

COMPREHENSIVE ANNUAL FINANCIAL REPORT



DALLAS/FORT WORTH
INTERNATIONAL AIRPORT

For the Fiscal Years Ended September 30, 2007 and 2006



The Finance Department
P.O. Box 619428
DFW Airport Texas 75261-9428

Dallas/Fort Worth International Airport, Texas

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED

SEPTEMBER 30, 2007 & 2006

(With Independent Auditors' Report Thereon)

**Prepared by
Department of Finance**

**Christopher A. Poinatte
Executive Vice President and Chief Financial Officer**

**Dallas/Fort Worth International Airport
Comprehensive Annual Financial Report
For the Fiscal Years Ended September 30, 2007 & 2006**

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INTRODUCTORY SECTION

February 22, 2008

To the Public:

Enclosed herein is the Comprehensive Annual Financial Report (CAFR) of the Dallas/Fort Worth International Airport, Texas (DFW or the Airport), for the fiscal years ended September 30, 2007 and 2006. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with DFW management. To the best of management's knowledge and belief, the enclosed information is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of DFW. All disclosures necessary to enable the reader to gain an understanding of DFW's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section, which is unaudited, includes this Transmittal Letter, a list of Board Members and Airport Officials, DFW's Organizational Chart, and Award. The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Statistical Section, which is unaudited, includes selected financial trends, revenue capacity, debt capacity, economic and operational activity presented on a multi-year basis.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative overview and analysis to accompany the financial statements in the form of MD&A. This Transmittal Letter should be read in conjunction with the MD&A, which can be found immediately following the Independent Auditors' Report in the Financial Section.

DFW Overview

DFW was created by the Contract and Agreement between the Cities of Dallas, Texas, and Fort Worth, Texas (the Cities), on April 15, 1968, for the purpose of developing and operating an airport as a joint venture between the Cities. DFW's Board of Directors (the Board) consists of seven members appointed by the City of Dallas and four members appointed by the City of Fort Worth and one nonvoting member which rotates on an annual basis from the cities of Coppell, Euless, Grapevine, or Irving.

In addition to this Contract and Agreement, DFW is governed by several other key documents including the 30th Supplemental Bond Ordinance which modified the original 1968 Concurrent Bond Ordinance (collectively called the "Bond Ordinances"); and the Use Agreement between DFW and the signatory airlines signed in 1974. The Use Agreement expires on December 31, 2009. Collectively, these agreements are called the "Controlling Documents."

The Controlling Documents define how DFW manages its financial and business affairs. DFW is a residual airport which means that the Signatory Airlines pay the residual net cost of operating the Airport. DFW maintains a series of "cost centers" in its general ledger that allows it to accumulate costs so that it can charge rates and fees to airlines, tenants, and other airport users, that in total will be equal to the amount it costs DFW to operate the airport, excluding depreciation, but including debt service and debt service coverage. DFW does not collect any tax revenue to fund its operations. See the MD&A for a more complete discussion of DFW's Controlling Documents and its impact on DFW's business.

Local Economy

DFW Airport is located between the cities of Dallas and Fort Worth. DFW is the principal air carrier facility serving the North Central region of the State of Texas and the Dallas/Fort Worth metropolitan area. The Metroplex has a population of approximately 6 million people, fourth largest among U.S. metro markets. This represents 26 percent of the state's population and 27 percent of the labor force. Population growth and business diversity are significant drivers of the Airport's business.

DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent. DFW's strategic central location, superior air service, and diverse economy are the major reasons that businesses relocate to the area and propel the Metroplex to be one of the fastest-growing and most stable economies in the country. There are 24 Fortune 500 headquarters in the Metroplex with more than 85,000 local employees. The region's diverse economy has enabled it to weather economic downturns in key sectors.

Known as the economic engine for the North Texas region, the Airport has an annual impact on the local economy of \$16.6 billion and supports nearly 305,000 jobs, and \$7.6 billion in payroll. These jobs consist of airport and airline employees, as well as construction, maintenance, hospitality and tourism employees.

FY 2007 in Review

During FY 2007, DFW developed a new strategic plan that focuses on growing the core passenger and cargo airline business by achieving four key results: being cost competitive, ensuring customer satisfaction, achieving operational excellence, and engaging employees. FY 2007 was arguably one of DFW's best years ever in each of these areas.

Financial

DFW focuses on diversification of revenue, making the Airport more cost competitive by lowering the signatory airlines' cost to operate at DFW, and improving the Airport's overall financial stability. Each of these was accomplished in FY 2007. Operating revenues were \$567.6 million in FY 2007, an increase of \$82.1 million (16.9%) over FY 2006, primarily due to natural gas revenues. Operating revenues became more diversified in FY 2007 due to the addition of natural gas revenues (\$92.6 million); the growth of parking, concessions and Grand Hyatt Hotel revenues (\$25.8 million); and a reduction in airline landing fees and terminal rents (\$40.5 million). This allowed DFW to reduce the airline's payment for landing fees and terminal rents from 49.4% of total operating revenues in FY 2006 to 35.1% in FY 2007. The landing fee rate per thousand pounds (post settlement) was reduced from \$4.88 in FY 2006 to \$3.95 in FY 2007.

While growing and diversifying revenues, DFW kept its operating expenses and interest costs in check during FY 2007. Operating expenses, excluding depreciation, were \$342.2 million in FY 2007, an increase of \$7.2 million (2.2%) primarily due to contract service costs. Interest expense was \$212.1 million in FY 2007, a decrease of \$5.4 million (2.5%) primarily due to lower variable interest rates. DFW received rating upgrades in FY 2007 from A1 Stable to AA- Stable from Fitch ratings and from A1 Stable Outlook to A1 Positive Outlook from Moody's due primarily to DFW's strong cash position, diversification of revenues, and strong management team.

Customer

DFW was recognized for its' outstanding customer satisfaction in FY 2007 by J.D. Powers and Associates and Airports Council International (ACI). In June 2007, DFW was ranked "Highest Customer Satisfaction for Large Airports" by J.D. Power and Associates, representing airports with 30 million or more passengers per year. DFW is also proud to be named the "Best Airport in the Americas" by Airports Council International (ACI) and was the only airport outside Asia to appear in ACI's top five "Best Airports Worldwide". In addition, the DFW Grand Hyatt (owned by DFW) had the highest customer satisfaction rating among 103 hotels in the Hyatt System based on independent Maritz surveys. DFW management intends to maintain its customer satisfaction ratings and improve results wherever possible. Accordingly, DFW has designated \$45 million of its natural gas proceeds for a Terminal Renovation Program that will renovate restrooms in Terminal A, C, and E, improve lighting, install new flight, baggage, and gate information displays, and make other interior refurbishments.

Operational Excellence

Operationally, DFW received safety and environmental awards. DFW received the Federal Aviation Administration's 2007 Flight Safety Foundation Award for its' outstanding safety program; and was accepted into the Environmental Protection Agencies Environmental Performance Tract Program which is only granted to companies that demonstrate the highest level of environmental programs and awareness.

Employee Engagement

DFW measures employee engagement each year through an independent survey. During FY 2007, DFW increased employee participation in the survey from 74% to 79% and achieved an overall employee satisfaction of 62% which is above the midpoint for all participating companies and the same score as in FY 2006. In FY 2008, DFW will increase its' outreach on its' Wellness Program, open a new employee Wellness Center, and focus on new management initiatives to increase employee engagement.

Grow the Core Business

DFW added, or announced the addition of, four new domestic and four new international destinations in FY 2007 including non-stop service to Amsterdam Airport Schiphol and London Heathrow, two of the world's top international connecting hubs.

In September 2007, DFW announced that KLM Royal Dutch Airlines will begin daily wide-body service from DFW to Amsterdam Airport Schiphol beginning March 30, 2008. Amsterdam represents the 39th international destination for DFW, the highest number in the Airport's history. KLM offers connections from its hub to 75 worldwide destinations. The daily flight to Amsterdam will contribute an estimated \$125 million in economic activity to the Dallas-Fort Worth region every year.

Thanks to the new "Open Skies" agreement between the European Union and the United States and aggressive marketing efforts, DFW will begin to offer twice-daily nonstop service to London Heathrow beginning in the spring 2008. The service will be provided by American Airlines and British Airways. London Heathrow offers 144 connections to fast-growing areas such as India and the Middle East. In addition, the new service will provide 23 connection points to Africa.

DFW International cargo operations continue to grow with Hong Kong-based Cathay Pacific Cargo and Lufthansa Cargo increasing service in FY 2007 with planned service increases in FY 2008.

Despite best efforts of management, DFW can only influence airline decision; DFW cannot control them. Total airplane operations, passengers, and landed weights decreased slightly by 1.8%, 1.0% and 0.8%, respectively, from FY 2006 levels, due primarily to American Airlines reduction in the frequency of scheduled flights and from flight cancellations due to bad weather. However, the number of originating and destination passengers increased to 24.8 million (41.5% of total passengers), from 23.4 million in FY 2006 (38.8% of total passengers) due to lower average airfares. This is important because it reduces DFW reliance on connecting passengers and because origination and destination passengers spend more on DFW's other services (parking, concessions and car rentals) than connecting passengers.

Natural Gas Drilling Lease

In August 2006, the Cities of Dallas and Fort Worth approved a lease between DFW and Chesapeake Energy Corporation to begin natural gas exploration on the Airport's 18,000 acres. The lease was approved by the FAA in October 2006 and was signed by DFW and Chesapeake on October 5, 2006. Under the terms of the lease, Chesapeake paid DFW an initial non-refundable bonus of \$185.6 million on October 5, 2006 for the rights to drill for natural gas on the Airport and agreed to pay DFW a 25% royalty on future natural gas gross revenues as defined in the lease.

Natural gas proceeds are not considered "gross revenues" of the Airport per DFW's Controlling Documents because they represent the sale of mineral rights. The Controlling Documents require that these funds be deposited into the Capital Improvement Fund (301 Fund) which is an unrestricted cash account. DFW recognized approximately half of the \$185.6 million as operating revenue in FY 2007 because the bonus payment covered a two year period. The deferred portion is included in Accounts Payable and Other Current Liabilities on the Statement of Net Assets. Royalty income will begin to be paid to DFW in FY 2008. Approximately 327 wells are planned to be drilled and operated.

During FY 2007, DFW used a portion of the natural gas revenues to repay the Cities of Dallas and Fort Worth a total of \$19.7 million for their remaining original capital contributions. The FAA approved the repayment to the Cities.

Financial Information

The DFW Board and management are responsible for establishing and maintaining internal controls designed to ensure that the assets of DFW are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the Board and management are also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management and internal audit staff of DFW.

During FY 2007, DFW initiated an Airport Development Plan (ADP) update which will identify a detailed five year Capital Improvement Program (CIP) and provide a long-range vision of DFW's capital program for the next 20 years. The projected cost of the CIP and the longer-range ADP are not known at this time. The ADP is projected to be complete in early FY 2009.

In August 2006, DFW initiated a \$66.2 million Perimeter Taxiway and related roadway and infrastructure improvements on the southeast quadrant of the Airport. This project provides safety enhancements, reduces runway incursions, and increases airfield capacity. Construction began in early FY 2007 with an anticipated completion date of late FY 2008. The \$45 million Terminal Renovation Program mentioned above will be substantially complete in calendar 2008. DFW also plans to complete the security modifications for the Terminal A baggage system in February 2009.

DFW maintains extensive budgetary controls to ensure that expenditures are made in compliance with the Controlling Documents. There were no significant changes to DFW's financial policies that had an impact on the financial statements.

Independent Audit

KPMG LLP performed the audits for the years ended September 30, 2007 and 2006. Their report is included in this CAFR. In conjunction with the annual audit, KPMG performs an audit consistent with the Single Audit Act Amendments of 1996 and the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and applicable grant award guidelines relating to FAA grants in progress during the year. These reports have not been included in this report, but are available from DFW.

Awards

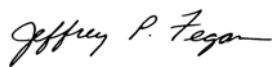
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DFW for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the seventeenth consecutive year that DFW has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The completion of this report could not have been accomplished without the efficient and dedicated service of the entire Finance Department. We would like to express our appreciation to all members of the department who assisted in and contributed to its preparation.

Respectfully submitted,



Jeffrey P. Fegan
Chief Executive Officer



Christopher A. Poinatte
Executive Vice President
Chief Financial Officer

BOARD OF DIRECTORS

AT SEPTEMBER 30, 2007

J. Jan Collmer, Chair

Lillie M. Biggins, Vice Chair

Robert Hsueh, Secretary

Mayor Thomas Leppert

Mayor Mike Moncrief

Sanmi Akinmulero

Francisco Hernandez

John Loza

Benjamin Muro

Michael Sorrell

Jeffrey K. Wentworth

Glenn Porterfield (nonvoting member)

AIRPORT OFFICIALS

AT SEPTEMBER 30, 2007

Jeffrey P. Fegan, Chief Executive Officer

Christopher A. Poinatte, Executive Vice President & Chief Financial Officer

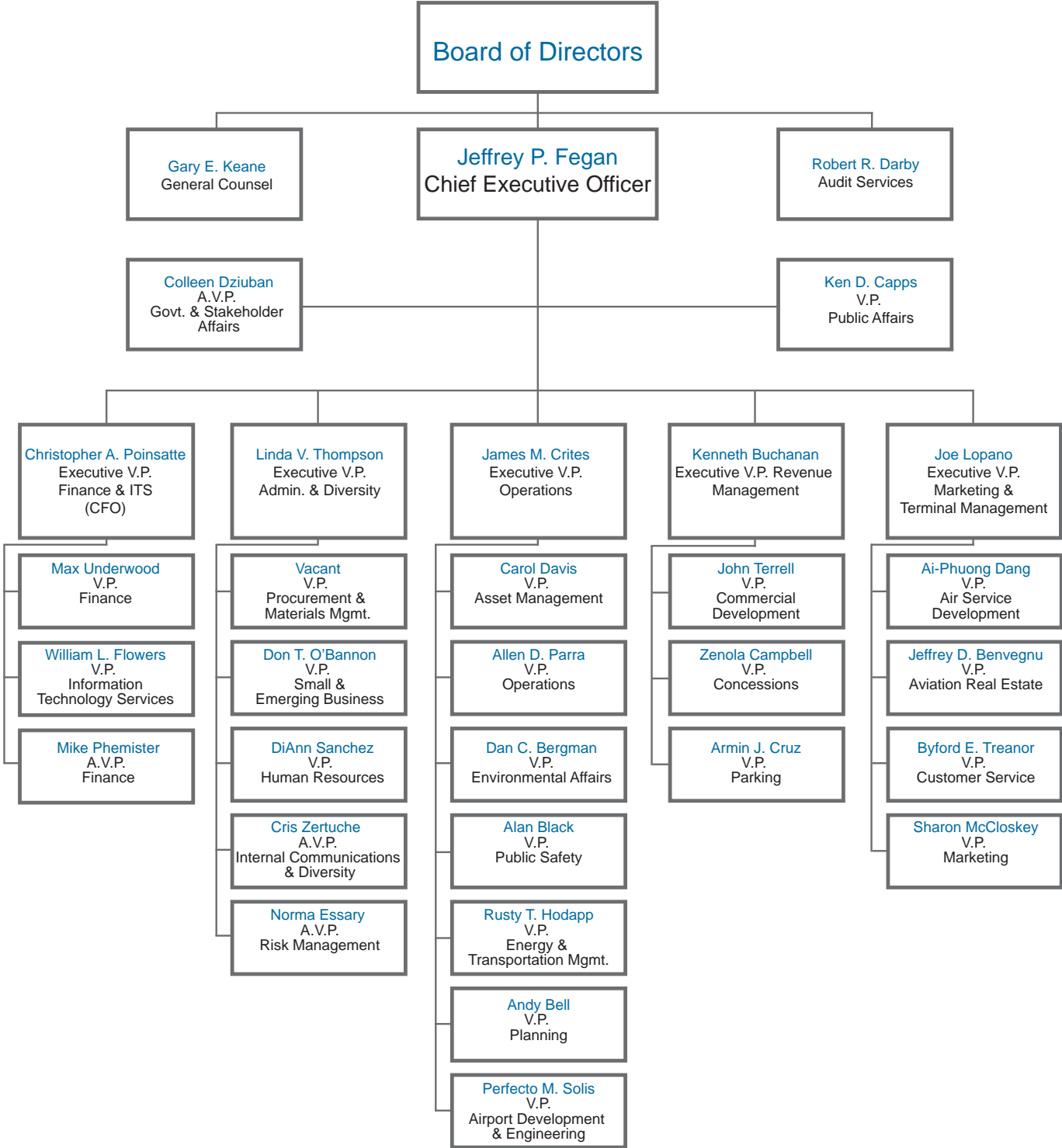
Kenneth Buchanan, Executive Vice President, Revenue Management

James M. Crites, Executive Vice President, Operations

Joseph Lopano, Executive Vice President, Marketing

Linda V. Thompson, Executive Vice President, Administration and Diversity

Dallas/Fort Worth International Airport Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas/Fort Worth
International Airport
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Board of Directors
Dallas/Fort Worth International Airport:

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the Dallas/Fort Worth International Airport (the Airport) as of and for the years ended September 30, 2007 and 2006, which collectively comprise the Airport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Airport's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Pension Trust Fund, which comprises the remaining fund information for 2007 and 2006. We also did not audit the financial statements of the Public Facility Improvement Corporation (PFIC), which represents 1.7%, 1.3%, and 4.7%, respectively, of the assets, net assets, and operating revenues of the business-type activities in 2007 and 1.6%, 1.0%, and 4.6%, respectively, of the assets, net assets, and operating revenues of the business-type activities in 2006. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Pension Trust Fund and PFIC were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the Dallas/Fort Worth International Airport as of September 30, 2007 and 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2008 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress on pages 3 through 16 and 46 through 47, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audits and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

February 22, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance and activity of the Dallas/Fort Worth International Airport ("DFW" or "the Airport") provides an introduction and understanding of DFW's Basic Financial Statements for the fiscal years ended September 30, 2007 and September 30, 2006. The Airport is a business-type activity and as such DFW's Basic Financial Statements and Required Supplementary Information consist of Management's Discussion and Analysis (MD&A); Statements of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; Statements of Cash Flows; and Notes to the Basic Financial Statements. Also included are the Statements of Fiduciary Net Assets; Statements of Changes in Fiduciary Net Assets; and a Schedule of Funding Progress for the DFW Pension Plans which have a December 31st year end. The MD&A has been prepared by management and should be read in conjunction with the Basic Financial Statements and the attached notes.

