**1,467**	**1,133**	**1,106**	**(334)**	**(27)**	**75.4**
22	Phoenix	490	1,050	1,097	560	48	223.9
23	Denver	632	958	880	326	(78)	139.1
24	San Juan	1,151	610	554	(540)	(56)	48.2
25	New York-LaGuardia	690	538	540	(152)	2	78.2
	Total---top 20 airports	**66,292**	**76,122**	**79,111**	**9,830**	**2,989**	**119.3%**
	All Other	4,611	3,468	3,764	(1,143)	296	81.6
	Total---all U.S. airports	**70,903**	**79,590**	**82,875**	**8,687**	**3,285**	**116.9%**

Sources: U.S. DOT, Schedules T100 and 298C T1, July 2012.

Ranking by Cargo Tonnage

Table 7 shows that MSP ranks 25th among U.S. airports in terms of air cargo tonnage. In 2011, more than 1.25 million pounds of cargo, on average, were handled at the Airport every day.

Table 7
RANKING OF U.S. AIRPORTS BY TOTAL AIR CARGO TONNAGE
(calendar year 2011; in metric tons)

Rank	Airport	Cargo tonnage
1	Memphis	3,916,410
20	Seattle	279,625
21	Phoenix	274,046
22	Boston	251,520
23	Denver	248,141
24	Salt Lake City	233,143
25	**Minneapolis-St. Paul**	**208,636**
26	Detroit	206,426
27	Portland	194,513
28	Toledo	163,901
29	Orlando	146,476
30	Charlotte	125,140

Note: Sum of enplaned and deplaned cargo tonnage.
Source: Airports Council International, *2011 North American Traffic Report.*

2.4.3 Delta Air Lines/Northwest Airlines

Northwest Airlines started flying mail between Minneapolis-St. Paul and Chicago in 1926, and has continuously served MSP ever since. In 1986, the airline supplemented its hub at MSP with hubbing operations at Detroit and Memphis, gained through its acquisition of Republic Airlines in that year. Northwest was headquartered in Minneapolis-St. Paul until its October 2008 merger with Atlanta-based Delta Air Lines. With the merger, the combined airline became the world's largest in terms of enplaned passengers, employing approximately 78,400 full-time equivalent employees and operating a fleet of roughly 775 aircraft as of December 31, 2011.

Delta Air Lines, which subsequent to its merger with Northwest is the primary airline at MSP, has significant shares of the U.S. domestic, transatlantic, and transpacific markets. Table 8 shows that, within Delta's U.S. airport network in the summer of 2012, MSP ranked second in terms of seats on domestic flights, just ahead

of Detroit, and behind only Atlanta. MSP ranked fourth in Delta's network in terms of seats on international flights. Delta reduced its capacity at many of the airports depicted in Table 8, including MSP, between 2007 and 2012. The degree of reduction at MSP was less than at Delta's Salt Lake City, Memphis, and Cincinnati hubs, however.

Table 8
TOTAL SCHEDULED DEPARTING SEATS ON DELTA AIR LINES
Top U.S. City Markets in Delta's System
(for the first week of August)

2012 Rank	City market	Departing seats (thousands) 2007	2008	2009	2010	2011	2012
DOMESTIC:							
1	Atlanta	714	676	696	717	746	784
2	**Minneapolis-St. Paul**	328	331	332	317	316	307
	Percent of total	***8.1%***	***8.6%***	***8.9%***	***8.7%***	***8.6%***	***8.3%***
3	Detroit	303	313	291	307	303	294
4	New York *(a)*	220	225	224	223	233	272
5	Salt Lake City	204	188	206	193	180	176
6	Los Angeles *(b)*	119	113	96	106	113	113
7	Washington DC/Baltimore *(c)*	105	106	102	92	103	85
8	Memphis	119	120	117	113	92	71
9	Orlando	80	64	56	58	62	60
10	Cincinnati	180	162	119	82	74	59
	All other markets	1,658	1,550	1,474	1,449	1,475	1,472
	Total---all markets	4,031	3,849	3,712	3,658	3,697	3,692
INTERNATIONAL:							
1	Atlanta	117	125	114	116	116	109
2	New York *(a)*	58	72	70	75	70	70
3	Detroit	42	42	31	35	40	40
4	**Minneapolis-St. Paul**	27	30	27	29	26	24
	Percent of total	***8.5%***	***8.8%***	***8.8%***	***9.2%***	***7.9%***	***7.7%***
5	Honolulu	10	10	8	9	12	15
6	Guam	4	6	4	8	10	11
7	Los Angeles	6	6	7	8	8	10
8	Salt Lake City	12	8	7	6	9	8
9	Saipan	7	6	5	5	9	8
10	Seattle	7	8	6	8	7	5
	All other markets	129	146	124	130	129	127
	Total---all markets	320	344	303	321	325	318

Notes: Includes departing seats on Delta, Northwest, and their regional affiliated carriers. Columns may not add to totals shown because of rounding.

(a) Delta serves LaGuardia, Kennedy, and Newark airports. Delta did not operate international service at Newark in 2007 or at LaGuardia in 2011.
(b) Delta serves Los Angeles, Burbank, Long Beach, Ontario, and Santa Ana airports.
(c) Delta serves Reagan, Dulles, and Baltimore airports.

Source: Official Airline Guides, Inc., August 2012.

Figure 8 illustrates Delta's mix of O&D and connecting passengers at each of its seven hub airports in 2011. MSP accommodated 4.9 million O&D enplaned passengers in 2011, second only to Delta's largest hub in Atlanta. This sizable base of O&D passengers supports Delta's connecting operation at MSP by enabling it to maintain high frequencies for accommodating passenger connections efficiently.

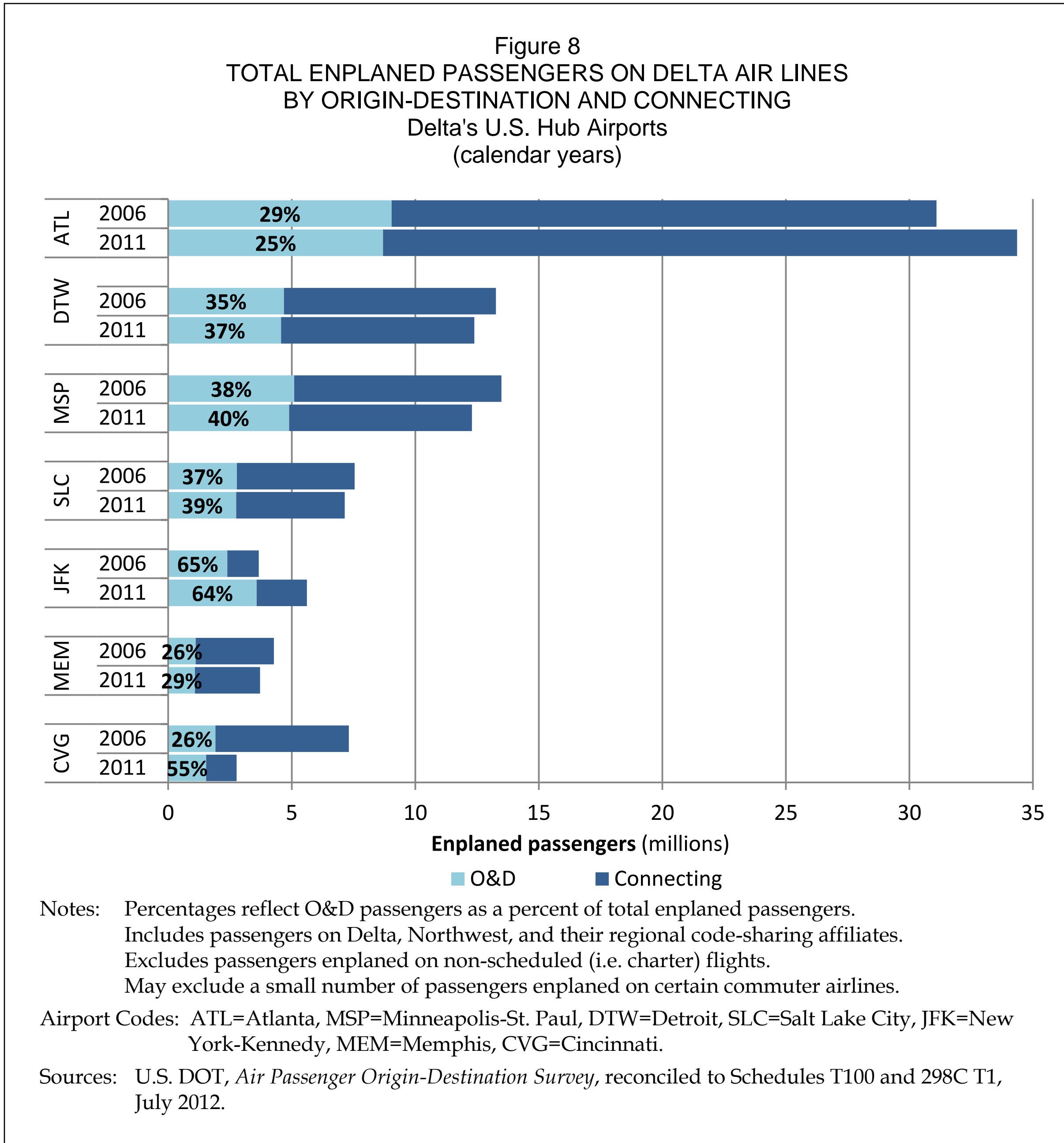


Figure 8
TOTAL ENPLANED PASSENGERS ON DELTA AIR LINES
BY ORIGIN-DESTINATION AND CONNECTING
Delta's U.S. Hub Airports
(calendar years)

Notes: Percentages reflect O&D passengers as a percent of total enplaned passengers.
Includes passengers on Delta, Northwest, and their regional code-sharing affiliates.
Excludes passengers enplaned on non-scheduled (i.e. charter) flights.
May exclude a small number of passengers enplaned on certain commuter airlines.

Airport Codes: ATL=Atlanta, MSP=Minneapolis-St. Paul, DTW=Detroit, SLC=Salt Lake City, JFK=New York-Kennedy, MEM=Memphis, CVG=Cincinnati.

Sources: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, July 2012.

In 2000, Delta announced the formation of the SkyTeam alliance, a commercial arrangement made in conjunction with three other airlines: Air France, Aeromexico, and Korean Air. By September 2012, Aeroflot, Aerolineas Argentinas, Air Europa, Alitalia, China Airlines, China Eastern Airlines, China Southern Airlines, Czech Airlines, Kenya Airways, KLM Royal Dutch Airlines, Middle East Airlines, Saudia Airlines, TAROM, and Vietnam Airlines had also joined the alliance. (Northwest joined the alliance in 2004, prior to its merger with Delta). Under the alliance agreement, Delta and the other airlines work together in a number of ways, including flight code sharing, scheduling and pricing, marketing and sales, and airport ground handling. The benefits to Delta include additional connecting traffic, access to markets where the airline does not currently operate, and cost savings in such areas as training, purchasing, and airport ground handling.

In the second quarter of 2012, Delta reported a $168 million net loss. Excluding restructuring expenses and special items, however, the company reported a $586 million net profit, a better result than any other major U.S. airline. In terms of operating revenue, Delta reported $9.7 billion for the second quarter of 2012—a 6% increase from the second quarter of 2011—driven by improvements in fare yield.

Delta's revenue growth occurred against a backdrop of reduced capacity (as measured by available seat-miles [ASMs]), resulting in an even larger increase in revenue per ASM (+8.5%) relative to the second quarter of 2011. Delta's cost per ASM (excluding fuel costs, profit sharing, and special items), by comparison, increased only 3.6% relative to the second quarter of 2011, improving its profitability.

2.5 AIRLINE SERVICE AND PASSENGER TRAFFIC

In addition to being a major hub for Delta, MSP is served by a diverse group of airlines. Table 9 lists the passenger airlines that provided service at MSP during the 12 months ended June 30, 2012. Several all-cargo carriers, including FedEx, UPS, Air Transport International/BAX Global, and ABX Air/DHL, also provided service at the Airport.

Table 9
AIRLINES REPORTING ENPLANED PASSENGERS
Minneapolis-St. Paul International Airport
(12 months ended June 2012)

U.S. AIRLINES (23)

Air Wisconsin (US)	Compass (DL)	Pinnacle (DL)	US Airways
Alaska	Continental Express (CO) *(a)*	Republic (F9,US)	United/Continental
American	Delta	Shuttle America (DL,UA)	
American Eagle (AA)	Frontier	Skywest (CO,DL,UA)	
Atlantic Southeast (DL) *(a)*	GoJet (DL)	Southwest/AirTran	
Chautauqua (CO)	Great Lakes	Spirit	
Comair (DL) *(b)*	Mesaba (DL) *(c)*	Sun Country	

FOREIGN-FLAG AIRLINES (2)

Air Canada	Icelandair

Notes: Includes airlines reporting more than 1,000 enplaned passengers during the 12 months ended June 30, 2012.
Major code-sharing partner airline is shown in parentheses: AA=American, CO=Continental, DL=Delta, F9=Frontier, UA=United, US=US Airways.

(a) Atlantic Southeast and ExpressJet (doing business as Continental Express at MSP) merged in 2010 and began operating under the ExpressJet name in December 2011.
(b) Comair ceased service in September 2012.
(c) Mesaba ceased service in January 2012.

Source: Metropolitan Airports Commission.

2.5.1 Airline Service

Figure 9 shows the locations of the U.S. airports served by daily scheduled nonstop jet flights from MSP in the first week of August 2012.

Figure 9

U.S. AIRPORTS SERVED BY DAILY SCHEDULED NONSTOP ROUND TRIP PASSENGER JET FLIGHTS

Minneapolis-St. Paul International Airport

(first week of August 2012)

Source: Official Airline Guides, Inc., August 2012.

The comparisons of current airline service at MSP with service offered over the past 12 years, depicted in Tables 10, 11, and 12, are based on published flight schedules in the first week of August in 2000, 2006, 2011, and 2012.

Table 10 summarizes changes in domestic airline service at the Airport since 2000. While the number of domestic cities served nonstop was higher in 2012 than in 2000, numbers of both departing flights and seats declined over the 12-year period. The declines in airline service since 2006 were related in part to the restructuring by Northwest during that period and, more recently, to the industry-wide reduction in capacity that occurred during and after the 2008-2009 recession. Some of the decline in capacity was mitigated by substantially higher passenger load factors, by which airlines accommodated more passengers with fewer seats.

Over the 12-year period, the reduction in airline service was most substantial on short-haul routes. For medium- and long-haul routes, by contrast, the level of airline service remained more stable at MSP. Table 10 also illustrates the increasing role played by regional jets at MSP. In 2000, regional jets accounted for only 6% and 4% of the Airport's domestic flights and seats, respectively; by 2012, they accounted for 51% and 31%, partially offsetting declines in service by turboprops and large jets.

Table 11 summarizes how scheduled nonstop service at MSP has changed over the past 12 years in the Airport's top domestic O&D city-pair markets. The number of flights in MSP's top 20 city-pair markets was 4% lower in 2012 than it was in 2000.

In August 2012, there was competing nonstop service in 18 of the top 20 markets; 10 of those markets were served by three or more airlines. Delta provided nonstop service in all of MSP's top O&D passenger markets. Additionally, 15 of the 20 markets were served nonstop by low-cost carriers (LCCs)—Frontier, Southwest, Spirit, and Sun Country. LCCs accounted for 8.4% of domestic capacity at MSP in August 2012, up from 5.4% in August 2000, but lower than the U.S. average (approximately 30 to 35%).

Table 12 shows that nonstop international service is offered at MSP to Canada, Europe, and Asia; service to Canada accounts for the majority of the international service. The level of international service at MSP, as measured by numbers of weekly flights, has experienced little net change over the past 12 years.

Delta accounted for the majority of international service at MSP in August 2012 (226 of the 253 weekly flights). Air Canada and Icelandair accounted for the remaining 27 flights.

Table 10
DAILY SCHEDULED DOMESTIC PASSENGER SERVICE
Minneapolis-St. Paul International Airport
(for the first week in August)

	2000	2006	2011	2012
NUMBER OF CITIES SERVED NONSTOP	**103**	**121**	**117**	**112**
Change from previous year shown		18	(4)	(5)
By aircraft type:				
Total jet	78	111	109	104
Large jet	*74*	*74*	*59*	*56*
Regional jet	*19*	*70*	*83*	*80*
Turboprop	39	25	14	9
By stage length:				
Short-haul (<600 mi.)	55	50	54	51
Medium-short haul (600-1200 mi.)	33	54	45	44
Medium-long haul (1200-1800 mi.)	13	14	16	15
Long-haul (>1800 mi.)	2	3	2	2
AVERAGE DAILY DEPARTING FLIGHTS	**628**	**570**	**571**	**566**
Change from previous year shown		(59)	1	(4)
By aircraft type:				
Total jet	502	513	545	546
Large jet	*462*	*353*	*264*	*259*
Regional jet	*40*	*160*	*281*	*287*
Turboprop	126	57	26	20
By stage length:				
Short-haul (<600 mi.)	343	270	266	255
Medium-short haul (600-1200 mi.)	200	213	218	225
Medium-long haul (1200-1800 mi.)	79	79	80	79
Long-haul (>1800 mi.)	6	8	7	7
AVERAGE DAILY SCHEDULED SEATS	**69,335**	**60,064**	**58,046**	**57,661**
Change from previous year shown		(9,271)	(2,019)	(384)
By aircraft type:				
Total jet	65,146	58,154	57,189	57,257
Large jet	*62,516*	*49,526*	*40,016*	*39,433*
Regional jet	*2,631*	*8,628*	*17,174*	*17,824*
Turboprop	4,189	1,910	856	405
By stage length:				
Short-haul (<600 mi.)	28,841	21,846	19,971	19,730
Medium-short haul (600-1200 mi.)	25,545	23,329	23,489	23,769
Medium-long haul (1200-1800 mi.)	13,766	13,367	13,310	12,854
Long-haul (>1800 mi.)	1,183	1,523	1,275	1,309

Note: Columns may not add to totals shown because of rounding.
Source: Official Airline Guides, Inc., August 2012.

Table 11
COMPARISON OF SCHEDULED NONSTOP SERVICE
IN THE TOP 20 DOMESTIC O&D PASSENGER MARKETS
Minneapolis-St. Paul International Airport
(for the first week in August)

Rank *(a)*	City market / *Airport*	Nonstop mileage	Airlines offering nonstop service *(b)*	Number of carriers serving *(c)*				Weekly scheduled flight departures			
				2000	2006	2011	2012	2000	2006	2011	2012
1	Chicago	342	AA,DL,NK,UA,WN	6	4	4	5	409	296	306	327
	O'Hare		*AA,DL,NK,UA*	*3*	*3*	*3*	*4*	*263*	*213*	*200*	*219*
	Midway		*DL,WN*	*4*	*2*	*2*	*2*	*146*	*83*	*106*	*108*
2	New York *(d)*	1,016	AA,DL,SY,UA	3	3	4	4	148	153	162	187
3	Los Angeles *(e)*	1,527	DL,SY	2	2	2	2	98	84	82	80
4	Denver		DL,F9,WN,UA	3	4	4	4	117	119	145	142
5	Phoenix	1,276	DL,WN,US	3	3	3	3	76	77	80	80
6	Washington D.C. *(f)*	923	DL,UA,US	2	3	2	3	124	117	118	131
7	Orlando	1,309	DL,SY,WN	2	3	3	3	42	42	37	43
8	Las Vegas	1,298	DL,NK,SY	3	3	2	3	46	63	48	48
9	San Francisco *(g)*	1,578	DL,SY,UA	2	2	3	3	84	63	80	79
10	Atlanta	906	DL,WN	1	2	2	2	91	138	116	110
11	Boston *(h)*	1,120	DL,SY	2	1	2	2	69	49	57	52
12	Dallas/Ft. Worth *(i)*	859	AA,DL,SY	3	3	3	3	112	106	88	86
13	Seattle	1,393	AS,DL,SY	2	2	3	3	70	78	76	76
14	Miami *(j)*	1,502	AA,DL	1	2	2	2	14	21	28	21
15	Fort Myers	1,418	DL	-	2	1	1		14	7	7
16	San Diego	1,530	DL,SY	2	2	2	2	31	35	33	32
17	St. Louis	461	DL,WN	2	2	2	2	119	87	60	67
18	Philadelphia	978	DL,US	2	2	2	2	61	60	63	63
19	Milwaukee	297	DL,WN	2	2	3	2	67	80	98	68
20	Tampa	1,308	DL	1	1	1	1	14	14	14	14
	Total---top 20 markets			10	8	9	10	1,792	1,696	1,698	1,713
	All other markets							2,607	2,292	2,298	2,252
	Total---all markets			11	9	10	12	4,399	3,988	3,996	3,965

(a) Top 20 city markets ranked by domestic outbound O&D passengers for calendar year 2011.
(b) For the first week of August, 2012. Carrier legend: AA=American, AS=Alaska, DL=Delta/Northwest, F9=Frontier, SY=Sun Country, UA=United/Continental, US=US Airways, WN=Southwest/AirTran.
(c) Each mainline carrier and its code-sharing affiliates were counted as one airline.
(d) Market includes LaGuardia, Newark, and Kennedy airports.
(e) Market includes Los Angeles, Burbank, Long Beach, Ontario, and Santa Ana airports.
(f) Market includes Dulles, Reagan, and Baltimore airports.
(g) Market includes San Francisco, Oakland, and San Jose airports.
(h) Market includes Logan, T.F. Green, and Manchester airports.
(i) Market includes Dallas/Ft. Worth Airport and Love Field.
(j) Market includes Miami, Fort Lauderdale, and West Palm Beach airports.

Source: Official Airline Guides, Inc., August 2012.

Table 12
WEEKLY SCHEDULED INTERNATIONAL PASSENGER FLIGHTS
Minneapolis-St. Paul International Airport
(for the first week in August)

Destination world area	Nonstop destination	Carrier	Flight departures per week 2000	2006	2011	2012
Total			**247**	**241**	**253**	**253**
Canada			**203**	**193**	**200**	**204**
	Toronto	Delta	21	28	34	41
		Air Canada	20	17	20	20
	Winnipeg	Delta	42	42	41	40
	Calgary	Delta	21	21	21	21
	Vancouver	Delta	22	22	21	21
	Edmonton	Delta	21	14	21	19
	Regina	Delta	14	14	14	14
	Saskatoon	Delta	14	14	14	14
	Montreal	Delta	14	7	14	14
	Thunder Bay	Delta	14	14	-	-
Mexico			**-**	**4**	**4**	**-**
	Mexico City	Delta	-	-	3	-
	Cancun	Delta	-	3	1	-
		Sun Country	-	1	-	-
Europe			**28**	**35**	**42**	**42**
	Amsterdam	Delta	7	21	21	21
		KLM	7	-	-	-
	Reykjavik	Icelandair	7	7	7	7
	Paris	Delta	-	-	7	7
	London-Heathrow	Delta	-	-	7	7
	London-Gatwick	Delta	7	7	-	-
Asia			**16**	**8**	**7**	**7**
	Tokyo	Delta	9	8	7	7
	Osaka	Delta	7	-	-	-
Caribbean			**-**	**1**	**-**	**-**
	Montego Bay	Delta	-	1	-	-

Source: Official Airline Guides, Inc., August 2012.

Table 13 shows that the numbers of scheduled Delta flights and seats declined at MSP between 2000 and 2012 (where Delta and Northwest totals have been summed for the pre-merger years). Over the 12-year period, Delta's flights declined 21% while its departing seats declined 27%. The declines were driven by reductions in domestic service to a greater extent than by reductions in international service and reflect Delta's cessation of service on several routes subsidized by the federal Essential Air Service program.

Since 2000, regional affiliate airlines have accounted for an increasing share of the service offered by Delta at MSP. In spite of increases in average seats per flight for both its own flights as well as those offered by its regional affiliates, there has been an overall decline in Delta's average seats per flight at the Airport due to increased activity by the regional affiliates.

Table 13
AVERAGE DAILY DEPARTING FLIGHTS AND SEATS
ON DELTA AIR LINES
Minneapolis-St. Paul International Airport
(calendar years)

	Domestic			International			Total		
Year	Delta & Northwest	Affiliates	Total	Delta & Northwest	Affiliates	Total	Delta & Northwest	Affiliates	Total
Scheduled departing flights									
2000	337	153	490	24	4	28	361	156	517
2006	266	176	442	18	10	28	285	186	470
2012	151	228	379	9	21	30	160	249	409
Percent of total									
2000	69%	31%	100%	87%	13%	100%	70%	30%	100%
2004	60%	40%	100%	66%	34%	100%	60%	40%	100%
2009	40%	60%	100%	30%	70%	100%	39%	61%	100%
Scheduled departing seats									
2000	45,798	6,383	52,182	3,718	179	3,897	49,516	6,562	56,079
2006	37,446	8,343	45,789	3,184	474	3,659	40,630	8,817	49,447
2012	23,643	14,062	37,705	1,987	1,306	3,293	25,630	15,368	40,998
Percent of total									
2000	88%	12%	100%	95%	5%	100%	88%	12%	100%
2006	82%	18%	100%	87%	13%	100%	82%	18%	100%
2012	63%	37%	100%	60%	40%	100%	63%	37%	100%
Average seats per flight									
2000	135.9	41.8	106.6	155.0	49.6	141.2	137.1	42.0	108.4
2006	140.7	47.3	103.5	172.5	49.1	130.2	142.8	47.4	105.1
2012	156.8	61.7	99.6	217.6	62.3	109.4	160.3	61.8	100.3

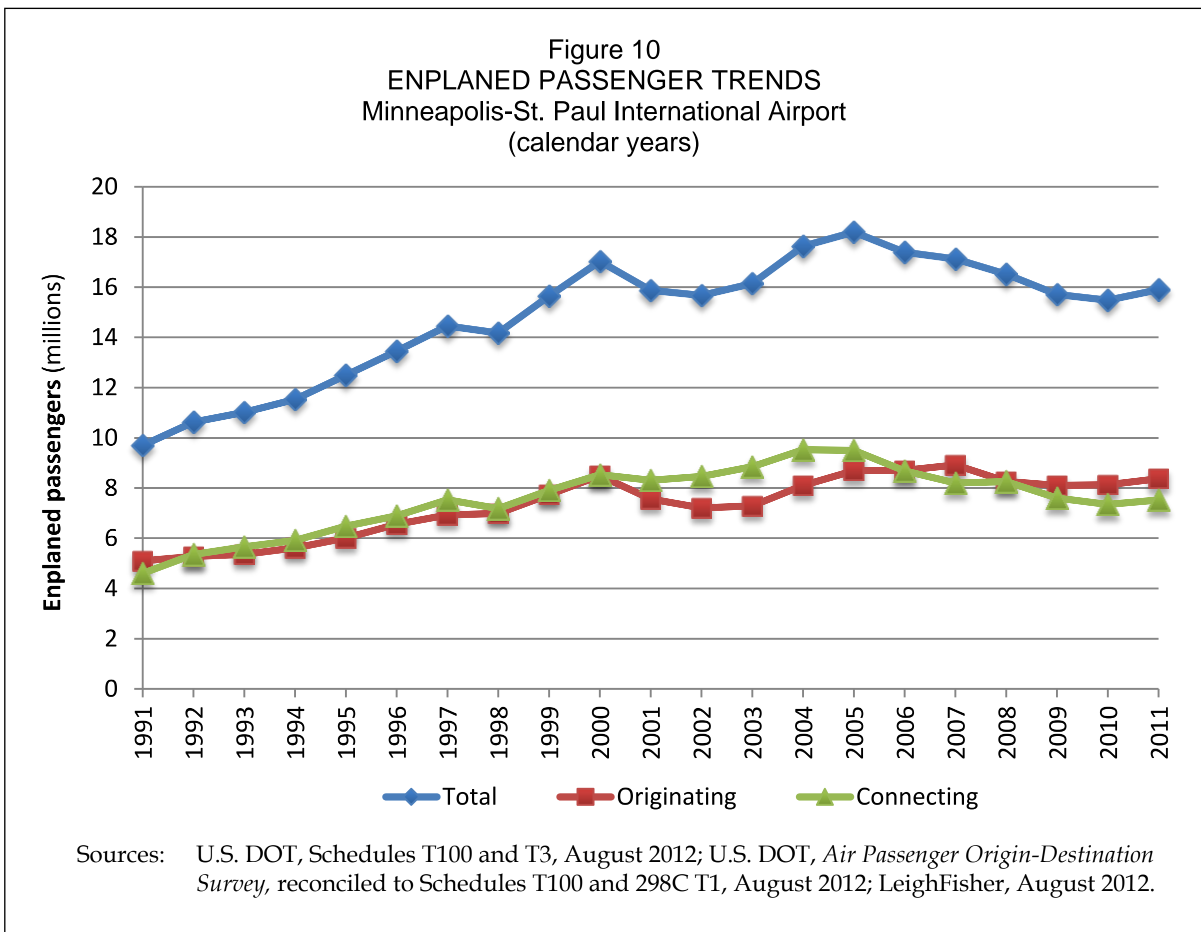
Note: Includes flights and seats for Delta, Northwest, and their regional code-sharing affiliates.
Source: Official Airline Guides, Inc., August 2012.

2.5.2 Passenger Traffic Trends

The composition of passenger traffic at MSP has changed over the most recent 12-year period. The chronology presented in Table 26, at the end of this section, provides a historical context for the events and trends that have occurred at the Airport over the past 20 years.

Figure 10 shows that MSP experienced strong growth in enplaned passengers throughout the 1990s. Between 2000 and 2002, the number of passengers declined 8%, following the economic recession and the 2001 terrorist attacks. By 2004, passenger traffic recovered and surpassed its 2000 level, and the Airport reached a record 18.2 million enplanements in 2005.

Figure 10
ENPLANED PASSENGER TRENDS
Minneapolis-St. Paul International Airport
(calendar years)



Sources: U.S. DOT, Schedules T100 and T3, August 2012; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, August 2012; LeighFisher, August 2012.

Since 2005, the number of enplaned passengers has fallen 13% at MSP. While the number of O&D passengers was just 4% lower in 2011 than in 2005, the number of connecting passengers was 21% lower, reflecting two distinct periods of hub downsizing—by Northwest in 2006 and 2007, during its bankruptcy, and by Delta/Northwest in 2009 and 2010, as the merged airline combined its route networks.

Table 14 shows that, while Delta and its regional affiliates accounted for 77.8% of total enplaned passengers at MSP in 2011, they represented a lesser share of O&D passengers at the Airport (60.0%). The other airlines boarded the remaining scheduled O&D passengers as well as most of the charter traffic. The vast majority (97.8%) of connecting passengers at MSP, however, was enplaned on Delta and its regional affiliates. Compared with 2004 (the year prior to Delta's and Northwest's bankruptcies), Delta now accounts for a greater share of connecting passengers, but a smaller share of O&D passengers, at the Airport.

Table 14
CARRIER SHARES: TOTAL ENPLANED PASSENGERS BY CATEGORY
Minneapolis-St. Paul International Airport
(calendar year 2011)

	CY 2004			CY 2011		
	Total	Estimated carrier shares		Total	Estimated carrier shares	
Category	enplaned passengers	Delta & regionals	All other airlines	enplaned passengers	Delta & regionals	All other airlines
Scheduled						
Originating	7,884,452	68.6%	31.4%	8,350,783	60.0%	40.0%
Connecting *(a)*	9,527,340	94.7*(b)*	5.3	7,525,940	97.8*(b)*	2.2
Total	17,411,792	82.9%	17.1%	15,876,723	77.9%	22.1%
Charter	221,973	1.9%	98.1%	21,982	30.4%	69.6%
TOTAL ENPLANED PASSENGERS	**17,633,765**	**81.9%**	**18.1%**	**15,898,705**	**77.8%**	**22.2%**

(a) Includes all domestic-to-domestic, domestic-to-international, international-to-domestic connections. Connections made from one international flight to another are excluded.
(b) Represents connections from Delta and all other airlines to flights operated by Delta and its regional code-sharing affiliates.

Sources: U.S. DOT, Schedules T100, August 2012; U.S. DOT, *Air Passenger Origin-Destination Survey,* reconciled to Schedules T100 and 298C T1, August 2012; LeighFisher, August 2012.

Passenger traffic trends are summarized below in terms of flight destination and passenger type, domestic and international O&D passengers, connecting passengers, airlines, and international passengers.

Passenger Traffic Trends by Segment

Table 15 shows that the total number of enplaned passengers at MSP increased 1.3% per year, on average, from 2000 to 2005 and then declined from 2005 to 2011, resulting in a net loss of passengers over the 11-year period. The majority of the net loss in passengers was attributable to a decline in the number of connecting passengers; O&D passengers experienced little net change. Charter traffic at the Airport declined from 490,000 enplaned passengers in 2000 to 22,000 in 2011; this was primarily attributable to Sun Country's restructuring from a charter airline to one offering mostly scheduled service.

Table 15
ENPLANED PASSENGER TRENDS
BY FLIGHT DESTINATION AND TYPE OF PASSENGER
Minneapolis-St. Paul International Airport
(calendar years; passengers in thousands)

	By sector			By type of passenger		
Year	Domestic	International	Charter	O&D	Connecting	**TOTAL**
2000	15,357	1,178	490	8,491	8,533	**17,024**
2001	14,587	1,090	195	7,562	8,310	**15,872**
2002	14,351	1,060	258	7,206	8,463	**15,669**
2003	14,945	1,016	183	7,293	8,851	**16,144**
2004	16,246	1,165	222	8,106	9,527	**17,634**
2005	16,770	1,196	223	8,692	9,498	**18,189**
2006	16,070	1,156	164	8,704	8,687	**17,390**
2007	15,811	1,215	100	8,922	8,203	**17,125**
2008	15,205	1,267	48	8,264	8,256	**16,520**
2009	14,579	1,105	22	8,103	7,603	**15,706**
2010	14,327	1,132	20	8,132	7,347	**15,479**
2011	14,773	1,104	22	8,373	7,526	**15,899**
Compound annual growth rate:						
2000-2005	1.8%	0.3%		0.5%	2.2%	**1.3%**
2005-2011	(2.1)	(1.3)		(0.6)	(3.8)	**(2.2)**
2000-2011	(0.4)	(0.6)		(0.1)	(1.1)	(0.6)

Note: Rows may not add to totals shown because of rounding.

Sources: U.S. DOT, Schedules T100 and T3, August 2012; U.S. DOT, *Air Passenger Origin-Destination Survey,* reconciled to Schedules T100 and 298C T1, August 2012; LeighFisher, August 2012.

O&D Passenger Trends

O&D passengers represented 53% of total enplaned passengers at MSP in 2011. Table 16 shows that most of the O&D passengers are domestic. The number of domestic O&D enplaned passengers increased 2.7% per year, on average, between 2000 and 2007, declined 8.7% over the subsequent 3 years, and then increased 3.3% in 2011.

The remainder, international O&D passengers, can be divided into two categories. The first category consists of passengers bound for international destinations who board international flights at MSP. The second category consists of travelers bound for international destinations that board domestic flights (and are counted as domestic enplaned passengers) at MSP and exit the United States via connecting flights at other U.S. gateway airports. The total number of international O&D passengers at MSP increased an estimated 1.7% per year, on average, from 2000 through 2011, compared with the 0.2% average rate of growth for domestic O&D passengers.

Table 16
ORIGIN-DESTINATION PASSENGER TRENDS
Minneapolis-St. Paul International Airport
(calendar years; enplaned passengers in thousands)

Year	Domestic O&D passengers	International O&D passengers: on international flights *(a)*	International O&D passengers: on domestic flights *(b)*	International O&D passengers: Total	**Total O&D passengers** *(c)*
2000	7,225	452	325	777	**8,491**
2001	6,603	447	316	764	**7,562**
2002	6,208	411	329	740	**7,206**
2003	6,390	383	336	719	**7,293**
2004	7,075	443	366	809	**8,106**
2005	7,609	465	395	859	**8,692**
2006	7,644	479	417	896	**8,704**
2007	7,857	540	425	965	**8,922**
2008	7,214	578	425	1,002	**8,264**
2009	7,160	508	414	922	**8,103**
2010	7,176	502	434	936	**8,132**
2011	7,415	490	446	936	**8,373**
Compound annual growth rate					
2000-2007	1.2%	2.6%	3.9%	3.2%	**0.7%**
2007-2011	(1.4)	(2.4)	1.2	(0.8)	**(1.6)**
2000-2011	0.2	0.7	2.9	1.7	**(0.1)**

(a) Includes international O&D passengers on scheduled flights, along with small numbers of passengers on charter flights, non-revenue passengers, and international-to-international connections, if any.
(b) Passengers who boarded domestic flights to other U.S. gateway airports where they connected with flights to their international destinations.
(c) Domestic O&D Passengers and International O&D Passengers may not add to Total O&D Passengers because of passengers on charter flights.

Sources: U.S. DOT, Schedules T100 and T3, August 2012; U.S. DOT, *Air Passenger Origin-Destination Survey,* reconciled to Schedules T100 and 298C T1, August 2012; LeighFisher, August 2012.

Domestic O&D Passenger and Airfare Trends

Table 17shows changes in the numbers of O&D passengers on scheduled flights over the past 11 years in the Airport's top domestic city-pair markets. Growth over this period was entirely attributable to an increase in passenger traffic in the top 20 markets, primarily to and from Sunbelt leisure destinations such as Las Vegas and Florida. In the late 1990s, these markets were heavily served from MSP by charter flights. As the role of charter airlines subsided at the Airport during the first half of the past decade, scheduled service in these leisure markets experienced substantial growth; hence, the strong increases in O&D passengers between 2000 and 2006 shown in Table 17.

Table 17
PASSENGERS IN THE TOP 20 DOMESTIC O&D MARKETS
Minneapolis-St. Paul International Airport
(calendar years; passengers in thousands; ranked by 2011 passengers)

		Domestic outbound O&D passengers on scheduled flights							
	City market				Market as % of total			As percent of 2000	
Rank	*Airport*	2000	2006	2011	2000	2006	2011	2006	2011
1	Chicago	631	604	516	8.7%	7.9%	7.0%	95.8%	81.8%
	O'Hare	*262*	*388*	*310*	*3.6*	*5.1*	*4.2*	*147.9*	*118.3*
	Midway	*369*	*217*	*206*	*5.1*	*2.8*	*2.8*	*58.8*	*55.8*
2	New York *(a)*	369	434	410	5.1	5.7	5.5	117.7	111.0
3	Los Angeles *(b)*	337	357	351	4.7	4.7	4.7	105.7	104.0
4	Denver	286	305	338	4.0	4.0	4.6	106.7	118.1
5	Phoenix	313	344	330	4.3	4.5	4.5	109.8	105.4
6	Washington D.C. *(c)*	285	314	319	3.9	4.1	4.3	110.1	111.9
7	Orlando	264	307	301	3.6	4.0	4.1	116.7	114.4
8	Las Vegas	230	290	272	3.2	3.8	3.7	125.8	118.1
9	San Francisco *(d)*	307	266	259	4.2	3.5	3.5	86.8	84.4
10	Atlanta	221	226	224	3.1	3.0	3.0	102.0	101.2
11	Boston *(e)*	225	223	223	3.1	2.9	3.0	99.1	99.1
12	Dallas/Ft. Worth *(f)*	220	230	199	3.0	3.0	2.7	104.3	90.5
13	Seattle	194	201	182	2.7	2.6	2.5	103.6	93.6
14	Miami *(g)*	129	163	154	1.8	2.1	2.1	126.7	120.1
15	Fort Myers	79	149	149	1.1	1.9	2.0	188.5	188.6
16	San Diego	121	137	137	1.7	1.8	1.8	113.4	113.1
17	St. Louis	104	110	130	1.4	1.4	1.8	105.8	124.8
18	Philadelphia	111	133	128	1.5	1.7	1.7	119.7	114.9
19	Milwaukee	131	88	124	1.8	1.2	1.7	67.2	94.8
20	Tampa	85	124	112	1.2	1.6	1.5	144.9	131.2
	Total---top 20 markets	4,644	5,006	4,858	64.3%	65.5%	65.5%	107.8%	104.6%
	All other markets	2,581	2,638	2,556	35.7	34.5	34.5	102.2	99.0
	Total---all markets	7,225	7,644	7,415	100.0%	100.0%	100.0%	105.8%	102.6%

Note: Figures may not add to totals shown because of rounding.

(a) Market includes LaGuardia, Newark, and Kennedy airports.
(b) Market includes Los Angeles, Burbank, Long Beach, Ontario, and Santa Ana airports.
(c) Market includes Dulles, Reagan, and Baltimore airports.
(d) Market includes San Francisco, Oakland, and San Jose airports.
(e) Market includes Logan, T.F. Green, and Manchester airports.
(f) Market includes Dallas/Ft. Worth Airport and Love Field.
(g) Market includes Miami, Fort Lauderdale, and West Palm Beach airports.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, August 2012.

Figure 11 shows that the trend in domestic O&D passengers since 2000 at MSP has closely resembled the nationwide trend.

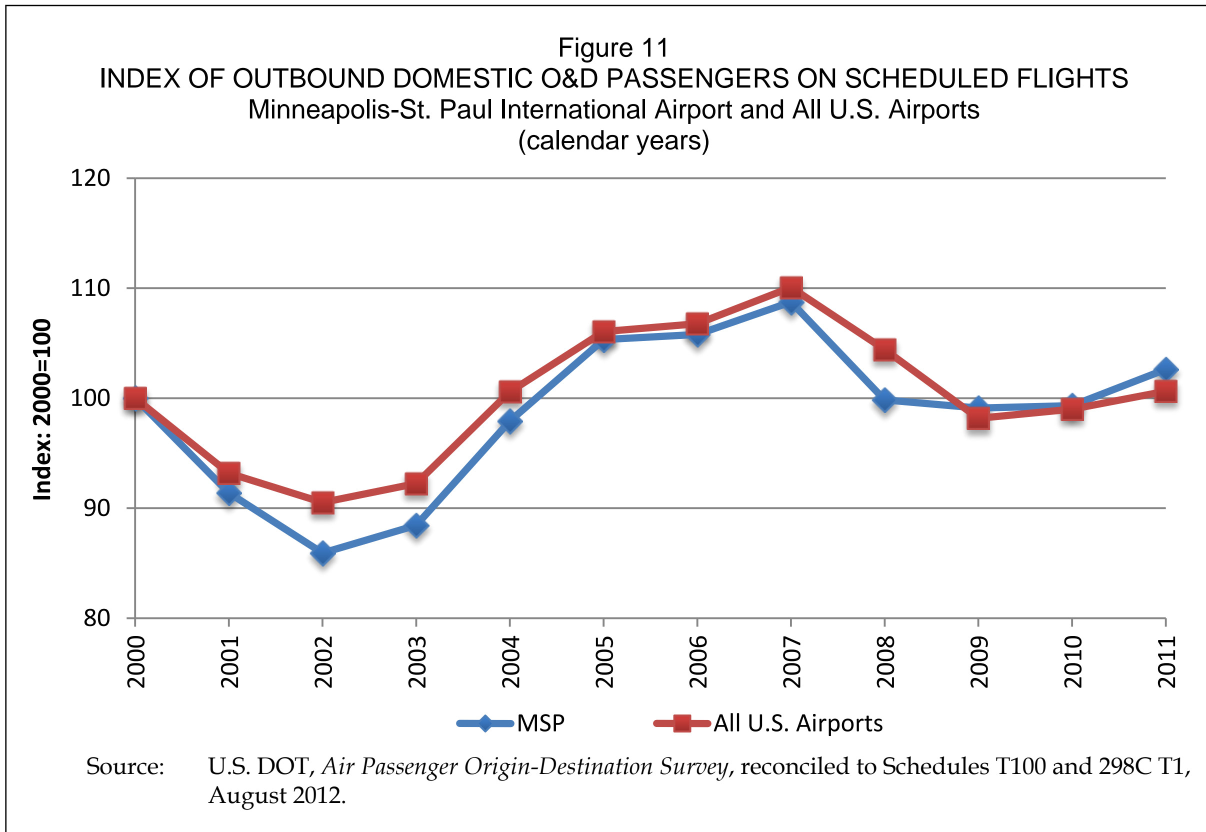
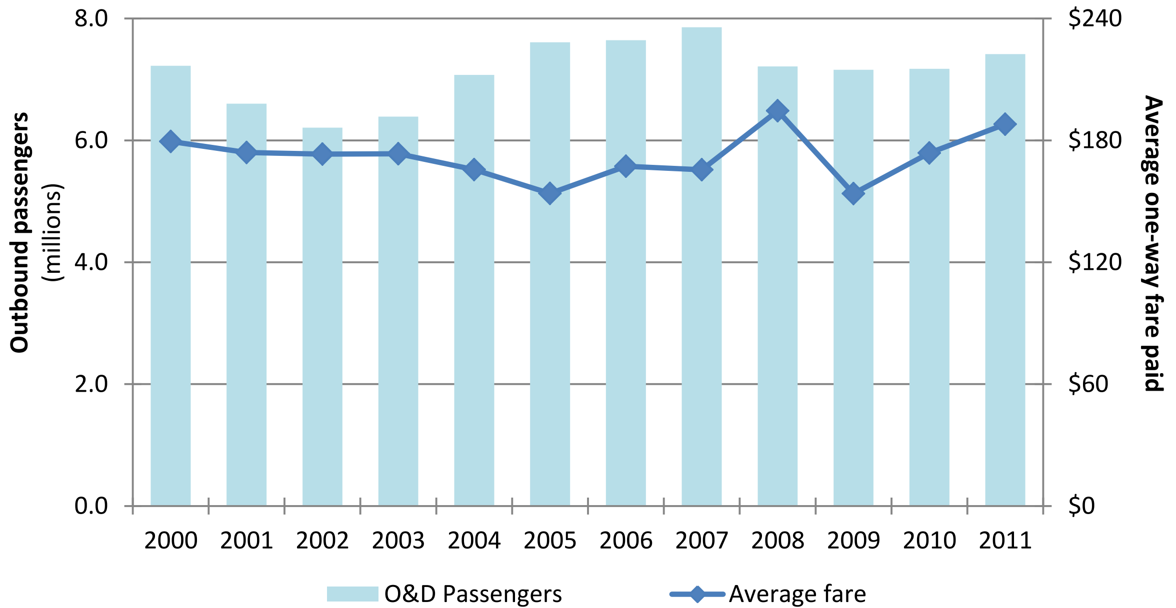


Figure 11
INDEX OF OUTBOUND DOMESTIC O&D PASSENGERS ON SCHEDULED FLIGHTS
Minneapolis-St. Paul International Airport and All U.S. Airports
(calendar years)

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, August 2012.

Figure 12 shows domestic O&D passengers and average domestic one-way fares paid at MSP. Higher fares tend to dampen passenger traffic while lower fares tend to stimulate traffic. Between 2000 and 2011, average domestic fares paid at MSP increased 4.7%, less than the 9.4% increase experienced nationwide over the same period. This difference was attributable, in part, to changes in average domestic trip length over the same period; trip distances increased 6% at MSP while they increased 10% nationwide. Between 2000 and 2011, domestic O&D passengers at the Airport increased 2.6%.

The reported average airfare data reflected in Figure 12 are exclusive of many ancillary charges (fees for checked baggage and preferred aircraft seating, for example) that have become widespread in the airline industry since 2008. Therefore, average airfares as reported by the airlines to the U.S. DOT now understate (by 10% or more) the total amount paid by airline passengers.



Note: Average one-way fares shown are net of all taxes, fees, and passenger facility charges and exclude ancillary fees charged by the airlines.

Sources: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, August 2012.

Connecting Passenger Trends

The other major passenger segment at MSP—connecting passengers—represented approximately 47% of total enplaned passengers in 2011. Connecting passengers are categorized into two groups: (1) connections from one domestic flight to another and (2) "gateway" connections between domestic and international flights, as shown in Table 18.* In 2011, domestic-to-domestic connections accounted for nearly 84% of all connecting passengers at MSP, while gateway connections accounted for the remaining 16%. Between 2000 and 2005, connecting traffic at MSP increased at 2.2% per year, on average, driven by growth in domestic-to-domestic connections. After 2005, however, connecting traffic declined approximately 3.8% per year, on average, primarily because of Delta/Northwest's retrenchment, described earlier.

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*A third type of connecting passenger, connecting from one international flight to another, is not reported separately by the airlines, but it is believed that the number of these connections at MSP is not material.

Table 18
CONNECTING PASSENGER TRENDS
Minneapolis-St. Paul International Airport
(calendar years; enplaned passengers in thousands)

Year	Connections between dom. flights	% of total	Gateway connections between dom. and intl. flights	% of total	**Total connecting passengers**
2000	7,049	82.6%	1,483	17.4%	**8,533**
2001	6,991	84.1	1,319	15.9	**8,310**
2002	7,170	84.7	1,293	15.3	**8,463**
2003	7,581	85.7	1,270	14.3	**8,851**
2004	8,089	84.9	1,438	15.1	**9,527**
2005	8,035	84.6	1,463	15.4	**9,498**
2006	7,327	84.3	1,360	15.7	**8,687**
2007	6,844	83.4	1,359	16.6	**8,203**
2008	6,875	83.3	1,381	16.7	**8,256**
2009	6,410	84.3	1,193	15.7	**7,603**
2010	6,075	82.7	1,272	17.3	**7,347**
2011	6,292	83.6	1,234	16.4	**7,526**
Percent change from previous year					
2000-2001	(0.8%)		(11.0%)		**(2.6%)**
2001-2002	2.6		(2.0)		**1.8**
2002-2003	5.7		(1.8)		**4.6**
2003-2004	6.7		13.3		**7.6**
2004-2005	(0.7)		1.7		**(0.3)**
2005-2006	(8.8)		(7.0)		**(8.5)**
2006-2007	(6.6)		(0.1)		**(5.6)**
2007-2008	0.4		1.6		**0.6**
2008-2009	(6.8)		(13.6)		**(7.9)**
2009-2010	(5.2)		6.6		**(3.4)**
2010-2011	3.6		(3.0)		**2.4**
Compound annual growth rate					
2000-2005	2.7%		(0.3%)		**2.2%**
2005-2011	(4.0)		(2.8)		**(3.8)**
2000-2011	(1.0)		(1.7)		**(1.1)**

Note: Rows may not add to totals shown because of rounding.

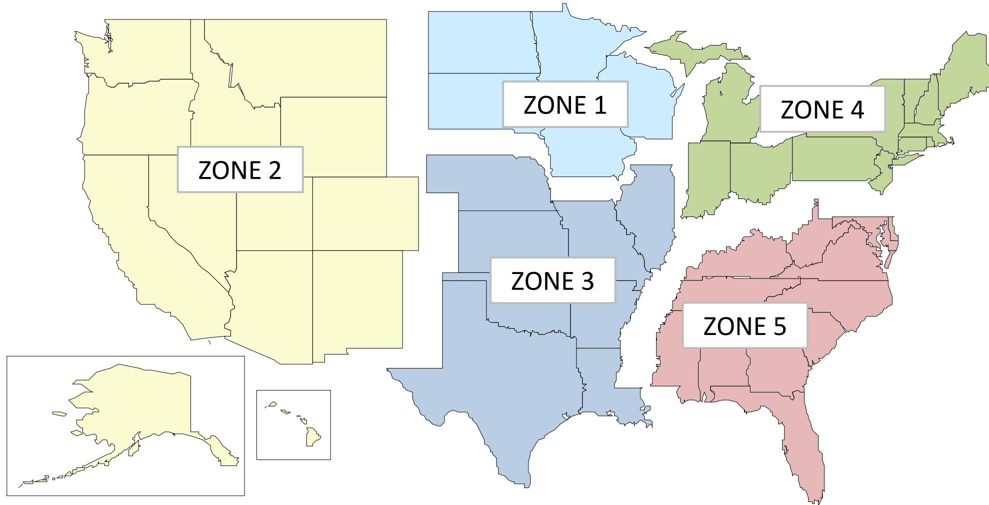
Sources: U.S. DOT, *Air Passenger Origin-Destination Survey,* reconciled to Schedules T100 and 298C T1, August 2012; LeighFisher, August 2012.

At MSP, approximately 6.1 million passengers connected from one domestic Delta flight to another during 2011. These passengers accounted for 97% of all domestic-to-domestic connections at the Airport. Table 19 presents a breakdown of these connecting passengers by geographic zones of origin and destination.

Table 19
PASSENGERS CONNECTING BETWEEN DELTA DOMESTIC FLIGHTS
BY U.S. GEOGRAPHIC ZONE
Minneapolis-St. Paul International Airport
(calendar year 2011, in thousands)

Destination zone	Total all regions	Destination zone, % of total	Origin zone: Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
TOTAL - All Domestic Connections	**6,148**		**1,347**	**2,111**	**652**	**1,150**	**888**
Origin zone, % of total			**21.9%**	**34.3%**	**10.6%**	**18.7%**	**14.4%**
Zone 1 (States around MSP)	**1,340**	**21.8%**	66	556	203	202	312
Zone 2 (Western U.S. states)	**2,103**	**34.2**	559	9	227	804	504
Zone 3 (Mid-U.S. states)	**651**	**10.6**	204	227	40	124	57
Zone 4 (Northeast U.S. states)	**1,154**	**18.8**	203	807	125	6	14
Zone 5 (Southeast U.S. states)	**899**	**14.6**	315	512	57	14	0

GEOGRAPHIC ZONES USED IN ABOVE ANALYSIS:



Notes: Includes connections between flights operated by Delta its regional code-sharing affiliates.
LeighFisher defined the geographic zones for the purpose of this analysis.
Columns and rows may not add to totals shown because of rounding.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, August 2012.

