File #: F2013-79, **Version:** 1

Susana A. Mendoza City Clerk
121 North LaSalle Street Room 107
Chicago, Illinois 60602
to o
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RE: $897,905,000 City of
Chicago
Chicago O'Hare International Airport
General Airport Senior Lien Revenue Refunding Bonds, Series 2013A and Series 2013 B and General Airport Senior Lien Revenue Bonds, Series 2013C and Series 2013 D (collectively, the "Bonds")

Dear Ms. Mendoza,

Attached is the Certificate Pursuant to Ordinances which is required to be filed with your office pursuant to Part D, Article 1. Section 1.2(c) of the Bond Ordinance adopted by the City Council of the City of Chicago (the "City Council") on March 13, 2013 authorizing the issuance of the Bonds.

Please direct this filing to the City Council.

Very truly yours,

Lois A. Scott Chief Financial Officer

33 NORTH LASALLE STREET, SUITE 600, CHICAGO, ILLINOIS 60602

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$897,905,000 City of Chicago Chicago O'Hare International Airport

General Airport Senior Lien Revenue Refunding Bonds

$336,350,000 $165,435,000

Series 2013A Series 2013B

(AMT) (Non-AMT)

General Airport Senior Lien • Revenue Bonds

$98,375,000 $297,745,000

Series 2013 C Series 2013 D

(AMT) (Non-AMT)

CONTRACT OF PURCHASE

October 3, 2013

City of Chicago
Office of Chief Financial Officer 33 North LaSalle Street, 6th Floor Chicago, Illinois 60602 Attn: Chief Financial Officer

The undersigned, J.P. Morgan Securities LLC (the "Representative"), acting on behalf of itself and the other underwriters named in the list attached hereto marked Schedule I, on whose behalf the Representative is duly authorized to act (hereinafter, each individually referred to as "Underwriter" and collectively, with the Representative, referred to as the "Underwriters"), offers to enter into this Contract of Purchase (the "Contract of Purchase") with the City of Chicago, a municipal corporation and a home rule unit of local government duly organized and existing under the laws of the State of Illinois (the "City"). This offer is made subject to the City's acceptance of this Contract of Purchase on or before 5:00 p.m., Chicago time, on October 3, 2013. Except as otherwise defined herein, capitalized terms used herein shall have the same meanings as defined in the Official Statement (as defined below).

1. Purchase and Sale. Upon the terms and conditions arid in reliance upon the representations, warranties and covenants set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the City, and the City hereby agrees to sell to the Underwriters, all (but not less than all) of the City's $897,905,000 aggregate principal amount of (a) Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2013A and Series 2013B, and (b) Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2013C and Series 2013D (together, the "2013 Senior Lien Bonds"). The 2013 Senior Lien Bonds will be issued in four series:

i) ***$336,350,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A (AMT) (the "2013A Senior Lien Bonds ");***

ii) $165,435,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series

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2013B (Non-AMT) (the "2013B Senior Lien Bonds");

iii) $98,375,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (AMT) (the "2013C Senior Lien Bonds");and

iv) ***$297,745,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (Non-AMT) (the "2013D Senior Lien Bonds").***

The 2013 Senior Lien Bonds shall: (a) be dated as of their date of delivery, (b) have the maturities and shall bear interest at the rates per annum set forth in Exhibit A hereto and (c) have the redemption features and the further terms set forth in Exhibit A and in the Official Statement of the City, dated the date hereof, relating to the 2013 Senior Lien Bonds (such Official Statement, including the cover page and all appendices included therein, is hereinafter called the "Official Statement," except that if the Official Statement shall have been amended with the approval of the Representative between the date hereof and the date upon which the 2013 Senior Lien Bonds are delivered for the Underwriters' account with The Depository Trust Company, New York, New York ("DTC"), the term "Official Statement" shall refer to the Official Statement, as so amended).

The Underwriters agree to purchase all (but not less than all) of the 2013 Senior Lien Bonds if the conditions of Closing (as defined in Section 6 hereof) are satisfied. The aggregate purchase price for the 2013 Senior Lien Bonds shall be $941,754,451.64 (reflecting a par value of $897,905,000 less an underwriters' discount of $4,070,522.66 plus a net original issue premium of $47,919,974.30) consisting of the purchase price for each Series of 2013 Senior Lien Bonds as set forth in Exhibit B hereto (the "Purchase Price"). The Underwriters agree to make a bona fide public offering of all of the 2013 Senior Lien Bonds at prices not in excess of the respective initial offering prices (or yields not less than the yields) set forth in Exhibit A hereto, it being understood and agreed that after the initial offering the Representative reserves the right to change such public offering prices (or yields) as the Underwriters deem necessary in connection with the marketing of the 2013 Senior Lien Bonds.

The Representative will provide the City and Co-Bond Counsel (as defined herein) with a closing certificate confirming the yields and prices of the 2013 Senior Lien Bonds, and the Underwriters acknowledge that the City and Co-Bond Counsel will rely on said certificate to establish the yield on the 2013 Senior Lien Bonds, and that such reliance is material to the City in entering into this Contract of Purchase in connection with the delivery of the 2013 Senior Lien Bonds.

The City acknowledges and agrees that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors, in an arm's length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City; (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the City and have not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters); (iii) the only obligations the Underwriters have to the City with respect to.the transaction contemplated hereby expressly are set forth in this Contract of Purchase; and (iv) the City has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. Official Statement. The City ratifies and consents to the distribution and use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement of the City dated September 23, 2013 relating to the 2013 Senior Lien Bonds (the "Preliminary Official Statement"). For purposes of Rule 15c2-12 ("Rule 15c2-12") of the Securities and Exchange Commission (the "Commission ") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Preliminary Official Statement is "deemed final" by the City as of its date. As soon as practicable, but not more than seven (7) business days after the City's acceptance hereof, and in any event not later than two (2) business days before the Closing Date, the City shall deliver, or cause to be delivered, to the Representative six copies of the Official Statement, signed on behalf of the City by the Authorized Officer, and the Official Statement so delivered shall be "final" for purposes of Rule 15c2-12. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The City hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the Commission. The City shall provide, or cause to be provided, at its expense, to the Underwriters as soon as practicable, but not more than seven (7) business days after the City's acceptance of this Contract of Purchase and in time which, in the Representative's opinion, is sufficient to accompany any confirmation that requests payment from any customer, copies of the Official Statement in such quantity which, in the Representative's opinion, is sufficient to comply with the rules of the Commission and the Municipal Securities Rulemaking Board (the "MSRB") with respect to the distribution of the Official Statement. The City authorizes the Underwriters to use and distribute the Official Statement in connection with the public offering and sale of the 2013 Senior Lien Bonds. To the extent required by applicable law, the City hereby authorizes the Representative, and the Representative hereby agrees, to file a copy of the Official Statement with the MSRB.

3. ***Authorization. The 2013 Senior Lien Bonds will be issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The 2013 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on March 13, 2013 (the "Bond Ordinance"). The 2013 Senior Lien Bonds will also be issued and secured under the Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012 (the "Senior Lien Master Indenture") from the City to U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Forty-Fourth Supplemental Indenture (the "Forty-Fourth Supplemental Indenture"), the Forty-Fifth Supplemental Indenture (the "Forty-Fifth Supplemental Indenture"), the Forty-Sixth Supplemental Indenture (the "Forty-Sixth Supplemental Indenture"), and the Forty-Seventh Supplemental Indenture (the "Forty-Seventh Supplemental Indenture" and collectively with the Forty-Fourth Supplemental Indenture, the Forty-Fifth Supplemental Indenture and Forty-Sixth Supplemental Indenture, the "Supplemental Indentures"), each dated as of October 1, 2013 and each from the City to the Trustee. The Senior Lien Master Indenture as supplemented by the Supplemental Indentures and as it may be amended and supplemented from time to time in accordance with its terms, is collectively herein referred to as the "Senior Lien Indenture."***

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4. Representations and Warranties of the City. The City hereby represents and warrants to the Underwriters as follows:

a) The City is a municipal corporation and home rule unit of local government, organized and existing under the Constitution and the laws of the State of Illinois.

b) The City has all requisite legal right, power and authority to adopt and comply with the Bond Ordinance; to execute, issue and deliver the 2013 Senior Lien Bonds; to execute, deliver and comply with this Contract of Purchase, the General Tax Certificate and the Tax Compliance Certificate each from the City (together, the "Tax Compliance Certificate") dated as of the Closing Date (as hereinafter defined), the Senior Lien Indenture, the Airport Use Agreements, the Continuing Disclosure Undertaking of the City relating to the 2013 Senior Lien Bonds pursuant to Rule 15c2-12 (the "Undertaking") and to execute and deliver the Official Statement. The execution and delivery of this Contract of Purchase, the Tax Compliance Certificate, the 2013 Senior Lien Bonds, the Airport Use Agreements, the Undertaking and the Senior Lien Indenture, and the adoption of the Bond Ordinance and the issuance of the 2013 Senior Lien Bonds thereunder, the execution and delivery by the City of the Official Statement and the use by the Underwriters of the Preliminary Official Statement and the Official Statement have been duly authorized by all necessary action on the part of the City.

c) This Contract of Purchase, the Airport Use Agreements, the Official Statement, the Senior Lien Master Indenture and the Supplemental Indentures have been, and the Tax Compliance Certificate, the Undertaking, and the 2013 Senior Lien Bonds (when delivered and paid for at the Closing) shall be, duly authorized, executed, delivered and (in the case of the 2013 Senior Lien Bonds) authenticated by the Trustee and issued by the City. This Contract of Purchase, the Senior Lien Indenture, the Tax Compliance Certificate, and the Undertaking (when each is executed and delivered) and the 2013 Senior Lien Bonds (when issued, executed, authenticated and delivered) shall constitute legal, valid and binding obligations of the City, enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies and the availability of equitable remedies generally). The Bond Ordinance has been duly and lawfully adopted and is in full force and effect and is valid and binding upon the City. When delivered and paid for at the Closing, the 2013 Senior Lien Bonds shall be entitled to the benefits and the security of, and shall be subject to the terms and conditions set forth in, the Senior Lien Indenture.

d) The adoption of the Bond Ordinance; the execution and delivery of this Contract of Purchase, the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, and the Official Statement and the compliance of the City with the terms and conditions thereof (except the Official Statement) and of the Bond Ordinance, and the Airport Use Agreements, and the issuance and sale of the 2013 Senior Lien Bonds, do not and will not: (i) in any material respect conflict with or constitute on the part of the City a material breach of or material default under any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by or to which it is bound; or (ii) in any material respect conflict with or result in a violation by the City of the Constitution of the United States of America (the "United States") or of the State of Illinois or any other law, ordinance, regulation, order, decree, judgment or ruling by

or to which it is bound. The City is not in breach of or default under the Bond Ordinance, the Airport Use Agreements, or the Senior Lien Indenture or any applicable law or administrative regulation of the State of Illinois or the United States or any department, division, agency or instrumentality of either or any applicable judgment or decree to which the City is subject, or any loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would in any way materially adversely affect the 2013 Senior Lien Bonds, the operation of O'Hare, the City's authority to impose or collect fees, rentals, or charges known as Airport Fees and Charges that constitute

Revenues or the collection of Revenues or the authorization or issuance of the 2013 Senior Lien Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such a breach or default. Neither the adoption of the Bond Ordinance and compliance with the provisions thereof nor the execution and delivery by the City of the Supplemental Indentures, the 2013 Senior Lien Bonds, the Undertaking, or this Contract of Purchase nor the performance by the City of its obligations under the Senior Lien Master Indenture, the Supplemental Indentures, the 2013 Senior Lien Bonds, the Airport Use Agreements, the Undertaking, or this Contract of Purchase violates any applicable law or administrative regulation of the State of Illinois or the United States or any department, division, agency or instrumentality of either or any applicable judgment or decree to which the City is subject, or conflicts in a material manner with, or constitutes a material breach of or a material default under any loan agreement, bond, note, resolution, ordinance, indenture, agreement or other instrument to which the City is a party or is otherwise subject. The City has not received any judicial or administrative notice which in any way questions the federal tax-exempt status of interest on the 2013 Senior Lien Bonds.

e) Except as disclosed in the Official Statement, no litigation or other proceeding before or by any court or agency or other administrative body is pending against the City or, to the knowledge of the City, threatened against it, in any way restraining or enjoining, or threatening or seeking to restrain or enjoin, the issuance, sale or delivery of the 2013 Senior Lien Bonds or in any way questioning or affecting: (i) the proceedings under which the 2013 Senior Lien Bonds are to be issued; (ii) the validity or enforceability of any provision of the 2013 Senior Lien Bonds, the Senior Lien Master Indenture, the Tax Compliance Certificate, the Bond Ordinance, the Supplemental Indentures, the Airport Use Agreements, the Undertaking, or this Contract of Purchase; (iii) the 2013 Airport Projects; (iv) the accuracy or completeness of the Official Statement; (v) the legal existence of the City or its right to conduct its operations as conducted; or (vi) the title of its Mayor, Acting City Comptroller, Chief Financial Officer, the Commissioner of the Chicago Department of Aviation, or City Clerk to their respective offices in such manner as to adversely affect the ability of the City to authorize the issuance, sale or delivery of the 2013 Senior Lien Bonds.

f) Except as disclosed in the Official Statement, there is no litigation or other proceeding pending or, to the City's knowledge, threatened against the City before or by any court, agency or other administrative body, nor any other event or circumstance, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the validity or enforceability of the 2013 Senior Lien Bonds, the Bond Ordinance, the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, the Airport Use Agreements, or this Contract of Purchase, or the City's

authority to impose or collect fees, rentals or charges, in each case that constitute Revenues.

g) Other than liens and encumbrances described in the Official Statement, there are no liens or encumbrances on the Revenues or the funds or accounts pledged pursuant to the Senior Lien Indenture.

h) All approvals, consents and other actions by, and all filings or registrations with or notices to, any governmental or administrative authority or agency having jurisdiction in the matter required as a condition precedent to the execution and delivery by the City of the 2013 Senior Lien Bonds, the Tax Compliance Certificate, the Supplemental Indentures, the Undertaking, or this Contract of Purchase, have been obtained and are in full force and effect.

(i) The financial statements of O'Hare contained in the Official Statement

fairly present the financial position and results of operation of O'Hare as of the dates and

for the periods therein set forth, and the City has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles as consistently applied to governmental units, except as otherwise noted therein.

(j) Any certificate signed by any elected or appointed officer or official of the City and delivered to the Underwriters pursuant to this Contract of Purchase shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein with the same effect as if such representation and warranty were set forth herein.

(k) To the knowledge of the Chief Financial Officer and based on the representation of the Underwriters contained in Section 10 hereof, no person holding office of the City, either by election or appointment, is in any manner interested, either directly or indirectly, in any contract being entered into or the performance of any work to be carried out in connection with the issuance and sale of the 2013 Senior Lien Bonds and upon which said officer may be called upon to act or vote; provided, however, that nothing in this Section 4(k) shall give rise to a cause of action by the Underwriters against the City.

(1) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement, as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that the City makes no representation or warranty with regard to the information included in the Preliminary Official Statement under the following captions: "REGARDING THE USE OF THIS OFFICIAL STATEMENT," "TAX MATTERS," "UNDERWRITING," or the information included in the Preliminary Official Statement in APPENDICES E, F and G thereto. The Official Statement as of the date hereof is, and as of the Closing Date (as defined herein) will be, true arid complete in all material respects, and the Official Statement does not, and as of the Closing Date, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and any amendments or supplements to the Official Statement prepared and furnished by

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the City pursuant hereto will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that the City makes no representation or warranty with regard to the information included in the Official Statement under the following captions: "REGARDING THE USE OF THIS OFFICIAL STATEMENT," "TAX MATTERS," "UNDERWRITING," or the information included in the Official Statement in APPENDICES E, F and G thereto.

(m) Except as described in the Official Statement, during the last five years, the City has not failed to materially comply with any previous continuing disclosure undertaking that it has entered into in accordance with Rule 15c2-12.

5. Covenants of the City. In connection with the purchase and sale of the 2013 Senior Lien Bonds, pursuant to this Contract of Purchase, the City hereby covenants that:

a) The City will make available such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to (i) qualify the 2013 Senior Lien Bonds for offer and sale under the securities laws and regulations of such states and other jurisdictions of the United States as the Representative or Co-Counsel for the Underwriters may designate in writing and (ii) determine the eligibility of the 2013 Senior Lien Bonds for investment under the laws of such states and other jurisdictions, and will advise the Underwriters immediately of receipt by the City of any written notification with respect to the suspension of the qualification of the 2013 Senior Lien Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; provided, however, that nothing in this clause (a) shall require the City to consent to service of process in any state or jurisdiction other than the State of Illinois.

b) The City will cooperate to make available such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to assist the Underwriters in attempting to qualify the 2013 Senior Lien Bonds with DTC.

c) The City will not amend or supplement the Official Statement without the consent of the Representative, which consent, will not be unreasonably withheld. From the date hereof until the earlier of (i) 90 days from the end of the underwriting period (as defined in Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case fewer than 25 days following the end of the underwriting period (as defined in Rule 15c2-12), if any event occurs as a result of which it may be necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the City will notify the Representative and Co-Counsel to the Underwriters in writing of such event and, if such event requires, in the opinion of the City, the Representative or Co-Counsel to the Underwriters, an amendment or supplement to the Official Statement, at the City's expense the City will amend or supplement the Official Statement in a form and in a manner jointly approved by the City and the Representative, which approval will not be unreasonably withheld, so that the statements in the Official Statement, as so amended or supplemented, will not, in light of the circumstances under which they were made, be misleading.

(d) The 2013 Senior Lien Bonds and the Bond Ordinance conform to the

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descriptions thereof contained in the Official Statement under the captions "THE 2013 SENIOR LIEN BONDS" and "SECURITY FOR THE 2013 SENIOR LIEN BONDS", and the City shall apply the proceeds of the 2013 Senior Lien Bonds in accordance with the Bond Ordinance and the Senior Lien Indenture.

e) Between the date of this Contract of Purchase and the Closing Date, the City will not, without the prior written consent of the Representative, issue or enter into any contract to issue any bonds, notes or other obligations for borrowed money payable from the Revenues and, subsequent to the respective dates as of which information is given in the Official Statement and up to and including the Closing Date, the City has not incurred and will not incur with respect to O'Hare any material liabilities other than those occurring in the ordinary course of operating O'Hare and the construction of improvements thereto, direct or contingent, nor will there be any action, or any failure to act, on the part of the City which would result in an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of O'Hare, except as described in the Official Statement.

f) In order to assist the Underwriters in complying with Rule 15c2-12, the City will undertake, pursuant to the Undertaking, to provide annual financial information and notices of the occurrence of specified events. The Undertaking shall be substantially in the form described in the Preliminary Official Statement and Official Statement, with such changes as may be reasonably approved by the Representative and the City.

6. Closing. The delivery of and payment for the 2013 Senior Lien Bonds is herein

called the "Closing." The Closing shall take place on October 17, 2013 (the "ClosingDate") at the offices of Quarles & Brady LLP, 300 North LaSalle Street, Chicago, Illinois or on such other date or at such other place as shall have been mutually agreed upon by the City and the Representative as the date on or place at which the Closing shall occur. Delivery of the 2013 Senior Lien Bonds shall be made to the Underwriters by way of delivery to the Trustee as agent for DTC pursuant to the FAST system on the Closing Date. Simultaneous with such delivery and provided that all conditions to the obligations of the Underwriters set forth in Section 7 hereof have been satisfied and all documents and instruments required to be delivered pursuant to Section 7(d) hereof are in form and substance satisfactory to the Representative, the Underwriters shall cause the Purchase Price for the 2013 Senior Lien Bonds as described in Section 1 hereof, to be paid by wire transfer of federal funds payable to or for the account of the City. The 2013 Senior Lien Bonds shall be delivered in the manner described above in the form of one fully registered bond per maturity as set forth in the Senior Lien Indenture. The City shall release or authorize the release of the 2013 Senior Lien Bonds on the Closing Date upon receipt of payment for the 2013 Senior Lien Bonds as aforesaid. In addition, the City and the Underwriters agree that there shall be a preliminary closing held at the same place as the Closing, commencing at least one business day prior to the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the 2013 Senior Lien Bonds, but neither the failure to print such number on any 2013 Senior Lien Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the 2013 Senior Lien Bonds in accordance with the terms of this Contract of Purchase. All expenses in relation to the printing of CUSIP numbers on the 2013 Senior Lien Bonds and the CUSIP Service Bureau charge for the assignment of such numbers shall be paid for by the Underwriters.

7. Conditions of Closing. The Representative has entered into this Contract of

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Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and covenants of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of its obligations hereunder and under the aforesaid documents and instruments at or prior to the date of the Closing. Accordingly, the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the 2013 Senior Lien Bonds are subject to the performance by the City of its obligations to be performed hereunder and under such aforesaid documents and instruments at or prior to the Closing, and are also subject to the following conditions:

a) The representations and warranties of the City contained herein and in the Senior Lien Indenture will be true, complete and correct on the date hereof and on and as of the Closing Date with the same effect as if made on the Closing Date.

b) At the time of the Closing, (i) the Bond Ordinance, the Senior Lien Indenture, the Tax Compliance Certificate, the Airport Use Agreements and the Undertaking will be in full force and effect, and will not have been amended, modified or supplemented since the date hereof, unless agreed to in writing by the Representative as provided herein, and the Official Statement will not have been amended, modified, or supplemented, except as may have been agreed to as provided herein; and (ii) all necessary action on the part of the City relating to the issuance of the 2013 Senior Lien Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented, except with the written consent of the Representative.

c) The Representative has the right to terminate the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the 2013 Senior Lien Bonds by notifying the City of its election to do so if, after the execution hereof and prior to the Closing:

i) the marketability of the 2013 Senior Lien Bonds or the market price thereof, in the reasonable opinion of the Representative, has been materially adversely affected by an amendment to the Constitution of the United States or of the State of Illinois or by federal or state legislation or by a decision of any federal or State court or any ruling or regulation (final or temporary) on behalf of the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, affecting the tax status of the City or its property, revenues or income, bonds (including the 2013 Senior Lien Bonds) or the interest thereon; or

ii) legislation shall be enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either house of Congress by any committee of such house, or passed by either house of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on obligations of the general character of the 2013 Senior Lien Bonds, which, in the reasonable opinion of Co-Bond Counsel (as hereinafter defined) to the City has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation; or

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iii) legislation shall have been enacted or a bill shall be favorably reported out of committee of either house of Congress, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Commission or any other agency of the federal government having jurisdiction of the subject matter shall be made, to the effect that the 2013 Senior Lien Bonds are not exempt from the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") or the Exchange Act, or the Senior Lien Indenture is not exempt from the qualification requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or

iv) a stop order, ruling, regulation or official statement by the Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the 2013 Senior Lien Bonds or the effectiveness of the Senior Lien Indenture, as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the federal securities laws, including the 1933 Act, the Exchange Act or the Trust Indenture Act; or

v) there shall have occurred any declaration of war involving the United States, or an escalation in any conflict involving the armed forces of any country, or any other national emergency relating to the effective operation of the government or the financial community, or any outbreak or escalation of hostilities or any acts of terrorism or any local, national or international calamity or crisis, the effect of which, in the Representative's reasonable opinion would materially adversely affect the marketability or market price of the 2013 Senior Lien Bonds; or

vi) there shall have occurred a general suspension of trading on the New York Stock Exchange or a material disruption in securities settlement, payment or clearance services shall have occurred; or

vii) a general banking moratorium shall have been declared by United States, State of Illinois or State of New York authorities; or

viii) an event occurs which requires an amendment or supplement to the Official Statement as contemplated in Section 5(c) hereof, which event, in the Representative's reasonable opinion, materially adversely affects the market price of the 2013 Senior Lien Bonds or makes it, in the Representative's reasonable opinion, impracticable or inadvisable to proceed with the delivery of the 2013 Senior Lien Bonds on the terms and in the manner contemplated by the Official Statement specifically including, but not limited to, the issuance by any court or administrative agency of an order or decision enjoining, staying, or otherwise limiting (A) the O'Hare Modernization Program, or (B) any governmental action, authorization, or funding in support of the O'Hare Modernization Program; or

ix) the ratings of the 2013 Senior Lien Bonds of "A-" .(Stable Outlook) (Standard and Poor's), "A -" (Negative Outlook) (Fitch) and "A2" (Stable Outlook) (Moody's) shall have been downgraded or withdrawn by a national rating service or a national rating service shall have publicly

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announced that it has under surveillance or review, with possible negative implications, its rating of the 2013 Senior Lien Bonds, other than as disclosed in the Official Statement, which event or events, in the Representative's reasonable opinion, materially adversely affects the market price of the 2013 Senior Lien Bonds or make it, in the reasonable opinion of the Representative, impracticable or inadvisable to proceed with the delivery of the 2013 Senior Lien Bonds on the terms and in the manner contemplated by the Official Statement; or

x) a committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation, which legislation, if enacted in its form as introduced or amended, would have the purpose of amending or repealing regulations or approvals, which in the Representative's reasonable opinion materially adversely affect the market price of the 2013 Senior Lien Bonds or make it, in the reasonable opinion of the Representative, impracticable or inadvisable to proceed with the delivery of the 2013 Senior Lien Bonds on the terms and in the manner contemplated by the Official Statement; or

xi) there shall have occurred since the date of this Contract of Purchase any materially adverse change in the affairs or financial condition of O'Hare, except for changes which the Official Statement discloses are expected to occur.

(d) At or prior to the Closing, the Representative has received each of the following documents:

i) six copies of the Official Statement of the City, manually executed by an Authorized Officer;

ii) a copy, duly certified by an Authorized Officer, of the Bond Ordinance as adopted by the City Council of the City;

iii) the approving opinions dated the date of the Closing and addressed to the City, together with a reliance letter addressed to the Trustee and the Underwriters, of Quarles & Brady LLP and Cotillas and Associates, Chicago, Illinois Co-Bond Counsel to the City ("Co-Bond Counsel"), in substantially the forms included in the Official Statement;

iv) an opinion or opinions, dated the Closing Date and addressed to the Underwriters and the City, of Co-Bond Counsel, to the effect that:

(A) the Contract of Purchase and the Undertaking have each been duly authorized, executed and delivered by the City, and assuming the due authorization, execution and delivery of the Contract of Purchase by, and the binding effect of each such instrument on, the other party thereto, the Contract of Purchase and the Undertaking are valid and binding obligations of the City, enforceable against the City in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion;

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B) the 2013 Senior Lien Bonds are not subject to the registration requirements of the 1933 Act, and the Bond Ordinance and the Senior Lien Indenture are exempt from qualification pursuant to the Trust Indenture Act;

C) delivery of the Preliminary Official Statement and the execution and delivery of the Official Statement by the City and use and distribution of the same by the Underwriters in connection with the sale of the 2013 Senior Lien Bonds has been duly authorized by the City; and

D) (i) the statements contained in the Official Statement under the captions "INTRODUCTION -LIMITED LIABILITY" and "-SECURITY FOR THE 2013 SENIOR LIEN BONDS," "THE 2013 SENIOR LIEN BONDS" (other than statements with respect to DTC and its book entry system), "SECURITY FOR THE 2013 SENIOR LIEN BONDS," (except for the information contained in the last five paragraphs under the caption " SECURITY FOR THE 2013 SENIOR LIEN BONDS -DEBT SERVICE RESERVES - Common Debt Service Reserve Sub-Fund" and except for the information under the captions "SECURITY FOR THE 2013 SENIOR LIEN BONDS - DEBT SERVICE COVERAGE COVENANTS RELATED TO THE CP NOTES AND CREDIT AGREEMENT NOTES," " -AIRPORT USE AGREEMENTS" and "-PROPOSED AMENDMENT TO THE SENIOR LIEN INDENTURE"), and in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE", insofar as those statements purport to summarize certain provisions of the 2013 Senior Lien Bonds, the Senior Lien Indenture, and the Bond Ordinance present a fair and accurate summary of those provisions; and (ii) the statements contained in the first paragraph of the cover of the Official Statement regarding "TAX MATTERS", under the caption "TAX MATTERS," ,and in APPENDIX F - "PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL," insofar as such statements constitute conclusions of law or summarize or depict Co-Bond Counsels' legal opinion, present a fair and accurate summary or depiction of such conclusions or opinion.

(v) an opinion, dated the Closing Date and addressed to the Underwriters, of the Corporation Counsel of the City (the "Corporation Counsel"), given in an official capacity and not personally and to which no personal liability will derive from its delivery, to the effect that:

(A) the City is a home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois with full power and authority, among other things, to adopt and perform its duties and obligations under the Bond Ordinance; to deliver the Preliminary Official Statement and to execute, deliver and perform its duties and obligations under this Contract of Purchase, the Official Statement, the Tax Compliance Certificate, the Senior Lien Indenture, and the Undertaking, to authorize, issue and sell the 2013 Senior Lien Bonds, to operate O'Hare and to maintain, collect and enforce the '12

collection of Revenues as provided in the Bond Ordinance, the Airport Use Agreements, and the Senior Lien Indenture;

B) this Contract of Purchase, the Senior Lien Indenture, the Tax Compliance Certificate, the Airport Use Agreements and the Undertaking, have been duly authorized, executed and delivered by, and the Bond Ordinance has been duly adopted by the City, and is in full force and effect; and, assuming due authorization and execution by the other parties thereto, this Contract of Purchase, the Senior Lien Indenture, and the Undertaking constitute valid and legally binding obligations of the City enforceable in accordance with their respective terms except as limited by any applicable bankruptcy, liquidation, reorganization, insolvency or other similar laws and by general principles of equity;

C) the Preliminary Official Statement has been duly authorized and delivered, and the Official Statement has been authorized, executed and delivered, by the City;

D) compliance with the provisions of the Bond Ordinance and the execution, delivery and performance of the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, the Airport Use Agreements, or this Contract of Purchase do not in a material manner conflict with, or constitute a material breach of or material default under, any applicable law, administrative regulation, court order or consent decree of the State of Illinois or the United States or any department, division, agency or instrumentality of either or any loan agreement, note, resolution, ordinance, indenture, mortgage, deed of trust, agreement or other instrument to which the City is a party or may otherwise be subject;

E) all approvals, consents and orders, of any governmental authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the performance by the City of its obligations under this Contract of Purchase, the Bond Ordinance, the 2013 Senior Lien Bonds, the Senior Lien Indenture, the Tax Compliance Certificate, the Airport Use Agreements and the Undertaking which are required to be obtained prior to the execution and delivery of the foregoing instruments have been obtained and are in full force and effect;

F) except as set forth in the Official Statement, there is no litigation or proceeding pending or, to the knowledge of the Corporation Counsel, threatened in any way affecting the existence of the City, or the titles of the Mayor of the City, the Chief Financial Officer, the Acting City Comptroller, and the City Clerk to their respective offices, the City's operation of O'Hare, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2013 Senior Lien Bonds, or the right, power and authority of the City to impose and collect fees, rentals or charges that constitute Revenues or other moneys pledged or to be pledged to pay the principal of and interest on the 2013 Senior Lien Bonds, or in any way contesting or affecting the validity or enforceability of the 2013 Senior

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Lien Bonds, the Bond Ordinance, this Contract of Purchase, the Senior Lien Indenture, the Undertaking, the Airport Use Agreements or the Tax Compliance Certificate, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City or its authority with respect to the 2013 Senior Lien Bonds, the Bond Ordinance, this Contract of Purchase, the Senior Lien Indenture, the Undertaking, the Airport Use Agreements or the Tax Compliance Certificate;

G) based on the examination which the Corporation Counsel has caused to be made and the participation of representatives of the Corporation Counsel at conferences at which the Official Statement was discussed, the Corporation Counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; provided that no opinion or belief need be expressed regarding any financial, forecast, technical and statistical statements and data included in the Official Statement and the information set forth under the following captions: "TAX MATTERS, " "UNDERWRITING," "CO-FINANCIAL ADVISORS," "INDEPENDENT AUDITORS", "RATINGS", "AIRPORT CONSULTANT," "REPORT OF THE AIRPORT CONSULTANT," or the information set forth in APPENDICES D, E, F and G;

H) based on the examination which the Corporation Counsel has caused to be made and the participation of representatives of the Corporation Counsel at conferences at which the Official Statement was discussed, the statements contained in the Official Statement under the headings "OFFICIAL STATEMENT SUMMARY," "INTRODUCTION," "SECURITY FOR THE 2013 SENIOR LIEN BONDS," "PLAN OF FINANCE," "CHICAGO O'HARE INTERNATIONAL AIRPORT," "OUTSTANDING INDEBTEDNESS AT O'HARE," "CERTAIN INVESTMENT CONSIDERATIONS" "LITIGATION," and "SECONDARY MARKET DISCLOSURE," in APPENDIX A "GLOSSARY OF TERMS" and in APPENDIX C - "SUMMARY OF CERTAIN

PROVISIONS OF THE AIRPORT USE AGREEMENTS," present a fair and accurate summary of such provisions; and

(I) for so long as the Airport Use Agreements remain in effect in

their present form, the amounts required to be paid in respect to the

principal of and interest on the 2013 Senior Lien Bonds during the term

of the Airport Use Agreements are required to be included in the

calculation of Airport Fees and Charges under the Airport Use

Agreements.

(vi) Opinions, dated the date of the Closing and addressed to the Underwriters, of Thompson Coburn LLP, Chicago, Illinois and McGaugh Law Group LLC, Chicago, Illinois, as Co-Counsel for the Underwriters ("Co-Underwriters' Counsel"), to the effect that:

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A) the 2013 Senior Lien Bonds are exempt securities which do not require registration under the 1933 Act, and the Bond Ordinance and the Senior Lien Indenture need not be qualified under the Trust Indenture Act;

B) the Undertaking complies with the requirements of Section (b)(5) of Rule 15c2-12 in effect as of the date of Closing and the conditions of the Underwriters' purchase or sale of the 2013 Senior Lien Bonds contained in this Contract of Purchase have been satisfied or waived; and

C) based upon their participation in the preparation of the

C) Official Statement as Co- Underwriters' Counsel and their participation

C) at conferences at which the Official Statement was discussed, but without

C) having undertaken to determine independently the accuracy,

C) completeness or fairness of the statements contained in the Official

C) Statement, Co- Underwriters' Counsel have no reason to believe that the

C) Official Statement contains any untrue statement of a material fact or

C) omits to state a material fact necessary to make the statements therein, in

C) light of the circumstances under which they were made, not misleading;

C) provided that no belief or opinion need be stated regarding (i) the

C) financial statements or other financial, operating, accounting, forecast,

C) technical and statistical statements and data contained or incorporated in

C) the Official Statement, (ii) the statements and information set forth under

C) the captions "OFFICIAL STATEMENT SUMMARY,"

C) "INDEPENDENT AUDITORS," and in APPENDIX D to the Official

C) Statement, and (iii) the information describing the opinions of Co-Bond

C) Counsel under the caption "TAX MATTERS" and in APPENDIX F to

C) the Official Statement.

vii) A certificate dated the date of Closing, of an Authorized Officer of the City to the effect that:

A) the representations and warranties of the City contained herein are true and correct on and as of the date of the Closing with the same effect as if made on the date of the Closing; and

B) to the best knowledge of said officer, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

viii) A certificate, dated the date of the Closing, of an Authorized Officer and the Commissioner of the Chicago Department of Aviation to the effect that, except as disclosed in the Official Statement, nothing has come to their attention which causes them to believe that during the period from January 1, 2013 to the Closing Date, there has been any material adverse change in the financial condition of O'Hare from that set forth in the audited financial statements of O'Hare as of December 31, 2012, included as Appendix D to the Official Statement;

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ix) A certificate, dated the date of the Closing, of the Commissioner of the Chicago Department of Aviation to the effect that the information contained in the Official Statement under the captions "INTRODUCTION,-CHICAGO O'HARE INTERNATIONAL AIRPORT, OTHER INDEBTEDNESS AT O'HARE, CAPITAL DEVELOPMENT PROGRAMS AND REGIONAL AIRPORT OVERSIGHT" "SECURITY FOR THE 2013 SENIOR LIEN BONDS," "PLAN OF FINANCE," "CHICAGO O'HARE INTERNATIONAL AIRPORT," "AIR TRAFFIC ACTIVITY AT O'HARE", "O'HARE FINANCIAL INFORMATION," "OUTSTANDING INDEBTEDNESS AT O'HARE," "CAPITAL DEVELOPMENT PROGRAMS", and "CERTAIN INVESTMENT CONSIDERATIONS" does not include any untrue statement of a material fact or omit any statement of a material fact that should be stated therein for the purposes for which it is to be used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

x) A certificate, dated the date of the Closing, of Ricondo & Associates, Inc. (the "Airport Consultant") to the effect that, in its capacity as an expert in the aviation industry, the Airport Consultant has reviewed and certifies that the information contained in the Official Statement under the captions "INTRODUCTION", "CHICAGO O'HARE INTERNATIONAL AIRPORT," " CAPITAL DEVELOPMENT PROGRAMS," and "PLAN OF FINANCE- " "CHICAGO O'HARE INTERNATIONAL AIRPORT (but not including information under the sub-captions "-OTHER COMMERCIAL SERVICE AIRPORTS SERVING THE CHICAGO REGION," and "-BUDGET PROCEDURES")," "AIR TRAFFIC ACTIVITY AT O'HARE," "O'HARE FINANCIAL INFORMATION," "OUTSTANDING INDEBTEDNESS AT O'HARE," "CAPITAL DEVELOPMENT PROGRAMS," "CERTAIN INVESTMENT CONSIDERATIONS (but not including information under the sub-captions "-EFFECT OF AIRLINE BANKRUPTCY," "-LIMITED LIABILITY," "-ENFORCEBILITY OF REMEDIES," and "-LITIGATION RISK FACTORS")," and APPENDIX E does not include any untrue statement of a material fact or omit any statement of a material fact that should be stated therein for the purpose for which it is used or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
*

xi) Robert Thomas CPA, LLC of Shawnee Mission, Kansas (the "Verification Agent"), will deliver a verification report stating that it has verified the mathematical accuracy of certain computations relating to the sufficiency of the amounts of proceeds of the 2013A Senior Lien Bonds and of the 2013B Senior Lien Bonds, in the aggregate, set aside and to be used for the redemption of the Refunded Bonds to provide for the timely payment of the principal or respective redemption prices of and interest on the Refunded Bonds on their respective redemption dates and the amounts allocated from the proceeds of the Senior 2013 Bonds is sufficient to repay certain of the City's outstanding CP Notes in the aggregate principal amount of $77,653,000;

xii) Executed counterparts or certified copies of the Bond Ordinance, the Senior Lien Indenture and the Undertaking;

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xiii) Evidence satisfactory to the Representative that the 2013 Senior Lien Bonds have received at least the following ratings, respectively, from Moody's Investors Service, Standard and Poor's Ratings Service and Fitch Ratings Ltd.: "A2" (stable outlook), "A-" (stable outlook) and "A-" (negative outlook);

xiv) One counterpart original of a transcript of all documents and proceedings relating to the authorization and issuance of the 2013 Senior Lien Bonds;

xv) The Blanket DTC Letter of Representation dated March 9, 1995 between the City and DTC;

xvi) An executed counterpart of the Tax Compliance Certificate;

xvii) a negative assurance letter or letters of Co-Bond Counsel, dated the date of Closing and addressed to the Underwriters, in substantially the form attached hereto as Exhibit C; and

xviii) Such additional legal opinions, certificates, instruments and other documents as Co-Bond Counsel may reasonably deem necessary or desirable, or as the Representative may reasonably request, to evidence the truth and accuracy, as of the date hereof and as of the date of Closing, of the representations, warranties and covenants of the City contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract of Purchase will be deemed to be in compliance with the provisions hereof if, but only if, they are in substance satisfactory to the Representative.

8. Termination. If the City is unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the 2013 Senior Lien Bonds contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the 2013 Senior Lien Bonds are terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase will terminate and neither the Underwriters nor the City will be under further obligation or have any further liability hereunder, except the City and the Underwriters shall pay their respective expenses as set forth in paragraph 9 hereof.

9. Expenses. The Underwriters shall be under no obligation to pay, and the City shall pay, but solely from the proceeds of the 2013 Senior Lien Bonds or the legally available Revenues, all expenses incident to the performance of the obligations of the City hereunder,' including but not limited to: (i) the cost of the preparation and reproduction and mailing or delivery of the Bond Ordinance, the Senior Lien Indenture, the Tax Compliance Certificate, the Undertaking, the Preliminary Official Statement and the Official Statement; (ii) the cost of the preparation and printing, if any, of the 2013 Senior Lien Bonds; (iii) the fees and disbursements of Co-Bond Counsel; (iv) the fees and disbursements of the accountants and advisors of the City and of any consultants retained by the City; (v) the fees for bond ratings; (vi) the fees for Blue Sky filings, if any; (vii) the fees of DTC; (viii) fees of the Trustee in its capacity as trustee for the 2013 Senior Lien Bonds; (ix) the expenses of travel, meals, and lodging for City representatives

to attend conferences with the rating agencies, investor meetings, and pricing meetings relating to the issuance of the 2013 Senior Lien Bonds; and (x) any other expenses incurred in connection with the issuance of the 2013 Senior Lien Bonds and not specifically assumed by the Underwriters hereunder. The City shall be under no obligation to pay, and the Underwriters shall pay: (i) the cost of preparation and reproduction of the Agreement Among Underwriters and this Contract of Purchase; (ii) the costs of preparation and reproduction of the Blue Sky Memorandum; (iii) all advertising expenses in connection with the public offering of the 2013 Senior Lien Bonds; (iv) an amount, if any, required to be paid to the MSRB as its special assessment; (v) the fees and disbursements of Co-Underwriters' Counsel; and (vi) all other expenses incurred by- them or any of them in connection with their public offering and distribution of the 2013 Senior Lien Bonds.

10. Compliance with Municipal Code. The Representative understands and agrees, and, based upon the representations and warranties received by the Representative from the other Underwriters under the Agreement Among Underwriters, dated October 3, 2013 (the "AAU\ on behalf of the other Underwriters, each Underwriter understands and agrees, that it is required to and will comply with the provisions of Chapters 2-56 and 2-156 of the Municipal Code of Chicago. The Underwriters acknowledge (a) receipt of a copy of Section 2-156-030(b) of the Municipal Code of Chicago; (b) they have read such provision and understand that pursuant to such Section 2-156-030(b) it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship; and (c) that a violation of Section 2-156-030(b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated hereby shall be grounds for termination of this Contract of Purchase and the transactions contemplated hereby. The Representative on behalf of each Underwriter represents and warrants that, to the best of its knowledge, no violation of Section 2-156-030(b) has occurred with respect to this Contract of Purchase or the transactions contemplated hereby and no person holding office of the City, either by election or appointment, is in any manner interested, either directly or indirectly, in any contract being entered into or the performance of any work to be carried out in connection with the issuance and sale of the 2013 Senior Lien Bonds and upon which such officer may be called upon to act or vote.

11. Underwriters Representations and Warranties. The Representative understands and agrees, and, based upon the representations and warranties received by the Representative from the other Underwriters under the AAU, on behalf of the other Underwriters, each Underwriter understands and agrees, that:

(a) The Representative, based solely upon the certification of each of the Underwriters to the Representative, without independent investigation, hereby represents and warrants that no Underwriter, nor any Affiliate (as hereinafter defined) thereof, is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce the U.S. Department of State or their successors, or on any other list of persons or entities with which the City may not do

business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, List of Statutorily

Debarred Parties or the Excluded Parties List. "Affiliate" when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

(b) The Representative further represents and warrants that the Underwriters have heretofore authorized the Representative to execute any document on behalf of and exercise any authority of and otherwise to act for, them in all matters under or pertaining to this Contract of Purchase. Each Underwriter has warranted and confirmed to the Representative, and the Representative warrants and confirms to the City that: (i) it is duly registered under the Exchange Act as a broker-dealer or municipal securities dealer and has duly paid the fee prescribed by MSRB Rule A-12 or is exempt from such requirements; (ii) it is (a) a member in good standing of the Financial Industry Regulatory Authority ("FINRA"), if applicable or (b) otherwise eligible under FINRA rules (to the extent applicable) to receive underwriting discounts and concessions available to such members with respect to underwriters of municipal securities; and (iii) it has complied with the dealer registration requirements, if any, of the various jurisdictions in which it offers the 2013 Senior Lien Bonds for sale.

12. No Advisory or Fiduciary Role; Acknowledgements of the City. The City acknowledges and agrees that:

(a) (i) the purchase and sale of the 2013 Senior Lien Bonds pursuant to this Contract of Purchase is an arm's-length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as the agent, municipal advisor, financial advisor or fiduciary of the City; (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter has provided other services or is currently providing other services to the City on other matters), and the Underwriters have no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract of Purchase or as otherwise required by applicable laws, regulations or the rules of the Commission or the MSRB; (iv) this Contract of Purchase expresses the entire relationship between the parties hereto and (v) the City has consulted its own legal, financial, municipal and other advisors to the extent it has deemed appropriate.

(b) the Representative and the City have not previously entered into, any formal agreement, engagement letter or other arrangement for the retention of the

Underwriters establishing the fees of the Underwriters.

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13. Survival of Representations, Warranties and Covenants. This Contract of Purchase is made solely for the benefit of the City and the Underwriters (including the successors of any Underwriter), and no other person may acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and covenants of the City contained in this Contract of Purchase shall remain operative and in full force and effect regardless of (i) any investigations made by or on behalf of any of the Underwriters or (ii) delivery of any payment for the 2013 Senior Lien Bonds pursuant to this Contract of Purchase.

14. Compliance with MSRB Ride G-ll. In connection with the 2010 Amendment, the City has stated in the Official Statement that "Pursuant to the 2013 Supplemental Indentures authorizing each Series of the 2013 Senior Lien Bonds, the Owners of the 2013 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2013 Senior Lien Bonds." The Underwriters are not providing consent to or approval of such amendments, and the City agrees that it will not deem such amendments to have been consented to or approved by the Underwriters as a result of the Underwriters' purchase of the 2013 Senior Lien Bonds in their capacity as underwriters as defined in Section 2(a) (11) of the Securities Act. Upon request of the City, each Underwriter will inform the City of the amount of 2013 Senior Lien Bonds, if any, that the such Underwriter holds in its capacity as an underwriter as defined in Section 2(a)(l 1) of the Securities Act.

15. Notices. Any notice or other communication to be given to the City under this Contract of Purchase must be given by delivering the same in writing at the address of the City set forth above, Attention: City of Chicago, Chief Financial Officer, 33 North LaSalle Street, 6th floor, Chicago, Illinois 60602, and any notice or other communication to be given to the Underwriters under this Contract of Purchase must be given by delivering the same in writing to the Representative at 540 West Madison Street, Chicago, Illinois 60661.

16. Time is of the Essence. Time is of the essence in consummation of the transactions contemplated by this Contract of Purchase.

17. Limitation of Liability. All covenants, stipulations, promises, agreements and obligations of the City under this Contract of Purchase are deemed to be covenants, stipulations, promises, agreements and obligations of the City and not of any officer or official of the City in his or her individual capacity, and no recourse is available for any claim based on this Contract of Purchase, any certificate provided hereunder or the purchase or sale of the 2013 Senior Lien Bonds against any officer or employee of the City.

Any obligations or liabilities of the City under or arising out of this Contract of Purchase or the purchase or sale of the 2013 Senior Lien Bonds shall be limited obligations or liabilities payable exclusively from legally available Revenues as discussed in the Official Statement, and in compliance with the Bond Ordinance shall not be general obligations payable from the general fund of the City. The Underwriters shall have no right to compel the exercise of the taxing power of the City or the forfeiture of any property of the City to satisfy any obligations or liabilities of the City under or arising out of this Contract of Purchase or the purchase or sale of the 2013 Senior Lien Bonds.

18. Governing Law. This Contract of Purchase shall be governed by and construed in accordance with the laws of the State of Illinois, including, without limitation, those laws

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applicable to contracts made and to be performed in the State of Illinois. . This Contract of Purchase shall not be assigned by the City or the Underwriters.

19. Qualification of Securities. The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the 2013 Senior Lien Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

20. Counterparts. This Contract of Purchase may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

21. Headings. The headings of the paragraphs of this Contract of Purchase are inserted for convenience only and shall not be deemed to be a part hereof for any other purpose.

22. Execution. This Contract of Purchase shall become effective upon the execution and the acceptance hereof by the appropriate officers and officials of the City and will be valid and enforceable as of the time of such acceptance.

IN WITNESS WHEREOF, the parties hereto have caused this Contract of Purchase in connection with the City of Chicago's Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2013A and Series 2013B, and Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2013C and Series 2013D, to be executed by their duly authorized representatives as of the date first above written.

Very truly yours,

J.P. Morgan Securities LLC
On behalf of itself and as Representative for the
Underwriters listed in-Schedule I
Managing Director
By:
The foregoing is hereby accepted as of The date first written above:

CITY OF CHICAGO
Lois A. Scot Chief Financial Officer
Edward M. Burke Chairman, Committee on Finance, City of Chicago

SCHEDULE I TO CONTRACT OF PURCHASE

UNDERWRITERS:

SENIOR MANAGER: J.P. Morgan Securities LLC

CO-SENIOR MANAGERS:

Ramirez & Co., Inc. Siebert Brandford Shank & Co., L.L.C.

CO-MANAGERS:

Barclays Citigroup Drexel Hamilton, LLC Janney Montgomery Scott Lebenthal & Co., LLC Loop Capital Markets PNC Capital Markets LLC Stinson Securities, LLC

EXHIBIT A

$336,350,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue
Refunding Bonds, Series 2013A (AMT)

Maturity (January 1) 2014 2015 2016 " 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026*
t Final

AMOUNT($) 5,705,000 1,965,000 19,995,000 20,990,000 22,040,000 37,140,000 38,630,000 40,560,000 32,845,000 34,005,000 28,165,000 22,425,000 31,885,000 Maturity
Interest Rate(%) 2.000% 3.000% 5.000% 5.000% 5.000% 4.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000%

Price(%) 100.359 102.878 108.702 110.845 111.739 106.973 111.423 110.547 109.492 108.433 106.679* 105.113* 103.727*

Yield (%) 0.250% 0.600% 1.000% 1.520% 2.070% 2.560% 2.970% 3.340% 3.650% 3.900% 4.120% 4.320% 4.500%

CUSIP+ 167593MB5 167593MC3 167593MD1 167593ME9 167593MF6 167593MG4 167593MH2 167593MJ8 167593MK5 167593ML3 167593MM1 167593MN9 167593MP4

* Priced to the January 1,2023 optional redemption date.
+ Copyright 2013, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above arc being provided solely for the convenience of bondholders only at the time of issuance of the 2013 Senior Lien Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2013 Senior Lien Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2013 Senior, Lien Bonds.

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$165,435,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (NON-AMT)

Maturity (January It 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029+
t Final

Amount($1 2,650,000 7,905,000 450,000 465,000 485,000 5,680,000 5,960,000 6,265,000 16,305,000 17,620,000 18,490,000 19,430,000 12,695,000 11,275,000 14,430,000 25,330,000 Maturity

Interest Rate(%) 2.000% 4.000% 4.000% 4.000% 4.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.250% 5.250%

Price(%) 100.369 104.188 106.912 108.613 109.124 113.908 114.037 113.632 112.972 112.047 109.649* 108.192* 106.758* 105.113* 105.826* 104.597*

Yield (%) 0.200% 0.510% 0.830% 1.250% 1.740% 2.160% 2.540% 2.890% 3.190% 3.460% 3.750% 3.930% 4.110% 4.320% 4.470% 4.630%

CUSIP' 167593MQ2 167593MR0 167593MS8 167593MT6 167593MU3 167593MV1 167593MW9 167593MX7 167593MY5 167593MZ2 167593NA6 167593NB4 167593NC2 167593ND0 167593NE8 167593NF5

* Priced to the January 1, 2023 optional redemption date.

+ Copyright 2013, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the 2013 Senior Lien Bonds and the City docs not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2013 Senior Lien Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2013 Senior Lien Bonds.

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$98,375,000
Chicago O'Hare international Airport General Airport Senior Lien
Revenue Bonds, Series 2013C (AMT)

Maturity (January 1) 2017 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Amount($1 1,760,000 1,845,000 J ,940,000 2,035,000 2,135,000 2,245,000 2,355,000 ■ 2,475,000 2,595,000 2,725,000 2,870,000 3,020,000 3,180,000 3,340,000

Interest Rate(%) 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.250% 5.250% 5.250% 5.000% 5.000%

Price(%) 110.845 111.817 111.423 110.547 109.492 108.433 106.679* 105.113* 103.727* 104.140* 103.159* 102.188* 99.334 98.630

Yield (%1 1.520% 2.560% 2.970% 3.340% 3.650% 3.900% 4.120% 4.320% 4.500% 4.690% 4.820% 4.950% 5.060% 5.120%

CUSIP+ 167593NG3 167593NH1 167593NJ7 167593NK4 167593NL2 167593NM0 167593NN8 167593 NP3 167593NQ1 167593NR9 167593NS7 167593NT5 167593NU2 167593NV0

Term Bond due January 1,2034 Price: 102.164* Yield: 5.200% CUSIP+: 167593NW8

Year 2032 2033 2034
Amount($1 3,505,000 3,700,000 3,900,000

Yield(%) 5.200 5.200 5.200
Price(%) 102.164 102.164 102.164

Term Bond due January 1,2039 Price: 98.565 Yield: 5.480% CUSIP+: 167593NX6

Year 2035 2036 2037 2038 2039
Amount($1 4,115,000 4,335,000 4,570,000 4,815,000 5,075,000
Yield(%) 5.480 5.480 5.480 5.480 5.480
Price 98.565 98.565 98.565 98.565 98.565

$29,840,000 5.500% Term Bond due January 1, 2044t Price: 99.262 Yield: 5.550% CUSIP+: 167593NY4

Year	Amounts	Yield(%)	Price
2040	5,345,000	5.500	99.262
2041	5,640,000	5.500	99.262
2042	5,950,000	5.500	99.262
2043	6,280,000	5.500	99.262
2044	6,625,000	5.500	99.262
2044	* Final Maturity		

* Priced to the January 1,2023 optional redemption date.

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$297,745,000
Chicago O'Hare International Airport General Airport Senior Lien
Revenue Bonds, Series 2013D (NON-AMT)

Maturity (January 1) 2017 2017 2019 2020 2020 2021 2022 2023 2023 2024 2024 2025 2026 2027 2028 2029 2030 2030 2031 2032 2033 2034

Amount($) 3,465,000 2,000,000 5,700,000 4,770,000
I, 215,000
6,260,000
6,570,000
6,590,000
310,000 6,740,000
500,000 7,595,000 7,975,000 8,375,000 8,790,000 9,255,000 5,290,000 4,450,000 10,215,000 10,755,000
II, 320,000
11,910,000
Interest Rate(%) 5.000% 3.000% 5.000% 5.000% 3.000% 5.000% 5.000% 5.000% 3.375% 5.000% 3.625% 5.000% 5.000% 5.000% 5.250% 5.250% 5.250% 4.500% 5.250% 5.250% 5.250% 5.250%

Price(%) 111.745 105.480 113.908 114.037 102.623 113.632 112.972 112.047 99.331 109.649* 98.944 108.192* 106.758* 105.113* 105.826* 104.597* 103.610* 97.079 103.009* 102.486* 102.188* 101.671*

Yield (%) 1.250% 1.250% 2.160% 2.540% 2.540% 2.890% 3.190% 3.460% 3.460% 3.750% 3.750% 3.930% 4.110% 4.320% 4.470% 4.630% 4.760% 4.760% 4.840% 4.910% 4.950% 5.020%

CUSIP+ 167593NZ1 167593PU0 167593PA4 167593PB2 167593PV8 167593PC0 167593PD8 167593PE6 167593PW6 167593PF3 167593PX4

167593PG1 167593PH9 167593PJ5 167593PK2 167593PL0 167593PY2 167593PM8 167593PN6 167593PP1 167593PQ9 167593PR7

$69,280,000 5.000% Term Bond due January 1, 2039 Price: 97.750 Yield: 5.160% CUSIP+: 167593PS5

Year	Amount! $)	Yicld(%)	Price(%) '
2035	12,540,000	5.16097.750	
2036	13,165,000	5.16097.750	
2037	13,820,000	5.16097.750	
2038	14,515,000	5.16097.750	
2039	15,240,000	5.16097.750	

3,415,000 5.000% Term Bond due January 1,2044+ Price: 96.666 Yield: 5.220% CUSIP+: 167593PT3

Year	Amount($)Yield(%)	Price(%)
2040	16,000,000	5.220 96.666
2041	16,800,000	5.220 96.666
2042	17,640,000	5.220 96.666
2043	18,525,000	5.220 96.666
2044	19,450,000	5.220 96.666
2044	[f] Final Maturity	

* Priced to the January 1,2023 optional redemption date.

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Optional Redemption Provisions.

2013A Senior Lien Bonds. The 2013A Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the redemption price equal to the principal amount of each 2013 A Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013B Senior Lien Bonds. The 2013B Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the redemption price equal to the principal amount of each 2013B Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013C Senior,Lien Bonds. The 2013C Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot at the redemption price equal to the principal amount of each 2013C Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013D Senior Lien Bonds. The 2013D Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot at the redemption price equal to the principal amount of each 2013D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2013C Senior Lien Bonds. The 2013C Senior Lien Bonds maturing January 1, 2034, January 1, 2039 and

January 1, 2044 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount($')
2032	3,505,000
2033	3,700,000
2034	3,900,000

Year	Amount! $)
2035	4,115,000
2036	4,335,000
2037	4,570,000
2038	4,815,000
2039	5,075,000

Year	Amount($)
2040	5,345,000
2041	5,640,000
2042	5,950,000
2043	6,280,000
2044	6,625,000

2013D Senior Lien Bonds. The 2013D Senior Lien Bonds maturing January 1, 2039 and January 1, 2044 are subject to mandatory redemption in part by lot from Sinking Fund Payments

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on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	2035	2036	2037	2038	2039
Amount($)	12,540,000	13,165,000	13,820,000	14,515,000	15,240,000

Year	2040	2041	2042	2043	2044
Arnount($)	16,000,000	16,800,000	17,640,000	18,525,000	19,450,000

If the City redeems 2013 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or purchases 2013 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of 2013 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2013 Senior Lien Bonds of such Series and maturity in such order as an Authorized Officer of the City shall determine.

Notice and Selection of Bonds. Notice of redemption of the 2013 Senior Lien Bonds which are subject to optional redemption (i) identifying the 2013 Senior Lien Bonds or portions thereof to be redeemed, and (ii) specifying the redemption date, the redemption price, the places and dates of payment, that from the redemption date interest will cease to accrue, and whether the redemption is conditioned upon sufficient moneys being available on the redemption date (or any other condition), shall be given by the Trustee by mailing a copy of such redemption notice, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each such 2013 Senior Lien Bond to be redeemed in whole or in part at the address shown on the registration books. Redemption notices will be sent by first class mail, except that notices to Registered Owners of at least $1,000,000 of 2013 Senior Lien Bonds of the same Series shall be sent by registered mail. Failure to mail any such notice to the Registered Owner of any such 2013 Senior Lien Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such 2013 Senior Lien Bond. Any such notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any 2013 Senior Lien Bond receives the notice.

If a 2013 Senior Lien Bond is of a denomination larger than $5,000, all or a portion of such 2013 Senior Lien Bond (in a denomination of $5,000 or any integral multiple thereof) may be redeemed, but such 2013 Senior Lien Bond shall be redeemed only in a principal amount equal to $5,000 or any integral multiple thereof. Upon surrender of any 2013 Senior Lien Bond for redemption in part only, the City shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, at the expense of the City, a new 2013 Senior Lien Bond or 2013 Senior Lien Bonds of the same Series, maturity and interest rate and of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2013 Senior Lien Bond surrendered.

If fewer than all of the 2013 Senior Lien Bonds of the same Series, maturity and interest rate are called for redemption, such 2013 Senior Lien Bonds (or portions thereof) to be redeemed

shall be selected by lot by the Trustee (except at any time when such 2013 Senior Lien Bonds are held in a book entry system, in which case selection of such 2013 Senior Lien Bonds to be redeemed will be in accordance with procedures established by the book entry depository).

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EXHIBIT B

$897,905,000 City of Chicago

Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds Series 2013A and Series 2013B - and - Chicago O'Hare International Airport Senior Lien Revenue Bonds Series 2013C and Series 2013D

Purchase Price

Par Amount Plus Net Premium Less Underwriters' Discount Purchase Price

2013 SENIOR LIEN BONDS $897,905,000:00 47,919,974.30 4,070,522.66

$941,754.451.64

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EXHIBIT C

$897,905,000 City of Chicago
Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds Series 2013A
and Series 2013B - and -
Chicago O'Hare International Airport Senior Lien Revenue Bonds Series 2013C
and Series 2013D

PROPOSED FORM OF NEGATIVE ASSURANCE LETTER OF CO-BOND COUNSEL

October _, 2013

J.P. Morgan Securities LLC
On behalf of itself and
as Representative of the hereinafter
described Underwriters Chicago, Illinois

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance and sale by the City of Chicago (the "City") of $897,905,000 aggregate principal amount of its Chicago O'Hare International Airport Senior Lien Revenue Refunding Bonds, Series 2013A and Series 2013B, and Chicago O'Hare International Airport Senior Lien Revenue Bonds, Series 2013C and Series 2013D, (together, the "2013 Senior Lien Bonds"). The 2013 Senior Lien Bonds will be issued in four series:

i) $336,350,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013 A (AMT);

ii) $165,435,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (Non-AMT);

iii) $98,375,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (AMT);and

iv) $ 297,745,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (Non-AMT).

In that capacity, we have participated in the preparation of the Official Statement dated

October , 2013 relating to the Bonds (the "Official Statement"), and have participated in

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meetings with representatives of the City, your representatives, your counsel and others, in which the Official Statement was discussed. This letter is furnished to you pursuant to Section 7(d)(xvii) of the Contract of Purchase dated October 3, 2013 (the "Contract of Purchase") between the City and J.P. Morgan Securities LLC, as representative of the Underwriters described therein (the "Underwriters").

The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth in the Official Statement. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature.

Subject to the foregoing, we confirm to you as a matter of fact and not as an opinion that, in the course of perfonning the services referred to above, nothing came to the attention of the attorneys in our firm rendering legal services as Co-Bond Counsel that caused us to believe that the Official Statement as of its date or as of the date hereof contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and we express no view with respect to (i) the financial statements or other financial, forecast, technical, operating and statistical statements and data contained or incorporated by reference in the Official Statement or omitted therefrom; (ii) information pertaining to CUSIP numbers, to DTC and the book-entry only system; (iii) information contained under or omitted from the captions "OFFICIAL STATEMENT SUMMARY","REGARDING THE USE OF THIS OFFICIAL STATEMENT;" "SECURITY FOR THE 2013 SENIOR LIEN BONDS -DEBT SERVICE COVERAGE COVENANTS RELATED TO CP NOTES AND CREDIT AGREEMENT NOTES," "-AIRPORT USE AGREEMENTS," "-PROPOSED AMENDMENT TO THE SENIOR LIEN INDENTURE" and the last five paragraphs of the caption "SECURITY FOR THE 2013 SENIOR LIEN BONDS -DEBT SERVICE RESERVES," "O'HARE FINANCIAL INFORMATION" and "CAPITAL DEVELOPMENT PROGRAMS," or (iv) the information contained in or omitted from the Appendices C, D, E, G or H to the Official Statement.

This letter is being issued subject to the following matters, which by your acceptance of this letter you recognize and acknowledge: (1) that this letter is not a legal opinion but is rather a negative observation based on our activities as Co-Bond Counsel in connection with the issuance of the Bonds; (2) that we have not been engaged to act, and have not acted, as your counsel for any purpose in connection with the offering of the Bonds; (3) that no attorney-client relationship at any time existed between us; and (4) that the scope of activities on which this letter is based was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws. Consequently, we make no representation that our procedures have been adequate for your purposes. This letter is being furnished only to you, is solely for your benefit as an Underwriter and as representative of the Underwriters, and is not to be used, quoted, circulated, relied upon or otherwise referred to by any other person or entity (including any person or entity purchasing any of the Bonds from you or the other Underwriters) or for any other purpose without our prior written consent. This letter may be disclosed to your counsel and copies of this letter may be included in the compilation of closing documents pertaining to the 2013 Senior Lien Bonds.

This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention

Very truly yours,

CERTIFICATE PURSUANT TO BOND ORDINANCE

Pursuant to the provisions of the ordinance adopted by the City Council of the City of Chicago (the "City") on March 13, 2013 (the "Bond Ordinance"), authorizing the issuance of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds in one or more series, the undersigned, LOIS A. SCOTT, the duly qualified and acting Chief Financial Officer of the City, hereby certifies as follows:

a) Except as otherwise defined herein, all defined terms contained in this Certificate shall have the same meanings, respectively, as such terms are defined in the Bond Ordinance.

b) Pursuant to Part A, Article I, Section 1.2(g), Part B, Article II, Section 2.1(b) and (f) and Part D, Article I, Section 1.2(a) and 1.2(c) of the Bond Ordinance, the undersigned Chief Financial Officer has determined that the Bonds (as hereinafter defined) shall be issued in an aggregate principal amount of $897,905,000 and in four series, such series to be designated (i) Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A in the aggregate principal amount of $336,350,000 (the "Series 2013A Senior Lien Bonds"), (ii) Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B in the aggregate principal amount of $165,435,000 (the "Scries 2013B Senior Lien Bonds"), (iii) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C in the aggregate principal amount of $98,375,000 (the "Series 2013C Senior Lien Bonds") and, (iv) Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D in the aggregate principal amount of $297,745,000 (the "Series 2013D Senior Lien Bonds" and, together with the Series 2013A Senior Lien Bonds, the Series 2013B Senior Lien Bonds and and the Series 2013C Senior Lien Bonds, the "Bonds"), and that the Bonds shall be dated, bear interest and mature, and shall be subject to optional and mandatory redemption prior to maturity, all as set forth in the "Schedule of Maturities" attached here to as Exhibit A. Bonds that are subject to optional redemption may be redeemed at a redemption price of 100% of the principal amount of Bonds being redeemed plus accrued interest thereon to the redemption date. Bonds subject to mandatory redemption will be redeemed at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date without premium.

c) Pursuant to Part B, Article II, Section 2.2 and Part D, Article I, Section 1.4 of the Bond Ordinance, the net proceeds of the sale of the Bonds shall be applied in the manner and amounts as described in Exhibit B attached hereto, entitled "Application of Proceeds."

d) Pursuant to Part D, Article I, Sections 1.2(a) and (b) of the Bond Ordinance, the undersigned Chief Financial Officer has determined, with the occurrence of the Chairman of the Committee on Finance of the City Council, that the aggregate purchase price for the Bonds shall be $941,754,451.64 (reflecting an underwriters' discount of $4,070,522.66 and a net original issue premium of $47,919,974.30), representing an aggregate purchase price for the Bonds which is not less than 98% of the principal amount of the Bonds (less any original issue discount which may be used in the marketing of the Bonds),plus accrued interest thereon from their date to the date of delivery thereof and payment thereof and on behalf of the City has executed and delivered a Contract of Purchase, dated October 3, 2013 between the City and J.P. Morgan

Securities LLC,, as representative of the underwriters as listed therein (the "Contract of Purchase").

(e) Pursuant to Part D, Article I, Section 1.10 of the Bond Ordinance, the undersigned Chief Financial Officer has determined that the Bonds are "Common Reserve Bonds" as defined in the related Supplemental Indenture. Upon the issuance of the Bonds, the City will deposit $82,565,010.20 from proceeds of the Bonds (of which $62,709,259.92 are being used to supplement the value of certain debt service reserve surety bonds currently held in the Common Debt Service Reserve Sub-Fund) into the Common Debt Service Reserve Sub-Fund, and that such deposit of funds into the Common Debt Service Reserve Sub-Fund is in the best financial interests of the City.

(I) Pursuant to Part D, Article I, Section 1.2(f) of the Bond Ordinance, the undersigned Chief Financial Officer has executed a Continuing Disclosure Undertaking, dated as of October 17, 2013, evidencing the City's agreement to comply with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, with respect to the Bonds.

(g) Pursuant to Part D, Article I, Section 1.2(c) of the Bond Ordinance, delivered herewith for filing with the City Clerk is one copy of the Official Statement dated October 3, 2013 relating to the Bonds and an executed copy of the Contract of Purchase to be filed as soon as practicable after the delivery of the Bonds.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed her official signature thisprfoday of October, 2013.

CITY OF CHICAGO

Chief Financial Officer

Signature Page

EXHIBIT A SCHEDULE OF MATURITIES

$336,350,000 Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A

(AMT)

Maturity (January 1)	Amount($)	Interest Rate (%)
2014	5,705,000	2.000%
2015	1,965,000	3.000%
2016	19,995,000	5.000%
2017	20,990,000	5.000%
2018	22,040,000	5.000%
2019	37,140,000	4.000%
2020	38,630,000	5.000%
2021	40,560,000	5.000%
2022	32,845,000	5.000%
2023	34,005,000	5.000%
2024	28,165,000	5.000%
2025	22,425,000	5.000%
2026	31,885,000	5.000%

Exhibit A

$165,435,000 Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B

(NON-AMT)

Maturity (January 1)	Amount($)	Interest Rate (%)
2014	2,650,000	2.000%
2015	7,905,000	4.000%
2016	450,000	4.000%
2017	465,000	4.000%
2018	485,000	4.000%
2019	5,680,000	5.000%
2020	5,960,000	5.000%
2021	6,265,000	5.000%
2022	16,305,000	5.000%
2023	17,620,000	5.000%
2024	18,490,000	5.000%
2025	19,430,000	5.000%
2026	12,695,000	5.000%
2027	11,275,000	5.000%
2028	14,430,000	5.250%
2029	25,330,000	5.250%

Exhibit A

$98,375,000
Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (AMT)

Maturity (January 1)	Amount($)	Interest Rate (%)
2017	1,760,000	5.000%
2019	1,845,000	5.000%
2020	1,940,000	5.000%
2021	2,035,000	5.000%
2022	2,135,000	5.000%
2023	2,245,000	5.000%
2024	2,355,000	5.000%
2025	2,475,000	5.000%
2026	2,595,000	5.000%
2027	2,725,000	5.250%
2028	2,870,000	5.250%
2029	3,020,000	5.250%
2030	3,180,000	5.000%
2031	3,340,000	5.000%

$11,105,000 5.500% Term Bond due January 1, 2034

$22,910,000 5.375% Term Bond due January 1, 2039

$29,840,000 5.500% Term Bond due January 1, 2044

$297,745,000 Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (NON-AMT)

Maturity (January 1)	Amount($)	Interest Rate (%)
2017	3,465,000	5.000%
2017	2,000,000	3.000%
2019	5,700,000	5.000%
2020	4,770,000	5.000%
2020	1,215,000	3.000%
2021	6,260,000	5.000%
2022	6,570,000	5.000%
2023	6,590,000	5.000%
2023	310,000	3.375%
2024	6,740,000	5.000%
2025	500,000	3.625%
2025	7,595,000	5.000%
2026	7,975,000	5.000%
2027	8,375,000	5.000%
2028	8,790,000	5.250%
2029	9,255,000	5.250%
2030	5,290,000	5.250%
2030	4,450,000	4.500%
2031	10,215,000	5.250%
2032	10,755,000	5.250%
2033	11,320,000	5.250%
2034	11,910,000	5.250%

$69,280,000 5.000% Term Bond due January 1, 2039 $88,415,000 5.000%

Term Bond due January 1, 2044

Optional Redemption Provisions.

2013A Senior Lien Bonds. The 2013A Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the redemption price equal to the principal amount of each 2013 A Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013B Senior Lien Bonds. The 2013B Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the redemption price equal to the

principal amount of each 2013B Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013C Senior Lien Bonds. The 2013C Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot at the redemption price equal to the principal amount of each 2013C Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013D Senior Lien Bonds. The 2013D Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot at the redemption price equal to the principal amount of each 2013D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption Provisions.

2013C Senior Lien Bonds. The 2013C Senior Lien Bonds maturing January 1, 2034, January 1, 2039 and January 1, 2044 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

YearAmount($)	
2032	3,505,000
2033	3,700,000
2033	2034*3,900,000

YearAmount($)	
2035	4,115,000
2036	4,335,000
2037	4,570,000
2038	4,815,000
2038	2039*5,075,000

YearAmount($)	
2040	5,345,000
2041	5,640,000
2042	5,950,000
2043	6,280,000
2043	2044*6,625,000

* Maturity

Exhibit A

2013D Senior Lien Bonds. The 2013D Senior Lien Bonds maturing January 1, 2039 and January 1, 2044 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

Year	Amount ($)
2035	12,540,000
2036	13,165,000
2037	13,820,000
2038	14,515,000
2038	2039*15,240,000

Year	Amount ($)
2040	16,000,000
2041	16,800,000
2042	17,640,000
2043	18,525,000
2043	2044*19,450,000

♦Maturity

If the City redeems 2013 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or purchases 2013 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of 2013 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2013 Senior Lien Bonds of such Series and maturity in such order as an Authorized Officer of the City shall determine.

Exhibit A

ACKNOWLEDGMENT OF FILING

Pursuant to the foregoing CERTIFICATE PURSUANT TO BOND ORDINANCE (the "Certificate") of the Chief Financial Officer of the City of Chicago (the "City") executed and delivered in connection with the issuance of the City's $336,350,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A (the "2013A Senior Lien Bonds"), $165,435,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (the "2013B Senior Lien Bonds"), $98,375,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (the "2013C Senior Lien Bonds"), and $297,745,000 aggregate principal amount of the City's Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (the "2013D Senior Lien Bonds" and, together with the 2013A Senior Lien Bonds, the 2013B Senior Lien Bonds and the 2013C Senior Lien Bonds, the "Bonds"), the following documents have been filed in the office of the City Clerk of the City and is part of the official files and records of said office:

1. One executed copy of the Certificate;

2. One copy of the Official Statement dated October 3, 2013 relating to the Bonds; and

3. One executed copy of the Contract of Purchase dated October 3, 2013 relating to the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS.]

In Witness Whereof, I have hereunto affixed my signature and caused to be affixed hereto the corporate seal of the City of Chicago, Illinois this

Q^day

of October,

2013.

Susana A. Mendoza City Clerk, City of Chicago

(SEAL)

EXHIBIT B APPLICATION OF PROCEEDS

I. Application of Series 2013A Bond Sale Proceeds

	Amount
Redemption of certain 2003A-2 and 2003B-2 Third Lien Bonds	$323,404,956. 25
Deposit to the Costs of Issuance Account of the 2013 A Dedicated Sub-Fund to pay a portion of the costs of issuance of the Series 2013 A Bonds	382,835.27

Deposit to the Common Debt Service Reserve Sub-Fund	39,461,402.75
Pay Underwriters' Discount	1,263,159.28

IL Application of the Series 2013B Bond Sale Proceeds

	Amount
Redemption of certain 2003B-2, 2003C-2, 2003 D, 2003E and 2003F Third Lien Bonds	$162,294,393.75
Deposit to the Costs of Issuance Account of the 2013B Dedicated Sub-Fund to pay a portion of the costs of issuance of the Series 2013B Bonds	188,298.95
Deposit to the Common Debt Service Reserve Sub-Fund	16,215,519.95
Pay Underwriters' Discount	726,759.95

III. Application of the Series 2013C Bond Sale Proceeds

	Amount
Deposit into 2013C Project Account to fund certain Airport Projects	$53,470,524.77
Retirement of Interim CP Notes[1]	42,213,027.22
Deposit to the Costs of Issuance Account of the 2013C Dedicated Sub-Fund to pay a portion of the costs of issuance of the Series 2013C Bonds	112,164.42
Deposit to Capitalized Interest Account	3,573,457.66
Pay Underwriters' Discount	517,440.73

[1] Chicago O'Hare International Airport Commercial Paper Notes, 2005 Program - $42,199,843.53 principal amount of Series B-1, C-1 and D-1.

B- I

EXHIBIT B APPLICATION OF PROCEEDS

IV. Application of the Series 2013D Bond Sale Proceeds

	Amount
Retirement of Interim CP Notes[2]	$ 35,456,376.38
Deposit to Capitalized Interest Account	23,326,255.17
Deposit to the Costs of Issuance Account of the 2013D Dedicated Sub-Fund to pay a portion of the costs of issuance of the Series 2013D Bonds	339,621.09
Deposit to the Common Debt Service Reserve Sub-Fund	26,888,087.50
Deposit into 2013D Project Account to fund certain Airport Projects	214,427,530.51
Pay Underwriters' Discount	1,563,162.70

[2] Chicago O'Hare International Airport Commercial Paper Notes, 2005 Program -$17,964,156.48 principal amount of Series C-1 and D1 and $ 17,489,000 principal amount of Series C-2 and D-2.

B- 2

EXHIBIT B APPLICATION OF PROCEEDS

City of Chicago - Chicago O'Hare International Airport 2003 Serial Bonds Refunded by 2013 Bonds

Series 2003A-2

Year	Original Principal	Principal Refunded by 2013A	Principal Refunded by 2013B
2016	17,970,000	17,970,000	0
2017	18,955,000	18,955,000	0
2018	20,095,000	20,095,000	0
2019	35,100,000	35,100,000	0
2020	37,120,000	37,120,000	0
2021	39,255,000	39,255,000	0
2022	1,885,000	1,885,000	0

Series 2003 B-2

Year	Original Principal	Principal Refunded by 2013A	Principal Refunded by 2013B
2022	39,625,000	29,885,000	9,740,000
2023	43,900,000	33,110,000	10,790,000
2024	21,215,000	16,000,000	5,215,000

Series 2003 D

Year	Original Principal	Principal Refunded by 2013A	Principal Refunded by 2013B
2019	2,595,000	02,595,000	
2020	2,720,000	02,720,000	
2021	2,855,000	02,855,000	
2022	2,995,000	02,995,000	
2023	3,145,000	03,145,000	

B- 3

EXHIBIT B APPLICATION OF PROCEEDS

Series 2003 E

Year

2019 2020 2021 2022 2023 2024

0 0 0 0 0 0

Original Principal Principal Refunded by 2013 A

2,580,000 2,705,000 2,840,000 2,975,000 3,130,000 3,280,000

Principal Refunded by 2013B

2,580,000 2,705,000 2,840,000 2,975,000 3,130,000 3,280,000

Year 2015

Series 2003F Original Principal Principal Refunded by 2013A

7,370,000 0

Principal Refunded by 2013 B 7,370,000

City of Chicago - Chicago O'Hare International Airport 2003 Term Bonds Refunded by 2013 Bonds

Original Sinking Funds

Series 2003 B-2

Sinking Funds Refunded by 2013A

Sinking Funds Refunded by 2013B

2024 2025 2026 2027f*

2024 2025 2026 2027B*

2026 2027 2028 2029*
10,000,000 20,000,000 10,000,000 10,000,000

15,205,000 29,080,000 7,715,000 10,000,000

34,160,000 34,910,000 58,130,000 24,505,000
0 0 0 0

11,470,000 21,930,000 5,820,000 0

25,765,000 0 0 0

2,455,000 4,915,000 0 0

3,735,000 7,150,000 1,895,000 2,455,000

8,395,000 8,580,000 14,290,000 6,025,000

♦Maturity of Term Bond f 5.25% Coupon B 6.00% Coupon

EXHIBIT B APPLICATION OF PROCEEDS

Series 2003 C-2

Sinking Funds Refunded by 2013A
Sinking Funds Refunded By 2013B

2029 2030*
37,115,000 62,885,000
0 0

19,265,000 0

2030 2031 2032 2033 2034*
2,155,000 68,455,000 72,045,000 75,830,000 31,545,000
0 0 0 0 0
0 0 0 0 0

* Maturity of Term Bond

2003D

Sinking Funds Refunded by 2013A
Sinking Funds Refunded by 2013B

2024 2025 2026 2027 2028*
3,300,000 3,470,000 3,635,000 3,810,000 3,995,000
0 0 0 0 0
3,300,000 3,470,000 3,635,000 0 0

2029 2030 2031 2032 2033 2034*
4,185,000 4,390,000 4,610,000 4,840,000 5,085,000 5,335,000
0 0 0 0 0 0
0 0 0 0 0 0

"Maturity of Term Bond

EXHIBIT B APPLICATION OF PROCEEDS

2003E

Sinking Funds Refunded by 2013A
Sinking Funds Refunded by 2013B

2025 2026 2027 2028 2029*
3,450,000 3,615,000 3,790,000 3,970,000 4,165,000
0 0 0 0 0
3,450,000 0 0 0 0

2030 2031 2032 2033 2034*
4,370,000 4,580,000 4,815,000 5,050,000 5,310,000
0 0 0 0 0
0 0 0 0 0

"Maturity of Term Bond

RATINGS: SEE "RATINGS" HEREIN

Subject to compliance by the City with certain requirements, in the opinion of Quarles & Brady LLP, Chicago, Illinois, and CotiUas & Associa tes, Chicago, Illinois, Co-Bond Counsel, under present law interest on the 2013 Senior Lien Bonds is excludable from the gross income of the owners thereoffor Federal income tax purposes. Interest on the Series 2013B Bonds andSeiies 2013D Bonds -will not. be treated as an item of tax preference in computing the alternative min imum tax for individuals and corporations. Interest on the Series 2013A Bonds and Series 2013C Bonds will be treated as an item of tax preference and is not excludable from theffross income of owners who are "substantial users" of thefacilities financed or refinanced thereby. See the heading "TAXMATTERS"herein for a more detailed discussion of some of the federal tax consequences of owning the 2013 Senior Lien Bonds. Interest on the 2013 Senior Lien Bonds is not exempt from present Illinois income taxes.

$897,905,000 CITY OF CHICAGO Chicago O'Hare International Airport

General Airport Senior Lien Revenue Refunding Bonds
General Airport Senior Lien Revenue Bonds

$336,350,000 $165,435,000 $98,375,000 $297,745,000
Series 2013A Series 2013B Series 2013C Series 2013D
(AMT) (Non-AMT) (AMT) (Non-AMT)

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

The 2013 Senior Lien Bonds will be limited obligations of the City of Chicago (the "City") payable from and secured by a pledge of Revenues (as herein defined) derived from the operation of Chicago O'Hare International Airport {"O'Hare"). The 2013 Senior Lien Bonds will be secured on a parity basis as to Revenues with the City's Existing Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, as more fully described herein. See "The 2013 Senior Lien Bonds." Neither the faith and credit nor the taxing power of the City, the State of Illinois or any political subdivision of the State of Illinois will be pledged to the payment, of the principal of or interest on the 2013 Senior Lien Bonds. No property of the City (including property at O'Hare) is pledged as security for the 2013 Senior Lien Bonds.

The 2013 Senior Lien Bonds will be issued as fully registered bonds 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 2013 Senior Lien Bonds. Purchasers of the 2013 Senior Lien Bonds will not receive certificates representing their interests in the 2013 Senior Lien Bonds purchased. Ownership by the beneficial owners of the 2013 Senior Lien Bonds will be evidenced by book-entry only. Principal of and interest on the 2013 Senior Lien Bonds will be paid by U.S. Bank National Association, Chicago, Illinois, as trustee for the 2013 Senior Lien Bonds to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement, to the beneficial owners of the 2013 Senior Lien Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 2013 Senior Lien Bonds will be made to such registered owner, and disbursal of such payments to beneficial owners will be the responsibility of DTC and its participants. See Appendix G-"DKSCiiirnoN ok Book-Entry Only System."

Interest, on the 2013A Senior Lien Bonds and the 2013B Senior Lien Bonds is payable January 1 and July 1 of each year commencing January 1, 2014. Interest on the 2013C Senior Lien Bonds and the 2013D Senior Lien Bonds is payable January 1 and July 1 of each year commencing July 1, 2014. The 2013 Senior Lien Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times set forth herein. See "The 2013 Senior Lien Bonds-Redemption Provisions."

The City will use the proceeds from the sale of the 2013 Senior Lien Bonds, together with other available funds, to: (i) pay the costs of certain projects at O'Hare included within the O'Hare Modernization Program ("OMR") and the Capital Improvement Program ("CIP"), (ii) repay the City's outstanding Airport CP Notes, (iii) currently refund certain outstanding Airport Obligations (the "Refunded Bonds," as defined herein), (iv) fund certain deposits to the Common Debt, Service Reserve Sub-Fund within the Debt Service Fund, (v) fund capitalized interest on a portion of the 2013 Senior Lien Bonds, and (vi) pay costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds. See "Plan ok Finance" and "Sources and Uses of Funds."

For a discussion of certain investment considerations associated with the purchase of the 2013 Senior Lien Bonds, see the section herein captioned "Certain Investment Considerations."

For maturities, principal amounts, interest rates, prices, yields and CUSIP numbers, see the inside cover pages.

The 2013 Senior Lien Bonds are offered when, as and if issued by the City and accepted by the Underwriters subject to the approval of their validity by Quarles & Brady LLP, Chicago, Illinois, and CotiUas & Associates, Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the City by its Corporation Counsel and by Chapman and Cutler LLP, Chicago, Illinois, special disclosure counsel to the City for pension matters, and for the Underwriters by their co-counsel, Thompson Coburn LLP, Chicago, Illinois, and McGaugh Law Group, Chicago LLC, Illinois. It, is expected that delivery of the 2013 Senior Lien Bonds in book-entry form will be made through t he facilities of DTC on or about October 17,2013.

J.P. Morgan

Ramirez & Co., Inc. **Siebert Brandford Shank & Co., L.L.C.**

Barclays **Citigroup** **Drexel Hamilton, LLC** **Janney Montgomery Scott**

Lebenthal & Co., LLC **Loop Capital Markets** **PNC Capital Markets LLC** **Stinson Securities, LLC**

Dated: October 3, 2013.

Maturities, Amounts, Interest rates, Prices, Yields and CUSIP Numbers

$897,905,000 City of Chicago Chicago O'Hare International airport

$336,350,000

Genkral Airport Senior Lien Revenue Refunding Bonds, Series 2013A (AMT)

Maturity (January 1)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Amount	S 5,705,000	1,965,000	19,995,000	20,990,000	22,040,000	37,140,000	38,630,000	40,560,000	32,845,000	34,005,000	28,165,000	22,425,000	31,885,000

Interest Rate(%)
2.000%
3.000
5.000
5.000
5.000
4.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000

Price 100.359% 102.878 108.702 110.845 111.739 106.973 111.423 110.547 109.492 108.433 106.679? 105.113+ 103.727+

Yield {%)
0.250%
0.600
1.000
1.520
2.070
2.560
2.970
3.340
3.650
3.900
4.120
4.320
4.500

CUSIP+ 167593MB5 167593MC3 167593MD1 167593ME9 167593MF6 167593MG4 167593MH2 167593MJ8 167593MK5 167593ML3 167593MM1 167593MN9 167593MP4

+ Priced to the January 1, 2023 optional redemption date

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$165,435,000
General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (Non-AMT)

Maturity (January I)	Amount	Interest Kate(%)
2014	$ 2,650,000	2.0007c
2015	7,905,0004.000	
2016	450,0004.000	
2017	465,0004.000	
2018	485.0004.000	
2019	5,680.0005.000	
2020	5,960,0005.000	
2021	6,265,0005.000	
2022	16,305,0005.000	
2023	17,620,0005.000	
2024	18,490.0005.000	
2025	19,430,0005.000	
2026	12,695.0005.000	
2027	11,275,0005.000	
2028	14,430,0005.250	
2029	25,330,0005.250	

Price	Yield (%)	CUSIP"
100.369%	0.200%	167593MQ2
104.188	0.510	167593MR0
106.912	0.830	167593MS8
108.613	1.250	167593MT6
109.124	1.740	167593MU3
113.908	2.160	167593MV1
114.037	2.540	167593MW9
113.632	2.890	167593MX7
112.972	3.190	167593MY5
112.047	3.460	167593MZ2
109.649?	3.750	167593NA6
108.192?	3.930	167593NB4
106.758?	4.110	167593NC2
105.113?	4.320	167593ND0
105.826?	4.470	167593NE8
104.597+	4.630	I67593NF5

? Priced to the January- 1, 2023 optional redemption date

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$98,375,000
General Airport Senior Lien Revenue Bonds, Series 2013C (AMT)

Maturity (January 1) 2017 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

Amount $ 1.760,000 1,845,000 1,940,000 2,035,000 2,135,000 2.245,000 2.355,000 2,475,000 2,595,000 2,725,000 2,870,000 3,020,000 3,180.000 3,340,000

Interest Rate (%)

5.000%
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.000
5.250
5.250
5.250
5.000
5.000

Price 110.845% 111.817 111.423 110.547 109.492 108.433 106.679+ 105.113+ 103.727+ 104.140+ 103.159+ 102.188+ 99.334 98.630

Yield (%) 1.520% 2.560 2.970 3.340 3.650 3.900 4.120 4.320 4.500 4.690 4.820 4.950 5.060 5.120

CUS1P+ 167593NG3 167593NH1 167593NJ7 167593NK4 167593NL2 167593NM0 167593NN8 167593NP3 167593NQ1 167593NR9 167593NS7 167593NT5 167593NU2 167593NV0

$11,105,000 5.500% Term Bonds due January 1,2034 Price: 102.164%+ Yield: 5.200% $22,910,000 5.375% Term Bonds clue January 1,2039 Price: 98.565% Yield: 5.480% $29,840,000 5.500% Term Bonds due January 1, 2044 Price: 99.262% Yield: 5.550%
CUSIP+: 167593NW8 CUSIP+: 167593NX6 CUSIP+: 167593NY4

+ Priced to the January' 1, 2023 optional redemption date

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$297,745,000
General Airport Senior Lien Revenue Bonds, Series 20I3D (Non-AMT)

Maturity (January I)	Amount	Interest Rate(%)
2017	$ 3,465,000	5.000%
2017	2,000,000	3.000
2019	5,700,000	5.000
2020	4,770,000	5.000
2020	1,215,000	3.000
2021	6,260,000	5.000
2022	6,570,000	5.000
2023	6,590,000	5.000
2023	310,000	3.375
2024	6,740,000	5.000
2024	500,000	3.625
2025	7,595,000	5.000
2026	7,975,000	5.000
2027	8.375.000	5.000
2028	8,790,000	5.250
2029	9,255,000	5.250
2030	5,290,000	5.250
2030	4.450.000	4.500
2031	10,215,000	5.250
2032	10.755,000	5.250
2033	11,320,000	5.250
2034	11,910.000	5.250

Price	Yield (%)	CUS1P[±]
111.745%	1.250%	167593NZ1
105.480	1.250	167593PU0
113.908	2.160	167593PA4
114.037	2.540	167593PB2
102.623	2.540	167593PV8
113.632	2.890	167593PC0
112.972	3.190	167593PD8
112.047	3.460	167593PE6
99.331	3.460	167593PW6
109.649+	3.750	167593PF3
98.944	3.750	167593PX4
108.192+	3.930	167593PG1
106.758+	4.110	167593PH9
105.113+	4.320	167593PJ5
105.826+	4.470	167593PK2
104.597|	4.630	167593PL0
103.610+	4.760	167593PY2
97.079	4.760	I67593PM8
103.009+	4.840	167593PN6
102.486+	4.910	167593PP1
102.188+	4.950	167593PQ9
101.67 It	5.020	167593PR7

$69,280,000 5.000% Term Bonds due January 1, 2039 $88,415,000 5.000% Term Bonds due January 1. 2044

Price: 97.750%; Yield: 5.160% CUSIP": 167593PS5
Price: 96.666%; Yield: 5.220% CUSIP[+]: 167593PT3

+ l'nced lo the January' 1, 2023 optional redemption date

[+] Copyright 2013, American Bankers Association CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc the CUSIP numbers listed above are being provided solely tor the convenience of bondholders only at the time of issuance of the 2013 Senior l.ien Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or al any time in the future The CUSIP number for a specific maturity is subject lo being changed after the issuance of the 2013 Senior l.ien Bonds as a result of various subsequent actions including, but not limited to, a refunding m whole or m part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2013 Senior Lien Bonds

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OFFICIAL STATEMENT SUMMARY

The following Summary is subject in all respects to more complete information contained in this Official Statement.

The Issuer	City of Chicago, Illinois.
Issue and Date	The 2013 Senior Lien Bonds will be limited obligations of the City payable from Revenues (as defined in Appendix A) derived from the operation of Chicago OTIare International Airport. The 2013 Senior Lien Bonds will be issued in four series: Series 2013A (AMT), Series 2013B (Non-AMT), Scries 2013C (AMT) and Series 2013D (Non-AMT). The 2013 Senior Lien Bonds will be dated as of the date of delivery.
O'Hare	O'Hare is the primary airport for the City. Based on preliminary data, for the 12-month period ended December 2012. O'Hare ranked second both worldwide and in the United States in terms of aircraft operations, and fifth worldwide and second in the United States in terms of total passengers, with approximately 66.6 million enplaned and deplaned passengers in 2012. The Chicago aviation market (which includes O'Hare) ranks fourth in the United States with respect to domestic origin and destination ("O&D") passengers. O'Hare served approximately 16.3 million enplaned O&D passengers in 2012. Sec "Chicago O'Hare International Airport" and Appendix E - "Report of the Airport Consultant."
Purpose of the Issue	To (i) pay the costs of certain projects at O'Hare included within the O'Hare Modernization Program ("CM//[5]") and the Capital Improvement Program ("C//[5]"), . (ii) repay the City's outstanding CP Notes, (iii) currently refund certain outstanding Airport Obligations (the "Refunded Bonds," as defined herein), (iv) fund certain deposits lo the Common Debt Service Reserve Sub-Fund within the Debt Service Fund, (v) fund capitalized interest on a portion of the 2013 Senior Lien Bonds, and (vi) pay costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds. See "Plan or Finance" and '-Sources and Uses of Funds."
Amounts and Maturities	See tables on inside cover pages.
Interest Payment Dates	Interest on the 20I3A Senior l.ien Bonds and the 2013B Senior Lien Bonds is payable January 1 and July 1 of each year commencing January 1, 2014. Interest on the 2013C Senior Lien Bonds and the 2013D Senior Lien Bonds is payable January I and July I of each year commencing July 1, 2014.
Security for Payment	Pursuant to the terms of the Senior Lien Indenture, the 2013 Senior Lien Bonds will be secured by a first lien pledge of Revenues (meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of O'Hare (excluding the Land Support Area)), on a parity basis with the City's Existing Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, and will be paid from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.
Rate Covenant	The City covenants in the Senior Lien Indenture to fix and establish, and to revise from time to time whenever necessary, the rentals, rales and other charges for the use and operation of O'Hare in order that Revenues in each Fiscal Year, together with Other Available Monies deposited with the Trustee and any available cash balance held in the Revenue Fund, will be at least sufficient to provide for the payment of all Operation and Maintenance Expenses for the Fiscal Year and. at a minimum, sufficient to meet 110% of the total debt service on all Outstanding Senior Lien Obligations. Sec "Security for the 2013 Senior Lien Bonds-DcIm Service Coverage Covenants."
Additional Bonds	Additional Bonds may be issued only upon satisfaction of the conditions set forth in the Senior Lien Indenture. See "Security for the 2013 Senior Lien Bonds-Issuance of Additional Bonds."
Redemption	The 2013 Senior Lien Bonds are subject to optional and mandatory redemption as described under " The 2013 Senior Lien BONDS-Redemption Provisions."
Paying Agent	Principal of and interest on the 2013 Senior Lien Bonds will be paid by U.S. Bank National Association. Chicago. Illinois, as trustee.
Tax Status of Interest	Subject to compliance by the City with certain requirements, in the opinion of Quarles & Brady LLP, Chicago, Illinois, and CotiUas & Associates, Chicago, Illinois, Co-Bond Counsel, under present law interest on the 2013 Senior Lien Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes. Interest on the Series 2013B Bonds and Series 2013D Bonds will not be

treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations, but will be taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2013A Bonds and Scries 2013C Bonds will be treated as an item of tax preference and is not excludable from the gross income of owners who are "substantial users'" of the facilities financed or refinanced thereby.. See the heading "TAX MATTERS" herein for a more detailed discussion of some of the federal tax consequences of owning the 2013 Senior Lien Bonds. Interest on the 2013 Senior Lien Bonds is not exempt from present Illinois income taxes.

Legal Opinion — Quarles & Brady LLP, Chicago, Illinois and CotiUas & Associates, Chicago, Illinois, will act as Co-Bond Counsel.

Ratings — Moody's, S&P and Fitch have assigned their ratings of "A2" (stable outlook), "A-" (stable outlook) and "A-" (negative outlook), respectively, to the 2013 Senior Lien Bonds. For a discussion of such ratings, see the section herein captioned "Ratings."

Regarding the Use of This Official Statement

'Ihc Underwriters have provided the following sentence for inclusion in the 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.

This Official Statement is being used in connection with the sale of the 2013 Senior Lien Bonds and may not be reproduced or used, in whole or in part, for any other purpose. Certain information contained in this Official Statement has been obtained by the City from DTC and other sources that are deemed to be reliable; however, no representation or warranty is made as to the accuracy or completeness of such information by the City. The delivery' of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents arc referred to herein, reference should be made to such statutes, reports or other documents in their entirety for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof. Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the beliefs of the City as well as assumptions made by and currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

Neither the City, the City's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to, or been consulted in connection with the preparation of, the prospective financial information contained herein. The City's independent auditors assume no responsibility for the content of the prospective financial information set forth in this Official Statement, disclaim any association with such prospective financial information, and have not, nor have any other independent auditors, expressed any opinion or any other form of assurance on such information or its achievability.

No dealer, broker, sales representative or any other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement in connection with the offering it describes and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page and inside cover pages hereof nor shall there be any offer to sell, solicitation of an offer to buy or sale of, the 2013 Senior Lien Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and opinions expressed 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 O'Hare since the date of this Official Statement. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the 2013 Senior Lien Bonds.

In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and the risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affec t the price of the 2013 Senior Lien Bonds. Specifically, the Underwriters may overallot in connection with the Offering, and may bid for, and purchase, the 2013 Senior Lien Bonds in the open market. The prices and other terms respecting the Offering and sale of the 2013 Senior Lien Bonds may be changed from time to time by the Underwriters after the 2013 Senior Lien Bonds are released for sale, and the 2013 Senior Lien Bonds may be offered and sold a t prices other than the Initial Offering Prices, including sales to dealers who may sell the 2013 Senior Lien Bonds into investment accounts.

City of Chicago
Chicago O'Hare International Airport

Mayor
Rahm Emanuel

City Clerk
Susana Mendoza

City treasurer Stephanie D. Neely

City Council committee on finance Edward M. Burke, Chairman

Chief Financial Officer
Lois A. Scott

Acting City Comptroller
Erin Keane

Budget Direct or
Alexandra Holt

Corporation Counsel Stephen R. Patton, Esq.

Department of Aviation
Rosemarie S. Andolino, Commissioner

Co-Bond Counsel Quarles & Brady LLP CotiUas & Associates

Airport Consultant
Ricondo & Associates, Inc.

Co-Financial Advisors
D+G Consulting Group, LLC Frasca & Associates, LLC

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Official Statement

$897,905,000 City of Chicago Chicago O'Hare International Airport

General Airport Senior Lien revenue refunding bonds		General airport Senior Lien revenue bonds	
$336,350,000	$165,435,000	$98,375,000	$297,745,000
Series 2013A	Series 2013B	Series 2013C	Series 2013D
(AMT)	(Non-AMT)	(AMT)	(Non-AMT)

Introduction

This Official Statement is furnished to set forth certain information in connection with the offering and sale by the City of Chicago (the "City") of its $336,350,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A (the "2013A Senior Lien Bonds"), its $165,435,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (the "2013B Senior Lien Bonds"), its $98,375,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (the "2013C Senior Lien Bonds"), and its $297,745,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (the "2013D Senior Lien Bonds"). The 2013A Senior Lien Bonds, the 2013B Senior Lien Bonds, the 2013C Senior Lien Bonds and the 2013D Senior Lien Bonds are referred to collectively herein as the "2013 Senior Lien Bonds." Certain other capitalized terms used in this Official Statement, unless otherwise defined herein, are defined in Appendix A-"Gi.ossary of Terms.'*

AUTHORIZATION

The 2013 Senior Lien Bonds will be issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The 2013 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on March 13, 2013 (the "Bond Ordinance"). The 2013 Senior Lien Bonds will also be issued and secured under the Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012 (the "Senior Lien Master Indenture") from the City to U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Forty-Fourth Supplemental Indenture (the "Forty-Fourth Supplemental Indenture"), the Forty-Fifth Supplemental Indenture (the "Forty-Fifth Supplemental Indenture"), the Forty-Sixth Supplemental Indenture (the "Forty-Sixth Supplemental Indenture"), and the Forty-Seventh Supplemental Indenture (the "Forty-Seventh Supplemental Indenture"), the Forty-Fourth Supplemental Indenture, Forty-Fifth Supplemental Indenture, Forty-Sixth Supplemental Indenture and Forty-Seventh Supplemental (collectively the "2013 Supplemental Indentures" and each a "2013 Supplemental Indenture") each dated as of October 1, 2013 and each from the City to the Trustee.