DFW's Controlling Documents

DFW was created by a Contract and Agreement between the Cities of Dallas and Fort Worth (the Cities), dated April 15, 1968, for the purpose of developing and operating an airport as a joint venture between the Cities. In addition to this Contract and Agreement, DFW is governed by several other key documents including the 30th Supplemental Bond Ordinance which modified the original 1968 Concurrent Bond Ordinance (collectively called the "Bond Ordinances"); and the Use Agreement between DFW and the signatory airlines signed in 1974. The Use Agreement expires on December 31, 2009. Collectively, these agreements are called the "Controlling Documents."

The Controlling Documents define how DFW manages its financial affairs. DFW is a residual airport which means that the signatory airlines pay the residual net cost of operating the Airport. DFW does not collect local tax revenue to fund its operations. DFW operates as an Enterprise Fund as required by governmental reporting. DFW uses the term "Fund" to identify internal accounting structure rather than separate governmental required reporting funds.

Each year, management prepares an annual budget (approved by the DFW Board and the Cities) of projected expenditures for the Operating Revenue and Expense Fund (commonly referred to as the "102 Fund"). This budget includes DFW's projected operating expenses excluding depreciation, plus annual debt service (interest and principal), plus an amount sufficient to pay an additional 25% of the aggregate annual debt service (defined as "Coverage"), plus any incremental amount sufficient to maintain a 90 day operating reserve.

The budget also includes non-airline revenues (i.e., parking, concessions, and ground leases) and non-operating revenues (i.e., interest income, Passenger Facility Charges (PFC)) sufficient to pay eligible debt service, etc. These projected expenditures and revenues are then accumulated into "cost centers" to calculate the required airline and tenant revenues (primarily landing fees and terminal rents) that must be collected during the year so that total forecasted revenues equal total forecasted expenditures. Landing fee revenue is the ultimate "balancer" to ensure that forecasted operating revenues equal forecasted operating expenses. The landing fee rate is calculated by dividing total required landing fee revenues by total projected Signatory Airline landed weights per thousand pounds. Management then uses this information to prepare an annual Schedule of Rates, Fees, and Charges (approved by the Board) which is the basis for charging the airlines, tenants, and other airport users for DFW services during the year.

At the end of the year, a reconciliation or settlement of the 102 Fund is computed using actual revenues and actual expenses. Depending on whether an individual signatory airline has overpaid or underpaid during the year, it receives a refund or is billed an additional payment. The attached financial statements reflect the results of operations after the settlement has been calculated.

DFW's Bond Ordinances require DFW to collect an additional 25% of aggregate annual debt service for debt coverage. The signatory airlines pay for coverage as part of their landing fees. During the fiscal year, these funds are held in reserve to pay debt service if required. After the fiscal year, these funds are transferred to the Capital Improvement Fund (CIF). DFW's Controlling Documents govern the allocation and use of the CIF. The CIF may be used to pay for capital programs, maintenance expenses as agreed by the airlines, or to pay debt service if necessary. Historically, DFW has used these funds for capital projects although a portion of the CIF funds are transferred back to the 102 Fund each year, as agreed upon with the airlines. In certain circumstances in the past, DFW has transferred lump sum amounts from the CIF to the 102 Fund to provide additional financial relief to the airlines.

The CIF is allocated among three accounts: Airline Trust Accounts (400 Fund); the Airport's Discretionary Account (302 Fund); and the Common Capital Improvement Account (301 Fund). The airlines may use the Airline Trust Account (400 Fund) to fund capital projects on the Airport. These projects must be approved, procured, and constructed by the Airport. DFW has full control over the Airport Discretionary Account (302 Fund) which may be used for any lawful purpose. The Common Capital Improvement Account (301 Fund) generally requires both DFW and airline approval before funds may be spent and may be used for any lawful purpose. Over time, DFW and the airlines have agreed that DFW may proceed with certain types of expenditures (i.e. environmental asset replacements) without pre-approval of the specific project by the airlines.

Although DFW uses the word "fund" to designate the source and prospective use of proceeds, DFW is an enterprise fund and does not utilize traditional "fund accounting" commonly used by government organizations. The following table summarizes the primary funds used by DFW and whether the related cash is restricted or not restricted:

Fund Number	Fund Description	Primary Use	Restricted (R) Not Restricted (NR)
101	Fixed Assets/LT Debt	Fixed Assets/Debt	R
102	Operating Revenue and Expense	Operations	NR
252	Passenger Facility Charges (PFC)	Capital/Debt Service	R
301	CIF -Common Capital Improvement Account	Capital	NR
302	CIF - Airport Discretionary Account	Capital	NR
304-314	Various Bond Funds	Capital	NR
315	Non-CDP Bond Sales	Capital	R
316	ATSAC Reimbursement Account	Capital	NR
400s	CIF - Airline Trust Account	Capital	NR
500/600	Debt Service and Sinking Funds	Debt Service	R
907	FIC - Rental Car Facility	Rental Car Facility	R
910	PFIC - Grand Hyatt Hotel	Hotel	R

The basic financial statements include all of DFW's funds. DFW manages its day-to-day airport operations primarily through the 102 Fund in accordance with the Controlling Documents. The Airport's financial statements include all of the transactions of the Dallas/Fort Worth Airport Public Facility Improvement Corporation (PFIC), which is operating the Grand Hyatt Hotel that opened July 1, 2005, and the portion of the Dallas/Fort Worth International Airport Facility Improvement Corporation (FIC) that relates to the Rental Car Facility (RAC) at the Airport. Although the FIC and PFIC are legally separate entities, the financial transactions of both have been combined into the Airport's Enterprise Fund due to their nature and significance to the Airport. The FIC and PFIC are considered blended component units because the component units governing bodies are substantively the same as DFW, the primary government. In addition, the component units provide direct benefits exclusively or almost exclusively to DFW, the primary government.

Operational and Financial Highlights

During FY 2007, DFW developed a new strategic plan that focuses on growing the core passenger and cargo airline business by achieving four key results: being cost competitive, ensuring customer satisfaction, achieving operational excellence, and engaging employees. FY 2007 was arguably one of DFW's best years ever in each of these areas.

Financial

DFW focuses on diversification of revenue, making the Airport more cost competitive by lowering the signatory airlines' cost to operate at DFW, and improving the Airport's overall financial stability. Each of these was accomplished in FY 2007. Operating revenues were \$567.6 million in FY 2007, an increase of \$82.1 million (16.9%) over FY 2006, primarily due to natural gas revenues. Operating revenues became more diversified in FY 2007 due to the addition of natural gas revenues (\$92.6 million); the growth of parking, concessions and Grand Hyatt Hotel revenues (\$25.8 million); and a reduction in airline landing fees and terminal rents (\$40.5 million). This allowed DFW to reduce the airline's payment for landing fees and terminal rents from 49.4% of total operating revenues in FY 2006 to 35.1% in FY 2007. The landing fee rate per thousand pounds (post settlement) was reduced from \$4.88 in FY 2006 to \$3.95 in FY 2007.

While growing and diversifying revenues, DFW kept its operating expenses and interest costs in check during FY 2007. Operating expenses, excluding depreciation, were \$342.2 million in FY 2007, an increase of \$7.2 million (2.2%) primarily due to contract service costs. Interest expense was \$212.1 million in FY 2007, a decrease of \$5.4 million (2.5%) primarily due to lower variable interest rates. DFW received rating upgrades in FY 2007 from A1 Stable to AA- Stable from Fitch ratings and from A1 Stable Outlook to A1 Positive Outlook from Moody's due primarily to DFW's strong cash position, diversification of revenues, and strong management team.

A more detail explanation of operational and financial information is included below.

Customer

DFW was recognized for its' outstanding customer satisfaction in FY 2007 by J.D. Powers and Associates and Airports Council International (ACI). In June 2007, DFW was ranked "Highest Customer Satisfaction for Large Airports" by J.D. Power and Associates, representing airports with 30 million or more passengers per year. DFW is also proud to be named the "Best Airport in the Americas" by Airports Council International (ACI) and was the only airport outside Asia to appear in ACI's top five "Best Airports Worldwide". In addition, the DFW Grand Hyatt (owned by DFW) had the highest customer satisfaction rating among 103 hotels in the Hyatt System based on independent Maritz surveys. DFW management intends to maintain its customer satisfaction ratings and improve results wherever possible. Accordingly, DFW has designated \$45 million of its natural gas proceeds for a Terminal Renovation Program that will renovate restrooms in Terminal A, C, and E, improve lighting, install new flight, baggage, and gate information displays, and make other interior refurbishments.

Operational Excellence

Operationally, DFW received safety and environmental awards. DFW received the Federal Aviation Administration's 2007 Flight Safety Foundation Award for its' outstanding safety program; and was accepted into the Environmental Protection Agencies Environmental Performance Tract Program which is only granted to companies that demonstrate the highest level of environmental programs and awareness.

Employee Engagement

DFW measures employee engagement each year through an independent survey. During FY 2007, DFW increased employee participation in the survey from 74% to 79% and achieved an overall employee satisfaction of 62% which is above the midpoint for all participating companies and the same score as in FY 2006.

Grow the Core Business

DFW added, or announced the addition of, four new domestic and four new international destinations in FY 2007 including non-stop service to Amsterdam Airport Schipol and London Heathrow, two of the world's top international connecting hubs.

In September 2007, DFW announced that KLM Royal Dutch Airlines will begin daily wide-body service from DFW to Amsterdam Airport Schipol beginning March 30, 2008. Amsterdam represents the 39th international destination for DFW, the highest number in the Airport's history. KLM offers connections from its hub to 75 worldwide destinations. The daily flight to Amsterdam will contribute an estimated \$125 million in economic activity to the Dallas-Fort Worth region every year.

Thanks to the new "Open Skies" agreement between the European Union and the United States and aggressive marketing efforts, DFW will begin to offer twice-daily nonstop service to London Heathrow beginning in the spring 2008. The service will be provided by American Airlines and British Airways. London Heathrow offers 144 connections to fast-growing areas such as India and the Middle East. In addition, the new service will provide 23 connection points to Africa.

DFW International cargo operations continue to grow with Hong Kong-based Cathay Pacific Cargo and Lufthansa Cargo increasing service in FY 2007 with planned service increases in FY 2008.

Despite best efforts of management, DFW can only influence airline decision; we cannot control them. Total airplane operations, passengers, and landed weights decreased slightly by 1.8%, 1.0% and 0.8%, respectively, from FY 2006 levels, due primarily to American Airlines reduction in the frequency of scheduled flights and from flight cancellations due to bad weather. However, the number of originating and destination passengers increased to 24.8 million (41.5% of total passengers), from 23.4 million in FY

2006 (38.8% of total passengers) due to lower average airfares. This is important because it reduces DFW reliance on connecting passengers and because origination and destination passengers spend more on DFW's other services (parking, concessions and car rentals) than connecting passengers.

Natural Gas Drilling Lease

In August 2006, the Cities of Dallas and Fort Worth approved a lease between DFW and Chesapeake Energy Corporation to begin natural gas exploration on the Airport's 18,000 acres. The lease was approved by the FAA in October 2006 and was signed by DFW and Chesapeake on October 5, 2006. Under the terms of the lease, Chesapeake paid DFW an initial non-refundable bonus of \$185.6 million on October 5, 2006 for the rights to drill for natural gas on the Airport and agreed to pay DFW a 25% royalty on future natural gas gross revenues as defined in the lease.

Natural gas proceeds are not considered "gross revenues" of the Airport per DFW's Controlling Documents because they represent the sale of mineral rights. The Controlling Documents require that these funds be deposited into the Capital Improvement Fund (301 Fund) which is an unrestricted cash account. DFW recognized approximately half of the \$185.6 million as operating revenue in FY 2007 because the bonus payment covered a two year period. The deferred portion is included in Accounts Payable and Other Current Liabilities on the Statement of Net Assets. Royalty income will begin to be paid to DFW in FY 2008. Approximately 327 wells are planned to be drilled and operated.

During FY 2007, DFW used a portion of the natural gas revenues to repay the Cities of Dallas and Fort Worth a total of \$19.7 million for their remaining original capital contributions. The FAA approved the repayment to the Cities.

Completion of Capital Development Program (CDP)

DFW substantially completed its \$2.73 billion CDP in FY 2005 that included a new International Terminal D, Skylink automated people mover, and runway extension infrastructure improvements. Terminal D has 28 gates, 2.1 million total square feet with 1.6 million square feet of conditioned space, and an attached parking garage with 8,100 parking spaces. Skylink is a bi-directional people mover that shuttles passengers between terminals on the secure, with an average travel time of 5 minutes. The Skylink opened in May 2005, while Terminal D opened in July 2005 (although American Airlines did not move into the facility until October 2005). DFW opened the Grand Hyatt Hotel, operated by PFIC, in July 2005. It is fully integrated into the new Terminal D. The \$2.73 billion CDP program is currently in financial close-out. As of September 30, 2007, the Airport had approximately \$15.8 million in outstanding contractual commitments which are anticipated to be completed during FY 2008.

Other Capital Programs and Airport Development Plan Update

During FY 2007, DFW initiated an Airport Development Plan (ADP) update which should identify a detailed five year Capital Improvement Program (CIP) and provide a long-range vision of DFW's capital program for the next 20 years. The projected cost of the CIP and the longer-range ADP are not known at this time. The ADP is projected to be complete in early 2009.

As of September 30, 2007, DFW has approximately \$99.1 million in outstanding contractual commitments for its non-CDP capital programs. The bulk of this program will fund rehabilitation work to various operational areas of the Airport, including airfield pavements, lighting, airside bridges, passenger boarding bridges, and aprons. Additional rehabilitation work is planned for the landside pavements and bridges, storm sewers, roadway lighting poles, building fire protection systems, parking garages and surface parking lots, terminal seating, buses, various HVAC and plumbing systems, and Terminal IT infrastructure improvements. Significant projects are listed below.

Modifications of the Terminal A in-line baggage screening systems in compliance with Aviation Transportation Security Act Compliance (ATSAC) is scheduled to be essentially complete by February 2009. This \$35 million project is funded by a 75% reimbursement from a Transportation Security Administration (TSA) and the remaining 25% from PFC's.

Completion of a Perimeter Taxiway on the southeast quadrant of the airfield will improve airfield safety, reduce runway incursions, and increase airfield capacity. This project also includes the extension of Walnut Hill Lane from East Airfield Drive to the northbound service road along International Parkway and the relocation of Founders Plaza from the southeast quadrant to the northeast quadrant. Both projects require relocation. The combined project totals \$66.2 million and is funded primarily from a 75% FAA Airport Improvement Program (AIP) Discretionary grant and 25% of PFC's.

A \$44 million roadway improvement program (not in above total) is also planned for several Airport roadways outside the Central Terminal Area to enhance access for future and existing airport development and improve traffic flow. Roadway improvements include expansion of North and West Airfield Drive and Mid-Cities Boulevard to a four-lane divided roadway as well as an extension of Mustang Drive connection to North Airfield Drive. Additionally, a southbound service road on the north side of State Highway (SH) 121/114 as part of Texas Department of Transportation's (TXDOT's) Connector Highway project will provide access to the northwest quadrant for future planned commercial development. Funding will be provided from proceeds from TXDOT as part of a sale of Right-of-Way of Airport land adjacent to the future planned TXDOT Connector Highway project.

DFW Business and Operations Overview

In FY 2007, total passengers at the Airport decreased by 1.0%. American Airlines (including American Eagle) is the largest airline at the Airport with 84.7% (25.3 million) of enplaned passengers in FY 2007 as compared to 84.9% (25.5 million) in FY 2006. US Airways (including America West) passengers were 2.4% in FY 2007 compared to 2.3% in FY 2006. Total DFW operations and landed weights decreased from the prior year by 1.8% and 0.8%, respectively, primarily due to decreases in scheduled flights by American and other airlines.

During FY 2007, Delta Airlines and Northwest Airlines emerged from bankruptcy. Each airline paid DFW for their pre-petition debt, totaling approximately \$3 million. Delta and Northwest had filed for bankruptcy in FY 2005. The pre-petition debt had been reserved in the allowance for doubtful accounts.

The following table highlights changes in the Airport's key operating statistics for the past three years.

Key Operating Information	For the Year Ended		
	FY 2007	FY 2006	FY 2005
Enplanements (000s)	29,852	30,154	29,521
Total Passengers (000s)	59,746	60,351	59,095
Aircraft Operations (000s)	688	701	733
Cargo (tons in 000s)	802	836	832
Cargo Landed Weight (in millions)	3,561	3,413	3,346
Landed Weight (in millions)	39,121	39,435	41,057
Cost per Enplaned Passenger	\$ 6.47	\$ 7.73	\$ 5.50
Average Landing Fee	\$ 3.95	\$ 4.88	\$ 3.91

FY 2007 Compared to FY 2006

DFW had 59.7 million passengers in FY 2007, a 1.0% decrease from 60.4 million passengers in FY 2006 due to reduction in frequency of scheduled flights and flight cancellations due to inclement weather. The decrease in passengers was less than aircraft operations due to high load factors on most airlines. American Airlines (including American Eagle) maintained its market share of 84.7% in FY 2007 compared to 84.9% in FY 2006 (based on number of passengers). US Airways' (including America West) passengers were 2.4% in FY 2007 compared to 2.3% in FY 2006.

Aircraft operations decreased 1.8% to 688,000 in FY 2007 from 701,000 in FY 2006 and total landed weights decreased 0.8% to 39.1 million pounds in FY 2007 from 39.4 million pounds in FY 2006, primarily due to the reduction of scheduled flights and inclement weather cancellations. Cargo tons decreased 4.1% to 802,000 in FY 2007 from 836,000 in FY 2006 due to US domestic cargo volumes that were partially offset by international cargo markets. American Airlines' share of DFW's total operations decreased from 79.9% in FY 2006 to 79.7% in FY 2007; and landed weights increased from 77.8% in FY 2006 to 83.8% in FY 2007. US Airways' share of DFW's total operations decreased from 2.2% in FY 2006 to 1.9% in FY 2007; and landed weights increased from 2.1% in FY 2006 to 2.2% in FY 2007.

Cost per enplaned passenger measures the net cost to the passenger airlines for landing fees and terminal related rentals and fees divided by the total number of enplanements. Average landing fees represents the fee paid in FY 2007 by the signatory airlines including settlement. Cost per enplaned passenger decreased from \$7.73 in FY 2006 to \$6.47 in FY 2007; and average landing fee decreased from \$4.88 in FY 2006 to \$3.95 in FY 2007 due to increases in non-airline revenues such as parking, concessions and other revenues.

FY 2006 Compared to FY 2005

Despite the decrease in the number of operations, DFW had 60.4 million passengers in FY 2006, a 0.2% increase from 59.1 million passengers in FY 2005 due to higher load factors on most airlines. American Airlines (including American Eagle) increased its' market share from 81.3% in FY 2005 to 84.9% in FY 2006 (based on number of passengers). US Airways (including America West) decreased its' market share from 2.6% in FY 2005 to 2.3% in FY 2006.