Approximately 43% of these Delta passengers connecting at MSP either originated in Zone 1 or were destined for points in Zone 1. For many, if not most, of these Zone 1 passengers, who represent a material share (16%) of total enplanements at MSP, the Airport serves as a "natural hub" connecting communities in the Dakotas, Minnesota, northern Iowa, and western Wisconsin to each other and to points across the United States. Even in the absence of Delta's hubbing operation, many of these passengers would likely continue to use MSP as their primary connection to the national air transportation system.

Based on: (1) the natural hub concept described above, (2) the sizeable flows via MSP of transcontinental traffic between Zone 2 on the one hand and Zones 4 and 5 on the other, and (3) the Airport's virtual tie with Detroit as the second-largest hub airport in the Delta network, it is reasonable to expect that Delta will continue to operate a hub at MSP during the forecast period.

Passenger Traffic Trends by Airline

Table 20 shows that Delta and its regional affiliates accounted for the majority (77.8%) of all enplaned passengers at MSP in 2011. This share is somewhat lower than Delta and Northwest's combined share of passengers in 2005 (80.7%), and reflects a streamlining of the combined airlines' operations post-merger.

Southwest (including its AirTran merger partner), the second-ranking airline at MSP, accounted for 5.7% of the Airport's enplaned passengers in 2011.

Since 2005, no airline other than the combined Delta/Northwest and Southwest/AirTran entities has accounted for more than 5% of enplaned passengers at MSP.

Table 20
AIRLINE SHARES OF TOTAL ENPLANED PASSENGERS
Minneapolis-St. Paul International Airport
(calendar years; enplaned passengers in thousands; listed in descending order by 2011)

Published carrier	2005	2006	2007	2008	2009	2010	2011
Total	**18,189**	**17,390**	**17,125**	**16,520**	**15,706**	**15,479**	**15,899**
Delta	14,676	13,883	13,612	13,329	12,324	12,197	12,372
Mainline	*12,127*	*11,586*	*11,447*	*10,273*	*8,980*	*8,329*	*8,041*
Regional affiliates	*2,549*	*2,296*	*2,165*	*3,056*	*3,345*	*3,868*	*4,331*
Southwest/AirTran	149	289	315	254	532	762	906
Southwest	-	-	-	-	*284*	*500*	*611*
AirTran	*149*	*289*	*315*	*254*	*248*	*262*	*295*
United/Continental	763	805	804	735	750	733	679
Sun Country	727	726	753	632	497	475	555
American	565	619	657	622	569	522	497
US Airways	424	440	461	436	456	432	467
All Other	884	629	523	512	579	358	423
	Share of total						
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Delta	80.7%	79.8%	79.5%	80.7%	78.5%	78.8%	77.8%
Mainline	*66.7*	*66.6*	*66.8*	*62.2*	*57.2*	*53.8*	*50.6*
Regional affiliates	*14.0*	*13.2*	*12.6*	*18.5*	*21.3*	*25.0*	*27.2*
Southwest/AirTran	0.8	1.7	1.8	1.5	3.4	4.9	5.7
Southwest	-	-	-	-	*1.8*	*3.2*	*3.8*
AirTran	*0.8*	*1.7*	*1.8*	*1.5*	*1.6*	*1.7*	*1.9*
United/Continental	4.2	4.6	4.7	4.4	4.8	4.7	4.3
Sun Country	4.0	4.2	4.4	3.8	3.2	3.1	3.5
American	3.1	3.6	3.8	3.8	3.6	3.4	3.1
US Airways	2.3	2.5	2.7	2.6	2.9	2.8	2.9
All Other	4.9	3.6	3.1	3.1	3.7	2.3	2.7

Notes: Columns may not add to totals shown because of rounding.
Passengers reported by regional affiliates have been grouped with their respective code-sharing partners.
The allocation of passengers carried by regional affiliates that partner with more than one published airline was estimated based upon published flight schedules.

Sources: U.S. DOT, Schedule T100, August 2012; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, August 2012.

International Passenger Trends

Table 21 shows that 1.1 million passengers (both O&D and connecting) boarded international flights at MSP in 2011—14% lower than the number in 2008, and 25% below the number in 2000. An additional 446,000 passengers, bound for international destinations in 2011, boarded domestic flights operating from MSP to other U.S. gateway airports, but these passengers are not reflected in the figures in Table 21.

Table 21
MAJOR INTERNATIONAL PASSENGER MARKETS
Minneapolis-St. Paul International Airport
(passengers in thousands)

Type of flight International market area	2000	2006	2007	2008	2009	2010	2011
Total	**1,467**	**1,246**	**1,258**	**1,282**	**1,108**	**1,133**	**1,106**
Scheduled	**1,178**	**1,156**	**1,215**	**1,267**	**1,105**	**1,132**	**1,104**
Canada	598	488	473	486	410	472	451
Europe (excluding U.K.)	282	288	310	319	279	283	296
United Kingdom	80	71	84	84	69	66	71
Japan	153	121	116	122	116	113	95
Mexico	35	147	184	212	197	167	168
Caribbean	13	11	20	23	21	21	18
Other	17	30	29	21	13	10	6
Non-scheduled (charter)	**289**	**90**	**43**	**15**	**3**	**1**	**2**
Mexico	249	76	42	14	1	-	0
Caribbean	38	13	-	-	0	0	1
Other	3	1	1	1	1	1	1

Notes: Columns may not add to totals shown because of rounding.
Includes both O&D and connecting passengers enplaning on international flights at the Airport.

Source: U.S. DOT, Schedules T100 and 298C T1, August 2012.

Over 99% of passengers boarding international flights at MSP in 2011 boarded scheduled flights. Charter (i.e., non-scheduled) flights accommodated the remaining 0.2% of international passengers, down from 20% in 2000 due to Sun Country's shift away from charter flying in favor of scheduled service.

Passengers boarding flights bound for Canada accounted for the largest share (41%) of international enplaned passengers at MSP in 2011. Passengers boarding flights to the United Kingdom and Europe accounted for 33% of international enplaned passengers, while those boarding flights to Mexico and the Caribbean accounted for

17%. The remaining 9% of international enplaned passengers boarded flights to Japan and other world areas.

2.6 AIR CARGO ACTIVITY

Figure 13 shows that air cargo activity at MSP has declined since 2000. Total cargo tonnage handled at the Airport in 2011 was just over half the amount handled in 2000. A long-term declining trend in air cargo tonnage such as this is not uncommon among U.S. airports; shipper (consumer) cost sensitivity has shifted some cargo formerly transported by air to less costly surface modes of transport.

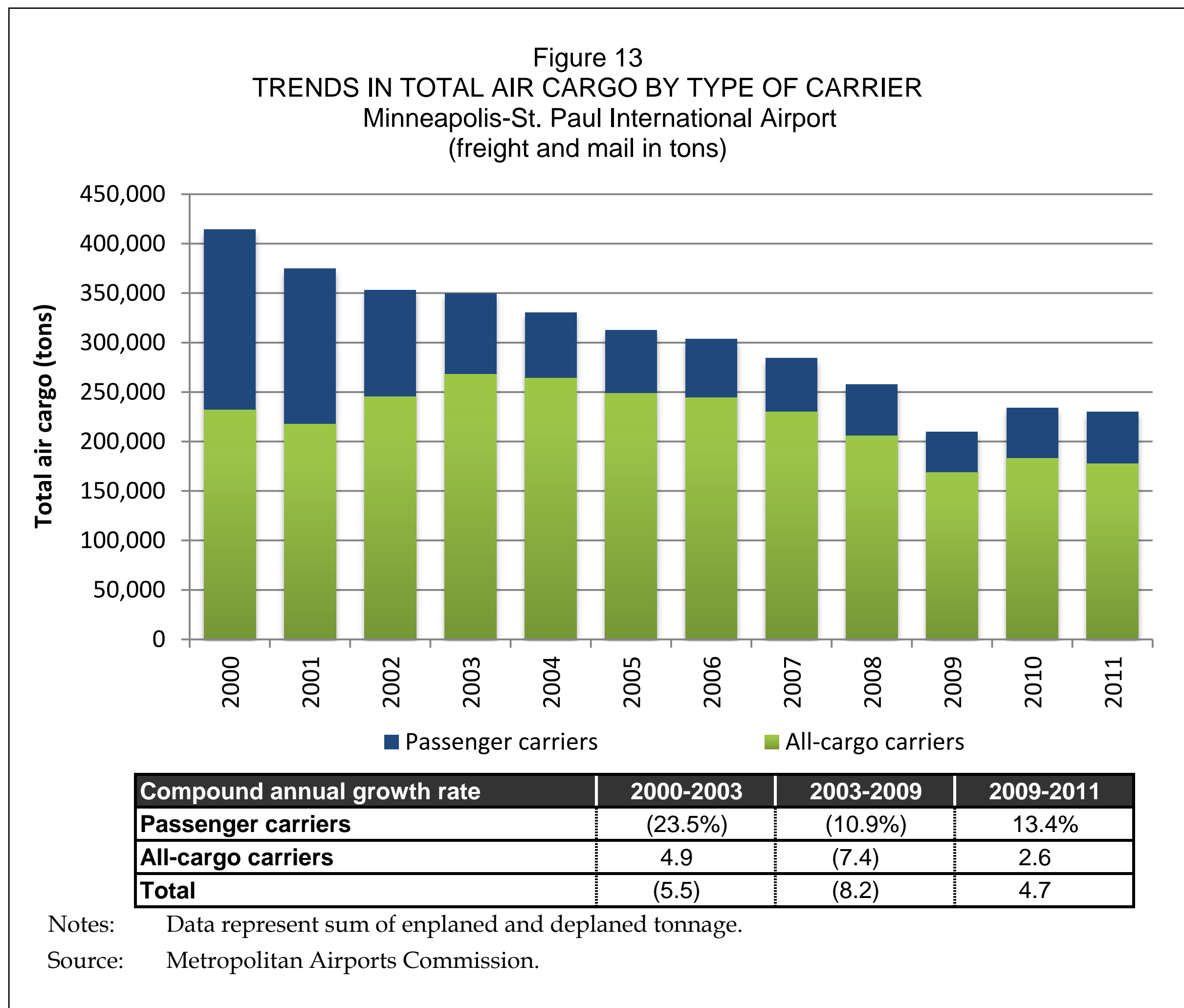


Figure 13
TRENDS IN TOTAL AIR CARGO BY TYPE OF CARRIER
Minneapolis-St. Paul International Airport
(freight and mail in tons)

Compound annual growth rate	2000-2003	2003-2009	2009-2011
Passenger carriers	(23.5%)	(10.9%)	13.4%
All-cargo carriers	4.9	(7.4)	2.6
Total	(5.5)	(8.2)	4.7

Notes: Data represent sum of enplaned and deplaned tonnage.

Source: Metropolitan Airports Commission.

The phenomenon described above has affected passenger airlines relatively more than all-cargo airlines at MSP. The share of cargo tonnage handled by the all-cargo airlines increased over the past 11 years, from 56% in 2000 to 77% in 2011. The top two carriers of cargo at MSP in 2011 were all-cargo carriers (FedEx and UPS) that represented more than two-thirds of all cargo handled.

Table 22 shows that, in 2000, Delta (then Northwest) was the leading cargo carrier at MSP, followed by UPS and FedEx in a near-tie for second-place. By 2011, FedEx had become the leading cargo carrier at the Airport, followed by second-ranking UPS and third-ranking Delta.

Table 22
CARRIER SHARES OF TOTAL AIR CARGO TONNAGE
Minneapolis-St. Paul International Airport
(ranked on 2011; tonnage in thousands)

		Calendar years						
Rank	Carrier *(a)*	2000	2006	2007	2008	2009	2010	2011
	Total	**414.6**	**303.7**	**284.1**	**257.8**	**209.6**	**234.3**	**230.0**
1	FedEx	100.4	149.2	145.4	133.0	105.9	102.5	98.7
2	UPS/Emery *(b)*	102.0	61.7	59.7	55.5	53.8	58.3	61.1
3	Delta *(c)*	152.2	46.5	44.3	41.4	32.2	43.2	45.2
4	ATI/BAX Global	7.2	9.6	8.2	4.9	8.1	17.5	12.2
5	ABX Air *(d)*	17.9	18.1	14.9	12.4	1.1	4.3	4.6
6	US Airways *(e)*	3.6	2.0	1.2	2.0	2.0	2.3	2.1
7	United *(f)*	8.0	3.1	1.6	2.7	3.2	2.6	2.0
8	Southwest	-	-	-	-	0.8	1.3	1.5
9	Sun Country	3.3	3.5	3.7	2.6	1.4	0.6	1.0
10	American *(g)*	7.3	2.6	2.1	2.2	0.9	0.3	0.2
	All other	12.6	7.4	2.9	1.1	0.4	1.2	1.4

Rank	Carrier *(a)*	Share of total						
	Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
1	FedEx	24.2%	49.1%	51.2%	51.6%	50.5%	43.7%	42.9%
2	UPS/Emery *(b)*	24.6	20.3	21.0	21.5	25.7	24.9	26.6
3	Delta *(c)*	36.7	15.3	15.6	16.1	15.3	18.4	19.7
4	ATI/BAX Global	1.7	3.2	2.9	1.9	3.9	7.5	5.3
5	ABX Air *(d)*	4.3	6.0	5.2	4.8	0.5	1.8	2.0
6	US Airways *(e)*	0.9	0.7	0.4	0.8	0.9	1.0	0.9
7	United *(f)*	1.9	1.0	0.6	1.1	1.5	1.1	0.9
8	Southwest	0.0	0.0	0.0	0.0	0.4	0.6	0.6
9	Sun Country	0.8	1.2	1.3	1.0	0.7	0.3	0.4
10	American *(g)*	1.8	0.8	0.7	0.8	0.4	0.1	0.1
	All other	3.0	2.4	1.0	0.4	0.2	0.5	0.6

Notes: Columns may not add to totals shown because of rounding.
Enplaned and deplaned freight and mail shown in tons.

(a) Includes regional code-sharing affiliates, if any.
(b) UPS acquired Emery in December 2004.
(c) Northwest is included here with Delta for all years shown. The carriers merged in 2008.
(d) DHL acquired Airborne on October 1, 2005. ABX Air currently operates these flights on behalf of DHL.
(e) America West is included here with US Airways for all years shown. The carriers merged in 2005.
(f) Continental is included here with United for all years shown. The carriers merged in 2010.
(g) TWA is included here with American in 2000. The carriers merged in 2001.

Source: Metropolitan Airports Commission.

2.7 AIRCRAFT LANDED WEIGHT

Table 23 shows that 20.7 billion pounds of aircraft landed weight was reported by the airlines operating at MSP in 2011, down 24% from 2000. Over the same period, enplaned passengers experienced a net decline of only 6.6% at the Airport, reflecting the effect of substantially higher load factors (up more than 12 percentage points at MSP). Airline industry load factors have increased generally since 2000.

Passenger airlines accounted for the majority (95.3%) of landed weight at MSP in 2011; all-cargo airlines accounted for the remainder.

Table 23
TRENDS IN AIRCRAFT LANDED WEIGHT
Minneapolis-St. Paul International Airport
(calendar years, in thousands of pounds)

Year	Passenger airlines	All-cargo airlines	Total landed weight	Yr-over-yr % change
2000	26,159,087	997,578	27,156,666	
2001	25,026,822	1,088,862	26,115,683	(3.8%)
2002	24,132,429	1,155,836	25,288,265	(3.2)
2003	24,260,412	1,224,728	25,485,140	0.8
2004	25,504,997	1,171,195	26,676,192	4.7
2005	24,814,080	1,217,143	26,031,223	(2.4)
2006	22,462,015	1,240,238	23,702,253	(8.9)
2007	21,991,657	1,236,885	23,228,542	(2.0)
2008	21,177,817	1,123,707	22,301,524	(4.0)
2009	21,415,920	950,908	22,366,828	0.3
2010	19,930,341	1,023,380	20,953,720	(6.3)
2011	19,765,862	980,578	20,746,440	(1.0)
Compound annual growth rate				
2000-2005	(1.1%)	4.1%	(0.8%)	
2005-2011	(3.7)	(3.5)	(3.7)	
2000-2011	(2.5)	(0.2)	(2.4)	

Notes: Rows may not add to totals shown because of rounding.
Source: Metropolitan Airports Commission.

2.8 KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the economy and demographics of the MSA, discussed earlier, key factors that will affect airline traffic at MSP include:

- Economic and political conditions
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system
- Capacity of the Airport

2.8.1 Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger numbers during those years. The 2008-2009 recession and associated high unemployment reduced discretionary income and contributed to reduced airline travel demand in those years.

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities all influence passenger traffic at major U.S. airports. Sustained future increases in passenger traffic at the Airport will depend on stable international conditions as well as national and global economic growth.

2.8.2 Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly Delta, to make the necessary investments to continue providing service.

Between 1995 and 2000, the airline industry was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry again experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately $40 billion.

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors,

vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. Between 2002 and 2005, US Airways, United Airlines, Delta Air Lines, Northwest Airlines, Hawaiian Airlines, ATA Airlines, Aloha Airlines, and Independence Air filed for bankruptcy protection.

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes, laying off employees, reducing employee compensation, reducing other non-fuel expenses, increasing airfares, and imposing other fees and charges. The U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) approximately 4% in 2008 and an additional 8% in 2009 before increasing capacity 2% in 2010 and 1% in 2011. This general trend has been mirrored at MSP.

In 2010 and 2011, the U.S. airline industry regained profitability in the face of sustained high fuel prices by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. According to Airlines for America (formerly the Air Transport Association of America), the U.S. passenger airlines collectively recorded net profits of $3.7 billion and $1.5 billion in 2010 and 2011, respectively. Of the U.S. industrywide profit of $1.5 billion in 2011, Delta accounted for $854 million.

In November 2011, AMR Corporation, parent of American Airlines, filed for Chapter 11 bankruptcy protection. In August 2012, AMR announced that it had entered into discussions with other parties, including US Airways, exploring the potential for a merger. The bankruptcy court will eventually rule on AMR's restructuring and any merger plans. Given that American and US Airways have a combined market share of only 6.0% at MSP, any such merger would be expected to have minimal impact at the Airport.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares, and stable fuel prices. Any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of one or more of the large network airlines could drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide.

2.8.3 Airline Service and Routes

The Airport serves as a gateway to the MSA and as a major connecting hub. The number of O&D passengers depends on the intrinsic attractiveness of the MSA as a business and leisure destination and the propensity of its residents to travel. The

number of connecting passengers, on the other hand, depends on the airline service provided at MSP by Delta, and at other airports by Delta and other airlines.

Most mainline airlines have developed hub-and-spoke systems that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports.

The Airport is one of the three largest hubs in Delta's route network, and nearly half of all passengers using the Airport connect between flights. As a result, much of the passenger traffic at the Airport results from the route network and flight schedule of Delta rather than the economy of the MSA. If Delta were to reduce connecting service at the Airport, such flights would not necessarily be replaced by other airlines. In general, however, reductions in service by any airline may create business opportunities for others.

2.8.4 Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips, for which the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on the level of airfares.

Overcapacity in the industry, the proliferation of services by low-cost airlines, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for U.S. airlines decreased from 16.1 cents to 13.8 cents per passenger-mile. In 2006 through 2008, as airlines reduced capacity and were able to sustain fare increases, the average domestic yield increased to 14.7 cents per passenger-mile. In 2009, yields again decreased, but in 2010 and 2011, as airline travel demand increased and seat capacity was restricted, yields increased to 15.5 cents per passenger-mile. Beginning in 2006, new "ancillary" charges were introduced by most airlines for services such as checked baggage, in-flight meals, and preferred seating, thereby increasing the effective price of airline travel by more than these yield figures indicate.

2.8.5 Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American completed an acquisition of failing Trans World Airlines. In

September 2005, US Airways and America West Airlines merged. In October 2008, Delta and Northwest merged. In October 2009, Republic Airways Holdings completed purchases of Frontier and Midwest airlines.

In October 2010, United and Continental completed a merger, thereby creating the largest airline in the world as measured by domestic and international seat-miles. The merged airline received FAA approval of a single operating certificate in November 2011. In May 2011, Southwest completed its acquisition of AirTran, thereby creating the largest U.S. domestic airline as measured by numbers of enplaned passengers. AirTran now operates as a subsidiary of Southwest. The FAA issued a single operating certificate in March 2012. Various other airline merger combinations remain possible, among them a merger between American, now operating in bankruptcy, and US Airways. Any further airline consolidation could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers; all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on designated routes.

2.8.6 Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in oil-producing countries; the growing economies of China, India, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Fuel prices fell sharply in the second half of 2008 as demand declined worldwide, but have since increased as global demand has increased and the U.S. dollar has weakened. In 2011 and 2012, political instability and conflicts in North Africa and the Middle East contributed to further volatility in fuel prices.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies. In the spring of 2012, Delta purchased an oil refinery in Pennsylvania in a bid to better control its aviation fuel costs.

Aviation fuel prices will continue to affect airfares, passenger numbers, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry in efforts to reduce aircraft emissions contributing to global climate change.

2.8.7 Aviation Safety and Security Concerns

Concerns about the safety of air travel and the effectiveness of security precautions influence passenger travel behavior and affect airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures can lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies.

Public health and safety concerns have also affected airline travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (SARS) led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia. In April 2010, airspace and airports in much of Europe were closed for 6 days because of the threat to flight safety of the ash cloud from the eruption of a volcano in Iceland. In March 2011, airline travel to and from Japan decreased following a destructive earthquake and tsunami.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health and safety concerns, and international hostilities. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

2.8.8 Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the

guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. After 2001, and again in 2008 and 2009, air traffic delays decreased as a result of reduced numbers of aircraft operations, but, as air travel increases in the future, flight delays and restrictions may be expected.

2.8.9 Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at MSP will depend on the capacity at the Airport itself. The forecast is conditioned on the assumption that, during the forecast period, neither available airfield or terminal capacity, nor demand management initiatives, will constrain traffic growth at the Airport.

2.9 TRAFFIC FORECASTS

The forecast of enplaned passengers at MSP through 2018* was developed taking into account travel demand to and from the MSA, trends in historical passengers, and other key factors likely to affect future passenger levels, all as discussed in earlier sections.

In developing the passenger forecast for this Report, it was assumed that, over the long term, airline traffic at the Airport will increase as a function of growth in the economy of the MSA and continued airline competition. It was assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that restrict growth.

2.9.1 Underlying Assumptions

In developing the forecast, the following key assumptions were made:

- The U.S. economy will experience slow growth in 2013 and faster growth thereafter, in line with CBO economic projections described earlier.
- The economy of the MSA will grow at a rate similar to that of the U.S. economy as a whole.
- Passenger load factors on flights at MSP will increase only slightly over the forecast period.

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*The passenger forecast contained in this Report reflects revenue passengers only (i.e., those passengers reported by the airlines to the U.S. Department of Transportation). Non-revenue passengers (e.g., airline employees) are excluded from both historical and forecast totals. Thus, historical passenger totals shown herein may not reconcile to the number of passengers reported by the airlines to other entities, such as the Metropolitan Airports Commission.

- Despite recent capacity reductions, Delta will continue to operate MSP as a major Midwest connecting hub and international gateway, and the airline will gradually and modestly increase the frequency of flights and the number of destinations served from the Airport. Other airlines will continue to provide competitive nonstop service in many of the higher-volume city-pair markets.

- The airlines serving the Airport, and more particularly, Delta, will be financially viable and provide the seat capacity required to accommodate additional passenger demand.

- Competition among airlines serving the major markets at the Airport will ensure the continued availability of competitive airfares.

- A generally stable international political environment and enhanced passenger and baggage screening procedures will maintain airline traveler confidence in aviation security without imposing unreasonable inconvenience.

- There will be no material disruption of airline service or passenger travel behavior as a result of international hostilities or terrorist acts or threats, or global safety or health concerns.

2.9.2 Enplaned Passenger Forecast

Year-to-date and advance schedule filings by the airlines indicate a 1.2% decrease in the number of departing seats at MSP between 2011 and 2012, (compared with a nationwide decrease of 0.6%). Largely on the basis of year-to-date passenger traffic reports and advance airline schedules, the number of enplaned passengers at the Airport is forecast to be 15.85 million in 2012, down 0.3% from the number in 2011.

Given the assumptions listed earlier, the number of enplaned passengers at MSP is forecast to increase 0.8% in 2013 and 1.3% in 2014, and to experience modestly accelerating growth thereafter, with a 1.5% increase in 2018. The enplaned passenger forecast for MSP is displayed in tabular form in Table 24 and graphically on Figure 14. The number of enplaned passengers is forecast to reach 17.1 million in 2018.

The FAA's *Terminal Area Forecast* (TAF) for MSP, released in January 2012, forecasts a total of 18.0 million enplaned revenue passengers at the Airport in 2018 (interpolated from federal fiscal years). This number is 5.1% higher (+875,000 passengers) than the forecast presented herein due to a somewhat higher long-term rate of traffic growth assumed by the FAA. A higher rate of passenger growth is not unusual in passenger forecasts related to facility planning, such as the TAF, compared with forecasts such as the one presented herein, which was developed for financial planning purposes.

Table 24
ENPLANED PASSENGER FORECAST
Minneapolis-St. Paul International Airport
(calendar years, passengers in thousands)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.

Sector	Actual		Forecast						
Passenger Segment	2010	2011	2012	2013	2014	2015	2016	2017	2018
Domestic									
O&D	7,176	7,415	7,391	7,392	7,433	7,473	7,530	7,597	7,673
Other Orig. *(a)*	434	446	441	456	471	485	499	513	527
Connecting *(b)*	6,718	6,912	6,943	7,081	7,226	7,373	7,521	7,671	7,825
	14,327	14,773	14,775	14,929	15,130	15,331	15,550	15,781	16,025
Annual % Change		3.1%	0.0%	1.0%	1.3%	1.3%	1.4%	1.5%	1.5%
International									
O&D	502	490	464	418	399	386	378	372	366
Connecting *(c)*	629	614	586	609	630	651	670	689	709
	1,132	1,104	1,050	1,027	1,029	1,037	1,048	1,061	1,075
Annual % Change		(2.4%)	(4.9%)	(2.2%)	0.2%	0.8%	1.1%	1.2%	1.3%
Charter	20	22	25	25	25	25	25	25	25
Annual % Change		7.8%	13.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Enplanements	**15,479**	**15,899**	**15,850**	**15,981**	**16,184**	**16,393**	**16,623**	**16,867**	**17,125**
Annual % Change		**2.7%**	**(0.3%)**	**0.8%**	**1.3%**	**1.3%**	**1.4%**	**1.5%**	**1.5%**
Percent Connecting:									
Domestic	46.9%	46.8%	47.0%	47.4%	47.8%	48.1%	48.4%	48.6%	48.8%
International	55.6	55.6	55.8	59.3	61.2	62.8	63.9	64.9	66.0
Airport Total	47.5%	47.3%	47.5%	48.1%	48.5%	48.9%	49.3%	49.6%	49.8%

(a) Scheduled revenue passengers originating international trips at MSP who exited the country via other U.S. airport gateways.
(b) Domestic-to-domestic and international-to-domestic connecting passengers.
(c) Domestic-to-international connecting passengers.

Sources: Actual: U.S. DOT, Schedule T100 and *Air Passenger Origin-Destination Survey*, reconciled to Schedules T1 and 298C T1, August 2012.
Forecast: LeighFisher, September 2012.

2.9.3 Aircraft Landed Weight

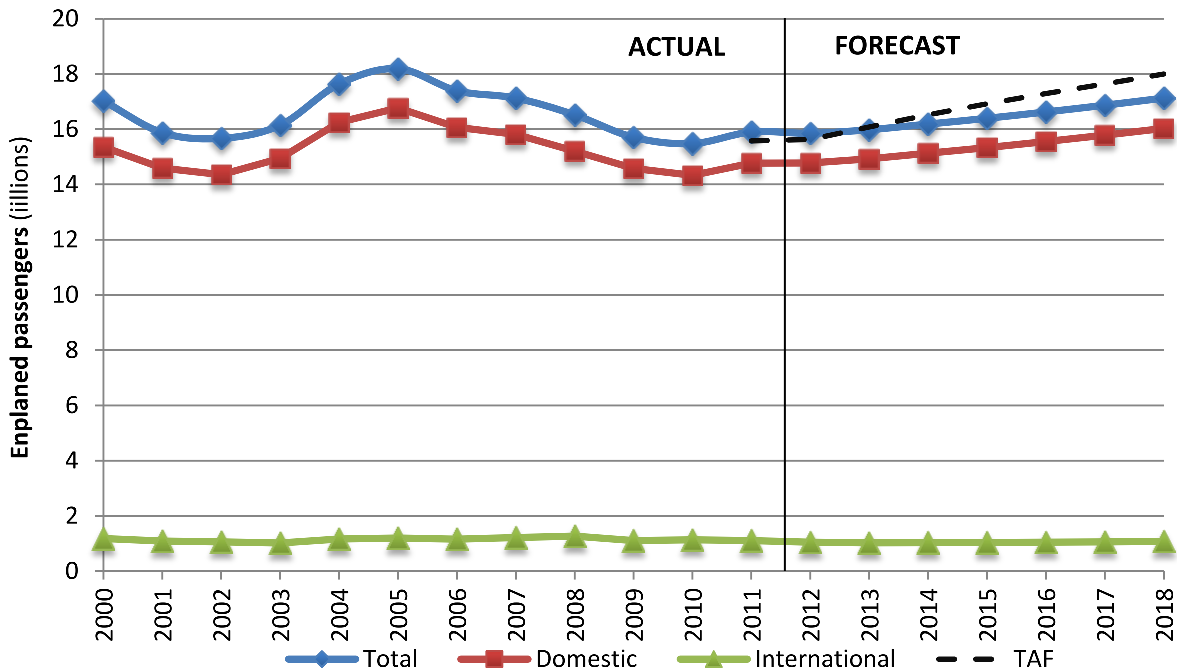
Table 25 shows that 20.7 billion pounds of aircraft landed weight was reported by the airlines operating at MSP in 2011. Passenger airlines accounted for 95% (19.8 billion pounds) of the total; all-cargo airlines accounted for the remainder.

Passenger airline landed weight is forecast to decline 1.5% in 2012, coincident with airline reductions in scheduled flight capacity. Thereafter, passenger airline landed weight is forecast to increase 1.0% per year, on average, through 2018—somewhat less than the rate of increase forecast for passengers over the same period.

All-cargo airline landed weight is forecast to decrease approximately 10% in 2012 and show no net growth for the duration of the forecast period.

Figure 14
ENPLANED PASSENGER FORECAST
Minneapolis-St. Paul International Airport
(calendar years)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.



Sources: Actual: U.S. DOT, Schedule T100, August 2012; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1, August 2012; FAA, Terminal Area Forecast, January 2012.
Forecast: LeighFisher, September 2012.

Table 25
HISTORICAL AND FORECAST AIRCRAFT LANDINGS AND LANDED WEIGHT
Minneapolis-St. Paul International Airport
(calendar years)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.

	Aircraft landings			Landed weight (in millions of pounds)		
Year	Passenger airlines	All-cargo airlines	Total—all airlines	Passenger airlines	All-cargo airlines	Total—all airlines
2000	222,022	9,379	231,401	26,159	998	27,157
2001	217,694	8,538	226,232	25,027	1,089	26,116
2002	222,726	7,488	230,214	24,132	1,156	25,288
2003	226,578	8,289	234,867	24,260	1,225	25,485
2004	241,587	8,355	249,942	25,505	1,171	26,676
2005	238,073	8,592	246,665	24,814	1,217	26,031
2006	209,154	8,178	217,332	22,462	1,240	23,702
2007	202,175	7,645	209,820	21,992	1,237	23,229
2008	201,257	7,180	208,437	21,178	1,124	22,302
2009	197,196	5,573	202,769	21,416	951	22,367
2010	197,254	6,248	203,502	19,930	1,023	20,954
2011A	197,841	6,106	203,947	19,766	981	20,746
2012F	195,000	5,600	200,600	19,461	881	20,342
2013	196,600	5,600	202,200	19,572	881	20,452
2014	198,900	5,600	204,500	19,751	881	20,631
2015	201,300	5,600	206,900	19,939	881	20,819
2016	203,900	5,600	209,500	20,145	881	21,026
2017	206,700	5,600	212,300	20,370	881	21,251
2018	209,600	5,600	215,200	20,604	881	21,484
Compound annual growth rate						
Historical:						
2000-2005	1.4%	(1.7%)	1.3%	(1.1%)	4.1%	(0.8%)
2005-2011	(3.0)	(5.5)	(3.1)	(3.7)	(3.5)	(3.7)
Forecast:						
2011-2012	(1.4%)	(8.3%)	(1.6%)	(1.5%)	(10.2%)	(2.0%)
2012-2018	1.2	-	1.2	1.0	-	0.9

Notes: A=Actual; F=Forecast.
Rows may not add to totals shown because of rounding

Sources: Historical: Metropolitan Airports Commission.
Forecast: LeighFisher, September 2012.

Table 26
CHRONOLOGY OF RELEVANT EVENTS

1994	January	-The North American Free Trade Agreement (NAFTA) went into effect
	June	-Northwest and KLM entered into a code-sharing agreement
1997	May	-United, Lufthansa, Air Canada, SAS, Thai, and Varig launched Star alliance
1998	August	-Northwest pilots withdrew services, canceling operations for 18 days
	September	-American, British Airways, Canadian Airlines, Cathay Pacific, and Qantas launched **one**world alliance
2000	June	-Delta, Air France, Aeromexico, and Korean Air launched SkyTeam alliance
2001	January	-American announced an agreement to purchase the assets of TWA
	March	-A national economic recession began, continuing until November 2001
	September 11	-Terrorist attacks in New York and Washington DC were followed by an unprecedented 3-day shutdown of the U.S. air transportation system
	December	-Sun Country ceased operations and filed for bankruptcy protection
2002	February	-Sun Country resumed operations at MSP
	July	-US Airways filed for Chapter 11 bankruptcy protection
	December	-United filed for Chapter 11 bankruptcy protection
2003	March	-War commenced in Iraq
		-World Health Organization (WHO) issued first international emergency travel advisory relating to Severe Acute Respiratory Syndrome (SARS)
		-US Airways emerged from Chapter 11 bankruptcy protection
	July	-WHO removed all SARS-related travel advisories
2004	May	-US Airways joined United as member of Star alliance
	September	-US Airways filed for Chapter 11 bankruptcy protection for a second time
		-Northwest and KLM joined SkyTeam alliance
	October	-ATA filed for Chapter 11 bankruptcy protection
2005	September	-Delta and Northwest both filed for Chapter 11 bankruptcy protection
		-US Airways emerged from bankruptcy and merged with America West
2006	February	-United and ATA emerged from bankruptcy protection
2007	April, May	-Delta and Northwest emerged from bankruptcy protection
	December	-A national economic recession began, continuing until June 2009
2008	April	-ATA ceased operations
		-Frontier filed for Chapter 11 bankruptcy protection
	July	-Price of crude oil peaked at $147 per barrel
	October	-Delta and Northwest completed their merger
		-Sun Country filed for Chapter 11 bankruptcy protection
2009	March	-Southwest began service at MSP
	December	-FAA approved a single operating certificate for Delta and Northwest
2010	October	-United and Continental completed their merger
2011	May	-Southwest and AirTran completed their merger
	November	-American filed for Chapter 11 bankruptcy protection
		-FAA approved a single operating certificate for United and Continental
2012	March	-FAA approved a single operating certificate for Southwest and AirTran
	August	-American entered into discussions with other parties, including US Airways, exploring the potential for a merger

3. FINANCIAL ANALYSIS

To provide the basis for the financial analysis, the legal framework of laws, agreements, indentures, contracts, and other such documents within which the Commission functions is presented. First, the financial and administrative structure of the MAC is summarized followed by discussions of General Obligation Revenue Bonds and airport revenue bonds, rate covenants, and additional bonds. Then, special facility obligations, the order of priority of application of revenue, airline agreements, the Capital Improvement Program (CIP), and the costs and funding sources of planned CIP projects are discussed. Finally, the proposed Subordinate Series 2012 Bonds, debt service requirements, M&O Expenses, Airport System Revenues, the application of Airport System revenues, rate covenants and debt service coverage, and the sensitivity analysis are presented.

3.1 THE METROPOLITAN AIRPORTS COMMISSION

The Commission is governed by a 15-member board, one of whom is appointed by the Governor of the State of Minnesota to act as chair of the Commission and who may be removed from office at any time by the Governor. The mayors of Minneapolis and St. Paul (or their designees) are also members, and serve terms coincident with their mayoral terms of office. The Governor appoints the other 12 members of the Commission board for 4-year terms, with eight members being residents of designated districts within the metropolitan area and four members being residents from outside the metropolitan area (but within the State).

The Commission is required to have large capital improvement projects reviewed by the Metropolitan Council, which is a public planning agency that has powers of regulation over development in the metropolitan area. (In this context, "large capital improvement projects" mean projects at MSP costing in excess of $5 million, and projects at the reliever airports costing in excess of $2 million.) The Commission is also required to have any project "which has a significant effect on the orderly and economic development of the metropolitan area" approved by the Metropolitan Council prior to commencement of such project.

The administration, operation, development, maintenance, and provision of public safety (including police and fire), of the Airport System is the responsibility of the Executive Director/Chief Executive Officer working through Commission staff, which consisted of 566 full-time equivalent employees as of October 1, 2012. Six divisions report to the Executive Director/Chief Executive Officer: Human Resources and Labor Relations, Internal Audit, Legal Affairs, Governmental Affairs, Public Affairs and Marketing, and Commercial Management and Airline Affairs.

3.2 GENERAL OBLIGATION REVENUE AND AIRPORT REVENUE BONDS

The enabling legislation of the Commission (which was enacted by the Minnesota state legislature) authorizes the Commission to issue general obligation revenue bonds for use on its airport facilities. Each issuance of general airport revenue bonds

is subject to review by the chair of the Taxes Committee of the State House of Representatives and the chair of the Taxes and Tax Laws Committee of the State Senate.

The Commission has the power to levy taxes upon all taxable property in the seven-county metropolitan area for the payment of debt service on general obligation revenue bonds, but has not done so since 1969. Since 1970, debt service payments on all General Obligation Revenue Bonds issued for airport purposes have been made from Commission revenues. The Commission does not have the power to levy taxes for the payment of debt service on general airport revenue bonds.

Issuance of general airport revenue bonds by the Commission are undertaken pursuant to two indentures: the Master Trust Indenture, dated June 1, 1998, as amended and supplemented (Master Senior Indenture) and the Master Subordinate Trust Indenture, dated October 1, 2000, as amended and supplemented (Master Subordinate Indenture).

3.2.1 General Obligation Revenue Bonds

The Commission is permitted to issue General Obligation Revenue Bonds for airport purposes pursuant to Section 473.667 of the Minnesota Statutes. However, the Minnesota state legislature must authorize the issuance of General Obligation Revenue Bonds. There is approximately $55 million of authorized but unissued General Obligation bonding authority remaining from the last such authorization. Pursuant to the terms of the Master Senior Indenture, the Commission is not required to comply with the Additional Bonds requirement under Section 2.11 of the Master Senior Indenture (see Section 3.4, "Additional Bonds") in order to issue the remaining authorized amount of General Obligation Revenue Bonds. The Commission would however be required to comply with Section 2.11 of the Master Senior Indenture to issue General Obligation Revenue Bonds under any additional authorization received in the future. The Commission does not currently intend to issue additional General Obligation Revenue Bonds.

The terms of the Master Senior Indenture (see Section 3.6, "Order of Priority of Application of Revenue") provide General Obligation Revenue Bonds with the first priority of payment, on parity with debt issued under the Master Senior Indenture from Net Revenues of the Commission.

In 2011, the Commission defeased the then-outstanding Series 15 General Obligation Revenue Bonds using funds provided by Delta Air Lines for whose benefit the bonds had been issued. As of October 1, 2012, there was one series of General Obligation Revenue Bonds outstanding (Series 16) in the principal amount of $9.2 million. The final payment on this debt is scheduled to occur in 2015.

3.2.2 Senior Airport Revenue Bonds

Legislation was adopted in 1996 authorizing the Commission to issue general airport revenue bonds on parity with General Obligation Revenue Bonds. Such parity general airport revenue bonds are issued pursuant to the Master Senior Indenture, which collectively with any additional revenue debt issued under the Master Senior Indenture are Senior Airport Revenue Bonds. As of October 1, 2012, the amount of Senior Airport Revenue Bond principal outstanding (excluding general obligation debt) was $746.2 million with the final maturity occurring in 2035.

3.2.3 Subordinate Airport Revenue Bonds

The Master Senior Indenture permits the Commission to issue Subordinated Airport Revenue Bonds so long as the security interest granted in Net Revenues is junior and subordinate to the interest in Net Revenues and in other assets granted to secure the Senior Airport Revenue Bonds and the General Obligation Revenue Bonds. The Master Senior Indenture permits the Commission to pay the principal of and interest on Subordinated Obligations provided that all deposits required to be made pursuant to the Application of Revenues under Section 4.02(b) (i) through (v) of the Master Senior Indenture are then current.

In 2000, the Commission executed the Master Subordinate Indenture for the issuance of subordinate debt. As of October 1, 2012, $723.0 million of general airport revenue bonds issued under the Master Subordinate Indenture (not including amounts accessed under the $75 million revolving line of credit) were outstanding, with the final maturity occurring in 2035. The Subordinate Series 2012 Bonds are to be issued as Subordinate Airport Revenue Bonds.

The Commission also used the Master Subordinate Indenture to establish a commercial paper program and issue Subordinate Revenue Commercial Paper Notes (Subordinate CP Notes) from time to time. The term Subordinate Airport Revenue Bonds includes not only the general airport revenue bonds issued pursuant to the Master Subordinate Indenture but also the Subordinate CP Notes, the $75 million revolving line of credit and other such parity debt issued under the Master Subordinate Indenture. The Commission retired all outstanding Subordinate CP Notes in 2010 and has since terminated the program authorization.

Under the terms of the Master Subordinate Indenture, the Commission, in November 2011, closed on a $75 million revolving line of credit. The purpose of this line of credit is to fund certain capital projects on a short-term basis. On April 6, 2012, the Commission accessed the line of credit for $11.3 million, primarily to fund certain projects associated with the G Concourse, the Building F demolition, and Runway 30R. The Commission anticipates accessing the line of credit for another $12.8 million during 2013 for additional G Concourse projects.

3.2.4 Indenture Definitions

Certain key terms are defined in the Master Senior Indenture and the Master Subordinate Indenture, as follows:

Revenues generally mean, for any given period, all income, receipts, earnings, and revenues received by the Commission from the operation of the Airport System (including Rental Car Customer Facility Charge (CFC) revenues) as determined in accordance with generally accepted accounting principles and any additional amounts designated in a supplemental indenture. Revenues include investment earnings (except earnings pledged by the terms of a supplemental indenture to fund the Construction Fund) on amounts held in the Operating Fund, Construction Fund, Debt Service Fund, Debt Service Reserve Fund, and the Commission Construction Fund. Unless otherwise provided for, Revenues exclude the following, including any investment earnings thereon, (1) grants, (2) Passenger Facility Charges (PFCs), (3) Special Facilities Revenue, (4) Transfers, and (5) capitalized interest.

Also included in Revenues are amounts received by the Commission for the payment of a portion of the rental amount associated with "self-liquidating" agreements; these amounts are not classified by the Commission as operating revenue on its financial statements per generally accepted accounting principles, but are included in the definition of Revenues for purposes of the Master Senior Indenture and Master Subordinate Indenture. The Commission entered into self-liquidating agreements with certain of the tenants at the Airport, in which the Commission agreed to finance the construction of certain facilities and the tenant agreed to pay rents equal to the associated principal and interest on debt used to finance such facility. Certain, but not all, of these facilities involved the issuance of General Obligation Revenue Bonds. This self-liquidating debt (of which approximately $36.8 million was outstanding as of October 1, 2012) and the associated facilities do not constitute Special Facility Obligations or Special Facilities, respectively, as these obligations or special facilities are defined in the Master Senior Indenture; thus, the associated principal and interest is included as a part of Annual Debt Service and the payments by the tenants are included in Revenues.

Maintenance and Operation Expenses (M&O Expenses) of the Airport System are defined as:

> for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues.

Net Revenues means Revenues less M&O Expenses of the Airport System.

Annual Debt Service means, when applied to General Obligation Revenue Bonds, the amount required to be deposited into the Commission Debt Service Fund by

October 10th of such year necessary to bring the balance to the level required for such debt under Minnesota Statutes 473.667 Subd. 4. This deposit usually means the amount required to maintain a balance equal to principal and interest to be paid on such debt during the first and second following Fiscal Years.

For Senior Airport Revenue Bonds, Annual Debt Service means the amounts required to be set aside in the debt service fund during such Fiscal Year to fund the next interest and principal payments (i.e., the amounts required for funding the July 1 payment of such year and the January 1 payment of the following year). Specific calculation procedures are required for determining prospective Annual Debt Service on certain types of Senior Airport Revenue Bonds (e.g., Program Bonds).

For Subordinate Airport Revenue Bonds, Annual Debt Service means the amounts due and payable to bondholders during such Fiscal Year (i.e., the debt service payments due on January 1 and July 1 of the Fiscal Year). Specific calculation procedures are required for determining prospective Annual Debt Service on certain types of Subordinate Airport Revenue Bonds (e.g., Program Bonds).

Debt service paid from PFC receipts is subtracted from gross debt service when determining Annual Debt Service for the Senior Airport Revenue Bonds and the Subordinate Airport Revenue Bonds. Over the years, the Commission has submitted and received approval to impose and use PFC receipts to pay, among other items, debt service on debt issued to fund project costs approved in the applications. The Commission, as needed, will amend existing applications or file new applications to adjust the authorized amount of PFC receipts that are used to pay debt service in the future. By resolution, the Commission has irrevocably committed certain of its PFC receipts to pay or fund a portion of the Annual Debt Service each year through FY 2030. The Commission has paid and intends to pay debt service from PFC receipts as authorized by approved PFC applications, which are greater than the amounts irrevocably committed each year by the Commission. (See Section 3.11, "Debt Service Requirements.")

Transfer is defined as:

(a) the amount deposited on the last Business Day of the Fiscal Year from the Coverage Account into the Operating Fund plus (b) any amounts withdrawn from the Coverage Account during such Fiscal Year for the purposes specified in Section 4.07 (a) or (b) [of the Master Senior Indenture] less (c) any amounts deposited in the Coverage Account from Revenues during such Fiscal Year.

The purposes for which amounts may be withdrawn from the Coverage Account, as set forth in Section 4.07 of the Master Senior Indenture, are to (a) pay Maintenance and Operation Expenses of the Airport System, (b) make any required payments or deposits to pay or secure the payment of the principal or purchase price of or

interest or redemption premium on the Outstanding Bonds, and (c) pay the cost of any additions, improvements, repairs, renewals, or replacements to the Airport System, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient for such purpose.

3.3 RATE COVENANTS

Rate covenants for Senior and Subordinate Airport Revenue Bonds are summarized below.

3.3.1 Senior Airport Revenue Bonds

The Commission has covenanted in Section 5.04 of the Master Senior Indenture that so long as any of the Senior Airport Revenue Bonds and General Obligation Revenue Bonds are outstanding, the Commission will establish, fix, prescribe, and collect rates, tolls, fees, rentals, and charges in connection with the Airport System, so that Net Revenues in each Fiscal Year are sufficient to fund the deposits required in Section 5.04(a) of the Master Senior Indenture and so that during each Fiscal Year the Net Revenues, together with any Transfer, will be at least equal to 125% of Aggregate Annual Debt Service on the outstanding Senior Airport Revenue Bonds. For purposes of this calculation, the amount of any Transfer shall not exceed 25% of Aggregate Annual Debt Service on the outstanding Senior Airport Revenue Bonds in such Fiscal Year.

3.3.2 Subordinate Airport Revenue Bonds

The Commission has covenanted in Section 5.04 of the Master Subordinate Indenture that so long as any of the Subordinate Airport Revenue Bonds remain outstanding, the Commission will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Subordinate Revenues* in each Fiscal Year are sufficient to fund the deposits required in Section 5.04(a) of the Master Subordinate Indenture and so that during each Fiscal Year the Subordinate Revenues, together with any Transfer, will be equal to at least 110% of Aggregate Annual Debt Service on the outstanding Subordinate Airport Revenue Bonds. For purposes of this calculation, the amount of any Transfer taken into account shall not exceed 10% of Aggregate Annual Debt Service on the outstanding Subordinate Airport Revenue Bonds in such Fiscal Year.

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*Subordinate Revenues (which are termed Net Pledged Revenues in the Master Subordinate Indenture) are the Net Revenues remaining after satisfaction of debt service and debt service reserve requirements for the General Obligation Revenue Bonds and the Senior Airport Revenue Bonds and repayment of any property taxes levied to meet debt service payments on the Commission's General Obligation Revenue Bonds should such an event occur.

3.4 ADDITIONAL BONDS

The tests required to be met in order to issue additional Senior and Subordinate Airport Revenue Bonds are described below.

3.4.1 Senior Airport Revenue Bonds

Prior to issuance of additional senior debt on a parity with the Senior Airport Revenue Bonds and General Obligation Revenue Bonds (which includes any General Obligation Revenue Bonds that are in excess of the $55 million currently authorized but unissued), the Commission is required in Section 2.11 of the Master Senior Indenture to deliver to the Trustee either:

(a) a certificate prepared by an Authorized Commission Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Airport Revenue Bonds or preceding the first issuance of the proposed Senior Program Airport Revenue Bonds were at least equal to 110% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Airport Revenue Bonds, Unissued Senior Program Airport Revenue Bonds, the proposed Series of Senior Airport Revenue Bonds, and outstanding General Obligation Revenue Bonds, calculated as if the proposed Series of Senior Airport Revenue Bonds and the full Senior Authorized Amount of such proposed Senior Program Airport Revenue Bonds (as applicable) were then Outstanding; or

(b) a certificate prepared by an Authorized Commission Representative showing that the Net Revenues (as may be adjusted as described below) for the last completed Fiscal Year or 12-month period immediately preceding the date of issuance of the proposed Series of Senior Airport Revenue Bonds or preceding the first issuance of the proposed Senior Program Airport Revenue Bonds were at least equal to 125% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Airport Revenue Bonds, Unissued Senior Program Airport Revenue Bonds, the proposed Series of Senior Airport Revenue Bonds, and outstanding General Obligation Revenue Bonds, calculated as if the proposed Series of Senior Airport Revenue Bonds and the full Authorized Amount of such proposed Senior Program Airport Revenue Bonds (as applicable) were then Outstanding.

For purposes of subparagraphs (a) and (b) above, no Transfer shall be taken into account in the computation of Revenues by the Authorized Commission Representative.

For purposes of subparagraph (b) above, the Commission shall be allowed to adjust Net Revenues for earnings arising from any increase in the rates, charges and fees for the use of the Airport System that has become effective prior to the issuance of

such proposed Series of Senior Airport Revenue Bonds but that, during the last completed Fiscal Year or 12-month period, was not in effect for the entire period under consideration, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates, charges and fees had been in effect during the whole of the last completed Fiscal Year or 12-month period, as shown by the certificate or opinion of a Consultant employed by the Commission.

Refunding Senior Airport Revenue Bonds may be issued by the Commission pursuant to Sections 2.10 and 2.11 of the Master Senior Indenture if there is a certificate delivered to the trustee "showing that Senior Maximum Aggregate Annual Debt Service after the issuance of such Refunding Senior Airport Revenue Bonds will not exceed Senior Maximum Aggregate Annual Debt Service prior to the issuance of such Refunding [Senior Airport Revenue] Bonds."

3.4.2 Subordinate Airport Revenue Bonds

Additional Subordinate Airport Revenue Bonds may be issued under the Master Subordinate Indenture on parity with outstanding Subordinate Airport Revenue Bonds provided, among other things, that there is delivered to the Subordinate Trustee either:

(a) a certificate prepared by an Authorized Commission Representative showing the Subordinate Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Airport Revenue Bonds were at least equal to 110% of Maximum Aggregate Annual Debt Service with respect to all outstanding Subordinate Airport Revenue Bonds, Unissued Subordinate Program Airport Revenue Bonds, and the proposed series of Subordinate Airport Revenue Bonds, calculated as if the proposed series of Subordinate Airport Revenue Bonds and the full Authorized Amount of such proposed Subordinate Program Airport Revenue Bonds, were then outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Subordinate Airport Revenue Bonds being issued and the date of delivery of such Subordinate Airport Revenue Bonds (both dates inclusive), prepared by a Consultant showing that:

  (i) the Subordinate Revenues, together with any Transfer, (as calculated by said Consultant) for the last audited Fiscal Year or any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed series of Subordinate Airport Revenue Bonds or the establishment of Subordinate Program Airport Revenue Bonds were at least equal to 110% of the Aggregate Annual Debt Service due and payable with respect to all outstanding Subordinate Airport Revenue Bonds for such applicable period;

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of the proposed Subordinate Airport Revenue Bonds through and including the last Fiscal Year during any part of which interest on the proposed Subordinate Airport Revenue Bonds is expected to be paid from the proceeds thereof, the Consultant estimates that the Commission will be in compliance with the rate covenant for Subordinate Airport Revenue Bonds; and

(iii) for the period from and including the first full Fiscal Year following the issuance of the proposed Subordinate Airport Revenue Bonds during which no interest on the proposed Subordinate Airport Revenue Bonds is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of the proposed Subordinate Airport Revenue Bonds, or (B) the third full Fiscal Year during which no interest on the proposed Subordinate Airport Revenue Bonds is expected to be paid from the proceeds thereof, estimated Subordinate Revenues, together with any estimated Transfer, for each such Fiscal Year will be at least equal to 110% of Aggregate Annual Debt Service for each such Fiscal Year with respect to all outstanding Subordinate Airport Revenue Bonds, Unissued Subordinate Program Airport Revenue Bonds Obligations, and the series of Subordinate Airport Revenue Bonds proposed to be issued calculated as if the proposed series of Subordinate Airport Revenue Bonds and the full Authorized Amount of such proposed Subordinate Program Airport Revenue Bonds, were then outstanding.