The Senior Lien Master Indenture grants to the Trustee a first lien on and pledge of Revenues to secure (i) the 2013 Senior Lien Bonds which are described in this Official Statement, (ii) all of the previously issued and outstanding Senior Lien Bonds (the

"Existing Senior Lien Bonds" which, together with the 2013 Senior Lien Bonds, are herein referred to as the "Senior Lien Bonds"), and (iii) any other Senior Lien Obligations issued by the City in accordance with the Senior Lien Master Indenture.

The following table provides a description of each Supplemental Indenture and the related Series of 2013 Senior Lien Bonds:

Supplemental Indenture
Forty-Fourth Supplemental Indenture Forty-Fifth Supplemental Indenture Forty-Sixth Supplemental Indenture
Forty-Seventh Supplemental Indenture
Related 2013 Senior Lien Bonds
2013 A Senior Lien Bonds 2013B Senior Lien Bonds 2013C Senior Lien Bonds 2013D Senior Lien Bonds

The Senior Lien Master Indenture as supplemented by the 2013 Supplemental Indentures and as it may heretofore or hereafter be amended and supplemented from time to time in accordance with its terms, is collectively herein referred to as the "Senior Lien Indenture. "

PURPOSE

The City will use the proceeds from the sale of the 2013 Senior Lien Bonds, together with other available funds, to: (i) pay the costs of certain projects at O'Hare included within the O'Hare Modernization Program ("OMP") and the Capital Improvement Program ("CIP"), (ii) repay the City's outstanding CP Notes, (iii) currently refund certain outstanding Airport Obligations (the "Refunded Bonds," as defined herein), (iv) fund certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Fund, (v) fund capitalized interest on a portion of the 2013 Senior Lien Bonds, and (vi) pay costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds. See "Plan oe Finance" and "Sources and Uses oe Funds" herein.

For information on the book-entry system operated by DTC, see APPENDIX G-"DESCRIPTION OF Book-Entry Only System."

Security for the 2013 Senior Lien Bonds

The 2013 Senior Lien Bonds will be secured under the Senior Lien Indenture by a lien on and pledge of all Revenues and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture. See "SECURITY FOR THE 2013 SENIOR LIEN BONDS-Pledge of Revenues."

For purposes of this Official Statement, the term "Senior Lien Obligations" refers to the 2013 Senior Lien Bonds, all Existing Senior Lien Bonds, and other obligations of the City payable from Revenues, other than Junior Lien Obligations, including any obligations of the City under a Qualified Senior Lien Swap Agreement and obligations incurred by the City to reimburse the issuers of any letters of credit or bond purchase agreements securing one or more series of Senior Lien Bonds; the term "Junior Lien Obligations" refers to the CP Notes, Additional CP Notes, Credit Agreement Notes, and other obligations payable from amounts to be withdrawn from the Junior Lien Obligation Debt Service Fund; and the term "Airport Obligations" refers to and includes all obligations payable from Revenues, including Senior Lien Obligations and Junior Lien Obligations.

The 2013 Senior Lien Bonds will be secured on a parity basis as to the Revenues with the Existing Senior Lien Bonds, which are currently outstanding in the aggregate principal amount of $5,798,460,000 (which amount excludes Existing Senior Lien Bonds anticipated to be refunded with a portion of the proceeds of the 2013 Senior Lien Bonds). Subject to certain requirements set forth in the Senior Lien Indenture, the City may issue or incur additional Senior Lien Obligations that will be secured on a parity basis with the 2013 Senior Lien Bonds and the Existing Senior Lien Bonds. See "SECURITY FOR THE 2013 SENIOR LIEN BONDS-Issuance of Additional Bonds."

Under the Senior Lien Indenture, the City has covenanted to establish rentals, rates and charges for the use and operation of O'Hare so that Revenues, together with certain other moneys deposited with the Trustee, are sufficient to pay the operation and maintenance expenses at O'Hare and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture. See "SECURITY FOR THE 2013 SENIOR LIEN BONDS-Debt Service Coverage Covenants" and "-Airport Use Agreements."

The City is a party to the Airport Use Agreements (as defined below) with certain airlines serving O'Hare, which Airport Use Agreements are scheduled to expire on May 11, 2018. Following the expiration of the Airport Use Agreements on May 11, 2018, the Senior Lien Indenture provides that beginning on the first Business Day of June 2018, or such other date as the City may select and designate in a Certificate filed with the Trustee (the "Transition Date"), certain new Funds and Accounts will be established and the application of moneys in the Revenue Fund will be revised. See "SECURITY FOR THE 2013 SENIOR LIEN BONDS-Flow of Funds-Flow of Funds After the Transition Date," and "APPENDIX B-Summary of Certain provisions of the Senior Lien Indenture-Indenture funds and
PAYMENT OF DEBT SERVICE-Disbursements from Revenue Fund From and After the Transition Date."

There is no provision for acceleration of the maturity of the 2013 Senior Lien Bonds if any default occurs in the payment of the principal of or interest on the 2013 Senior Lien Bonds or in the performance of any other obligation of the City under the Senior Lien Indenture or if interest on the 2013 Senior Lien Bonds becomes includible in the gross income of the owners thereof for federal income tax purposes.

Limited Liability

The 2013 Senior Lien Bonds will not be general obligations of the City and will not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the State of Illinois, the City or any other political subdivision of the State of Illinois will be pledged to the payment of the principal of or interest on the 2013 Senior Lien Bonds. The 2013 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. No property of the City (including property located at 0"Hare) is pledged as security for the 2013 Senior Lien Bonds.

Other indebtedness at O'Hare

The City has previously authorized a Commercial Paper Program (the "Commercial Paper Program") and a Line of Credit Program (the "Line of Credit Program") that provide for the issuance, from time to time, of Chicago O'Hare International Airport Commercial Paper Notes (the "CP Notes") and Chicago O'Hare International Airport Credit Agreement Notes (the "Credit Agreement Notes"), respectively, in a combined aggregate principal amount outstanding at any one time of not to exceed $600,000,000. The CP Notes are currently supported by letters of credit sufficient to support a maximum aggregate principal amount outstanding at any time of not to exceed $275,000,000 for the financing and refinancing of a portion of the cost of planning, design, acquisition, construction and equipping of various projects at O'Hare. There are currently approximately S77,653,000 of CP Notes issued and outstanding, which will be repaid with proceeds of the 2013 Senior Lien Bonds. The Credit Agreement Notes are authorized to be issued for the payment or reimbursement of the City for capital projects at or near or for the benefit of O'Hare, the payment or reimbursement of the City for Operation and Maintenance Expenses of O'Hare, the refunding of Outstanding Airport Obligations and the payment of principal and interest on maturing Credit Agreement Notes. No Credit Agreement Notes have been issued pursuant to the Line of Credit Program. The CP Notes and the Credit Agreement Notes (if and when issued) are Junior Lien Obligations and are subordinate to the 2013 Senior Lien Bonds and all other Senior Lien Obligations with respect to their claim on Revenues.

The City has other O'Hare indebtedness outstanding that is secured by revenues separate and apart from the Revenues. The City's existing other O'Hare indebtedness consists of (i) $700,090,000 of PFC Obligations, and (ii) $248,750,000 of Customer Facility Charge Senior Lien Revenue Bonds and a Transportation Infrastructure Finance and Innovation Act of 1998 loan from the U.S. Department of

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Transportation in the aggregate principal amount of up to $288,100,000 (collectively, the "CFC Obligations'") secured by customer facility charges ("CFCs") imposed on customers of rental car companies operating at O'Hare and certain other revenues payable by certain rental car companies-operating at O'Hare. See "OUTSTANDING INDEBTEDNESS AT O'HARE" herein for a more detailed discussion of the PFC Obligations and the CFC Obligations currently outstanding.

The City also has outstanding Special Facility Revenue Bonds (the "Special Facility Revenue Bonds") secured by payments made by individual airlines and other tenants and licensees pursuant to separate special facility agreements with the City.

Chicago O'Hare In terna tional Airport

O'Hare is the primary commercial airport for the City. O'Hare occupies approximately 7,265 acres of land and is located 18 miles northwest of the City's central business district. Based on preliminary data from Airports Council International ("ACF), for the 12-month period ended December 2012, O'Hare ranked second both worldwide and in the United States in total aircraft operations, and fifth worldwide and second in the United States in terms of total passengers. According to the Chicago Department of Aviation ("CDA"), O'Hare had approximately 33.2 million total enplaned passengers in both 2011 and 2012. United Airlines and American Airlines each maintains a hub at O'Hare. United Airlines (including Continental Airlines with which United merged in 2010 and United and Continental's regional/commuter partners operating as United Express) accounted for 46.8 percent of the enplaned passengers at O'Hare in 2012. American Airlines (including its regional/commuter subsidiary, American Eagle), accounted for 34.6 percent of the enplaned passengers at O'Hare in 2012. The City operates O'Hare and Chicago Midway International Airport ("Midway") through the CDA as separate and distinct enterprises for financial purposes. For additional information regarding O'Hare, see "CHICAGO O'HARE International airport," "Certain Investment Considerations" and Appendix E-"Repor t oe the airport Consultant."

American Airlines Bankruptcy

American Airlines, Inc., AMR Corporation, American Eagle Holdings Corporation and American Eagle Airlines, Inc. filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code on November 29, 2011. American Airlines (including its affiliated carriers) is the second largest carrier, after United Airlines, operating at O'Hare. On February 14, 2013, AMR announced that it and US Airways Group, Inc. had approved a merger agreement to combine American and US Airways, which would create the largest airline in the world in terms of operating revenue and revenue passenger miles (surpassing United). The proposed merger constitutes a part of and, if consummated, would be implemented and result in AMR's confirmed bankruptcy plan of reorganization becoming effective. Under the merger agreement, consummation of the proposed merger is subject to a number of approvals. US Airways shareholders and the AMR financial stakeholders and European Union regulatory authorities have approved the proposed merger. The merger also requires antitrust clearance from the U.S. Department of Justice and the U.S. Bankruptcy Court. On August 13, 2013, the U.S. Department of Justice, the States of Arizona, Florida, Tennessee, and Texas, the Commonwealths of Pennsylvania and Virginia and the District of Columbia, each acting by and through their respective Attorneys General, filed a civil action in the United States District Court for the District of Columbia under federal antitrust law to enjoin the planned merger of US Airways and AMR. A date of November 25, 2013 has been set for the trial. On September 12, 2013, the U.S. Bankruptcy Court confirmed AMR's plan of reorganization, subject to effectiveness upon resolution of the antitrust litigation as a condition precedent. No assurances can be given as to whether or not the merger between AMR and US Airways will be consummated, and if consummated when and on what terms such merger might be completed. See "AIR TRAFFIC ACTIVITY A T O'HARE - Airlines Providing Service at O'Hare - American Airlines and "CERTAIN INVESTMENT CONSIDERATIONS-Financial Condition of Airlines Serving O 'Hare - AMR Bankruptcy."

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Capital Development Programs

The City has on-going capital development programs at O'Hare as described below.

O'Hare Modernization Program. In 2001, the City announced the O'Hare Modernization Program (the "OMP") to meet the future development needs at O'Hare. The OMP is designed to address flight delays and to increase capacity. The OMP is a comprehensive program providing for the reconfiguration of the airfield as well as construction of a new passenger terminal, accompanying access/circulation systems and necessary support facilities. The OMP is being developed to be implemented in phases over a multi-year period. For additional information regarding the OMP and the funding thereof, see "CHICAGO O'HARE INTERNATIONAL AIRPORT - CAPITAL DEVELOPMENT PROGRAMS" AND APPENDIX E - "REPORT OE THE AIRPORT

CONSULTANT."

Capital Improvement Program. The Capital Improvement Program (the "CIP") addresses O'Hare's facility needs and functions as an on-going repair and replacement program. O'Hare regularly updates and adopts a five-year CIP for budget and planning purposes. For additional information regarding the CIP and the funding thereof, see "CHICAGO O'HARE INTERNATIONAL AIRPORT - Capital Development Programs" and Appendix E - "Report of the Airport Consultant."

Joint Use Facility. As a part of O'Hare's capital development program, the City intends to construct a Joint Use Facility (the "Joint Use Facility") which includes (1) a Consolidated Rental Car Facility (the "CRCF') with an associated Quick Turn Around (the "OTA") facility, (2) an extension to O'Hare's existing Airport Transit System (the "ATS"% including the purchase of new ATS vehicles, and (3) a public parking component. The Joint Use Facility will accommodate the airport rental car facilities that will be required to be relocated in order to comply with FAA regulations associated with future runway development planned as part of the O'Hare Modernization Program. For additional information regarding the Joint Use Facility and the funding thereof, see "CHICAGO O'HARE INTERNATIONAL Airport - Capital Development Programs" and Appendix e - "Report of the airport Consultant."

Regional Airport Oversight

The City operates O'Hare and Midway through the CDA as separate and distinct enterprises for financial purposes. The 2013 Senior Lien Bonds are not secured by any revenues generated, or property located, at Midway. See "CHICAGO O'HARE INTERNATIONAL AIRPORT-Other Commercial Service Airports Serving the Chicago Region" herein. On April 15, 1995, the City and the City of Gary, Indiana entered into the Compact with respect to the relationship among O'Hare, Midway, Merrill C. Meigs Field* ("Meigs Field") and the Gary/Chicago Airport (now known as Gary/Chicago International Airport). Gary/Chicago International Airport is owned by the City of Gary, Indiana and operated by the Gary/Chicago Authority. See "CHICAGO O'HARE INTERNATIONAL AlRPORT-Regional Authority."

Certain investment Considerations

The 2013 Senior Lien Bonds may not be suitable for all investors. Prospective purchasers of the 2013 Senior Lien Bonds should read this entire Official Statement for details of the 2013 Senior Lien Bonds, the use of the proceeds of such bonds, the financial condition of the airlines and certain other factors that could adversely affect the airline industry, including specifically the information under the caption "CERTAIN INVESTMENT CONSIDERATIONS."

Meigs Field was closed in 2003.

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Report of The Airport Consultant

The Report of the Airport Consultant (the "Report of the Airport Consultant") prepared by Ricondo & Associates, Inc., the City's airport consultant (the "Airport Consultant"), included as APPENDIX E, provides certain information with respect to O'Hare and O'Hare Projects, evaluates aviation activity at O'Hare and presents a financial feasibility analysis for O'Hare. The Report of the Airport Consultant is described more fully under the caption "REPORT OF THE AIRPOR T CONSULTANT."

As noted below under "General-Forward-Looking Statements," any projection, including, but not limited to those contained in the Report of the Airport Consultant, is subject to uncertainties, including the possibility that some of the assumptions used to develop the projections will not be realized and that unanticipated events and circumstances will occur. Accordingly, there are likely to be differences between projections and actual results, which differences could be material. See APPENDIX E-"REPORT OF THE AIRPORT CONSULTANT."

GENERAL

Forward-Looking Statements. All statements other than statements of historical facts included in this Official Statement are forward-looking statements, including, without limitation: (a) statements concerning projections of future passenger activity at O'Hare and of future financial performance at O'Hare; (b) statements of the plans and objectives of the City in relation to the Capital Development Programs (as defined herein) (see "CHICAGO O'HARE INTERNATIONALAIRPORT," "AIR TRAFFIC ACTIVITYAT O'HARE" and "CAPITALDEVELOPMENTPROGRAMS"); and (c) assumptions relating to the statements described in clauses (a) and (b) above (collectively, the "Forward-Looking Statements").

Projections. The 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 prospective financial information, but, in the view of the City's management, were prepared on a reasonable basis, 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 City. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. .Neither the City's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Such parties assume no responsibility for, and disclaim any association with, the prospective financial information.

The City has included the Report of the Airport Consultant, based upon the Airport Consultant's expertise in the aviation industry. The Airport Consultant believes that the expectations reflected in the Forward-Looking Statements are reasonable. However, there can be no assurance that the expectations contained in the Forward-Looking Statements, including those set forth in the Report of the Airport Consultant, will be achieved. Important factors that could cause actual results to differ materially from the current expectations of the Airport Consultant are discussed in this Official Statement.

Glossary of Terms;Document Summaries. This Official Statement contains summaries of the terms of and security for the 2013 Senior Lien Bonds, together with descriptions of O'Hare and its operations. A Glossary of Terms is included as APPENDIX A, a summary of certain provisions of the Senior Lien Indenture is included as APPENDIX B and a summary of certain provisions of the Airport Use Agreements is included as APPENDIX C. APPENDIX A- "GLOSSARY OF TERMS" contains terms of general applicability, which are used herein, and terms related to the Senior Lien Indenture and the Airport Use Agreements as set forth therein. All references herein to agreements and documents are

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qualified in their entirety by references to the definitive forms of the agreement or document. All references to the 2013 Senior Lien Bonds are further qualified by references to the information with respect to them contained in the Senior Lien Indenture.

The 2013 Senior Lien Bonds

General

The 2013 Senior Lien Bonds will mature on January 1 of the years and in the amounts shown on the inside front cover pages hereof and will be dated as of their date of delivery. The 2013A Senior Lien Bonds and the 2013B Senior Lien Bonds will bear a fixed rate of interest until their final maturity or earlier redemption payable on January 1 and July 1 in each year, commencing January 1, 2014, at the rates per annum set forth on the inside front cover pages hereof. The 2013C Senior Lien Bonds and the 2013D Senior Lien Bonds will bear a fixed rate of interest until their final maturity or earlier redemption payable on January 1 and July 1 in each year, commencing July 1, 2014, at the rates per annum set forth on the inside front cover pages hereof.

The 2013 Senior Lien Bonds will be subject to redemption as described below under the subcaption "REDEMPTION PROVISIONS."

The 2013 Senior Lien Bonds will be issued only as fully registered bonds. The 2013 Senior Lien Bonds will be issued in denominations that are integral multiples of $5,000. The 2013 Senior Lien Bonds will be initially registered through a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC'). Details of payments of the 2013 Senior Lien

Bonds when in the book-entry form and the book-entry only system are described in APPENDIX G-"DESCRIPTION OE BOOK-ENTRY ONLY SYSTEM." Except as described in APPENDIX G, beneficial owners of the 2013 Senior Lien Bonds will not receive or have the right to receive physical delivery of 2013 Senior Lien Bonds, and will not be or be considered under the Senior Lien Indenture to be the Registered Owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC Participant, the DTC Participant who will act on behalf of such beneficial owner to receive notices and payments of principal and interest on the 2013 Senior Lien Bonds and to exercise voting rights, and (ii) the records of DTC and, if such beneficial owner is not a DTC Participant, such beneficial owner's DTC Participant, to evidence its beneficial ownership of 2013 Senior Lien Bonds. As long as DTC or its nominee is the Registered Owner of 2013 Senior Lien Bonds, references herein to Bondholders or Registered Owners of such 2013 Senior Lien Bonds shall mean DTC or its nominee and shall not mean the beneficial owners of such 2013 Senior Lien Bonds.

REDEMPTION PROVISIONS

Optional Redemption

2013A Senior Lien Bonds. The 2013A Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the redemption price equal to the principal amount of each 2013 A Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013B Senior Lien Bonds. The 2013B Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot, at the redemption price equal to the principal amount of each 2013B Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

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2013C Senior Lien Bonds. The 2013C Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot at the redemption price equal to the principal amount of each 2013C Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

2013D Senior Lien Bonds. The 2013D Senior Lien Bonds maturing on and after January 1, 2024, are subject to redemption at the option of the City on or after January 1, 2023, in whole or in part at any time, and if in part, in such order of maturity as the City shall determine and within any maturity by lot at the redemption price equal to the principal amount of each 2013D Senior Lien Bond to be redeemed, plus accrued interest to the date of redemption.

Mandatory Redemption.

2013C Senior Lien Bonds. The 2013C Senior Lien Bonds maturing on January 1, 2034, January 1, 2039 and January 1, 2044 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

YearPrincipal Amount	
2032	$3,505,000
2033	3,700,000
2033	2034*3,900,000

* Maturity

Year	Principal Amount
2035	$4,115,000
2036	4.335,000

2037	4.570,000
2038	4.815.000 2039* 5.075,000

* Maturity

Year	Principal Amount
2040	$5,345,000
2041	5,640,000
2042	5,950,000
2043	6,280,000
2043	2044*6,625.000

*Maturity

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2013D Senior Lien Bonds. The 2013D Senior Lien Bonds maturing on January 1, 2039 and January 1, 2044 are subject to mandatory redemption in part by lot from Sinking Fund Payments on January 1 of each of the years and in the respective principal amounts set forth below at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date of redemption:

YearPrincipal Amount	
2035	$12,540,000
2036	13,165,000
2037	13,820,000
2038	14,515,000
2038	2039*15,240,000

♦Maturity

YearPrincipal Amount	
2040	$16,000,000
2041	16,800,000
2042	17,640,000
2043	18,525,000
2043	2044*19,450,000

♦Maturity

If the City redeems 2013 Senior Lien Bonds subject to mandatory redemption pursuant to optional redemption or purchases 2013 Senior Lien Bonds subject to mandatory redemption and cancels the same, then an amount equal to the principal amount of 2013 Senior Lien Bonds of such Series and maturity so redeemed or purchased shall be deducted from the mandatory redemption requirements as provided for such 2013 Senior Lien Bonds of such Series and maturity in such order as an Authorized Officer of the City shall determine.

Redemption Procedures. Notice of redemption of the 2013 Senior Lien Bonds which are subject to optional redemption (i) identifying the 2013 Senior Lien Bonds or portions thereof to be redeemed, and (ii) specifying the redemption date, the redemption price, the places and dates of payment, that from the redemption date interest will cease to accrue, and whether the redemption is conditioned upon sufficient moneys being available on the redemption date (or any other condition), shall be given by the Trustee by mailing a copy of such redemption notice, not less than 30 days nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each such 2013 Senior Lien Bond to be redeemed in whole or in part at the address shown on the registration books. Redemption notices will be sent by first class mail, except that notices to Registered Owners of at least $1,000,000 of 2013 Senior Lien Bonds of the same Series shall be sent by registered mail. Failure to mail any such notice to the Registered Owner of any such 2013 Senior Lien Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such 2013 Senior Lien Bond. Any such notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any 2011 Senior Lien Bond receives the notice.

If a 2013 Senior Lien Bond is of a denomination larger than S5.000, all or a portion of such 2013 Senior Lien Bond (in a denomination of $5,000 or any integral multiple thereof) may be redeemed, but such 2013 Senior Lien Bond shall be redeemed only in a principal amount equal to S5,000 or any integral multiple thereof. Upon surrender of any 2013 Senior Lien Bond for redemption in part only, the City shall execute and the Trustee shall authenticate and deliver to the Registered Owner thereof, at the expense of the City, a new 2013 Senior Lien Bond or 2013 Senior Lien Bonds of the same Series, maturity and interest rate and of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the 2013 Senior Lien Bond surrendered.

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If fewer than all of the 2013 Senior Lien Bonds of the same Series, maturity and interest rate are called for redemption, such 2013 Senior Lien Bonds (or portions thereof) to be redeemed shall be selected by lot by the Trustee (except at any time when such 2013 Senior Lien Bonds are held in a book-entry system, in which case selection of such 2013 Senior Lien Bonds to be redeemed will be in accordance with procedures established by the book-entry depository).

For information on the book-entry system operated by DTC, see APPENDIX G - "DESCRIP TION OF Book-En try Only System."

Security for the 2013 Senior Lien Bonds

General

The 2013 Senior Lien Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the State of Illinois, the City or any other political subdivision of the State of Illinois is pledged to the payment of the principal of, premium, if any, or interest on the 2013 Senior Lien Bonds. The 2013 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. No property of the City (including property located at O'Hare) is pledged as security for the 2013 Senior Lien Bonds.

As described below, the claim of the holders of the Senior Lien Obligations, including holders of the 2013 Senior Lien Bonds, to the Revenues of O'Hare is a first lien on and pledge of such Revenues and is senior to the claim of any Junior Lien Obligations. The 2013 Senior Lien Bonds are secured on a parity basis with the City's Existing Senior Lien Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may issue additional Senior Lien Bonds or other Senior Lien Obligations (collectively, "Additional Bonds") that will be secured on a parity basis with the 2013 Senior Lien Bonds and the City's other Senior Lien Obligations. See "OUTSTANDING INDEBTEDNESS A T O'HARE - AIRPORT Obligations - Issuance of Additional airport Obligations" and "Capital Development programs."

Pledge of Revenues

Revenues. The Senior Lien Indenture authorizes the issuance of Senior Lien Obligations, without limit as to amount but subject to compliance by the City with certain covenants as to the issuance of additional Senior Lien Obligations, for the purpose of financing Airport Projects, refunding obligations issued to finance Airport Projects and related purposes. Senior Lien Obligations are secured by, and payable from, Revenues paid to the Trustee for deposit into the Revenue Fund established under the Senior Lien Indenture. Pursuant to the Senior Lien Indenture, such Revenues are pledged on a parity basis to the payment of the principal of, premium, if any, and interest on all Senior Lien Obligations (including the 2013 Senior Lien Bonds).

Revenues deposited into the Revenue Fund are allocated monthly to the Operation and Maintenance Fund and semi-annually to the other Senior Lien Indenture Funds, including the Debt Service Fund. Moneys in the Debt Service Fund are then allocated to Dedicated Sub-Funds, including the Common Debt Service Reserve Sub-Fund, to satisfy the then current Deposit Requirements. See "FLOW of Funds," below.

Each 2013 Supplemental Indenture establishes with the Trustee a separate and segregated sub-fund within the Debt Service Fund (the "2013 Senior Lien Dedicated Sub-Funds," each a "2013 Senior Lien Dedicated Sub-Fund"). Each 2013 Senior Lien Dedicated Sub-Fund and each Account established therein are held solely for the benefit of the Registered Owners of the 2013 Senior Lien Bonds issued pursuant to the applicable 2013 Supplemental Indenture. Moneys on deposit in a particular 2013

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Senior Lien Dedicated Sub-Fund are not to be used or available for payment of any other Airport Obligations including other 2013 Senior Lien Bonds.

For a general description of the application of Revenues, see "- Flow of Funds - Payment of Debt Service on the 2013 Senior Lien Bonds" below and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDEN TURE. Source of Payment; Pledge of Senior Lien Revenues and Other Moneys."

DESCRIPTION OF REVENUES

General. "Revenues" consist of all amounts received or receivable, directly or indirectly, by the City for the use and operation of, or with respect to, O'Hare (excluding the Land Support Area); provided, however, Revenues does not include: (i) interest accruing on, and any profit from the investment of, moneys in any fund or account of O'Hare that is not available by agreement or otherwise for deposit into the Revenue Fund; (ii) Government Grants-in-Aid; (iii) the proceeds of any PFC, CFC or similar tax or charge levied by or on behalf of the City including but not limited to, any cargo activity charge or security charge'"; (iv) insurance proceeds, except to the extent such moneys are deemed revenues in accordance with generally accepted accounting principles, and condemnation award proceeds; (v) amounts derived by the City from Special Facility Financing Arrangements, but only to the extent such moneys are required to pay the principal of, premium, if any, and interest on Special Facility Revenue Bonds and other payments required by Special Facility Financing Arrangements; (vi) the proceeds of any borrowing by the City; (vii) the proceeds of any tax levied by or on behalf of the City; (viii) security deposits and the proceeds of the sale of any O'Hare property; and (ix) unless otherwise provided in a Supplemental Indenture, any Released Revenues.

"Released Revenues" means any Revenues in respect of which the Trustee has received the following: (i) a request from the City to exclude such Revenues from the pledge and lien of the Senior Lien Indenture; (ii) a Certificate of an Independent Airport Consultant, based upon reasonable assumptions, to the effect that Revenues, after the Revenues covered by such request are excluded for each of the five full fiscal years following the Fiscal Year in which such certificate is delivered, will be sufficient to enable the City to satisfy the debt service coverage covenant described in the first paragraph under the subcaption "-Debt Service Coverage Covenants" below in each of those five fiscal years: (iii) an opinion of counsel to the effect that (a) the conditions to the release of such Revenues have been met, and (b)the exclusion of such Revenues from the pledge and lien of the Senior Lien Indenture will not, in and of itself, cause the interest on any outstanding Senior Lien Obligations to be included in gross income for purposes of federal income taxation; and (iv) written confirmation from each of the Rating Agencies to the effect that the exclusion of such Revenues from the pledge and lien of the Senior Lien Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to any Senior Lien Obligations. For a complete definition of Revenues, see APPENDIX A - "GLOSSARY OE TERMS." For a general description of the application of Revenues under the Senior Lien Indenture, see "FLOW OE FUNDS" below and APPENDIX B - "SUMMARY OE CERTAIN PROVISIONS OF THE SENIOR LIEN INDEN TURE. Source of Payment; Pledge of Senior Lien Revenues and Other Moneys."

Other Available Moneys. The Senior Lien Indenture permits the City, at its option, to transfer to the Trustee Other Available

Moneys to pay the principal of and interest on the Senior Lien Bonds or particular series of Senior Lien Bonds. "Other Available Moneys" means, for any Fiscal Year, the amount of money determined by the Chief Financial Officer to be transferred to the Revenue Fund from sources other than Revenues. Other Available Moneys may include PFCs and other similar charges and Government Grants-in-Aid. The Series 2011A Bonds and, until 2018, the Series 2008A Bonds and the

CFCs collected from customers of rental car companies serving at O'Hare and certain other charges payable by rental car companies operating from the CRCF dependent upon CFC collection levels are excluded from Revenues and are pledged to secure the CFC Obligations.

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Series 201 OF Bond-;, are secured not only by a pledge of Revenues, but also by a pledge of PFC revenues subordinate to Ihc outstanding PFC Obligations. Similarly, the Series 201 IB Bonds are secured not only by a pledge of Revenues, but also by a pledge of certain Government Grants-in-Aid which are expected to
be received by the City.

Flow or Funds

Revenues oncl expenses of O'Hare are accounted for as a separate enterprise fund of the City, •■subject to ihi- provisions of the Senior Lien Indenture and, prior to the Transition Date, the Airport Use Agreements. Under the Senior Lien Indenture, Revenues, including amounts collected by the City in order to satisfy deposit requirements established in any resolution, ordinance or indenture securing '\irpori <file://'/irpori> Obligations, are required to be deposited to the credit of the Revenue Fund in the name of the Trustee with a depository or depositories, each fully qualified under the provisions of the Senior Lien Indenture to receive the same as deposits of money held by the Trustee. The Trustee shall be accountable only for moneys actually so deposited. The Senior Lien Indenture provides that disbursements from the Revenue Fund are to be adjusted as of the Transition Date following the expiration of the Airport Use Agreements.

Flow uf Funds Prior lo the Transition Date. Prior to the Transition Date, the moneys in the Revenue Fund are to be disbursed and applied by the Trustee as required to make the following deposits on the daies and in the amount provided:

a) On the tenth day of each month, the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation artid Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased and decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment; and

b) On the Business Day of the Trustee immediately preceding each January 1 and July 1, the 'T rustee is required to make the following deposits from amounts on deposit in the Revenue Fund in the manner and order of priority set forth:

First: into the Debt Service Fund the amount, if any, necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to .ifinuary i or July 1;

Second: to the City for deposit into the Special Capital Projects Fund the amount specified by the City in a Certificate filed with the Trustee as the amount to be deposited at such iinie in such Fund;

Third: to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, lor the Fiscal Year which includes such January 1 and July 1; provided, however, that if the mid year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), then the amount required to be deposited in dit "Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment;

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Fourth: to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) $1,500,000, or (ii) the amount, if any, required to increase the amount on deposit therein to $3,000,000;

Fifth: to the City for deposit into the Airport Development Fund an amount equal to one-half of the annual Airport Development Fund Deposit Requirement, if any, for the Fiscal Year which includes such January and July 1; and

Sixth: into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing Junior Lien Obligations to be deposited therein for the payment of Junior Lien Obligations, without priority, one over the other, to any sub-funds on accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

If at the time the above-described deposits are required to be made the moneys held in the Revenue Fund are insufficient to make any such required deposit, the deposit shall be made up on the next applicable deposit date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

The City is mandatorily and irrevocably obligated to apply moneys in the Maintenance Reserve Fund to make up any deficiencies in the Debt Service Fund. In the event moneys are so applied, the amount applied shall be restored on the next applicable deposit date after all other Fund deposits enjoying a higher priority shall have been made in full.

The amount of the Airport Development Fund Deposit Requirement is to be stated in a Certificate which is required to be delivered to the Trustee prior to such deposits. Amountson deposit in the Airport DevelopmentFund prior to the Transition Date may be applied, used and withdrawn by the City for any lawful corporate purposes of the City, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations. See APPENDIX B - "SUMMARYOF CERTAINPROVISIONSOE THE SENIOR Lien INDENTURE. Indenture Funds and Payment of Debt Service - Distributions from Revenue Fund Prior to the Transition Date."

At the end of each Fiscal Year, amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien Indenture or under any Supplemental Indenture or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

Flow of Funds After the Transition Date. From and after the Transition Date, the moneys in the Revenue Fund are to be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amount provided:

a) On the tenth day of each month the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment.

b) On the Business Day of the Trustee immediately preceding each January I and July 1, the Trustee is required to make the following deposits from amounts on deposit in the Revenue Fund in the manner and order of priority set forth:

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First: into the Debt Service Fund the amount, if any, necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1;

Second, to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the

Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January I and July 1; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

Third, to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) $1,500,000 and (ii) the amount, if any, required to increase the amount on deposit therein to $3,000,000.

Fourth, into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any sub-funds or accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

Fifth, to the City for deposit into the Airport General Fund any amount remaining in the Revenue Fund unless the City shall have filed with the Trustee a Certificate specifying a lesser amount, in which case the amount specified by the City in the Certificate shall be the amount to be transferred to the City at such time for deposit into the Airport General Fund.

If at the time the above described deposits are required to be made the moneys held in the Revenue Fund are insufficient to make any required deposit, the deposit shall be made up on the next applicable deposit date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

The City shall be mandatorily and irrevocably obligated to apply moneys in the Maintenance Reserve Fund to make up any deficiencies in the Debt Service Fund. In the event moneys are so applied from the Maintenance Reserve Fund, the amount applied shall be restored on the next applicable deposit date after all other Fund deposits enjoying a higher priority shall have been made in full.

Amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien Indenture or under any Supplemental Indenture or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

All moneys held by the City in the Airport General Fund established on the Transition Date may be applied, used and withdrawn by the City for any lawful corporate purpose of the City, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations. See "Appendix B - Summary of Certain Provisions of the Senior Lien indenture. Indenture Funds and Payment of Debt Service - Distributions from Revenue Fund From and After the Transition Date."

The tables on the following page set forth, in simplified form, the flow of funds described above.

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Payment of Debt Service on the 2013 Senior Lien bonds

General. The moneys in the Debt Service Fund are to be disbursed and applied by the Trustee as required by the provisions of the Senior Lien Indenture, or by the provisions of any Supplemental Indenture creating a Series of Senior Lien Obligations (including the 2013 Supplemental Indentures creating each Series of the 2013 Senior Lien Bonds), or by any instrument creating

Senior Lien Obligations. The Trustee shall segregate within the Debt Service Fund and credit to (i) the Common Debt Service Reserve Sub-Fund such amounts as may be required to be so credited under the Senior Lien Indenture and (ii) such Dedicated Sub-Funds, accounts and sub-accounts therein as may have been created for the benefit of such Senior Lien Obligations such amounts as may be required to be so credited under the provisions of such Supplemental Indenture or instrument creating Senior Lien Obligations to pay the principal of and interest on such Senior Lien Obligations. See APPENDIX B - "SUMMARY OE CERTAIN PROVISIONS OF THE SENIOR LIEN INDEN TURE - Indenture Funds and Payment of Debt Service."

Each Series of the 2013 Senior Lien Bonds will be payable from Revenues allocated to the Dedicated Sub-Fund established for that Series by the applicable 2013 Supplemental Indenture within the Debt Service Fund.

On January 1 and July 1 of each year commencing January 1, 2014 (each such date referred to herein as the "Deposit Date"), there will be deposited into each 2013 Senior Lien Dedicated Sub-Fund from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will have been calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to herein as the "2013 Deposit Requirement"):

(a) for deposit into each "Senior Lien Principal and Interest Account," an amount equal to the aggregate of: (i) for the January 1, 2014 Deposit Date, the Principal Installment due January 1, 2014, and thereafter, one-half of the Principal Installment, if any, coming due on the 2013 Senior Lien Bonds issued under the applicable 2013 Supplemental Indenture on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on such 2013 Senior Lien Bonds on the current Deposit Date reduced, in the case of the 2013C Senior Lien Bonds and the 2013D Senior Lien Bonds, by moneys transferred from the Senior Lien Capitalized Interest Account established by the respective 2013 Supplemental Indenture, and, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the Senior Lien Principal and Interest Account; and

(b) for deposit into each "Senior Lien Program Fee Account," the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2013 Senior Lien Bonds issued under the applicable 2013 Supplemental Indenture during the semi-annual period commencing on such Deposit Date.

In addition to the 2013 Deposit Requirement, there shall be deposited into each 2013 Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Indenture or a 2013 Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into such 2013 Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Debt Service Reserves

All of the 2013 Senior Lien Bonds arc Common Reserve Bonds secured by the Common Debt Service Reserve Sub-Fund.

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Common Debt Service Reserve Sub-Fund. Pursuant to the Senior Lien Indenture, the Common Debt Service Reserve Account established in 2003 is continued as a Dedicated Sub-Fund within the Debt Service Fund, to be known as the Common Debt Service Reserve Sub-Fund, which is held and administered by the Trustee in accordance with the terms of the Senior Lien Indenture. The 2013 Senior Lien Bonds, as well as the Existing Senior Lien Bonds, other than the Series 2005C Bonds, the Series 2005D Bonds, the Series 2008A Bonds, the Series 2010D Bonds, the Series 201 OF Bonds, the Series 2011A Bonds and the Series 2012A Bonds (which series of bonds are collectively referred to herein as the "Non-Common Reserve Bonds") are entitled to the benefit of the Common Debt Service Reserve Sub-Fund (the "Common Reserve Bonds"). The Non-Common Reserve Bonds, other than the Series 2005C Bonds and the Series 2005D Bonds, are each secured by a separate debt service reserve account established under the respective Supplemental Indenture authorizing their issuance. These individual debt service reserve accounts do not secure and are not available for payment of debt service on the Common Reserve Bonds, and the Common Debt Service Reserve Sub-Fund does not secure and is not available for payment of the Non-Common Reserve Bonds. The Series 2005C Bonds and the Series 2005 D Bonds are not secured by a reserve fund.

The "Reserve Requirement" for the Common Debt Service Reserve Sub-Fund is an amount equal to the maximum amount of Principal Installments and interest payable on the Common Reserve Bonds in the current or any succeeding Bond Year; provided, however, that if upon the issuance of a series of Common Reserve Bonds such amount would require that moneys be paid into the Common Debt Service Reserve Sub-Fund from the proceeds of such Common Reserve Bonds in an amount in excess of the maximum amount permitted under the Code, the Reserve Requirement shall be the sum of (a) the Reserve Requirement immediately preceding the issuance of such Common Reserve Bonds, and (b) the maximum amount permitted under the Code to be deposited from the proceeds of such Common Reserve Bonds, as certified by the Chief Financial Officer.

Additional Bonds issued by the City in the future pursuant to the Senior Lien Indenture may, but need not, be designated as entitled to the benefit of the Common Debt Service Reserve Sub-Fund. The moneys in the Common Debt Service Reserve Sub-Fund are held for the benefit of all Common Reserve Bonds issued or to be issued under the Senior Lien Indenture.

The Reserve Requirement for the Common Debt Service Reserve Sub-Fund may be satisfied by the deposit with the Trustee of (i) one or more Qualified Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof.

The Senior Lien Indenture provides, and the City covenants in the applicable Supplemental Indenture with respect to each Series of 2013 Senior Lien Bonds, that (i)the City will maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement, (ii) moneys held therein will be held and disbursed for the benefit of all Common Reserve Bonds and such moneys are pledged and assigned for that purpose, and (iii) all Common Reserve Bonds are on a parity and rank equally, without preference, priority or distinction. If on any valuation date under the Senior Lien Indenture the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Reserve Requirement, unless otherwise directed by a Certificate of the City to be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations, the amount of such excess shall be transferred to the Trustee for deposit into the Revenue Fund, provided, however, that immediately after such withdrawal, the amount on deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Reserve Requirement.

If at any time the Common Debt Service Reserve Sub-Fund holds both Qualified Credit Instruments and Qualified Investments, the Qualified Investments shall be liquidated and the proceeds applied for the purposes for which Common Debt Service Reserve Sub-Fund moneys may be applied under the Senior Lien Indenture prior to any draw being made on the Qualified Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Credit Instruments issued by more than one

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issuer, draws shall be made under such credit instruments on a pro rata basis to the extent of available funds.

Deficiencies in the Common Debt Service Reserve Sub-Fund are required to be satisfied from Revenues. Amounts deposited in the Common Debt Service Reserve Sub-Fund shall be applied first to reimburse the Qualified Credit Provider and thereby reinstate the Qualified Credit Instrument and next to make deposits into the Common Debt Service Reserve Sub-Fund. The Common Debt Service Reserve Sub-Fund will be applicable only to the Common Reserve Bonds and will not be available to pay debt service on any other Senior Lien Obligations. See "- Flow of Funds - Payment of Debt Service on the 2013 Senior Lien Bonds" above and APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE ~ Indenture Funds and Payment of Debt Service."

Upon issuance of the 2013 Senior Lien Bonds, the Reserve Requirement for the Common Reserve Bonds will be $427,396,966. Upon the issuance of the 2013 Senior Lien Bonds the City intends to deposit $82,565,010 of cash into the Common Debt Service Reserve Sub-Fund, increasing the cash balance on deposit to $419,400,876. In addition to the cash on deposit, a Qualified Credit Instrument provided by Assured Guaranty Municipal Corp. ("AGM") remains on deposit in the Common Debt Service Reserve Sub-Fund in an amount that ensures the Reserve Requirement is satisfied. Prior to, and after, giving effect to the issuance of the 2013 Senior Lien Bonds, the City is and will remain in compliance with all requirements for the maintenance of the Common Debt Service Reserve Sub-Fund.

As a result of the widespread losses in the mortgage market and overall credit market challenges, among others, Qualified Credit Providers, such as AGM, may experience claims and/or reductions in capital such that their capital resources may no longer be sufficient at their respective rating levels to meet their ongoing additional capital needs and/or to respond to claims, including claims under the Qualified Credit Instruments. The 2013 Senior Lien Bonds are secured, in part, by the Common Debt Service Reserve Sub-Fund which contains a Qualified Credit Instrument issued by AGM. In the event of a downgrade or withdrawal of any of the ratings of AGM, the City is under no obligation to replace the applicable Qualified Credit Instrument with cash or another Qualified Credit Instrument insured by a financial guarantor with a rating in the applicable highest rating category.

Except as may be required by the Undertaking described below under the heading "SECONDARY MARKET DISCLOSURE," neither the City nor the Underwriters undertakes responsibility to bring to the attention of the owners of the 2013 Senior Lien Bonds any proposed change in or withdrawal of the ratings of the Qualified Credit Provider or to oppose any such revision or withdrawal.

Debt Service Coverage Covenants

The City covenants in the Senior Lien Indenture to fix and establish, and to revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

(ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other Outstanding Airport Obligations are issued and secured, and (B) one and ten-hundredths times the Aggregate

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Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants in the Senior Lien Indenture to fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (a) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (b) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

(ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

Within 90 days after the end of each Fiscal Year, the City is required by the Senior Lien Indenture to furnish to the Trustee calculations of the required debt service coverage, as described above. If either calculation for any Fiscal Year indicates that the City has not satisfied its obligations described above, then as soon as practicable, but in any event no later than 45 days after receipt by the Trustee of such calculation, the City must employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of O'Hare and to submit to the City, within 45 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of O'Hare rentals, fees and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Within 60 days following its receipt of the recommendations, the City must revise O'Hare rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the recommendations so long as any revisions or alterations are projected by the City to result in compliance with the required debt service coverage, as described above. If at any time and as long as the City is in full compliance with the provisions of the Senior Lien Indenture summarized in this paragraph, there shall be no event of default under the Senior Lien Indenture as a consequence of the City's failure to satisfy the coverage covenants described above.

Debt Service Coverage Covenants related to CP notes and Credi t agreement Notes

In connection with the issuance of the CP Notes, the City has obtained from several banks (the "CP Banks ") irrevocable transferable letters of credit (the "CP Letter of Credit") to secure the CP Notes. Pursuant to the Reimbursement Agreement among the City and the CP Banks (the "CP Reimbursement Agreement") the City has agreed to comply with the covenants described above under "- Debt Service Coverage Covenants." The City also agreed in the CP Reimbursement Agreement that, in addition to principal and interest (to the extent not capitalized) on Senior Lien Obligations (other than commercial paper notes) payable during the period being measured, any outstanding advances under the CP Reimbursement Agreement would be treated as "Aggregate Debt Service" and "Senior Lien Obligations" in determining compliance with such covenants. The CP Reimbursement Agreement is not made for the benefit of the owners of 2013 Senior Lien Bonds, does not relate to the security for the 2013 Senior Lien Bonds, and is subject to change at any time without notice to or consent of the owners of the 2013 Senior

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Lien Bonds. At the present time, there are approximately $77,653,000 of CP Notes outstanding, which will be repaid with proceeds of the 2013 Senior Lien Bonds. For additional information regarding the CP Notes, see "OUTSTANDING INDEBTEDNESS AT O'HARE - Airport Obligations - Obligations Subordinate to Senior Lien Bonds.""

In addition, the City Council has authorized the issuance by the City of Credit Agreement Notes which would be issued under the City's Line of Credit Program and pursuant to Credit Agreements which the City is authorized to enter into. When and if Credit Agreements are entered into by the City, such Credit Agreement will provide for the Credit Agreement Notes to be Junior Lien Obligations secured by a pledge of and lien on Revenues deposited from amounts to be withdrawn from an account of the Junior Lien Obligation Debt Service Fund, which pledge and lien would be junior and subordinate to the pledges and liens on Revenues securing the repayment of all other Airport Obligations. As of the date of this Official Statement, the City has not entered into any Credit Agreements with any banks and there are no Credit Agreement Notes issued and outstanding.

Covenants agains t Lien on Revenues

The City covenants in the Senior Lien Indenture that it will not issue any indebtedness, other than Senior Lien Obligations, secured by the pledge of Revenues. The City also covenants not to create or cause to be created any lien or charge on Revenues, or on any other amounts pledged for the benefit of owners of the Senior Lien Obligations, including the 2013 Senior Lien Bonds, other than the pledge of Revenues contained in the Senior Lien Indenture.

Notwithstanding the covenants described in the prior paragraph, the City has the right to issue debt payable from or secured by a pledge of the Revenues to be derived on and after the discharge and satisfaction of all Senior Lien Obligations and to issue debt payable from, or secured by, a pledge of amounts to be withdrawn from the Junior Lien Obligation Debt Service Fund so long as such pledge is expressly junior and subordinate to the pledge of Revenues to the payment of Senior Lien Obligations.

issuance oe additional bonds

Additional Bonds, except in the case of Refunding Bonds issued in accordance with the requirements described in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE - Refunding Bonds" and Completion Bonds issued in accordance with the requirements described in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE -Completion Bonds," may be issued only upon the satisfaction of certain conditions. These conditions include delivery to Trustee of:

i) a Certificate of an Independent Accountant or a Certificate of the City, in either case stating that Revenues and Other Available Moneys in the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the first covenant described under "- Debt Service Coverage Covenants" above, assuming for such purpose that Aggregate Debt Service for the Bond Year commencing during such Fiscal Year includes the maximum Annual Debt Service on all Outstanding Senior Lien Obligations and the Series of Senior Lien Obligations proposed to be issued (disregarding any Airport Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the Senior Lien Obligations proposed to be issued); or

ii) a Certificate of an Independent Airport Consultant or a Certificate of the City, in either case stating that, based upon reasonable assumptions set forth in the Certificate, Revenues and Other Available Moneys are projected to be not less than that required to satisfy the first covenant described under "- Debt Service Coverage Covenants" above (disregarding any Airport

Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the Senior Lien Obligations proposed to be issued) for each of the next three Fiscal Years following the issuance of the Senior Lien Obligations or, if later, for each Fiscal Year from the issuance of the Senior Lien Obligations through the two Fiscal Years immediately following completion of the project or projects financed by the Senior Lien Obligations.

For the purpose of computing Revenues under either clause (i) or (ii) above, there must be taken into account (x) any reduction in the rate of any PFCs, and (y) any increase in the rate of any PFCs authorized by legislation if the City has taken all action required to impose those increased charges at O'Hare pursuant to such legislation. For the purpose of computing Revenues and Other Available Moneys under clause (ii) above, Other Available Moneys shall be projected only to the extent they have been (x) paid over to the Trustee and deposited in the Revenue Fund, or (y) irrevocably pledged to the payment of debt service on Airport Obligations.

The City may issue Refunding Bonds, such as the 2013A Senior Lien Bonds and 2013B Senior Lien Bonds, and Completion Bonds either by satisfying the debt service coverage requirement described above, or by satisfying the applicable requirements described in APPENDIX B - "SUMMARY OF CERTAIN Provisions of the Senior Lien Indenture - Refunding Bonds," and "-Completion Bonds."

AIRPORT USE AGREEMENTS

Airport Use Agreements. Moneys deposited by the City in accordance with the Senior Lien Indenture include rentals, fees and charges imposed upon the Airline Parties under the Amended and Restated Airport Use Agreement and Terminal Facilities Leases (collectively, the "Airport Use Agreements") between the City and the Airline Parties (as hereinafter defined). The Airport Use Agreements provide that the aggregate of all rentals, fees and charges to be paid by the Airline Parties shall be sufficient to pay for the net cost of operating, maintaining and developing O'Hare (excluding the Land Support Area), including the satisfaction of all of the City's obligations to make deposits and payments under the Senior Lien Indenture and any other ordinance or resolution authorizing Airport Obligations in accordance with the Airport Use Agreements.

The City has Airport Use Agreements with the airlines identified as signatories to the Airport Use Agreement in "AIR TRAFFIC ACTIVITY AT O'HARE - Airlines Providing Service at O'Hare." Those airlines, together with any additional airline that executes an agreement with the City substantially the same as the Airport Use Agreements, are referred to as the "Airline Parties."

According to CDA, the current Airline Parties represented, in the aggregate, approximately 77.1% percent of the total landed weight at O'Hare for 2012. See "AIR TRAFFIC ACTIVITY AT O'HARE - Airlines Providing Service at O'Hare," and "CERTAIN INVESTMENT CONSIDERATIONS."

The City has obtained all necessary funding approvals of the Airline Parties for the issuance of the 2013 Senior Lien Bonds.

Termination of Use Agreements. The stated expiration date of the Airport Use Agreements is May 11', 2018. A significant portion of the debt service on the 2013 Senior Lien Bonds and the Existing Senior Lien Bonds becomes due after such date. It is not possible to predict whether any airlines will be contractually obligated to make payments, including, among other things, for debt service on the 2013 Senior Lien Bonds, the Existing Senior Lien Bonds or any other Senior Lien Bonds, after the stated expiration of the Airport Use Agreements in 2018.

Under the Senior Lien Indenture, the City has covenanted to establish rentals, fees and charges for the use and operation of O'Hare so that Revenues, together with certain other moneys deposited with the Trustee, are sufficient to pay operation and maintenance expenses at O'Hare and to satisfy the debt

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service coverage covenants established under the Senior Lien Indenture. See "- Debt Service Coverage Covenants" above.

Nonpayment of Rentals, Fees and Charges. The Airport Use Agreements provide that if an Airline Party defaults on the payment of its rentals, fees or charges, and if the City has undertaken appropriate collection efforts and has exhausted certain other specific funds available under the Airport Use Agreements to pay the unpaid rentals, fees or charges, the City then is entitled to include the unpaid rentals, fees or charges in the landing fees payable by the other non-defaulting Airline Parties. See Appendix C - "Summary of Certain Provisions of the Airport Use agreements."

Proposed Amendment to the Senior Lien Indenture

The City has proposed an amendment (the "2010 Amendment") to the Senior Lien Indenture that, upon a determination by the City to present such amendment to the Trustee and compliance with the requirements for amending the Senior Lien Indenture, would remove from the Senior Lien Indenture the restrictions described under Caption 16 of APPENDIX B relating to the sale or transfer of O'Hare. The 2010 Amendment will not take effect unless and until (among other things) the 2010 Amendment is consented to by the Owners of more than 50% in principal amount of the then Outstanding Senior Lien Obligations. Pursuant to the 2013 Supplemental Indentures authorizing each Series of the 2013 Senior Lien Bonds, the Owners of the 2013 Senior Lien Bonds shall be deemed to have consented to the 2010 Amendment by purchasing such 2013 Senior Lien Bonds. Such consent of any Owner may be revoked in writing as provided in the Senior Lien Indenture. After giving effect to the issuance of the 2013 Senior Lien Bonds, the required percentage of the Outstanding Senior Lien Obligations will have consented to the 2010 Amendment to allow such 2010 Amendment to become effective. The City now may elect whether to implement the 2010 Amendment and, if the City so elects, would need to present the 2010 Amendment to the Trustee for execution.

REMEDIES

There is no provision for the acceleration of the maturity of the 2013 Senior Lien Bonds if any default occurs in the performance of any other obligation of the City under the Senior Lien Indenture, or if interest on the 2013 Senior Lien Bonds becomes includible in the gross income of the Owners thereof for federal income tax purposes. See APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR Lien Indenture - Remedies."

Plan of finance

GENERAL

The City is issuing the 2013 Senior Lien Bonds to: (i) pay the costs of certain projects at O'Hare included within the OMP and the CIP ("2013 Airport Projects"), (ii) repay the City's outstanding CP Notes in the aggregate principal amount of $77,653,000, (iii) currently refund certain outstanding Airport Obligations (the "Refunded Bonds," as described below), (iv) fund certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Fund, (v) fund capitalized interest on a portion of the 2013 Senior Lien Bonds, and (vi) pay costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds.

Refunding Plan

The City intends to redeem the City of Chicago, Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds and Revenue Refunding Bonds described below (the "Refunded

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Bonds") with proceeds of the 2013 Senior Lien Bonds. The following table sets forth the series designation, maturities, principal amounts, coupons, and redemption dates for the Refunded Bonds.

BONDS TO UK REFUNDED

Series Designation

2003A-2
2003A-2
2003A-2
2003A-2
2003A-2
2003A-2
2003A-2
2003B-2
2003B-2
2003B-2
2003B-2
2003B-2
2003 B-2
2003C-2
2003D
2003D
2003D
2003D
2003D
2003D
2003E
2003E
2003E
2003 E
2003E
2003E
2003E
2003F

Maturity

Date (January l)

2016 2017 2018 2019 2020 2021 2022 2022 2023 2024 2027 2027 2029 2030 2019 2020 2021 2022 2023 2028 2019 2020 2021 2022 2023 2024 2029 2015

Principal Amount

$ 17,970,000 18,955,000 20,095,000 35,100,000 37,120,000 39,255,000 1,885,000 39,625,000 43,900,000 21,215,000 7,370,000 54,455,000 63,055,000 19,265,000 2,595,000 2,720,000 2,855,000 2,995,000 3,145,000 10,405,000 2,580,000 2,705,000 2,840,000 2,975,000 3,130,000 3,280,000 3,450,000 7,370,000

Coupon

5.500% 6.000% 5.000% 5.750% 5.750% 5.750% 5.750% 5.750% 5.750% 5.750% 5.250% 6.000% 6.000% 5.250% 4.500% 4.500% 4.625% 4.750% 4.750% 4.875% 5.250% 5.250% 5.250% 5.250% 5.250% 5.250% 4.750% 5.500%

redemption Date

1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 I/I/20I4 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014 1/1/2014

The City has not issued a Notice of Redemption of the Refunded Bonds. Neither the City nor the Underwriters can make any assurance that the 2013 Senior Lien Bonds will be issued and delivered or that the Refunded Bonds will be redeemed as described in the table above. Additionally, no assurance can be made that the list of bonds to be refunded with proceeds of the 2013 Senior Lien Bonds will not change from those described in the table above prior to delivery of the 2013 Senior Lien Bonds.

2013 Airport Projects

The 2013 Airport Projects include certain capital projects to implement the OMP and CIP, including the following:

O'Hare Modernization Program Projects: A portion of the 2013 Senior Lien Bonds will be used to fund OMP Projects including the remaining costs to complete the OMP Phase 2A Airfield Projects, comprised of Runway 10R-27L, certain north runway enabling projects, and Taxiway LL Phase 1.

CIP Projects: A portion of the 2013 Senior Lien Bonds will be used to fund CIP Projects including various terminal improvement projects, Airport Transit System (ATS) Vehicle overhaul and ATS running rail replacement, airside pavement replacement projects, various heating and refrigeration projects; a parking revenue control system (PARCS), vehicle replacement, and implementation.

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Sources and Uses of Funds'"

The following table sets forth the estimated sources and uses of funds in connection with the issuance of 2013 Senior Lien Bonds.

Sources of Funds	2013A Senior Lien Bonds	2013B Senior Lien Bonds	20I3C Senior Lien Bonds	2013D Senior Lien Bonds	Total
Par Amount of 2013 Senior Lien Bonds	$ 336,350,000	$ 165,435,000	$ 98,375,000	$ 297,745,000	$ 897,905,000
Net Original Issue Premium	28.162.354	13.989,973	1.511.615	4.256.033	47.919.974

Total	$ 364.512.354	$ 179.424.973	$ 99,886,615	$ 302.001.033	$ 945.824.974

Uses of Funds

Deposit to Redeem Refunded Bonds	$ 323,404,956	$ 162,294,394			$485,699,350
Deposit to Repay CP Notes			$ 42,213,027	$ 35,456,376	77,669,403
Deposit to 2013 Airport Projects Funds			53,470,525	214,427,531	267,898,056
Deposit to Common Debt Service Reserve Sub-Fund	39,461,403	16,215.520		26,888,088	82,565,011
Capitalized Interest			3,573,458	23,326,255	26,899,713
Costs of Issuance[12]'	1.645.995	915,059	629.605	1,902.784	5.093.442
Total	$ 364.512.354	$.179,424,973.	$ 99.886.615	$ 302.001.033	$ 945.824.974

"Totals may not add due to rounding.

[t:,]Includes Underwriters' Discount and costs of issuance.

Chicago O'Hare International airport

General

O'Hare is the primary commercial airport for the City, as well as an important connecting point for numerous domestic and international flights. Located 18 miles northwest of the City's central business district, O'Hare occupies approximately 7,265 acres of land and is directly linked to the central business district by a rapid transit rail system. O'Hare is by far the busiest airport serving the Chicago Region (as hereinafter defined). O'Hare serves nearly all of the Chicago Region's international air traffic and is the predominant airport for nonstop/business travel to the Chicago Region's top 50 origin and destination {"O&D") markets.

Based on preliminary data from ACI, for the 12 months ended December 2012, O'Hare ranked second both worldwide and in the United States in total aircraft operations, and fifth worldwide and second in the United States in terms of total passengers. According to CDA and USDOT survey data, O'Hare had approximately 33.2 million total enplaned passengers in both 2011 and 2012.

Both United Airlines and American Airlines, two of the world's four largest air carriers (in terms of revenue passenger miles), operate major hubs at O'Hare. United Airlines, including its affiliated carriers, accounted for approximately 46.8 percent of the enplaned passengers at O'Hare in 2012 while American Airlines, including its affiliated carriers, accounted for approximately 34.6 percent of the enplaned passengers at O'Hare in 2012. See "CERTAIN INVESTMENT CONSIDERATIONS - AVIATION INDUSTRY RISK FACTORS" herein for additional information regarding the airlines serving O'Hare.

For information regarding the bankruptcy filing of AMR, the status of the merger of AMR with U.S. Airways and related matters, see "AIR TRAFFIC ACTIVITYAT O'HARE - Airlines Providing Service at O'Hare - American Airlines and "CERTAIN INVESTMENT CONSIDERATIONS-Financial Condition of Airlines Serving O 'Hare - AMR Banb-uptcy."

For more complete and detailed information regarding historical and projected air traffic at O'Hare, see the Section "Air

Traffic" in APPENDIX E - "REPORT OF THE AIRPORT CONSUL TANT."

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The Air Trade Area

The primary air trade area that O'Hare serves consists of 10 counties in Illinois (Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry and Will), four counties in Indiana (Jasper, Lake, Newton and Porter) and one county in Wisconsin (Kenosha). These 15 counties comprise the "Chicago Region" and include two Metropolitan Statistical Areas that contain four adjoining major metropolitan areas. This area is depicted on the map below.

Map of Chicago Region

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Chicago O'Hare International Airport

^Chicago Midway '.nfi A*pc«

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Legend

Chicago Naocrvillc-Jolict MSA Kankakee-Bradley MSA Counties Outside ot Chicago Region ■y(O'Hare International Airport ■tf Existing Airports Within MSA v; Existing Airports Outside MSA • Proposed Airports

■ Pwosw) acuta
Siiii;j-i;a-: At^u'S

Other Commercial Service airports Serving the Chicago Region

Midway. In addition to O'Hare, Midway is owned by the City and operated through the CDA. Midway, located 15 miles south of O'Hare and nine miles southwest of the central business district of the City, also provides scheduled commercial passenger service. Based upon CDA management records, total enplaned passengers at Midway were 9,671,619 for 2012, 9,352,766 for 2011, 8,734,214 for 2010, and 8,468,470 for 2009. Midway serves a distinct market segment in the Chicago Region as a lower-fare alternative. As of May 2013, Midway provided nonstop service to 70 markets (nine of which are international destinations) with a total of 269 daily nonstop flights whereas O'Hare has approximately 1,216 daily nonstop flights to 196 markets (55 of which are international destinations). In 2012, Midway had 3,452,768 connecting enplanements and 6,218,851 originating enplanements; these enplanements represented approximately 30.4 percent of Chicago originating passenger traffic and approximately 19.8 percent of Chicago connecting passenger traffic, whereas O'Hare's originating and connecting percentages of Chicago passenger traffic for 2012 were approximately 69.6 percent and 80.2 percent, respectively.

O'Hare and Midway are operated as separate and distinct enterprises for financial purposes and the 2013 Senior Lien Bonds are not secured by any revenues generated, or property located, at Midway.

In June 2004, the City concluded a terminal development program for Midway that included the construction of a new terminal facility. The current Midway capital development program docs not include any airfield capacity enhancing plans.

Congress established the Airport Privatization Pilot Program (the "Pilot Program") pursuant to which the FAA is authorized to permit up to ten public airport sponsors to sell or lease an airport. Only one of the ten airports can be a "large hub" airport (having enplanements that equal or exceed one percent of the enplanements at all U.S. commercial airports). The City applied to the FAA under the Pilot Program with respect to Midway and was awarded the "large hub" airport slot. The City has determined not to pursue bids for a lease for Midway under the provisions of the Pilot Program and has withdrawn its revised preliminary application to the FAA to participate in the Pilot Program. For more information regarding the privatization bid process for Midway, see the section "Air Traffic - Factors Affecting Aviation Demand at the Airport - Other Area Airports" in APPENDIX E - "REPORT OF THE AIRPORT CONSULTAN T."

General Mitchell International Airport. The nearest commercial service airport outside the Chicago Region is General Mitchell International Airport ("Mitchell"), located approximately 70 miles north of O'Hare. Mitchell serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Total enplaned passengers at Mitchell were approximately 3.7 million in 2012, 4.8 million for 2011, approximately 4.9 million for 2010, and approximately 4.0 million for 2009. Although Mitchell is in close proximity to O'Hare (their overlapping service areas include three counties in the northern Chicago Region area, which represent approximately 12 percent of the population in the Chicago Region), the higher-frequency nonstop service to top O&D markets from O'Hare attracts a greater portion of traffic in northern Illinois and southern Wisconsin to O'Hare. On average in 2012, Mitchell had approximately 132 daily nonstop flights to 49 markets.

Gary/Chicago International Airport. Gary/Chicago International Airport, which is owned by the City of Gary, Indiana and operated by the Gary/Chicago International Airport Authority, is also located in the Chicago Region. Currently, no commercial passenger service is provided at Gary/Chicago International Airport. A request for proposals for the development and management of the Gary/Chicago International Airport and related assets was advertised in July 2013. Ten responses to the request for proposals were received on August 26, 2013 and are being evaluated by an ad hoc committee of the Gary/Chicago International Airport Authority.

Existing Airport Facilities

O'Hare currently has seven active runways that allow for operations in good and poor weather conditions. A network of aircraft taxiways, aprons and hold areas supports the runways. The runways range from 7,500 feet to 13,001 feet with one under construction that will be approximately 10,800 feet and meet Aircraft Design Group VI standards. All runways have electronic and other navigational aids that permit aircraft landings in most weather conditions. For more information regarding the existing airfield facilities at O'Hare, see the section "The Airport - Existing Airport Facilities - Airfield" in Appendix E - "Report of the airpor t Consul tan t."

The airlines serving O'Hare operate out of four terminal buildings. Three terminal buildings, having a total of 169 aircraft gates, serve domestic flights and certain international departures. The International Terminal, with 20 aircraft gates and five hardstand positions, serves the remaining international departures and all international arrivals requiring customs clearance. The Airport Transit System, an automated train system that travels on a dedicated guideway, serves the three domestic terminals, the International Terminal and the remote long-term parking areas. For more information regarding the existing terminal facilities at O'Hare, see the Section "The Airport - Existing Airport Facilities - Terminal Area" in APPENDIX E - "REPOR T OE THE AIRPORT CONSULTANT."

Currently, of the 169 domestic gates and related facilities at O'Hare, six are common use gates and six are preferential use gates. The remaining 157 domestic gates and related facilities are exclusively leased by the City to the Airline Parties pursuant to the Airport Use Agreements. As part of their merger. Delta Air Lines and Northwest Airlines consolidated their activities at O'Hare on the gates at Terminal 2 previously used by Northwest. As a result, Delta vacated the eleven gates in Terminal 3, Concourse L previously used by it, which were under lease to Delta on an exclusive use basis until 2018. Effective October 1, 2011, the City bought Delta's remaining leasehold interest in those gates (along with support space and facilities and equipment), and is now operating those gates as preferential and common use gates. American leases six of the gates on a preferential use basis. The remaining five gates are being used as common use gates by the following carriers: Spirit (which uses two gates); JetBlue (which uses one gate); Virgin America (which uses one gate); and Air Choice One, which is an Essential Air Service carrier (which uses one gate). In addition, one gate in Terminal 2 continues to serve as a common use domestic gate. All international gates are operated on a common use basis.

A hotel, an elevated parking structure, and the heating and refrigeration plant serving O'Hare are located adjacent to the terminal buildings. The hotel, currently leased and operated by Hilton Hotels Corporation, provides 861 guest rooms as well as restaurants and meeting facilities. The six-story parking structure located next to the terminal has approximately 9,300 parking spaces and is supplemented by an adjacent surface lot with approximately 2,800 additional spaces. Public and employee ground level parking spaces located elsewhere at O'Hare total approximately 13,700 and 20,600 parking spaces, respectively.

With 16 air cargo buildings and nine aircraft maintenance hangars leased by airlines, O'Hare is a major center for other aviation-related activity such as aircraft maintenance and domestic and international air cargo shipment. In addition, two flight kitchens, three buildings used for airline ground equipment maintenance, three United States Postal Service facilities and an airport equipment maintenance complex that stores and services snow removal and other equipment are located at O'Hare.

AIRPORT MANAGEMENT

O'Hare is owned by the City and operated through the CDA, which oversees planning, operations, safety and security, and finance and administration. The CDA also oversees such activities at Midway. CDA is headed by the Commissioner of Aviation and as of December 31, 2012 had approximately 1,179 employees.

REGIONAL AUTHORITY

In 1995, the City and the City of Gary, Indiana, entered into the Compact, which established the Chicago-Gary Regional Airport Authority to oversee and support Midway, O'Hare, Meigs Field and the Gary/Chicago International Airport, to evaluate jointly the bi-state region's need for additional airport capacity and to coordinate and plan for the continued development, enhancement and operation of such airports and the development of any new airport serving the bi-state region. Subject to the power of the Chicago-Gary Authority to approve certain capital expenditures and other actions, the City continues to manage, own and operate Midway and O'Hare. Meigs Field was closed by the City on March 30, 2003. The approval of the Chicago-Gary Authority is required for implementation of certain components of the OMP. The City has obtained all required approvals from the Chicago-Gary Authority for the OMP.

O'Hare Noise Compatibility Commission

The O'Hare Noise Compatibility Commission (the "O'Hare Noise Commission") was formed to (i) determine certain noise compatibility projects to be implemented in a defined area surrounding O'Hare, (ii) oversee a noise monitoring system operated by the City, and (iii) advise the City concerning other O'Hare noise-related issues. As of July 30, 2013, the City had spent approximately $483.8 million on residential and school noise compatibility projects since the establishment of the O'Hare Noise Commission in 1997.

budget Procedures

Financial transactions involving O'Hare are subject to the City's annual appropriation ordinance and follow the City's budget process. The City is required by law to pass an annual appropriation ordinance prior to the beginning of each Fiscal Year. CDA submits its proposed budget for the following Fiscal Year, including the proposed budget for O'Hare, to the City's Budget Director for inclusion in the proposed City budget. The Budget Director includes a proposed budget for CDA in the City's budget proposal for approval by the Mayor who submits the City budget to the City Council for approval. O'Hare's budget, as proposed by CDA, may be modified by the Budget Director, the Mayor or the City Council. On November 8, 2012, the City Council adopted an appropriation ordinance for the City for 2013.

Air Traffic activity at O'Hare

Recent O'Hare operations

For over 40 years, OT Iare has been and continues to be one of the principal components in the national airspace system, providing not only the primary' origin and destination service to the third largest metropolitan area in the United States, but also serving as an important connecting hub for two of the world's four largest air carriers (in terms of revenue passenger miles) - United Airlines and American Airlines. Preliminary statistics from ACI indicate that for 2012 O'Hare ranked second worldwide and in

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the United States in total aircraft operations with 878,108 takeoffs and landings, and fifth worldwide and second in the United States in total passengers, with 66,633,503 total passengers.

During a typical week in August 2013 (August 11, 2013 through August 17, 2013), non-stop service was provided from O'Hare to each of O'Hare's top 50 domestic O&D markets. In the same week, non-stop service was available from O'Hare to each of O'Hare's top 25 international O&D markets. Scheduled service for such week included 8,949 non-stop departures from O'Hare, including 7,978 domestic departures and 971 international departures.

Passenger activity at O'Hare

The table on the following page shows the total enplaned passenger activity for a ten year period from 2003 through 2012. Total enplaned passengers at O'Hare remained relatively flat with a compounded annual rate of -0.4 percent from 2003 to 2012, but reached a record high of approximately 37.9 million total enplaned passengers in 2005. The decrease in activity since 2005 was most pronounced in 2008 and 2009. These significant decreases, which were similar to those experienced nationally, were primarily due to cutbacks in capacity by the airlines in response to record high fuel costs and a nationwide economic recession that impacted demand for air travel. In 2010 and 2011, O'Hare experienced relatively stable activity, with only a 0.06 percent decrease in 2011 in total enplaned passengers from 2010 levels. Enplaned passenger activity for 2012 rose 0.1% over 2011. Enplaned passenger activity levels from January to June 2013 is down 2.76 % compared with the same period in 2012. As set forth in the following table, O'Hare supports substantial international service. From 2003 to 2012 the percent of international enplaned passengers ranged from 13.2 to 16.6 percent of the total enplaned passengers.

[Remainder of page intentionally left blank/

Total Enplaned Passengers [1] Chicago O'Hare International airport 2003-2012

Total Percent of Total

Domestic Annual TotalInternational

Enplaned Growth EnplanedEnplaned

Passengers % PassengersPassengers

Percent of Annual Total Growth Enplaned % Passengers

Total Enplaned Passengers

Annual Growth %

2003

2004

2005
2006
2007
2008
2009
2010
2011[12]
2012
$29,889,369 32,172,058 32,404,271 32,116,629 32,109,607 28,378,531 26,851,150 28,087,534 28,293,579 28.275,113

7.6%

0.7 (0.9) (0.0) (11.6) (5.4)

4.6

0.7 (0.1)
86.8%
85.9
85.4
85.0
85.0
83.4
83.8
84.6
85.2
85.1
4,544,163 5,272,490 5,543,716 5,647,815 5,653,455 5,632,655 5,184,005 5,131,768 4,901,129 4.956,088

16.0%
5.1
1.9
0.1 (0.4) (8.0) (L0) (4.5)
1.1
13.2%
14.1
14.6
15.0
15.0
16.6
16.2
15.4
14.8
14.9
34,433,532 37,444,548 37,947,987 37.764,444 37,763,062 34,011,186 32,035,155 33,219,302 33.194,708 33.231.201

8.7%
1.3 (0.5) (0.0) (9.9) (5.8)
3.7 (0.1)
0.1

Compounded Annual Growth Rates, 2003-2012

2003-2012 (0.6%) 1-0% (0.4%)

Source: CDA Management Records, June 2013.

Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics.

[u)] Varies from Financial Statements due to the re-classification of certain domestic enplanements as international.

Enplaned passenger traffic at O'Hare can be divided, into two primary components: O&D and connecting. O&D enplaned passengers consist of two groups. The first group includes those travelers whose residence and/or place of employment are in the Chicago Region and surrounding communities and whose air trips originate at O'Hare. The second group includes travelers who are not residents of or employed within the Chicago Region and surrounding communities, but who visit for business, personal or pleasure-related activity. Connecting passengers include those passengers traveling from a destination outside the Chicago Region to a destination outside the Chicago Region, who board one aircraft at O'Hare after having arrived on another aircraft at O'Hare. The number of connecting enplaned passengers at O'Hare reflects airline operating decisions, which are in part dictated by the size of the local air passenger market, and the geographic location of O'Hare relative to heavily traveled air routes.

The following table shows total enplaned passengers, total originating enplaned passengers and total connecting enplaned passengers at O'Hare for a ten year period from 2003 through 2012 (the most recent year for which comprehensive O&D statistics are available). As shown, O'Hare has a strong O&D market with the percent of originating passengers ranging from 44.5% to 50.1% of total enplaned passengers over the ten year period.

Originating and Connecting Enplanements Chicago O'Hare Interna tional Airport 2003-2012

Originating Enplanements

Originating Enplanement Annual Growth %

Connecting Enplanements

Connecting Enplanement Annual Growth %

Total Enplaned Passengers

Total Enplanement %

Annual Originating Growth Enplanement Percentage

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

9.6% 4.6 1.5 2.3 (6.6) (7.8) (0.6) 2.4 2.2

19,123,428 20,666,369 20.399,949 19,955,970 19,539,602 16,986,311 16,338,806 17,613,571 17,221,963 16,912,391

Compounded Annual Growth Rates, 2003-2012: 0.7%

8.1% (1.3) (2.2) (2.1) (13.1) (3.8)
7.8 (2.2) (1.8)

(1.4%)

34,433,532 37,444,548 37,947,987 37,764,444 37,763,062 34,011,186 32,035,155 33,219,302 33,194,708 33.231.201

8.7%
1.3 (0.5) (0.0) (9.9) (5.8)
3.7 (0.1)
0.1

(0.4%)
44.5%
44.8
46.2
47.2
48.3
50.1
49.0
47.0
48.1
49.1

Sources: U.S. DOT Origin & Destination Survey ofAirlinc Passenger Traffic CDA Management Records

[1]) Excludes general aviation, military, helicopter, and miscellaneous passengers included in CDA Management Records.

aircraft Operations

The following table shows total aircraft operations at O'Hare for the ten year period 2003 through 2012. Total passenger airline aircraft operations increased from 928,691 in 2003 to 992,427 in 2004, the highest number of aircraft operations in O'Hare's history. From 2004 through 2009, the number of aircraft operations steadily decreased, to 827,899. After increasing to 882,617 in 2010, the number of aircraft operations decreased slightly to 878,108 in 2012. United and American have continued to shift domestic passenger service from their mainline service to their regional/commuter partners, shown by the increase in regional/commuter partners over the period, increasing aircraft operations from 312,910 in 2003 to 498,295 in 2012. System-wide cutbacks in passenger airline activity in response to high fuel costs and the national economic recession were the primary cause of total operations at O'Hare decreasing from 926,973 in 2007 to 878,108 in 2012.

total aircraft operations Chicago O'Hare International airport 2003-2012

Domestic

Year	Nationals	Commuters
2003	489,822	312,910
2004	492,469	367,227
2005	430,183	405,231
2006	398,633	422,953
2007	387,663	415,270
2008	366,143	396,848
2009	318,513	402,656
2010	283,194	488,376
2011	279,466	493,249
2012	274.841	498,295

Majors/ Regionals/

international

U.S. flag carrif.rs	foreign Carrier	Total flag Passenger Airlines
40,733	35,722	879,187
46,698	35.696	942,090
51,271	33,507	920,192
49,230	34,750	905,566
51,531	35,512	889,976
45,378	35,833	844.202
42,074	32.768	796,011
41,452	30,702	843,724
41,492	28,212	842,419
38,560	28,432	840,128

General Aviation(1)	All-Cargo	Total
28,247	21,257	928,691
28,749	21,588	992,427
30,077	21,979	972.248
31,912	21,165	958,643
16,295	20.702	926,973
19,802	17,562	881,566
17,900	13.988	827,899
21,645	17,248	882,617
19,230	17,149	878,798
21,103	16,877	878,108

Compounded Annual Growth Rates, 2003-2012:

(6.2%) 5.3% (0.6%) (2.5%) (0.45%) (3.2%) (2.5%) (0.6%)

Source: CDA Management Records.

(1) Includes general aviation, helicopter and other miscellaneous operations. airlines providing

Service at O'Hare

As of June 2013, O'Hare had scheduled air service by 21 U.S. flag carriers and 30 foreign flag carriers, non-scheduled air service by four charter airlines and scheduled cargo service by 22 all-cargo carriers. The following tables show the airlines that currently provide service at O'Hare and the respective airline share of enplaned passengers at O'Hare from 2008 to 2012. For more information, see the Section "Air Traffic - Airlines Serving the Airport" in APPENDIX E - "REPORT OF THE AIRPORT Consultant."

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United Airlines. As of August 2013, United (now including Continental) currently operates 619 daily departures from O'Hare. In terms of enplanements, United is the largest carrier (including affiliates and Continental) at O'Hare, with a 46.8 percent share of enplaned passengers in 2012. In October 2010, United Airlines and Continental Airlines merged to create the world's largest airline, in terms of operating revenue and revenue passenger miles. On March 5, 2012, United and Continental formally combined and ceased separate operations, and retired the Continental Airlines brand. The merger has not had a material impact, positively or negatively, on enplanements and operations at O'Hare.

Information regarding United Airlines can be obtained directly from the website of the United States Securities and Exchange Commission (the "SEC"), at www.sec.gov <http://www.sec.gov>. Neither the City nor any of the Underwriters undertakes any responsibility for, or makes any representations as to the accuracy or completeness of, or the content of information available from, the SEC including, but not limited to, updates of such information or links to other internet sites accessed through the SEC web site.

American Airlines. Based on enplanements, American Airlines (including its affiliated carriers) is the second largest operator at O'Hare. Including its regional/commuter partner, American Eagle, American's share of total enplanements was 34.6 percent in 2012.

American Airlines, Inc., AMR Corporation, American Eagle Holdings Corporation and American Eagle Airlines, Inc. filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code on November 29, 2011. American Airlines (including its affiliated carriers) is the second largest carrier, after United Airlines, operating at O'Hare. On February 14. 2013, AMR announced that it and US Airways Group, Inc. had approved a merger agreement to combine American and US Airways, which would create the largest airline in the world in terms of operating revenue and revenue passenger miles (surpassing United). The proposed merger constitutes a part of and, if consummated, would be implemented and result in AMR's confirmed bankruptcy plan of reorganization becoming effective. Under the merger agreement, consummation of the proposed merger is subject to a number of approvals. US Airways shareholders and the AMR financial stakeholders and European Union regulatory authorities have approved the proposed merger. The merger also requires antitrust clearance from the U.S. Department of Justice and the U.S. Bankruptcy Court. On August 13, 2013, the U.S. Department of Justice, the States of Arizona, Florida. Tennessee, and Texas, the Commonwealths of Pennsylvania and Virginia and the District of Columbia, each acting by and through their respective Attorneys General, filed a civil action in the United States District Court for the District of Columbia under federal antitrust law to enjoin the planned merger of US Airways and AMR. A date of November 25. 2013 has been set for the trial. On September 12, 2013, the U.S. Bankruptcy Court confirmed AMR's plan of reorganization, subject to effectiveness upon resolution of the antitrust litigation as a condition precedent. No assurances can be given as to whether or not the merger between AMR and US Airways will be consummated, and if consummated when and on what terms such merger might be completed.

For additional information, see "CERTAININVESTMENTCONSIDERATIONS- Financial Condition of the Airlines Serving O'Hare -AMR Bankruptcy."

Information regarding the financial condition of American Airlines and AMR Corporation, the parent company of American Airlines, can be obtained directly from the website of the SEC, at www.sec.gov <http://www.sec.gov>. Information regarding the American Airlines bankruptcy filing can be obtained from the web site of American Airlines at aa.com/restructuring <http://aa.com/restructuring> and from the web site of the U.S. Bankruptcy Court for the Southern District of New York at www.nysb.uscourts.gov <http://www.nysb.uscourts.gov>. A copy of the Complaint may be found at <http://onlinc.wsi.coin/ptiblic/rcsourccs/cloctimcnts/airlinescomplaint0813.pdf> Prospective purchasers are directed to www.aa.com

<http://www.aa.com>, www.usairways.com <http://www.usairways.com> and www.dcd.uscourts.gov/dcd/ <http://www.dcd.uscourts.gov/dcd/> for updates regarding the Complaint and future filings relating thereto. Neither the City nor any of the Underwriters

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undertakes any responsibility for, or makes any representations as to the accuracy or completeness of or the content of information available from American Airlines, US Airways, the SEC or the Bankruptcy Court, including, but not limited to, updates of such information or links to other internet sites accessed through their web sites.

Additional Airline Information. The Airline Parties (including the corporate parents of United Airlines and American Airlines) and certain other airlines operating at O'Hare (or their respective parent corporations) tile reports and other information (collectively, the "SEC Reports ") with the SEC. Certain information, including financial information, as of particular dates concerning each of the Airline Parties (or their respective parent corporations) is included in the SEC Reports. The SEC Reports can be read and copied at the SEC's Public Reference Rooms, which can be located by calling the SEC at 1-800-SEC-0330. In addition, electronically filed SEC Reports can be obtained from the SEC's web site at www.sec.gov <http://www.sec.gov>. Each Airline Party and certain other airlines are required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. Such reports can be inspected at the Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, Room 4201, 400 Seventh Street S.W., Washington, DC 20590, and copies of such reports can be obtained from the Department of Transportation at prescribed rates. Non-U.S. airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airlines.

O'Hare Financial Information

Operating Results

The following is a summary of O'Hare's operating revenues and operation and maintenance expenses for the five-year period 2008 through 2012. O'Hare's fiscal year corresponds with the calendar year. See also APPENDIX D-"AUDI TED FINANCIAL STATEMENTS" as of and for the years ended December 31, 2012 and 2011.

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Operating Revenues
Landing Fees
Rental Revenues
Terminal Rentals/Use Charges Other Rentals/Fueling System Fees
Sub-Total Rental Revenues
Concessions:
Auto Parking
Auto Rentals
Restaurants
News/Gifts
Other
Sub-Total Concessions
Reimbursements
Total Operating Revenues
Opera tion and Maintenance Expenses
Salaries and Wages m
Repairs and Maintenance
Energy
Materials & Supplies
Engineering & Other Professional Services.
Other Operating Expenses
Total Operation and Maintenance Expenses
Before Depreciation and Amortization.... Net Operating Income before
Depreciation
and Amortization (2)

2010
2008
2009

287,972 40.468
212,944 39.809

$ 196,453 $ 181,335 $ 170,907 $ 179,924
252.753 328.440

237,628 41.745

279.373 287.442
93,430 22,643 35,669 14,495 30.377
89,131 22,915 32,721 13,662 26.685
95,997 23,745 38,547 15,608 37.989
185.114 196.614 211.886
6.642
5.241
8.219

93,557 25,445 41,330 16,579 41.197 218.108 7.017
174,897 82,518 37,261 17,661 54,718 37.230
174,331 86,463 33,687 9,526 57,981 48,640
$ 191,677 88,784 31,775 9,797 74,307 53.839
S 624.443 S 702.603 $ 679.402 S702.564

S 190,830 94,519 31,777 14,288 65,382 34.254

£ 428.510	$ 404.285	$ 410.628	$ 431.050	$450.179
S 255.772	$ 220.158	$ 291.975	$ 248.352	$252.385

(I) Salaries and wages includes charges for pension, health care and other employee benefits.
<2) Amount for 2011 may be reconciled to operating income of $69,903 reported in the 2011 Statement of Revenues. Expenses and Changes in Net Assets by deducting depreciation and amortization of SI 78,449. Amount for prior years may be reconciled through similar calculations.

Discussion of Financial Operations

The "Historical Operating Results'" table above summarizes O'Hare's audited financial results for the years 2008 through 2012. Operating revenues in the table are comprised of landing fees, terminal area rental/use charges, other rentals/fueling system fees and concessions. Operation and maintenance expenses are comprised of salaries and wages, repairs and maintenance, energy, materials and supplies, engineering and other professional services and other operating costs which include insurance premiums, equipment rentals, vehicles and various miscellaneous costs.

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The City charges the Airline Parties based on a projection of, and recognizes revenues from the Airline Parties only to the extent required to fund, the net airline requirement (equal to operation and maintenance expenses, net debt service requirements and fund deposit requirements less non-airline revenues and credits). Accordingly, landing fees and terminal area rental/use charges increased $19.4 million in 2012 compared to 2011, primarily due to increased operation and maintenance expenses, offset by increased non-airline revenues and reimbursements.

The increase in non-airline revenues and reimbursements of $5 million from 2011 to 2012 was primarily due to increases in restaurants, auto rentals, and other revenues of $2.8 million, $1.7 million, and $3.2 million, respectively. From 2008 through 2012, non-airline revenues averaged 31.4 percent of total operating revenues.

The increase in total operation and maintenance expenses before depreciation and amortization of $19.1 million from 2011 to 2012 was primarily due to increases in engineering and professional fees and other operating expenses. Other operating expenses increased mainly due to increased provision for doubtful accounts.

Cash Balances

As of December 31, 2012, O'Hare's unrestricted cash and investments balance was SI 11.0 million and its restricted cash and investments balance was $2,119.0 million, compared to December 31, 2011 balances of $176.1 million and $2,534.2 million, respectively. The decrease in unrestricted cash and investments of $65.1 million is due to the use of airport moneys for the payment of operation and maintenance expenses, debt service deposits and fund deposits for the current year. The $415.2 million decrease in restricted cash and investments was mainly due to a decrease in construction funds of S308.0 million, a decrease in the debt service reserve accounts of $30.0 million, a decrease in the capitalized interest accounts of $113.2 million, an increase in the customer facility charge fund of $32.1 million, and a decrease in the PFC fund of S24.1 million.

Insurance

The City's property and liability insurance premiums are approximately $9.9 million per year. The City maintains property and liability insurance coverage for both O'Hare and Midway and allocates the cost of the premiums between the two airports. The property coverage was renewed on December 31, 2012 with a limit of $3.5 billion and includes $2.8 billion in terrorism coverage, and the liability coverage was renewed May 15, 2013 with a limit of $750 million and includes $600 million in war and terrorism liability coverage.

Pension and other Post-Employment benefit Costs

O'Hare employees participate in one of two single-employer defined-benefit pension plans for City employees: the Municipal Employees* Annuity and Benefit Fund of Chicago {"ME4BF') and the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago {"LABF'). As of September 20, 2013, there were 948 O'Hare employees enrolled in the MEABF and 118 O'Hare employees enrolled in the LABF. The City's contributions to these plans are funded by user fees and charges assessed at O'Hare and other Revenues at O'Hare. O'Hare reimburses the City's general fund for the estimated pension cost applicable to the covered payroll of employees and those reimbursements are recorded as operating expenses. See APPENDIX D - "AUDITED FINANCIAL STATEMENTS - Notes to Basic Financial Statements - 7. Pension Plans."

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O'Hare treats the pension costs paid by O'Hare as operation and maintenance expenses for purposes of determining net revenues available for bonds. The City and its retirement funds share the cost of post-employment healthcare benefits available to City employees participating in the retirement funds through a single-employer, defined-benefit healthcare plan (the "Health Plan"), which is administered by the City. Substantially all City employees who qualify as participants in MEABF or LABF older than age 55 with at least 20 years of service may become eligible for these healthcare benefits. As described in APPENDIX H - "RETIREMENT FUNDS - Other Post-Employment Benefits," the costs of the Health Plan are shared pursuant to a settlement agreement entered into between the City and its retirement funds. The settlement agreement expired on June 30, 2013. For further information on the status of the Health Plan after June 30, 2013, see APPENDIX H - "RETIREMENT FUNDS - Other Post-Employment Benefits."

The projections contained in the Report of the Airport Consultant do not take into consideration any changes to Operation and Maintenance Expenses that might result from increases in the City's pension costs as a result of the obligations described in APPENDIX H - "RETIREMENT FUNDS."

For additional information on the City's pensions, see NOTE 7 - "Pension Plans" in APPENDIX D and APPENDIX H - "RETIREMENT FUNDS."

outstanding indebtedness at o'hare

General

The City has financed capital improvements at O'Hare through various sources including City financings, federal grants, airline contributions, and available airport funds. The City has issued obligations secured by Revenues, including the Senior Lien Obligations (secured by the Revenues on a senior lien basis) and CP Notes (secured by the Revenues on a junior lien basis). Certain of the Senior Lien Obligations are secured by revenues sources which are separate and apart from the Revenues.

In addition, the City has issued PFC Obligations secured by PFC Revenues, CFC Obligations secured by CFC Revenues, and Special Facility Revenue Bonds secured by payments made by individual airlines and other tenants and licensees pursuant to separate special facility agreements with the City. See also APPENDIX D - "AUDI TED FINANCIAL STATEMENTS - Note 4."

Airport Obligations

Existing Senior Lien Bonds. The City has issued and has outstanding Senior Lien Bonds (including the Third Lien Bonds issued prior to the issuance of the 2013 Senior Lien Bonds and Outstanding following the issuance of the 2013 Senior Lien Bonds) in the outstanding aggregate principal amount of $5,798,460,000 (which amount excludes outstanding Senior Lien Bonds anticipated to be refunded with a portion of the proceeds of the 2013 Senior Lien Bonds; the "Existing Senior Lien Bonds"). The 2013 Senior Lien Bonds are secured on a parity basis with the Existing Senior Lien Bonds and all other Senior Lien Obligations.

Debt Service Schedule for Outstanding Senior Lien Bonds. The Senior Lien Indenture secures on a parity basis as to

Revenues the 2013 Senior Lien Bonds, the Existing Senior Lien Bonds and any additional Senior Lien Obligations issued or incurred by the City from time to time. Sec "SECURI TY TOR THE 2013 SENIOR LIEN BONDS - General," and "- Pledge of Revenues." The debt service on the outstanding Existing Senior Lien Bonds and the 2013 Senior Lien Bonds is shown in the following table:

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Issuance of Additional Airport Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may in the future issue Additional Bonds or incur other Senior Lien Obligations that will be secured on a parity basis with the 2013 Senior Lien Bonds and the Existing Senior Lien Bonds. See "SECURITY FOR THE 2013 SENIOR LIEN BONDS - Issuance of Additional Senior Lien Obligations" and "CAPITAL DEVELOPMENT PROGRAMS."

The City may issue, from time to time, additional Airport Obligations to fund additional projects under the CIP and to fund a portion of the OMP Completion Phase 2B runway projects (including additional costs of the OMP Completion Phase Noise Program), all as described under "Capital Development Programs." Such additional Airport Obligations may include, without limitation, Senior Lien Bonds. Issuance of any such Senior Lien Bonds would require compliance with the requirements of the Senior Lien Indenture for the issuance of additional debt.

Obligations Subordinate to Senior Lien Bonds. As described under "SECURITY FOR THE 2013 SENIOR LIEN BONDS - Covenants Against Lien on Revenues," the City has the right, at any time, to issue debt payable or secured by amounts to be withdrawn from the Junior Lien Obligation Debt Service Fund so long as such pledge is expressly junior and subordinate to the pledge of Revenues to the payment of Senior Lien Obligations. Indebtedness of the type described in the preceding sentence can be issued without limit as to nature or amount.

The City has previously authorized a Commercial Paper Program and a Line of Credit Program that provide for the issuance, from time to time, of CP Notes and Credit Agreement Notes, respectively, in a combined aggregate principal amount outstanding at any one time of not to exceed $600,000,000. The CP Notes are currently supported by letters of credit sufficient to support a maximum aggregate principal amount at any time of not to exceed $275,000,000 for the financing and refinancing of a portion of the cost of planning, design, acquisition, construction and equipping of various projects at O'Hare. There are currently approximately $77,653,000 of CP Notes issued and outstanding that, together with interest thereon, is anticipated to be repaid with a portion of the proceeds of the 2013 Senior Lien Bonds. The Credit Agreement Notes are authorized to be issued for the payment or reimbursement of the City for capital projects at or near or for the benefit of O'Hare, the payment or reimbursement of the City for Operation and Maintenance Expenses of O'Hare, the refunding of Outstanding Airport Obligations and the payment of principal and interest on maturing Credit Agreement Notes. No Credit Agreement Notes have been issued pursuant to the Line of Credit Program. The CP Notes and the Credit Agreement Notes (if and when issued) are Junior Lien Obligations and are subordinate to the 2013 Senior Lien Bonds and all other Senior Lien Obligations, with respect to their claim on Revenues.

AIRPORT PFC OBLIGATIONS

Existing PFC Obligations. The City has previously issued various series of its Chicago O'Hare International Airport Passenger Facility Charge Revenue Bonds (collectively, the "PFC Obligations") pursuant to the Master Trust Indenture Securing Chicago O'Hare International Airport Passenger Facility Charge Obligations dated as of January 1, 2008, as supplemented and amended (the "PFC Indenture"), from the City to The Bank of New York Mellon Trust Company, National Association, as successor trustee (the "PFC Trustee"). There are currently $700,090,000 aggregate principal amount of PFC Obligations outstanding under the PFC Indenture. PFC Obligations are secured separately from the Senior Lien Bonds, solely by PFCs imposed by the City at O'Hare.

Issuance of Additional PFC Obligations. The City may issue, from time to time, additional PFC Obligations to fund addition projects under the CIP and to fund the OMP Completion Phase 2B (including additional costs of the OMP Completion Phase Noise Program), as described under "Capital Development Programs." See "CERTAIN INVESTMENT CONSIDERATIONS - Issuance of Future Indebtedness to Fund OMP Completion Phase."

Obligations Subordinate to Pledge of PFC Revenues. The City has the right to issue debt payable from or secured by PFC Revenues remaining after the discharge and satisfaction of all PFC Obligations and to issue debt payable from, or secured by a pledge of amounts to be withdrawn from the PFC Bond Fund so long as such pledge is expressly junior and subordinate to the pledge of PFC Revenues to the payment of PFC Obligations. Indebtedness of the type described in the preceding sentence can be issued without limit as to nature or amount.

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The Credit Agreement Notes and/or additional CP Notes, to the extent the same are issued by the City, may represent indebtedness of the type described in the preceding paragraph. See "-Obligations Subordinate to Senior Lien Bonds" above.

Airport CFC Obligations

The City has previously issued its $248,750,000 Customer Facility Charge Senior Lien Revenue Bonds, Series 2013 (the "CFC Bonds") pursuant to an Indenture of Trust, dated as of August I, 2013, as supplemented and amended (the "CFC Indenture"). In addition, the City has entered into a Transportation Infrastructure Finance and Innovation Act of 1998 loan in an aggregate principal amount up to $288,100,000 (the "TIFIA Loan" and together with the CFC Bonds, the "CFC Obligations") with the U.S. Department of Transportation which constitutes a subordinate bond under the CFC Indenture. The proceeds of the CFC Obligations, together with other moneys, will be used to finance the construction of the CRCF and the ATS extension, and the CFC Obligations are secured separately from the Senior Lien Bonds, solely by CFCs imposed on customers of rental car companies operating at O'Hare and certain other charges payable by rental car companies operating from the CRCF dependent upon CFC collection levels.

Special Facility Revenue Bonds

The City has previously issued Special Facility Revenue Bonds on behalf of numerous airlines, as well as certain non-airline parties, to finance or refinance a portion of the capital improvements at O'Hare. These Special Facility Revenue Bonds are secured separately from the Senior Lien Bonds, solely by amounts received from such airlines and non-airline parties pursuant to the terms of related Special Facility Financing Arrangements. See "CERTAIN INVESTMENT Considerations - Financial Condition of Airlines Serving O'Hare."

Capital. Development Programs

General

The City's current plans for capital development at O'Hare are organized into the OMP. the CIP and the Joint Use Facility. For purposes of this Official Statement, the OMP, the CIP and the Joint Use Facility are collectively referred to herein as the "Capital Development Programs. "

In addition to the Capital Development Programs, the City, in accordance with criteria established by the O'Hare Noise Commission, participates in an ongoing program of providing sound insulation to eligible schools and residences in the vicinity of O'Hare (the "OMP Phase I Noise Program" and the "OMP Completion Phase Noise Program"). See "Chicago O'Hare International Airport - O'Hare Noise Compatibility Commission," and "- OMP Noise Program," below.

OMP

General. In 2001, the City announced the OMP to meet the future development needs at O'Hare. The OMP is designed to address flight delays and to increase capacity. The OMP is a comprehensive program providing for the reconfiguration of the airfield at O'Hare, as well as construction of a passenger terminal, access/circulation systems and necessary support facilities, and is being implemented over a multi-year period, in phases. The City has received all regulatory approvals to proceed with the OMP.

Benefits from the OMP. The OMP is designed to enhance both O'Hare and system-wide airport capacity. The FAA's final Environmental Impact Statement ("£/S ") defines the purpose and the need of the OMP development as addressing the projected needs of the Chicago Region by reducing delays at O'Hare, thereby enhancing capacity of the National Airspace System ("NAS"), and ensuring that existing and future terminal facilities and supporting infrastructure can efficiently accommodate airport users. See Appendix E - "Report of the Airport Consultant" for a more detailed discussion of the OMP.

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Under the OMP, the airfield will be reconfigured into a modern parallel runway system, allowing more efficient operations. The overriding physical characteristic of the OMP is the reconfiguration of the airfield from sets of converging parallel runways in three main directional orientations (northeast/southwest, east/west, and northwest/southeast) to six parallel runways in the east/west direction and two crosswind runways in the northeast/southwest direction. This reconfiguration involves the construction of one new runway, the relocation of three existing runways, and the extension of two existing runways, while maintaining the use of two existing runways.

From an airfield capacity standpoint, the OMP provides the capability to operate triple independent simultaneous approaches in poor weather conditions and quadruple independent simultaneous approaches in clear weather. Additionally, the OMP includes the construction of two Airplane Design Group (ADG) VI runways which will meet standards for aircraft with wingspans exceeding 214 feet. ADG VI aircraft include the Airbus A380 and Boeing 747-8.

The major benefits expected through development of the OMP are as follows:

Delay Reduction: The OMP will ultimately reduce delays by over 70 percent at existing demand levels, with greater delay reduction expected during periods of higher demand. The planned runway layout will ultimately provide balanced arrival and departure capabilities to address delay during all weather conditions and peak periods.

Capacity Increase: The capacity increases achieved through the OMP are expected to meet aviation demand in the Chicago Region beyond 2030.

In addition to airfield modifications, the OMP will enhance other areas of the Airport. The OMP also includes the expansion of terminal facilities to the west, the addition of an Automated People Mover (APM) System connecting new terminal development, and development of a western access road to the Airport. New navigational aids will be added and existing navigational aids will be upgraded. New north and south Airport Traffic Control Towers (ATCTs) will ensure full air traffic control coverage of the expanded airfield. Public and employee parking facilities will be expanded to meet demand.