Aircraft operations decreased 4.4% to 701,000 in FY 2006 from 733,000 in FY 2005 and total landed weights decreased 4.0% to 39.4 million pounds in FY 2006 from 41.1 million pounds in FY 2005, primarily due to high fuel prices and American Airlines decision to reduce 31 daily flights at DFW to increase its' presence at Dallas Love Field. American Airlines' share of DFW's total operations increased from 77.3% in FY 2005 to 79.9% in FY 2006; and for landed weights from 75.1% in FY 2005 to 77.8% in FY 2006. US Airways' share of operations decreased from 2.3% in FY 2005 to 2.2% in FY 2006; and for landed weights from 2.3% in FY 2005 to 2.1% in FY 2006.

Cost per enplaned passenger increase from \$5.50 in FY 2005 to \$7.73 in FY 2006 and average landing fee increased from \$3.91 in FY 2005 to \$4.88 in FY 2006 due to higher debt service and operating costs for Skylink and Terminals B, D, and E.

Revenues, Expenses, and Change in Net Assets

The following table is a summary of Revenues, Expenses, Net Non-Operating Revenues, and Increase in Net Assets for the years ending September 30, 2007, 2006, and 2005. The increase in net assets in FY 2007 as compared to FY 2006 is due to the revenue recorded from the natural gas. The decrease in net assets in FY 2006 as compared to FY 2005 is due to increased depreciation and interest expense associated with the opening of the CDP. Detailed descriptions and variances of the components of revenues, expenses and non-operating revenues are described in the sections below.

<u>Increase(Decrease) in Net Assets</u>	<u>For the Year Ended (000s)</u>		
	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Operating revenues	\$ 567,612	\$ 485,522	\$ 388,955
Operating expenses	(542,534)	(549,552)	(372,946)
Non-operating revenues, net	(13,059)	(55,789)	72,403
Capital contributions	16,470	40,131	52,441
Increase(decrease) in net assets	\$ 28,489	\$ (79,688)	\$ 140,853

Operating Revenues:

The following table highlights the major components of operating revenues for the fiscal years ended September 30, 2007, 2006, and 2005. Significant variances are explained below.

<u>Operating Revenues:</u>	<u>For the Year Ended (000s)</u>		
	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Landing fees	\$ 155,562	\$ 193,814	\$ 161,396
Parking	106,911	90,986	88,177
Natural Gas	92,608	-	-
Ground and facility leases	50,252	49,371	44,896
Terminal rent and use fees	43,766	45,976	17,559
Concessions	45,252	40,096	33,729
Grand Hyatt Hotel	26,853	22,178	3,657
Utility services	17,742	18,302	17,751
Employee transportation	7,647	7,573	6,289
Taxi, limo and shuttle fees	6,620	5,338	4,995
Other	14,399	11,888	10,506
Total Operating Revenues	\$ 567,612	\$ 485,522	\$ 388,955

FY 2007 Compared to FY 2006

Landing fees are paid by signatory and non-signatory airlines based on the weight of the various aircraft that land at DFW. Signatory airlines represent the airlines that sign a Use Agreement with DFW. Landing fees decreased \$38.2 million (19.7%), from \$193.8 million in FY 2006 to \$155.6 million in FY 2007 due to the net impact of a lower average landing fee rates and lower landed weights (see above). The average landing fee in FY 2007 was \$3.95 per 1,000 pounds as compared to \$4.88 per 1,000 pounds in FY 2006. Signatory airlines paid approximately 98.2% of total landing fees in FY 2007.

Parking fees are based on the length of time that customers park or access airport property. DFW's primary parking products include terminal (\$17 per day), infield (\$14 per day), express (\$10-\$11 per day) and remote (\$7 per day). Parking revenue increased \$15.9 million (17.5%), from \$90.9 million in FY 2006 to \$106.9 million in FY 2007 due to higher originating Passengers, more customer parking in higher priced products, a new percentage parking privilege fee and a \$1 rate increase in terminal, express and remote parking. Terminal parking revenues account for 67% of total parking revenues in FY 2007 and FY 2006.

Under the terms of a lease, Chesapeake paid DFW an initial non-refundable bonus of \$185.6 million on October 5, 2006 for the rights to drill for natural gas on the Airport. DFW recognized approximately half of the \$185.6 million (or \$92.6 million) to revenue in FY 2007 since the bonus payment covered a two year period. Royalty income will be generated beginning in FY 2008.

Ground and facility lease revenues consist primarily of ground leases of Airport property, various facility leases, and percentage rents on the Rental Car Facility (RAC), Hyatt Regency Hotel, and other. Ground and facility lease revenue increased \$0.9 million from \$49.4 million in FY 2006 to \$50.3 million in FY 2007 primarily due to increases in RAC percentage rent revenue. The ground lease and percentage rents on the RAC accounted for 56% of ground and facility lease revenues in FY 2007 and 51% in FY 2006.

Terminal rent and use fees ("Terminal Revenues") include terminal rent from gates leased primarily by signatory airlines; gate use fees from DFW-owned gates; Federal Inspection Service (FIS) fees (\$4.80 per departing international passenger in Terminal D). The Controlling Documents require the signatory airlines to pay terminal rent equal to the cost of terminal operations, plus allocated debt service, coverage and overhead, minus concessions revenue. Terminal revenues decreased \$2.2 million, from \$46 million in FY 2006 to \$43.8 million in FY 2007. The decrease is due to greater concession revenue than prior years which reduces the amount of terminal revenue required to be paid by the airlines.

Concession revenues (i.e., food and beverage, retail, passenger services, and advertising) offset terminal rent required from the signatory airlines. Concession revenues increased \$5.1 million (12.9%), from \$40.1 million in FY 2006 to \$45.3 million in FY 2007, primarily due to reconcepting or remodeling of 54 locations in FY 2007 and because rent relief was given to concessionaires in Terminal D in FY 2006.

The Grand Hyatt Hotel operations include room rental, food and beverage and other revenues. Revenues increased \$4.7 million (21%), from \$22.2 million in FY 2006 to \$26.9 million in FY 2007. The increase was due to higher average room rental sales and higher occupancy percentage.

Utility services revenues represent the fees charged to airlines and tenants to reimburse DFW for the cost of providing electricity, natural gas, potable water, and trash collection service to the airlines and tenants. Utility services decreased \$0.6 million (3.1%), from \$18.3 million in FY 2006 to \$17.7 million in FY 2007 primarily due to a decrease in heating, ventilation, and air conditioning revenue from lower summer temperatures than the previous years.

Employee transportation revenues consist primarily of the \$40 monthly fee paid by airlines and other tenants for transportation services from the employee parking lots to the terminals. Employee transportation revenues increased \$0.1 million (1%), from \$7.6 million in FY 2006 to \$7.7 million in FY 2007.

Taxi and limo fees represent the access, decal, and application fees charged to taxicab, limousine, shared ride, and courtesy van companies and providers. Taxi and limo fees were \$1.3 million (24%) higher in FY 2007 as compared to FY 2006 primarily due to a rate increase in certain fees in FY 2007 and an increase in the number of vehicles paying access fees.

Other operating revenues consist primarily of general aviation fees, aircraft fueling system fees, pass-through revenues from airline and tenants, building code/standard fees, and other miscellaneous revenues. Aircraft fueling system fees are paid by the airlines to retire the debt incurred to construct the fueling system. Pass-through revenues primarily represent reimbursements for contract

services provided by DFW for the direct benefit of the airlines and tenants. The increase in revenue of \$2.5 million (21%) was due to a recovery of pre-petition debt on Delta and Northwest.

FY 2006 Compared to FY 2005

Landing fees increased \$32.4 million (20.1%), from \$161.4 million in FY 2005 to \$193.8 million in FY 2006 due to the net impact of higher average landing fee rates and lower landed weights (see above). The average landing fee in FY 2006 was \$4.88 per 1,000 pounds as compared to \$3.91 per 1,000 pounds in FY 2005. Signatory airlines paid approximately 97.3% of total landing fees in FY 2006.

Parking revenue increased \$2.8 million (3.2%), from \$88.2 million in FY 2005 to \$90.9 million in FY 2006 due to an increase in terminal parking. Terminal parking revenues account for 67% of total parking revenues in FY 2006 compared to 62% in FY 2005.

Ground and facility lease revenue increased \$4.5 million from \$44.9 million in FY 2005 to \$49.4 million in FY 2006 primarily due to increases in RAC percentage rent revenue. The ground lease and percentage rents on the RAC accounted for 51% of ground and facility lease revenues in FY 2006 and 49% in FY 2005.

Terminal revenues increased \$28.4 million, from \$17.6 million in FY 2005 to \$46 million in FY 2006. The increase was primarily due to new Terminal D rent in FY 2006 of \$13.4 million and increased rent revenues in FY 2006, related to higher rent rates, in Terminal B and E of \$2.0 million. In addition, gate use/FIS fees increased \$11 million as a result of changing American Airlines international passengers from Terminal A (airline managed) to Terminal D (DFW managed). Terminal A FIS was managed by American Airlines in FY 2005 and the associated revenue belonged to American Airlines with DFW having no involvement (airline managed). In FY 2006, all international travel operated from Terminal D and the associated FIS revenues belonged to DFW (DFW managed).

Concession revenues increased \$6.4 million (18.9%), from \$33.7 million in FY 2005 to \$40.1 million in FY 2006, primarily due to the addition of concessionaires in Terminal D and increased advertising concessions.

The Grand Hyatt Hotel began revenue operations in July 2005 and includes room rental, food and beverage and other revenues. FY 2006 was the first full year of operations and revenues were \$22.2 million as compared to \$3.7 million for 3 months of operations in FY 2005.

Utility services increased \$0.6 million (3.1%), from \$17.8 million in FY 2005 to \$18.3 million in FY 2006 primarily due to higher gas and electric rates paid by DFW.

Employee transportation revenues increased \$1.3 million (20.4%), from \$6.3 million in FY 2005 to \$7.6 million in FY 2006 primarily due to a rate increase from \$30 to \$40 monthly fee per employee for airline and other tenants.

Taxi and limo fees were \$0.3 million (6.9%) higher in FY 2006 as compared to FY 2005 primarily due to an increase in the number of vehicles paying access fees.

Operating Expenses:

The following table highlights the major components of operating expenses for the fiscal years ended September 30, 2007, 2006, and 2005. Significant variance explanations follow.

<u>Operating Expenses:</u>	<u>For the Year Ended (000s)</u>		
	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Salaries, wages, and benefits	\$ 145,933	\$ 139,320	\$ 119,854
Contract services	111,784	105,933	71,807
Utilities	38,198	42,314	25,573
Equipment and supplies	20,420	23,275	19,125
Grand Hyatt Hotel	15,790	14,397	2,924
Insurance	4,730	5,258	3,832
General, administrative and other charges	5,330	4,433	4,756
Depreciation and amortization	200,349	214,622	125,075
Total Operating Expenses	\$ 542,534	\$ 549,552	\$ 372,946

FY 2007 Compared to FY 2006

Salaries, wages and benefits increased \$6.6 million (4.7%) from \$139.3 million in FY 2006 to \$145.9 million in FY 2007 primarily due to salary increases. DFW employed approximately 1,766 and 1,749 employees as of September 30, 2007 and 2006, respectively.

Contract services include grounds and facility maintenance, busing services, financial and legal services, software and hardware maintenance, and advertising, planning and other professional services. Contract services increased \$5.9 million (5.5%), from \$105.9 million in FY 2006 to \$111.8 million in FY 2007, primarily due to operation and maintenance costs of Terminal E, previously handled by Delta, and higher bussing costs.

Utilities represent the cost of electricity, natural gas, potable water, trash removal, and telecommunications services. Utilities decreased \$4.1 million (9.7%), from \$42.3 million in FY 2006 to \$38.2 million in FY 2007, primarily due to lower fixed pricing on electrical costs and lower usage than in prior year. Electricity represented 73% of this expense category in FY 2007 and 76.9% in FY 2006.

Equipment and supplies include the equipment, materials, fuel for vehicles, and supplies used to maintain and operate the Airport and do not meet DFW's capitalization threshold. Equipment (not meeting the capitalization threshold) and supplies decreased \$2.9 million (12.2%), from \$23.3 million in FY 2006 to \$20.4 million in FY 2007, primarily due to a decrease in purchases of maintenance equipment, computer hardware, and software related to Terminal D, Skylink, and Terminal E from prior year.

Grand Hyatt Hotel operations include room, food and beverage and other expenses. Operating costs increased \$1.4 million (9.7%) from \$14.4 million in FY 2006 to \$15.8 million in FY 2007, due to increased occupancy.

General, administrative and other charges decreased \$0.9 million (20.2%), from \$4.4 million in FY 2006 to \$5.3 million in FY 2007, primarily due to increased business development and travel from the prior year.

Depreciation and amortization decreased \$14.3 million (6.7%), from \$214.6 million in FY 2006 to \$200.3 million in FY 2007 due to changes in useful lives of buildings.

FY 2006 Compared to FY 2005

Salaries, wages and benefits increased \$19.5 million (16.2%), from \$119.9 million in FY 2005 to \$139.3 million in FY 2006, due to an increase in retirement costs of \$7.4 million, an average pay increase of 5%, additional employees, and higher benefit costs. DFW employed approximately 1,749 and 1,720 employees as of September 30, 2006 and 2005, respectively.

Contract services increased \$34.1 million (47.5%), from \$71.8 million in FY 2005 to \$105.9 million in FY 2006, primarily due to the operations of Terminal D and Skylink for a full year in FY 2006, increased bussing responsibilities and DFW's assumption of Terminal E operating and maintenance costs after Delta's pull-out.

Utilities increased \$16.7 million (65.5%), from \$25.6 million in FY 2005 to \$42.3 million in FY 2006, primarily due to increased cost of natural gas and electricity prices, the opening of Terminal D and Skylink, and DFW assuming responsibility for Terminal E. Electricity represented 76.9% of this expense category in FY 2006 and 66.9% in FY 2005.

Equipment (not meeting the capitalization threshold) and supplies increased \$4.2 million (21.7%), from \$19.1 million in FY 2005 to \$23.3 million in FY 2006, primarily due to increased fuel cost and increased purchases of maintenance equipment, computer hardware, and software related to Terminal D, Skylink, and Terminal E.

Grand Hyatt Hotel expenses began in July 2005 when the hotel initiated operations. The Grand Hyatt Hotel operations include room, food and beverage and other expenses. FY 2006 was the first full year of operations and expenses were \$14.4 million as compared to \$2.9 million for 3 months of operations in FY 2005.

General, administrative and other charges decreased \$0.3 million (6.8%), from \$4.8 million in FY 2005 to \$4.4 million in FY 2006, primarily due to a decrease in development costs.

Depreciation and amortization increased \$89.5 million (71.6%), from \$125.1 million in FY 2005 to \$214.6 million in FY 2006 due to a full year of depreciation charges on Terminal D, Skylink, and related infrastructure (i.e., improvements to the Central Utility Plant) in FY 2006.

Non-Operating Revenues and Expenses

The following table highlights non-operating revenues and expenses for the fiscal years ended September 30, 2007, 2006, and 2005.

Non-operating revenues (expenses)	For the Year Ended (000s)		
	FY 2007	FY 2006	FY 2005
Passenger facility charges	\$ 111,906	\$ 112,510	\$ 118,438
Rental car fee	23,620	18,202	18,248
Airline reimbursements	1,669	2,041	417
Interest income	61,816	45,795	20,513
Interest expense on revenue bonds	(212,101)	(217,492)	(83,837)
Other, net	31	(16,845)	(1,376)
Total non-operating revenues, net	\$ (13,059)	\$ (55,789)	\$ 72,403

FY 2007 Compared to FY 2006

Congress established Passenger Facility Charges (PFCs) in 1990 as part of the Aviation Safety and Capacity Expansion Act of 1990. DFW currently collects a \$4.50 Passenger Facility Charge (PFC) from revenue enplaned passengers to pay for the cost to design and construct eligible Airport capital projects or to repay debt service issued to build such projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to DFW the month following collection, less an \$0.11 administrative fee. DFW estimates that 85.4% of all enplaned passengers were required to pay PFCs in FY 2007. PFC funds are deposited in the 252 Fund when collected from the airlines, and then a portion is transferred to the 102 Fund each year to pay eligible debt service costs and to other capital funds for pay-as-you-go expenditures. PFC revenues decreased \$0.6 million (0.5%), from \$112.5 million in FY 2006 to \$111.9 million in FY 2007 as a result of a decrease in passengers.

Rental car fees represent a \$4 customer facility charge for each transaction day. The revenues derived for this charge are held in trust and used to pay the debt service on the outstanding Facility Improvement Corporation (FIC) bonds. Any excess revenue may be used to pay costs associated to the rental car facility. The increase in FY 2007 of \$5.4 million (29.8%) from FY 2006 is due to an additional accrual of \$3.2 million and increased transaction days.

Airline reimbursements are from airlines for debt repayments used for miscellaneous projects for their specific benefit. The amounts reimbursed equal the debt service payments for the amounts used by each airline and began in FY 2005.

Interest earning from FY 2006 to FY 2007 increased by \$16 million, from \$45.8 million to \$61.8 million. Approximately \$9 million of this increase was due to a higher average rate of return for the portfolio. In FY 2007 the average rate of return was approximately 5.2% versus approximately 4.3% in FY 2006. The balance of cash, cash equivalents, and investments increased as a result of the natural gas bonus. This increase explains the remainder of the increase in interest income.

Interest expense on revenue bonds from FY 2006 to FY 2007 decreased \$5.4 million, from \$217.5 million to \$212.1 million, primarily due to reduction in principal.

Other net non-operating expenses is comprised primarily of amortization expense of direct financing lease receivables, plus write-offs of capital assets, less revenue associated from the special facility bonds. Other, net increased \$16.8 million from (\$16.8) million in FY 2006 to \$31 thousand in FY 2007, primarily due to write-offs of capital assets in FY 2006.

FY 2006 Compared to FY 2005

DFW estimates that 85% of all enplaned passengers were required to pay PFCs in FY 2006. PFC funds are deposited in the 252 Fund when collected from the airlines, and then a portion is transferred to the 102 Fund each year to pay eligible debt service costs

and to other capital funds for pay-as-you-go expenditures. PFC revenues decrease \$5.9 million (5%), from \$118.4 million in FY 2005 to \$112.5 million in FY 2006 primarily due to timing differences of PFC remittances received by DFW in FY 2005.

Airline reimbursements are from airlines for debt repayments used for miscellaneous projects for their specific benefit. The amounts reimbursed equal the debt service payments for the amounts used by each airline and began in FY 2005.

The increases in interest income and interest expense in FY 2006 versus FY 2005 are primarily due to the discontinuation of capitalized net interest costs in FY 2005 on the debt incurred to construct Terminal D, Skylink and other CDP assets. DFW capitalizes interest expense on outstanding bonds, net of interest earned on the unexpended bond proceeds, until the associated capital project achieves beneficial occupancy. In FY 2006 there was no capitalized interest. The net amount capitalized during fiscal year 2005 was \$122.8 million and is included in Capital Assets and Construction in Progress, respectively, in the accompanying Statements of Net Assets.