For purposes of subparagraph (a) above, no Transfer will be taken into account in the computation by the Authorized Commission Representative. For purposes of subparagraph (b) above, the Transfer taken into account may not exceed 10% of Aggregate Annual Debt Service in such Fiscal Year for the outstanding Subordinate Airport Revenue Bonds, Unissued Subordinate Program Airport Revenue Bonds Obligations, the proposed series of Subordinate Airport Revenue Bonds, and, if applicable, the full Authorized Amount of such proposed Subordinate Program Airport Revenue Bonds.

For purposes of subsections (b) (ii) and (iii) above, in estimating Subordinate Revenues, the Consultant may take into account any adjustments to Revenues or M&O Expenses that the Consultant believes to be a reasonable assumption for such period.

In certain situations, neither of the certificates described above under subparagraphs (a) or (b) are required for the issuance of additional Subordinate Airport Revenue Bonds. For instance, if Subordinate Airport Revenue Bonds are being issued for the purpose of refunding then outstanding Subordinate Airport Revenue Bonds and, instead, there is a certificate of an Authorized Commission Representative delivered to the Subordinate Trustee that shows that the Aggregate Annual Debt Service in

each Fiscal Year after such refunding will not exceed Aggregate Annual Debt Service in each Fiscal Year prior to the refunding, then neither of the certificates described above under subparagraphs (a) or (b) are required.

3.5 SPECIAL FACILITY OBLIGATIONS

The Commission, pursuant to Section 5.07 of the Master Senior Indenture, is permitted to issue debt to fund Special Facilities, as such are defined in the Master Senior Indenture. Debt service on Special Facility Obligations is payable from and secured solely by the associated Special Facilities Revenues and not from or by Net Revenues. The Commission had no Special Facility Obligations outstanding as of October 1, 2012.

3.6 ORDER OF PRIORITY OF APPLICATION OF REVENUE

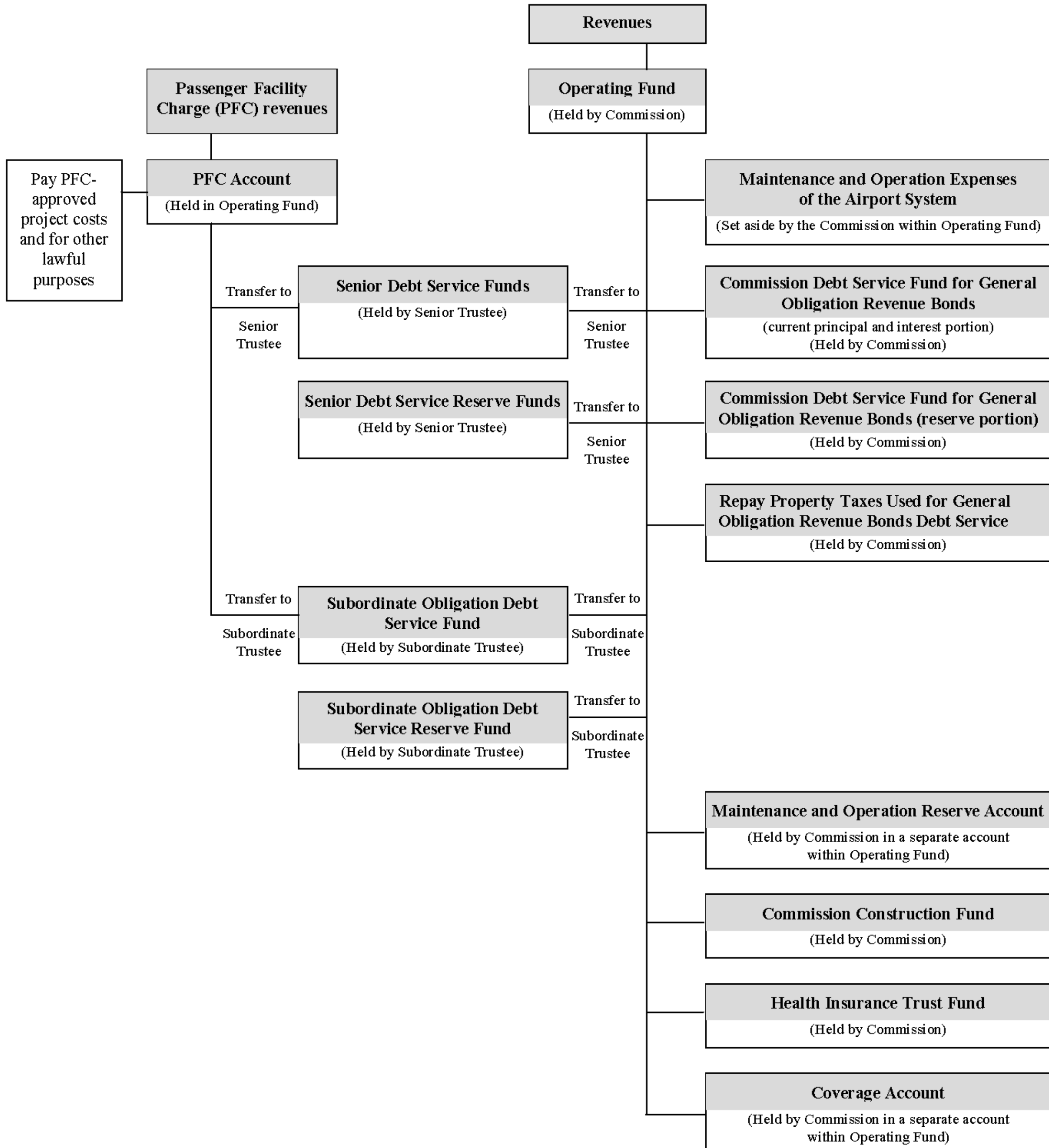
The Commission covenants in Section 4.02 of the Master Senior Indenture as long as there are Senior Airport Revenue Bonds or General Obligation Revenue Bonds outstanding that all Revenues will be deposited into the Operating Fund and set aside for payment of required amounts or transferred to funds and accounts in the order of priority as required in Section 4.02, which is presented on Figure 15.

3.7 AIRLINE AGREEMENTS

The Commission has entered into separate but substantially similar agreements (known as the Airline Operating Agreement and Terminal Building Lease) with 27 airlines (both passenger and cargo) operating at the Airport (collectively, the Airline Agreements). The Airline Agreements were originally negotiated and executed to support the Commission's expansion of the Airport known as the 2010 Long Term Comprehensive Plan (the 2010 Plan). The Airline Agreements had an effective date of January 1, 1999. The Airline Agreements have been amended and the term extended over the years, including significant changes in 2007 as completion of the 2010 Plan was approaching.

As a result, of the 27 airlines operating at the Airport with Airline Agreements, eight airlines (including Delta Air Lines) have extended the term of their agreements through December 31, 2020. (Four additional airlines executed agreements with a term through 2020 but are no longer serving the Airport.) In addition, the Commission is in the process of executing amendments with 19 additional airlines to extend the term of their expired agreements through December 31, 2015. Airlines that operate at the Airport but are not covered by an Airline Agreement are charged non-signatory landing fees and terminal rentals as established by ordinances adopted by the Commission.

Figure 15
APPLICATION OF REVENUES
Under the Master Senior Indenture
Metropolitan Airports Commission



Source: Metropolitan Airports Commission

The Airline Agreements provide for, among other things, the use by the airlines of the airfield and apron areas of the Airport and the lease of certain space in the Airport's main terminal – Terminal 1-Lindbergh. The Airline Agreements also establish procedures for the annual calculation of rents, fees, and charges for the use of facilities and areas covered by the Airline Agreements. These rents, fees, and charges are calculated based on a compensatory rate-setting methodology for Terminal 1-Lindbergh and a cost-center residual rate-setting methodology for the airfield.

The use and occupancy of Terminal 2-Humphrey (primarily serving LCC airlines and charter operations) are not subject to the Airline Agreements. The Commission operates Terminal 2-Humphrey on a common-use basis and establishes the rents, fees, and charges for use of Terminal 2-Humphrey by ordinance.

The Airline Agreements contain, among others, provisions for the (1) dedication of all PFCs collected through 2010 to costs associated with projects in the 2010 Plan; (2) dedication of a portion of PFCs to be collected between 2011 and 2030 to costs associated with projects in the 2010 Plan; (3) limitations on the noise mitigation costs that may be included in airline rates and charges; (4) recovery of asset costs included in the terminal building, airfield, and terminal apron cost centers; (5) rebating a portion of certain concession revenues to the passenger airlines; (6) lease of 11 gates to the airlines on a short-term basis (as opposed to the remaining gates in Terminal 1-Lindbergh, which are leased to the airlines through the term of their Airline Agreements); (7) availability on an as-needed basis of the use of one of the wide-body gates leased to Delta Air Lines; and (8) ability to include required deposits per the Master Senior Indenture in the airline rate base, including replenishment of debt service reserve funds (if needed) for both the Senior Airport Revenue Bonds and the Subordinate Airport Revenue Bonds.

The Airline Agreements provide that (1) no capital projects are subject to airline review and approval except for airfield projects costing in excess of $1 million, (2) MAC cannot charge airlines for the cost of any such airfield projects that are disapproved by a majority-in-interest of signatory airlines, and (3) all airfield projects in the 2010 Plan are deemed approved and thus their costs can be included in the calculation of landing fees.

3.8 CAPITAL IMPROVEMENT PROGRAM

In the late 1990s, the Commission developed and began implementation of a major capital development effort known as the 2010 Plan. In late 2009, with completion nearing of the 2010 Plan projects, the Commission adopted a capital improvement program for the 2010 through 2016 period known as the Planned CIP Projects, which the Commission updates annually. The current Planned CIP Projects cover the period 2012 through 2018 and have a total cost of $708 million.

As part of its periodic strategic assessments, the Commission identifies certain projects, primarily terminal and facility expansion projects, which could be needed if growth in demand, especially in connecting traffic, warrants these projects (the Demand Driven Projects). The Demand Driven Projects have an estimated cost of approximately $1 billion. Current projections of demand do not show a need for these projects.

3.9 COSTS AND FUNDING SOURCES OF PLANNED CIP PROJECTS

Exhibit A presents the expected costs and funding sources for the Planned CIP Projects. In addition to funding from the proceeds of the Subordinate Series 2012 Bonds and proceeds remaining from the Senior Series 2010 Bonds, the Commission will use its short-term bank loan program as needed. Other sources expected to be used are described below.

3.9.1 Federal and State Grants

Under the Airport Improvement Program (AIP), the Commission is eligible to receive AIP grants from the FAA for the costs of eligible projects at the Airport. Certain of these grants are to be received as entitlement grants, the annual amount of which is calculated on the basis of the number of enplaned passengers. Other discretionary grants are awarded on the basis of the FAA's determination of the priorities for projects at Airport System and at other airports nationwide. Funding of the Airport and Airway Trust Fund (the primary source of AIP funding) is dependent on periodic reauthorization by Congress. For purposes of this Report, it was assumed that Congress will continue such reauthorizations so that no lapse in AIP funding authority will occur during the forecast period. The Commission also receives some State grants primarily for projects at the reliever airports.

Approximately $77.1 million in federal and State grants are expected for funding of the Planned CIP Projects.

3.9.2 Transportation Security Administration Grants

The Commission expects to receive funding from the TSA for security-related costs in the Planned CIP Projects. For purposes of this Report, it was assumed that the TSA will provide $34.7 million in grants for such costs.

3.9.3 PFC Revenues

A PFC is a charge imposed, following approval by the FAA, on enplaned passengers by airport sponsors to generate revenues for eligible airport projects that increase capacity, enhance competition among and between air carriers, enhance safety or security, or mitigate noise impacts. In return for the right to assess a PFC in the amount of $1.00, $2.00, or $3.00, the sponsors of large- and medium-hub airports forego up to 50% of their AIP entitlement funds. The sponsors of large- and medium-hub airports (such as MSP) that collect a PFC of $4.00 or $4.50 forego 75% of their AIP entitlement funds.

Since 1992, the Commission has received approval from the FAA on ten separate applications (eight of which were later amended by the Commission, with the approval of the FAA), to collect and use approximately $1.6 billion in PFC receipts. As of August 31, 2012, approximately $1,076.8 million has been collected. The current collection authority extends to the earlier of September 1, 2020 or when the total authorized amount is collected (unless subsequently amended further). The PFC-use authority is for funding of approved project costs on a "pay-as-you-go" basis and payment of debt service on Bonds issued to fund PFC-approved project costs. PFC receipts not expended on PFC-approved expenditures in a year are retained to fund PFC-approved debt service in future years.

The Commission is in the process of submitting amendments of existing approved applications to reflect final project costs of certain projects that have already received PFC approval from the FAA. The Commission is also in the process of preparing and submitting new PFC applications for projects that are either completed or are expected to be completed in the near future. Additional new PFC applications or amendments to approved applications are likely to occur over the forecast period. The forecast of PFC receipts and their use for the period 2012 through 2018 is shown in Exhibit C. It was assumed that the PFC level would remain at $4.50 throughout the forecast period. The exhibit also shows actual collections for the period 2007 through 2011 with an imputed percentage of eligible enplaned passengers. The PFC collections are estimated to be adequate for all planned uses of PFC receipts identified in Exhibit B.

PFC receipts used on a "pay-as-you-go" basis for funding of the Planned CIP Projects are estimated to be $120.2 million. This amount is reflected in Exhibit B.

3.9.4 Third-Party Funding

Construction of approximately $9.4 million of the Planned CIP Projects is dependent on the availability of third-party funding sources. The projects are primarily facilities at reliever airports, with tenants providing the funding.

3.9.5 Airline Repair and Replacement Account

In connection with amending the Airline Agreements in 2007, the Airline Repair and Replacement Account was established within the Commission Construction Fund. The account is funded each year with a defined amount (specifically, $15 million per year in 2006 dollars, escalated 3% per year), and included in the airline rate base. Amounts in the Airline Repair and Replacement Account may be used to fund certain major maintenance and capital projects as defined in the Airline Agreements, including airfield, apron, and terminal projects. In accordance with the methodology in the Airline Agreements, deposits to the Airline Repair and Replacement Account are expected to be approximately $137.5 million during the period 2012 through 2018.

3.9.6 Commission Construction Fund

After satisfaction of other requirements each year, the Commission deposits remaining Revenues into the Commission Construction Fund. Amounts accumulated in the Commission Construction Fund, other than amounts held in the Airline Repair and Replacement Account, may be used for any lawful purpose including capital improvements to the Airport System.

The estimated funding of the Planned CIP Projects, as shown on Exhibit A, anticipates the use of $309.9 million of "Internal Funds," which are from the Commission Construction Fund, including the Airline Repair and Replacement Account. The Application of Revenues, Exhibit G, shows deposits to the Commission Construction Fund, including the Airline Repair and Replacement Account, of $360.4 million over the period FY 2012 through FY 2018 (see Section 3.14, "Application of Airport System Revenues").

3.10 PROPOSED SUBORDINATE SERIES 2012 BONDS

Exhibit C presents the estimated sources and uses of the Subordinate Series 2012A Bonds. The exhibit was based on information prepared by Jefferies & Company, Inc., the Commission's financial advisor, using data and information provided by the Commission regarding the cost and timing of a rental car facility expansion project at Terminal 2-Humphrey, to be funded with proceeds of the proposed Subordinate Series 2012A Bonds. The Subordinate Series 2012 Bonds are expected to be issued in two sub-series, Subordinate Series 2012A Bonds and Subordinate Series 2012B Bonds.

The proposed Subordinate Series 2012A Bonds will be issued on a taxable basis to fund the costs of a rental car facility expansion project at Terminal 2-Humphrey. This project consists of several key components including (1) expansion and improvement of rental counter space, (2) expansion of the ready/return area into the mezzanine level of the Purple Ramp, and construction of a quick-turn-around facility in close proximity to the ready/return operations. The cost of the project is estimated to be approximately $35.4 million. The proposed Subordinate Series 2012A Bonds are assumed to have a principal amount of $41.3 million with principal payments beginning January 1, 2014 and ending on January 1, 2020. Interest rates were assumed to range from 1.7% to 3.7% with annual debt service of approximately $6.6 million per year.

The proposed Subordinate Series 2012B Bonds will be issued to refund the outstanding principal, $48.3 million, of the Subordinate Airport Revenue Bonds, Series 2003A (Subordinate Series 2003A Bonds). For purposes of the analysis, the debt service shown for the Subordinate Series 2012B Bonds is the same as that of the Subordinate Series 2003A Bonds being refunded. If the Commission does not achieve its required level of debt services by the refunding, the Subordinate Series 2012B Bonds will not be issued. If issued, the final maturity on the Subordinate

Series 2012B Bonds will be January 1, 2031 and will result in a modest decrease in annual debt service.

Thus, the proposed uses of the Subordinate Series 2012 Bonds are to: (1) refund outstanding principal of the Subordinate Series 2003A Bonds, (2) pay the costs of the Terminal 2-Humphrey rental car facility project, (3) satisfy any Debt Service Reserve Requirement, (4) pay capitalized interest on a portion of the Subordinate Series 2012A Bonds, and (5) pay costs of issuing the Subordinate Series 2012 Bonds.

3.11 DEBT SERVICE REQUIREMENTS

Exhibit D presents historical and forecast Annual Debt Service on outstanding General Obligation Revenue Bonds, outstanding Senior Airport Revenue Bonds, outstanding Subordinate Airport Revenue Bonds, and the proposed Subordinate Series 2012 Bonds in conformance with the requirements of the Master Senior Indenture and the Master Subordinate Indenture. In the future, the Commission might (1) refund outstanding debt to realize savings on debt service and (2) issue additional debt to fund projects. For the purposes of this Report, no such issuances were anticipated or assumed. Following issuance of the Subordinate Series 2012 Bonds, the amount of outstanding principal on General Obligation Revenue Bonds, Senior Airport Revenue Bonds, and Subordinate Airport Revenue Bonds is expected to total about $1.5 billion, which would be approximately $96 per enplaned passenger for FY 2012.

Annual Debt Service is net of amounts paid or expected to be paid from PFC receipts. As noted earlier, the Commission has irrevocably committed to apply certain of its PFC receipts through FY 2030 to pay a portion of the debt service attributable to PFC-approved project costs. In addition, the Commission has applied, and intends to apply in the future, PFC receipts in addition to the irrevocably committed amount each year to payment of debt service approved for such payment by the FAA. The historical and forecast application of irrevocably committed and additional PFC receipts to pay debt service on Senior Airport Revenue Bonds and on Subordinate Airport Revenue Bonds is shown on Exhibit D.

3.12 MAINTENANCE AND OPERATION EXPENSES

Exhibit E presents historical, estimated, and forecast M&O Expenses of the Airport System by category of expense for FY 2007 through FY 2018. Historical M&O Expenses are based on the Commission's audited financial statements. FY 2012 M&O Expenses are estimates based on the budget.

Forecast M&O Expenses are based on assumed increases in the unit costs of labor, services, utilities, and supplies as a result of price inflation; and additional costs associated with changes in Commission operations primarily as a result of the Commission assuming operation and control of the G Concourse in FY 2016. In particular, it was assumed that:

- The general rate of increase for M&O Expenses will be 2% per year through FY 2015 then 3% per year during the remainder of the forecast period. Certain expenses are increased at higher rates; for example, electricity is increased at a general rate of 4% per year.

- There will be an increase in certain expenses in FY 2016 with the Commission assuming control and responsibility for the G Concourse following expiration of the special agreement with Delta Air Lines. The Commission currently provides a portion of the operational costs for the G Concourse for which Delta Air Lines pays the Commission. It was estimated that an additional $6.3 million of expense would result from the transfer of the G Concourse in FY 2016.

- Personnel costs will increase an average of approximately 3.0% per year to reflect increases in staffing levels, salary levels, and changes in benefit costs during the forecast period.

- Utility expenses will increase an average of approximately 5.3% per year during the forecast period.

M&O Expenses are forecast to increase from $136.4 million in FY 2012 to $169.8 million in FY 2018, which is an average annual growth rate of 3.7%.

3.13 AIRPORT SYSTEM REVENUES

Exhibit F presents historical, estimated, and forecast Revenues by category for FY 2007 through FY 2018. Historical Revenues are based on the Commission's audited financial statements. Revenues for FY 2012 are estimates based on the budget. The assumptions underlying the increases in Airline Revenues and nonairline revenues are described in the following sections.

3.13.1 Airline Revenues

Airline Revenues, as shown on Exhibit F, range between 29% and 36% as a percentage of Total Revenues during the period FY 2007 through FY 2018. The percentage increased from 33% in FY 2011 to an estimated 36% for FY 2012 due to a decrease in Total Revenues. The decrease in Total Revenues is due to a decrease in Interest and Principal Payments related to Self-Liquidating Facilities as a result of early payment of the General Obligation Revenue Bonds, Series 15, by Delta Air Lines. Airline revenue totals reflect the payment by the Commission at year-end of a portion of certain concession revenues (food and beverage, merchandise, and

rental cars) from that year to certain passenger airlines pursuant to the Airline Agreements.

The Airline Agreements define the cost centers to be used in accounting for revenues and expenses and for calculating certain rents, fees, and charges. The Airline Agreements cover rate-setting for the Terminal 1-Lindbergh building, the airfield and the apron but not for the common-use Terminal 2-Humphrey. As noted earlier, rates at Terminal 2-Humphrey are established by the Commission and implemented by ordinance. There are 13 cost centers as defined in the Airline Agreements. Costs allocated to these cost centers include the following, hereinafter referred to as recoverable costs: (1) direct and indirect M&O Expenses, (2) direct and indirect annual debt service on net capital costs, (3) direct and indirect capital outlays, (4) deposit amounts required to fund the Airline Repair and Replacement Account established by the Airline Agreements, and (5) required deposits per the Master Senior Indenture, including the replenishment of debt service reserve funds of both the Senior Airport Revenue Bonds and the Subordinate Airport Revenue Bonds, maintenance and operation reserve account, and coverage account (if needed). The rate-setting procedures are based on the recovery of the costs allocated to certain of these cost centers.

Prior to the beginning of each Fiscal Year, the Commission calculates rents, fees, and charges for the upcoming Fiscal Year based on the annual operating budget, capital expenditure information, estimates of activity, and other relevant information. If, during the course of any Fiscal Year, the Commission believes that significant variances exist in amounts used to calculate rents, fees, and charges for the current Fiscal Year, the Commission may adjust the rents, fees, and charges to reflect revised estimated amounts.

At the end of each Fiscal Year, the Commission is required to determine the difference between the amount a signatory airline would have paid during such Fiscal Year based upon actual information for the year, and the amount a signatory airline actually paid based upon budgeted and estimated information. The difference is invoiced, credited, or paid to the signatory airline, as appropriate.

The calculation of Airline Revenues is described below in terms of terminal rental – Terminal 1-Lindbergh, landing fees, apron fees – Terminal 1-Lindbergh, other fees and charges, and airline payments per enplaned passenger.

Terminal Rentals – Terminal 1-Lindbergh

Exhibit F-1 shows the calculation of forecast airline terminal rental rates and revenues at Terminal 1-Lindbergh. Terminal 1-Lindbergh building rental rate per square foot for space other than that which is janitored (see below for calculation of space that is janitored) is calculated by dividing the net terminal building cost by total rentable space, excluding rentable space in the G Concourse. The net terminal building cost is calculated as recoverable costs, less certain revenues: reimbursed

expense for steam and chilled water on the G Concourse; carousel and conveyor costs; and janitorial operation and maintenance expenses. In addition, the Commission agreed to defer the start of recovery of $121.6 million of project costs associated with the C/D Concourse extension from their original date of beneficial occupancy to 2006. Per the terms of the Airline Agreements, the Commission calculated carrying costs for these projects during the deferral period and added the carrying costs to the original project cost, for recovery beginning in 2006 over the useful life of the facility.

The terminal building rental rate per square foot for janitored space is calculated as the terminal building rental rate per square foot for unjanitored space plus an additional amount, the janitored rate, per square foot, calculated by dividing total janitorial operation and maintenance expenses by the total janitored space in the terminal building, excluding Commission and mechanical space and janitored space in the IAF.

Beginning in FY 2016, costs and space associated with the G Concourse, which had been operated under special agreement with Delta Air Lines, is included in the Terminal 1-Lindbergh rental rate calculations. The associated agreement with Delta Air Lines expires in December 2015.

Landing Fees

Exhibit F-2 shows the calculation of forecast signatory airline landing fee rates and revenues. The landing fee rate per 1,000 pounds of aircraft weight is calculated by dividing the net airfield cost by total landed weight of the signatory airlines. The net airfield cost is calculated as recoverable airfield costs, plus (1) the annual amount for recovery of costs related to construction of Runway 17/35, which was constructed as part of the 2010 Plan developed by the Commission in the late 1990s, that were deferred from previous periods, (2) the amount, if any, for fines, judgments, or extraordinary charges related to the airfield, and (3) certain of the amounts allocable to the airfield required pursuant to the Master Senior Indenture, less certain revenues including: service fees from the military; general aviation and non-signatory landing fees; and annual debt service on capital costs disapproved by a majority-in-interest of signatory airlines.

Air carriers that are not signatory airlines are charged a landing fee rate as established from time to time by the Commission. Ordinance No. 96 sets the landing fee rate to be paid by air carriers that are not signatory airlines at 125% of the signatory airline landing fee rate.

Apron Fees – Terminal 1-Lindbergh

Exhibit F-3 shows the calculation of forecast apron fee rates and revenues at Terminal 1-Lindbergh. The costs allocated to the Terminal 1-Lindbergh apron cost center are prorated between the users of the concourses and the regional ramp based on lineal feet of ramp and recovered through two fees: the terminal apron fee and

the regional ramp fee. The terminal apron rate per lineal foot is calculated by dividing the terminal apron cost, which is equal to its recoverable costs, by the sum of (1) total estimated lineal feet of terminal apron, excluding the regional ramp, and (2) the weighted lineal feet of the regional ramp. The apron adjacent to the G Concourse was not part of the special agreement with Delta Air Lines noted above, and has always been part of the apron fee calculation.

Other Airline Fees and Charges

The Commission charges certain other fees and charges for the use of the Airport. These fees include, among others, an IAF use fee for the use of customs and immigration processing facilities, and a carousel and conveyor charge for the use of baggage facilities.

The IAF use fee, which is charged for use of the IAF located on the G Concourse, is calculated as the sum of certain costs associated with the IAF divided by total international passenger arrivals at the IAF on the G Concourse. Fees for use of the customs and immigration processing facilities at Terminal 2-Humphrey are established by ordinance.

A separate gate use fee per aircraft operation also is charged for the use of gates, ramps, and loading bridges on the IAF. The gate use fee per operation is $400, $800, and $1,200 for propeller aircraft, narrow-body aircraft, and wide-body jet aircraft, respectively. These gate use fees are remitted to Delta Air Lines until the expiration on December 31, 2015 of their lease for the G Concourse.

The carousel and conveyor charge is calculated as the sum of (1) equipment charges associated with the carousel and conveyor, including annual depreciation and imputed interest, (2) maintenance expense, and (3) service charge. These costs are allocated among airlines using a common-use formula, which allocates 20% of the cost equally among each airline using such space and 80% of the cost on the basis of enplaned passengers. Airlines that only operate aircraft with 40 seats or less are excluded from the allocation of the 20% portion of the costs.

Airline Payments per Enplaned Passenger

Exhibit F-4 shows historical and forecast airline payments per enplaned passenger at MSP for FY 2007 through FY 2018. These airline payments are the Airline Revenues shown on Exhibit F plus amounts paid by Delta Air Lines related to its G Concourse agreement through FY 2015. Airline payments per enplaned passenger are forecast to remain between $6.75 and $6.90 during the forecast period.

3.13.2 Nonairline Revenues

Major sources of nonairline revenues include terminal building concessions including retail, public automobile parking, automobile rentals, non-terminal building and land rentals, and other revenues noted below. Forecasts of nonairline revenues are based on the provisions of existing agreements and allowances for

inflation, forecast increases in enplaned passengers, and other factors. In particular, it was assumed that:

- Concession revenues, excluding parking and rental car, will increase at the rate of increase in enplaned passengers and in the value of sales with an additional increase in FY 2016 as the Commission receives benefit of concession activity on the G Concourse.

- Concession revenues from parking and rental cars will increase at the rate of increase in enplaned passengers, excluding connecting passengers, plus a provision for increases in parking and rental car rates.

- Non-terminal building and land rentals will have periodic rent adjustments that result in an average increase of 2% per year over the forecast period.

- The CFC is forecast to provide $9.8 million in FY 2013 following an increase from $2.00 per transaction day to $3.25 for FY 2013.

Table 27 shows various nonairline revenues (in total and per originating passenger) at MSP for FY 2011.

Table 27
MSP NONAIRLINE REVENUES, FY 2011
Metropolitan Airport Commission

Source	Total (in thousands)	Per originating passenger
Parking	$66,612	$ 7.96
Rental cars	17,112	2.04
Food and beverage	13,071	1.56 *(a)*
Merchandise	8,318	0.99 *(a)*
Misc. concession *(b)*	13,679	1.63
General Aviation & Cargo	2,052	0.25
Building and Land *(c)*	19,319	2.31
Rental Car CFC *(d)*	5,788	0.69
Miscellaneous	5,169	0.62
Total MSP nonairline rev.	$151,121	$18.05

Note: Columns may not add to totals shown because of rounding.

(a) If calculated on total enplaned passengers, food and beverage is $0.82 and merchandise is $0.52.
(b) Miscellaneous concession revenues include ground transportation, employee parking, advertising, ATM, vending, and other miscellaneous concession revenues.
(c) Includes terminal rents other than those included in Airline Revenues.
(d) Customer Facility Charge revenues are forecast to be $9.8 million starting in FY 2013.

Source: Metropolitan Airport Commission and LeighFisher.

Public automobile parking revenues, rental car revenues, food and beverage revenues and merchandise revenues, miscellaneous concession revenues, other nonairline revenues, and reliever airports and nonoperating revenue are described below.

Public Automobile Parking Revenues

Public automobile parking is the largest source of nonairline revenue in the Airport System. Public automobile parking, which does not include revenue from employee parking, was $66.6 million in FY 2011, equal to approximately 22.8% of total Revenues (44.1% of nonairline revenues).

AMPCO System Parking operates the public parking facilities at the Airport under a parking management agreement that became effective on August 1, 2004 and expired on August 1, 2012. The agreement currently is on a month-to-month basis at least through the end of FY 2012. The Commission is in the process of preparing a request for proposals for a new parking management agreement. It was assumed in the analysis that a new agreement will have terms that are no less beneficial to the Commission as those of the existing agreement.

Pursuant to the AMPCO agreement, AMPCO is responsible for maintaining and operating the existing facilities and collecting parking fees established by the Commission. AMPCO remits all gross parking revenues to the Commission and is reimbursed for operating expenses and paid a management fee. Current parking rates at MSP are shown in Table 28.

Automobile parking revenues are forecast to increase from $73.0 million in FY 2012 to $84.0 million in FY 2018. This is an average annual growth rate of 2.4% over the 6-year period.

Table 28
MSP PARKING RATES AS OF SEPTEMBER 1, 2012
Metropolitan Airports Commission

	Regular Rate	ePark® Rate *(a)*
General Parking		
First Hour		
Terminal 1-Lindbergh	$8.00	$6.00
Terminal 2-Humphrey	$8.00	$6.00
Each Additional Hour		
Terminal 1-Lindbergh	$2.00	$2.00
Terminal 2-Humphrey	$2.00	$2.00
Daily Maximum		
Terminal 1-Lindbergh	$22.00	$20.00
Terminal 2-Humphrey	$16.00	$14.00
Short-term Parking		
First Hour		
Both Terminals	$5.00	$3.00
Second Hour		
Both Terminals	$8.00	$6.00
Each Hour 3 through 8		
Both Terminals	$1.00	$1.00
Each Hour beyond 8		
Both Terminals	$2.00	$2.00
Daily Maximum		
Both Terminals	$36.00	$34.00

(a) ePark® is a credit (debit) card based discount parking option that eliminates the use of tickets and cashiers.

Source: Metropolitan Airports Commission.

Rental Car Revenues

Five rental car companies (Avis, Budget, Dollar/Thrifty, Enterprise [which operates as Enterprise, Alamo, and National], and Hertz) have on-Airport concession agreements that were entered into on June 1, 2011 and have terms through December 31, 2014. As a concession fee, the Commission receives annually the greater of an amount equal to 10% of gross receipts for such year or an amount equal to 85% of the concession fee paid by the rental car company in the prior year. In addition, each rental car company pays rent for exclusive-use space in the terminals and for use of the ready/return parking area.

Two off-Airport rental car companies (Payless and Ace) operate at the Airport under permits, which are renewed on an annual basis. The off-Airport rental car companies are required to pay a 10% percentage of gross receipts as a privilege fee for use of the Airport, (the same amount that is charged to the on-Airport rental car

companies). Revenues from these fees are included in Miscellaneous Concession Revenue on Exhibit F.

In August 2012, Hertz announced it had reached an agreement to acquire Dollar/Thrifty. The deal must still achieve milestones, including regulatory approval, before it is completed. Additionally, it is difficult to accurately predict the implications of this potential combination as no details regarding the company's operational plans have been announced.

The Commission currently levies a CFC of $2.00 per rental car transaction day, which is collected and remitted to the Commission by the on-Airport rental car companies. Amounts from the CFC are shown as other nonairline revenue on Exhibit F. (See "Other Nonairline Revenues" below for discussion of the CFC forecast.) Through 2009, the CFC rate had been $3.00 per rental car transaction day and in 2010 was $3.25 per rental car transaction day. The current $2.00 rate became effective beginning in 2011. The forecast assumes an increase in the rate to $3.25 by the beginning of FY 2013. The Commission periodically reviews the CFC rate with the intent of making rate adjustments necessary to maintain revenues from the CFC at a level adequate for any CFC-related obligations.

Revenues from rental car concession privilege fees are forecast to increase from $16.8 million in FY 2012 to $18.6 million in FY 2018. This is an average annual growth rate of 1.7% over the 6-year period.

Food and Beverage Revenues and Merchandise Revenues

The Commission has entered into agreements for retail and food and beverage concessions with various firms selected through competitive proposals. Most, but not all, of these concession agreements expire in 2013 or 2014. A "street plus 10%" pricing policy of the Commission is in effect to ensure that food and merchandise prices at the Airport are similar to those in stores and restaurants in the area, including the Mall of America.

Certain tenants, such as Host International, Inc.; SSP America, Inc. (following acquisition of Creative Host Services, Inc.); Anton Airfood, Inc. (which is now part of Host International, Inc.); Minnesota Retail Partners (also a part of Host International, Inc.); and Delaware North, Inc., serve as the primary lessee to the Commission with numerous vendors as subtenants. There are approximately 51 food and beverage, and 46 merchandise locations in the terminals. Delta Air Lines solicited proposals and entered into an agreement with OTG Management Midwest, LLC (OTG) covering concession activities on the G Concourse. The agreement became effective on Jan 1, 2012 with a 10-year term and a 5-year option at OTG's discretion. Following expiration of the special agreement with Delta Air Lines related to the G Concourse at the end of FY 2015, the Commission will assume the OTG agreement and the associated concession revenues from it.

Food and Beverage revenues are forecast to increase from $13.0 million in FY 2012 to $15.3 million in FY 2015; and then to increase to $19.4 million in FY 2016 following inclusion of the G Concourse revenues with further growth to $20.4 million in FY 2018. This is an average annual growth rate of 7.8% over the 6-year period. Merchandise revenues are forecast to increase from $8.3 million in FY 2012 to $11.5 million in FY 2018 following the G Concourse increase in FY 2016. This is an average annual growth rate of 5.7% over the 6-year period.

Miscellaneous Concession Revenues

Miscellaneous concession revenues include indoor advertising, ATM machines, public telephones, games, vending machines, outdoor advertising, ground transportation fees, MSP employee parking, and various others. The revenues from these concessions are forecast to remain relatively flat at $13.7 million from FY 2012 to FY 2015. Then, revenues are expected to increase to $15.5 million in FY 2016 with the inclusion of the G Concourse revenues and to grow further to $16.1 million in FY 2018. This is an average annual growth rate of 2.7% over the 6-year period.

Other Nonairline Revenues

Other nonairline revenues consist principally of general aviation fees, cargo fees, building and ground rentals (other than terminal rentals included in Airline Revenues), and the rental car CFC. Other nonairline revenues, other than rental car CFC revenues, are forecast to increase from $25.6 million in FY 2012 to $28.8 million in FY 2018. This is an average annual growth rate of 2.0% over the 6-year period. As noted above, the Commission expects to adjust the CFC rate by the start of FY 2013 with expected revenues in FY 2013 of $9.8 million, which are forecast to increase to $9.9 million in FY 2018.

Reliever Airports and Nonoperating Revenue

Rentals, fees, and other charges at the reliever airports combined totaled $5.5 million in FY 2011. These revenues are forecast to be $5.9 million in FY 2013 and to increase to $6.5 million by FY 2018. Activity at the Commission's reliever airports represented 1.9% of total Revenues in FY 2011.

Nonoperating revenues include interest income generated on the Commission's cash and cash equivalent balances (including reserve accounts and certain other restricted funds and accounts).

Interest income as defined under the Senior Master Indenture excludes interest earnings on amounts in the Bond Construction Fund (interest earnings on the Commission Construction Fund, which are included) and on PFC Receipts. Primarily as a result of the decline in interest rates, general interest income decreased sharply in FY 2011 to $3.9 million from $15.2 million in FY 2008. For purposes of the analysis, general interest income was assumed to increase gradually to $7.1 million by FY 2018.

Nonoperating revenues also include rental payments from various entitles (including Delta Air Lines) associated with "Self Liquidating Facilities." As described earlier, the Self Liquidating Payments are amounts equal to the principal and interest associated with facilities that are classified as such. Such Self Liquidating Payments totaled $35.4 million in FY 2011 but are expected to be $11.8 million in FY 2012 following the early payment by Delta Air Lines of General Obligation Revenue Bonds, Series 15. These payments are forecast to be $8.6 million by FY 2018.

3.14 APPLICATION OF AIRPORT SYSTEM REVENUES

Exhibit G presents the forecast application of Airport System Revenues for FY 2012 through FY 2018.

3.15 RATE COVENANT AND DEBT SERVICE COVERAGE

Exhibit H presents the forecast Rate Covenant calculation required by Section 5.04 of the Master Senior Indenture. Rate Covenant compliance is forecast for each year of the forecast period. Pro forma coverage calculations on Annual Debt Service of the General Obligation Revenue Bonds and the Senior Airport Revenue Bonds are shown on the exhibit using Net Revenues only, and using Net Revenues plus the Transfer calculated pursuant to the Master Senior Indenture.

Exhibit H-1 presents the forecast Rate Covenant calculation required by Section 5.04 of the Master Subordinate Indenture. Rate Covenant compliance is forecast for each year of the forecast period. Pro forma coverage calculations on Annual Debt Service of the Subordinate Airport Revenue Bonds, including the proposed Subordinate Series 2012 Bonds, are shown on the exhibit using Subordinate Revenues only, and using Subordinate Revenues plus the Transfer calculated pursuant to the Master Subordinate Indenture. At the bottom of Exhibit H-1 are pro forma coverage calculations on total Annual Debt Service of the General Obligation Revenue Bonds, the Senior Airport Revenue Bonds, and the Subordinate Airport Revenue Bonds, including the proposed Subordinate Series 2012 Bonds, using Net Revenues only and using Net Revenues plus the Transfer calculated pursuant to the Master Senior Indenture.

3.16 SENSITIVITY ANALYSIS

Given that approximately 47% of the passenger traffic at the Airport in FY 2011 was connecting traffic, a pro forma sensitivity analysis was performed using changes in traffic and operations. The analysis is only for the purpose of assessing the effects of such assumptions on Commission financial operations and does not represent an expectation of events or a projection of expected results. For purposes of this sensitivity analysis only, it was assumed, among other things, that:

- Beginning in FY 2013, passenger traffic at the Airport in each year would consist only of the forecast originating enplaned passengers plus 25% of the forecast connecting enplaned passengers, or approximately 10.2 million total enplaned passengers in FY 2013 and 10.7 million in FY 2018. Landed weight was adjusted to reflect a decrease in flight activity.

- Airline rented space used in the Terminal 1-Lindbergh Building Rentals calculation would be reduced 50%.
- M&O Expenses would not change under the sensitivity analysis adjustments.
- The occupancy and rental stream from Terminal 2-Humphrey would not change under the sensitivity analysis adjustments.
- The Planned CIP Projects would be financed and constructed as assumed in the forecast analysis with no change in the scope of the projects to match the reduced need for facilities but adjustments in timing of certain projects would be needed to match changes in availability of internally-generated funds.

Under the assumptions used for this sensitivity analysis:

- Net Revenues are projected to be sufficient to meet the requirements of both the senior and subordinate Rate Covenants during each fiscal year of the forecast period of FY 2013 through FY 2018.
- Net Revenues, without any Transfer, divided by Annual Debt Service on the General Obligation Revenue Bonds and the outstanding Senior Airport Revenue Bonds, which was forecast to range between 295% and 344% over the forecast period, was projected in the sensitivity analysis for the same period to range from 238% to 265%.
- Net Revenues plus the Transfer calculated pursuant to the Master Senior Indenture divided by total Annual Debt Service on the General Obligation Revenue Bonds, the Senior Airport Revenue Bonds, and the Subordinate Airport Revenue Bonds including the proposed Subordinate Series 2012 Bonds, which was forecast to range between 164% and 173% over the forecast period, was projected in the sensitivity analysis for the same period to range from 134% to 142%.
- Using only Net Revenues (not including any Transfer amount) divided by such total Annual Debt Service produced coverage in the sensitivity analysis for the same period that ranged from 122% to 129%.
- PFC receipts using the reduced passenger levels described above were still sufficient to provide for the payment of debt service assumed in the forecast analysis.
- Airline payments per enplaned passenger in the sensitivity analysis range from $9.00 to $9.25 in the period FY 2013 through FY 2018 relative to the corresponding forecast range of $6.75 to $6.90.

As noted above, the assumptions used for this sensitivity analysis do not represent an attempt to examine a likely event or to show possible responses by the Commission to such an event. The sole purpose of the analysis was to make certain significant, negative changes to the forecast in order to test the resiliency of the forecast results. Changes in the assumptions used would have produced different results. For example, if instead of no reduction in M&O Expenses, it had been assumed that M&O Expenses would have been reduced (through "moth-balling" of terminal facilities and other such actions) by approximately 10% in the test years of the sensitivity analysis (i.e., FY 2013 through FY 2018) and that only 40%, instead of 50%, of the airline rentable space in the rest of Terminal 1-Lindbergh would remain vacant during these years then the sensitivity analysis would have shown the following results:

- Net Revenues, without any Transfer, divided by the Annual Debt Service on the General Obligation Revenue Bonds and the outstanding Senior Airport Revenue Bonds would range between 262% and 297% for the period.
- Net Revenues plus the Transfer calculated pursuant to the Master Senior Indenture divided by total Annual Debt Service on the General Obligation Revenue Bonds, the Senior Airport Revenue Bonds, and the Subordinate Airport Revenue Bonds including the proposed Subordinate Series 2012 Bonds, would range between 147% and 155% for the period.
- Net Revenues (not including any Transfer amount) divided by such total Annual Debt Service, would produce coverage that would range from 135% to 142%.
- Airline payments per enplaned passenger would range from $8.85 to $9.09.

Exhibit A
Project Costs and Sources of Funding
Planned CIP Projects
Metropolitan Airports Commission
(in thousands)

	Planned CIP Projects	Funding							
		Subordinate Series 2012 Bonds	Senior Series 2010 Bonds	State & Federal	TSA Grants	PFC Pay-As-You-Go	Third Party	Short-Term Bank Loan	Internal Funds
Noise Mitigation Program	$ 8,320	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,320
Terminal 1-Lindbergh Rehabilitation and Repair	378,510	-	37,750	-	12,800	65,600	-	61,895	200,465
Airfield & Runway Rehabilitation and Repair	55,200	-	5,000	36,050	-	10,175	-	800	3,175
Auto Rental Facilities	35,400	35,400	-	-	-	-	-	-	-
Parking Facilities Rehabilitation and Repair	30,300	-	3,500	-	-	-	-	-	26,800
HHH Terminal Rehabilitation and Repair	68,750	-	5,100	11,800	18,900	3,350	-	4,000	25,600
Police and Fire	42,800	-	2,000	2,100	3,000	32,300	-	-	3,400
Environmental	11,510	-	-	-	-	8,750	-	-	2,760
Reliever Airports	52,900	-	-	22,000	-	-	9,350	-	21,550
Other	24,380	-	-	5,100	-	-	-	1,500	17,780
Total Costs - Planned CIP Projects	$ 708,070	$ 35,400	$ 53,350	$ 77,050	$ 34,700	$ 120,175	$ 9,350	$ 68,195	$ 309,850

Source: Metropolitan Airports Commission.

Exhibit B
Historical and Forecast PFC Receipts
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
PFC Collections												
Enplaned Passengers	16,969	16,384	15,706	15,479	15,899	15,850	15,981	16,184	16,393	16,623	16,867	17,125
Percent of PFC Eligible Passengers	89.5%	87.4%	86.1%	87.5%	89.2%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%	87.0%
PFC Eligible Enplaned Passengers	15,185	14,312	13,516	13,543	14,179	13,790	13,903	14,080	14,262	14,462	14,674	14,899
PFC Level	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50	$ 4.50
Less: PFC Airline Collection Fee	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Net PFC Level	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC Collections [not including interest]	$ 66,662	$ 62,828	$ 59,335	$ 59,453	$ 62,244	$ 60,536	$ 61,036	$ 61,812	$ 62,610	$ 63,488	$ 64,420	$ 65,406
PFC Cash Flow												
PFC Fund Beginning Balance						$ 190,000	$ 208,019	$ 232,875	$ 268,141	$ 264,652	$ 257,446	$ 290,120
Deposits:												
PFC Collections						$ 60,536	$ 61,036	$ 61,812	$ 62,610	$ 63,488	$ 64,420	$ 65,406
Interest Earnings						1,545	1,682	1,872	2,131	2,100	2,049	2,301
Total Annual PFC Receipts						$ 62,081	$ 62,719	$ 63,683	$ 64,740	$ 65,588	$ 66,469	$ 67,706
Use of PFC Receipts												
Pay-as-you-go						$ (15,600)	$ (9,450)	$ -	$ (37,475)	$ (39,900)	$ (900)	$ (16,850)
Debt Service												
Irrevocably Committed						(5,027)	(5,027)	(5,027)	(9,337)	(9,335)	(9,337)	(9,338)
Planned Additional /1						(23,435)	(23,386)	(23,390)	(21,418)	(23,559)	(23,558)	(22,742)
Total Use						$ (44,062)	$ (37,863)	$ (28,417)	$ (68,229)	$ (72,794)	$ (33,795)	$ (48,930)
PFC Fund Ending Balance /2						$ 208,019	$ 232,875	$ 268,141	$ 264,652	$ 257,446	$ 290,120	$ 308,896

Sources: Metropolitan Airports Commission and LeighFisher.
Notes: 1. PFC receipts in addition to irrevocably committed amounts used or expected to be used for payment of debt service.
2. Held for payment of approved debt service in future years.

Exhibit C
Sources and Uses of Funds
Subordinate Series 2012A Bonds
Metropolitan Airports Commission
(in thousands)

Sources of Funds		
Par Amount of Bonds	$	41,330
Premium (Discount)		-
Interest Income		-
Total Sources of Funds	$	41,330
Use of Funds		
Costs - Planned CIP Projects	$	35,400
Costs - Contingency		600
Deposit to Debt Service Reserve Fund		3,361
Capitalized Interest		1,261
Costs of Issuance		708
Total Uses of Funds	$	41,330

Sources: Metropolitan Airports Commission and Jefferies & Company.

Notes: 1. Preliminary Subject to Change

2. Excludes 2012B Bonds, as no savings due to refunding are assumed.

Exhibit D
Annual Debt Service
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
General Obligation Revenue Bonds												
Series 13 / Series 16	$ 3,552	$ 3,572	$ 3,536	$ 3,524	$ 3,472	$ 3,478	$ 2,954	$ -	$ -	$ -	$ -	$ -
Series 14	3,592	3,556	3,560	-	-	-	-	-	-	-	-	-
Series 15	25,132	25,414	25,701	26,008	26,371	-	-	-	-	-	-	-
Total - General Obligation Revenue Bonds	$ 32,276	$ 32,542	$ 32,797	$ 29,532	$ 29,843	$ 3,478	$ 2,954	$ -	$ -	$ -	$ -	$ -
Senior Airport Revenue Bonds												
Series 1998A	$ 11,493	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Series 1999B	11,036	11,032	10,454	-	-	-	-	-	-	-	-	-
Series 2000B	7,924	7,924	7,922	-	-	-	-	-	-	-	-	-
Series 2001B	7,952	7,952	7,950	7,628	-	-	-	-	-	-	-	-
Series 2007A	20,235	20,960	20,960	20,960	20,960	20,960	20,960	20,960	20,960	32,460	32,460	32,461
Series 2008A	-	11,127	11,125	11,124	11,124	11,123	11,125	11,124	11,015	-	-	-
Series 2009A-B	-	-	-	17,967	17,970	17,973	17,969	17,974	17,977	17,975	17,976	17,979
Series 2010A-B	-	-	-	448	2,927	4,836	9,226	9,939	9,940	9,944	9,941	9,943
Total - Senior Airport Revenue Bonds	$ 58,641	$ 58,995	$ 58,411	$ 58,127	$ 52,980	$ 54,892	$ 59,280	$ 59,998	$ 59,891	$ 60,378	$ 60,376	$ 60,383
Debt Service on Senior Lien Debt	$ 90,917	$ 91,537	$ 91,208	$ 87,659	$ 82,823	$ 58,370	$ 62,233	$ 59,998	$ 59,891	$ 60,378	$ 60,376	$ 60,383
Subordinate Airport Revenue Bonds												
Series 2001D (Series 2001C included in 2007)	$ 12,659	$ 7,463	$ 7,455	$ 7,450	$ 6,157	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Series 2003A	5,027	5,027	5,027	5,027	5,027	3,197	881	-	-	-	-	-
Series 2004A	6,461	322	-	-	-	-	-	-	-	-	-	-
Series 2005A-C	13,923	22,265	22,257	22,249	22,246	28,901	28,891	28,876	28,859	24,634	24,627	24,612
Series 2007B	4,502	9,422	9,422	9,422	9,422	9,422	9,422	9,422	9,422	14,867	17,094	17,086
Series 2010C	-	-	-	-	554	4,205	4,324	4,324	4,323	1,876	828	827
Series 2010D	-	-	-	-	2,165	9,365	9,818	9,809	9,801	7,055	5,863	5,850
Series 2011A	-	-	-	-	-	1,666	2,509	2,509	2,509	6,550	6,543	6,540
Series 2012A	-	-	-	-	-	-	-	6,039	6,593	6,581	6,570	6,558
Series 2012B /1	-	-	-	-	-	-	1,401	2,283	2,283	2,283	2,283	2,283
Short-term financing paid from Revenues	1,658	1,126	245	426	-	358	2,577	2,492	3,396	7,575	7,972	7,972
Debt Service on Subordinate Airport Bonds	$ 44,229	$ 45,624	$ 44,406	$ 44,573	$ 45,570	$ 57,115	$ 59,823	$ 65,753	$ 67,186	$ 71,420	$ 71,780	$ 71,728
PFC Receipts Used to Pay Debt Service												
Irrevocably Committed	$ (5,027)	$ (5,027)	$ (5,027)	$ -	$ -	$ (5,027)	$ (5,027)	$ (5,027)	$ (9,337)	$ (9,335)	$ (9,337)	$ (9,338)
Planned Additional /2	(6,929)	(7,647)	(7,496)	(13,587)	(11,456)	(6,431)	(6,308)	(6,311)	(1,994)	(4,608)	(4,606)	(4,607)
Amount Used for Senior Airport Revenue Bonds	(11,956)	(12,674)	(12,523)	(13,587)	(11,456)	(11,458)	(11,335)	(11,338)	(11,331)	(13,943)	(13,943)	(13,946)
Amount Used for Subordinate Airport Revenue Bonds /2	(20,050)	(13,134)	(12,810)	(12,687)	(13,394)	(15,498)	(16,850)	(16,946)	(16,941)	(19,213)	(18,741)	(18,730)
Total PFC Receipts Used to Pay Debt Service	$ (32,006)	$ (25,808)	$ (25,333)	$ (26,274)	$ (24,850)	$ (26,956)	$ (28,185)	$ (28,285)	$ (28,272)	$ (33,156)	$ (32,684)	$ (32,676)
Annual Debt Service per Indentures												
Annual Debt Service per Master Senior Indenture	$ 78,961	$ 78,863	$ 78,684	$ 74,072	$ 71,367	$ 46,912	$ 50,898	$ 48,659	$ 48,560	$ 46,435	$ 46,433	$ 46,437
Annual Debt Service per Master Subordinate Indenture	24,180	32,490	31,596	31,886	32,176	41,617	42,973	48,807	50,245	52,207	53,039	52,998
Total Annual Debt Service-Senior and Subordinate	$ 103,140	$ 111,353	$ 110,280	$ 105,958	$ 103,543	$ 88,529	$ 93,871	$ 97,466	$ 98,805	$ 98,642	$ 99,472	$ 99,435

Sources: Metropolitan Airports Commission and LeighFisher.
Notes: 1. Series 2012B Bonds assume no savings due to refunding.
2. PFC receipts in addition to irrevocably committed amounts used or expected to be used for payment of debt service.