OMP Phase i

The OMP is being implemented in phases over several years. "OMP Phase I" is the initial phase of development and includes the completion of physical and operational planning (including environmental permitting and preliminary engineering), property acquisition and relocation services, wetlands mitigation, one new runway, one relocated runway and the extension of one existing runway.

In 2008, two of the three airfield components were commissioned. On September 25, 2008, a 2,859-foot westward extension to Runway 10L-28R and associated taxiways were commissioned. The extension increased the runway's available length to 13,000 feet. On November 20, 2008 new Runway 9L-27R and the new North ATCT were commissioned. Runway 9L-27R is 7,500 feet long and lies 6,900 feet north of existing Runway 9R-27L. The new north runway reduces aircraft delay during poor weather, as it allows for a third stream of simultaneous independent arriving aircraft certain operating configurations.

Runway 10C-28C, associated taxiways, and required support facilities, are currently under construction as part of OMP Phase

1 and scheduled to be commissioned October 27, 2013. The runway will be 10,800 feet long and meet ADG-VI standards. When completed, O'Hare will operate in a predominantly east-west configuration in all weather.

O'Hare, in accordance with criteria established by the O'Hare Noise Compatibility Commission, will provide sound insulation of eligible schools and homes. Sound insulation may include, but is not limited to the following: installation of heating and air conditioning systems, replacement of existing windows and exterior doors with sound insulating windows and doors, the addition of diy wall to interior walls, and addition of baffling devices to exterior vents.

See Appendix E-"Report of the Airport Consultant" for more details regarding Runway 9L-27R, Runway 10L-28R and Future Runway 10C-28C.

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As necessary, various improvements are also being implemented to relocate and expand existing utilities and infrastructure. Anticipated improvements include, but are not limited to, utilities (e.g., stormwater collection and detention, water supply lines, electrical, sanitary sewer system), vehicle service road segments, and perimeter fencing.

OMP Completion Phase

"OMP Completion Phase" is the final phase of development. The OMP Completion Phase categorizes airfield projects into separate phases: Phase 2A and Phase 2B (known collectively as OMP Completion Phase airfield projects). OMP Phase 2A projects include construction of Runway 10R-28L, certain north airfield enabling projects, Taxiway LL Phase 1, the OMP portion of the new economy parking structure and the relocation of the Airport Transit System (ATS) projects, and approximately 25 percent of the total OMP Completion Phase Noise Program. Phase 2B Completion Phase projects include construction of Runway 9C-27C, the extension of Runway 9R-27L, remaining Taxiway LL projects, and the remaining OMP Completion Phase Noise Program. The City began design work on OMP Completion Phase airfield projects in 2009 and began construction of OMP Phase 2A in March 2011. OMP Phase 2B is the subject of on-going funding negotiations with the Airlines.

The major project components of OMP Phase 2A include Runway 10R-28L, associated taxiways, and required support facilities. This 7,500-foot long runway will allow for a fourth simultaneous arrival stream in good weather and three independent arrival streams in the predominate two poor weather configurations. Additional OMP Phase 2A projects include the construction of a new South Airport Traffic Control Tower, construction of Taxiway LL Phase 1 which was recently added to OMP Phase 2A through a funding agreement with the Airlines, the OMP portions of the Joint Use Facility and ATS, certain north airfield enabling projects for OMP Phase 2B runway projects and a portion of the OMP Completion Phase noise program.

OMP Phase 2B includes Runways 9C-27C and the extension of Runway 9R-27L. The Runway 9C-28C project includes the construction of the 11,245-foot long runway, the relocation and/or reconfiguration of various facilities, roads, and waterway and the decommissioning of Runway 14L-32R. The extension of Runway 9R-27L includes the construction of an approximate 3,593 foot westward extension and a 300-foot westward relocation of east runway end of Runway 9R-27L. Runway 9R-27L's available length will increase to 11,260 feet. The relocation of the Runway 27L threshold will provide a full 1,000 Runway Safety Area (RSA) and localizer critical area clearance from Bessie Coleman Drive in accordance with updated FAA standards. OMP Phase 2B is the subject of funding negotiations with the Airline Parties.

OMP Completion Phase also includes the construction of a terminal complex on the west side of O'Hare, which includes a terminal, concourse, parking structure and western airport access. On-Airport Circulation will be provided in the form of various roads and an automated people mover system linking the western terminal and concourse to the existing terminal. A planning study for the western terminal complex has been completed and CDA expects to pursue the complex as demand dictates the need for the facilities.

Sec Appendix E - "Retort oe the Airport Consultant" for more details regarding Future Runway 9C-27C, Runway 9R-27L, Future Runway 10R-28L, Taxiway LL Phase 1, the western terminal complex and on-airport circulation.

OMP Noise Program

In accordance with criteria established by the O'Hare Noise Commission. O'Hare continues to provide sound insulation to eligible schools and homes. Sound insulation includes, but is not limited to, the following: installation of heating and air conditioning systems, replacement of existing windows and exterior doors with sound insulating windows and doors, the addition of insulation to exterior walls and ceilings, and the addition of baffling devices to exterior vents.

The OMP Phase 1 Noise Program includes the portion of the OMP noise program approved by the Airline Parties as part of the airline funding approval for OMP Phase 1. The OMP Completion Phase Noise Program, similar to the OMP Phase I Noise Program, prov ides for the sound insulation of eligible schools and houses.

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OMP Funding

Airline Funding Approvals. OMP Phase 1 and OMP Phase 2A have both received funding approval from a Majority-in-Interest ("Mir) of the Airline Parties. The OMP Phase 1 funding agreement was entered into in May 2003. The OMP Phase 1 budget, as revised over time in accordance with the provisions of such agreement, is approximately $3.28 billion and includes funding sources shown in the table on page 61. The remaining project of OMP Phase 1, Runway 10C-28C, is scheduled to be commissioned October 17, 2013. The City anticipates OMP Phase 1 will be completed under budget based on expenses to date and the issuance of all major construction contracts.

On March 11, 2011, the City, United Airlines and American Airlines entered into a funding agreement for OMP Phase 2A. Under the terms of the agreement, the OMP Completion Phase airfield projects were split into separate phases: Phase 2A and Phase 2B (known collectively as the "OMP Completion Phase Airfield Projects"). The City, United Airlines and American Airlines agreed to an OMP Phase 2A budget of approximately $943 million. Funding for Taxiway LL Phase 1 was approved by an Mil of the Airline Parties on September 3, 2013, increased the total OMP Phase 2A funding approximately $78.3 million of GARBs, bringing the total amount of GARB funding for OMP Phase 2A (including the 2011 funding agreement and the Mil for Taxiway LL Phase 1) to approximately $376.6 million. To date, substantial design and construction work has been completed for OMP Phase 2A. OMP Phase 2A is anticipated to be complete in 2015.

As part of OMP Phase 2A funding agreement, the City and United Airlines and American Airlines began negotiations for OMP Phase 2, and such negotiations are ongoing.. OMP Phase 2B is the subject of on-going negotiations with the Airlines and although the exact timing of OMP Phase 2B is not known at this time, for purposes of the Report of the Airport Consultant included as Appendix E to this Official Statement, it is assumed that construction of the OMP Phase 2B projects will begin in 2015 and be complete by the end of 2020. Accordingly, the Report of the Airport Consultant reflects the incremental airline rates and charges impact of OMP Phase 2B beginning in 2020 with debt service on future GARBs and O&M increases related to OMP Phase 2B.

See "Certain Investment Considerations - Issuance of Future Indebtedness to Fund OMP Completion Phase."

Projected Sources and Uses of Funds for OMP Completion Phase. The City expects to use a combination of (i) Senior Lien Bonds, (ii) PFC secured Senior Lien Bonds, (iii) FAA Letters of Intent ("LOT) on a pay-as-you-go basis, (iv) Net Grant Receipts secured Senior Lien Bonds, (v) PFCs on a "pay as you go" basis, and (vi) federal entitlement and discretionary AIP grants, all as described and shown in the table on page 49, to fund OMP Completion Phase runway projects.

The City has received PFC authority to impose and use PFC funds for the OMP Completion Phase Noise Program for approximately $113 million; for the design of the OMP Completion Phase runway projects for approximately S177 million; and for the construction of the OMP Completion Phase airfield projects for approximately $700.4 million.

On April 21, 2010, the U.S. Department of Transportation issued an LOI (LOI AGL-10-01) for $410 million for OMP Completion Phase airfield projects. LOI AGL-10-01 was subsequently amended to increase the amount available for the OMP Completion Phase airfield projects to $565 million, with $280 million being allocated to Phase 2A and $285 million being allocated to OMP Phase 2B.

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The sources and uses of funds for OMP Phase 1, and the projected sources and uses of funds OMP Phase 2A and for the OMP Phase 2B Airfield Projects are shown in the following tables.

Sources and uses for omp phase (in thousands)

Sources		
AIP Entitlement/Discretionary Funds	$ 91,898	
Previous FAA Letter of Intent Grant Receipts	100,000	
AIPLOIPAYGO	40,000	
NATCT Revenues Pay-As-You-Go	4,000	
PFC Pay-As-You-Go	292,375	
Previously Issued GARBs	1,869,393	
Previously Issued Net Grant Receipts-Backed GARBs	193,000	
Previously Issued PFC-Secured GARBs	571,875	
Previously Issued PFC Stand-Alone Bonds	30,100	
Additional Funding Sources (2)	87,359	
Total Estimated Funding Sources	~~$ 3.280,000~~	
USES		
Program Formulation	$17,500	
Program Wide Requirements	74,710	
Program Administration	234,725	
Preliminary Engineering	65,000	
Land Acquisition	651,700	
Wetlands Mitigation	44,161	
OMP Phase 1 Noise Program	122,300	
Future Runway 9L-27R	462,653	
Extension of Future Runway 10L-28R	207,925	
Future Runway 10C-28C	1,311,967	
Contingency'2'		87.359
Total Estimated Uses	~~$3,280,000~~	

''' Includes OMP Phase 1 Noise Program.

(2) $87.4 million is not anticipated to be needed based on current working estimates.

Source: Chicago Department of Aviation. Report of the Airport Consultant.

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Sources and uses for OMP phase 2A[1] (in thousands) (Excluding OMP Phase l Completion Costs)

Sources	
FAA LOI Pay-As-You-Go	S 235,000
FAA Discretionary Grant	10,000
Previously Issued PFC-Backed GARBs	365,000
Previously Issued Net Grant Receipts-Backed GARBs	45,000
Previously Issued GARBs	203,800
Series 2013 Senior Lien Bonds	172.900
Total Estimated Funding Sources	SI.031.600
USES	
Runway 10R-28L	$516,500
2011 North Airfield Enabling Projects	231,400
OMP ATS & Parking	158,000
OMP Phase 2A Noise Program	34,500
Taxiway LL - Phase 1[3]	88,300
Contingency/Scope Deferral Projects [4]	2,900
Total Estimated Uses	SI.031.600

Estimated Sources and Uses for OMP Phase 2B Airfield Projects('"
(in thousands)

S 200,000 285,000 1.769.590 $ 2.254,590

$ 516,006 1.130,356 41,069 464,998 102,161 $ 2.254.590

Sources
Future PFC Bonds
FAA LOI Grant
Future Senior Lien Bonds

Total Estimated Funding Sources USES
Runway 9R-27L Extension
Runway 9C-27C & Remaining Enabling Projects
Runway 10R-28L Scope Deferral Projects p)
Taxiway LL(,)
OMP Phase 2B Noise Program

Total Estimated Uses

'" Excludes approximately S177.6 million of OMP Completion Phase design costs, which are being funded using PEC PAYGO.
I2) Excludes approximately $26.3 million of project eosts for the South Airport Traffic Control 'l ower, which arc being funded by an FAA Facilities and Equipment (F&E) Grant. 'J) Funding for Taxiway LL Phase I was approved by a Majority-in-Inlerest of the

Airlines on September 3. 2013.
Accordingly, OMP Phase 2A was increased by approximately S88.3 million of costs associated with Taxiway LL - Phase I and OMP Phase 2B was decreased by the same amount. [141] The approved OMP Phase 2A funding is S2.9 million higher than estimated OMP Phase 2A cost. Under the terms of the funding agreement with the airlines, the City is authorized to use this $2.9 million of funding, together with savings on OMP Phase 2A, first, to fund any costs associated with the FAA South Air Traflic Control l ower ("S.'17"C7~") and then, once the SATCT is fully funded, to fund any Scope Deferral Projects.
Assumes the full cost of Scope Deferral Projects is funded in OMP Phase 2B. Source: Chicago Department of Aviation. Report of the Airport Consultant.

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OMP Management Approach

As part of the Original Funding Agreement the City, United Airlines and American Airlines agreed to establish a tiered management structure with each tier having specific review and approval authority. The OMP Executive Working Group, comprised of three City representatives and two airline representatives, meets to review and discuss program scope, schedule, budgets and funding. A committee of the Airline Parties retains the right to approve increases in project component scope and budget of more than 10 percent, any financial commitment of over $5 million, and project delivery methods if construction value is greater than S20 million.

The City has assembled a team with extensive experience in large, complex aviation development programs. DMJM Aviation Partners, a joint venture led by AECOM (formerly DMJM Aviation), is the Program Manager and Parsons Brinckerhoff Construction Services is the lead construction manager for the OMP.

The City is managing costs of the OMP by completing design prior to award of construction contracts so that bids are based on 100 percent complete designs. Substantial construction has been completed for OMP Phase 1. As of July 2013, construction has been completed on 39 of 41 OMP Phase 1 projects. The two remaining projects are under construction and are on schedule to be completed by October 17, 2013. Based on the total dollar amount of construction contracts awarded to date and the approximate value of remaining contracts, CDA anticipates OMP Phase 1 to be completed under budget.

Construction has commenced on OMP Phase 2A. As of July 2013, construction has been completed on five out of a total of 15 OMP Phase 2A projects. Six other OMP Phase 2A projects are under construction and 4 are in design. The total dollar amount of OMP Phase 2A construction contracts awarded to date is below the engineers' estimates.

Capital improvement Program

The CIP addresses O'Hare's non-OMP facility needs and is essentially an on-going repair and replacement program. The City uses a combination of general airport revenue bonds, PFCs. and other sources including federal grants and the City's Airport Development Fund to fund the CIP projects.

For more information regarding the CIP, see the section "The Airport - Overview of Capital Development Programs - Capital Improvement Program" in APPENDIX E - "REPORT OF THE AIRPORT consultant."

Joint Use Facility

As a part of O'Hare's capital development program, the City intends to construct a Joint Use Facility which includes (1) a Consolidated Rental Car Facility with an Associated Quick Turn Around facility, (2) an extension to O'Hare's existing Airport Transit System, including the purchase of new ATS vehicles, and (3) a public parking component. The Joint Use Facility will accommodate the airport rental car facilities that will be required to be relocated in order to comply with FAA regulations associated with future runway development planned as part of the OMP.

Federal Legislation, State actions and Proposed South Suburban Airport

Federal Legislation. On February 14, 2012, President Obama signed the "FAA Reauthorization and Reform Act of 2012" into law. The law reauthorizes the Federal Aviation Administration (FAA) operations and programs for federal fiscal years 2012 through 2015. The law provides for $13.4 billion in Airport Improvement Program (AIP) funding for the four year period, or $3.35 billion annually. The law maintains the maximum rate of the passenger facility charge (PFC) at $4.50.

The administration's federal fiscal year 2013 budget, introduced in February 2012, calls for the reduction in AIP funding to $2.4 billion, or $926 million less than enacted in federal fiscal year 2012 and approximately $950 million less than provided for in the "FAA Reauthorization and Reform Act of 2012." The administration proposes to eliminate AIP entitlement funding for large and medium hub airports, including O'Hare. Instead, the administration proposes to allow large and medium hub airports to increase the PFC.

It is uncertain, at this time, whether, the administration's budget proposals will be enacted, or how airports will be affected. See "CERTAIN INVESTMENT CONSIDERATIONS."

State Actions.

O'Hare Modernization Act. The O'Hare Modernization Act, 620 ILCS 65/1 et seq., which became law in August 2003, was created to expedite and facilitate the OMP. Specifically, the O'Hare Modernization Act states the Illinois General Assembly's intent that "all agencies of this State and its subdivisions shall facilitate the efficient and expeditious completion" of the OMP. Among other things, the O'Hare Modernization Act eliminates duplicative aeronautics review of the OMP under the Illinois Aeronautics Act and grants quick-take authority to the City for land acquisition associated with the OMP. The O'Hare Modernization Act also amends other laws to facilitate the OMP.

State Approval of Federal Grants. Under the Illinois Aeronautics Act, the City is generally required to obtain the approval of Illinois Department of Transportation for all AIP grant applications that the City submits to the FAA. The O'Hare Modernization Act provides that this requirement does not apply to AIP grant applications related to the OMP and further provides that the City may directly accept, receive and disburse AIP grant funds related to the OMP.

Future Legislation. O'Hare is subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. The City is unable to predict the adoption or amendment of any such laws, rules or regulations, or their effect on the operations or financial condition of O'Hare.

Proposed South Suburban Airport. Plans to build a third airport in the Chicago Region have been discussed for many years. The most likely site for such an airport is the proposed South Suburban Airport site located near Peotone, Illinois (in Will County approximately 35 miles south of the City's central business district).

In 2001, the FAA published notice of a public comment period for a Tier I Draft Environmental Impact Statement ("EIS") for Site Approval and Land Acquisition by the State at the Peotone site, to preserve the site as a potential option for a commercial service airport for the Chicago area. The draft EIS was approved by the FAA in July 2002 in a Record of Decision by the FAA which found that the Peotone site was technically and environmentally feasible for a new airport to serve the region. In 2013, the Illinois General Assembly passed legislation that makes the Illinois Department of Transportation ("/DOT") responsible for the South Suburban Airport and allows IDOT to enter into public-private agreements for its development and operation. Approximately 2,688 acres of the 4,200 acre area required for the inaugural site have been purchased by the State.

It is not possible at this time to determine the viability of a new major commercial airport at the Peotone site or to predict whether or when any new regional airport would be constructed; nor is it currently possible to predict what effect, if any, such an airport would have on operations or enplanements at O'Hare.

Certain Investment Considerations

The purchase of 2013 Senior Lien Bonds involves certain investment risks and considerations. Prospective investors should read this Official Statement in its entirety. The factors set forth below, among others, may affect the security for the 2013 Senior Lien Bonds.

Level of Airline Traffic

The 2013 Senior Lien Bonds are payable from and secured by a pledge of the Revenues and certain Funds and Accounts held under the Senior Lien Indenture. Revenues are dependent primarily on the level of aviation activity and enplaned passenger traffic at O'Hare. Key factors affecting airline traffic at O'Hare include, among others, economic and political conditions, aviation security concerns, the financial health of the airline industry and of individual airlines, airline service and routes, airline competition and airfares, airline consolidation and alliances, availability and price of aviation and other fuel, capacity of the national air traffic control system and of O'Hare and various other local, regional, national and international economic, political and other factors. Many of these factors, most of which are outside the City's control, are discussed in detail in APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT." If aviation activity at O'Hare does not meet forecast levels, a corresponding reduction may occur in forecast Revenues (absent an increase in O'Hare rentals, rates, fees and charges).

Financial Condition of Airlines Serving O'Hare

The financial strength and stability of the airlines serving O'Hare are key determinants of future airline traffic and of the City's ability to generate Revenues from operations at O'Hare.

Many of the airlines serving O'Hare have been impacted by the economic downturn of the last several years. Most major domestic airlines have suffered recent financial losses. Current and future financial and operational difficulties encountered by the airlines serving O'Hare (most notably United Airlines, including its affiliated carriers, that accounted for approximately 46.8 percent of the enplaned passengers at O'Hare in 2012 and American Airlines, including its affiliated carriers, that accounted for approximately 34.6 percent of the enplaned passengers at O'Hare in 2012), could have a material adverse effect on operations at, and the financial condition of, O'Hare. If either United Airlines or American Airlines were to cease operations at O'Hare for any reason or eliminate or reduce O'Hare's status as a connecting hub, the current level of activity of such airline may not be replaced by other airlines.

Several large airlines serving O'Hare have emerged from reorganization in bankruptcy and include United, Delta, US Airways, Pinnacle Airlines and its subsidiaries, Ryan International, and Japan Air Lines.

AMR Bankruptcy. American Airlines, Inc., AMR Corporation. American Eagle Holdings Corporation and American Eagle Airlines, Inc. filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code on November 29, 2011. American Airlines (including its affiliated carriers) is

the second largest carrier, after United Airlines, operating at O'Hare. On February 14, 2013, AMR announced that it and US Airways Group, Inc. had approved a merger agreement to combine American and US Airways, which would create the largest airline in the world in terms of operating revenue and revenue passenger miles (surpassing United). The proposed merger constitutes a part of and, if consummated, would be implemented and result in AMR's confirmed bankruptcy plan of reorganization becoming effective. Under the merger agreement, consummation of the proposed merger is subject to a number of approvals. US Airways shareholders and the AMR financial stakeholders and European Union regulatory authorities have approved the proposed merger. The merger also requires antitrust clearance from the U.S. Department of Justice and the U.S. Bankruptcy Court. On August 13, 2013, the U.S. Department of Justice, the States of Arizona, Florida, Tennessee, and Texas, the Commonwealths of Pennsylvania and Virginia and the District of Columbia, each acting by and through their respective Attorneys General, filed a civil action in the United States District Court for the District of Columbia under federal antitrust law to enjoin the planned merger of US Airways and AMR. A date of November 25, 2013 has been set for the trial. On September 12, 2013, the U.S. Bankruptcy Court confirmed AMR's plan of reorganization, subject to effectiveness upon resolution of the antitrust litigation as a condition precedent. No assurances can be given as to whether or not the merger between AMR and US Airways will be consummated, and if consummated when and on what terms such merger might be completed.

The U.S. Bankruptcy Court has approved a stipulation by the City and American Airlines. Pursuant to that stipulation, the assumption by American Airlines of its Airport Use Agreement and other leases at O'Hare will be automatic upon the effectiveness of AMR's plan of reorganization.

In light of the bankruptcy filings, the City directs potential purchasers of the 2013 Senior Lien Bonds to review AMR's filing with the SEC at www.sec.Kov <http://www.sec.Kov>, its press releases at www.aa.com <http://www.aa.com>, the bankruptcy court docket, an information site at www.amrcaseinfo.com <http://www.amrcaseinfo.com>. and other information regarding the bankruptcy proceedings. Neither the City nor any of the Underwriters makes any representation as to AMR and its future plans generally, or with regard to O'Hare in particular. Neither the City nor the Underwriters was involved in the preparation of and does not in any manner endorse the information provided by the links.

Any significant financial or operational difficulties incurred by American Airlines, or the elimination or reduction of O'Hare's status as a connecting hub for American Airlines, could have a material adverse effect on Revenues. See "- LEVEL OF AIRLINE TRAFFIC," above. In the event American Airlines discontinues or reduces its operations at O'Hare, American Airlines' current level of activity may not be replaced by other carriers, which in turn could result in higher airline fees to use O'Hare's facilities and lower PFCs and concessions revenue. See APPENDIX E - "REPORT OF THE AIRPORT CONSULTANT."

American Special Facility Bonds. Approximately $108 million in aggregate principal amount of Chicago O'Hare International Airport Special Facility Revenue Refunding Bonds, Series 2007 (American Airlines Project) issued by the City to refinance certain capital projects at O'Hare for American Airlines ("American Special Facility Bonds") are currently outstanding. Since its bankruptcy filing, American Airlines has failed to pay debt service on the American Special Facility Bonds. American Airlines, the bond trustee and the owners of the American Special Facility Bonds have agreed that the Special Facility Use Agreements between the City and American Airlines relating to the American Special Facility Bonds are not executory contracts and thus need not be accepted or rejected by American Airlines in the bankruptcy proceedings. Claims for payment regarding the Special Facility Use Agreements will be paid as provided in the plan of reorganization upon the effectiveness of the plan.

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ISSUANCE OF FUTURE- INDEBTEDNESS TO FUND OMP COMPLETION PHASE

As described under "CAPITAL DEVELOPMENT PROGRAMS - OMP Funding," the City will need to incur additional indebtedness, including the issuance of Senior Lien Bonds and PFC Obligations, to finance OMP Phase 2B. Such additional debt may have a significant impact on the cost per enplaned passenger at O'Hare. The cost per enplaned passenger is generally used as a test of reasonableness for airport user fees. For a general description as to calculating the cost per enplaned passenger at O'Hare, see Appendix E - "Repor t oe the airport Consul tant."

aviation Industry

Overall. The City's ability to collect Revenues is affected by the dynamics of the airline industry, which also impact the ability of the Airline Parties, individually and collectively, to meet their respective obligations under the Airport Use Agreements and other arrangements.

Historically, the financial performance of the airline industry generally has correlated with the strength of the national economy. Certain factors that may materially affect O'Hare and the airlines include, but are not limited to, growth of population and the economic health of the region and the nation, airline service and route networks, national and international economic and political conditions, changes in demand for air travel, service and cost competition, mergers, the availability and cost of aviation fuel and other necessary supplies, levels of air fares, fixed costs and capital requirements, the cost and availability of financing, the capacity of the national air traffic control system, national and international disasters and hostilities, the cost and availability of employees, labor relations within the airline industry, regulation by the federal government, environmental risks and regulations, noise abatement concerns and regulation, bankruptcy and insolvency laws, acts of war or terrorism and other risks. As a result of these and other factors, many airlines have operated at a loss in the past and many have filed for bankruptcy, ceased operations and/or merged with other airlines. In addition, the so-called legacy carriers have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating their labor agreements, reducing routes served, consolidating connecting activity and replacing mainline jets with regional jets.

According to U.S. Bureau of Transportation Statistics data, air travel demand began to rebound in late 2009. In 2010, scheduled passenger enplanements continued to increase over 2009 levels. For 2011, scheduled passenger enplanements on U.S. carriers increased 1.3 percent over 2010 levels. Although modest, the projected trend of GDP growth suggests the upward trend in nationwide air travel should continue. However, should the economy stall, or again trend downward, aviation demand nationwide would likely be negatively impacted.

Currently, fluctuating fuel prices continue to impact the ability of carriers to be profitable. If jet fuel prices approach or surpass their mid-2008 peak (July 2008's average price was $3.82), aviation demand nationwide may be negatively impacted due to potential route reductions the airlines might make or higher ticket prices the airlines might impose in efforts to remain profitable. According to the U.S. DOT's Bureau of Transportation Statistics, the average price of jet fuel in April 2012 was $3.13 per gallon, a 4.7 percent increase over the April 2011 average price. North American airlines' profits are projected to be $1.4 billion in 2012 compared to $4.1 billion profit in 2010 and $1.3 billion profit in 2011. Fluctuation of industry profitability is primarily due to rising oil prices offset by adjustments in capacity.

Airline Scheduled Seat Capacity. The airlines continue to restrain growth in seat capacity by keeping in place reductions they implemented beginning in 2008 in response to record fuel prices. The largest quarterly decline occurred in the first quarter of 2009, as domestic seat capacity fell by

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10.3 percent versus the first quarter of 2008. Demand for domestic air travel, as measured by revenue passengers, slipped at a rate of 11 percent during this period. Domestic capacity continued to decline through the second quarter of 2010. As demand recovered, capacity grew between the third quarter of 2010 and the second quarter of 2011 until airlines, reacting to increased fuel prices, reduced their capacity once again. Domestic capacity for the four quarters ending third quarter 2012 is projected to be at a level equal to the similar period ending second quarter 2010.

Airline Mergers and Acquisitions. In recent years airlines have experienced increased costs and industry competition, both domestically and internationally. As a result, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive.

In 2009, Delta fully completed its merger with Northwest Airlines, which led a wave of airline mergers and acquisitions within the U.S. That same year, Republic Airways Holdings, a regional airline, bought Frontier Airlines and Midwest Airlines. In October 2010, United Airlines and Continental Airlines merged, creating the world's largest airline in terms of operating revenue and revenue passenger miles. AMR has announced that it and US Airways Group, Inc. approved a merger agreement to combine American and US Airways. For additional information regarding the bankruptcy filing of AMR, the proposed merger of AMR and US Airways and related matters, see "Air TRAFFIC ACTIVITYat O'HARE - Airlines Providing Service at O'Hare - American Airlines and "CERTAIN INVESTMENT CONSIDERATIONS-Financial Condition of Airlines Serving O'Hare - AMR Bankruptcy."

Airline Bankruptcy. Several large airlines serving O'Hare have emerged from reorganization in bankruptcy and include United, Delta, US Airways, Pinnacle Airlines and its subsidiaries, Ryan International, and Japan Air Lines. For additional information regarding the bankruptcy filing of AMR, the proposed merger of AMR and US Airways and related matters, see "Air TRAFFIC ACTIVITYAT O'HARE - Airlines Providing Service at O'Hare - American Airlines and "CERTAIN INVESTMENT CONSIDERATIONS-Financial Condition of Airlines Serving O'Hare - AMR Bankruptcy."

Airport Security. With enactment of the Aviation and Transportation Security Act ("ATSA ") in November 2001, the Transportation Security Administration was created and established different and improved security processes and procedures. The ATSA mandates certain individual, cargo and baggage screening requirements, security awareness programs for airport personnel and deployment of explosive detection devices. The act also permits the deployment of air marshals on all flights and requires air marshals on all "high-risk" flights. The federal government controls aviation industry security requirements, which can significantly impact the economics of the industry. Security requirements due to unexpected events could increase costs directly and indirectly to the industry and could have an adverse effect on passenger demand.

Threat of Terrorism. As has been the case since the events of September 11, 2001, the recurrence of terrorism incidents against either domestic or world aviation during the projection period remains a risk to achieving the activity projections contained in the Report of the Airport Consultant. Any terrorist incident aimed at aviation would have an immediate and significant adverse impact on the demand for aviation services.

Sequestration Transparency Act of 2012. Federal funding received by O'Hare, and aviation operations in general, could be adversely affected by implementation of the sequestration provisions of the Budget Control Act, which was signed into law by the President on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions as required by the Budget Control Act, sequestration - a unique budgetary feature of the Budget Control Act - has been triggered. On January 2, 2013. President Obama signed into law 11.R. 8, the

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American Taxpayer Relief Act of 2012, which delayed the initiation of the sequestration process from January 2, 2013 to March 1, 2013. On March 26, 2013, the President signed the Consolidated and Further Continuing Appropriations Act of 2013, providing funds for operation of the federal government through September 30, 2013, and off-setting some of the sequestration-mandated reductions for fiscal year 2013. The spending reductions for fiscal year 2013 are approximately $85.4 billion, with similar cuts for fiscal years 2014 through 2021.

Sequestration could adversely affect FAA operations and the availability of certain federal grant funds typically received annually by O'Hare. Specific to the aviation industry are budget reductions for the FAA and DHS. On April 22, 2013, FAA implemented furloughs of its employees, including air traffic controllers, which immediately resulted in reports of flight delays and flight cancellations nationwide. Additionally, DHS has eliminated overtime for its Customs and Border Patrol Agency (CBP) and implemented a hiring freeze for TSA. However, on May 1, 2013, the Reducing Flight Delays Act of 2013 was enacted, which is expected to end the air traffic control furloughs by allowing the FAA to transfer funds into its operating budget. The bill does not, however, end the sequestration cuts. The full impact of sequestration on the aviation industry and O'Hare, generally, resulting from potential layoffs or further furloughs of federal employees responsible for federal airport security screening, air traffic control and CBP, is unknown at this time.

Government Shutdown and Failure to Raise the Federal Debt Ceiling. Congress failed to adopt a spending bill prior to the start of the federal government's fiscal year (beginning October 1, 2013), which resulted in the federal government shutting down the performance of non-essential services effective October 1. If the federal government shutdown continues, the national economy and aviation operations in general could be materially adversely affected.

In addition, the federal government is expected to reach its debt ceiling in mid-October 2013. In the event that Congress fails to pass legislation to raise the debt ceiling, the federal government may not be able to pay its debts on a timely basis, which could materially adversely impact the national and global economies, airport operations and airline traffic at O'Hare.

The full impact of a prolonged continuation of the federal government shutdown and/or a failure of Congress to raise the federal debt ceiling cannot be predicted at this time and could materially adversely impact the national and global economies, airport operations and airline traffic at O'Hare, which in turn could materially adversely impact Revenues.

Effect of airline Bankruptcy

As discussed above, American Airlines is presently in bankruptcy and United Airlines and other airlines have emerged from bankruptcy reorganization over the last several years. Other U.S. airlines may file for bankruptcy protection in the future. See "- Aviation Industry" and "- Financial Condition of Airlines Serving O'Hare" above. The cessation of operations by an Airline Party with significant operations at O'Hare, such as United Airlines or American Airlines, could have a material adverse effect on operations, Revenues (with the resultant effect on repayment of the 2013 Senior Lien Bonds), PFC Revenues and the cost to the other airlines of operating at O'Hare.

In the event of bankruptcy proceedings involving an Airline Party, the debtor or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Airport Use Agreement. In the event of assumption, the debtor would be required to cure any prior defaults and to provide adequate assurance of future performance.

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Rejection of an Airport Use Agreement by any Airline Party that is a debtor in a bankruptcy proceeding would result in the termination of that Airport Use Agreement. Such rejection of an Airport Use Agreement would give rise to an unsecured claim of the City against the debtor's estate for damages, the amount of which is limited by the Bankruptcy Code. After application of certain reserve funds, the amounts unpaid by the Airline Party as a result of its rejection of an Airport Use Agreement in bankruptcy would be included in the calculation of the fees and charges of the remaining Airlines Parties under their Airport Use Agreements. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENTS - General Commitment to Pay Airport Fees and Charges."

At this point there has been no substantial change in American Airlines' activity at O'Hare while American has been operating in bankruptcy, but it is not possible to predict whether or not American's activity at O'Hare will change in the future. It is also not possible to predict the effect on activity at O'Hare due to the bankruptcy of any other Airline Party. Decreased air carrier activity could have a material adverse effect on operations at O'Hare, Revenues (with the resultant effect on repayment of the 2013 Senior Lien Bonds), PFC Revenues and on the cost to the airlines of operating at O'Hare.

Limited Liability

The 2013 Senior Lien Bonds are limited obligations of the City and do not constitute an indebtedness or a loan of credit of the city within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the faxing power of the state oe illinois, the clty or any other political subdivision of the state of illinois is pledged to the payment of the principal of or interest on the 2013 senior lien Bonds. The 2013 Senior Lien Bonds are not payable in any manner from revenues raised by taxation. no property of the city (including property located at o'hare) is pledged as security for the 2013 senior llen bonds.

The 2013 Senior Lien Bonds are secured on a parity basis with the Existing Senior Lien Bonds and all other Senior Lien Obligations. Subject to certain conditions set forth in the Senior Lien Indenture, the City may in the future issue Additional Bonds or incur other Senior Lien Obligations that will be secured on a parity basis with the 2013 Senior Lien Bonds and the Existing Senior Lien Bonds. See "SECURITY FOR THE 2013 SENIOR LIEN BONDS - Issuance of Additional Senior Lien Obligations" and "Capital Development Programs."

assumptions in the report of the airport consultant

In connection with the offering of the 2013 Senior Lien Bonds described in this Official Statement, the Airport Consultant has prepared the Report of the Airport Consultant, a copy of which is included as APPENDIX E to this Official Statement. The Report of the Airport Consultant contains numerous assumptions as to the utilization of O'Hare and other matters and reviews certain projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions may not be realized and unanticipated events and circumstances may occur. Actual results are likely to differ, perhaps materially, from those projected. Accordingly, the projections contained in Appendix E - "Report of the Airport Consultant" (collectively, the "Projections") are not necessarily indicative of future performance, and neither the Airport Consultant nor the City assumes any responsibility for the accuracy of such Projections. See "Report of the Airport CONSULTANT" and Appendix E - "Repor t of the Airpor t Consultant."

The Projections are based, in part, on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. The

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Projections are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the Projections but which cannot be assured. Therefore, the actual results achieved may vary from the Projections, and such variations could be material.

Enforceability of Remedies

The rights of the owners of the 2013 Senior Lien Bonds and the enforceability of the City's obligation to make payments on the 2013 Senior Lien Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Co-Bond Counsel and the City's Corporation Counsel as to the enforceability of the City's obligations will be qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

litigation Risk Factors

General. As with many major public projects of similar scope and complexity, some aspects of the OMP, particularly those relating to the acquisition of additional property for the modernization of O'Hare and the alteration of flight patterns, have generated opposition and litigation since the announcement of the OMP. The modernization of O'Hare as proposed in the OMP requires the acquisition of certain property adjacent to O'Hare, which has necessitated the relocation of residents, businesses, and a cemetery. The City is acquiring some of this property voluntarily and some through the exercise of eminent domain condemnation powers.

Previous Claims. Certain parties opposed to the OMP have vigorously contested the implementation of the OMP and have filed numerous lawsuits over a period of several years challenging various aspects of the OMP and the City's activities relating to land acquisition and other aspects of the OMP. All of these claims have been rejected based on legislation confirming the City's authority to implement the OMP, and on procedural and other grounds.

Potential Challenges and Risks Relating to AIP Funding. Federal AIP discretionary grants are subject to annual appropriation, and thus may not be awarded. If any AIP grant is unavailable for any reason, the City could make use of other sources of funding that are available to it, including, but not limited to, PFC Revenues, to fund the OMP. While the absence of a grant would not prevent the City from proceeding with the OMP, it could delay or hinder implementation of the OMP. In addition, if the City is required to use alternative sources of funding for the OMP, any funds derived from such sources would no longer be available to pay for other capital development projects at O'Hare, including, but not limited to, the remainder of the OMP, the Five-Year CIP, or other capital improvements.

Inability to Predict Nature of Litigation Challenges. As the City continues with the implementation of the OMP, it is possible that those opposed to the modernization of O'Hare may file additional litigation to contest aspects of the funding or implementation of the OMP, or challenging other actions taken or proposed by the FAA, the City, or other parties. The City cannot predict the claims or legal theories that may be raised by potential litigants, or whether any such actions would result in the delay of, or necessitate modifications to, the OMP. Although the City does not currently expect that those opposed to the City's implementation of the OMP will prevail, were they to prevail, the OMP could be

delayed or the City could be required to modify the OMP. Either outcome could be expected to reduce certain of the benefits that the City expects to obtain from the OMP, including, but not limited to, reducing the projected increase in airfield capacity. Reduced capacity could be expected to result in lower aggregate revenue and/or higher cost per enplaned passenger for Airline Parties, which in turn could reduce the Revenues and PFC Revenues generated at O'Hare for repayment of Airport Obligations and PFC Obligations, including, but not limited to, the 2013 Senior Lien Bonds.

Storm Water Runoff. A significant portion of the storm water collected by the O'Hare airfield storm water collection system is conveyed to the Metropolitan Water Reclamation District of Greater Chicago {"MWRDGC) for treatment and subsequent discharge to surface waters. The MWRDGC has requested that CDA develop the capacity to reduce the amount of storm water conveyed from O'Hare to the MWRDGC system during summer months. CDA is initiating a process to study potential options to achieve this objective. It is not possible at this time to estimate the cost of implementing any options that may result from the study.

Litigation

There is no litigation pending or threatened against the City relating to the City's operation of O'Hare, the issuance, sale, or delivery of the 2013 Senior Lien Bonds, the validity or enforceability thereof, or the implementation, construction or operation of the OMP, other than various legal proceedings (pending or threatened) which may have arisen or may arise out of the ordinary course of business of O'Hare. The City expects that the final resolution of such legal proceedings arising in the ordinary course of business will not have a material adverse effect on the financial position or the results of operation of O'Hare.

There are, from time to time, lawsuits that arise out of the various construction contracts entered into in connection with construction projects at O'Hare. The City, however, does not believe that any sums that may be recovered would have a material adverse impact on the financial condition of O'Hare.

Tax Matters

General

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the 2013 Senior Lien Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2013 Senior Lien Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the 2013 Senior Lien Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2013 Senior Lien Bonds.

Subject to the City's compliance with the above-referenced requirements, under present law, in the opinion of Co-Bond Counsel interest on the 2013 Senior Lien Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. Interest on the Series 2013B Bonds and the Series 2013D Bonds will not be treated as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations but will be taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2013A Bonds and the Series 20I3C Bonds will be treated as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Co-Bond Counsel

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express no opinion as to the exclusion from gross income for federal income tax purposes of interest on any Series 2013A Bond or

Series 2013C Bond for any period during which such bond is held by a "substantial user" of the facilities financed or refinanced with the proceeds of such bond or a "related person" (each as defined in Section 147(a) of the Code).

In rendering their opinion, Co-Bond Counsel will rely upon certifications and representations of the City and the accuracy thereof with respect to certain material facts within the City's knowledge. Co-Bond Counsel will further rely upon the mathematical computation of Robert Thomas CPA, LLC of the sufficiency of amounts to be applied to the payment and redemption of the Refunded Bonds and the CP Notes.

The Code includes provisions for an alternative minimum tax ("AMT') for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income {"AMTF), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Series 2013B Bonds and the Series 2013D Bonds.

Ownership of the 2013 Senior Lien Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2013 Senior Lien Bonds should consult their tax advisors as to applicability of any such collateral consequences.

Interest on the 2013 Senior Lien Bonds is not exempt from present State of Illinois income taxes. Ownership of the 2013 Senior Lien Bonds may result in other state and local tax consequences to certain taxpayers. Co-Bond Counsel express no opinion regarding any such collateral consequences arising with respect to the 2013 Senior Lien Bonds. Prospective purchasers of the 2013 Senior Lien Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Co-Bond Counsel as of the date thereof. Co-Bond Counsel assume no duty to update or supplement their opinions to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinions of Co-Bond Counsel express the professional judgment of Co-Bond Counsel regarding the legal issues expressly addressed therein. By rendering their legal opinion, Co-Bond Counsel do not become insurers or guarantors of the result indicated by that expression of professional judgment of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2013 Senior Lien 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. Prospective purchasers of the 2013 Senior Lien Bonds should

consult their own tax advisors regarding any pending or proposed legislation. Co-Bond Counsel express no opinion regarding any pending or proposed federal tax legislation.

Original Issue Discount

To the extent that the initial public offering price of certain of the 2013 Senior Lien Bonds is less than the principal amount payable at maturity, such 2013 Senior Lien Bonds ("Discounted Bonds") will be considered to be issued with "original issue discount.*' The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (the "Issue Price"). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue Price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction. In the case of corporate owners of Series 2013B Bonds and Series 2013D Bonds that are Discounted Bonds, a portion of the original issue discount that is accrued in each year will be included in adjusted current earnings for purposes of calculating the corporation's alternative minimum tax liability. Corporate owners of any Series 20I3B Bonds and Series 2013D Bonds that are Discounted Bonds should be aware that such accrual of original issue discount may result in an alternative minimum tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the Issue Price or who purchase such

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Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds.

Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Market Discount

If a 2013 Senior Lien Bond is purchased at any time for a price that is less than the Issue Price plus accrued original issue discount, if any, the purchaser may be treated as having purchased the 2013 Senior Lien Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2013 Senior Lien Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2013 Senior Lien Bond. Purchasers should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the 2013 Senior Lien Bonds.

Bond Premium

To the extent that the Issue Price of certain of the 2013 Senior Lien Bonds is more than the principal amount payable at maturity, such 2013 Senior Lien Bonds {"Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the Issue Price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

Certain legal Matters

Certain legal matters incident to the authorization, issuance and sale by the City of the 2013 Senior Lien Bonds are subject to the approving legal opinions of Quarles & Brady LLP, Chicago, Illinois and CotiUas & Associates, Chicago, Illinois, who have been retained by the City and are acting as Co-

Bond Counsel. Co-Bond Counsel have not been retained or consulted on disclosure matters and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2013 Senior Lien Bonds and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in their capacity as Co-Bond Counsel, at the request of the City, they have reviewed the information in this Official Statement involving the description of the 2013 Senior Lien Bonds and the Senior Lien Indenture, the security for the 2013 Senior Lien Bonds and the description of the federal tax exemption of interest on the 2013 Senior Lien Bonds. This review did not include any obligation to establish or confirm factual matters set forth herein. The proposed form of the opinions of Co-Bond Counsel is included as APPENDIX F.

Certain legal matters will be passed upon for the City by its Corporation Counsel and by Chapman and Cutler LLP, Chicago, Illinois, special disclosure counsel to the City for pension matters, and for the Underwriters by their co-counsel, Thompson Coburn LLP, Chicago, Illinois and McGaugh Law Group LLC, Chicago, Illinois.

Underwriting

A group of underwriters, represented by J.P. Morgan Securities LLC ("J.P. Morgan"), has agreed, jointly and severally, to purchase the 2013 Senior Lien Bonds subject to certain conditions set forth in the Contract of Purchase with the City. The Contract of Purchase provides that the obligations of the Underwriters to accept delivery of the 2013 Senior Lien Bonds are subject to various conditions of the Contract of Purchase, but the Underwriters will be obligated to purchase all the 2013 Senior Lien Bonds if any 2013 Senior Lien Bonds are purchased. The Underwriters have agreed to purchase the 2013 Senior Lien Bonds at an aggregate purchase price of $941,754,451.64 (reflecting an underwriters' discount of $4,070,522.66 and net original issue premium of $47,919,974.30).

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2013 Senior Lien Bonds to the public.

The 2013 Senior Lien Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2013 Senior Lien Bonds into investment accounts.

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 services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perforin, various financial advisory and investment banking services for the City, 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, which may include credit default swaps) and financial instruments (including bank loans) 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 City.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 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&Ca") for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, DBS will purchase Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriters retained Underwriters' co-counsel based, in part, on the recommendation of the City.

Secondary Market Disclosure

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the 2013 Senior Lien Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the SEC under the Securities Exchange Act, as amended (the "Exchange Act"). The MSRB has designated its electronic Municipal Market Access System, known as EMMA, as the system to be used for continuing disclosures to investors. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below.

A failure by the City to comply with the Undertaking will not constitute a default under the Senior Lien Indenture, and beneficial owners of the 2013 Senior Lien Bonds are limited to the remedies described in the Undertaking. See "- CONSEQUENCES OE FAILURE OF THE CITY TO PROVIDE INFORMATION" under this caption. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2013 Senior Lien Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2013 Senior Lien Bonds and their market price.

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, copies of which are available from the City upon request.

annual Financial information Disclosure

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to the MSRB. The City is required to deliver such information so that the MSRB receives the information by the dates specified in the Undertaking.

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United Airlines and American Airlines are at present the only Obligated Persons (as defined below) other than the City. United Airlines and American Airlines are each required to file SEC Reports with the SEC under the Exchange Act as more fully described under the caption "CERTAIN INVESTMENT CONSIDERATIONS - Financial Condition of Airlines Serving O'Hare." The City has no responsibility for the accuracy or completeness of any SEC Report filed by United Airlines or American Airlines or by any future Obligated Person. Unless no longer required by the Rule, the City agrees to use its reasonable efforts to cause each Obligated Person other than the City (to the extent that such Obligated Person is not otherwise required to file SEC Reports under the Exchange Act), to file annual information substantially equivalent to that contained in the SEC Reports with the MSRB.

"Annual Financial Information " means (a) with respect to the City, financial and statistical data generally consistent with that contained in this Official Statement under the captions "AIR TRAFFIC ACTIVITY AT O'HARE," "O'HARE FINANCIAL INFORMATION - Operating Results" and "OUTSTANDING INDEBTEDNESS AT O'HARE - Airport Obligations-Debt Service Schedule for Outstanding Senior Lien Bonds," and (b) with respect to each Obligated Person other than the City, if such Obligated Person does not file SEC Reports, information substantially equivalent to that contained in the SEC Reports. If any of the City's Annual Financial Information that is published by a third party is no longer publicly available, the City shall include a statement to that effect as part of its Annual Financial Information for the year in which such lack of availability arises.

"Audited Financial Statements" means the audited financial statements of O'Hare prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

"Obligated Person" means the City and each airline or other entity at any time using O'Flare (i) that is obligated under an Airport Use Agreement, lease or other agreement having a term of more than one year to pay a portion of the debt service on the Airport Obligations and (ii) has paid amounts equal to at least 20 percent of the Revenues of O'Hare for each of the prior two fiscal years of O'Hare.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB not more than 210 days after the last day of the City's fiscal year, which currently is December 31. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements are required to be included and Audited Financial Statements are required to be filed when available.

Events notification and disclosure

The City covenants that it will disseminate in a timely manner, in accordance with the Rule, to the MSRB the disclosure of the occurrence of an Event (as described below). The "Events," certain of which may not be applicable to the 2013 Senior Lien Bonds, are:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the securities;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the securities, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar proceedings of an Obligated Person;*

13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee, or the change of the name of a trustee, if material.

Consequences of Failure of the City to provide information

The City shall give notice in a timely manner, not in excess of ten (10) Business Days, to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial owner of any 2013 Senior Lien Bond may seek mandamus or specific performance by court order to cause the City to comply with its obligations under the Undertaking. The Undertaking provides that any court action must be initiated in the Circuit Court of Cook County, Illinois. A default under the Undertaking shall not be deemed a default under the Senior Lien Indenture, and the sole remedy under the

* Note that, for purposes of the event identified in item 12, 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 governing 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.

Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the City may amend the Undertaking, and any provision of the Undertaking may be waived, if:

a) (i) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

ii) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the 2013 Senior Lien Bonds, as determined by parties unaffiliated with the City (such as the Trustee or co-bond counsel), or by approving vote of the beneficial owners of the 2013 Senior Lien Bonds pursuant to the terms of the Senior Lien Indenture or the PFC Indenture at the time of the amendment; or

b) the amendment or waiver is otherwise permitted by the Rule.

Termination of Undertaking

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the 2013 Senior Lien Bonds under the Senior Lien Indenture. If this provision is applicable, the City shall give notice in a timely manner to the MSRB.

EMMA

All documents submitted to the MSRB through EMMA pursuant to the Undertaking shall be in electronic format and accompanied by identifying information as prescribed by the MSRB, in accordance with the Rule. All documents submitted to the MSRB through EMMA will be word-searchable PDFs, configured to permit documents to be saved, viewed, printed and electronically retransmitted.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the City chooses to include any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such other information or include it in any future Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event.

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Corrective Action Related to Certain Bond Disclosure Requirements

The City is currently in compliance with the Rule and with its undertakings to file Annual Financial Information and notices of Events for all previously issued bonds, including, but not limited to, bonds payable from revenues derived at the Airport.

With respect to the City's Collateralized Single Family Mortgage Revenue Bonds, Series 2006A (the "Series 2006A Bonds"), Standard &Poor's Ratings Group ("&&/"") lowered its rating on the Series 2006A Bonds from "AA+" to "AA" and placed the Series 2006A Bonds on "Credit Watch with negative implications" effective December 16, 2011. The City did not cause the trustee as dissemination agent to file a notice of a reportable event with EMMA at that time. Subsequently, S&P upgraded the rating on the Series 2006A Bonds from "AA" to "AA+" effective March 12, 2012. On March 18, 2012, S&P removed the "Credit Watch with negative implications" characterization from the Series 2006A Bonds. The City caused the trustee, as dissemination agent, for the Series 2006A Bonds to file a notice of a reportable event with EMMA on March 26, 2012 disclosing the downgrade and subsequent upgrade of the Series 2006A Bonds by S&P.

With respect to the City's Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds for which the City has a continuing disclosure obligation, American Airlines is an "obligated person" with respect to such bonds. On November 29, 2011, AMR Corporation (the parent company of American Airlines and American Eagle) and certain of its United States-based subsidiaries (including American Airlines and American Eagle) filed voluntary petitions for Chapter 11 reorganization in the United States Bankruptcy Court for the Southern District of New York. The City filed a notice with EMMA with respect to this event on March 30, 2012 (which filing was not within the ten business-day deadline imposed by the City's continuing disclosure undertaking pursuant to Section (b)(5) of the Rule).

With respect to the City's Outstanding Motor Fuel Tax Revenue Bonds, the City's pledge of Additional City Revenues to the payment of such bonds (in addition to the pledge of Motor Fuel Tax Revenues) became effective as of March 19, 2013. The City filed a notice with EMMA describing the pledge of this additional source of revenue on May 16, 2013.

Co-Financial advisors

The City has engaged D+G Consulting Group, LLC and Frasca & Associates, LLC as its financial advisors (the "Financial Advisors ") in connection with the authorization, issuance and sale of the 2013 Senior Lien Bonds. Under the terms of their respective engagements, the Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Independent Auditors

The financial statements of the City of Chicago Illinois - Chicago O'Hare International Airport as of and for the years ended December 31, 2012 and 2011, included as APPENDIX D to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein.

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Ratings

Moody's, S&P and Fitch have assigned their ratings of "A2" (stable outlook), "A-" (stable outlook), and "A-" (negative outlook), respectively, to the 2013 Senior Lien Bonds. Certain information was supplied by the City to each of the rating agencies to be considered in evaluating the 2013 Senior Lien Bonds.

A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The City has furnished to the rating agencies certain information and materials relating to the 2013 Senior Lien Bonds and O'Hare, including certain information and materials that have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that any rating will continue for any given period of time, or that any rating will not be revised downward or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the 2013 Senior Lien Bonds.

Airport Consultant

The Report of the Airport Consultant, included as APPENDIX E, evaluates aviation activity at O'Hare and presents a financial feasibility analysis for-O'Hare. The Projections are based, in part, on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. The Projections (as defined under "CERTAIN INVESTMENT CONSIDERATIONS - Assumptions in the Report of the Airport Consultant") are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the Projections. The achievement of the results described in the Projections may be affected by fluctuating economic conditions and depends upon the occurrence of other future events which cannot be assured. Therefore, the actual results achieved may vary from the forecasts, and such variations could be material.

MISCELLANEOUS

The summaries or descriptions in this Official Statement of provisions in the Senior Lien Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions and do not constitute complete statements of such documents or provisions. Reference is made to the complete documents relating to such matter for further information, copies of which will be furnished by the City upon written request delivered to the office of the City Comptroller, Room 600, 33 North LaSalle Street, Chicago, Illinois 60602.

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Authorization

The City has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Chief Financial Officer on behalf of the City.

City of Chicago

By: /s/ Lois A. Scott
Chief Financial Officer

Appendix a glossary of terms
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Appendix A

Glossary of Terms

The following are definitions of certain terms used in this Official Statement. This glossary is provided for the convenience of the reader and does not purport to he comprehensive or definitive. Certain capitalized terms used herein are defined elsewhere in this Official Statement. All references herein to terms defined in the Senior Lien Indenture and the Airport Use Agreements are qualified in their entirety by the definitions set forth in the Senior Lien Indenture and/or the Airport Use Agreements, as the case may be. Copies of the Senior Lien Indenture and the Airport Use Agreements are available for review prior to the issuance and delivery of the 2013 Senior Lien Bonds at the offices of the City and thereafter at the offices of the Trustee.

"Accounts" means the special accounts created and established pursuant to the Senior Lien Indenture.

"Aggregate Debt Service " means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, an amount of money equal to the aggregate amount required by the provisions of all Supplemental

Indentures creating Series of Senior Lien Obligations, all instruments creating Senior Lien Section 208 Obligations and all Qualified Senior Lien Swap Agreements, to be deposited from Revenues in all Dedicated Sub-Funds (including the Common Debt Service Reserve Sub-Fund), accounts and subaccounts created under the Supplemental Indentures in the Bond Year or other specified 12-month period.

"Airline" means, after the end of the term of the Airport Use Agreement, any person actively engaged in the Air Transportation Business at the Airport.

"Airline Party" means, at any time, any person actively engaged in the Air Transportation Business at the Airport who then has an Airport Use Agreement in effect with the City, either directly or through a valid assignment.

"Airport" or "O'Hare" means Chicago O'Hare International Airport, together with any additions thereto, or improvements or enlargements of it, later made, but any land, rights-of-way, or improvements which are now or later owned by or are part of the transportation system operated by the Chicago Transit Authority, or any successor thereto, wherever located within the boundaries of the Airport, are not deemed to be part of the Airport.

"Airport Development Fund" means the Airport Development Fund created pursuant to the Airport Use Agreements.

"Airport Development Fund Deposit Requirement" means for any Fiscal Year any amount required to be deposited in the Airport Development Fund from any source in such Fiscal Year under the Airport Use Agreements.

"Airport Fees and Charges " means, for any Fiscal Year, all rentals, charges and fees payable by all Airline Parties for such Fiscal Year, after adjustment pursuant to the Final Audit (as defined in the

Airport Use Agreements) for such Fiscal Year, (a) pursuant to an Airport Use Agreement, and, if appropriate, (b) pursuant to a Special Facility Financing Arrangement to the extent rentals, charges and fees paid pursuant thereto are for the purpose of paying Special Facility Revenue Bond and Other Debt Service (as defined in the Airport Use Agreements).

"Airport Fund" means the Airport Fund created pursuant to the Airport Use Agreements.

"Airport General Fund" means the Airport General Fund to be established by the City pursuant to the Senior Lien Master Indenture.

"Airport Obligations " means any bonds, notes or other evidences of indebtedness of the City, which bonds, notes or other evidences of indebtedness are payable from Revenues.

"Airport Project" means any capital improvement at or related to the Airport or the acquisition of land or any interest in land beyond the then-current boundaries of the Airport, or any cost or expense paid or incurred in connection with or related to the Airport whether or not of a capital nature and whether or hot related to facilities at the Airport, including, but not limited to, amounts needed to satisfy any judgment and the cost of any noise mitigation programs.

"Airport Project Account " means any Account established for the payment of the costs of an Airport Project including any Account established for the disposition of proceeds of insurance under the Senior Lien Indenture.

"Airport 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, as defined in the Federal Aviation Act of 1958, as amended.

"Airport Use Agreements " means (a) the Amended and Restated Airport Use Agreement and Terminal Facilities Lease dated as of January 1, 1985, being agreements entered into between the City and various companies engaged in the Air Transportation Business at the Airport; (b) each other airport use agreement and terminal facilities lease, with respect to the Airport, substantially the same (except with respect to the Exclusive Use premises and Airline's Aircraft Parking Area described therein) and having the same expiration date as the agreements referred to in (a) above, and (c) in the case of all air-cargo carrier, its airport use agreement, with respect to the Airport, substantially the same (except with respect to the Exclusive Use Premises and Airline's Aircraft Parking Area described therein) and having the same expiration date as the agreement referred to in (a) above, together with a cargo facilities lease of no shorter duration than such airport use agreement; in each case as extended, amended or supplemented from time to time in accordance with their terms.

"Annual Debt Service" means, as of any particular date of computation and with respect to a particular Bond Year or other specified 12-month period, and Senior Lien Obligations of a particular Series or consisting of a particular Senior Lien Section 208 Obligation or Qualified Senior Lien Swap Agreement, an amount of money equal to the sum of (a) all interest payable during that Bond Year or other specified 12-month period on all Senior Lien Obligations of the Series or Senior Lien Section 208 Obligation Outstanding on the date of computation, (b) all Principal Installments payable during that Bond Year or other specified 12-month period with respect to all Senior Lien Obligations of the Series or

Senior Lien Section 208 Obligation Outstanding on the date of computation, and (c) amounts due and payable during that Bond Year or other specified 12-month period on all Qualified Senior Lien Swap Agreements. Amounts determined pursuant to clause (a) and (b) above must be calculated on the assumption that Senior Lien Obligations will, after the date of computation, cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Senior Lien Indenture and the Supplemental Indenture creating that Series or the instrument creating that Senior Lien Section 208 Obligation of Principal Installments payable at or after the date of computation.

"Authorized Officer" means (a) the Mayor, the Chief Financial Officer, the City Treasurer, the Commissioner, the City Comptroller or any other official of the City so designated by a Certificate signed by the Mayor and filed with the Trustee for so long as that designation is in effect, and (b) the City Clerk with respect to the certification of any ordinance or resolution of the City Council or any other document filed in his or her office.

"Balloon Maturities " means, with respect to any Series of Senior Lien Obligations, 50 percent 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. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Senior Lien Obligations scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial paper, bond anticipation notes or variable rate demand obligations shall not be Balloon Maturities.

"Bond Counsel" means a firm of attorneys having expertise in the field of law relating to municipal, state and public agency financing, selected by the City and satisfactory to the Trustee.

"Bondholder " or "holder " or "owner of the Bonds " or "registered owner " means the Registered Owner of any 2013 Senior Lien Bond.

"Bond Year" means a 12-month period commencing on January 2 of each calendar year and ending on January 1 of the next succeeding calendar year.

"Business Day" means any day other than a Saturday or Sunday or legal holiday or a day on which banking institutions in the State of Illinois are authorized by law or executive order to close.

"Capital Project" means a capital improvement at the Airport, or the acquisition of land beyond the current boundaries of the Airport for use as part of the Airport as set forth in the Airport Use Agreements.

"Capitalized Interest" means any amount included in the proceeds of any series of Airport Obligations for the payment of interest on any Airport Obligations.

"CDA " means the City of Chicago Department of Aviation.

"Certificate" means a written instrument, certificate, statement, request or requisition of any person. In the case of the City, each Certificate shall be executed by an Authorized Officer. Any Certificate and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined must

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be read and construed so as to form a single instrument. Any Certificate may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or representation of counsel, accountants or engineers, respectively, unless the officer signing that Certificate knows, or in the exercise of reasonable care should have known, that the opinion or representation with respect to the matters upon which that Certificate may be based, as aforesaid, is erroneous. The same person, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Senior Lien Indenture or any Supplemental Indenture, but different persons, counsel or accountants may certify to different facts, respectively. Every Certificate or opinion of counsel, accountants, engineers or other persons provided for in the Senior Lien Indenture or any Supplemental Indenture thereto must include:

a) a statement that the person making that Certificate or opinion or representation has read the pertinent provision of the Senior Lien Indenture or the Supplemental Indenture to which that statement, Certificate, opinion or representation relates;

b) a brief statement as to nature and scope of the examination or investigation upon which the statements, opinions or representations are based;

c) a statement that, in the opinion of that person, that person has made such examination or investigation as is necessary to enable that person to express an informed opinion with respect to the subject matter referred to in the instrument to which that person's signature is affixed;and

d) with respect to any statement relating to compliance with any provision of the Senior Lien Indenture, a statement whether or not, in the opinion of that person, that provision has been complied with.

"Chief Financial Officer" means the Chief Financial Officer appointed by the Mayor, or the City Comptroller of the City at any time a vacancy exists in the office of the Chief Financial Officer.

"City" means the City of Chicago, a municipal corporation and home rule unit of local government organized and existing under the laws of the State of Illinois.

"City Council" means the City Council of the City, or any succeeding governing or legislative body of the City.

"Code" means the Internal Revenue Code of 1986, as from time to time supplemented and amended. References to the Code and to sections of the Code shall include relevant final, temporary or proposed Regulations as in effect from time to time and, with reference to any Series of Senior Lien Obligations, as applicable to obligations issued on the date of issuance of that Series.

"Commissioner" means the Commissioner of the Chicago Department of Aviation or any designee of the Commissioner, or any successor or successors to the duties of any such official.

"Common Debt Service Reserve Sub-Fund" means the Common Debt Service Reserve Sub-Fund created by the Senior Lien Master Indenture.

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"Common Reserve Bonds " means Senior Lien Obligations entitled to the benefits of the Common Debt Service Reserve Sub-Fund.

"Completion Bonds" means any Senior Lien Obligations issued in accordance with the Senior Lien Indenture for the purpose of defraying additional costs of one or more Airport Projects financed by Airport Obligations.

"Concession Revenues" means, for any Fiscal Year, rentals, charges and fees of any kind or nature payable to the City during such Fiscal Year from tenants, licensees, permittees, or other operators at O'Hare, for the right to use premises at O'Hare to sell or lease merchandise, services or other intangibles, including, but not limited to, restaurants, bars, car rental agencies, news stands, gift shops, specialty shops, advertising displays, insurance sales facilities, public telephones, facilities for the furnishing of ground transportation services, hotels and parking areas; provided, however, that Concession Revenues shall not include (a) any such rentals, charges or fees derived from the Land Support Area or the International Terminal Area, (b) Airport Fees and Charges, (c) terminal rentals or landing fees of non-Airline Parties, (d) fees and charges under fueling facility agreements, or (e) the proceeds of any tax levied at O'Flare.

"Consulting Engineer" means a registered or licensed engineer or engineers, or firm or firms of engineers, with expertise in the field of designing, preparing plans and specifications for, supervising the construction, improvement and expansion of, and supervising the maintenance of, airports and aviation facilities, entitled to practice and practicing as such under the laws of the State of Illinois, who, in the case of any individual, shall not be a director, officer or employee of either the City or any Airline Party.

"Cost-Revenue Centers" (sometimes abbreviated as "CRCs") means those areas of O'Hare grouped together for the purposes of accounting for Revenues, Operation and Maintenance Expenses and Debt Service, and for calculating Airport Fees and Charges. The CRCs named in the Airport Use Agreements, taken together, comprise all of O'Hare, and are the Terminal Area, the Airfield Area, the International Terminal Area, the Terminal Support Area, the Fueling System and the Land Support Area.

"Costs of Issuance" means any item of expense payable or reimbursable, directly or indirectly, by the City and related to the authorization, offering, sale, issuance and delivery of Senior Lien Obligations, including, but not limited to, travel and other expenses of any officer or employee of the City in connection with the authorization, offering, sale, issuance and delivery of the Senior Lien Obligations, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and disbursements, fees and disbursements of any Independent Airport Consultant and any Independent Accountant, fees and disbursements of other consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Senior Lien Obligations, application fees and premiums on municipal bond insurance and credit facility charges and costs and expenses relating to the refunding of Senior Lien Obligations, Junior Lien Obligations, or other obligations issued to finance or refinance one or more Airport Projects.

"Counsel's Opinion" means a written opinion of Corporation Counsel for the City or other counsel selected by the City. Any Counsel's Opinion may be based, insofar as it relates to factual matters (information with respect to which is in the possession of the City) upon a Certificate or opinion of, or representation by, an officer of the City, unless the counsel knows, or in the exercise of reasonable care should have known, that the Certificate, opinion or representation with respect to the matters upon which the counsel's opinion may be based, as aforesaid, is erroneous.

"CP Indenture" means any trust indenture entered into between the City and a bank or trust company that authorizes and secures CP Notes.

"CP Notes" means Commercial Paper Notes of any series to finance or refinance Airport Projects.

"Debt Service Fund" means the Debt Service Fund created by the Senior Lien Master Indenture.

"Dedicated Sub-Fund" means a sub-fund within the Debt Service Fund including each sub-fund created by a Supplemental Indenture and the Common Debt Service Reserve Sub-Fund created by the Senior Lien Indenture.

"Deposit Requirements" means, with respect to any semi-annual deposit to the Debt Service Fund and any disbursement from the Debt Service Fund pursuant to the provisions of the Senior Lien Indenture as described in APPENDIX B-"SUMMARY OE CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURES-3. INDENTURE FUNDS AND PAYMENT OF DEBT SERVICE", the aggregate of the "Sub-Fund Deposits" and the "Other Required Deposits" described under paragraphs (a) and (b) under the sub-caption "Disbursements from Debt Service Fund' under that caption that are required to be made at that time.

"DTC" means The Depository Trust Company, and its successors and assigns.

"Event of Default" means with respect to the Senior Lien Master Indenture, an Event of Default as described in APPENDIX B under "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR LIEN INDENTURE-26. Events of Default."

"Existing Senior Lien Bonds" means Third Lien Bonds issued prior to the issuance of the 2013 Senior Lien Bonds and Outstanding following the issuance of the 2013 Senior Lien Bonds.

"FAA " means the Federal Aviation Administration, or the successor to its powers and authority.

"Federal Obligation" means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America.

"Fiduciary " means the Trustee or any Paying Agent or any or all of them, as may be appropriate.

"First Lien Bonds" means any of the bonds of the City authenticated and delivered pursuant to the General Airport Revenue Bond Ordinance.

"Fiscal Year" means January I through December 31 of any year, or such other fiscal year as the City may adopt for the Airport.

"Fitch" means Fitch Ratings Ltd.

"Forty-Fourth Supplemental Indenture" means the Forty-Fourth Supplemental Indenture dated as of October 1, 2013 from the City to the Trustee, which supplements the Senior Lien Indenture.

"Forty-Fifth Supplemental Indenture " means the Forty-Fifth Supplemental Indenture dated as of October 1, 2013 from the City to the Trustee, which supplements the Senior Lien Indenture.

"Forty-Sixth Supplemental Indenture " means the Forty-Sixth Supplemental Indenture dated as of October 1, 2013 from the City to the Trustee, which supplements the Senior Lien Indenture.

"Forth-Seventh Supplemental Indenture" means the Forty-Seventh Supplemental Indenture dated as of October 1, 2013 from the City to the Trustee, which supplements the Senior Lien Indenture.

"Funds " means the special Funds created and established pursuant to the Senior Lien Indenture.

"General Airport Revenue Bond Ordinance " means the ordinance adopted by the City Council of the City on March 31, 1983 entitled "AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE CITY OF Chicago of its Chicago O'Hare International airport General Airport Revenue Bonds, and PROVIDING FOR THE PAYMENT OF AND SECURITY FOR THE BONDS," as previously and later supplemented and amended from time to time by supplemental ordinances adopted and effective in accordance with its provisions.

"Government Grants-in-Aid" means those moneys granted to the City by the United States of America or any of its agencies, or the State of Illinois, or any of its political subdivisions or agencies, to pay for all or a portion of the cost of one or more Airport Projects and does not include any payments made for services rendered at the Airport.

"Independent Accountant" means a certified public accountant selected by the City and licensed to practice in the State of Illinois, and who (a) in the case of an individual, is not an officer or employee of the City, (b) is satisfactory to the Trustee and (c) may be the accountant that regularly audits the books of the City or the Airport.

"Independent Airport Consultant" means a consultant selected by the City, with expertise in the administration, financing, planning, maintenance and operations of airports and their facilities, and who, in the case of an individual, is not an officer or employee of the City.

"Interest Payment Date" means any Payment Date on which interest on any Senior Lien Obligation is payable.

"Junior Lien Obligations " means any bonds, notes or evidences of indebtedness secured by Revenues, other than Senior Lien Obligations, issued by the City as permitted by the Senior Lien Indenture.

"Junior Lien Obligation Debt Service Fund" means the Junior Lien Obligation Debt Service Fund created by the Senior Lien Master Indenture.

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"Land Support Area " means (a) during the term of the Airline Use Agreements, the facilities, uses, leases, land and air rights, if any, identified as such in the Airport Use Agreements and (b) after the end of the term of the Airport Use Agreements, the facilities, uses, leases, land and air rights, if any, identified as the "Land Support Area" as of the last day of the term of the Airport

Use Agreements, as the same thereafter may revised from time to time by the City as set forth in a Certificate filed with the Trustee, provided, however, that if such revision will likely result in a reduction of Revenues, then such revision shall not take effect until either (i) there is filed with the Trustee an Independent Airport Consultant's Certificate, based on reasonable assumptions, that the anticipated reduction of Revenues resulting from such revision will not constitute a material reduction of Revenues, or (ii) the City satisfies the requirements of this Indenture regarding Released Revenues.

"Landing Fee Rate" means the Landing Fee Rate established pursuant to the Airport Use Agreements.

"Landing Fees " means, with respect to each Airline Party, the Landing Fees calculated pursuant to such Airline Party's Airport Use Agreement.

"Liens Defeasance Date" means September 12, 2012, the later of (a) the date the pledges and liens created by the General Airport Revenue Bond Ordinance were discharged and satisfied in accordance with the General Airport Revenue Bond Ordinance and (b) the date the pledges and liens created by the Second Lien Indenture were discharged and satisfied in accordance with the Second Lien Indenture.

"Maintenance Reserve Fund" means the Maintenance Reserve Fund created under the Airport Use Agreements.

"Moody's" means Moody's Investors Service.

"Non-Common Reserve Bonds" means the outstanding Series 2005C Bonds, the Series 2005D Bonds, the Series 2008A Bonds, the Series 2010D Bonds, the Series 201 OF Bonds, the Series 2011A Bonds and the Series 2012A Senior Lien Bonds.

"Operation and Maintenance Expense Projection " means, for any Fiscal Year, the then current estimate of Operation and Maintenance Expenses prepared semi-annually by the City and filed with the Trustee and consisting of an initial projection made prior to the first day of the Fiscal Year and a mid-year projection made in June of the Fiscal Year which, (i) prior to the end of the term of the Airport Use Agreements, shall conform to the requirements of the Airport Use Agreements, as adjusted by the midyear projection prepared in accordance with the Airport Use Agreements and (ii) after the end of the term of the Airport Use Agreements, shall include a mid-year projection that may adjust the projection of the City.

"Operation and Maintenance Expenses " means, for any Fiscal Year, the costs incurred by the City in operating and maintaining the Airport (excluding the Land Support Area) during that Fiscal Year, either directly or indirectly, including, without limitation (but exclusive of those expenses as may be capitalized in connection with an Airport Project):

i) costs and expenses incurred by the City for employees of the City employed at the Airport, or doing work involving the Airport, including, but not limited to, direct salaries and wages (including overtime pay), together with payments or costs incurred for associated payroll expenses, such as union contributions, cash payments to pension funds, retirement funds or unemployment compensation funds, life, health, accident and unemployment insurance premiums, deposits for self-insurance, vacations and holiday pay, and other fringe benefits;

ii) costs of materials, supplies, machinery and equipment and other similar expenses;

iii) costs of maintenance, landscaping, decorating, repairs, renewals and alterations not reimbursed by insurance;

iv) costs of water, electricity, natural gas, telephone service and all other utilities and services whether furnished by the City or purchased by the City and furnished by independent contractors at or for the Airport;

v) costs of rentals of real property;

vi) costs of rentals of equipment or other personal property;

vii) costs of premiums for insurance, including property damage, public liability, burglary, bonds of employees, workers' compensation, disability, automobile, and all other insurance covering the Airport or its operations;

viii) the amount of any judgment or settlement arising as a result of the City's ownership, operation and maintenance of the Airport payable by the City during that Fiscal Year, including, without limitation, the amount of any judgment or settlement arising as a result of claims, actions, proceedings or suits alleging a taking of property or interests in property without just compensation, trespass, nuisance, property damage, personal injury or similar claims, actions, proceedings or suits based upon the

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environmental impacts, including, without limitation, those resulting from the use of the Airport for the landing and taking off of aircraft;

ix) costs incurred in collecting and attempting to collect any sums due the City in connection with the operation of the Airport;

x) costs of advertising at or for the Airport;

xi) compensation paid or credited to persons or firms appointed or engaged, from time to time, to render advice and perform architectural, engineering, construction management, financial, legal, accounting, testing, consulting or other professional services in connection with the Airport;

xii) any other cost incurred or allocated to the Airport necessary to comply with any valid rule, regulation, policy or order of any federal, state or local government, agency or court; and

xiii) all other direct and indirect expenses, whether similar or dissimilar, which arise out of the City's ownership, operation or maintenance of the Airport, including any taxes payable by the City which may be lawfully imposed upon the Airport.

"Operation and Maintenance Reserve Fund Deposit Requirement" means for any Fiscal Year the amount, if any, required to increase the balance in the Operation and Maintenance Reserve Fund (including amounts receivable from the Operation and Maintenance Fund) to an amount equal to one-fourth of such Fiscal Year's Operation and Maintenance Expense Projection as adjusted at mid-year pursuant to the Airport Use Agreements.

"Other Available Moneys" means for any Fiscal Year the amount of money determined by the Chief Financial Officer to be transferred by the City for that Fiscal Year from sources other than Revenues to the Revenue Fund.

"Outstanding" means with respect to the Senior Lien Obligations, as of any date, all Senior Lien Obligations before or on that date being issued or incurred under the Senior Lien Master Indenture except:

a) Senior Lien Obligations cancelled by the Trustee or the Owner of a Senior Lien Section 208 Obligation, as the case may be, at or before that date or delivered before that date to the Trustee or to the City, as the case may be, for cancellation;

b) Senior Lien Obligations (or portions of Senior Lien Obligations) for the payment or redemption of which there are held in trust and set aside for such payment or redemption (whether at, before or after the maturity or redemption date) moneys or Federal Obligations the principal of and interest on which when due or payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in an amount sufficient to pay their principal or Redemption Price, as the case may be, with interest to the date of maturity or redemption date, and, if those Senior Lien Obligations are to be redeemed, for which notice of the

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redemption has been given as provided in the related Supplemental Indenture or provisions satisfactory to the Trustee have been made for giving the notice;

c) Senior Lien Obligations for the transfer or exchange of, in lieu of or in substitution for which other Senior Lien Obligations have been authenticated and delivered pursuant to the Senior Lien Master Indenture; and

d) Senior Lien Obligations deemed to have been paid as provided in the Senior Lien Master Indenture.

"Participant" when used with respect to any Securities Depository, means any participant of such Securities Depository.

"Paying Agent" means any bank or trust company designated as a paying agent for a Series and its successor or successors later appointed in the manner provided in the Senior Lien Master Indenture.

"Payment Date" means any date on which a Principal Installment or interest on any Series of Senior Lien Obligations is payable in accordance with its terms and the terms of the Senior Lien Master Indenture and the Supplemental Indenture creating the Series or, in the case of Senior Lien Section 208 Obligations or amounts payable under any Qualified Senior Lien Swap Agreement, in accordance with the terms of the instrument creating the Senior Lien Section 208 Obligations or the Qualified Senior Lien Swap Agreement.

"Principal Installment" means as of any particular date of computation and with respect to Senior Lien Obligations of a particular Series or consisting of a particular Senior Lien Section 208 Obligation, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Senior Lien Obligations of that Series or Senior Lien Section 208 Obligations which mature on a single future date, reduced by the aggregate principal amount of the Outstanding Senior Lien Obligations of that Series which would at or before that future date be retired by reason of the payment when due and the application in accordance with the Senior Lien Master Indenture and the Supplemental Indenture creating the Series or the instrument creating those Senior Lien Section 208 Obligations of Sinking Fund Payments payable at or before that future date for the retirement of the Outstanding Senior Lien Obligations of that Series, plus (ii) the amount of any Sinking Fund Payments payable on that future date for the retirement of the Outstanding Senior Lien Obligations of that Series, and that future date is for all purposes of the Senior Lien Master Indenture, deemed to be the date when the Principal Installment is payable and the date of the Principal Installment.

"Qualified Collateral" means:

a) Federal Obligations;

b) direct and general obligations of any State of the United States of America or any political subdivision of the State of Illinois which are rated in one of the two highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise; and

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(c) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America.

"Qualified Credit Instrument" means a letter of credit, surety bond or non-cancelable insurance policy issued by a domestic or foreign bank, insurance company or other financial institution whose debt obligations on the date of issuance thereof are rated in the highest rating category by S&P and Moody's and, if rated by A.M. Best & Company, is rated in the highest rating category by A.M. Best & Company. Any such letter of credit, surety bond or insurance policy shall be issued in the name of the Trustee and shall contain no restrictions on the ability of the Trustee to receive payment thereunder other than a certification of the Trustee that the funds drawn thereunder are to be used for purposes for which moneys in the Common Debt Service Reserve Sub-Fund may be used under the Senior Lien Indenture.

"Qualified Credit Provider" means the issuer of a Qualified Credit Instrument.

"Qualified Investments " means with respect to Senior Lien Obligations as follows:

a) Federal Obligations;

b) pre-refunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee therefor has been given irrevocable instructions concerning their calling and redemption and the issuer thereof 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 Federal Obligations, which Federal Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the Federal Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the Federal Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the Federal 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 the highest rating category by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

c) deposits in interest-bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association, including the Trustee, which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Qualified Collateral having a current market value (exclusive of accrued interest) at least equal to the amount of such deposits, marked to market monthly, and which Qualified Collateral shall have been deposited in trust by such bank or national banking association with the trust department of the Trustee or with a Federal Reserve Bank or branch or, wilh the written approval of the City and the Trustee, with another bank, trust company or national banking association for the benefit of the City and the appropriate Fund or Account as collateral security for such deposits;

d) direct and general obligations of any state of the United States of America or any political subdivision of the State of Illinois which are rated in one of the two highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

e) obligations issued by any of the following agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks System, Federal Land Banks, Export Import Bank, Tennessee Valley Authority, Government National Mortgage Association, Farmers Home Administration, United States Postal Service, Fannie Mae, Student Loan Marketing Association, Federal Farm Credit Bureau, Federal Home Loan Mortgage Corporation, Federal Housing Administration, any agency or instrumentality of the United States of America and any corporation controlled and supervised by, and acting as an agency or instrumentality of, the United States of America;

f) any repurchase agreements collateralized by securities described in clauses (a) or (e) above with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank, if such broker/dealer or bank or parent holding company providing a guaranty has an uninsured, unsecured and unguaranteed rating in one of the three highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise, provided: (i) a specific written agreement governs the transaction; (ii) the securities are held by a depository acting solely as agent for the Trustee, and such third party is (A) a Federal Reserve Bank, or (B) a bank which is a member of the Federal Deposit Insurance Corporation and with combined capital, surplus and undivided profits of not less than $25,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities; (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 1 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee; (iv) the repurchase agreement has a term of one year or less, or the collateral securities will be valued no less frequently than monthly and will be liquidated if any deficiency in the required collateral percentage is not restored within two business days of such valuation; (v) the repurchase agreement matures at least 10 days (or other appropriate liquidation period) prior to a Payment Date; and (vi) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 100 percent;

g) shares of an investment company, organized under the Investment Company Act of 1940, as amended, which invests its assets exclusively in obligations of the type described in clauses (a) to (e);

h) investment agreements which represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the three highest rating categories by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(i) long-term or medium-term corporate debt instruments issued or guaranteed by any corporation that is rated in the highest rating category by any two Rating Agencies without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(j) prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term rating category by any two Rating Agencies maintaining a rating on such paper; and

(k) any other type of investment in which the City directs the Trustee in writing to invest, provided that there is delivered to the Trustee a Certificate of an Authorized Officer stating that each Rating Agency has been informed of the proposal to invest in such investment and each Rating Agency has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any Senior Lien Obligations.

"Qualified Senior Lien Swap Agreement" means an agreement between the City and a Swap Provider under which the City agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the City for a specified period of time an amount calculated at an agreed-upon rate or index based upon the notional amount, where (a) each Rating Agency (if the Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) has assigned to the unsecured obligations of the Swap Provider or of the party who guarantees the obligation of the Swap Provider to make its payments to the City, as of the date the swap agreement is entered into, a rating that is equal to or higher than the rating then assigned to the Senior Lien Obligations by the Rating Agency (without regard to municipal bond insurance or any other credit facility), and (b) the City has notified each Rating Agency (whether or not a Rating Agency also rates the unsecured obligations of the Swap Provider or its guarantor) in writing, at least 15 days before executing and delivering the swap agreement, of its intention to enter into the swap agreement and has received from each Rating Agency a written indication that the entering into of the swap agreement by the City will not in and of itself cause a reduction or withdrawal by the Rating Agency of its rating on the Senior Lien Obligations.

"Rating Agency" means any rating agency that has an outstanding credit rating assigned to any Senior Lien Obligations.

"Record Date " means June 15 and December 15 of each year.

"Redemption Price" means with respect to any Series of Senior Lien Obligations, their principal amount plus the applicable premium, if any, payable upon their redemption pursuant to the provisions of the Senior Lien Obligations or the Supplemental Indenture creating the Series of Senior Lien Obligations, or such other redemption price as may be specified in the Senior Lien Obligations or Supplemental Indenture.

"Refunding Bonds" means all Senior Lien Obligations, whether issued in one or more Series, authenticated and delivered on original issuance for the purpose of the refunding of Airport Obligations of any series, and all Senior Lien Obligations thereafter authenticated and delivered in lieu of or in substitution for the Senior Lien Obligations pursuant to the Senior Lien Master Indenture and the Supplemental Indenture creating the Series of Senior Lien Obligations.

"Registered Owner" or "Owner" means with respect to the 2013 Senior Lien Bonds, the person or persons in whose name a 2013 Senior Lien Bond shall be registered on the books of the City kept for that purpose in accordance with the provisions of the Senior Lien Indenture.

"Regulations" means the Income Tax Regulations (26 C.F.R. Part 1) promulgated under and pursuant to the Code.

"Released Revenues" means Revenues in respect of which the Trustee has received the following:

a) a request of an Authorized Officer describing such Revenues and requesting that those Revenues be excluded from the pledge and lien of the Senior Lien Master Indenture on Revenues;

b) an Independent Airport Consultant's Certificate, based upon reasonable assumptions, to the effect that Revenues, after the Revenues covered by the Authorized Officer's request are excluded for each of the five full Fiscal Years following the Fiscal Year in which such Certificate is delivered, will be sufficient to enable the City to satisfy the coverage covenant set forth under paragraph (a) under the caption 7. "Coverage Covenants" in APPENDIX B in each of those five Fiscal Years;

c) a Counsel's Opinion to the effect that (i) the conditions set forth in the Senior Lien Master Indenture to the release of those Revenues have been met and (ii) the exclusion of those Revenues from the pledge and lien of the Senior Lien Master Indenture will not, in and of itself, cause the interest on any outstanding Senior Lien Obligations to be included in gross income from purposes of federal income taxation; and

d) written confirmation from each of the Rating Agencies to the effect that the exclusion of those Revenues from the pledge and lien of the Senior Lien Master Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to any Senior Lien Obligations.

Upon the Trustee's receipt of those documents, the Revenues described in the Authorized Officer's request shall be excluded from the pledge and lien of the Senior Lien Master Indenture, and the Trustee shall take all reasonable steps requested by the Authorized Officer to evidence or confirm the release of that pledge and lien on the Released Revenues.

"Reserve Requirement" means with respect to the Common Debt Service Reserve Sub-Fund, an amount equal to the maximum amount of principal of and interest payable on the Common Reserve Bonds in the current or any succeeding Bond Year; provided, however, that if upon the issuance of a Series of Common Reserve Bonds such amount would require that moneys be paid into the Common Debt Service Reserve Sub-Fund from the proceeds of such Common Reserve Bonds in an amount in excess of the maximum amount permitted under the Code, the Reserve Requirement shall be the sum of
i) the Reserve Requirement immediately preceding the issuance of such Common Reserve Bonds, and
ii) the maximum amount permitted under the Code to be deposited from the proceeds of such bonds, as certified by the Chief Financial Officer.

"Revenue Fund" means the Revenue Fund created by the General Airport Revenue Bond Ordinance and continued under the Senior Lien Master Indenture.

"Revenues" means and includes all amounts received or receivable directly or indirectly by the City for the use and operation of, or with respect to, the Airport (excluding the Land Support Area), including, without limitation: all airline fees and charges (excluding payments described in clause (i) below); all other rentals, charges and fees for the use of the Airport or for any service rendered by the City in the operation of the Airport; concession revenues; interest payments to the City; interest accruing on, and any profit realized from the investment of, moneys held or credited to all Airport funds and accounts of the City; provided, however, that Revenues does not include: (i) any amounts derived by the City from Special Facility Financing Arrangements entered into in connection with Special Facilities to the extent those moneys derived are required to pay principal of, premium, if any, and interest on Special Facility Revenue Bonds and all sinking and other reserve fund payments required by the ordinance or resolution authorizing the issuance of the Special Facility Revenue Bonds; (ii) the proceeds of any passenger facility charge, customer facility charge or similar tax or charge levied by or on behalf of the City, including but not limited to, any cargo facility charge or security charge; (iii) the proceeds of any tax levied by or on behalf of the City; (iv) interest accruing on, and any profit resulting from the investment of, moneys in any fund or account of the Airport that is not available by agreement or otherwise for deposit into the Revenue Fund; (v) Government Grants-in-Aid; (vi) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (vii) the proceeds of any condemnation awards; (viii) security deposits and the proceeds of the sale of any Airport property; and (ix) the proceeds of any borrowings by the City.

Unless otherwise provided in a Supplemental Indenture, there shall also be excluded from the term "Revenues" any Released Revenues in respect of which the City has filed with the Trustee the documents contemplated in the definition of the term "Released Revenues. "

"S&P" means Standard & Poor's Ratings Services.

"Second Lien Bonds " means any of the bonds, notes or evidences of indebtedness issued by the City under and pursuant to Article II of the Second Lien Indenture.

"Second Lien Indenture" means the Master Indenture of Trust, dated as of September 1, 1984, between the City and the Second Lien Trustee, as amended and restated by the Master Indenture of Trust dated as of May 15, 2012, as amended or supplemented from time to time.

"Second Lien Obligations " means (a) any of the bonds, notes or evidences of indebtedness issued by the City under and pursuant to Article II of the Second Lien Indenture and (b) any Second Lien Section 208 Obligations.

"Second Lien Trustee" means The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois as successor trustee under the Second Lien Indenture, or its successor as the trustee later appointed in the manner provided in the Second Lien Indenture.

"Second Supplemental Indenture" means the Second Supplemental Indenture securing Chicago O'Hare International Airport Third Lien Revenue Refunding Bonds, Series 2003A, dated August 1, 2003,

from the City to the Trustee supplementing the Indenture and pursuant to which the Common Debt Service Reserve Account is created and held.

"Securities Depository " means DTC and any other securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as the securities depository for the Bonds.

"Senior Lien Indenture" means the Senior Lien Master Indenture as originally executed and delivered by the City and the Trustee and constituting an amendment and restatement of the 2002 Third Lien Indenture and as it may from time to time be amended or supplemented by Supplemental Indentures.

"Senior Lien Master Indenture" means the Master Indenture of Trust Securing Chicago O'Hare International Airport General Airport Revenue Senior Lien Obligations dated as of September 1, 2012 between the City and the Trustee.

"Senior Lien Obligations " means (a) any of the bonds, notes or evidences of indebtedness issued by the City under and pursuant to Article II of the Senior Lien Indenture, (b) any Senior Lien Section 208 Obligations and (c) obligations of the City under a Qualified Senior Lien Swap Agreement except to the extent those obligations are subordinated under the Senior Lien Indenture or under that agreement, and in each case including 2002 Third Lien Obligations issued or incurred prior to the Liens Defeasance Date.

"Senior Lien Section 208 Obligations" means any obligations incurred by the City to reimburse the issuer or issuers of one or more instruments securing one or more Series of Senior Lien Obligations as described in Section 208 of the Senior Lien Indenture, including any fees or other amounts payable to the issuer of any such instrument, whether those obligations are set forth in one or more reimbursement agreements entered into between the City and the issuer of any such instrument, or in one or more notes or other evidences of indebtedness executed and delivered by the City pursuant thereto, or any combination of them.

"Series" means all of the Senior Lien Obligations authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated in it as a series, but, unless the context clearly indicates otherwise, does not include Senior Lien Section 208 Obligations or obligations of the City under a Qualified Senior Lien Swap Agreement.

"Series 2005C Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2005C.

"Series 2005D Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2005D.

"Series 2008A Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Bonds, Series 2008A.

"Series 2010F Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Bonds, Series 201 OF Bonds.

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"Series 2011A Bonds" means the Chicago O'Hare International Airport General Airport Third Lien Bonds, Series 2011 A.

"Series 2012A Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2012A.

"Sinking Fund Payment" means as of any particular date of determination and with respect to the outstanding Senior Lien Obligations of any Series or consisting of any Senior Lien Section 208 Obligations, the amount required by the Supplemental Indenture creating the Series or the instrument creating the Senior Lien Section 208 Obligation to be paid in any event by the City on a single future date for the retirement of the Senior Lien Obligations which mature after that future date, but does not include any amount payable by the City by reason only of the maturity of a Senior Lien Obligation.

"Special Capital Projects Fund" means the Special Capital Projects Fund created under the Airport Use Agreements.

"Special Facility" means a building, facility or improvement at the Airport, or portion thereof, that has been or is to be constructed, installed, equipped or acquired with the proceeds of the sale of Special Facility Revenue Bonds or sources other than Revenues.

"Special Facility Financing Arrangement" means any agreement creating or relating to Special Facility Revenue Bonds.

"Special Facility Revenue Bonds" means obligations of the City with respect to which the principal, premium, if any, and interest are payable solely from proceeds of the sale of those obligations and from sources other than Revenues, and for which the City has no taxing obligation.

"Supplemental Indenture" means an indenture supplemental to or amendatory of the 2002 Third Lien Indenture or the Senior

Lien Indenture executed and delivered by the City and the Trustee in accordance with the Senior Lien Master Indenture.

"Swap Provider" means any counterparty with which the City enters into a Qualified Senior Lien Swap Agreement.

"Terminal Area Rentals " means, with respect to each Airline Party, the Terminal Area Rentals calculated pursuant to Article V of such Airline Party's Airport Use Agreement.

"Terminal Area Use Charges" means, with respect to each Airline Party, the Terminal Area Use Charges calculated pursuant to Article V of such Airline Party's Airport Use Agreement.

"Third Lien Bonds" means any of the Bonds, notes or evidences of indebtedness issued by the City pursuant to Article II of the 2002 Third Lien Indenture.

"Third Lien Revenue Fund" means the Third Lien Revenue Fund created by the 2002 Third Lien Indenture.

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"Transition Date " means the first Business Day of the Trustee in the month of June, 2018 unless, prior to May 1, 2018, the City files with the Trustee a Certificate electing to select another date as the Transition Date in which case the Transition Date shall be the date selected by the City in a Certificate filed with the Trustee not less than 30 days prior to the date selected by the City.

"Trust Estate " means the property conveyed to the Trustee pursuant to the Granting Clauses of the Senior Lien Master Indenture and the Supplemental Indenture for which a series of Senior Lien Obligations are issued.

"Trustee" means U.S. Bank National Association, Chicago, Illinois, as successor to LaSalle Bank National Association, as trustee under the Senior Lien Master Indenture, or its successor as the trustee later appointed in the manner provided in the Senior Lien Master Indenture.

"2013C Airport Projects" means the Airport Projects financed with the proceeds of the 2013C Senior Lien Bonds.

"2073D Airport Projects" means the Airport Projected financed with the proceeds of the 2013D Senior Lien Bonds.

"2002 'Third Lien Indenture" means the Master Indenture of Trust Securing Chicago O'Hare International Airport Third Lien Obligations dated as of March 1, 2002, between the City and U.S. Bank National Association as successor trustee to LaSalle Bank National Association, as amended and supplemented to the Liens Defeasance Date.

"2002 Third Lien Obligations " means all "Third Lien Obligations", as defined in the 2002 Third Lien Indenture, that are Outstanding on the Liens Defeasance Date.

"2013 Senior Lien Bonds" means the 2013A Senior Lien Bonds, the 20I3B Senior Lien Bonds, the 2012C Senior Lien Bonds, and the 2013 D Senior Lien Bonds.

"2013A Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A.

"2013B Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B.

"2013C Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C.

"Series 2013D Senior Lien Bonds" means the Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D.

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Appendix B

Summary of Certain Provisions of the Senior Lien indenture

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Appendix b

Summary of certain Provisions of the Senior Lien Indenture

The following is a summary of certain provisions of the Senior Lien Master Indenture and the Senior Lien Indenture, to which reference is made for a complete statement of the provisions and contents of each of such documents. Certain words and terms used in this summary are defined in APPENDIX A- "Glossary of Terms."'

1. authorization of senior lien obligations and bonds

In order to provide sufficient funds for the financing or refinancing of Airport Projects, Senior Lien Obligations are authorized by the Senior Lien Master Indenture to be issued from time to time in one or more Series, without limitation as to amount except as may be limited by law or the Senior Lien Master Indenture, for the purpose of (a) the payment, or the reimbursement for the payment of, the costs of one or more Airport Projects, (b) the refunding of Senior Lien Obligations (including 2002 Third Lien Obligations), First Lien Bonds, Second Lien Obligations, or other obligations issued to finance or refinance one or more Airport Projects, including, but not limited to, the refunding of any Special Facility Revenue Bonds and any Junior Lien Obligations, or (c) the funding of any Fund, Account or Dedicated Sub-Fund as specified in the Senior Lien Master Indenture or the Supplemental Indenture under which any Senior Lien Obligations are issued; including, in each case, payment of Costs of Issuance. Senior Lien Obligations consisting of Senior Lien Section 208 Obligations and Qualified Senior Lien Swap Agreements are also authorized to be incurred from time to time as provided for in the Senior Lien Master Indenture for the purposes set forth therein.

The City reserves the right in the Senior Lien Master Indenture to provide one or more irrevocable letters of credit to secure the payment of the principal of, premium, if any, and interest on one or more Series of Senior Lien Obligations, and if the Owners of those Senior Lien Obligations have the right to require their purchase, to secure the payment of the purchase price of those Senior Lien Obligations upon the demand of their Owners through one or more letters of credit or bond purchase agreements. In connection therewith, the City may agree to reimburse the issuer of the letter of credit or provider of a bond purchase agreement and any such obligation of the City may constitute a Senior Lien Obligation.

2. Source of payment; Pledge of Senior Lien revenues and other Moneys

The Senior Lien Master Indenture provides that the Senior Lien Obligations are legal, valid and binding limited obligations of the City payable solely from Revenues and certain other moneys and securities held by the Trustee under the provisions of the Senior Lien Master Indenture and any Supplemental Indenture. The Senior Lien Obligations and the interest thereon do not constitute an indebtedness or a loan of credit of the City within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the City, the State of Illinois or any of its political subdivisions is pledged to the payment of the principal of or interest on the Senior Lien Obligations. The City makes a pledge of the Trust Estate, to the extent set forth in the Granting Clauses of the Senior Lien Master Indenture, and of all moneys and securities held or set aside or to be held or set

aside by the Trustee under the Senior Lien Master Indenture or any Supplemental Indenture, to secure the payment of the principal and Redemption Price of, and interest on, the Senior Lien Obligations, subject only to the provisions of the Senior Lien Master Indenture or any Supplemental Indenture requiring or permitting the payment, setting apart or appropriation of such moneys and securities for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Senior Lien Master Indenture or the Supplemental Indenture. Such pledge is valid and binding from the Liens Defeasance Date and continues the prior pledges under the 2002 Third Lien Indenture. The Revenues so pledged and then or thereafter received by the City and deposited in the Revenue Fund are immediately upon that deposit subject to the lien of the pledge without any further physical delivery or further act; and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether the parties have notice of it.

3. Indenture Funds and Payment of Debt Service

The Revenue Fund, the Debt Service Fund and the Junior Lien Obligation Debt Service Fund are trust funds held and administered by the Trustee in accordance with the Senior Lien Master Indenture. The Common Debt Service Reserve Sub-Fund and each Dedicated Sub-Fund are held by the Trustee as part of the Debt Service Fund. Each Dedicated Sub-Fund established by a Supplemental Indenture to the 2002 Third Lien Indenture shall continue to be administered as a Dedicated Sub-Fund within the Debt Service Fund.

The City has established and agrees to maintain an Operation and Maintenance Fund, an Operation and Maintenance Reserve Fund, and a Maintenance Reserve Fund. The City has established and agrees to maintain a Special Capital Projects Fund until the Transition Date. During the term of the Airport Use Agreements, the Operation and Maintenance Fund, the Special Capital Projects Fund, the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund shall be maintained in accordance with the Airport Use Agreements. The City may also maintain the Airport Development Fund pursuant to the Airport Use Agreements.

On the Transition Date (i) the City shall establish and thereafter maintain the Airport General Fund, (ii) the Special Capital Projects Fund and the Airport Development Fund shall be discontinued and (iii) the moneys then held in the Special Capital Projects Fund and the Airport Development Fund shall be credited to the Airport General Fund.

The Trustee shall, at the written request of the City, establish such additional sub-funds within the Funds and Accounts and subaccounts within any such sub-funds, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from the Funds or such sub-funds, Accounts and subaccounts.

Additional sub-funds within the Funds (other than the Junior Lien Obligation Debt Service Fund) and Accounts and subaccounts within such sub-funds may also be created by any Supplemental Indenture; and any such Supplemental Indenture may provide that amounts on deposit in such sub-funds, Accounts and subaccounts shall be held by the Trustee for the sole and exclusive benefit of such Senior Lien Obligations as may be specifically designated in such Supplemental Indenture; provided, however, that prior to the end of the term of the Airport Use Agreements income derived from the investment of any moneys on deposit in a debt service reserve fund or account (including the Common Debt Service

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Reserve Sub-Fund) or pursuant to any such Supplemental Indenture shall, upon receipt, be withdrawn from such fund or account by the Trustee and deposited into the Revenue Fund.

Any moneys and securities held in the Revenue Fund, the Debt Service Fund, the Junior Lien Obligation Debt Service Fund or any sub-fund. Account or subaccount created pursuant to this Section shall be held in trust by the Trustee, as provided in the Senior Lien Master Indenture or such Supplemental Indenture, and shall be applied, used and withdrawn only for the purposes authorized in the Senior Lien Master Indenture or Supplemental Indenture.