Other net non-operating expenses is comprised primarily of amortization expense of direct financing lease receivables, plus write-offs of capital assets, less revenue associated from the special facility bonds. Other, net increased \$15.4 million from \$1.4 million in FY 2005 to \$16.8 million in FY 2006, primarily due to write-offs of capital assets in FY 2006.

Capital Contributions

The following table highlights capital contributions for the fiscal years ended September 30, 2007, 2006, and 2005.

Capital contributions	For the Year Ended (000s)		
	FY 2007	FY 2006	FY 2005
Federal and grant reimbursements	\$ 36,206	\$ 40,131	\$ 52,441
Repayment of Owner City contributions	(19,736)	-	-
Total capital contributions	\$ 16,470	\$ 40,131	\$ 52,441

FY 2007 Compared to FY 2006

DFW receives Airport Improvement Program (AIP) and other grants through the Federal Aviation Administration (FAA) and other federal and state agencies. In FY 2007, the Airport received total revenues from federal and grants reimbursements of \$36.2 million. Revenue of \$29.4 million was received from the FAA's Airport Improvement Program. DFW receives federal reimbursements from the Department of Homeland Security (DHS) to pay for security equipment needs at DFW. The Airport received \$5.9 million of revenues directly from the Department of Homeland Security. These funds are recognized as revenues as work is complete on the eligible projects. Variances relate to the amount of work completed on eligible projects during the fiscal year, specifically, the baggage system modifications for explosive detection equipment.

During FY 2007 DFW repaid \$19.7 million of the bonus proceeds to the Cities of Dallas and Fort Worth for the remaining portion of their original capital contributions to fund the Airport. DFW received FAA approval to repay the Cities. DFW used Natural gas proceeds to fund this repayment.

FY 2006 Compared to FY 2005

DFW received \$27.1 million from the FAA's Airport Improvement Program in FY 2006. In June 2003, DFW entered into a Letter of Intent (LOI) with the DHS to reimburse DFW for 75% of the estimated \$136 million cost of Aviation Transportation Security Act Compliance (ATSAC) for new baggage systems in Terminals A, B, C, and E. DFW recognized \$8.8 million of revenue associated with the LOI in FY 2006 for reimbursement of work completed as of September 30, 2006 and \$25.4 million for work completed in FY 2005.

Assets, Liabilities, and Net Assets

The following table provides condensed summary of DFW's net assets as of September 30, 2007, 2006, and 2005. A discussion of significant items follows.

Summary of Net Assets	As of September 30 (000s)		
	2007	2006	2005
Assets:			
Current and other assets	\$ 1,461,451	\$ 1,297,104	\$ 1,437,309
Capital assets	4,278,518	4,378,960	4,403,758
Total assets	5,739,969	5,676,064	5,841,067
Liabilities:			
Current and other liabilities, excluding debt	206,397	210,880	247,050
Noncurrent liabilities	21,393	22,998	9,649
Long-term debt outstanding:			
due within one year	55,465	49,790	58,995
due in more than one year	3,878,916	3,935,792	3,989,081
Total liabilities	4,162,171	4,219,460	4,304,775
Total net assets	\$ 1,577,798	\$ 1,456,604	\$ 1,536,292
Total revenues	\$ 802,860	\$ 704,201	\$ 599,012
Total expenses	(774,371)	(783,889)	(458,159)
Total change in net assets	\$ 28,489	\$ (79,688)	\$ 140,853

Total current and other assets increased \$164 million from \$1.30 billion in FY 2006 to \$1.46 billion in FY 2007 primarily due to bonus payment received from Chesapeake of \$185.6 million. Total assets increased \$63.9 million from \$5.68 billion in FY 2006 to \$5.74 billion primarily due to the bonus payment and a decrease in capital assets as a result of depreciation. Total assets decreased \$165 million from \$5.84 billion in FY 2005 to \$5.68 billion in FY 2006 primarily due to payments made on accruals for the CDP construction and depreciation.

Total liabilities increased \$35.4 million from \$4.22 billion in FY 2006 to \$4.25 billion in FY 2007 primarily due to deferred revenue of \$96 million from the bonus payment received from Chesapeake less the amount paid on long term debt. Total liabilities decreased \$0.1 billion in FY 2006 from \$4.3 billion in FY 2005 to \$4.22 billion in FY 2006 due to payments in current restricted payables related to the CDP construction and debt service.

The following table summarizes net assets as of September 30, 2007, 2006, and 2005.

Net assets	As of September 30 (000s)		
	2007	2006	2005
Invested in capital assets, net of debt	\$ 419,832	\$ 633,868	\$ 623,300
Restricted net assets:			
Capital programs	98,504	83,402	160,704
Debt service	221,156	213,150	299,935
Passenger facility charges	154,139	176,012	198,049
Public safety	2,129	2,221	2,109
Total restricted	475,927	474,785	660,797
Unrestricted net assets	589,333	347,951	252,195
Total net assets	\$ 1,485,093	\$ 1,456,604	\$ 1,536,292

Invested in capital assets, net of related debt decreased due to the change in previously restricted bond funds to unrestricted funds. During fiscal year 2007, the Airport had an arbitrage study performed for this program by its Financial Advisor – First Southwest. The study identified that the proceeds from the debt for the CDP had all been expended on the CDP. After this study, DFW concluded that, since the debt proceeds had all been spent and the remaining funds no longer were restricted (no longer had constraints for use by external parties). The remaining net assets of the CDP will now be classified as unrestricted net assets.

Invested in capital assets, net of related debt represents 28.3% of total net assets in FY 2007 versus 43.5% of total net assets in FY 2006 versus 40.6% in FY 2005.

Restricted net assets – Capital programs: represents the cash and investments from interest earnings on bond proceeds and operations from the capital programs that have not yet been spent. The balance consists primarily of the FIC-Rental Car Facility and PFIC-Grand Hyatt and is 78% of the restricted assets available.

Restricted net assets - Debt service: primarily represents moneys legally restricted for Debt Service Reserve Funds and Debt Service Interest and Sinking Funds as required by the Controlling Documents, less accrued interest expense at year end. This category decreased from FY 2005 to FY 2006 because all capitalized interest offset amounts had been expended in prior years. Currently, DFW utilizes surety policies and cash reserves to meet its debt services reserve requirements. At September 30, 2007, DFW held \$166.5 million of investments and cash in its Debt Service Reserves for Joint Revenue Bonds (65.3% of its total debt service requirement), with the remaining \$88.6 million (34.7%) of its debt reserve requirement in surety policies. DFW also has \$134.1 million of cash and investments in Sinking Funds at September 30, 2007 to fund its next semi-annual debt service payment in November 2007.

Restricted net assets – PFC: represents the cash and investments held from the collection of PFCs that will be used in the future to pay eligible debt service primarily on the CDP and to provide “pay-as-you-go” financing for other capital projects. PFCs will pay approximately half the CDP debt service through FY 2009. The PFC balance decreased from \$176.0 million in FY 2006 to \$154.1 million in FY 2007 due to payments toward CDP debt service and “pay-as-you-go” projects.

Restricted net assets - Public safety: represents cash obtained during seizures and arrests. These funds may only be used for public safety and security purposes as defined by Federal law.

Unrestricted Net Assets at September 30, 2007 were \$589.3 million, an increase of \$241.4 million (69.4%) over FY 2006 primarily due to revenue earned from the bonus payment to drill for natural gas and funds on debt proceeds that have all been spent and are no longer restricted. Unrestricted net assets include the amounts in the Common Capital Improvement Account (301 Fund with \$151.3 million at September 30, 2007), plus the Airport Discretionary Account (302 Fund with \$128 million at September 30, 2007), plus the 102 Operating Fund (\$192.7 million at September 30, 2007), plus the reimbursement from the TSA for the Aviation Transportation Security Act Compliance (ATSAC) held in the 316 Fund (\$77.6 million at September 30, 2007) plus funds on debt proceeds that have all been spent and are no longer restricted (\$134 million at September 30, 2007). Each of these accounts may be used by DFW for any lawful purpose.

Liquidity and Financing

DFW is a residual airport. The Controlling Documents require DFW to establish rates, fees, and charges so that revenues for the year are sufficient to pay for operating expenses (excluding depreciation); plus annual debt service (principal and interest) plus the incremental 25% coverage on annual aggregate debt service; plus the incremental amount needed to fund a 90 day operating reserve; plus any extraordinary expenditures allowed under the Controlling Documents. Management monitors 102 Fund revenues and expenses to determine if it needs to modify its rate structure during the year to ensure that it has sufficient cash to pay its operating and debt service costs.

The following table summarizes annual debt service (principal and interest) plus the incremental 25% coverage on annual aggregate debt service and the amount of debt service paid by the airlines in FY 2006, FY 2007, and budgeted in FY 2008.

<u>Net Debt Service Comparison</u>	<u>For the Year Ended (Millions)</u>		
	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Total Principal and Interest	\$ 245.0	\$ 239.7	\$ 229.4
Less: Interest and Offsets	(4.1)	(4.1)	(10.3)
Sub Total	240.8	235.6	219.1
Add debt service coverage (25%)	60.2	58.9	54.8
Net Debt Service	301.0	294.5	273.9
Less: PFCs and other	(120.9)	(121.4)	(120.3)
Debt Service Paid by Airlines	<u>\$ 180.1</u>	<u>\$ 173.1</u>	<u>\$ 153.6</u>

From a capital expenditure standpoint, DFW must identify and have available funds (CIF, grants, debt, and PFCs) before it can enter into contracts for capital programs. Typically, the amount available from the CIF and grants is sufficient to fund normal asset replacements at DFW; and bonds and discretionary grants are used to finance capital expansion programs. The signatory airlines are required to approve debt issuances for expansion projects in advance since they are responsible for the repayment of debt through rates, fees, and charges.

Total joint revenue bond debt outstanding at September 30, 2007 and 2006 was \$3.71 billion and \$3.75 billion, respectively. In FY 2007, DFW issued fixed rate bonds (Series 2007) to refund approximately \$102 million of fixed rate revenue bonds (Series 1997). The refunding will save DFW \$9 million, or an economic gain of \$6.1, million over the life of the bonds.

DFW Board of Directors has a policy to limit variable rate debt to 20% of the total debt portfolio. As of September 30, 2007 and 2006, DFW had outstanding variable rate debt of \$346 million (9.3% of portfolio) and \$355 million (9.5% of portfolio), respectively. Average interest rates on variable rate debt were 3.71% and 3.31% during FY 2007 and FY 2006, respectively.

DFW plans its annual debt service payments over time so that total principal and interest payments are relatively constant over the repayment period. Generally, DFW capitalizes interest on major capital programs like the CDP between the time of borrowing and date of beneficial occupancy. Capitalized interest ended in FY 2005 for Skylink and Terminal D, when projects were placed in service. Coverage paid by the airlines as part of the rates, fees and charges, represents 25% of net debt service and is used to fund the CIF in the following fiscal year. DFW has elected to use PFCs to pay eligible debt service on the CDP beginning in FY 2005 and subsequent years. The remaining debt service is paid by the airlines primarily through landing fees and terminal rents and fees.

Additional information on long-term capital asset activity and debt activity are disclosed in notes 5 and 7 to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Airport's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Office of the Executive Vice President and Chief Financial Officer, 3200 East Airfield Drive, P.O. Box 619428, DFW Airport, Texas 75261-9428.

Dallas/Fort Worth International Airport
Statements of Net Assets
As of September 30, 2007 and 2006
(Amounts in Thousands)

	2007	2006
Assets		
Current Assets		
Cash and cash equivalents (notes 1d, 2)	\$ 28,791	\$ 19,809
Restricted cash and cash equivalents (notes 1m, 2, 9)	160,719	116,322
Investments (notes 1d,2)	438,621	266,914
Restricted Investments (notes 1m, 2, 9)	263,294	483,396
Accounts receivable, net of allowance (note 1e)	40,558	41,427
Materials and supplies inventories (note 1f)	792	858
Other current assets	5,777	2,973
Restricted accounts receivable and accrued interest (notes 1m, 9)	16,561	25,881
Total current assets	\$ 955,112	\$ 957,580
Long-Term Assets		
Investments (notes 1d, 2)	\$ 219,890	\$ 41,976
Restricted Investments (notes 1m, 2, 9)	125,633	136,012
Restricted accounts receivable and accrued interest (notes 1m, 9)	21,370	22,609
Direct financing leases receivable (note 4)	3,064	7,023
Capital assets (notes 1g, 5)		
Non-depreciable	445,212	611,019
Depreciable, net	3,833,306	3,767,941
Total capital assets	4,278,518	4,378,960
Deferred financing charges	102,960	110,998
Net pension assets (note 10c,11)	33,422	20,906
Total long-term assets	4,784,857	4,718,484
Total Assets	\$ 5,739,969	\$ 5,676,064
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities (note 6)	\$ 107,205	\$ 69,910
Deferred revenue (note 16)	92,705	-
Payable from restricted assets (notes 1m, 9)	99,192	140,970
Long-term liabilities due within one year (note 7)	55,465	49,790
Total current liabilities	\$ 354,567	\$ 260,670
Long-Term Liabilities		
Deferred revenue (notes 1m, 7)	\$ 21,393	\$ 22,998
Joint revenue bonds payable (note 7)	3,666,411	3,713,497
Special facility revenue bonds payable (note 7)	9,000	13,000
Facility improvement corporation bonds payable (note 7)	129,810	135,005
Public facility improvement corporation bonds payable (note 7)	73,695	74,290
Total long-term liabilities	3,900,309	3,958,790
Total Liabilities	\$ 4,254,876	\$ 4,219,460
Net Assets (notes 8, 9)		
Invested in capital assets, net of related debt	\$ 419,832	\$ 633,868
Restricted for:		
Capital programs	98,504	83,402
Debt service	221,156	213,150
Passenger facility charges	154,139	176,012
Public safety	2,129	2,221
Total restricted	475,927	474,785
Unrestricted	589,333	347,951
Total Net Assets	\$ 1,485,093	\$ 1,456,604

Dallas/Fort Worth International Airport
Statements of Revenues, Expenses and Changes in Net Assets
For The Years Ended September 30, 2007 and 2006
(Amounts in Thousands)

	2007	2006
Operating Revenues		
Landing fees	\$ 155,562	\$ 193,814
Parking	106,911	90,986
Natural gas	92,608	-
Ground and facilities leases	50,252	49,371
Terminal rent and use fees	43,766	45,976
Concessions	45,252	40,096
Grand Hyatt Hotel	26,853	22,178
Utility services	17,742	18,302
Employee transportation	7,647	7,573
Taxi and limo fees	6,620	5,338
Other	14,399	11,888
Total operating revenues	\$ 567,612	\$ 485,522
Operating Expenses		
Salaries, wages, and benefits	\$ 145,933	\$ 139,320
Contract services	111,784	105,933
Utilities	38,198	42,314
Equipment and supplies	20,420	23,275
Grand Hyatt Hotel	15,790	14,397
Insurance	4,730	5,258
General, administrative and other charges	5,330	4,433
Depreciation and amortization	200,349	214,622
Total operating expenses	\$ 542,534	\$ 549,552
Operating (loss) income	25,078	(64,030)
Non-Operating Revenues (Expenses)		
Passenger facility charges	\$ 111,906	\$ 112,510
Rental car customer facility charge	23,620	18,202
Airline reimbursements	1,669	2,041
Interest income	61,816	45,795
Interest expense on revenue bonds	(212,101)	(217,492)
Other, net	31	(16,845)
Total non-operating revenues, net	\$ (13,059)	\$ (55,789)
Gain (loss) before capital contributions	12,019	(119,819)
Capital Contributions		
Federal and grant reimbursements	\$ 36,206	\$ 40,131
Repayment of owner city capital contributions	(19,736)	-
Total capital contributions	\$ 16,470	\$ 40,131
Net Assets		
Increase (decrease) in net assets	\$ 28,489	\$ (79,688)
Total net assets, beginning of year	1,456,604	1,536,292
Total net assets, end of year	\$ 1,485,093	\$ 1,456,604

Dallas/Fort Worth International Airport
Statements of Cash Flows
For The Years Ended September 30, 2007 and 2006
(Amounts in Thousands)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from operations	\$ 656,774	\$ 483,375
Cash paid to outside vendors	(172,088)	(200,438)
Cash paid to employees	(145,813)	(139,055)
Net cash provided by operating activities	<u>\$ 338,874</u>	<u>\$ 143,883</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (134,687)	\$ (212,789)
Proceeds from retirement of assets	243	3,294
Deferred financing charges	3,688	(9,560)
Capital reimbursement to owner cities	(19,736)	-
Proceeds from sale of revenue bonds	103,208	324,821
Refunding of revenue bonds	(102,775)	(309,530)
Principal paid on revenue bonds	(49,790)	(58,995)
Interest paid on revenue bonds	(216,914)	(217,985)
Decrease in direct financing leases receivable	3,959	10,379
Federal grants receipts	36,206	58,606
Passenger facility charges	120,284	114,410
Interest and other income received from direct financing leases	28,511	29,846
Net cash used in capital and related financing activities	<u>\$ (227,801)</u>	<u>\$ (267,503)</u>
Cash flows from investing activities:		
Interest received on investments	\$ 64,298	\$ 43,633
Purchase of investments	(1,528,975)	(1,145,480)
Sale and maturity of investments	1,406,983	1,208,212
Net cash (used) provided by investing activities	<u>\$ (57,693)</u>	<u>\$ 106,365</u>
Net increase in cash and cash equivalents	53,379	(17,256)
Cash and cash equivalents, beginning of year	136,131	153,386
Cash and cash equivalents, end of year	<u>\$ 189,510</u>	<u>\$ 136,131</u>
Unrestricted cash and cash equivalents	28,791	19,809
Restricted cash and cash equivalents	160,719	116,322
Cash and cash equivalents, end of year	<u>\$ 189,510</u>	<u>\$ 136,131</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss) income	\$ 25,078	\$ (64,030)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	200,349	214,622
Changes in assets and liabilities:		
Accounts receivable	(671)	(2,597)
Materials and supplies inventories	64	(123)
Other current assets	(2,802)	(585)
Net pension assets	(12,516)	(4,859)
Accounts payable, other liabilities, and deferred revenue	129,371	1,454
Net cash provided by operating activities	<u>\$ 338,874</u>	<u>\$ 143,883</u>

Dallas/Fort Worth International Airport
Statements of Fiduciary Net Assets for DFW Pension Plans
As Of December 31, 2006 and 2005
(Amounts in Thousands)

	<u>2006</u>	<u>2005</u>
Assets		
Investments at fair value		
U.S. government securities	45,166	39,829
Common stocks	157,844	111,169
Bonds	37,372	41,995
Foreign stocks	320	-
Money market funds and notes	14,681	28,907
Real estate investment funds	786	-
Total investments	<u>256,169</u>	<u>221,900</u>
Total cash and investments, at fair value	<u>256,169</u>	<u>221,900</u>
Due from broker	1,086	183
Accrued interest and dividends	978	1,075
Total assets	<u>\$ 258,233</u>	<u>\$ 223,158</u>
Liabilities		
Due to broker for securities purchased	\$ 1,540	\$ 180
Due to employee plan	1,574	-
Accrued transaction fees	15	7
Accrued management fees	264	125
Total liabilities	<u>3,393</u>	<u>312</u>
Net assets		
Held in trust for pension benefits	<u>\$ 254,840</u>	<u>\$ 222,846</u>

Dallas/Fort Worth International Airport
Statements of Changes in Fiduciary Net Assets for DFW Pension Plans
For the Years Ended December 31, 2006 and 2005
(Amounts in Thousands)

	<u>2006</u>	<u>2005</u>
Additions:		
Investment income on pension funds	\$ 7,563	\$ 7,035
Net appreciation in fair value of pension fund investments	12,883	1,660
Investment fees	(48)	(12)
Pension contributions from employees	1,312	1,256
Pension contributions from employer	21,581	15,480
Total additions	<u>43,291</u>	<u>25,419</u>
Deductions:		
Pension benefit payments	9,917	8,291
Administrative fees	1,380	851
Total deductions	<u>11,297</u>	<u>9,142</u>
Change in net assets	31,994	16,277
Plan net assets, beginning of year	222,846	206,569
Plan net assets, end of year	<u>\$ 254,840</u>	<u>\$ 222,846</u>

Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2007 and 2006
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**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2007 and 2006**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

(a) Reporting Entity

The Dallas/Fort Worth International Airport (DFW or the Airport) was created by the Contract and Agreement between the City of Dallas, Texas, and the City of Fort Worth, Texas, effective April 15, 1968 (Contract and Agreement), for the purpose of developing and operating an airport as a joint venture of the Cities of Dallas and Fort Worth (the Cities). In accordance with the Contract and Agreement, initial capital was contributed by the Cities. The Cities approve the Airport's annual budget and all bond sales, but have no responsibility for the Airport's debt service requirements.