Exhibit E
Maintenance and Operation Expenses
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
MSP M&O Expenses												
Personnel:												
Salaries & Wages	$ 38,208	$ 40,357	$ 40,051	$ 41,812	$ 42,422	$ 44,159	$ 45,205	$ 46,274	$ 47,369	$ 49,312	$ 50,970	$ 52,684
Benefits	14,919	16,174	15,951	18,205	20,199	20,104	20,579	21,066	21,567	22,379	23,092	23,829
Total Personnel	$ 53,128	$ 56,531	$ 56,002	$ 60,017	$ 62,620	$ 64,263	$ 65,784	$ 67,341	$ 68,935	$ 71,690	$ 74,062	$ 76,513
Administrative Supplies & Expense	$ 1,497	$ 1,257	$ 1,254	$ 1,236	$ 1,484	$ 1,326	$ 1,353	$ 1,380	$ 1,407	$ 1,435	$ 1,464	$ 1,493
Professional Services	$ 4,058	$ 3,851	$ 3,654	$ 3,205	$ 3,813	$ 3,888	$ 4,024	$ 4,177	$ 4,336	$ 4,509	$ 4,690	$ 4,877
Utilities:												
Electricity	$ 9,124	$ 9,864	$ 9,809	$ 10,335	$ 11,366	$ 11,526	$ 11,987	$ 12,466	$ 12,965	$ 14,566	$ 15,149	$ 15,755
Sewer and Water	2,062	2,234	1,772	1,733	1,604	1,802	1,813	1,849	1,886	2,250	2,318	2,388
Other	4,883	5,554	4,531	3,735	3,144	3,162	3,224	3,288	3,354	4,134	4,258	4,386
Total Utilities	$ 16,068	$ 17,651	$ 16,112	$ 15,802	$ 16,114	$ 16,490	$ 17,024	$ 17,604	$ 18,206	$ 20,951	$ 21,725	$ 22,528
Operating Services:												
Shuttle Services	$ 1,164	$ 1,108	$ 863	$ 770	$ 791	$ 801	$ 805	$ 821	$ 837	$ 854	$ 871	$ 889
Parking Management Contract	5,187	5,540	5,317	5,824	5,660	5,810	5,956	6,122	6,294	6,483	6,677	6,877
Storm Water Monitoring	1,349	1,811	1,534	1,583	1,565	1,650	1,683	1,717	1,751	1,786	1,822	1,858
Other	7,552	8,792	8,149	8,894	8,932	10,162	10,323	10,680	11,050	11,846	12,290	12,750
Total Operating Services	$ 15,252	$ 17,251	$ 15,863	$ 17,072	$ 16,948	$ 18,423	$ 18,767	$ 19,340	$ 19,933	$ 20,968	$ 21,660	$ 22,375
Maintenance Equipment, Services, and Supplies:												
Field	$ 2,189	$ 1,721	$ 2,086	$ 3,641	$ 1,785	$ 1,846	$ 1,901	$ 1,948	$ 1,997	$ 2,057	$ 2,119	$ 2,182
Building	6,452	6,550	7,836	9,075	9,890	10,424	10,945	11,218	11,499	13,538	13,945	14,363
Cleaning	8,970	9,653	9,826	10,283	9,788	9,919	10,614	10,879	11,151	12,795	13,179	13,575
Other	3,299	3,599	3,458	3,477	4,785	3,837	4,254	4,360	4,469	4,755	4,898	5,045
Total Maintenance	$ 20,910	$ 21,523	$ 23,206	$ 26,476	$ 26,249	$ 26,025	$ 27,714	$ 28,407	$ 29,117	$ 33,146	$ 34,140	$ 35,164
Other	$ 5,376	$ 52	$ (799)	$ (207)	$ 108	$ (23)	$ 150	$ 190	$ 232	$ 396	$ 444	$ 493
Total MSP	$ 116,290	$ 118,116	$ 115,291	$ 123,600	$ 127,336	$ 130,393	$ 134,815	$ 138,439	$ 142,165	$ 153,096	$ 158,184	$ 163,444
Total Reliever Airports	$ 4,738	$ 4,929	$ 4,649	$ 4,631	$ 5,422	$ 6,033	$ 5,731	$ 5,846	$ 5,963	$ 6,082	$ 6,204	$ 6,328
Total Maintenance and Operation Expenses	$ 121,028	$ 123,046	$ 119,940	$ 128,231	$ 132,758	$ 136,426	$ 140,546	$ 144,285	$ 148,128	$ 159,178	$ 164,388	$ 169,771
Reconciliation to Audit Statements												
Audit Statement Operating Expenses	$ 239,972	$ 244,734	$ 246,493	$ 252,944	$ 255,287							
Reimbursed Expenses	(3,615)	(3,690)	(3,491)	(3,158)	(3,544)							
Depreciation	(115,329)	(117,999)	(123,061)	(121,555)	(118,985)							
Total Maintenance and Operation Expenses	$ 121,028	$ 123,046	$ 119,940	$ 128,231	$ 132,758							

Sources: Metropolitan Airports Commission and LeighFisher.

Exhibit F
Revenues
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

					Actual	Estimate	Forecast					
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
MSP Revenues												
Airline Revenues												
Landing Fees:												
Signatory Airlines	$ 47,845	$ 46,674	$ 48,243	$ 48,057	$ 50,853	$ 52,578	$ 53,683	$ 54,803	$ 56,015	$ 56,982	$ 58,629	$ 60,014
Nonsignatory Airlines	724	490	493	155	103	70	71	71	72	73	74	74
Total Landing Fees	$ 48,569	$ 47,164	$ 48,736	$ 48,212	$ 50,957	$ 52,648	$ 53,754	$ 54,874	$ 56,087	$ 57,055	$ 58,703	$ 60,088
Terminal 1-Lindbergh Apron Fees	5,126	5,619	6,504	5,901	6,328	6,208	6,170	6,167	6,350	6,479	6,656	6,787
Terminal 1-Lindbergh Building Rents	29,158	33,976	32,774	34,064	35,996	38,022	39,527	40,324	40,576	47,182	48,188	48,525
Other Terminal 1-Lindbergh Charges	3,325	3,716	3,639	3,946	4,089	4,108	4,226	4,302	4,380	4,459	4,540	4,622
Terminal 2-Humphrey Fees	8,259	6,931	6,927	7,060	8,376	8,487	9,533	9,741	9,953	10,169	10,391	10,617
Other Airline Charges	35	37	27	-	-	-	-	-	-	-	-	-
Credit of MAC Discretionary Funds /1	(10,160)	(9,886)	(8,739)	(8,817)	(9,324)	(9,354)	(9,835)	(9,912)	(10,095)	(11,907)	(12,177)	(12,463)
Total Airline Revenues	$ 84,312	$ 87,556	$ 89,867	$ 90,366	$ 96,421	$ 100,120	$ 103,376	$ 105,497	$ 107,251	$ 113,437	$ 116,300	$ 118,177
Nonairline Revenues												
Concession Revenues												
Auto Parking	$ 66,765	$ 62,748	$ 61,546	$ 63,682	$ 66,612	$ 72,957	$ 74,148	$ 75,224	$ 76,350	$ 80,771	$ 82,305	$ 83,948
Rental Car	17,043	17,011	15,357	15,364	17,112	16,786	17,060	17,307	17,567	17,876	18,215	18,579
Food & Beverage	12,645	12,808	12,190	12,575	13,071	13,030	14,648	14,982	15,328	19,428	19,911	20,417
Merchandise	8,537	8,689	8,082	8,027	8,318	8,292	8,360	8,509	8,662	10,979	11,251	11,538
Miscellaneous	8,804	8,686	12,460	12,855	13,679	13,730	13,222	13,457	13,699	15,477	15,782	16,104
Subtotal Concession Revenues	$ 113,794	$ 109,942	$ 109,636	$ 112,503	$ 118,792	$ 124,794	$ 127,438	$ 129,479	$ 131,605	$ 144,531	$ 147,464	$ 150,587
Other Revenues												
General Aviation and Cargo Fees	$ 1,526	$ 2,484	$ 1,898	$ 1,954	$ 2,052	$ 1,937	$ 1,976	$ 2,015	$ 2,056	$ 2,097	$ 2,139	$ 2,182
Building and Land Rent	16,257	17,419	17,404	17,726	19,319	18,538	18,909	19,287	19,673	20,066	20,468	20,877
Rental Car Facility Charge	6,624	8,943	8,710	9,511	5,788	5,900	9,750	9,772	9,796	9,833	9,876	9,925
Miscellaneous	6,813	6,333	4,964	5,344	5,169	5,103	5,205	5,309	5,415	5,523	5,634	5,746
Subtotal Other Revenues	$ 31,220	$ 35,179	$ 32,976	$ 34,536	$ 32,329	$ 31,478	$ 35,840	$ 36,383	$ 36,939	$ 37,519	$ 38,117	$ 38,730
Total Nonairline Revenues	$ 145,014	$ 145,121	$ 142,612	$ 147,039	$ 151,121	$ 156,272	$ 163,278	$ 165,862	$ 168,544	$ 182,050	$ 185,581	$ 189,317
Total MSP Revenues	$ 229,326	$ 232,677	$ 232,479	$ 237,405	$ 247,542	$ 256,392	$ 266,654	$ 271,359	$ 275,796	$ 295,487	$ 301,880	$ 307,494
Total Reliever Airports	$ 5,310	$ 5,187	$ 4,905	$ 4,470	$ 5,462	$ 5,106	$ 5,864	$ 5,981	$ 6,101	$ 6,223	$ 6,347	$ 6,474
Total Operating Revenues	$ 234,636	$ 237,864	$ 237,384	$ 241,875	$ 253,003	$ 261,498	$ 272,518	$ 277,341	$ 281,896	$ 301,710	$ 308,228	$ 313,968
Interest Income /2:												
Interest Portion of Self-Liquidating Payments	$ 22,570	$ 20,896	20,017	19,720	16,133	4,264	4,507	4,386	3,962	3,719	3,513	3,303
Other	18,958	15,281	10,621	13,402	3,949	4,287	4,900	5,600	6,200	6,500	6,800	7,100
Total Interest Income	$ 41,528	$ 36,177	30,638	33,122	20,082	8,551	9,407	9,986	10,162	10,219	10,313	10,403
Principal Portion of Self-Liquidating Payments	$ 14,442	$ 15,345	18,413	17,956	19,294	7,528	8,875	9,585	6,424	4,971	5,121	5,279
Total Revenues	$ 290,606	$ 289,386	$ 286,435	$ 292,953	$ 292,379	$ 277,577	$ 290,800	$ 296,911	$ 298,482	$ 316,900	$ 323,662	$ 329,650
Airline Revenues as % of Total Revenues	29.0%	30.3%	31.4%	30.8%	33.0%	36.1%	35.5%	35.5%	35.9%	35.8%	35.9%	35.8%
Reconciliation to Audit Statements												
Audit Statement Operating Revenues	$ 238,251	$ 241,554	$ 240,875	$ 245,043	$ 256,548							
Reimbursed Expenses	(3,615)	(3,690)	(3,491)	(3,258)	(3,544)							
Total Operating Revenues	$ 234,636	$ 237,864	$ 237,384	$ 241,785	$ 253,003							

Sources: Metropolitan Airports Commission and LeighFisher.
Notes: 1. Portion of certain concession revenues pursuant to Airline Agreements
2. Excludes interest income on PFCs, bond related construction funds, and debt service reserve funds (during construction periods).

Exhibit F-1
Calculation of Terminal 1-Lindbergh Building Rentals
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands except rates and space)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission managemen as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

		2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
Terminal 1-Lindbergh Building Requirement /1													
Direct M&O Expenses	[A]	$ 28,233	$ 31,205	$ 29,507	$ 29,887	$ 29,865	$ 33,052	$ 34,581	$ 35,558	$ 36,565	$ 43,248	$ 44,660	$ 46,120
Indirect Cost Center Allocations	[B]	10,239	10,795	10,578	11,026	11,769	12,536	12,964	13,285	13,609	14,056	14,519	14,983
Debt Service	[C]	24,640	24,798	24,361	25,660	28,381	28,518	30,101	30,344	29,552	28,995	28,991	27,702
Other Required Deposits	[D]	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlays	[E]	-	-	-	-	-	-	-	-	-	-	-	-
Concourse C/D Cost Deferral Recovery	[F]	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911	2,911
Total Terminal 1-Lindbergh Building Requirement	[G]=[A thru F]	$ 66,023	$ 69,709	$ 67,357	$ 69,483	$ 72,926	$ 77,017	$ 80,556	$ 82,098	$ 82,637	$ 89,209	$ 91,081	$ 91,716
Less:													
Janitorial O&M Expenses	[H]	$ (6,155)	$ (6,670)	$ (6,750)	$ (7,092)	$ (6,697)	$ (6,581)	$ (7,049)	$ (7,159)	$ (7,338)	$ (8,787)	$ (9,053)	$ (9,325)
Carrousel and Conveyor Recovered Costs	[I]	(220)	(220)	(229)	(239)	(248)	(262)	(277)	(283)	(289)	(294)	(300)	(306)
Loading Dock Credit	[J]	(2,226)	(2,294)	(2,211)	(2,156)	(2,055)	(1,931)	(1,969)	(2,009)	(2,049)	(2,090)	(2,132)	(2,174)
Other Recoveries and Credits	[K]	(2,005)	(2,148)	(1,991)	(2,352)	(2,668)	(2,534)	(3,130)	(3,222)	(3,319)	(2,252)	(2,297)	(2,343)
Net Terminal Building Requirement	[L]=[G]-[H thru K]	$ 55,417	$ 58,377	$ 56,176	$ 57,644	$ 61,258	$ 65,709	$ 68,131	$ 69,425	$ 69,643	$ 75,786	$ 77,300	$ 77,567
Total Rentable Space (in square feet)	[M]	1,103,050	1,103,917	1,108,609	1,095,103	1,086,739	1,086,739	1,086,739	1,086,739	1,086,739	1,231,269	1,231,269	1,231,269
Basic Rental Rate (per square foot per year)	[N]=[L/M]	$ 50.24	$ 52.88	$ 50.67	$ 52.64	$ 56.37	$ 60.46	$ 62.69	$ 63.88	$ 64.08	$ 61.55	$ 62.78	$ 63.00
Airline Rented Space (in square feet)	[O]	562,266	562,266	561,809	562,266	558,175	554,216	554,216	554,216	554,216	665,155	665,155	665,155
Airline Basic Space Rentals	[P]=[N*O]	$ 28,248	$ 29,734	$ 28,468	$ 29,597	$ 31,463	$ 33,510	$ 34,746	$ 35,405	$ 35,517	$ 40,941	$ 41,759	$ 41,903
Janitorial O&M Expenses	[Q]	$ 6,155	$ 6,670	$ 6,750	$ 7,092	$ 6,697	$ 6,581	$ 6,984	$ 7,159	$ 7,338	$ 8,787	$ 9,053	$ 9,325
Janitorial Area (in square feet)	[R]	995,681	996,369	998,684	994,904	993,059	993,059	993,059	993,059	993,059	1,117,318	1,117,318	1,117,318
Janitorial Space Surcharge	[S]=[Q/R]	$ 6.18	$ 6.69	$ 6.76	$ 7.13	$ 6.74	$ 6.63	$ 7.03	$ 7.21	$ 7.39	$ 7.86	$ 8.10	$ 8.35
Airline Janitorial Space	[T]	181,724	181,556	181,526	181,526	181,526	181,526	181,526	181,526	181,526	232,223	232,223	232,223
Airline Janitorial Space Rentals	[U]=[S*T]	$ 1,123	$ 1,215	$ 1,227	$ 1,294	$ 1,224	$ 1,203	$ 1,277	$ 1,309	$ 1,341	$ 1,826	$ 1,881	$ 1,938
Allocated Requirement for Funding of Airline R & R Account	[V]	$ 2,936	$ 3,024	$ 3,114	$ 3,208	$ 3,304	$ 3,403	$ 3,505	$ 3,610	$ 3,719	$ 4,415	$ 4,547	$ 4,684
Airline Rented Space	[W]	562,266	562,266	561,809	562,266	558,175	554,216	554,216	554,216	554,216	665,155	665,155	665,155
Renewal & Replacement Fund Surcharge	[X]=[V/W]	$ 5.22	$ 5.38	$ 5.54	$ 5.70	$ 5.92	$ 6.14	$ 6.32	$ 6.51	$ 6.71	$ 6.64	$ 6.84	$ 7.04
Airline Terminal 1-Lindbergh Building Rentals													
Airline Basic Space Rentals	=[P]	$ 28,248	$ 29,734	$ 28,468	$ 29,563	$ 31,467	$ 33,425	$ 34,746	$ 35,405	$ 35,517	$ 40,941	$ 41,759	$ 41,903
Airline Janitorial Space Rentals	=[U]	1,123	1,215	1,227	1,294	1,224	1,203	1,277	1,309	1,341	1,826	1,881	1,938
Airline Renewal & Replacement Fund Rentals	=[V]	2,936	3,024	3,118	3,208	3,304	3,394	3,505	3,610	3,719	4,415	4,547	4,684
Total Airline Terminal 1-Lindbergh Building Rentals	=[P+U+V]	$ 32,307	$ 33,973	$ 32,813	$ 34,064	$ 35,996	$ 38,022	$ 39,527	$ 40,324	$ 40,576	$ 47,182	$ 48,188	$ 48,525

Sources: Metropolitan Airports Commission and LeighFisher.
Note: 1. The calculation of rates excludes Concourse G, which is under separate lease to Delta Air Lines.

Exhibit F-2
Calculation of Landing Fee Rate
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission managemen as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

		2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
Signatory Airline Landing Fee Requirement													
Direct M&O Expenses	[A]	$ 9,761	$ 10,113	$ 11,135	$ 11,586	$ 11,949	$ 11,856	$ 12,215	$ 12,549	$ 12,894	$ 13,245	$ 13,682	$ 14,135
Indirect Cost Center Allocations	[B]	19,939	21,456	22,387	21,888	23,472	24,097	24,442	24,828	25,475	26,300	27,136	27,919
Debt Service	[C]	6,183	5,756	4,850	4,087	4,723	5,449	5,506	5,550	5,406	5,303	5,303	5,067
Other Required Deposits	[D]	-	-	-	-	-	-	-	-	-	-	-	-
Allocated Requirement for Funding of Airline R & R Account	[E]	10,506	10,821	11,146	11,480	11,825	12,179	12,545	12,921	13,309	13,224	13,621	14,029
Capital Outlays	[F]	-	-	-	-	-	-	-	-	-	-	-	-
Runway 17/35 Cost Deferral Recovery	[G]	80	80	80	80	80	80	80	80	80	80	80	80
Total Requirement	[H]=[A thru G]	$ 46,469	$ 48,227	$ 49,598	$ 49,121	$ 52,048	$ 53,662	$ 54,788	$ 55,928	$ 57,163	$ 58,152	$ 59,821	$ 61,229
Less:													
Non-signatory Landing Fees	[I]	(724)	(490)	(493)	(155)	(103)	(70)	(71)	(71)	(72)	(73)	(74)	(74)
General Aviation Landing and Service Fees	[J]	(1,200)	(1,063)	(863)	(913)	(997)	(1,013)	(1,034)	(1,054)	(1,075)	(1,097)	(1,119)	(1,141)
Signatory Airline Landing Fees	[K]=[H-I-J]	$ 44,545	$ 46,674	$ 48,243	$ 48,053	$ 50,947	$ 52,578	$ 53,683	$ 54,803	$ 56,015	$ 56,982	$ 58,629	$ 60,014
Signatory Airline Landed Weight (1000 pound units)	[L]	22,998	22,143	21,271	20,749	20,743	20,800	20,502	20,731	20,969	21,225	21,500	21,794
Signatory Airline Landing Fee Rate Per 1,000 pounds	=[K/L]	$ 1.94	$ 2.11	$ 2.27	$ 2.32	$ 2.46	$ 2.53	$ 2.62	$ 2.64	$ 2.67	$ 2.68	$ 2.73	$ 2.75

Sources: Metropolitan Airports Commission and LeighFisher.

Exhibit F-3
Calculation of Terminal 1-Lindbergh Apron Fee
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands except rates and space)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission managemen as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

		2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
Terminal 1-Lindbergh Apron Fee Requirement													
Direct M&O Expenses	[A]	$ 236	$ 112	$ 76	$ 198	$ 169	$ 72	$ 76	$ 78	$ 80	$ 82	$ 84	$ 86
Indirect Cost Center Allocations	[B]	4,104	4,703	5,605	4,798	5,242	5,243	5,178	5,151	5,310	5,434	5,585	5,691
Debt Service	[C]	8	8	8	8	17	17	18	18	17	17	17	16
Other Required Deposits	[D]	-	-	-	-	-	-	-	-	-	-	-	-
Allocated Requirement for Funding of Airline R & R Account	[E]	618	637	656	675	696	716	738	760	783	786	810	834
Capital Outlays	[F]	-	-	-	-	-	-	-	-	-	-	-	-
Concourse C/D Cost Deferral Recovery	[G]	160	160	160	160	160	160	160	160	160	160	160	160
Total Requirement /1 - **Terminal 1-Lindbergh Apron Fees**	[H]=[A thru G]	$ 5,126	$ 5,619	$ 6,504	$ 5,838	$ 6,283	$ 6,208	$ 6,170	$ 6,167	$ 6,350	$ 6,479	$ 6,656	$ 6,787
Rented Lineal Feet /2	[I]	11,172	11,172	11,176	11,176	11,179	11,179	11,179	11,179	11,179	11,179	11,179	11,179
Terminal 1-Lindbergh Apron Rate per Rented Lineal Foot	=[H/I]	$ 458.87	$ 502.98	$ 581.93	$ 522.40	$ 562.05	$ 555.37	$ 551.94	$ 551.67	$ 567.99	$ 579.55	$ 595.40	$ 607.12

Sources: Metropolitan Airports Commission and LeighFisher.
Notes: 1. Includes cost of Terminal 1-Lindbergh apron and regional ramp.
2. Includes lineal feet of Terminal 1-Lindbergh apron, excluding the lineal feet of Regional Ramp, plus the weighted lineal feet of Regional Ramp.

Exhibit F-4
Airline Cost Per Enplaned Passenger
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands except rates)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission managemen as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material

	2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
Airline Payments												
Airline Revenue - Exhibit F	$ 84,312	$ 87,556	$ 89,867	$ 90,366	$ 96,421	$ 100,120	$ 103,376	$ 105,497	$ 107,251	$ 113,437	$ 116,300	$ 118,177
Self-Liquidating Payments /1	1,593	1,593	1,592	1,593	1,593	1,593	1,592	1,593	1,592	-	-	-
Other Concourse G Charges	2,550	2,759	2,346	2,510	2,719	2,827	2,941	3,058	3,181	-	-	-
Total Airline Payments	$ 88,454	$ 91,908	$ 93,805	$ 94,469	$ 100,732	$ 104,541	$ 107,909	$ 110,148	$ 112,024	$ 113,437	$ 116,300	$ 118,177
Enplaned Passengers	16,969	16,384	15,706	15,479	15,899	15,850	15,981	16,184	16,393	16,623	16,867	17,125
Airline Cost per Enplanement	$ 5.21	$ 5.61	$ 5.97	$ 6.10	$ 6.34	$ 6.60	$ 6.75	$ 6.81	$ 6.83	$ 6.82	$ 6.90	$ 6.90

Sources: Metropolitan Airports Commission and LeighFisher.

Note: 1. Includes self-liquidating lease payments for Concourse G, which are for terminal facilities, but does not include self-liquidating lease payments related to non-terminal facilities, such as hangars.

Exhibit G
Application of Revenues
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

	Estimate 2012	2013	2014	2015	2016	2017	2018
Revenues							
Airline Revenues	$ 100,120	$ 103,376	$ 105,497	$ 107,251	$ 113,437	$ 116,300	$ 118,177
Nonairline Revenues	156,272	163,278	165,862	168,544	182,050	185,581	189,317
Subtotal MSP Revenues	$ 256,392	$ 266,654	$ 271,359	$ 275,796	$ 295,487	$ 301,880	$ 307,494
Reliever Airports Revenues	5,106	5,864	5,981	6,101	6,223	6,347	6,474
Interest Income	8,551	9,407	9,986	10,162	10,219	10,313	10,403
Principal Portion of Self-Liquidating Payments	7,528	8,875	9,585	6,424	4,971	5,121	5,279
Total Revenues	$ 277,577	$ 290,800	$ 296,911	$ 298,482	$ 316,900	$ 323,662	$ 329,650
Application of Revenues							
M&O Expenses of the Airport System	$ 136,426	$ 140,546	$ 144,285	$ 148,128	$ 159,178	$ 164,388	$ 169,771
Annual Debt Service - G.O. Bonds	3,478	2,954	-	-	-	-	-
Annual Debt Service - Senior Airport Revenue Bonds	43,434	47,944	48,659	48,560	46,435	46,433	46,437
Senior Debt Service Reserve Fund	-	-	-	-	-	-	-
Annual Debt Service - Subordinate Airport Revenue Bonds	41,147	48,814	49,859	48,531	53,191	53,584	49,780
Subordinate Debt Service Reserve Fund	-	-	-	-	-	-	-
M&O Reserve Account	1,834	2,060	1,869	1,922	5,525	2,605	2,692
Commission Construction Fund							
Capital Lease Payment - Equipment	2,273	2,100	1,542	1,778	1,767	1,824	1,838
Deposit to Airline R&R Account	17,911	18,448	19,002	19,572	20,239	20,846	21,472
Deposit to Fund Construction	31,074	27,934	31,695	29,991	30,564	33,981	37,659
Deposit to Fund Coverage Account	-	-	-	-	-	-	-
Total Application of Revenues	$ 277,577	$ 290,800	$ 296,911	$ 298,482	$ 316,900	$ 323,662	$ 329,650

Source: LeighFisher.

Exhibit H
Master Senior Indenture Rate Covenant and Coverage
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

		2007	2008	2009	2010	Actual 2011	Estimate 2012	Forecast 2013	2014	2015	2016	2017	2018
Net Revenues - Master Senior Indenture													
Revenues		$ 290,606	$ 289,386	$ 286,435	$ 292,953	$ 292,379	$ 277,577	$ 290,800	$ 296,911	$ 298,482	$ 316,900	$ 323,662	$ 329,650
M&O Expenses of the Airport System		(121,028)	(123,045)	(119,940)	(128,231)	(132,758)	(136,426)	(140,546)	(144,285)	(148,128)	(159,178)	(164,388)	(169,771)
Net Revenues	[A]	$ 169,577	$ 166,341	$ 166,495	$ 164,721	$ 159,621	$ 141,151	$ 150,254	$ 152,626	$ 150,354	$ 157,722	$ 159,274	$ 159,879
Rate Covenant Calculation - Master Senior Indenture													
Requirement Section 5.04(a)													
Net Revenues	[A]	$ 169,577	$ 166,341	$ 166,495	$ 164,721	$ 159,621	$ 141,151	$ 150,254	$ 152,626	$ 150,354	$ 157,722	$ 159,274	$ 159,879
Annual Debt Service- General Obligation Revenue Bonds	[B]	(32,276)	(32,542)	(32,797)	(29,532)	(29,843)	(3,478)	(2,954)	-	-	-	-	-
Annual Debt Service- Senior Airport Revenue Bonds /1	[C]	(46,685)	(46,321)	(45,887)	(44,540)	(41,524)	(43,434)	(47,944)	(48,659)	(48,560)	(46,435)	(46,433)	(46,437)
Required Deposits to Senior DSR Fund	[D]	-	-	-	-	-	-	-	-	-	-	-	-
Required Deposits to Subordinate Debt Service Funds /2	[E]	(32,107)	(33,235)	(32,358)	(31,116)	(42,295)	(41,147)	(48,814)	(49,859)	(48,531)	(53,191)	(53,584)	(49,780)
Required Deposits to Subordinate DSR Func	[F]	-	-	-	-	-	-	-	-	-	-	-	-
Must Not Be Less Than Zerc	=[A]-[B thru F]	$ 58,510	$ 54,243	$ 55,453	$ 59,533	$ 45,959	$ 53,092	$ 50,542	$ 54,108	$ 53,263	$ 58,096	$ 59,257	$ 63,661
Requirement Section 5.04(b)													
Net Revenues	[A]	$ 169,577	$ 166,341	$ 166,495	$ 164,721	$ 159,621	$ 141,151	$ 150,254	$ 152,626	$ 150,354	$ 157,722	$ 159,274	$ 159,879
Transfer	[G]=[C*25%]	11,671	11,580	11,472	11,135	10,381	10,859	11,986	12,165	12,140	11,609	11,608	11,609
Total Available	[H]=[A+G]	$ 181,249	$ 177,921	$ 177,966	$ 175,856	$ 170,002	$ 152,010	$ 162,240	$ 164,791	$ 162,494	$ 169,331	$ 170,882	$ 171,488
Senior Airport Revenue Bonds Debt Service Times 125%	[I]=[C*1.25]	(58,356)	(57,902)	(57,359)	(55,675)	(51,905)	(54,293)	(59,930)	(60,824)	(60,700)	(58,044)	(58,042)	(58,046)
Must Not Be Less Than Zerc	=[H-I]	$ 122,893	$ 120,020	$ 120,607	$ 120,181	$ 118,097	$ 97,717	$ 102,309	$ 103,967	$ 101,794	$ 111,287	$ 112,841	$ 113,442
Pro Forma Coverage on Senior Lien Debt													
Total Available	[H]	$ 181,249	$ 177,921	$ 177,966	$ 175,856	$ 170,002	$ 152,010	$ 162,240	$ 164,791	$ 162,494	$ 169,331	$ 170,882	$ 171,488
Annual Debt Service per Master Senior Indenture	[J]=[B+C]	$ 78,961	$ 78,863	$ 78,684	$ 74,072	$ 71,367	$ 46,912	$ 50,898	$ 48,659	$ 48,560	$ 46,435	$ 46,433	$ 46,437
Coverage with Transfer	=[H/J]	230%	226%	226%	237%	238%	324%	319%	339%	335%	365%	368%	369%
Coverage without Transfer	=[A/J]	215%	211%	212%	222%	224%	301%	295%	314%	310%	340%	343%	344%

Sources: Metropolitan Airports Commission and LeighFisher.

Notes: 1. Annual Debt Service per Master Senior Indenture, which are net of amounts paid from PFC receipts, see Exhibit D

2. Deposits required from Net Revenues per Master Subordinate Indenture during Fiscal Year to provide for payment of debt service when due.

Exhibit H-1
Master Subordinate Indenture Rate Covenant and Coverage
Metropolitan Airports Commission
(for the Fiscal Year ending December 31; in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by Commission management as described in the accompanying text. Inevitably some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast and the variations could be material.

						Actual	Estimate	Forecast					
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Subordinate Revenues - Master Subordinate Indenture													
Revenues		$ 290,606	$ 289,386	$ 286,435	$ 292,953	$ 292,379	$ 277,577	$ 290,800	$ 296,911	$ 298,482	$ 316,900	$ 323,662	$ 329,650
M&O Expenses of the Airport System		(121,028)	(123,045)	(119,940)	(128,231)	(132,758)	(136,426)	(140,546)	(144,285)	(148,128)	(159,178)	(164,388)	(169,771)
Net Revenues	[A]	169,577	166,341	166,495	164,721	159,621	141,151	150,254	152,626	150,354	157,722	159,274	159,879
Annual Debt Service per Master Senior Indenture /1	[B]	(78,961)	(78,863)	(78,684)	(74,072)	(71,367)	(46,912)	(50,898)	(48,659)	(48,560)	(46,435)	(46,433)	(46,437)
Subordinate Revenues	[C]=[A-B]	$ 90,617	$ 87,478	$ 87,810	$ 90,649	$ 88,254	$ 94,239	$ 99,356	$ 103,967	$ 101,794	$ 111,287	$ 112,841	$ 113,442
Rate Covenant Calculation - Master Subordinate Indenture													
Requirement Section 5.04(a)													
Subordinate Revenues	[C]	$ 90,617	$ 87,478	$ 87,810	$ 90,649	$ 88,254	$ 94,239	$ 99,356	$ 103,967	$ 101,794	$ 111,287	$ 112,841	$ 113,442
Required Deposits to Subordinate Debt Service Funds /2	[D]	(32,107)	(33,235)	(32,358)	(31,116)	(42,295)	(41,147)	(48,814)	(49,859)	(48,531)	(53,191)	(53,584)	(49,780)
Required Deposits to Subordinate DSR Func		-	-	-	-	-	-	-	-	-	-	-	-
Must Not Be Less Than Zerc	=[C-D]	$ 58,510	$ 54,243	$ 55,453	$ 59,533	$ 45,959	$ 53,092	$ 50,542	$ 54,108	$ 53,263	$ 58,096	$ 59,257	$ 63,661
Requirement Section 5.04(b)													
Subordinate Revenues	[C]	$ 90,617	$ 87,478	$ 87,810	$ 90,649	$ 88,254	$ 94,239	$ 99,356	$ 103,967	$ 101,794	$ 111,287	$ 112,841	$ 113,442
Transfer	[E]=[D*10%]	3,211	3,324	3,236	3,112	4,229	4,115	4,881	4,986	4,853	5,319	5,358	4,978
Total Available	[F]=[C+E]	$ 93,827	$ 90,801	$ 91,046	$ 93,761	$ 92,483	$ 98,354	$ 104,237	$ 108,953	$ 106,648	$ 116,606	$ 118,199	$ 118,420
Annual Debt Service Sub. Airport Revenue Bonds Times 110% /3	[G]	(26,598)	(35,739)	(34,755)	(35,075)	(35,393)	(45,779)	(47,271)	(53,687)	(55,269)	(57,428)	(58,343)	(58,297)
Must Not Be Less Than Zerc	=[F-G]	$ 67,230	$ 55,062	$ 56,291	$ 58,686	$ 57,090	$ 52,575	$ 56,967	$ 55,266	$ 51,378	$ 59,178	$ 59,856	$ 60,123
Pro Forma Coverage on Sub. Airport Revenue Bonds													
Annual Debt Service per Master Subordinate Indenture /3	[H]	$ 24,180	$ 32,490	$ 31,596	$ 31,886	$ 32,176	$ 41,617	$ 42,973	$ 48,807	$ 50,245	$ 52,207	$ 53,039	$ 52,998
Coverage with Transfer	=[F/H]	388%	279%	288%	294%	287%	236%	243%	223%	212%	223%	223%	223%
Coverage without Transfer	=[C/H]	375%	269%	278%	284%	274%	226%	231%	213%	203%	213%	213%	214%
Pro Forma Coverage on Total Debt													
Total Available for Senior & Subordinate Debt /4	[I]	$ 181,249	$ 177,921	$ 177,966	$ 175,856	$ 170,002	$ 152,010	$ 162,240	$ 164,791	$ 162,494	$ 169,331	$ 170,882	$ 171,488
Annual Debt Service - Senior & Subordinate	[J]=[B+G/110%]	$ 103,140	$ 111,353	$ 110,280	$ 105,958	$ 103,543	$ 88,529	$ 93,871	$ 97,466	$ 98,805	$ 98,642	$ 99,472	$ 99,435
Coverage with Master Senior Indenture Transfer Amount	=[I]/[J]	176%	160%	161%	166%	164%	172%	173%	169%	164%	172%	172%	172%
Coverage without Transfer	=[A/J]	164%	149%	151%	155%	154%	159%	160%	157%	152%	160%	160%	161%

Sources: Metropolitan Airports Commission and LeighFisher.

Notes:
1. Annual Debt Service per Master Senior Indenture, which are net of amounts paid from PFC receipts, see Exhibit D
2. Deposits required from Net Revenues per Master Subordinate Indenture during Fiscal Year to provide for payment of debt service when due.
3. Annual Debt Service per Master Subordinate Indenture, which are net of amounts paid from PFC receipts, see Exhibit D
4. Total Available for Senior & Subordinate Debt, see Exhibit H, Row H.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE METROPOLITAN AIRPORTS COMMISSION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010

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Minneapolis/St. Paul Metropolitan Airports Commission

Independent Accountants' Reports and Financial Statements
With Supplementary Information

December 31, 2011 and 2010

Minneapolis/St. Paul Metropolitan Airports Commission

December 31, 2011 and 2010

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Independent Accountants' Report on Financial Statements and Supplementary Information

To the Members of the Board of
Minneapolis/St. Paul Metropolitan Airports Commission
Minneapolis, Minnesota

We have audited the accompanying basic financial statements of Minneapolis/St. Paul Metropolitan Airports Commission (Commission) as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indianapolis Airport Commission as of December 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

BKD, LLP

May 16, 2012

Financial Section

The following discussion and analysis of the financial performance and activity of the Minneapolis/St. Paul Metropolitan Airports Commission (the Commission or MAC) is to provide an introduction and understanding of the basic financial statements of the Commission for the year ended December 31, 2011 with selected comparative information for the years ended December 31, 2010 and 2009. This discussion has been prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

USING THE FINANCIAL STATEMENTS

The MAC's financial report includes three financial statements: the Balance Sheets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB).

FINANCIAL HIGHLIGHTS

General
The Commission has entered into, and receives payment under, agreements with various air carriers and other parties, including the airline lease agreements relating to landing fees and the leasing of space in terminal buildings, other building leases regarding the leasing of cargo and miscellaneous hangar facilities, concession agreements relating to sale of goods and services at the airport and specific project leases relating to the construction of buildings and facilities for specific tenants. Below is a brief description of each agreement along with the revenue generated in 2011.

Airline Lease Agreements
The airline lease agreements relate to the use of the airport for air carrier operations, the leasing of space within the terminal buildings of the airport, ramp fees for parking aircraft at the Lindbergh Terminal and the establishment of landing fees. Except for rental amounts based primarily upon the square feet rented, the terms, conditions and provisions of each airline lease agreement are substantially the same.

In the airline lease agreements, the Commission has leased to each particular air carrier a certain specified square footage portion of the terminal area in the airport. Annual rents are computed on the basis of various charges per square foot for various types of space within the existing terminal area and, in certain cases, the costs of certain improvements of the existing terminal area. The airline lease agreements also provide that each air carrier is required to pay a basic landing fee. The landing fee is calculated by dividing the cost of operations, maintenance and debt service at the airfield by total landed weight of aircraft utilizing the airport. The airline lease agreements also require each air carrier leasing gate space at Lindbergh Terminal (Terminal 1) to pay an aircraft parking ramp fee that is computed on a lineal foot basis. The ramp fee includes the cost of operations, maintenance and debt service to the ramp area surrounding the terminal building gates.

The airline lease agreement also provides that food and beverage, merchandise and auto-rental annual gross concession revenues to the Commission ("Selected Concession Revenues") will be shared with the Passenger Signatory Airlines (allocated among the Passenger Signatory Airlines based upon their proportionate share of enplanements at the Airport for the applicable fiscal year) under the following schedule (the "Shared Concession Revenues"):

Selected Concession Revenues [1]	Percent Shared with Passenger Signatory Airlines
Greater than $39,154,858	25% up to $39,154,858 and 50% for amounts above $39,154,858
$30,305,618 to $39,154,858	25%
$29,093,393 to $30,305,617	20%
$27,881,169 to $29,093,392	15%
$26,668,944 to $27,881,168	10%
$25,456,719 to $26,668,943	5%

[1] Selected Concession Revenues were $37,297,220 for fiscal year 2011, resulting in shared concession revenue of $9,324,305. The selected concession revenues thresholds are subject to change annually.

The total amount of Shared Concession Revenues will be structured as a credit against the rates and charges in the current year, payable to the Passenger Signatory Airlines in the subsequent fiscal year. Notwithstanding the above schedule, the amount of Shared Selected Concession Revenues will be reduced to the extent necessary so that Net Revenues, after subtracting the Shared Concession Revenues, will not be less than 1.25 times the total annual debt service on Senior Bonds, Subordinate Obligations, and other debt obligations of the Commission. In the event that the Shared Concession Revenues are reduced in any year, such reduction will be deferred until the next fiscal year and will be credited against the rates and charges payable by the Passenger Signatory Airlines in the next fiscal year to the extent that Net Revenues, after subtracting the applicable Shared Concession Revenues, are not less than 1.25 times the total annual debt service on Senior Bonds, Subordinate Obligations, and other debt obligations of the Commission.

For the years ended December 31, 2011 and 2010, the aggregate rentals earned by the Commission pursuant to the airline lease agreements were approximately $87,571,000 and $82,665,000, respectively. The annual rentals due under each lease may be adjusted each year to reflect actual costs of the airport.

Other Building and Miscellaneous Leases

The other building and miscellaneous leases relate to rentals and other fees associated with the Hubert H. Humphrey Terminal (Terminal 2), miscellaneous hangar facilities, and office rentals for non-airline tenants in Terminal 1. For the years ended December 31, 2011 and 2010, the aggregate annual rentals under these leases were approximately $24,944,000 and $22,269,000, respectively.

Specific Project Leases

The Commission has constructed various buildings and facilities for specific tenants.

If bonds were issued by the Commission to finance the construction of a facility, the lessee is required to pay annual lease payments equal to the debt service requirements on the bonds issued to construct the facility, due in the following year. The lease remains in effect until the total debt service on the bonds has been paid.

If the construction of a facility is financed from funds the Commission has on hand, the lessee is required to make lease payments equal to the debt service requirements, which would have been required, if bond funds were used.

For the years ended December 31, 2011 and 2010, the aggregate lease rentals paid to the Commission under specific project leases was approximately $37,973,000 and $37,676,000, respectively.

Concession Agreements

The Commission has entered into concession agreements with various firms to operate concessions inside the terminal building at the airport including, among others, food and beverage services, newsstands, advertising, amusements/games, insurance, personal service shops, and telephones. For the years ended December 31, 2011 and 2010, the aggregate fees earned by the Commission under the existing concession agreements were approximately $26,222,000 and $25,572,000, respectively. Such fees are computed on the basis of different percentages of gross sales for the various types of concessions, with the larger concessions guaranteeing a minimum payment each year.

Concession agreements for rental car agencies require such concessionaires to pay fees based on a percentage of their gross revenues and special charges such as parking fees and a per-square-foot land rental. The Commission also has a management contract with a firm for the operation of the airport parking lot and garage facilities. For the years ended December 31, 2011 and 2010, the aggregate fees earned by the Commission under the existing rental car agreements and parking lot management contract were approximately $89,530,000 and $88,867,000, respectively. Of this amount, parking revenue was approximately $66,612,000 for 2011 and $63,684,000 for 2010. Auto rental revenue for both on and off airport auto rentals for December 31, 2011 and 2010 was approximately $22,918,000 and $25,184,000, respectively.

Reliever Airports

The Commission has entered into various other leases and agreements with tenants at its reliever airport system. These reliever airport tenant leases include fuel flowage fees, hangar rentals, storage lots, commercial fees and other miscellaneous amounts. For the years ended December 31, 2011 and 2010, revenues from these agreements were approximately $5,461,000 and $5,089,000, respectively.

Miscellaneous Off-Airport Concession Leases and Ground Transportation Fees

The Commission has entered into certain leases with off-airport concessionaires that provide off-airport advertising and auto services. Additionally, the Commission charges fees for employee parking, permits and licenses to operate shuttles, vans, buses and taxis at the airport. Such fees are set by Commission ordinances. For the years ended December 31, 2011 and 2010, the Commission earned $8,829,000 and $7,576,000, respectively.

Miscellaneous Revenues

In addition to the above agreements, the Commission enters into various other leases and agreements. These include utility charges, ground space rentals, office rentals for commuter airlines and concessionaires, commuter and general aviation fees, and other miscellaneous amounts. For the years ended December 31, 2011 and 2010, the revenues from these agreements were approximately $13,991,000 and $12,994,000, respectively.

Financial Section

Operating Revenues

Operating revenues for the MAC are derived entirely from user fees that are established for various services and facilities that are provided at Commission airports. While the Commission has the power to levy taxes to support its operations, it has adopted policies to provide adequate revenues for the system to operate since 1969 without general tax support. Revenue sources have been grouped into the following categories in the Statements of Revenues, Expenses and Changes in Net Assets:

Airline Rates & Charges	-	Revenue from landing and ramp fees and terminal building rates
Concessions	-	Revenue from food and beverage sales, merchandise sales, auto parking, etc.
Other Revenues:		
Rentals/fees	-	Fees for building rentals
Utilities and other revenues	-	Charges for tenants use of ground power, water and sewer, and other services provided by MAC

For the fiscal years ended December 31, 2011 and 2010, the top ten operating revenue sources for the MAC were as follows:

Top Ten Operating Revenue Sources:

	Source	2010 Revenue	
1.	Parking	$ 63,682,000	
2.	Landing fees	49,037,000	
3.	Terminal rent - airlines	34,064,000	
4.	Other building rent	16,437,000	
5.	Auto rental (off- and on-airport)	15,673,000	*
6.	Food and beverage	12,957,000	
7.	Ground rent	9,125,000	
8.	Merchandise	8,027,000	
9.	Ramp fees	5,901,000	
10.	Passenger services	4,359,000	

	Source	2011 Revenue	
1.	Parking	$ 66,612,000	
2.	Landing fees	51,781,000	
3.	Terminal rent - airlines	35,996,000	
4.	Auto rental (off- and on-airport)	22,918,000	*
5.	Other building rent	18,505,000	
6.	Food and beverage	13,453,000	
7.	Ground rent	9,860,000	
8.	Merchandise	8,318,000	
9.	Ramp fees	6,328,000	
10.	Passenger services	4,449,000	

*Excludes customer facility charges.

The top ten revenue providers for 2011 for the MAC were as follows:

Top Ten Operating Revenue Providers

1. Delta Airlines
2. HMS Host
3. Enterprise
4. Hertz
5. Minnesota Retail Partners
6. Sun Country
7. Avis
8. United Airlines
9. American Airlines
10. Southwest Airlines

Statements of Revenues, Expenses and Changes in Net Assets

During 2011, MAC total revenues and capital contributions decreased by .1% to $362,937,000 from $363,271,000 in 2010. Changes in major categories are summarized below (dollars in thousands):

	2011	% of Total	2010	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	$ 96,422	26.6%	$ 90,376	24.9%	$ 6,046	6.7%
Concessions	118,792	32.7%	112,503	30.9%	6,289	5.6%
Rentals/fees	27,575	7.7%	29,609	8.2%	(2,034)	-6.9%
Utilities and other revenues	13,759	3.7%	12,555	3.5%	1,204	9.6%
Total operating revenues	256,548		245,043		11,505	
Nonoperating revenues						
Investment income	21,496	5.9%	33,933	9.3%	(12,437)	-36.7%
Gain on sale of assets/other	14	0.0%	119	0.0%	(105)	-88.2%
Passenger facility charges (PFC)	62,244	17.2%	59,453	16.4%	2,791	4.7%
Total nonoperating revenues	83,754		93,505		(9,751)	
Capital contributions and grants	22,635	6.2%	24,723	6.8%	(2,088)	-8.4%
Total revenues and capital contributions	$ 362,937	100.0%	$ 363,271	100.0%	$ (334)	-0.1%

Airline rates and charges increased $6,046,000 or 6.7% from 2010 levels. A majority of the revenue derived from the airline rates and charges category is based on the amount of expenses incurred in certain cost centers. Above average snowfall in early 2011 resulting in larger snow removal costs combined with increases in debt service allocations accounted for the majority of the increase in airline rates and charges.

Concessions increased by 5.6% or $6,289,000, primarily as a result of public parking and on-airport auto rentals. An increase in parking transactions as well as longer length of stays account for the increase in parking. For on-airport auto rentals, a new lease agreement was signed in 2011, which has a higher concession recovery fee.

Rental fees decreased $2,034,000 or 6.9%. This is primarily a result of a lower auto rental customer facility charge (CFC). In 1999, the Commission started collecting a CFC for the construction of an auto rental ramp located at Terminal 1. At the end of 2010, the Commission recovered all of its debt service associated with this auto rental ramp.

Other revenues increased by $1,204,000 or 9.6% as a result of increases in various one-time reimbursements, such as energy rebates, along with higher utilities and reliever airport revenues.

Investment income decreased $12,437,000 or 36.7% due to lower interest rates earned by the Commission. Also, in November 2011, Delta paid their lease obligations under GO Revenue Bond Series 15. As a result of this payment, the Commission earned less interest income. Finally, as a result of terminating an investment agreement associated with a 2010 bond refunding, 2010 interest income was higher than normal.

PFCs increased as a result of an increase in passengers.

Capital contributions and grants represent grants received from both federal and state governments for various construction projects at both MSP and the reliever airports. The decrease in 2011 comes primarily from a decrease in grant eligible projects.

During 2010, MAC total revenues and capital contributions decreased by 0.8% to $363,271,000 from $366,104,000 in 2009. Changes in major categories are summarized below (dollars in thousands):

	2010	% of Total	2009	% of Total	Dollar Change	Percent Change
Operating revenues						
Airline rates and charges	$ 90,376	24.9%	$ 89,867	24.5%	$ 509	0.6%
Concessions	112,503	30.9%	109,636	29.9%	2,867	2.6%
Rentals/fees	29,609	8.2%	28,435	7.8%	1,174	4.1%
Utilities and other revenues	12,555	3.5%	12,937	3.5%	(382)	-3.0%
Total operating revenues	245,043		240,875		4,168	
Nonoperating revenues						
Investment income	33,933	9.3%	30,625	8.4%	3,308	10.8%
Gain on sale of assets/other	119	0.0%	205	0.1%	(86)	-42.0%
Passenger facility charges (PFC)	59,453	16.4%	67,481	18.4%	(8,028)	-11.9%
Total operating revenues	93,505		98,311		(4,806)	
Capital contributions and grants	24,723	6.8%	26,918	7.4%	(2,195)	-8.2%
Total revenues and capital contributions	$ 363,271	100.0%	$ 366,104	100.0%	$ (2,833)	-0.8%

Airline rates and charges increased $509,000 or 0.6% from 2009 levels. A majority of the revenue derived from the airline rates and charges category is based on the amount of expenses incurred in certain cost centers. Above average snowfall in 2010 resulting in larger snow removal costs combined with increases in debt service allocations accounted for the majority of the increase in airline rates and charges.

Concessions increased by 2.6% or $2,867,000, primarily as a result of public parking and passenger services. An increase in parking transactions as well as longer length of stays account for the increase in parking. For passenger services, the increase is due to new lease agreements (ATM lease) as well as increased revenue in indoor advertising.

Rental fees increased $1,174,000 or 4.1%. Increases in non-terminal building rentals as a result of new building leases as well as increased auto rental customer facility charge (CFC) transactions accounted for the majority of the increase in this category.

Other revenues decreased by $382,000 or 3.0% as a result of a decrease in various one-time reimbursements, such as energy rebates, and lower Police K9 expense reimbursements.

Investment income increased $3,308,000 or 10.8% due to the following: (1) a new capital lease was entered into with Delta Airlines for improvements constructed at Delta's Building C; and (2) a new general airport revenue bond (GARB) issue occurred during 2010, which resulted in higher investment balances. As a result of refinancing certain GARBs and terminating the investment agreement associated with these bonds during 2010, additional interest income was earned.

PFCs decreased as a result of the decrease in deferred revenue that occurred in 2009.

Capital contributions and grants represent grants received from both federal and state governments for various construction projects at both MSP and the reliever airports. The decrease in 2010 comes primarily from a decrease in grant eligible projects.

Expenses
In 2011, MAC total expenses decreased by 1.4% to $333,473,000 from $338,085,000 in 2010. Changes in major categories are summarized below (dollars in thousands):

	2011	% of Total	2010	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	$ 66,297	19.9%	$ 63,412	18.8%	$ 2,885	4.5%
Administrative	1,532	0.5%	1,271	0.4%	261	20.5%
Professional services	4,167	1.2%	3,519	1.0%	648	18.4%
Utilities	16,568	5.0%	16,238	4.8%	330	2.0%
Operating services	17,151	5.1%	17,278	5.1%	(127)	-0.7%
Maintenance	27,057	8.1%	27,088	8.0%	(31)	-0.1%
Depreciation	118,985	35.7%	121,555	36.0%	(2,570)	-2.1%
Other	3,530	1.2%	2,583	0.8%	947	36.7%
Operating expenses	255,287		252,944		2,343	
Nonoperating expenses						
Interest expense	78,186	23.3%	85,141	25.1%	(6,955)	-8.2%
Total nonoperating expenses	78,186		85,141		(6,955)	
Total expenses	$ 333,473	100.0%	$ 338,085	100.0%	$ (4,612)	-1.4%

Personnel increased by 4.5% or $2,885,000. The majority of the increase ($1.9 million) is due to pension expense. In 2010, the Minnesota State Legislature passed a pension bill that increases the Commission's annual contribution for employees covered under the Minneapolis Employees Retirement Fund (MERF) pension program. The remaining increases in Personnel are due to wage adjustments and increases in employee insurance.