All moneys and securities held by the City in the Operation and Maintenance Fund, the Special Capital Projects Fund, the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund shall be accounted for and held separate and apart from all other moneys and securities of the City, shall be applied, used and withdrawn solely for the purposes authorized in the Indenture and, until so applied, used and withdrawn, shall be held in trust by the City for such purposes.

All moneys and securities held by the City in the Airport Development Fund and the Airport General Fund may be applied, used and withdrawn by the City for any lawful corporate purpose of the City, free of any lien or security interest in favor of the Trustee and the owners of the Senior Lien Obligations.

Deposit of Revenues. All Revenues shall be collected by the City and promptly deposited to the credit of the Revenue Fund in the name of the Trustee with a depositary or depositaries, each fully qualified under the Senior Lien Indenture to receive the same as deposits of money held by the Trustee, designated by the City and approved by the Trustee, and statements giving the amount of each such deposit and the name of the depositary shall be forwarded promptly to the Trustee by the City and by such depositary. The Trustee shall be accountable only for moneys actually so deposited.

Disbursements from Revenue Fund Prior to the Transition Date. The moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

a) On the tenth day of each month the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment.

b) On the business day of the Trustee immediately preceding each January 1 and July 1, the Trustee shall make the following deposits in the manner and order of priority set forth:

First, The Trustee shall first deposit into the Debt Service Fund the amount necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1.

Second, The Trustee shall next transfer to the City for deposit into the Special Capital Projects Fund the amount specified by the City in a Certificate filed with the Trustee as the amount to be deposited at such time in such Fund.

Third, The Trustee shall next transfer to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

Fourth, The Trustee shall next transfer to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) $1,500,000 and (ii) the amount, if any, required to increase the amount on deposit therein to $3,000,000.

Fifth, The Trustee shall next transfer to the City for deposit into the Airport Development Fund an amount equal to one-half of the Airport Development Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1.

Sixth, The Trustee shall next deposit into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any sub-funds or accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

c) If at the time deposits are required to be made under paragraphs (a) or (b) above the moneys held in the Revenue Fund are insufficient to make any required deposit, the deposit shall be made up on the next applicable deposit date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

d) The City shall be mandatorily and irrevocably obligated to apply moneys in the Maintenance Reserve Fund to make up any deficiencies in the Debt Service Fund. In the event moneys are so applied, the amount applied shall be restored on the next applicable deposit date after all other Fund deposits enjoying a higher priority shall have been made in full.

e) The amount of the Airport Development Fund Deposit Requirement shall be stated in a Certificate which shall be delivered to the Trustee prior to such deposits.

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At the end of each Fiscal Year, amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien Master Indenture or under any Supplemental Indenture or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

Disbursements from Revenue Fund From and After the Transition Date. The moneys in the Revenue Fund shall be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

a) On the tenth day of each month the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment.

b) On the business day of the Trustee immediately preceding each January 1 and July 1, the Trustee shall make the following deposits in the manner and order of priority set forth:

First, The Trustee shall first deposit into the Debt Service Fund the amount necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1.

Second, The Trustee shall next transfer to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited in the Operation and Maintenance Reserve Fund .with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

Third, The Trustee shall next transfer to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) $1,500,000 and (ii) the amount, if any, required to increase the amount on deposit therein to S3,000,000.

Fourth, The Trustee shall next deposit into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any sub-funds or accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

Fifth, The Trustee shall next transfer to the City for deposit into the/Airport General Fund any amount remaining in the Revenue Fund unless the City shall have filed with the Trustee a

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Certificate specifying a lesser amount, in which case the amount specified by the City in the Certificate shall be the amount to be transferred to the City at such time for deposit into the Airport General Fund.

c) If at the time deposits are required to be made under paragraphs (a) or (b) above the moneys held in the Revenue Fund are insufficient to make any required deposit, the deposit shall be made up on the next applicable deposit date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

d) The City shall be mandatorily and irrevocably obligated to apply moneys in the Maintenance Reserve Fund to make up any deficiencies in the Debt Service Fund. In the event moneys are so applied from the Maintenance Reserve Fund, the amount applied shall be restored on the next applicable deposit date after all other Fund deposits enjoying a higher priority shall have been made in full.

e) Amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien Master Indenture or under any Supplemental Indenture or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue

Fund.

Use of Funds. The moneys on deposit in the Funds, except the Airport Development Fund and the Airport General Fund, shall be used for the purposes and uses specified as follows:

a) In addition to the authorized disbursements, the Trustee shall apply moneys in the Revenue Fund to make up any deficiency arising in the Debt Service Fund and the Junior Lien Obligation Debt Service Fund in the order of their priority one over another and in the manner specified above under "Disbursements from Revenue Fund" and, in addition, to make any reimbursement due to any Airline, including any payment to any Airline Party required by the Airport Use Agreements as in each case directed by a Certificate filed with the Trustee.

b) The moneys in the Operation and Maintenance Fund shall be used by the City only to pay Operation and Maintenance Expenses (excluding Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and Maintenance Reserve Fund) and to repay amounts borrowed from the Operation and Maintenance Reserve Fund. Loans from the Operation and Maintenance Reserve Fund to the Operation and Maintenance Fund shall be repaid as soon as funds for such loan repayment are available in the Operation and Maintenance Fund.

c) The moneys in the Debt Service Fund shall be used only for the funding of Deposit Requirements.

d) The moneys in the Special Capital Projects Fund shall be used only for the purpose of making "Special Capital Project Expenditures " as defined in the Airport Use Agreements.

e) The moneys in the Operation and Maintenance Reserve Fund shall be used by the City only to make loans to the Operation and Maintenance Fund whenever and to the extent moneys in the Operation and Maintenance Fund are insufficient to pay Operation and Maintenance Expenses (excluding Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and Maintenance Reserve Fund).

f) The moneys in the Maintenance Reserve Fund shall be used by the City only for paying the costs of extraordinary maintenance expenditures, such as costs incurred for major repairs, renewals and replacements at the Airport, whether caused by normal wear and tear or by unusual and extraordinary occurrences including costs of painting, major repairs, renewals and replacements and damage caused by storms or other unusual causes.

g) The moneys in the Junior Lien Obligation Debt Service Fund shall be transferred by the Trustee to the appropriate trustees or paying agents under the appropriate ordinances or resolutions authorizing the issuance of Junior Lien Obligations for the purpose of paying such amounts as may be required to be paid by such resolutions or ordinances.

Disbursements from Debt Service Fund. The moneys in the Debt Service Fund must be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amounts provided:

a) Subfund Deposits. On any date required with respect to the Common Debt Service Reserve Sub-Fund, or by the provisions of a Supplemental Indenture creating a Series of Senior Lien Obligations, or by an instrument creating Senior Lien Obligations, the Trustee must segregate within the Debt Service Fund and credit to (i) the Common Debt Service Reserve Sub-Fund, such amounts as may be required to be so credited under the Senior Lien Indenture and (ii) such Dedicated Sub-Funds, accounts and subaccounts as may have been created for the benefit of the Senior Lien Obligations such amounts as may be required to be so credited under the provisions of the Supplemental Indenture or instrument creating Senior Lien Obligations to pay the principal of and interest on the Senior Lien Obligations; and

b) Other Required Deposits. On any date required for any other purpose by the provisions of a Supplemental Indenture or by an instrument creating Senior Lien Obligations, but only if the deposit requirement is set forth in the Certificate filed pursuant to paragraph (c) below, the Trustee must segregate within the Debt Service Fund and credit to such Dedicated Sub-Funds, accounts and subaccounts as are specified in the Supplemental Indenture or instrument creating Senior Lien Obligations the amounts required so to be withdrawn and deposited by the provisions of the Supplemental Indenture or the instrument.

c) City Certificate. With respect to each Series and with respect to any Senior Lien Section 208 Obligation and any Qualified Senior Lien Swap Agreement, the City shall file with the Trustee (and revise from time to time as required) a Certificate detailing the timing and amount of the "Other Required Deposits " pursuant to paragraph (b) above in order to determine the Deposit Requirements of the Debt Service Fund and the proper disbursement of the moneys held therein, including such revisions as may result from the prepayment, redemption, purchase and remarketing of Senior Lien Obligations and the adjustment of the rate of interest borne by Senior Lien Obligations.

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Common Debt Service Reserve Sub-Fund.

a) The City shall maintain the Common Debt Service Reserve Sub-Fund in an amount equal to the Reserve Requirement, which requirement may be satisfied with (i) one or more Qualified Credit Instruments, (ii) Qualified Investments, or (iii) a combination thereof. Any Qualified Investments held to the credit of the Common Debt Service Reserve Sub-Fund shall not have maturities extending beyond five years (except for any investment agreement, repurchase agreement or forward purchase agreement approved by each issuer of a municipal bond insurance policy insuring payment of any Common Reserve Bonds). If on any valuation date, the amount on deposit in the Common Debt Service Reserve Sub-Fund is more than the Reserve Requirement, unless otherwise directed by the City pursuant to paragraph (f) below, the amount of such excess shall be transferred by the Trustee to the Revenue Fund.

b) If at any time the Common Debt Service Reserve Sub-Fund holds both a Qualified Credit Instrument and Qualified Investments, the Qualified Investments shall be liquidated and the proceeds applied for the purposes for which Common Debt Service Reserve Sub-Fund moneys may be applied prior to any draw being made on the Qualified Credit Instrument. If the Common Debt Service Reserve Sub-Fund holds Qualified Credit Instruments issued by more than one issuer, draws shall be made under such Qualified Credit Instruments on a pro rata basis to the extent of available funds. Amounts deposited in the Common Debt Service Reserve Sub-Fund for the purpose of restoring amounts withdrawn therefrom shall be applied first to reimburse the Qualified Credit Provider and thereby reinstate the Qualified Credit Instrument.

c) The moneys in the Common Debt Service Reserve Sub-Fund are held for the benefit of all Common Reserve Bonds and are pledged and assigned for that purpose. On the date of initial issuance of any Senior Lien Obligations intended to be Common Reserve Bonds, the City shall provide the Trustee a Certificate to that effect and setting forth the amount of the deposit to be made from bond proceeds to fund the Reserve Requirement.

d) On the business day of the Trustee immediately preceding each January 1 and July 1, there shall be withdrawn from the Debt Service Fund for deposit into the Common Debt Service Reserve Sub-Fund, the amount, if any, required as of the close of business on such date to restore the amount held in the Common Debt Service Reserve Sub-Fund to the Reserve Requirement. Any amount so required shall constitute a Deposit Requirement to be funded from the Debt Service Fund.

e) If on any Payment Date for the payment of the Principal Installment of and interest on any Series of Common Reserve Bonds the amount held in the Dedicated Sub-Fund for that Series for the payment of such Principal Installment or interest due and payable on such Payment Date shall be less than the Principal Installment and interest then due and payable, then the Trustee shall withdraw from the Common Debt Service Reserve Sub-Fund and deposit into the Dedicated Sub-Fund for that Series the amount necessary to cure such deficiency. In the case of multiple deficiencies among Series, such withdrawal shall be made ratably among the various Series having a deficiency, without preference or priority of any kind.

f) At the direction of the City expressed in a Certificate filed with the Trustee, moneys in the Common Debt Service Reserve Sub-Fund may be withdrawn and deposited in trust to pay or provide for the payment of Senior Lien Obligations pursuant to the defeasance provisions of the Senior Lien

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Indenture; provided, however, that immediately after such withdrawal the amount of deposit in the Common Debt Service Reserve Sub-Fund equals or exceeds the Reserve Requirement.

Dedicated Sub-Funds for 2013 Senior Lien Bonds. The Forty-Fourth Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Revenue Fund (the "2013A Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 20I3A Senior Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2013 A Senior Lien Bonds.

The Forty-Fourth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2013A Senior Lien Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2013A Senior Lien Costs of Issuance Account (the "2013A Senior Lien Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2013A Senior Lien Program Fee Account (the "2013A Senior Lien Program Fee Account"); and (c) the Chicago O'Hare International Airport 2013 A Senior Lien Principal and Interest Account (the "2013A Senior Lien Principal and Interest Account").

The Forty-Fifth Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Revenue Fund (the "2013B Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2013B Senior Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2013B Senior Lien Bonds.

The Forty-Fifth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2013B Senior Lien Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2013B Senior Lien Costs of Issuance Account (the "2013B Senior Lien Costs of Issuance Account"); (b) the Chicago O'Hare International Airport 2013B Senior Lien Program Fee Account (the "2013B Senior Lien Program Fee Account"); and (c) the Chicago O'Hare International Airport 2013B Senior Lien Principal and Interest Account (the "2013B Senior Lien Principal and Interest Account").

The Forty-Sixth Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Revenue Fund (the "2013C Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2013C Senior Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the registered Owners of the 2013C Senior Lien Bonds.

The Forty-Sixth Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2013C Senior Lien Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2013C Senior Lien Capitalized Interest Account (the "2013C Senior Lien Capitalized Interest Account"); (b) the Chicago O'Hare International Airport 2013C Senior Lien Costs of Issuance Account (the"20/5C Senior Lien Costs of Issuance Account"); (c) the Chicago O'Hare International Airport 2013C Senior Lien Program Fee Account (the "2013C Senior Lien Program Fee Account"); (d) the Chicago O'Hare International Airport 2013C Senior Lien Principal and Interest Account (the "2013C Senior Lien Principal and Interest Account"); and (e) the Chicago O'Hare International Airport 2013C Senior Lien Project Account (the "2013C Senior Lien Project Account").

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The Forty-Seventh Supplemental Indenture creates and establishes with the Trustee a separate and segregated sub-fund within the Revenue Fund (the "20130 Senior Lien Dedicated Sub-Fund"). Moneys on deposit in the 2013D Senior Lien Dedicated Sub-Fund and in each account and sub-account established therein are to be held in trust by the Trustee for the sole and exclusive benefit of the Registered Owners of the 2013D Senior Lien Bonds.

The Forty-Seventh Supplemental Indenture creates and establishes with the Trustee separate Accounts within the 2013D Senior Lien Dedicated Sub-Fund, designated as follows: (a) the Chicago O'Hare International Airport 2013D Senior Lien Capitalized Interest Account (the "2013D Senior Lien Capitalized Interest Account"); (b) the Chicago O'FIare International Airport 2013D Senior Lien Costs of Issuance Account (the "2013D Senior Lien Costs of Issuance Account"); (c) the Chicago O'Hare International Airport 2013D Senior Lien Program Fee Account (the "2013D Senior Lien Program Fee Account"); (d) the Chicago O'FIare International Airport 2013D Senior Lien Principal and Interest Account (the "2013D Senior Lien Principal and Interest Account"); and (e) the Chicago O'Hare International Airport 2013D Senior Lien Project Account (the "2013D Senior Lien Project Account").

4. Deposits into 2013A Senior Lien dedicated Sub-Fund and Accounts Therein

On January 1 and July 1 of each year, commencing January 1, 2014 (each such date referred to as the "Deposit Date"), there will be deposited into the 2013A Senior Lien Dedicated Sub-Fund first, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "2013.4 Senior Lien Deposit Requirement"):

a) for deposit into the 2013A Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) for the January 1, 2014 Deposit Date, the Principal Installment due January 1, 2014, and thereafter, one-half of the Principal Installment, if any, coming due on the 2013A Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2013A Senior Lien Bonds on the current Deposit Date reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2013A Senior Lien Principal and Interest Account; and

b) for deposit into the 2013A Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2013A Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2013A Senior Lien Deposit Requirement, there will be deposited into the 20I3A Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Forty-Fourth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2013A Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2013A Senior Lien Principal and Interest Account will be used solely for payment of principal of. premium, if any, and interest due on each Payment Date with respect to the 2013A Senior

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Lien Bonds (including the optional redemption of 2013A Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the 2013A Senior Lien Costs of Issuance Account will be used solely for the payment or reimbursement of Costs of Issuance of the 2013A Senior Lien Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there is any balance remaining in the 2013A Senior Lien Costs of Issuance Account, such balance will be transferred to the 2013A Senior Lien Program Fee Account.

Moneys in the 2013A Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 20I3A Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

5. Deposits into 2013B Senior Lien Dedicated Sub-Fund and accounts Therein

On each Deposit Date, commencing January 1, 2014, there will be deposited into the 2013B Senior Lien Dedicated Sub-Fund first, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "2013B Senior Lien Deposit Requirement"):

a) for deposit into the 2013B Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) for the January 1, 2014 Deposit Date, the Principal Installment due January 1, 2014, and thereafter, one-half of the Principal Installment, if any, coming due on the 2013B Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2013B Senior Lien Bonds on the current Deposit Date reduced, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2013B Senior Lien Principal and Interest Account; and

b) for deposit into the 2013B Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2013B Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2013B Senior Lien Deposit Requirement, there will be deposited into the 2013B Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Forty-Fifth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 20I3B Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2013B Senior Lien Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2013B Senior Lien Bonds (including the optional redemption of 2013B Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

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Moneys in the 2013B Senior Lien Costs of Issuance Account will be used solely for the payment or reimbursement of Costs of Issuance of the 2013B Senior Lien Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there is any balance remaining in the 2013B Senior Lien Costs of Issuance Account, such balance will be transferred to the 2013B Senior Lien Program Fee Account.

Moneys in the 2013B Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2013B Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

6. DEPOSITS INTO 2013C SENIOR LIEN DEDICATED SUB-FUND AND ACCOUNTS THEREIN

On each Deposit Date, commencing January 1, 2014, there will be deposited into the 2013C Senior Lien Dedicated Sub-Fund first, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "2013C Senior Lien Deposit Requirement"):

a) for deposit into the 2013C Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2013C Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii)the amount of interest due on the 2013C Senior Lien Bonds on the current Deposit Date reduced by moneys transferred from the 2013C Senior Lien Capitalized Interest Account and,, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2013C Senior Lien Principal and Interest Account; and

b) for deposit into the 2013C Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2013C Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2013C Senior Lien Deposit Requirement, there will be deposited into the 2013C Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Forty-Sixth Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2013C Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2013C Senior Lien Capitalized Interest Account shall be used for transfer to the 2013C Senior Lien Principal and Interest Account. Any amount remaining in the 2013C Senior Lien Capitalized Interest Account on July 1, 2015 shall be withdrawn and deposited in the 2013C Senior Lien Principal and Interest Account. Moneys in the 2013C Senior Lien Capitalized Interests Account may be used for such other purposes as are set forth in an opinion of Bond Counsel to the effect that such other use of such moneys is necessary in such counsel's opinion to preserve the exemption from Federal income taxes of interest on the Series 2013C Senior Lien Bonds.

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Moneys in the 2013C Senior Lien Principal and Interest Account will be used solely for payment of principal of and interest due on each Payment Date with respect to the 2013C Senior Lien Bonds (including the optional redemption of 2013C Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the 2013C Senior Lien Costs of Issuance Account will be used solely for the payment or reimbursement of Costs of Issuance of the 2013C Senior Lien Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there is any balance remaining in the 2013C Senior Lien Costs of Issuance Account, such balance will be transferred to the 2013C Senior Lien Program Fee Account.

Moneys in the 2013C Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2013C Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

7. Deposits into 2013D Senior Lien Dedicated Sub-Fund and accounts Therein

On each Deposit Date, commencing January 1, 2014, there will be deposited into the 2013D Senior Lien Dedicated Sub-Fund first, from amounts on deposit in the Debt Service Fund, an amount equal to the aggregate of the following amounts, which amounts will be calculated by the Trustee on the next preceding December 5 or June 5 (in the case of each January 1 or July 1, *respectively) (such aggregate amount with respect to any Deposit Date being referred to as the "2013D Senior Lien Deposit Requirement"):*

a) for deposit into the 2013D Senior Lien Principal and Interest Account, an amount equal to the aggregate of: (i) one-half of the Principal Installment, if any, coming due on the 2013D Senior Lien Bonds on the January 1 next succeeding such date of calculation and (ii) the amount of interest due on the 2013D Senior Lien Bonds on the current Deposit Date reduced by moneys transferred from the 2013D Senior Lien Capitalized Interest Account and,, in the case of each January 1 Deposit Date, by investment earnings credited as of the immediately prior calculation date to the 2013D Senior Lien Principal and Interest Account; and

b) for deposit in the 2013D Senior Lien Program Fee Account, the amount estimated by the City to be required as of the close of business on such Deposit Date to pay all fees and expenses with respect to the 2013D Senior Lien Bonds during the semi-annual period commencing on such Deposit Date.

In addition to the 2013D Senior Lien Deposit Requirement, there will be deposited into the 2013D Senior Lien Dedicated Sub-Fund any other moneys received by the Trustee under and pursuant to the Senior Lien Master Indenture or the Forty-Seventh Supplemental Indenture, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the 2013D Senior Lien Dedicated Sub-Fund and to one or more accounts therein.

Moneys in the 2013D Senior Lien Capitalized Interest Account shall be used for transfer to the 2013D Senior Lien Principal and Interest Account. Any amount remaining in the 2013D Senior Lien Capitalized Interest Account on January 1, 2016 shall be withdrawn and deposited in the 2013D Senior

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Lien Principal and Interest Account. Moneys in the 2013D Senior Lien Capitalized Interest Account may be used for such other purposes as are set forth in an opinion of Bond Counsel to the effect that such other use of such moneys is necessary in such counsel's opinion to preserve the exemption from Federal income taxes of interest on the Series 2013D Senior Lien Bonds.

Moneys in the 2013D Senior Lien Principal and Interest Account will be used solely for payment of principal of, premium, if any, and interest due on each Payment Date with respect to the 2013D Senior Lien Bonds (including the optional redemption of 2013D Senior Lien Bonds) and not otherwise provided for, ratably, without preference or priority of any kind.

Moneys in the 2013D Senior Lien Costs of Issuance Account will be used solely for the payment or reimbursement of Costs of Issuance of the 2013D Senior Lien Bonds as directed in a Certificate filed with the Trustee. If after the payment of all Costs of Issuance, as specified in a Certificate filed with the Trustee, there is any balance remaining in the 2013D Senior Lien Costs of Issuance Account, such balance will be transferred to the 2013D Senior Lien Program Fee Account.

Moneys in the 2013D Senior Lien Program Fee Account will be used solely for the payment of fees and expenses with respect to the 2013D Senior Lien Bonds as set forth in a Certificate filed with the Trustee.

8. DISBURSEMENTS FROM PROJECT ACCOUNTS

(a) All disbursements from the 2013C Senior Lien Project Account or the 2013D Senior Lien Project Account shall be made in accordance with requisitions signed by the City Comptroller or his or her designee in respect of each payment, as to the following: (i) item number of the payment; (ii) the name of the person, firm or corporation to whom the payment is due; (iii) the amount to be paid; (iv) the 2013C Airport Projects or 2013D Airport Projects, as the case may be, and purpose, by general classification, for which payment is to be made: (v) that the obligations in stated amounts have been incurred by the City, and that each item thereof is a proper charge against the appropriate 2013C Senior Lien Project Account or 2103D Senior Lien Project

Account(or such sub-account) and is due and has not been included in any prior requisition which has been paid; (vi) that the payment is for costs which are permitted to be paid from bond proceeds; (vii) that there has not been filed with or served upon the City any notice of any lien, right to lien, or attachment upon or claim affecting the right to receive payment of any of the moneys payable to any of the persons, firms or corporations named which have not been released or will not be released simultaneously with the payment of such obligations, and in the event that any assignment of right to receive payment has been made and notice thereof has been given to the City and the City has accepted such assignment, the order directing payment shall recite that fact and direct the payment to be made to the assignee thereof as shown by the records of the City; and (viii) if applicable, that certain specified disbursements are not required to be certified by a Consulting Engineer pursuant to (b) below, specifying the amount of such disbursements and the reason that such disbursements need not be so certified.

In respect to disbursements from the 2013C Senior Lien Project Account or 2013D Senior Lien Project Account in payment for work done in connection with the construction, acquisition and installation of 2013C Airport Projects or 2013D Airport Projects, as applicable, such requisition, signed by the Chief Financial Officer or the City Comptroller, shall be accompanied by a certificate signed by a Consulting Engineer certifying that the obligations in stated amounts have been incurred by the City, and that each item thereof is a proper charge against the designated sub-account of the 2013C Senior Lien

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Project Account or 2013D Senior Lien Project Account, as applicable, and has not been included in any prior requisition which has been paid, and insofar as any such obligation was incurred for work, materials, equipment or supplies, such work was actually performed in the furtherance of the construction, acquisition and installation of such 2013C Airport Projects or 2013D Airport Projects delivered at the site of the Airport for those purposes, or delivered for storage or fabrication at a place or places approved by a Consulting Engineer and under the control of the City. Notwithstanding the foregoing, no certificate of a Consulting Engineer shall be required with respect to disbursements for Costs of Issuance or other costs that the Chief Financial Officer or the City Comptroller shall have certified as being costs that are not directly related to the actual construction, acquisition and installation of 2013C Airport Projects or 2013D Airport Projects such as land acquisition, payment of auditor's fees and other similar costs that may otherwise be paid from the 2013C Senior Lien Project Account or 2013D Senior Lien Project Account in compliance with the Tax Certificates.

9. Progress Reports and Completion Certificate

a) At least once each month during the period of the construction, installation and acquisition of each 2013C Airport Project and 2013D Airport Project, the cost of which has been paid in whole or in part from proceeds of the 2013C Senior Lien Bonds or 2013D Senior Lien Bonds, respectively, the City will cause the Consulting Engineer to prepare a progress report in connection with such construction, installation and acquisition of such 2013C Airport Project or 2013D Airport Project, including comparisons between the actual time elapsed and the actual costs incurred and the estimates of such time and costs, which shall have been set forth in a statement prepared by the Consulting Engineer and filed with the City. Copies of such progress reports shall be filed with the Trustee and mailed to the holders of the 2013C Senior Lien Bonds or 2013D Senior Line Bonds, as appropriate, requesting copies thereof.

b) Promptly after the completion of the construction, installation and acquisition of each such 2013C Airport Project or 2013D Airport Project, the City will deliver to the Trustee a Certificate stating the date of such completion.

10. permitted transfers

Moneys in the 2013C Senior Lien Project Account and 2013D Senior Lien Project Account (or any sub-account therein) may be transferred or withdrawn as shall be specified by a Certificate of the City for any one or more of the following purposes: (i) to make transfers to one or more other Project Accounts held by the Trustee to pay the costs of other Airport Projects, which costs are permitted to be paid from proceeds of the 2013C Senior Lien Bonds or 2013D Senior Lien Bonds, (ii) to make transfers to the 2013C Senior Lien Principal and Interest Account or 2013D Senior Lien Principal and Interest Account, as applicable, (iii) to redeem 2013C Senior Lien Bonds or 2013D Senior Lien Bonds, as applicable, in accordance with the provisions of the related Supplemental Indenture, or (iv) upon an Event of Default to pay the principal of and interest on the 2013C Senior Lien Bonds or 2013D Senior Lien

Bonds, as the case may be.

11. Coverage Covenants

(a) The City covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services

rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

(ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all outstanding Senior Lien Obligations, or other outstanding Airport Obligations are issued and secured, and (B) one and ten-hundredths times Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

b) The City further covenants that it will fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of the Airport and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of (i) any passenger facility charges deposited with the Trustee for that Fiscal Year, and (ii) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient:

(i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year, and

(ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

c) If during any Fiscal Year, Revenues and other funds are estimated to produce less than the amount required under paragraph (a) or (b) above, the City will revise its Airport rentals, fees and charges or alter its methods of operation or take other action in such manner as is necessary to produce the amount so required in such Fiscal Year.

d) Within 90 days after the end of each Fiscal Year, the City will furnish to the Trustee calculations of the coverage required under paragraphs (a) and (b) above certified by the City Comptroller.

e) If either calculation specified in paragraph (d) above for any Fiscal Year indicates that the City has not satisfied its obligations under paragraph (a) or (b) above, then as soon as practicable, but in any event no later than 45 days after the receipt by the Trustee of such calculation, the City will employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of the Airport and to submit lo the City, within 45 days after employment of the Independent

Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of its Airport rentals, fees and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Within 60 days following its receipt of the recommendations the City will, after giving due consideration to the recommendations, revise its Airport rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the Independent Airport Consultant's recommendations so long as any revisions or alterations are projected by the City to result in compliance with paragraphs (a) and (b) above. The City will transmit copies of the Independent Airport Consultant's recommendations to the Trustee and to each Owner who has requested the same.

f) If at any time and as long as the City is in full compliance with the provisions of paragraphs (c), (d) and (e) above, there will be no Event of Default under the Senior Lien Master Indenture as a consequence of the City's failure to satisfy the covenants contained in paragraphs (a) or (b) above during such period.

g) If all or any portion of an Outstanding series of Senior Lien Obligations constitute Balloon Maturities, then for purposes of determining Annual Debt Service each maturity that constitutes a Balloon Maturity will, unless otherwise provided in the Supplemental Indenture pursuant to which such Senior Lien Obligations are authorized or unless paragraph (h) below then applies to such maturity, be treated as if it were amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which the indebtedness that includes such Balloon Maturity was originally issued and extending not later than 30 years from the date the indebtedness that includes such Balloon Maturity was originally issued; the interest rate used for such computation will be that rate quoted in the Bond Buyer 25 Revenue Bond 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 designated by an Authorized Officer, taking into consideration whether such Senior Lien Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

h) Any maturity of Senior Lien Obligations that constitutes a Balloon Maturity as described in paragraph (g) above, and for which the stated maturity date occurs within 12 months from the date such calculation of Annual Senior Lien Debt Service is made, will be assumed to become due and payable on the stated maturity date, and paragraph (g) above will not apply thereto, unless there is delivered to the entity making the calculation of Annual Senior Lien Debt Service a Certificate of the City stating (i) that the City intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that the debt capacity of the Airport is sufficient to successfully complete such refinancing; upon the receipt of such Certificate, such Balloon Maturity 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 Annual Debt Service; provided that such assumption will not result in an interest rate lower than that which would be assumed under paragraph (g) above and will be amortized over a term of not more than 30 years from the expected date of refinancing.

12. COVENANT AGAINST PLEDGE OE REVENUES

The City covenants not to issue any bonds, notes or other evidences of indebtedness secured by the pledge contained in the

Senior Lien Master Indenture, other than Senior Lien Obligations, and covenants not to create or cause to be created any lien or charge on Revenues, or on any amounts pledged for the benefit of Owners of Senior Lien Obligations under the Senior Lien Master Indenture, other than the pledge contained in the Senior Lien Master Indenture; provided, however, that the Senior Lien Master Indenture does not prevent the City (a) from issuing bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after the date of the pledge contained in the Senior Lien Master Indenture is discharged and satisfied as provided therein, or (b) from issuing bonds, notes or other evidences of indebtedness (including bonds, notes or other evidences of indebtedness evidencing loans made by the City to the Airport) which are payable out of, or secured by, the pledge of amounts which may be withdrawn from the Junior Lien Obligation Debt Service Fund so long as the pledge is expressly junior and subordinate to the pledge contained in the Senior Lien Master Indenture, including, but not limited to, CP Notes without limit as to nature or amount, pursuant to one or more CP Indentures.

13. Insurance

The City shall maintain, or cause to be maintained, insurance with respect to the Airport (except the Land Support Area) against such casualties and contingencies and in amounts not less than is reasonably prudent. Such policies of insurance shall name the City and the Trustee as co-insureds as their interests may appear. Without limiting the foregoing, the City shall maintain, or cause to be maintained, the following insurance with respect to the Airport (except the Land Support Area):

a) Insurance against loss or damage under a policy or policies covering such risks as are ordinarily insured against by reasonably prudent operators of airports, including without limiting the generality of the foregoing, fire, lightning, windstorm, hail, floods, explosion, riot, riot attending a strike, civil commotion, damage from aircraft smoke and uniform standard extended coverage with vandalism and malicious mischief endorsements, and all-risk coverage, limited only as may be provided in the standard form, if any, of such endorsements at the time in use in the State of Illinois. Such insurance shall be maintained in an amount not less than the full insurable replacement value of the insured premises. No policy of insurance shall be written such that the proceeds thereof will produce less, by reason of coinsurance provisions or otherwise, than the full insurable replacement value of the insured premises. Full insurable replacement value of any insured premises shall be deemed to equal the actual replacement cost of the premises, and shall be determined from time to time, but not less frequently than once every three years, by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case, selected by the City. In the event that such determination of full insurance replacement value indicates that any premises in the Airport (other than the Land Support Area) are underinsured, the City shall forthwith secure the necessary additional insurance coverage.

b) Comprehensive general public liability insurance including blanket contractual liability and personal injury liability (with employee exclusion deleted), and on-premises automobile insurance including owned, non-owned and hired automobiles used and operated by the City, protecting the City against liability for injuries to persons and property arising out of the existence or operation of the Airport (except the Land Support Area) in limits as follows: for personal injury and bodily injury, SI00,000,000

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for each occurrence and $100,000,000 annual aggregate; and for property damage, $100,000,000 for each occurrence and $ 100,000,000 annual aggregate.

c) Boiler or pressure vessel explosion insurance with coverage on a replacement cost basis as provided in subsection (a) above for property damage, but any such policy may have a deductible amount not exceeding $10,000. No such policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the first sentence of this subsection (c) by reason of coinsurance provisions or otherwise.

d) Each policy of insurance maintained by the City shall contain a waiver of subrogation on the part of the insurer in favor of the City and the Airline Parties.

e) If, at any time, the City is obligated under any agreement then in effect between the City and any Airline Party to provide, with respect to premises at the Airport, insurance of the nature and in not less than the amounts described herein, then these provisions shall be subject to the applicable provisions of such other agreement.

14. usf. of Insurance Proceeds

(a) If the Airport, or any portion thereof, shall be substantially damaged or destroyed by fire or other casualty, the City shall deposit with the Trustee the net proceeds of any insurance received with respect thereto, and the Trustee shall deposit such net proceeds in a special trust account or, in the case of damage to or destruction of any Airport Project then under construction, in the Airport Project Account relating to such Airport Project. Moneys on deposit in any such special trust account or Airport Project Account shall be disbursed in the same manner, and subject to the same conditions, as provided generally in Supplemental Indentures with respect to disbursements from the Airport Project Accounts, subject during the terms of the Airport Use Agreements to the following additional conditions:

i) If any Airline Party's Exclusive Use Premises or Airline's Aircraft Parking Area, as such terms are defined in the Airport Use Agreements, or any portion thereof, are damaged or destroyed by fire or other casualty, the City, after consultation with such Airline Party, shall, to the extent of proceeds of insurance received with respect to such premises, forthwith repair, reconstruct and restore (subject to unavoidable delays) the damaged or destroyed premises to (1) substantially the same condition, character and utility value (based upon the plans and specifications for such premises, subject to then-existing Airport building standards) as existed prior to the event causing such damage or destruction, or (2) such other condition, character and value as may be agreed upon by the City and such Airline Party.

ii) If any part of the Airport other than Exclusive Use Premises, Aircraft Parking Area and Land Support Area, as such terms are defined in the Airport Use Agreements, are damaged or destroyed by fire or other casualty, the City, after consultation with such Airline Party (or its authorized representative), shall, to the extent of proceeds of insurance received with respect to such premises, forthwith repair, reconstruct and restore (subject to unavoidable delays) the damaged or destroyed premises to (1) substantially the same condition, character and utility value (based upon the plans and specifications for such premises, subject to then-existing building standards) as existed prior to the event causing such damage or destruction, or (2) such other

condition, character and value as may be agreed upon by the City and the Airline Parties in accordance with the Airport Use Agreements.

(b) Any surplus insurance proceeds deposited in any such special trust account or Airport Project Account shall be transferred or withdrawn from such special trust account or Airport Project Account as specified by the City for any one or more of the following purposes: (i) to make transfers to one or more Airport Project Accounts to pay the costs of other Airport Projects, (ii) to make transfers into the Debt Service Fund, or (iii) to redeem Senior Lien Obligations or Junior Lien Obligations.

15. ANNUAL AUDIT

The City covenants that it will, within 210 days after the close of each Fiscal Year, furnish the Trustee with a copy of an annual audit report, prepared in accordance with generally accepted accounting principles and certified by an Independent Accountant, covering the operation of the Airport for the Fiscal Year. The audit must contain a calculation based on actual data enabling the Independent Accountant to certify that the coverage covenants described above have been satisfied with respect to that Fiscal Year.

16. Restrictions on Sale or Transfer of airport

(a) The sale, conveyance, mortgage, encumbrance or other disposition, directly or indirectly, of all or substantially all of the Airport or the transfer, directly or indirectly, of control, management or oversight, or any material aspect of control, management or oversight, of the Airport, whether of its properties, interests, operations, expenditures, revenues (including, without limit, Revenues or the proceeds of any passenger facility charge or similar charge) or otherwise (any of the foregoing being referred to for this purpose as a "transfer") will not occur unless and until all of the following conditions will have been met:

i) such transfer has been approved in writing by the Mayor of the City and by the City Council at a meeting duly called for such purpose;

ii) evidence has been obtained in writing confirming that such transfer does not adversely affect any rating on Senior Lien Obligations issued by any Rating Agency;

iii) a certificate has been received from an Independent Airport Consultant, certifying that, in each calendar year during the five-year period commencing after the calendar year in which such transfer occurs, Revenues together with any cash balance held in the Revenue Fund on the first day of such calendar year not then required to be deposited in any fund or account (or subaccount thereof) other than the Revenue Fund, and investment earnings for each such calendar year on moneys held in the funds and accounts held pursuant to the Senior Lien Master Indenture to the extent that such earnings are not required by the Senior Lien Master Indenture to be transferred to any Airport Project Account, will equal an amount not less than the amount required to satisfy the coverage covenants described under the caption "Coverage Covenants" above; provided, however, for purposes of the Certificate "one and fifty-hundredlhs times" will be substituted for "one and ten-hundredths times" in paragraph (a)(ii)(B) under said caption;

(iv) written consent to such transfer has been received from the Owners of all Airport Obligations then Outstanding;

(v) written consent to such transfer has been received from the Trustee;

vi) written consent to such transfer has been received from each bond insurer and each provider of any letter of credit or surety bond supporting Airport Obligations;

vii) written consent to such transfer has been received from the Chicago-Gary Authority pursuant to Section 10-20 of the Compact between the City and the City of Gary; and

viii) there has been deposited with the Trustee for the benefit of the Owners of all then outstanding Airport Obligations a letter of credit, surety bond or Qualified Investments in the full amount of the then outstanding Airport Obligations, such letter of credit or surety bond to have a credit rating of not less than either of the two highest rating categories by each Rating Agency; provided, however, that no revenues (including, without limit, Revenues or the proceeds of any passenger facility charge or similar charge) will be pledged, or in any way used, to secure any such letter of credit or surety bond.

(b) For purposes of paragraph (c) under the caption "Events of Default*' below, the performance of this covenant will be deemed to be material to the Owners of Senior Lien Obligations.

The City has proposed an amendment to the Senior Lien Indenture to remove the foregoing provisions. See "SECURITY FOR THE 2013 SENIOR LlEN BONDS-Proposed Amendment to Senior Lien Indenture."

17. additional Senior Lien bonds

Additional Senior Lien Bonds are authorized to be issued under the Senior Lien Indenture upon satisfaction of the conditions precedent in the Senior Lien Indenture which are described in the Official Statement under the caption "SECURITY FOR THE 2013 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds."

18. COMPLETION BONDS

Completion Bonds are authorized by the Senior Lien Master Indenture to be issued to finance the costs of one or more Airport Projects initially financed in whole or in part by Airport Obligations. In connection with the issuance of Completion Bonds, the City must deliver to the Trustee certificates stating, among other things, (i) that the additional cost of the Airport Projects being financed does not exceed 15 percent of their aggregate cost previously financed by Airport Obligations, (ii) that the revised aggregate cost of those Airport Projects cannot be paid with moneys available and (iii) that the issuance of Completion Bonds is necessary to provide funds to complete the Airport Projects.

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19. Refunding Bonds

Refunding Bonds are authorized by the Senior Lien Master Indenture to be issued for the purpose of the refunding of Airport Obligations. In connection with the issuance of Refunding Bonds under the Senior Lien Master Indenture, the City must deliver to the Trustee either any certificate described in the Official Statement under the caption "SECURITY FOR THE 2013 SENIOR LIEN BONDS-Issuance of Additional Senior Lien Bonds" or a Certificate of the City stating that, giving effect to the refunding, the issuance of the Refunding Bonds will result in (i) a net present value debt service savings to the City, or (ii) a reduction in annual debt service in each Bond Year that debt service is payable on the Airport Obligations to be refunded.

20. Management of Airport

The City covenants that in order to assure the efficient management and operation of the Airport and to assure the Owners of the Senior Lien Obligations that the Airport will be economically and efficiently operated on the basis of sound business principles, it will operate and maintain the Airport under the direction of the Commissioner of Aviation. The City will not take, or allow any other person to take, any action which would cause the Administrator of the FAA, Department of Transportation, or any successor to the powers and authority of the Administrator, to suspend or revoke the Airport's airport operating certificate issued under the Federal Aviation Act of 1958, or any successor statute. The City will comply with all valid acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to the Airport, unless the City contests them in good faith, all to the end that the Airport will remain operational at all times.

21. Operation and Maintenance of Airport

The City covenants that it will use its best efforts to see that the Airport is at all times operated and maintained in an efficient operating condition; and that repairs are made to the Airport as are necessary or appropriate in the prudent management of the Airport to ensure its economic and efficient operation at all times. The City covenants to cause all rentals, rates and other charges for the use and operation of the Airport and for certain services rendered by the City in the operation of the Airport to be collected when and as due and covenants to prescribe and enforce rules and regulations for their payment and for the consequences of their nonpayment. The City covenants, out of Revenues, from time to time, duly to pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon the Airport or upon any part of it, or upon the Revenues, when they become due, as well as any lawful claim for labor, materials, or supplies which, if unpaid, might by law become a lien or charge upon the Airport, or which might impair the security of the Senior Lien Obligations.

22. Maintenance of Powers

The City covenants that it will at all times use reasonable efforts to keep the Airport open for landings and takeoffs of aircraft of any type using facilities similar to those at the Airport and to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil

either the payment of the indebtedness evidenced by any of the Senior Lien Obligations or the performance or observance of any of the covenants contained in the Senior Lien Master Indenture.

23. AIRPORT BUDGET

The City must prepare before the beginning of each Fiscal Year an annual budget for the Airport setting forth for that Fiscal Year in reasonable detail, among other things, estimated Revenues and Operation and Maintenance Expenses. The budget must be prepared in accordance with applicable law and must be made available to the City Council in sufficient time for it to act thereon as required by law.

24. Leases and concessions

The City has the right for any term of years to let to any person, firm or corporation, or grant concessions or privileges in, any land of the Airport or any building or structure on the land for any purpose necessary or incidental to the operation of the Airport.

25. Special Facility Revenue Bonds

The City reserves the right to issue Special Facility Revenue Bonds, which must be revenue bonds payable solely from rentals or other amounts derived under and pursuant to a Special Facility Financing Arrangement, and may be issued by the City notwithstanding the limitations, restrictions and conditions contained in the Senior Lien Master Indenture relating to the issuance of Senior Lien Obligations.

26. Supplemental Indentures Effective Upon Execution by the Trustee

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, which, upon the filing with the Trustee of a copy of the ordinance certified by the City Clerk and the execution and delivery of the Supplemental Indenture by the City and the Trustee, is fully effective in accordance with its terms:

a) to close the Senior Lien Master Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Senior Lien Master Indenture on, the issuance or incurrence of Senior Lien Obligations or other evidences of indebtedness;

b) to add to the covenants and agreements of the City in the Senior Lien Master Indenture other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect;

c) to add to the limitations and restrictions in the Senior Lien Master Indenture other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect;

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d) to surrender any right, power or privilege reserved to or conferred upon the City by the terms of the Senior Lien Master Indenture, but only if the surrender of the right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the City contained in the Senior Lien Master Indenture;

e) to create a Series of Senior Lien Obligations and, in connection therewith, to specify and determine the matters and things referred to in the Senior Lien Master Indenture and also any other matters and things relative to the Senior Lien Obligations which are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time before the first issuance of the Senior Lien Obligations;

f) to confirm, as further assurance, the pledge under the Senior Lien Master Indenture, and the subjection of additional revenues, properties and collateral to any lien, claim or pledge created or to be created by the Senior Lien Master Indenture; and

g) to modify any of the provisions of the Senior Lien Master Indenture in any respect whatever, but only if (i) the modification is, and is expressed to be, effective only after all Senior Lien Obligations Outstanding at the date of the execution and delivery of the Supplemental Indenture cease to be Outstanding, and (ii) the Supplemental Indenture is specifically referred to in the text of all Senior Lien Obligations issued after the date of the execution and delivery of the Supplemental Indenture and of Senior Lien Obligations issued in exchange therefore or in place of it.

27. suppi.emf.ntai <http://suppi.emf.ntai>. indentures effective Upon Consent of trustee

(a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council which, upon (i) the filing with the Trustee of a copy of the ordinance certified by the City Clerk, (ii) the filing with the Trustee and the City of an instrument in writing made by the Trustee consenting thereto and (iii) the execution and delivery of the Supplemental Indenture by the City and the Trustee, is fully effective in accordance with its terms:

i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Senior Lien Master Indenture;

ii) to insert such provisions clarifying matters or questions arising under the Senior Lien Master Indenture as are necessary or desirable and are not contrary to or inconsistent with the Senior Lien Master Indenture as theretofore in effect; or

iii) to provide additional duties of the Trustee under the Senior Lien Master Indenture.

(b) Any Supplemental Indenture may also contain one or more of the purposes specified in the immediately preceding caption, and in that event, the consent of the Trustee under this caption is

applicable only to those provisions of the Supplemental Indenture as contain one or more of the purposes set forth in paragraph (a) under this caption.

28. Supplemental Indentures Effective With Consent of Owners of Senior Lien Obligations

At any time or from time to time, a Supplemental Indenture may be authorized by an ordinance adopted by the City Council, subject to consent by the Owners of Senior Lien Obligations in accordance with and subject to the amendment provisions of the Senior Lien Master Indenture, which Supplemental Indenture, upon the filing with the Trustee of a copy of the ordinance certified by the City Clerk, upon compliance with the provisions of the Senior Lien Master Indenture relating to amendments, and upon execution and delivery of the Supplemental Indenture by the City and the Trustee, becomes fully effective in accordance with its terms.

29. POWERS OF AMENDMENT

a) Subject to the provisions of paragraph (b) below, any modification or amendment of the Senior Lien Master Indenture or of any Supplemental Indenture, or of the rights and obligations of the City and of the Owners of the Senior Lien Obligations, in particular, may be made by a Supplemental Indenture, with the written consent given as described under the Senior Lien Master Indenture:

i) of the Owners of more than 50 percent in principal amount of the Senior Lien Obligations Outstanding at the time the consent is given;

ii) in case less than all of the several Series of then Outstanding Series of Senior Lien Obligations are affected by the modification or amendment, of the Owners of more than 50 percent in principal amount of the then Outstanding Senior Lien Obligations of each Series so affected; and

iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of more than 50 percent in principal amount of the then Outstanding Senior Lien Obligations of the particular Series and maturity entitled to the Sinking Fund Payment, but only if permitted under paragraph (b) below.

b) If the modification or amendment will, by its terms, not take effect so long as any Senior Lien Obligations of any specified like Series and maturity remain Outstanding, the consent of the Owners of those Senior Lien Obligations are not required and those Senior Lien Obligations are not deemed to be Outstanding for the purpose of any calculation of Outstanding Senior Lien Obligations under this caption. No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Lien Obligation (including any redemption as a result of Sinking Fund Payments) or of any installment of interest on it or a reduction in the principal amount or its Redemption Price or in the rate of interest on it without the consent of the Owner of the Senior Lien Obligation, or may reduce the percentages or otherwise affect the classes of Senior Lien Obligations the consent of the Owners of which is required to effect any such modification or amendment, or may change or modify any of the rights or obligations of any Fiduciary without its written assent to the change or modification. For the purposes of this caption, a Series is deemed to be affected by a modification or amendment of the Senior Lien Master Indenture if it adversely affects or diminishes the rights of the Owners of Senior Lien Obligations of the Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Senior Lien Obligations of any particular Series or maturity would be affected by any modification or amendment of the Senior Lien Master Indenture, and any such determination is binding and conclusive on the City and all Owners of Senior Lien Obligations.

(c) Any consent to the modification or amendment of the Senior Lien Master Indenture is binding upon the Owner of the Senior Lien Obligation giving the consent and upon any subsequent Owner of that Senior Lien Obligation and of any Senior Lien Obligation issued in exchange for it (whether or not the subsequent Owner of it has notice of the consent) unless the consent is revoked in writing by the Owner of the Senior Lien Obligation giving the consent or a subsequent Owner of it by filing the revocation with the Trustee, before the time when the written statement of the Trustee that the Owners of the required percentages of Senior Lien Obligations have consented to the modification or amendment is filed with the City.

30. RESIGNATION OF TRUSTEE

The Trustee may at any time resign and be discharged of the duties and obligations created by the Master Senior Lien Indenture by giving not less than 60 days' written notice to the City and mailing notice of the resignation, specifying the date when the resignation takes effect, to the Owners of the Senior Lien Obligations. The resignation may take effect only upon the appointment of a successor Trustee.

3 1. REMOVAL OF TRUSTEE

The Trustee must be removed by the City if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the City, and signed by the Owners of a majority in principal amount of the then Outstanding Senior Lien Obligations or their attorneys-in-fact duly authorized, excluding any Senior Lien Obligations held by or for the account of the City. The City may remove the Trustee at any time, except during the existence of an Event of Default, with or without cause in the sole discretion of the City by filing with the Trustee an instrument signed by an Authorized Officer.

32. appointment of Successor trustee

a) In case at any time the Trustee resigns or is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, is appointed, or if any public officer takes charge or control of the Trustee or of its property or affairs, the City covenants and agrees that it will thereupon appoint a successor Trustee. The City covenants, within 20 days after the appointment, to cause to be mailed notice of the appointment to the Owners of the Senior Lien Obligations.

b) If in a proper case no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Section within 45 days after the Trustee has given to the City written notice of its resignation or after a vacancy in the office of the Trustee has occurred by reason of its removal or

inability to act, the Trustee or the Owner of any Senior Lien Obligation may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after the notice, if any, as the court may deep proper and prescribe, appoint a successor

Trustee.

(c) Any Trustee appointed under the provisions of the Master Senior Lien Indenture in succession to the Trustee must be a bank, trust company or national banking association having the powers of a trust company doing business and having an office in Chicago, Illinois.

33. Events of Default

Each of the following events of default is declared an "Event of Default":

a) payment of the principal or Redemption Price, if any, of any Senior Lien Obligation is not made when and as it becomes due, whether at maturity or upon call for redemption or otherwise;

b) payment of any installment of interest on any Senior Lien Obligation is not made when it becomes due;

c) the City fails or refuses to comply with the provisions of the Senior Lien Master Indenture, or defaults in the performance or observance of any the covenants, agreements or conditions on its part contained in the Senior Lien Master Indenture or the Senior Lien Obligations, which materially affects the rights of the Owners of the Senior Lien Obligations and the failure, refusal or default continues for a period of 45 days after written notice of it by the Trustee or the Owners of not less than 25 percent in principal amount of the Outstanding Senior Lien Obligations; provided, however, that in the case of any such default which can be cured by due diligence but which cannot be cured within the 45-day period, the time to cure is extended for such period as may be necessary to remedy the default with all due diligence: or

d) an event of default occurs and is continuing under the provisions of any Supplemental Indenture.

34. REMEDIES

(a) Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) of the immediately preceding caption, the Trustee must proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c) or (d) of the immediately preceding caption, the Trustee may proceed, and upon the written request of the Owners of not less than 25 percent in principal amount of the Outstanding Senior Lien Obligations, must proceed, in its own name, subject to the provisions of the Senior Lien Master Indenture, to protect and enforce its rights and the rights of the Owners of the Senior Lien Obligations by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures with respect to a particular Series as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the Senior Lien Obligations, including the right to require the City to

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receive and collect Revenues adequate to carry out the covenants and agreements as to those Revenues and the pledge contained in the Senior Lien Master Indenture, and to require the City to carry out any other covenant or agreement with the Owners of the Senior Lien Obligations and to perform its duties under the Senior Lien Master Indenture;

ii) by bringing suit upon the Senior Lien Obligations;

iii) by action or suit in equity, require the City to account as if it were the trustee of any express trust for the Owners of the Senior Lien Obligations; 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 Owners of the Senior Lien Obligations.

(b) In the enforcement of any rights and remedies under the Senior Lien Master Indenture, the Trustee is entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the City, but only out of moneys pledged as security for the Senior Lien Obligations for principal, Redemption Price, interest or otherwise, under any provision of the Senior Lien Master Indenture or any Supplemental Indenture or of the Senior Lien Obligations, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Senior Lien Obligations, together with any and all costs and expenses of collection and of all proceedings under the Senior Lien Master Indenture and under the Senior Lien Obligations without prejudice to any other right or remedy of the Trustee or of the Owners of the Senior Lien Obligations, and to recover and enforce a judgment or decree against the City for any portion of the amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under the Senior Lien Master Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

35. Direction oe Proceedings by Owners oe Senior Lien Obligations

Anything in the Master Senior Lien Indenture to the contrary notwithstanding but subject to the limitations set forth therein, the Owners of the majority in principal amount of the Senior Lien Obligations then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Master Senior Lien Indenture, but the direction must not be otherwise than in accordance with law or the provisions of the Master Senior Lien Indenture, and the Trustee has the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners of the Senior Lien Obligations not parties to the Direction.

36. DEFEASANCE

(a) If the City pays or causes to be paid to the Owners of all Senior Lien Obligations the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated in them, in the Senior Lien Master Indenture and the Supplemental Indentures and instruments creating Senior Lien Obligations, then the pledge contained in the Senior Lien Master Indenture and all other rights granted thereby are discharged and satisfied. In that event, the Trustee must, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence the

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discharge and satisfaction and the Fiduciaries must pay over or deliver to the City all Accounts, Funds and other moneys or securities held by them pursuant to the Senior Lien Master Indenture and the Supplemental Indentures which are not required for payment or redemption of Senior Lien Obligations not theretofore surrendered for payment or redemption.

b) Senior Lien Obligations or interest installments for the payment or redemption of which funds have been set aside and held in trust by Fiduciaries (through deposit by the City of moneys for the payment or redemption or otherwise) are, at the maturity or upon the date upon which the Senior Lien Obligations have been duly called for their redemption, deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this caption. Senior Lien Obligations are, before their maturity or redemption date, deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this caption if (i) in case any of the Senior Lien Obligations are to be redeemed on any date before their maturity, the City has taken all action necessary to call the Senior Lien Obligations for redemption and notice of the redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, (ii) there have been deposited with the Trustee for that purpose either moneys in an amount which is sufficient, or Federal Obligations the principal of and the interest on which when due (without reinvestment) will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, are sufficient, to pay when due the principal or Redemption Price, if any, and interest due and to become due on the Senior Lien Obligations on and before their redemption date or maturity date, as the case may be, and (iii) if the Senior Lien Obligations are not by their terms subject to redemption within the next succeeding 45 days, the City has given the Trustee, in form satisfactory to it, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of the Senior Lien Obligations that the deposit required by clause (i) above has been made with the Trustee and that the Senior Lien Obligations are deemed to have been paid in accordance with the Senior Lien Master Indenture, and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of, and accrued interest on, the Senior Lien Obligations.

Neither the Federal Obligations or moneys deposited with the Trustee pursuant to the Senior Lien Master Indenture nor principal or interest payments on any such Federal Obligations may be withdrawn or used for any purpose other than, and must be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on the Senior Lien Obligations; but any cash received from the principal or interest payments on the Federal Obligations deposited with the Trustee, if not then needed for the purpose, must, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, of, and interest due and to become due on, the Senior Lien Obligations on and before their redemption date or maturity date, as the case may be, and interest earned from those reinvestments must be paid over to the City, as received by the Trustee, free and clear of any trust, assignment, lien or pledge.

c) No defeasance of a Senior Lien Obligation that is to be paid more than 45 days after the date of the deposit referred to in paragraph (b) (ii) above will be effective until the Trustee has received a verification report signed by an Independent Accountant that the Federal Obligations and moneys to be deposited for such purpose are sufficient to pay the principal and Redemption Price of, and interest on, all bonds with respect to which provision for payment is to be made as described under this caption by virtue of the deposit of such Federal Obligations and moneys.

37. Rights of the Bond insurer

The issuer of a municipal bond insurance policy with respect to any Senior Lien Obligations is deemed to be the sole Owner of the Senior Lien Obligations for purposes of approving amendments to the Senior Lien Master Indenture (other than certain amendments that require the consent of each affected Owner or the consent of the Trustee), exercising remedies upon the occurrence of a default under the Senior Lien Master Indenture, providing specific approvals, consents or waivers or instruments of similar purpose, and to the extent the bond insurer is deemed to be the sole Owner for such purposes, the rights of the Owners of the Senior Lien Obligations will be abrogated.

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appendix c

Summary of Certain provisions of the airport Use Agreements
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Appendix C

Summary of Certain Provisions of the Airport Use Agreements

The following is a summary of certain provisions of the Airport Use Agreements, to which reference is made for a complete statement of their provisions and contents. Certain words and terms used in this summary are defined in the Airport Use Agreements and have the same meanings in this summary, except as defined otherwise in this Official Statement. The Airport Use Agreements signed by the Airline Parties are substantially similar except for provisions relating to different exclusive use premises for each Airline Party and the termination or extension of certain other agreements of each Airline Party relating to O'Hare.

TERM

The Airport Use Agreements became effective in 1983 (or upon their execution if later), were amended and restated in 1985, were amended again in 1996 and 2005, and expire in 2018.

COST-REVENUE CENTERS

The Airport Use Agreements group areas in O'Hare for various accounting purposes into six Cost-Revenue Centers. These are the Terminal Area, the Airfield Area, the International Terminal Area, the Terminal Support Area, the Fueling System and the Land Support Area (see "Land Support Area" below for a separate discussion). The purpose of the Cost-Revenue Centers is to allow for the calculation of Airport Fees and Charges in a manner that allocates such fees and charges among the Airline Parties (and, in the case of the Airfield Area, among non-Airline Parties as well) based on their usage of O'Hare. Accordingly, each of the Cost-Revenue Centers (except the Land Support Area) has allocated to it Revenues, Operation and Maintenance Expenses, Debt Service and certain fund deposit requirements. Net deficits (that is, generally, the excess of Operation and Maintenance Expenses, Debt Service and fund deposits over Revenues) generated in any Fiscal Year in the Terminal Area and the Airfield Area Cost-Revenue Centers are paid by the Airline Parties in the form of Terminal Area Use Charges and Landing Fees, respectively. The net cost of the Fueling System Cost -Revenue Center is paid in the form of a separate Fueling System Fee. The Terminal Support Area and International Terminal Area Cost-Revenue Centers do not have specific fees or charges associated with them under the Airport Use Agreements. Instead, the net deficit (or net revenue) of each is calculated and then treated as a cost (or revenue) of the Terminal Area or the Airfield Area. It is not anticipated, however, that there will be a net deficit of the International Terminal Area under the Airport Use Agreements, because the net cost of the International Terminal Area is paid through fees and charges charged to the airlines that are signatories to the separate International Terminal Use Agreements.

Land Support Area

The Land Support Area is a geographic portion of O'Hare that presently consists of vacant land, certain air rights and facilities, such as air cargo (including mail), freight forwarding, aircraft maintenance, flight kitchens and fuel storage, and a site at O'Hare formerly occupied by the U.S. Military. The expenses of the Land Support Area are not included in the calculation of Airport Fees and Charges. Similarly, with certain exceptions, the income generated from facilities in the Land Support Area is not considered Revenues, and is not pledged as security for the payment of the Airport Obligations. There is currently no Debt Service allocated to the Land Support Area. One-half of the net revenues of the Land Support Area (excluding certain items) are deposited in the Revenue Fund for subsequent deposit in the Airport Development Fund described below under the subcaption "Special Funds." In addition, any net revenues of the Land Support Area allocable to any car or vehicle rental

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concessions and Airport passenger public parking facilities located in the future on the former military site are to be deposited in the Revenue Fund and credited against Airport Fees and Charges.

Rentals, Fees and Charges

The Airport Use Agreements establish a $5 per square foot Terminal Area Rental for premises leased to Airline Parties for their exclusive occupancy. Terminal Area Use Charges for such premises also are calculated on a square footage basis. Terminal Area Use Charges are based upon an allocation of all net costs attributable to the Terminal Area among Airline Parties leasing exclusive use premises in the Terminal Area.

The net costs of the Fueling System Cost-Revenue Center are allocated among Airline Parties on the basis of fuel gallonage. Each Airline Party pays Fueling System Fees on the basis of a formula which reflects the ratio of its total gallonage to the total gallonage of all Airline Parties.

Landing Fees are calculated by first determining the Net Cost of the Airfield Area, which consists of portions of the following allocable to the Airfield Area: the sum of Operation and Maintenance Expenses, Net Debt Service, fund deposit requirements, and net deficit of the International Terminal Area, less the sum of Non-Use Agreement Revenues (exclusive of landing fees payable by persons other than Airline Parties) and net revenues of the International Terminal Area. Beginning in rates and charges year 2006, the Net Cost of the Airfield Area is allocated among Airline Parties and users of the Airfield Area that are not Airline Parties on the basis of the relative use of the Airfield Area by such persons. Such allocation of the Net Cost of the Airfield Area shall be based on the respective approved maximum landed weight of aircraft of Airline Parties landed during such Fiscal Year and the approved maximum landed weight of all aircraft of other users during such Fiscal Year, provided that for purposes of such allocation, the landed weight of certain classes of users of the Airfield Area may be increased by certain premium factors determined by the Commissioner of Aviation from time to time. To the extent in any Fiscal Year Landing Fees collected from users of the Airfield Area other than Airline Parties are in excess of the Net Cost of the Airfield Area allocated to such users for that Fiscal Year, such excess shall be applied in future years in a manner that does not, directly or indirectly, benefit any Airline Party.

General Commitment to Pay Airport Fees and Charges

The Airport Use Agreements provide that the aggregate of all rentals, fees and charges to be paid under all Airport Use

Agreements by all Airline Parties shall be sufficient to pay for the net cost of operating, maintaining and developing O'Hare (excluding the Land Support Area), including the satisfaction of all of the City's obligations to make deposits and payments under any ordinance or resolution authorizing Airport Obligations. Airport Fees and Charges not paid by a defaulting Airline Party, after appropriate collection efforts by the City and after exhaustion of certain funds available for that purpose, among others, are to be paid by all other Airline Parties as part of their Landing Fees as a result of the inclusion of such unpaid fees and charges in Operation and Maintenance Expenses of the Airfield Area.

billing of airport fees and Charges

Not later than 30 days prior to the end of each Fiscal Year, the City furnishes the Airline Parties a projection of the Landing Fee Rate and Terminal Area Use Charges for the next Fiscal Year ("Projection of Fees and Charges"). The Landing Fees, Terminal Area Use Charges and Fueling System Fees for the next Fiscal Year are computed on the basis of the Projection of Fees and Charges, and Terminal Area Rentals are based on leased exclusive use premises. Not later than the 10th day of each month the City bills each Airline Party for the amount of its allocable share of Terminal Area Rentals and Use Charges

for the next month. The amount so billed is equal to 1/12th of each Airline Party's share of such rentals and charges for the Fiscal Year and is due on the first day of such next month. During each month the City also bills each Airline Party for Landing Fees payable for the preceding month; such Landing Fees are due within 30 days after the date of billing.

The Projection of Fees and Charges is adjusted at mid-year and Landing Fees, Terminal Area Use Charges and Fueling System Fees then may be adjusted accordingly. Within six months after the close of each Fiscal Year, a final audit is required to be prepared showing actual Landing Fees, Terminal Area Use Charges and Fueling System Fees for such Fiscal Year. Each Airline Party is entitled to a credit against subsequent billings (and in certain instances cash payments) for amounts paid in excess of the audited actual fees and charges, and is obligated to pay any deficiency along with its next monthly payment.

Capital Projects

The Airport Use Agreements contain as exhibits thereto descriptions of certain Capital Projects approved by the Airline Parties. The City was authorized in the Airport Use Agreements to issue Airport Obligations and include the Debt Service thereon in the calculation of Airport Fees and Charges without further consent or approval of the Airline Parties for all such Capital Projects, and also to (a) fund the cost of designing, constructing and equipping Capital Projects necessary to comply with any valid rule, regulation or order of any federal or state agency; (b) fund the cost of certain tenant improvements and certain relocation expenses; (c) fund insurance or condemnation award deficiencies; (d) refund or refinance Special Facility Revenue Bonds by agreement with Airline Parties; and (e) fund program and construction management costs and expenses relating to the implementation of the Airport Use Agreements. In addition, the City is authorized to issue Airport Obligations and include the Debt Service thereon in the calculation of Airport Fees and Charges to finance the cost of any Capital Projects approved by a Majority-in-Interest of the Airline Parties.

The foregoing notwithstanding, the Airport Use Agreements set forth a number of restrictions and limitations applicable to Airport Obligations issued by the City, any or all of which may be waived by a Majority-in-Interest.

Special Funds

An Airport Development Fund and an Emergency Reserve Fund were created under the Airport Use Agreements. The Airport Development Fund is funded partially out of Airport Fees and Charges and partially from Net Revenues of the Land Support Area deposited therein, as described above. The Emergency Reserve Fund is no longer being funded from any source. Moneys in the Airport Development Fund may be used for any lawful purpose without approval by the Airline Parties. Amounts remaining, if any, in the Emergency Reserve Fund may be used to pay certain uninsured awards, judgments or settlements. Neither the Airport Development Fund nor the Emergency Reserve Fund is pledged to secure Airport Obligations.

Grant oe Righ ts; Obliga tions oe City and airline parties

Each Airline Party is granted the right to conduct an Air Transportation Business at O'Hare. and to perform all operations and functions incidental, necessary or proper thereto. The City has agreed not to make any payments out of the Airport Development Fund for any improvements which would have the effect of granting, or otherwise grant, any airline in competition with any Airline Party any rights or privileges at O'Hare of a character or on a basis more favorable to such person than those granted or available to an Airline Party, the effect of which is to place an Airline Party at a competitive disadvantage.

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Each of the Airline Parties and the City has certain specified obligations with respect to the maintenance and operation of O'Hare. The City also has certain specified insurance obligations with respect to O'Hare.

If any Airline Party is obligated to pay debt service on any Special Facility Revenue Bonds, the Airline Party's continued right to use and occupy its exclusive use premises is conditioned on the performance and observance by the Airline Party of its covenants and agreements in the special facility agreement related to such Special Facility Revenue Bonds, including, but not limited to, its obligation to pay debt service.

Sublease and assignment

All subleases and assignments of exclusive use premises must be approved by the City. No sublease or assignment relieves an Airline Party from primary liability for the payment of Terminal Area Use Charges or Terminal Area Rentals.

NO ABATEMENT OR SUSPENSION OE PAYMENT

The Airport Use Agreements provide that the Airline Parties shall not abate, suspend, postpone, set-off or discontinue any payments of Airport Fees and Charges which they are obligated to pay thereunder.

Default

Events of Default are defined to be (a) the failure of an Airline Party to pay any landing fees, rentals or use charges when due, (b) the dissolution or liquidation of an Airline Party, (c) the insolvency or bankruptcy of an Airline Party, (d) the abandonment by an Airline Party of its air transportation business at O'Hare, or (e) the failure by an Airline Party to perform any covenant or condition in the Airport Use Agreements upon 30 days' notice to the Airline Party of such failure. Upon default, the City may terminate an Airport Use Agreement, may exclude an Airline from possession of exclusive use premises without termination and may take such other action which it deems appropriate.

Termination

The City may terminate an Airline Party's Airport Use Agreement upon the happening of certain Events of Default, as described therein. So long as any Airport Obligations are outstanding, the Airline Parties have no express rights to terminate the Airport Use Agreements, but if the City fails to perform its obligations, the Airline Parties may seek judicial relief.

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appendix d Audited Financial Statements

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City of Chicago, Illinois Chicago O'Hare International Airport

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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Deloitte

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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Emphasis-of-Matter

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

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the O'Hare's basic financial statements. The additional supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.
June 29, 2013 Chicaso, IL

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Dollars in thousands)

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

FINANCIAL HIGHLIGHTS

2012

- Operating revenues for 2012 increased by $23,162 (3.4%) compared to prior-year operating revenues.
- Operating expenses before depreciation, amortization, and capital asset impairment increased by $19,129 (4.4%) compared to 2011 primarily due to increased salaries and wages, repairs and maintenance, professional and engineering services and other operating expenses.
- The Airport's total net position at December 31, 2012 was $1,409,099. This is an increase of $16,553 (1.2%) over total net position at December 31, 2011.
- Capital asset additions for 2012 were $476,527 principally due to land acquisition, building improvements, and runway and taxiway improvements and general parking enhancements.

2011

- Operating revenues for 2011 decreased by $23,201 (3.3%) compared to prior-year operating revenues.
- Operating expenses before depreciation and amortization increased by $20,422 (5.0%) compared to 2010 primarily due to increased repairs and maintenance, professional and engineering services and other operating expenses.
- The Airport's total net position at December 31, 2011 was $1,392,546. This is a decrease of $5,191 (0.4%) over total net position at December 31, 2010.
- Capital asset additions for 2011 were $393,968 principally due to land acquisition, building improvements, and runway and taxiway improvements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Airport's basic financial statements. The Airport is included in the City's reporting entity as an enterprise fund. The Airport's basic financial statements comprise the basic financial statements and the notes to basic financial statements. In addition to the basic financial statements, this report also presents additional and statistical information after the notes to basic financial statements.

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

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

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

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

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

FINANCIAL ANALYSIS

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

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

	Net Position		
	2012	2011	2010
Current unrestricted assets	$ 231,055	$ 310,570	$ 336,992

Restricted and other assets	2,488,167	2,911,681	2,130.177
Capital assets - net	6.524.929	6,258,592	6,075,549
Total assets	$9,244,151	$9,480,843	$8,542,718
Current liabilities	$ 199,546	$ 272,369	$ 232,262
Liabilities payable from restricted assets and noncurrent liabilities	7,635,506	7,815,928	6,912,719
Total liabilities	$7,835,052	$8,088,297	$7,144,981
Net Position:			
Net investment in capital assets	$ 651,476	$ 713,876	$ 704,324
Restricted	726,112	640,469	588,683
Unrestricted	31,511	38,201	104,730
Total net position	$1,409.099	$1,392,546	$1,397.737

2012

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

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

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

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2011

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

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

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

Operating revenues: Landing fees and terminal charges Rents, concessions, and other

Total operating revenues

Operating expenses: Salaries and wages Repairs and maintenance Professional and engineering Other operating expenses Depreciation and amortization Capital asset impairment

Total operating expenses

Operating income

Nonoperating revenues Nonoperating expenses Special item Capital grants

Changes in Net Position

2011

$417,552 261.850

679,402

154,974 94,519 65,382 1 16.175 178,449

609,499 69.903

199.807 (280,732) (53,910) 59.741

$ 16,553 $ (5,191) $ 84,395

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2012

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

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

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

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

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

2011

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

Salaries and wages increased $7,537 (5.1%) in 2011 compared to 2010. Salaries and wages includes a retroactive pay adjustment. Repairs and maintenance expenses increased by $8,056 (9.3%).This increase was mainly due to an increase in costs associated with snow removal. Professional and engineering costs increased by approximately $7,401. This increase was mainly due to costs associated with security and consultant contractors. Other operating expenses increased by $2,572 (2.2%) compared to 2010. Other operating expenses are mainly comprised of employee benefit costs, insurance premiums, indirect costs.

materials and supplies and utilities. Depreciation and amortization expense decreased $6,630 (3.6%) as a result of the increased capital assets due to the activities of the ongoing Capital Improvement Program and the OMP at the Airport and the reduction of the carrying value of certain properties and facilities.

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

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

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

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

Cash Flows

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

2012

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

2011

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

CAPITAL ASSET AND DEBT ADMINISTRATION

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

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

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

Capital Assets at Year-End

2012 **2011 2010**

Capital assets not depreciated:			
Land	$ 893,588	$ 884,939	$ 738,472
Construction in progress	l,183,153	1,030,110	1,264,280
Total capital assets not depreciated	2,076,741	1,915,049	2,002.752
Capital assets depreciated:			
Buildings and other facilities	7,014,287	6,769,384	6,389,283
Less accumulated depreciation for: Buildings and other facilities	(2,566,099)	(2,425,841)	(2,316,486)
Total capital assets depreciated - net	4,448,188	4,343,543	4,072,797
Total property and facilities -net	$ 6,524,929	$ 6,258,592	$ 6,075.549

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

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

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

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

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

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

The Airport's outstanding debt at December 31, 2012, 201J, and 2010 is summarized as follows (dollars in thousands):

Revenue bonds and notes payable
Unamortized: Bond premium (discount) Deferred loss on refunding

2011

$7,400,430

92,249 (33,222)

Outstanding Debt at Year-End

2010

$6,570,520

86,856 (39,155)

Total outstanding debt ■ Commercial paper Current portion

7,227,964 50,616 (111,085)

7,459,457 19,919 (140,620)

6,618,221 (107,295)

$7,167,495 $7,338,756 $6,510,926

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

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

Moody's Investor Services

Standard & Poor's

Fitch Ratings

Senior Lien General Airport Revenue Bonds Passenger Facility Charge Revenue Bonds
A2 A2
A-A-
A-A

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

ECONOMIC FACTORS AND NEXT YEAR RATES AND CHARGES

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

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

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

REQUESTS FOR INFORMATION

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Dollars in thousands)

2012

OPERATING REVENUES: Landing fees and terminal area use charges (Note I) Rents, concessions, and other (Note 6)

Total operating revenues

OPERATING EXPENSES (Notes 7 and 8): Salaries and wages Repairs and maintenance Professional and engineering services Other operating expenses

Total operating expenses before depreciation, amortization and capital asset impairment

Depreciation and amortization Capital asset impairment

Total operating expenses

OPERATING INCOME

NONOPERATING REVENUES (EXPENSES): Passenger facility charge revenue Customer facility charge revenue Passenger facility charge expenses Other nonoperating revenue Interest income (Note 4) Interest expense (Note 4)

Total nonoperating revenues (expenses)

SPECIAL ITEM (Note 5)

(LOSS) BEFORE CAPITAL CONTRIBUTIONS

CAPITAL GRANTS (Note I)

CHANGE IN NET POSITION

TOTAL NET POSITION - Beginning of year

TOTAL NET POSITION - End of year

S 436,909 265.655

702,564

163,542 88,784 74,307
123,546

450,179

216,762 21,601

688,542

14,022

126,63 I 34,069 (6,150) 19,565 21,612 (266,734)

(71,007)

(56,985) 73,538 16,553 1,392,546 $ 1.409,099

$ 417,552 261,850

679,402

154.974 94,519 65,382
116,175

431,050 178,449

, ,

609,499 69,903

125,184 32,916

(10,950) 15,701 26,006 (269.782)

(80,925)

(53,910.)

(64,932)

59,741

(5,191) 1,397,737 $ 1,392,546

See notes to basic financial statements.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

2012

CASH FLOWS FROM OPERATING ACTIVITIES: Landing fees and terminal area use charges Rents, concessions, and other Payments to vendors Payments to employees Transactions with other City funds - net

Cash flows provided by operating activities

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: Proceeds from issuance of bonds Proceeds from federal government Net proceeds from (payments of) commercial paper notes Payment to refund bonds Acquisition and construction of capital assets Capital grants Bond issuance costs Principal paid on bonds Interest paid on bonds and note Noise mitigation program Other nonoperating income Customer facility charge revenue Passenger facility charge revenue and other receipts Passenger facility charge expenses

Cash flows provided (used in) by capital and related financing activities

CASH FLOWS FROM INVESTING ACTIVITIES: Sales (purchases) investments - net Investment interest

Cash Hows (used in) provided by investing activities

NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS - Beginning of year

CASH AND CASH EQUIVALENTS - End of year

360,027 261,414 (224,786) (143,905) (58,987)

193,763

472,189 257,007 (248.815) (142,451) (61,650)

1,046,008

19,919 (108,800) (298,769) 49,511 (6,071) (107,295) (319,272) (10,129) 15,701 32,916 105,643 (10,950)

276,280

1,297,202 28,500 30,697 (1,372,342)

(366,583) 71,074 (6,981)
(140,620)

408,412

(896,173) 23,750

(872,423)

(187,731)

1,013,798

(381,764) (32,385) 19,565 34,069 126.164 (6,150)

(699.554)

457,313 25,320

482,633

(23,158)

826,067

$ 802,909 $ 826,067

(Continued)

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	2012	2011
RECONCILIATION TO CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENTS OF NET ASSETS:		
Unrestricted	S 38,226	$ 69,207
Restricted	764,683	756,860
TOTAL	$ 802,909	$ 826,067
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 14.022	$ 69,903
Adjustments to reconcile:		
Depreciation, amortization, and impairment	238,363	178,449
Provision for doubtful accounts	14,980	3,094
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,716)	1,230
Increase in due from other City funds	(3,275)	(4,249)
Decrease (increase) in prepaid expenses	1,783	(7,171)
(Decrease) increase in accounts payable	10,699	(14,278)
Increase in due to other City funds	(1,684)	738
(Decrease) increase in prepaid terminal rent	(2,088)	(5,317)

(Decrease) increase in billings over amounts billed	(79,750)	58,965
Decrease (increase) in amounts to be blled	6,429	(5,084)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 193,763	S 276,280

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

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

See notes to basic financial statements. (Concluded)

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses and required deposits for the year. Such incremental amounts due to airlines are included in billings over amounts earned.

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

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

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

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

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

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

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

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

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

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

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

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

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

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2. RESTRICTED AND UNRESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Investment Type

U.S. Treasuries U.S. agencies Commercial paper Corporate bonds Municipal bonds Certificates of deposits and other short term

Subtotal

Share of City's pooled funds

Total

Investment Maturities (in Years)

1-5

6-10

302,033 63,774

More Than 10

$

842,922

27,713 109,147

Less Than 1

$

75,401 85,531 9,497 6.976

715.583

$ 892.988 $ 979.782 $ 365,807 $

Fair Value

$

1,220,356 85,531 37,210 179,897

715,583 2,238,577

1,618 S 2.240,195

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

Investment Type

U.S. Treasuries U.S. agencies Commercial paper Corporate bonds Municipal bonds Certificates of deposits and other short term

Subtotal

Share of City's pooled funds

Total

Investment Maturities (in Years)

6-10

1-5

More Than 10

Less Than 1

109.864

,478,362

41,259 32,137

$ 95,178 82,523 168,613 4,401

16.038

669,559

$1,020,274 $ 1,551,758 $ 125,902 $

Fair Value

$ 95,178 1,670,749 168,613 45,660 48,175

669,559 2,697,934

1,799

$2,699,733

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

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

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

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

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

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

2012

Per Note 2: Investments - Airport Investments - City Treasurer Pooled Fund

$2,238,577 $2,697,934 1,618 1,799

$2,240,195 $2,699,733

Per financial statements: Restricted investments Unrestricted investments Investments included as cash and cash equivalents on the statements of net position

$1,354,091 72,758

813,346

$ 1,777,292 106,870

815,571

$2,240,195 $2,699,733

RESTRICTED ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

4. LONG-TERM DEBT

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

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

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

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

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

	2012	2011
First lien bonds - $324,270 I993 Series A first lien revenue refunding bonds issued November 30, 1993, due through 2016; interest rates at 4.8%-5.0%	$	$ 72,795
Second lien bonds: $50,000 Series 1984 B second lien bonds issued December 27, 1984, due through 2015 at variable floating interest rates (.13% at December 31, 2011)		13,650
$25,000 Series 1988 B second lien bonds issued December 21, 1988, due through 2018 at variable floating interest rates (.25% at December 31, 2011)		12,200
$68,700 1994 Scries B second lien revenue bonds issued October 12, 1994, due through 2018; variable floating interest rale (.15% at December 31, 2011)		32,500
$83,800 1994 Series C second lien revenue bonds issued November 9, 1994, due through 2018; variable floating interest rate (.12% at December 31, 2011)		39,800
$179,625 1996 Series A second lien revenue bonds issued October 31, 1996, due through 2018; interest rate at 4.7%-6.25%		20,930
5409,850 Series 1999 second lien revenue refunding bonds issued October 4. 1999, due through 2018; inlerest at 5.5%		250,250
Subtotal - second lien bonds		369.330

Senior lien bonds (formerly third lien):

Senior lien bonds (formerly third lien);

$490,515 Scries 2002 A third lien revenue refunding bonds		
issued March 20, 2002, due through 2032; interesfat 5.25%-5.75%		490.515
$248,910 Scries 2003 A-1 and A-2 third lien revenue refunding bonds		
issued August 14, 2003, due through 2034: interest at 4.50%-6.00%	248.910	248.910
$382,155 Scries 2003 B-1 and B-2 third lien revenue bonds		
issued August 21, 2003. due through 2034; interest at 5.25%-6.00%	382,155	382.155
$355,245 Series 2003 C-1 and C-2 third lien revenue refunding bonds		
issued August 21, 2003, due through 2034: interest at 5.25%	355,245	355,245
$149,330 Series 2003 D. E and F third lien revenue bonds		
issued December 2, 2003. due through 2034: interest at 2.l25%-5.5%	129,070	129.120
$281,055 Series 2004 A and B third lien revenue refunding bonds		
issued December 2, 2004, due through 2035; interest at 4.75%-5.0%	145.870	145,870
$39,700 Series 2004 C and D third lien revenue refunding bonds		
issued December 2, 2004. due through 2026; interest at 4.70%-5.25%	39.700	39,700
$64,290 Scries 2004 E, F. G, and H third lien revenue refunding bonds		
issued December 2, 2004, due through 2023; interest at 3.49%-5.35%	29,360	29.360

(Continued)

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2012

Senior lien bonds (formerly thrid lien): $961,010 Series 2005 A third lien revenue bonds issued December 22, 2005, due through 2033; interest at 5.0%-5.25%

$238,990 Scries 2005 B third lien revenue refunding bonds issued December 22, 2005. due through 2018; interest at 5.25%

$300,000 Series 2005 C and D third lien revenue bonds issued December 22, 2005, due through 2035; variable floating interest rate (. 13% and . 14% at December 31, 2012)

$112,630 Series 2006 A, B, and C third lien revenue refunding bonds issued December 13, 2006, due through 2037; interest at 4.55%-5.50%

$43,520 Series 2006 D third lien revenue bonds issued December 13, 2006, due through 2037; interest at 4.55%-5.00%

$530,170 Series 2008 A third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.5%-5.0%

$175,500 Series 2008 B third lien revenue bonds issued January 31, 2008, due through 2020; interest at 5.0%

S74.245 Series 2008 C and D third lien revenue bonds issued January 31, 2008, due through 2038; interest at 4.0%-4.67o

$91,590 Scries 2010 A third lien revenue bonds issued April 29, 2010, due through 2040; interest at 3.0%-5.0%

$669,590 Series 2010 B third lien revenue bonds issued April 29. 2010, due through 2040; interest at 6.145%-6.845%

$171,450 Series 2010 C third lien revenue bonds issued April 29. 2010, due through 2035: interest at 4.00%-5.25%

$55,850 Series 2010 D third lien revenue refunding bonds issued April 29, 2010. due through 2019; interest at 5.0()%-5.25%

$47,360 Series 2010 E third lien revenue refunding bonds issued April 29. 2010, due through 2016; interest at 1.75%-5.00%

$95,375 Series 2010 F third lien revenue refunding bonds issued April 29, 2010, due through 2040, interest at 4.257e-5.257o

$420.155 Series 2011 A third lien revenue bonds issued May 5. 2011. due through 2041: interest at 5.625%-5.750%

$295,920 Series 2011 B third lien revenue bonds issued May 5, 2011, due through 2041; interest at 3.00%-6.00%

$283,925 Scries 2011 C third lien revenue bonds issued May 5, 2011. due through 2041; interest at 5.50%-6.50%

$444,760 Series 2012 A senior lien revenue refunding bonds issued September 12, 2012. due through 2032; interest at l.0(.)%-5.()0%

$277,735 Series 2012 B senior lien revenue refunding bonds issued September 12. 2012, due through 2032; interest at 1.00%-5.00%

$6,400 Series 2012 C senior lien revenue refunding bonds issued September 12. 2012. due through 2015: interest at 3.0()%-4.00%

Subtotal - senior lien bonds

238,990

240,600 30,280 43,520 530,170 175,500 72.480 91,590 578,000 171,450 55,850 39,540 95,735 420.155

295,920 283,925

$ 961,010 $ 961,010

238,990

240,600 30,280 27,250 530,170 175,500 71,540 87,490 578.000 171,450 55.850 32.175 95,735

420,155 295.920 283,925 444,760 277.735 6.400

6.355.245 6,145.590

(Continued)

Passenger facility charge revenue bonds: $430,415 Series 2001 A and B Passenger Facility Charge Revenue Bonds issued June 19, 2001, due through 2032; interest at 4.0%-5.75%

5215,065 Series 2001 C and D Passenger Facility Charge Revenue Bonds issued August 21, 2001. due through 2032; interest at 3.4%-5.5%

5111,425 Series 2008 A Passenger Facility Charge Revenue Refunding Bonds issued January 31. 2008, due through 2016; interest at 4.0%-5.0%

524,965 Series 2010 A Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.0()%-5.25%

$51,305 Series 2010 B Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2040; interest at 5.00%-5.25%

548,495 Series 2010 C Passenger Facility Charge Revenue Bonds issued May 27, 2010, due through 2031; interest at 5.272%-6.395%

512,900 Series 2010 D Passenger Facility Charge Revenue Refunding Bonds issued May 27, 2010, due through 2019; interest at 2.0%-5.0%

$12,190 Series 2011 A Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2032; interest at 5.00%-5.625%

533,815 Series 2011 B Passenger Facility Charge Revenue Refunding Bonds issued May 5, 2011, due through 2033; interest at 5.0%-6.0%

$1 14,855 Series 2012 A Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012, due through"2032; interest at 3.0%-5.0%

$337,240 Series 2012 B Passenger Facility Charge Revenue Refunding Bonds issued September 12, 2012. due through 2032: interest at 2.5%-5.0%

Subtotal - passenger facility charge revenue bonds

Commercial Paper Nolcs: Series A,B,C,D,E,F (Taxable) Commercial Paper Notes outstanding at December 31, 2012, due through 2013; interest at. 18% to .23%

Total revenue bonds and notes

Unamortized premium
Unamortized deferred loss on bond refunding

Current portion

Total long-term revenue bonds payable

2011

$ 347,945 169,955 111,425 24,965 51,305 48,495 12,620 12,190 33.815

2012

91,215

24,965

51,305

48,495

12,620

12,190

33.815

114,855
812.715
19.919

7,420,349
92,249 (33,222)

7.479.376
(140.620)

337,240 726.700

50,616

7,132,561
200,381 (54.362)

7,278,580
(111,085)

$7,167,495 $7,338,756

(Concluded)

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

2012

Revenue bonds Unamortized
premium (discount) Deferred loss on refunding

Total revenue bonds

Commercial paper

Total long-term debt

2011

Revenue bonds Unamortized

premium (discount) Deferred loss on refunding

Total revenue bonds Commercial paper
92,249 (33,222)

7,459,457 19,919

Balance January 1

$6,570,520

86.856 (39,155)

6,618,221

(15,720) (28,646)

1,136,624 30,697

Additions

i 1,046,005

(24,145) (1.497)

1,020,363 19,919

Reductions

& (1,499,475)

123,852 7,506

(1,368,117)

Reductions

E> (216,095)

29.538 7,430

(179,127)

Balance Due within December 31 One Year

$7,081,945 $111,085

200,381 (54,362)
111,085

7,227,964 50.616

Balance Due within
December 31 One Year

$7,400,430 $140,620

92,249
(33.222)
140.620

, .

7,459,457 19,919

$6,618,221 $1,040,282 $ (179,127) $ 7,479,376 $ 140,620

Interest expense capitalized for 2012 and 2011 totaled S92.4 million and $90.2 million, respectively. Interest income capitalized for 2012 and 2011 totaled $8.4 million and $6.2 million, respectively. Interest expense includes amortization of the deferred loss on bond refunding for 2012 and 2011 of $7.5 million and $7.4 million, respectively, and amortization of $13.6 million of premium, net and $9.3 million of premium, net, respectively.

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

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

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

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

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

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

In September 2012, the Airport sold $114.9 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2012A (non-AMT) at a premium of $16.2 million. The bonds have interest rates ranging from 3.00% to 4.00%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2014 to January 1, 2032. Certain net proceeds of $ 130.5 million together with $4.0 million transferred from the debt service and debt service reserve accounts were used to fully defease Series 200IB PFC Bonds ($91.5million of principal and $1.4 million of interest) and Series 2001D PFC Bonds ($41.0 million of

principal and $.6 million of interest). Certain net proceeds of $.5 million were used to pay the cost of issuance of the bonds. The advance refunding resulted in a difference between the acquisition price and the net carrying amount of $2.9 million that will be charged to operations over 21 years using the straight-line method. The advance refunding decreased the Airport's total debt service payments by $30.8 million and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $22.5 million.

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

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

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

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

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

In May 2011, the Airport sold $33.8 million of Chicago O'Hare International Airport Passenger Facility Charge Revenue Refunding Bonds, Series 2011 B (AMT) at a premium of $1.4 million. The bonds have interest rates ranging from 5.0% to 6.0%. The bonds are not subject to mandatory sinking fund redemption prior to maturity and have maturity dates ranging from January 1, 2017 to January 1, 2033. Certain net proceeds of $32.3 million together with $6.8 million transferred from the debt service and the debt service reserve accounts were deposited in an escrow to defease a portion of the Series 2001 A PFC Bonds ($8.7 million of principal and $0.3 million of interest and redemption premium) and fully defease Series 2001 E PFC Bonds ($29.1 million of principal and $1.0 million of interest and redemption premium); certain net proceeds of $ 2.7 million were used to fund the debt service reserve requirement and certain of net proceeds of $0.2 million were used to pay the cost of the issuance of the bonds. The advance refunding of the Series 2001A PFC Bonds and the Series 200IE PFC Bonds resulted in a difference between the acquisition price and the net carrying amount of $0.2 million and $0.7 million that will be charged to operations over 22 years and 8 years using the straight-line method, respectively.

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

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

Years Ending December 31	Principal	Interest	Total
2013	$ 84,475	$ 316,578	$ 401,053
2014	124,230	318.594	442,824
2015	154,570	311,860	466,430
2016	154,835	304,288	459,123
2017	208,640	295,206	503,845
2018-2022	1,131,885	1.298,214	2.430,100
2023-2027	1,023,020	1.033,980	2,057,000
2028-2032	1.299,685	735.093	2,034,778
2033-2037	1,483,385	377.664	1.861.049
2038-2041	690,520	70,458	760.978
			$ 11.417.180

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

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

Years Ending December 31	Principal	Interest	Total
2013	$ 26,610	$ 30,893	$ 57,503
2014	36,31033,66169,971		
2015	32,53532,19964,734		
2016	35,61530,52866,143		
2017	36,99528,50565,500		
2017	2018-2022138,540119,747258,287		
2017	2023-2027162,30584,769247,074		
2017	2028-2032209,11539,106248,221		
2017	2033-203729,5058,30837.813		
2017	2038-204019,1701,46920,639		
Total	$726,700	$409,185	$1,135,885

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

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CHANGES IN CAPITAL ASSETS

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

2012

Capital assets not depreciated: Land
Construction in progress (l)

Total capital assets not depreciated

Capital assets depreciated - buildings and other facilities
Less accumulated depreciation for - buildings and other facilities

Total capital assets depreciated - net

Total property and facilities - net

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

2011

Capital assets not depreciated: Land
Construction in progress (l)

Total capital assets not depreciated

Capital assets depreciated - buildings and other facilities
Less accumulated depreciation for - buildings and other facilities

Total capital assets depreciated - net

Total property and facilities - net

(l) Includes net capitalized interest of $103,258
S 893,588 1,183,153

2,076,741

(314,835) (314,835)

(69,932) (69,932)

Additions

$ 8.649 467.878

6,769,384 (2,425,841) 4,343,543

7,014.287 (2.566.099) 4,448,188

476,527

314,835 (140,258) 174,577

Disposals

Disposals
and Transfers

$6,258.592 5 651.104 5(384.767) S 6.524.929

Additions

S 134,750 (616,421)

(481.671)

S 884,939 1.030.110

1.915.049

S 11,717 382,251

393.968

Balance January 1

S 738,472 1.264,280

616.421 (109,355) 507,066

6,389,283 (2,316,486) 4,072,797

(236,320)

(236,320) 5(717,991)

2,002,752

6,769,384 (2,425.841)

4,343,543 $6,258,592

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

During 2011, Chicago Department of Aviation recorded special item in the amount of $53 million reducing the carrying value for the World Gateway Program (WGP) to $0. WGP was conceived to expand gate capacity at the Airport through construction of new terminal complexes. In September 2002, in light of changed conditions in the airline industry and the economy, the Airport and airlines agreed to temporarily suspend work on the WGP until demand and airline approval would resume

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construction. Chicago Department of Aviation reconsidered the impairment of assets previously capitalized under the World Gateway Program and determined the assets to be impaired considering the prolonged poor economic conditions and trends in the aviation industry during 2011. The Chicago Department of Aviation determined any future revitalization of the program would likely require new design activities due to the age of the design work previously capitalized, resulting in an insignificant value as of December 31, 2011.

6. LEASING ARRANGEMENTS WITH TENANTS

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

Years Ending December 31	Amount	
2013	$ 84,203	
2014	83,796	
2015	66,513	
2016	66,510	
2017	66,789	
2017	2018-2022	133,707
2017	2023-2027	8,867
2017	2028-2032	9,656
2017	2033-2036	5.738
Total minimum future rental income	$525,779	

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

Rental income, consisting of all rental and concession revenues, except ramp rentals and automobile parking, amounted to approximately $365.8 million and $399.7 million in 2012 and 2011, respectively. Contingent rentals included in the totals were approximately $86.0 million and $84.4 million for 2012 and 2011, respectively.

7. PENSION PLANS

Eligible Airport employees participate in one of two of the City's single-employer defined benefit pension plans. These plans are the Municipal Employees' and the Laborers' and Retirement Board Employees' Annuity and Benefit Funds. These plans are administered by individual retirement boards represented by elected and appointed officials. Each plan issues publicly available basic financial statements for each of the pension plans which may be obtained at the respective fund's office.

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

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Participating employees contribute 8.5% percent of their salary to these funds as required by State law. By law, the City's contributions are based on the amounts contributed by the employees. Financing of the City's contribution is through a separate property tax levy and the personal property replacement tax. The Airport reimburses the City's general fund for the estimated pension cost applicable to the covered payroll of Airport employees. These reimbursements, recorded as expenses of the Airport, were $15.3 million 2012 and $14.3 million 2011. The annual pension costs are determined using the entry age normal actuarial cost method and the level dollar amortization method.

The funding policy mandated by State law requires City contributions at statutorily, not actuarially, determined rates. The rates are expressed as multiples of employee contributions. These contributions equal employee contributions made in the calendar year two years prior to the year for which the applicable tax is levied, multiplied by the statutory rates. The statutory rates in effect for the City's contributions made during the years ended December 31, 2012 and 2011, were 1.25 for the Municipal Employees' and 1.00 for the Laborers' and Retirement Board Employees' Annuity and Benefit Funds, respectively. The City has made the required contributions under State law.

The following table as of December 31, 2012, assists users in assessing each pension fund's progress in accumulating sufficient assets to pay benefits when due. The three-year historical information for each annuity and benefit fund is as follows (dollars in thousands):

Annual Pension Cost
Percent of Annual Pension Cost Contributed

Required Contribution

Percent of Required Contributions Contributed

Net Pension Obligation (Asset)

Municipal employees':		
2010	$482,421	32.1%$483,94832.0 % $1,007,404
2011	609,491	24.1611,75624.01.469,886
2012	687,519	21.7690,82321.52,008,546
Laborers':		
2010	47,129	32.646,66532.9(174,584)
2011	57,651	22.257,25922.3(129,712)
2012	77,857	15.277,56622.2(63,707)

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

8. OTHER POSTEMPLOYMENT BENEFITS - CITY OBLIGATION

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

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

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

Plan Description Summary - The City is party to a written legal settlement agreement outlining the provisions of" the retiree health program, the Settlement Health Care Plans (the "Plans"), through June 30, 2013. The agreement does not require or extend continuation of the Plans after June 30, 2013. Pursuant to the Plans, the City administers a single-employer defined benefit health care plan (the "Health Plan"), for which the City pays a portion of the costs on a pay-as-you-go method. Under the Plans' agreement, the

City sponsors health benefit plans for employees, former employees, and retired former employees. The provisions of" the program provide, in general, that the City pay a percentage of the cost (based upon an employee's service) for hospital and medical coverage to eligible retired employees and their dependents for a specified period, until June 30, 2013.

In addition, Compiled Statutes authorize the four respective Pension Funds (Police, Fire, Municipal and Laborers) to provide a fixed monthly dollar subsidy to each annuitant who has elected coverage under the Health Plan through June 30, 2013. After that date, no supplements are authorized.

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of two years (the remaining years of" coverage under the Settlement Agreement.

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The following table shows the components of the City's annual OPEB costs for the year for the Plans, the amount actually contributed to the Plans and changes in the City's net OPEB obligation to the retiree Health Plan. The net OPEB obligation is the amount entered upon the City's statement of net position as of year-end as the net liability for the other postemployment benefits - the retiree Health Plan. The amount of the annual cost for the retiree Health Plan, which is to be recorded in the statement of changes in net position for 2012 is the annual OPEB cost (expense).

2011 Health Plan

Annual OPEB Cost and

Contributions Made

(In thousands)

2012 Health Plan

Contribution rates: City

Plan members

Pay as you go N/A

Pay as you go N/A

Annual required contribution Interest on net OPEB obligation Adjustment to annual required contribution

$ 252,747 3,816 (179,586)

$ 200,062 4,567 (155,675)

$ 200,002 1,307 (308,079)

Annual OPEB cost Contributions made

Decrease in net OPEB obligation Net OPEB obligation - beginning of year Net OPEB obligation - end of year

76,977 115,961

(38,984) 254,345 $ 215,361

48,954 99,091

(50,137) 304,482 $ 254,345

Fiscal Years Ended

December 31, 2012 December 31, 2011 December 31, 2010

Annual OPEB Cost

$76,977 48,954 82,874

Percentage of Annual OPEB Cost Contributed

260.5 %
202.4
129.6

Net OPEB Obligation

$215,361 254,345 304,483

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

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

(Dollars in thousands)

Actuarial Valuation Date

Actuarial Actuarial Value of Accrued Assets Liability (AAL)
Unfunded
Actuarial
Accrued
Liability

(UAAL)

Funded Ratio

Covered Payroll

December 31, 2011 December 31, 2010

$ 470.952 390,611
$ 470,952 390,611

% %
2,518,735 2,475,080

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

For the Plans* benefits (not provided by the pension funds) in the actuarial valuation for the fiscal years ended December 31, 2012 and 2011, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual health care cost trend rate of 10.5% initially, reduced by decrements to an ultimate rate of 5.0%. Both rates included a 3.0% inflation assumption. The Plans have not accumulated assets and does not hold assets in a segregated trust. However, the funds expected to be used to pay benefits are assumed to be invested for durations, which will yield an annual return rate of 1.5%. The UAAL is being amortized as a level-dollar amount over one to five years.

2012 Health Plan
2011 Health Plan

Actuarial valuation date Actuarial cost method Amortization method Remaining amortization period Asset valuation method Actuarial assumptions: Investment rate of return Projected salary increases Healthcare inflation rate

December 31, 20 ll Projected unit credit Level dollar

1 to 5 years Market value

1.50% 3.0%
10.5% initial to 5.0% ultimate

December 31, 2010 Projected unit credit Level dollar

2 years Market value

1.50% 2.5%
11.5% initial to 10.5% ultimate

The OPEB benefit information pertaining expressly to the Airport employees is not available as the obligation is the responsibility of the general government. Accordingly, no amounts have been recorded in the accompanying basic financial statements. Amounts for the City are recorded within the City's 20vernment-wide financial statements.