The DFW Airport Board of Directors (the Board) is composed of 12 members, 11 of whom are appointed by the councils of the Airport's Owner Cities (seven from Dallas and four from Fort Worth) in accordance with each city's ownership interest in the Airport. The 12th position represents the Airport's neighboring cities of Irving, Grapevine, Euless or Coppell and is non-voting. The Board is a semi-autonomous body charged with governing the Airport and may enter into contracts without approval of the City Councils.

The Board appoints the Chief Executive Officer, who is charged with the day-to-day operations of the Airport. The Chief Executive Officer, in turn, hires a professional management team to assist him in that responsibility.

The Airport's financial statements include all of the transactions of the Dallas/Fort Worth Airport Public Facility Improvement Corporation (PFIC), which operates a Grand Hyatt Hotel, and the Dallas/Fort Worth International Airport Facility Improvement Corporation (FIC) that relates to the Rental Car Facility (RAC) at the Airport (see footnote 7(c)). Although the FIC and PFIC are legally separate entities, the financial transactions of PFIC and the RAC have been included into the Airport's Enterprise Fund due to their nature and significance to the Airport and to comply with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*. The FIC and PFIC are considered blended component units because the component units governing bodies are substantively the same as DFW, the primary government. See footnote 7(g) for a discussion of the remaining FIC transactions. In addition, the component units provide direct benefits exclusively or almost exclusively to DFW, the primary government.

The Airport has two fiduciary pension plans covering substantially all DFW employees with the plan years ended December 31, 2006 and 2005: the Employees of Dallas/Fort Worth International Airport Retirement Plan and the Department of Public Safety (DPS) Retirement Plan (Retirement Plans, collectively).

(b) Basis of Accounting

The accounts of the Airport are organized into an Enterprise Fund and two Pension Trust Funds. The Airport uses a separate set of self-balancing accounts for each fund including assets, liabilities, net assets, revenues, and expenses. The Airport includes its fiduciary pension plans in its financial statements. The Basic Financial Statements and Required Supplementary Information (RSI) of the Airport consist of Management's Discussion and Analysis; Statements of Net Assets; Statements of Revenues, Expenses, and Changes in Net Assets; Statements of Cash Flows; Statements of Fiduciary Net Assets; Statements of Changes in Fiduciary Net Assets; and Notes to the Basic Financial Statements and a Schedule of Funding Progress. The funds are categorized into two generic fund types and two broad categories as follows:

Enterprise Fund – The financial statements of the Enterprise Fund use the economic resource measurement focus and are presented on the accrual basis of accounting. Revenues are recorded when earned. DFW's operating revenues are derived from fees paid by airlines, tenants, concessionaries, patrons who park at DFW, natural gas, hotel transactions, and others. The fees are based on usage rates established by DFW or in accordance with the Amended and Restated Use Agreement with the signatory airlines.

**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2007 and 2006**

Expenses are recognized when incurred. The Airport constructs facilities to provide services to others, which are financed in part by the issuance of its revenue bonds. Users, primarily airline and concessionaire tenants, generally contract to pay amounts equal to the Airport's operating and maintenance expenses (excluding depreciation), debt service and coverage requirements, and any other obligations payable from the revenues of the Airport.

Pension Trust Funds – The financial statements of the Pension Trust Funds uses the economic resource measurement focus and are presented on the accrual basis of accounting. The Pension Trust Funds are maintained to account for assets held by the Airport in a trustee capacity for active and retired employees. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Pension Trust Fund's fiscal year ended is December 31 of each year. The amounts presented in these financial statements are as of December 31, 2006 and 2005.

(c) Basis of Presentation

The Airport applies GASB pronouncements after November 30, 1989, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Airport distinguishes between operating revenues and non-operating revenues based on the nature of revenues and expenses. In general, revenues and related expenses resulting from providing services such as landing, parking, hotel transactions, terminal rental, ground rental and natural gas leasing are considered operating. These revenues result from exchange transactions in which each party receives and gives up essentially equal values. Non-operating revenues, such as interest income, passenger facilities charges, and grants, result from non-exchange transactions or ancillary activities. Non-operating expenses primarily consist of the interest expense on joint revenue bonds.

(d) Cash, Cash Equivalents, and Investments

(1) Cash and cash equivalents

For purposes of the statements of cash flows, the Airport considers cash on hand, money market funds, and investments with an original maturity of three months or less, when originally purchased, to be cash equivalents, whether unrestricted or restricted. All bank balances are either kept in money market accounts or swept nightly for money market investments. The investments are collateralized by the assets of the money market funds. The operating bank accounts swept nightly are secured through the money market investments.

(2) Investments

The Airport states all investments held at September 30, 2007 with maturities of more than one year from the date of purchase at fair value. The amounts necessary to adjust fair value were approximately \$1.6 million increase in FY 2007 and \$4.6 million increase in FY 2006. Investments with a maturity of one year or less, from original purchase date are reported at amortized cost.

The Airport may invest in obligations of the United States or its agencies, obligations of the State of Texas or its agencies, municipal obligations having a rating not less than AA, bankers' acceptances, certain repurchase and reverse repurchase agreements, commercial paper, certificates of deposit, certain SEC regulated money market mutual funds, certain local government investment pools, and guaranteed investment contracts.

The FIC and PFIC investments are governed by trust indentures between the Airport and the trustees which define "qualified investments" as obligations of the U.S. Treasury and U.S. agencies, municipal securities, commercial paper, repurchase agreements, nationally recognized institutional mutual funds, and certain other securities. All of the FIC and PFIC investments at September 30, 2007 and 2006 were "qualified investments". The FIC and PFIC investments also include money market mutual funds.

**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2007 and 2006**

(e) Accounts Receivable

Receivables are reported at their gross value when earned. The Airport's collection terms are 20 days. The allowance for uncollectible accounts is based on a weighted aging calculation. As a customer's balance is deemed uncollectible, the receivable is cleared and the amount is written off. If the balance is subsequently collected, such payments are applied to the allowance account. Accounts receivables are shown net of the allowance for doubtful accounts in the amount of \$0.9 million for fiscal year 2007 and \$4.9 million for fiscal year 2006.

(f) Materials and Supplies Inventories

Inventories are valued at the lower of average cost or market and consist primarily of expendable parts and supplies held for consumption within the next year.

(g) Capital Assets

All capital assets are stated at historical cost or, if donated, at the fair value on the date donated. The capitalization threshold is \$5,000 for all capital assets.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings	10 - 50 years
Improvements other than buildings	10 - 50 years
Machinery and equipment	3 - 30 years
Vehicles	2 - 20 years

Repairs and maintenance are charged to operations as incurred unless they have the effect of improving or extending the life of the asset, in which case they are capitalized as part of the cost of the asset. Construction-in-progress is composed of costs attributable to construction of taxiways, roads, terminal improvements, systems installation and conversion, and various other projects.

(h) Capitalized Interest

The Airport capitalizes interest costs on bonds outstanding, until the asset is placed in service, net of interest earned on the unexpended bond proceeds. There was no capitalized interest in fiscal year 2007 or 2006.

(i) Grants and Federal Reimbursements

Grants and federal reimbursements are recorded in the accounting period in which eligibility requirements have been met on projects.

(j) Passenger Facilities Charges (PFC)

The PFC Program is authorized by federal legislation and allows an airport to impose a fee of up to \$4.50 on revenue enplaning passengers for FAA approved projects. DFW collects at the imposed limit. The PFC fee is collected by air carriers and remitted to the airport on a monthly basis. As of September 30, 2007, the FAA has approved nine PFC applications for the Airport for a total collection authority of \$5.5 billion through December 2034 with remaining collection authority of \$4.4 billion. In August 2006, the FAA approved PFC 9 for \$36.9 million to construct a Perimeter Taxiway System and install Explosive Detection Equipment (EDS) for baggage screening in Terminal A. Additionally PFC 9 will pay a small amount of debt service relating to the EDS equipment. PFC application 3 was closed during FY 2007. PFC applications 1, 2, and 4 were closed in prior fiscal years. DFW is currently collecting on PFC application 5.

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(k) Deferred Compensation Plan

The Airport offers a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, to all Airport employees to allow them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Amounts are held in trust for the benefit of the Airport's employees and are not subject to claims of the Airport's general creditors. The Airport is not the trustee of the Deferred Compensation Plan. The Deferred Compensation Plan balances totaling \$43.5 million for 2007 and \$36.8 million for 2006 are not reported in the assets or liabilities of the Airport in accordance with GASB Statement 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

(l) Retirement Plans

It is the policy of the Airport to fund the pension costs of its two retirement funds annually. Pension costs are comprised of normal cost and amortization of unfunded actuarial accrued liability and of unfunded prior service cost. The Airport currently carries a Net Pension Asset which is the cumulative difference between the annual pension costs and contribution made to the two retirement pensions plans. DFW is funding its pension plans in excess of the actuarial requirements because it currently has an unfunded pension obligation of approximately \$112.6 million as of December 31, 2006. The Pension plan accounting is in accordance with GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers*. Benefits and refunds are recognized when due and payable. Investments are stated at fair value. If available, quoted market prices are used to value investments. Securities that have no quoted market price are valued at estimated fair value using Bloomberg Financial Services. Purchases and sales of investments are recorded on a trade-date basis.

(m) Restricted Assets and Liabilities

Restricted assets consist of cash, investments, and other resources that are legally restricted by third parties to certain uses. Capital program funds are restricted to pay the costs of certain capital projects as defined in various bond agreements. PFC program funds are restricted to pay the cost of FAA approved capital projects and any debt incurred to finance those projects. Debt service funds are restricted to make payments for principal, interest, sinking fund, and coverage as required by the specific bond covenants. Public safety funds obtained from seizures are restricted to specified security or public safety uses.

Liabilities payable from restricted assets are the accounts payable, accrued interest, and current portion of long-term debt associated with the purchase and construction of the capital projects funded by the restricted assets.

(n) Compensated Absences

DFW employees earn 12 days of sick leave per year with a maximum accrual of 130 days. Unused sick leave for terminated employees are not paid and, therefore, not accrued.

DFW employees are granted Time Off with Pay (TOP) at rates of 15 to 30 days per year depending on length of employment and position. Non-executive employees may accumulate up to a maximum of 2 times their annual accrual rate. Upon termination, employees are paid for any unused TOP. The accumulated TOP is recorded as a liability when earned and is reflected in accrued expenses. The calculation of the liability is based on the pay or salary rates in effect as of the end of the fiscal year.

Balance as of September 30, 2006	\$	5,692
TOP used during the year		(1,275)
TOP earned during the year		1,963
Balance as of September 30, 2007	\$	6,380

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(o) Use of Estimates

The preparation of financial statements in accordance with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(p) Reclassifications

Certain 2006 amounts have been reclassified to conform to the 2007 presentation. The most significant was reclassifying cash equivalents to investments.

(2) DEPOSITS AND INVESTMENTS

(a) Deposits

As of September 30, 2007, DFW's cash balance (including amounts under restricted assets – see Note 9) represents \$189.5 million of cash and cash equivalents. The bank balance for the cash and cash equivalents accounts were approximately \$192.3 million on September 30, 2007. The balance of cash and cash equivalents are kept in money market accounts or swept nightly for money market investments. The investments are collateralized by the assets of the money market funds. As of September 30, 2006, DFW's cash balance and bank balance were approximately \$136.1 million and \$128.5 million, respectively.

DFW investments in money market funds, U.S. government securities, repurchase agreements and commercial paper are reflected in the financial statements as cash equivalents for 2007 and 2006 as follows (in thousands):

Description	2007	2006
Money market funds	\$ 174,510	\$ 104,773
Add: Investments classified as cash equivalents		
Bankers Acceptance	-	21,254
U.S. government securities	-	10,104
Commercial paper	15,000	-
Total investments classified as cash equivalents	15,000	31,358
Total cash and cash equivalents	<u>\$ 189,510</u>	<u>\$ 136,131</u>

(b) Investments – DFW

As of September 30, 2007 and 2006 the maturity values are as follows (in thousands):

Description	2007			2006		
	Fair Value	Maturities (in years)		Fair Value	Maturities (in years)	
		Less Than 1	1 - 5 years		Less Than 1	1 - 5 years
U.S. government securities						
Federal Home Loan Mortgage Corp	\$ 195,747	\$ 97,297	\$ 98,450	\$ 151,018	\$ 141,704	\$ 9,314
Federal Home Loan Bank	249,188	147,630	101,558	248,118	152,544	95,574
Federal Farm Credit Bank	63,859	30,623	33,236	21,460	11,473	9,988
Federal National Mortgage Assoc	261,472	166,927	94,545	182,894	141,182	41,712
Federal Agricultural Mortgage	3,487	3,487	-	9,889	9,889	-
Municipal Bond	55,250	44,250	11,000	35,850	35,850	-
United States Treasury Notes	14,396	14,396	-	61,336	46,872	14,464
First International Bank CD	1,069	1,069	-	2,062	2,062	-
Commercial paper	185,706	185,706	-	214,900	214,900	-
Bankers Acceptance	-	-	-	25,141	25,141	-
Total investments	<u>\$1,030,175</u>	<u>\$ 691,385</u>	<u>\$ 338,790</u>	<u>\$ 952,669</u>	<u>\$ 781,618</u>	<u>\$ 171,052</u>

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(c) Interest Rate Risk – DFW

Investment portfolios are designed with the objectives of attaining the best possible rate of return commensurate with DFW's investment risk constraints and the cash flow characteristics of each portfolio. Return on investments, although important, is subordinate to the safety and liquidity objectives. In accordance with DFW's investment policy, two strategies are employed when market conditions vary. In markets where time risk is rewarded, investments are for longer terms. In markets where time risk is not rewarded, investments are for shorter terms and allow for flexibility and to reinvest funds when markets improve. DFW has identified various purposes for the use of investments and has established maximum maturities for each of these purposes. The following table summarizes by purpose the maximum investment maturities.

Purpose	Maximum Maturity
Operating	365 days
Operating Reserve	60 months
Capital Improvements	60 months
Passenger Facility Charges	36 months
Interest and Sinking	Next payment Date
Debt Service Reserve	60 months

The following table summarizes the DFW total investments as a percentage of maturities.

Maturity	2007	2006
	Percentage of Investment	
Less than One Year	67%	82%
One Year and Greater	33%	18%

(d) Credit Risk – DFW

DFW's investment policy restricts investments to obligations the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, certificates of deposit, fully collateralized repurchase agreements, banker's acceptances, commercial paper, mutual funds, fully collateralized guaranteed investments contracts, and public fund investment pools. All of the U.S. government securities are rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. Commercial paper rating requirements are P-1 by Moody's Investors Service and A-1 by Standard & Poor's. All commercial paper is rated a minimum of A-1 or P-1 with the exception of \$8.5 million of Golden Key US commercial paper that was A-1+/P-1 at the time of purchase and currently unrated. Structured as a Specialized Investment Vehicle (SIV), this type of investment uses short-term commercial paper to purchase longer-term securities backed by U.S. mortgages. Due to concerns regarding sub-prime exposure, Golden Key was unable to remarket its outstanding commercial paper, which resulted in the Trustee freezing the assets of the plan. Currently, the Bank of New York, serving as Trustee, and a group of investors holding a majority interest of the commercial paper, are working on a restructuring plan. The Airport believes the opportunity for the return of principal and accrued interest through September 2007 is good. This is bolstered by the successful restructuring of several other SIVs in the industry. There are no other exposures to SIV's. Repurchase agreements are limited only to agreements having underlying securities of the U.S. Treasury and U.S. government agencies.

(e) Concentration of Credit Risk – DFW

DFW is prohibited from investing more than 5% of the total Board's funds, in any individual investment, unless the investment is fully collateralized. As of September 30, 2007 and 2006 there were no individual investments greater than 5%. DFW's investments are in Federal Home Loan Mortgage (19%), Federal Home Loan Bank (24.2%), Federal Farm Credit Bank (6.2%), Federal National Mortgage Association (25.4%), Federal Agricultural Mortgage (0.3%),

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Municipal Bond (5.4%), US Treasury Notes (1.4%) and Commercial Paper (18%). These percentages listed above are based on total investments by type.