Administrative expenses increased by $261,000 primarily due to an increase in computer supplies.

Professional services increased $648,000 or 18.4%. This increase is due to higher legal activity, as well as expensing projects that were in the capital improvement program and will not be completed.

Utilities increased $330,000 or 2.0%. Higher electricity prices partially offset by lower natural gas prices were the major changes in this category.

Operating services decreased $127,000 or 0.7%. Lower amounts of spending on the parking management contract along with a new service contract, at a lower rate for the loading dock contributed to the decrease in the operating services category.

Depreciation decreased $2,570,000 or 2.1%. The decrease is attributed to assets that became fully depreciated in 2010-2011, offset partially by new projects placed into service during 2010-2011.

Interest expense decreased $6,955,000 or 8.2%. This is primarily a result of lower interest payments due to the refunding or retirement of debt and an increase in capitalized interest.

In 2010, MAC total expenses increased by 2.2% to $338,085,000 from $330,691,000 in 2009. Changes in major categories are summarized below (dollars in thousands):

	2010	% of Total	2009	% of Total	Dollar Change	Percent Change
Operating expenses						
Personnel	$ 63,412	18.8%	$ 59,304	17.9%	$ 4,108	6.9%
Administrative	1,271	0.4%	1,301	0.4%	(30)	-2.3%
Professional services	3,519	1.0%	4,004	1.2%	(485)	-12.1%
Utilities	16,238	4.8%	16,553	5.0%	(315)	-1.9%
Operating services	17,278	5.1%	16,043	4.9%	1,235	7.7%
Maintenance	27,088	8.0%	23,718	7.2%	3,370	14.2%
Depreciation	121,555	36.0%	123,060	37.2%	(1,505)	-1.2%
Other	2,583	0.8%	2,510	0.8%	73	2.9%
Operating expenses	252,944		246,493		6,451	
Nonoperating expenses						
Interest expense	85,141	25.1%	84,198	25.4%	943	1.1%
Total nonoperating expenses	85,141		84,198		943	
Total expenses	$ 338,085	100.0%	$ 330,691	100.0%	$ 7,394	2.2%

Personnel increased by 6.9% or $4,108,000. In November and December 2010, the MAC experienced a larger than average amount of snow, which resulted in higher labor and benefit costs. In addition, in 2010, the MAC updated its actuarial study on postretirement healthcare benefits and as a result MAC increased the healthcare trend rate, which increased the amount of expense incurred in 2010.

Professional services decreased $485,000 or 12.1%. This decrease is due to lower legal activity, as well as lower MSP airport planning expense.

Utilities decreased $315,000 or 1.9%. Lower natural gas prices partially offset by higher electricity prices were the major changes in this category.

Operating services increased $1,235,000 or 7.7%. The categories of parking management, service agreements and storm water monitoring had the largest increases. Parking management increased due to more parking activity and higher labor costs. Service agreements increased due to new contracts for ground transportation equipment, parking equipment and computers. Computer service agreements had the largest increase in the service agreement category primarily in the support of the MUFIDS (Multiple Users Flight Information Displays) that were installed in the terminals in 2009-2010. Storm water monitoring relates to the amount of snow received, as described in the personnel section above; higher than average snow amounts required a larger amount of monitoring and capture of chemicals used in snow removal operations.

Maintenance increased $3,370,000 or 14.2%. The increase in maintenance can be attributed to increases in snow removal and building mechanical systems. As described above, the large amount of snow the MAC received in November-December 2010 contributed to the majority of the increase in this category. The largest increase in the snow removal maintenance category is the cost of the liquid deicer that is used on MAC's runways and taxiways. The increase in mechanical systems can be attributed to new contracts for the maintaining of MAC's moving sidewalks and automated people movement systems.

Depreciation decreased $1,505,000 or 1.2%. The decrease is attributed to assets that became fully depreciated in 2009-2010, offset partially by new projects placed into service during 2009-2010.

Interest expense increased $943,000 or 1.1%. Increases in deferred bond expense and deferred amounts on bond refundings accounted for the largest increase. These increases were partially offset by an increase in capitalized interest.

Net Revenues

In order to promote and encourage the efficient use of facilities at all MAC airports, as well as minimize the environmental impact of MSP on the surrounding community, MAC has implemented a policy of subsidizing its reliever airports by establishing relatively low user charges as an incentive for pilots to use these facilities rather than MSP. In order to maintain this subsidy, MAC sets its rates and charges to assure that total system revenues will be sufficient to pay total system expenses.

Net revenues generated by the Commission are designated for construction and debt service payments. These net revenues provide the Commission with a portion of the money to meet the funding requirements of its capital improvement program. This reduces the need to issue bonds and, therefore, allows the Commission to avoid the interest expense of additional debt.

Following is a summary of the Statements of Revenues, Expenses and Changes in Net Assets:

(in thousands)	2011	2010	2009
Operating revenues	$ 256,548	$ 245,043	$ 240,875
Operating expenses	(255,287)	(252,944)	(246,493)
Operating income (loss)	1,261	(7,901)	(5,618)
Nonoperating revenues	83,754	93,505	98,311
Nonoperating expenses	(78,186)	(85,141)	(84,198)
Capital contributions	22,635	24,723	26,918
Increase in net assets	$ 29,464	$ 25,186	$ 35,413

The Commission shows an increase in the total change in its net assets in 2011 from 2010. This is primarily a result of increased concession revenues offset partially by lower capital contributions.

The primary cause for the fiscal year 2010 decrease in net asset change from 2009 is due to a decrease in PFC deferred revenue, which resulted in higher PFC revenues in 2009. Also contributing to the decrease in net asset change in 2010, is a lower amount of capital contributions, which is a result of having fewer grant eligible projects.

Occasionally, the Commission shows an operating loss as a result of its methodology of assessing airline rates and charges and the revenue recognition of PFCs. For its airline rates and charges model, the Commission uses debt service instead of depreciation as a basis of recovering capital costs. Therefore, projects constructed with internally generated funds are not recoverable under the airline agreement. Further contributing to operating losses is the accounting treatment of PFCs and federal grants. The Commission cannot charge the users of the airport for any of its capital costs that were funded by PFCs and/or capital contributions. Therefore, under operating expenses the full cost of the capital project is depreciated over its useful life; however, the corresponding revenue from that particular project shows below the operating loss line item as a nonoperating revenue (PFC) item or a capital contribution.

We believe we are well positioned to increase the long-term financial stability and air service competitiveness of MSP. In addition, our 10-year history of airline rates and charges is very competitive and, as one of the few airports with an AA- rating from both Fitch Investor Services and Standard & Poors, we feel we are positioned well for growth in the future.

BALANCE SHEETS

The Balance Sheets present the financial position of the MAC at the end of the fiscal year and include all assets and liabilities of the MAC. Net assets are the difference between total assets and total liabilities and are an indicator of the current financial health of the MAC. A summarized comparison of the MAC's assets, liabilities and net assets at December 31, 2011, 2010 and 2009 is as follows (in thousands):

	December 31,		
	2011	2010	2009
Assets			
Current assets - unrestricted	$ 261,565	$ 256,376	$ 264,232
Restricted assets - current	70,983	106,802	95,069
Noncurrent assets:			
Other noncurrent assets	490,422	716,588	622,228
Capital assets - net	2,464,393	2,457,011	2,475,603
Total assets	$ 3,287,363	$ 3,536,777	$ 3,457,132
Liabilities			
Current liabilities - unrestricted	$ 48,644	$ 39,569	$ 46,829
Payable from restricted current assets	85,246	99,569	129,511
Noncurrent liabilities:			
Bonds payable	1,480,535	1,744,673	1,657,546
Other noncurrent liabilities	59,345	68,837	64,303
Total liabilities	1,673,770	1,952,648	1,898,189
Net Assets			
Invested in capital assets, net of debt	1,144,522	1,140,449	1,145,797
Restricted	306,528	273,540	253,811
Unrestricted	162,543	170,140	159,335
Total net assets	1,613,593	1,584,129	1,558,943
Total liabilities and net assets	$ 3,287,363	$ 3,536,777	$ 3,457,132

Overall, the majority of the decrease in total assets and total liabilities is the result of the repayment of a lease receivable by Delta and the subsequent retirement of the bonds associated with the lease receivable (General Obligation Revenue Bond Series 15).

CASH AND INVESTMENT MANAGEMENT

The following summary shows the major sources and uses of cash (in thousands):

	2011	2010	2009
Cash received from operating activities	$ 255,800	$ 245,689	$ 240,962
Cash expended from operating activities	(141,243)	(133,924)	(125,479)
Net cash provided by operating activities	114,557	111,765	115,483
Net cash used in capital and related financing activities	(174,424)	(14,595)	(180,757)
Net cash provided by (used in) investing activities	39,607	(86,031)	69,167
Net increase (decrease) in cash and cash equivalents	(20,260)	11,139	3,893
Cash and cash equivalents, beginning of year	27,320	16,181	12,288
Cash and cash equivalents, end of year	$ 7,060	$ 27,320	$ 16,181

Cash temporarily idle during the year is invested according to legal requirements established by the Legislature of the State of Minnesota. In accordance with state law, investments are generally restricted to various United States government securities, certificates of deposits, mutual funds, state and local obligations, commercial paper and repurchase agreements. All securities must mature within three years from the date of purchase. During 2011, the MAC's average portfolio balance was $719,778,000 and total investment earnings were $13,328,000 for an average yield on investments during the year of 1.85%. This compares to an average portfolio balance of $668,634,000; investment earnings of $13,398,000 and average yield of 2.00% in fiscal year 2010.

The Commission currently has a policy of keeping a six-month working capital reserve in its operating fund. At the end of 2011, the Commission has in its operating fund approximately $43 million over and above its 2011 six-month working capital requirement. The Commission is currently considering how to apply or use some or all of these excess-operating funds.

CAPITAL CONSTRUCTION

During 2011, the Commission expended $128 million on its on-going capital improvement program. Approximately $15 million was associated with various airfield and runway projects. Approximately $48 million was related to Terminal 1 projects, primarily a new sprinkler system on Concourses C and D, jet bridge replacements as well as a checked baggage screening system project. Approximately $20 million were spent on various Terminal 2 projects, landside/parking and miscellaneous building projects. Approximately $35 million dollars was spent on the Commission's ongoing residential sound insulation program. The remaining $10 million was spent for equipment purchases and various technology improvements. Average monthly capital spending in 2011 was approximately $11 million.

During 2010, the MAC expended $111 million on its on-going capital improvement program. Major projects that were completed in 2010 were projects associated with the construction of a skyway from the parking structure at Terminal 2, Taxiway C-D complex-Phase 6, the installation of MUFIDS at MSP, multiple projects to update and improve the MSP terminal buildings and the ongoing implementation of the residential sound insulation program. Average monthly capital construction spending in 2010 was approximately $9 million.

Further information can be found in Note E.

CAPITAL FINANCING AND DEBT MANAGEMENT

The MAC has issued three forms of indebtedness: Notes Payable, General Airport Revenue Bonds and General Obligation Revenue Bonds. General Obligation Revenue Bonds are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven county Metropolitan Area. General Airport Revenue Bonds are not backed by the MAC's taxing authority.

The MAC is required by law to maintain Debt Service funds sufficient to bring the balance on hand in the Debt Service Account on October 10th of each year to an amount equal to all principal and interest to become due on all General Obligation Revenue Bonds payable from October 10th to the end of the second following year. The required balance as of October 10th in the Debt Service Account for the General Obligation Revenue Bonds for the next three years is as follows (in thousands):

October 10, 2012	$	6,885
October 10, 2013		6,310
October 10, 2014		2,897

Statutory authority for issuing bonds is obtained from the Minnesota State Legislature. Authorization as of December 31, 2011, permits the issuance of an additional $55 million of General Obligation Revenue Bonds.

On October 26, 2011, Delta prepaid all of the lease payments due under the General Obligation Revenue Bond (Series 15) Series 15 lease agreements by depositing $175,049,336 with the Commission. On October 26, 2011, the Commission irrevocably deposited the $175,049,336 received from Delta, along with $52,500,000 on deposit in the Series 15 Bond Account of the Commission's debt service fund, to the Series 15 Escrow Fund. The amounts deposited to the Series 15 Escrow Fund will be used on January 1, 2012 to: (a) pay the principal of the Series 15 bonds maturing on January 1, 2012, (b) redeem all of the outstanding Series 15 bonds maturing after January 1, 2012 at a redemption price of 103% of principal thereof, and (c) pay the interest due on such date on all outstanding Series 15 bonds.

On November 2, 2011, the Commission issued $52,105,000 of Series 2011A General Airport Revenue Bonds, to advance refund $54,435,000 of the total $102,690,000 of Series 2003A General Airport Revenue Bonds. The $54,435,000 in Series 2003A will be called on January 1, 2013.

The MAC is financing its construction program through a combination of the MAC's revenues, entitlement and discretionary grants received from the FAA, state grants, PFCs and revenue bonds. Long-term debt is the principal source of funding of the capital improvement program. The MAC, through its Master Indenture, has covenanted to maintain a debt service coverage ratio of 1.25. Debt service coverage is calculated based on a formula included in the Master Indenture and the airport use agreement.

For further information on capital financing activity see Notes F, G, H, I and J.

CONTACTING THE MAC'S FINANCIAL MANAGEMENT

This financial report is designed to provide the MAC's Commissioners, management, investors, creditors and customers with a general view of the MAC's finances and to demonstrate the MAC's accountability for the funds it receives and expends. For further information about this report, or if you need additional financial information, please contact Director of Finance, 6040 28th Avenue South, Minneapolis, MN 55450 or access the Commission's website – http://www.mspairport.com/mac/organization/financial/default.aspx.

BALANCE SHEETS

(Dollars in Thousands)

	December 31 2011	December 31 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,060	$ 27,320
Investments	226,704	207,731
Accounts receivable (net of allowances for uncollectibles of $160 and $71, respectively)	9,736	8,883
Receivable - government grants in aid of construction	14,642	9,284
Other	3,423	3,158
Restricted assets:		
Investments	59,155	95,001
Leases receivable	4,362	4,147
Passenger facility charge receivable	7,466	7,654
Total current assets	332,548	363,178
Noncurrent Assets:		
Investments, restricted	428,714	443,619
Leases receivable, restricted	48,183	257,874
Other receivable, restricted	1,750	1,649
Bond and commercial paper issue costs, net	11,775	13,446
Capital assets:		
Land	402,625	398,625
Airport improvements and buildings	3,380,978	3,305,261
Moveable equipment	112,732	106,487
Construction in progress	151,016	110,893
Less accumulated depreciation	(1,582,958)	(1,464,255)
Total capital assets (net of accumulated depreciation)	2,464,393	2,457,011
Total noncurrent assets	2,954,815	3,173,599
TOTAL ASSETS	**$ 3,287,363**	**$ 3,536,777**

BALANCE SHEETS

(Dollars in Thousands)

	December 31	
	2011	2010
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 34,735	$ 30,035
Accounts payable due to airlines	6,459	3,663
Notes payable	1,895	1,675
Employee compensation, payroll taxes and other	5,555	4,196
Payable from restricted current assets:		
Current portion of long-term debt	44,780	37,150
Construction and other	2,558	3,997
Deferred revenue	2,085	16,044
Interest payable	35,823	42,378
Total current liabilities	133,890	139,138
Noncurrent liabilities:		
Employee compensation, payroll taxes and other	2,088	1,845
Deferred revenue, restricted	2,175	15,285
Notes payable	4,897	5,210
Postemployment medical	50,185	46,497
Bonds payable	1,480,535	1,744,673
Total noncurrent liabilities	1,539,880	1,813,510
TOTAL LIABILITIES	**1,673,770**	**1,952,648**
Net Assets		
Invested in capital assets, net of related debt	1,144,522	1,140,449
Restricted		
Debt service	108,207	93,590
Construction	195,717	177,277
Other	2,604	2,673
Unrestricted	162,543	170,140
TOTAL NET ASSETS	**1,613,593**	**1,584,129**
TOTAL LIABILITIES AND NET ASSETS	**$ 3,287,363**	**$ 3,536,777**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

(Dollars in Thousands)

	Fiscal Years Ended December 31	
	2011	**2010**
OPERATING REVENUES		
Airline rates and charges	$ 96,422	$ 90,376
Concessions	118,792	112,503
Rentals/fees	27,575	29,609
Utilities and other revenues	13,759	12,555
TOTAL OPERATING REVENUES	**256,548**	**245,043**
OPERATING EXPENSES		
Personnel	66,297	63,412
Administrative	1,532	1,271
Professional services	4,167	3,519
Utilities	16,568	16,238
Operating services	17,151	17,278
Maintenance	27,057	27,088
Depreciation	118,985	121,555
Other	3,530	2,583
TOTAL OPERATING EXPENSES	**255,287**	**252,944**
OPERATING INCOME (LOSS)	**1,261**	**(7,901)**
NONOPERATING REVENUES (EXPENSES)		
Investment income	21,496	33,933
Passenger facility charges	62,244	59,453
Gain on disposal of assets	14	119
Interest expense	(78,186)	(85,141)
TOTAL NONOPERATING REVENUES (EXPENSES)	**5,568**	**8,364**
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	**6,829**	**463**
Capital contributions and grants	22,635	24,723
CHANGE IN NET ASSETS	**29,464**	**25,186**
NET ASSETS - BEGINNING OF YEAR	1,584,129	1,558,943
NET ASSETS - END OF YEAR	**$ 1,613,593**	**$ 1,584,129**

STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Fiscal Years Ended December 31 2011	Fiscal Years Ended December 31 2010
Cash received from customers and users	$ 255,800	$ 245,689
Cash paid to employees and benefit providers	(61,007)	(60,039)
Cash paid to suppliers	(80,236)	(73,885)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	114,557	111,765
Payments for airport improvements and facilities	(110,330)	(111,046)
Proceeds from bond/note issuance	59,483	256,086
Receipt of lease payments	195,868	36,337
Receipt of passenger facility charges	62,432	57,262
Payment on bonds/notes	(309,149)	(197,510)
Interest paid on bonds	(90,005)	(87,646)
Receipt of government grants	17,277	31,922
NET CASH FLOWS USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(174,424)	(14,595)
Purchase of investment securities	(828,459)	(1,027,742)
Proceeds from maturities of investment securities	859,747	921,700
Investment income	8,319	20,011
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	39,607	(86,031)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,260)	11,139
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	27,320	16,181
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,060	$ 27,320
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:		
Operating income (loss)	$ 1,261	$ (7,901)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	118,985	121,555
Changes in assets and liabilities:		
Accounts receivable	(853)	(521)
Other assets	(265)	(357)
Accounts payable and accrued expenses	(9,966)	(5,551)
Postretirement medical	3,688	3,668
Other restricted liabilities	-	-
Employee compensation and payroll taxes	1,602	(295)
Deferred revenue	105	1,167
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 114,557	$ 111,765
Noncash investing, capital and related financing activities:		
Changes in fair value of investments	$ (490)	$ (2,222)
Additions to capital assets included in construction and accounts payable	19,659	3,636

Fiscal years ended December 31, 2011 and 2010

NOTE A: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Minneapolis/St. Paul Metropolitan Airports Commission (the Commission) was created by an act of the Minnesota State Legislature in 1943 as a public corporation. Its purpose is to promote air navigation and transportation (international, national, and local) in and through the State of Minnesota; promote the efficient, safe, and economical handling of air commerce; assure the inclusion of the state in national and international programs of air transportation; and, to those ends, develop the full potential of the metropolitan area as an aviation center. It has the responsibility to assure residents of the metropolitan area the minimum environmental impact from air navigation and transportation, promote the overall goals of the state's environmental policies, and minimize the public's exposure to noise and safety hazards around airports.

The area over which the Commission exercises its jurisdiction is the Minneapolis/St. Paul metropolitan area, which includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The Commission controls and operates seven airports within the metropolitan area, including the Minneapolis/St. Paul International Airport, which services scheduled air carriers and six reliever airports serving general aviation.

The Commission is governed independently by a 15-member Board of Commissioners. The governor of the State of Minnesota appoints 13 commissioners. The mayors of Minneapolis and St. Paul also have seats on the Commission with the option to appoint a surrogate to serve on their behalf. Certain large capital improvement projects having metropolitan significance must be reviewed by the Metropolitan Council, which is a public agency established by law with powers of regulation over the development of the metropolitan area.

In applying Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*), the State of Minnesota and the Commission have agreed that the Commission is not financially accountable to any other organization and is considered a stand-alone governmental unit.

Basis of Accounting

Under GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*, the Commission is considered to be a special-purpose government engaged primarily in business type activities (BTA). As a BTA, the Commission prepares its financial statements using the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when they are earned or when services are provided, and expenses are recognized when they are incurred.

Fiscal years ended December 31, 2011 and 2010

Effective January 1, 2010, the Commission adopted Statement of Governmental Accounting Standards Board (GASB) No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in Paragraph 7 of that Statement for business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. This Statement has been applied retrospectively and had no impact on the Commission's net assets, changes in net assets or financial reporting disclosures.

Use of Estimates

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

Revenue and Expense and Net Assets Recognition

The Commission considers revenues and expenses carried out in the operation and the maintenance of the Commission's system of airports to be operating in nature. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

When both restricted and unrestricted net assets are available for use, it is the Commission's policy to use restricted net assets first, and then unrestricted net assets as they are needed.

Budgeting Process

As required by Minnesota Statutes, the Commission adopts an annual operating and capital expenditures budget for purposes of determining required taxes, if any, to be levied by counties in its jurisdiction. Budgets are established on a departmental basis using the accrual method of accounting.

The process to amend the budget is set forth in the Commission bylaws, Article III, Section 8(a), and presented below:

"8(a) Establishment of the annual budget setting out anticipated expenditures by type of expenditure and/or upward or downward revision of that budget in the course of the corporation's fiscal year shall constitute prior approval of each type of expenditure. Authorization by vote of the Commission is required for transfer of budgeted amounts between or among line items or to appropriate additional funds for each line item. The Executive Director is directed to provide for the daily operation and management of the Commission within the expenditure guidelines of the annual budget. Commission approval of a contract shall constitute prior approval of disbursements made pursuant to terms of the contract within the constraints of the budget for all contract payments, except final construction contract payments, which shall require Commission approval.

Fiscal years ended December 31, 2011 and 2010

The Executive Director shall have the responsibility of securing adequate quantities of office, janitorial, maintenance and repair materials and supplies, and the rent of sufficient equipment necessary for the smooth, continuous operation of the Commission's system of airports and all facilities associated with the system of airports. The Executive Director's authority to secure these items shall be subject to the Commission's purchasing procedures and be subject to the line-item budget constraints of the annual budget.

At any time during the fiscal year, the Executive Director may recommend to the full Commission that all or any unencumbered appropriation balances of individual line-items be transferred to those line-items that require additional budgeted funds. In addition, the Executive Director may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption."

The Commission is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data are not included in the basic financial statements. All budgets are prepared in accordance with airport lease and use agreements. Unexpended appropriations lapse at year-end.

Cash and Cash Equivalents

In accordance with Minnesota Statutes, the Commission maintains deposits at those depository banks which are members of the Federal Reserve System, as authorized by the Commission.

For purposes of the statements of cash flows, the Commission considers cash on hand plus overnight investments to be cash and cash equivalents.

Investments

The Commission’s investments are reported at fair value as determined by quoted market prices in the balance sheets and changes in the fair value of investments are reported as investment income in the statements of revenues, expenses and changes in net assets.

Inventory

Inventories, primarily fuel, are valued at cost on a first-in, first-out basis (FIFO). The cost of the Commission’s inventories included in other assets is recorded as an expense when consumed rather than purchased.

Leases

Substantially all airport improvements and buildings are leased or charged to users under various agreements. Certain facilities are leased under self-liquidating lease agreements, which require the lessee to pay annual payments equal to the debt service requirements of the bonds issued to construct the facilities or the debt service requirements which would have been required if bond funds were used. Other facilities at Minneapolis/St. Paul International Airport are charged to user airlines under lease agreements which provide for compensatory rental rates designed to recover agreed-upon portions of costs incurred, including debt service, in the terminal building, ramp, and runway areas. Other facilities, to the extent they are leased, are leased under conventional agreements, primarily percentage leases.

Fiscal years ended December 31, 2011 and 2010

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses, primarily those relating to airport security, are subject to reimbursement from federal grant programs. Funds are also received for airport development from the State of Minnesota. The Commission records government grants in aid of construction as capital contributions.

Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Passenger Facility Charges

In June 1992, the Commission began collecting Passenger Facility Charges (PFCs). PFCs are fees imposed on enplaned passengers by airport authorities for the purpose of generating revenue for airport projects that increase capacity, increase safety, or mitigate noise impacts.

The following table sets forth a summary of the Commission's approved PFC applications.

PFC Application	Approval Date	Initial Approval Amount	Amended Approval Amount
1	June, 1992	$ 66,356,000	$ 92,714,000
2	August, 1994	113,064,000	140,717,000
3	June, 1998	32,700,000	36,377,000
4	April, 1999	55,460,000	47,801,000
5	August, 1999	106,874,000	112,533,000
6	April, 2003	1,161,479,000	779,146,000
7	April, 2003	-	14,109,000
8	August, 2005	191,380,000	191,380,000
9	February, 2006	7,316,000	8,659,000
10	May, 2008	128,448,000	128,448,000
		$ 1,863,077,000	$ 1,551,884,000

Applications one through five were originally approved for the collection of a $3.00 PFC on each enplaning passenger. However, as a result of the AIR 21, the Commission amended its fifth PFC application, which was subsequently approved by the FAA, authorizing the Commission to collect an additional $1.50 PFC per enplaning passenger. The collection of a $4.50 PFC was approved by the FAA for PFC applications six, eight, nine and ten. PFC applications one through five are fully funded and have been closed out.

PFC's, which are recognized as earned, are included in nonoperating revenues and amounted to $62,244,000 and $59,453,000 for 2011 and 2010, respectively.

Fiscal years ended December 31, 2011 and 2010

Debt Issuance Costs

Bond issue costs are deferred and amortized over the life of the respective bond issue using the straight-line method.

Intangible Assets

The Commission has incurred, and continues to incur, substantial costs in relation to its ongoing Part 150 Sound Insulation Program. The Sound Insulation Program pays for a home within the airport's impacted noise area to be sound insulated with respect to doors, window treatments, etc., with no further cash outlay required by the Commission. Because the Commission receives an aviation release from each affected homeowner in return for providing sound insulation improvements, the associated costs are being recorded as an intangible asset and amortized to expense over a ten-year period, which approximates the estimated useful lives of such improvements. Amortization expense for capitalized Part 150 Sound Insulation expenses was $10,295,000 and $13,369,000 for the years ended December 31, 2011 and 2010, respectively. This amortization expense is included as a component of depreciation expense on the statements of revenues, expenses and changes in net assets. The unamortized costs included in airport improvements and buildings at December 31, 2011 and 2010 was $39,885,000 and $30,009,000, respectively.

Airports and Facilities

As required under Chapter 500, Laws of Minnesota 1943—the law under which the Commission was created—certain properties, classified as airports and facilities, were contributed by the cities of Minneapolis and St. Paul. Fee title to the land and improvements remain with the two cities.

Land contributed to the Commission from the cities has been recorded at the cost reported by the cities. The fair market value of the land when it was contributed was not determinable. However, it is the Commission's belief that the difference between the cost and the fair market value in 1943 is immaterial. Additions to the property accounts have been recorded at cost since 1943, unless contributed, in which case such additions are recorded at fair value.

It is the Commission's policy to amortize the carrying amount of the properties, including those acquired using government grants in aid of construction and passenger facility charges, over their estimated useful lives on a straight-line basis by annual depreciation charges to income. Estimated useful lives on depreciable assets are as follows:

Airport improvements and buildings	10-40 years
Moveable equipment	3-15 years

Costs incurred for major improvements are carried in construction in progress until disposition or completion of the related projects. Costs relating to projects not pursued are expensed, while costs relating to completed projects are capitalized. The capitalization threshold for capital assets is $10,000.

Fiscal years ended December 31, 2011 and 2010

Capitalized Interest

Interest capitalized on projects funded by internally generated funds is based on the weighted-average borrowing rate of the Commission and actual project expenditures during the period of construction. Interest capitalized on projects funded from bond proceeds is based on the interest cost of the specific borrowing, less interest earned on undisbursed invested funds during the construction period. Interest is not capitalized on project costs that are reimbursed by government grants in aid of construction or PFCs.

Total interest paid during 2011 and 2010 was $90,005,000 and $87,646,000, respectively. Total interest expense was $78,186,000 and $85,141,000 for the years ended December 31, 2011 and 2010, respectively, while interest capitalized as part of the cost of constructed assets was $4,536,000 and $3,043,000, respectively.

Compensated Absences

In accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*, accumulated vacation and personal time is accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. Liabilities relating to these absences are recognized as incurred and included in employee compensation, payroll taxes and other in the balance sheets.

Deferred Revenue

Deferred revenue represents advance interest payments on direct financing leases received from certain airlines, which will be recognized as investment income over the term of the lease agreement as well as rental payments received in advance of billing.

Original Issue Discounts/Premiums

Original issue discounts/premiums on bonds are generally being amortized using the effective interest method over the lives of the bonds to which they relate.

Deferred Loss on Refundings

The Commission defers recognition of losses incurred with refundings according to GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The losses incurred in refundings are amortized on a straight-line basis over the lesser of the remaining life of the original bonds or the life of the new bonds.

Fiscal years ended December 31, 2011 and 2010

Net Assets

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories:

- Invested in capital assets, net of related debt: reflects the Commission's investment in capital assets, net of accumulated depreciation and outstanding balances of debt attributable to the acquisition, construction or improvements of those assets.
- Restricted: represent resources that are subject to external restrictions on how they may be used.
- Unrestricted: represent resources that are not subject to externally imposed stipulations that may be used to meet the Commission's ongoing obligations to the public and creditors. Unrestricted net assets may be designated for specific purposes by action of the management or the governing board of the Commission.

Rental Income

Rental income is generally recognized as it becomes receivable over the respective lease terms. The Commission may, from time to time, have leases which provide for waived rent during the initial period of the lease term and/or rental escalations throughout the lease term. In accordance with GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, the related rental income for leases in which the rental income stream is not systematic, if significant, is reported using the straight-line method rather than using the terms of the lease agreements.

Customer Facility Charges

With respect to on-airport rental car companies, the Commission is assessing a customer facility charge (CFC) per transaction day to recover the rental car portion of capital costs associated with the construction of the auto rental/public parking garage located adjacent to Terminal 1 (formerly the Lindbergh Terminal), as well as to recover certain maintenance costs relating to the auto rental facilities. Through 2009, the CFC was $3 per rental car transaction per day. In 2010, the CFC rate was $3.25 per rental car transaction per day. Beginning in 2011, the fee was $2.00 per rental car transaction per day.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. These reclassifications had no effect on the change in net assets.

Fiscal years ended December 31, 2011 and 2010

NOTE B: DEPOSITS AND INVESTMENTS

Cash Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. Minnesota Statutes require that all Commission deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% for mortgage notes pledged). Authorized collateral includes allowable investments as discussed below, certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the Commission or in a financial institution other than that furnishing the collateral.

Certain financial institutions holding the Commission's deposit accounts are participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Under that program, all noninterest-bearing accounts are fully guaranteed by the FDIC for the entire amount in the accounts. Effective July 21, 2010, the FDIC's insurance limits increased to $250,000 for all interest-bearing accounts.

For 2011 and 2010, cash deposits were entirely insured or collateralized by securities held in the Commission's name by a financial institution (Commission's agent) other than that furnishing the collateral.

Investments

The Commission may invest idle funds as authorized by Minnesota Statute, Section 118A, and the Commission's internal investment policy in the following:

a) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, Section 118A.04 subd. 6;
b) Mutual funds through shares of registered investment companies, provided the mutual fund receives certain ratings depending on its investments;
c) General obligations of the State of Minnesota and its municipalities and certain state agency and local obligations of Minnesota and other states, provided such obligations have certain specified bond ratings by a national bond rating service;
d) Bankers' acceptances of United States banks;
e) Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two national rating agencies and matures in 270 days or less; and
f) With certain restrictions, in repurchase agreements, security lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Fiscal years ended December 31, 2011 and 2010

The Commission addresses certain investment-related risks to which it is currently exposed as follows:

Interest rate risk - the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Commission has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates. The Commission may not invest in securities maturing more than three years from the date of purchase. The Commission manages interest rate risk by maintaining sufficient liquidity to enable the Commission to meet anticipated cash requirements. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Below is a table of segmented time distribution for the Commission's debt investments at December 31, 2011:

		Maturing in Years (Dollars in thousands)			
Security Type	**Ratings**	**0 - 1**	**1 - 2**	**2 - 3**	**Total**
Government-Sponsored Enterprises					
Federal Home Loan Mortgage Corporation	Aa+ / AAA	$ 41,975	$ 36,304	$ -	$ 78,279
Federal National Mortgage Association	Aa+ / AAA	24,655	50,886	19,918	95,459
Federal Home Loan Bank	Aa+ / AAA	139,597	84,201	-	223,798
Federal Farm Credit Bank	Aa+ / AAA	9,024	-	-	9,024
U.S. Treasury Securities	Aa+ / AAA	28,154	-	-	28,154
Municipal Bonds	Aa / AA2	81	3,982	4,828	8,891
Money Market Mutual Funds	-	270,968	-	-	270,968
	Totals	$ 514,454	$ 175,373	$ 24,746	$ 714,573

Ratings: Aa+ Moody's; AAA Standard & Poors

Credit risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statute 118A (as referenced on the previous page) limits the types of investment instruments that may be purchased by the Commission. The ratings of the Commission's debt investments are shown in the table above.

Concentration of credit risk - the Commission requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities.

In respect to U.S. government agency obligations and government-sponsored enterprises, the Commission places no limit on the amount that may be invested in any one issuer. For commercial paper securities, the Commission cannot hold more than 30% of its portfolio in commercial paper and further cannot hold more than 4% in any one corporation. The U.S. government-sponsored enterprise securities held by the Commission are not explicitly guaranteed by the U.S. Government and are subject to concentration of credit risk.

Fiscal years ended December 31, 2011 and 2010

Custodial credit risk - the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. At December 31, 2011 and 2010, none of the Commission's investments were exposed to custodial credit risk.

Foreign currency risk - the risk of adverse effects on the fair value of an investment from changes in exchange rates. The Commission's investment policy does not allow investments in foreign investments, thus the Commission has no foreign currency risk with respect to its deposits or investments.

The Commission's cash, cash equivalents and investments are reported as follows in the balance sheets at December 31 (dollars in thousands):

	2011	2010
Cash and cash equivalents - unrestricted	$ 7,060	$ 27,320
Investments - unrestricted	226,704	207,731
Investments, current - restricted	59,155	95,001
Investments, noncurrent - restricted	428,714	443,619
Total cash, cash equivalents and investments	$ 721,633	$ 773,671

Investment income for the Commission for the years ended December 31, consisted of the following (dollars in thousands):

	2011	2010
Investment income from leases	$ 16,133	$ 19,720
Investment income from investments	5,853	16,435
Net decrease in fair value of investments	(490)	(2,222)
	$ 21,496	$ 33,933

Fiscal years ended December 31, 2011 and 2010

NOTE C: RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are restricted as follows (dollars in thousands):

	2011	2010
General Obligation Revenue Bond Fund	$ 7,369	$ 62,091
Coverage Account	17,013	17,047
Police Federal Forfeiture Fund	299	502
Police State Forfeiture Fund	117	98
Passenger Facility Charge Fund	190,809	173,620
911 Emergency Communications Fund	438	424
Revenue Bond Interest and Principal Fund	80,910	64,602
Revenue Bond Reserve Fund	123,251	129,215
Revenue Bonds Construction Fund	67,645	90,972
Revenue Bond Cost of Issuance Fund	18	49
	$ 487,869	$ 538,620

Minnesota Statutes require the Commission to have a balance on hand in a debt service account on October 10th of every year equal to the total amount of principal and interest due on all general obligation revenue bonds outstanding to the end of the second following year. Cash and investments to meet this requirement, plus interest earned thereon, are restricted.

NOTE D: GRANTS RECEIVABLE

Grants receivable from government agencies represent reimbursements due from the federal government and/or the State of Minnesota for allowable costs incurred on federal and state award programs. Grants receivable at December 31, 2011 and 2010 consist of (dollars in thousands):

	2011	2010
Federal Aviation Administration	$ 6,276	$ 5,230
Transportation Security Administration	8,366	4,054
	$ 14,642	$ 9,284

Fiscal years ended December 31, 2011 and 2010

NOTE E: CAPITAL ASSETS

Changes in capital assets by major classification are as follows (dollars in thousands):

	Balance January 1, 2011	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2011
Capital assets - not depreciated:					
Land	$ 398,625	$ 4,000	$ -	$ -	$ 402,625
Projects-in-progress	110,893	119,136	(79,013)	-	151,016
Total capital assets - not depreciated	509,518	123,136	(79,013)	-	553,641
Capital assets - depreciated:					
Airport improvements and buildings	3,305,261	84	75,633	-	3,380,978
Less: accumulated depreciation	(1,392,475)	(111,810)	-	-	(1,504,285)
Net airport improvements and buildings	1,912,786	(111,726)	75,633	-	1,876,693
Movable equipment	106,487	3,146	3,380	(281)	112,732
Less: accumulated depreciation	(71,780)	(7,174)	-	281	(78,673)
Net movable equipment	34,707	(4,028)	3,380	-	34,059
Total capital assets - depreciated	1,947,493	(115,754)	79,013	-	1,910,752
Net capital assets	$ 2,457,011	$ 7,382	$ -	$ -	$ 2,464,393

	Balance January 1, 2010	Additions	Transfers In (Out)	Retirements or Disposals	Balance December 31, 2010
Capital assets - not depreciated:					
Land	$ 397,767	$ -	$ 858	$ -	398,625
Projects-in-progress	103,827	99,678	(92,612)	-	110,893
Total capital assets - not depreciated	501,594	99,678	(91,754)	-	509,518
Capital assets - depreciated:					
Airport improvements and buildings	3,223,703	297	81,261	-	3,305,261
Less: accumulated depreciation	(1,278,175)	(114,300)	-	-	(1,392,475)
Net airport improvements and buildings	1,945,528	(114,003)	81,261	-	1,912,786
Movable equipment	94,337	2,999	10,493	(1,342)	106,487
Less: accumulated depreciation	(65,856)	(7,256)	-	1,332	(71,780)
Net movable equipment	28,481	(4,257)	10,493	(10)	34,707
Total capital assets - depreciated	1,974,009	(118,260)	91,754	(10)	1,947,493
Net capital assets	$ 2,475,603	$ (18,582)	$ -	$ (10)	$ 2,457,011

NOTE F: SHORT-TERM DEBT

The Commission has previously issued commercial paper, for which the proceeds were used to finance various capital projects under the Commission’s long-term capital improvement program. The commercial paper is a short-term promissory note that is sold in traunches with maturities ranging from 1 to 270 days. At maturity, interest is paid to the investor and the commercial paper is resold. On April 29, 2010, the Commission retired all of its then outstanding commercial paper.

Fiscal years ended December 31, 2011 and 2010

The following is a summary of commercial paper transactions for the Commission for the year ended December 31, 2010 (dollars in thousands):

	Balance January 1, 2010	Issued	Retired	Balance December 31, 2010
Commercial paper	$ 30,587	$ -	$ (30,587)	$ -

In November 2011, the Commission closed on a $75 million revolving line of credit. The intent of this line of credit is to fund certain capital improvement program projects. On April 6, 2012, the Commission accessed $11.3 million, primarily to fund certain projects associated with the G Concourse, Building F demolition and Runway 30R subdrain.

NOTE G: LONG-TERM DEBT

The Commission's long-term bonds issued and outstanding were as follows:

(Dollars in thousands)

Type of Issue	Issue Date	Interest Rates	Maturing on January 1	Maturity Amounts	Outstanding at December 31, 2011	2010
General Airport Revenue Bonds						
Series 2003A **	7/9/2003	5.000%	2018 - 2028	$ 22,235		
Original amount - $102,690		4.500%	2029 - 2031	26,020	$ 48,255	$ 102,690
Series 2005A **	5/26/2005	5.000%	2013 - 2018	34,665		
Original amount - $136,110		4.250%	2026	2,700		
		5.000%	2027 - 2035	98,745	136,110	136,110
Series 2005B **	5/26/2005	5.000%	2012 - 2026	97,845	97,845	101,955
Original amount - $113,155						
Series 2005C **	5/26/2005	3.625%	2012	370		
Original amount - $123,750		3.750%	2013	385		
		4.000%	2014 - 2021	3,675		
		5.000%	2022 - 2031	104,150		
		4.500%	2032	13,490	122,070	122,430
Series 2007A *	1/9/2007	5.000%	2017 - 2026	223,090		
Original amount - $440,985		4.500%	2027 - 2032	217,895	440,985	440,985
Series 2007B **	1/9/2007	5.000%	2016 - 2025	108,150		
Original amount - $197,360		4.500%	2027 - 2032	89,210	197,360	197,360
Series 2008A *	1/15/2008	5.000%	2011 - 2016	48,075	48,075	56,380
Original amount - $72,035						
Series 2009A *	11/10/2009	2.000%	2012	1,820		
Original amount - $23,075		3.000%	2013 - 2014	3,770		
		4.000%	2015 - 2019	10,700		
		5.000%	2020 - 2021	4,920		
		4.125%	2022	205	21,415	23,075
Series 2009B *	11/10/2009	5.000%	2012 - 2017	63,260		
Original amount - $128,835		4.500%	2018	2,000		
		5.000%	2018	10,465		
		4.700%	2019	2,000		
		5.000%	2019	11,075		
		4.800%	2020	2,000		
		5.000%	2020 - 2022	29,955	120,755	128,835

Fiscal years ended December 31, 2011 and 2010

(Dollars in thousands)

Type of Issue	Issue Date	Interest Rates	Maturing on January 1	Maturity Amounts	Outstanding at December 31, 2011	2010
Series 2010A *	7/28/2010	5.000%	2028	$ 1,460		
Original amount - $62,210		4.000%	2028	3,090		
		5.000%	2029	2,000		
		4.000%	2029	5,155		
		5.000%	2030	2,325		
		4.125%	2030	5,135		
		5.000%	2035	43,045	$ 62,210	$ 62,210
Series 2010B *	7/28/2010	3.000%	2012 - 2014	5,940		
Original amount - $73,475		4.000%	2015 - 2016	7,640		
		5.000%	2017 - 2026	50,980		
		4.000%	2027 - 2028	8,915	73,475	73,475
Series 2010C **	10/01/2010					
Original amount - $21,600		4.000%	2012 - 2016	16,515		
		3.000%	2017	635		
		3.500%	2018	655		
		5.000%	2019 - 2021	2,145		
		3.250%	2022 - 2023	1,595		
		3.500%	2024	55	21,600	21,600
Series 2010D ** (AMT)	10/01/2010	5.000%	2012 - 2022	62,090		
Original amount - $68,790		4.000%	2023	5,690		
		4.125%	2024	1,010	68,790	68,790
Series 2011A **	10/04/2011	5.000%	2016 - 2025	39,570		
Original amount - $52,015		3.500%	2024	6,115		
		5.000%	2025	6,330	52,015	-
Total General Airport Revenue Bonds					1,510,960	1,535,895
General Obligation Revenue Bonds						
Series 14	10/31/2001	5.500%	2011	3,465	-	3,465
Original amount - $25,690						
Series 15	1/29/2002	6.000%	2011	11,170		
Original amount - $287,825		6.050%	2012	12,180		
		6.150%	2013	13,320		
		6.250%	2014	14,520		
		6.350%	2015	15,830		
		6.450%	2016	18,185		
		6.550%	2017	19,770		
		6.850%	2018 - 2022	120,580	-	225,555
Series 16	10/28/2010	4.000%	2012 - 2015	12,205	12,205	12,205
Original amount - $12,205						
Total General Obligation Revenue Bonds					12,205	241,225
Notes Payable					6,792	6,885
					1,529,957	1,784,005
Unamortized premium, net					49,710	52,444
Deferred loss on refundings					(47,560)	(47,741)
Current portion of long-term debt					(46,675)	(38,825)
Total Long-Term Bonds and Notes Payable					$ 1,485,432	$ 1,749,883

* Senior General Airport Revenue Bonds
** Subordinated General Airport Revenue Bonds

Fiscal years ended December 31, 2011 and 2010

Future debt service requirements as of December 31, 2011 are as follows (in thousands):

	Notes Payable	General Airport Revenue Bonds	General Obligation Revenue Bonds	Total Debt Outstanding	Interest	Total Principal and Interest
2012	$ 1,895	$ 41,815	$ 2,965	$ 46,675	$ 72,215	$ 118,890
2013	1,447	44,870	3,165	49,482	69,963	119,445
2014	559	49,205	3,235	52,999	67,613	120,612
2015	535	51,515	2,840	54,890	65,100	119,990
2016	510	53,995	-	54,505	62,496	117,001
2017 - 2021	1,846	300,570	-	302,416	269,565	571,981
2022 - 2026	-	378,930	-	378,930	186,735	565,665
2027 - 2031	-	463,855	-	463,855	84,238	548,093
2032 - 2036	-	126,205	-	126,205	9,647	135,852
	$ 6,792	$1,510,960	$ 12,205	$ 1,529,957	$ 887,572	$ 2,417,529

The Commission's General Airport Revenue Bonds are not general obligations, but are limited obligations of the Commission payable solely from and secured by a pledge of net revenues. Neither the full faith and credit nor the taxing power of the Commission, the City of Minneapolis, the City of St. Paul, the State, or any political subdivision or public agency of the State, other than the Commission, to the extent of net revenues, is pledged to the payment of the General Airport Revenue Bonds.

The proceeds of these issues have been used to finance a portion of the Commission's long-term capital improvement program. The long-term capital improvement program details the expansion of the airport system, which includes the construction of a new runway at the airport, the construction of two new public/car rental garages at the airport, the expansion and upgrading of the passenger terminal facilities at the airport and certain other projects at the reliever airports.

On November 2, 2011, the Commission issued $52,105,000 of Series 2011A General Airport Revenue Bonds, to advance refund $54,435,000 of the total $102,690,000 of Series 2003A General Airport Revenue Bonds. The $54,435,000 in Series 2003A will be called on January 1, 2013.

On November 10, 2010, the Commission issued $90,390,000 of Series 2010C and 2010D General Airport Revenue Bonds to current refund and defease $73,975,000 of Series 2001B General Airport Revenue Bonds and $33,850,000 of Series 2001D General Airport Revenue Bonds, with the balance to be used to pay for costs of issuance.

On August 10, 2010, the Commission issued $135,685,000 of Series 2010A and 2010B General Airport Revenue Bonds to finance certain improvements at the airport; to reimburse the Commission for its previous purchase of commercial paper notes; to make a deposit to the Reserve Fund and to pay costs of issuance.

Fiscal years ended December 31, 2011 and 2010

The Commission's General Obligation Revenue Bonds are general obligations of the Commission, payments of which are secured by the pledge of all operating revenues of the Commission. The Commission also has the power to levy property taxes upon all taxable property in the seven-county metropolitan area in order to pay debt service on outstanding General Obligation Revenue Bonds. The Commission has not levied taxes for the payment of debt service since 1969. Since then, Commission revenues have been sufficient to pay principal and interest due on General Obligation Revenue Bonds.

On November 17, 2010, the Commission issued $12,205,000 of Series 16 General Obligation Revenue Bonds to current refund and defease $15,635,000 of Series 13 General Obligation Revenue Bonds, with the balance to pay for costs of issuance. The Series 13 Bonds were used to retire the Series 7 Bonds that were issued in 1998 to fund construction of a 747-400 hangar for Delta Airlines.

The Series 15 General Obligation Revenue Bonds were issued by the Commission in order to finance facilities for Delta Airlines (formerly Northwest Airlines) and to retire the Series 9 Bonds that were issued in 1992. Lease agreements underlying the Series 15 and Series 16 General Obligation Revenue Bonds require Delta Airlines to make annual payments equal to the debt service requirements of the bonds.

The Commission's Series 14 General Obligation Revenue Bonds were used to retire the Series 8 Bonds that were issued in 1992. The Series 8 Bonds were used primarily to finance the construction of improvements to the terminal building, runways, taxiways and public roadways. The Series 14 General Obligation Revenue Bonds were paid off during 2011.

The Commission has statutory authority to issue General Obligation Revenue Bonds. The Commission currently has $12,205,000 outstanding in General Obligation Revenue Bonds. The present statutory general obligation bonding limit as of December 31, 2011, would permit the issuance of an additional $55 million of General Obligation Revenue Bonds.

NOTE H: BOND REFUNDINGS AND BOND EXTINGUISHMENT

During 2011 and as noted previously, the Commission issued $52,105,000 of Series 2011A General Airport Revenue Bonds to advance refund $54,435,000 of the total $102,690,000 of Series 2003A General Airport Revenue Bonds. As a result of this refunding, the Commission reduced its total debt service requirements by $4,771,597, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) in the amount of $3,317,860. The Commission recognized an accounting loss of $2,624,844 in connection with this refunding that has been deferred and will be amortized to interest expense on a straight-line basis through January 1, 2025.

Fiscal years ended December 31, 2011 and 2010

On October 26, 2011, Delta prepaid all of the lease payments due under the Series 15 lease agreements by depositing $175,049,336 with the Commission. On October 26, 2011, the Commission irrevocably deposited the $175,049,336 received from Delta, along with $52,500,000 on deposit in the Series 15 Bond Account of the Commission's debt service fund, to the Series 15 Escrow Fund. The amounts deposited to the Series 15 Escrow Fund will be used on January 1, 2012 to: (a) pay the principal of the Series 15 bonds maturing on January 1, 2012, (b) redeem all of the outstanding Series 15 bonds maturing after January 1, 2012 at a redemption price of 103% of principal thereof, and (c) pay the interest due on such date on all outstanding Series 15 bonds. As of October 26, 2011, the Series 15 bonds were considered defeased for purposes of the Subordinate Indenture, the Senior Indenture and the General Obligation Revenue Bond Resolutions.

During 2010 and as noted previously, the Commission issued $12,205,000 of Series 16 General Obligation Revenue Bonds to current refund and defease $15,635,000 of Series 13 General Obligation Revenue Bonds. As a result of this refunding, the Commission reduced its total debt service requirements by $4,080,619, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) in the amount of $633,411. The Commission recognized an accounting loss of $619,000 in connection with this refunding that has been deferred and will be amortized to interest expense on a straight-line basis through January 1, 2015.

During 2010 and as noted previously, the Commission issued $90,390,000 of Series 2010C and 2010D General Airport Revenue Bonds to current refund and defease $73,975,000 of Series 2001B General Airport Revenue Bonds and $33,850,000 of Series 2001D General Airport Revenue Bonds. As a result of this refunding, the Commission reduced its total debt service requirements by $15,735,123, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) in the amount of $9,640,331. The Commission recognized an accounting loss of $724,411 in connection with this refunding that has been deferred and will be amortized to interest expense on a straight-line basis through January 1, 2024.

At December 31, 2011, a total of $268,820,000 in defeased bonds remain outstanding from previous refundings.

Fiscal years ended December 31, 2011 and 2010

NOTE I: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2011 and 2010 was as follows (dollars in thousands):

	Balance January 1, 2011	Additions	Retirements and Other	Balance December 31, 2011	Current Portion
Deferred revenue	$ 31,329	$ 26,621	$ (53,690)	$ 4,260	$ 2,085
Employee compensation and other	6,041	65,054	(63,452)	7,643	5,555
Notes payable	6,885	1,841	(1,934)	6,792	1,895
Bonds payable	1,781,823	57,642	(314,150)	1,525,315	44,780
	$1,826,078	$ 151,158	$ (433,226)	$ 1,544,010	$ 54,315

	Balance January 1, 2010	Additions	Retirements and Other	Balance December 31, 2010	Current Portion
Deferred revenue	$ 33,127	$ 26,679	$ (28,477)	$ 31,329	$ 16,044
Employee compensation and other	6,336	62,558	(62,853)	6,041	4,196
Notes payable	6,337	2,508	(1,960)	6,885	1,675
Bonds payable	1,695,046	259,054	(172,277)	1,781,823	37,150
	$1,740,846	$ 350,799	$ (265,567)	$ 1,826,078	$ 59,065

NOTE J: DIRECT FINANCING LEASES

The Commission leases certain facilities to tenants under self-liquidating lease agreements. Self-liquidating lease agreements require the lessee to pay annual rentals equal to the debt service requirements of the bonds issued to construct the facilities, or the debt service requirements that would have been required if bond financing was used. These leases are classified as direct financing leases and expire in various years through 2030. The Commission records the interest portion of the lease payments as investment income. The following lists the components of the Commission's direct financing leases as of December 31 (dollars in thousands):

	2011	2010
Total minimum lease payments to be received	$ 88,869	$ 412,782
Less: Unearned income	(33,159)	(135,616)
Net investment in leases	55,710	277,166
Less: Prepaid principal	(3,165)	(15,145)
Leases receivable - current and noncurrent	$ 52,545	$ 262,021

Fiscal years ended December 31, 2011 and 2010

As of December 31, 2011, future minimum lease payments are as follows (in thousands):

	December 31
2012	$ 11,506
2013	11,505
2014	11,037
2015	7,568
2016	5,984
2017 - 2021	30,405
2022 - 2026	8,386
2027 - 2030	2,478
	$ 88,869

NOTE K: PENSION AND RETIREMENT PLANS

All full-time and certain part-time employees of the Commission participate in the Minneapolis Employees Retirement Fund (MERF) (participation is restricted to employees hired prior to July 1, 1978) or the Public Employees Retirement Association of Minnesota (PERA). In 2010, legislation was passed that consolidated MERF as a separate plan administered by PERA effective June 30, 2010.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

All full-time and certain part-time employees of the Commission (hired after June 30, 1978) are covered by defined-benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Fiscal years ended December 31, 2011 and 2010

Two methods are used to compute benefits for Coordinated Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Using Method 2, the annuity accrual rate is 1.7% of average salary for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For PERF members and for all PEPFF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equals at least 90.