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9. RELATED-PARTY TRANSACTIONS

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

10. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

CHICAGO O'HARE INTERNATIONAL AIRPORT

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

	Sec 404 (a)	Sec 404 (b)
REVENUES:		
Total revenues - as defined	S 701,499	$ 701,499
Other available moneys (passenger facility charges for debt service)	69,740	69,740
Cash balance in Revenue Fund on the first day of fiscal year (Note 2)	73,715	
TOTAL AVAILABLE FOR COVERAGE COVENANT	$844,954	$771,239
COVERAGE REQUIREMENTS: Deposits required:		
Operation and maintenance reserve	$ 1,791	
Maintenance reserve	476	
Special capital projects	1,440	
Senior lien debt service fund	267,645	
TOTAL DEPOSITS REQUIREMENTS	$271,352	
AGGREGATE SENIOR LIEN DEBT SERVICE	$437,899	$437,899
LESS AMOUNTS TRANSFERRED FROM CAPITALIZED INTEREST ACCOUNTS	(106,146)	(106,146)
NET AGGREGATE DEBT SERVICE	331.753	331.753
COVENANT REQUIREMENT	1.10	
NET AGGREGATE DEBT SERVICE	$ 364,928	
COVERAGE REQUIREMENT (Greater of total deposit requirements or 110 percent of net aggregate debt service)	$ 364,928	
OPERATION AND MAINTENANCE EXPENSES - As defined	439,309	439.309
TOTAL REQUIREMENT	$804,237	$771,062
TOTAL AVAILABLE FOR COVERAGE COVENANT	$ 844,954	S 771,239

See notes to calculations of coverage.

CITY OF CHICAGO. ILLINOIS

CHICAGO O'HARE INTERNATIONAL AIRPORT

ADDITIONAL SUPPLEMENTARY INFORMATION SENIOR LIEN
GENERAL AIRPORT REVENUE BONDS NOTES TO CALCULATIONS
OF COVERAGE YEAR ENDED DECEMBER 31, 2012

1. RATE COVENANT

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

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

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

2. REVENUE FUND BALANCE

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

DEBT SERVICE SCHEDULE (UNAUDITED)

(Dollars in thousands)

General Airport

Year Ending December 31
2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042
Revenue Bonds: Total Debt Service on Senior Lien Bonds (1) $ 401,053 442,824 466.430 459,123 503,846 537,435 531,566 494,824 433,237 433,036 412.754 412.395 412,172 410,590 409,088 408,941 407,949 406,333 405,932 405,623 446,894 438,139 447,400 265,197 263,419 260,891 257,324 146,295 96,469

Total GARB Debt Service
$ 401,053 442,824 466,430 459,123 503,846 537,435 531,566 494,824 433,237 433,036 412,754 412,395 412,172 410,590 409,088 408,941 407,949 406,333 405,932 405,623 446,894 438,139 447,400 265,197 263,419 260,891 257,324 146,295 96,469

Total PFC Debt Service
57,503 69,971 64,734 66,143 65,500 65.454 49,738 47,786 47.671 47,636 47,590 47,558 50,657 50,605 50,664 50,618 50,562 50,410 50,347 46,285 10,187 6,917 6,910 6,901 6,898 6,887 6,880 6,873

Total Debt Service
458,556 512,796 531,164 525,266 569,346 602,889 581,304 542,610 480,908 480,672 460,344 459,953 462,829 461,195 459,752 459,559 458,511 456,743 456,279 451,908 457,081 445,056 454,310 272,098 270,317 267,778 264,204 153,168 96,469

$ 11,417,179 $11,417,179 $ 1,135,885 $ 12,553,065

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

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

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

Source: City of Chicago Comptroller's Office.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

ESTIMATED USES: Five-Year Capital Improvement Program: Airfield improvements $1,059,422 Terminal improvements 87,938 Noise mitigation
Parking/roadway projects 849,693 Heating and refrigeration 166,556 Safety and security 20,592 Planning and other costs Implementation 39,676 Sound 141,593

TOTAL ESTIMATED USES (1) $2,365,470

ESTIMATED SOURCES:

Existing PFC revenue bond proceeds	$ 6.737
PFC revenues (pay-as-you-go)	81,124
Future PFC revenue bond proceeds	
Federal AIP entitlements grants	20,982
Federal AIP discretionary grants	
Federal AIP LOI	187,457
TSA funds	
Prior airport revenue bond proceeds	212,605
LOI Backed GARBS	73,119
PFC Backed GARBS	322,440
Future airport obligation proceeds	788,129
Customer Facility Charges	332,859
Other airport funds	340,018

TOTAL ESTIMATED SOURCES $2,365,470

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Enplanements	34,454,921	37,464,632	37,970,886	37,784,336	37,779,576	34,744,030	32,047,097	33,232,412	33,207,302	33,244,515
Originating Enplanements (1)	15,331,493	16,799.401	17,548,038	18,058,904	18,223,460	17,685,020	15,708.291	17,419,794	15,972,745	16,318,810
Connecting Enplanements	19.123,428	20,665,231	20,422,848	19,725,432	19,556,116	17,059,010	16,338,806	15,812,618	17,234.557	16,925.705

Enplanements Percentage

Enplanements Percentage

53.6 %
55.2
53.8
52.2
51.8
49.1
51.0
47.6
51.9
50.9
0.7 %

(1.3)%

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

Source: City of Chicago Department of Aviation.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Year

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

Total Domestic Passengers

60,197,706 64,685,299 64,772,036 64,573,153 64,376.479 59,404,334 54,114,214 56,615,214 57,233.467 56,857,637
86.6 %
85.6
85.1
84.6

84.5
83.9
83.8
84.5
85.7
85.1
Percent Total of Total International Passengers Passengers

9,310,966 10,849,393 11,382,369 11,726,137 11,801,376 11,414,681 10,439,179 10,410,977 9,558,683 9,977,294
Percent of Total Passengers

13.4 %
14.4
14.9
15.4
15.5
16.1
16.2
15.5
14.3
14.9

Total Passengers

69,508,672 75,534,692 76,154,405 76,299,290 76,177,855 70,819,015 64,553,393 67,026,191 66,792,150 66,834,931
Annual Percent Change

4.4 %
8.7
0.8
0.2 (0.2) (7.0) (8.8)
3.8 (0.3)
0.1

Average Annual Compound Growth Rates

2003-2012	(0.6)%	0.8% (0.4)%

Source: City of Chicago Department of Aviation.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Chicago O'Hare International Airport — Total O&D Enplanements (1)	15,331.493	16,799,401	17,548,038	18,058,904	18,223,460	17,685,020	15,708,291	17,419,794	15,972.745	16,318,810
Chicago Midway International Airport — Total O&D Enplanements (1)	6,243.039	6,634,138	6,431,517	6,708,494	6,532,362	5,910,045	5,647,591	5,485,191	5,693,938	6,045,841
Total O&D Enplanements	21,574,532	23,433,539	23,979,555	24,767,398	24,755,822	23,595,065	21,355,882	22,904,985	21.666.683	22.364.651

Average Annual Compound Growth Rates

2003-201:

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

Source: City of Chicago Department of Aviation.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Domestic Air Carrier

Domestic Commuter
Percent of Total O'Hare
Total O'Hare Enplanements
Total International Enplanements

Percent of Total O'Hare

Total (2) Enplanements

2003 2004 2005 2006 2007 2008 2009 20I0 2011 20I2
29,909,585 32,192,142 32,426,920 32,136,521 32,126,121 29,111,375 26,863,092 28,100,388 28,306,173 28,288,427
29,910,758 32.192,142 32,426,920 32,136,521 32,126,121 29,111,375 26,863,092 28,100,388 28,306,173 28,288,427
86.8 '
85.9
85.4
85.1
85.0
83.8
83.8
84.6
85.2
85.1
4,544,163 5,272,490 5,543,966 5,647,815 5,653,455 5.632,655 5,184,005 5,132,024 4,901,129 4,956,088
13.2 %
14.1
14.6
14.9
15.0
16.2
16.2
15.4
14.8
14.9
34,454,921 37,464,632 37,970,886 37,784,336 37,779,576 34,744.030 32,047,097 33,232,412 33,207,302 33.244,515

Average Annual Compound Growth Rates

2003-2012 (0.6)% (0.6)% 1.0% 0.1%

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

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

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Annual Aircraft Operations

Year	Domestic Air Carrier	International Air Carrier	Air Carrier	Commuter	All-Cargo	Total General Aviation	Total
2003	802,23476,455878,689	498	21,25728,247928,691				
2004	859.69682,394942,090	21,588	28.749992,427				
2005	• 835,414 84,778	920.192	21,979		30,077 972,248		
2006	821,58683,986905,572	21,165	31,906958,643				
2007	802,93387,043889,976	20,702	16,295926,973				
2008	762,99581,211844,206	17,542	19,818881,566				
2009	721,16974,842796,011	13,988	17,900827,899				
2010	771,55072,144843,694	17,248	21,675882,617				
2011	772,70769,704842,411	17,149	19,238878,798				
2012	783,37166.992850,363	16,887	10,858878,108				

Average Annual Compound Growth Rates

2003-2012 (0.3)% (1.5)% (0.4)%

Source: City of Chicago Department of Aviation.

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

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

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

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

CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

HISTORICAL PFC REVENUES
EACH OF THE TEN YEARS ENDED DECEMBER 31, 2003-2012 (UNAUDITED)

(Dollars in thousands)

Total Enplanements

PFC

Enplanements (1)
PFC

Revenues (Net of Airline Collection Fees) (2) (3)

PFC Interest Income

Total PFC Revenues

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

1) Historical collection information reflects an actual percentage of eligible PFC enplanements of 84.4% in 2012.
2) This amount is net of the airline collection fee of $. 11 per enplaning passenger since May 1, 2004.
3) Actual amounts above are recorded on a cash basis but are reported in the Airport's audited financial statements on an accrual basis. For 2003-2012, a separate cash basis PFC audit was performed as required by the PFC Regulations. The cash basis PFC audit for 2010, 2011 and 2012 has not yet been issued.

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

Bond Year Ended	PFC Revenues (2)	PFC Bonds Debt Service	Coverage by PFC Revenues (1)
January 1,2003	$132,777	$ 63,685	2.08 %
January 1,2004	129,819	73,498	1.77
January 1,2005	138,728	73,512	1.89
January 1,2006	149,518	73,502	2.03
January 1,2007	158,284	73,502	2.15
January 1,2008	169,251	73,498	2.30
January 1,2009	134,862	50,048	2.69
January 1,2010	120,870	49,411	2.45
January 1,2011	132,073	59.077	2.24
January 1,2012	127,761	77,497	1.65
January 1,2013	124,790	66,163	1.89

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

Source: City of Chicago Comptroller's Office.

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

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

(Unaudited)

Employer

J. P. Morgan Chase Bank, N.A. (2)
United Airlines
Accenlure LLP
Northern Trust Company
Jewel Food Stores, Inc
Ford Motor Company
Bank of America NT & SA
ABM Janitorial Midwest, Inc.
American Airlines
Walgreen's Co
CVS Corporation
SBC Ameritech (3)
Target Corporation
Harris Trust & Savings Bank
LaSalle Bank

United Parcel Service

Number of Employees

8,168 7,521 5,590 5,448 4,572 4,187 3,811 3,398 3,076 2,789
2012(1)

Rank

1
2 3 4 5 6 7 8 9 10

Percentage of
Total City Employment

0.76 %
0.70
0.52
0.51
0.43
0.39
0.36
0.32
0.29
0.26

Number of Employees

10,192 7,634 3,862 5,084

4,403

5.240 2,904 2,684 2,668 2,649
2003(1)

Rank

3 7 8 9 10

Percentage of
Total City Employment

0.95 % 0.71 0.36 0.47

0.41

0.49 0.27 0.25 0.25 0.25

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

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CHICAGO O'HARE INTERNATIONAL AIRPORT

STATISTICAL DATA
POPULATION AND INCOME STATISTICS

(Unaudited)

Median Number of Unemployment Per Capita Population (1) Age (2) Households (2) Rate (3) Income (4) Total Income (5)

2003 2004 2005 2006 2007 2008 2009 2010 2011 2012
2.896,016 2,896,016 2,896,016 2.896,016 2.896,016 2,896,016 2,896,016 2,695,598 2,695,598 2,695,598
32.6 32.6 33.0 33.5 33.7 34.1 34.5 34.8 33.2 33.0
1,067,823 1,051,018 1,045,282 1,040,000 1,033,328 1,032,746 1,037,069 1,045,666 1.048,222 1,030,746
8.2 %
7.2 7.0 5.2 5.7 6.4 10.0 10.1 9.3 8.9
$35,464 37,169 38,439 41,887 43,714 45,329 45,957 N/A (5) N/A (5) N/A (5)
$102,704,311,424 107,642,018,704 111,319,959,024 121,305,422,192 126,596,443,424 131,273,509,264 126,634,091,632 N/A (5) N/A (5) N/A (5)

Notes:

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

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CITY OF CHICAGO, ILLINOIS
CHICAGO O'HARE INTERNATIONAL AIRPORT

SUMMARY - 2012 TERMINAL RENTALS, FEES AND CHARGES

FOR THE PERIOD COMMENCING JULY 1, 2012

DOMESTIC TERMINAL		Signatory	Non-Signatory
DESCRIPTION			
Landing Fee/1,000 lbs.		$ 5.48	$ 6.85
Base Rent	5.00		
Existing Footage	52.43		
Special Facility Additional Footage	64.28		
Additional Footage	64.28		
Ultimate Additional Footage	7.88		

INTERNATIONAL TERMINAL

DESCRIPTION		
Landing Fee/1,000 lbs.	$ 5.48	$ 6.85

Terminal Rent/Sq. ft./Annum	
Long-Term Signatory	78.06
Short-Term Signatory	97.58
Month-To-Month	105.38
ENPLANED PASSENGER USE CHARGE	
Long-Term Signatory	14.48
Short-Term Signatory	18.10
Month-To-Month	19.54
DEPLANED PASSENGER USE CHARGE	
Long-Term Signatory	9.20
Short-Term Signatory	11.50
Month-To-Month	12.42

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Appendix E Report of the Airport Consultant

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Appendix E

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Report of the Airport Consultant

City of Chicago
Chicago O'Hare International Airport
General Airport Senior Lien Revenue Refunding Bonds, Series 2013 General Airport Senior Lien Revenue Bonds, Series 2013

PREPARED BY-

RICONDO & ASSOCIATES, INC. 20 North Clark Street, Suite 1500
Chicago, Illinois 60602 (312) 606-0611 (phone) (312) 606-0706 (facsimile)

IN ASSOCIATION WITH: Partners for Economic Solutions

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September 23, 2013

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September 23, 2013

Ms. Rosemarie S. Andolino Commissioner
City of Chicago, Department of Aviation 10510 West Zemke Rd. Chicago, IL
60666

RE: City of Chicago, Chicago O'Hare International Airport
General Airport Senior Lien Revenue Refunding Bonds, Series 2013 General Airport Senior Lien Revenue
Bonds, Series 2013

Dear Ms. Andolino:

Ricondo & Associates, Inc. (R&A) is pleased to present this Report of the Airport Consultant (the Report) for inclusion as Appendix E in the Official Statement for the City of Chicago, Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A (the "Series 2013A Senior Lien Bonds"), Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (the "Series 2013B Senior Lien Bonds"), Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (the "2013C

Senior Lien Bonds"), and Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (the "2013D Senior Lien Bonds"). The 2013A Senior Lien Bonds, the 2013B Senior Lien Bonds, the 2013C Senior Lien Bonds and the 2013D Senior Lien Bonds are referred to collectively the "2013 Senior Lien Bonds". The 2013 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on March 13, 2013 (the "Bond Ordinance") and the Senior Lien Master Indenture from the City to U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Forty-Fourth Supplemental Indenture (the "Forty-Fourth Supplemental Indenture"), the Forty-Fifth Supplemental Indenture (the "Forty-Fifth Supplemental Indenture"), the Forty-Sixth Supplemental Indenture (the "Forty-Sixth Supplemental Indenture), and the Forty-Seventh Supplemental Indenture (the "Forty-Seventh Supplemental Indenture, each dated as of October 1, 2013 and each from the City to the Trustee. The Senior Lien Master Indenture as supplemented by the Forty-Fourth Supplemental Indenture, the Forty-Fifth Supplemental Indenture, the Forty-Sixth Supplemental Indenture, and the Forty-Seventh Supplemental Indenture and as it may be amended and supplemented from time to time in accordance with its terms, is collectively herein referred to as the "Senior Lien Indenture."

The 2013 Senior Lien Bonds will be secured under the Senior Lien Indenture by a lien on and pledge of all Revenues and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture, as described in the Report. The City will use the proceeds from the sale of the 2013 Senior Lien Bonds, together with other available funds, to: (i) refund certain outstanding Prior

Airport Obligations, (ii) finance the costs of the 2013 Airport Projects, (iii) fund certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Fund, (iv) fund capitalized interest on a portion of the 2013 Senior Lien Bonds, (v) repay certain of the City's outstanding Airport Commercial Paper Notes, and (vi) pay costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds. Unless otherwise defined herein, all capitalized terms in this Report are used as defined in the Official Statement for the 2013 Senior Lien Bonds and/or the Senior Lien Indenture.

This report presents the analysis undertaken by R&A to demonstrate the ability of the City to comply with the requirements of the Senior Lien Indenture on a pro forma basis for Fiscal Years (FYs) 2013 through 2022 (the Projection Period) based on the assumptions regarding the planned issuance of the 2013 Senior Lien Bonds and the timely completion of the 2013 Airport Projects established by the City through consultation with its financial advisor, underwriter and the financing team. In developing its analysis, R&A has reviewed historical trends and formulated projections, based on the assumptions put forth in this Report which have been reviewed by the City, regarding the ability of the Air Trade Area (defined herein) to generate demand for air service at the Airport; the amount of air service and passenger activity at the Airport; and the generation of Revenues at the Airport through the Projection Period. The report is organized as follows;

Summary of Findings

Chapter 1: The 2013 GARB Projects and the Series 2013 Senior Lien Bonds Chapter 2: The Airport

Chapter 3: Demographic and Economic Analysis Chapter 4: Air Traffic Chapter

5: Financial Analysis

On the basis of the analysis put forth in this report, R&A is of the opinion that the Revenues generated in each year of the Projection Period should be sufficient to comply with the Rate Covenant established in the Senior Lien Indenture, and that the resulting airline cost per enplaned passenger (CPE) is reasonable.

Founded in 1989, R&A is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. R&A has prepared Reports of the Independent Airport Consultant in support of over $22 billion of airport related revenue bonds since 1996. Based on the definition of "Municipal Advisor" put forth in the

Securities and Exchange Commission's (SEC) proposed rule implementing Section 975 of Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which cites firms providing feasibility studies for inclusion in

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A ASSOCIAltS

an official statement for a municipal bond transaction, R&A has registered with both the SEC and the Municipal Securities Rulemaking Board as a Municipal Advisor.

The techniques and methodologies used by R&A in the preparation of this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used in this report are reasonable, some assumptions regarding future trends and events detailed in this report including, but not limited to, the implementation schedule and the projections of passenger activity and financial performance may not materialize. Therefore, actual performance will likely differ from the projections put forth in this report and the variations may be material. In developing its analysis, R&A has utilized information from various sources including the City, the underwriter, the financial advisor, federal and local governmental agencies, and independent private providers of economic and aviation industry data which are identified in the notes accompanying the related tables and exhibits in this report. R&A believes these sources to be reliable, but has not audited this data and does not warrant their accuracy. The analysis presented is based on conditions known as of the date of this letter. R&A has no obligation to update this report on an ongoing basis.

Sincerely,

RICONDO & ASSOCIATES, INC.

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CITY OF CHICAGO

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CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

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Report of the Airport Consultant

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

Summary of Findings

The City of Chicago (City) commissioned Ricondo & Associates, Inc., (R&A) to prepare this Report of the Airport Consultant (the Report) to provide an independent assessment of the City's ability to meet its obligations regarding its Chicago O'Hare International Airport, Senior Lien General Airport Senior Lien Revenue Refunding Bonds, Series 2013A (the "Series 2013A Senior Lien Bonds"), and Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (the "Series 2013B Refunding Senior Lien Bonds"), Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (the "2013C Senior Lien Bonds"), and Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (the "2013D Senior Lien Bonds"). The 2013A Senior Lien Bonds, the 2013B Senior Lien Bonds, the 2013C Senior Lien Bonds and the 2013D Senior Lien Bonds are referred to collectively the "Series 2013 Senior Lien Bonds". The Series 2013 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on March 13, 2013 (the "Bond Ordinance") and the Senior Lien Master Indenture (the "Indenture") from the City to U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Forty-Fourth Supplemental Indenture (the "Forty-Fourth Supplemental Indenture"), the Forty-Fifth Supplemental Indenture (the "Forty-Fifth Supplemental Indenture"), the Forty-Sixth Supplemental Indenture (the "Forty-Sixth Supplemental Indenture, and the Forty-Seventh Supplemental Indenture (the "Forty-Seventh Supplemental Indenture, each dated as of October 1, 2013 and each from the City to the Trustee.

The Senior Lien Master Indenture as supplemented by the Forty-Fourth Supplemental Indenture, the Forty-Fifth Supplemental Indenture, the Forty-Sixth Supplemental Indenture, and the Forty-Seventh Supplemental Indenture and as it may be amended and supplemented from time to time in accordance with its terms, is collectively herein referred to as the "Senior Lien Indenture."

The 2013 Airport Projects and the 2013 Senior Lien Bonds

A portion of the proceeds from the 2013 Senior Lien Bonds are anticipated to fund the 2013 Airport Projects. The 2013 Airport Projects include various projects associated with the Capital Improvement Program (CIP) at the Airport (the 2013 CIP Projects) and the remaining costs to complete the O'Hare Modernization Program (OMP) Phase 2A Airfield Projects (the 2013 OMP Phase

2A Projects).

The amount of certain outstanding Prior Airport Obligations refunded with proceeds from the 2013 Senior Lien Bonds will ultimately determine the amount of 2013 Airport Projects that can be funded with proceeds from the 2013 Senior Lien Bonds under the Bond Ordinance. For the purposes of this report, it is assumed

that the total amount of the 2013 Airport Projects will be funded with proceeds of the 2013 Senior Lien Bonds, which, including the repayment of certain previously issued commercial paper, is approximately $346.3 million. While this report assumes the total amount presented, any 2013 Airport Projects not ultimately funded with proceeds from the 2013 Senior Lien Bonds are planned to be funded through future GARBs.

The 2013 CIP Projects include: various terminal improvement projects; Airport Transit System (ATS) Vehicle overhaul and ATS running rail replacement; airside pavement replacement projects; various heating and refrigeration projects; a parking revenue control system (PARCS); vehicle replacement; and implementation.

The 2013 OMP Phase 2A Projects include the remaining costs to complete the OMP Phase 2A Airfield Projects, comprised of Runway 10R-28L, certain north runway enabling projects, and Taxiway LL Phase 1.

The City intends to issue the 2013 Senior Lien Bonds to finance, in part, the 2013 Airport Projects. The 2013 Senior Lien Bonds include (i) refunding certain outstanding Prior Airport Obligations, (ii) financing the costs of certain 2013 Airport Projects, (iii) funding certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Fund, (iv) funding capitalized interest on a portion of the 2013 Senior Lien Bonds, (v) repay certain of the City's outstanding Airport Commercial Paper Notes, and (vi) paying costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds. Table S-l details the uses of the proceeds of the new money portion of the 2013 Senior Lien Bonds. For purposes of this Report, the financial analysis does not include any assumed savings from the refunding of certain outstanding Prior Airport Obligations or funding of certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Fund.

Pursuant to the terms of the Senior Lien Indenture, the 2013 Senior Lien Bonds will be secured by a first lien pledge of Revenues (meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of O'Hare (excluding the Land Support Area)), on a parity basis with the City's Existing Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, and will be paid from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.

"Revenues" consist of all amounts received or receivable, directly or indirectly, by the City for the use and operation of, or with respect to, O'Hare (excluding the Land Support Area); provided, however, Revenues does not include: (a) interest accruing on and any profit from the investment of moneys in any fund or account of the Airport that is not available by agreement or otherwise for deposit into the Revenue Fund; (b) Government Grants in Aid; (c) the proceeds of any PFC, CFC or similar tax or charge levied by or on behalf of the City including but not limited to, any cargo activity charge or security charge; (d) insurance proceeds, except to the extent such moneys are deemed revenues in accordance with generally accepted accounting principles, and condemnation award proceeds; (e) amounts derived by the City from Special Facility Financing Arrangements, but only to the extent such moneys are required to pay the principal of, premium, if any, and interest on Special Facility Revenue Bonds and other payments required by Special Facility Financing Arrangements; (f) the proceeds of any borrowing by the City; (g) the proceeds of any tax levied by or on behalf of the City; (h) security deposits and the proceeds of the sale of any Airport property; and (i) unless otherwise provided in a Supplemental Indenture, any Released Revenues.

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Table S-l: Uses of New Money Proceeds of the Series 2013 Senior Lien Bonds [11]

Sources

Par Amount of Bonds

Net Original Issue Discount

Total Sources

$ 428,680,000 (20,494,950)

$ 408,185,050

Uses

Project Fund Deposits Project Fund Deposit Commercial Paper Redemption

Total Project Fund Deposits

Debt Service Reserve Fund Capitalized Interest Fund Cost of Issuance Additional Proceeds

Total Uses

$ 269,168,963 $ 77,434,000

$ 346,602,963

30,601,469

28,401,905

2,572,080

6,633

$ 408,185,050

NOTE:

1/ Amounts used for financial feasibility and actual amounts may vary

SOURCE JPMorgan, LLC August 2013

PREPARED BY Ricondo & Associates, Inc, August 2013

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The Airport

The Airport is the primary commercial service airport in Chicago and the surrounding region, and occupies approximately 7,265 acres of land 18 miles northwest of downtown Chicago. Based on USDOT survey data, the Chicago market[1] was ranked fourth in the nation in terms of domestic origin and destination (O&D) passengers for the year 2012 - following the New York[2], Los Angeles[3],

Chicago's location along the heavily traveled east/west air routes and its large population base make it a natural location for airline "hubbing" operations. United and American[5], two of the world's largest air carriers in terms of revenue passenger miles, operate major connecting hub facilities at the Airport. United and American's use of the Airport as a hub is described in more detail later in this Report in Chapter 4.

The City is currently undertaking a multi-billion dollar expansion of the Airport and reconfiguration of the Airport's airfield facilities known as the OMP. Under the OMP, the airfield will be reconfigured into a modern parallel runway system, allowing more efficient operations. The overriding physical characteristic of the OMP is the reconfiguration of the airfield from sets of converging parallel runways in three main directional orientations (northeast/southwest, east/west, and northwest/southeast) to six parallel runways in the east/west direction and two crosswind runways in the northeast/southwest direction. This reconfiguration involves the construction of one new runway, the relocation of three existing runways, and the extension of two existing runways, while maintaining the use of two existing runways.

The City is also addressing other types of capital development needs other than the OMP though an ongoing Capital Improvement Program and constructing a Joint Use Facility which includes (1) a consolidated rental car facility at the Airport, (2) additions, extensions and improvements to the Airport Transit System (ATS), including the purchase of new ATS vehicles, and (3) certain public parking facilities. Additional details on these capital programs are included in Chapter 2.

Includes Chicago O'Hare International and Chicago Midway International Airports

Includes John F Kennedy international, Newark Liberty International, and La Guardia Airports

Includes Los Angeles International, John Wayne Airport-Orange County, Ontario International, Bob Hope, and Long Beach Airports. Includes San Francisco International, Metropolitan Oakland International, and Norman Y Mineta San Jose International Airports A proposed merger between American and US Airways is discussed in Chapter 4

Demographic and Economic Analysis

The demand for air transportation and, consequently, rental car activity is, to a large degree, dependent upon the demographic and economic characteristics of an airport's air trade area. This relationship is particularly true for O&D passenger traffic, which has historically been roughly 50 percent of demand at the Airport. Potential rental car customers at the Airport primarily consist of visiting passengers whose destination is within the Chicago Metropolitan Statistical Area or surrounding area. The major portion of demand for air travel and rental cars at the Airport, therefore, is influenced more by the local characteristics of the area served than by individual air carrier decisions regarding service patterns in support of connecting activity.

Chapter 3 presents data indicating that the Airport's Air Trade Area has an economic base that attracts both business and tourist visitors, which, in turn, positively impacts the demand for both inbound air travel and rental car activity at the Airport during the Projection Period. Table S-2 presents selected 2012 and 2022 economic figures for the Air Trade Area and for the United States as projected by Woods & Poole Economics, Inc. In several instances, the growth expectations are similar for the Air Trade Area and the United States, and in all cases growth rates of the economic data show positive growth. Notably, per capita measures of income and GDP/GRP are higher for the Air Trade Area than for the U.S. on average, indicating a continued relative ability of passengers in the Air Trade Area to utilize air travel as a means of transportation. Additional details on the demographics and economic characteristics of the Air Trade Area are described in Chapter 3.

Air Traffic

The Airport serves as an important O&D market for the passenger airlines serving the Airport. Additionally, it serves as a major hub for both United and American, which accounted for 46.8 percent and 34.6 percent of enplaned passengers at the Airport in 2012, respectively. Passenger service is provided at the Airport by 12 of the nation's 15 major passenger airlines.[6] In addition to American and United, these airlines include Alaska, American Eagle, Delta, ExpressJet, Frontier, JetBlue, SkyWest, Spirit, US Airways, and Virgin America.[7]

As of June 2013, 21 U.S. flag airlines provided scheduled passenger service at the Airport; 30 foreign-flag airlines provided scheduled and nonscheduled passenger service; and 4 nonscheduled charter airlines also provided passenger service. In addition, 22 all-cargo carriers provided scheduled service at the Airport.

As defined by the U S DOT, a major U S. passenger airline has more than $1 billion in gross operating revenues during any calendar year (the largest group of U 5 passenger airlines in terms of their total revenues) The current group of major U S passenger airlines attained "major" status effective January 1, 2013 based on their total revenues for the 12 months ending June 30, 2012

AirTran, Hawaiian, and Southwest are the major U S. passenger airlines that currently do not serve the Airport AirTran and Southwest currently provide service at Chicago Midway International Airport and Milwaukee County's General Mitchell International Airport

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Table S-2: Forecast of Economic Variables Used in Passenger Demand Projections (2012-2022)

			CAGR 2012-2022
ATA Population	9,683,116	10,388,659	0.7%
US Population	312,308,189	347,210,015	1.1%
ATA Total Employment	5,387,583	5,575,372	0.3%
US Total Employment	160,064,049	172,414,856	0.7%
ATA Total Personal Income ($ billion)	$455.77	$547.89	1.9%
US Total Personal Income ($ billion)	$13,294.55	$16,732 05	2.3%
ATA Per Capita Personal Income	$47,068	$52,739	1.1%
US Per Capita Personal Income	$42,569	$48,190	1.2%
ATA Gross Regional Product ($ billion)	$540.53	$658.14	2 0%
US Gross Domestic Product ($ billion)	$14,847.58	$18,870.22	2.4%
ATA Per Capita GRP	$55,822	$63,351	1.3%
US Per Capita GDP	$47,541	$54,348	1.3%

NOTES

1/ ATA - Air Trade Area
2/ All dollar amounts are in 2012 dollars

SOURCE: Woods & Poole Economics Inc, 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013

PREPARED BY Partners for Economic Solutions, April 2013

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Enplaned passengers at the Airport increased by a compound annual rate of 0.1 percent from 2002 to 2012. Specific points regarding enplaned passengers are as follows:

- In 2002, the Airport enplaned 32.9 million passengers.
- Similar to national trends, enplaned passenger levels recovered from decreases resulting from the terrorist attacks of September 11, 2001 after 2002. Total passenger enplanements increased from 32.9 million in 2002 to a record high of 37.9 million in 2005, a compound annual growth rate of 4.9 percent during this period.

  After reaching a record high 37.9 million total enplaned passengers in 2005, total enplaned passengers at the Airport remained relatively stable in 2006 and 2007 with approximately 37.8 million passengers. The stable enplanement levels at the Airport during this period were largely a function of the voluntary flight reductions put in place by the FAA in late 2006.
- Also similar to national trends, the Airport experienced a 9.9 percent decrease and a 5.8 percent decrease in enplaned passengers in 2008 and 2009, respectively, from the previous year's levels. These significant decreases were primarily due to cutbacks in capacity by the airlines in response to record high fuel costs and a nationwide economic recession that impacted passenger demand for air travel.

  Enplaned passengers at the Airport increased from 32.0 million in 2009 to 33.2 million in 2010 as the national economy recovered and have remained relatively flat in 2011 and 2012, decreasing 0.1 percent in 2011 and increasing 0.1 percent in 2012.

Of the passengers served by the Airport, approximately 49 percent utilize the Airport as an origination or destination point of their journey (O&D passengers), and approximately 51 percent utilize the Airport as an intermediate point to connect to or from other airports (connecting passengers). Of the O&D passengers served by the airport, approximately 44 percent originate their travel from airports outside of the Chicago region, and are the segment of passengers that are most likely to rent automobiles. Our projections of future activity focus primarily on this traffic segment.

Long-term projections of activity are assumed to increase as a result of expected growth in socioeconomic indicators both nationally and in the Air Trade Area. It is also assumed that the Airport will continue its role of having roughly half of its passenger traffic being O&D passengers, and that the composition of its air carrier base will continue to foster competitive pricing and scheduling diversity. As discussed in Section 4.5.4 (Visiting O&D Enplaned Passenger Projections), growth in passenger activity is expected through the Projection Period, and visiting O&D enplaned passenger activity (non-Chicago region based passengers traveling to the Airport) is expected to increase at a compound annual growth rate of 2.1 percent from 2012 through 2022.

Financial Analysis

Chapter 5 of the Report presents the analysis undertaken by R&A to demonstrate the ability of the City to comply with the requirements of the Airport Use and Lease Agreement and Senior Lien Indenture on a pro-forma basis in each year of the Projection Period based on the assumptions regarding the planned issuance of

the 2013 Senior Lien Bonds and future bond issuances associated with the Airport's CIP and OMP Phase 2B Airfield Projects.

Based on the analysis in this Report and the financial projections presented in Chapter 5, R&A is of the opinion that the Net Revenues Available for Senior Lien Coverage generated by the Airport in each year of the Projection Period will be sufficient to comply with the Additional Bonds Tests and the Rate Covenants established in the Senior Lien Indenture. R&A is also of the opinion that the Airport's airline rates and charges should remain reasonable on an airline cost per enplaned passenger (CPE) basis to other large-hub U.S. airports undertaking major capital development programs through the Projection Period.

Results of the financial analysis presented in the following sections can be summarized as follows:

- Total GARB debt service (including projected debt service on the 2013 Senior Lien Bonds, and all future bonds) is projected to be approximately $377.8 million in FY 2013 then increase throughout the projection period to a maximum of approximately $752.8 million in 2021, then decrease to approximately $741.6 million in 2022.

  O&M Expenses are projected to increase between FY 2013 and FY 2022 based on the type of expense, expectations of future inflation rates (assumed to be 3.0 percent annually), and projected increases to O&M expenses associated with the completion of Runway 10C-28C in October 2013, Runway 10R-28R in December 2015, Extension of future Runway 9R-27L in December 2020, and Runway 9C-27C in December 2020, with total O&M expenses (net of land support) projected to increase to approximately $735.3 million in FY 2022, representing a compound annual growth rate of 5.6 percent.

  Non-Signatory Airline Revenues are revenues from airlines that are not parties to the Airport Use Agreement or International Terminal Use Agreement. Non-Airline Revenues consist of those revenues generated at the Airport from sources other than Airport Fees and Charges (e.g., auto parking, rental car, restaurant, news and gift). Non-Signatory and Non-Airline Revenues, projected on the basis of a review of historical trends, projected activity levels, and inflation, are projected to increase from $305.5 million in 2013 to $491.2 million in 2022 at a compounded annual growth rate of 5.4 percent. OMP Phase 1, Phase 2A, and Phase 2B airfield projects are not expected to directly affect Non-Airline Revenues.

- The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Airline Parties and the International Terminal Airline Parties under the Airport Use Agreements and the International Terminal Use Agreements, respectively, through Landing Fees, Terminal Area Rentals, Terminal Area Use Charges, and Fueling System Fees during the year. The airline CPE at the Airport is estimated to be $15.27 in current dollars in 2013 and projected to increase to a maximum of $25.40 in 2021, which equates to approximately $20.05 in 2013 dollars, then decrease to $25.14 during the last year of the projection. In summary, the airline CPE throughout the projection period is considered to be reasonable compared to those at other large-hub airports with similar capital programs as to that described in Chapter 2 of this Report.

Table S-3 presents the Debt Service coverage ratio projected for GARBs from 2013 through 2022. As contained in the Senior Lien Indenture:

> "The City covenants... [that it will] fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in an Fund or Account, will be at least sufficient... to provide for... One and ten-hundredths times (l.lOx) Aggregate Senior Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal and interest on Senior Lien Obligations"

In addition to Airport Revenues, the City also pledged, through 2018, PFC Revenues as Other Available Moneys equal to the amount of annual debt service on the Series 2008A and Series 2010F GARBs, and without expiration on the Series 2011A GARBs, plus any required coverage on those bonds. Also, the City has pledged Grant Receipts from FAA Letter of Intent grants and other FAA discretionary grants to the debt service on the Series 2011B GARBs, in addition to Airport Revenues. As shown, the Debt Service coverage ratio is projected to meet the minimum requirement of l.lOx in each year of the projection period.

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CITY OF CHICAGO

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1. The 2013 Airport Projects and the 2013 Senior Lien Bonds

1.1 The 2013 Airport Projects

A portion of the proceeds from the 2013 Senior Lien Bonds are anticipated to fund the 2013 Airport Projects. The 2013 Airport Projects include various projects associated with the Capital Improvement Program at the Airport (the 2013 CIP Projects) and the remaining costs of the O'Hare Modernization Program (OMP) Phase 2A Airfield Projects (the 2013 OMP Phase 2A Projects).

The amount of certain outstanding Prior Airport Obligations refunded with proceeds from the 2013 Senior Lien Bonds will ultimately determine the amount of 2013 Airport Projects that can be funded with proceeds from the 2013 Senior Lien Bonds under the Bond Ordinance. For the purposes of this report, is it assumed that the total amount of the 2013 Airport Projects will be funded with proceeds of the 2013 Senior Lien Bonds, which, including the repayment of certain previously issued commercial paper, is approximately $346.3 million. While this report assumes the total amount, any 2013 Airport Projects not ultimately funded with proceeds from the 2013 Senior Lien Bonds are planned to be funded through future GARBs.

1 THE 2013 CIP PROJECTS

The 2013 CIP Projects include: various terminal improvement projects; Airport Transit System (ATS) Vehicle overhaul and ATS running rail replacement; airside pavement replacement projects; various heating and refrigeration projects; a parking revenue control system (PARCS); vehicle replacement; and implementation.

2013 CIP Projects Plan of Finance

For purposes of this report, the estimate for the 2013 CIP Projects is $173.5 million, of which, approximately $77.1 million was initially funded through the City's commercial paper program and will be refunded through the 2013 Senior Lien Bonds and $96.4 million will be funded using a portion of the proceeds of the 2013 Senior Lien Bonds.

2 THE 2013 OMP PHASE 2A PROJECTS

The 2013 OMP Phase 2A Projects include the remaining costs to complete the OMP Phase 2A Airfield Projects, comprised of Runway 10R-28L, certain north runway enabling projects, and Taxiway LL Phase 1 Runway 10R-28L is a 7,500-foot long runway which will allow for a fourth simultaneous arrival stream in good weather and three independent arrival streams in the predominate two poor weather configurations. The following are the associated enabling projects required with this planned runway:

- Develop service road tunnels connecting the US Post office and the South Cargo Area; Realign Irving Park Road to the southern edge of the airport property;
- Development of a new access road from Irving Park Road to the southwest cargo area; Development of a new South Airport Traffic Control Tower (ATCT) in the south airfield; and
- Decommissioning of Runway 14R-32L.

Enabling projects associated with the north runway include: Northeast Quadrant site improvements, Taxiway WK & NW enabling projects, Trunk Sewer System E, North Detention Basin, and other projects.

The Taxiway LL Phase 1 project includes the western-most project elements of the Taxiway LL project. These include an approximate 725-foot taxiway and several connector taxiways between the eastern end of Runway 10R-28L and the terminal core.

The OMP Phase 2A is scheduled to be complete in 2015. The overall OMP is described in further detail in Chapter 2 of this Report.

2013 OMP Phase 2A Projects Plan of Finance

A funding agreement with the Airline Parties for OMP Phase 2A (Runway 10R-28L and certain north runway enabling projects) was reached in April 2011. The funding agreement for OMP Phase 2A was for a Majority-in-Interest (Mil) approved budget of approximately $943 million of project costs funded through a combination of GARBs, PFCs, and FAA Airport Improvement Grant (AIP) grants through a Letter of Intent (LOI). As part of the OMP Phase 2A funding agreement, the Airline Parties approved GARB funding totaling approximately $298.3 million. The Taxiway LL Phase 1 project was approved by an Mil of the Airline Parties on September 3, 2013, increased the total OMP Phase 2A funding approximately $78.3 million of GARBs, bringing the total amount of GARB funding for OMP Phase 2A including the 2011 funding agreement and the Mil for Taxiway LL Phase 1 is approximately $376.6 million. In 2011, the City issued GARBs to fund approximately $203.8 million of OMP Phase 2A. The 2013 Senior Lien Bonds are anticipated to fund the remaining GARB-funded amounts of the 2013 OMP Phase 2A Projects, totaling approximately $172.8 million.

Table 1-1 presents the estimated 2013 Airport Projects estimated costs and funding sources.

Table 1-1: 2013 Airport Projects Estimated Costs and Funding Sources

Estimated Project Costs		
2013 OMP Phase 2A Projects		
Remaining costs to complete OMP Phase 2A	$ 172,800,000	
2013 CIP Projects (including amounts previously funded withcommercial paper)		
Terminal Improvement Projects	$ 86,000,000	
Airside Pavement Replacement Projects	$ 25,200,000	
Heating and Refrigeration Projects	$ 23,400,000	
Parking Revenue Control System	$ 16,500,000	
Vehicle Replacement	$ 3,600,000	
Implementation	$ 19,100,000	
Subototal 2013 CIP Project Costs		$173,800,000
Total Estimated 2013 Airport Project Costs		**$346,600,000**
Funding Sources		
2013 Senior Lien Bond Proceeds		S346,600,000

SOURCE City of Chicago, Department of Aviation, Frasca & Associates, LLC, Ricondo & Associates, August 2013 PREPARED BY Ricondo & Associates, Inc, August 2013

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1.2 The 2013 Senior Lien Bonds

The City intends to issue the 2013 Senior Lien Bonds to finance, in part, the 2013 Airport Projects. The 2013 Senior Lien Bonds include (i) refunding certain outstanding Prior Airport Obligations, (ii) financing the costs of certain 2013 Airport Projects, (iii) funding certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Fund, (iv) funding capitalized interest on a portion of the 2013 Senior Lien Bonds, (v) repay certain of the City's outstanding Airport Commercial Paper Notes, and (vi) paying costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds. Table 1-2 details the uses of the proceeds of the new money portion of the 2013 Senior Lien Bonds. For purposes of this Report, the financial analysis does not include any assumed savings from the refunding of certain outstanding Prior Airport Obligations or funding of certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Fund.

The 2013 Senior Lien Bonds will be issued pursuant to an ordinance adopted by the City Council of the City on March 13, 2013 (the "Bond Ordinance") and the Senior Lien Master Indenture from the City to U.S. Bank National Association, Chicago, Illinois, as successor trustee to LaSalle Bank National Association (the "Trustee"), as supplemented by the Forty-Fourth Supplemental Indenture (the "Forty-Fourth Supplemental Indenture"), the Forty-Fifth Supplemental Indenture (the "Forty-Fifth Supplemental Indenture"), the Forty-Sixth Supplemental Indenture (the "Forty-Sixth Supplemental Indenture, and the Forty-Seventh Supplemental Indenture (the "Forty-Seventh Supplemental Indenture, each dated as of October 1, 2013 and each from the City to the Trustee. The Senior Lien Master Indenture as supplemented by the Forty-Fourth Supplemental Indenture, the Forty-Fifth Supplemental Indenture, the Forty-Sixth Supplemental Indenture, and the Forty-Seventh Supplemental Indenture and as it may be amended and supplemented from time to time in accordance with its terms, is collectively herein referred to as the "Senior Lien Indenture."

The 2013 Senior Lien Bonds will be secured under the Senior Lien Indenture by a lien on and pledge of all Revenues and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.

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Table 1-2: Uses of New Money Proceeds of the Series 2013 Senior Lien Bonds [1]

Sources	
Par Amount of Bonds	$ 428,680,000
Net Original Issue Discount (20,494,950)	
Total Sources	$ 408,185,050
Uses	
Project Fund Deposits	
Project Fund Deposit	$ 269,168,963
Commercial Paper Redemption	$ 77,434,000
Total Project Fund Deposits	$ 346,602,963
Debt Service Reserve Fund	30,601,469
Capitalized Interest Fund	28,401,905
Cost of Issuance	2,572,080
Additional Proceeds	6,633
Total Uses	$ 408,185,050

NOTE
1/ Amounts used for financial feasibility and actual amounts may vary
SOURCE JPMorgan, LLC, August 2013.
PREPARED BY. Ricondo & Associates, Inc., August 2013.

the Airport Consultant

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1.3 Indenture of Trust

Security for the Series 2013 Bonds

Pursuant to the terms of the Senior Lien Indenture, the 2013 Senior Lien Bonds will be secured by a first lien pledge of Revenues (meaning, generally, all amounts received or receivable, directly or indirectly, by the City for the use and operation of O'Hare (excluding the Land Support Area)), on a parity basis with the City's Existing Senior Lien Bonds and such other Senior Lien Obligations as may be outstanding from time to time, and will be paid from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture.

"Revenues" consist of all amounts received or receivable, directly or indirectly, by the City for'the use and operation of, or with respect to, O'Hare (excluding the Land Support Area); provided, however, Revenues does not include: (a) interest accruing on and any profit from the investment of moneys in any fund or account of the Airport that is not available by agreement or otherwise for deposit into the Revenue Fund; (b) Government Grants in Aid; (c) the proceeds of any PFC, CFC or similar tax or charge levied by or on behalf of the City including but not limited to, any cargo activity charge or security charge; (d) insurance proceeds, except to the extent such moneys are deemed revenues in accordance with generally accepted accounting principles, and condemnation award proceeds; (e) amounts derived by the City from Special Facility Financing Arrangements, but only to the extent such moneys are required to pay the principal of, premium, if any,,and interest on Special Facility Revenue Bonds and other payments required by Special Facility Financing Arrangements; (f) the proceeds of any borrowing by the City; (g) the proceeds of any tax levied by or on behalf of the City; (h) security deposits and the proceeds of the sale of any Airport property; and (i) unless otherwise provided in a Supplemental Indenture, any Released Revenues.

The Senior Lien Indenture permits the City, at its option, to transfer to the Trustee Other Available Moneys to pay the principal of and interest on the Senior Lien Bonds or particular series of Senior Lien Bonds. "Other Available Moneys" means, for any Fiscal Year, the amount of money determined by the Chief Financial Officer to be transferred to the Revenue Fund from sources other than Revenues. Other Available Moneys may include PFCs and other similar charges and Government Grants-in-Aid. The Series 2011A Bonds and, until 2018, the Series 2008A Bonds and the

Series 2010F Bonds, are secured not only by a pledge of Revenues, but also by a pledge of PFC revenues subordinate to the PFC Obligations. Similarly, the Series 2011B Bonds are secured not only by a pledge of Revenues, but also by a pledge of certain Government Grants-in-Aid which are expected to be received by the City.

Under the Senior Lien Indenture, the City has covenanted to establish rentals, rates and charges for the use and operation of O'Hare so that Revenues, together with certain other moneys deposited with the Trustee, are sufficient to pay the operation and maintenance expenses at O'Hare and to satisfy the debt service coverage covenants contained in the Senior Lien Indenture.

The City is a party to the Airport Use Agreements (as defined below) with certain airlines serving O'Hare, which Airport Use Agreements are scheduled to expire on May 11, 2018. Following the expiration of the Airport Use Agreements on May 11, 2018, the Senior Lien Indenture provides that beginning on the first

Business Day of June 2018, or such other date as the City may select and designate in a Certificate filed with the Trustee (the "Transition Date"), certain new Funds and Accounts will be established and the application of moneys in the Revenue Fund will be revised.

Flow of Funds - Prior to the Transition Date

Revenues and expenses of O'Hare are accounted for as a separate enterprise fund of the City, subject to the provisions of the Senior Lien Indenture and, prior to the Transition Date, the Airport Use Agreements. Under the Senior Lien Indenture, Revenues, including amounts collected by the City in order to satisfy deposit requirements established in any resolution, ordinance or indenture securing Airport Obligations, are required to be deposited to the credit of the Revenue Fund in the name of the Trustee with a depository or depositories, each fully qualified under the provisions of the Senior Lien Indenture to receive the same as deposits of money held by the Trustee. The Trustee shall be accountable only for moneys actually so deposited.

The Senior Lien Indenture provides that disbursements from the Revenue Fund are to be adjusted as of the Transition Date following the expiration of the Airport Use Agreements. Prior to the Transition Date, the moneys in the Revenue Fund are to be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amount provided:

a) On the tenth day of each month, the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased and decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment; and

b) On the Business Day of the Trustee immediately preceding each January 1 and July 1, the Trustee is required to make the following deposits from amounts on deposit in the Revenue Fund in the manner and order of priority set forth:

First: into the Debt Service Fund the amount, if any, necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to January 1 or July 1;

Second: to the City for deposit into the Special Capital Projects Fund the amount specified by the City in a Certificate filed with the Trustee as the amount to be deposited at such time in such Fund;

Third: to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the mid-year projection prepared in accordance with the Airport Use Agreements contains an adjustment of Operation and Maintenance Expenses (exclusive of Operation and Maintenance Expenses of the Land Support Area and required deposits in the Operation and Maintenance Reserve Fund and the Maintenance Reserve Fund), then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment;

Fourth: to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) $1,500,000, or (ii) the amount, if any, required to increase the amount on deposit therein to $3,000,000;

Fifth: to the City for deposit into the Airport Development Fund an amount equal to one-half of the annual Airport Development Fund Deposit Requirement, if any, for the Fiscal Year which includes such January and July 1; and

Sixth: into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing Junior Lien Obligations, to be deposited therein for the payment of Junior Lien Obligations, without priority, one over the other, to any subfunds on accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

At the end of each Fiscal Year, amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien Indenture or under any Supplemental Indenture or under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

Flow of Funds After the Transition Date

From and after the Transition Date, the moneys in the Revenue Fund are to be disbursed and applied by the Trustee as required to make the following deposits on the dates and in the amount provided:

(a) On the tenth day of each month the Trustee shall transfer to the City for deposit into the Operation and Maintenance Fund an amount equal to one-twelfth of the amount provided in the Operation and Maintenance Expense Projection for the current Fiscal Year; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, the amount required to be deposited in the Operation and Maintenance Fund each month of the second six-month period of each Fiscal Year shall be increased or decreased as appropriate by an amount equal to one-sixth of the amount of such adjustment.

(b) On the Business Day of the Trustee immediately preceding each January 1 and July 1, the Trustee is required to make the following deposits from amounts on deposit in the Revenue Fund in the manner and order of priority set forth:

First: into the Debt Service Fund the amount, if any, necessary to increase the amount on deposit therein to an amount sufficient to fund the Deposit Requirements corresponding to that January 1 or July 1;

Second, to the City for deposit into the Operation and Maintenance Reserve Fund an amount equal to one-half of the Operation and Maintenance Reserve Fund Deposit Requirement, if any, for the Fiscal Year which includes such January 1 and July 1; provided, however, that if the mid-year projection contains an adjustment of Operation and Maintenance Expenses, then the amount required to be deposited in the Operation and Maintenance Reserve Fund with respect to each July 1 shall be increased or decreased as appropriate by an amount equal to the amount of such adjustment.

Third, to the City for deposit into the Maintenance Reserve Fund an amount equal to the lesser of (i) > $1,500,000 and (ii) the amount, if any, required to increase the amount on deposit therein to $3,000,000.

Fourth, into the Junior Lien Obligation Debt Service Fund an amount, if any, equal to the amount required by any resolution or ordinance authorizing the issuance of Junior Lien Obligations to be deposited therein on such date and without priority, one over the other, to any sub-funds or accounts within the Junior Lien Obligation Debt Service Fund, the amount specified by a Certificate filed with the Trustee.

Fifth, to the City for deposit into the Airport General Fund any amount remaining in the Revenue Fund unless the City shall have filed with the Trustee a Certificate specifying a lesser amount, in which case the amount specified by the City in the Certificate shall be the amount to be transferred to the City at such time for deposit into the Airport General Fund.

If at the time the above described deposits are required to be made the moneys held in the Revenue Fund are insufficient to make any required deposit, the deposit shall be made up on the next applicable deposit date after required deposits into all other Funds enjoying a higher priority shall have been made in full.

The City shall be mandatorily and irrevocably obligated to apply moneys in the Maintenance Reserve Fund to make up any deficiencies in the Debt Service Fund. In the event moneys are so applied from the Maintenance Reserve Fund, the amount applied shall be restored on the next applicable deposit date after all other Fund deposits enjoying a higher priority shall have been made in full.

Amounts on deposit in the Debt Service Fund, the Operation and Maintenance Fund, the Operation and Maintenance Reserve Fund, the Maintenance Reserve Fund and the Junior Lien Obligation Debt Service Fund in excess of the amount required under the Senior Lien Indenture or under any Supplemental Indenture or

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under any ordinance or resolution authorizing the issuance of Junior Lien Obligations to be on deposit in such Fund at the end of such Fiscal Year shall be transferred to the Revenue Fund.

After the Transition Date, all moneys held by the City in the Airport General Fund may be applied, used and withdrawn by the City for any lawful corporate purpose of the City, free from any lien or security interest in favor of the Trustee and the owners of Senior Lien Obligations.

The Flow of Funds identified in the Senior Lien Indenture, both before and after the Transition Date, are illustrated graphically in Exhibit 1-1.

The Rate Covenant

The City covenants in the Senior Lien Indenture to fix and establish, and to revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal Year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in any Fund or Account, will be at least sufficient:

i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

ii) to provide for the greater of (A) the sum of the amounts needed to make the deposits required to be made pursuant to all resolutions, ordinances, indentures and trust agreements pursuant to which all Outstanding Senior Lien Obligations or other Outstanding Airport Obligations are issued and secured, and (B) one and ten hundredths times the Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal of and interest on Senior Lien Obligations.

The City further covenants in the Senior Lien Indenture to fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys consisting solely of: (a) any passenger facility charges deposited with the Trustee for that Fiscal Year; and (b) any other moneys received by the City in the immediately prior Fiscal Year and deposited with the Trustee no later than the last day of the immediately prior Fiscal Year, will be at least sufficient:

i) to provide for the payment of Operation and Maintenance Expenses for the Fiscal Year; and

ii) to provide for the payment of Aggregate Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during the Bond Year to pay the principal of and interest on Senior Lien Obligations.

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CHICAGO O'HARE 1NTLRNAI10NAL AIRPORT

Exhibit 1-1: Flow of Funds

BEFORE TRANSITION DATE **

Revenue Fund

Operation ^ Maintenance Fund (monthly) * -

(Senior LienJiDebt Service Fund '

^

. Special.GapitaliProjects Fund; :-; 'ittilll Operation Si Maintenance Reserve Fund **jv

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Maintenance Reserve'Fund ' ..ft.;?;.-

Airport Development Fund

Revenue Fund

Sj>< Operation. & Maintenance Fund (monthly).^ "" (Senior Lien) Debt Service. Fund 4

Operation & Maintenance Reserve Fund '

-a: -

Maintenance Reserve Fund '

Junior Lien Obligation Debt Service Fund " Airport General'Fund

JuniorsLien Obligation Debt Service Fund.'

NOTES.

+ Balance at year end transferred to Revenue Fund

+ + Transition Date means the first business day of the Trustee in the month of June, 2018 unless, prior to May 1, 2018, the City files with the Trustee a Certificate electing to select a subsequent date as the Transition Date in which case the Transition Date shall be the date selected by the City in a Certificate filed with the Trustee not less than 30 days prior to the date selected by the City

SOURCE Senior Lien Indenture

PREPARED BY Ricondo & Associates, Inc. August 2013

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Report of the Airport Consultant

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CHICAGO O'HARE INTERNATIONAL A1RPORI

Within 90 days after the end of each Fiscal Year, the City is required by the Senior Lien Indenture to furnish to the Trustee calculations of the required debt service coverage, as described above. If either calculation for any Fiscal Year indicates that the City has not satisfied its obligations described above, then as soon as practicable, but in any event no later than 45 days after receipt by the Trustee of such calculation, the City must employ an Independent Airport Consultant to review and analyze the financial status and the administration and operation of O'Hare and to submit to the City, within 45 days after employment of the Independent Airport Consultant, a written report on the same, including the action which the Independent Airport Consultant recommends should be taken by the City with respect to the revision of O'Hare rentals, fees and charges, alteration of its methods of operation or the taking of other action that is projected to result in producing the amount so required in the then current Fiscal Year or, if less, the maximum amount deemed feasible by the Independent Airport Consultant. Within 60 days following its receipt of the recommendations, the City must revise O'Hare rentals, fees and charges or alter its methods of operation, which revisions or alterations need not comply with the recommendations so long as any revisions or alterations are projected by the City to result in compliance with the required debt service coverage, as described above. If at any time and as long as the City is in full compliance with the provisions of the Senior Lien Indenture summarized in this paragraph, there shall be no event of default under the Senior Lien Indenture as a consequence of the City's failure to satisfy the coverage covenants described above.

Additional Bonds

Additional Senior Lien Bonds, except in the case of Refunding Bonds and Completion Bonds may be issued only upon the satisfaction of certain conditions. These conditions include delivery to Trustee of:

i) a Certificate of an Independent Accountant or a Certificate of the City, in either case stating that Revenues and Other Available Moneys in the most recent completed Fiscal Year for which audited financial statements have been prepared satisfied the first covenant described under "- Debt Service Coverage Covenants" above, assuming for such purpose that Aggregate Debt Service for the Bond Year commencing during such Fiscal Year includes the maximum Annual Debt Service on all Outstanding Senior Lien Obligations and the Series of Senior Lien Obligations proposed to be issued (disregarding any Airport Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the Senior Lien Obligations proposed to be issued); or

ii) a Certificate of an Independent Airport Consultant or a Certificate of the City, in either case stating that, based upon reasonable assumptions, Revenues and Other Available Moneys are projected to be not less than that required to satisfy the first covenant described under "- Debt Service Coverage Covenants" above (disregarding any Airport Obligations that have been paid or discharged or will be paid or discharged immediately after the issuance of the Senior Lien Obligations proposed to be issued) for each of the next three Fiscal Years following the issuance of the Senior Lien Obligations or, if later, for each Fiscal Year from the issuance of the Senior Lien Obligations through the two Fiscal Years immediately following completion of the project or projects financed by the Senior Lien Obligations.

For the purpose of computing Revenues under either clause (i) or (n) above, there must be taken into account (x) any reduction in the rate of any PFCs, and (y) any increase in the rate of any PFCs authorized by legislation if the City has taken all action required to impose those increased charges at O'Hare pursuant to such

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I CITY OF CHICAGO

legislation. For the purpose of computing Revenues and Other Available Moneys under clause (ii) above, Other Available Moneys shall be projected only to the extent they have been (x) paid over to the Trustee and deposited in the Revenue Fund, or (y) irrevocably pledged to the payment of debt service on Airport Obligations.

The City may issue Refunding Bonds, such as the 2013A Senior Lien Bonds and 2013B Senior Lien Bonds, and Completion Bonds either by satisfying the debt service coverage requirement described above, or by satisfying the applicable requirements in the Senior Lien Indenture.

Subordinate Bonds

As described under in the Senior Lien Indenture the City has the right, at any time, to issue debt payable or secured by amounts to be withdrawn from the Junior Lien Obligation Debt Service Fund so long as such pledge is expressly junior and subordinate to the pledge of Revenues to the payment of Senior Lien Obligations. Indebtedness of this type can be issued without limit as to nature or amount.

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2. The Airport

The Airport is the primary commercial-service airport in Chicago and the surrounding region. This Chapter presents the role of the Airport, a summary of existing Airport facilities, and a description of the ongoing capital development programs at the Airport.

Role of the Airport

NATIONAL AND GLOBAL PERSPECTIVE

Based on USDOT survey data, the Chicago market[1] was ranked fourth in the nation in terms of domestic O&D passengers for the year 2012 - following the New York[2], Los Angeles[3], and San Francisco" markets. Given its proximity to the center of the U.S., its facilities to accommodate domestic and international passengers, and its status as one of the few major "dual hub" airports in the U.S., the Airport is a key component of the national air transportation system.

Table 2-1 presents the Airport's worldwide rankings of activity for the 12 months ended December 2012 based on statistics from Airports Council International.[5] As shown in Table 2-1, the Airport served 66.6 million enplaned and deplaned passengers or approximately 182,100 total passengers on average each day during this period. As also shown, the Airport ranked second worldwide in total aircraft operations, with 878,108 takeoffs and landings; fifth worldwide and second in the U.S. in total passengers (see numbers cited above); and 17th worldwide in total cargo, with 1.5 million enplaned and deplaned tons. Historically, the Airport has always ranked at the top of the world's busiest airports in terms of passenger and operational activity.

Includes Chicago O'Hare International and Chicago Midway International Airports

Includes John F Kennedy International, Newark Liberty International, and La Guardia Airports

Includes Los Angeles International, John Wayne Airport-Orange County, Ontario International, Bob Hope, and Long Beach Airports. Includes San Francisco International, Metropolitan Oakland International, and Norman Y Mineta San Jose International Airports Preliminary, dated March 26, 2013.

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Chicago's location along the heavily traveled east/west air routes and its large population base make it a natural location for airline "hubbing" operations. United and American[6], two of the world's largest air carriers in terms of revenue passenger miles, operate major connecting hub facilities at the Airport. United and American's use of the Airport as a hub is described in more detail later in this report in Chapter 4. Exhibit 2-1 presents the Airport's share of domestic enplanements versus international and also presents an overview of the Airport's market share for its two hub carriers and for the other airlines.

Table 2-2 presents annual originating, connecting, and total enplaned passengers at the Airport from 2002 through 2012. From 2003 to 2008, the Airport's originating passenger percentage increased in each year, from approximately 44.5 percent to approximately 50.1 percent before declining in 2009 and 2010. In 2011, the Airport's originating passenger percentage increased from 47.0 percent to 48.1 percent. The originating passenger percentage increased again in 2012 to 49.1 percent. On a weighted average basis, this percentage was approximately 47 percent between 2002 and 2012; however, since 2008, on a weighted average basis this percentage has increased to approximately 49 percent, representing a general upward trend. Therefore, for purposes of the projection it is assumed that originating passengers remain at the level of 49.0 percent of total passengers through the Projection Period.

When compared to other U.S. large hub airports, the Airport ranks favorably in terms of average fares and average revenue yield per passenger mile, with the latter metric making it attractive for airlines to serve the Airport. Table 2-3 presents average fares for 2012 at the top 25 U.S. large-hub airports, as ranked by total domestic O&D revenue in 2012.[7] As shown, the Airport was relatively competitive among these airports with an average domestic one-way fare of approximately $176 in 2012, placing it as the eleventh-lowest among the top 25 O&D airports One measure of the Airport's ability to generate airline revenue is through the measurement of the Airport's O&D revenue yield per passenger mile. As shown in Table 2-4, the average revenue yield per passenger mile for all of the Airport's domestic O&D markets was $0.1757 in 2012, compared to $0.1431 nationwide." Similar to average fares, the Airport was relatively competitive among the airports depicted, as its average revenue yield per passenger mile was the seventh-highest among the top 25 O&D airports, as ranked by total domestic O&D revenue in 2012, behind Houston ($0.2013), Minneapolis ($0.1891), Atlanta ($0.1883), Washington D.C. - Reagan National ($0.1882), Dallas/Ft. Worth ($0.1872), and Detroit ($0.1807).

A proposed merger between American and US Airways is discussed in Chapter 4. Calculations of average domestic fares include frequent flyer passengers.

Calculations of average domestic revenue yield per coupon or passenger mile include frequent flyer passengers

Airline Market Share

EXHIBIT 2-1

2012 Airport Enplanement Characteristics

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Table 2-2: Historical Originating and Connecting Enplanements at ORD

YEAR	ORIGINATING ENPLANEMENTS	ORIGINATING ANNUAL GROWTH	CONNECTING ENPLANEMENTS	CONNECTING ANNUAL GROWTH	TOTAL ENPLANED PASSENGERS / TOTAL ANNUAL GROWTH / ORIGINATING ENPLANEMENT PERCENTAGE
2002	15,260,093	(3 0%)	17,658,843	0 5%	32,918,936(12%)46 4%
2003	15,310,104	0 3%	19,123,428	8 3%	34,433,5324 6%44 5%
2004	16,778,179	9 6%	20,666,369	8 1%	37,444,5488 7%44 8%
2005	17,548.038	4 6%	20,399,949	(13%)	37,947,98713%46 2%
2006	17,808,474	15%	19,955,970	(2 2%)	37,764.444(0.5%)47 2%
2007	18,223,460	2.3%	19,539,602	(21%)	37,763,062(0 0%)48 3%
2008	17,024,876	(6 6%)	16,986,311	(13.1%)	34.011,186(9 9%)501%
2009	15,696,349	(7 8%)	16,338,806	(3 8%)	32.035,155(5 8%)49 0%
2010	15,605,731	(0 6%)	17,613,571	7 8%	33,219,3023.7%47.0%
2011	15,972,745	2 4%	17,221,963	(2 2%)	33,194,708(01%)48.1%
2012	16.318,810	2 2%	16,912,391	(18%)	33.231,20101%491%

Compound Annual Growth Rate

(0 4%)

Enplaned Passengers

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

■ Originating ☐ Connecting

NOTE

1/ Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Department of Aviation Management Records

SOURCES US DOT Origin & Destination Suivey of Airline Passenger Tiaffic, City of Chicago, Department of Aviation Management Records
PREPARED BY Ricondo & Associates, Inc. April 2013

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CHICAGO O'HARE INTERNATIONAL AIRPORT

Table 2-3: Average Domestic One-Way Fares at Top 25 O&D Airports by Revenue - 2012

AVERAGE ONE-WAY FARE RANKING
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

AIRPORT

Ft. Lauderdale (FLL) Orlando (MCO) Las Vegas (LAS) Denver (DEN) Tampa (TPA) Baltimore (BWI) Phoenix (PHX) Atlanta (ATL) New York (LGA) San Diego (SAN) Chicago (ORD) Washington D C. (DCA) Boston (BOS) Detroit (DTW) Salt Lake City (SLC) Seattle (SEA) Philadelphia (PHL) Los Angeles (LAX) Dallas/Ft. Worth (DFW) Minneapohs/St. Paul (MSP) New York (JFK) San Francisco (SFO) Newark (EWR) Honolulu (HNL) Houston (IAH)

O&D O&D AVERAGE DOMESTIC

$141 $145 $148 $150 $153 $155 $159 $165 $165 $171 $176 $179 $179 $182 $183 S184 $187 $191 $195 $197 $197 $198 $210 $218 $224

17,650,121 26,610,635 29,131,724 25,667,846 13,845,697 15,113,777 20,215,381 25,407,809 21,348,659 14,882,491 26,050,057 14,213,965 21,644,965 13,509,756 9,553,515 20,584,326 14,652,185 32,118,897 20,376,866 14,941,665 17,556,857 24,202,189 15,487,978 10,631,691 11,671,222

PASSENGERS REVENUE ONE-WAY FARE[v]

$2,496,043,262	$3,865,927,231	$4,299,666,486	$3,851,358,609	$2,122,005,013	$2,344,198,858
$3,224,176,555	$4,192,369,341	$3,529,013,829	$2,545,210,799	$4,588,008,960	$2,539,971,341
$3,882,315,293	$2,461,056,770	$1,750,149,240	$3,790,241,252	$2,740,735,806	$6,134,475,916
$3,976,335,250	$2,940,045,012	$3,456,546,075	$4,793,907,402	$3,246,458,415	$2,321,713,118
$2,612,584,548					

NOTE

1/ Calculation includes frequent flyer passengers

SOURCE U S DOT O&D Summary Report, Duo LLC, May 2013

PREPARED BY Ricondo 8t Associates, Inc, May 2013

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CHICAGO O'HARE INTERNA IIONAL AIRPORT SEPTEMBER 23, 2013

Table 2-4: Average Domestic Yields at Top 25 O&D Airports by O&D Revenue - 2012

AVERAGE DOMESTIC ONE-WAY YIELD PER COUPON MILE RANKING
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

AIRPORT

Houston (IAH)
Minneapolis/St. Paul (MSP)
Atlanta (ATL)
Washington D.C (DCA)

Dallas/Ft Worth (DFW)
Detroit (DTW)
Chicago (ORD)
New York (LGA)
Salt Lake City (SLC)
Philadelphia (PHL)
Baltimore (BWI)
Newark (EWR)
Denver(DEN)
Tampa (TPA)
Boston (BOS)
Phoenix (PHX)
Orlando (MCO)
San Diego (SAN)
Seattle (SEA)
Las Vegas (LAS)
San Francisco (SFO)
Los Angeles (LAX)
Ft Lauderdale (FLL)
New York (JFK)
Honolulu (HNL)

AVERAGE ITINERARY MILES

1,112 1,041
877
950 1,043 1,008 1,002
948 1,075 1,176
988 1,361 1,029 1,053 1,269 1,168 1,080 1,310 1,433 1,196 1,606 1,570 1,174 1,649 1,999

AVERAGE DOMESTIC ONE-WAY YIELD PER PASSENGER MILE

$0.2013 $0 1891 $0 1883 $0.1882 $0.1872 $0.1807 $0.1757 $0.1744 $0.1705 $0.1591 $0.1570 $0 1540 $0 1458 $0.1456 $0.1413 $0.1366 $0 1345 $0 1306 $0 1285 $0 1234 $0 1233 $0.1216 $0.1205 $0 1194 $0 1093

SOURCE U S DOT O&D Dynamic Report, Duo LLC, May 2013
PREPARED BY Ricondo Si Associates, Inc. May 2013

Report of the Airport Consultant

SEP'I LMBEK 23, 2013

2.1.2 LOCAL PERSPECTIVE - THE AIR TRADE AREA

The geographical area served by an airport is commonly referred to as its "air trade area". The borders of an airport's air trade area are influenced by such factors as the location of other metropolitan areas and their associated facilities. The demand for air transportation and, consequently, rental car activity at the Airport is, to a large degree, dependent upon the demographic and economic characteristics of an airport's air trade area. This relationship is particularly true for O&D passenger traffic, which, as described above, has historically been approximately half of the passenger traffic at the Airport. Potential rental car customers at the Airport primarily consist of passengers who are visiting within the Chicago Metropolitan Statistical Area (MSA) or surrounding area.' The major portion of demand for air travel and rental cars at the Airport, therefore, is influenced more by the local characteristics of the area served than by individual air carrier decisions regarding service patterns in support of connecting activity.

For purposes of this Report, the "Air Trade Area" for the Airport refers to the Chicago-Naperville-Joliet MSA and the Kankakee-Bradley MSA. As presented in Exhibit 2-2, the Air Trade Area is comprised of 15 counties; Cook County, (IL), DeKalb County (IL), DuPage County (IL), Grundy County (IL), Jasper County (IN), Kane County (IL), Kankakee Count (IL), Kendal County (IL), Kenosha County (WI), Lake County (IL), Lake County (IN), McHenry County (IL), Newton County (IN), Porter County (IN) and Will County (IL).

2.2 Existing Airport Facilities

The Airport occupies approximately 7,265 acres of land 18 miles northwest of downtown Chicago. Its primary facilities consist of the airfield, terminal area, air cargo and maintenance hangar areas, former military area, and various Airport support areas. These facilities are described in the following subsections.

2.2.1 AIRFIELD

Currently, the airfield includes seven active runways[10] and two runways under construction. The existing airfield layout is shown in Exhibit 2-3. The O'Hare Modernization Program (OMP), which is reconfiguring the airfield from intersecting runways to a predominantly east-west parallel runway layout, is on-going. A discussion of the OMP is included later in this chapter. A network of taxiways, aprons, and aircraft holding areas supports the runways. All runways have electronic and other navigational aids that permit aircraft to land in most weather conditions.

* According to the federal government, an MSA is a geographical area with a large population nucleus, along with any adjacent communities that have a high degree of economic and social interaction with that nucleus.

"' Does not include Runway 18-36 which has been deactivated and converted to a taxiway and will ultimately be replaced by Future Runway 10C-28C

[E-44]

Repoit of the Anpoit Consultant
CITY OF CHICAGO
CHICAGO O'H ARC INTERNA 110NA L AIRPORT SEPTEMBER 23, 2013

LEGEND

I - | Chicago-Napervil!e-Joliet MSA '/ Kai<akce-Bradlcy MSA

Counties Outside of Chicago Region (^^) O'Hare InTcrnaTiona" Airport (^) Existing Airports Within MSA

Existing Airports Outside MSA 0 Proposed Airports

SOURCE Cartosia Software, Map Art, 1998 PREPARED BY Rirnndoft Assnn.irci. inr .

Air Trade Area

Report of the Airport Consultant

O Existing Airport Layout

[E-46]

Report of the Airport Consultant

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT

2 TERMINAL AREA

The airlines serving the Airport operate from four terminal buildings with a total of 189 gates.[11] Three terminal buildings, with a total of 169 gates, serve domestic flights and certain international departures. The domestic terminal complex is centrally located within the airfield area. The international terminal facility is located in the eastern portion of the terminal area and has 20 gates and five hardstand positions. The international terminal serves departures and all international arrivals requiring federal inspection services (FIS), as well as a small amount of domestic departures and arrivals.

Located within the terminal area are a hotel, an elevated parking structure, and the Airport heating and refrigeration plant. The 10-story hotel, leased and operated by Hilton Hotels Corporation, provides approximately 860 guest rooms, as well as restaurants and meeting facilities. The six-story parking structure adjacent to the domestic terminals contains approximately 9,300 spaces for public and employee parking. The heating and refrigeration plant, located northeast of the domestic terminals, provides heating and air conditioning for all of the terminal buildings.

3 RENTAL CAR FACILITIES

Eight rental car brands currently operate "on Airport." They include Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. Avis Budget Group, Inc. operates the Avis and Budget brands; Enterprise Holdings, Inc. operates the Alamo, Enterprise and National brands, and The Hertz Corporation operates the Hertz, Dollar, and Thrifty brands. In terms of off-Airport rental car operators, there currently is relatively minimal service provided by Ace Rent a Car and Advantage Rent a Car.

On-Airport rental car facilities are currently located on Airport property sites remote from the terminals and are served by company-specific shuttle buses operated between the rental car facilities and the terminal. The existing rental car facility locations are presented in Exhibit 2-4.

As part of the Airport's capital development program, the City intends to construct a Joint Use Facility which includes (1) a Consolidated Rental Car Facility (CRCF) with an associated Quick Turn Around (QTA) facility, (2) an extension to the Airport's existing Airport Transit System (ATS), including the purchase of new ATS vehicles, and (3) a public parking component ("the Joint Use Facility"). Please refer to Section 2.3.2 in this report for further details on the future rental car facilities.

The Joint Use Facility will accommodate the Airport rental car facilities that will be required to be relocated in order to comply with FAA regulations associated with future runway development planned as part of the O'Hare Modernization Program.

[11] A gate is an active aircraft parking position that is accessed through the terminal building, either through a passenger loading bridge or through other means, customarily used for the purpose of boarding and/or deplaning passengers.

4 AIR CARGO AREAS

The Airport is a major center for air cargo shipments. In the land support area surrounding the airfield, there are 16 buildings used for air cargo operations. The main cargo area is on the southwest side of the Airport -the South Cargo Area. Additional cargo facilities are located within Airport land support areas in the eastern, southeastern, and northeast sections of Airport property. A new 820,000 square-foot cargo center is being developed by Aeroterm in the northeast cargo area. Three U.S. Postal Service facilities are located at the Airport: two within the South Cargo Area along Irving Park Road, and the other within the Airport land support area in the southeast quadrant of Airport property.

5 MAINTENANCE/AIRPORT SUPPORT AREAS

Nine aircraft maintenance facilities in the northwest corner of existing Airport property (the North Maintenance Hangar Area) are leased by airlines, along with three additional buildings used for airline ground equipment maintenance, two flight kitchens, and a large aircraft service center. In addition to the North Maintenance Hangar Area, other Airport support areas surround the airfield. An Airport maintenance complex, which is used to store snow removal and other Airport maintenance equipment, an additional two flight kitchens and miscellaneous ground service equipment facilities are located within the Airport support area on the southeast side of the Airport.

6 SURFACE ACCESS/PARKING

Access to the passenger terminal complex is provided via Interstate 190 (1-190) from the east side of the Airport. This roadway may be accessed from Interstate 90 (1-90) or Mannheim Road, which borders the Airport to the east. Other roadways that surround Airport property include Interstate 294 (1-294) to the east, West Higgins Road and Touhy Avenue to the north, York Road to the west, and Irving Park Road to the south.

The ground transportation system at the Airport was expanded in 1993 with the opening of the ATS, an automated Airport train system that travels approximately 2.7 miles on a dedicated guideway. The ATS provides passengers, free of charge, with a means of fast and convenient transportation between the three domestic terminals, the international terminal, and the long-term parking lots.

Parking is provided in various locations throughout the Airport. As previously mentioned, a 9,300-space parking structure adjacent to the domestic terminals accommodates a major portion of the Airport's short-term public parking demand. This structure is supplemented by adjacent surface lots totaling approximately 2,800 spaces and additional surface parking in various locations throughout the Airport. The main employee surface parking lots are within the North Maintenance Hangar Area, while public surface parking lots are located within the terminal area and in the Airport support area along Mannheim Road. Current public long-term surface parking capacity consists of approximately 13,700 spaces which includes approximately 2,800 spaces in Lot G currently leased to the TSA. Employee parking includes 20,600 spaces located in a variety of locations including large surface lots in northwest maintenance hangar area from which employees are bused to the terminal core.

The Joint Use Facility will be constructed in the location of the existing Parking Lot F, which totals approximately 3,000 spaces. The public parking component of the Joint Use Facility will include approximately 2,000 new parking spaces. The existing parking spaces in Parking Lot F do not have the direct access to the ATS that the new parking spaces associated with the Joint Use Facility will have The added convenience from

the Joint Use Facility parking spaces' close proximity to the ATS increases the value of the new parking spaces, allowing the City to generate additional parking revenues at the Airport through increased parking rates and increased demand for the new spaces.

A cell phone lot northeast of the airport is available to be used by people waiting to pick up arriving passengers. The lot includes 152 parking spaces and alleviates congestion on the terminal roadways. The Joint Use Facility will impact the cell phone lot, resulting in the relocation of the cell phone lot to a location south of the existing facility along Bessie Coleman Drive. There is no charge to the users of the cell phone lot, but parking in the lot is limited to 60 minutes.

2.2.7 FORM ER MILITARY AREA

In 1996, the City agreed to purchase from the federal government approximately 350 acres of land in the northeast quadrant of the Airport formerly used as a base for U.S. Air Force operations. In 1999, the largest remaining military unit at the Airport, the Air National Guard Refueling Wing, was deactivated and relocated to Scott Air Force Base in St. Clair County, Illinois. The former military area at O'Hare is now being used for general aviation activity, air cargo operations, aircraft fuel distribution and City office space. The CDA and OMP offices were relocated in 2006 to an existing building in the former military area. The City has leased a portion of the terminal space made available by the relocation of CDA offices to the Transportation Security Agency and plans to convert the remaining space into revenue generating space with retail and food and beverage developments.

2.3 Overview of Capital Development Programs

The O'Hare Master Plan describes numerous projects to be constructed at the Airport. The following sections describe the capital development programs and the status of each. Details on the 2013 Airport Projects are included in Chapters 1 and 5.

2.3.1 O'HARE MODERNIZATION PROGRAM

As stated in the Final Environmental Impact Statement (FEIS), "The historic factors that have combined to make Chicago a key transportation hub in the nineteenth century, and the twentieth century aviation market forces that have consistently made O'Hare one of the world's busiest and most congested airports, are expected to continue. Both the current and forecast aviation demand in the Chicago market signals an urgent need for significant action to reduce congestion and delay.[12]

Under the OMP, the airfield will be reconfigured into a modern parallel runway system, allowing more efficient operations. The overriding physical characteristic of the OMP is the reconfiguration of the airfield from sets of converging parallel runways in three main directional orientations (northeast/southwest, east/west, and northwest/southeast) to six parallel runways in the east/west direction and two crosswind runways in the northeast/southwest direction. This reconfiguration involves the construction of one new runway, the relocation of three existing runways, and the extension of two existing runways, while maintaining the use of two existing runways.

O'Hare Modernization Final Environmental Impact Statement dated July 2005, FAA, page ES-11.

Exhibit 2-5 depicts future airfield and terminal facilities. The OMP is broken into OMP Phase 1, OMP Phase 2A, and OMP Phase 2B.[13] Two elements of OMP Phase 1 were completed in 2008; Runway 9L-27R and the extension of Runway 10L-28R[14]. The third element of OMP Phase 1, Runway 10C-28C, and OMP Phase 2A 10R-28L are currently under construction. Runway 10C-28C is scheduled to open in October 2013 and Runway 10R-28L is scheduled to open in 2015. The two remaining airfield elements; Runway 9C-27C and the Extension of Runway 9R-27L are included in OMP Phase 2B and are the subject of on-going funding negotiations between the City and the Airline Parties.

The OMP provides the capability to operate triple independent simultaneous approaches in poor weather conditions and quadruple independent simultaneous approaches in clear weather. Additionally, the OMP includes the construction of two Airplane Design Group (ADG) VI runways which will meet standards for aircraft with wingspans exceeding 214 feet. ADG VI aircraft include the Airbus A380 and Boeing 747-8. The major benefits expected through development of the OMP are as follows:

Delay Reduction: The OMP will ultimately reduce delays by over 70 percent at existing demand levels, with greater delay reduction expected during periods of higher demand.[15] The planned runway layout will ultimately provide balanced arrival and departure capabilities to address delay during all weather conditions and peak periods.

Capacity Increase: The capacity increases achieved through the OMP are expected to meet aviation demand in the Chicago Region beyond 2030.

In addition to airfield modifications, the OMP will enhance other areas of the Airport. The OMP also includes the expansion of terminal facilities to the west, the addition of an Automated People Mover (APM) System connecting new terminal development, and development of a western access road to the Airport. New navigational aids will be added and existing navigational aids will be upgraded. New north and south Airport Traffic Control Towers (ATCTs) will ensure full air traffic control coverage of the expanded airfield. Public and employee parking facilities will be expanded to meet demand.

2.3.1.1 OMP Phase 1

In 2008, two of the three airfield components were commissioned. On September 25, 2008, a 2,859-foot westward extension to Runway 10L-28R and associated taxiways were commissioned. The extension increased the runway's available length to 13,000 feet. On November 20, 2008 new Runway 9L-27R and the new North ATCT were commissioned. Runway 9L-27R is 7,500 feet long and lies 6,900 feet north of existing Runway 9R-27L The new north runway reduces aircraft delay during poor weather, as it allows for a third stream of simultaneous independent arriving aircraft certain operating configurations.

OMP Phases 2A and 2B are also referred to collectively as OMP Completion Phase *J Runway 10L-28R i was previously designated Runway 10-28 and was changed to Runway 10L-28R on May 2, 2013. O'Hare Modernization Final Environmental Impact Statement dated July 2005, FAA.

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LEGEND

PTTT] OMP Phase 1 Runways

ij^^l OMP Comoletion Phase Runways

| j Pre OMP Runways

Ultimate Property Line

SOURCE Chiiiiyo Department of Aviation, March 2013. O'Hare International Airport, Airport Layout Plan. September 200[1]) PREPARED BY Kirendo ft Asiouates. Inc . Aonl 2013

Future Airport Layout

Report of the Airport Consultant

CITY OF CHICAGO
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Runway 10C-28C, associated taxiways, and required support facilities, are currently under construction as part of OMP Phase 1 and scheduled to be commissioned October 27, 2013. The runway will be 10,800 feet long and meet ADG-VI standards. When completed, the Airport will operate in a predominantly east-west configuration in all weather.

The Airport, in accordance with criteria established by the O'Hare Noise Compatibility Commission, will provide sound insulation of eligible schools and homes. Sound insulation may include, but is not limited to the following: installation of heating and air conditioning systems, replacement of existing windows and exterior doors with sound insulating windows and doors, the addition of dry wall to interior walls, and addition of baffling devices to exterior vents.

2.3.1.2 OMP Completion Phase

The OMP Completion Phase categorizes airfield projects into separate phases: Phase 2A and Phase 2B (known collectively as OMP Completion Phase airfield projects). OMP Phase 2A projects include construction of Runway 10R-28L, certain north airfield enabling projects, Taxiway LL Phase 1, the OMP portion of the new economy parking structure and the relocation of the Airport Transit System (ATS) projects, and approximately 25 percent of the total OMP Completion Phase Noise Program. Phase 2B Completion Phase projects include construction of Runway 9C 27C, the extension of Runway 9R-27L, remaining Taxiway LL projects, and the remaining OMP Completion Phase Noise Program. The City began design work on OMP Completion Phase airfield projects in 2009 and began construction of OMP Phase 2A in March 2011. OMP Phase 2B is the subject of on-going funding negotiations with the Airlines.

The major project components of OMP Phase 2A include Runway 10R-28L, associated taxiways, and required support facilities. This 7,500-foot long runway will allow for a fourth simultaneous arrival stream in good weather and three independent arrival streams in the predominate two poor weather configurations. Additional OMP Phase 2A projects include the construction of a new South Airport Traffic Control Tower, construction of Taxiway LL Phase 1 which was recently added to OMP Phase 2A through a funding agreement with the Airlines, the OMP portions of the Joint Use Facility and ATS, certain north airfield enabling projects for OMP Phase 2B runway projects and a portion of the OMP Completion Phase noise program.

OMP Phase 2B includes Runways 9C-27C and the extension of Runway 9R-27L. The Runway 9C-28C project includes the construction of the 11,245-foot long runway, the relocation and/or reconfiguration of various facilities, roads, and waterway and the decommissioning of Runway 14L-32R. The extension of Runway 9R-27L includes the construction of an approximate 3,593-foot westward extension and a 300-foot westward relocation of east runway end of Runway 9R-27L. Runway 9R-27L's available length will increase to 11,260 feet. The relocation of the Runway 27L threshold will provide a full 1,000 Runway Safety Area (RSA) and localizer critical area clearance from Bessie Coleman Drive in accordance with updated FAA standards. OMP Phase 2B is the subject of funding negotiations with the Airline Parties.

Western Terminal Complex and On-Airport Circulation

OMP Completion Phase also includes the construction of a terminal complex on the west side of the Airport, which includes a terminal, concourse, parking structure and western airport access. On-Airport Circulation, which will be provided in the form of various roads and an automated people mover system linking the western terminal and concourse to the existing terminal. A planning study for the western terminal complex

has been completed and CDA has indicated it will pursue the complex as demand dictates the need for the facilities.

3 OMP Project Cost

The City is implementing the OMP in phases. It reached a funding agreement with the Airline Parties in May 2003 for the initial phase of construction, OMP Phase 1 (Runways 9L-27R, 10C-28C and the Extension of Runway 10L-28R). The funding agreement with the airlines was based on an Mil-approved[16] budget of OMP Phase 1, including the OMP Phase 1 Noise Program, for $2.88 billion. Since the time of the airline funding agreement, the OMP Phase 1 budget was adjusted upwards to approximately $3.28 billion. Design and construction costs of the runway projects included in OMP Phase 1 are within the approved budget, but program administration and engineering costs have increased due to delays in the program schedule. Of the $400 million by which the current estimate exceeds the amount budgeted, $270 million is for land acquisition. A Passenger Facility Charge (PFC) application for impose and use authority for $270 million was approved by the FAA on September 4, 2007. That $270 million was used to pay for costs of land acquisition and relocation above and beyond those in the Mil-approved budget. Due to additional funding sources such as a $42 million grant from the FAA for the north ATCT and potential cost savings through the end of construction, the City anticipates the total cost of OMP Phase 1 to be less than the estimated $3.28 billion by approximately $87 million.

A funding agreement with the Airline Parties for OMP Phase 2A (Runway 10R-28L and certain north runway enabling projects) was reached in April 2011 The funding agreement for Phase 2A was for an Mil-approved budget of approximately $943 million[17] funded through a combination of GARBs, PFCs, and FAA AIP grants through a Letter of Intent (LOI). Funding for Taxiway LL Phase 1 was approved by an Mil of the Airline Parties on September 3, 2013. Accordingly, OMP Phase 2A was increased by approximately $88.3 million] for costs associated with the construction of Taxiway LL Phase 1 to a total of $1.03 billion. Phase 2A is scheduled to be complete in 2015 and costs are tracking within the amount of the funding agreement.

The two remaining OMP airfield elements; Runway 9C-27C and the Extension of Runway 9R-27L are the subject of on-going funding negotiations with the Airline Parties. Although the exact timing of OMP Phase 2B is not known at this time, for purposes of this Report, it is assumed that construction of the Phase 2B projects begins in 2015 and that it is complete by the end of 2020. The Western Terminal Complex and On-Airport Circulation will be pursued as dictated by demand at the Airport and costs for the Western Terminal Complex have not been included in this financial analysis included in Chapter 5 of this Report.

4 OMP Financing Plan

Table 2-5 presents the estimated costs and sources of funds for the OMP Phase 1 including the OMP Phase 1 Noise Program. As shown, the City has funded and plans to fund the OMP Phase 1 projects through a combination of PFC funding (PFC Bonds and pay-as-you-go PFCs), FAA AIP LOI grants, other FAA Grants (including AIP entitlements and discretionary grants for the OMP Phase 1 noise program and the North Airport Traffic Control Tower), previously issued GARBs, and certain other funds.

[1ᴶ] Mil means, during any Fiscal Year, either (1) any five or more signatory airlines which, in the aggregate, paid 60 percent or more of the Airport Fees and Charges paid by all signatory airlines for the preceding Fiscal Year, or (2) any numerical majority of signatory airlines which, in the aggregate, paid 50 percent or more of Airport Fees and Charges paid by all signatory airlines for the preceding Fiscal Year

[17] Excludes OMP Phase 1 funding authority for anticipated LOI funding to be received after Phase 1 construction completion.

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Table 2-5: OMP Phase 1 Sources and Uses of Funds

(Dollars in Thousands)

FUNDING SOURCES		
AIP Entitlement/Discretionary Funds	$91,898	
Previous FAA Letter of Intent Grant Receipts	100,000	
AIP LOI PAYGO	40,000	
NATCT Revenues Pay-As-You-Go	4,000	
PFC Pay-As-You-Go	292,375	
Previously Issued GARBs	1,869,393	
Previously Issued Net Grant Receipts-Backed GARBs	193,000	
Previously Issued PFC-Secured GARBs	571,875	
Previously Issued PFC Stand-Alone Bonds	30,100	
Additional Funding Sources2'		87,359
TOTAL ESTIMATED FUNDING SOURCES	**$3,280,000**	
USES OF FUNDS		
Program Formulation	$17,500	
Program Wide Requirements	74,710	
Program Administration	234,725	
Preliminary Engineering	65,000	
Land Acquisition	651,700	
Wetlands Mitigation	44,161	
OMP Phase 1 Noise Program	122,300	
Future Runway 9L-27R	462,653	
Extension of Future Runway 10L-28R	207,925	
Future Runway 10C-28C	1,311,967	
Contingency 21		87,359
TOTAL ESTIMATED USES OF FUNDS		**$3,280,000**

NOTES

1/ Includes OMP-Phase 1 Noise Program.
2/ $87 4 million is not anticipated to be needed based on current working estimates

SOURCE. Chicago Department of Aviation
PREPARED BY Ricondo 8i Associates, Inc., August 2013

Table 2-6 presents the estimated costs and sources of funds for the OMP Completion Phase airfield projects, broken out by Phase 2A and Phase 2B, including the Phase 2A and Phase 2B Noise Program. As shown, the City intends to fund the OMP Completion Phase airfield and noise projects through a combination of the 2013 Senior Lien Bonds, FAA Grant PAYGO, and previously issued GARBs. Future FAA discretionary or entitlement grants may also be applied to the projects.

As part of the OMP Phase 2A funding agreement, the Airline Parties approved GARB funding totaling approximately $298.3 million. The Taxiway LL Phase 1 project, approved by an Mil of the Airline Parties on September 3, 2013, increased the total OMP Phase 2A funding by approximately $78.3 million of GARBs, bringing the total amount of GARB funding for OMP Phase 2A including the 2011 funding agreement and the Mil for Taxiway LL Phase 1 to approximately $376.6 million. In 2011, the City issued GARBs to fund approximately $203.8 million of OMP Phase 2A. The 2013 Senior Lien Bonds are anticipated to fund the remaining GARB-funded amounts of the 2013 OMP Phase 2A Projects, totaling approximately $172.8 million.

As shown, the approved OMP Phase 2A funding is $2.9 million higher than the estimated Phase 2A cost. Under the terms of the agreement with the Airlines, the City can use this funding, along with any savings on the Phase 2A projects, to pay any costs associated with the FAA South Air Traffic Control Tower (SATCT) to the extent that is not fully funded by FAA, or, if the SATCT is already fully funded, then to fund the costs of the Scope Deferral Projects, which include Bensenville Ditch East, RTR-U and ASR-9, and Taxiway WQ.

2.3.1.5 Benefits of the OMP

While the maximum benefits to O'Hare will be derived from completion of the entire OMP, including the Western Terminal Complex, the City expects O'Hare to begin to experience benefits in delay reduction and capacity increases once OMP Phase 1 is completed. At a level of 974,000 annual operations (and 2,750 peak month average daily operations), estimated flight delays will be reduced from 16.9 minutes to 7.9 minutes of delay per operation with the completion of OMP Phase 1. At this same demand level, the full OMP would produce an average per operation delay of approximately three minutes - a reduction of nearly five minutes of delay per operation over OMP Phase 1. The operational level is lower than the more than 992,000 operations O'Hare handled by the Airport in 2004 with its existing terminal facilities; thus, these significant delay reduction benefits are achievable with only the airfield elements of the program. The OMP also provides significant capacity benefits; and as market demand grows, new terminal and support facilities will be built to accommodate such additional operations and passengers.

With the reconfiguration of the runways accomplished by OMP Completion Phase, four simultaneous arrivals are possible in certain good weather conditions (VFR configurations) and three simultaneous arrivals are available in both poor weather configurations (IFR configurations). The operating improvements experienced by the OMP Completion Phase airfield reduce delay, increase capacity, and significantly improve poor weather conditions performance which greatly increases schedule reliability.

Table 2-6: OMP Completion Phase Sources and Uses of Funds [17]

(Dollars in Thousands)

OMP PHASE 2A (EXCLUDING OMP PHASE 1 REMAINING WORK) [11]		
FUNDING SOURCES		
FAA LOI Grant PAYGO	$235,000	
FAA Discretionary Grant [v]		$10,000
Previously Issued PFC-Backed GARBs	365,000	
Previously Issued Net Grant Receipts-Backed GARBs	45,000	
Previously Issued GARBs	203,800	
2013 Senior Lien Bonds	172,800	
Total Funding Sources	**$1,031,600**	
USES OF FUNDS		
Runway 10R-28L	$516,500	
2011 North Airfield Enabling Projects	231,400	
OMP ATS & Parking	158,000	
OMP Phase 2A Noise Program	34,500	
Taxiway LL - Phase 1 [v]		88,300
Contingency/ Scope Deferral Projects [v]		2,900
Total Uses of Funds	**$1,031,600**	
OMP PHASE 2B		
ESTIMATED FUNDING SOURCES		
Future PFC-Backed GARBs	200,000	
FAA LOI Grant	285,000	
Future GARBs	1,769,590	
Total Estimated Funding Sources	**$2,254,590**	
ESTIMATED USES OF FUNDS		
Runway 9R-27L Extension	$516,006	
Runway 9C-27C & Remaining Enabling Projects	1,130,356	
Runway 10R-28L Scope Deferral Projects [6/]		41,069
Taxiway LL [J/]		464,998
OMP Phase 2B Noise Program	102,161	
Total Estimated Uses of Funds	**$2,254,590**	

NOTES

1/ Excludes approximately $177 6 million of OMP Completion Phase design costs, which are being funded using PFC PAYGO

2/ Excludes approximately S26 3 million of project costs foi the South Airport Traffic Control Tower, which are being funded by an FAA Facilities and Equipment (F&E) Grant 3/ Anticipated funding Grant application has been submitted to the FAA

4/ Funding for Taxiway l.L Phase 1 was approved by a Ma:ority-in-Interest of the Airlines on September 3, 2013 Accordingly, OMP Phase 2A was increased by approximately 188 3 million of costs assocated with Taxiway 11 -Phase 1 and OMP Phase 2B was cecreased by the same amount

5/ Aoproved OMP Phase 2A funding is $2 9 million highe' than estimated OMP Phase 2A cost Under the terms ot the funding agreement with the anliiies, the City is authorized to use this S2 9 million of fund.ng, togethe; with any savings on OMP Phase 2A. first, to tuna any unfunded costs associated with the FAA SATCT, and then, once the SATCT is fully funded, to fund any Scope Deferral Projects

6/ Currently assumes full cost of Scope Deferral Projects is funded as part of OMP Phase 2B

SOURCE Chicago Department of Aviation

PREPARED BY Ricondo & Associates, Inc, September 2013

The value of the delay savings to the airlines is a function of the variable operating costs for the airlines and operational delay reduction. Variable operating costs of approximately $47 per minute were calculated based on weighted airborne and ground operating costs. Variable operating costs incurred by the airlines include airline fuel, crew, and maintenance cost that are consistent with the Benefit Cost Analysis of OMP Completion Phase. Based on the variable operating costs and the delay operational data, the potential annual savings of the full OMP increase to over $333 million by 2024. It is important to note that these delay savings estimates reflect only costs associated with aircraft operations at O'Hare and do not include downstream delay savings associated with flights at other airports that are impacted by delays at O'Hare. Thus, actual cost savings can be expected to be higher than estimated here. These airline cost savings would effectively serve to directly offset the additional airline costs that would occur through increases to airline rates and charges and the airlines' cost per enplanement presented in Chapter 5.

2.3.2 JOINT USE FACILITY

The Joint Use Facility includes (1) a Consolidated Rental Car Facility (CRCF) with an associated Quick Turn Around (QTA) facility, (2) an extension to the Airport's existing ATS, including the purchase of new ATS vehicles, and (3) a public parking component. The Joint Use Facility will serve as a major access point for the Airport, and will accommodate rental cars, public parking, bus services, off-Airport hotel, and other commercial shuttles. The Joint Use Facility will provide connectivity to the adjacent O'Hare Metra Rail station and the Chicago Transit Authority (CTA) O'Hare Blue Line station through use of the ATS, which currently provides a landside access connection between the Airport's terminal facilities and remote Parking Lot E. The Joint Use Facility will also accommodate the Airport facilities that will be required to be relocated in order to comply with FAA regulations associated with future runway development planned as part of the OMP described in Section 2.3.1.

Conceptual design of the Joint Use Facility is currently underway. The City has initiated the construction contracting process. [The City plans to enter into a Construction Manager At-Risk (CM At Risk) construction contract. The CM At Risk contract is anticipated to include two phases; the first phase for professional services (i.e review of design and constructability) and the second phase for construction. The construction manager will be integrated with the design team during the first phase in order to provide the builder's perspective on the Joint Use Facility. In efforts to minimize the risk of cost overruns, the second phase of the CM At Risk contract will include a guaranteed maximum price (GMP) and the construction manager will be responsible for delivering the structure and the ATS fixed facilities.] The ATS systems and vehicles will be competitively procured separately. The current construction schedule is anticipated to be three (3) years, and the Joint Use Facility is planned to open in December 2016 including the purchase of required ATS systems and vehicles. The Request for Proposals for a CM At Risk contract was issued in December 2012. [CDA is currently in negotiations with a vendor to provide CM At Risk services for the Joint Use Facility.]

The City's estimate for the Joint Use Facility is $765 million, which the City believes is reasonably .achievable based on the City's demonstrated ability to deliver large construction projects on budget; both at the Airport with airfield projects associated with the OMP, and at Chicago Midway International Airport, where the City has recently opened a CRCF. Also, the Project Manager (PM) for the Joint Use Facility is the same entity as the PM that delivered the OMP airfield projects on time and on budget. However, the actual cost of the Joint Use Facility will not be known until the Agreement for Construction Management Services has been amended to include the Construction Manager At-Risk's Guaranteed Maximum Price (GMP), which is expected to occur in

December 2013, and "best and final offers" have been received by the City in connection with the associated ATS operating system and ATS vehicles, which is expected in April 2014.