(f) Investments – DFW’s Fiduciary Pension Plans

DFW has contracted with JP Morgan Chase for custody and safekeeping of all investments of the Retirement Plans. The Retirement Plans’ assets are carried at fair value, as of December 31, 2006 and 2005 include investments of (in thousands):

Description	2006	2005
	Total	Total
U.S. government securities	\$ 45,166	\$ 39,829
Common stocks	157,844	111,169
Bonds	37,372	41,995
Foreign stocks	320	-
Money market funds	14,681	28,907
Real estate investment funds	786	-
	<u>\$ 256,169</u>	<u>\$ 221,900</u>

(g) Interest Rate Risk – DFW’s Fiduciary Plans

The investment strategy of the plans is to emphasize total return in the form of aggregate return from capital appreciation, dividend and interest income. The primary objective over a five year period for the plan assets are to maintain the purchasing power of the current assets and all future contributions by producing positive real rates of return on the plan assets, meet or exceed the actuarially assumed rate of return, and provide an acceptable level of volatility in both the long and short-term periods. As of December 31, 2006 and 2005, the maturity values are as follows (in thousands):

	2006 Maturity (in years)				Total
	0-5	6-10	11-15	16+	
U.S. Government Securities	\$ 8,790	\$ 8,372	\$ 893	\$ 4,202	\$ 22,257
Mortgage Backed Securities	-	932	5,195	16,782	22,909
Total Governmental	<u>\$ 8,790</u>	<u>\$ 9,304</u>	<u>\$ 6,088</u>	<u>\$ 20,984</u>	<u>\$ 45,166</u>
Corporate Bond	\$ 13,091	\$ 6,542	\$ 862	\$ 2,358	\$ 22,853
Assets Backed	1,502	783	-	-	2,285
CMO/REMIC	738	-	2,045	4,853	7,636
Commercial Mortgage Backed	-	-	-	4,598	4,598
Total Non-Governmental	<u>\$ 15,331</u>	<u>\$ 7,325</u>	<u>\$ 2,907</u>	<u>\$ 11,809</u>	<u>\$ 37,372</u>

	2005 Maturity (in years)				Total
	0-5	6-10	11-15	16+	
U.S. Government Securities	\$ 8,171	\$ 6,801	\$ 1,158	\$ 4,442	\$ 20,572
Mortgage Backed Securities	-	-	5,014	14,243	19,257
Total Governmental	<u>\$ 8,171</u>	<u>\$ 6,801</u>	<u>\$ 6,172</u>	<u>\$ 18,685</u>	<u>\$ 39,829</u>
Corporate Bond	\$ 24,526	\$ 4,971	\$ 1,155	\$ 933	\$ 31,585
Assets Backed	246	1,028	-	-	1,274
CMO/REMIC	-	386	2,743	3,862	6,991
Commercial Mortgage Backed	-	-	-	2,145	2,145
Total Non-Governmental	<u>\$ 24,772</u>	<u>\$ 6,385</u>	<u>\$ 3,898</u>	<u>\$ 6,940</u>	<u>\$ 41,995</u>

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(h) Credit Risk – DFW’s Fiduciary Plans

Based on the plans long-term liquidity requirement, DFW has determined that currently all securities purchased for the plans have readily ascertainable market values and shall be easily marketable. The credit risk adopted for the plans include domestic equity, international equity and fixed income asset classes. All of the U.S. government, mortgage backed, asset backed, CMO/REMIC, and commercial mortgage backed securities are rated Aaa by Moody’s Investors Service and/or AAA by Standard & Poor’s. All corporate bonds are rated at investment grade or better. The investment grade is Baa by Moody’s Investors Service and/or BBB by Standard & Poor’s.

(i) Concentration of Credit Risk – DFW’S Fiduciary Plans

The Retirement Committee reviewed the allocation of assets on a quarterly basis to ensure that no concentration of credit risk could occur. There were no individual investments representing 5% or more of the total funds.

(3) RELATED-PARTY TRANSACTIONS

DFW makes certain payments routinely to the Cities. Payments to Fort Worth, primarily for legal services, bond fees, water purchases, and facilities rentals for the years ended September 30, 2007 and 2006 were approximately \$1.41 million and \$1.13 million, respectively. Payments to Dallas, primarily for legal services, water purchases, and bond fees, for the years ended September 30, 2007 and 2006 were approximately \$0.82 million and \$1.45 million, respectively.

(4) DIRECT FINANCING LEASES RECEIVABLE

The Airport has entered into several special facility leases with various entities for those facilities constructed with the proceeds from Special Facility Revenue Bond issues (see note 7(b)). The leases require rentals at least equal to the bond debt service, net of interest earned on the interest and sinking fund. Accordingly, the future net rentals have been capitalized as direct financing leases receivable, which is composed of the following at September 30, 2007 and 2006 (in thousands):

	2007	2006
Current debt portion	\$ 4,000	\$ 10,000
Long-term debt portion	9,000	13,000
Less: Interest and sinking fund	(9,936)	(15,977)
Total direct financing leases receivable	\$ 3,064	\$ 7,023

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(5) CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2007 and 2006 were as follows (in thousands):

Description	2007				Balance September 30, 2007
	Balance September 30, 2006	Additions	Transfer and Completed Projects	Retirements	
Capital assets not being depreciated:					
Land	\$ 286,777		\$ 3,184	\$ -	\$ 289,961
Construction in progress	324,242	96,977	(265,968)		155,251
	<u>611,019</u>	<u>96,977</u>	<u>(262,784)</u>	<u>-</u>	<u>445,212</u>
Depreciable capital assets:					
Buildings	2,138,618	-	43,021	(336)	2,181,303
Improvements other than buildings	2,091,316	-	67,108	(4,306)	2,154,117
Machinery and equipment	689,053	-	145,525	(1,698)	832,880
Vehicles	135,505	29	7,130	(2,983)	139,681
	<u>5,054,492</u>	<u>29</u>	<u>262,784</u>	<u>(9,323)</u>	<u>5,307,982</u>
Less accumulated depreciation for:					
Buildings	(439,982)	(60,304)	-	73	(500,213)
Improvements other than buildings	(623,770)	(63,227)	-	2,852	(684,145)
Machinery and equipment	(183,454)	(55,067)	-	896	(237,625)
Vehicles	(39,345)	(16,116)	-	2,768	(52,693)
Accumulated depreciation	<u>(1,286,551)</u>	<u>(194,714)</u>	<u>-</u>	<u>6,589</u>	<u>(1,474,675)</u>
Depreciable capital assets, net	<u>3,767,941</u>	<u>(194,685)</u>	<u>262,784</u>	<u>(2,734)</u>	<u>3,833,306</u>
Total, net	<u>\$ 4,378,960</u>	<u>\$ (97,708)</u>	<u>\$ -</u>	<u>\$ (2,734)</u>	<u>\$ 4,278,518</u>
Description	2006				Balance September 30, 2006
	Balance September 30, 2005	Additions	Transfer and Completed Projects	Retirements	
Capital assets not being depreciated:					
Land	\$ 278,155		\$ 8,622	\$ -	\$ 286,777
Construction in progress	352,475	180,489	(208,722)		324,242
	<u>630,630</u>	<u>180,489</u>	<u>(200,100)</u>	<u>-</u>	<u>611,019</u>
Depreciable capital assets:					
Buildings	2,120,144	1,499	16,975		2,138,618
Improvements other than buildings	2,077,826	3,359	72,453	(62,322)	2,091,316
Machinery and equipment	582,238	11,686	109,163	(14,034)	689,053
Vehicles	136,991	1,032	1,509	(4,027)	135,505
	<u>4,917,199</u>	<u>17,576</u>	<u>200,100</u>	<u>(80,383)</u>	<u>5,054,492</u>
Less accumulated depreciation for:					
Buildings	(373,341)	(66,641)			(439,982)
Improvements other than buildings	(599,896)	(66,263)	(620)	43,009	(623,770)
Machinery and equipment	(143,307)	(53,426)	633	12,646	(183,454)
Vehicles	(27,527)	(15,016)	(13)	3,211	(39,345)
Accumulated depreciation	<u>(1,144,071)</u>	<u>(201,346)</u>	<u>-</u>	<u>58,866</u>	<u>(1,286,551)</u>
Depreciable capital assets, net	<u>3,773,128</u>	<u>(183,770)</u>	<u>200,100</u>	<u>(21,517)</u>	<u>3,767,941</u>
Total, net	<u>\$ 4,403,758</u>	<u>\$ (3,281)</u>	<u>\$ -</u>	<u>\$ (21,517)</u>	<u>\$ 4,378,960</u>

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(6) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

A detail of accounts payable and other current liabilities for the year ended September 30, 2007 and 2006 are as follows (in thousands):

	<u>FY 2007</u>	<u>FY 2006</u>
Signatory Airline Refunds	\$ 24,495	\$ 7,904
Accrued Expenses	41,844	26,372
Payroll and employee benefits	7,035	7,079
Accrued Vacation	6,380	5,692
Deferred revenue	8,297	6,477
Insurance	2,210	2,361
Other Deposits	7,519	5,320
Accounts Payable	9,424	8,704
 Total	 <u>\$ 107,205</u>	 <u>\$ 69,910</u>

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(7) LONG-TERM DEBT

A summary of bond indebtedness changes during the year ended September 30, 2007 follows (in thousands):

Series: Maturity: Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Joint Revenue Bonds					
1997: Due 11/04-11/24: 5.2%	\$ 104,410	\$ -	\$ 104,410	-	\$ -
Taxable 2000A: Due 11/16-11/35: 5.9%-6.125%	335,000	-	-	335,000	-
2001A: Due 11/02-11/35: 5.5%-5.875%	635,995	-	4,840	631,155	5,110
2002A: Due 11/03-11/35: 5.0%-5.5%	360,820	-	5,795	355,025	6,080
* 2002B: Due 11/16-11/35: 3.75%	75,000	-	-	75,000	-
* 2002C: Due 11/16-11/35: 3.75%	50,000	-	-	50,000	-
2003A: Due 11/13-11/35: 5.0%-6.0%	1,457,700	-	-	1,457,700	-
* 2003C-1: Due 11/11-11/18: 3.75%	56,375	-	-	56,375	-
* 2003C-2: Due 11/11-11/18: 3.75%	56,400	-	-	56,400	-
* 2004A-1: Due 11/04-11/24: 3.75%	58,650	-	4,375	54,275	4,625
* 2004A-2: Due 11/04-11/24: 3.75%	58,650	-	4,375	54,275	4,625
2004B: Due 11/06-11/35: 3.0%-5.75%	207,000	-	270	206,730	280
2006A: Due 11/07-11/15: 5.0%	310,305	-	13,705	296,600	24,955
2007: Due 11/08-11/23: 4.5%-5.0%	-	102,455	-	102,455	-
Total	3,766,305	102,455	137,770	3,730,990	45,675
Less: Deferred Loss on Refunding	(18,653)	(3,235)	2,983	(18,904)	-
Total Joint Revenue Bonds	\$ 3,747,652	\$ 99,220	\$ 134,787	\$ 3,712,086	\$ 45,675
Special Facility Revenue Bonds					
Braniff - 1976: Due 11/01-11/06: 7.5%-8.0%	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ -
Braniff - 1978: Due 11/01-11/08: 6.75%	13,000	-	3,000	10,000	3,000
Braniff - 1979: 11/05-11/09: 7.2%	4,000	-	1,000	3,000	1,000
Total Special Facility Revenue Bonds	\$ 23,000	\$ -	\$ 10,000	\$ 13,000	\$ 4,000
Facility Improvement Corporation Revenue Bonds					
Rental Car Facility Charge - Taxable 1998: Due 11/01-11/24: 6.4%-7.07%	\$ 121,515	\$ -	\$ 4,415	\$ 117,100	\$ 4,700
Rental Car Facility Charge - Taxable 1999: Due 11/03-11/24: 7.4%-8.0%	18,365	-	460	17,905	495
Total Facility Improvement Corporation Revenue Bonds	\$ 139,880	\$ -	\$ 4,875	\$ 135,005	\$ 5,195
Public Facility Improvement Corporation Corporation					
2001: Due 1/07-7/31: 4.1%-5.5%	\$ 75,050	\$ -	\$ 760	\$ 74,290	\$ 595
Total Public Facility Improvement Corporation Corporation	\$ 75,050	\$ -	\$ 760	\$ 74,290	\$ 595
Total	\$ 4,004,235	\$ 102,455	\$ 153,405	\$ 3,953,285	\$ 55,465
Less: Deferred Loss on Refunding	(18,653)	(3,235)	2,983	(18,904)	-
Total Bonds Payable	\$ 3,985,582	\$ 99,220	\$ 150,422	\$ 3,934,381	\$ 55,465

* These revenue bonds were issued with a variable interest rate, initially determined by the underwriter. Subsequent interest rates may be adjusted, having due regard to prevailing financial market conditions for revenue bonds, to the interest rate necessary to place the bonds at a price of par on the first business day of such interest period.

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A summary of bond indebtedness changes during the year ended September 30, 2006 follows (in thousands):

Series: Maturity: Interest Rate	Beginning			Ending		Amounts
	Balance	Additions	Reductions	Balance	Due within	One Year
Joint Revenue Bonds						
1994A: Due 11/02-11/12: 5.4%-6.0%	170,855	-	170,855	-	-	-
1995: Due 11/02-11/15: 4.8%-6.5%	162,935	-	162,935	-	-	-
1997: Due 11/04-11/24: 5.0%-5.75%	104,595	-	185	104,410	795	-
1997A: Due 11/03-11/05: 4.35%-4.5%	2,835	-	2,835	-	-	-
Taxable 2000A: Due 11/16-11/35: 5.9%-6.125%	335,000	-	-	335,000	-	-
2001A: Due 11/02-11/35: 4.0%-5.5%	640,590	-	4,595	635,995	4,840	-
2002A: Due 11/03-11/35: 3.0%-5.0%	366,355	-	5,535	360,820	5,795	-
* 2002B: Due 11/16-11/35: 2.45%	75,000	-	-	75,000	-	-
* 2002C: Due 11/16-11/35: 2.45%	50,000	-	-	50,000	-	-
2003A: Due 11/13-11/35: 6.0%-5.0%	1,457,700	-	-	1,457,700	-	-
* 2003C-1: Due 11/11-11/18: 2.56%	56,375	-	-	56,375	-	-
* 2003C-2: Due 11/11-11/18: 2.55%	56,400	-	-	56,400	-	-
* 2004A-1: Due 11/04-11/24: 2.55%	64,150	-	5,500	58,650	4,375	-
* 2004A-2: Due 11/04-11/24: 2.55%	64,150	-	5,500	58,650	4,375	-
2004B: Due 11/06-11/35: 3.0%-5.0%	207,000	-	-	207,000	270	-
2006A: Due 11/07-11/15: 5.0%	-	310,305	-	310,305	13,705	-
Total	3,813,940	310,305	357,940	3,766,305	34,155	
Less: Deferred Loss on Refunding	(14,379)	(11,980)	7,706	(18,653)		
Total Joint Revenue Bonds	\$ 3,799,561	\$ 298,325	\$ 350,234	\$ 3,747,652	\$ 34,155	
Special Facility Revenue Bonds						
Braniff - 1976: Due 11/01-11/06: 7.5%-8.0%	\$ 8,000	\$ -	\$ 2,000	\$ 6,000	\$ 6,000	
Braniff - 1978: Due 11/01-11/08: 6.75%	16,000	-	3,000	13,000	3,000	
Braniff - 1979: 11/05-11/09: 7.2%	5,000	-	1,000	4,000	1,000	
Total Special Facility Revenue Bonds	\$ 29,000	\$ -	\$ 6,000	\$ 23,000	\$ 10,000	
Facility Improvement Corporation						
Revenue Bonds						
Rental Car Facility Charge - Taxable 1998: Due 11/01-11/24: 6.0%-7.07%	\$ 125,670	\$ -	\$ 4,155	\$ 121,515	\$ 4,415	
Rental Car Facility Charge - Taxable 1999: Due 11/03-11/24: 6.8%-8.0%	18,795	-	430	18,365	460	
Total Facility Improvement Corporation						
Revenue Bonds	\$ 144,465	\$ -	\$ 4,585	\$ 139,880	\$ 4,875	
Public Facility Improvement Corporation						
2001: Due 1/07-7/31: 4.1%-5.5%	\$ 75,050	\$ -	\$ -	\$ 75,050	\$ 760	
Corporation	\$ 75,050	\$ -	\$ -	\$ 75,050	\$ 760	
Total	\$ 4,062,455	\$ 310,305	\$ 368,525	\$ 4,004,235	\$ 49,790	
Less: Deferred Loss on Refunding	(14,379)	(11,980)	7,706	(18,653)	-	
Total Bonds Payable	\$ 4,048,076	\$ 298,325	\$ 360,819	\$ 3,985,582	\$ 49,790	

* These revenue bonds were issued with a variable interest rate, initially determined by the underwriter. Subsequent interest rates may be adjusted, having due regard to prevailing financial market conditions for revenue bonds, to the interest rate necessary to place the bonds at a price of par on the first business day of such interest period.

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(a) Joint Revenue Bonds

To provide funds for the construction of DFW in November 1968, the Cities adopted the 1968 Regional Airport Concurrent Bond Ordinance (Bond Ordinance). This ordinance authorized the issuance of the Series 1968 Dallas/Fort Worth Regional Airport Joint Revenue Bonds and reserved for the Cities the right to issue additional bonds on parity with the Series 1968 Bonds. Additional parity bonds may be issued for the purpose of improving, constructing, replacing, or otherwise extending DFW. The 1968 Ordinance was amended by the 30th Supplement, which was adopted by the Cities in February 2000. Bonds are issued under provisions of Applicable Law, including Chapter 22 of the Transportation Code, Chapter 1371 of the Texas Government Code, as amended, and the provision of the Controlling Ordinances. Management believes DFW is in compliance with all bond covenants.

Revenues derived from the ownership and operations of the Airport are pledged to meet debt service requirements of the bonds issued pursuant to the Bond Ordinance. The Bond Ordinance provides that the Airport shall set rentals, rates, fees and charges to produce, in each fiscal year, gross revenues sufficient to pay (a) DFW's operating and maintenance expenses, excluding depreciation, (b) 1.25 times the amount required to be set aside for principal and interest on the joint revenue bonds (the excess over that required for debt service is transferred at year-end to the capital improvement fund to be used primarily for capital projects), and (c) an amount equal to any other obligations payable from the revenues of the Airport.

The Airport Auction Rate Securities are currently auctioned every 7 days for bond series 2002B and 2002C and every 28 days for bond series 2003C-1 and 2003C-2, and every 35 days for 2004A-1 and 2004A-2. The Auction Agent insures that bonds are auctioned in accordance with the auction provisions. The winning bid rate determines the amount of interest paid for the next period. In the event of a failed auction the current holders of the bonds are required to continue holding the bonds and will be paid an interest rate based on the LIBOR rate. DFW has the right to redeem bonds on any auction date, change the auction period, or convert the bonds to a fixed rate mode.

Interest on all fixed rate joint revenue bonds is due semiannually on November 1 and May 1. Interest on the series 2003C-1, 2003C-2, 2002B, 2002C, 2004A-1, and 2004A-2 variable rate bonds is payable at the end of each auction period.