Normal retirement age is 55 for PEPFF and 65 for Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits and is capped at 66 for Coordinated Plan members hired after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement. There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contribution in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

Minnesota Statutes set the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The Commission makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Coordinated Plan members are required to contribute 6.00% of their annual covered salary. PEPFF members are required to contribute 9.40% of their annual covered salary. The Commission is required to contribute the following percentages of annual covered payroll: 6.75% for Coordinated Plan PERF members and 12.90% for PEPFF members. Employer contribution rates for the Coordinated Plan increased to 7.00% effective January 1, 2010. The Commission’s required contributions to the Public Employees Retirement Fund for the years ended December 31, 2011, 2010 and 2009 were $2,284,000, $2,174,000 and $1,989,000, respectively. The Commission’s required contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2011, 2010 and 2009 were $1,526,000, $1,490,000 and $1,421,000, respectively. The Commission’s contributions were equal to the contractually required contributions for each year as set by state statute.

Fiscal years ended December 31, 2011 and 2010

MINNEAPOLIS EMPLOYEES RETIREMENT FUND

Plan Description

All full-time and certain part-time employees of the Commission (hired before July 1, 1978) are covered by a defined-benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). MERF is a cost-sharing, multiple-employer retirement plan.

MERF provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after ten years of credited service. Members are eligible for service retirement either:

1) With 30 or more years of service at any age; or
2) At age 60 with three or more years of service; or
3) At age 65 with one year of service; or
4) With 20 or more years of service at age 55, if a MERF member prior to June 28, 1973.

The defined retirement benefits are based on the average of the highest five years' salary within the last ten years of employment. The member will receive a benefit amount of 2% of that average salary for each of the first ten years of service and 2.5% of that salary for each year over ten years of service. The formulas used in calculating pension benefit increases are contained in Minnesota State Law. Increases may only be paid from investment earnings which exceed the actuarial assumption of a 5% return set for Minnesota public employment retirement funds. The annual increase for MERF is calculated from information supplied by the consulting actuary who determines the reserves required to maintain MERF as an actuarially and financially sound pension fund. Increases in pension benefits are permanent and guaranteed because they are fully funded, that is, the amount necessary to sustain the increase has been set aside.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members leaving public service any time before retirement and before age 60 may receive a refund of all personal contributions, with interest, except for the survivor benefit contribution which is the equivalent of a nonrefundable term insurance premium. Employees who leave public service after age 60 may not withdraw personal contributions with interest unless they have worked less than three years and do not qualify for monthly retirement benefits. The survivor benefits contribution is nonrefundable.

MERF issues a publicly available financial report that includes financial statements and required supplementary information for MERF. That report may be obtained by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Fiscal years ended December 31, 2011 and 2010

Contributions Required and Contributions Made

Minnesota Statutes require members to contribute 9.75% of their earnings to MERF, which includes .5% for survivor benefits. Required employer contributions are also established by Minnesota Statutes and include the normal cost, as reported in the annual actuarial valuation, plus an amount to cover administrative costs. Employers also contribute an additional 2.68% of covered employees' payroll and an annual total of $3.9 million, which is required by Minnesota Statutes to be applied against the unfunded liability. Commencing in 1986, the Commission is required to make additional contributions toward the unfunded liability. This contribution was previously made by the State of Minnesota. Minnesota Laws of 1991 provide for a maximum annual contribution of $9,000,000 by the State of Minnesota to MERF for the purpose of amortizing the unfunded liability by June 30, 2020. The consulting actuary for the fund determines the unfunded liability at the end of the fiscal year. By using a 6% interest assumption rate, an annual contribution to provide full funding by June 30, 2020 is determined. That amount is reduced by the employer's 2.68% of covered payroll and is further reduced by the aforementioned $3.9 million and any additional contributions made by the Commission and others. If the balance exceeds the amount of the state maximum contribution, the excess is contributed by the employers.

Current required contribution rates are as follows:

	Employee	Employer	Additional Employer
Retirement contribution	9.25%	13.80%	2.68%
Survivor benefits	0.50%	0.00%	0.00%

Total required contributions made by the Commission for the fiscal year ended December 31 are as follows (in thousands):

Contributions	2011	2010	2009
Employer (100% of required)	$ 2,010	$ 122	$ 393

NOTE L: POSTEMPLOYMENT BENEFITS

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Commission recognizes postemployment benefits on the full accrual basis of accounting over a period that approximates an employee's years of service.

Fiscal years ended December 31, 2011 and 2010

The Commission provides health insurance benefits for certain retired employees under a single employer self-insured plan. Active employees who retire from the Commission and who have become vested in either the Minneapolis Employees Retirement Fund (MERF) or the Public Employees Retirement Association (PERA), and who do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the Commission's health benefits program.

The contribution requirements of employees and retirees are established and may be amended by the Commission. The required contribution is based upon projected pay-as-you-go financing requirements and funding for future benefits. The Commission will make contributions (as specified in union agreements or the Commission's personnel policy) toward required premiums at the same percentages applicable to active employees and their eligible dependent(s) until becoming eligible for Medicare Part A or B, or both. The Commission will then pay 100% of the premium for the retired employee, spouse over age 65, and legal dependents, provided that the retired employee is receiving benefits from either MERF or PERA, and is enrolled in Medicare Part A and B as their primary health insurance. As of January 1, 1991, all employees hired by the Commission will only be able to participate in the Commission medical plan up to age 65. During 2004, the Commission approved that non-organized employees hired after October 1, 2004 will be able to participate in the Commission medical plan provided that the retiree pay 100% of the total premium cost plus a 2% administrative fee. During 2006 and 2007, the Commission was successful in getting language in all eligible labor agreements that provides that employees hired after the date of the signed contract will be able to participate in the Commission medical plan provided that the retiree pay 100% of the total premium cost plus a 2% administrative fee. As of December 31, 2011, there were 250 retired employees and 540 active employees receiving health benefits from the Commission’s health plan. The Commission does not issue a stand-alone financial report for its retiree health plan.

The Commission contributed $2,562,072 to the plan in fiscal year 2011, $1,888,435 to the plan in fiscal year 2010 and $2,547,140 in fiscal year 2009. Plan participants contributed $159,589 for fiscal year 2011, $237,084 for fiscal year 2010 and $245,511 for fiscal year 2009. Monthly contributions for retirees under 65 for 2011 are shown below:

Plan	Retiree Only	Family
Blue Plan	$ 27.00	$ 167.00
HRA/HSA	14.00	105.00

Fiscal years ended December 31, 2011 and 2010

Annual OPEB Cost and Net OPEB Obligation

The Commission's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Commission's annual OPEB cost for 2011, 2010 and 2009, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation:

	2011	2010	2009
Annual required contribution (ARC)	$ 7,088,041	$ 6,333,672	$ 6,269,416
Interest on net OPEB obligation	1,878,090	1,745,016	1,603,292
Adjustment to ARC	(2,715,253)	(2,522,861)	(2,317,964)
Annual OPEB cost	6,250,878	5,555,827	5,554,744
Contributions during the year	(2,562,072)	(1,888,435)	(2,547,140)
Increase in net OPEB obligation	3,688,806	3,667,392	3,007,604
Net OPEB - beginning of year	46,496,519	42,829,127	39,821,523
Net OPEB - end of year	$ 50,185,325	$ 46,496,519	$ 42,829,127

The percentage of the Commission's annual OPEB cost contributed to the plan was: 40.99% for 2011; 33.99% for 2010; and 45.86% for 2009.

Funding Status

The Commission has set aside cash and investments to pay for future health benefits of $51,873,000, $48,297,000 and $45,229,000 in 2011, 2010 and 2009, respectively. However, since such designated cash has not been irrevocably deposited in trust for future health benefits, the actuarial value of assets is zero.

The schedule of funding progress for the plan follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/2009	-	$ 80,406,333	$ 80,406,333	0.0%	$ 37,735,411	213.1%
01/01/2010	-	81,785,746	81,785,746	0.0%	38,859,182	210.5%
01/01/2011	-	92,692,830	92,692,830	0.0%	39,104,031	237.0%

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 healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Fiscal years ended December 31, 2011 and 2010

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions in 2011 included a 4% investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. Additionally, the valuation assumes an annual healthcare cost trend rate of 7.5% (revised from 8.0% in 2010), reduced by decrements to an ultimate rate of 5% after five years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level dollar amount over 30 years on an open basis.

NOTE M: RISK MANAGEMENT

Risk management is the responsibility of the Commission. The Commission is self-insured for workers' compensation and health/dental claims. Claims paid for workers compensation for 2011 and 2010 were $268,000 and $531,000, respectively. Claims paid for health and dental coverage for 2011 and 2010 were $6,297,000 and $6,240,000, respectively. The unpaid claims for workers compensation at December 31, 2011 and 2010 were $983,000 and $1,286,000, respectively. The health and dental unpaid claims at December 31, 2011 and 2010 were $530,000 and $509,000, respectively. The liability recorded under employee compensation and payroll taxes by the Commission includes estimated settlements for claims reported but not settled as of December 31, 2011 and 2010, as well as an estimate of claims incurred but not reported. Changes in the balances of claim liabilities during the past two years are as follows:

	2011	2010
Unpaid claims - beginning of year	$ 1,795,808	$ 2,005,237
Incurred claims and changes in estimates	8,721,506	7,636,334
Claims paid	(9,004,383)	(7,845,763)
Unpaid claims - end of year	$ 1,512,931	$ 1,795,808

Operationally, the Commission is exposed to various risks of loss relating to theft, damage and destruction of assets, as well as natural disasters and certain tort liabilities for which commercial insurance is carried. The commercial insurance policies carry deductibles ranging from $50,000 to $250,000. Insurance policies procured, including commercial general liability and commercial property damage, are inclusive of coverage for certain war casualty and acts of terrorism. Coverage terms, limits, and deductibles have each been benchmarked in comparison with those maintained at other large-size airports and found to be within the range of our peers. Although coverage limits are significant, no assurance can be given that such coverage will continue to be available at such amounts and/or at a reasonable cost.

Fiscal years ended December 31, 2011 and 2010

Casualty loss involving damage to or destruction of physical property in the course of construction is covered under the Commission's property insurance policy. This policy does not apply to the Commission contractors. This policy contains a deductible of $250,000 per occurrence applicable to all covered causes of loss, including flood and earth movement.

The Commission requires entities providing professional services to the Commission to obtain an owner's protective professional indemnity policy. Contracted professional service firms participating in this project are required to provide evidence of at least $1.0 million of coverage and names the Commission as an additional insured on the general liability policy, leaving the Commission minimally exposed.

NOTE N: CONTINGENT LIABILITIES AND COMMITMENTS

The nature of the business of the airport generates certain litigation against the Commission arising in the ordinary course of business. The Commission believes that existing and pending lawsuits and claims are either billable to airport users or would not materially affect the financial statements of the Commission.

Contractual obligations for construction were approximately $59,933,000 at December 31, 2011.

Noise Abatement

On October 19, 2007, the Minnesota State District Court, Fourth Judicial District (the District Court) approved a Consent Decree negotiated by the City of Minneapolis, the Minneapolis Public Housing Authority in and for the City of Minneapolis, the City of Eagan and the City of Richfield (collectively, the "Noise Plaintiffs") and the Commission to settle noise abatement lawsuits.

Under the Consent Decree, the Commission must provide noise mitigation to homes and apartments in the 60 to 64 DNL contours. Noise mitigation activities vary based on noise contours, with homes in the most noise-impacted contours eligible for more extensive mitigation than those in less impacted areas. Multi-family dwellings (those with more than three living units) receive less extensive mitigation than single-family homes. The total cost to the Commission is uncertain until the program is completed in 2014 and is dependent upon submission of applications by homeowners to receive noise mitigation and subsequent approval by the Commission; however, it is estimated the program may cost as much as $127 million. Estimated program costs are in 2007 dollars and will be adjusted annually for inflation according to the Consumer Price Index. As discussed previously in the notes, noise mitigation costs are being capitalized as incurred and amortized over ten years.

The costs related to the noise abatement settlements will be funded from internally generated funds of the Commission and rates and charges paid by air carriers operating at the Airport.

Runway 17/35 Land Acquisition

Certain remaining property acquisitions in association with Runway 17/35 may result in damage awards of an indeterminate amount. Any damage awards associated with these acquisitions would be capitalized as a cost of the project and may be recovered through airline rates and charges.

Fiscal years ended December 31, 2011 and 2010

NOTE O: MAJOR CUSTOMER

Delta Airlines, Inc. (Delta) is in the business of transporting air passengers, mail and property. Delta operates both domestic and international air route systems. Minneapolis/St. Paul International Airport (MSP) is one of Delta's major hubs. Airport revenues from Delta account for approximately 28% of operating revenues and 78% of total revenues from major airlines. Approximately 77% of total 2011 enplanements are attributable to Delta's operation. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities.

It is reasonable to assume that any financial or operational difficulties incurred by Delta, the predominant airline servicing MSP, could have a material adverse effect on the Commission.

NOTE P: RENTAL INCOME FROM OPERATING LEASES

The Commission leases space at the airport terminal buildings as well as other land and building leases on a fixed fee as well as a contingent rental basis. Many of the leases provide for a periodic review and adjustment of the rental amounts. Substantially all capital assets are held by the Commission for the purpose of rental or related use. Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year are:

	December 31
2012	$ 71,818
2013	71,852
2014	61,274
2015	61,064
2016	46,275
Thereafter	106,155

Contingent rentals and fees aggregated approximately $81,900,000 and $82,000,000 in 2011 and 2010, respectively.

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Required Supplementary Information

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Schedule of OPEB Funding Progress
(Unaudited)

Fiscal years ended December 31, 2011 and 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/2009	$ -	$ 80,406,333	$ 80,406,333	0.0%	$ 37,735,411	213.1%
01/01/2010	-	81,785,746	81,785,746	0.0%	38,859,182	210.5%
01/01/2011	-	92,692,830	92,692,830	0.0%	39,104,031	237.0%

Actuarial Valuation Date	Participant Summary		
	Active Employees	Retirees and Beneficiaries	Total
01/01/2009	523	250	773
01/01/2010	523	243	766
01/01/2011	542	242	784

January 1, 2011 Actuarial Assumptions:

Actuarial cost method	Projected unit credit
UAAL amortization method	Level dollar amount
UAAL amortization period	30-years, open
Discount rate	4%
Healthcare cost trend rate	7.5% to 5% in 5 years

APPENDIX C

CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE, THE ELEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE AND THE TWELFTH SUPPLEMENTAL SUBORDINATE INDENTURE

CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Official Statement including the summaries of the Master Subordinate Indenture, the Eleventh Supplemental Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture.

"*Accreted Value*" means (a) with respect to any Capital Appreciation Subordinate Obligations, as of any date of calculation, the sum of the amount set forth in a Supplemental Subordinate Indenture as the amount representing the initial principal amount of such Capital Appreciation Subordinate Obligation, plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to Original Issue Discount Subordinate Obligations, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Subordinate Obligations, plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value will be determined in accordance with the provisions of the Supplemental Subordinate Indenture authorizing the issuance of such Capital Appreciation Subordinate Obligations or Original Issue Discount Subordinate Obligations.

"*Act*" means Minnesota Statutes, Sections 473.601, *et seq*., as amended from time to time.

"*Aggregate Annual Debt Service*" means for any Fiscal Year the aggregate amount of Annual Debt Service on all Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations. For purposes of calculating Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

(a) in determining the principal due in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations in accordance with any amortization schedule established by the governing documents setting forth the terms of such Subordinate Obligations, including, as a principal payment, the Accreted Value of any Capital Appreciation Subordinate Obligations or Original Issue Discount Subordinate Obligations maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate will (except to the extent subsection (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates; provided, however, that interest payable on the Subordinate Obligations will be excluded to the extent such payments are to be paid from Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Subordinate Obligations or Unissued Subordinate Program Obligations constitute Balloon Indebtedness, then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Subordinate Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear

interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Subordinate Obligations, Unissued Subordinate Program Obligations or Subordinate Program Obligations, only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (a) above or such other provision of this definition as will be applicable and, with respect to any Series, Unissued Subordinate Program Obligations or Subordinate Program Obligations, or that portion of a Series thereof which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (a) above or such other provision of this definition as will be applicable;

(c) any maturity of Subordinate Obligations which constitutes Balloon Indebtedness as described in provision (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Aggregate Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date and provision (b) above will not apply thereto unless there is delivered to the entity making the calculation of Aggregate Annual Debt Service a certificate of an Authorized Commission Representative stating that the Commission intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Commission is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Aggregate Annual Debt Service, provided that such assumption will not result in an interest rate lower than that which would be assumed under provision (b) above and will be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Subordinate Obligations (including Subordinate Program Obligations) or any Subordinate Obligations which are then proposed to be issued constitute Subordinate Tender Indebtedness (but excluding Subordinate Program Obligations or Subordinate Obligations as to which a Qualified Swap is in effect and to which subsection (g) or (h) applies), then, for purposes of determining Aggregate Annual Debt Service, Subordinate Tender Indebtedness will be treated as if the principal amount of such Subordinate Obligations were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Annual Debt Service payments and extending not later than 30 years from the date such Subordinate Tender Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all principal and interest payments becoming due prior to the year in which such Subordinate Tender Indebtedness is first subject to tender, such payments will be treated as described in (a) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (e) or (f) below, as appropriate;

(e) if any Outstanding Subordinate Obligations constitute Variable Rate Subordinate Indebtedness, including obligations described in subsection (h)(ii) to the extent it applies (except to the extent subsection (b) or (c) relating to Balloon Indebtedness or (d) relating to Subordinate Tender Indebtedness or subsection (h)(i) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Subordinate Obligations will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for variable rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(f) with respect to any Subordinate Program Obligations or Unissued Subordinate Program Obligations (other than a Subordinate Commercial Paper Program) (i) debt service on such Subordinate Program Obligations then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (ii) with respect to Unissued Subordinate Program Obligations, it will be assumed that the full principal amount of such Unissued Subordinate Program Obligations will be amortized over a term certified by an Authorized Commission Representative at the time the initial Subordinate Program Obligations of such Subordinate Program are issued to be the expected duration of such Subordinate Program or, if such expectations have changed, over a term certified by an Authorized Commission Representative to the expected duration of such Subordinate Program at the time of such calculation, but not to exceed 30 years from the date of the initial issuance of such Subordinate Program Obligations and it will be assumed that debt service will be paid in substantially level Annual Debt Service payments over such assumed term; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(g) debt service on Subordinate Repayment Obligations, to the extent such obligations constitute Subordinate Obligations under the Master Subordinate Indenture, will be calculated as provided in the Master Subordinate Indenture;

(h) (i) for purposes of computing the Aggregate Annual Debt Service of Subordinate Obligations which constitute Synthetic Fixed Rate Debt, the interest payable thereon will, if the Commission elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable, or if the Commission fails to elect such rate, then it will be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission;

(ii) for purposes of computing the Aggregate Annual Debt Service of Subordinate Obligations with respect to which a Swap has been entered into whereby the Commission has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Subordinate Obligations to which such Swap pertains will be included in the calculation of Aggregate Annual Debt Service, and the interest rate with respect to such Subordinate Obligations will, if the Commission elects, be the sum of that rate as determined in accordance with subsection (e) relating to Variable Rate Subordinate Indebtedness plus the difference between the interest rate on the Designated Debt and the rate received from the Swap Provider;

(i) with respect to any Subordinate Commercial Paper Program which has been Implemented and not then terminated or with respect to any Subordinate Commercial Paper Program then proposed to be Implemented, the principal and interest thereon will be calculated as if the entire Authorized Amount of such Subordinate Commercial Paper Program were to be amortized over a term of 30 years commencing in the year in which such Subordinate Commercial Paper Program is Implemented and with substantially level annual debt service payments; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Commission, or if the Commission fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(j) if moneys or Permitted Investments have been irrevocably deposited with and are held by the Subordinate Trustee or another fiduciary or Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such moneys, Permitted Investments, or Capitalized Interest or from the earnings thereon will be disregarded and not included in calculating Annual Debt Service; and

(k) if Passenger Facility Charges, state and/or federal grants or other moneys have been irrevocably committed or are held by the Subordinate Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such Passenger Facility Charges, state and/or federal grants or other moneys or from earnings thereon will be disregarded (unless such Passenger Facility Charges, state and/or federal grants or other moneys are included in the definition of Revenues) and not included in calculating Aggregate Annual Debt Service.

"*Aggregate Annual Debt Service For Reserve Requirement*" means the computation of Aggregate Annual Debt Service for a Subordinate Debt Service Reserve Fund with respect to all Outstanding Subordinate Obligations participating in an identified Subordinate Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Aggregate Annual Debt Service For Reserve Requirement for the respective Subordinate Debt Service Reserve Fund, if any, for a Series of Subordinate Obligations, the annual debt service with respect to any Variable Rate Subordinate Indebtedness will, upon the issuance of such Series participating in a Subordinate Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Subordinate Obligations containing Balloon Indebtedness or Subordinate Tender Indebtedness will not, with respect to such Series, require subsequent increases.

"*Aggregate Required Deposits*" means, for any month, the sum of the Required Deposits under all Supplemental Subordinate Indentures becoming due in such month.

"*Airport Facilities*" or "*Airport Facility*" means a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

"*Airport System*" means all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Commission, including Minneapolis-St. Paul International Airport, the St. Paul Downtown Airport, the Flying Cloud Airport, the Crystal Airport, the Anoka County-Blaine Airport, the Lake Elmo Airport and the Airlake Airport, and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Commission or in which the Commission has other rights or from which the Commission derives revenues at such location; and including or excluding, as the case may be, such property as the Commission may either acquire or which will be placed under its control, or divest or have removed from its control.

"*Annual Debt Service*" means, with respect to any Subordinate Obligation, the aggregate amount of principal and interest becoming due and payable during the Fiscal Year, and if a Qualified Swap is in effect for such Subordinate Obligation, plus the amount payable by the Commission (or the Subordinate Trustee) under the Qualified Swap in accordance with the terms thereof, less any amount to be received by the Commission from the Qualified Swap Provider pursuant to the Qualified Swap, calculated using the principles and assumptions set forth in the definition of Aggregate Annual Debt Service.

"*Authorized Amount*" means, when used with respect to Subordinate Obligations, including Subordinate Program Obligations, the maximum Principal Amount of Subordinate Obligations which is then authorized by a resolution or Supplemental Subordinate Indenture adopted by the Commission pursuant to the Master Subordinate Indenture to be Outstanding at any one time under the terms of such Subordinate Program or Supplemental Subordinate Indenture. If the maximum Principal Amount of Subordinate Obligations or Subordinate Program Obligations authorized by a preliminary resolution or form of Supplemental Subordinate Indenture approved by the

Commission pursuant to the Master Subordinate Indenture exceeds the maximum Principal Amount of Subordinate Obligations set forth in the final resolution of sale adopted by the Commission or in the definitive Supplemental Subordinate Indenture executed and delivered by the Commission pursuant to which such Subordinate Obligations are issued or such Subordinate Program is established, the Principal Amount of such Subordinate Obligations or Subordinate Program Obligations as is set forth in said final resolution of sale or in the definitive Supplemental Subordinate Indenture as executed and delivered by the Commission will be deemed to be the "Authorized Amount."

"*Authorized Commission Representative*" means the Executive Director of the Commission, or such other officer or employee of the Commission or other person which other officer, employee or person has been designated by the Executive Director as an Authorized Commission Representative by written notice delivered by the Executive Director to the Senior Trustee and the Subordinate Trustee.

"*Authorized Denominations*" means $5,000 principal amount and integral multiples thereof.

"*Balloon Indebtedness*" means, with respect to any Series of Subordinate Obligations, fifty percent (50%) or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Subordinate Obligations of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any Fiscal Year. For purposes of this definition, the principal amount maturing on any date will be reduced by the amount of such Subordinate Obligations scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Subordinate Commercial Paper Program and the Commercial Paper constituting part of such Subordinate Program will not be Balloon Indebtedness.

"*Bond Counsel*" means a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under the Master Subordinate Indenture and which are acceptable to the Commission.

"*Bondholder*," "*Holder*," "*holder*," "*Owner*," "*owner,*" "*Registered Owner*" or "*registered owner*" means the person in whose name any Subordinate Obligation or Subordinate Obligations are registered on the books maintained by the Subordinate Registrar and will include any Credit Provider or Liquidity Provider to which a Subordinate Repayment Obligation is then owed, to the extent that such Subordinate Repayment Obligation is deemed to be a Subordinate Obligation under the provisions of the Master Subordinate Indenture.

"*Business Day*" means a day on which banks located in New York, New York, in Minneapolis, Minnesota, and in the city in which the principal corporate trust office of the Subordinate Trustee is located are open, provided that such term may have a different meaning for any specified Series of Subordinate Obligations if so provided by Supplemental Subordinate Indenture.

"*Capital Appreciation Subordinate Obligations*" means Subordinate Obligations all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Subordinate Indenture and is payable only upon redemption or on the maturity date of such Subordinate Obligations. Subordinate Obligations which are issued as Capital Appreciation Subordinate Obligations, but later convert to Subordinate Obligations on which interest is paid periodically will be Capital Appreciation Subordinate Obligations until the conversion date and from and after such conversion date will no longer be Capital Appreciation Subordinate Obligations, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

"*Capitalized Interest*" means the amount of interest on Subordinate Obligations, if any, funded from the proceeds of the Subordinate Obligations or other monies that are deposited with the Subordinate Trustee in the Subordinate Debt Service Fund as will be described in a Supplemental Subordinate Indenture upon issuance of Subordinate Obligations to be used to pay interest on the Subordinate Obligations.

"*Chair*" means the chair of the Commission or such other title as the Commission may from time to time assign for such position.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

"*Commercial Paper*" means notes of the Commission with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Subordinate Program adopted by the Commission.

"*Commission*" or "*MAC*" means the Metropolitan Airports Commission, created under the provisions of the Act, and any successor to its function. Any action required or authorized to be taken by the Commission in the Master Subordinate Indenture may be taken by the Authorized Commission Representative with such formal approvals by the Commission as are required by the policies and practices of the Commission and applicable laws; provided, however, that any action taken by the Authorized Commission Representative in accordance with the provisions of the Master Subordinate Indenture will conclusively be deemed by the Subordinate Trustee and the Owners to be the act of the Commission without further evidence of the authorization thereof by the Commission.

"*Commission Construction Fund*" means the "Commission Construction Fund" established by the Commission and held and maintained by the Commission.

"*Commission Debt Service Fund*" means the Commission Debt Service Fund created by the Commission pursuant to Section 473.667 Subd. 4 of the Act and Resolution No. 922, adopted by the Commission on May 19, 1975, and held and maintained by the Commission.

"*Commission General Counsel*" means the in-house general counsel to the Commission who is responsible for representing the Commission on legal matters.

"*Consultant*" means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, or other expert recognized to be well-qualified for work of the character required and retained by the Commission to perform acts and carry out the duties provided for such consultant in the Master Subordinate Indenture.

"*Costs*" or "*Costs of a Project*" means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and will include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the Commission or Independent Consultant; (d) costs of the Commission properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Subordinate Obligations, costs of Credit Facilities, Liquidity Facilities, Capitalized Interest, a Subordinate Debt Service Fund, if any, Subordinate Trustee's fees and expenses; (f) any Subordinate Swap Termination Payments due in connection with a Series of Subordinate Obligations or the failure to issue such Series of Subordinate Obligations, and (g) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Commission.

"*Costs of Issuance*" means all costs and expenses incurred by the Commission in connection with the issuance of the Subordinate Series 2012 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the official statement, the feasibility studies and the Subordinate Series 2012 Bonds, any bond insurance premium, any reserve fund surety policy premium, underwriters' compensation, and the fees, costs and expenses of rating agencies, the Subordinate Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

"*Coverage Account*" means the "Coverage Account" created by the Commission within the Operating Fund pursuant to the Master Senior Indenture.

"*Credit Facility*" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Debt Service Reserve Fund Surety Policy or other financial instrument which obligates a third party to make payment of or provide funds to the Subordinate Trustee for the payment of the principal of and/or interest on Subordinate Obligations whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Commission fails to do so.

"*Credit Provider*" means the party obligated to make payment of principal of and interest on the Subordinate Obligations under a Credit Facility.

"*Debt Service Reserve Fund Surety Policy*" means an insurance policy or surety bond, or a letter of credit, deposited with the Subordinate Trustee for the credit of the Subordinate Debt Service Reserve Fund created for one or more series of Outstanding Subordinate Obligations in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Debt Service Reserve Fund Surety Policy will be rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

"*Designated Debt*" means a specific indebtedness, designated by the Commission, in which such debt will be offset with a Swap, such specific indebtedness to include all or any part of a Series or multiple Series of Subordinate Obligations.

"*Eighth Supplemental Senior Indenture*" means the Eighth Supplemental Trust Indenture, dated as of August 1, 2010, by and between the Commission and the Senior Trustee.

"*Eighth Supplemental Subordinate Indenture*" means the Eighth Supplemental Subordinate Trust Indenture, dated as of November 1, 2010, by and between the Commission and the Subordinate Trustee.

"*Eleventh Supplemental Subordinate Indenture*" means the Eleventh Supplemental Subordinate Trust Indenture, to be dated as of November 1, 2012, by and between the Commission and the Subordinate Trustee.

"*Event of Default*" means any occurrence or event specified as a "Event of Default" in the Master Subordinate Indenture.

"*Executive Director*" means the person at a given time who is the executive director of the Commission or such other title as the Commission may from time to time assign for such position and the officer or officers succeeding to such position as certified to the Subordinate Trustee by the Commission.

"*Facilities Construction Credit*" or "*Facilities Construction Credits*" means the amounts further described in the Master Senior Indenture resulting from an arrangement embodied in a written agreement of the Commission and another person or entity pursuant to which the Commission permits such person or entity to make a payment or payments to the Commission which is reduced by the amount owed by the Commission to such person or entity under such agreement, resulting in a net payment to the Commission by such person or entity. The "Facilities Construction Credit" will be deemed to be the amount owed by the Commission under such agreement which is "netted" against the payment of such person or entity to the Commission.

"*Fifth Supplemental Senior Indenture*" means the Fifth Supplemental Trust Indenture, dated as of January 1, 2007, by and between the Commission and the Senior Trustee.

"*First Supplemental Subordinate Indenture*" means the First Supplemental Subordinate Trust Indenture, dated as of October 1, 2000, by and between the Commission and the Subordinate Trustee.

"*Fiscal Year*" means the period of time beginning on January 1 of each given year and ending on December 31 of such given year, or such other similar period as the Commission designates as its fiscal year.

"*Fitch*" means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and its assigns, and, if such corporation will for any reason no longer perform the functions of a securities rating agency, "Fitch" will be deemed to refer to any nationally recognized rating agency designated by the Commission.

"*Fourth Supplemental Senior Indenture*" means the Fourth Supplemental Trust Indenture, dated as of May 1, 2001, by and between the Commission and the Senior Trustee.

"*Fourth Supplemental Subordinate Indenture*" means the Fourth Supplemental Subordinate Trust Indenture, dated as of July 1, 2003, by and between the Commission and the Subordinate Trustee.

"*General Obligation Revenue Bonds*" means all bonds of the Commission as described and issued pursuant to the General Obligation Revenue Bond Resolutions plus any additional bonds that may be issued under Section 473.667 of the Act as General Obligation Revenue Bonds.

"*General Obligation Revenue Bonds Resolutions*" means Resolution No. 2136, adopted by the Commission on October 18, 2010, which provides for the issuance of $12,205,000 Minneapolis-Saint Paul Metropolitan Airports Commission General Obligation Revenue Refunding Bonds Series 16 (the "Series 16 General Obligation Revenue Bonds"); and any additional resolutions adopted by the Commission authorizing the issuance of additional General Obligation Revenue Bonds in accordance with the Act.

"*Government Obligations*" means (a) United States Obligations (including obligations issued or held in book-entry form), (b) prerefunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in their highest rating category by one or more of the Rating Agencies, but only if such Rating Agencies have been requested by the Commission to maintain a rating on the Subordinate Obligations and such Rating Agencies are then maintaining a rating on any of the Subordinate Obligations; and (c) any other type of security or obligation which the Rating Agencies then maintaining ratings on the Subordinate Obligations to be defeased have determined to be permitted defeasance securities.

"*Health Self-Insurance Trust Fund*" means the "Health Self-Insurance Trust Fund" established by the Commission and held and maintained by the Commission.

"*Implemented*" means, when used with respect to a Subordinate Program, a Subordinate Program which has been authorized and the terms thereof approved by a resolution adopted by the Commission and, with respect to which Subordinate Program, the provisions of the Master Subordinate Indenture have been complied with.

"*Independent*" means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Commission, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Commission as an official, officer or employee.

"*Initial Subordinate Obligations*" means the Subordinate Commercial Paper Notes authorized in 2000 pursuant to the First Supplemental Subordinate Indenture.

"*Investment Agreement*" means an investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment

Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (ii)(A) or (B) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (iii) subject to a perfected first lien on behalf of the Subordinate Trustee, and (iv) free and clear from all third-party liens. Notwithstanding anything to the contrary in the definition of Investment Agreement, with respect to the Master Subordinate Indenture, at any time a rating is required on an Investment Agreement, such rating will be received from S&P, but only if S&P has been requested by the Commission to maintain a rating on the Subordinate Obligations and S&P is then maintaining a rating on any of the Subordinate Obligations.

"*Liquidity Facility*" means a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Subordinate Obligations.

"*Liquidity Provider*" means the entity, including the Credit Provider, which is obligated to provide funds to purchase Subordinate Obligations under the terms of a Liquidity Facility.

"*Mail*" means by first-class United States mail, postage prepaid.

"*Maintenance and Operation Expenses of the Airport System*" means, for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues.

"*Maintenance and Operation Reserve Account*" means the "Maintenance and Operation Reserve Account" created by the Commission within the Operating Fund pursuant to the Master Senior Indenture.

"*Master Senior Indenture*" means the Master Trust Indenture, dated as of June 1, 1998, by and between the Commission and the Senior Trustee, together with all Supplemental Senior Indentures.

"*Master Subordinate Indenture*" means the Master Subordinate Trust Indenture dated as of October 1, 2000, by and between the Commission and the Subordinate Trustee, together with all Supplemental Subordinate Indentures.

"*Maximum Aggregate Annual Debt Service*" means the maximum amount of Aggregate Annual Debt Service with respect to all Subordinate Obligations, Unissued Subordinate Program Obligations and the Authorized Amount of all Subordinate Obligations then proposed to be issued in the then current or any future Fiscal Year.

"*Maximum Aggregate Annual Debt Service For Reserve Requirement*" means the computation of Maximum Aggregate Annual Debt Service for a Subordinate Debt Service Reserve Fund with respect to all Outstanding Subordinate Obligations participating in an identified Subordinate Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Maximum Aggregate Annual Debt Service For Reserve Requirement for the respective Subordinate Debt Service Reserve Fund, if any, for a Series of Subordinate Obligations the annual debt service with respect to any Variable Rate Subordinate Indebtedness will, upon the issuance of such Series participating in an identified Subordinate Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Subordinate Obligations containing Balloon Indebtedness or Subordinate Tender Indebtedness will not, with respect to such Series, require subsequent increases.

"*Moody's*" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and its assigns, and, if such corporation will for any reason no longer perform the functions of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized rating agency designated by the Commission.

"*Net Proceeds*" means insurance proceeds received as a result of damage to or destruction of Airport Facilities or any condemnation award or amounts received by the Commission from the sale of Airport Facilities under the threat of condemnation less expenses (including attorneys' fees and expenses and any fees and expenses of the Subordinate Trustee) incurred in the collection of such proceeds or award.

"*Net Revenues*" means, for any given period, the Revenues for such period less, for such period, all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System.

"*Ninth Supplemental Subordinate Indenture*" means the Ninth Supplemental Subordinate Trust Indenture, dated as of November 1, 2011, by and between the Commission and the Subordinate Trustee.

"*Non-Qualified Swap*" means any Swap which is not a Qualified Swap.

"*Operating Fund*" means the "Operating Fund" established by the Commission and held and maintained by the Commission.

"*Original Issue Discount Subordinate Obligations*" means Subordinate Obligations which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Subordinate Obligations by the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued.

"*Outstanding*" means, when used with respect to Subordinate Obligations, all Subordinate Obligations which have been authenticated and delivered under the Master Subordinate Indenture, except:

(a) Subordinate Obligations cancelled or purchased by the Subordinate Trustee for cancellation or delivered to or acquired by the Subordinate Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Subordinate Obligations deemed to be paid in accordance with the Master Subordinate Indenture;

(c) Subordinate Obligations in lieu of which other Subordinate Obligations have been authenticated under the provisions of the Master Subordinate Indenture;

(d) Subordinate Obligations that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Subordinate Trustee or a Subordinate Paying Agent;

(e) Subordinate Obligations which, under the terms of the Supplemental Subordinate Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Subordinate Repayment Obligations deemed to be Subordinate Obligations under the Master Subordinate Indenture to the extent such Subordinate Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Subordinate Obligations acquired by the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Obligations under the Master Subordinate Indenture, Subordinate Obligations held by or for the account of the Commission or by any person controlling, controlled by or under common

control with the Commission, unless such Subordinate Obligations are pledged to secure a debt to an unrelated party.

"*Passenger Facility Charges*" means charges collected by the Commission pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"*Payment Date*" means, with respect to any Subordinate Obligations, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"*Permitted Investments*" means:

(i) those investments specified in Minnesota Statutes, Sections 118A.01 et seq., and 473.606 Subd. 3, and which further comply with any investment policy of the Commission; and

(ii) any of the following, but only to the extent Minnesota Statutes, Sections 118A.01 et seq., and 473.606 Subd. 3, as amended from time to time, permits the Commission to set forth in a Supplemental Subordinate Indenture or resolution entered into in connection with the issuance of a Series of Subordinate Obligations to provide for other permitted investments:

(A) United States Obligations;

(B) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(C) direct and general long-term obligations of any state, which obligations are rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(D) direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by one or more of the Rating Agencies;

(E) interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (1) continuously and fully insured by FDIC and with banks that are rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (2) fully secured by obligations described in item (ii)(A) or (B) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (b) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (c) subject to a perfected first lien in favor of the Subordinate Trustee, and (4) free and clear from all third-party liens;

(F) long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(G) repurchase agreements which are (1) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from one or more of the Rating Agencies and (2) fully secured by investments specified in items (ii)(A) or (B) of this definition of Permitted Investments (a) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (b) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (c) subject to a perfected first lien in favor of the Subordinate Trustee and (d) free and clear from all third-party liens;

(H) prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category of one or more of the Rating Agencies;

(I) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (1) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies or (2) a money market fund or account of the Subordinate Trustee or any state or federal bank that is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose one bank holding company parent is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than $50,000,000;

(J) interest bearing notes issued by a banking institution having a combined capital and surplus of at least $500,000,000 and whose senior debt is in the highest Rating Category by one or more of the Rating Agencies;

(K) public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated in the highest Rating Category by one or more of the Rating Agencies;

(L) obligations issued or guaranteed by Private Export Funding Corporation, Resolution Funding Corporation and any other instrumentality or agency of the United States of America;

(M) Investment Agreements;

(N) any other type of investment consistent with Commission policy in which the Commission directs the Subordinate Trustee to invest provided that there is delivered to the Subordinate Trustee a certificate of an Authorized Commission Representative stating that each of the Rating Agencies then maintaining a rating on the Subordinate Obligations has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any of the Subordinate Obligations; and

(O) any other investment which is a permitted investment of the Commission in accordance with the laws of the State.

Notwithstanding anything to the contrary in the definition of Permitted Investments, with respect to the Master Subordinate Indenture, at any time a rating is required on a Permitted Investment, such rating will be received from S&P, but only if S&P has been requested by the Commission to maintain a rating on the Subordinate Obligations and S&P is then maintaining a rating on any of the Subordinate Obligations.

"*PFC Resolution*" means Resolution No. 2021 adopted by the Commission on May 19, 2003, as amended by Resolution No. 2037 adopted by the Commission on April 19, 2004, as may be further amended or supplemented from time to time.

"*Principal Amount*" or "*principal amount*" means, as of any date of calculation, (a) with respect to any Capital Appreciation Subordinate Obligations, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Subordinate Obligations, the Accreted Value thereof, unless the Supplemental Subordinate Indenture under which such Subordinate Obligation was issued will specify a different amount, in which case, the terms of the Supplemental Subordinate Indenture will control, and (c) with respect to any other Subordinate Obligations, the principal amount of such Subordinate Obligation payable at maturity.

"*Project*" means any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Senior Bonds or Subordinate Obligations, as the case may be.

"*Qualified Swap*" means any Swap (a) whose Designated Debt is all or part of a particular Series of Subordinate Obligations; (b) whose Swap Provider is a Qualified Swap Provider or has been a Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; and (d) which has been designated in writing to the Subordinate Trustee by the Commission as a Qualified Swap with respect to such Subordinate Obligations.

"*Qualified Swap Provider*" means a financial institution whose senior long-term debt obligations, or whose obligations under any Qualified Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1", in the case of Moody's and "A+", in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (ii)(A) or (B) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (iii) subject to a perfected first lien on behalf of the Subordinate Trustee, and (iv) free and clear from all third-party liens.

"*Rating Agency*" or "*Rating Agencies*" means Fitch, Moody's or S&P, or any other nationally recognized rating agency of municipal obligations, but only if such Rating Agencies have been requested by the Commission to maintain a rating on the Subordinate Obligations and such Rating Agencies are then maintaining a rating on any of the Subordinate Obligations.

"*Rating Category" or "Rating Categories*" means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"*Rebate Fund*" means any fund created by the Commission pursuant to a Supplemental Subordinate Indenture in connection with the issuance of any Series of Subordinate Obligations for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

"*Record Date*" means, with respect to any Series of Subordinate Obligations, the record date as specified in the Supplemental Subordinate Indenture which provides for the issuance of such Series. With respect to the Subordinate Series 2012 Bonds, "Record Date" means for a January 1 Interest Payment Date the preceding December 15 and for a July 1 Interest Payment Date the preceding June 15.

"*Refunding Subordinate Obligations*" means any Subordinate Obligations issued pursuant to the Master Subordinate Indenture to refund or defease all or a portion of any series of Outstanding Subordinate Obligations, Senior Bonds, or any General Obligation Revenue Bonds.

"*Regularly Scheduled Swap Payments*" means the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

"*Required Deposits*" means, with respect to any Series of Subordinate Obligations, the amount determined in accordance with the terms of the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued and/or incurred, required to be deposited into funds and accounts created under such Supplemental Subordinate Indenture for the purpose of paying principal and interest on Subordinate Obligations or accumulating funds from which to make such payments and to pay other obligations specifically secured by the Subordinate Revenues under such Supplemental Subordinate Indenture. On or before the Payment Date, if any, in each month, the Subordinate Trustee will determine the Aggregate Required Deposits from the Required Deposits described under each Supplemental Subordinate Indenture.

"*Reserve Requirement*" means an amount equal to the lesser of (a) Maximum Aggregate Annual Debt Service for Reserve Requirement for all Series of Subordinate Obligations participating in the Subordinate Debt Service Reserve Fund, (b) 10% of the principal amount of the Series of Subordinate Obligations that have been issued and are participating in the Subordinate Debt Service Reserve Fund, less the amount of original issue discount with respect to such Series of Subordinate Obligations if such original issue discount exceeded 2% on such Series of Subordinate Obligations at the time of their original sale and (c) 125% of the average Aggregate Annual Debt Service for Reserve Requirement for all Series of Subordinate Obligations participating in the Subordinate Debt Service Reserve Fund.

"*Resolution*" means Resolution No. 2185 adopted by the Commission on October 15, 2012, as amended or supplemented.

"*Responsible Officer*" means an officer or assistant officer of the Subordinate Trustee assigned by the Subordinate Trustee to administer the Master Subordinate Indenture.

"*Revenues*" means, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Commission from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Commission for the use or availability of the Airport System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Commission, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Commission or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Commission receives payments which are attributable to the Airport System or activities or undertakings related thereto. Additionally, "Revenues" will also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earning allowed to be pledged by the terms of a Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be, to fund a senior construction fund or a Subordinate Construction Fund, as the case may be) from the investment of amounts held in the Operating Fund, any senior construction fund, any Subordinate Construction Fund, any senior debt service fund or Subordinate Debt Service Fund (except capitalized interest on deposit therein), any senior debt service reserve fund or Subordinate Debt Service Reserve Fund, the Commission Construction Fund, and such additional revenues, if any, as are designated as "*Revenues*" under the terms of any Supplemental Senior Indenture. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the Commission

from the imposition of ad valorem taxes (except ad valorem taxes which have been specifically levied to pay principal and interest on the General Obligation Revenue Bonds or to pay Maintenance and Operation Expenses of the Airport System), (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Senior Bonds or the Subordinate Obligations, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Senior Bonds or the Subordinate Obligations (except to the extent Net Proceeds are utilized to pay Maintenance and Operating Expenses of the Airport System), (iv) any Transfer, and (v) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in the Master Senior Indenture). In addition, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Senior Indenture or pursuant to a certificate of an Authorized Commission Representative: (a) any senior swap termination payments paid to the Commission pursuant to a Qualified Swap or any Subordinate Swap Termination Payments paid to the Commission pursuant to a Qualified Swap, (b) Facilities Construction Credits, (c) Passenger Facility Charges, (d) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Senor Bonds or Subordinate Obligations, (e) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code and (f) capitalized interest. Further, interest earnings or other investment earnings on any senior construction fund or Subordinate Construction Fund, as the case may be, established by any Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be, are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be.

"*Second Supplemental Subordinate Indenture*" means the Second Supplemental Subordinate Trust Indenture, dated as of May 1, 2001, by and between the Commission and the Subordinate Trustee.

"*Senior Bond*" or "*Senior Bonds*" means any debt obligation of the Commission issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Senior Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Commission, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and senior repayment obligations to the extent provided in the Master Senior Indenture. The term "Senior Bond" or "Senior Bonds" in the Master Senior Indenture does not include any Subordinate Obligations; provided, however, that the Commission may provide in a Supplemental Senior Indenture to the Master Senior Indenture that Subordinate Obligations may be thenceforth issued pursuant to the Master Senior Indenture having the terms applicable to the Senior Bonds, except that such Subordinate Obligations will be junior and subordinate in payment of such Subordinated Obligation from the Net Revenues.

"*Senior Series 2007A Bonds*" means the $440,985,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Fifth Supplemental Senior Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Refunding Bonds, Series 2007A."

"*Senior Series 2008A Bonds*" means the $72,035,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Sixth Supplemental Senior Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Refunding Bonds, Series 2008A."

"*Senior Series 2009A Bonds*" means the $23,075,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Seventh Supplemental Senior Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Refunding Bonds, Series 2009A."

"*Senior Series 2009B Bonds*" means the $128,835,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Seventh Supplemental Senior Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Refunding Bonds, Series 2009B."

"*Senior Series 2010A Bonds*" means the $62,210,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Eighth Supplemental Senior Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Bonds, Series 2010A."

“*Senior Series 2010B Bonds*” means the $73,475,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Eighth Supplemental Senior Indenture and designated “Minneapolis-St. Paul Metropolitan Airports Commission, Senior Airport Revenue Bonds, Series 2010B.”

“*Senior Trustee*” means Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, N.A.), until a successor replaces it and, thereafter, means such successor.

“*Serial Subordinate Obligations*” means Subordinate Obligations for which no sinking installment payments are provided.

“*Series*” means with respect to Subordinate Obligations, Subordinate Obligations designated as a separate Series by a Supplemental Subordinate Indenture and, with respect to Subordinate Program Obligations or a Subordinate Commercial Paper Program, means the full Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Subordinate Indenture, designated as a separate Series.

“*Seventh Supplemental Senior Indenture*” means the Seventh Supplemental Trust Indenture, dated as of November 1, 2009, by and between the Commission and the Senior Trustee.

“*Seventh Supplemental Subordinate Indenture*” means the Seventh Supplemental Subordinate Trust Indenture, dated as of January 1, 2007, by and between the Commission and the Subordinate Trustee.

“*Significant Portion*” means, for purposes of the Master Senior Indenture, any Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Commission at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such Airport Facilities and increased by the expenses of the Commission directly attributable to such Airport Facilities. The Commission will notify each of the Rating Agencies that the Commission has requested ratings from and who are then maintaining a rating on any of the Senior Bonds and the Subordinate Obligations prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

“*Sixth Supplemental Senior Indenture*” means the Sixth Supplemental Trust Indenture, dated as of January 1, 2008, by and between the Commission and the Senior Trustee.

“*Sixth Supplemental Subordinate Indenture*” means the Sixth Supplemental Subordinate Trust Indenture, dated as of June 1, 2005, by and between the Commission and the Subordinate Trustee.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, successor to Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation will for any reason no longer perform the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency designated by the Commission.

“*Special Facilities*” or “*Special Facility*” means a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of the Master Senior Indenture.

“*Special Facilities Revenue*” means the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the Commission from a Special Facility which are pledged to secure Special Facility Obligations.

“*Special Facility Obligations*” means bonds or other debt instruments issued pursuant to an indenture other than the Master Senior Indenture or the Master Subordinate Indenture to finance Special Facilities and which are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

"*State*" means the State of Minnesota.

"*Subordinate Commercial Paper Program*" means a Subordinate Program authorized by the Commission pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Authorized Amount of such Subordinate Program.

"*Subordinate Commercial Paper Notes*" means Commercial Paper authorized to be issued pursuant to a Subordinate Commercial Paper Program.

"*Subordinate Construction Fund*" means any of the Construction Funds authorized to be created as provided by the Master Subordinate Indenture.

"*Subordinate Debt Service Fund*" or "*Subordinate Debt Service Funds*" means a Debt Service Fund or any of the Debt Service Funds required to be created as provided by the Master Subordinate Indenture.

"*Subordinate Debt Service Reserve Fund*" means any Debt Service Reserve Fund created by the Commission pursuant to a Supplemental Subordinate Indenture in connection with the issuance of any Series of Subordinate Obligations and that is required to be funded for the purpose of providing additional security for such Series of Subordinate Obligations and under certain circumstances to provide additional security for such other designated Series of Subordinate Obligations issued pursuant to the terms of the Master Subordinate Indenture and as specified in any Supplemental Subordinate Indenture.

"*Subordinate Notes*" means Subordinate Obligations issued under the provisions of the Master Subordinate Indenture which have a maturity of one year or less from their original date of issue and which are not part of a Subordinate Commercial Paper Program.

"*Subordinate Obligation*" or "*Subordinate Obligations*" means any debt obligation of the Commission issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Subordinate Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Commission, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Subordinate Repayment Obligations to the extent provided in the Master Subordinate Indenture. The terms "Subordinate Obligation" and "Subordinate Obligations" include Subordinate Program Obligations.

"*Subordinate Paying Agent*" or "*Subordinate Paying Agents*" means, with respect to the Subordinate Obligations or any Series of Subordinate Obligations, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Subordinate Indenture or a resolution of the Commission as the place where such Subordinate Obligations will be payable. The Subordinate Trustee will act as Subordinate Paying Agent with respect to the Subordinate Series 2012 Bonds.

"*Subordinate Program*" means a financing program identified in a Supplemental Subordinate Indenture, including but not limited to a Subordinate Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Commission and the items required under the Master Subordinate Indenture have been filed with the Subordinate Trustee, (b) wherein the Commission has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in a Authorized Amount, and (c) the Authorized Amount of which has met the additional bonds test set forth in the Master Subordinate Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Authorized Amount.

"*Subordinate Program Obligations*" means Subordinate Obligations issued and Outstanding pursuant to a Subordinate Program, other than Unissued Subordinate Program Obligations.

"Subordinate Registrar" means, with respect to the Subordinate Obligations or any Series of Subordinate Obligations, the bank, trust company or other entity designated in a Supplemental Subordinate Indenture or a resolution of the Commission to perform the function of Registrar under the Master Subordinate Indenture or any Supplemental Subordinate Indenture, and which bank, trust company or other entity has accepted the position in

accordance with the Master Subordinate Indenture. The Subordinate Trustee will act as Subordinate Registrar with respect to the Subordinate Series 2012 Bonds.