3 CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) includes all other development and generally addresses the Airport's facility repair and replacement needs. For financial feasibility analyses purposes, GARBs have been estimated to fund approximately $90 million of annual CIP expenditures. Additional information regarding the 2013 Airport Projects related to the CIP is provided in Chapter 1 of this Report.

4 WORLD GATEWAY PROGRAM

The World Gateway Program (WGP) was conceived to expand gate capacity through construction of new terminal complexes and enabling projects and provide additional improvements within the Terminal Area. In December 2000, the City commenced work on the formulation of WGP Phase 1 (the WGP Formulation Project). In September 2002, in light of changed conditions in the industry and the economy, the City and the airlines agreed to suspend further work on the WGP. The City's design-build contractor for the Terminal 6 complex was directed to complete its 30-percent design submittal and demobilize. All other formulation work was suspended.

The WGP, specifically its Terminal 6 complex, includes various taxiway improvements south of the planned terminal often collectively referred to as Taxiway LL. Taxiway LL is located south of the International Terminal, and provides a third east-west taxiway north of Runway 10L-28R. This additional taxiway is intended to facilitate aircraft movements as the number of those movements in and around that area increases. The City is funding Taxiway LL in conjunction with the funding of the remaining OMP airfield projects and the first phase of the taxiway is being constructed as part of OMP Phase 2A. Similar to the Western Terminal Complex, the WGP terminal projects will be constructed as Airport demand dictates at the Airport.

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SEPTEMBER 23, 2013

3. Demographic and Economic Analysis

Origin and destination passenger (O&D) demand for air transportation to and from an airport is, to a large degree, dependent upon the demographic and economic characteristics of an airport's air trade area. O&D passengers have historically comprised approximately half of the passenger traffic at the Airport. Potential rental car customers at the Airport primarily consist of visiting passengers whose destination is within the Chicago Metropolitan Statistical Area (MSA) or surrounding area. This chapter[1] presents data indicating that the Airport's Air Trade Area has an economic base that attracts both business and tourist visitors, which, in turn, positively impacts the demand for both visiting passengers and rental car activity at the Airport.

3.1 Demographic Analysis

Data for population, age distribution, education, population diversity, and income for the Air Trade Area are discussed below and are presented in Tables 3-1 through 3-9, which follow. Parallel data for the Midwest (defined as Illinois, Indiana, Michigan, Ohio, and Wisconsin) and the U.S. are also shown to provide a basis of comparison for trends in the Air Trade Area.

3.1.1 POPULATION

As measured by population, the Air Trade Area, with nearly 9.7 million people in 2012, is the third-largest metropolitan region in the United States. Only the New York-New Jersey-Bridgeport Combined Statistical Area (CSA), with 22.3 million people, and the Los Angeles-Long Beach-Riverside CSA, with a population of 18.3 million, represent larger markets for air transportation. (See Table 3-1.)

Population growth is a key factor creating demand for air travel. Data in Table 3-2 show that the Air Trade Area had a population of more than 9.2 million in 2000; by 2012 the population increased to more than 9.6 million. The Air Trade Area added approximately 466,000 to its population between 2000 and 2012 (approximately 38,900 per year). The Air Trade Area's population between 2000 and 2012 increased at a compound annual growth rate (CAGR) of 0.4 percent-higher than that of the Midwest's population (0.3 percent), but lower than that of the U.S. (0.8 percent)

This chapter has been prepared by Partners for Economic Solutions, a consulting firm based in Washington, D C that specializes in regional economic analysis

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Table 3-1: Ten Largest Metropolitan Regions (2012)

RANK	METROPOLITAN REGION"	ESTIMATED POPULATION
1	New York-Newark-Bridgeport CSA	22,297,764
2	Los Angeles-Long Beach-Riverside CSA	18,273,449

3	**Air Trade Area**	**9,683,116**
4	Washington-Baltimore-Northern Virginia CSA	8,850,336
5	Boston-Worcester-Manchester CSA	7,642,502
6	San Jose-San Francisco-Oakland CSA	7,616,003
7	Dallas-Fort Worth CSA	7,040,382
8	Philadelphia-Camden-Vineland CSA	6,585,151
9	Houston-Baytown-Huntsville CSA	6,332,187
10	Atlanta-Sandy Springs-Gainesville CSA	5,825,794

NOTE

1/ CSA = Combined Statistical Area

SOURCE Woods & Poole Economics, Inc , 2013 Complete Economic and Demographic Data Source (CEDDS). January 2013

PREPARED BY Partners for Economic Solutions, April 2013

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The Air Trade Area population forecast for the period 2012 to 2020 reflects a CAGR of 0.7 percent per year, a rate that is higher than that forecasted for the Midwest (0.5 percent) but lower than that forecasted for the U.S. (1.1 percent). It is expected that an increase in new residents in the Air Trade Area (approximately 705,000 between 2012 and 2022) will generate additional demand for air service at the Airport during the Projection Period.

3.1.2 AGE DISTRIBUTION AND EDUCATION

Table 3-3 shows that the Air Trade Area's population is generally younger than the populations of the Midwest and the United States. The median age in the Air Trade Area is 35.9 years, compared to 38.1 years in the Midwest and 37.8 years in the U.S. overall. The Air Trade Area's lower median age reflects a higher percentage of residents aged 19 years and below, and a lower percentage of residents aged 55 years and above.

Demand for air travel varies by age group, and although the age distribution of the Air Trade Area is not directly related to potential rental car customers at the Airport, it is a factor influencing O&D activity at the Airport. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, in the U.S. persons between the ages of 35 and 54 account for 48 percent of expenditures on airline fares while persons between 25 and 34 years account for 13 percent. Persons 55 years and over account for 37 percent of airline fare expenditures.[2] Data in Table 3-3 show that in 2012, Air Trade Area residents aged 35 to 54 made up 28.6 percent of the population, compared with 28.0 percent of the population in both the Midwest and the U.S. This is the age group that generates the most expenditures on airline fares, and it is represented in the Air Trade Area on a level commensurate with the population of both the Midwest and the U.S.

In absolute terms, the Air Trade Area is home to a large number of educated adults. According to data shown in Table 3-4, more than 2.4 million people, or nearly 40 percent of the Air Trade Area's population over the age of 25, have a post-secondary degree (associate, bachelor's, graduate or professional). This percentage is higher than that of both the Midwest and the U.S. where, respectively, 33.0 percent and 35.0 percent of the population over the age of 25 have a post-secondary degree.

According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, persons with a college degree generate a high percentage of expenditures on air travel. Data indicate that 63 percent of airline fares are purchased by college graduates, while 23 percent of airline fares are purchased by consumers who have had some college. Fourteen percent of airline fares are purchased by consumers who never attended college.[3]

Who's Buying for Travel, 7th Edition, 2010, New Strategist Publications Data in Who's Buying for Travel are based on the U S Bureau of Labor Statistics' Consumer Expenditure Survey, an ongoing nationwide survey of household spending. Who's Buying for Travel, 7th Edition, 2010, New Strategist Publications

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Table 3-3: Age Distribution (2012)

AIR TRADE AREA

Total Population

By Age Group

19 and Under

20 to 24 years 25 to 34 years 35 to 44 years 45 to 54 years 55 to 64

65 and Above

Total

27.9% 6.6% 14.4% 14.0% 14.6% 11.1% 11.4%

100.0%

26.9% 6.8%

12 7% 13.0% 15.0% 12.2%

13 4%

100 0%

26.9% 7.0% 13.3% 13.4% 14.6% 11 8% 13.0%

100 0%

Median Age

SOURCES: Woods & Poole Economics, Inc, 2013 Complete Economic and Demographic Data Source (CEDDS),
January 2013, ESR1 Demographic and Income Profile, April 2013.
PREPARED BY Partners for Economic Solutions. April 2013

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Table 3-4: Educational Attainment (2012)

	AIR TRADE AREA	MIDWEST	
Population 25 years and over	6,342,441	29,978,221	206,435,713
Less than 9th Grade	6.9%	4.5%	6.4%
9th - 12th Grade, No Diploma	7 8%	8.8%	9.1%
High School Graduate	26.0%	32.9%	29.3%
Some College, No Degree	20.0%	20 9%	20.3%
Post-Secondary Degree	39.3%	33.0%	35.0%
Associate Degree	*6 7%*	*7.6%*	*7.4%*
Bachelor's Degree	*20.2%*	*16.1%*	*17.4%*
Master's Degree or Doctorate	*12.4%*	*9.3%*	*10.1%*
Total	100 0%	100.0%	100.0%

SOURCES" Woods & Poole Economics, Inc, 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013, ESRI ACS Population Profile, April 2013
PREPARED BY Partners for Economic Solutions, April 2013 I

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3 POPULATION DIVERSITY

The Air Trade Area's diverse population strengthens the competitiveness of the region and also contributes to demand for air travel. A culturally diverse population also engenders business, family, and cultural ties that create demand for air travel services to and from homeland countries. Consumer segmentation data from ESRI and data from the Consumer Expenditure Survey from the U.S. Bureau of Labor Statistics indicate that membership in ethnically and racially diverse social groups can be correlated with higher household spending on air travel compared to average U.S. households.'[1]

As shown in Table 3-5, the racial and ethnic composition of the Air Trade Area differs from that of the Midwest and of the U.S. as a whole. Data in Table 3-5 show that the percentage of white residents in the Air Trade Area in 2012 (65.2 percent) was significantly lower than the percentage in both the Midwest (79.2 percent) and the U.S. (71.9 percent). Asians constituted a larger share (5.8 percent) of the Air Trade Area's population compared with the Midwest (2.9 percent) and the U.S. (5.1 percent). Black or African-Americans represented 17.1 percent of Air Trade Area residents, compared with 12.1 percent of the Midwest's population and 12.6 percent of the U.S. population. The percentage of Hispanics in the Air Trade Area is higher than in the Midwest and in the U.S. overall. In 2012, 21.2 percent of Air Trade Area's population was Hispanic, compared with 8.0 percent in the Midwest and 18.4 percent in the U.S.

4 PER CAPITA PERSONAL INCOME

Another key indicator of a region's demand for air travel is per capita personal income. This is the sum of wages and salaries, other labor income, proprietors' income, rental income, dividend income, personal interest income, and transfer payments, less personal contributions for government social insurance, divided by the region's population. Per capita personal income indicates the relative affluence of a region's residents as well as their ability to afford air travel. It can also be an indicator of an area's attractiveness to business and leisure travelers since regions with higher per capita personal income often have stronger business connections to the rest of the nation as well as a more developed market for tourism.

Table 3-6 presents historical per capita personal income between 2002 and 2012 for the Air Trade Area, the Midwest, and the United States. As shown, between 2002 and 2012, per capita personal income in the Air Trade Area was higher than that of the Midwest and the U.S. Per capita personal income for the Air Trade Area increased at a CAGR of 0.4 percent between 2002 and 2012, equal to the rate for the Midwest but lower than that of the U.S. (0.8 percent) during the same period.

Projections in Table 3-6 show that per capita personal income in the Air Trade Area is expected to increase at a CAGR of 1.1 percent, from $47,068 in 2012 to $52,739 in 2022. The projected growth rate of per capita personal income for the Air Trade Area is slightly lower than that of the Midwest (1.3 percent) and the U.S. (1.2 percent) between 2012 and 2022.

Who's Buying for Travel, 7th Edition, 2010, New Strategist Publications, Tapestry Segmentation Reference Guide, 2012, ESRI

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Table 3-5: Population by Race and Ethnicity (2012)

AIR TRADE AREA MIDWEST UNITED STATES

9,683,116 46,612,875

Race

White

Black or African-American

American Indian and Alaska Native

Asian or Pacific Islander

Other Race

More than One Race

Total

65.2% 17 1% 0.4% 5.8% 9.0% 2 5%

100.0%

79 2% 12.1% 0.4% 2.9% 3.2% 2.2%

100 0%

71.9% 12.6% 1.0% 5.1% 6.4% 3.0%

100 0%

8.0%

Persons of Hispanic Origin ᵛ	21.2%

NOTE

1/ Race data are based on self-identification according to U S Census defined race categories Hispanic Origin is a description of ethnic origin, it is not a race category Hispanics are included in all U S. Census defined race categories

SOURCES: Woods & Poole Economics, Inc., 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013, ESRI Demographic and Income Profile, April 2013

PREPARED BY Partners for Economic Solutions, April 2013

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Table 3-6: Per Capita Personal Income (2002-2012)

PER CAPITA PERSONAL INCOME (in 2012 dollars)

AIR TRADE AREA

Historical

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
$45,274	$45,177	$46,043	$46,733	$48,642	$49,735	$49,120	$45,921	$46,100	$46,866	S47.068
$38,653	$39,013	$39,214	$39,129	$40,033	$40,486	$40,545	$38,691	$39,036	$39,943	$40,322
$39,313	$39,529	$40,452	$41,075	$42,550	$43,386	$43,547	$41,289	$41,653	$42,477	$42,569

Projected

$48,190

Compounded Annual Growth Rate

2002-2012	2012-2022
0.4%	1.1%
0.4%	1.3%
0.8%	1.2%

SOURCE Woods & Poole Economics, Inc, 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013.

PREPARED BY: Partners for Economic Solutions, April 2013

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3.1.5 MEDIAN HOUSEHOLD INCOME

The Air Trade Area's estimated 2012 median household income is significantly higher than that of both the Midwest and the U.S. As shown in Table 3-7, the Air Trade Area's median household income of $56,882 in 2012 was approximately 19 percent higher than that of the Midwest ($47,753) and 13 percent higher than that of the U.S. ($50,157). Forecasts for 2017 show that this trend is expected to continue as the Air Trade Area will reach a median household income level of $68,062, compared to $54,839 in the Midwest and $56,895 in the U.S.[5]

3.1.5.1 Households with Income of $75,000 and Above

The percentage of higher-income households (defined as those earning $75,000 or more annually) within the Air Trade Area is another key indicator of potential demand for air travel. As measured by the number of households with annual income of $75,000 or more, the Air Trade Area is among the wealthiest markets in the United States (see Table 3-8). In 2012, approximately 1.4 million Air Trade Area households had an income of $75,000 or more. According to Consumer Expenditure Survey data from the U.S. Bureau of Labor Statistics, 65 percent of airline fares expenditures are made by households with annual income of $75,000 or more/' Data in Table 3-9 show that between 2012 and 2017, the number of households with income greater than $75,000 in the Air Trade Area is projected to increase by approximately 322,000.

3.2 Economic Analysis

3.2.1 PER CAPITA GROSS DOMESTIC / REGIONAL PRODUCT

Per capita gross domestic product (U.S.-level data) and per capita gross regional product (state- and county-level data) are measures of the market value of all final goods and services produced within a defined geography, divided by the total population. These indicators are broad measures of the economic health of a particular area and, consequently, of the area's potential demand for air travel services.

Table 3-10 presents historical per capita gross regional product data for the Air Trade Area and the Midwest, and per capita gross domestic product data for the U.S. from 2002 to 2012.[7] Data in Table 3-10 show that the Air Trade Area's per capita gross regional product increased from $54,660 in 2002 to $55,822 in 2012. Table 3-10 also indicates that per capita gross regional product for the Air Trade Area increased at a CAGR of 0.2 percent between 2002 and 2012, compared to a -0.2 percent CAGR for the Midwest and 0.4 percent for the U.S. during this same period.

Median household income figures in this analysis are shown in current dollars, i e, 2012 data are shown in 2012 dollars and 2017 data are shown in 2017 dollars

Who's Buying for Travel, 7th Edition, 2010, New Strategist Publications. Amounts are shown in 2012

dollars

[E-70]

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Table 3-7: Household Income Distribution (2012-2017)

PERCENTAGE OF

HOUSEHOLDS IN INCOME CATEGORIES

AIR TRADE AREA MIDWEST UNITED STATES

2012 Household Income

Less than $24,999 $25,000 to $49,999 $50,000 - $74,999 $75,000 - $99,999 $100,000 - $199,999 $200,000 or More Total

21.1% 22.3% 18.3% 12.7% 20.1% 5.5%

100.0%

25.4% 26.3% 19.4% 11.4% 14.6% 2.9%

100.0%

24.7% 25.2% 18.6% 11.3% 16.2% 4.0%

100 0%

2012 Median Household Income

2017 Household Income

Less than $24,999 $25,000 to $49,999 $50,000 - $74,999 $75,000 - $99,999 $100,000 - $199,999 $200,000 or More

Total

18 2% 18 2% 17.2% 16.8% 23.6% 5.9%

100.0%

22.0% 22.1% 21 5% 14.5% 16.7% 3.2%

100.0%

214% 21.3% 20.0% 14.4% 18 5% 4.4%

100.0%

2017 Median Household Income

NOTE

1/ Amounts are shown in current dollars, i e, 2012 data are shown in 2012 dollars and 2017 data are shown in 2017 dollars

SOURCE ESRI Demographic and Income Profile, April 2013

PREPARED BY- Partners for Economic Solutions, April 2013

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Table 3-8: Wealthiest Metropolitan Regions (2012)

ESTIMATED HOUSEHOLDS WITH INCOMES OF $75,000 OR MORE

1	New York-Newark-Bridgeport CSA	3,481,205
2	Los Angeles-Long Beach-Riverside CSA	2,200,003
3	Washington-Baltimore-Northern Virginia CSA	1,669,593
4	San Jose-San Francisco-Oakland CSA	1,360,792
5	**Air Trade Area**	1,354,297
6	Boston-Worcester-Manchester CSA	1,264,435
7	Philadelphia-Camden-Vineland CSA	883,937
8	Dallas-Fort Worth CSA	855,211
9	Houston-Baytown-Huntsville CSA	748,961
10	Atlanta-Sandy Springs-Gainesville CSA	699,285

NOTE

1/ CSA = Combined Statistical Area

SOURCE ESRI Demographic and Income Profile, April 2013 PREPARED BY Partners for Economic Solutions, April 2013

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Table 3-9: Households with Income of $75,000 and Above (2012-2017)

AIR TRADE AREA

Total Households

2012 estimate 2017 forecast Increase in Households CAGR 2012-2017 [1]
i v

3,537,137 3,617,145 80,008 0.4%

18,146,918 18,444,534 297,616 0.3%

118,208,713 122,665,498 4,456,785 0.7%

Households with Income of $75,000 and Above [21]

2012 estimate	1,354,297	5,240,405	37,325,749
2017 forecast	1,676,683	6,334,949	45,795,726
Increase in Households with Income of $75,000 and Above	322,386	1,094,544	8,469,977
CAGR 2012-2017	4.4%	3.9% 4.2%	

% of Households with Income of $75,000 and Above ~

2012 estimate 2017 forecast

38 3% 46.4%

28.9% 34 4%

31.5% 37 3%

NOTE
1/ CAGR = compounded annual growth rate 2/ In current dollars

SOURCE: ESRI Demographic and Income Profile, April 2013 PREPARED BY Partners for Economic Solutions, April 2013

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Table 3-10: Per Capita Gross Domestic / Regional Product (2002-2012)

PER CAPITA GROSS DOMESTIC / REGIONAL PRODUCT (in 2012 dollars)

AIR TRADE AREA

Historical

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
$54,660	$55,169	$56,731	$57,588	$59,169	$59,792	$57,740	$56,135	$55,530	$55,498	$55,822
$45,668	$46,336	$46,926	$47,207	$47,441	$47,847	$46,018	$44,605	$44,404	$44,616	$44,840
$45,902	$46,696	$47,971	$49,161	$50,234	$50,808	$49,637	$47,934	$47,441	$47,547	$47,541

Projected

2022

Compounded Annual Growth Rate

2002-2012 2012-2022

$63,351

0.2% 13%

$51,926

(0.2%) 1 5%

$54,348

0.4% 1.3%

SOURCE Woods & Poole Economics, Inc., 2013 Complete Economic and Demographic Data Source [CEDDS], January 2013
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Projections in Table 3-10 show that per capita gross regional product for the Air Trade Area is expected to increase from $55,822 in 2012 to $63,351 in 2022. This increase represents a CAGR of 1.3 percent for the Air Trade Area is equal to that of the U.S. and is slightly below the CAGR for the Midwest over the same time period (1.5 percent).

2 EMPLOYMENT TRENDS

Table 3-11 shows that between 2002 and 2012, the Air Trade Area labor force grew at a CAGR of approximately 0.4 percent-higher than that of the Midwest (-0.09 percent) but lower than the rate in the U.S. (0.7 percent). In absolute terms, the labor force in the Air Trade Area increased by approximately 175,900 workers between 2002 and 2012.

The annual unemployment rate in the Air Trade Area was higher than that of the U.S. in all years from 2002 through 2012, with the exception of 2006. The Air Trade Area's unemployment rate was higher than that of the Midwest from 2002 through 2005, and in 2011 and 2012. The Air Trade Area's unemployment rate was below that of the Midwest from 2006 through 2009. In 2010, the unemployment rates in the Air Trade Area and Midwest were equal.

In July 2013 (latest data available), the unemployment rate in the Air Trade Area was 9.6 percent (non-seasonally adjusted);[8] this is higher than the non-seasonally adjusted unemployment rate in both the Midwest (8.5 percent) and U S. (7.7 percent).[5]

3 BUSINESS CLIMATE

Despite the recent recession, employers continue to be attracted to the Air Trade Area and its educated labor pool. Data from World Business Chicago (WBC)[10] indicate that in 2012, more than 600 companies either expanded or established new premises in the Air Trade Area, contributing more than 54,000 jobs to the economy. As a result of its attractive business climate, Chicago was ranked among the "Top 10 Global Leaders" in the City of London 2012 Global Financial Centres Index, and as the "#7 Global City" in the 2012 A.T. Kearney Global Cities Index.[1'] Businesses moving to or expanding in the Air Trade Area in 2012 included ThyssenKrupp, Hillshire Brands, Lagunitas Brewing, Nokia, Salesforce.com <http://Salesforce.com>, Clayco, and Braintree.

Monthly unemployment data published for the Air Trade Area are not seasonally adjusted

In July 2013 the seasonally adjusted unemployment rate was 8 2 percent in the Midwest and 7 4 percent in the U S. Founded in 1999, World Business Chicago leads Chicago's business retention, attraction and expansion efforts, http//www worldbusinesschicago com/about.

Chicago's Business Growth Profile, 20.1.2 New and Expanded Companies, World Business Chicago, March 2013

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Table 3-11: Civilian Labor Force and Unemployment Rate (2002-2013)

UNEMPLOYMENT RATES

AIR TRADE AREA

UNITED STATES

AIR TRADE AREA

UNITED STATES

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 July 2013 "

4,770,714 4,747,014 4,759,325 4,762,763 4,848,817 4,954,128 4,972,291 4,912,238 4,905,517 4,887,332 4,944,742 5,016,765

23,411,000 23,522,000 23,567,000 23,708,000 23,896,000 24,005,000 23,961,000 23,667,000 23,473,000 23,283,000 23,200,000 23,558,700

144,863,000 146,510,000 147,401,000 149,320,000 151,428,000 153,124,000 154,287,000 154,142,000 153,889,000 153,617,000 154,975,000 157,196,000

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 July 2013 "

6 7% 6 8% 6.2% 5.9% 4.5% 4.9% 6 2% 10.1% 10 5% 9 9% 8 9% 9.6%

5 9%

6 3% 61% 5.8% 5 4% 5 5% 6.6% 10.6% 10 5% 9 2% 8 2% 8 5%

58%

60% 5 5% 5.1% 4 6% 4.6% 5.8% 9 3% 9 6% 8 9% 81%

77%

Compound Annual Growth Rate

2002 - 2012

Unemployment Rate

July 2013

- - Midwest

NOTE

1/ July 2013 data ate not seasonally adjusted In July 2013 the seasonally adjusted unemployment rate was 8 2% in the Midwest and 7 4% in the U S Seasonally adjusted unemployment data are not available for the Air Trade Area

SOURCES State of Illinois Department of Employment Security, Labor Market Information. U S Dept of Labor, Bureau of Labor Statistics, August 2013

PREPARED 8Y Partners for Economic Solutions, August 2013

As shown in Table 3-12, major private-sector employers in the Air Trade Area represent a wide range of industries. These include aerospace and airline companies (Boeing, United Airlines), consumer products manufacturers (Alberto-Culver), building materials manufacturers (USG Corporation), financial services firms (CME Group), food products manufacturers (Kraft Foods, Corn Products International), hospitality companies (Hostmark Hospitality Group, Hyatt), pharmaceutical companies (Abbott Laboratories, Hospira), industrial equipment companies (Sauer-Danfoss), insurance companies (Allstate, Aon), telecommunications companies (Motorola, Tellabs), utilities (Nicor), and national retailers (Crate & Barrel, Ace Hardware). In addition to providing a major source of local employment, these companies depend on air passenger and freight service for the continued health and expansion of their business enterprises. The Airport's role as an international passenger and air cargo hub make it an important resource for large employers in the Air Trade Area.

Each year Fortune magazine ranks the top 500 U.S. public companies in terms of annual revenue, and in 2012 the Air Trade Area had the second highest number of Fortune 500 company headquarters in the nation after the New York City metro area. Table 3-13 shows that the 28 major U.S. corporations that are headquartered in the Air Trade Area include Walgreen (ranked 32nd among the Fortune 500), Boeing (ranked 39th), Kraft Foods (ranked 50th), Sears Holdings (ranked 65th), and Abbott Laboratories (ranked 71st). Other Fortune 500 companies headquartered in the Air Trade Area include Allstate Insurance Company, Baxter International, Hillshire Brands, McDonald's Corporation, Motorola Solutions, United Airlines, Exelon Corporation, Navistar International, Illinois Tool Works, W.W. Grainger, R.R. Donnelley & Sons, Discover Financial Services, Northern Trust Corp., OfficeMax, and Fortune Brands. In 2012 the Air Trade Area's 28 Fortune 500 headquarters" represented 88 percent of the 32 Fortune 500 headquarters in Illinois, and 29 percent of the 95 Fortune 500 headquarters in the Midwest.[13]

Professional associations, foundations, and charitable organizations are also major employers in the Air Trade Area. Professional associations such as the American Bar Association, American Dental Association, American Hospital Association, and American Medical Association are headquartered in Chicago. Foundations and service organizations based in the Air Trade Area include the McCormick Foundation, the John D. and Catherine T. MacArthur Foundation, Easter Seals Inc., Lions Club International Foundation, Rotary Foundation, and the YMCA of the U.S.A. (See Table 3-14.)

3.2.4 MAJOR INDUSTRY SECTORS

An analysis of non-agricultural employment trends by major industry sectors, presented in Table 3-15, indicates the sources of jobs in the Air Trade Area's economy. In this table, employment trends in the Air Trade Area are compared to data for the Midwest and the U.S. in 2002 and 2012.

In March 2012, Aon shareholders voted to relocate the company headquarters to London (United Kingdom) Aon continues to employ 6,000 workers in the Air Trade area and Chicago remains its North American headquarters The Midwest is defined as the states of Illinois, Indiana, Michigan, Ohio and Wisconsin.

Table 3-12: Major Private Sector Employers (2012) '

COMPANY

AT Kearney Inc.
Abbott Laboratories
Abt Electronics Inc.
Accent uie
Acco Brands Corp
Accretive Health
Ace Hardware
Add us HomeCarc
Alberto-Culver
Alden Management Services
Allscnpts Healthcare Solutions Inc.
Allstate
Amcol International Corp American Airliner Anurter International

AptarGroup Arthur J Gallagher AT&T
Bank ot America
Baxter International
Beam Inc
BMO Harris Bonk
Boeing
3P America
Brookrialc Senior Living Brunswick
Cancer Treatment Centers of America
Capital Fitness Inc
Career Education
CBOE Holdings]nc
CDW Corp
Cermak Produce Inc
CF Industries Holdings
CME Group
CNA Financial Corp
Comcast
Corn Products Intematonal Crate S, Bar.-el DeVry Inc
Discover Financial Services Dover
Employco USA Die
Equity Lifestyle Properties Inc
Equity Office Management LLC
Equity Rmdcnti.il <http://Rmdcnti.il>
Exebn
Pel'owes
First Hospitality Grouo Follctt Corp Fortune Brands General Growth Properties Grant Thornton LLP Gmupon Inc Guaranteed Rate Inc Health Care Service Corp HewAssociates Hilishire Brands (Sara Lee) Hospira
Hostmark Hospitality Group Hub Group
Huron Consulting Gro',p [nc Hyatt Hotels Corp Idcn Corp Illinois Tool Works In;erj7S Energy G-oup International Servirt"; Inc Jewel-Osco
John B Sanfilippo ft Son. Inc
Ch:cago
Abbott Park
Glenview
Chicago
Lincolnshire
Chicago
Oak Brook
Palatine
Melrose Park
Chicago
Chicago
Nonhbrook
Hoffman Estates
Chicago
Glenview
Chicago
Crystal Lake
Itasca
Ch.cngo
Chicago
Deer field
Deerficld
Chicago
Chicago
Napcrville
Chicago
Lake Forest
Schniiir.li.: i cj
Dig Rock
Hoffman rst.ites
Chicago
Vernon Hills
Cicero
Dccrfi<?ld
Chicago
Chicago
Schaumburg
Westchester
North brook
Downers Grove
Rivcrwoods
Downers Grove
Wcstmont
Chicago

Chicago
Chicago
Chicago
Itasca
Roscmon;
River Grove
Decrfield
Chicago
Chicago
Chicago
Chicago
Chicago
Lincolnshire
Downers Grove
Lake Forest
Schaunburg
Downers Grove
Chicago
Chicago
LaVe Forest
Glenview
Chicago
B.i'fa-.o Grove
Itasca
Elgin
Management Consulting
Pharmaceuticals
Retail
Management Consulting Office Products Debt Collection Retail
Health Care Consumer Products Health Care Health Care Insurance Manufacturing A:r1ine
Electrical Equipment Insurance Plastic Products Insurance
Telecommunications
Financial Services
Pharmaceuticals
Distilled Spirits
Finannal Services
Aerospace
Petroleum
Health Care
Marine Products
Health Caic
Hearth Club
estimation Services
Options Exchange
Computer Equipment and Software
Retail
Agricultural Products Financial Services Insurance
Telecommunications Food Products Retail
Education Services Financial Services Industrial Machinery Human Resource Services Real Estate Real Estate Real Estate Utility
Office Equipment and Supplies
Hotel Management
Education Products
Consumer Products
Real Estate
Accountmg
Interne; Services
Financial Services
Health Insurer
hirn.T' Resource Servers
Food Products
Pharmaceuticals
Hospitality
Transportation
Management Consulting
Hospitality
Manufacturing
Industrial Machinery
Util ty
Management consulting detail
Food Products

Jones Lang LaSalle	Chicago
JPMorgan Chase & Co	Chicago
Kemper Corp	Chicago
Koch Foods Inc	Park Ridge
KPMG	Chicago
Kraft Foods	Northfield
Leo Burnett Group	Chicago
Lettuce Entertain You Enterprises Inc.	Chicago
Littelfuse	Chicago
LKQ Corporation	Chicago
McDonald's	Oak Brook
Mead Johnson Munition Co	Glenview
Medline Industries	Mundelein
Mesirow Financial	Chicago
Methode Electronics Inc.	Chicago
Molex	Lisle
Mornmgstar [nc.	Chicago
Motorola Solutions	Schaumburg
Nalco Holding	Napervillc
Navistar International	Lisle
Nicor	Napervillc
NiSource	MernDville, IN
Northern Trust Corp	Chicago
Nuveen investments Inc	Chicago
OfficeMax	Naperviile
Old Republic International	Chicago
Ortiiti World-wide Inc	Chicago

OS! Group ILC	Aurora
Packaging Corp of America	Lake Forest
Pactw	Lake Forest
Paddock Publications	Arlington Heiyhti
Pnnduit Corp	Tinley Park
Portillo's Restaurant Group	Oak Brook
Potacl!y Sandwich Works LLC	Chicago
R R Donnelley & Sons	Chicago
S&C Electric Co	Chicago
Sauer-Danfoss Inc	Lincolnshire
Se.vs HDldr.rjS	Hoffman Estates
Seaton Cos	Chicago
Skrdmorc Owrngs fir Merrill 1 LP(2)	Chicago
Snap'On	Kenosha. WI
Solo Cup Co	Highland Park
Standard Parking Corp	Chicago
Stcncyclc	Lake Forest
SymphonylRI Group	Chicago
Tandem HR Inc	Oak Brook
Telephone & Data Systems	Chicago
Tel labs	Naperviile
Tempel Steel Co	Chicago
Tcnncco	Lake Forest
Tribune Co	Chicago
True Value Co	Chicago
Tiust.mark	Lake Forest
U S Cellular	Chicago
US Food Service Inc	Rosemont
Ulta Salon Cosmetics St Fragrance IncW)	Bolmgbrook
Jnited Cont.nent.il <http://Cont.nent.il> Holdings	Chicago
Un'ted HealthCare of Illinois	Chicago
United Parcel Service	Aurora
United Stationers	Decrfield
Unitrin	Chicago
US Fcoos	Oak Broow
USG Corporation	Chicago
WW Grainger	Lake Forest
Walgreen	Decrfield
Wal-Ma'T Stores. Inc	Chicago
Walsh Grou;i ..id	Chicago
William Bl.tir ft Co	Chicago

Real Estate
Financial Services
Insurance
Food Products
Accounting
Food Products
Advertising
Restaurants
Electrical Equipment
Automotive Equipment
Restaurant
Food Products
Medical Supplies
Investment Management
Electronic Equipment
Electrical Equipment
Financial Services
Telecommunications
Chemicals
Automotive Equipment
Utility
Utility
Financial Services
Financial Services
Retail
Insu-'ance
Internet Services
Food Products
Container Products
Paper and Plastic Products
Newspaper Publishing
Telecommunications Equipment
Restaurant
Restaurants
Printing Services
Electronic Equipment
Industrial Machinery
Retar
Staffing Services Architeclure
Consumer and Commercial Tools
Paper and Plastic Products
Parking Facilifes Management
Medical Supplies
Market Research
Human Resource Services
Tclecommun. cations
Telecommunications
Manufacturing
Automotive Equipment
Media
Retail
Insurance
Telecommunications Restaurant Supplies Retail
Al/TIf!
health Care Freight Service
Office Equipment and Supplies
Insurance

Insurance
Food Pioducts
Buiidmg Matenals
Industrial Machinery
Retail
Retail
General C.c-.tractor Financial Services

NPlr
1/ Fcr p-=f.t susinss
soup.us roiiswi; <
1 iWJ. Cra .i s Ol (4jn Buvneiv '?0\.

Table 3-13: Fortune 500 Companies Headquartered in the Air Trade Area (2012)

FORTUNE 500 2011 REVENUE

RANK ($ millions) LOCATION

1 Walgreen
2 Boeing
3 Kraft Foods
4 Scars Holdings
5 Abbott Laboratories

32 39 50 65 71

$72,184 0 $68,735 0 $54,365.0 $41,567.0 $38,851 3

Deerfield Chicago Northfield Hoffman Estates Abbott Park

Retail Aerospace Food Products Retail

Pharmaceuticals

6 United Continental Holdings
7 Allstate
8 McDonald's
9 Exelon
10 Illinois Tool Works

76 93 107 145 149

$37,110 0 $32,654.0 $27,006.0 $18,924 0 $18,256 8

Chicago Northbrook Oak Brook Chicago Glenview

Airline Insurance Restaurant Utility

Industrial Machinery

11 Navistar International
12 Baxter International
13 Hilishire Brands (Sara Lee)
14 Aon"
15 R.R. Donnelley & Sons

193 195 220 235 249

$13,958.0 S13.893.0 $12,103 0 $11,287 0 $10,6110

Lisle

Deerfield Downers Grove Chicago Chicago

Automotive Equipment Pharmaceuticals Food Products Insurance Printing Services

16 CDW Corp

17 Motorola Solutions

18 Discover Financial Services

19 Dover

20 W.W. Grainger

270 274 300 304 318

$9,602 4	Vernon Hills	Computer Equipment and Software
$9,549.0	Schaumburg	Telecommunications
$8,550.3	Riverwoods	Financial Services
$8,501.9	Downers Grove	Industrial Machinery
$8,078.2	Lake Forest	Industrial Machinery

21 Tenneco

22 OfficeMax

23 Anixter International

24 Corn Products International

25 CF Industries Holdings

350 354 386 390 402

$7,205 0 $7,121.2 $6,270.1 $6,2194 $6,097.9

Lake Forest

Naperville

Glenview

Westchester

Deerfield

Automotive Equipment Retail

Electrical Equipment Food Products Agricultural Products

26 NiSource

27 Telephone & Data Systems

28 United Stationers

409 469 478

$6,019 1 $5,180.5 $5,005.5

Merrillville, IN

Chicago

Deerfield

Utility

Telecommunications

Office Equipment and Supplies

NOTE

1/ Based on 2011 levenue

2/ In March 2012. Aon shareholders voted to relocate the company headquarters to London (United Kingdom) Aon continues to employ 6,000 woikeis in the Air Trade Area and Chicago remains its North American headquarters

SOURCE "2012 Fortune 500." Fortune. May 21, 2012

PREPARED BY Partners for Economics Solutions, April 2013

Report of the Airport Consultant
CITY OF CHICAGO

CHICAGO O'HARE INTERNATIONAL AIRPORT

Table 3-15: Employment by Major Industry Division (2002-2012)

AIR TRADE AREA

2012 CAGR

Services
Wholesale/Retail Trade Fm/Ins/Real Estate Government Manufacturing Transportation/Utilities Construction 3/

Total
2,358,596 805,432 538,522 577,161 566,363 241,357 300,102
2.707,639 772,995 609.733 573.695 434,401 245,087 231,822
5,387,583 5.575,372
14% -04%
12% ■01% -2 6%
0 2% -2 5%

0 3%
10,395.848 3.961,582 2.070,397 3,161,774 3,589.678 973.130 1,542,365
11,483,056 3,663.294 2,308,836 3,045,116 2,796,344 1,004,074 1.337,029

25,694.774 25,637,749
10% -0 8%
1 1% -04% -2 5%
0 3% -14%

-002%
67,844,025 24,294,038 13.551,381 21,424,987 15,744.374 5,956,909 11,248,335

160,064,049
78,957.250 24,496.296 16,903.515 22,087,943 12,629,024 6,243,068 11,097.760

172,414,856
15% 01% 2 2% 0 3%
-2 2% 0 5%
-01%

0 7%

AIR TRADE AREA

2022 Employment CAGR 2012-2022

6,095.688 0 9%

28,343,966 10%

197.831,142 14%

Percent of 2012 Non-Agricultural Employment by Industry

Wholesale/Retail Trade

Fin/Ins/Real Estate

Government

Manufacturing

Transportation/Utilities

Construction

0 0% 5 0% 10 0% 15 0% 20 0% 25 0% 30 0% 35 0% 40 0% 450% 50 0% 55 0%

□ Air Trade Area

hoifs

1/ Non-iigncu'tura! employment only
2/ CAGR = CnmpouniJriJ Annual Giowth Rat,;
3/ Includes .-Tiirnrirj ,ind forestry employment

SOURCE Woods & Poolp Economics Inc. 2013 Complete Economic and Demographic Data Source (CLODS). lanu.uy 201.1 PREPARED BY Partners tor Economic Solutions. April 2011

Non-agricultural employment in the Air Trade Area increased from approximately 5.4 million workers in 2002 to more than 5.5 million workers in 2012. This increase represents a 0.3 percent CAGR during this period. In contrast, employment showed a CAGR of -0.02 percent in the Midwest and 0.7 percent in the U.S. between 2002 and 2012.

Measured by percentages, the Air Trade Area had a relatively higher proportion of employment in services, finance/insurance/real estate, and transportation/utilities compared to the Midwest and U.S. in 2012. (See bar chart in Table 3-15.) Wholesale/retail trade, government, and construction jobs in the Air Trade Area made up a relatively lower percentage of employment in 2012 in comparison to the Midwest and U.S. The percentage of manufacturing jobs was lower in the Air Trade compared to the Midwest and higher compared to the U.S. in 2012.

Data in Table 3-15 indicate that the Air Trade Area has a diversified employment base that is expected to provide the region with a foundation for recovery following periodic downturns in the business cycle. Brief profiles of the Air Trade Area's major industries in descending order of 2012 employment are provided below.

Services

Jobs in the services sector in the Air Trade Area employed approximately 2.7 million workers in 2012 and accounted for 48.6 percent of total non-agricultural employment.

The services industry is the largest job sector in the Air Trade Area and employs workers in a wide range of subsectors that vary greatly in size. In 2012, approximately 23 percent of the Air Trade Area's service workers were employed in health care; 18 percent were employed in leisure and hospitality; and 17 percent were employed in professional and technical services. Other service sector categories include; administration and support services (16 percent of service workers); education (7 percent); information technology (4 percent); management of enterprises (3 percent); and other services (12 percent).[14]

Higher Education and Research Institutions

Higher education is an important source of jobs in the Air Trade Area. The numerous public and private colleges and universities in the Air Trade Area, such as the University of Illinois at Chicago, University of Chicago, Northwestern University, DePaul University, Northern Illinois University, and Loyola University Chicago, contribute to its high level of educational attainment. The 42 colleges and universities shown in Table 3-16 enroll approximately 297,000 students. These institutions generate demand for air service through academic meetings and conferences, visiting professorships, study-abroad programs, and individual student and faculty travel.

Woods & Poole Economics Inc., 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013

Repoit of the Airport Consultant

SEPTEMBER 23, 2013

Table 3-16: Air Trade Area College and University Enrollment (2012)

INSTITUTION	MAIN CAMPUS LOCATION	ENROLLMENT
University of Illinois at Chicago	Chicago, IL	28,090
Northern Illinois University	DeKalb, IL	25,310
DePaul University	Chicago, IL	24,960
Northwestern University	Evanston, IL	19,180
Loyola University Chicago	Chicago, IL	15,060
University of Chicago	Chicago, IL	12,300
Columbia College Chicago	Chicago, IL	11,920
Northeastern Illinois University	Chicago, IL	11,150
Purdue University Calumet	Hammond, IN	10,130
Illinois Institute of Technology	Chicago, IL	7,790
Governors State University	University Park, IL	7,780
Roosevelt University	Chicago, IL	7,300
Robert Morns University	Chicago, IL	7,280
Chicago State University	Chicago, IL	7,130
Benedictine University	Lisle, IL	6,860
National Louis University	Chicago, IL	6,600
Lewis University	Romeoville, IL	5,800
Indiana University Northwest	Gary, IN	5,560
Midwestern University	Downers Grove, IL	5,165
Concordia University Chicago	River Forest, IL	5,130
Saint Xavier University	Chicago, IL	5,030
University of Wisconsin-Parkside	Kenosha, WI	4,700
Purdue University North Central	Westville, IN	4,460
Valparaiso University	Valparaiso, IN	4,060
Aurora University	Aurora, IL	4,000
Dominican University	River Forest, IL	3,900
Elmhurst College	Elmhurst, IL	3,630
Illinois Institute of Art	Chicago, IL	3,500
University of St. Francis	Joliet, IL	3,350
North Park University	Chicago, IL	3,250
School of the Art Institute of Chicago	Chicago, IL	3,240
North Central College	Naperville, IL	3,000
Trinity International University	Deerfield, IL	3,000
Wheaton College	Wheaton, IL	3,000
Carthage College	Kenosha, WI	2,500
Kendall College	Chicago, IL	2,390
Rush University	Chicago, IL	2,000
Lake Forest College	Lake Forest, IL	1,490
Trinity Christian College	Palos Heights, IL	1,450
Calumet College of St Joseph	Whiting, IN	1,290
Judson University	Elgin, IL	1,230
East-West University	Chicago, IL	1,170
Total		297,165

SOURCES Institution web sites, April 2013

SOURCES Institution web sites, April 2013

PREPARED BY Partners for Economic Solutions, April 2013

The Air Trade Area benefits from a research and development infrastructure that includes Argonne National Laboratory and Fermi National Accelerator Laboratory as well as a wide variety of research centers and institutes (see Table 3-17). These organizations have major commitments to research efforts in physics, nuclear energy, bioscience, nanotechnology, environmental systems, information technology, medicine, health, and social sciences. The Air Trade Area's concentration of research institutions is a key factor in maintaining its position as a leading center of education and research, and helps to foster a highly skilled labor force in the region.

Wholesale and Retail Trade

Wholesale and retail trade in the Air Trade Area employed approximately 773,000 workers in 2012, equating to 13.9 percent of total non-agricultural employment. Approximately 67 percent of these (520,000 workers) were in retail, with the remainder in wholesale.[15]

Businesses in the Air Trade Area have taken advantage of overseas markets and have expanded their operations internationally. Many of the Air Trade Area's top companies depend on offshore plants and suppliers for manufacturing and assembly as well as raw materials. This expanding international business activity generates demand for both international air travel and air freight services. In 2012, total trade activity (both imports and exports) between the Chicago Customs District [16] and the rest of the world was valued at $154.8 billion (see Table 3-18).

Data in Table 3-18 show that nearly $118 billion in trade (including imports and exports) through the Chicago Customs District was conveyed by air in 2012. This represents 76 percent of all trade through the Chicago Customs District, and more than 64 percent of the Midwest's value of total trade by air. The Air Trade Area's high rate of trade by air reflects the prevalence of just-in-time inventory .management of high-value goods (especially in the electronics and industrial components sectors), as well as an expanding global network of suppliers and manufacturers.

Finance/Insurance/Real Estate

In 2012, the finance/insurance/real estate sector employed nearly 610,000 workers in the Air Trade Area, accounting for 10.9 percent of total non-agricultural employment.

Major banks headquartered in the Air Trade Area are BMO Harris Bank N.A. ($94.8 billion in assets), Northern Trust ($91.3 billion), Privatebank & Trust ($12.6 billion), and MB Financial Bank ($9.6 billion)/"

[3] Woods & Poole Economics Inc, 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013

[10] The Chicago Customs District comprises 12 ports in Illinois and six in surrounding Midwestern states Illinois' Calumet Harbor, Chicago, Chicago River, Greater Rockford Airport, Lockport, Moline, Pal-Waukee User Fee Airport, Peoria, Nippon Courier Hub, Rock Island, Waukegan Airport, Waukegan Harbor Indiana East Chicago, Gary, Michigan City Harbor Iowa. Des Moines, Davenport Nebraska Omaha Schedule D -- U.S. Customs Districts and Port Codes, http //www census gov/foreign-trade/schedules/portcode txt, accessed April 2013.

[17] 2013 Book of Lists, Cram's Chicago Business.

CITY OF CHICAGO
CHICAGO O'HARE INTERNATIONAL AIRPORT SEPTEMBER 23, 2013

Table 3-18: Total Trade by Conveyance (2012)

($ billions)

CUSTOMS DISTRICT	TOTAL TRADE[1]	VALUE OF TOTAL TRADE BY AIR	PERCENT OF VALUE OF TOTAL TRADE BY AIR
Chicago	$154.8	$117.6	76.0%
Midwest[2]	$468.7	$183.2	39.1%
United States	$3,822.2	$927.3	24.3%

NOTES'

1/ Total trade = total imports and exports.

2/ Data for the Midwest is an aggregation of the Chicago, Cleveland, Detroit, and Milwaukee Customs Districts

SOURCE U S Department of Commerce, Bureau of the Census, Foreign Trade Division, February 2013

PREPARED BY Partners for Economic Solutions, April 2013

The Air Trade Area is also home to major global trading exchanges such as the Chicago Board Options Exchange and the CME Group, which was formed by the merger of the Chicago Mercantile Exchange, the Chicago Board of Trade, and the New York Mercantile Exchange. Serving the risk-management needs of investors and businesses in the U.S. and internationally, the CME Group provides benchmark futures and options products based on interest rates, equity indexes, foreign exchange, energy, agricultural commodities, metals, and alternative investment products such as weather and real estate.[1"]

The Air Trade Area is headquarters for large insurance firms that operate internationally. For example, Allstate Corporation, the nation's largest publicly held personal lines insurer, and 93rd on the Fortune 500 list in 2012, had revenues of $32.6 billion in 2011 and employs over 70,000 professionals in the U.S.[19] The North American headquarters of brokerage and risk management firm Aon Corporation is also located in the Air Trade Area. With 2011 revenue of $11.3 billion, Aon has 65,000 employees in more than 120 countries.[2'1]

Government

Data in Table 3-15 show that government employment accounted for approximately 574,000 workers in the Air Trade Area in 2012, representing 10.3 percent of total non-agricultural employment.

The government sector in the Air Trade Area includes federal, state, county, and city employees.[21] Federal employers within the Air Trade Area include the Internal Revenue Service, Social Security Administration, Department of Agriculture, Seventh Circuit Court of Appeals, U.S. Postal Service, and many other entities. In 2012, the federal government employed approximately 61,000 people within the Air Trade Area across a variety of functions and agencies.[22] Other major governmental employers in the Air Trade Area include the Chicago Public Schools (40,100 employees), the City of Chicago (30,200 employees), Cook County (21,100 employees), and the State of Illinois (15,400 employees).[23]

Manufacturing

In 2012, the manufacturing sector accounted for approximately 434,000 jobs in the Air Trade Area, or 7.8 percent of total non-agricultural employment. The diversity of the Air Trade Area's economy extends to the manufacturing sector, where local firms produce automotive and industrial equipment, pharmaceuticals, food products, chemicals, rubber and plastic products, fabricated metals, electronics, and telecommunications equipment.

[1'] About Us, Corporate Overview, http//www cmegroup com/company/history/, accessed April 2013.

[1'] The Allstate Corporation at a Glance, http //www allstate com/about aspx, accessed April 2013, "Fortune 500," Fortune, May 21, 2012.

[20] Aon History and Facts, http //www aon com/about-aon/history-facts jsp, accessed April 2013

[21] Includes civilian government employees only

[22] Woods & Poole Economics Inc., 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013.

[22] 2013 Book of Lists, Cram's Chicago Business

Transportation/Utilities

Transportation/utilities employment in the Air Trade Area accounted for approximately 245,000 jobs in 2012, representing 4.4 percent of total non-agricultural employment.

With an estimated 41,000 jobs related to air-passenger service and cargo,[24] O'Hare International Airport is a major employer in the transportation sector. The Airport directly employs an estimated 17 percent of transportation workers in the Air Trade Area.

Chicago's location in the Midwest and in the Central Time Zone, along with its extensive non-stop air passenger service, allows business travelers to meet with clients or customers in nearly any U.S. city and then return on the same business day. In addition, Chicago is the largest rail hub in the U.S. with an estimated 1,200 daily trains which carry 75 percent of the nation's freight valued at $350 billion.[25]

Construction

The construction industry employed approximately 232,000 workers in the Air Trade Area in 2012, accounting for 4.2 percent of total non-agricultural employment. Recent development projects include transportation infrastructure, medical, educational, and hotel facilities. Examples of current projects include:

O'Hare Modernization Program (OMP). Managed by the Chicago Department of Aviation and as discussed previously in Chapter 2, the OMP is one of the largest construction projects in the U.S. When the OMP is complete, O'Hare will have eight runways: six east-west parallel runways and two crosswind runways. To date, OMP projects that have been completed include: a new air traffic control tower, a 3,000-foot extension to existing Runway 10/28, and Runway 9L/27R. Runways 10C/28C, Runway 10R/28L, and a South Airport Traffic Control Tower are under construction. Future OMP projects include: Runway 9C/27C, an extension to existing Runway 9R/27L and a western terminal complex. When completed, the multi-billion dollar OMP is designed to significantly increase airfield capacity and reduce weather delays, thus allowing O'Hare to meet future demand from the nation's aviation system. The full OMP is anticipated to create an additional 195,000 jobs and $18 billion in annual economic activity.[25]

- Chicago Region Environmental and Transportation Efficiency Program (CREATE). This program is a first-of-its-kind partnership among the U.S. Department of Transportation (DOT), the State of Illinois, City of Chicago, Metra (the regional rail system serving Chicago and its surrounding suburbs), Amtrak, and the nation's freight railroads to install critically needed rail

West O'Hare Corridor Economic Development Study, <ftp://public-ftp> agl.faa gov/2009-03-01_LOI/Economic%20Studies/ West%20Corridor%20Economic%20Analysis pelf, accessed April 2013

25 Federal Railroad Administration, "The Chicago Region Environmental and Transportation Project (CREATE)," http //www.fra <http://www.fra>dot gov/us/content/1486, accessed April 2013

20 City of Chicago, O'Hare Modernization Program, <http://www> cityofclncago org/city/en/depts/doa/provdrs/omp.html, accessed April 2013

infrastructure improvements in the Air Trade Area.[27] Plans call for CREATE to invest billions of dollars in capital projects that will increase the efficiency of four rail corridors by reducing train delays and congestion. CREATE projects include new overpasses and underpasses to separate auto and rail traffic, as well as passenger and freight train tracks. Viaduct improvements, grade crossing enhancements, and extensive upgrades to tracks, switches and signal systems are also part of CREATE's work program.[28] Of the 70 total CREATE projects, 17 have been completed, 11 are under construction, 7 are in design, 14 are in environmental review, and 21 remain to be initiated pending funding availability.[2"]

Illinois Tollway/Move Illinois. The Move Illinois program is a $12 billion capital improvement project to improve mobility in the Air Trade Area. These infrastructure improvements are also designed to relieve congestion, reduce pollution, and link the Air Trade Area to other economies across northern Illinois. The project includes: rebuilding the Jane Addams Memorial Tollway (1-90); constructing a new interchange to connect the Tri-State Tollway (1-294) to 1-57; and building the Elgin O'Hare Western Access Project. In addition, Move Illinois is reducing, recycling, and reusing materials in order to minimize the environmental impact of new roadway construction.[20]

- Highway Improvement Projects. Significant investments in highway improvement projects are currently underway in the Air Trade Area, including: Wacker Drive reconstruction ($300 million);[51] Interstate 55 Improvements ($108 million); IL Route 64 Bridge Replacement ($49 million), IL Route 53 Reconstruction ($46 million); U.S. Route 20 Interchange Reconstruction ($44 million); IL Route 31 Realignment ($33 million); and Willow Road (Cook County) Reconstruction ($27 million).[12]
- Northwestern Memorial Hospital Outpatient Care Pavilion. This $322 million state-of-the-art medical building is scheduled to open in 2014. It will offer a comprehensive array of diagnostic and therapeutic services. Facilities will include an ambulatory surgery center and a diagnostic testing center with advanced imaging MRI, CAT scan, and ultrasound services. The building will have sustainable design features such as high efficiency fixtures and systems, a green roof, and sustainable building materials to conserve energy. It is designed to achieve Leadership in Energy and Environmental Design (LEED) certification."

Northwestern University Music and Communications Building. Located in Evanston, this five-story, 155,000 square-foot facility will include teaching studios, offices, classrooms,

Welcome, http //www createprogram org/inclex htm, accessed April 2013. [28] About CREATE, httpY/www createprogram org/about htm, accessed April 2013

[2"] CREATE Project Status Summary as of March 2013, http //www createprogram org/linked_files/status_map pdf, accessed April 2013.

[30] Move Illinois: The Illinois Tollway Driving the Future, <http://www> illinoistollway.com/move-illinois,jsessionid = F5ABCFEDAA C81E40C070C2F5401EF225, accessed April 2013 "' Revive Wacker Drive, http //wackerdnve.net/Project-Overview/, accessed April 2013.

Illinois Department of Transportation, Project Information, <http://dot> state il.us/projects html, accessed April 2013. "' "Top Project Starts of 2012," ENR Midwest. April 1, 2013, Outpatient Care Pavilion, http.//ocp.nmh <http://http.//ocp.nmh> org/, accessed April 2013

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practice rooms, and rehearsal space. With a budget of $117 million, it will also have a 400-seat recital hall. Project completion is planned for 2015.[34]

Hyatt Regency McCormick Place Expansion. The first phase of this $110 million project broke ground early in 2012 and includes the construction of a tower with 446 rooms and 14 suites. Later phases will include the renovation of existing facilities, including meeting spaces, 800 guest rooms, the main lobby, and restaurant.[35]

3.2.5 AIR TRADE AREA TOURISM INDUSTRY

The tourism industry employs many workers in the Air Trade Area and provides a significant source of demand for air travel. Analyses of the Air Trade Area's tourism industry, convention business, and visitor attractions are provided below.

In 2012, the leisure, hospitality, and food-service sectors employed an estimated 492,000 workers in the Air Trade Area.[36] Approximately 43.6 million people traveled to the Air Trade Area in 2011 (latest data available).[37] This is an 11.2 percent increase over the visitor level in 2010, and the first increase in visitorship since 2007. The Air Trade Area's visitors generated $11.9 billion in direct spending and $725.7 million in state and local tax revenue in 2011.[33]

The list of recent awards shown in Table 3-19 reflects the Air Trade Area's popularity among visitors and meeting planners. Publications ranging from Travel + Leisure, Conde Nast Traveler, Lonely Planet, Forbes, and Foreign Policy named Chicago a top destination from 2010 through 2012. Chicago has also been cited as a top location for commerce, sporting events, and cultural attractions by Business Traveler magazine, Site Selection magazine, The Sporting News, and American Style magazine. In addition, the Chicago Convention & Tourism Bureau (now Choose Chicago) has been a 22-time winner of the Pinnacle Award from Successful Meetings magazine in recognition of its meeting planning services.[39] In 2012 the Chicago Convention & Tourism Bureau was recognized by Meetings & Conventions magazine with a Gold Service Elite Award that honors convention and visitors bureaus that have excelled in their service to meeting professionals.[40]

"Top Project Starts of 2012," ENR Midwest, April 1, 2013; Music and Communication Building <http://www> northwestern.edu/ <http://northwestern.edu/>fm/projects/current/construction/bienen html, accessed April 2013

"Hyatt Regency McCormick Place Announces Phase Two of Expansion and Renovation," http.//www <http://http.//www> mccormickplace com/ about-us/pr-pdf -12/ll-12-hyatt-expansion-phase-2 pdf, accessed April 2013

Woods & Poole Economics Inc, 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013.

" 2011 Visitor Volume Economic Impact, <http://www> choosechicago.com/articles/view/2011-Visitor-Volurne-EconoiTiic-Impact- <http://choosechicago.com/articles/view/2011-Visitor-Volurne-EconoiTiic-Impact->/69/, accessed April 2013

's Chicago Travel Statistics, http//www.choosechicago.com/includes/content/docs/MEDIA/2010ChicagoTravelStatistics <http://www.choosechicago.com/includes/content/docs/MEDIA/2010ChicagoTravelStatistics> pdf'rand = 47S7702, accessed April 2013

19 Pinnacle Awards 2012 CVB Winners, Successful Meetings magazine, <http://www.successfulmeetings> com/article.aspx?id = 15013, accessed April 2013

4" 2012 Gold Service Elite, Meetings & Conventions magazine, http //www meetings-conventions.com/gold-awards-elite- <http://meetings-conventions.com/gold-awards-elite->winners aspx, April 2013

Table 3-19 (1 of 2): Travel and Destination Awards 2010-2013 RECIPIENT AWARD

City of Chicago	2013 Best North American Business Meetings Destination - Business Traveler Magazine
	2013 #2 Most Searched For City Online - Yahoo com 2013 Top 10 Most Stunning Skylines in the World - CheapFlights com 2012 #2 Top City in the U.S./Canada - Travel + Leisure Magazine World's Best Awards 2012 #3 City in the U.S. - Conde Nast Traveler Magazine Readers' Choice Awards 2012 #4 World's Top Nine Destinations - CNN Travel Web Site 2012 #9 Top 10 U.S. Travel Destinations - Lonely Planet Magazine 2011 #1 Top Metro in the U.S. for Business Expansion - Site Selection Magazine 2011 #1 Rank in America's Best Downtowns - Forbes Magazine 2011 #2 Top Metro in the U.S. for Corporate Investment - Site Selection Magazine 2011 03 Top City in the U.S./Canada - Travel + Leisure Magazine World's Best Awards 2011 #2 Top 25 Big Cities for Art - American Style Magazine 2011 #4 Best Sports City in the U.S - The Sporting News 2011 #11 Top 16 Global Cities To Watch - Foreign Policy Magazine 2010 #1 City For Recent College Graduates - Gradspot.com <http://Gradspot.com>2010 #1 Best Sports City in the U.S. - The Sporting News 2010 #2 Fun City in U S. - Portfolio.com <http://Portfolio.com> Fun Index 2010 #2 Top 25 Big Cities for Art - American Style Magazine 2010 S3 Best U S City for Food & Drink - Portfolio com Fun Index 2010 #3 Top 10 Summer Travel Destinations - Orbitz.com <http://Orbitz.com>2010 #4 Coolest City in the U.S - Forbes Magazine
	2010 #4 Top City in the US - Conde Nast Traveler Magazine Readers' Choice Awards 2010 #4 Top City in the U S./Canada - Travel + Leisure Magazine World's Best Awards 2010 #5 Top 10 Food & Wine Destinations in the World - TripAdvisor.com 2010 116 Global Cities Index - Foreign Policy Magazine

World's Best Awards 2010 #5 Top 10 Food & Wine Destinations in the World - TripAdvisor com 2010 116 Global Cities Index - Foreign Policy Magazine

O'Hare International Airport	2013 Best Airport Food - Outside Magazine Travel Awards 2012 Best Airport in North America - Global Traveler Awards 2012 North America's Leading Airport - World Travel Awards

ChooseChicago (formerly Chicago Convention & Tourism Bureau)

2012 Gold Service Award - Meetings & Conventions Magazine 2012 Pinnacle Award - Successful Meetings Magazine 2011 Gold Service Award - Meetings & Conventions Magazine 2010 Gold Service Award - Meetings & Conventions Magazine

McCormick Place Convention Center

2011 Certificate of Appreciation - TSEA Windy City Chapter

2010 Strategic Partnership- Professional Convention Management Association

2010 Association Meetings Inner Circle Award - MeetingsNet 2010

2012 #7 World's Most Popular Landmarks - Travel ■>■ Leisure Magazine World's Best Awards

SOURCES ChooseChicago corn, concierge com, publication web sites, April 2013

PREPARED BY Partners for Economic Solutions. April 2013

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SEPTEMBER 23, 2013

Table 3-19 (2 of 2): Travel and Destination Awards 2010-2013

HOTELS. RESTAURANTS. CLUBS. SPAS

Tour Seasons Chicago

Hilton Chicago Hotel Burrham Hyau Regency Chicago

;W Marriott Hotel

Marriott Downtown Magnificent Mile Park Hyatt Chicago

Renaissance Blackstone Sheraton Chicago Hotel ft Towers

Sofnel Chicago Water Tower Swissctel Chicago

Tne Peninsula Chicago

The Public

The Rnz Carlton Chicago

The Westin Chicago River North TheWii

Trump International Hotel ft Tower

Waluorl Astoria Chicago
2C13 Gold List - ("onde Nast Traveler Magazine
2013 S00 Best Hotels in the World - Travel > Leisure Magazine World s Best Awards 2013 Fwe Star Award Winner - Forbes Travel Guide Awards
2012 »22 Top 50 Large City Hotels - Travel * Leisure Magazine World's Best Awards 2012 Gold Lisl - Conde Nast Traveler Magazine

2012 Gold Key Award - Meetings: .I' Conventions Magazine

2012 Gold List - Cordc Nast Traveler Magazine

2012 Gold Key Award - Meetings ft Co mentions Magazine 2011 Gold Key Award - Meetings fit Conventions Magazine 2011 Pinnacle Award Hotels fit Retorts Wmrer - Successful Meetings Magazine

20".2 Pinnacle Award Hotels At Resorts Winner - Successful Meetings Magazine
2011 Hot List Hotels - Conde Nast Traveler Magazmc

2012 Gold Key Award - Meetings & Conventions Magazine

2013 Gold List - Conde Nast Traveler Magazine
2013 500 Bust Hotels in the World - Travel * Leisure Magazine World s Best Awards 2012 Gold Key Awa:d - Meetings fit Corwentions Magazine
2C12 »27 Top 50 Large City Hotels - Travel i Leisure Magazine World's Best Awards 2012 Gold List - Conde Nast Traveler Magazine
2011 Gold List - Conde Nast Traveler Magazine

2012 Pinnacle Award Conference Center Wirner - Successful Meetings Magazine 2X1 Pinnacle Award Conference Center Winrcr - Successful Meetings Magazine

2012 Gold List - Conde Nasi Traveler Magazine
2C13 500 Best Holers

2012 Pinnacle Award Hotels fit Resorts Winner - Successful Meetings Magazine 2011 Pinnade Award Hotots & Resorts Winner ■ Successful Meetings Magazine 2011 Gold Key Award - Meetings ■?< Conventions Ma(jiizire

e World ' ■ Travel • Lc'isvi:e Magazine World s Best Awards

2012 Pinnacle Award Hotels ft Resorts Winner - So cross hi I Meetings Magazine
2011 Pinnacle Award Hotels ft Resorts Winner - Successful Meetings Magazine

2013 Gold Lut - Conde Nast Traveler Magazine
2013 Five Star Award Winner - rnrhes Travel Guide Awards
2013 500 Best Hotels n: tue Wo:ld - ■ 7;avel < Leisure Magazine World's Best Awards
2012 *3 Top 50 Large City Hotels - Travel - Leisure Magazine World s Best Awards
2012 "43 Top j00 Worlds Best Hotels - Travel + Leisure Magazine World's Best Awards
2012 Gold List - Conde Nast Traveler Magazine
2011 *i Top 200 Mainland Hotels in the US - Conde Nasi Traveler Magazine Reader Choice A
2011 Gold List - Conde Nasi Traveler Mayazire

2012 Hot List Hotels ■■ Conde Nasi Traveler Magazine

2013 Gold List - Conde Nasi Traveler Magazine
2013 500 Best Hotels in the World - Travel • Leisure Magazine World's Best Awards 2012*37 Top 50 Large City Hotels - Travel • Leisure Magazine World's Best Awards 2012 Gold List - Conde Nasi Traveler Magazine

2012 Gold Key Award - Meetings fii Conventions Magazine

2012 Pinnacle Awairi Hole's ft Resorts Winner - Successful Meetings Magazine
2011 Pinnacle Award Hotels ft Resorts Winner - Successful Meetings Magazine

2013 Five Star Award Winner - Forbes Travel Guide Awards
2013 500 Best Hotels in the World - Travel + Leisure Magazine World's Best Awards
2012 <29 Top SO Large City Hotels - Travel ♦ Leisure Magazine World's Best Awards

2013 Gold List ■ Conde Nast Traveler Magazine
2012 r»: Top 50 Large Gtv Hotels - Travel * Leisure Magazine World's Best Award* 2012 »22 Top 1C-0 World's Besi Hotels - ■ Travel ■ Leisure Magazine World s Best Aware: s 20'.2 *1 To;) 25 Hotels in the US - 7.-ipAdvisor com
2012 Gold List - Conde Nas: Travolci Magazine

2013 Five Star Award Winner - forbes Travel Guide Awards 2013 Three Star ResUi.rjnts - M« helm Guide Chicago 2012 Three Star restaurants - Michelm Guide Chicago 2012 America's Top Restaurant:. - Zagat

Charlie Trotter's L20
Lao Sze Chuan

Ru*bin Schwa

Violet Horn

No Ml Spa Par* Hyatt Chicayo

2012 Two Star Restaurants - Michclm Guide Chicago
2013 rrve Star Award Winner - Foiues liavel Guide Awards
2013 Best Chinese Restaurants in the US - Travel * Leisure Magiizii 2G12 Amerira * Top Restaurants - Zagat
2012 i.I Top :0 Be-.! New ^esiaurarvs in America - GQ Magazine 2012 Two Stai Restau. ants - Mic/ielm. Guide Chicago 2012 »9 Tof> 10 Best New Restaurant m. America - GQ Magazine 2012 America's Top Restaurants - Zagat

2012 »7 Best Bar m Amerira - Esquire Magazine

2012 Hot List Spas - Cnndr Nast Traveler Magazine

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Convention Business

Chicago ranks third in the U.S. in terms of the number of conventions it hosts. [41] Containing 2.6 million square feet of exhibit space, McCormick Place is the Air Trade Area's primary meeting and exhibition venue. [42] With four separate buildings all connected by concourses and sky bridges, McCormick Place is designed to be flexible in accommodating a range of events[41] and it is able to accommodate two conventions simultaneously.[44]

conventions simultaneously.

In support of the Air Trade Area's meetings and conventions, there are 84 hotels with approximately 30,600 rooms and 1.4 million square feet of meeting space located within five miles of McCormick Place." In total, metropolitan Chicago contains an estimated 108,000 hotel rooms.[46] Development plans for the opening or expansion of 10 hotel properties with 2,704 rooms in downtown Chicago include: Hotel Indigo (145 rooms); Fairfield Inn & Suites Chicago Downtown (180 rooms); Hyatt Place Chicago Downtown River North (212 rooms); The Godfrey Hotel Chicago (220 rooms); Aloft Chicago City Center (272 rooms); Hyatt Place Chicago Downtown (235 rooms); Langham Chicago Hotel (330 rooms); Virgin Hotel (250 rooms); Loews Hotels & Resorts (400 rooms); and Hyatt Regency McCormick Place (460-room expansion).[47]

Support for tourism and conventions is a high priority for the business community, civic organizations, and government officials in the Air Trade Area. As a result, significant and permanent measures adopted by the Metropolitan Pier and Exposition Authority (the operator of McCormick Place and Navy Pier) have lowered exhibitor costs and improved Chicago's competitive position as a convention location.[48]

Since these reforms were implemented, more than $4 billion in renewed, new, or extended shows have been signed for McCormick Place including: Americas Incentive Business Travel & Meetings Exhibition; American Library Association; Book Expo America; Chicago Comic & Entertainment Expo; International Manufacturing Technology Show; and National Restaurant Association. Many of these groups cited the work rule reforms at McCormick Place and Navy Pier as a key factor in their selection decision.[4"]

41 Trade Shows, Chicago Business Overview, <http://www.biztradeshows> com/usa/chicago/business html, accessed April 2013.

42 About Us, http //mccormickplace com/about-us/about-us php, accessed April 2013

"3 Facility Overview, http //mccormickplace.com/facility-overview/facility.php, accessed April 2013

44 McCormick Place Floor Plans, http//mccormickplace.com/floor-plans/floor-plans.php, accessed April 2013

45 Chicago Hotels within 5 Miles of McCormick Place, httpV/www choosechicago com/articles/view/Current-Chicago-Hotel-Supply-/73/, accessed April 2013

46 Chicago Market Hotel Industry Outlook 2010-2013, November 2010, HVS Global Hospitality Services

47 Hotel Industry, Chicago Hotel Development, http//www choosechicago.com/articles/view/Hotels/262/ <http://choosechicago.com/articles/view/Hotels/262/>, accessed April 2013

43 ChooseChicago com News Releases June 2012, "Mayor Emanuel Announces Critical Union Agreement at McCormick Place and Navy Pier," http//www choosechicago.com/articles/view/MAYOR-EMANUEL-ANNOUNCES-CRITICAL-UNION-AGREEMENT-AT- <http://choosechicago.com/articles/view/MAYOR-EMANUEL-ANNOUNCES-CRITICAL-UNION-AGREEMENT-AT->McCORMICK-PLACE-AND-NAVY-PIER/246/, accessed April 2013

45 Choose Chicago 2012 Annual Report, http //www choosechicago com/mcludes/content/docs/media/ChooseChicago_Annual Report_2012 pdf, accessed April 2013

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Several other efforts have been initiated to improve Chicago's visibility as a tourist destination. In 2012 Mayor Rahm Emanuel announced the City's goal of attracting 50 million visitors per year by 2020. At the same time, the Mayor streamlined the City's tourism organizations by combining the Chicago Convention & Tourism Bureau and the Chicago Office of Tourism and Culture into a new entity, Choose Chicago. In February 2013, Choose Chicago announced a $5 million marketing campaign to promote access to the City through O'Hare and Midway Airports. The mission of the campaign is to increase airport usage while publicizing Chicago as a destination for both domestic and international travelers.[50] To serve meeting professionals and other clients in international markets, Choose Chicago operates public relations and tourism offices in Brazil, Canada, China, Germany, Japan, Mexico, The Netherlands, and the United Kingdom.[51]

Visitor Attractions

Major visitor attractions in the Air Trade Area include: Navy Pier (8.7 million visitors), Millennium Park (4.5 million visitors), Lincoln Park Zoo (3.0 million visitors), Six Flags Great America (2.7 million visitors), Brookfield Zoo (2.3 million), Shedd Aquarium (2.1 million visitors), Art Institute of Chicago (1.8 million visitors), Museum of Science and Industry (1.5 million visitors), Skydeck Chicago (formerly Sears Tower, 1.4 million visitors), Field Museum of Natural History (1.2 million visitors), Chicago Botanic Garden (905,000), Chicago Cultural Center (897,000 visitors), Adler Planetarium & Astronomy Museum (444,000 visitors), and Chicago Children's Museum (381,000 visitors). [52]

Chicago is internationally renowned for its architectural history, and the preservation of historical structures. Architects such as Louis H. Sullivan, Frank Lloyd Wright, and Ludwig Mies van der Rohe designed buildings that remain major Chicago landmarks. Every year, an estimated 507,000 people attend lectures, exhibits, and architecture tours sponsored by the Chicago Architecture Foundation.[53]

Performing arts facilities in the Air Trade Area include the Symphony Center, the Civic Opera House, and the Harris Theater for Performance and Dance. These venues are home to the Chicago Symphony Orchestra, the Civic Light Opera, and the Chicago Jazz Ensemble. Professional theater and comedy venues in the Air Trade Area include the Steppenwolf Theatre, the Goodman Theatre, and The Second City.

Chicago is home to 26 miles of lakefront, 552 parks, 19 miles of lakefront bicycle paths, and an urban forest preserve, among other recreational amenities. [50] In terms of spectator sports, several professional teams are based in Chicago, and the City is regularly named among the best destinations

[5] ChooseChicago com, News Releases February 21, 2013, Mayor Emanuel Announces Further Investment in Choose Chicago to Build on First Year of Success in Promoting Chicago as an International Travel Destination," http //www choosechicago.com/ <http://choosechicago.com/>articles/view/MAYOR-EMANUEL-ANNOUNCES-FURTHER-INVESTMENT-IN-CHOOSE-CHICAGO-TO-BUILD-ON-FIRST-YEAR-OF-SUCCESS-IN-PROMOTING-CHICAGO-AS-AN-

[51] Choose Chicago Departments and Office Locations, http //www choosechicago com/articles/view/Departments-Office-Locations/338/, accessed April 2013

[52] 2013 Book of Lists, Cram's Chicago Business

[53] CAF Fact Sheet 2013, http//www architecture org/document doc?id=86, accessed April 2013

Chicago Fun Facts, http//www.choosechicago <http://www.choosechicago> com/articles/view/CHiCAGO-FUN-FACTS/452/, accessed April 2013

for sporting events in the U.S. The Cubs play at historic Wrigley Field, the oldest baseball park in the National League; the White Sox (American League baseball) play at U.S. Cellular Field; the Bears (football) play at Soldier Field along the City's lakefront; and the Bulls (basketball) and Blackhawks (ice hockey) play at the United Center.

Economic Outlook

SHORT-TERM ECONOMIC OUTLOOK

As the U.S. economy slowly recovers from the December 2007-June 2009 recession, recent data indicate signs of improvement in business investment, labor market conditions, consumer spending, housing prices, and residential construction."

The most recently published forecast by business economists from the National Association for Business Economics (NABE) indicates consensus for modest real GDP growth of 2.0 percent in 2013 and 2.2 percent in 2014. The NABE forecast estimates that the average annual U.S. unemployment rate will be 7.7 percent in 2013 and 7.2 percent in 2014.[56]

Recent data from the Manpower Employment Survey Outlook indicate that 19 percent of employers in the Air Trade Area plan to increase hiring in the second quarter of 2013. This is an improvement over 11 percent of employers in the first quarter of 2013 who planned to increase their workforce. According to the Manpower survey, job prospects in the Air Trade Area appear

2013 who planned to increase their workforce. According to the Manpower survey, job prospects in the Air Trade Area appear positive in construction, wholesale and retail trade, information, financial activities, professional business services, education, health services, and leisure and hospitality.'"

3.3.2 LONG-TERM ECONOMIC OUTLOOK

Table 3-20 presents selected 2012 and 2022 economic figures for the Air Trade Area and for the United States as projected by Woods & Poole Economics, Inc. In several instances, the growth expectations are similar for the Air Trade Area and the United States, and in all cases growth rates of the economic data show positive growth. Notably, per capita measures of income and GDP/GRP are higher for the Air Trade Area than for the U.S. on average, indicating a continued relative ability of passengers in the Air Trade Area to utilize air travel as a means of transportation.

Federal Reserve Open Market Committee March 20, 2013 Monetary Policy Release, http.//www.federalreserve <http://http.//www.federalreserve> gov/newsevents/
press/monetary/20130320a.htm, accessed April 2013

NABE Outlook, February 2013, National Association for Business Economics

"Strong Job Market Expected for Chicago-Naperville-Joliet, IL-IN-WI MSA," March 12, 2013, httpV/press manpower com/ repoits/2013/strong-job-market-expected-for-chicago-napeiville-joliet-il-in-wi-msa-2/, accessed April 2013

Table 3-20: Forecast of Economic Variables Used in Passenger Demand Projections (2012-2022)

CAGR 2012-2022

ATA Population US Population

ATA Total Employment US Total Employment

ATA Total Personal Income ($ billion) US Total Personal Income ($ billion)

ATA Per Capita Personal Income US Per Capita Personal Income

ATA Gross Regional Product (S billion) US Gross Domestic Product ($ billion)

ATA Per Capita GRP US Per Capita GDP

9,683,116 312,308,189

5,387,583 160,064,049

$455.77 $13,294.55

$47,068 $42,569

$540.53 $14,847.58

$55,822 $47,541

10,388,659 347,210,015

5,575,372 172,414,856

$547.89 $16,732.05

$52,739 $48,190

$658.14 $18,870.22

$63,351 $54,348

0.7% 1.1%

0.3% 0.7%

1.9% 2.3%

1.1% 1.2%

2.0% 2.4%

13% 1.3%

NOTES.

1/ ATA = Air Trade Area

2/ Alt dollar amounts are in 2012 dollars

SOURCE Woods & Poole Economics Inc, 2013 Complete Economic and Demographic Data Source (CEDDS), January 2013

PREPARED BY Partners for Economic Solutions, April 2013.

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4. Air Traffic

This section describes the airlines serving the Airport, historical Airport activity, factors affecting aviation demand, and projected Airport activity.

4.1 Airlines Serving the Airport

The Airport serves as an important O&D market for the passenger airlines serving the Airport. Additionally, it serves as a major hub for both United and American. Passenger service is provided at the Airport by 12 of the nation's 15 major passenger airlines.[1] In addition to American and United, these airlines include Alaska, American Eagle, Delta, ExpressJet, Frontier, JetBlue, SkyWest, Spirit, US Airways, and Virgin America.[2]

As of June 2013, 21 U.S. flag airlines provided scheduled passenger service at the Airport; 30 foreign-flag airlines provided scheduled and nonscheduled passenger service; and four nonscheduled charter airlines also provided passenger service. In addition, 22 all-cargo carriers provided scheduled service at the Airport. Table 4-1 lists the airlines serving the Airport as of June 2013.

Table 4-2 presents the scheduled U.S. flag airlines that have served the Airport since at least 2000. As shown, the Airport has had the benefit of a large and growing airline base during the years shown, which has helped promote competitive pricing and scheduling diversity in the Airport's major domestic markets. Activity by the busiest U.S. flag airlines serving the Airport is discussed below:

- United and its regional affiliates had a combined 46.8 percent share of Airport enplaned passengers in 2012. As of August 2013, United provides nonstop service from the Airport to 49 domestic markets and 25 international markets. United's regional affiliates (Chautauqua, ExpressJet, GoJet, Mesa, Shuttle America, SkyWest, and Trans States) provide nonstop service to 107 domestic markets and 15 international markets (all but two of the markets being Canadian) from the Airport.

As defined by the U.S DOT, a major U.S passenger airline has moie than $1 billion in gross operating revenues during any calendar year (the largest group of U S passenger airlines in terms of their total revenues) The current group of major U S passenger airlines attained "major" status effective January 1, 2013 based on their total revenues for the 12 months ending June 30, 2012

AirTran, Hawaiian, and Southwest are the major U S passenger airlines that currently do not serve the Airport. AirTran and Southwest currently provide service at Chicago Midway International Airport and Milwaukee County's General Mitchell International Airport.

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Table 4-2: Scheduled U.S. Flag Air Carrier Bate

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Rcpubhc.

Shuttle America

'ArrCh oi c eCnrjj

Air Wisconsin

'Atlantic Southeast ■

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Atlantic Coast/in depend en re Air

North American

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SOURCES tit/cfChrtago. Drpailricni ol Avuiion Mjnjgcinenl Recordi Official Aiilne GuKJ*. June 2013
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American and its subsidiary American Eagle had a combined 34.6 percent share of Airport enplaned passengers in 2012. As of August 2013, American provides nonstop service to 34 domestic markets and 14 international markets. American Eagle and new AmericanConnection affiliate[3], Chautauqua, provide nonstop service to 74 domestic markets and four international markets.

Other U.S. flag airlines at the Airport include among others Continental, US Airways, Spirit, and Delta." These airlines, including their affiliate carriers, had a combined 5.5 percent share of Airport enplaned passengers in 2012 and provide nonstop service to a total of 20 domestic markets and four international markets.

Table 4-3 presents the foreign flag airlines that have served the Airport since at least 2000. As shown, 17 of the 30 foreign-flag airlines currently serving the Airport have operated at the Airport each year since at least 2000. Activity by the busiest foreign flag airlines serving the Airport is discussed below:

- Lufthansa German Airlines had a 0.8 percent share of Airport enplaned passengers in 2012 (5.4 percent of international enplaned passengers) and provides nonstop service to Dusseldorf, Frankfurt, and Munich.

  British Airways, with a 0.5 percent share of Airport enplaned passengers in 2012 (3.3 percent of international enplaned passengers), provides nonstop service to London.

- Aeromexico, with a 0.4 percent share of Airport enplaned passengers in 2012 (2.4 percent of international enplaned passengers), provides nonstop service to Guadalajara and Mexico City.

4.2 Historical Airport Activity

The following sections present a review of the Airport's historical passenger activity and air service.

4.2.1 PASSENGER ACTIVITY

4.2.1.1 Total Enplaned Passengers

Table 4-4 presents historical data on total enplaned passengers (domestic and international passengers combined) at the Airport. As shown, total enplaned passengers at the Airport increased by a compound annual rate of 0.1 percent from 2002 to 2012.

AmericanConnection is the brand name place on flights operated by Chautauqua Airlines as a regional affiliate of American Airlines In April 2010, American moved all existing AmericanConnection operations to O'Hare as part of its restructuring plan, eliminating service by AmericanConnection at Lambert-St. Louis International Airport

Although the FAA granted United a single operating certificate on November 30, 2011 following its merger with Continental, these airlines currently operate as separate entities under one brand until fully merged As such, they provide separate activity reports to the Chicago Department of Aviation, which it continues to list separately in the monthly Department of Aviation Management Records

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Table 4-3: Foreign Flag Air Carrier Base

2004 2005 2006

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Lufthansa German

■ Roya l Jor d a n Sm^A SAS Scandinavian

Swiss International

[All Nippon - ANA

Cayman Airways ^v^

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Table 4-4: Historical Enplaned Passengers

YEAR	DOMESTIC ENPLANED PASSENGERS	ANNUAL GROWTH	INTERNATIONAL ENPLANED PASSENGERS	TOTAL ENPLANED PASSENGERS
2002	28,560,357		4,358,579	32,918,936
2003	29,889,369	(0 5%)	4,544,163	34,433,532
2004	32,172,058	4 7%	5,272,490	37,444,548
2005	32,404,271	7 6%	5,543,716	37,947,987
2006	32,116,629	0 7%	5,647,815	37,764,444
2007	32,109,607	(0 9%)	5,653,455	37,763,062
2008	28,378,531	(0.0%)	5,632,655	34,011,186
2009	26,851,150	(11.6%)	5,184,005	32,035,155
2010	28,087,534	(5 4%)	5,131,768	33,219,302
2011	28,293,579	4 6%	4,901,129	33,194,708
2012	28,275,113	0 7%	4,956,088	33,231,201
		(0 1%)		
Compound Annual Growth Rate				
2002 - 2005	4 3%		8 3%	
2005 - 2012	(1 9%)		(1 6%)	
2002 - 2012	(0 1%)		1.3%	

4.9% (1 9%)

0.1%

ANNUAL GROWTH

(1 2%) 4.6% 8 7% 1.3% (0.5%) (0 0%) (9 9%) (5.8%) 3.7% (0.1%) 01%

NOTE

1/ Excludes general aviation, military, helicopter, and miscellaneous passengers included in the City of Chicago's Airport Activity Statistics

SOURCE City of Chicago. Department of Aviation Management Records, June 2013 PREPARED BY Ricondo 8i Associates, Inc, June 2013

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In 2002, the Airport enplaned 32.9 million passengers.

Similar to national trends, enplaned passenger levels recovered from decreases resulting from the terrorist attacks of September 11, 2001 after 2002. Total passenger enplanements increased from 32.9 million in 2002 to a record high of 37.9 million in 2005, a compound annual growth rate of 4.9 percent during this period.

After reaching a record high 37.9 million total enplaned passengers in 2005, total enplaned passengers at the Airport remained relatively stable in 2006 and 2007 with approximately 37.8 million passengers. The stable enplanement levels at the Airport during this period were largely a function of the voluntary flight reductions put in place by the FAA in late 2006.

• Also similar to national trends, the Airport experienced a 9.9 percent decrease and a 5.8 percent decrease in enplaned passengers in 2008 and 2009, respectively, from the previous year's levels. These significant decreases were primarily due to cutbacks in capacity by the airlines in response to record high fuel costs and a nationwide economic recession that impacted passenger demand for air travel.

Enplaned passengers at the Airport increased from 32.0 million in 2009 to 33.2 million in 2010 as the national economy recovered and have remained relatively flat in 2011 and 2012, decreasing 0.1 percent in 2011 and increasing 0.1 percent in 2012.

4.2.1.2 Domestic Enplaned Passengers

Table 4-4 also presents historical data on domestic enplaned passengers at the Airport. As shown, domestic enplaned passengers at the Airport decreased by a compound annual rate of 0.1 percent between 2002 and 2012, from 28.6 million to 28.3 million during this period. Specific details concerning domestic enplaned passengers at the Airport between 2002 and 2012 are discussed below:

2002 - 2004. Domestic enplaned passengers at the Airport increased 4.7 percent in 2003 and 7.6 percent in 2004, resulting in the Airport reaching a (then) record high 32.2 million domestic enplaned passengers in 2004. The increase in domestic enplaned passengers during this period was primarily the result of the following: (1) the full phase out of the High-Density Rule (implemented by the FAA at the Airport in 1968 until phased out between July 2001 and July 2002), which allowed operational increases and competition to occur at the Airport, (2) increased hub activity at the Airport by American and American Eagle as a byproduct of downsizing its hub at Lambert-St. Louis International Airport in November 2003 (the total American and American Eagle domestic enplaned passengers at the Airport increased from a combined 10.9 million in 2003 to 12.6 million in 2004, an increase of 15.3 percent during this period), and (3) United's increased service/lowered fares in reaction to the initiation of low-fare service by Independence Air at the Airport in mid-2004, as well as the initiation of United's lower-fare service, Ted, to certain Florida markets during this same period. The number of domestic enplaned passengers on American and American Eagle increased 2.3 million between 2002 and 2004 (a compound annual growth rate of 10.4 percent), while the number of domestic enplaned passengers on United Express carriers increased 1.5 million (compound annual growth rate of 28 0 percent) during this same period).

2005. As a temporary measure to address aircraft delays, the FAA and the airlines serving the Airport agreed to voluntarily limit scheduled domestic and Canadian arrivals at the Airport effective November 1, 2004. As a result, departing domestic seats (capacity) for United decreased 1.9 million in

2005 from 2004 levels. With decreased capacity, domestic enplaned passengers for United decreased 1.4 million during this period. However, United Express increased its capacity at the Airport by shifting some service from 50-seat regional jets to 70-seat regional jets, resulting in an increase of 1.4 million departing seats and 1.0 million domestic enplaned passengers in 2005. Departing domestic seats for American decreased 1.0 million in 2005; however, its ability to increase load factors provided a moderate increase in domestic enplaned passengers. American Eagle also shifted some service to larger regional jets in 2005, which resulted in higher seat capacity and increases in domestic enplaned passengers. Despite the voluntary reduction in scheduled domestic and Canadian flights in 2005, domestic enplaned passengers increased from 32.2 million in 2004 to 32.4 million in 2005, a modest 0.7 percent increase over 2004 levels but a new record high for the Airport.

- 2006 - 2007. On August 29, 2006, the FAA published a formal flight reduction rule at O'Hare which became effective October 29, 2006 with the same limitations as the previous voluntary reduction discussed above. The formal flight reduction rule at the Airport expired October 31, 2008 in conjunction with the opening of Runway 9L-27R. United continued to decrease capacity in 2006 due to the limits on operations at the Airport, although on a smaller scale (1.0 million departing domestic seats in 2006 versus 2.4 million in 2005). American's capacity decreased further by another 1.0 million seats; and United Express and American Eagle continued their shifting to larger regional jets. As a result, domestic enplaned passengers at the Airport decreased slightly, from 32.4 million in 2005 to 32.1 million in 2006 and in 2007.
- 2008 - 2009. Fuel costs escalated to a high of $147 per barrel in July 2008 (compared to an average of $91 in 2007), which prompted the airlines to raise prices and continue with further cut-backs in capacity system-wide. These price increases and decreased capacity (the domestic airlines at the Airport decreased scheduled seats by 2.6 million seats in 2008 from 2007 levels), coupled with the national economic recession that began in December 2007, were primary factors leading to domestic enplaned passengers decreasing 11.6 percent in 2008 and 5.4 percent in 2009 from the previous year's levels These significant decreases pushed domestic passenger activity at the Airport to its lowest level between 2000 and 2012 at 26.9 million.
- 2010. Domestic enplaned passengers were 4 6 percent higher in 2010 in comparison to 2009. This increase is primarily attributable to the improving economic conditions in the Air Trade Area and the nation, and increased business and leisure demand for the Airport's two largest carriers. For 2010, United and American (including their respective affiliates) domestic enplaned passengers increased by 0.7 and 6.5 percent at the Airport in 2010, respectively.

[illegible] percent at the Airport in 2010, respectively.

- 2011 - 2012. Domestic enplaned passengers at the Airport increased slightly in 2011 from 2010 levels and remained at 2011 levels in 2012. These relatively stable passenger levels were primarily due to modest cutbacks in scheduled seats during this period, as scheduled domestic seats at the Airport decreased from 34.8 million in 2010 to 34.1 million in 2012, a 2.0 percent decrease between 2010 and 2012.

4.2.1.3 International Enplaned Passengers

Based on enplaned international passengers, the Airport is the sixth-largest international gateway in the U.S. Table 4-4 also presents historical data on international enplaned passengers at the Airport. As shown, international enplaned passengers at the Airport increased from 4.4 million in 2002 to 5.6 million in 2006, a (then) record high level for the Airport and then remained relatively stable through 2008. Similar to domestic

activity, international enplaned passengers decreased 8.0 percent in 2009 from 2008 levels to 5.2 million enplaned passengers and then generally remained at that level through 2012. Specific details concerning international enplaned passengers at the Airport between 2002 and 2012 are discussed below:

- 2002 - 2006. The increase in 2003 was the result of a return of international enplaned passengers after a decline in travel after the terrorist attacks of September 11, 2001. The significant increase in 2004 was primarily the result of the abatement of SARS in Asia and Canada, as well as United's initiation of service to new international markets (e.g., Osaka) and expansion of service to existing markets (e.g., Hong Kong) during this period. The number of international enplaned passengers on United increased more than 500,000 in 2004 compared to 2003. United continued to initiate new service (Munich and Shanghai) and expand into existing markets (additional Hong Kong service), resulting in international enplaned passengers at the Airport to increase 5.1 percent in 2005 and 1.9 percent in 2006. In total, international enplaned passengers increased by approximately 1.1 million passengers from 2003 to 2006, of which approximately 70 percent can be attributed to United's growth in international service at the Airport.

  2007 - 2008. International enplaned passengers at the Airport remained relatively stable in 2007 and 2008 from 2006 levels, averaging approximately 5.6 million passengers during this period. Contrary to domestic activity, international capacity at the Airport decreased only 0.4 percent in 2008 from 2007, decreasing by approximately 20,000 scheduled seats during this period.

  2009. International enplaned passengers decreased 8.0 percent in 2009 from 2008 levels due to the same factors that impacted domestic activity at the Airport during this period and the spread of a new strain of swine flu, designated as H1N1, which primarily decreased demand for travel to Mexico, South America, and Asia.

  2010 - 2012. Due to the lagging demand for international travel and termination of Mexicana service system-wide in mid-2010, international enplaned passengers were 1.0 percent below in 2010 in comparison to 2009. International activity at the Airport decreased 4.5 percent in 2011 from 2010 levels due to continued effects of Mexicana's terminated service at the Airport and experienced a modest 1.1 percent increase in 2012 from 2011 levels. Other factors negatively affecting international travel during this overall period include, among others, the tsunami following Japan's earthquake and the Euro Zone's economic troubles.

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4.2.1.4 Enplaned Passengers by Airline

Table 4-5 presents total enplaned passengers by airline at the Airport for 2008 through 2012. Although United's share of total Airport enplaned passengers decreased from 32.6 percent in 2006 to 22.3 percent in 2012, this decrease was offset by increases in the shares for its regional/commuter partners during this same period. As a result, the combined share of total Airport enplaned passengers on United and its regional/commuter partners remained relatively unchanged between 2008 and 2012, with a weighted average of 45.4 percent during this period. American, American Eagle, and AmericanConnection's combined share also remained relatively stable during this same period, ranging between 34.6 percent and 36.6 percent between 2008 and 2012. In general, the other airlines' shares of enplaned passengers also remained relatively stable between 2008 and 2012.

4.2.2 AIR SERVICE

An important characteristic of airport activity is the distribution of the airport's O&D markets, which is a function of air travel demand and available services and facilities. Table 4-6 presents data on the Airport's top 50 domestic O&D markets in 2012, as measured by the number of passengers Given the Airport's central location in the U.S., the domestic O&D markets are predominately medium-haul (between 601 and 1,800 miles) markets (only four of the Airport's top 50 O&D domestic markets are long-haul markets - Honolulu, San Francisco, San Jose, and San Juan); 32 of the top 50 domestic O&D markets for the Airport are medium-haul markets. As shown, the Airport's top 50 domestic O&D markets had an average stage length (i.e., passenger trip distance) of 1.002 miles, compared to an average stage length of 1,116 miles nationwide. The average stage length for the Airport has historically been relatively equal to that for the nation, reflecting the Airport's central U.S. location and the strong demand for service to East Coast markets such as New York-Newark, Washington, D.C., and Boston and to West Coast markets such as Los Angeles, San Francisco, and Las Vegas.

As also shown in Table 4-6, each of the Airport's top 50 domestic O&D markets is provided with nonstop service. During the week of August 11, 2013 and August 17, 2013, the New York/Newark market, the Airport's top-ranked domestic O&D market, was provided with 527 weekly nonstop flights from the Airport.[5] Other domestic markets with significant nonstop service from the Airport include Washington, D.C. and Minneapolis (205 and 213 weekly nonstop flights for each market, respectively), Dallas (183 weekly nonstop flights), Atlanta (171 weekly nonstop flights), and Los Angeles (165 weekly nonstop flights). Exhibit 4-1 graphically illustrates the domestic markets served nonstop from the Airport in August 2013. An average of 1,140 domestic departures per day served 142 nonstop destinations.

The New York-Newark market is served by John F Kennedy International Airport, LaGuardia Airport, and Newark Liberty International Airport

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Table 4-6: Domestic O&D Passenger Markets - 2012

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29 30 31 32 33

MARKET

New York
Los Angeles
Washington. DC
San Francisco
Dallas
Boston
Lis Vegas
Minneapolis
Orlando
Philadelphia
Atlanta
Fort Lauderdale
Phoenix
Denver
Seattle
Houston
Miami
Detroit
San Diego
Tampa
Ft Myers
Charlotte
Santa Ana
Cleveland
Raleigh
St Louis
Kansas City
Portland
Pittsburgh
Austin
Columbus
Baltimoic
Salt Lake City
San Juan
Hartford
Nashville
Honolulu
New Orleans
San Antonio
Buffalo
Jacksonville
Palm Beach
Richmond
Cincinnati
Omaha
Memphis
San Jose

Tucson
Sacramento
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Other Markets

TRIP LENGTH [1(]

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LH MH MH MH
SH

MH MH MH
SH MH

MH SH

Shi SH SH LH MH MH

TOTAL O&D PASSENGERS

3.035.679 1.284,889 1.120,043 1.104,398 1.062,423 1.061.B97 786,679 737,316 696,138 662.097 658.542 584,623 580.925 568.320 514,384 487,776 439,353 392,732 355,173 351.961 327.437 323.958 310.521 269.976 260.139 257.663 219,136 218.832 213.153 210.289 206.506 202.197 193.652 187.150 182.155 175.658 171.660 156.862 150,186 145.282 140.896 134,907 122.093 121.711 121.661 108.311 102.712 93,040 87,619 87,176

4.062.175

WEEKLY NONSTOP DEPARTURES*

527 165 205 180

79 213 70 143

76 107 103 124

53 119 66

75 135 80 69

NUMBER OF AIRLINES *'

WEIGHTED AVERAGE

Airport[31] United States

TRIP LENGTH

1,002 miles 1,116 miles

No'.es

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(LH! Lontj Ki.,i = over l.flOO i~ \n<. 21 Foi the we-k ol August il. 2013 to Ai.quti 1/. .'lll') 3/ Weighted aveiage calculated lor nil ol the Airport's O&D rr

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Table 4-7 presents data on the Airport's top 50 international O&D markets for 2012. As shown, numerous international markets are represented, including Mexico, Central and South America, the Caribbean, Europe, and the Pacific. Nonstop service was provided to each of the top 32 international O&D markets and to 42 of the top 50 international O&D markets. London is the Airport's most popular international O&D destination, serving approximately 543,000 total O&D passengers during the period shown. Exhibit 4-2 graphically illustrates the domestic markets served nonstop from the Airport in August 2013. An average of 139 international departures per day served 56 nonstop destinations.

4.2.3 AIRCRAFT OPERATIONS

1 Total Aircraft Operations

Table 4-8 presents aircraft operations levels at the Airport by major user group between 2002 and 2012. As shown, total aircraft operations at the Airport increased from 922,817 in 2002 to 992,427 in 2004, and then steadily decreased to 827,899 in 2009. The aircraft operations reached the highest recorded annual total operations at the Airport in its history in 2004. Although shifting of United and American mainline service to regional service continued to increase regional/commuter activity at the Airport in 2005 and 2006, the FAA limits on North American arrivals at the Airport were the primary cause of decreases in total passenger aircraft operations during this period and into 2007. System-wide cutbacks in passenger airline activity in response to high fuel costs and the national and global recessions were the primary cause of total operations at the Airport, decreasing from 926,973 in 2007 to 881,566 in 2008, and to 827,899 in 2009. Total operations increased from 827,899 in 2009 to 882,617 in 2010 as economic conditions in the Air Trade Area and the nation improved and business and leisure demand increased for the Airport's two largest carriers. Total aircraft operations were relatively stable between 2010 and 2012 decreasing slightly.

2 Domestic Passenger Airline Operations

A recent trend in the airline industry has been to decrease capacity to attempt to better match overall demand and profitability, which has resulted in higher load factors throughout the national aviation system. As part of this trend, the mainline carriers have reduced their system-wide capacity and shifted capacity to their regional/commuter affiliates. In particular, United grounded its Boeing 737 fleet (94 aircraft) and six Boeing 747 aircraft. Eighty of these aircraft were removed from the airline's mainline fleet in 2008 and the remainder in 2009. In a message to employees, then-President John Tague said the cuts were necessary and that the retirement of the Boeing 737 fleet would "dramatically simplify our fleet and reduce our maintenance liability."[6] Further, the retirements removed the "oldest and least fuel-efficient jets" from service, reducing the average age of United's fleet by 1.3 years to 11.8 years. Between 2008 and 2009, American retired 34 Boeing (formerly McDonnell Douglas) MD-80 aircraft and 10 Airbus A300 aircraft. The shifting of domestic passenger service from the major/national airlines to their regional/commuter affiliates is especially evident for the 2006 through 2012 period at the Airport, as major/national operations at the Airport decreased at a 6.0 percent compound annual rate while regional/commuter operations increased at a compound annual growth rate of 2.8 percent during this period.