(b) Special Facility Revenue Bonds

The 1968 Bond Ordinance and the 30th Supplemental Bond Ordinance provided DFW the right to issue special facility revenue bonds for the construction of various special facilities. As of September 30, 2007 and 2006, the only Special Facility Bonds outstanding are the 1978 and 1979 Braniff Series. These series of Special Facility bonds are payable solely from the rentals received in respect to each Special Facility pursuant to a Net Rent Lease. The amounts received were \$4.9 million and \$11.6 million for FY 2007 and FY 2006, respectively. These Special Facility rentals are not a part of the operating revenues of the Airport and do not secure the Airport's revenue bonds. Special facility revenue principal is payable annually on November 1, while interest is due semiannually on November 1 and May 1.

(c) Facility Improvement Corporation Revenue Bonds

In 1998, DFW issued bonds through the FIC for construction of a consolidated rental car facility. These bonds are secured by a facility agreement between FIC and the rental car companies which provide that rental car companies will collect a transaction fee on each car rental day. This fee is currently \$4 per day. This fee is set by the FIC Board of Directors and is sufficient to pay annual debt service. Since these bonds were issued on behalf of DFW, and DFW manages the RAC facilities, the operating and non-operating revenues and expenses, assets and liabilities, associated with the RAC and FIC bonds are presented in the financial statements. FIC principal is due annually on November 1, while interest is due semiannually on November 1 and May 1.

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(d) Public Facility Improvement Corporation

To provide additional funds for the construction of DFW's public facilities, the Cities and DFW established the PFIC. Bonds issued by the PFIC are payable first from net revenues and accumulated cash balances of the Grand Hyatt hotel facility and second from the Airport Board's discretionary Airport Capital Improvements 302 Fund, if necessary. PFIC principal is due annually on January 15, while interest on is due semiannually on January 15 and July 15.

(e) Debt Service Requirement

Annual debt service requirements to maturity for bonds are as follows (in thousands):

Year Ending September 30	Joint Revenue Bonds		PFIC		FIC		Special Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	45,675	184,888	595	3,881	5,195	9,325	4,000	754	63,500	203,079
2009	53,710	189,120	590	3,855	5,530	8,976	8,000	344	70,460	199,613
2010	56,340	186,438	750	3,824	5,895	8,600	1,000	36	70,715	196,013
2011	63,070	183,553	740	3,787	6,275	8,196	-	-	81,550	192,270
2012	74,535	180,287	925	3,745	4,965	7,819	-	-	80,425	191,851
2013-2017	448,950	839,382	6,605	17,855	30,420	33,252	-	-	485,975	890,489
2018-2022	544,470	708,331	15,910	14,911	42,875	20,330	-	-	603,255	743,572
2023-2027	679,875	548,391	24,030	9,549	33,850	3,772	-	-	737,755	561,712
2028-2032	879,355	348,129	24,145	2,591	-	-	-	-	903,500	350,720
2033 & Thereafter	885,010	95,065	-	-	-	-	-	-	885,010	95,065
	<u>\$3,730,990</u>	<u>\$ 3,463,583</u>	<u>\$ 74,290</u>	<u>\$63,997</u>	<u>\$ 135,005</u>	<u>\$ 100,271</u>	<u>\$ 13,000</u>	<u>\$ 1,134</u>	<u>\$3,982,145</u>	<u>\$3,624,383</u>

At September 30, 2007 and 2006 the Airport held approximately \$332.1 and \$329.9 million respectively, in reserve funds, interest and sinking funds for use in payment of the above debt service requirements. Certain amounts of the joint revenue, special facility FIC, and PFIC revenue bonds may be redeemed at a premium at various dates at the option of the Cities.

(f) Fiscal Years 2007 and 2006 Debt Issuances

In August 2007, the airport issued \$102.5 million of joint revenue refunding bonds (Series 2007A bonds) for the purpose of refunding \$103.6 million of outstanding callable Series 1997 bonds to reduce the debt service payments over the life of the bonds by \$9 million and to obtain an economic gain of \$6.1 million. The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$3.2 million related to issuance costs and unamortized loss from previous refunding. This deferred loss is reported in the accompanying basic financial statements as a reduction of bonds payable.

In March 2006, the airport issued \$310 million of joint revenue refunding bonds (Series 2006A bonds) for the purpose of refunding \$158.9 million of outstanding callable Series 1994A bonds and \$150.6 million of outstanding callable 1995 bonds to reduce the debt service payments over the next 10 years by \$16.7 million and to obtain an economic gain of \$16.5 million. The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$11.9 million related to issuance costs and unamortized loss from previous refunding. This deferred loss is reported in the accompanying basic financial statements as a reduction of bonds payable.

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(g) Conduit Financing

In 1990, the Cities established the FIC for the purpose of providing conduit financing for the airlines and other users of the Airport. Each series of FIC bonds is payable solely from payments made pursuant to the facilities agreement between FIC and the borrower, with the exception of the RAC (see note 7(c)). The project related revenues that are pledged to support payment of FIC bonds are not part of revenue of the Airport and do not secure the bonds, with the exception of the RAC. Therefore, the assets, liabilities, revenues and expenses associated with these bonds are not reported in the Airport financial statements. FIC Revenue Bonds outstanding exclusive of the RAC was \$927.8 million and \$1.06 billion in fiscal years 2007 and 2006, respectively.

(8) NET ASSETS

Net assets reported as invested in capital assets, net of related debt, are comprised of the following amounts at September 30 (in thousands):

	2007	2006
Invested in capital assets, net of related debt:		
Net capital assets and direct financing leases	\$ 4,281,582	\$ 4,385,983
Less: long-term debt payable, net of deferred financing charges, unspent bond proceeds and capital related payables	(3,861,749)	(3,752,115)
Total invested in capital	\$ 419,832	\$ 633,868

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**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
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(9) RESTRICTED ASSETS AND LIABILITIES

Assets and liabilities payable from restricted assets reported in the financial statements consist of the following (in thousands):

Description	2007				Total
	Public Safety	Capital Programs	Debt Service	Passenger Facility Charges	
Assets:					
Current					
Cash and cash equivalents	\$ 1,416	\$ 56,921	\$ 72,595	\$ 29,787	\$ 160,719
Investments	992	6,740	168,197	87,365	263,294
Accounts receivable and accrued interest	164	6,123	1,063	9,211	16,561
Other assets	-	-	-	-	-
Total current assets	<u>2,572</u>	<u>69,784</u>	<u>241,855</u>	<u>\$ 126,363</u>	<u>440,574</u>
Noncurrent					
Investments	-	28,843	68,890	27,900	125,633
Accounts receivable and accrued interest	-	-	21,370	-	21,370
Total noncurrent assets	<u>-</u>	<u>28,843</u>	<u>90,260</u>	<u>27,900</u>	<u>147,003</u>
Total current and noncurrent assets	<u>2,572</u>	<u>98,627</u>	<u>332,115</u>	<u>154,263</u>	<u>587,577</u>
Payable from restricted assets:					
Current					
Accounts payable	443	3,478	364	124	4,409
Accrued interest on revenue bonds	-	5,558	89,225	-	94,783
Long-term liabilities due within one year	-	5,790	49,675	-	55,465
Total current payable from restricted assets	<u>443</u>	<u>14,826</u>	<u>139,264</u>	<u>124</u>	<u>154,657</u>
Noncurrent					
Deferred revenue	-	23	21,370	-	21,393
Total noncurrent payable from restricted assets	<u>-</u>	<u>23</u>	<u>21,370</u>	<u>-</u>	<u>21,393</u>
Total current and noncurrent payables	<u>443</u>	<u>14,849</u>	<u>160,634</u>	<u>124</u>	<u>176,050</u>
Restricted assets less liabilities	<u>2,129</u>	<u>83,778</u>	<u>171,481</u>	<u>154,139</u>	<u>411,526</u>
Reclass to investment in capital assets					
Add: Long-term liabilities due within one year	-	5,790	49,675	-	55,465
Add: AP capital projects and Retainage	-	8,936	-	-	8,936
Net assets, restricted	<u>\$ 2,129</u>	<u>\$ 98,504</u>	<u>\$ 221,156</u>	<u>\$ 154,139</u>	<u>\$ 475,927</u>

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Description	2006				Total
	Public Safety	Capital Programs	Debt Service	Passenger Facility Charges	
Assets:					
Current					
Cash and cash equivalents	\$ 1,435	\$ 58,501	\$ 53,528	\$ 2,858	\$ 116,322
Investments	458	174,311	180,214	128,413	483,396
Accounts receivable and accrued interest	185	7,468	638	17,590	25,881
Other assets	-	-	-	-	-
Total current assets	<u>2,078</u>	<u>240,280</u>	<u>234,380</u>	<u>148,861</u>	<u>625,599</u>
Noncurrent					
Investments	1,000	34,722	73,000	27,290	136,012
Accounts receivable and accrued interest	-	-	22,609	-	22,609
Total noncurrent assets	<u>1,000</u>	<u>34,722</u>	<u>95,609</u>	<u>27,290</u>	<u>158,621</u>
Total current and noncurrent assets	<u>3,078</u>	<u>275,003</u>	<u>329,989</u>	<u>176,150</u>	<u>784,220</u>
Payable from restricted assets:					
Current					
Accounts payable	857	40,379	-	138	41,374
Accrued interest on revenue bonds	-	5,723	93,873	-	99,596
Long-term liabilities due within one year	-	5,635	44,155	-	49,790
Total current payable from restricted assets	<u>857</u>	<u>51,737</u>	<u>138,028</u>	<u>138</u>	<u>190,759</u>
Noncurrent					
Deferred revenue	-	32	22,966	-	22,999
Total noncurrent payable from restricted assets	<u>-</u>	<u>32</u>	<u>22,966</u>	<u>-</u>	<u>22,999</u>
Total current and noncurrent payables	<u>857</u>	<u>51,769</u>	<u>160,994</u>	<u>138</u>	<u>213,758</u>
Restricted assets less liabilities	<u>2,221</u>	<u>223,234</u>	<u>168,995</u>	<u>176,012</u>	<u>570,462</u>
Reclass to investment in capital assets					
Add: Long-term liabilities due within one year	-	5,635	44,155	-	49,790
Add: AP capital projects and retainage	-	33,123	-	-	33,123
Less: Unspent bond proceeds	-	(178,590)	-	-	(178,590)
Net assets, restricted	<u>\$ 2,221</u>	<u>\$ 83,402</u>	<u>\$ 213,150</u>	<u>\$ 176,012</u>	<u>\$ 474,785</u>

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(10) RETIREMENT PLANS

(a) Plan Descriptions

DFW has two fiduciary defined-benefit pension plans covering substantially all DFW employees: the employees of Dallas/Fort Worth International Airport Retirement Plans and the Department of Public Safety (DPS) Retirement Plans (Retirement Plans, collectively) that were established by Board resolution. Both plans are single-employer public employee retirement system plans in which the assets are held in an investment trust. Employees vest after five years of service and are eligible for early retirement at ages 55-61 and full retirement benefits at age 62 and after. Pension benefits increase by a cost of living adjustment each January 1.

The fiscal year-end for the Retirement Plans is December 31. Copies of the Retirement Plans' annual report may be obtained by writing to the Finance Department, DFW Airport, Post Office Drawer 619428, DFW Airport, Texas 75261-9428.

Employee Plan - All regular employees, other than DPS officers are covered by the Employee Plan. Benefits vest after five years of service. DFW employees who retire are entitled to an annual retirement benefit, payable monthly for life in an amount equal to a percentage of final average monthly compensation times credited service plus an annual cost of living adjustment (as defined by the Employee Plan). Employees can also elect a limited lump-sum distribution. The Employee Plan also provides early retirement, death, and disability benefits.

DPS Plan - The DPS Plan was established effective October 1, 1999 when the assets and liabilities accrued by public safety officers eligible for the DPS Plan prior to October 1, 1999 were transferred from the Employee Plan to the DPS Plan in compliance with the requirements of IRS Code Section 414(1). The public safety officers who retired or terminated employment prior to October 1, 1999, were not eligible for the DPS Plan and will continue to receive their benefits, if any, from the Employee Plan.

The DPS Plan permits early retirement at ages 55 to 61, or upon satisfaction of the "Rule of 80." The "Rule of 80" is the attainment of age 50 and the completion of the number of years of benefit service that when added to the participant's age equals the sum of 80. DPS officers receive pension benefits in the form of a qualified joint and survivor annuity; however, an employee may request optional forms of pension benefit payments upon written request to the Plan Administrator. Other forms of payment of accumulated plan benefits include lump-sum distribution upon retirement or termination or equal monthly payments for life.

(b) Funding Policies

DFW determines each Retirement Plans' funding policy. In general, DFW contributes an amount approximately equal to the actuarially determined pension cost for the year. In some years, however, DFW funds additional contributions to help retire the unfunded liability sooner. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability.

Both pension plans provides that employees with five or more years of service are entitled to annual pension benefits, beginning at normal retirement age of 62, equal to a certain percentage of their final average monthly compensation for each year of credited service, less a certain percentage of anticipated primary insurance benefits. The final average monthly compensation is determined by utilizing the highest 60 consecutive months of earnings out of the 120 months immediately preceding the date of service termination.

Employer contributions are generally made quarterly and recognized as additions in the period in which employee services are performed. Employee contributions are required for the DPS Plan, but not permitted for the Employee Plan. DFW's payroll for employees covered by the Retirement Plans for fiscal years 2006 and 2005 was approximately \$90.1 million and \$86.7 million, respectively.

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Significant assumptions used in preparation of the valuations for the Employee Plan and DPS Plan are as follows:

Employee Plan	DPS Plan
January 1, 2007	January 1, 2007
Entry age normal	Entry age normal
Level percent, closed	Level percent, closed
30 years	30 years
5-year moving average	5-year moving average
8.00%	8.00%
Variable rate 4.0% to 7.25%	Variable rate 4.0% to 10.0%
3.00%	3.00%
3.00%	3.00%

The actuarially determined contribution requirements for the DFW's fiscal years are computed through an actuarial valuation performed as of January 1 each year. The annual actuarial valuation is performed to determine the adequacy of current contribution rates, to describe the current financial condition of the Plans and to analyze changes in the Plans' condition. Significant actuarial assumptions are as follows (dollars in thousands):

Employee Plan				
Year ended	Annual Pension Cost	Airport Contribution	Percentage Contributed	Net Pension Asset
September 30, 2007	\$ 14,284	\$ 21,981	154%	\$22,757
September 30, 2006	12,170	15,299	126%	15,060
September 30, 2005	6,686	10,117	151%	11,931

DPS Plan				
Year ended	Annual Pension Cost	Airport Contribution	Percentage Contributed	Net Pension Asset
September 30, 2007	\$ 4,127	\$ 6,246	151%	\$ 7,964
September 30, 2006	4,004	5,733	143%	5,846
September 30, 2005	2,033	3,512	173%	4,116

(c) Net Pension Asset

DFW net pension assets for its Employee and DPS plans for fiscal year 2006 are as follows (in thousands):

	September 30, 2007	
	Employees plan	DPS plan
Annual required contribution	\$ 14,151	\$ 4,076
Interest on net pension asset	(1,205)	(468)
Adjustment to annual required contribution	1,338	519
Annual pension cost	14,284	4,127
Employer contributions	21,981	6,246
Increase in net pension (asset)	(7,697)	(2,119)
Net pension (asset), beginning of year	(15,060)	(5,846)
Net pension (asset), end of year	\$ (22,757)	\$ (7,964)

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DFW net pension assets for its Employee and DPS plans for fiscal year 2005 are as follows (in thousands):

	September 30, 2006	
	Employees plan	DPS plan
Annual required contribution	\$ 12,065	\$ 3,968
Interest on net pension asset	(955)	(330)
Adjustment to annual required contribution	1,060	366
Annual pension cost	12,170	4,004
Employer contributions	15,299	5,733
Increase in net pension (asset)	(3,129)	(1,730)
Net pension (asset), beginning of year	(11,931)	(4,116)
Net pension (asset), end of year	\$ (15,060)	\$ (5,846)

(11) OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to pension benefits, the Airport provides certain other post-employment benefits (OPEB) for retired employees. Specifically, DFW allows qualified retired employees to participate in the Airport's health insurance plans and provides a premium subsidy for those employees. These benefits apply only to retired employees ages 65 or younger who meet certain eligibility criteria, and provides a maximum premium benefit per employee of \$400 per month.

Beginning in FY 2008, DFW will implement GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions". In connections with such implementation, DFW has commissioned an actuarial study from an outside consultant to quantify the amount of the Airport's OPEB obligations. This study indicates an actuarial accrued liability as of January 1, 2007 of approximately \$29.2 million. DFW has deposited its' OPEB obligations and has made a contribution of \$2.7 million in FY 2007. The first actuarial required contribution is not required until FY 2008. The \$2.7 million contributed is recorded as a net OPEB asset.

(12) PFIC BACKGROUND AND FINANCIAL INFORMATION

The PFIC is a duly incorporated public instrumentality in the State of Texas, created on December 14, 2000 by the Airport's owner cities. The PFIC was created pursuant to Chapter 22 of the Texas Transportation Code for the purpose of financing, equipping and operating one or more public facilities within the boundaries of the Airport.

To date, only one such facility has been approved and completed, the DFW Grand Hyatt (Hotel) which opened July 1, 2005. The hotel was constructed, equipped, and furnished with proceeds from the 2001 Airport Hotel Revenue Bonds, issued in the amount of \$75 million. In addition to construction funds, these bonds plus a contribution of \$8.1 million from the Airport Discretionary account provided for payments of interest until March 1st, 2006, reserve funds, working capital, and the cost of issuance. In addition, the Airport has, over the course of construction, provided additional construction funds of \$7.7 million from its discretionary account.

The Hotel was constructed by the Airport based on a Development Agreement entered into between the Airport and the PFIC. Upon completion of the Hotel, the Airport leased the Hotel to the PFIC pursuant to the Hotel Lease Agreement.

The following summarizes the PFIC financial information (in thousands) for the fiscal years ended 2007 and 2006. The increase in net assets and total assets in FY2007 was primarily due to additional room rental revenues.