"*Subordinate Repayment Obligatio*ns" means an obligation arising under a written agreement of the Commission and a Credit Provider pursuant to which the Commission agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Subordinate Obligations and all other amounts due and owning to a Credit Provider under a Credit Facility, or an obligation arising under a written agreement of the Commission and a Liquidity Provider pursuant to which the Commission agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Subordinate Obligations and all other amounts due and owning to a Liquidity Provider under a Liquidity Facility.

"*Subordinate Revenues*" or "*Net Pledged Revenues*" means for any given period, the Revenues for such period less, for such period, all amounts which are required to be used to pay the Maintenance and Operation Expenses of the Airport System, the aggregate annual debt service when due on the Senior Bonds and the General Obligation Revenue Bonds and the reserve and replenishment requirements on and relating to the Senior Bonds and the General Obligation Revenue Bonds.

"*Subordinate Series 2003A Bonds*" means the $102,690,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Fourth Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2003A."

"*Subordinate Series 2005A Bonds*" means the $136,110,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Sixth Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2005A."

"*Subordinate Series 2005B Bonds*" means the $113,155,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Sixth Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2005B."

"*Subordinate Series 2005C Bonds*" means the $123,750,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Sixth Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2005C."

"*Subordinate Series 2007B Bonds*" means the $197,360,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Seventh Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2007B."

"*Subordinate Series 2010A Bonds*" means the $21,600,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2010A."

"*Subordinate Series 2010B Bonds*" means the $68,790,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2010B."

"*Subordinate Series 2011A Bonds*" means the $52,015,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Ninth Supplemental Subordinate Indenture and

designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2011A."

"*Subordinate Series 2012A Bonds*" means the $39,770,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Eleventh Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2012A."

"*Subordinate Series 2012B Bonds*" means the $42,015,000 original principal amount of Subordinate Obligations to be issued under the Master Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2012B."

"*Subordinate Short-Term Obligations*" means the Subordinate Obligations issued and/or incurred under the Master Subordinate Indenture and the Tenth Supplemental Subordinate Indenture that may be outstanding at any one time in the aggregate principal amount of $75,000,000 and designated "Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Short-Term Obligations."

"*Subordinate Swap Termination Payment*" means an amount payable by the Commission or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

"*Subordinate Tender Indebtedness*" means any Subordinate Obligations or portions of Subordinate Obligations a feature of which is an option or an obligation on the part of the holders, under the terms of such Subordinate Obligations, to tender all or a portion of such Subordinate Obligations to the Commission, the Subordinate Trustee, the Subordinate Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Subordinate Obligations or portions of Subordinate Obligations be purchased if properly presented.

"*Subordinate Trustee*" means Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), until a successor replaces it and, thereafter, means such successor.

"*Supplemental Senior Indenture*" means any document supplementing or amending the Master Senior Indenture or providing for the issuance of Senior Bonds and entered into as provided in the Master Senior Indenture.

"*Supplemental Subordinate Indenture*" means any document supplementing or amending the Master Subordinate Indenture or providing for the issuance of Subordinate Obligations and entered into as provided in the Master Subordinate Indenture.

"*Swap*" means any financial arrangement between the Commission and a Swap Provider which provides that (a) each of the parties will pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate or index) on a Designated Debt, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid *before* it is deemed to have accrued, the amount paid will reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid *after* it is deemed to have accrued will reflect the time value of such funds; (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one will pay to the other any net amount due under such arrangement.

"*Swap Provider*" means a party to a Swap with the Commission.

"*Synthetic Fixed Rate Debt*" means indebtedness issued by the Commission which: (a) is combined, as Designated Debt, with a Senior Qualified Swap or a Qualified Swap, as the case may be, and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities,

or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"*Tax Compliance Certificate*" means the certificate of the Commission prepared by Bond Counsel and delivered by the Commission at the time of issuance and delivery of any Subordinate Obligations, the interest on which is excluded from gross income for federal income tax purposes pursuant to a favorable opinion of such Bond Counsel, making certifications and representations of the Commission as to the status of such Subordinate Obligations under the Code.

"*Tenth Supplemental Subordinate Indenture*" means the Tenth Supplemental Subordinate Trust Indenture, dated as of November 1, 2011, by and between the Commission and the Subordinate Trustee.

"*Term Subordinate Obligations*" means Subordinate Obligations of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Subordinate Indenture for such series for that purpose and calculated to retire the Subordinate Obligations on or before their specified maturity dates.

"*Third Supplemental Subordinate Indenture*" means the Third Supplemental Subordinate Trust Indenture, dated as of November 1, 2002, by and between the Commission and the Subordinate Trustee.

"*Transfer*" means (a) the amount deposited on the last Business Day of the Fiscal Year from the Coverage Account into the Operating Fund plus (b) any amounts withdrawn from the Coverage Account during such Fiscal Year (i) to pay Maintenance and Operation Expenses of the Airport System or (ii) to make any required payments or deposits to pay or secure the payment of the principal or purchase price of or interest or redemption premium on the Senior Bonds or the Outstanding Subordinate Obligations; less (c) any amounts deposited in the Coverage Account from Revenues during such Fiscal Year.

"*Twelfth Supplemental Subordinate Indenture*" means the Twelfth Supplemental Subordinate Trust Indenture, to be dated as of November 1, 2012, by and between the Commission and the Subordinate Trustee.

"*Unissued Subordinate Program Obligations*" means the bonds, notes or other indebtedness authorized to be issued pursuant to a Subordinate Program and payable from Subordinate Revenues, issuable in an amount up to the Authorized Amount relating to such Subordinate Program, which have been approved for issuance by the Commission pursuant to a resolution adopted by the Commission and with respect to which Subordinate Program the items described in the Master Subordinate Indenture have been filed with the Subordinate Trustee but which have not yet been authenticated and delivered pursuant to the Subordinate Program documents.

"*United States Bankruptcy Code*" means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

"*United States Obligations*" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account separate from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. "*United States Obligations*" will include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

"*Variable Rate Subordinate Indebtedness*" means any Subordinate Obligation or Subordinate Obligations the interest rate on which is not, at the time in question, fixed to maturity, excluding any commercial paper program.

SUMMARY OF THE MASTER SUBORDINATE INDENTURE

In addition to certain information contained under the captions "DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS" in the forepart of this Official Statement, the following is a summary of certain provisions of the Master Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Subordinate Indenture.

Grant to Secure Subordinate Obligations; Pledge of Subordinate Revenues

To secure the payment of the principal and premium, if any, of and interest on the Subordinate Obligations and the performance and observance by the Commission of all the covenants, agreements and conditions expressed or implied herein or contained in the Subordinate Obligations, the Commission has pledged and assigned to the Subordinate Trustee and has granted to the Subordinate Trustee a lien on and security interest in all right, title and interest of the Commission in and to all of the following and provides that, such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Commission in the following: (a) the Subordinate Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Subordinate Trustee under the Master Subordinate Indenture, and to the extent provided in any Supplemental Subordinate Indenture moneys and securities held in any Subordinate Construction Fund whether or not held by the Subordinate Trustee, (c) earnings on amounts included in provisions (a) and (b) of this paragraph, and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Subordinate Trustee as additional security under the Master Subordinate Indenture, for the equal and proportionate benefit and security of all Subordinate Obligations, all of which, regardless of the time or times of their authentication and delivery or maturity, will, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any Subordinate Obligation over any other Subordinate Obligation or Subordinate Obligations, except as to the timing of payment of the Subordinate Obligations. Any Subordinate Debt Service Reserve Fund and any Debt Service Reserve Fund Surety Policy, provided at any time in satisfaction of all or a portion of the Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Subordinate Obligations, a specific Series of Subordinate Obligations or one or more Series of Subordinate Obligations may, as provided by a Supplemental Subordinate Indenture, secure only such specific Subordinate Obligations, Series of Subordinate Obligations or one or more Series of Subordinate Obligations and, therefore, will not be included as security for all Subordinate Obligations under the Master Subordinate Indenture unless otherwise provided by a Supplemental Subordinate Indenture and moneys and securities held in trust as provided in the Master Subordinate Indenture exclusively for Subordinate Obligations which have become due and payable and moneys and securities which are held exclusively to pay Subordinate Obligations which are deemed to have been paid under the Master Subordinate Indenture will be held solely for the payment of such specific Subordinate Obligations. All amounts held in (a) the Commission Debt Service Fund, from time to time, for payment of the General Obligation Revenue Bonds and (b) the funds and accounts created under the Master Senior Indenture are not be included as security for any Subordinate Obligations under the Master Subordinate Indenture.

Subordinate Repayment Obligations Afforded Status of Subordinate Obligations

If a Credit Provider or Liquidity Provider makes payment of principal or interest on a Subordinate Obligation or advances funds to purchase or provide for the purchase of Subordinate Obligations and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Commission, but is not reimbursed, the Commission's Subordinate Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Subordinate Obligation issued under the Master Subordinate Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Holder of such Subordinate Obligation,

and such Subordinate Obligation will be deemed to have been issued at the time of the original Subordinate Obligation for which the Credit Facility or Liquidity Facility was provided and will not be subject to the issuance provisions of the Master Subordinate Indenture; provided, however, (unless otherwise provided in the Supplemental Subordinate Indenture pursuant to which the Subordinate Obligations are issued or in the agreement with the Credit Provider or Liquidity Provider): (a) interest will be due and payable semiannually and (b) principal will be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Subordinate Obligations or (B) if later, the final maturity of the Subordinate Repayment Obligation under the written agreement, and providing substantially level annual debt service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Subordinate Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence will bear interest in accordance with the terms of the Subordinate Repayment Obligation. Any amount which comes due on the Subordinate Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Subordinate Obligation will be a subordinated obligation of the Commission payable after its obligations to fund the Senior Bonds, the General Obligation Revenue Bonds and the Subordinate Obligations. This provision will not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Subordinate Indenture. The Subordinate Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Subordinate Repayment Obligation is to be afforded the status of a Subordinate Obligation under the Master Subordinate Indenture.

Revenues and Funds

Funding of Subordinate Debt Service Funds. The Subordinate Trustee will, at least fifteen (15) Business Days prior to each Payment Date on any Subordinate Obligation, give the Commission notice by telephone, promptly confirmed in writing, of the Aggregate Required Deposits, after taking into account Capitalized Interest, if any, on deposit in the Subordinate Debt Service Fund, required to be deposited with the Subordinate Trustee in order to make each payment of debt service coming due on such Payment Date. With respect to any Series of Subordinate Obligations, the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued may provide for different times and methods of notifying the Commission of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Subordinate Indenture will control.

The Commission, at least five Business Days prior to each Payment Date, will withdraw from the Operating Fund and pay to the Subordinate Trustee the full Aggregate Required Deposits needed to make the interest and/or principal payments due on such Payment Date.

On any day on which the Subordinate Trustee receives funds from the Commission to be used to pay principal of or interest on Subordinate Obligations, the Subordinate Trustee will, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Subordinate Debt Service Funds for the Series of Subordinate Obligations for which such payments were made and any excess will be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. If, on any Payment Date, the Subordinate Trustee does not have sufficient amounts in the Subordinate Debt Service Funds (without regard to any amounts which may be available from Subordinate Debt Service Reserve Funds) to pay in full all amounts of principal and/or interest due on such date, the Subordinate Trustee will allocate the total amount which is available to make payment on such day (without regard to any amounts in the various Subordinate Debt Service Reserve Funds) as follows: first to the payment of interest then due on the Subordinate Obligations and, if the amount available will not be sufficient to pay in full all interest on the Subordinate Obligations then due, then pro rata among the Series according to the amount of interest then due, and second to the payment of principal then due on the Subordinate Obligations and, if the amount available will not be sufficient to pay in full all principal on the Subordinate Obligations then due, then pro rata among the Series according to the Principal Amount then due on the Subordinate Obligations.

If a Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds (or a Credit Facility provided in lieu thereof) have been used to make payments on Subordinate Obligations secured thereby, then the Commission may be required by Supplemental Subordinate Indenture to replenish such Subordinate Debt

Service Reserve Fund or Subordinate Debt Service Reserve Funds or reimburse the Credit Provider from Subordinate Revenues provided that (a) no amount from Subordinate Revenues may be used for such purpose until all payments of principal of and interest on all Subordinate Obligations which have become due and payable will have been paid in full, (b) the required payments to replenish any such Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds or reimburse the Credit Provider will be due in no more than twelve (12) substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds exceeds the amount available for such purpose, the payments made to the Subordinate Trustee for such purpose will be allocated among the various Subordinate Debt Service Reserve Funds pro rata on the basis of the Outstanding Principal Amount of Subordinate Obligations secured thereby.

Notwithstanding the foregoing, the Commission may, in the Supplemental Subordinate Indenture authorizing such Series of Subordinate Obligations, provide for different provisions and timing of deposits with the Subordinate Trustee and different methods of paying principal of or interest on such Subordinate Obligations depending upon the terms of such Subordinate Obligations and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Subordinate Debt Service Fund created for the Series of Subordinate Obligations for which such Credit Facility is provided.

If the Subordinate Revenues are at any time insufficient to make the deposits required to make payments on the Subordinate Obligations, the Commission may, at its election, pay to the Subordinate Trustee funds from any available sources with the direction that such funds be deposited into the Subordinate Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Additional Security. The pledge of Subordinate Revenues and the other security provided in the Granting Clauses in the Master Subordinate Indenture, secure all Subordinate Obligations issued under the terms of the Master Subordinate Indenture on an equal and ratable basis, except as to the timing of such payments. The Commission may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Obligations or Series of Subordinate Obligations with no obligation to provide such additional security or credit enhancement to other Subordinate Obligations.

Payment of Principal and Interest

The Commission has covenanted and agreed that it will duly and punctually pay or cause to be paid from the Subordinate Revenues and to the extent thereof the principal of, premium, if any, and interest on every Subordinate Obligation at the place and on the dates and in the manner set forth in the Master Subordinate Indenture, and in the Supplemental Subordinate Indentures and in the Subordinate Obligations specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements set forth in the Master Subordinate Indenture and in the Subordinate Obligations contained, provided that the Commission's obligation to make payments of the principal of, premium, if any, and interest on the Subordinate Obligations will be limited to payment from the Subordinate Revenues, the funds and accounts pledged therefor in the Granting Clauses of the Master Subordinate Indenture and any other source which the Commission may specifically provide for such purpose and no Holder will have any right to enforce payment from any other funds of the Commission.

Junior and Subordinated Obligations

The Commission may, from time to time, incur indebtedness with a lien on Subordinate Revenues ranking junior and subordinate to the lien of the Subordinate Obligations. Such indebtedness will be incurred at such times and upon such terms as the Commission will determine, provided that: (a) any resolution or indenture of the Commission authorizing the issuance of any subordinate obligations will specifically state that such lien on or security interest granted in the Subordinate Revenues is junior and subordinate to the lien on and security interest in such Subordinate Revenues and other assets granted to secure the Subordinate Obligations; and (b) payment of principal of and interest on such subordinated obligations will be permitted, provided that all deposits required to be made to the Subordinate Trustee to be used to pay debt service on the Subordinate Obligations or to replenish the Subordinate Debt Service Reserve Fund, if any, are then current in accordance with the Master Subordinate Indenture.

Special Facilities and Special Facility Obligations

The Commission is permitted to designate new or existing Airport Facilities as Special Facilities. The Commission may, from time to time, and subject to the terms and conditions of the Master Senior Indenture, (a) designate a separately identifiable existing facility or planned facility as an "Special Facility," (b) pursuant to an indenture other than the Master Senior Indenture or the Master Subordinate Indenture and without a pledge of any Net Revenues or Subordinate Revenues, incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Commission from such Special Facility to the extent necessary to make the payments required by clause (i) of the second succeeding paragraph, be "Special Facilities Revenue" and not included as Revenues, Net Revenues or Subordinate Revenues unless on terms provided in any supplemental indenture, and (d) provide that the debt so incurred will be a "Special Facility Obligation" and the principal of and interest thereon will be payable solely from the Special Facilities Revenue. The Commission may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations will be payable as to principal, redemption premium, if any, and interest solely from Special Facilities Revenue, which will include contractual payments derived by the Commission under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Commission and another person, firm or corporation, either public or private, as will undertake the operation of a Special Facility.

No Special Facility Obligations will be issued by the Commission unless there will have been filed with the Senior Trustee a certificate of an Authorized Commission Representative stating that: (i) the estimated Special Facilities Revenue pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Commission and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and (ii) with respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Maintenance and Operation Expenses of the Airport System, will be sufficient so that the Commission will be in compliance with the rate covenant of the Master Senior Indenture; and (iii) no Event of Default then exists under the Master Senior Indenture.

To the extent Special Facilities Revenue received by the Commission during any Fiscal Year will exceed the amounts required to be paid pursuant to clause (i) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, will constitute Revenues.

Maintenance and Operation of Airport System

Subject to the transfer of any Airport Facilities pursuant to the Master Senior Indenture, the Commission has covenanted that the Airport System will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Commission will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System will be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System will be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to the Master Senior Indenture, the Commission will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Commission, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues, Net Revenues or Subordinate Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues, Net Revenues or Subordinate Revenues or Airport System or any part thereof constituting part of the Airport System.

Insurance; Application of Insurance Proceeds

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions: (a) the Commission will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Commission, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self insured programs provided by similar airports; and (b) the Commission will place on file with the Senior Trustee, if requested in writing by the Senior Trustee, annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Commission Representative containing a summary of all insurance policies and self insured programs then in effect with respect to the Airport System and the operations of the Commission.

"Qualified Self Insurance" means insurance maintained through a program of self insurance or insurance maintained with a fund, company or association in which the Commission may have a material interest and of which the Commission may have control, either singly or with others. Each plan of Qualified Self Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Commission determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Commission a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, he will make a recommendation as to the amount of reserves that should be established and maintained, and the Commission will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Commission.

If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Commission will create within the Operating Fund a special account and will credit the Net Proceeds received as a result of such event of damage or destruction to such account and such Net Proceeds will, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue producing Airport Facilities, (iii) redeem Senior Bonds and/or Subordinate Obligations, or (iv) create an escrow fund pledged to pay specified Senior Bonds and/or Subordinate Obligations and thereby cause such Senior Bonds and/or Subordinate Obligations to be deemed to be paid as provided in the Master Senior Indenture and/or the Master Subordinate Indenture; provided, however, that the Commission will first deliver to the Senior Trustee and/or the Subordinate Trustee certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Senior Bonds and/or Subordinate Obligations, the rate covenant as set forth in the Master Senior Indenture and the Master Subordinate Indenture is met.

Transfer of Airport Facility or Airport Facilities

The Commission will not, except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this section, any transfer of an asset over which the Commission retains substantial control in accordance with the terms of such transfer, will not, for so long as the Commission has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

The Commission may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions: (a) the property being disposed of is inadequate, obsolete or worn out; or (b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12 month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Operating Fund to be used as described below and the Commission believes that such disposal will not prevent it from fulfilling its obligations under the Master Senior Indenture and the Master Subordinate Indenture; or (c) the Commission receives fair market value for the property, the proceeds are deposited in the Operating Fund to be used as described below, and prior to the disposition of such property, there is delivered to the Senior Trustee and the Subordinate Trustee a

certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Commission as evidenced by a certificate of an Authorized Commission Representative, the Consultant estimates that Commission will be in compliance with the rate covenant of the Master Senior Indenture and the Master Subordinate Indenture during each of the five Fiscal Years immediately following such disposition.

Proceeds of the disposition of assets under paragraph (b) or (c) above will be deposited into the Operating Fund and used, within a reasonable period of time, not to exceed three years, to (i) provide additional revenue-producing Airport Facilities, (ii) redeem Senior Bonds and/or Subordinate Obligations or (iii) create an escrow fund pledged to pay specified Senior Bonds and/or Subordinate Obligations and thereby cause such Senior Bonds and/or Subordinate Obligations to be deemed to be paid as provided in the Master Senior Indenture or the Master Subordinate Indenture, as the case may be.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes will not be disposed of, except under the terms of paragraph (a) above, unless the Commission has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition will be made which would cause the Commission to be in default of any other covenant contained in the Master Senior Indenture or the Master Subordinate Indenture.

Investments

Moneys held by the Subordinate Trustee in the funds and accounts created in the Master Subordinate Indenture and under any Supplemental Subordinate Indenture will be invested and reinvested as directed by the Commission, in Permitted Investments subject to the restrictions set forth in the Master Subordinate Indenture and such Supplemental Subordinate Indenture and subject to the investment restrictions imposed upon the Commission by the laws of the State, including, but not limited to, Minnesota Statutes Sections 118A.01 et seq. and 473.606 Subd. 3. The Commission will direct such investments by written certificate (upon which the Subordinate Trustee may conclusively rely) of an Authorized Commission Representative or by telephone instruction followed by prompt written confirmation by an Authorized Commission Representative; in the absence of any such instructions, the Subordinate Trustee will, to the extent practicable, invest in Permitted Investments specified in (ii)(A) of the definition thereof, which includes a money market fund comprised of United States Obligations, or in a money market fund or account (which is generally referred to as the (WFF) Government Money Market Fund) of the Subordinate Trustee, provided it meets the requirements specified in (ii)(I) of the definition of Permitted Investments, which are Permitted Investments under state law.

Defeasance

Subordinate Obligations or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture except for the purposes of payment from moneys or Government Obligations held by the Subordinate Trustee or a Subordinate Paying Agent for such purpose. When all Subordinate Obligations which have been issued under the Master Subordinate Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Subordinate Indenture by the Commission, including all necessary and proper fees, compensation and expenses of the Subordinate Trustee, the Subordinate Registrar and the Subordinate Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Subordinate Trustee in and to the pledge of Subordinate Revenues and the other assets pledged to secure the Subordinate Obligations under the Master Subordinate Indenture will thereupon cease, terminate and become void, and thereupon the Subordinate Trustee will cancel, discharge and release the Master Subordinate Indenture, will execute, acknowledge and deliver to the Commission such instruments as will be requisite to evidence such cancellation, discharge and release and will assign and deliver to the Commission any property and revenues at the time subject to the Master Subordinate Indenture which may then be in the Subordinate Trustee's possession, except funds or securities in which such funds are invested and are held by the Subordinate

Trustee or the Subordinate Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Obligations.

A Subordinate Obligation will be deemed to be paid within the meaning of the Master Subordinate Indenture and for all purposes of the Master Subordinate Indenture when payment of the principal, interest and premium, if any, either (a) will have been made or caused to be made in accordance with the terms of the Subordinate Obligations and the Master Subordinate Indenture or (b) will have been provided for by depositing with the Subordinate Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Subordinate Obligations are deemed to be paid under the Master Subordinate Indenture, such Subordinate Obligations will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture, except for the purposes of payment from such moneys or Government Obligations.

Any deposit under clause (b) of the foregoing paragraph will be deemed a payment of such Subordinate Obligations. Once such deposit has been made, the Subordinate Trustee will notify all Holders of the affected Subordinate Obligations that the deposit required by (b) above has been made with the Subordinate Trustee and that such Subordinate Obligations are deemed to have been paid in accordance with the terms of the Master Subordinate Indenture. No notice of redemption will be required at the time of such defeasance or prior to such date as may be required by the Supplemental Subordinate Indenture under which such Subordinate Obligations were issued. The Commission may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Subordinate Indenture under which such Subordinate Obligations were issued, modify or otherwise change the scheduled date for the redemption or payment of any Subordinate Obligation deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Subordinate Obligations or the Master Subordinate Indenture subject to (i) receipt of an approving opinion of Bond Counsel that such action will not adversely affect the tax-exemption of any Subordinate Obligation or Subordinate Obligations then Outstanding and (ii) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Subordinate Obligations. Notwithstanding anything in the Master Subordinate Indenture to the contrary, monies from the trust or escrow established for the defeasance of Subordinate Obligations may be withdrawn and delivered to the Commission so long as the requirements of clauses (i) and (ii) above are met prior to or concurrently with any such withdrawal.

Defaults and Remedies

Events of Default. Each of the following events constitute and are referred to in the Master Subordinate Indenture as a "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Subordinate Obligations when the same will become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Subordinate Obligations when such interest will become due and payable;

(c) failure to pay the purchase price of any Subordinate Obligation when such purchase price will be due and payable upon an optional or mandatory tender date as provided in a Supplemental Subordinate Indenture;

(d) a failure by the Commission to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this section) that are to be observed or performed by the Commission and which are contained in the Master Subordinate Indenture or a Supplemental Subordinate Indenture, which failure, except for a violation under the rate covenant provisions of the Master Subordinate Indenture which will be controlled by the provisions set forth therein, will continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Commission by the Subordinate Trustee, which notice may be given at the discretion of the Subordinate Trustee and will be given at the written request of Holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding, unless the Subordinate

Trustee, or the Subordinate Trustee and the Holders of Subordinate Obligations in a Principal Amount not less than the Principal Amount of Subordinate Obligations the Holders of which requested such notice, will agree in writing to an extension of such period prior to its expiration; provided, however, that the Subordinate Trustee or the Subordinate Trustee and the Holders of such principal amount of Subordinate Obligations will be deemed to have agreed to an extension of such period if corrective action is initiated by the Commission within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Commission and, if instituted against the Commission, said proceedings are consented to or are not dismissed within 60 days after such institution;

(f) the occurrence of any other Event of Default as is provided in a Supplemental Subordinate Indenture; or

(g) a default in the payment of principal of or interest on any General Obligation Revenue Bonds or Senior Bonds.

If, on any date on which payment of principal of or interest on the Subordinate Obligations is due and sufficient moneys are not on deposit with the Subordinate Trustee or Paying Agent to make such payment, the Subordinate Trustee will give telephone notice of such insufficiency to the Commission.

Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Subordinate Trustee in its discretion may, and upon the written direction of the Holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Subordinate Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders, and require the Commission to carry out any agreements with or for the benefit of the Holders and to perform its or their duties under the Act or any other law to which it is subject and the Master Subordinate Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Master Subordinate Indenture;

(ii) bring suit upon the Subordinate Obligations;

(iii) commence an action or suit in equity to require the Commission to account as if it were the trustee of an express trust for the Holders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders.

(b) The Subordinate Trustee will be under no obligation to take any action with respect to any Event of Default unless the Subordinate Trustee has actual knowledge of the occurrence of such Event of Default.

(c) In no event, upon the occurrence and continuation of a Event of Default, will the Subordinate Trustee, the Holders, a Credit Provider or any other party have the right to accelerate the payment of principal of and interest on the Subordinate Obligations Outstanding.

***Holders' Right To Direct Proceedings**.* Anything in the Master Subordinate Indenture to the contrary notwithstanding, Holders of a majority in Principal Amount of the Subordinate Obligations then Outstanding will

have the right, at any time, by an instrument in writing executed and delivered to the Subordinate Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Subordinate Trustee under the Master Subordinate Indenture to be taken in connection with the enforcement of the terms of the Master Subordinate Indenture or exercising any trust or power conferred on the Subordinate Trustee by the Master Subordinate Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Master Subordinate Indenture and that there will have been provided to the Subordinate Trustee security and indemnity satisfactory to the Subordinate Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Subordinate Trustee.

Limitation on Right To Institute Proceedings. No Holder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Master Subordinate Indenture, or any other remedy under the Master Subordinate Indenture or on such Subordinate Obligations, unless such Holder or Holders previously will have given to the Subordinate Trustee written notice of a Event of Default as hereinabove provided and unless also Holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding will have made written request of the Subordinate Trustee to do so, after the right to institute such suit, action or proceeding under the Master Subordinate Indenture will have accrued, and will have afforded the Subordinate Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Subordinate Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Subordinate Trustee will not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Subordinate Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Holders will have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Master Subordinate Indenture, or to enforce any right under the Master Subordinate Indenture or under the Subordinate Obligations, except in the manner provided under the Master Subordinate Indenture, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner provided under the Master Subordinate Indenture and for the equal benefit of all Holders.

Application of Moneys. If a Event of Default will occur and be continuing, all amounts then held or any moneys received by the Subordinate Trustee, by any receiver or by any Holder pursuant to any right given or action taken under the provisions of the Master Subordinate Indenture (which will not include moneys provided through a Credit Facility, which moneys will be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Subordinate Trustee (including attorneys' fees and disbursements), will be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Subordinate Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Subordinate Obligations which will have become due with interest on such Subordinate Obligations at such rate as provided in a Supplemental Subordinate Indenture from the respective dates upon which they became due and, if the amount available will not be sufficient to pay in full Subordinate Obligations on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Subordinate Trustee will determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future.

The Subordinate Trustee

Standard of Care. If a Event of Default has occurred and is continuing, the Subordinate Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Subordinate Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (a) the Subordinate Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer unless the Subordinate Trustee was negligent in ascertaining the pertinent facts; and (b) the Subordinate Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Holders or the Commission in the manner provided in the Master Subordinate Indenture.

Notice of Defaults. If (a) a Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be a Event of Default and, with respect to such events for which notice to the Commission is required before such events will become Subordinate Events of Default, such notice has been given, then the Subordinate Trustee will promptly, after obtaining actual notice of such Event of Default or event described in (b) of the first sentence of this section, give notice thereof to each Holder. Except in the case of a default in payment or purchase on any Subordinate Obligations, the Subordinate Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Individual Rights of Trustee. The Subordinate Trustee in its individual or any other capacity may become the owner or pledgee of Subordinate Obligations and may otherwise deal with the Commission with the same rights it would have if it were not Subordinate Trustee. Any Subordinate Paying Agent or other agent may do the same with like rights. Notwithstanding the prior two sentences, in the event the Subordinate Trustee and/or the Subordinate Paying Agent become the owner or pledgee of Subordinate Obligations and a conflict of interest arises between the Subordinate Trustee's role as trustee under the Master Subordinate Indenture and its role as owner or pledgee of Subordinate Obligations and/or the Subordinate Paying Agent's role as paying agent under the Master Subordinate Indenture and its role as owner or pledgee of Subordinate Obligations, the Subordinate Trustee and/or the Subordinate Paying Agent, as the case may be, will resign as Subordinate Trustee and Subordinate Paying Agent, respectively. If at any time the Subordinate Trustee is acting as trustee or such other fiduciary for the Senior Bonds and a Event of Default has occurred or is occurring or such other event that has caused a conflict to arise between the Subordinate Trustee's role as trustee under the Master Subordinate Indenture and the Master Senior Indenture, the Subordinate Trustee will prioritize its fiduciary obligations by first protecting the interest of the Bondholders under the Master Senior Indenture and then protecting the interests of Holders under the Master Subordinate Indenture. If the Subordinate Trustee is unable to resolve any such conflicts that may arise, the Subordinate Trustee will resign (or be removed by the Commission) as trustee under the Master Subordinate Indenture or as trustee under the Master Senior Indenture that have created such conflict.

Eligibility of Subordinate Trustee. The Master Subordinate Indenture will always have a Subordinate Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Subordinate Trustee. The Subordinate Trustee may resign by notifying the Commission in writing prior to the proposed effective date of the resignation. The Holders of a majority in Principal Amount of the Subordinate Obligations may remove the Subordinate Trustee by notifying the removed Subordinate Trustee and may appoint a successor Subordinate Trustee with the Commission's consent. The Commission may remove the Subordinate Trustee, by notice in writing delivered to the Subordinate Trustee at least 60 days prior to the proposed removal date; provided, however, that the Commission will have no right to remove the Subordinate Trustee during any time when a Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be a Event of Default.

No resignation or removal of the Subordinate Trustee under this section will be effective until a new Subordinate Trustee has taken office and delivered a written acceptance of its appointment to the retiring Subordinate Trustee and to the Commission. Immediately thereafter, the retiring Subordinate Trustee will transfer all property held by it as Subordinate Trustee to the successor Subordinate Trustee, the resignation or removal of the retiring Subordinate Trustee will then (but only then) become effective and the successor Subordinate Trustee will have all the rights, powers and duties of the Subordinate Trustee under the Master Subordinate Indenture.

If the Subordinate Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Master Subordinate Indenture, the Commission will promptly appoint a successor Subordinate Trustee.

If a Subordinate Trustee is not performing its duties under the Master Subordinate Indenture and a successor Subordinate Trustee does not take office within 60 days after the retiring Subordinate Trustee delivers notice of resignation or the Commission delivers notice of removal, the retiring Subordinate Trustee, the Commission or the Holders of a majority in Principal Amount of the Subordinate Obligations may petition any court of competent jurisdiction for the appointment of a successor Subordinate Trustee.

Amendments

Amendments Not Requiring Consent of Holders. The Commission may, from time to time and at any time, without the consent of or notice to the Holders, execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture or any Supplemental Subordinate Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Subordinate Obligations under the provisions of the Master Subordinate Indenture and to set forth the terms of such Subordinate Obligations and the special provisions which will apply to such Subordinate Obligations;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Subordinate Indenture or any Supplemental Subordinate Indenture, provided such supplement or amendment is not materially adverse to the Holders;

(c) to add to the covenants and agreements of the Commission in the Master Subordinate Indenture or any Supplemental Subordinate Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Commission, provided such supplement or amendment will not adversely affect the interests of the Holders;

(d) to confirm, as further assurance, any interest of the Subordinate Trustee in and to the pledge of Subordinate Revenues or in and to the funds and accounts held by the Subordinate Trustee or in and to any other moneys, securities or funds of the Commission provided pursuant to the Master Subordinate Indenture or to otherwise add additional security for the Holders;

(e) to evidence any change made in the terms of any Series of Subordinate Obligations if such changes are authorized by a Supplemental Subordinate Indenture at the time the Series of Subordinate Obligations is issued and such change is made in accordance with the terms of such Supplemental Subordinate Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement the Master Subordinate Indenture or any Supplemental Subordinate Indenture in any other respect which is not materially adverse to the Holders;

(h) to provide for uncertificated Subordinate Obligations or for the issuance of coupons and bearer Subordinate Obligations or Subordinate Obligations registered only as to principal;

(i) to qualify the Subordinate Obligations or a Series of Subordinate Obligations for a rating or ratings from a Rating Agency;

(j) to accommodate the technical, operational and structural features of Subordinate Obligations which are issued or are proposed to be issued or of a Subordinate Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate

commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Commission from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Subordinate Obligations or a specific Series of Subordinate Obligations; and

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Subordinate Obligations, including, without limitation, the segregation of Subordinate Revenues into different funds.

Before the Commission will, pursuant to this section, execute any Supplemental Subordinate Indenture, there will have been delivered to the Commission and the Subordinate Trustee an opinion of Bond Counsel to the effect that such Supplemental Subordinate Indenture: (i) is authorized or permitted by the Master Subordinate Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Commission in accordance with its terms and (ii) will not cause interest on any of the Subordinate Obligations which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel set forth clause (ii) in the preceding sentence will not be required for a Supplemental Subordinate Indenture executed and delivered in accordance with subsection (a) above.

Amendments Requiring Consent of Subordinate Obligation Holders. Except for any Supplemental Subordinate Indenture entered into pursuant to the above section and any Supplemental Subordinate Indenture entered into pursuant to the following paragraph, subject to the terms and provisions contained in this section and not otherwise, the Holders of not less than a majority in aggregate Principal Amount of the Subordinate Obligations then Outstanding will have the right from time to time to consent to and approve the execution by the Commission of any Supplemental Subordinate Indenture deemed necessary or desirable by the Commission for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Subordinate Indenture or in a Supplemental Subordinate Indenture; provided, however, that, unless approved in writing by the Holders of all the Subordinate Obligations then Outstanding or unless such change affects less than all Series of Subordinate Obligations and the following subsection (b) is applicable, nothing herein contained will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations or the rate of interest thereon; and provided that nothing herein contained, including the provisions of the following paragraph, will, unless approved in writing by the holders of all the Subordinate Obligations then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Subordinate Indenture) upon or pledge of the Subordinate Revenues created by the Master Subordinate Indenture, ranking prior to or on a parity with the claim created by the Master Subordinate Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Obligations, a preference or priority of any Subordinate Obligation or Subordinate Obligations over any other Subordinate Obligation or Subordinate Obligations with respect to the security granted therefor under the Granting Clauses of the Master Subordinate Indenture, or (v) a reduction in the aggregate Principal Amount of Subordinate Obligations the consent of the Holders of which is required for any such Supplemental Subordinate Indenture. Nothing contained in the Master Subordinate Indenture, however, will be construed as making necessary the approval by Holders of the execution of any Supplemental Subordinate Indenture as authorized in the section above, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Revenues.

The Commission may, from time to time and at any time, execute a Supplemental Subordinate Indenture which amends the provisions of an earlier Supplemental Subordinate Indenture under which a Series or multiple Series of Subordinate Obligations were issued. If such Supplemental Subordinate Indenture is executed for one of the purposes set forth in the previous section, no notice to or consent of the Holders will be required. If such Supplemental Subordinate Indenture contains provisions which affect the rights and interests of less than all Series of Subordinate Obligations Outstanding and the previous section is not applicable, then this subsection rather than the subsection above will control and, subject to the terms and provisions contained in this section and not otherwise, the Holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations of all Series of Subordinate Obligations Outstanding which are affected by such changes will have the right from time to

time to consent to any Supplemental Subordinate Indenture deemed necessary or desirable by the Commission for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Subordinate Indenture and affecting only the Subordinate Obligations of such Series; provided, however, that, unless approved in writing by the Holders of all the Subordinate Obligations of all the affected Series then Outstanding, nothing contained in the Master Subordinate Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations of such Series or the rate of interest thereon.

SUMMARY OF THE ELEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE

In addition to certain information contained under the captions "DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS" in the forepart of this Official Statement, the following is a summary of certain provisions of the Eleventh Supplemental Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Eleventh Supplemental Subordinate Indenture.

Terms of the Subordinate Series 2012A Bonds

The Eleventh Supplemental Subordinate Indenture sets forth the terms of the Subordinate Series 2012A Bonds, most of which terms are described in the forepart of this Official Statement under "DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS."

Establishment of Funds

Pursuant to the Eleventh Supplemental Subordinate Indenture, the Subordinate Trustee will establish and maintain the following funds and accounts: the Series 2012A Construction Fund, the Series 2012A Debt Service Fund and within the Series 2012A Debt Service Fund an Interest Account, a Principal Account and a Redemption Account; the Series 2012A Costs of Issuance Fund; and the Series 2012A Reserve Account in the Reserve Fund.

Series 2012A Construction Funds. Amounts in the Series 2012A Construction Fund will be disbursed from time to time, upon requisition of the Commission, to pay the costs or to reimburse the Commission for costs incurred in connection with the portion of the Subordinate Series 2012A Project for which the Subordinate Series 2012A Bonds were issued. While held by the Subordinate Trustee, amounts in the Series 201A Construction Fund will not secure the Outstanding Subordinate Series 2012A Bonds. Amounts in the Series 2012A Construction Fund will be invested and reinvested in Permitted Investments as directed by the Commission and the earnings upon such accounts will be credited to such funds.

Series 2012A Debt Service Fund. The Subordinate Trustee will deposit into the Interest Account of the Series 2012A Debt Service Fund amounts received from the Commission, as provided in the Subordinate Indenture, to be used to pay interest on the Subordinate Series 2012A Bonds. The Subordinate Trustee will also deposit into the Interest Account any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Commission on the Business Day following an Interest Payment Date for deposit into the Operating Fund, unless a Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2012A Debt Service Fund amounts received from the Commission to be used to pay principal of the Subordinate Series 2012A Bonds at maturity. The Subordinate Trustee will also deposit into the Principal Account any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for

deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Commission on the Business Day following a principal payment date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Redemption Account of the Series 2012A Debt Service Fund amounts received from the Commission to be used to pay principal of and interest on and premium, if any, on the Subordinate Series 2012A Bonds which are to be redeemed in advance of their maturity. Earnings on the Redemption Account will be retained in such account or paid to the Commission for deposit into the Operating Fund in accordance with instructions given to the Subordinate Trustee by an Authorized Commission Representative at the time of such deposit.

The Series 2012A Debt Service Fund will be invested and reinvested in Permitted Investments as directed by an Authorized Commission Representative.

Series 2012A Costs of Issuance Fund. The proceeds of the Subordinate Series 2012A Bonds deposited into the Series 2012A Costs of Issuance Fund will be disbursed by the Subordinate Trustee, from time to time, to pay Costs of Issuance of the Subordinate Series 2012A Bonds. Amounts in the Series 2012A Costs of Issuance Fund will be invested and reinvested in Permitted Investments as directed by the Commission and the earnings upon such amounts will be credited to the Series 2012A Debt Service Fund.

Reserve Fund; Series 2012A Reserve Account. For a description of the Reserve Fund, reference is made to the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Reserve Fund" in the forepart of this Official Statement.

SUMMARY OF THE TWELFTH SUPPLEMENTAL SUBORDINATE INDENTURE

In addition to certain information contained under the captions "DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS" in the forepart of this Official Statement, the following is a summary of certain provisions of the Twelfth Supplemental Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Twelfth Supplemental Subordinate Indenture.

Terms of the Subordinate Series 2012B Bonds

The Twelfth Supplemental Subordinate Indenture sets forth the terms of the Subordinate Series 2012B Bonds, most of which terms are described in the forepart of this Official Statement under "DESCRIPTION OF THE SUBORDINATE SERIES 2012 BONDS."

Establishment of Funds

Pursuant to the Twelfth Supplemental Subordinate Indenture, the Subordinate Trustee will establish and maintain the following funds and accounts: the Series 2012B Debt Service Fund and within the Series 2012B Debt Service Fund an Interest Account, a Principal Account and a Redemption Account; the Series 2012B Costs of Issuance Fund; the Series 2012B Reserve Account in the Reserve Fund; and the Series 2012B Rebate Fund.

Series 2012B Debt Service Fund. The Subordinate Trustee will deposit into the Interest Account of the Series 2012B Debt Service Fund amounts received from the Commission, as provided in the Subordinate Indenture, to be used to pay interest on the Subordinate Series 2012B Bonds. The Subordinate Trustee will also deposit into the Interest Account any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Commission on the Business Day following an Interest Payment Date for deposit into the Operating

Fund, unless a Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2012B Debt Service Fund amounts received from the Commission to be used to pay principal of the Subordinate Series 2012B Bonds at maturity. The Subordinate Trustee will also deposit into the Principal Account any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Commission on the Business Day following a principal payment date for deposit into the Operating Fund, unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Redemption Account of the Series 2012B Debt Service Fund amounts received from the Commission to be used to pay principal of and interest on and premium, if any, on the Subordinate Series 2012B Bonds which are to be redeemed in advance of their maturity. Earnings on the Redemption Account will be retained in such account or paid to the Commission for deposit into the Operating Fund in accordance with instructions given to the Subordinate Trustee by an Authorized Commission Representative at the time of such deposit.

The Series 2012B Debt Service Fund will be invested and reinvested in Permitted Investments as directed by an Authorized Commission Representative.

Series 2012B Costs of Issuance Fund. The proceeds of the Subordinate Series 2012B Bonds deposited into the Series 2012B Costs of Issuance Fund will be disbursed by the Subordinate Trustee, from time to time, to pay Costs of Issuance of the Subordinate Series 2012B Bonds. Amounts in the Series 2012B Costs of Issuance Fund will be invested and reinvested in Permitted Investments as directed by the Commission and the earnings upon such amounts will be credited to the Series 2012B Debt Service Fund.

Reserve Fund; Series 2012B Reserve Account. For a description of the Reserve Fund, reference is made to the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2012 BONDS—Reserve Fund" in the forepart of this Official Statement.

Series 2012B Rebate Fund. The Twelfth Supplemental Subordinate Indenture creates the Series 2012B Rebate Fund established for the purpose of complying with certain provisions of the Code which require that the Commission pay to the United States of America the excess, if any, of the amounts earned on certain funds held by the Subordinate Trustee with respect to the Subordinate Series 2012B Bonds over the amounts which would have been earned on such funds if such funds earned interest at a rate equal to the yield on the Subordinate Series 2012B Bonds. Such excess is to be deposited into the Series 2012B Rebate Fund and periodically paid to the United States of America. The Series 2012B Rebate Fund while held by the Subordinate Trustee is held in trust for the benefit of the United States of America and is not pledged as security for nor available to make payment on the Subordinate Series 2012B Bonds.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE LEASE AGREEMENTS

The following is a summary of certain provisions of the Airline Lease Agreements and is qualified in its entirety by reference to the Airline Lease Agreements, copies of which are available from the Commission.

Certain Definitions

The following are definitions of certain terms used in this Appendix D. Capitalized terms used in this Appendix D, but not otherwise defined herein, have the meanings set forth in the forepart of this Official Statement and in Appendix C of this Official Statement.

"*Airline*" means an entity that operates an Air Transportation Business at the Airport.

"*Airline Rented Space*" means the aggregate of that portion of Rentable Space under lease to all Signatory Airlines.

"*Air Transportation Business*" means the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail by aircraft in commerce, and activities directly related thereto.

"*Airport*" means Minneapolis-St. Paul International Airport located in Hennepin County, Minnesota, including but not limited to those contiguous and non-contiguous areas described in the Airline Lease Agreement, together with any additions thereto, or improvements or enlargements thereof, hereafter made, whether contiguous or not.

"*Airport Cost Centers*" means areas of the Airport and the Airport System to be used in accounting for airport revenues and expenses and for calculating and adjusting certain rents, fees, and charges described in the Airline Lease Agreement as such areas now exist or may hereafter be modified or extended, and as more particularly described below:

> "<u>Airfield</u>" means the runways, taxiways, approach and clear zones, safety areas, infield areas, landing and navigational aids, and other facilities and land areas which are not leased to any entity and are required by or related to aircraft operations (landings, takeoffs, and taxiing) at the Airport and other facilities including, but not limited to, the control tower, roads, tunnels, and collection and processing facilities for deicing agents and shall include on-Airport noise costs and Off-Airport Aircraft Noise Costs, but excluding any areas under lease at any time.
>
> "<u>Terminal Building</u>" means the passenger terminal buildings known as Terminal 1 - Lindbergh Terminal, the Regional Terminal, the Southwest Addition, Red Concourse, Blue Concourse, and Green Concourse, including the Temporary Regional Terminal and related facilities at the Airport including, but not limited to, underground parking beneath the Lindbergh Terminal, a portion of the auto rental/parking/terminal people mover, the Ground Transportation Center (the "GTC"), skyways, and the Energy Management Center, together with additions and/or changes thereto (but excluding the G Concourse, but including the IAF).
>
> "<u>Terminal Apron</u>" and "<u>Terminal Ramp</u>" shall be interchangeable terms and both terms shall mean the airport parking apron as shown in the Airline Lease Agreements, together with any additions and/or changes thereto.
>
> "<u>G Concourse</u>" means the original Loading Pier A which consists of gates 1-9, the Loading Pier A Extension which consists of the balance of the gates (gates 10 through the end of the concourse), and the G World Club.

“Humphrey Terminal” means Terminal 2 - Hubert H. Humphrey Terminal building located on 34th Avenue South at the Airport or any replacement facility.

“International Arrivals Facility” or “IAF” shall be interchangeable terms and both terms shall mean the space in the Terminal Complex utilized for the arrival and departure of international flights.

“Reliever Airports” means the general aviation airports owned and operated by Commission, including but not limited to St. Paul Downtown Airport, Flying Cloud Airport, Crystal Airport, Anoka County-Blaine Airport, Lake Elmo Airport, and Airlake Airport.

“Landside Area” means the upper and lower level terminal roadways, the inbound and outbound terminal roads, the commercial lane, rental car service and storage areas, a portion of the auto rental/parking/terminal people mover, rental car ready/return areas, skyways, and the automobile parking areas (except the underground parking beneath the Lindbergh Terminal) at the Airport.

“Equipment Buildings” means the building and ground areas at the Airport provided for the storage of equipment owned and/or rented/leased by MAC including, but not limited to, shops, storage facilities, and vehicle parking areas.

“ARFF” means the building and ground areas at the Airport provided for aircraft rescue and fire fighting functions.

“Police” means the building and ground areas at the Airport provided for police functions.

“Administration” means the building and ground areas at the Airport provided for MAC administration activities including, but not limited to, the general office building and the Terminal Building.

“Other Areas” means all other direct cost building and ground areas at the Airport provided for general aviation, cargo, aircraft maintenance, and other aviation- and nonaviation-related activities.

“*Airport Bonds*” means general airport revenue bonds, general obligation bonds, commercial paper, and other forms of indebtedness incurred or assumed by the Commission in connection with the ownership or operation of the Airport System and payable from MAC revenues.

“*Airport System*” means the Airport and the Reliever Airports.

“*Annual Gross Revenue*” means rent, concessions fees or similar charges actually received during any Fiscal Year by the Commission from Selected Concessions. Annual Gross Revenue will not include sales taxes, utility fees, consortium fees, key money, customer facilities charges or other similar “pass through” charges.

“*Auto Rental Concessions*” means all auto rental companies or other business organizations operating at either the Lindbergh or Humphrey Terminals pursuant to concessions agreements with the Commission.

“*Capital Cost*” (or a phrase of similar import) means the sum of (a) project costs, which includes any expenditures to acquire, construct, or equip a Capital Project, together with related costs such as planning fees, architectural and engineering fees, program management fees, construction management fees, fees for environmental studies, testing fees, inspection fees, impact fees, other direct and allocable fees, and interest during construction, and (b) financing costs, if any, such as capitalized interest, costs of issuance, and funding of mandatory reserves with bond proceeds. In the case of estimates, Capital Costs also include an allowance for contingencies.

“*Capital Project*” means (a) the acquisition of land or easements; (b) the purchase of machinery, equipment, or rolling stock; (c) the planning, engineering, design, and construction of new facilities; (d) the remediation of environmental contamination, including noise mitigation, or expenditures to prevent or protect against such contamination; or (e) the performance of any extraordinary, non-recurring major maintenance of

existing facilities that may be acquired, purchased, or constructed by Commission to improve, maintain, or develop the Airport; provided, however, that any single item of the foregoing has a Capital Cost of $100,000 or more and a useful life in excess of three years.

"*Capital Outlay*" means any item that fails to meet the cost threshold and useful life criterion necessary to qualify as a Capital Project.

"*Commission*" and "*MAC*" shall be interchangeable terms and both terms shall mean the Metropolitan Airports Commission, a public corporation organized and operating pursuant to Chapter 500, Laws of Minnesota 1943 and amendments thereto.

"*Common Use Formula*" means a formula that prorates the cost of a service or space among those Airlines actually using the service or space as follows: 20% of the cost equally among each such Airline and 80% of the cost on the basis of that proportion which the number of each such Airline's Enplaned Passengers at the Airport bears to the total number of Enplaned Passengers of all such Airlines at the Airport; provided, however, that Airlines that only operated aircraft with 40 seats or less during the relevant period will be excluded from the proration of the 20% of costs, but included in the proration of 80% of costs.

"*Current Cost Estimate*" means as of the date of the estimate, the total project costs in then current dollars, for one or more or all of the 2010 Plan Airfield Programs, as the context shall determine, as estimated by MAC. The Current Cost Estimate shall reflect actual costs for completed projects, bid amounts when available, and change orders accepted by MAC (including contingencies).

"*Coverage Account*" means the Coverage Account established and maintained pursuant to the terms of the Trust Indenture.

"*Date of Beneficial Occupancy*" or "*DBO*" means the earlier of (a) the date on which the Commission certifies that Premises or Capital Project are available for beneficial use or (b) the date on which beneficial use is first made of Premises or Capital Project; provided, however, that with respect to land and other non-depreciable assets, the date on which beneficial occupancy occurs is the date of closing.

"*Debt Service*" means the aggregate amount of principal and interest payments made by the Commission that are due and payable during the Fiscal Year on the Commission financings including but not limited to all future and existing general obligation revenue bonds, airport revenue bonds, refunding obligations, commercial paper (excluding the principal amount of commercial paper reissued during the Fiscal Year) and other debt instruments of the Commission and specifically including, but not limited to, the Senior Bonds, the General Obligation Revenue Bonds, the Subordinate Bonds, the Subordinate Commercial Paper Notes and certain equipment leases. In addition, debt service also includes: (i) amounts paid as prepayment of obligations, if such prepayment is deemed approved by a Majority-In-Interest of Signatory Airlines pursuant to the provisions of Airline Lease Agreements, or (ii) principal and interest in accordance with its original scheduled amortization for any prepayment made by the Commission which is not deemed approved by the Majority-In-Interest of Signatory Airlines in accordance with (i) above, until such time as the original principal amount of such prepaid obligation has been recovered by the Commission.

"*Executive Director/Chief Executive Officer*" means Commission's Executive Director/Chief Executive Officer or such other person designated by the Executive Director to exercise functions with respect to the rights and obligations of Commission under this Agreement.

"*Enplaned Passengers*" means all Originating Passengers and connecting passengers boarded at the Airport, including passengers traveling on frequent flyer coupons, but excluding Through Passengers and Non-Revenue Passengers.

"*FAA*" means the Federal Aviation Administration of the U.S. Government or any federal agencies succeeding to its jurisdiction.

"*Fiscal Year*" refers to Commission's fiscal year and means the twelve-month period commencing on January 1 and ending December 31.

"*Facilities Construction Credit*" or "*Facilities Construction Credits*" means the amounts resulting from an arrangement embodied in a written agreement of the Commission and an Airline pursuant to which the Commission permits such Airline to make a payment or payments to the Commission which is reduced by the amount owed by the Commission to such Airline as a result of such Airline upfronting and paying for the cost of construction of MAC improvements under such agreement, resulting in a net payment to the Commission by such Airline. The "Facilities Construction Credit" shall be deemed to be the amount owed by the Commission under such agreement which is "netted" against the payment of such Airline to the Commission.