Mutzabaugh, Ben, "United Airlines retires its last 737," usatoday com, October 29, 2009, http//www usatoday.com/travel/flights/2009-10- <http://usatoday.com/travel/flights/2009-10->27-united-737-final-flight_N htm

Table 4-7: International O&D Passenger Markets - 2012

TOTAL OSID PASSENGERS "

WEEKLY NONSTOP DEPARTURES [1]

NUMBER OF AIRLINES [1]

11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49

London, United Kingdom
Toronto, Canada
Mexico City, Mexico
Frankfurt, Germany
Cancun, Mexico
Seoul, South Korea
Pans, France
Tokyo, Japan
Montreal, Canada
Hong Kong, Hong Kong-China
Dublin, Ireland
Amsterdam, Netherlands
Munich, Germany
Warsaw, Poland
Zurich. Switzerland
Abu Dhabi. United Arab Emirates
Istanbul, Turkey
Delhi, India
Madrid. Spain
Vancouver. Canada
Shanghai. China
Rome. Italy
Puerto Vallarta. Mexico Beijing, China Guadalajara, Mexico Copenhagen. Denmaik Calgaiy. Canada Amman. Jordan Montego Bay. Jamaica Stockholm, Sweden Sao Paulo. Brazil San Jose Del Cabo, Mexico Panama City, Panama Republic Cologne/Dusseldorf. Germany Monterrey. Mexico Leon-Guanajuato, Mexico San Jose, Costa Rica Guatemala City. Guatemala Tel Aviv, Israel
Punta Cana, Dominican Republic Nassau, Bahamas Manchester, United Kingdom Hyderabad. India Brussels. Belgium Aruba. Aruba Barcelona. Spain Buenos Aires. Argentina Grand Cayman, Cayman Islands Ottawa, Canada Sydney, Australia

Other Markets Total

542,787 374,589 303.986 277.279 233.581 225,358 194,488 191,163 185,437 183.966 175,931 170.159 158.041 151.700 149.705 148.114 145.820 137.569 125,866 114.322 106.920 104.698 96.440 96.190 88.343 84.756 84.249 82.931 82,060 77.084 75.1SO 74.630 73.400 71.738 63.294 59.970 50.723 48,730 48,240 45,210 40.030 39.770 38.999 35.570 33,450 33.416 33,130 32,8.10 31,830 27.720

1,349.705

70 148 35

107 14 18 14 14 11 11

41 14

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NOTES

1/ Combined U.S Corner Origin 3i Destination data plus Gateway to Gateway data for passengers using foreign flag earners as [heir O Hare gateway to/from International gateways

2/ Tor the week ol August 11. 2013 to August 17. lull

SOURCE US DOT Oiigin & Destitution Survey o; Airline Paiseneger Traffic. International. lune 201.1 US DOT T-10010 Onflight Market Data for rorcign Carriers, kmc 2013 Duo LLC. June 2013 PRFPARED BY Ricondo ft Associates, Inc, June 2013

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3 International Passenger Airline Operations

The number of total international operations increased between 2002 and 2007, from 70,103 in 2002 to 87,043 in 2007 (a compound annual growth rate of 4.4 percent during this period). This increase was primarily the result of a recovery from the events of September 11, the abatement of SARS, and United's expansion of its international service at the Airport during this period. United's international activity, in particular, increased by a total of approximately 6,600 operations at the Airport during this period. United Express carriers and American Eagle, which did not provide international service in 2002, provided over 9,800 international operations combined in 2007, primarily to Canada. International activity by foreign flag carriers at the Airport was relatively stable between 2002 and 2007, averaging approximately 35,000 operations during this period. As shown in Table 4-8, international flights operated by U.S. flag airlines decreased 11.9 percent in 2008 from 2007 levels, whereas foreign flag activity at the Airport remained relatively stable during this period. Total international activity at the Airport decreased from 81,211 operations in 2008 to 66,992 operations in 2012, a compound annual decrease of 4.7 percent during this period.

4 General Aviation Operations

Between 2002 and 2006, general aviation activity at the Airport was relatively stable, averaging approximately 30,000 annual operations during this period. Included in this category is a "Miscellaneous" component, which was the primary reason for the decreased level of activity between 2007 and 2009 compared to previous years. General aviation activity levels at the Airport are influenced by the lower costs and lower delays at outlying airports within the Chicago Region As a result, general aviation activity at the Airport has been relatively low, accounting for approximately 2.6 percent of total operations between 2002 and 2012.

5 All-Cargo Carrier Operations

As discussed earlier, 22 all-cargo operators provide scheduled service at the Airport, with FedEx providing the majority of the all-cargo activity with approximately 7 daily flights, primarily utilizing A-300, DC-10, and MD-10 aircraft. The second-busiest all-cargo

cargo activity with approximately 7 daily flights, primarily utilizing A-300, DC-10, and MD-10 aircraft. The second busiest all-cargo carrier at the Airport is United Parcel Service (UPS) with approximately 4 daily flights. Approximately 55 percent of all-cargo operations in 2012 were international flights. Operations by the all-cargo airlines at the Airport were relatively stable between 2002 and 2007, averaging approximately 21,200 operations during this period (or approximately 40 daily departures). All-cargo operations at the Airport decreased 15.2 percent in 2008 from 2007 levels, primarily due to (1) the discontinuation of service at the Airport by Korean Air Cargo and (2) the cutback in service at the Airport by FedEx and UPS due to the significant increases in fuel prices during this period. Combined, the decreased service by these three carriers accounted for 55.2 percent of the decrease in all-cargo activity at the Airport in 2008. All-cargo operations at the Airport decreased from 17,562 in 2008 to 13,988 in 2009. High fuel prices and a weak economy lead to further reduction in all-cargo operations from 2008 to 2009. During this period all-cargo operations decreased 20.4 percent. In 2010, however, the Airport's cargo operations increased from 2009 to 2010 by 23.3 percent due to a strong resurgence of air freight demand. All-cargo operations were relatively stable between 2010 and 2012.

6 Military Operations

In 1996, the City purchased from the federal government approximately 350 acres of land in the northeast quadrant- of the Airport formerly used as a U.S. Air Force base. In 1999, the largest remaining military unit at the Airport, the 126th Air Refueling Wing, was deactivated and relocated to Scott Air Force Base in St. Clair

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County, Illinois. As a result, no military aircraft operations have occurred at the Airport between 2000 and 2012 (except for 94 operations in 2002).

4 LANDED WEIGHT

Table 4-9 presents the shares of landed weight for the passenger and all-cargo airlines serving the Airport from 2008 through 2012. Similar to enplanements, the combined share of total Airport landed weight for United and American steadily decreased during this period, from a combined 53.9 percent in 2008 to 39.9 percent in 2012. As discussed earlier, this decrease in share of landed weight by these airlines was primarily due to the shifting of their mainline activity to their respective regional/commuter airline partners. The combined share of landed weight for Chautauqua, ExpressJet, GoJet, Mesa, Shuttle America, SkyWest, and Trans States increased from 11.5 percent in 2008 to 15.4 percent in 2012, while the combined share for American Eagle and AmericanConnection increased from 7.5 percent to 10.8 percent during this same period. As a result, the combined share of total Airport landed weight for United and its regional/commuter partners remained stable at approximately 42 to 44 percent between 2008 and 2012; as did American and its regional/commuter partners at approximately 29 to 30 percent during this same period. Similar to shares of enplaned passengers, the other passenger airlines' share of landed weight generally remained stable between 2008 and 2012. FedEx accounted for the highest share of landed weight among the all-cargo carriers at the Airport between 2008 and 2012, ranging between 1.3 percent and 1.9 percent during this period.

5 AIR CARGO

A shift in the type of aircraft in which air cargo is transported at the Airport has occurred. The passenger airlines that also carry air cargo (combination carriers) accounted for approximately 60 percent of total air cargo handled at the Airport in 1999, compared with approximately 35 percent in 2012. This shift from combination carriers to all-cargo carriers was primarily due to the awarding of a United States Postal Service (USPS) mail contract to FedEx in 2000, government restrictions on the type of cargo allowed in the belly compartments of passenger aircraft following the terrorist attacks of September 11, and the reduction in flight frequencies and size of aircraft by many of the passenger carriers after the events of September 11.

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Table 4-10 presents historical enplaned and deplaned air cargo at the Airport between 2000 and 2012. As shown, total air cargo at the Airport increased 16.4 percent in 2003 and 5.5 percent in 2004, resulting in the Airport reaching a record high 1,689,304 enplaned and deplaned tons of air cargo in 2004. Although total air cargo at the Airport decreased 1.7 percent in 2005, the 0.9 percent increase in 2006 resulted in the Airport nearly matching the record high achieved in 2004. Total air cargo at the Airport deceased 2.3 percent in 2007 compared to 2006 levels. Cargo volumes at the Airport continued to further decline in 2008 and in 2009, with an additional 14.9 percent decrease from 2007 and 17.1 percent decrease from 2008. Similar to the passenger airlines, the air cargo industry has been impacted in recent years by the global economy, increasing fuel costs, continued declines in the value of the U.S. dollar, uncertainties in the Middle East, and new security regulations. Total enplaned and deplaned cargo weight was 36.5 percent higher in 2010 in comparison to 2009. The extraordinary total cargo growth rates experienced at the Airport in 2010 were largely driven by a resurgence of air freight demand supported by businesses restocking their inventories. Total enplaned and deplaned cargo at the Airport decreased 4.6 percent in 2011 and 4.1 percent in 2012 from the previous year's level.

4.3 Factors Affecting Aviation Demand at the Airport

This section discusses qualitative factors that could influence future aviation activity at the Airport. Data and information related to these factors have been either directly or indirectly incorporated into the development of activity projections for the Airport

4.3.1 NATIONAL ECONOMY

The nation experienced an economic recession between December 2007 and June 2009, which was marked by a combination of declines in construction activity, falling home prices, rising oil prices, and a falling stock market. Following annual year-over-year increases between 2003 through 2007, demand for air travel weakened nationwide in 2008, registering a 3.1 percent decline during that year, followed by an additional 5.2 percent decline nationwide in 2009. In 2010 and 2011, air travel demand rebounded and scheduled passenger totals increased 2.6 and 1.8 percent, respectively, from the previous year's level. The 2011 passenger total still remained 4.0 percent below the level of 835.4 million in 2007, the peak level for passenger totals nationwide between 2000 and 2012.

Similar to air travel demand weakening nationwide in 2008, U.S. real GDP decreased 0.3 percent in 2008 from 2007 levels (the first annual decrease in U.S GDP since 1991), followed by a 3.1 percent decrease in 2009. Trends in U.S. GDP thereafter have turned positive, with the nation recording an increase of 2.4 percent in 2010, a 1.8 percent increase in 2011, and a 1.7 percent increase in 2012. The positive real GDP figures in recent years are reflective of positive contributions from stronger consumer spending, private inventory investment, residential and nonresidential fixed investment, and exports during these periods. In September 2010, the National Bureau of Economic Research determined that a trough in business activity occurred in the U.S. economy in June 2009, thus officially marking the end of the recession that began in December 2007 and the beginning of an expansion. The recession lasted 18 months, which makes it the longest of any recession since World War II.

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Recently published surveys of leading economists by the National Association for Business Economics (NABE) indicate consensus for real GDP to grow by 2.4 percent from the fourth quarter of 2012 to the fourth quarter of 2013 and to grow by 3.0 percent for 2014.[7] The NABE forecast projects annual GDP growth of 2.1 percent in 2013 and 2.9 percent in 2014 for the U.S., which is higher than the 1.7 percent actual growth in 2012. From 2014 through 2018, private sector forecasters project average growth of 2.9 percent, versus 3.7 percent average growth projected by the White House and 3.9 percent average growth projected by the Congressional Budget Office. This suggests that the upward trend in nationwide air travel should continue[8]. However, should the economy stall, or again trend downward (e.g., encounter a "double-dip" recession), aviation demand nationwide would likely be negatively impacted.

2 STATE OF THE AIRLINE INDUSTRY

In the aftermath of the events of September 11, the U.S. airline industry saw a material adverse shift in the demand for air travel. The result was five years of reported industry operating losses between 2001 and 2005, totaling more than $28 billion (excluding extraordinary charges and gains). The airline industry finally gained ground in 2007 with virtually every U.S. airline posting profits. In 2008 and through the first half of 2009, the combination of record high fuel prices, weakening economic conditions, and a weak dollar resulted in the worst financial environment for U.S. network and low-cost carriers since the September 11, 2001 terrorist attacks. In 2008, many of the domestic network competitors announced significant capacity reductions, increases in fuel surcharges, fares and fees, and other measures to address the challenges.

Whereas the capacity reductions following the events of September 11 were the direct results of reduced demand due to perceived terror threats targeting the traveling public, the industry reductions starting in late 2008 and continuing through the first half of 2009 were primarily driven by significant increases in fuel costs over a span of two and a half years, a weak dollar exacerbating the impact of increased fuel costs for U.S. airlines, and the contraction of the U.S. economy. Globally, passenger traffic increased 5.9 percent in 2011 over 2010.

After an approximately $9 billion profit for the global airline industry in 2011, the International Air Transport Association (IATA) is predicting the global airline industry's profit will decline to $7.6 billion profit in 2012 and increase to $10.6 billion in 2013.[3] Even though recovery is uneven across different regions, North American airlines profits are projected to be $2.3 billion in 2012, compared to the $1.7 billion profit in 2011, and further increase to $3.6 billion in 2013. The increase in profit is primarily due to North American carriers' strict control on capacity.

3 AIRLINE MERGERS AND ACQUISITIONS

In recent years, airlines have experienced increased costs and industry competition both domestically and internationally. As a result, airlines have merged and acquired competitors in an attempt to combine operations in order to increase cost synergies and become more competitive. In 2009, Delta fully completed its merger with Northwest, which initiated a wave of airline mergers and acquisitions within the U.S. That same year, Republic Airways Holdings, a regional airline, bought Frontier Airlines of Denver and Midwest Airlines of

' NABE Outlook, May 2013, National Association for Business Economics

8 Source Christian Science Monitor, "Great Expectations for U S Economy Are Obama, Romney too Optimistic'", October 25, 2012 IATA Financial Forecast, IATA

Economics -March 2013.

Milwaukee. In May 2011, Southwest acquired AirTran, and a single operating certificate was issued in March 2012.

In August 2010, the U.S. Department of Justice approved the merger between United and Continental, which was subsequently approved by their shareholders in September 2010. On October 1, 2010, UAL Corporation (the parent company of United) completed its acquisition of Continental and changed its name to United Continental Holdings. Both carriers were granted a single operating certificate from the FAA on November 30, 2011, allowing both airlines to operate under the name "United". United, including its affiliated carriers, accounted for approximately 46.8 percent of the enplaned passengers at the Airport in 2012.

American Airlines, Inc., AMR Corporation, American Eagle Holdings Corporation and American Eagle Airlines, Inc. (collectively "AMR") filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code on November 29, 2011. American Airlines (including its affiliated carriers) is the second largest carrier, after United Airlines, operating at O'Hare. On February 14, 2013, AMR announced that it and US Airways Group, Inc. had approved a merger agreement to combine American and US Airways, which would create the largest airline in the world in terms of operating revenue and revenue passenger miles (surpassing United). The proposed merger constitutes a part of and, if consummated, would be implemented and result in AMR's confirmed bankruptcy plan of reorganization becoming effective. Under the merger agreement, consummation of the proposed merger is subject to a number of approvals. US Airways shareholders and the AMR financial stakeholders and European Union regulatory authorities have approved the proposed merger. The merger also requires antitrust clearance from the U.S. Department of Justice and the U.S. Bankruptcy Court. On August 13, 2013, the U.S. Department of Justice, the States of Arizona, Florida, Tennessee, and Texas, the Commonwealths of Pennsylvania and Virginia and the District of Columbia, each acting by and through their respective Attorneys General, filed a civil action in the United States District Court for the District of Columbia under federal antitrust law to enjoin the planned merger of US Airways and AMR. A date of November 25, 2013 has been set for the trial. On September 12, 2013, the U.S. Bankruptcy Court confirmed AMR's plan of reorganization, subject to effectiveness upon resolution of the antitrust litigation as a condition precedent. No assurances can be given as to whether or not the merger between AMR and US Airways will be consummated, and if consummated when and on what terms such merger might be completed. If the merger is consummated, American, United, and Delta will control three-quarters of the U.S. market. American, including its affiliated carriers, accounted for approximately 34.6 percent of the enplaned passengers at the Airport in 2012.

The U.S. Bankruptcy Court has approved a stipulation by the City and American Airlines. Pursuant to that stipulation, the assumption by American Airlines of its Airport Use Agreement and other leases at O'Hare will be automatic upon the effectiveness of AMR's plan of reorganization.

4.3.4 COST OF AVIATION FUEL

The price of fuel is one of the most significant forces affecting the airline industry today. In 2000, jet fuel accounted for nearly 14 percent of airline industry operating expenses, making it the industry's second largest operating expense behind labor. In 2008, jet fuel surpassed labor as an airline's largest operating expense, comprising approximately 30.6 percent of an airline's total operating costs according to the industry group Airlines for America (A4A), while labor represented approximately 20.3 percent of the total. As oil prices fell in the first quarter of 2009, fuel expenses retreated and labor once again became the airline industry's largest operating expense representing 25.8 percent of total operating expenses while fuel was at 21.3 percent. However, with the steady rise in fuel costs during the third quarter of 2010, fuel has once again became the airlines' largest operating expense at 28.9 percent while labor accounted for 23.4 percent (4th quarter of 2012).

The average price of jet fuel was $0.82 per gallon in 2000 compared to $2.95 per gallon in 2012, an increase of 260 percent. According to the A4A, every one-cent increase in the price per gallon of jet fuel increases annual airline operating expenses by approximately $190 million to $200 million.

Jet fuel prices approaching or surpassing their mid-2008 peak (July 2008's average price was $3.84) may have negative consequences for the aviation industry, including airports, should airlines act to further restrain capacity to a point supply does not meet demand, or raise ticket prices to a point that diminishes demand, in efforts to remain profitable. Exhibit 4-3 presents the monthly averages of jet fuel and crude oil prices from January 2007 through April 2013. The average price of jet fuel in April 2013 was $2.82 per gallon, a 9.9 percent decrease over the April 2012 average price ($3 13), and approximately 27 percent below the 2008 peak.

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Exhibit 4-3: Historical Monthly Averages of Jet Fuel and Crude Oil Prices

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4.3.5 AIRLINE SCHEDULED SEAT CAPACITY

Despite a decline in fuel prices from the record highs in 2008, the airlines continue to restrain growth in seat capacity; keeping in place reductions they implemented beginning in 2008. The largest quarterly decline occurred in the first quarter of 2009, as domestic seat capacity fell by 10.3 percent versus the first quarter of 2008. Demand for domestic air travel, as measured by revenue passengers, slipped at a similar rate of 13.5 percent during this period. Exhibit 4-4 displays yearly scheduled departing seats from the Airport between 2002 and 2012. As shown, total scheduled departing seats at the Airport decreased by 4.1 million seats in 2009 compared to 2008 (3.3 million decrease in domestic seats and 900,000 decrease in international seats). As also shown, both domestic and international scheduled departing seats at the Airport remained relatively stable thereafter through 2012; however, total scheduled seats at the Airport decreased 2.4 percent in 2012 compared to 2011 levels.

Exhibit 4-4: Annual Scheduled Departing Seats - Chicago O'Hare International Airport

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2005 2006 E3 Domestic Seats

2007 2008 ■ International Seats

SOURCE Duo LLC, March 2013
PREPARED BY Ricondo & Associates, Inc, March 2013

4.3.6 THREAT OF TERRORISM

As has been the case since September 11, the recurrence of terrorism incidents against either domestic or world aviation during the Projection Period remains a risk to achieving the activity projections contained herein. Tighter measures have restored the public's confidence in the integrity of U.S. and world aviation security systems. Any terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services.

4.3.7 OTHER FACTORS AFFECTING THE AIRPORT 4.3.7.1 Capacity of the

National Airspace System

One of the FAA's major concerns is how increased delays at busy airports impact the efficiency of the National Airspace System (NAS). While considerable emphasis has been placed on improving system capacity without adding new pavement (eg., through refinements in air traffic control procedures and improvements in navigational aids technology), the FAA acknowledges the significant role of building new runways, particularly at major connecting hubs. However, the FAA also acknowledges that this approach is rarely a straightforward

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process, especially near major population centers. Although there have been several initiatives to streamline the airport project development process, there is still a considerable amount of lead-time necessary to implement planned airport capacity improvements. In its May 2007 Capacity Needs in the National Airspace System report, the FAA stated the need to investigate other approaches to meet future capacity needs, including new commercial service airports, regional solutions, congestion management, and high-density corridors and multi-modal planning.

The national airspace system consists of individual airports that form interconnected and interdependent components of a network. A delay at one airport can propagate throughout the system, disrupting traffic well beyond the original location of the delay. Of particular importance are large hub airports (e.g., O'Hare), which are critical elements of the network and must be able to process significant numbers of operations to maintain system efficiency. Air traffic at one airport must be seen in a system-wide context, in which delays can significantly affect operations at other airports.

The physical and operational characteristics at the Airport contribute to high levels of congestion and delay that are expected to become more severe in the future if no action is taken to increase capacity. Severe capacity constraints at the Airport affect the efficiency of the national airspace system. According to the FAA's Aviation System Performance Metrics data, the percentage of delayed flight arrivals at the Airport increased from approximately 17 percent in 2002 to approximately 25 percent in 2004. With the implementation of voluntary reductions of scheduled arrivals at the Airport in November 2004, this percentage decreased to approximately 20 percent in 2005. In 2006, however, this percentage increased back to approximately 25 percent primarily due to weather (approximately 82 percent cause of delays at the Airport in 2006 versus approximately 80 percent in 2005) and generally remained at that level through 2008. The percentage of delayed flight arrivals at the Airport decreased to 16 percent in 2009, primarily due to (1) the opening of Runway 9L-27R in November 2008, (2) the continued reduction in aircraft operations at the Airport, and (3) generally better weather conditions during this period. Between 2006 and 2008, the Airport was ranked as the most delayed airport in the U.S. in terms of number of delays (flights delayed 15 minutes or more) and in terms of total delay. In 2012, the Airport was ranked 26th out of the 29 large hub airports with 23.4 percent of departure delays. Aviation delays and congestion have been a significant problem at the Airport for more than 30 years.

4.3.7.2 Other Area Airports

Midway is located 15 miles south of the Airport. The City owns both O'Hare and Midway, and the City's Department of Aviation operates them as separate enterprises for financial purposes. Revenues resulting from the operation of O'Hare are not available to satisfy the obligations of Midway, and vice versa. The City's Department of Aviation, with approximately 1,500 employees, is responsible for the management, planning, design, operation, and maintenance of the two airports.

Demand for air service in the Chicago Region is predominantly served through the Airport, particularly for international air traffic and is the predominant airport for nonstop/business travel to the area's top 50 O&D markets. Forty-one of Midway's top 50 domestic O&D markets in 2012 were included in the Airport's top 50 domestic O&D markets in 2012.

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The nearest medium- to large-hub commercial service airport outside the Chicago Region is General Mitchell International Airport (General Mitchell), located approximately 70 miles north of the Airport-in Milwaukee, Wisconsin. This airport serves the commercial air service needs of Milwaukee, southeast Wisconsin, and portions of northern Illinois. Although General Mitchell is in close proximity to the Airport (their overlapping service areas include three counties in the northern Chicago Region area, which represent 12 percent of the population in the Chicago Region), the higher frequencies of nonstop service to top O&D markets from the Airport diverts a portion of traffic in northern Illinois and southern Wisconsin to the Airport. Historically, fare differentials were not considered a factor in diverting traffic from these overlapping service areas to General Mitchell. However, in the last couple of years, the fare differential has widened due to the expansion of nonstop service by AirTran and the initiation of service by Southwest at General Mitchell. The average oneway fare for domestic travel in 2012 was approximately $176 for the Airport and approximately $154 for General Mitchell.[10]

Table 4-11 presents enplaned passengers for O'Hare, Midway, and General Mitchell between 2002 and 2012. As shown, O'Hare generally maintained its average of 75 percent share of total enplaned passengers between 2002 and 2007 despite Southwest's expansion of service at Midway during this period (19 new markets between 2002 and 2007). As also shown, enplaned passengers at O'Hare increased at a compound annual growth rate of 2.8 percent between 2002 and 2007, relatively similar to Midway's 2.6 percent growth. Enplaned passengers at the Airport and Midway decreased 9.9 percent and 11.4 percent, respectively, in 2008 from 2007 levels due to the impacts of high fuel prices, the nationwide recession, and capacity cutbacks by the airlines during this period. Of the three airports, however, only General Mitchell experienced enplaned passenger growth in 2008 compared to 2007. The 3.4 percent increase in enplanements at General Mitchell, in 2008 over 2007, is largely the result of AirTran's expansion efforts to build Milwaukee into a focus city. After several unsuccessful attempts to acquire Midwest Airlines, AirTran increased its number of nonstop destinations served from General Mitchell from six in 2007 to 15 total destinations in 2008. In 2009, AirTran continued its expansion with six additional nonstop destinations. In November 2009, Southwest initiated nonstop service at General Mitchell with nonstop service to six markets with a total of 12 daily flights. Between 2007 and 2010, General Mitchell's enplanement share increased from a 7.6 percent share in 2007 to 10.5 percent in 2010. O'Hare's enplanement share during the same comparison period declined from 74.2 percent in 2007 to 70.9 percent in 2010 O'Hare's enplaned passengers increased by 3.7 percent in 2010 from 2009 levels, while Midway's passenger activity increased 3.1 percent during this same period. General Mitchell's enplaned passengers increased significantly between 2009 and 2010 by 23.6 percent. However, enplaned passengers at General Mitchell decreased 20.6 percent in 2012 due to Frontier's decision to close its General Mitchell hub due to competitive pressures from Southwest/AirTran and the rising cost of fuel making the hub unprofitable for Frontier to operate. As a result, its enplanement share decreased from 10.1 percent in 2011 to 8.1 percent in 2012, while O'Hare's and Midway's shares both increased slightly during this period.

The City recently concluded a process to evaluate the possibility of leasing Midway under the provisions of the FAA's Airport Privatization Pilot Program Responses to the City's Request for Qualifications on the long-term lease were received in March 2013. During the bid process the City determined not to pursue bids for a lease for Midway under the provisions of the Pilot Program. In September 2013 the City withdrew its revised preliminary application to the FAA to participate in the Pilot Program.

preliminary application to the FAA to participate in the Pilot Program

US DOT O&D Dynamic Table Report, Duo LLC Calculations of average fares include frequent flyer passengers.

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Table 4-12 provides a comparison of average fares and yields for the Airport, Midway, and General Mitchell. As shown on the graphs provided in Table 4-9, average fares and yields for the Airport and General Mitchell were in concert between 2001 and 2008, with those for Midway being lower. Since 2008, average fares and yields at General Mitchell have declined to levels comparable to Midway's average fares and yields. The decreases in average fares and yields in 2009 from 2008 levels can be attributed in part to increase fare sale activity and other significant discounting to stimulate travel demand during this period. It is expected General Mitchell will continue to pull some passenger demand from northern Illinois; however, because of the large number of destinations and frequencies served from O'Hare, its nonstop international service, along with its substantial corporate traveler base, General Mitchell is not anticipated to significantly shift passenger share away from the Airport. A comparison of the CFC collection rates of each airport is provided in Table 5-3 of this Report.

Gary/Chicago International Airport, which is owned by the City of Gary, Indiana and operated by the Gary/Chicago International Airport Authority, is also located in the Chicago Region (see Exhibit 2-1 in Chapter 2). There is currently no scheduled passenger airline service offered at Gary/Chicago International Airport. It had previously been provided by Allegiant Air, which recently ceased operating at the airport in August 2013. The Gary/Chicago International Airport Authority recently issued a request for proposals (RFP) for the development and management of the airport and related assets. Ten responses to the request for proposals were received on August 26, 2013 and are being evaluated by an ad hoc committee of the Gary/Chicago International Airport Authority.

The FAA issued the O'Hare Modernization Final Environmental Impact Statement (FEIS) in July 2005.[11] In this study, a scenario was developed for the potential use of other regional airports that would be reasonable in relation to (1) data on airport shares in multiple airport systems, (2) the availability of capacity at airports in the surrounding area, and (3) the likelihood of airlines initiating service at available airports. Based on these analyses, the FEIS concluded that a reasonable scenario would be one in which approximately 2.0 million originating passengers that would otherwise use O'Hare in 2018 would be accommodated at one or more of the secondary airports, including a potential South Suburban Airport. The FEIS further concluded that this level of passenger traffic translated into an insignificant reduction in total aircraft operations at the Airport.

4.3.7.3 South Suburban Airport

Plans to build a third airport in the Chicago Region have been discussed for many years. The most likely site for such an airport is the proposed South Suburban Airport site located near Peotone, Illinois (in Will County approximately 35 miles south of the City's central business district).

In 2001, the FAA published notice of a public comment period for a Tier I Draft Environmental Impact Statement ("EIS") for Site Approval and Land Acquisition by the State at the Peotone site, to preserve the site as a potential option for a commercial service airport for the Chicago area. The draft EIS was approved by the FAA in July 2002 in a Record of Decision by the FAA which found that the Peotone site was technically and environmentally feasible for a new airport to serve the region. Approximately 2,688 acres of the 4,200 acre area required for the inaugural site have been purchased by the State. In 2013 the Illinois General Assembly passed legislation that makes the Illinois Department of Transportation ("IDOT") responsible for the South Suburban Airport and allows IDOT to enter into public-private agreements for its development and operation.

O'Hare Modernization Final Environmental Impact Statement, July 2005, FAA

Table 4-12: Comparison of Chicago Area Airport Domestic Fares and Yields

AVERAGE DOMESTIC ONE-WAY YIELD PER PASSENGER MILE

CALENDAR YEAR

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

CHICAGO MIDWAY

AVERAGE O&D FARE "

$95 $97 $94 $96 S102 $103 $124 $113 $128 $140 S140

CHICAGO O'HARE

S146 S146 S139 S137 S148 $148 $164 S147 $164 S177 S176

GENERAL MITCHELL

$148 $130 $132 S139 $151 $150 $154 $122 $122 $136 $154

CHICAGO O'HARE

501438 SO 1442 $0 1363 $01365 $0 1463 S0.1468 $0 1615 $0 1444 $0 1600 $01710 S0.1757

CHICAGO MIDWAY

$01072 50 1045 $0 1011 $0 1024 $0.1114 $01134 $01339 50 1226 SO 1400 $0 1500 $0 1548

GENERAL MITCHELL

SO 1445 SO 1286 $0 1288 $0 1353 $0 1466 SO 1451 SO 1473 $01172 $0 1200 $0 1330 $0 1520

Average Fares

2003 2004 2005

CHICAGO O'HARE

Average Yield

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

- GENERAL MITCHELL

NOTE

1/ Calculation includes frequent flyer passengers

21 Calculation includes frequent flyer passengers Yield is calculated by diyroing pjssenger reverue by revenue passerger miles (flight length times passengers on board)

SOURCES O&D Survey of Airline Passenger Traffic. U S DO". March 2013 (2C02 - 2011). U S DOl O&D Dynamic Table Report. Duo LLC. May 20H (2012)

PREPARED 3Y Ricondo & Associates, Inc, May 2013

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Approximately 2,688 acres of the 4,200 acre area required for the inaugural site have been purchased by the State.

It is not possible at this time to determine the viability of a new major commercial airport at the Peotone site or to predict whether or when any new regional airport would be constructed; nor is it currently possible to predict what effect, if any, such an airport would have on operations or enplanements at the Airport.

4.4 Hub Airlines

Both United and American utilize the Airport as a major hub in their respective networks. As such, passengers on these airlines utilize the Airport as a connecting point on their way to their final destination. Connecting passenger activity is driven more by business decisions by the hub airline as opposed to local socioeconomic and demographic characteristics of the region. The following sections describe certain characteristics of the Airport's dual hub airlines.

4.4.1 UNITED AIRLINES

Based on enplanements, United is the largest airline operator at the Airport with 22.3 percent of total enplaned passengers at the Airport in 2012. Including its regional/commuter partners, United's share of total enplaned passengers at the Airport was 46.8 percent in 2012. On December 9, 2002, shortly after the Air Transportation Stabilization Board (ATSB) rejected its application for a $1.6 billion loan guaranty, UAL Corporation (UAL), along with certain of its subsidiaries, including United, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. UAL emerged from Chapter 11 reorganization on February 1, 2006.

Post-bankruptcy, United optimized its domestic capacity to address significant unfavorable fuel price volatility, industry over-capacity, and a weak economic environment in 2008 and 2009. The air carrier reduced capacity and permanently removed 100 aircraft from its mainline aircraft fleet by the end of 2009, including its entire Boeing-737-300/500 fleet (94 aircraft in total) and six Boeing-747 aircraft. Also, United retired its low-cost Ted brand in late August 2008 and converted all 56 economy-only class Airbus-320 aircraft back to its mainline two-class configuration in 2009. In October 2010, United and Continental merged, creating the world's largest airline in terms of operating revenue and revenue passenger miles. As of December 31, 2012, UAL, United, and Continental had firm commitments and options to purchase the following aircraft:[12]

UAL had firm commitments to purchase 100 new Boeing 737 MAX 9 aircraft scheduled for delivery from 2018 through 2022. UAL also had options to purchase an additional 100 Boeing 737 MAX 9 aircraft. UAL has the right, and intends in the future, to assign its interest under the purchase agreement for the 737 MAX 9 aircraft with respect to one or more of the aircraft to either United or Continental.

- United had firm commitments to purchase 100 new aircraft (25 Boeing 787 aircraft, 50 Boeing 737-900ER aircraft and 25 Airbus A350XWB aircraft) scheduled for delivery from 2013 through 2020.

2012 United Continental Holdings Annual Report, February 25, 2013.

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United also had options and purchase rights for additional aircraft. In 2013, United expects to take delivery of ten Boeing 737-900ER aircraft.

Continental had firm commitments to purchase 47 new aircraft (23 Boeing 737 aircraft and 24 Boeing 787 aircraft) scheduled for delivery from January 1, 2013 through 2016. Continental also had options to purchase 74 Boeing aircraft. In 2013, Continental expects to take delivery of 14 Boeing 737-900ER aircraft and two Boeing 787-8 aircraft.

4.4.2 AMERICAN AIRLINES

Based on enplanements, American is the second-largest airline operator at the Airport with 21.7 percent of total enplaned passengers at the Airport in 2012. Including its regional/commuter partners, American's share of total enplaned passengers at the Airport was 34.6 percent in 2012. American also took steps toward restructuring its operations in the mid-2000's following the events of September 11, including de-peaking its activity at the Airport and at Dallas/Fort Worth International Airport, downsizing its hub at Lambert-St. Louis International Airport, simplifying its aircraft fleet, and automating customer ticketing and check-in functions.

American also implemented capacity reductions in 2008 and 2009 in response to record high fuel prices and significantly weaker demand for air travel driven by the severe downturn in the global economy. American reduced mainline seating capacity by approximately 7.5 percent for the full year 2009 versus 2008. The reduction consisted of an approximately 9.0 percent reduction in mainline domestic capacity and approximately 4.8 percent reduction in mainline international capacity compared to the year ended December 31, 2008. American took delivery of a total of 36 Boeing 737-800 aircraft in 2009 and 45 Boeing 737-800 aircraft in 2010. In addition to these aircraft, the carrier has firm commitments for eleven Boeing 737-800 aircraft and seven Boeing 777-200 aircraft, scheduled for delivery in the 2013 to 2016 period.

American Airlines, Inc., AMR Corporation, American Eagle Holdings Corporation and American Eagle Airlines, Inc. (collectively "AMR") filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code on November 29, 2011. American Airlines (including its affiliated carriers) is the second largest carrier, after United Airlines, operating at O'Hare. On February 14, 2013, AMR announced that it and US Airways Group, Inc. had approved a merger agreement to combine American and US Airways, which would create the largest airline in the world in terms of operating revenue and revenue passenger miles (surpassing United). The proposed merger constitutes a part of and, if consummated, would be implemented and result in AMR's confirmed bankruptcy plan of reorganization becoming effective. Under the merger agreement, consummation of the proposed merger is subject to a number of approvals. US Airways shareholders and the AMR financial stakeholders and European Union regulatory authorities have approved the proposed merger. The merger also requires antitrust clearance from the U.S. Department of Justice and the U.S. Bankruptcy Court. On August 13, 2013, the U.S. Department of Justice, the States of Arizona, Florida, Tennessee, and Texas, the Commonwealths of Pennsylvania and Virginia and the District of Columbia, each acting by and through their respective Attorneys General, filed a civil action in the United States District Court for the District of Columbia under federal antitrust law to enjoin the planned merger of US Airways and AMR. A date of November 25, 2013 has been set for the trial. On September 12, 2013, the U.S. Bankruptcy Court confirmed AMR's plan of reorganization, subject to effectiveness upon resolution of the antitrust litigation as a condition precedent.. No assurances can be given as to whether or not the merger between AMR and US Airways will be consummated, and if consummated when and on what terms such merger might be completed.

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The U.S. Bankruptcy Court has approved a stipulation by the City and American Airlines. Pursuant to that stipulation, the assumption by American Airlines of its Airport Use Agreement and other leases at O'Hare will be automatic upon the effectiveness of AMR's plan of reorganization.

4.5 Projections of Airport Activity

Activity projections for the Airport are based on a number of underlying assumptions that are further based on national aviation trends, regional economic conditions, and our professional judgment. The following presents the specific assumptions used in developing activity projections at the Airport through 2022.

- Domestic mainline carriers are assumed to continue to shift certain traffic to their respective regional/commuter partners during the Projection Period through 2022, resulting in a higher growth rate for the regional/commuter airlines compared to the majors/nationals. In the near term, the mainline airlines will continue to "right-size" capacity in domestic markets with low-traffic volume and remove marginal capacity, focusing on optimizing their revenue performance. This will be more evident in the case of United, which has been increasing its regional flying in recent years. Its domestic narrow-body fleet has become more oriented towards regional aircraft than in the past due to the retirement of all of its Boeing-737-300/500 aircraft in late 2009 and increasing regional activity by its United Express partners. In the longer-term, this trend will diminish.
- United and American will continue to operate major connecting hubbing facilities at the Airport. The connecting passenger percentages for domestic and international passengers are assumed to remain relatively constant at their 2012 levels each year during the Projection Period (approximately 50 percent in total).
- A broad base of airlines will continue to serve the Airport, with United and American carriers continuing to dominate enplaned passenger market share.

The Airport will continue to grow as a major international gateway, with expansion of existing service and new markets served to meet the increasing demand for international travel. This increase will be the result of the airlines providing more service to this more profitable segment of the industry.

- International traffic growth at the Airport will continue to outpace domestic traffic growth due to increasing demand for air travel around the world and the advancements in open skies agreements.
- The Airport will continue to be highly ranked in terms of passengers during the Projection Period. Demand for air service in the Air Trade Area will continue to be predominantly served through the Airport, particularly for international air traffic and nonstop travel to the area's top 50 O&D markets
- For these analyses, and similar to the FAA's nationwide projections, it is assumed that there will not be terrorist incidents against either domestic or world aviation during the Projection Period.

The aviation industry will not undergo a major contraction through bankruptcy or liquidation during this same period. Although strategies and success levels can be expected to differ among air carrier groupings, the aviation industry in aggregate will not be materially altered during the Projection Period. However, it is assumed that the announced merger between American Airlines and US Airways will be completed.

Economic disturbances will occur in the Projection Period causing year-to-year traffic variations; however, a long-term increase in nationwide traffic is expected to occur.

It is assumed no major "Acts of God" which may disrupt the national and/or global airspace system will occur during the Projection Period that negatively impact aviation demand.

Many of the factors influencing aviation demand cannot necessarily or readily be quantified; and any projection is subject to uncertainties. As a result, the projection process should not be viewed as precise. Actual future numbers of enplaned passengers may differ from the projections presented herein because events and circumstances do not occur as expected, and those differences may be material.

4.5.1 ENPLANED PASSENGER PROJECTIONS

The projections of enplaned passengers followed a two-step process: a near-term projection for 2013 and a longer-term projection through 2022.

The near-term projection was based on analysis of historical actual data provided by the City, recent passenger growth trends, schedule data published at the time of the projection for 2013, and operating assumptions for airlines serving the Airport.

The longer-term projection through 2022 employed a market share analysis to project future Airport activity. In this methodology, historical Airport shares of U.S. enplanements are calculated and used as a basis for projecting future shares. Judgments are made as to how the Airport's share of U.S. enplanements will change over time, while the basis of overall demand growth is provided by a plausible source of aggregate demand - often and as in this case - the FAA's Aerospace Forecast for Fiscal Years 2013-2033. It is worth noting that since its last forecast in 2012, the FAA's projections of future activity have declined, primarily due to the slower-than-expected economic recovery. The forecast of annual U.S. carrier passenger growth over the next 20 years, for example, is projected at 2.2% in the current 2013 FAA Aerospace Forecast versus 2.6% in the 2012 forecast. Choice of the market share method was based primarily on the Airport's position as a central element of the U.S. aviation industry both as an origin and destination point as well as a connecting hub for domestic and international passenger itineraries. Socioeconomic regression analysis comparing Airport activity data and socioeconomic variables was also conducted and reviewed as a potential methodology. However, strength in the causal relationships between Airport activity and socioeconomic variables were not strong enough to provide confidence in the use of this methodology.

Chapter 3 examined in depth the local economy and concluded that the economic base of the Airport's Air Trade Area is diversified, stable, and is capable of generating longer-term increases in demand for air transportation at the Airport during the Projection Period. In addition, the geographic location of the Airport, as well as the large population and employment base in the Air Trade Area, should continue to make the Airport an ideal and natural location for airline hub operations, and provide continued long-term growth in passengers.

Table 4-13 presents historical and projected enplaned passengers at the Airport. Specific assumptions and points regarding projected enplanements for the near-term and the longer-term are discussed below.

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4.5.1.1 Near-Term Projected Enplaned Passengers

Trends in scheduled seat data for 2012 and 2013 were analyzed regarding changes from 2012 in 2013 in total seats, domestic and international seats, domestic seats broken out by majors/nationals and regionals/commuters, domestic seats for United mainline and United codeshares/affiliates, domestic seats for American mainline and American codeshares/affiliates, and international seats broken out by U.S. flag and foreign flag carriers. The results of these analyses are discussed below:

Total seats at the Airport are scheduled to increase modestly from 40.6 million in 2012 to 40.7 million in 2013, a 0.4 percent increase during this period. Domestic scheduled seats at the Airport, which represented approximately 85 percent of total scheduled seats in 2012, are scheduled to decrease 0.5 percent between 2012 and 2013. International scheduled seats at the Airport are scheduled to increase 5.3 percent during this same period. This scheduled increase is primarily due to the announced initiation of international service by Air Berlin, Austrian Airlines and Qatar at the Airport in 2013; as well as new international service at the Airport by Frontier, Hainan, Pakistan, and United between the fourth quarter of 2012 and 2013.

. Total domestic seats are scheduled to decrease from 34.1 million to 33.9 million in 2013, a 0.5 percent decrease during this period. Whereas scheduled seats for majors/nationals are scheduled to decrease 3.9 percent in 2013, scheduled seats for regionals/commuters are scheduled to increase 4.6 percent during this same period, indicating a continued shifting of service from mainline carriers to their respective code share/affiliates. United and American carriers combined accounted for approximately 95 percent of the decrease in total domestic scheduled seats in 2013 from 2012 levels.

As discussed above, total scheduled international seats at the Airport are scheduled to increase 5.3 percent in 2013 from 2012 levels. Whereas scheduled seats for the U.S. flag carriers are scheduled to increase by only 0.9 percent during this period, scheduled seats for foreign flag carriers at the Airport are scheduled to increase 11.1 percent in 2013 from 2012 levels. As discussed above, three foreign flag carriers are scheduled to initiate service at the Airport in 2013.

Aircraft passenger load factors for 2012 were applied to 2013 scheduled seats for (1) domestic majors/nationals and regionals/commuters and (2) international U.S. flag and foreign flag carriers to derive projected enplaned passengers at the Airport for 2013. Based on this methodology, and as shown in Table 4-10, total enplaned passengers at the Airport are projected to increase from 33.2 million in 2012 to 33.3 million in 2013, an increase of 0.3 percent during this period.

Despite annual increases in real U.S. GDP of 1.8 percent and 1.7 percent in 2011 and 2012, respectively, enplaned passengers at the Airport remained relatively unchanged during these periods, and as described above, are expected to remain relatively flat for a third consecutive year based on scheduled seats and assumed load factors. In past forecasts of enplaned passengers at the Airport, activity was projected to increase more quickly in the near term (as it rebounded in 2010 following the effects of the economic recession in the 2007 to 2009 period - a 3.7 percent increase in enplaned passengers in 2010 from 2009 levels). However, these expected relatively quick rebounds in passenger activity have not materialized over the past two years and are not expected to do so in 2013. As such, it is assumed for these analyses that growth in activity will resume to pre-recession levels at a slightly slower rate than previously forecast (i.e., the

projection prepared in August 2012 projected approximately 36.0 million enplaned passengers in 2015 while the current projection has been decreased as it reaches 36.0 million enplaned passengers in 2016).

4.5.1.2 Longer-Term Projected Enplaned Passengers

As discussed above, a market share approach was employed to develop projections of Airport activity over the longer term of the Projection Period. Enplaned passenger projections are presented in Table 4-10. Enplaned passengers at the Airport are projected to increase from 33.2 million in 2012 to 41.0 million in 2022, a compound annual growth rate of 2.1 percent during this 10-year period. In terms of U.S. market share, this projection produces a slightly decreasing market share of U.S. enplanements forecast by the FAA in its February 2013 Aerospace Forecast (2013 through 2033), consistent with long-term historical trends at the Airport (from a 4.5 percent share in 2012 to a 4.4 percent share in 2022).

Generally flat growth in the nearer-term results in this slight change in Airport share of total U.S. enplaned passengers as other airports throughout the U.S. aviation system develop. However, throughout the remainder of the Projection Period, it is expected that Airport activity will maintain a constant share of total U.S. activity, as pronounced domestic capacity reductions experienced at the Airport flatten, and as international activity at the Airport remains strong.

As shown in Table 4-13 the compound annual growth rate from 2002 through 2012 was 0.1 percent. This time period included the impacts of FAA imposed operational limitations at the Airport which expired in October 2008 and a national economic recession which led to reduced demand and airline seat capacity reduction.

4.5.2 AIRCRAFT OPERATIONS PROJECTIONS

Table 4-14 presents historical and projected aircraft operations for the passenger airlines, general aviation, the all-cargo carriers, and the military.

Due to the pronounced shifting of domestic activity from mainline service to regional/commuter service at the Airport in recent years, passenger airline activity is projected to increase from 840,128 operations in 2012 to 852,400 operations in 2013. Thereafter, passenger airline operations at the Airport will increase from 852,400 in 2013 to 1,021,600 in 2022, a compound annual growth rate of 2.0 percent during this period. In general, the passenger airline aircraft operations projections were based on historical relationships among enplaned passengers, load factors, and average seating capacities of aircraft serving the Airport, including the continued shifting from smaller 50-seat regional jets to larger 70/90-seat regional jets. It is expected that, as in the past, individual airlines will be able to secure necessary facilities (e.g., gates) to meet any future growth exceeding what their current exclusive-use facilities can support.

General aviation operations at the Airport are expected to increase from 21,103 in 2012 to 21,900 operations in 2022, reflecting the long-term assumption that growth in this sector will occur primarily at outlying airports within the Chicago Region as the result of cost and delay considerations. The increase between 2012 and 2022 represents a compounded annual growth rate of 0.4 percent during this period, comparable to growth projected nationwide by the FAA.

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All-cargo operations at the Airport increased significantly from 13,988 in 2009 to 17,248 in 2010 and was relatively stable thereafter through 2012 All-cargo aircraft operations at the Airport are projected to increase at rates generally in line with growth in air carrier aircraft operations projected for the nation by the FAA during the projection period. All-cargo aircraft activity at the Airport is projected to increase from 16,877 operations in 2012 to 19,900 operations in 2022.

Future military activity at the Airport will be influenced by U.S. Department of Defense policy, which largely dictates the level of military activity at an airport. As shown in the table, no military activity is projected to occur at the Airport during the Projection Period.

Total aircraft activity at the Airport is projected to increase from 878,108 operations in 2012 to 1,063,400 operations in 2022, a compound annual growth rate of 1.9 percent during this period.

4.5.3 PASSENGER AND ALL-CARGO AIRLINE LANDED WEIGHT PROJECTIONS

Table 4-15 presents historical and projected passenger and all-cargo airline landed weight at the Airport. Passenger landed weight is projected to increase from 42,712,863 thousand pounds in 2012 to 51,412,135 thousand pounds in 2022. This increase represents a compound annual growth rate of 1.9 percent during this period. As also shown in Table 4-15, all-cargo landed weight is projected to increase from 4,426,307 thousand pounds in 2012 to 5,142,912 thousand pounds in 2022. This increase represents a compound annual growth rate of 1.5 percent during this period. In general, the increases in landed weight for both the passenger and all-cargo airlines are projected as a result of the anticipated use of larger aircraft, including a continued shift from 50-seat regional jets to 70/90-seat regional jets, and/or increased numbers of operations at the Airport during the projection period.

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SEPTEMBER 23, 2013

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5. Financial Analysis

This chapter presents the financial structure of the Airport, key provisions of the Airport's Senior Lien GARB Indenture (described in greater detail in Chapter 1), and the cost and other financial implications following the issuance of the 2013 Senior Lien Bonds and the future bonds necessary to complete the funding of the Capital Development Programs. Projections of Operating & Maintenance (O&M) Expenses, non-signatory airline and non-airline revenues, PFC Revenue, Debt Service, net signatory airline requirements, Airport Fees and Charges, airline revenues, Debt Service coverage, and airline cost per enplaned passenger (CPE) are also discussed.

5.1 Financial Framework

The Airport is owned by the City of Chicago and operated by the Chicago Department of Aviation (City or CDA) and is accounted for as a self-supporting enterprise fund of the City. The City maintains the books, records, and accounts of the Airport in accordance with generally accepted accounting principles and as required by the provisions of the Airport Use Agreements, the Bond Ordinance and the Senior Lien Indenture (defined in section 1.3). The City's fiscal year ends December 31

Airport accounting practices, including the Airport Use Agreements, the Cost-Revenue Center (CRC) structure used for airline rate-setting, the requirements governing the issuance of airport revenue bonds by the City are discussed in this section.

5.1.1 AIRPORT USE AGREEMENTS

The Airport Use Agreements set forth the City's main financial and operational arrangement with the airline tenants of the Airport. The Airport Use Agreements provide, among other things, contractual support of the Airline Parties for certain GARBs and other obligations issued to fund Airport capital improvements. The Airport Use Agreements are in place to formalize the rights and responsibilities of the airlines signatory to the Airport Use Agreement (Airline Parties) and the CDA. The Airport Use Agreements expire on May 11, 2018

Use Agreement (Airline Parties) and the CDA. The Airport Use Agreements expire on May 11, 2018.

The City has Airport Use Agreements with the following nine carriers currently operating at the Airport, defined as the Airline Parties: Air Canada, Air Wisconsin, American Airlines, American Eagle, Delta Air Lines, FedEx, United Airlines, US Airways, and UPS. In the aggregate, the Airline Parties accounted for approximately 60 percent of the total landed weight at the Airport in 2012 (not including non-signatory subsidiaries of the signatory Airline Parties), as shown in Table 4-1. Airlines that are not signatory to the Airport Use Agreement

(Non-Signatory Airlines) accounted for the remaining 40 percent of landed weight. The Airline Parties and International Terminal Airline Parties are collectively referred to as the Signatory Airlines in this report.

The current Airport Use Agreements expire on May 11, 2018. Upon expiration, the City and the Airline Parties could agree to extend the existing Airport Use Agreements using the existing residual rate-setting methodology or agree to execute a new agreement using a different rate-setting methodology. Alternatively, the City could also elect to impose airline rates and charges by ordinance. The projected financial impacts from any future rate-setting methodology would likely be similar to their impact under the methodology currently used to recover costs of the Airfield Area, which is the CRC primarily impacted from the OMP and represents a substantial portion of other CIP projects. Consequently, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2022 (described in greater detail in section 5.2).

5.2 Airport Fees and Charges

Under the current Airport Use Agreements, terminal rental rates and airline landing fees are established using a residual airport methodology, whereby airline rates and charges are calculated to recover any net remaining costs for each CRC. In order to equitably allocate the net cost of operating, maintaining, improving, and expanding the Airport among the airlines that are signatory to the Airport Use Agreement (the Airline Parties, as listed in Section 5.1.1), various physical and functional areas of the Airport are separated for the purposes of accounting for the O&M Expenses, Revenues, required fund deposits, and Debt Service on Airport Obligations. An allocable share of the net deficit generated in the Terminal Area, Airfield Area, and Fueling System CRCs is paid by the Airline Parties as part of their Airport Fees and Charges for the use of the Airport.[1] The Airport Use Agreements provide that the aggregate of Airport Fees and Charges paid by the Airline Parties must be sufficient to pay for the net cost of operating, maintaining, and developing the Airport (excluding the Land Support Area) including the satisfaction of Debt Service coverage, deposit, and payment requirements of the Bond Ordinance and the Indentures. Airlines or other users of the Airport who are not signatories to an Airport Use Agreement or an International Terminal Use Agreement are assessed Airport fees and charges enacted by City ordinances. For financial projection purposes, it is assumed that the City ordinances controlling non-signatory airline fees and charges remain in place through the Projection Period.

Five CRCs in the Airport's financial structure are included in the residual calculation and adjustment of Airport Fees and Charges, as follows:

Airfield Area. The Airfield Area includes the aircraft parking areas, runways, taxiways, approach and runway protection zones, infield areas, navigational aids, and other facilities related to aircraft taxiing, landing, and takeoff.

Modified rate setting methodology that excludes certain non-signatory airline revenues derived from the use of the airfield See Section 5.9.1 herein

Terminal Area. The Terminal Area includes the domestic terminal buildings, and a designated portion of the Heating & Refrigeration Plant.

Terminal Support Area. The Terminal Support Area includes the public parking facilities, roadways, walkways, automobile rental areas, ground transportation system, and the existing Airport hotel.

International Terminal Area. The International Terminal Area includes the International Terminal and a designated portion of the Heating & Refrigeration Plant.

Fueling System. The Fueling System includes the tank farm and all facilities that are part of the Airport's hydrant fueling system.

The revenues and expenses of the Land Support Area, which is described below, are not included in the calculation of Airline Parties' Airport Fees and Charges.

Land Support Area. The Land Support Area includes certain vacant land and air rights and facilities such as air cargo, hangar, flight kitchen and freight forwarding facilities. Principally, these areas and facilities are located on the perimeter of Airport property.

5.2.1 GENERAL AIRPORT REVENUE BOND ORDINANCE AND INDENTURES

As described in Chapter 1, the 2013 Senior Lien Bonds will be issued under the authority granted to the City as a home rule unit of local government under the Illinois Constitution of 1970. The 2013 Senior Lien Bonds will be issued pursuant to the Bond Ordinance and the Senior Lien Indenture, and will be secured under the Senior Lien Indenture by a lien on and pledge of all Revenues and will be payable from amounts that may be withdrawn from the Debt Service Fund created under the Senior Lien Indenture. The City will use the proceeds from the sale of the 2013 Senior Lien Bonds, together with other available funds, to: (i) refund certain outstanding Prior Airport Obligations, (ii) finance the costs of the 2013 Airport Projects, (iii) fund certain deposits to the Common Debt Service Reserve Sub-Fund within the Debt Service Reserve Fund, (iv) fund capitalized interest on the 2013 Senior Lien Bonds, and (v) pay costs and expenses incidental thereto and to the issuance of the 2013 Senior Lien Bonds. 2013 Senior Lien Bonds2013 Senior Lien Bonds2013 Senior Lien Bonds2013 Senior Lien Bonds

5.3 Operating and Maintenance Expenses

O&M Expenses include expenses associated with operating and maintaining the Airport, including the airfield, terminal, and landside facilities. O&M Expenses are classified into the following categories:

- Personnel
- Repairs and maintenance Energy

Materials and supplies Engineering and professional services Other

operating expenses Equipment and property rental Insurance and

miscellaneous Machinery

Vehicles and equipment These expenses are further allocated to the various CRCs for rate-setting

purposes.

Historical O&M Expenses for 2008 through 2012 are presented in Table 5-1. As shown, O&M Expenses increased at a compounded annual growth rate of 1.2 percent from $428.5 million in 2008 to $450.2 million in 2012. This increase in O&M expenses can be attributed to increases in salary and wages and professional and engineering costs in 2012 over 2011. Repairs and maintenance expenses decreased in 2012 due to a decrease in costs associated with snow removal.

Table 5-1: Historical O&M Expenses, 2008 - 2012

(Dollars in Thousands for Fiscal Years Ending December 31)

COMPOUND ANNUAL GROWTH RATE

Total O&M Expenses
(thousands) $428,510

O&M Expenses annual growth rate

Enplaned
Passengers(thousands) 34,744

Enplaned passengers growth rate

Total O&M Expenses
per Enplaned Passenger $12.33

$404,285 (5 7%)

32,047 (7.8%) S12.62

$410,628 1.6%

33,232 3.7% $12.36

$431,050 5.0%

33,207 (0 1%) $12.98

$450,179 4.4%

33,245 01% $13.54

SOURCE CDA
PREPARED BY Ricondo & Associates, Inc July 2013

Also provided in Table 5-1, the Airport's O&M Expenses per enplaned passenger have increased from $12.33 per enplanement in 2008 to $13.54 per enplanement in 2012.

The Airport's 2013 budget serves as the base year from which O&M Expenses are projected. O&M Expense projections are based on the type of expense, expectations of future inflation rates (assumed to be 3.0 percent annually), and incremental O&M expenses related to the construction of OMP Phase 1, Phase 2A, and Phase 2B. The City does not anticipate any incremental O&M Expenses associated with the 2013 CIP Projects.

Projected O&M Expenses are presented in Table 5-2. O&M Expenses are estimated to decrease slightly in the 2013 budget from the 2012 actual level of $450.2 million. The 2013 budget has been finalized with the Airline Parties. As shown in Table 5-2, total O&M Expenses are projected to increase from $448.9 million in 2013 to $735.3 million in 2022, realizing a compounded annual growth rate of 5.6 percent. Also shown in table 5-2 are the annual O&M Expense increase percentages, which illustrate the incremental impact on O&M Expenses of OMP Phase 1, Phase 2A, and Phase 2B. As OMP projects are completed, the additional expenses are captured in the rate calculation based on the allocation of additional pavement square footage to the airfield, discussed in additional detail below.

Personnel

Personnel expenses include City staff compensation at the Airport, as well as an allocation of personnel costs from other City departments that support Airport operations, such as Purchasing, Finance, and Corporation Counsel. Expenses for salaries, wages and employee benefits, including reimbursements from City and federal departments and increases attributable to future projects, are projected to increase at a compounded annual growth rate of 5.8 percent through 2022. This is attributable primarily to salary increases, escalating insurance premiums, and other benefits increases, as well as additional expenses attributable to future projects.

Repairs and Maintenance

Repairs and maintenance expenses at the Airport include the cost of outside contractors that provide ramp repair, taxiway painting, outside janitorial services for terminals,, heating and air conditioning, trash removal, escalator/elevator maintenance and miscellaneous repairs. Repairs and maintenance expenses are projected to increase at a compounded annual growth rate of 6.5 percent through 2022 primarily reflecting inflation, additional costs associated with maintaining existing aging facilities, and additional expenses related to future projects.

Energy

Energy costs include gas, water, electricity, and fuel oil required to operate the Airport. Energy costs are projected to increase at a compounded annual growth rate of 5.3 percent through 2022.

Materials and Supplies

Materials and supplies expenses include costs associated with the purchase of deicing fluid, office supplies, cleaning supplies, keys and locks, and other general maintenance supplies for the Airport. Baseline materials and supplies are projected to increase annually at the rate of inflation. When the additional material and supply expenses related to future projects are incorporated, expenses for materials and supplies are projected to increase at a compounded annual growth rate of 7.4 percent through 2022.

Engineering and Professional Services

Engineering and professional services expenses include fees for specialized engineering, legal, and other technical services. These expenses are projected to increase at a compounded annual growth rate of 4.5 percent through 2022, primarily as a result of increases in billing rates. The use of outside professional services was assumed to remain constant through the projection period.

Other Operating Expenses

Other operating expenses include equipment and property rental, insurance, and miscellaneous expenses (administrative expenses, telephone, and bad debt expenses), machinery, as well as vehicles and equipment. Equipment and property rental expenses include expenses related to the rental of heavy equipment and contracting of equipment operators, rental of unarmed security systems, operation of the automated transit system, shuttle bus services, rental of office equipment, and lease of a warehouse. Other operating expenses are projected to increase at a compounded annual growth rate of 5.6 percent through 2022 primarily reflecting inflation, the need to replace various equipment, and additional expenses related to future projects.

O&M Expenses Related to Future Projects

Once the proposed remaining OMP Phase 1, Phase 2A, and Phase 2B airfield projects become operational, additional O&M Expenses are expected to result from increased operation and maintenance required to maintain the new airfield pavement. Projections of O&M Expenses resulting from these projects were developed based on the incremental increase in runway pavement surface area in the Airfield Area. On the basis of this analysis, Airfield Area O&M Expenses are projected to increase by approximately $16.6 million in 2014, the first full year of operation assumed for OMP Phase 1 Runway 10C-28C, and $11.3 million in 2016, the first full year OMP Phase 2A Runway 10R-28L is expected to be operational, exclusive of other projected O&M Expenses. Incremental effects on O&M Expenses from Runway 9C/27C and Extension of Future Runway 9R/27L OMP Phase 2B airfield projects are estimated to begin in 2021, with Airfield Area O&M Expenses projected to increase by $25.8 million in that year.

5.4 Non-Signatory Airline and Non-Airline Revenues

Non-Signatory Airline Revenues are revenues from airlines that are not parties to the Airport Use Agreement or International Terminal Use Agreement. Non-Airline Revenues consist of those revenues generated at the Airport from sources other than Airport Fees and Charges (e.g., auto parking, rental car, restaurant, news and gift).

A majority of the Airport's Non-Airline Revenues are generated from concessions. Table 5-3 presents Concession Revenues at the Airport from 2008 through 2012. As shown, Concession Revenues were approximately $215.1 million in 2008, decreased to approximately $185.1 million in 2009, and then increased to $218.1 million in 2012, reflecting a compounded annual growth rate of 0.3 percent during that period. The decrease in concession revenue in 2009 is attributable to the decline in activity stemming from the economic recession during that period. Minimum annual guarantees from rental car companies and an increase in domestic and international parking lot rates in December 2007 have helped to keep auto rental revenues level despite the recent declines in activity. The increase from 2010 through 2012 is the result of the on-going recovery from the economic recession as well as continually enhanced concession offerings at the Airport, with local and national favorites well represented. Parking revenue, which represents the Airport's largest Non-Airline Revenue source, decreased from $108 5 million in 2008 to $89.1 million in 2009 and has increased to $93.6 million in 2012, representing a compounded annual growth rate of -3.6 percent.

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Table 5-3: Historical Concession Revenues 2008 - 2012

(Dollars in Thousands for Fiscal Years Ending December 31)

COMPOUND ANNUAL GROWTH RATE

Concession Revenues (thousands)

Auto Parking

Auto Rentals

Restaurants

New and Gifts

Other

Total Concession Revenues

Total Concession Revenues annual growth rate

Enplaned Passengers(thousands)

Enplaned passengers growth rate

Concession Revenues per Enplaned Passenger

$108,545 $22,213 $34,813 $14,640 $34,912

$215,123

34,744

$6 19

$89,131 $22,915 $32,721 $13,662 $26,685

$185,114

(13.9%) 32,047 (7.8%) $5 78

$93,430 $22,643 $35,669 $14,495 $30,377

$196,614

6.2% 33,232 3 7% $5.92

$95,997 $23,745 $38,547 $15,608 $37,989

$211,886

7.8% 33,207 (0.1%)

$6.38

$93,557 $25,445 $41,330 $16,579 $41,197

$218,108

2 9% 33,245 0.1% $6.56

(3.6%) 3.5% 4.4% 3.2% 4.2%

0.3%

(1.1%)

1.5%

SOURCE CDA

PREPARED BY Ricondo & Associates. Inc July 2013

Projections of Non-Signatory Airline Revenues and Non-Airline Revenues are presented in Table 5-4. Revenues were projected on the basis of a review of historical trends, projected activity levels, and inflation. As shown, Non-Signatory Airline Revenues and Non-Airline Revenues are projected to increase from $305.5 million in 2013 to $491.2 million in 2022 at a compounded annual growth rate of 5.4 percent. OMP Phase 1, Phase 2A, and Phase 2B airfield projects are not expected to directly affect Non-Airline Revenues, although these projects are expected to increase the Airport's capacity, thus allowing for additional enplanement growth which will indirectly increase Concession Revenues at the Airport. There are also no assumed impacts to Non-Airline Revenues associated with the CIP projects funded with the 2013 Senior Lien Bonds. Land rentals for hangar and cargo facilities are allocated to the Land Support Area. These revenues are used to offset expenses incurred in the Land Support Area and are not considered to be Revenues or pledged as security for GARBs; therefore, they are not included in Table 5-4 as Non-Airline Revenues. Further information regarding Non-Airline Revenues at the Airport is provided below

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1 NON-SIGNATORY AIRLINE REVENUES

Non-Signatory Airline Revenues include landing fees and terminal rentals paid by airlines that are not parties to either the Airport Use Agreements or the International Terminal Use Agreements. These revenues are derived as a function of fees, rentals, and charges of the Airline Parties, based on O&M Expenses, Debt Service, and fund deposits. Non-Signatory Airline Revenues are projected to increase from $59.4 million in 2013 to $157.1 million in 2022 at a compounded annual growth rate of 11.4 percent, and can be primarily attributed to increasing O&M Expenses throughout the projection period and debt service associated with the 2013 Senior Lien Bonds and future GARB issuances.

2 NON-AIRLINE REVENUES

Non-Airline Revenues include revenues from Chicago International Carriers Association Terminal Equipment Corporation (CICA TEC); concessions, including automobile parking and rentals; and reimbursements and other. A description of these categories follows.

CICA TEC

CICA TEC operates and maintains certain common-use airline equipment, including baggage systems and loading bridges for the airlines serving the International Terminal. This corporation was formed by the foreign flag carriers that operate at the International Terminal together with United Airlines and American Airlines, which also operate international arriving flights at the International Terminal. Lease payments by CICA TEC to the City are considered Non-Airline Revenues.

Concessions

Concession Revenues are projected to increase at a compounded annual growth rate of 3.6 percent from 2013 through 2022. Concession Revenues include those derived from the concessionaires in the terminal, such as restaurants and news and gift shops, and the Airport's landside operations such as automobile parking, automobile rentals, and bus service. The airport is continually looking for additional space that may be allocated to concessions. Concession Revenues were projected as follows:

- Automobile Parking. Projected to increase by a combination of increases in number of O&D passengers and periodic rate increases. Periodic rate increases are assumed to occur every third year.
- Automobile Rentals. Projected to increase by a combination of increases in number of O&D passengers and half the rate of inflation.
- Restaurant. Projected to increase by a combination of increases in number of domestic and international enplaned passengers and half the rate of inflation. '
- News and Gifts. Projected to increase by a combination of increases in number of domestic and international enplaned passengers and half the rate of inflation.
- Duty Free. Projected to increase by a combination of increases in number of domestic and international enplaned passengers and half the rate of inflation.
- Display Advertising. Projected to increase with inflation.

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- Hotel. Projected to increase by a combination of increases in number of O&D passengers and half the rate of inflation.

Other Concessions

Bus Service. Projected to increase by a combination of increases in number of O&D passengers and half the rate of inflation.

Miscellaneous. Projected to increase with inflation.

Retail Gift Shops. Projected to increase by a combination of increases in numbers of domestic enplaned passengers and half the rate of inflation.

Telecommunications. Projected to remain flat throughout the projection period.

Detailed descriptions of revenues generated by automobile parking, automobile rentals, restaurants, and news and gifts outlets, all of which account for approximately 78.8 percent of Concession Revenues in the Airport's 2013 budget, follow:

Automobile Parking

The Airport has six public parking areas: a main parking garage (Lot A), two outside daily parking lots (Lots B and C), an international terminal parking lot (Lot D), and two economy lots (Lots E and G). The six-story main parking garage contains approximately 9,300 spaces for public and employee parking. Current surface parking capacity includes approximately 13,700 public parking spaces, which includes approximately 2,800 spaces in Lot G currently leased to the TSA.

A Joint Use Facility, consisting of a Consolidated Rental Car Facility (CRCF), ATS Extension, and Public Parking, is anticipated to be completed in 2016 and will be constructed in the location of the existing Parking Lot F, which totals approximately 3,000 spaces. The public parking component of the Joint Use Facility will include approximately 2,000 new parking spaces. The existing parking spaces in Parking Lot F do not have the direct access to the ATS that the new parking spaces associated with the Joint Use Facility will have. The added convenience from the new parking spaces' close proximity to the ATS increases the value of the new parking spaces, allowing the City to generate additional parking revenues at the Airport through increased parking rates and increased demand for the new spaces. However, for purposes of the financial projections in this Report, no increases in parking revenues directly associated with the Joint Use Facility are assumed.

The City has a management agreement with Standard Parking Corporation, a provider of parking facility management services. Under the agreement, Standard Parking Corporation provides personnel to operate and maintain the parking facilities, provides cashier services, and provides ground transportation. The current 5-year contract between the City and Standard Parking commenced January 1, 2013. The parking operator receives a fixed management fee adjusted annually by a pre-agreed upon contract rate and submits a daily, monthly, and annual accounting to the CDA Any increase in rates requires approval by City Council. The last increase of parking rates occurred on January 1, 2012 Budgeted parking revenues net of City tax for 2013 are $94.5 million, or 42.3 percent of Concession Revenues.

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Automobile Rental

Eight rental car brands currently operate "on Airport." They include Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty. Avis Budget Group, Inc. operates the Avis and Budget brands; Enterprise Holdings, Inc. operates the Alamo, Enterprise and National brands, and The Hertz Corporation operates the Hertz, Dollar, and Thrifty brands. In terms of off-Airport rental car operators, there currently is relatively minimal service provided by Ace Rent a Car, Advantage Rent a Car, and Payless Car Rental. All rental car facilities are currently located at sites remote from the terminals and are served by shuttle buses.

The City and certain of the on-Airport rental car companies (RACs) are currently parties to a Rental Car Concession License dated as of October 2008 and a Land Lease (the Existing Agreements) for which the City has granted the RACs the right and license to respectively, operate a rental car concession and to use and occupy certain space at the Airport for rental car purposes and for providing the collection and remittance of CFCs. The term of the Existing Agreements expires September 30, 2013, and will become a month-to-month term until the opening of the Joint Use

Facility.

A new Consolidated Rental Car Facility Lease and License Concession Agreement ("RAC Agreement"), executed in 2013 by the RACs that will serve the Airport from the Joint Use Facility, establishes a Minimum Annual Guarantee Fee and Concession Fee, which will be the greater of the Minimum Annual Guarantee Fee or ten percent (10%) of annual gross revenues as defined therein. At the end of each agreement year, there will be an annual reconciliation for underpayment/overpayment. Budgeted automobile rental revenues for 2013 are $22.6 million, or 10.1 percent of Concession Revenues.

Restaurant

Concessionaires operate a total of 120 restaurants/food and beverage outlets at the domestic and international terminals at the Airport. The terms of their agreements generally range from 5 years to 10 years. The City receives from the concessionaires a percentage of gross sales against minimum annual guarantees that are adjusted annually based on the previous year's sales. The budgeted restaurant revenues for 2013 are $38.2 million, or 17.1 percent of Concession Revenues.

News and Gifts

Two concessionaires operate 34 news and gifts outlets in the domestic and international terminals at the Airport. In the domestic terminals, Hudson Group operates 24 news and gifts outlets under a 10-year agreement assigned from WH Smith in December 2003. In 2009, four new Hudson News locations were added along with the remodel of another four locations. In the international terminal, Chicago Aviation Partners operates four news and gift outlets. The City receives from the concessionaires a percentage of gross sales against minimum annual guarantees that are adjusted annually based on the previous year's sales. The budgeted news and gifts revenues for 2013 are $20.6 million, or 9.2 percent of Concession Revenues.

Concessions Planning

The City is continually making efforts to maximize concessions revenues through strategic planning These efforts include both near and long-term planning at the Airport as well as space and vendor management. Planning involving the renegotiation and remarketing of current concession leases expiring in

the near term should yield an increase in overall concession revenue through the issuance of new contracts. The City is also maximizing the usage of terminal space to increase concession revenue. A combination of CDA terminal space and space that was released by the airlines is planned to be converted into viable concession space that will also allow for increased revenues. An improvement in the comprehensive plan can be seen in the bidding and anticipated issuance of new long-term concession contracts in Terminal 5, which will provide opportunities for vendors to maximize their investment and provide increased concession revenues.

Reimbursements and Other

Reimbursements primarily relate to utilities. Many of the buildings on Airport property are separately metered for utilities; however, the CDA pays the utility companies directly. The CDA then bills each tenant for individual metered usage at regular scheduled rates that are no higher than the rates paid by the CDA itself. Other revenue items included in this line item are CICA TEC energy reimbursement (CICA TEC's energy payments to the City) and interest income. Projections of these revenue items are not impacted by increases or decreases in aviation activity; increases are based on inflation. Other Non-Airline Revenues include interest income.

Other Available Revenue

PASSENGER FACILITY CHARGE REVENUE

The City has approval from the FAA to impose a PFC at the Airport and to use PFC Revenue for approved Airport projects, including OMP Phase 1, Phase 2A and Phase 2B airfield projects. The City now has approved PFC authority from the FAA to impose and use PFCs for all project costs anticipated to be funded with PFCs for both OMP Phase 1 and OMP Phase 2A and 2B airfield projects. The City collects a $4.50 PFC per eligible enplaned passenger less an $0.11 airline processing charge. As of August 2013, the City had received authority to impose and use $6.54 billion of PFC Revenues at the Airport, including approximately $177 million of PFC pay-as-you-go authority for the design of OMP Phase 2A and 2B airfield projects, which is not part of the OMP Phase 2A funding agreement. As of August 2013, PFC Revenues received by the City for use at the Airport, including investment earnings, totaled $2.33 billion.

5.5.2 FAA AIRPORT IMPROVEMENT PROGRAM GRANTS

On November 21, 2005, the FAA issued to the City an LOI to award $300 million in LOI discretionary grants for OMP Phase 1 over a 15-year period from Federal Fiscal Years 2006 through 2020. As of July 2013, the City had received $140 million of the $300 million LOI discretionary grant. The remaining $160 million of the Phase 1 LOI grant will be pledged to debt service associated with the Series 2011B Net Grant Receipts-Backed GARBs

On April 21, 2010, the FAA issued to the City an LOI to award $410 million in LOI discretionary grants for the OMP Completion Phase airfield over a 16-year period from Federal Fiscal Years 2011 through 2026. In April 2011, the FAA approved a second amendment to the award, increasing the amount from $410 million to $565 million. In accordance with the letter agreement between the City and United and American, $280 million of

the LOI will be used to fund OMP Phase 2A and the remaining $285 million will be used to fund OMP Phase 2B. $45 million of the Phase 2A grant award has been pledged to debt service on the Series 2011B Grant Receipts-Backed GARBs, with the remaining $235 million being applied to the projects on a pay-as-you-go basis. As of August 2013, the City had received $120 million of the $565 million LOI discretionary grant. The City will apply for LOI installments associated with OMP Phase 2B once construction has commenced.

In summary as of August 2013, the City has received $260 million of the $865 million multi-year LOI grants awarded by the FAA for OMP Phase 1 and OMP Phase 2A and 2B as described above.

Under the AIP, the City also receives annual entitlement grants for use at the Airport based on the number of enplaned passengers and cargo tonnage at the Airport and is eligible to receive discretionary grants.

5.5.3 CUSTOMER FACILITY CHARGE REVENUES

The City first implemented a Customer Facility Charge (CFC) to be remitted by the RACs in August 2010 of $8.00 per transaction to help fund the CRCF. The Airport has received approximately $91.7 million in CFCs in total, which represents a collection period of 34 months from August 2010 through May 2013. CFCs will be used to fund portions of the Joint Use Facility on a pay-as-you-go basis, pay debt service on the Series 2013 CFC Senior Lien Bonds and on the Subordinate CFC Backed TIFIA Loan, and to pay applicable Operation and Maintenance Expenses associated with the Joint Use Facility.

5.6 Debt Service

Table 5-5 and Table 5-6 present the Airport's annual debt service requirements for PFC Bonds and GARBs, respectively, both of which are further discussed in the following sections. For the purposes of future debt service projections, the City's underwriter utilized current market interest rates on the 2013 Senior Lien Bonds and a rate of 7.0 percent on all future bonds.

1 PFC REVENUE BOND DEBT SERVICE

As shown in Table 5-5, PFC Bond debt service is anticipated to be approximately $67.0 million in 2013 and remain steady between $65.3 million and $66.8 million annually from 2014 through 2017. PFC Bond debt service is then projected to decrease to approximately $50.4 million in 2018 and then remain level at $48.3 million through the projection period.

2 GENERAL AIRPORT REVENUE BOND DEBT SERVICE

The following sections discuss projected annual GARB debt service on all currently outstanding GARBs and any future GARBs.

Outstanding GARB Debt Service

Outstanding GARB debt service includes all debt service on all Senior Lien GARBs currently outstanding

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2013 Senior Lien Bond Debt Service

The City intends to issue the 2013 Senior Lien Bonds pursuant to the Senior Indenture. These bonds are secured by a pledge of Revenues. As shown in Table 5-6, debt service on the 2013 Senior Lien Bonds is anticipated to begin in 2014 in the amount of $8.3 million, increase to $30.6 million in 2016, and then remain relatively constant through the projection period. Currently, the Airport's Common Debt Service Reserve Fund Aggregate maximum annual debt service (MADS) occurs in 2018. The Common Debt Service Reserve Fund Aggregate MADS is approximately $11.9 million higher in 2018 as compared to next highest year. In order to mitigate this spike in the aggregate MADS, the new money portion of the 2013 Senior Lien Bonds are assumed to be issued with no principal in 2018.

The 2013 Senior Lien Bonds will also be used to refund certain outstanding Prior Airport Obligations. For purposes of this Report, it is assumed that the refunding portion of the 2013 Senior Lien Bonds will result in savings to debt service; however no such impacts are included in the debt service projections.

Future OMP Completion Phase GARB Debt Service

Future OMP Completion Phase GARBs anticipated to be issued in this analysis will be to fund the remaining portions of OMP Completion Phase airfield projects based on the OMP Completion Phase financing plan:

- Future OMP Phase 2B GARBs - Approximately $1.8 billion and $200 million of OMP Phase 2B airfield projects are estimated to be funded by future GARBs and PFC-Backed GARBs, respectively. The funding plan for OMP Phase 2B has not yet been negotiated with the airlines, so no Mil approval has been received for these GARBs at this time. As shown in Table 5-6, debt service on the Future OMP Phase 2B GARBs is anticipated to begin in 2016, as the Runway 10R-28L Scope Deferral Projects are completed, in the amount of approximately $4.4 million per year through 2018. In 2019, debt service on the Future OMP Phase 2B is projected to increase to approximately $95.1 million as OMP Completion Phase noise projects are completed. Debt service is then projected to increase to approximately $112.5 million in 2020 and then increase to approximately $227.7 million in 2021 as OMP Phase 2B is completed.

Future CIP GARB Debt Service

Future CIP GARBs anticipated to be issued in this analysis will be to fund CIP projects based on the CIP financing plan:

- Future CIP GARBs - For purposes of this Report, approximately $810 million of estimated CIP expenditures are assumed to be funded from future GARBs. As described in Chapter 1, this financial analysis assumes annual CIP GARB expenditures of $90 million in each year of the projection period.

Future GARB debt service consists of series issued in each year throughout the projection period. As shown, future GARB debt service is projected to be approximately $2.0 million in 2016 and increase steadily throughout the projection period as additional bonds are assumed to be issued to approximately $51.5 million in 2022.

All future debt service represents estimated Debt Service, net of capitalized interest, on the additional GARBs projected to be required to fund projects associated with OMP Completion Phase and future CIP projects, within the projection period. GARBs for CIP projects will only be issued as Mil approvals are received.

Net GARB Debt Service

Net GARB debt service reflects existing and future debt service, net of PFCs and federal funds used to pay debt service, and adjusted to reflect debt service coverage requirements, investment income, and program fees. As shown in Table 5-6, net GARB debt service is budgeted to be approximately $299.2 million in 2013 and projected to increase steadily to approximately $623.3 million in 2021 as additional bonds are projected to be issued throughout the projection period. Net GARB debt service is then projected to decrease to approximately $618.5 million in 2022.

Fund Deposit Requirements

One of the components of the Airport Fees and Charges paid by the Airline Parties and the International Terminal Airline Parties is annual required deposits into the O&M Reserve Fund, the Maintenance Reserve Fund, and the Special Capital Projects Fund. Table 5-7 presents the forecasted required annual deposits to these funds.

Net Signatory Airline Requirement

Table 5-8 indicates the ability of the Airport enterprise to generate sufficient revenues to pay O&M Expenses, Net Debt Service, and fund deposit requirements.

The projections of O&M Expenses, Non-Airline Revenues, and Non-Signatory Airline Revenues, including annual coverage requirements, are included in Table 5-8. The Net Signatory Airline Requirement constitutes the total amount that must be paid by the Airline Parties and the International Terminal Airline Parties under the Airport Use Agreements and the International Terminal Use Agreements, respectively, through Landing Fees, Terminal Area Rentals, Terminal Area Use Charges, and Fueling System Fees during the year.

The Net Signatory Airline Requirement is projected to increase from $449.5 million in 2013 to $873.4 million in 2022.

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5.9 Calculation of Airline Parties' Airport Fees and Charges

Under the Airport Use Agreements and the International Terminal Use Agreements, the Airfield Area, the Terminal Area, the International Terminal Area, and the Fueling System each generate fees, rentals, or charges payable by the airlines that are signatory to such agreements. The Airport Fees and Charges presented in this section for 2013 through 2018 reflect the rate-making methodology in the Airport Use Agreements and the International Terminal Use Agreements. As discussed in section 5.1.1, the projected financial impacts from any rate-setting methodology after the expiration of the Airport Use Agreements and International Terminal Use Agreements would likely be similar to that currently used to recover costs of the Airfield Area. As a result, the financial projections presented herein assume a continuation of the current residual rate-setting methodology through 2022.

Applicable Non-Airline Revenues (i.e., rentals, Concession Revenues, and reimbursements) are allocated to each CRC, as well as the following costs, to calculate applicable rates used to generate such fees, rentals, and charges:

O&M Expenses. Includes the O&M Expenses (direct and allocated indirect) attributable to the CRC.

• Net Debt Service. Includes the portion of Debt Service, net of capitalized interest, and Debt Service coverage attributable to the CRC. The debt service amounts included in the calculation of airline rates and charges also reflect certain adjustments required to be made to actual Debt Service under the Airport Use Agreements for the purpose of calculating of Airport Fees and Charges. Such adjustments include a charge for 10 percent Debt Service coverage, a credit for Debt Service coverage collected in the prior year, a credit for projected Investment Income on Debt Service Reserve Funds, an allowance for program fees and certain other adjustments related to variable rate debt, the inclusion of approximately $2 million of special facility bond debt service as required under the Airport Use Agreements, and a credit for PFCs applied to GARB debt service.

Fund Deposit Requirements. Includes the allocated portions of the amounts required to be deposited to the funds described earlier.

Table 5-9 presents such fees, rentals, and charges for the projection period. The following sections describe the specific rate calculation in greater detail

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1 AIRFIELD AREA

Generally, Landing Fees are calculated by first determining the Net Cost of the Airfield Area, which consists of portions of the following: sum of O&M Expenses, Net Debt Service, fund deposit requirements, and net deficit of the International Terminal Area less the sum of projected Non-Airline Revenues and net revenues of the International Terminal Area. The Net Cost of the Airfield Area is allocated among Signatory and Non-Signatory Airlines on the basis of the approved maximum landed weight of all aircraft. Each Signatory Airline and Non-Signatory Airline pays Landing Fees on the basis of the ratio of its total approved maximum landed weight to the total approved maximum landed weight of all Signatory Airlines and Non-Signatory Airlines. The landed weight of aircraft landed by certain classes on Non-Signatory Airlines may be increased by Non-Signatory Airline premium factors to be determined by the Commissioner of Aviation from time to time. As presented in Table 5-9, the Landing Fee Rate is projected to increase from a budgeted $6.07 per 1,000 pounds of landed weight in 2013 to $13.53 per 1,000 pounds of landed weight in 2021, then decrease to $13.48 per 1,000 pounds of landed weight in 2022.

Certain modifications to the rate-setting methodology described in the preceding paragraph have been in effect since November 2005. The purpose and effect of these modifications is to cause the Airline Fees and Charges relating to the use of the Airfield Area by the Airline Parties to be computed without regard to deficits or surpluses relating to the use of the Airfield Area by parties other than the Airline Parties.

2 TERMINAL AREA

The Airport Use Agreements establish a $5.00 per square foot Terminal Area Rental rate for space exclusively leased to the Airline Parties O&M Expenses, Debt Service, and fund deposit requirements allocated to the Terminal Area are added together and offset by Non-Airline Revenues and Non-Signatory Airline Revenues attributable to the Terminal Area. A portion of the Terminal Support Area net deficit or net revenue is then allocated to the Terminal Area to yield the Terminal Area net deficit. The Terminal Area net deficit is paid by the Airline Parties in the form of Terminal Area Use Charges, which are calculated on a per square foot of exclusive use space leased basis. The projected average Terminal Area Use Charge is presented in Table 5-9. This charge is estimated at $80.10 per square foot in 2013, and is projected to increase to $104.19 per square foot in 2022.

3 INTERNATIONAL TERMINAL AREA

The International Terminal Use Agreements create sub-cost centers (the Exclusive Use Cost Center, the Enplaned Common Use Cost Center, and the Deplaned Common Use Cost Center) within the International Terminal Area The International Terminal Airline Parties pay terminal rentals and common use charges based on their use of the International Terminal Area.

A portion of O&M Expenses, Debt Service on GARBs, and Non-Airline Revenues is allocated to the sub-cost centers, as appropriate, as well as a portion of the Terminal Support Area net deficit or net revenue, allocated to the International Terminal Area under the Airport Use Agreements. These sub-cost center expenses are generally allocated on the basis of the relative square footage of the respective sub-cost centers, yielding a net requirement for each sub-cost center.

The net requirement of the Exclusive Use Cost Center results in a base terminal rental rate according to leased square footage, the net requirement of the Enplaned Common Use Cost Center results in a base common use charge rate according to the number of International Terminal enplaned passengers, and the net requirement of the Deplaned Common Use Cost Center results in a base common use charge rate according to the number of International Terminal deplaned passengers.

As presented in Table 5-9, the base terminal rental rate is projected to increase from an estimated $77.30 per square foot in 2013 to $142.38 per square foot in 2018, and then decrease to $70.32 in 2022 as debt associated with the international terminal is retired.

As presented in Table 5-9, the base common use charge rate per enplaned passenger is projected to increase from an estimated $12.42 per enplaned passenger in 2013 to $18.40 in 2018, then decrease to $11.59 in 2022.

As presented in Table 5-9, the base common use charge rate per deplaned passenger is projected to increase from $8.18 in 2013 to $13.11 in 2018, then decrease to $8.65 in 2022.

5.9.4 FUELING SYSTEM

The net cost of the Fueling System consists of the portions of O&M Expenses and net Debt Service allocated to the Fueling System. Of this net cost, 10 percent is shared equally by all Airline Parties and International Terminal Airline Parties. The remaining 90 percent of the net cost is divided by the total gallons of fuel distributed from the Fueling System and charged to airlines based on the number of gallons used.

5.10 Airline Revenue

Table 5-10 presents the airline revenue resulting from the previously described fees, rentals, and charges. Consistent with the Airport Use Agreements and International Terminal Use Agreements, the Total Signatory Airline Revenue presented in Table 5-10 equals the Net Signatory Airline Requirement presented in Table 5-8.

5.10.1 AIRLINE COST PER ENPLANED PASSENGER

A general test of reasonableness for Airport user fees is the airline cost per enplaned passenger. The airline CPE is calculated by dividing the Total Airline Requirement by the number of enplaned passengers at the Airport. Table 5-11 presents the airline CPE for the projection period, 2013 through 2022. The airline CPE at the Airport is estimated to be $15.27 in 2013 and projected to increase to a maximum of $25.40 in 2021, which equates to approximately $20.05 as expressed in 2013 dollars, then decrease to $25.14 during the last year of the projection. In summary, the airline CPE throughout the projection period is considered to be

$25.14 during the last year of the projection. In summary, the airline CPE throughout the projection period is considered to be reasonable compared to those at other large-hub airports with similar capital programs as to that described in Chapter 2 of this Repoit.

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5.11 GARB Debt Service Coverage

Table 5-12 presents the Debt Service coverage ratio projected for GARBs from 2013 through 2022. As contained in the Senior Lien Indenture:

> "The City covenants... [that it will] fix and establish, and revise from time to time whenever necessary, the rentals, rates and other charges for the use and operation of O'Hare and for services rendered by the City in the operation of it in order that Revenues in each Fiscal Year, together with Other Available Moneys deposited with the Trustee with respect to that Fiscal year and any cash balance held in the Revenue Fund on the first day of that Fiscal Year not then required to be deposited in an Fund or Account, will be at least sufficient... to provide for... One and ten-hundredths times (l.lOx) Aggregate Senior Lien Debt Service for the Bond Year commencing during that Fiscal Year, reduced by any proceeds of Airport Obligations held by the Trustee for disbursement during that Bond Year to pay principal and interest on Senior Lien Obligations"

In addition to Airport Revenues, the City also pledged, through 2018, PFC Revenues as Other Available Moneys equal to the amount of annual debt service on the Series 2008A and Series 2010F GARBs, and without expiration on the Series 2011A GARBs, plus any required coverage on those bonds. Also, the City has pledged Grant Receipts from FAA Letter of Intent grants and other FAA discretionary grants to the debt service on the Series 2011B GARBs, in addition to Airport Revenues. As shown, the Debt Service coverage ratio is projected to meet the minimum requirement of l.lOx in each year of the projection period.

5.12 Assumptions for Financial Projections

The techniques and methodologies used in preparing this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used are reasonable, some assumptions regarding future trends and events detailed in this report including, but not limited to, implementation schedule and enplanement projections may not materialize. Achievement events detailed in this report including, but not limited to, implementation schedule and enplanement projections may not materialize. Achievement of the projections presented in this report, therefore, is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

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5.13 Sensitivity Scenarios

The following sections describe two sensitivity analyses that were conducted to assess the financial impacts of changes to activity levels projected in the previous sections of the financial analysis of this report. A wide range of scenarios could occur at the Airport that could result in decreased passenger enplanements and could stress the Airport's financial results. The scenarios analyzed are not anticipated to occur during the projection period and are presented for illustrative purposes only. It also is important to note that in the event of dramatic changes to the Airport's passenger demand, it is likely the City would take immediate steps to mitigate financial impacts by reducing its O&M Expenses, restructuring debt service, revisiting the airport's capital program, applying PFCs and other funding sources, as well as taking other initiatives.

Table 5-13 presents the key results of each sensitivity scenario (as described below), including the resulting estimated airline cost per enplanement and debt service coverage calculations. The assumptions for each scenario are further described below.

5.13.1 SENSITIVITY SCENARIO 1: LOSS OF A HUB AIRLINE

In an effort to demonstrate the impacts of the loss of a hub carrier at the Airport, a sensitivity case was developed to assess the impacts of one of the two hub carriers, American Airlines and its affiliates, ceasing operations at the end of 2013. R&A does not believe the scenario is likely to occur as there have been no indications that either United or American would cease operations at the Airport.

Air Traffic Assumptions:

American and its affiliates cease operations at the Airport on December 31, 2013.

- A 4-year recovery period back to baseline levels is assumed for O&D passengers previously served by American and its affiliates. The following retained percentages of American's O&D passengers from the base projection were assumed:

  70 percent by the end of 2014,

  - 80 percent by the end of 2015,
  - 90 percent by the end of 2016, and
  - 100 percent by the end of 2017.

  It is assumed that other airlines would adjust their schedules and air service at the Airport to accommodate O&D passenger demand in the Air Trade Area.

  American's current percentage of connecting passenger traffic is 60 percent of its total passengers. This scenario assumed that only 10 percent of American's connecting passengers connected through the Airport on other air carriers in 2014, gradually increasing each year through 2019, with full recovery of connecting passengers in 2020.

- As a result of these assumptions, total Airport enplaned passenger numbers recover to 2013 levels in 2020

- The projection for aircraft operations and landed weight was adjusted using the same methodology used to determine the relationships among enplaned passengers, aircraft operations, and landed weight in the base projection included in the R&A report.

Financial Assumptions:

- PFC revenue is assumed to decrease in direct proportion to the decrease in enplaned passengers.
- Certain Non-Airline Revenues that are driven by passenger enplanements are assumed to decrease as a result of the decrease in passenger enplanements. Automobile parking and automobile rental revenue is reduced in proportion to the number of O&D passengers. Other passenger non-airline revenues are reduced in proportion to the reduction in the total number of enplaned passengers.
- As a direct response to the loss of a hub carrier, it is assumed that the City would take targeted actions to reduce the Airport's O&M Expenses. As such, Terminal Area O&M Expenses for energy, materials and supplies, and repairs and maintenance are assumed to be reduced by eight percent from the Feasibility report's baseline projection in 2014, 2015, and 2016 and four percent in 2017, and 2018, and then return to the previously projected levels in 2019.
- Although the airport could revisit the capital programs, the scope and cost of OMP Phase 1, OMP Completion Phase, and Capital Improvement Program remains as presented previously in Chapter 1.

5.13.2 SENSITIVITY SCENARIO 2: 15 PERCENT ACTIVITY REDUCTION

In an effort to demonstrate the impacts of a permanent activity reduction at the Airport, a sensitivity case was performed assessing the impacts of a 15 percent annual reduction from the feasibility report activity projections in enplanements, operations, and landed weight. While this scenario could occur from any number of causes R&A does not have any indication this scenario is likely to occur.

Air Traffic Assumptions:

- Beginning in 2014, passenger enplanements, landed weight, and operational activity is assumed to be reduced by 15 percent each year from the feasibility report activity projection.

Connecting passenger traffic and O&D traffic relative percentages were assumed to remain constant. Financial Assumptions:

PFC revenue is assumed to decrease in direct proportion to the decrease in enplaned passengers.

Certain Non-Airline Revenues that are driven by passenger enplanements are assumed to decrease as a result of decrease passenger enplanements. Automobile parking and automobile rental revenue is reduced in proportion to the number of O&D passengers. Other passenger non-airline revenues are reduced in proportion to the reduction in the total number of enplaned passengers.

As a direct response to the loss of 15 percent of its enplaned passengers, it is assumed that the City would take targeted actions to reduce the Airport's O&M Expenses. As such, O&M Expenses for salaries and wages are assumed to be reduced by five percent from the Feasibility report's baseline projection from 2014 through the projection period.

Although the airport could revisit the capital programs, the scope and cost of OMP Phase 1, OMP Completion Phase, and Capital Improvement Program remains as presented previously in Chapter 1.

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Proposed Form of Opinions of Co-Bond Counsel
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[Date of Delivery]

City of Chicago City Hall Chicago, Illinois

We have acted as co-bond counsel in connection with the issuance of $336,350,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013 A (the "Bonds"), of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City""), and have examined a record of proceedings relating to the issuance of the Bonds. The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 13, 2013, authorizing the Bonds (the "Bond Ordinance"). Terms used herein that are defined in the Indenture and the Forty-Fourth Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the primary purpose of providing funds to (i) refund certain of the City's outstanding Chicago O'Hare International Airport General Airport Third Lien Revenue Refunding Bonds, Series 2003A-2 (the "Series 2003A-2 Bonds"), and Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2003B-2 (the "Series 2003B-2 Bonds;" the Series 2003A-2 Bonds and the Series 2003B-2 Bonds collectively, the "Refunded Bonds"), which were issued by the City to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport") or to refund certain airport revenue bonds of the City (the "Original Bonds") issued to finance the cost of certain capital projects at the Airport, (ii) fund a deposit to the Common Debt Service Reserve Sub-Fund established by the Indenture, and (iii) pay costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds are being issued pursuant to (i) a Master Indenture of Trust Securing Chicago O'Hare International Airport Senior Lien Obligations dated as of September 1, 2012 (the "Indenture") between the City and U. S. Bank National Association, as trustee (the 'Trustee"), amending and restating that certain Master Indenture of Trust Securing Chicago O'Hare International Airport Third Lien Obligations dated as of March 1, 2002, and (ii) a Forty-Fourth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013A, dated as of October 1, 2013 (the "Forty-Fourth Supplemental Indenture"). The Bonds are payable solely from and secured by pledges of Revenues as, and to the extent, provided in the Indenture and the Forty-Fourth Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. The Bonds are dated October 17, 2013 and bear interest from their date payable on January 1, 2014, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such years in the following table:

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Year	Principal Amount	Interest Rate
2014	$5,705,000	2.000%
2015	1,965,000	3.000%
2016	19,995,000	5.000%
2017	20,990,000	5.000%
2018	22,040,000	5.000%
2019	37,140,000	4.000%
2020	38,630,000	5.000%
2021	40,560,000	5.000%

2021	[illegible]	5.000%
2022	32,845,000	5.000%
2023	34,005,000	5.000%
2024	28,165,000	5.000%
2025	22,425,000	5.000%
2026	31,885,000	5.000%

The Bonds are subject to optional redemption prior to maturity as set forth in the Forty-Fourth Supplemental Indenture.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, certified copies of the Bond Ordinance and the Indenture and such laws as we deemed pertinent to this opinion; (b) an executed counterpart of the Forty-Fourth Supplemental Indenture; and (c) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Forty-Fourth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Forty-Fourth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Forty-Fourth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Forty-Fourth Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2013A Dedicated Sub-Fund maintained by the Trustee under the Forty-Fourth Supplemental Indenture, the Common Debt Service Reserve Account on a parity with other Common Reserve Bonds, and certain other amounts as provided in the Indenture and the Forty-Fourth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of or interest on the Bonds.

5. The Indenture and the Forty-Fourth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Forty-Fourth Supplemental Indenture.

6. Under present law, interest on the Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes; however, interest on the Bonds is an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income under the Internal Revenue Code of 1986, as amended (the "Code"). The Code contains a

alternative minimum taxable income under the Internal Revenue Code of 1986, as amended (the "Code"). The Code contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with all such Code requirements. Failure to comply with certain of such requirements could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. In rendering this opinion, we have relied upon certifications and representations, and the accuracy thereof, of the City with respect to certain facts in the City's knowledge. We have further relied upon the mathematical computations of Robert Thomas CPA, LLOC, of Shawnee Mission, Kansas, of the sufficiency of amounts to be applied to the payment and redemption of the Refunded Bonds. We express no opinion as to the exclusion from gross income for Federal income tax purposes of interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Original Bonds, the Refunded Bonds and the Bonds or a "related person" (as defined in Section 147(a) of the Code). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Interest on the Bonds is not exempt from present Illinois income taxes. We express no opinion regarding other Illinois tax consequences arising with respect to the Bonds.

The rights of the registered owners of the Bonds and the enforceability of the Bonds, the Indenture and the Forty-Fourth Supplemental Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of the Bonds, the Indenture and the Forty-Fourth Supplemental Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

We express no opinion with respect to the Bonds or other matters related to the Bonds other than those specifically rendered herein. Our opinion represents our professional judgment regarding the legal issues expressly addressed herein and is not a guaranty of result. This opinion is given as of the date hereof and we assume no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in law that may hereafter occur or become effective.