"*Food and Beverage Concessions*" means companies or other business organizations that sell consumable food or beverages items, excluding vending operations, to the traveling public at the Lindbergh (excluding sales from the G Concourse) or Humphrey Terminals, pursuant to concessions agreements with the Commission.

"*Lindbergh Terminal Repair and Replacement Surcharge*" means the amount equal to nineteen percent (19%) of the Repair and Replacement Amount divided by Airline Rented Space. This allocation will be adjusted every five years based on increases to the cost center's book value.

"*Landing Fee Repair and Replacement Amount*" means an amount equal to sixty-eight percent (68%) of the Repair and Replacement Amount. This allocation will be adjusted every five years based on increases to the cost center's book value.

"*Maximum Certificated Gross Landing Weight*" means the maximum gross landing weight in thousand-pound units based on the current FAA Type Certificate Data Sheet applicable to the particular type, design, and model of aircraft.

"*Majority-In-Interest*" ("*MII*") means the Signatory Airlines who (a) represent no less than 50% in number of the Signatory Airlines operating at the time of the voting action and (b) paid no less than 40% of landing fees incurred by Signatory Airlines during the preceding Fiscal Year. No Airline shall be deemed a Signatory Airline for the purpose of determining a Majority-In-Interest so long as the Commission has given written notice of an event of default to such Airline and the event of default is continuing at the time of the voting action.

"*Merchandise Concessions*" means companies or other business organizations that sell retail or news products, excluding automated vending items, to the traveling public at the Lindbergh (excluding sales from the G Concourse) or Humphrey Terminals, pursuant to concessions agreements with the Commission.

"*Non-Revenue Passengers*" means passengers from whom a Signatory Airline receives no remuneration or only token remuneration, including employees of an airline and others, but excluding passengers traveling on frequent flyer coupons.

"*Off-Airport Aircraft Noise Costs*" means the capital and operating costs (including legal and administrative costs), net of any amounts for off-airport aircraft noise costs received from nonsignatory airlines and/or federal and state grants, connected to the acquiring of land or interests in land within the 2005 DNL 60 contours of the Airport, soundproofing of existing public and private schools and day care facilities, public hospitals, nursing homes, private single- and multi-family residences, and other categories of land use, and implementing other programs to prevent, reduce or mitigate non-compatible land uses within the 2005 DNL 60 contours of the Airport resulting from aircraft noise emissions from turbojet aircraft. Such costs shall also include but not be limited to liabilities or responsibilities imposed upon the Commission for noise in connection with the operation or use of the Airport, or from flights to or from the Airport, or from aircraft thereon, or from takings or any other causes of action related to aircraft noise or for settlement of claims based on such causes of action.

"*Operation and Maintenance Expenses*" (or a phrase of similar import) means, for any Fiscal Year, the costs incurred by the Commission to operate, maintain, and administer the Airport System, including but not limited to items (a) through (j) listed below, but excluding operation and maintenance reserves and an optional Coverage

Account associated with the planned bond issues after January 1, 1999 in connection with the financing of the 2010 Plan.

(a) Personnel costs, including salaries and wages of Commission employees and temporary workers (including overtime pay), together with payments or costs incurred for associated payroll expenses such as life, health, accident, and unemployment insurance premiums; contributions to pension funds, retirement funds, union funds, and unemployment compensation funds; vacation and holiday pay; post-retirement benefits; and other fringe benefits;

(b) Costs of materials, supplies, machinery and equipment, and other similar expenses, which are not capitalized under generally accepted accounting principles as evidenced by a written opinion of the Commission's independent auditors;

(c) Costs of maintenance, landscaping, snow removal, repairs, renewals, and alterations, which are not reimbursed by insurance and which are not capitalized under generally accepted accounting principles as evidenced by a written opinion of the Commission's independent auditors;

(d) Costs of water, electricity, natural gas, fuel oil, telephone service, and all other utilities and services whether furnished by the Commission or furnished by independent contractors and purchased by the Commission;

(e) Cost of operating services, including services for stormwater, airport shuttle bus, service agreements, and other cost of operating services;

(f) Costs of premiums for insurance covering the Airport System and its operations maintained by the Commission pursuant to the Airline Lease Agreement;

(g) Costs incurred in collecting and attempting to collect any sums for the Commission in connection with the operation of the Airport System and the write-off of bad debts;

(h) Except to the extent capitalized the compensation paid or credited to persons or firms engaged by the Commission to render advice and perform architectural, engineering, program management, construction management, financial, legal, accounting, testing, or other professional services in connection with the operation of the Airport System;

(i) Except to the extent capitalized, the fees of trustees and paying agents, and all other fees and expenses incurred in order to comply with the provisions of a master or supplemental trust indenture; and

(j) All other expenses, which arise out of the operation of the Airport System and which are properly regarded as operating expenses under generally accepted accounting principles, provided, however, that Operation and Maintenance Expenses shall not include any allowance for depreciation, payments in lieu of taxes, the costs of improvements, extensions, enlargements or betterments, or any charges for the accumulation of reserves for capital replacements.

"*Original Cost Estimate*" means for one or more or all of the 2010 Plan Airfield Programs, as the context shall determine, that were approved by a Majority-In-Interest of the Signatory Airlines, the amount of estimated project costs as specified in the Airline Lease Agreement. The Original Cost Estimate includes contingencies, but excludes financing costs, interest on bonds or on any interim financing obtained by the Commission to finance the 2010 Plan, and other deposits and reserves.

"*Originating Passengers*" means Airline passengers for whom the Airport is the point of origin in their air travel itinerary.

"*Passenger Facility Charges*" or "*PFCs*" means those charges on a Signatory Airline's passengers using the Airport authorized under Section 111 3(e) of the Federal Aviation Act of 1958, as amended by Section 9110 of the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508, 49 U.S.C. App. Section 1513), or any successor program authorized by federal law, and the rules and regulations promulgated thereunder (14 C.F.R. Part 158, hereafter the "PFC Regulations").

"*Premises*" means the areas at the Airport leased by a Signatory Airline pursuant to the Airline Lease Agreement.

"*Rentable Space*" means the space in the Terminal Building available for lease to Airlines, concessionaires, and other rent-paying tenants and for public automobile parking. Rentable Airline space is separated into the following categories:

(a) "*Exclusive Use Space*" means space leased by an Airline for its exclusive use and occupancy.

(b) "*Preferential Use Space*" means space leased by an Airline on a preferential basis.

(c) "*Common Use Space*" means space used by an Airline in common with all other Airlines using the space.

"*Repair and Replacement Amount*" means a $15 million deposit for Fiscal Year 2006, and increased by three percent (3%) per annum for each Fiscal Year thereafter compounded annually (i.e., $15.45 million in Fiscal Year 2007, $15,913,500 million in Fiscal Year 2008, etc.) to the Repair and Replacement Account within the Commission Construction Fund to be expended for major maintenance and minor (less than $2 million) capital projects, except for automobile parking facilities and roadways.

"*Selected Concessions*" means Food and Beverage Concessions, Merchandise Concessions, and Auto Rental Concessions.

"*Selected Concessions Revenues Escalation Factor*" means the following annual percentage escalation factors (compounded) to be applied to the dollar thresholds provided in "Revenue Sharing":

Year	**Annual Escalation Factor**	**Year**	**Annual Escalation Factor**
2006	Base Year	2014	4.47%
2007	1.77%	2015	4.46
2008	4.75	2016	4.46
2009	4.47	2017	4.46
2010	4.46	2018	4.47
2011	4.20	2019	4.47
2012	4.73	2020	4.47
2013	4.46		

"*Signatory Airlines*" means Airlines that have executed agreements with the Commission substantially the same as the Airline Lease Agreement.

"*Terminal Apron Repair and Replacement Amount*" means an amount equal to four percent (4%) of the Repair and Replacement Amount. This allocation will be adjusted every five years based on increases to the cost center's book value.

"*Terminal Complex*" means the passenger terminal facilities consisting of the Terminal Building, the G Concourse, and the International Arrivals Facility.

"*Through Passengers*" means Airline passengers for whom the Airport is an intermediate stop in their itinerary between their point of origin and their point of destination, which intermediate stop does not involve a change of plane.

"*Total Landed Weight*" means the sum of the Maximum Certificated Gross Landing Weight for all aircraft arrivals over a stated period of time. Said sum shall be rounded to the nearest thousand pounds for all landing fees.

"*Trust Indenture*" means the Master Trust Indenture between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as Trustee, dated as of June 1, 1998 (for purposes of the Airline Lease Agreement, without giving effect to any amendments thereto).

"*2010 Plan*" means the construction, acquisitions, and improvements to the Airport System, as described in the Airline Lease Agreement, as such may be revised from time to time.

"*2010 Plan Airfield Programs*" means the programs in the 2010 Plan that are subject to and have been approved by a Majority-In-Interest of the Signatory Airlines, as described in the Airline Lease Agreement.

Term

The Airline Lease Agreement has an original effective date of January 1, 1999 and the amended provisions of the Airline Lease Agreement set forth in the Third Amendment to the Airline Lease Agreement have an effective date of January 1, 2006. At the option of the Signatory Airline, the Airline Lease Agreement has a termination date of December 31, 2010, December 31, 2015 or December 31, 2020, except as expressly provided in the Airline Lease Agreement (hereinafter referred to as the "Term"), and the rents, fees, and charges established in the Airline Lease Agreement shall apply to said Term.

Rents, Fees and Charges

The Airline Lease Agreement defines the areas to be used in accounting for revenues and expenses and for calculating certain rents, fees and charges. These areas include 13 Airport Cost Centers. Costs allocated to these Airport Cost Centers would include the following (hereinafter referred to as "Recoverable Costs"): (a) direct and indirect Operation and Maintenance Expenses, (b) Debt Service, net of amounts paid from PFCs or grants, and (c) required deposits to the debt service reserve funds, maintenance and operation reserve account and coverage account, as provided for in the Trust Indenture. Although the Airline Lease Agreements allow the Commission to include required deposits per the Trust Indenture in the calculation of rates, fees and charges, the Commission has agreed that it will not include deposits to the maintenance and operation reserve account and coverage account in the calculation of rates, fees and charges, except for such amounts which are necessary to be deposited to the coverage account in order to meet the rate covenant requirements under the Trust Indenture. The rate-setting procedures would be based on the recovery of the costs allocated to certain of the Airport Cost Centers.

Prior to the beginning of each Fiscal Year, the Commission will calculate rents, fees and charges for the upcoming Fiscal Year based on the annual operating budget, capital expenditure information, estimates of activity and other relevant information. If, during the course of any Fiscal Year, the Commission believes that significant variances exist in budgeted and estimated amounts used to calculate rents, fees and charges for the then current Fiscal Year, the Commission may adjust the rents, fees and charges to reflect current estimated amounts.

Following the end of each Fiscal Year, the Commission is required to determine the difference between the amount a Signatory Airline should have paid during such Fiscal Year based upon actual information and the amount a Signatory Airline actually paid based upon budgeted and estimated information. The difference would be invoiced and credited or paid to the Signatory Airlines, as appropriate.

Landing Fees. Each Signatory Airline will pay a monthly landing fee equal to the number of 1,000-pound units of such Signatory Airline's Total Landed Weight during the month multiplied by the landing fee rate. The landing fee rate per 1,000 pounds of aircraft weight is calculated by dividing the net airfield cost by Total Landed

Weight of the Signatory Airlines. The net airfield cost is calculated as Recoverable Costs allocable to the Airfield cost center, plus (a) the cost of Runway 17/35 deferred and not yet charged from the date of occupancy through December 31, 2005 which will be charged starting January 1, 2006 through December 31, 2035 at $79,535.16 annually, (b) the Landing Fee Repair and Replacement Amount, and (c) the amount of any fine, assessment, judgment, settlement or extraordinary charge (net of insurance proceeds), less certain revenues: service fees from the military; general aviation and nonsignatory landing fees; and Debt Service on the capital costs disapproved by a Majority-in-Interest of Signatory Airlines.

Air carriers that are not Signatory Airlines are charged a landing fee rate as established from time to time by the Commission. In September 2002, the Commission adopted Ordinance No. 96, which, among other things, set the landing fee rate to be paid by air carriers that are not Signatory Airlines at the greater of 125% of the Signatory Airline landing fee rate or $53.

Terminal Apron Fees.. Each Signatory Airline will pay a monthly terminal apron fee equal to the number of lineal feet of terminal apron under lease by such Signatory Airline multiplied by the terminal apron rate. The terminal apron rate per lineal foot of terminal apron leased by a Signatory Airline (excluding the terminal apron associated with Concourses A and B) is equal to the terminal apron cost divided by the total lineal feet of terminal apron lease by a Signatory Airline (excluding the terminal apron associated with Concourses A and B). The terminal apron rate per lineal foot of the terminal apron associated with Concourses A and B leased by a Signatory Airline is equal to the terminal apron cost divided by 50% of the total lineal feet of terminal apron associated with Concourses A and B leased by a Signatory Airline. The terminal apron cost is equal to the Recoverable Costs allocable to the Terminal Apron cost center plus (a) the costs of the Concourses A and B apron area deferred and not yet charged form the date of occupancy through December 31, 2005 which will be charged starting January 1, 2006 through December 31, 2035 at $159,950.19 annually, and (b) the Terminal Apron Repair and Replacement Amount.

Terminal Building Rents. Each Signatory Airline will pay monthly terminal building rentals (for unjanitored and janitored space) and the Lindbergh Terminal Repair and Replacement Surcharge. The terminal building rental rate per square foot for unjanitored space is calculated by dividing the net terminal building cost by total rentable space, excluding rentable space in the G Concourse. The net terminal building cost is calculated as (a) Recoverable Costs, plus (b) the costs of Concourses A, B, C and D deferred and not yet charged from date of occupancy through December 31, 2005 which will be charged starting January 1, 2006 through December 31, 2035 at $2,910,547.40 annually, less (i) the reimbursed expense of steam and chilled water on the G Concourse carrousel and conveyor capital costs and operation and maintenance expenses, ground power, loading dock and consortium utilities and (ii) janitorial operation and maintenance expenses.

The terminal building rental rate per square foot for janitored space is calculated as the terminal building rental rate per square foot for unjanitored space plus an additional amount, the janitored rate, per square foot, calculated by dividing total direct janitorial operation and maintenance expenses by the total janitored space in the terminal building, excluding the Commission and mechanical space.

IAF Use Fees. Each Signatory Airline using the IAF will pay the Commission an IAF use fee and an IAF gate use fee. The IAF use fee, which is charged for use of the IAF located on the G Concourse, is calculated as the sum of certain costs associated with the IAF divided by total international arrivals at the IAF on the G Concourse. A gate use fee per aircraft operation also is charged for the use of gates, ramps and loading bridges on the IAF. The gate use fee per operation is $400, $800 and $1,200 for propeller aircraft, narrowbody aircraft and widebody jet aircraft, respectively.

Carrousel and Conveyor Charge. The carrousel and conveyor charge is calculated as the sum of (a) equipment charges associated with the carrousel and conveyor, including Debt Service, (b) maintenance expense and (c) service charge. These costs are allocated among the Signatory Airlines using a common use formula, which allocates 20% of the cost equally among each airline using such space and 80% of the cost on the basis of enplaned passengers (airlines that only operate aircraft with 40 seats or less are excluded from the proration of the 20% of costs).

Other Fees and Charges. The Commission charges certain other fees and charges for the use of the Airport.

Revenue Sharing

Beginning January 1, 2006, in conjunction with the year-end adjustments of rents, fees and charges, the Commission will rebate to the Signatory Airlines a portion of the Annual Gross Revenues for Selected Concessions for the most recent Fiscal Year under the following schedule ("Revenue Sharing") (all dollar amounts set forth below apply for 2006 only and will be escalated for each Fiscal Year after 2006 on an annual compounded basis by the Selected Concession Revenue Escalation Factor):

a. If Annual Gross Revenues for the Selected Concessions for 2006 are between $25 million and $32.299 million for the Fiscal Year, 25% of gross revenues;

b. If Annual Gross Revenues for the Selected Concessions are above $32.299 million for the Fiscal Year, 25% of gross revenues up to $32.299 million and 50% of gross revenues above $32.299 million;

If Annual Gross Revenues for the Selected Concessions are below $25 million for the Fiscal Year;

a. $24 million to $24.99 million – 20%

b. $23 million to $23.99 million – 15%

c. $22 million to $22.99 million – 10%

d. $21 million to $21.99 million – 5%

The total rebate amount will be allocated among Signatory Airlines according to their pro rata share of Enplaned Passengers for the Fiscal Year and will be structured as a post-year-end check to each Signatory Airline issued by the Commission no later than 240 days following each Fiscal Year, subject to correction following any applicable audit.

Notwithstanding the foregoing, the Commission will have the right to reduce the amount of Revenue Sharing with respect to any Fiscal Year to the extent necessary so that the Net Revenues taking into account the Revenue Sharing for such Fiscal Year will not be less than 1.25x of the total Debt Service for such Fiscal Year. In the event that the Revenue Sharing is reduced in any Fiscal Year by any amount (the "Deferred Revenue Sharing Amount") as a result of the operation of this paragraph, the Commission will accrue the Deferred Revenue Sharing Amount and credit such amount to the Signatory Airlines in the subsequent Fiscal Year (or, if such amount may not be credited in accordance with the Airline Lease Agreement in such subsequent Fiscal Year, then such amount will be credited in the next succeeding Fiscal Year in which such credit may be issued in accordance with the Airline Lease Agreements; and

The rights of any Signatory Airline to any payment, credit or application of Revenue Sharing to or for the benefit of such Signatory Airline is a contract right, in existence and effective as of January 1, 2006 (subject to the provisions of the Airline Lease Agreements), and any such payment, credit or application actually made is proceeds thereof.

Reversion to Pre-Third Amendment to Airline Lease Agreement Rate Structure

In the event a Signatory Airline is not in compliance with any payment obligation under any agreement with the Commission, during the period following any applicable notice and cure period, the Commission will have the right to have such Signatory Airline's payment obligations under the Airline Lease Agreement during the payment default period revert to the rates and charges structure in effect prior to the effective date of the Third Amendment to the Airline Lease Agreement (which included direct and indirect depreciation and imputed interest on net Capital Costs in Recoverable Costs instead of Debt Service) and apply any accrued but unpaid Revenue Sharing credits otherwise due to the Signatory Airline for the payment default period against any amounts owed by the Signatory Airline to the Commission.

Capital Expenditures

General. Subject to the provisions of the subsections entitled "Capital Projects Subject to MII Review" and "2010 Plan Airfield Programs" below, the Commission may incur costs to plan, design, and construct Capital Projects to preserve, protect, enhance, expand, or otherwise improve the Airport System, or parts thereof, at such time or times as it deems appropriate, and may recover through airline rents, fees, and charges the costs of such Capital Projects.

Subject to the provisions of this Section, the Commission may pay the Capital Cost associated with any Capital Project using funds lawfully available for such purposes as it deems appropriate, and may issue Airport Bonds in amounts sufficient to finance any Capital Project.

The Commission will use its best efforts to obtain and maximize: (a) federal and state grants, including MNDOT and AIP grants; (b) $186,000,000 in federal letter of intent ("LOI") and side agreements; and (c) $50,000,000 in additional entitlement/discretionary money for a total of $236,000,000.

The Airline Lease Agreement will not be interpreted: (a) to impair the authority of the Commission to impose a Passenger Facility Fee or to use the Passenger Facility revenue as required by the PFC Act or PFC Regulations; (b) to restrict the Commission from financing, developing or assigning new capacity at the Airport with Passenger Facility revenue if and to the extent such restriction would violate the PFC Act or PFC Regulations; (c) to preclude the Commission from funding, developing, or assigning new capacity at the Airport with PFC revenue in any manner required by the PFC Act or the PFC Regulations; or (d) to prevent the Commission from exercising any other right it is required to retain by the PFC Act or PFC Regulations if and to the extent it is so required to be retained by the PFC Act or PFC Regulations. Subject to these provisions, however, the Commission and a Signatory Airline have agreed as follows:

(a) A Signatory Airline and the Commission have agreed that the Commission may impose a PFC throughout the Term.

(b) The Commission will use all PFC revenue, including PFCs attributable to increases in the PFC collection rate, collected during the Term to pay the Capital Costs of the 2010 Plan, as the same may be amended pursuant to the terms of the Airline Lease Agreement, and any associated debt service, except that to the extent that PFC's are not legally authorized to be used for such purpose under applicable law, they may be expended for the purposes for which they are legally authorized.

(c) Actual PFC revenue from the lesser of 90% of Originating Passengers or 45% of Enplaned Passengers for the period from 2011 to 2030 will be applied to fund Capital Costs associated with the 2010 Plan before being applied in any other manner. A portion (as defined below) of the PFC's expected to be collected for the period from 2011 to 2030 will be used to structure a bond issue to fund Capital Costs associated with the 2010 Plan. Such Capital Costs will not be charged to airline cost centers, however debt service not actually paid with PFC's may be recovered from the Airlines through a special charge to the appropriate airline cost center. This "portion" shall be determined by the Commission, after consultation with its financial advisors in conjunction with the issuance of debt associated with the 2010 Plan, based upon its projections of the amount of PFC revenue which will be generated from the lesser of 90% of the projected Originating Passengers or 45% of the projected Enplaned Passengers for the period from 2011 to 2030, based upon the Commission's forecasts of passenger growth and an assumed $5.00 per passenger PFC collection rate.

The Commission has agreed to structure debt so that the Commission's construction fund balance will not exceed $125,000,000 on December 31, 2010. Any excess beyond this amount will be applied to reduce debt.

Capital Projects Subject to MII Review. The Commission may not recover through airline rents, fees, or charges the Capital Costs, including the Off-Airport Aircraft Noise Costs, of any Capital Project in the Airfield Cost Center whose gross project costs exceed $1,000,000 without the prior approval of a Majority-In-Interest of Signatory Airlines.

Notwithstanding the foregoing and subject to the limitations described below, the 2010 Plan Airfield Programs shall be deemed to be Approved by a Majority-in-Interest of Signatory Airlines.

Capital Projects Not Subject to MII Review. Without the prior approval of a Majority-In-Interest of Signatory Airlines, the Commission may incur costs to plan, design, and construct at such time or times as it deems appropriate, and may recover through airline rents, fees, and charges the costs of the following Capital Projects:

(a) Any Capital Project that is not in the Airfield Cost Center except as set forth in the subsection entitled "2010 Plan Airfield Programs" below. The Commission plans to undertake a program of improvements to the Airport System known as the 2010 Plan. The 2010 Plan, which is described in the Airline Lease Agreement, includes Capital Projects that are not in the Airfield Cost Center as well as the 2010 Plan Airfield Programs.

(b) Any Capital Project in the Airfield Cost Center that is necessary to comply with a rule, regulation, or order of any governmental agency, other than an ordinance of the Commission, that has jurisdiction over the operation of the Airport.

(c) Any Capital Project in the Airfield Cost Center that is necessary to satisfy a final judgment against the Commission rendered by a court of competent jurisdiction.

(d) Any Capital Project in the Airfield Cost Center that is necessary to repair casualty damage, the cost of which exceeds the proceeds of applicable insurance; provided that the Commission may recover the Capital Cost of such repair only to the extent that the cost of reconstruction or replacement exceeds the insurance proceeds available for such purposes.

2010 Plan Airfield Programs. Subject to the limitations described below, the Commission has the right to incur costs to plan, design, and construct at such time or times as it deems appropriate and to recover through airline rents, fees, and charges the costs of the 2010 Plan Airfield Programs.

The Commission may add, delete, or otherwise modify components of the 2010 Plan Airfield Programs; provided, however, that no such modifications may materially change the scope of any of the 2010 Plan Airfield Programs without the prior approval of a Majority-In-Interest of Signatory Airlines.

The Airline Lease Agreements present an Original Cost Estimate of each 2010 Plan Airfield Program, which the Commission may revise from time to time to reflect material scope changes approved by the Commission and by a Majority-In-Interest of the Signatory Airlines; annually to adjust for inflation; and to reflect increases in the cost of the Noise Mitigation Program caused by increases in the size of the approved 65 DNL noise contour, as documented in the FAR Part 150 Program.

In the event the Current Cost Estimate of any of the 2010 Plan Airfield Programs exceeds the Original Cost Estimate, as revised, for such Program, then the Commission at its sole discretion shall do one or more of the following: (a) after consultation with Airlines, modify or defer until after 2010 a sufficient number of projects contained in such Program so that the Current Cost Estimate does not exceed the Original Cost Estimate, as revised; or (b) fund the amount of the excess and exclude depreciation and interest on such amount from the calculation of rents, fees, and charges; or (c) obtain approval for additional costs from a Majority-In-Interest of Signatory Airlines, which approval is required only on the portion of the Current Cost Estimate that exceeds the Original Cost Estimate, as revised.

Indemnity and Liability Insurance

The Airline Lease Agreements require each Signatory Airline to indemnify, defend, save and hold harmless the Commission and its Commissioners, officers, and employees (collectively, "Indemnitees") from and against any and all liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person other than an Indemnitee arising by reason of injury or death of any person, or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorneys' fees, court costs, and

expert fees), of any nature whatsoever arising out of or incident to (a) the use or occupancy of, or operations of a Signatory Airline at or about the Airport, or (b) the acts or omissions of a Signatory Airline's officers, agents, employees, contractors, subcontractors, licensees, or invitees, regardless of where the injury, death or damage may occur, unless such injury, death or damage is caused by (i) the negligent act or omission of an Indemnitee whether separate or concurrent with negligence of others, including a Signatory Airline or (ii) the breach by an Indemnitee of the Airline Lease Agreement. The Airline Lease Agreements further provide for indemnification by each Signatory Airline for certain environmental liabilities.

The Airline Lease Agreements require each Signatory Airline to provide, without cost or expense to the Commission, and maintain in force throughout the full Term the following insurance coverages as appropriate, insuring a Signatory Airline and the Commission against the liabilities set forth in:

(a) Aircraft liability insurance and comprehensive general public liability insurance for claims of property damage, bodily injury, or death allegedly resulting from a Signatory Airline's activities into, on, and leaving any part of the Airport, in an amount not less than $300,000,000 per occurrence for Airlines operating aircraft over 100 seats, and not less than $200,000,000 for Airlines operating aircraft with 99 or fewer seats, and not less than $100,000,000 for Airlines operating aircraft with 59 or fewer seats. For purposes of this Section, the number of seats is determined based upon the largest aircraft in a Signatory Airline's fleet.

(b) Liquor liability insurance for any facility of a Signatory Airline serving alcoholic beverages on the Airport in an amount not less than $10,000,000.

(c) Hangarkeepers liability insurance in an amount adequate to cover any non-owned property in the care, custody and control of a Signatory Airline on the Airport, but in any event in an amount not less than $5,000,000.

(d) Automobile liability insurance in an amount adequate to cover vehicles operating on the Airport in an amount not less than $5,000,000 combined single limit.

The Commission may allow the insurance coverage required in the Airline Lease Agreement to be provided through a self-insurance plan established by a Signatory Airline. The self-insurance plan may consist of a combination of primary, excess umbrella insurance and self-insurance protection and must be no less than the limits stated above.

The Commission, in operating the Airport, will carry and maintain comprehensive general liability insurance in such amounts as would normally be maintained by public bodies engaged in carrying on similar activities.

Events of Default; Remedies

Events of Default. The occurrence and continuation of any one or more of the following shall constitute an event of default under the Airline Lease Agreements:

(a) a Signatory Airline fails to make payment in full when due of any rents, fees, charges or any other amount payable under the Airline Lease Agreement within five business days after notice thereof from the Commission;

(b) a Signatory Airline shall fail to make any PFC remittance to the Commission in a timely fashion, or shall fail to timely comply with its PFC reporting requirements to the Commission, or any other entity, in connection with PFCs collected on behalf of the Commission;

(c) a Signatory Airline fails to submit a Monthly Activity Report to the Commission on or before the tenth day of each month;

(d) a Signatory Airline shall make or permit any unauthorized assignment or transfer of the Airline Lease Agreement, or any interest therein, or of the right to use or possession of the Premises, or any part thereof;

(e) any insurance required by the terms of the Airline Lease Agreement shall at any time not be in full force or effect;

(f) failure of a Signatory Airline to perform, comply with, or observe, in any material respect, any other term, condition or covenant of the Airline Lease Agreement not identified elsewhere in subsections (a) through (k) of this section within 30 days after receipt of notice from the Commission of such failure, or for such longer period of time as may be reasonably necessary to cure the event of default, but only for such longer period if: (i) a Signatory Airline is reasonably capable of curing the event of default and (ii) a Signatory Airline promptly and continuously undertakes to cure and diligently pursues the curing of the event of default at all times until such event of default is cured;

(g) any representation or warranty of a material fact made by a Signatory Airline in the Airline Lease Agreement or in any certificate or statement furnished to the Commission pursuant to or in connection with the Airline Lease Agreement proves untrue in any material respect as of the date of issuance or making thereof;

(h) (i) a Signatory Airline shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to a Signatory Airline, or seeking to adjudicate a Signatory Airline a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, composition or other relief with respect to a Signatory Airline or any of its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for a Signatory Airline or for all or any substantial part of any of its property; or (ii) a Signatory Airline shall make a general assignment for the benefit of its creditors; or (iii) there shall be commenced against a Signatory Airline any case, proceeding or other action of nature referred to in clause (i) above or seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of any of its property, which case, proceeding or other action results in the entry of an order for relief or remains undismissed, unvacated, undischarged and unbonded for a period of 60 days; or (iv) a Signatory Airline shall take any action consenting to or approving of any of the acts set forth in clause (i) or (ii) above; or (v) a Signatory Airline shall generally not, or shall be unable to, pay its debts as they become due or shall admit in writing its inability generally to pay its debts as they become due;

(i) any money judgment, writ or warrant of attachment or similar process, or any combination thereof, involving an amount in excess of $25,000,000 shall be entered or filed against a Signatory Airline or any of its assets and shall remain undischarged, unvacated, unbonded and unstayed for a period of 60 days or in any event later than five days prior to the date of any proposed sale or execution thereunder;

(j) any act occurs that deprives a Signatory Airline permanently of any material right, power or privilege necessary for the conduct and operation of its Air Transportation Business; or

(k) if a Signatory Airline ceases to provide scheduled air service at the Airport for a period of 30 consecutive days or abandons or fails to use its Exclusive Use Space for a period of 30 consecutive days, except when such cessation or abandonment is due to the default of the Commission or the circumstances described in the Airline Lease Agreement relating to an event of force majeure.

Remedies. If an event of default occurs under the Airline Lease Agreement, the Commission, at its option, may at any time thereafter, do one or more of the following as the Commission in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) Declare all rents, fees and other charges payable under the Airline Lease Agreement, whether currently or thereafter accruing, to be immediately due and payable;

(b) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by a Signatory Airline of the applicable covenants and terms of the Airline Lease Agreement or to recover damages for the breach thereof;

(c) Enter and take possession of the Premises and/or the rights of a Signatory Airline under the Airline Lease Agreement without such re-entry terminating a Signatory Airline's obligations for the full Term thereof, which remedy shall be in addition to all other remedies at law or in equity, including action for forcible entry and lawful detainer, for ejectment or for injunction;

(d) Terminate all rights of a Signatory Airline under the Airline Lease Agreement (without terminating the continuing obligation of a Signatory Airline to fulfill its past and future obligation under the Airline Lease Agreement) and in such case a Signatory Airline further agrees to indemnify and hold harmless the Commission against all loss in rents, fees, and charges and other damages which the Commission shall incur by reason of such termination, including, without limitation, costs of restoring and repairing the Premises and putting the same in rentable condition, costs of reletting the Premises to another Airline (including without limitation a Signatory Airline improvement costs and related fees), loss or diminution of rents and other damage which the Commission incurs by reason of such termination, and all reasonable attorneys' fees and expenses incurred in enforcing the terms of the Airline Lease Agreement;

(e) In the event of any default under the Airline Lease Agreement, a Signatory Airline shall reimburse the Commission for all reasonable fees and costs incurred by the Commission, including reasonable attorneys' fees, relating to such default and/or the enforcement of the Commission's rights under the Airline Lease Agreement; and

(f) Apply all Contract Security granted by a Signatory Airline to any unpaid obligations of a Signatory Airline under the Airline Lease Agreement.

Termination

Termination by the Commission. An Airline Lease Agreement may be terminated by the Commission pursuant to the provisions regarding default above and as otherwise specified in the Airline Lease Agreement.

Termination by a Signatory Airline. A Signatory Airline is allowed to terminate its obligations under the Airline Lease Agreement if any of the following events occur:

(a) If the Commission shall fail to perform, comply with, or observe, in any material respect, any term, condition or covenant of the Airline Lease Agreement within 30 days after receipt of notice from a Signatory Airline of such failure, or for such longer period of time as may be reasonably necessary to cure the event of default but only for such longer period if: (i) the Commission is reasonably capable of curing the event of default and (ii) the Commission promptly and continuously undertakes to cure and diligently pursues the curing of the event of default at all times until such event of default is cured, then a Signatory Airline, if not then in default, may, without limiting any of its other rights and remedies against the Commission, at its option cancel the Airline Lease Agreement and thereby terminate the Airline Lease Agreement.

(b) It is further understood and agreed that, at any time when a Signatory Airline is not then in default, it may cancel the Airline Lease Agreement on 60 days' notice in writing to the Commission upon the happening of any one of the following events:

(i) Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport or any part thereof essential for a Signatory

Airline's operations under the Airline Lease Agreement and the remaining in force of such injunction for a period of at least 90 days.

(ii) Inability of a Signatory Airline to use the Airport or any part thereof essential for a Signatory Airline's operations under the Airline Lease Agreement for a period of not less than 90 days because of fire, explosion, earthquake, or other casualty or acts of God or the public enemy, unless within 60 days of the casualty, the Commission gave a Signatory Airline written notice of its intention to repair or reconstruct, as provided in the Airline Lease Agreement.

(iii) The lawful assumption by the United States of America or any authorized agency thereof of the operation, control, or use of the Airport and the facilities thereon or any substantial part or parts thereof, in such manner as substantially to restrict a Signatory Airline for a period of not less than 90 days from operating thereon for the carrying of passengers, cargo, express, property, and United States mail.

(iv) Termination or the suspension or substantial modification for a period of not less than 90 days of the operating authority of a Signatory Airline to serve the Minneapolis-St. Paul metropolitan area through the Airport by final order of the DOT or other governmental agency, federal or state, having jurisdiction over a Signatory Airline.

(c) If any of the foregoing continues for a period of less than 90 days, a Signatory Airline shall have the right upon written notice to the Commission to abatement of rents, fees and charges to the extent and for the period that a Signatory Airline is unable to carry on its operations under the Airline Lease Agreement.

Termination by Government Taking. In the event the Premises shall be taken by governmental authority through exercise of its power of eminent domain or other authority justifying such taking, the Airline Lease Agreement shall terminate and the rents, fees and charges in respect to said premises shall cease as of the date possession is taken by the taking authority, and the Commission shall be entitled to all damages payable by reason of taking, subject to the claim of a Signatory Airline for the value of its leasehold, which claim or claims as to validity and amount shall be a matter for determination between a Signatory Airline and the Commission, and if a Signatory Airline and the Commission cannot reach a determination, then by the court having jurisdiction of such proceeding, provided that nothing contained in the Airline Lease Agreement shall preclude a Signatory Airline from asserting any claims or rights it may have against such governmental authority as to its separate property, leasehold improvements, and trade fixtures.

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

Metropolitan Airports Commission
Minneapolis, Minnesota

$39,770,000 Minneapolis St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds Series 2012A (Taxable)	$42,015,000 Minneapolis St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds Series 2012B (Tax-Exempt – Non-AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Metropolitan Airports Commission (the "Commission") in connection with the issuance and sale by the Commission of $39,770,000 aggregate principal amount of its Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2012A (the "Subordinate Series 2012A Bonds"), and $42,015,000 aggregate principal amount of its Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2012B (the "Subordinate Series 2012B Bonds," and together with the Subordinate Series 2012A Bonds, the "Subordinate Series 2012 Bonds"). The Subordinate Series 2012A Bonds are being issued to (a) finance certain capital improvements at Minneapolis-St. Paul International Airport, (b) make a deposit to the subordinate reserve fund, (c) fund a portion of the interest accruing on a portion of the Subordinate Series 2012A Bonds, and (d) pay the costs of issuance of the Subordinate Series 2012A Bonds, all as described in the hereinafter defined Eleventh Supplemental Subordinate Indenture. The Subordinate Series 2012B Bonds are being issued to (a) current refund and defease $48,255,000 aggregate principal amount of the Commission's outstanding Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2003A (the "Refunded Bonds"), and (b) pay the costs of issuance of the Subordinate Series 2012B Bonds, all as described in the hereinafter defined Twelfth Supplemental Subordinate Indenture.

The Subordinate Series 2012A Bonds are being issued pursuant to Section 473.601 et seq. of the Minnesota Statutes (the "Act"), the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (the "Master Subordinate Indenture"), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as trustee (the "Subordinate Trustee"), and an Eleventh Supplemental Subordinate Trust Indenture, dated as of November 1, 2012 (the "Eleventh Supplemental Subordinate Indenture"), by and between the Commission and the Subordinate Trustee. The Subordinate Series 2012B Bonds are being issued pursuant to the Act, the Master Subordinate Indenture, and a Twelfth Supplemental Subordinate Trust Indenture, dated as of November 1, 2012 (the "Twelfth Supplemental Subordinate Indenture"), by and between the Commission and the Subordinate Trustee. Issuance of the Subordinate Series 2012 Bonds has been authorized by Resolution No. 2185, adopted by the Commission on October 15, 2012 (the "Resolution").

The Subordinate Series 2012 Bonds are revenue obligations of the Commission payable from the Net Pledged Revenues (as defined in the Master Subordinate Indenture). Neither the faith and credit nor the taxing power of the Commission, the Cities of Minneapolis and St. Paul, Minnesota, the State of Minnesota or any public agency of the State of Minnesota, other than the Commission, to the extent of the Net Pledged Revenues, is pledged to the payment of the principal of or interest on the Subordinate Series 2012 Bonds.

In connection with the issuance of the Subordinate Series 2012 Bonds, we have examined the following:

(a) a copy of the Act;

(b) a certified copy of the Resolution;

(c) an executed counterpart of the Master Subordinate Indenture;

(d) an executed counterpart of the Eleventh Supplemental Subordinate Indenture;

(e) an executed counterpart of the Twelfth Supplemental Subordinate Indenture;

(f) an executed counterpart of the Master Trust Indenture, dated as of June 1, 1998, as amended (the "Master Senior Indenture"), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association, formerly known as Norwest Bank Minnesota, National Association), as trustee (the "Senior Trustee");

(g) an executed counterpart of the Fourth Supplemental Subordinate Trust Indenture, dated as of July 1, 2003, by and between the Commission and the Subordinate Trustee;

(h) certifications of the Commission and others;

(i) an executed copy of a Tax Compliance Certificate dated this date relating to the Subordinate Series 2012B Bonds (the "Tax Certificate");

(j) an opinion of the Commission's General Counsel;

(k) an executed counterpart of the Escrow Agreement, dated November 20, 2012, by and between the Commission and the Subordinate Trustee, as trustee and escrow agent, with respect to the Refunded Bonds;

(l) an executed copy of the Verification Report, dated November 20, 2012, by Causey Demgen & Moore Inc.; and

(m) such other documents as we deemed relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that:

1. The Commission validly exists as a public corporation under the laws of the State of Minnesota, with the power to execute the Master Subordinate Indenture, the Eleventh Supplemental Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture and to issue the Subordinate Series 2012 Bonds.

2. The Master Subordinate Indenture, the Eleventh Supplemental Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture have been duly authorized, executed and delivered by the Commission and, assuming due authorization, execution and delivery by the Subordinate Trustee, represent valid and binding agreements of the Commission enforceable in accordance with their terms.

3. The Subordinate Series 2012A Bonds have been validly authorized, executed and issued in accordance with the Act, the Resolution, the Master Subordinate Indenture and the Eleventh Supplemental Subordinate Indenture. The Subordinate Series 2012A Bonds represent valid and binding limited obligations of the Commission payable solely from and secured by an assignment and pledge by the Commission to the Subordinate Trustee of the Net Pledged Revenues and certain funds and accounts created under the Master Subordinate Indenture and the Eleventh Supplemental Subordinate Indenture, and not out of any other fund or money of the Commission, the Cities of Minneapolis or St. Paul or the State of Minnesota. Neither the faith and credit nor the taxing power of the Commission, the Cities of Minneapolis and St. Paul, Minnesota, the State of Minnesota or any public agency of the State of Minnesota, other than the Commission, to the extent of the Net Pledged Revenues, is pledged to the payment of the principal of or interest on the Subordinate Series 2012A Bonds.

4. The Subordinate Series 2012B Bonds have been validly authorized, executed and issued in accordance with the Act, the Resolution, the Master Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture. The Subordinate Series 2012B Bonds represent valid and binding limited obligations of the Commission payable solely from and secured by an assignment and pledge by the Commission to the Subordinate Trustee of the Net Pledged Revenues and certain funds and accounts created under the Master Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture, and not out of any other fund or money of the Commission, the Cities of Minneapolis or St. Paul or the State of Minnesota. Neither the faith and credit nor the taxing power of the Commission, the Cities of Minneapolis and St. Paul, Minnesota, the State of Minnesota or any public agency of the State of Minnesota, other than the Commission, to the extent of the Net Pledged Revenues, is pledged to the payment of the principal of or interest on the Subordinate Series 2012B Bonds.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Series 2012B Bonds is excluded from gross income for federal income tax purposes. Interest on the Subordinate Series 2012B Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest is included in the federal alternative minimum taxable income of certain corporations which must be increased by 75% of the excess of the adjusted current earnings of such corporation over the federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses) of such corporations.

6. Interest on the Subordinate Series 2012B Bonds is not includible in the taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, but is includible in the calculation of taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes.

The opinions set forth in paragraph 5 regarding the exclusion of interest from gross income of the recipient is subject to the accuracy of certain representations and the continuing compliance by the Commission with covenants regarding federal tax law contained in the Master Subordinate Indenture, the Twelfth Supplemental Subordinate Indenture and the Tax Certificate. Failure to comply with such covenants could cause interest on the Subordinate Series 2012B Bonds to be included in gross income retroactive to the date of issuance of the Subordinate Series 2012B Bonds. Although we are of the opinion that interest on the Subordinate Series 2012B Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Subordinate Series 2012B Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Interest on the Series 2012A Subordinate Bonds is not excludable from gross income for federal income tax purposes and is includible in taxable net income of individuals, estates and trusts for State of Minnesota income tax purposes, and in taxable income of corporations and financial institutions for State of Minnesota franchise tax purposes. We express no opinion regarding the tax consequences relating to the ownership of, receipt of interest on or disposition of the Series 2012A Subordinate Bonds. The tax discussion regarding the Series 2012A Subordinate Bonds was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The discussion was written in connection with the promotion or marketing of the Series 2012A Subordinate Bonds (within the meaning of United States Treasury Circular 230). Taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

The obligations of the Commission and the security provided therefor, as contained in the Subordinate Series 2012 Bonds, the Master Subordinate Indenture, the Eleventh Supplemental Subordinate Indenture and the Twelfth Supplemental Subordinate Indenture may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. As Bond Counsel to the Commission, we have not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement dated October 23, 2012, or any other offering material relating to the Subordinate Series 2012 Bonds and express no opinion relating thereto. Our engagement with respect to the Subordinate Series 2012 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter.

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the Metropolitan Airports Commission (the "Commission") in connection with the issuance of its (a) Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2012A (the "Subordinate Series 2012A Bonds"), and (b) Minneapolis-St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2012B (the "Subordinate Series 2012 Bonds," and together with the Subordinate Series 2012A Bonds, the "Subordinate Series 2012 Bonds"). The Subordinate Series 2012A Bonds were issued pursuant to the Master Subordinate Trust Indenture, dated as of October 1, 2000, as amended (the "Master Subordinate Indenture"), by and between the Commission and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as trustee (the "Subordinate Trustee"), and the Eleventh Supplemental Subordinate Trust Indenture, dated as of November 1, 2012 (the "Eleventh Supplemental Subordinate Indenture"), by and between the Commission and the Subordinate Trustee. The Subordinate Series 2012B Bonds were issued pursuant to the Master Subordinate Indenture and the Twelfth Supplemental Subordinate Trust Indenture, dated as of November 1, 2012 (the "Twelfth Supplemental Subordinate Indenture," and collectively with the Master Subordinate Indenture and the Eleventh Supplemental Subordinate Indenture, the "Subordinate Indenture"), by and between the Commission and the Subordinate Trustee. Additionally, the Subordinate Series 2012 Bonds have been authorized by Resolution No. 2185 adopted by the Commission on October 15, 2012 (the "Resolution"). The Subordinate Series 2012 Bonds were issued under and in accordance with Minnesota Statutes, Sections 473.601, et seq. (the "Act").

In consideration of the purchase of the Subordinate Series 2012 Bonds by the Participating Underwriter (as defined below), the Commission covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Commission for the benefit of the Holders and Beneficial Owners of the Subordinate Series 2012 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. Definitions. In addition to the definitions set forth in the Subordinate Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Commission pursuant to, and as described in, Sections 3 and 4 of this Certificate.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Subordinate Series 2012 Bonds (including persons holding Subordinate Series 2012 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Subordinate Series 2012 Bonds for federal income tax purposes.

"*Dissemination Agent*" means the Commission, or any successor Dissemination Agent designated in writing by the Commission and which has filed with the Commission a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Holders*" means either the registered owners of the Subordinate Series 2012 Bonds, or if the Subordinate Series 2012 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Section 5 of this Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Commission and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Commission.

"*Official Statement*" means the Official Statement, dated October 23, 2012, prepared and distributed in connection with the initial sale of the Subordinate Series 2012 Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Subordinate Series 2012 Bonds required to comply with the Rule in connection with the offering of the Subordinate Series 2012 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of Minnesota.

Section 3. Provision of Annual Reports.

(a) The Commission shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 210 days after the end of the Commission's fiscal year in each fiscal year. The Commission's first Annual Report shall be due July 29, 2013. Not later than 15 Business Days prior to said date, the Commission shall provide the Annual Report to the Dissemination Agent (if other than the Commission). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Certificate. The audited financial statements of the Commission may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Commission's fiscal year. If the Commission's fiscal year changes, the Commission, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Commission) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Commission to determine if the Commission is in compliance with subsection (a).

(c) If the Commission is unable to provide to the MSRB or the Dissemination Agent (if other than the Commission), an Annual Report by the date required in subsection (a), the Commission shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (or the Commission, as applicable) shall confirm in writing to the Commission that the Annual Report has been filed as required hereunder, stating the date filed.

(e) The Commission acknowledges that Delta Air Lines, Inc. ("Delta") is the only Obligated Person other than the Commission at present and is required by federal law to file annual reports with the Securities and Exchange Commission. The Commission takes no responsibility for the accuracy or completeness of such filings by Delta or by any future Obligated Person. Unless no longer required by the Rule to do so, the Commission agrees to use its reasonable best efforts to cause Delta (to the extent Delta is not otherwise required under federal law to do so), and any future Obligated Person, to make Annual

Reports available as contemplated by this Section 3. Any change in Obligated Persons shall be reported by the Commission in connection with the Annual Reports.

Section 4. Content of Annual Reports.

(a) The Commission's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Subordinate Series 2012 Bonds, unless otherwise noted):

(i) Audited financial statements of the Commission, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Commission's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Commission, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Table 1 — Metropolitan Airports Commission, Irrevocably Committed PFCs (only if such information changes);

(iii) Table 2 — Metropolitan Airports Commission, Senior Bonds;

(iv) Table 3 — Metropolitan Airports Commission, Prior Subordinate Bonds;

(v) Table 5 — Metropolitan Airports Commission, Debt Service Coverage (only with regards to historical information);

(vi) Table 10 — Minneapolis-St. Paul International Airport, O&D and Connecting Passengers;

(vii) Table 11 — Minneapolis-St. Paul International Airport, Historical Aircraft Operations;

(viii) Table 12 — Minneapolis-St. Paul International Airport, Trends in Aircraft Landed Weight;

(ix) Table 13 — Minneapolis-St. Paul International Airport, Air Carriers Serving the Airport;

(x) Table 14 — Minneapolis-St. Paul International Airport, Air Carrier Market Share, Total Enplaned Passengers;

(xi) Table 16 — Minneapolis-St. Paul International Airport, Air Carrier Market Share, Total Cargo Handled;

(xii) Table 21 — Metropolitan Airports Commission, Summary of Statements of Revenues, Expenses and Changes in Net Assets;

(xiii) Table 22 — Minneapolis-St. Paul International Airport, Airline Revenue;

(xiv) Table 23 — Metropolitan Airports Commission, Top Ten Operating Revenue Providers;

(xv) Table 24 — Metropolitan Airports Commission, Top Ten Operating Revenue Sources;

(xvi) Table 31 — Metropolitan Airports Commission, Approved PFC Applications;

(xvii) Table 32 — Metropolitan Airports Commission, Annual Collections of PFCs; and

(xviii) Exhibit F of the Report of the Airport Consultant (included as Appendix A to the Official Statement).

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Commission or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Commission shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2012 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Subordinate Series 2012 Bonds or, with respect to the Subordinate Series 2012B Bonds, the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Commission shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2012 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Subordinate Series 2012 Bonds or other material events affecting the tax status of the Subordinate Series 2012 Bonds;

2. Modifications to rights of the Owners of the Subordinate Series 2012 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Subordinate Series 2012 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee;

(c) The Commission shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a), as provided in Section 3.

(d) Whenever the Commission obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Commission shall determine if such event would be material under applicable federal securities laws.

(e) If the Commission learns of an occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Commission shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Subordinate Series 2012 Bonds pursuant to the Subordinate Indenture.

Section 6. Termination of Reporting Obligation. The Commission's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Subordinate Series 2012 Bonds, or upon delivery to the Dissemination Agent (if other than the Commission) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Subordinate Series 2012 Bonds, the Commission shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

Section 7. Dissemination Agent. From time to time, the Commission may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Commission) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent (if other than the Commission) shall not be responsible in any manner for the content of any notice or report prepared by the Commission pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Commission may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Subordinate Series 2012 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Subordinate Series 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Subordinate Series 2012 Bonds in the same manner as provided in the Subordinate Indenture for amendments to the Subordinate Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Subordinate Series 2012 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Commission shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Commission. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Commission from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Commission chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Commission shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Commission to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Subordinate Series 2012 Bonds may take such actions as may be

necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commission or the Dissemination Agent (if other than the Commission), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Subordinate Indenture and the sole remedy under this Certificate in the event of any failure of the Commission or the Dissemination Agent (if other than the Commission) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate, and the Commission agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Subordinate Indenture. The obligations of the Commission under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Subordinate Series 2012 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Commission, the Dissemination Agent, the Participating Underwriter and the Holders and beneficial Owners from time to time of the Subordinate Series 2012 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this 20th day of November, 2012.

METROPOLITAN AIRPORTS COMMISSION

By ____________________________________
Name: __________________________________
Title: ___________________________________

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Metropolitan Airports Commission

Name of Bond Issue: Minneapolis–St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Bonds, Series 2012A

Minneapolis–St. Paul Metropolitan Airports Commission Subordinate Airport Revenue Refunding Bonds, Series 2012B

Date of Issuance: November 20, 2012

CUSIP: 603827____

NOTICE IS HEREBY GIVEN that the Metropolitan Airports Commission (the "Commission") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated November 20, 2012, executed by the Commission for the benefit of the holders and beneficial owners of the above referenced bonds. The Commission anticipates that the Annual Report will be filed by _________, 20__.

Dated: ________________

METROPOLITAN AIRPORTS COMMISSION

By ____
Authorized Representative

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption "—General" below has been provided by DTC. The Commission makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Subordinate Series 2012 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE COMMISSION NOR THE SUBORDINATE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SUBORDINATE SERIES 2012 BONDS UNDER THE SUBORDINATE INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SUBORDINATE SERIES 2012 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE SUBORDINATE SERIES 2012 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SUBORDINATE SERIES 2012 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Subordinate Series 2012 Bonds. The Subordinate Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Subordinate Series 2012 Bond certificate will be issued for each maturity of the Subordinate Series 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Subordinate Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subordinate Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Subordinate Series 2012 Bond ("Beneficial Owner") is in turn to be

recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Subordinate Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Subordinate Series 2012 Bonds, except in the event that use of the book-entry system for the Subordinate Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Subordinate Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Subordinate Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Subordinate Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Subordinate Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Subordinate Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Subordinate Series 2012 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Subordinate Series 2012 Bond documents. For example, Beneficial Owners of Subordinate Series 2012 Bonds may wish to ascertain that the nominee holding the Subordinate Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Subordinate Series 2012 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Subordinate Series 2012 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Subordinate Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Subordinate Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Subordinate Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission, the Subordinate Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Subordinate Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Subordinate Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Subordinate Series 2012 Bonds at any time by giving reasonable notice to the Commission or the Subordinate Trustee. Under such

circumstances, in the event that a successor depository is not obtained, certificates representing the Subordinate Series 2012 Bonds are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Subordinate Series 2012 Bonds will be printed and delivered to DTC.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that the Commission believes to be reliable, but neither the Commission nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SUBORDINATE SERIES 2012 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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