Respectfully submitted,

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[Date of Delivery]

City of Chicago City Hall Chicago, Illinois

We have acted as co-bond counsel in connection with the issuance of $165,435,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B (the "Bonds"), of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"), and have examined a record of proceedings relating to the issuance of the Bonds. The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 13, 2013, authorizing the Bonds (the "Bond Ordinance"). Terms used herein that are defined in the Indenture and the Forty-Fifth Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the primary purpose of providing funds to (i) refund certain of the City's outstanding Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2003B-2 (the "Series 2003B-2 Bonds"). Chicago O'Hare International Airport General Airport Third Lien Revenue Refunding Bonds, Series 2003C-2 (the "Series 2003C-2 Bonds"), Chicago O'Hare International Airport General Airport Third Lien Revenue Bonds, Series 2003D (the "Series 2003D Bonds"), Chicago O'Hare International Airport General Airport Third Lien Revenue Refunding Bonds, Series 2003E (the "Series 2003E Bonds"), and Chicago O'Hare International Airport General Airport Third Lien Revenue Refunding Bonds, Series 2003F (the "Series 2003F Bonds;" the Series 2003B-2 Bonds, the Series 2003C-2 Bonds, the Series 2003D Bonds, the Series 2003E Bonds and the Series 2003F Bonds collectively, the "Refunded Bonds"), which were issued by the City to finance the cost of certain capital projects at Chicago O'Hare International Airport (the "Airport") or to refund certain airport revenue bonds of the City issued to finance the cost of certain capital projects at the Airport, (ii) fund a deposit to the Common Debt Service Reserve Sub-Fund established by the Indenture, and (iii) pay costs and expenses incidental thereto and to the issuance of the Bonds.

established by the Indenture, and (iii) pay costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds are being issued pursuant to (i) a Master Indenture of Trust Securing Chicago O'Hare International Airport Senior Lien Obligations dated as of September 1, 2012 (the "Indenture") between the City and U. S. Bank National Association, as trustee (the "Trustee"), amending and restating that certain Master Indenture of Trust Securing Chicago O'Hare International Airport Third Lien Obligations dated as of March 1, 2002, and (ii) a Forty-Fifth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Refunding Bonds, Series 2013B, dated as of October 1, 2013 (the "Forty-Fifth Supplemental Indenture"). The Bonds are payable solely from and secured by pledges of Revenues as, and to the extent, provided in the Indenture and the Forty-Fifth Supplemental Indenture.

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The Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. The Bonds are dated October 17, 2013 and bear interest from their date payable on January 1, 2014, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such years in the following table:

Year	Principal Amount	Interest Rate
2014	$2,650,000	2.000%
2015	7,905,000	4.000%
2016	450,000	4.000%
2017	465,000	4.000%
2018	485,000	4.000%
2019	5,680,000	5.000%
2020	5,960,000	5.000%
2021	6,265,000	5.000%
2022	16,305,000	. 5.000%
2023	17,620,000	5.000%
2024	18,490,000	5.000%
2025	19,430,000	5.000%
2026	12,695,000	5.000%
2027	11,275,000	5.000%
2028	14,430,000	5.250%
2029	25,330,000	5.250%

The Bonds are subject to optional redemption prior to maturity as set forth in the Korty-Fifth Supplemental Indenture.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, certified copies of the Bond Ordinance and the Indenture and such laws as we deemed pertinent to this opinion; (b) an executed counterpart of the Forty-Fifth Supplemental Indenture; and (c) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and

government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Forty-Fifth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Forty-Fifth Supplemental Indenture in those respects.

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2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Forty-Fifth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Forty-Fifth Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2013B Dedicated Sub-Fund maintained by the Trustee under the Forty-Fifth Supplemental Indenture, the Common Debt Service Reserve Account on a parity with other Common Reserve Bonds, and certain other amounts as provided in the Indenture and the Forty-Fifth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of or interest on the Bonds.

5. The Indenture and the Forty-Fifth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Forty-Fifth Supplemental Indenture.

6. Under present law, interest on the Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes. Interest on the Bonds will not be treated as an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income under the Internal Revenue Code of 1986, as amended (the •"Code"), but will be taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The Code contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with all such Code requirements. Failure to comply with certain of such requirements could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. In rendering this opinion, we have relied upon certifications and representations, and the accuracy thereof, of the City with respect to certain facts in the City's knowledge. We have further relied upon the mathematical computations of Robert Thomas CPA. LLC, of Shawnee Mission, Kansas, of the sufficiency of amounts to be applied to the payment and redemption of the Refunded Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Interest on the Bonds is not exempt from present Illinois income taxes. We express no opinion regarding other Illinois tax consequences arising with respect to the Bonds.

The rights of the registered owners of the Bonds and the enforceability of the Bonds, the Indenture and the Forty-Fifth Supplemental Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of the Bonds creditors' rights. Enforcement of the Bonds,

the Indenture and the Forty-Fifth Supplemental Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

We express no opinion with respect to the Bonds or other matters related to the Bonds other than those specifically rendered herein. Our opinion represents our professional judgment regarding the legal issues expressly addressed herein and is not a guaranty of result. This opinion is given as of the date hereof and we assume no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in law that may hereafter occur or become effective.

Respectfully submitted,

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[Date of Delivery]

City of Chicago City Hall Chicago, Illinois

We have acted as co-bond counsel in connection with the issuance of $98,375,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C (the "Bonds"), of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"), examined a record of proceedings relating to the issuance of the Bonds. The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 13, 2013, authorizing the Bonds (the "Bond Ordinance"). Terms used herein that are defined in the Indenture and the Forty-Sixth Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the primary purpose of providing funds to (i) pay the costs of certain projects at Chicago O'Hare International Airport (the "Airport"), (ii) repay certain of the outstanding Commercial Paper Notes (the "Notes") of the City issued to finance the cost of certain capital projects at the Airport, (iii) fund capitalized interest on the Bonds, and (iv) pay costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds are being issued pursuant to (i) a Master Indenture of Trust Securing Chicago O'Hare International Airport Senior Lien Obligations dated as of September 1, 2012 (the "Indenture") between the City and U. S. Bank National Association, as trustee (the "Trustee"), amending and restating that certain Master Indenture of Trust Securing Chicago O'Hare International Airport Third Lien Obligations dated as of March 1, 2002, and (ii) a Forty-Sixth Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013C, dated as of October 1, 2013 (the "Forty-Sixth Supplemental Indenture"). The Bonds are payable solely from and secured by pledges of Revenues as. and to the extent, provided in the Indenture and the Forty-Sixth Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of S5,000 or any integral multiple thereof. The Bonds are dated October 17, 2013 and bear interest from their date payable on July 1, 2014, and semi-annually thereafter on each January 1 and July 1 until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such years in the following table:

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Year	Principal Amount	Interest Rate
2017	$1,760,000	5.000%
2019	1,845,000	5.000%
2020	1,940,000	5.000%
2021	2,035,000	5.000%
2022	2,135,000	5.000%
2023	2,245,000	5.000%
2024	2,355,000	5.000%
2025	2,475,000	5.000%
2026	2,595,000	5.000%
2027	2,725,000	5.250%
2028	2,870,000	5.250%
2029	3,020,000	5.250%
2030	3,180,000	5.000%
2031	3,340,000	5.000%
2034	11,105,000	5.500%
2039	22,910,000	5.375%
2044	29,840,000	5.500%

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth in the Forty-Sixth Supplemental Indenture.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, certified copies of the Bond Ordinance and the Indenture and such laws as we deemed pertinent to this opinion; (b) an executed counterpart of the Forty-Sixth Supplemental Indenture; and (c) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the Forty-Sixth Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Forty-Sixth Supplemental Indenture in those respects.

2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Forty-Sixth Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Forty-Sixth Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2013C Dedicated Sub-Fund maintained by the Trustee under the Forty-Sixth Supplemental Indenture, the Common Debt Service Reserve Account on a parity with other Common Reserve Bonds, and certain other amounts as provided in the Indenture and the Forty-Sixth Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of or interest on the Bonds.

5. The Indenture and the Forty-Sixth Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Forty-Sixth Supplemental Indenture.

6. Under present law, interest on the Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes; however, interest on the Bonds is an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income under the Internal Revenue Code of 1986, as amended (the "Code""). The Code contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with all such Code requirements. Failure to comply with certain of such requirements

subject to the condition that the City comply with all such Code requirements. Failure to comply with certain of such requirements could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. In rendering this opinion, we have relied upon certifications and representations, and the accuracy thereof, of the City with respect to certain facts in the City's knowledge. We have further relied upon the mathematical computations of Robert Thomas CPA, LLC, Shawnee Mission, Kansas, of the sufficiency of amounts to be applied to the payment of the Notes. We express no opinion as to the exclusion from gross income for Federal income tax purposes of interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the proceeds of the Notes and the Bonds or a "related person" (as defined in Section 147(a) of the Code). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Interest on the Bonds is not exempt from present Illinois income taxes. We express no opinion regarding other Illinois tax consequences arising with respect to the Bonds.

The rights of the registered owners of the Bonds and the enforceability of the Bonds, the Indenture and the Forty-Sixth Supplemental Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of the Bonds, the Indenture and the Forty-Sixth Supplemental Indenture by an equitable or similar remedy is subject to

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general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

We express no opinion with respect to the Bonds or other matters related to the Bonds other than those specifically rendered herein. Our opinion represents our professional judgment regarding the legal issues expressly addressed herein and is not a guaranty of result. This opinion is given as of the date hereof and we assume no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in law that may hereafter occur or become effective.

Respectfully submitted,

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[Date of Delivery]

City of Chicago City Hall Chicago, Illinois

We have acted as co-bond counsel in connection with the issuance of $297,745,000 aggregate principal amount of Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D (the "Bonds"), of the City of Chicago, a municipal corporation and a home rule unit of local government of the State of Illinois (the "City"), and have examined a record of proceedings relating to the issuance of the Bonds. The Bonds are limited obligations of the City issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970 and by virtue of an ordinance adopted by the City Council of the City on March 13, 2013, authorizing the Bonds (the "Bond Ordinance"). Terms used herein that are defined in the Indenture and the Forty-Seventh Supplemental Indenture (each as hereinafter defined) shall have the meanings set forth therein unless otherwise defined herein.

The Bonds are authorized by the City for the primaiy purpose of providing funds to (i) pay the costs of certain projects at Chicago O'Hare International Airport (the "Airport"), (ii) repay certain of the outstanding Commercial Paper Notes (the "Notes") of the City issued to finance the cost of certain capital projects at the Airport, (iii) fund a deposit to the Common Debt Service Reserve Sub-Fund established by the Indenture, (iv) fund capitalized interest on the Bonds, and (v) pay costs and expenses incidental thereto and to the issuance of the Bonds.

The Bonds are being issued pursuant to (i) a Master Indenture of Trust Securing Chicago O'Hare International Airport Senior Lien Obligations dated as of September 1, 2012 (the "Indenture") between the City and U. S. Bank National Association, as trustee (the "Trustee"), amending and restating that certain Master Indenture of Trust Securing Chicago O'Hare International Airport Third Lien Obligations dated as of March 1, 2002, and (ii) a Forty-Seventh Supplemental Indenture Securing Chicago O'Hare International Airport General Airport Senior Lien Revenue Bonds, Series 2013D, dated as of October 1, 2013 (the "Forty-Seventh Supplemental Indenture"). The Bonds are payable solely from and secured by pledges of Revenues as, and to the extent, provided in the Indenture and the Forty-Seventh Supplemental Indenture.

The Bonds are issuable only as fully registered bonds without coupons in the denomination of S5,000 or any integral multiple thereof. The Bonds are dated October 17, 2013 and bear interest from their date payable on July 1. 2014. and semi-annually thereafter on each January 1 and July I until paid. The Bonds mature on January 1 in each of the following years in the respective principal amounts set opposite such years, and the Bonds maturing in each such year bear interest at the respective rates of interest per annum set opposite such years in the following table:

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Year	Principal Amount	Interest Rate
2017	$3,465,0005.000%	
2017	2,000,0003.000%	
2019	5,700,0005.000%	
2020	4,770,0005.000%	
2020	1,215,0003.000%	
2021	6,260,0005.000%	
2022	6,570,0005.000%	
2023	6,590,0005.000%	
2023	310,0003.375%	
2024	6,740,0005.000%	
2024	500,0003.625%	
2025	7,595,0005.000%	
2026	7,975,0005.000%	
2027	8,375,0005.000%	
2028	8,790,0005.250%	
2029	9,255,0005.250%	
2030	5,290,0005.250%	
2030	4,450,0004.500%	
2031	10,215,0005.250%	
2032	10,755,0005.250%	
2033	11,320,0005.250%	
2034	11,910,0005.250%	
2034	203969,280,0005.000%	
2034	204488,415,0005.000%	

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth in the Forty-Seventh Supplemental Indenture.

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State of Illinois, certified copies of the Bond Ordinance and the Indenture and such laws as we deemed pertinent to this opinion; (b) an executed counterpart of the Forty-Seventh Supplemental Indenture; and (c) such other documents and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The City is a municipal corporation duly existing under the laws of the State of Illinois and is a home rule unit of local government within the meaning of Section 6(a) of Article VII of the 1970 Illinois Constitution. The City has all requisite power and authority under the Constitution and the laws of the State of Illinois and the Bond Ordinance (i) to enter into the Indenture and the

Forty-Seventh Supplemental Indenture with the Trustee and to issue the Bonds thereunder, and (ii) to improve, maintain and operate the Airport and to charge and collect rents, fees and other charges for the use and services of the Airport and to perform all of its obligations under the Indenture and the Forty-Seventh Supplemental Indenture in those respects.

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2. The Bond Ordinance is in full force and effect and is valid and binding upon the City in accordance with its terms. The Indenture and the Forty-Seventh Supplemental Indenture have been duly authorized, executed and delivered by the City, constitute valid and binding obligations of the City and are legally enforceable in accordance with their terms.

3. The Bonds have been duly authorized and issued, are the legal, valid and binding limited obligations of the City, are entitled to the benefits and security of the Indenture and the Forty-Seventh Supplemental Indenture, and are enforceable in accordance with their terms.

4. The Bonds are payable solely from the Revenues deposited in the 2013D Dedicated Sub-Fund maintained by the Trustee under the Forty-Seventh Supplemental Indenture, the Common Debt Service Reserve Account on a parity with other Common Reserve Bonds, and certain other amounts as provided in the Indenture and the Forty-Seventh Supplemental Indenture. The Bonds and the interest thereon are limited obligations of the City and do not constitute an indebtedness of the City within the meaning of any state constitutional or statutory limitation or give rise to a charge against its general credit or taxing powers. Neither the faith and credit nor the taxing power of the State of Illinois, the City or any political subdivision of the State of Illinois is pledged to the payment of the principal of or interest on the Bonds.

5. The Indenture and the Forty-Seventh Supplemental Indenture create the valid and binding assignments and pledges which they purport to create of the amounts assigned and pledged to the Trustee under the Indenture and the Forty-Seventh Supplemental Indenture.

6. Under present law, interest on the Bonds is excludable from the gross income of the owners thereof for Federal income tax purposes. Interest on the Bonds will not be treated as an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income under the Internal Revenue Code of 1986, as amended (the "Code"), but will be taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The Code contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with all such Code requirements. Failure to comply with certain of such requirements could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. In rendering this opinion, we have relied upon certifications and representations, and the accuracy thereof, of the City with respect to certain facts in the City's knowledge. We have further relied upon the mathematical computations of Robert Thomas CPA, LLC, Shawnee Mission, Kansas, of the sufficiency of amounts to be applied to the payment of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Interest on the Bonds is not exempt from present Illinois income taxes. We express no opinion regarding other Illinois tax consequences arising with respect to the Bonds.

The rights of the registered owners of the Bonds and the enforceability of the Bonds, the Indenture and the Forty-Seventh Supplemental Indenture may be subject to bankruptcy, insolvency.

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reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of the Bonds, the Indenture and the Forty-Seventh Supplemental Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

We express no opinion with respect to the Bonds or other matters related to the Bonds other than those specifically rendered herein. Our opinion represents our professional judgment regarding the legal issues expressly addressed herein and is not a guaranty of result. This opinion is given as of the date hereof and we assume no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in law that may hereafter occur or become effective.

Respectfully submitted,

appendix g Description of Book-Entry Only System

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BOOK-ENTRY ONLY SYSTEM

General. The following information has been furnished by DTC for use in this Official Statement and neither the City nor any Underwriter takes any responsibility for its accuracy or completeness. The DTC Omnibus Proxy record date, as such term is used under this subcaption, is not, and has no relation to, the "Record Date" as defined in Appendix A - "Glossary of Terms" and used in this Official Statement.

DTC will act as securities depository for the 2013 Senior Lien Bonds. The 2013 Senior Lien 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 2013 Senior Lien Bond certificate will be issued for each maturity of each Series of the 2013 Senior Lien Bonds, 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. 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 its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com <http://www.dtcc.com>.

Purchases of 2013 Senior Lien Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Senior Lien Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Senior Lien 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 2013 Senior Lien 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 2013 Senior Lien Bonds, except in the event that use of the book entry system for the 2013 Senior Lien Bonds is discontinued.

To facilitate subsequent transfers, all 2013 Senior Lien 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 2013 Senior Lien Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013 Senior Lien Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts

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such 2013 Senior Lien 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 the 2013 Senior Lien Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Senior Lien Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Senior Lien Bond documents. For example, Beneficial Owners of the 2013 Senior Lien Bonds may wish to ascertain that the nominee holding the 2013 Senior Lien 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If fewer than all of the 2013 Senior Lien 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 the 2013 Senior Lien Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2013 Senior Lien 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 City 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 2013 Senior Lien Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the 2013 Senior Lien 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 City or the 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 Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the 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 securities depository with respect to the 2013 Senior Lien Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the 2013 Senior Lien Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the 2013 Senior Lien Bonds will be printed and delivered to DTC.

For every transfer and exchange of the 2013 Senior Lien Bonds, the Trustee and D TC and the Participants may charge the beneficial owner a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

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The City and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 2013 Senior Lien Bonds, (ii) the delivery to any Participant or any other person, other than an owner, of any notice with respect to the 2013 Senior Lien Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than an owner, of any amount with respect to principal of or interest on the 2013 Senior Lien Bonds.

Effect on 2013 Senior Lien Bonds of Discontinuance of Book-Entry System. The following two paragraphs apply to the 2013 Senior Lien Bonds only when they are not in the book-entry system:

The 2013 Senior Lien Bonds will be issuable as fully registered bonds in denominations that are integral multiples of $5,000. Exchanges and transfers will be made without charge to the Registered Owners, except that in each case the Trustee may require the payment by the Registered Owner requesting exchange or transfer of any tax or governmental charge required to be paid with respect thereto.

Principal of and interest on the 2013 Senior Lien Bonds will be payable upon presentation and surrender when due at the principal corporate trust office of the Trustee. Interest on the 2013 Senior Lien Bonds will be payable by check mailed to the persons in whose names they are registered at the close of business on the Record Date next preceding each Interest Payment Date. The Record Date for the 2013 Senior Lien Bonds will be the June 15 and December 15 prior to each July 1 and January 1, respectively. At the request of any Registered Owner of not less than SI,000,000 principal amount of the 2013 Senior Lien Bonds of a Series, all payments to such Registered Owner with respect to such Series of 2013 Senior Lien Bonds shall be made by wire transfer to any address in the continental United States on the applicable Payment Date, if such Registered Owner provides the Trustee with written notice of such wire transfer address prior to the applicable Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice).

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Appendix H Retirement Funds

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APPENDIX H

RETIREMENT FUNDS

General

Pursuant to the Illinois Pension Code, as revised from time to time (the "Pension Code"), the City contributes to four retirement funds, which provide benefits upon retirement, death or disability to employees and beneficiaries. Such retirement funds are, in order from largest to smallest membership: (i) the Municipal Employees' Annuity and Benefit Fund of Chicago ("MEABF"); (ii) the Policemen's Annuity and Benefit Fund of Chicago ("PABF"); (iii) the Firemen's Annuity and Benefit Fund of Chicago ("FABF"); and (iv) the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("LABF" and, together with MEABF, PABF and FABF, the "Retirement Funds").

The Retirement Funds are established, administered and financed under the Pension Code, as separate bodies politic and corporate and for the benefit of the employees of the City and their beneficiaries. The City's contributions to the Retirement Funds, and benefits for annuitants of the Retirement Funds, are governed by the provisions of the Pension Code. See "- Determination of City's Contributions" below. This Appendix describes, among other things, the current provisions of the Pension Code applicable to the City's funding of the Retirement Funds; no assurance can be made that the Pension Code will not be amended in the future.

The Retirement Funds have been actuarially determined to be significantly underfunded. The unfunded liabilities have increased in recent years, and actuaries for MEABF and LABF indicate that, under current law, the unfunded liabilities of those Retirement Funds will continue to increase for the foreseeable future and jeopardize the solvency of MEABF and LABF. See "- Funded Status of the Retirement Funds" and "- Projection of Funded Status" below. Furthermore, although the actuaries for PABF and FABF project that the unfunded liabilities of those Retirement Funds will decrease in the future, such a decrease is expected to result from significantly increased City contributions to those Retirement Funds as a result of the enactment of P.A. 96-1495, which is described and defined herein. The increases in the City's contributions to PABF and FABF mandated by P.A. 96-1495 are expected to substantially burden the City's financial condition.

In recent years, the Illinois General Assembly has enacted legislation to address the pension benefits of members who joined the Retirement Funds on or after January 1, 2011. See "- Legislative Changes" below. While this legislation is expected to reduce the Retirement Funds' unfunded liabilities over time, it is not expected to materially reduce such liabilities in the near future.

With respect to the unfunded liabilities associated with members who joined the Retirement Funds before January 1, 2011, the only significant action taken to date by the Illinois General Assembly has been the enactment of P.A. 96-1495 which, among other things, significantly increased future contributions to be made by the City to PABF and FABF. See "- Determination of City's Contributions - City's Required Contributions to PABF and FABF Beginning with the Levy made in 2015" below. P.A. 96-1495 has been projected to require an increase in the City's contributions to PABF and FABF by more than $579,000,000, or 200%, starting in 2016 and increasing by approximately three percent each year thereafter. See "TABLE 17 - PROJECTION OF REQUIRED CITY CONTRIBUTIONS" below. Given the substantial burden these increased contributions would place on the City's financial condition, the City is exploring options which would reduce the near-term burden of such increased contributions. In particular, the City has sought legislative relief that would reduce required payments to PABF and FABF over the initial years of increased funding and would extend the amount of time for the City to

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fund such obligations. Such proposed relief was contained in Illinois House Bill 3088 ("HB 3088"), which is further described in "- Determination of City's Contributions- City's Required Contributions to PABF and FABF Beginning with the Levy made in 2015" below.

As discussed under "- Pension Reform" below, the City believes that reductions in the benefits provided by each of the Retirement Funds are necessary, in combination with any increases in employer and employee contributions, to adequately address the unfunded liabilities of the Retirement Funds. Any reduction in benefits would require action by the Illinois General Assembly to modify the Pension Code. No assurance can be given that any proposal to modify benefits will be enacted. Furthermore, given the Illinois Pension Clause (defined below) of the Illinois Constitution, no assurance can be given that legislation to modify benefits, if enacted, will be upheld upon a legal challenge. See "- Background Information Regarding the Retirement Funds - General" below.

The Retirement Funds' sources of funding are the City's contributions, the employees' contributions and investment income on the Retirement Funds' assets. The City's contributions and the employees' contributions are established by the Pension Code. There is no mechanism in the Pension Code by which the funding can self-adjust, because contributions are not affected by a change in benefits, assets or investments, but only by a change in current payroll, as described in "- Determination of City's Contributions" below. The manner in which the City contributes to FABF and PABF is due to change significantly starting with the levy made by the City in 2015 (and collectible in 2016) in accordance with P.A. 96-1495 as described above and as further described below in "- Determination of City's Contributions" and "- Legislative Changes - P.A. 96-1495," unless legislation is adopted modifying the impact of P.A. 96-1495. See "- Determination of City's Contributions - City's Required Contributions to PABF and FABF Beginning with the Levy made in 2015" below.

The financial health of the Retirement Funds and the projected impact of the Retirement Funds' underfunding on future contributions to be made by the City has impacted the rating agencies' determination of the City's creditworthiness. On April 17, 2013, Moody's Investors Service ("'Moody's") issued a release (the "Release") announcing a new approach to analyzing state and local government pensions. The method of evaluating public pension plans established in the Release is intended to be a method of standardizing information among public pension plans and does not impact the City's required contributions, the value of the Retirement Funds' assets or the liabilities owed by the Retirement Funds. The City does not endorse the method of analysis adopted by Moody's in the Release.

Moody's new pension analysis will include, among other things, adjusting pension plan Actuarial Accrued Liabilities by using certain common assumptions, such as the discount rate and amortization period. Certain other actuarial assumptions, such as mortality and salary growth rates, were not standardized across governmental plans. To accomplish their review, Moody's has stated that it will use a discount rate based on Citibank's Pension Liability Index discount rate as of a pension plan's valuation date. Such a discount rate will be lower than the discount rate currently used by the Retirement Funds and is closer to the discount rate for a typical pension plan in the private sector. The City estimates that Moody's new method of analysis would result in the following Funded Ratios, as hereinafter defined, of the Retirement Funds (based on data as of December 31, 2012): 25.2% for MEABF, 38.4% for LABF, 20.3% for PABF, and 15.8% for FABF. See Tables 5 through 8 below for information on the Retirement Funds' historical Funded Ratios. For information regarding the Retirement Funds' discount rate, see "- Actuarial Assumptions -Assumed Investment Rate of Return" below. The Release can be obtained from Moody's; provided, however, that the Release is not incorporated herein by such reference.

On July 17, 2013, Moody's downgraded the ratings of the City's General Obligation Bonds and Sales Tax Revenue Bonds from "Aa3" to "A3," the City's Water and Sewer Senior Lien Revenue Bonds from "Aa2" to "Al," and the City's Water and Sewer Second Lien Revenue Bonds from "Aa3" to "A2," each with a negative outlook. Moody's indicated in the ratings action report associated with these downgrades (the "Rating Report") that the downgrades "reflect Chicago's very large and growing pension liabilities and accelerating budget pressures associated with those liabilities." Neither the Release nor the Rating Report make a statement regarding a change in Moody's analysis of the 2013 Senior Lien Bonds. The City makes no prediction as to whether the Moody's rating action described above will be extended to the 2013 Senior Lien Bonds, will result in additional downgrades, or the impact that the financial condition of the Retirement Funds will have on Moody's or any other rating agency's judgment of the City's creditworthiness or on the City's future financing costs. The Rating Report can be obtained from Moody's, provided, however, that the report is not incorporated herein by such reference.

On September 13, 2013, Standard & Poor's Ratings Group ("S&P") affirmed the City's "A+" general obligation bond rating, but changed its outlook on the City's general obligation debt from "stable" to "negative." In changing the City's general obligation bond outlook, S&P cited the City's pension liabilities. Furthermore, S&P indicated that the increased contributions required by current state law could cause ratings downgrades for the City if the City substantially reduces its reserves to make these increased payments.

In addition, other rating agencies may have established, or may establish in the future, methods for evaluating the financial health of the Retirement Funds that are different from the information provided in this Appendix.

Source Information

The information contained in this Appendix relies in part on information produced by the Retirement Funds, their independent accountants and their independent actuaries (the "Source Information"). Neither the City nor the City's independent auditors have independently verified the Source Information and make no representations nor express any opinion as to the accuracy of the Source Information.

Furthermore, where the tables in this Appendix present aggregate information regarding the Retirement Funds, such combined information results solely from the arithmetic calculation of numbers presented in the Source Information and may not conform to the requirements for the presentation of such information by the Governmental Accounting Standards Board ("GASB") or the Pension Code.

The comprehensive annual financial reports of the Retirement Funds for the fiscal years ending December 31, 2002 through December 31, 2011 (each, a "CAFR" and together, the "CAFRs"), and the actuarial valuations of the Retirement Funds as of December 31 of the years 2002 through 2012 (each, an "Actuarial Valuation" and together, the "Actuarial Valuations"), may be obtained by contacting the Retirement Funds. Certain of these reports are also available on the Retirement Funds' websites (www.meabf.org <http://www.meabf.org>; www.chipabf.org <http://www.chipabf.org>; www.labfchicago.org <http://www.labfchicago.org>; and www.fabf.org <http://www.fabf.org>); provided, however, that the contents of these reports and of the Retirement Funds' websites are not incorporated herein by such reference.

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Background Information Regarding the Retirement Funds

General

Each of the Retirement Funds is a single-employer, defined-benefit public employee retirement system. "Single-employer" refers to the fact that there is a single plan sponsor, in this case, the City. "Defined-benefit" refers to the fact that the Retirement Funds pay a periodic benefit to retired employees and survivors in a fixed amount determined at the time of retirement. The amount of the periodic benefit is generally determined on the basis of service credits and salary. Eligible employees receive the defined benefit on a periodic basis for life, along with certain benefits to spouses and children that survive the death of the employee.

To fund the benefits to be paid by a defined-benefit pension plan, both employees and employers make contributions to the plan. Generally in a defined-benefit pension plan, employees contribute a fixed percentage of their annual salary and employers contribute the additional amounts required (which amounts may be determined pursuant to statute, as in the case of the City), when combined with the investment earnings on plan assets, to pay the benefits under the pension plan. See "Table 1 -Membership," "- Determination of Employee Contributions" and "- Determination of City's Contributions" below.

The benefits available under the Retirement Funds accrue throughout the time a member is employed by the City. Although the benefits accrue during employment, certain age and service requirements must be achieved by an employee to generate a retirement or survivor's periodic defined benefit payment upon retirement or termination from the City. The Retirement Funds also provide certain disability benefits and retiree healthcare benefits to eligible members.

Section 5 of Article XIII of the Illinois Constitution (the "Illinois Pension Clause") provides as follows:

> "Membership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired."

For a discussion of the Illinois Pension Clause in the context of possible pension reform related to the Retirement Funds, see "- Pension Reform" below.

For purposes of this Appendix, references to "employee" or "member" are references to the employees of the City, the employees of the Retirement Funds participating in the Retirement Funds, and with regard to MEABF, certain employees and annuitants of the Chicago Public Schools who are members of MEABF as described below.

The Retirement Funds

Municipal Employees' Annuity and Benefit Fund of Chicago. MEABF is established by and administered under Article 8 of the Pension Code. MEABF provides age and service retirement benefits, survivor benefits and disability benefits to all eligible members and survivors. MEABF is administered under the direction of a five-member board of trustees (the "MEABF Board"), whose members are

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responsible for managing and administering MEABF for the benefit of its members. In addition to City employees, MEABF's membership includes non-instructional employees of the Chicago Public Schools ("CPS Employees"). With respect to MEABF, the terms "employee" and "member" include the CPS Employees. The CPS Employees account for almost half of MEABF's membership. The Mayor of the City, the City Clerk, the City Treasurer, and members of the City Council may participate in MEABF if such persons file, while in office, written application to the MEABF Board.

Policemen's Annuity and Benefit Fund of Chicago. PABF is established by and administered under Article 5 of the Pension Code. PABF provides retirement and disability benefits to the police officers of the City, their surviving spouses and their children. PABF is administered by an eight-member board of trustees (the "PABF Board"). Members of the PABF Board are charged with administering the PABF under the Pension Code for the benefit of its members.

Firemen's Annuity and Benefit Fund of Chicago. FABF is established by and administered under Article 6 of the Pension Code. FABF provides retirement and disability benefits to fire service employees and their survivors. FABF is governed by an eight-member board of trustees (the "FABF Board"). Members of the FABF Board are statutorily mandated to discharge their duties solely in the interest of FABF's participants and beneficiaries.

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago. LABF is established by and administered under Article 11 of the Pension Code. LABF provides retirement and disability benefits for employees of the City who are employed in a title recognized by the City as labor service and for the survivors of such employees. LABF is governed by an eight-member board of trustees (the "LABF Board" and, together with the MEABF Board, the PABF Board and the FABF Board, the "Retirement Fund Boards"). Members of the LABF Board are statutorily mandated to discharge their duties solely in the interest of LABF's participants and beneficiaries.

The membership of the Retirement Funds as of December 31, 2012, was as follows:

TABLE 1 - MEMBERSHIP

Retirement Fund	Active Members	Inactive/ Entitled to Benefits	Retirees and Beneficiaries Totals
MEABF	31,32613,465	24.65069,441	
PABF	12,02666412,96625,656		
FABF	4,740604,611 9,411		
LABF	" 2,8651,408	4.2318.504	
Total	50,95715,597	46,458113,012	

Source: Actuarial Valuations of (he Retirement Funds as of December 31, 2012

Overlapping Taxing Bodies

The City's tax base overlaps with numerous other units of government, including the Chicago Board of Education, the Chicago Park District, the State of Illinois, and the County of Cook (the "Local

Units"). Certain of the Local Units maintain their own defined benefit pension plans (the "Other Retirement Funds"), many of which are also significantly underfunded. The underfunding of these Other Retirement Funds places a substantial additional potential burden on the City's taxpayers, who bear the burden of funding a portion of the contributions of the Local Units. For more information on these Other Retirement Funds, please refer to the State's Commission on Government Forecasting and Accountability ("COGFA") website at <http://cgfa.ilga.gov/home.aspx>; provided, however, that the contents of the COGFA website are not incorporated herein by such reference. The City believes the information on COGFA's website to be reliable; however, the City takes no responsibility for the continued accuracy of the Internet address or for the accuracy or timeliness of information posted on the website.

Certain Ditties

Each Retirement Fund Board is a fiduciary of its respective Retirement Fund and is authorized to perform all functions necessary for operation of the Retirement Funds. The Pension Code authorizes each Retirement Fund Board to make certain autonomous decisions, including decisions regarding the investment of funds, the management of assets, the disbursement of benefits, and the hiring of staff, financial advisors and asset managers.

Each Retirement Fund Board is authorized to promulgate rules and procedures regarding their administration of benefits and other matters in accordance with the Illinois Administrative Procedure Act, and their decisions in awarding, limiting, or denying benefits are subject to the Illinois Administrative Procedure Act. Certain aspects of the Retirement Funds, however, including the defined benefits and the employer and employee contribution levels, are established in the Pension Code and may be amended only by an amendment to the Pension Code.

The Pension Code provides that the expenses incurred in connection with the administration of the Retirement Funds are not construed to be debt imposed upon the City. Such expenses are the obligation of the Retirement Funds exclusively, as separate bodies politic and corporate.

The Illinois Attorney General and annuitants may bring a civil action to obtain relief for violations of a fiduciary duty to the Retirement Funds or any act or practice which violates any provision of the Pension Code.

Investments

Each Retirement Fund Board manages the investments of its respective Retirement Fund. State law regulates the types of investments in which the Retirement Funds' assets may be invested. Furthermore, the Retirement Fund Boards invest the Retirement Funds' assets in accordance with the prudent person rule, which requires members of the Retirement Fund Boards, who are fiduciaries of the Retirement Funds, to discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

In carrying out their investment duty, the Retirement Fund Boards may appoint and review investment managers as fiduciaries to manage the investment assets of the Retirement Funds. Such investment managers are granted discretionary authority to manage the Retirement Funds' assets. Additional information regarding the Retirement Funds' investments and investment management may be found on the Retirement Funds' websites; provided, however, that the contents of such websites are not incorporated into this Appendix by such reference.

Table 2 provides information on the investment returns experienced by each of the Retirement Funds for the period 2003 through 2012.

TABLE 2 - INVESTMENT RATES OF RETURN, 2003-2012 Fiscal

Year	MEABF	FABF	LABF PABF
2003	19.6%		
2004	10.3		
2005	6.6		
2006	12.7		
2007	7.3		
2008	(28.7)		
2009	19.4		
2010	13.7		
2011	0.6		
2012	12.2		
2012	5-Yr. Avg. Return	3.4	
2012	10-Yr. Avg. Return	7.4	
2012	Assumed Rate"[1] 7.5		

28.3%	17.5%	21.2%
12.8	11.5	11.0
9.5	7.8 7.3	
14.0	11.2	12.1
11.0	8.0 8.8	
(33.8)	(29.2)	(27.8)
23.7	21.5	21.5
17.7	15.5	12.7
(2.1)	(0.3) 0.8	
14.9	13.8	11.7
4.1	4.3 3.8	
9.6	7.7 7.9	
8.0	7.5 7.75	

Source T he audited financial statements and Actuarial Valuation of the FABF as of December 31 of the years 2003-2012. and for MEABF. LABF and PABF. the CAFRs of the respective Retirement Fund for the fiscal years ending December 31. 2003-2010 and their respective Actuarial Valuations as of December 31, 2011 and December 31, 2012

(I) Reflects the assumed rate of return for each fund as of December 31, 2012, as discussed in further detail under "Actuarial Assumptions-Assumed Investment Rate of Return" below

Determination of Employee Contributions

City employees who are members of the Retirement Funds are required to contribute to their respective Retirement Fund as set forth in the Pension Code.

Members of MEABF contribute 8.5% of their salary to MEABF (consisting of a 6.5% contribution for employee benefits, a 1.5% contribution for spouse benefits, and a 0.5% contribution for an annuity increase benefit).

Members of PABF contribute 9.0% of their salary to PABF (consisting of a 7.0% contribution for employee benefits, a 1.5% contribution for spouse benefits and a 0.5% contribution for an annuity increase benefit).

Members of FABF contribute 9.125% of their salary to FABF (consisting of a 7.125% contribution for employee benefits, a 1.5% contribution for spouse benefits, a 0.375% contribution for an annuity increase benefit and a 0.125% contribution for disability benefits).

Members of LABF contribute 8.5% of their salary to LABF (consisting of a 6.5% contribution for employee benefits, a 1.5% contribution for spouse benefits, and a 0.5% contribution for an annuity increase benefit).

For each Retirement Fund, if an employee leaves without qualifying for an annuity, accumulated employee contributions are refunded.

Determination of City's Contributions

Under the Pension Code, the City's contributions to fund the Retirement Funds are determined pursuant to a statutory formula on an annual basis. The Pension Code provides that the City's contributions to the Retirement Funds are to be made from the proceeds of an annual levy of property taxes for each of the Retirement Funds (collectively, the "Pension Levy") by the City solely for such purpose. The Pension Levy is exclusive of and in addition to the amount of property tax which the City levies for other purposes.

The amount of the Pension Levy may not exceed the product of a multiplier established in the Pension Code for each Retirement Fund (each, a "Multiplier") and the amount contributed by the City's employees two years prior to the year in which the tax is levied (the "Multiplier Funding"). For levy years 2011 and 2012, the Multiplier for each Retirement Fund was as follows: 1.25 for MEABF; 2.00 for PABF; 2.26 for FABF; and 1.00 for LABF. The City's contributions are made as governed by the Pension Code and are not based on the Actuarially Required Contribution (as hereinafter defined). See "- The Actuarial Valuation-City's Contributions Not Related to GASB Standards" below.

The Pension Code provides that the Retirement Fund Boards must each annually certify to the City Council a determination of the required City contribution to the Retirement Funds. In making its request for the City's annual contribution, each Retirement Fund, acting through its Retirement Fund Board, annually approves and then submits a resolution to the City Council requesting that the City Council levy for a particular contribution amount. The City has generally paid the amounts so requested. See "City Contributions to FABF" below.

In lieu of levying all or a portion of the annual Pension Levy, the City is permitted under the Pension Code to deposit with the City Treasurer other legally available funds to be used for the same purpose as the Pension Levy (collectively, the "Other Available Funds"). In recent years, the City has utilized these provisions by depositing with the City Treasurer certain amounts paid by the State to the City from the Personal Property Replacement Tax Fund ("PPRT") of the State pursuant to Section 12 of the Revenue Sharing Act of the State. The City's distributive share of PPRT is not required to be used for this purpose but it can be used by the City for corporate purposes. Since 2002, the amount of PPRT contributed by the City to the Retirement Funds in the aggregate has averaged approximately $71,077,000 annually. In 2010, 201 1, and 2012, the amounts of PPRT contributed to the Retirement Funds in the aggregate were approximately $103,655,000, $108,153,000 and $101,875,000, respectively. For those same years, the City's total distributive share of PPRT was $154,134,668, $144,332,846, and $139,461,000, respectively.

For purposes of this Appendix, references to "Pension Levy" may include the Other Available Funds of the City.

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The City's contributions to the Retirement Funds have equaled the Multiplier Funding and certain other amounts required by the Pension Code and have not been in excess of that amount. The City's contributions in accordance with the Pension Code, which are generally lower than the Actuarially Required Contribution, as described below, have contributed to the significant underfunding of the Retirement Funds. Moreover, the City's contributions in accordance with the Pension Code have had the effect of deferring the funding of the Retirement Funds' liabilities, which increases the costs of such liabilities and the associated financial risks, including the risk that each Retirement Fund will not be able to pay its obligations as they become due. Any significant increases in the City's contributions to the Retirement Funds can be expected to place further strain on the City's finances.

City's Contributions to FABF

For levy year 2014, the FABF has requested certain amounts which the City has determined are not required by the Pension Code. The amount requested by the FABF Board in excess of the amount the City has determined to be the statutory requirement for 2014 was $18,147,000. The FABF Board has made similar requests for amounts in excess of the amount the City has determined to be the statutory requirement in each of the last several years. In each such year, including the current year, the City has indicated that it will not contribute amounts in excess of the amount the City has determined to be the statutory contribution requirement to FABF.

City's Required Contributions to PABF and FABF Beginning with the Levy made in 2015

On December 30, 2010, Governor Pat Quinn signed into law Public Act 096-1495 ("P.A. 96-1495") which, among other things, created a new method of determining the contribution to be made by the City to PABF and FABF. P.A. 96-1495 requires that, beginning in 2015, the Pension Levy each year for PABF and FABF will be equal to the amount necessary to achieve a Funded Ratio (as hereafter defined) of 90% in PABF and FABF by the end of fiscal year 2040 (the "P.A. 96-1495 Funding Plan").

Pursuant to the P.A. 96-1495 Funding Plan, the Pension Levy for PABF and FABF will be calculated as the level percentage of payroll necessary to reach the 90% Funded Ratio target by 2040. In Cook and DuPage Counties (in which the City is located), property taxes (including the Pension Levy) levied in one year become payable during the following year in two installments. As such, the Pension Levy for PABF and FABF made in calendar year 2015 will be payable in calendar year 2016.

The P.A. 96-1495 Funding Plan would significantly increase the City's required contributions to PABF and FABF beginning in 2016 and, if implemented, would impose a significant financial burden on the City. The City is exploring options to change the P.A. 96-1495 Funding Plan to reduce the near-term burden on the City's financial condition imposed by dramatically increased contributions to PABF and FABF under P.A. 96-1495, including shifting all or a portion of such burden to future years. Any change to the P.A. 96-1495 Funding Plan which would reduce the contributions required of the City would have the effect of increasing the unfunded liabilities and decreasing the Funded Ratio with respect to PABF and FABF when compared to the projected unfunded liabilities and Funded Ratio as set forth in T ables 14 and 15 below. Furthermore, any such change would require legislative action by the Illinois General Assembly.

As of May 28, 2013, FIB 3088 contained a proposed amendment that would: (i) delay implementation of the actuarial funding required by the P.A. 96-1495 Funding Plan until tax levy year

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2022, and instead require the City to continue contributing to PABF and FABF under the Multiplier Funding system through tax levy year 2021; and (ii) provide that PABF and FABF achieve a 90% Funded Ratio by 2061 rather than 2040 as currently required by P.A. 96-1495 (collectively, the "96-1495 Delay Bill"). If enacted, the 96-1495 Delay Bill would increase the cost of PABF's and FABF's respective liabilities, as well as the associated financial risks, including the risk that the PABF and FABF will become insolvent. For more information regarding the possible insolvency of the Retirement Funds, see "Projection of Funded Status and Insolvency" below.

The City supports the changes proposed by HB 3088, however no assurance can be given that a bill modifying the P.A. 96-1495 Funding Plan, including the 96-1495 Delay Bill, will be enacted into law.

P.A. 96-1495 does not affect the manner in which the City contributes to MEABF and LABF.

The Actuarial Valuation

General

In addition to the process outlined above, the Pension Code requires that the Retirement Funds annually submit to the City Council a report containing a detailed statement of the affairs of such Retirement Fund, its income and expenditures, and assets and liabilities, which consists of the Actuarial Valuation. The Actuarial Valuation measures the financial position and determines the Actuarially Required Contribution (as defined below) of such Retirement Fund for reporting purposes pursuant to GASB Statement No. 25 ("GASB 25").

A description of the statistics generated by the Retirement Funds' actuaries in the Actuarial Valuations follows in the next few paragraphs. This information was derived from the Source Information.

GASB, which is part of a private non-profit corporation known as the Financial Accounting Foundation, promulgates standards regarding accounting and financial reporting for governmental entities. These principles have no legal effect and do not impose any legal liability on the City. The references to GASB principles in this Appendix do not suggest and should not be construed to suggest otherwise.

Actuaries and the Actuarial Process

GASB standards require disclosure of an "Actuarially Required Contribution," which is a financial reporting requirement but not a funding requirement. One of the primary purposes of the Actuarial Valuations is to determine the Actuarially Required Contribution, which is the annual contribution amount that GASB standards would calculate is needed to fully fund the Retirement Funds. GASB pronouncements refer to this concept as the "Annual Required Contribution"; however, this Appendix refers to the concept as the Actuarially Required Contribution to denote the fact that the Actuarially Required Contribution is the amount an actuary would calculate pursuant to GASB standards to be contributed in a given year, to differentiate it from the amount the City will be required to contribute under the Pension Code.

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The Actuarially Required Contribution consists of two components: (1) that portion of the present value of pension plan benefits which is allocated to the valuation year by the actuarial cost method (as described in "- Actuarial Methods - Actuarial Accrued Liability" below), termed the "Normal Cost"; and (2) an amortized portion of any UAAL (defined below).

In producing the Actuarial Valuations, the Retirement Funds' actuaries use demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) to calculate, as of the valuation date, the Normal Cost, the Actuarial Accrued Liability (defined below), the Actuarial Value of Assets (defined below), and the actuarial present values for the Retirement Fund. The Retirement Funds' actuaries use this data to determine the following fiscal year's Actuarially Required Contribution. The Retirement Funds' Actuarial Valuations are publicly available and may be obtained from the Retirement Funds. See "- Source

Information" above.

The Actuarial Accrued Liability is an estimate of the present value of the benefits each Retirement Fund must pay to current and retired employees as a result of their past employment with the City and participation in such Retirement Fund. The Actuarial Accrued Liability is calculated by use of a variety of demographic and other data (such as employee age, salary and service credits) and various assumptions (such as estimated salary increases, interest rates, employee turnover, retirement date and age, mortality and disability rates). The Actuarial Value of Assets reflects the value of the investments and other assets held by each Retirement Fund. Various methods exist for calculating the Actuarial Value of Assets and the Actuarial Accrued Liability. For a discussion of the methods and assumptions used to calculate the Retirement Funds' Actuarial Accrued Liability and Actuarial Value of Assets, see "- Actuarial Methods" and "- Actuarial Assumptions" below.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability is referred to as the "'Unfunded Actuarial Accrued Liability" or "UAAL." The UAAL represents the present value of benefits attributed to past service that are in excess of plan assets. In addition, the actuary will compute the "Funded Ratio," which is the Actuarial Value of Assets divided by the Actuarial Accrued Liability, expressed as a percentage. The Funded Ratio and the UAAL provide one way of measuring the financial health of a pension plan.

City's Contributions Not Related to GASB Standards

The City's contributions to the Retirement Funds are not based on the contribution standards promulgated by GASB for reporting purposes. Instead, the City's contributions are based on the formulas and amounts established in the Pension Code. Whereas GASB's contribution standards are actuarially based, the contribution amounts required by the Pension Code, with the exception of the P.A. 96-1495 Funding Plan discussed above, are not actuarially based. See ""- Determination of City's Contributions" above.

The difference between the City's actual contributions and the Actuarially Required Contribution (as calculated by the Retirement Funds' actuaries) for fiscal years 2002-2011 is shown in "Table 4 -Information Regarding City's Contributions - Aggregated" below. The Retirement Funds' Actuarially Required Contribution is equal to its Normal Cost plus an amortization of the Retirement Funds' UAAL over a 30-year period. MEABF, LABF and FABF amortize the UAAL on a level dollar basis, whereas

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PABF amortizes the UAAL on a level percent of payroll basis. Both methods of calculating the Actuarially Required Contribution are acceptable under the standards promulgated by GASB.

City's Contributions to PABF and FABF under P.A. 96-1495 Will Not Conform to GASB Financial Reporting Benchmarks

As discussed above, beginning with the property tax levy made in 2015 (and collectible in 2016), the Pension Levy for PABF and FABF is required to be calculated pursuant to P.A. 96-1495. The P.A. 96-1495 Funding Plan differs from the manner of calculation GASB requires for financial reporting purposes. The primary difference between GASB's financial reporting standards and the P.A. 96-1495 Funding Plan is that the goal of the P.A. 96-1495 Funding Plan is for PABF and FABF to reach a Funded Ratio of 90% by 2040. GASB's financial reporting standards require amortization of the entire UAAL towards attainment of a 100% Funded Ratio.

Actuarial Methods

The Retirement Funds' actuaries employ a variety of actuarial methods to arrive at the Actuarial Value of Assets and the Actuarial Accrued Liability.

Actuarial Value of Assets

The Retirement Funds calculate their respective Actuarial Value of Assets by smoothing investment gains and losses over a period of five years, a method of valuation referred to as the "Asset Smoothing Method." Under the Asset Smoothing Method, the Retirement Funds recognize in the current year 20% of the investment gain or loss realized in that year and each of the previous four years. The Asset Smoothing Method is an allowable method of calculation according to GASB.

The Asset Smoothing Method lessens the immediate impact of market fluctuations on the Actuarial Value of Assets, which is used to calculate the UAAL and the Funded Ratio, that may otherwise occur as a result of market volatility. However, asset smoothing delays recognition of gains and losses, thereby providing an Actuarial Value of Assets that does not reflect the true value of pension plan assets at the time of measurement. As a result, presenting the Actuarial Value of Assets as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually.

Table 3 provides a comparison of the assets of the Retirement Funds (as aggregated) on a fair value basis and after application of the Asset Smoothing Method.

TABLE 3 - ASSET SMOOTHED VALUE OF ASSETS VS. FAIR VALUE OF NET ASSETS[1] - AGGREGATED

Fiscal Year	Actuarial Value of Assets[2]	Fair Value of Net Assets	Actuarial Value as a Percentage of Fair Value
2003	$13,297,599	$12,277,994	108.30%
2004	13,108,645	12,952,096	101.21
2005	13,086,060	13,245,445	98.80
2006	13,435,692	14,164,347	94.86
2007	14,254,816	14,595,514	97.67
2008	13,797,344	9,844,339	140.16
2009	13,051,349	10,876,846	119.99
2010	12,449,863	11,408,555	109.13
2011	11,521,138	10,536,135	109.35
2012	10,531,447	10,799,603	97.51

Source 2003 through 2010 data is from the Actuarial Valuations of the Retirement Funds as of December 31, 2010, and CAFRs of the Retirement Funds for the fiscal year ending December 31, 2010 2011 and 2012 data is sourced from the Actuarial Valuations of the Retirement Funds as of December 31. 2011 and December 31, 2012. respectively

1) In thousands of dollars Data is presented m the aggregate for the Retirement Funds

2) The Actuarial Value of Assets is calculated through use of the Asset Smoothing Method

Actuarial Accrued Liability

As the final step in the Actuarial Valuation, the actuary applies a cost method to allocate the total value of benefits to past, present and future periods of employee service. This allocation is accomplished by the development of the Actuarial Accrued Liability and the Normal Cost. Currently, all of the Retirement Funds use the entry age normal actuarial cost method (the "'EAN Method") with costs allocated on the basis of earnings. The EAN Method is a GASB-approved actuarial cost method.

Under the EAN Method, the present value of each member's projected pension is assumed to be funded by annual installments equal to a level percent of the member's earnings for each year between entry age and assumed exit age. Each member's Normal Cost for the current year is equal to the portion of the value so determined, assigned to the current year. Therefore, the Normal Cost for the plan for the year is the sum of the normal costs of all active members.

P.A. 96-1495 requires that, beginning in 2015, PABF and FABF calculate the Actuarial Accrued Liability pursuant to the projected unit credit actuarial cost method (the "PUC Method"). Under the PUC Method, Normal Cost represents the actuarial present value of that portion of a member's projected benefit that is attributable to service in the current year, based on future compensation projected to retirement. Under this method, the Actuarial Accrued Liability equals the actuarial present value of that portion of a member's projected benefit that is attributable to service to date, again, on the basis of future compensation projected to retirement.

Under either cost method, the Actuarial Accrued Liability is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation date, i.e., for past service.

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This value changes as the member's salary changes and years of service increases, and as some members leave and new members are hired. Future Normal Cost is the portion of the present value of benefits assigned to future years of service and is assumed to be funded annually.

As compared to the EAN Method, the PUC Method will produce a more back-loaded growth in liabilities because the PUC Method allocates a higher portion of retirement costs closer to the time of retirement. Therefore, the PUC Method results in a slower accumulation of assets, which in turn requires smaller initial, and larger future, contributions (assuming funding is actuarially based, as is the P.A. 96-1495 Funding Plan). Deferring contributions in this manner increases the cost of the liabilities and the associated financial risks for PABF and FABF.

Actuarial Assumptions

The Actuarial Valuations of the Retirement Funds use a variety of assumptions in order to calculate the Actuarial Accrued Liability and the Actuarial Value of Assets. Although several of the assumptions are the same across all of the Retirement Funds, each Retirement Fund determines, within actuarial standards, the assumptions to be used in its Actuarial Valuation unless a specific assumption is fixed by the Pension Code. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Retirement Funds. Variances between the assumptions and actual results may cause an increase or decrease in the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL, the Funded Ratio or the Actuarially Required Contribution. Additional information on each Retirement Fund's actuarial assumptions is available in the 2011 Actuarial Valuations, with respect to PABF and FABF, and the 2012 Actuarial Valuations with respect to MEBF and LABF. See "-Source Information" above.

The actuarial assumptions used by the Retirement Funds are determined by the individual Retirement Fund Boards upon the advice of the actuaries. The Retirement Funds periodically perform experience studies to evaluate the actuarial assumptions in use.

The purpose of an experience study is to validate that the actuarial assumptions used in the Actuarial Valuation continue to reasonably estimate the actual experience of the pension plan or, if necessary, to develop recommendations for modifications to the actuarial assumptions to ensure their continuing appropriateness.

Assumed Investment Rate of Return

The Actuarial Valuations assume an investment rate of return on the assets in each Retirement Fund. As described in Table 2 above, the Retirement Funds all assumed an average long-term investment rate of return of 8.00% for the fiscal year ended December 31, 2011. Due to the volatility of the marketplace, however, the actual rate of return earned by the Retirement Funds on their assets in any year may be higher or lower than the assumed rate. See Table 2 for the rates of return earned on the Retirement Funds' assets for the last ten fiscal years. Changes in the Retirement Funds' assets as a result of market performance will lead to an increase or decrease in the UAAL and the Funded Ratio. As a result of the Retirement Funds' use of the Asset Smoothing Method, however, only a portion of these increases or decreases will be recognized in the current year, with the remaining gain or loss spread over the remaining four years. See "- Actuarial Methods -Actuarial Value of Assets" above.

The Boards of MEABF, LABF and PABF recently reduced the assumed investment rate of return to be used by their respective actuaries in preparing future actuarial valuations. For MEABF and LABF,

the assumed investment rate of return has been decreased to 7.5% beginning with calendar year 2012. For PABF, the assumed investment rate of return was decreased to 7.75% for calendar year 2012 and 7.50% beginning with calendar year 2013. FABF continues to assume an investment rate of return of 8.0%. For a discussion of the rate to be used by Moody's in analyzing public pension plans, see "- General" above.

The assumed investment rate of return is used by each Retirement Fund's actuary as the discount rate to determine the present value of future payments to such Retirement Fund's members. Such a determination is part of the actuary's process to develop the Actuarial Accrued Liability. Reducing the assumed investment rate of return will, taken independently of other changes, produce a larger Actuarial Accrued Liability for each Retirement Fund. Furthermore, as discussed above, an increase in the Actuarial Accrued Liability will, taken independently, increase the UAAL, decrease the funded ratio and increase the Actuarially Required Contribution.

These changes to the assumed investment rate of return will not impact contributions by the City to MEABF and LABF because these Retirement Funds are funded pursuant to the statutory Multiplier Funding system. However, beginning in 2016, the City's contributions to PABF are expected to increase even further as a result of the change in the assumed investment rate of return, taken independently of other factors, because PABF's UAAL will increase as described above and the P.A. 96-1495 Funding Plan requires an amortization of the UAAL to reach the 90% funding target by 2040.

Funded Status of the Retirement Funds

In recent years, the City has contributed to the Retirement Funds the full amount of Multiplier Funding and certain other amounts determined by the City to be required by the Pension Code through a combination of property tax revenues (through the Pension Levy) and PPRT funds.* However, these amounts have not been sufficient to fully fund the Retirement Funds' Actuarially Required Contribution. Moreover, expenses related to the Health Plan (as defined below) are paid from the City's contributions, which has the effect of reducing the Actuarial Value of Assets and decreasing the Funded Ratio.

Furthermore, the income from all sources (including employee contributions, City contributions and investment earnings) to the Retirement Funds has been lower than the cash outlays of the Retirement Funds in recent years. As a result, the Retirement Funds have liquidated investments and used assets of the Retirement Funds to satisfy these cash outlays. The use of investment earnings or assets of the Retirement Funds for these purposes reduces the amount of assets on hand to pay benefits in the future and prevents the Retirement Funds from recognizing the full benefits of compounding investment returns.

Table 4 provides information for fiscal years 2002 through 2011 on the Actuarially Required Contribution, the City's actual contributions in accordance with the Pension Code and the percentage of the Actuarially Required Contribution made in each year.

As discussed under'"- Determination of City's Contributions" above, the City and FABF have disagreed over whether certain amounts are required under the Pension Code. In addition, pursuant to the Pension Code, the City did not make any contributions to or levy the Pension Levy for LABF in fiscal years 2001 through 2006 because LABF had funds on hand in excess of its liabilities. The Pension Code provides that the City will cease to make contributions to LABF in such a situation. The City continued to levy the Pension Levy for the other Retirement Funds during those years.

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TABLE 4 - INFORMATION REGARDING CITY'S CONTRIBUTIONS[0'] - AGGREGATED

Fiscal Year	Actuarially Required Contribution	Actual Employer Contribution'[1]	Percentage of Actuarially Required Contribution Contributed'[3]'
2003	$451,239	$343,291	76.1%
2004	545,232	345,398	63.3
2005	698,185	423,515	60.7
2006	785,111	394,899	50.3
2007[4]	865,776	395,483	45.7
2008[4]	886,215	416,130	47.0
2009[4]	990,381	423,929	42.8
2010[4]	1,112,626	425,552	38.2
2011[4]	1,321.823	416,693	31.5
2012[4]	1,470,905	440,120	29.9

Sources Actuarial Valuations of the Retirement Funds as of December 31, 2010, December 31, 2011 and December 31. 2012. CAFRs of the Retirement Funds for the fiscal year ending December 31, 2010, and CAFRs of the City for the fiscal year ending December 31, 2011 and December 31,2012

1) In thousands of dollars Data is presented in the aggregate for the Retirement Funds and uses assumptions and methods employed by each of the Retirement Funds For the data presented as of December 31. 2001 through December 31. 2006, contribution information includes amounts related to other post-employment benefits Beginning in 2007, as a result of a change in GASB standards, contribution information is presented exclusive of amounts related to other post-employment benefits

2) Includes the portion of the PPRT contributed to the Retirement Funds m each of the years 2002-2010

3) The estimated multiplier that would have been necessary for each Retirement Fund to make the full Actuarially Required Contribution in 2012 were as follows 4 45 for MF.ABF. 6 52 for FABF, 5 44 for LABF, and 6.73 for PABF Beginning with the levy made in 2015 (and collectible in 2016), the City's contributions to PABF and FABF will not be calculated in accordance with the Multiplier as described in "- Determination of City's Contributions" above

4) Beginning in 2007, as a result of a change in GASB standards, the information in this Table 4 docs not include other post-employment benefits, which the

4) Beginning in 2007, as a result of a change in GASB standards, the information in this Table 4 does not include other post-employment benefits, which the City's Comprehensive Annual Financial Report presents separately

The continued decline in the percentage of the Actuarially Required Contribution contributed by the City, as shown in Table 4 above, results, in part, from the fact that the actuarial liability continues to grow and as a result of the delayed recognition of gains and losses resulting from the Retirement Funds' use of the Asset Smoothing Method for financial reporting purposes. See [11]-Actuarial Methods- Actuarial Value of Assets"' above.

As of the end of fiscal year 2010, the Retirement Funds had an aggregate UAAL of approximately $15,315 billion on a fair value basis and $14,274 billion on an actuarial basis (using the Asset Smoothing Method). The respective Funded Ratios for these UAALs are 42.7% and 46.6%. The UAAL increased between the end of fiscal year 2009 and the end of fiscal year 2010 primarily as a result of (i) insufficient contributions compared to the Actuarially Required Contribution and (ii) investment losses brought on by the severe global economic downturn.

As of the end of fiscal year 2011, the Retirement Funds had an aggregate UAAL of approximately $17,284 billion on a fair value basis and $16,299 billion on an actuarial basis (using the Asset Smoothing Method). The respective Funded Ratios for these UAALs are 37.9% and 41.4%.

The following tables summarize the current financial condition and the funding progress of the Retirement Funds.

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A variety of factors impact the Retirement Funds' UAAL and Funded Ratio. A lower return on investment than that assumed by the Retirement Funds, and insufficient contributions when compared to the Normal Cost plus interest will all cause an increase in the UAAL and a decrease in the Funded Ratio. Conversely, higher returns on investment than assumed, and contributions in excess of Normal Cost plus interest will decrease the UAAL and increase the Funded Ratio. In addition, legislative amendments, changes in actuarial assumptions and certain other factors (including, but not limited to, higher or lower incidences of retirement, disability, in-service mortality, retiree mortality or terminations than assumed) will have an impact on the UAAL and the Funded Ratio.

Projection of Funded Status and Insolvency

The Retirement Funds' funding level has decreased in recent years due to a combination of factors, including: adverse market conditions and investment returns as a result of the financial downturns experienced in 2001 and in 2008 and beyond; and contributions that are lower than the Actuarially Required Contribution.

The following projections (collectively, the "Projections") are based upon numerous variables that are subject to change. The Projections are forward-looking statements regarding future events based on the Retirement Funds' actuarial assumptions and assumptions made regarding such future events, including that there are no changes to the current legislative structure and that all projected contributions to the Retirement Funds are made as required. No assurance can be given that these assumptions will be realized or that actual events will not cause material changes to the data presented in this subsection.

The Projections are based on the 2012 Actuarial Valuations of the Retirement Funds and are provided to indicate expected trends in the funded status of the Retirement Funds under current law.

TABLE 12 - PROJECTION OF FUTURE FUNDING STATUS - MEABF (I)

Fiscal Year	Actuarial Accrued Liability (a)	Market Assets (b)	Market Unfunded Accrued Actuarial Liabilities (LIAAL) (a-b)	Market Funded Ratio (b/a)	Employer Contribution

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043

514,024,705 14,536,397 15,048,196 15,560,462 16,082,630 16,601,674 17,114,069 17,616,057 18,104,325 18,576,408 19,044,224 19,493,710 19.922,976 20.330.539 20,714,947 21,075,196 21,409,418 21,715,387 21,992,990 22,243,068 22,467,127 22,667,597 22,846,617 23,006,737 23,150,602 23,280,753 23,400,356 23,512,563 23,622,082 23,734,828 23,855.936

$5,060,823 4,891,512 4,678,909 4,418,517 4,116,817 3,757,415 3,333,218 2,863,458 2,260,041 1,596,843 853,400 10,479

S 8,963,882 9,644,885 10,369,287 11,141,945 11,965,813 12,844,259 13,780,851 14,752,599 15,844,284 16,979,565 18,190,824 19,483,231 19,922,976 20,330,539 20,714,947 21,075,196 21,409,418 21,715,387 21,992,990 22,243,068 22,467,127 22,667,597 22,846,617 23,006,737

23,150,602 23,280,753 23,400,356 23,512,563 23,622,082 23,734,828 23,855,936
36.09%
33.65
31.09
28.40
25.60
22.63
19.48
16.25
12.48
8.60
4.48
0.05
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
$156,234 156,091 162,992 168,394 174,085 179,934 185,880 191,946 198,105 204,365 210,645
217,119 224,610 231,509 238,478 245,611 252,856 260,223 267,721 275,359 282,999 290,786
298,804 307.058 315.512 324,231 333,228 342,489 352,018 361,889 372,010

Source For fiscal years 2013-2025, Gabriel Roeder Smith &. Company Gabriel Roeder Smith & Company is the consulting actuary for the Retirement Funds Beginning with fiscal year 2025. the City has adjusted Gabriel Roeder Smith & Company's projections by using different assumptions In particular, the City has assumed that it will continue lo contribute to MEABF pursuant to the Multiplier Funding System upon the insolvency of MFABF Projection derived from actuarial data as of December 31. 2012

(I) In thousands of dollars

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TABLE 13 - PROJECTION OF FUTURE FUNDING STATUS - LABF (1)

Market
Actuarial **Unfunded Accrued**
Accrued **Market** **Actuarial Liabilities** **Market Employer**

Fiscal Liability Assets (UAAL) Funded Ratio Contribution

Year (a) (b) (a-b) (b/a)

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043

52,405,635 2,463,253 2,519,158 2,573,437 2,628,859 2,682,630 2,734,485 2,783,726 2,830,103 2,873,247 2,913,025 2,948,881 2,980,541 3,007,674 3,029,960 3,047,254 3,059,371 3,066.267 3,068,479 3.066,566 3,061,130 3,053,004 3,042,845 3,031,278 3,019,032 3,006,471 2,993,998 2,982,375 2,972,440 2,964,758 2,959.792

$1,348,610 1,318,110 1,280,233 1,234,100 1,182,049 1,120,849 1,049,746 967,528 873,379 766,264 645,342 509,366 357,263 187,822

$1,057,025 1,145,143 1,238,925 1,339,337 1,446,810 1,561,781 1,684,739 1,816,198 1,956,724 2,106,983 2,267,683 2,439,515 2,623,278 2,819,852 3.029.960 3,047,254 3,059,371 3,066,267 3,068,479 3,066.566 3,061.130 3,053,004 3,042,845 3,031,278 3,019,032 3,006,471 2,993,998 2.982,375 2,972,440 2,964,758 2,959.792

56.06%
53.51
50.82
47.96
44.96
41.78
38.39
34.76
30.86
26.67
22.15
17.27
11.99 6.24 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00

$14,032 14,472 15,267 15,582 15,972 16,425 16,932 17,480 18,057 18,660 19,280 19,935 20,620 21,313 22,217 22,758 23,540 24,344 25,175 26,030 26,866 27,715 28,587 29,474 30,343 31,151 31,937 32,710 33,476 34,216 34,931

Source For fiscal years 2013-2027. Gabriel Roeder Smith & Company Gabriel Roeder Smith & Company is the consulting actuary lor the Retirement Funds Beginning with fiscal year 2028, the City has adjusted Gabriel Roeder Smith & Company's projections by using different assumptions In particular, the City has assumed lhat it will continue to contribute to I.ABF pursuant lo the Multiplier Funding System upon the insolvency of LABF Projection derived from actuarial data as of December 31. 2012

(1) In thousands of dollars

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TABLE 14 - PROJECTION OF FUTURE FUNDING STATUS - FABF (I)

Fiscal Year

Market

Actuarial Unfunded Accrued

Accrued Market Actuarial Liabilities Market

Liability **Assets** **(UAAL)** **Funded Ratio**
(a) **(b)** **(a-b)** **(b/a)**

Employer Contribution

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041

$4,164,561 4,308,913 4,452,548 4,594,292 4,732,564 4,865,986 4,993,722 5,115,953 5,233,558 5,346,933 5,456,021 5,560,197 5,659,686 5,752,106 5.837,310 5,917,012 5,993,837 6,067,128 6,135,774 6,200,107 6,260,250 6,318,352 6,375,454 6,432,317 6,491,291 6,554,092 6,623,040 6,697,483 6,777,096

S 981,434 941,185 891,353 972,576 1,055,322 1,139,769 1,226,299 1,316,101 1,410,714 1,512,021 1,622,484 1,743,090 1,875,596 2,020,813 2,180,795 2,356,907 2,549,978 2,759,815 2,985.293 3,227,475 3,487,783 3,768,672 4,071,910 4,399,407 4,755,142 5,142,726 5,566,252 6,027,735 6.099.386

$3,183,127 3,367,728 3,561,195 3,621,716 3,677,242 3,726,217 3,767,423 3,799,852 3,822,844 3,834,912 3,833,537 3,817,107 3,784,090 3,731,293 3,656,515 3,560,105 3,443,859 3,307,313 3,150,481 2,972,632 2,772,467 2,549,680 2,303,544 2,032,910 1,736,149 1,411,366 1,056,788 669,748 677,710

23.57%
21.84
20.02
21.17
22.30
23.42
24.56
25.73
26.96
28.28
29.74
31.35
33.14
35.13
37.36
39.83
42.54
45.49
48.65
52.06
55.71
59.65
63.87
68.40
73.25
78.47
84.04
90.00
90.00

$ 88,492 109,532 113,915 255,005 262,352 270,459 278,982 287.895 296,875 306,529 317,645

329,021 340,809 351,914 362,004 371,235 379,748 387,404 393,386 399,100 404,588 409,351 413,540 417,415 421,670 426,181 430,865 435,877 27.164

Source Gabriel Roeder Smith & Company Gabriel Roeder Smith & Company is the consulting actuary for the Retirement Funds Projection derived I'rom actuarial data as of December 31. 2012

(I) In thousands of dollars

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TABLE 15 - PROJECTION OF FUTURE FUNDING STATUS - PABF

Fiscal Year

Actuarial Accrued Liability (a)	Market Assets (b)	Market Unfunded Accrued Actuarial Liabilities (UAAL) (a-b)	Market Funded Ratio (b/a)

Employer Contribution

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043

SI 0,330,713 10,679,810 11,034,979 11,395,936 11,761,717 12,130,320 12,499,767 12,867,620 13,231,797 13,591,726 13,946,178 14,293,787 14,633,563 14,964.374 15,285,111 15,594,800 15,888,196 16,153,064 16.393,712 16,614,659 16,817,565 17,005,616 17,182,873 17,353,593 17,521,586 17.690,275 17,861,422 18,036,440 18,216,283 18,401,525 18,592,418

$3,102,345 2,971,019 2,800,866 3,053,949 3,323,004 3,606,440 3,903,754 4,215,416 4,541,104 4,882,757 5,242,297 5,620,728 6,020,954 6,445,257 6,896,318 7,380,260 7,898,871 8,450,706 9,033,687 9,648,140 10,294,939 10,978,965 11,707,115 12,485,517 13,320,879 14,219,878 15,188,465 16,232,796 16,394,654 16,561,373 16,733,176

$7,228,368 7,708,791 8,234,113 8,341,987 8,438,713 8,523,880 8,596,013 8,652,204 8,690,693 8,708,969 8,703,881 8,673,059 8,612,609 8,519,117 8,388,793 8.214,540 7,989,325 7,702,358 7,360,025 6,966,519 6.522,626 6,026,651 5,475,758 4,868,076 4,200,707 3,470,397 2,672,957 1,803,644 1,821,629 1.840,152 1,859,242

30.03%
27.82
25.38
26.80
28.25
29.73
31.23

32.76
34.32
35.92
37.59
39.32
41.14
43.07
45.12
47.33
49.72
52.32
55.10
58.07
61.22
64.56
68.13
71.95
76.03
80.38
85.04
90.00
90.00
90.00
90.00

$192,564 191,784 187,071 630,587 651,583 671,892 692,290 713,832 735,563 758,198 781,920 805,966 831,501 857,847 885,110 914,849 942,743 966,719 986,247 1,003,249 1,017,798 1,031,828 1,045,281 1,057,977 1,070,245 1,082,388 1,094,165 1,106,278 189,858 193,339 197,089

Source Gabriel Roeder Smith & Company Gabriel Roeder Smith & Company is the consulting actuary for the Retirement Funds Projection derived from actuarial data as of December 3!. 2012

(I) In thousands of dollars

TABLE 16 - PROJECTION OF FUTURE FUNDING STATUS - AGGREGATE'

Fiscal Year	Market			
Actuarial		Unfunded Accrued		
Accrued	Market	Actuarial Liabilities Market		
Liability	Assets	(UAAL)		Funded Ratio
(a)	(b)	(a-b)	(b/a)	

Employer Contribution

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041

S30,925,614 31,988,373 33,054,881 34,124,127 35,205,770 36,280,610 37,342,043 38,383,356 39,399,783 40,388,314 41,359,448 42,296,575 43,196,766 44,054,693 44,867,328 45,634.262 46,350,822 47,001,846 47,590,955 48,124,400 48,606,072 49,044,569 49,447,789 49,823,925 50,182,511 50,531,591 50,878.816 51,228.861 51,587,901

$10,493,212 10,121,826 9,651,361 9,679,142 9,677,192 9,624,473 9,513,017 9,362,503 9,085,238 8,757,885 8,363,523 7,883,663 8,253,813 8.653,892 9,077,113 9,737,167 10,448,849 11,210,521 12.018,980 12,875,615 13,782,722 14,747,637 15,779,025 16,884,924 18,076,021 19,362,604 20,754.717 22,260,531 22,494,040

$20,432,402 21,866,547 23,403,520 24,444,985 25,528,578 26,656,137 27,829,026 29,020,853 30,314,545 31,630,429 32,995,925 34,412,912 34,942,953 35,400,801 35,790.215 35,897,095 35,901,973 35,791,325 35,571,975 35,248,785 34,823,350 34,296,932 33,668,764 32,939,001 32,106,490 31,168,987 30,124,099 28,968,330 29,093,861

33.93%
31.64
29.20
28.36
27.49
26.53
25.48
24.39
23.06
21.68
20.22
18.64
19.11
19.64
20.23
21.34
22.54
23.85
25.25
26.75
28.36
30.07
31.91
33.89
36.02
38.32
40.79
43.45
43.60

$ 451,322 471,879 479,245 1,069,568 1,103,992 1,138,710 1,174,084 1,211,153 1,248,600 1,287,752 1,329,490 1,372,041 1,417,540 1.462,583 1,507,809 1,554,453 1,598,887 1,638,690 1,672.529 1,703,737 1,732,251 1.759,681 1,786,213 1,811,924 1,837,771 1,863,951 1,890,195 1.917,355 602,517

Source The aggregated information presented in this table is derived from the projections presented in Tables 12-15 Please refer to Tables 12-15 for source information

1) In thousands of dollars
2) Aggregate data presented m this table includes data for all four Retirement Funds

The projections in Tables 12 and 13 show that the assets of MEABF and LABF will be depleted by 2025 and 2028, respectively, under current law. This means that, under current law, MEABF and LABF will not have assets on hand to make payments to beneficiaries beginning in 2025 and 2028, respectively. The employer contributions in Tables 12 and 13 reflect the formula for such contributions

under current law, namely, Multiplier Funding. See "- Determination of City's Contributions" herein. These employer contributions, when combined with employee contributions and other sources of revenue, such as investment returns, are projected to be insufficient to provide for full payments to beneficiaries by MEABF and LABF upon insolvency.

The City cannot predict the impact that the insolvency of MEABF or LABF would have on its contributions to these Retirement Funds. One possible option upon insolvency of MEABF or LABF would be changes in the Pension Code to provide for pay-as-you-go funding. Under pay-as-you-go funding, the employer contribution equals the amount necessary, when added to other income, specifically employee contributions, to fund the current year benefits to be paid by the retirement fund. Gabriel Roeder Smith & Company ("GRS") projects that, should the City be required to adopt pay-as-you-go funding to ensure that payments to beneficiaries are made to MEABF and LABF beneficiaries following the insolvency of such Retirement Funds, the City's contributions to such Retirement Funds would increase substantially. With respect to MEABF, GRS projects that pay-as-you-go funding would increase the City's contribution from approximately $217 million in 2024 to $1,129 billion in 2025, $1,686 billion in 2042 and $1,684 billion in 2060. With respect to LABF, GRS projects that pay-as-you-go funding would increase the City's contribution from approximately $22.7 million in 2027 to $222 million in 2028, $251 million in 2036 and $229 million in 2060. Such large increases in the City's contributions, if required, could have a material adverse impact on the City's financial condition.

Additionally, the City cannot predict if or when changes to the Pension Code or judicial decisions relevant to its contributions will be enacted or decided, respectively, and the impact any such legislation or judicial decisions would have on the manner in which it contributes to the Retirement Funds. Contributing pursuant to Multiplier Funding or pay-as-you-go funding, as discussed in this subsection, represent two possible outcomes, however the City can make no representation that some other method of determining contributions, including payments that are possibly even larger than pay-as-you-go funding, would not be required.

The projections in Tables 14 and 15 show that the assets of both FABF and PABF will, under current law, begin to increase in 2016. This increase reflects the implementation of the P.A. 96-1495 Funding Plan, beginning with levy year 2015. This projection does not consider the impact of proposed legislation, such as the 96-1495 Delay Bill, which would delay the implementation of P.A. 96-1495 and provide for continued contributions by the City to FABF and PABF pursuant to the Multiplier Funding system through 2021. The City projects that, should the 96-1495 Delay Bill be enacted in its current form, the Funded Ratio of such Retirement Funds would continue to decrease during the period by which P.A. 96-1495 is delayed.

The statements made in this subsection are based on projections, are forward-looking in nature and are developed using assumptions and information currently available. Such statements are subject to certain risks and uncertainties. The projections set forth in this Appendix rely on information produced by the Retirement Funds' independent actuaries and were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. This information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this Appendix are cautioned not to place undue reliance on the prospective financial information. Neither the City, the City's independent auditors, nor any other independent accountants have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Report and Recommendations of the Commission to Strengthen Chicago's Pension Funds

The information contained in this subsection describing the CSCP and the Final Report (each as defined herein) relies on information produced by the CSCP, including the Final Report. The Final Report is available at <http://www.chipabf.org/ChicagoPolicePension/PDF/Financials/pension_commi>ssion/CSCP_Final_Report_Vol. l_4.30.2010.pdf; however, the content of the Final Report and such website is not incorporated herein by such reference. The City makes no representation nor expresses any opinion as to the accuracy of the Final Report, the statements made or the information therein, some of which may be conflicting. Furthermore, information about the Final Report is being provided for historical purposes only.'

On January 11, 2008, then Mayor Richard M. Daley announced the formation of the Commission to Strengthen Chicago's Pension Funds (the "CSCP"), which was composed of a broad cross-section of City officials, union leaders, pension fund executives, and business and civic professionals. The CSCP was charged with examining the Retirement Funds and recommending ways to improve the Funded Ratio of each Retirement Fund. The CSCP met several times in 2008 through 2010, and at the CSCP's final meeting on March 24, 2010, the CSCP endorsed its final report, with three commissioners dissenting. The CSCP's final report, which included letters from the dissenting commissioners, was submitted to Mayor Daley on April 30, 2010 (the "Final Report").

The CSCP's approval of the Final Report occurred before the enactment of the Pension Reform Act and P.A. 96-1495 and, therefore, does not consider the impact of these acts on the Retirement Funds. See "- Determination of City's Contributions" and "- Legislative Changes" above for additional information on these acts. As described below, certain of the CSCP's findings and recommendations as contained in the Final Report are addressed by either act.

The CSCP found that the financial health of the Retirement Funds had deteriorated due to a combination of factors, including the following: increasing liabilities due to enhanced benefits (e.g., nonrecurring early retirement programs that were not properly funded); inadequate contributions, which were based upon a fixed percentage of payroll and not actuarial need (i.e., the Multiplier Funding); and adverse market conditions leading to fluctuating returns on investments (in 2000-2002 and 2007-2009) which could not keep pace with growth in liabilities. With regard to the CSCP's finding of inadequate contributions, P.A. 96-1495 addresses this finding with regard to PABF and FABF. As described in "- Determination of City's Contributions" and "- Legislative Changes - P.A. 96-1495" above, the City's Pension Levy applicable to PABF and FABF will be calculated as the level percentage of payroll necessary to reach the 90% Funded Ratio target by 2040 pursuant to the P.A. 96-1495 Funding Plan, which will significantly increase the City's contributions to PABF and FABF beginning with the levy made in 2015 (and collectible in 2016).

The CSCP found that due to the inadequate contributions, the Retirement Funds have had to use assets to pay current benefits, which in turn put pressure on the asset bases and Funded Ratios of the Retirement Funds.

The CSCP modeled a set of scenarios for the Retirement Funds and found that, based on the actuarial assumptions in use by the Retirement Funds and the condition of the Retirement Funds at the end of 2009, the Retirement Funds would, in the absence of substantial changes to the Retirement Funds' funding policy and/or benefit structure, deplete all assets in each of the Retirement Funds at different

dates but all within twenty years of the date of the Final Report. However, the CSCP's approval of the Final Report occurred before the enactment of the Pension Reform Act and P.A. 96-1495 and the depletion dates as estimated in the Final Report would not have taken into account the impact of such legislation. See "- Projection of Funded Status" above for the projections based upon the current legislative structure applicable to the Retirement Funds.

The CSCP suggested that the issues related to the Retirement Funds need to be addressed as soon as possible and offered the following specific recommendations: (i) the defined benefit structure used by the Retirement Funds should remain (as opposed to a defined contribution structure); (ii) new employees should continue to become members of the Retirement Funds; (iii) the Retirement Funds should be funded on an actuarial basis; (iv) changes in the Retirement Funds for new members, while recognized by the CSCP as undesirable, will probably be necessary; (v) contributions to the Retirement Funds should be increased and revenue sources identified; (vi) employee contributions should not exceed the value of benefits on a career basis; (vii) review any provisions in current law for refunds or for alternative benefit calculations to ensure that the anticipated financial results of a reform program are actually obtained; (viii) in general, no changes in the Retirement Funds should be made unless financially neutral or advantageous to the Retirement Funds, now or in the future; (ix) a variety of other reforms should be considered, including reforming potential abuses, establishing sound reciprocity with other Illinois public pensions, implementing new structures to manage investments of the Retirement Funds, and improving administration of disability claims and benefits; and (x) any reform legislation must comprehensively and simultaneously address all aspects of the pension funding program.

CSCP's recommendations were made prior to the enactment of the Pension Reform Act and P.A. 96-1495. Certain of the CSCP's recommendations, including changes in the Retirement Funds for new members, were part of the Pension Reform Act (with regard to MEABF and LABF) and P.A. 96-1495 (with regard to PABF and FABF).

Diversion of Grant Money to Police and Fire Funds Under P.A. 96-1495

P.A. 96-1495 allows the State Comptroller to divert State grant money intended for the City to either of PABF and FABF to satisfy contribution shortfalls by the City (the "Recapture Provision"). If the City fails to contribute to PABF and FABF as required by the Pension Code, the City will be subject to a reallocation of grants of State funds to the City if (i) the City fails to make the required payment for 90 days past the due date, (ii) the subject Retirement Fund gives notice of the failure to the City, and (iii) such Retirement Fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, the State Comptroller will withhold grants of State funds from the City in an amount not in excess of the delinquent payment amount in the following proportions: (i) in fiscal year 2016, one-third of the City's State grant money, (ii) in fiscal year 2017, two-thirds of the City's State grant money, and (iii) in fiscal year 2018 and in each fiscal year thereafter, 100% of the City's State grant money. Should the Recapture Provision in P.A. 96-1495 be invoked as a result of the City's failure to contribute all or a portion of its required contribution, a reduction in State grant money may have a significant adverse impact on the City's finances.

The P.A. 96-1495 Delay Bill would, if enacted in its current form, delay the implementation of the Recapture Provision of P.A. 96-1495 by seven years. Pursuant to the P.A. 96-1495 Delay Bill, the first deduction by the Comptroller could occur in 2023 rather than 2016 as required by current law. No assurance can be given that the P.A. 96-1495 Delay Bill will be enacted or, if enacted, will be enacted in its current form. See "- Determination of City's Contributions- City's Required Contributions to PABF and FABF Beginning with the Levy made in 2015"

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GASB Statements 67 and 68

On June 25, 2012, GASB announced it was adopting new Statements 67 and 68 (collectively, the "Statements") covering the manner in which pension plans and governments, respectively, account for and report information regarding those pension plans. The Statements take effect in fiscal years 2014 and 2015, respectively. The City expects they will significantly alter the financial statements produced by the City and the Retirement Funds; however, because the City contributes to the Retirement Funds pursuant to the methods established in the Pension Code, the Statements would not impact the contributions made by the City without legislative action.

Legislative Changes

P.A. 96-0889

On April 14, 2010, Governor Quinn signed Public Act 96-0889 (the "Pension Reform Act") into law. The Pension Reform Act establishes a "two-tier" benefit system with less generous benefits for employees who become members of MEABF and LABF on or after January 1, 2011 as compared to those provided to employees prior to such date. Among other changes, the Pension Reform Act: (i) increases the minimum age at which an active employee may retire with unreduced benefits to age 67 from age 60 or younger based on a formula combining the age of the employee and the number of years of service; (ii) increases the minimum age at which an active employee may retire with reduced benefits to age 62 from age 50; (iii) provides that final average salary is based on 96 consecutive months within the last 120 months of employment (instead of 48 months of the last 120 months); (iv) reduces the annual cost of living adjustment to the lower of 3% or 50% of the change in the consumer price index for all urban consumers, whichever is lower, and eliminates compounding for employees hired after January 1, 2011, from a cost of living adjustment of 3%, compounded; and (v) caps the salary on which a pension may be calculated at SI06,800 (subject to certain adjustments for inflation).

The Pension Reform Act does not impact persons who first became members or participants prior to its effective date of January 1, 2011.

The Pension Reform Act does not change City or employee contributions to MEABF or LABF. The Pension Code continues to require that the City contribute to MEABF and LABF pursuant to the respective Multiplier.

The Pension Reform Act as described in this subsection, taken independently of any other legislative or market effects, is expected to reduce benefits afforded new hires and therefore reduce over time the growth in the Actuarial Accrued Liability, the UAAL and the Actuarially Required Contribution. In calculating the Actuarial Accrued Liability, the actuaries make assumptions about future benefit levels. As the value of future benefits decreases over time, and as a greater percentage of the City's workforce is covered by the Pension Reform Act, the Actuarial Accrued Liability is expected to decrease compared to what it would have been under previous law. Consequently, the UAAL is expected to grow more slowly and the Funded Ratio to improve. As the growth in the UAAL slows, the Actuarially Required Contribution is expected to be reduced as the amount of UAAL to be amortized decreases. However, no assurance can be given that these expectations will be the actual experience going forward.

P.A. 96-1495

P.A. 96-1495 has a significant impact on PABF and FABF. Certain provisions of P.A. 96-1495 are discussed above in "- Determination of City's Contributions - City's Required Contributions to

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PABF and FABF Beginning with the Levy made in 2015." The P.A. 96-1495. Funding Plan will have the effect of significantly increasing the portion of the Pension Levy applicable to PABF and FABF because, among other things, the Multiplier Funding will no longer serve to cap the Pension Levy (applicable to PABF and FABF) and because the P.A. 96-1495 Funding Plan is designed to require larger contributions by the City. The greater contributions projected to be required under the P.A. 96-1495 Funding Plan are expected to pose a substantial burden for the City's financial condition beginning in 2016. See "- Projection of Funded Status - Projection of Required City Contributions" below.

In addition, P.A. 96-1495 makes changes to benefits for police officers and firefighters first participating in PABF and FABF on or after January 1, 2011. Among other changes, P.A. 96-1495: (i) increases the minimum eligibility age for unreduced retirement benefits from 50 (with ten years of service) to 55 (with ten years of service); (ii) provides for retirement at age 50 (with ten years of service) with the annuity reduced by .5% per month; (iii) provides that final average salary is based on 96 consecutive months within the last 120 months of employment (instead of 48 months of the last 120 months); (iv) reduces the cost of living adjustment to the lower of 3% or 50% of the change in the consumer price index for all urban consumers, whichever is lower, commencing at age 60; (v) provides that widow benefits are 66 2/3% of the employee's annuity at the date of death; and (vi) caps the salary on which a pension may be calculated at $106,800 (subject to certain adjustments for inflation).

While the reforms discussed in this section are expected to contribute to a reduction in the Retirement Funds' respective UAALs over time, such reforms are not expected to materially reduce such UAALs in the near future.

Pension Reform

The City believes that significant legislative changes are required to properly fund the Retirement Funds and is considering the options available to address those unfunded liabilities. Based on its work in developing the Mayor's 2012 pension reform plan (see below) and other analysis, the City believes that the Retirement Funds' unfunded liabilities cannot be adequately and practically addressed through increases in the City's contributions alone and without a modification to the current level of benefits. If the City attempted to fund such increased contributions through an increase in taxes, the increase would be larger than any increase in recent history, politically difficult to enact, and harmful to the City's financial condition and, likely, its economy. If the City attempted to fund such increased contributions through expenditures cuts, essential City services, including, but not limited to, public health and safety, would be jeopardized. And the amount that could be derived from the sale of City assets would be inconsequential when compared to the Retirement Funds' unfunded liabilities. Finally, a combination of revenue increases and expenditure cuts likely would not be practical to address the unfunded liabilities, given their magnitude. Therefore, the City believes that reductions in the benefits provided by each of the Retirement Funds are necessary, in combination with any increases in employer and employee contributions, to adequately address the unfunded liabilities of the Retirement Funds.

On May 8, 2012, Mayor Rahm Emanuel testified before the Committee on Personnel and Pensions of the Illinois House of Representatives and presented the following proposal to amend provisions of the Pension Code in order to help address the unfunded liabilities of the Retirement Funds: (a) suspending for a period of time automatic increases in pension amounts payable to annuitants; (b) increasing the required employee contribution to the applicable Retirement Fund by an additional five percent of pensionable compensation (phased in over time): (c) increasing the retirement age for active members hired before January 1, 2011; and (d) offering new members and certain existing members options to make their retirement plans more competitive and consistent with those offered in the private sector.

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No assurance can be given that a bill embodying the proposed plan will be introduced in the Illinois General Assembly or that any such bill would be enacted, or that if enacted, any such bill would contain any of the proposed changes described above. Furthermore, any reduction in benefits (whether pursuant to the proposed plan or otherwise) would require action by the Illinois General Assembly to modify the Pension Code, and no assurance can be given that any proposal to modify benefits will be enacted. Given the Illinois Pension Clause in the Illinois Constitution, any legislation which reduces benefits may be challenged under this constitutional provision, and no assurance can be given that such legislation will be upheld upon a legal challenge.

As of October 3, 2013, the City is unaware of any legislation pending before the Illinois General Assembly that would address the significant underfunding of the Retirement Funds. The City continues to make its statutory contributions to each Retirement Fund.

OTHER POST-EMPLOYMENT BENEFITS

General

The City and the Retirement Funds share the cost of post-employment healthcare benefits available to City employees participating in the Retirement Funds through a single-employer, defined benefit healthcare plan (the "Health Plan"), which is administered by the City. The costs of the Health Plan are shared pursuant to a settlement agreement (as amended, the "Settlement") entered into between the City and the Retirement Funds regarding the responsibility for payment of these health benefits as described below under "- The Settlement."

MEABF and LABF participants older than 55 with at least 20 years of service and PABF and FABF participants older than 50 with at least 10 years of service may become eligible for the Health Plan if they eventually become an annuitant. The Health Plan provides basic health benefits to non-Medicare eligible annuitants and provides supplemental health benefits to Medicare-eligible annuitants.

The City contributes a percentage toward the cost of the Health Plan for each eligible annuitant. Annuitants who retired prior to July 1, 2005 receive a 55% subsidy from the City, whereas annuitants retiring on or after such date receive a subsidy equal to 50%, 45%, 40% or zero percent based on the annuitant's length of actual employment with the City. The Retirement Funds contribute a fixed dollar amount monthly ($65 for each Medicare-eligible annuitant and $95 for each non-Medicare eligible annuitant) for each of their annuitants. The annuitants are responsible for contributing the difference between the cost of their health benefits and the sum of the subsidies provided by the City and the related Retirement Fund.

The Retirement Funds' subsidies are paid from the Pension Levy, as provided in the Pension Code. These payments therefore reduce the amounts available in the Retirement Funds to make payments on pension liabilities. See Tables 5-9 in "Retirement Funds-Funded Status of Retirement Funds" above for Retirement Funds' statement of net assets, which incorporates the expense related to the Health Plan as part of the "Administration" line item. The Pension Levy is described in "Retirement Funds - Determination of City's Contributions" above.

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The Settlement

In 1987, the City sued the Retirement Funds asserting, among other things, that the City was not obligated to provide healthcare benefits to certain retired City employees. Certain retired employees intervened as a class in the litigation, and the Retirement Funds countersued the City. To avoid the risk and expense of protracted litigation, the City and the other parties entered into the Settlement, the terms of which have been renegotiated over time. The City contributed to the Health Plan as a result of the obligation established by the Settlement during the term of the Settlement (the "Settlement Period"). The Settlement expired on June 30, 2013. See "- Continuation of Healthcare Benefits After the Settlement Period" below.

City Financing of the Health Plan

The Health Plan is funded on a pay-as-you-go basis. Pay-as-you-go funding refers to the fact that assets are not accumulated or dedicated to funding the Health Plan. Instead, the City contributes the amount necessary to fund its share of the current year costs of the Health Plan. The City's contributions are made from funds derived from the Pension Levy, which is described above in "Retirement Funds - Determination of City's Contributions" as required by the Pension Code. See Table 18 below for a schedule of historical contributions made by the City to the Health Plan.

Actuarial Considerations

City Obligation

The City has an Actuarial Valuation completed for its contributions to the Health Plan annually. The purpose and process behind an Actuarial Valuation is described above in "Retirement Funds - The Actuarial Valuation - Actuaries and the Actuarial Process." In addition, the Retirement Funds produce an Actuarial Valuation for the liability of such Retirement Fund to its retirees for the benefits provided under the Health Plan.

Although these Actuarial Valuations all refer to the liability owed for the same benefits, the results of the Retirement Funds' Actuarial Valuations differ significantly from the City's Actuarial Valuation for two reasons. First, the City's Actuarial Valuation only reflects the portion of liabilities the City owes under the Settlement. Second, the Actuarial Valuations of the City and the Retirement Funds differ because the actuarial methods and assumptions used for each purpose vary.

This Appendix addresses the funded status of the City's obligation to make payments for the Health Plan. For additional information on the amounts owed to members of the Retirement Funds for retiree healthcare benefits, see the Actuarial Valuations of the Retirement Funds, which are available as described in "Retirement Funds - Source Information" above, and Note 11(b) to the City's Basic Audited Financial Statements, which are available on the City's website at <http://www.cityofchicago.org/city/en/depts/fin/supp_info/comprehensive_annualfinancialstatements.html>; provided, however, that the contents of the City's website are not incorporated herein by such reference.

Actuarial Methods and Assumptions

The Actuarial Valuation for the City's obligation to the Health Plan utilizes various actuarial methods and assumptions similar to those described in "Retirement Funds" above with respect to the Retirement Funds. The City does not use an Actuarial Method to calculate the Actuarial Value of Assets

of the Health Plan because no assets are accumulated therein for payment of future benefits. As such, the Actuarial Value of Assets for the Health Plan is always zero.

The City's Actuarial Valuation employs the PUC Method to allocate the City's obligations under the Settlement. For more information on the PUC Method, see "Retirement Funds - Actuarial Methods" above.

The City's 2012 Actuarial Valuation amortizes the Health Plan's UAAL over a closed 1-year period, in order to reflect the remainder of the Settlement Period. The use of a closed, 1-year period has the effect of increasing the Actuarially Required Contribution as compared to the typical 30-year open amortization period because (i) the period of time over which the UAAL will be amortized is shorter, and (ii) the amortization period is one year as opposed to remaining at 30 years for each period going forward.

Funded Status

The following tables provide information on the financial health of the Health Plan. The Health Plan is funded on a pay-as-you-go basis, which means no assets are accumulated to pay for the liabilities of the Health Plan. As such, the Funded Ratio with respect to the Health Plan is perpetually zero.

Table 17 summarizes the current financial condition and the funding progress of the Health Plan.

TABLE 17 - SCHEDULE OF FUNDING PROGRESS*"

Actuarial Value of Assets

Actuarial Accrued Liability
Unfunded Actuarial Accrued Liability

Funded Ratio

Covered Payroll

UAAL as a Percentage of Payroll

UAAL as a Percentage of Payroll

2006 2007 2008 2009 2010
$0 0 0 0 0
51,307,417
1,062,864 787,395 533,387 390,611
$1,307,417
1,062,864 787,395 533,387 390,611
0%
0
0
0
0
$2,502,154 2,562,007 2,475,107 2,546,961 2,475,000
52.0%
41.5
31.8
20.9
15.8

Sources Comprehensive Annual Financial Report of the City for the fiscal years ending December 31, 2006-2011

1) In thousands of dollars
2) The City, as required, adopted GASB Statement No 45 in fiscal year 2007 The information provided in this table was produced m 2007 or later

Table 18 shows the amounts actually contributed to the Health Plan by the City.

TABLE 18 - HISTORY OF CITY'S CONTRIBUTIONS'"

	Actual City Contribution
2007	$ 97,254
2008	98,065
2009	98,000
2010	107,431
2011	99,091

Sources: Comprehensive Annual Financial Report of the City for the fiscal years ending 2007-2011

1) In thousands of dollars
2) T he City, as required, adopted GASB Statement No 45 in fiscal year 2007 The information provided m this table was not produced prior to 2007

Retiree Health Benefits Commission

The Settlement provided for the creation of the Retiree Health Benefits Commission (the "RHBC"), which was tasked with reviewing proposed changes to retiree healthcare plans for the years 2008-2013 and with making recommendations concerning retiree health benefits after June 30, 2013. The RHBC's members were appointed by the Mayor of the City for terms that do not expire. The Settlement required that the RHBC be composed of experts who will be objective and fair-minded as to the interest of both retirees and taxpayers, and include a representative of the City and a representative of the Retirement Funds.

On January 11, 2013, the RHBC released its "Report to the Mayor's Office on the State of Retiree Healthcare" (the "RHBC Report"). The RHBC Report can be found on the City's website at <http://www.cityofchicago.org/city/en/depts/fin/provdrs/ben/alerts/2013/jan/retiree_healthcarebeneflts>commissionreporttothemayor. The RHBC Report concluded that maintaining the current funding arrangement for the Health Plan is untenable, would prevent the City from continuing to provide the current level of benefits to retirees in the future, and could result in other financial consequences, such as changes to the City's bond rating and its creditworthiness. The RHBC Report presented several options for the Mayor to consider which would reduce the level of spending with respect to the Health Plan from approximately SI08 million annually to between $90 million and $12.5 million annually depending on the option.

Continuation of Healthcare Benefits After the Settlement Period

On May 15, 2013, the City announced plans to: (i) extend benefit levels provided by the Settlement to all retirees through December 31, 2013; (ii) provide a healthcare plan for their lifetimes to employees who retired before August 23, 1989 with a contribution from the City of up to 55% of the cost of that plan; and (iii) beginning January 1, 2014, provide employees who retired on or after August 23, 1989 with healthcare benefits but with significant changes to those provided by the Health Plan, including increases in premiums and deductibles, reduced benefits and the phase-out of the entire Health Plan for such employees by the beginning of 2017. Implementation of the City's plans requires that legislation be

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enacted by the City to extend the City's subsidies; no assurance can be given that such legislation will be enacted.

On May 30, 2013, the General Assembly passed Senate Bill 1584, which was signed into law by the Governor on June 28, 2013. Senate Bill 1584 extends the Retirement Funds' subsidies for retiree healthcare costs until such time as the City no longer provides a health care plan for annuitants or December 31,2016, whichever comes first.

After the June 30, 2013 expiration of the Settlement, on July 5, 2013, certain participants in the Health Plan filed a motion to "re-activate" the 1987 litigation covered by the Settlement. On July 17, 2013, the Circuit Court of Cook County, Illinois denied that motion. On July 23, 2013, certain of the participants filed a new lawsuit (the "Lawsuit") in the Circuit Court against the City and the Trustees of each of the four Retirement Fund Boards, seeking to bring a class action on behalf of former and current City employees who previously contributed or now contribute to one of the four Retirement Funds. The plaintiffs assert, among other things, that pursuant to the Illinois Pension Clause, each such City employee is entitled to a permanent and unreduced level of healthcare coverage by the City, which vests as of the date they began participating in any of the four Retirement Funds and is subsidized by their respective Retirement Fund. The City intends to vigorously defend the Lawsuit.

On August 16, 2013, the City filed a brief as amicus curiae with the Supreme Court of Illinois in the case of Kanerva v. Weems ("Kanerva",). Although the City is not a party in the Kanerva litigation, the City believes that the outcome of the Kanerva case may impact the law at issue in the Lawsuit, particularly with respect to the question of whether retiree health benefits are protected by the Pension Clause.

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