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	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 26,853	\$ 22,178
Operating expenses	(18,300)	(17,080)
Operating Income	8,553	5,098
Non-operating income (expense)	(3,630)	(2,136)
Change in net assets	4,922	2,962
Net assets at the beginning of the year	14,581	11,619
Net assets at the end of the year	<u>\$ 19,504</u>	<u>\$ 14,581</u>
Capital assets	61,508	62,678
Other assets	34,234	28,747
Total assets	<u>95,742</u>	<u>91,425</u>
Long term liabilities	(72,572)	(73,108)
Other liabilities	(3,666)	(3,736)
Total liabilities	<u>(76,238)</u>	<u>(76,844)</u>
Net assets	<u>\$ 19,504</u>	<u>\$ 14,581</u>

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities	\$ 9,935	\$ 8,158
Cash flows from financing activities	(5,742)	(7,562)
Cash flows from investing activities	1,439	1,173
Net increase in cash and cash equivalents	5,632	1,769
Cash and cash equivalents at beginning of the year	17,983	16,214
Cash and cash equivalents at end of the year	<u>\$ 23,615</u>	<u>\$ 17,983</u>

The PFIC is required to make monthly contributions to a Debt Service Fund and maintain a Supplemental Debt Service Fund with a value equivalent to 1 year's worth of Debt Service. If the Debt Service Fund is insufficient to pay either principal or interest when due, funds are taken from the Supplemental Debt Service Fund and the Board is required to reimburse the Supplemental Debt Service Fund from the D/FW International Airport Board Discretionary Fund within 1 year from the draw. The fiscal year end for the PFIC is September 30 and is separately audited, beginning with fiscal year 2005. Copies of the audited financial report may be obtained by writing to the Finance Department, DFW Airport, Post Office Drawer 619428, DFW Airport, Texas 75261-9428.

(13) COMMITMENTS AND CONTINGENCIES

(a) Contingencies

DFW was awarded an FAA Discretionary Airport Improvement Program (AIP) grant in August 2006 in support of a \$60.2 million Perimeter Taxiway and related roadway and infrastructure improvements on the southeast quadrant of the Airport. The AIP grant covers approximately 75% of the total project cost over a two year period, with the remaining 25% being funded from PFC funds. This project will provide airfield safety enhancements from runway incursions, as well as increased airfield capacities. Construction began in early FY 2007 with an anticipated completion date of late FY 2008.

The Airport completed its \$2.73 billion CDP in FY 2005 that includes a new International Terminal D, Skylink automated people mover, and runway extension infrastructure improvements. The \$2.73 billion CDP program is currently in financial close-out. As of September 30, 2007, the Airport had approximately \$15.8 million in outstanding contractual commitments and is anticipated to be completed during FY 2008. As part of the contract close out, DFW

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September 30, 2007 and 2006**

is involved with several lawsuits and claims. Management is vigorously defending itself in these situations, and believes that any settlement will be within the project budget and will not be material.

The Texas Commission on Environmental Quality (the "TCEQ") and the Airport have entered into an agreed order, effective September 1, 2000 (the "Agreed Order"), to settle a TCEQ proceeding with respect to unauthorized discharges of jet fuel into or adjacent to state waterways and failure to report an accidental release of sewage. Under the Agreed Order, the Airport's cost was \$0.5 million of remediation actions in 2007.

In December 2000, DFW was served with a lawsuit styled *United States ex rel. Susan Heath v. the Dallas/Fort Worth International Airport Board and URS Greiner* pending in the United States District Court of the Northern District of Texas. That suit (as amended) sought recovery under the Federal False Claims Act, 31 USC 3729 et seq., of \$220 million of federal grant money paid to DFW, on the theory that grant applications submitted by the Airport allegedly contained fraudulent misrepresentations and omissions regarding compliance with federal and state water quality laws. The suit also sought to collect fines allegedly owed by the Airport under the Clean Water Act, but allegedly avoided by an intentional failure to report Clean Water Act violations.

The Federal False Claims Act (the "FCA") allows a private citizen (relator) to sue on behalf of the U.S. Government to collect money the government paid out under false claims. The plaintiff receives a percentage of any recovery (plus attorney's fees and costs), with the balance going to the U.S. Treasury. The FCA also provides a treble damage remedy. The plaintiff's percentage of any recovery depends on whether the U.S. Government intervenes in the case, or whether the plaintiff pursues the case alone. The U.S. Government has filed notice with the court of its intent not to intervene.

The case was tried to a jury in the summer of 2006. The jury found for DFW and the court then entered a take-nothing judgment in favor of DFW. The Relator filed her notice of appeal to the U.S. Court of Appeals for the Fifth Circuit. On December 27, 2007, the Fifth Circuit denied the Relator's appeal, and affirmed the decision of the district court in favor of the Airport. The Relator has filed for a rehearing.

(b) Federal Grants

The Airport has received federal grants for specific purposes including Department of Homeland Security (DHS) and Airport Improvement Program (AIP) that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the Airport, disallowed costs, if any, would not be material.

(c) Personal Injury liability

A number of suits have been filed against the Airport related to accidents on Airport property. The Board is fully insured to the extent of the statutory limit under the tort claim act.

(14) SELF-INSURANCE/RISK MANAGEMENT

DFW maintains self-insured reserves for employee medical and workers compensation claims. DFW utilizes a third-party company to provide stop loss coverage on individual health claims and a third-party administrator to manage workers compensation claims in accordance with Texas state statutes and limits. DFW accrues the estimated cost of self-insurance liabilities based on annual actuarial reviews. Changes in liabilities on 2007 and 2006 for all Airport self-insured programs are detailed below (in thousands)

Description	2007	2006
Beginning balance	\$ 3,410	\$ 3,199
Plus: Current year claims and changes in estimates	7,958	8,529
Less: Payments	(8,117)	(8,318)
Ending balance	<u>\$ 3,251</u>	<u>\$ 3,410</u>

**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2007 and 2006**

DFW is exposed to various risks of loss related to theft, damage to and destruction of assets and natural disasters for which DFW carries commercial insurance. Specific details regarding deductibles and coverage can be found in the statistical section. Any settlement payments covered by commercial insurance did not exceed coverage in FY 2007 and FY 2006.

(15) CONCENTRATION OF CREDIT RISK

DFW's customers are principally concentrated within the airline industry. DFW periodically evaluates the financial condition of its customers and typically does not require collateral. DFW received approximately \$185 million (39%) of its revenues during fiscal year 2007 and \$205.2 million (42.3%) of its operating revenues during fiscal year 2006 from American Airlines (including American Eagle). American Airlines (including American Eagle) had 84.7% of passengers in FY 2007 and 84.9% in FY 2006; landed weights were 83.8% in FY 2007 and 77.8% in FY 2006.

(16) NATURAL GAS

In August 2006, the Cities of Dallas and Fort Worth approved a lease between DFW and Chesapeake Energy Corporation to begin natural gas exploration on the Airport's 18,000 acres. The lease was approved by the FAA in October 2006 and was signed by DFW and Chesapeake on October 5, 2006. Under the terms of the lease, Chesapeake paid DFW an initial non-refundable bonus of \$185.6 million on October 5, 2006 for the rights to drill for natural gas on the Airport and agreed to pay DFW a 25% royalty on future natural gas gross revenues as defined in the lease.

Natural gas proceeds are not considered "gross revenues" of the Airport per DFW's Controlling Documents because they represent the sale of mineral rights. The Controlling Documents require that these funds be deposited into the Capital Improvement Fund (301 Fund) which is an unrestricted cash account. DFW recognized approximately half of the \$185.6 million as operating revenue in FY 2007 because the bonus payment covered a two year period. The deferred portion is included in deferred revenue on the Statement of Net Assets. Royalty income will begin to be paid to DFW in FY 2008. Approximately 327 wells are planned to be drilled and operated.

During FY 2007, DFW used a portion of the natural gas revenues to repay the Cities of Dallas and Fort Worth a total of \$19.7 million for their remaining original capital contributions. The FAA approved the repayment to the Cities.

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REQUIRED SUPPLEMENTARY INFORMATION

Dallas/Fort Worth International Airport
Pension Schedule of Funding Progress
September 30, 2007
(Amounts in Thousands)

The following presents the funding progress from January 1, 2005 to January 1, 2007:

Valuation date	Actuarial value of assets (AVA)	Actuarial accrued liability (AAL)	Unfunded actuarial accrued asset (liability) (UAAL)	Funded ratio	Annual covered payroll	UAAL as % of payroll
(1)	(2)	(3)	(2) – (3) (4)	(2)/(3) (5)	(6)	(4)/(6) (7)
Employee Plan						
January 1, 2007	\$ 201,632	\$ 277,147	\$ (75,516)	72.8%	\$ 70,832	(106.6%)
January 1, 2006	181,324	252,817	(71,493)	71.7%	67,968	(105.2%)
January 1, 2005	162,078	193,888	(31,810)	83.6%	61,491	(51.7%)
DPS Plan						
January 1, 2007	69,915	106,985	(37,070)	65.4%	19,284	(192.2%)
January 1, 2006	61,045	100,054	(39,009)	61.0%	18,722	(208.4%)
January 1, 2005	50,945	89,144	(38,199)	57.1%	17,875	(213.7%)

Dallas/Fort Worth International Airport
OPEB Schedule of Funding Progress
September 30, 2007
(Amounts in Thousands)

Valuation date	Actuarial value of assets (AVA)	Actuarial accrued liability (AAL)	Unfunded actuarial accrued asset (liability) (UAAL)	Funded ratio	Annual covered payroll	UAAL as % of payroll
(1)	(2)	(3)	(2) – (3) (4)	(2)/(3) (5)	(6)	(4)/(6) (7)
Employee & DPS Plan						
January 1, 2007	\$ -	\$ 29,243	\$ (29,243)	0.0%	\$ 90,116	(32.5%)

SUPPLEMENTARY INFORMATION

Dallas/Fort Worth International Airport
Combining Statements of Fiduciary Net Assets for DFW Pension Plan
As of December 31, 2006
(Amounts in Thousands)

	<u>Fiduciary Activities</u>		<u>2006</u>	<u>2005</u>
	<u>Employee Plan</u>	<u>DPS Plan</u>		
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments at fair value				
U.S government securities	33,450	11,716	45,166	39,829
Common stocks	116,899	40,945	157,844	111,169
Bonds	27,678	9,694	37,372	41,995
Foreign stocks	237	83	320	-
Money market funds	10,873	3,808	14,681	28,907
Real estate investment funds	582	204	786	-
Total Investments	<u>189,719</u>	<u>66,450</u>	<u>256,169</u>	<u>221,900</u>
Total cash and investments, at fair value	<u>189,719</u>	<u>66,450</u>	<u>256,169</u>	<u>221,900</u>
Employer contribution	-	-	-	-
Due from broker	804	282	1,086	183
Due from DPS Plan	-	-	-	-
Accrued interest and dividends	724	254	978	1,075
Total assets	<u>191,247</u>	<u>66,986</u>	<u>258,233</u>	<u>223,158</u>
Liabilities				
Due to broker for securities purchased	1,141	399	1,540	180
Due to employee plan	1,165	409	1,574	-
Accrued transaction fees	11	4	15	7
Accrued management fees	197	67	264	125
Total retirement plan liabilities	<u>2,514</u>	<u>879</u>	<u>3,393</u>	<u>312</u>
Net Assets				
Held in trust for pension benefits	<u>\$ 188,733</u>	<u>\$ 66,107</u>	<u>\$ 254,840</u>	<u>\$ 222,846</u>

Dallas/Fort Worth International Airport
Combining Statements Of Changes in Fiduciary Net Assets for DFW Pension Plan
For The Years Ended December 31, 2006
(Amounts in Thousands)

	<u>Fiduciary Activities</u>		<u>2006</u>	<u>2005</u>
	<u>Employee Plan</u>	<u>DPS Plan</u>		
Additions:				
Investment income on pension funds	\$ 5,639	\$ 1,924	\$ 7,563	\$ 7,035
Net appreciation in fair value of investment on pension funds	9,590	3,293	12,883	1,660
Investment fees	(36)	(12)	(48)	(12)
Pension contributions from employee	-	1,312	1,312	1,256
Pension contributions from employer	15,821	5,760	21,581	15,480
Total additions	<u>31,014</u>	<u>12,277</u>	<u>43,291</u>	<u>25,419</u>
Deductions:				
Pension benefit payments	7,701	2,216	9,917	8,291
Administrative fees	1,027	353	1,380	851
Total deductions	<u>8,728</u>	<u>2,569</u>	<u>11,297</u>	<u>9,142</u>
Change in net assets	22,286	9,708	31,994	16,277
Plan net assets, beginning of year	<u>166,447</u>	<u>56,399</u>	<u>222,846</u>	<u>206,569</u>
Plan net assets, end of year	<u>\$ 188,733</u>	<u>\$ 66,107</u>	<u>\$ 254,840</u>	<u>\$ 222,846</u>

STATISTICAL SECTION
(UNAUDITED)

**Dallas/Fort Worth International Airport
Comprehensive Annual Financial Report
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For the Fiscal Year Ended September 30, 2007**

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FINANCIAL TRENDS INFORMATION
(UNAUDITED)

**Dallas/Fort Worth International Airport
Net Assets by Component
Last Three Fiscal Years
(Amounts in Thousands)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 419,832	\$ 633,868	\$ 623,300
Restricted for:			
Capital programs	98,504	83,402	160,704
Debt service	221,156	213,150	299,935
Passenger facility charges	154,139	176,012	198,049
Public safety	2,129	2,221	2,109
Total restricted	<u>475,927</u>	<u>474,785</u>	<u>660,797</u>
Unrestricted	589,333	347,951	252,195
Total Net Assets	<u><u>\$ 1,485,093</u></u>	<u><u>\$ 1,456,604</u></u>	<u><u>\$ 1,536,292</u></u>

Source: Statements of Net Assets

* Only three year history provided based on availability

Dallas/Fort Worth International Airport
Changes in Net Assets
Last Three Fiscal Years
(Amounts in Thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Revenues			
Landing fees	\$ 155,562	\$ 193,814	\$ 161,396
Parking	106,911	90,986	88,177
Natural gas	92,608	-	-
Ground and facilities leases	50,252	49,371	44,896
Terminal rent and use fees	43,766	45,976	17,559
Concessions	45,252	40,096	33,729
Grand Hyatt Hotel	26,853	22,178	3,657
Utility services	17,742	18,302	17,751
Employee transportation	7,647	7,573	6,289
Taxi and limo fees	6,620	5,338	4,995
Other	14,399	11,888	10,506
Total operating revenues	<u>\$ 567,612</u>	<u>\$ 485,522</u>	<u>\$ 388,955</u>
Operating Expenses			
Salaries, wages, and benefits	\$ 145,933	\$ 139,320	\$ 119,854
Contract services	111,784	105,933	71,807
Utilities	38,198	42,314	25,573
Equipment and supplies	20,420	23,275	19,125
Grand Hyatt Hotel	15,790	14,397	2,924
Insurance	4,730	5,258	3,832
General, administrative and other charges	5,330	4,433	4,756
Depreciation and amortization	200,349	214,622	125,075
Total operating expenses	<u>\$ 542,534</u>	<u>\$ 549,552</u>	<u>\$ 372,946</u>
Operating (loss) income	25,078	(64,030)	16,009
Non-Operating Revenues (Expenses)			
Passenger facility charges	\$ 111,906	\$ 112,510	\$ 118,438
Rental car fee	23,620	18,202	18,248
Airline reimbursements	1,669	2,041	417
Interest income	61,816	45,795	20,513
Interest expense on revenue bonds	(212,101)	(217,492)	(83,837)
Other, net	31	(16,845)	(1,376)
Total non-operating revenues, net	<u>\$ (13,059)</u>	<u>\$ (55,789)</u>	<u>\$ 72,403</u>
Gain (loss) before capital contributions	12,019	(119,819)	88,412
Capital Contributions			
Federal and grant reimbursements	\$ 36,206	\$ 40,131	\$ 52,441
Repayment of capital contributions	(19,736)	-	-
Total capital contributions	<u>\$ 16,470</u>	<u>\$ 40,131</u>	<u>\$ 52,441</u>
Net Assets			
Increase (decrease) in net assets	28,489	(79,688)	140,853
Net assets at beginning of year	1,456,604	1,536,292	1,395,439
Net assets at end of year	<u>\$ 1,485,093</u>	<u>\$ 1,456,604</u>	<u>\$ 1,536,292</u>

Source: Statement of Revenues, Expenses and Changes in Net Assets

* Only three year history provided based on availability

**Dallas/Fort Worth International Airport
Operating Expenses By Source
Last Ten Fiscal Years (Unaudited)
(Amounts in Thousands)**

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Landing area	\$ 19,910	\$ 20,396	\$ 17,629	\$ 13,684	\$ 10,057	\$ 9,573	\$ 9,606	\$ 6,921	\$ 3,039	\$ 2,327
Terminal area	75,789	75,121	36,874	11,210	10,925	9,573	10,499	12,574	11,386	10,031
Transit system	25,134	26,914	15,322	6,835	8,503	7,332	8,513	8,210	7,813	7,418
Parking	39,536	32,431	30,340	27,506	23,502	22,294	23,261	17,498	13,919	12,119
Ground rentals/outside concessions	6,215	4,435	2,857	3,541	4,980	2,364	2,312	1,792	231	521
Utility services	21,333	21,670	17,851	13,524	19,811	18,019	11,865	9,824	9,407	9,211
Ground transportation	6,489	5,694	5,018	4,778	5,740	4,941	4,848	3,312	2,696	2,486
Anti-air piracy	-	-	-	-	-	2,627	4,135	3,216	2,996	2,770
East cargo area	-	-	1	7	740	595	594	682	24	29
General aviation complex	1,302	2,344	1,215	918	350	319	263	370	-	230
Airport Services	128,723	128,813	111,040	106,970	95,406	97,985	91,159	88,214	77,649	72,978
Grand Hyatt	15,790	14,397	2,924	-	-	-	-	-	-	-
Operating expenses	1,965	2,715	8,815	6,903	2,158	1,260	5,435	452	2,114	766
Depreciation / amortization	200,349	214,622	123,060	81,682	80,744	70,958	72,696	62,956	56,783	146,801
Total operating expenses	\$ 542,534	\$549,552	\$372,946	\$277,558	\$262,916	\$247,840	\$245,186	\$216,021	\$188,057	\$267,687

Source: General Ledger Source lines and Statement of Revenues, Expenses and Changes in Net Assets

REVENUE CAPACITY INFORMATION
(UNAUDITED)

**Dallas/Fort Worth International Airport
Operating Revenues By Source
Last Ten Fiscal Years (Unaudited)
(Amounts in Thousands)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Landing fees- signatory airlines	\$152,822	\$188,835	\$156,448	\$105,356	\$ 80,323	\$ 78,443	\$ 82,016	\$ 66,607	\$ 54,997	\$ 61,913
Parking	106,911	90,986	88,177	81,643	68,329	71,139	69,937	70,922	68,373	63,460
Natural Gas	92,608	-	-	-	-	-	-	-	-	-
Terminal rents & use fees	43,766	45,976	17,559	10,810	7,956	8,669	10,248	10,619	12,459	7,812
Ground rentals/outside concessions	46,031	45,258	40,368	42,491	39,985	37,055	37,686	33,969	28,473	28,621
Concessions	45,252	40,096	33,729	31,122	28,382	26,474	26,691	29,056	20,080	23,079
Grand Hyatt Hotel	26,853	22,178	3,657	-	-	-	-	-	-	-
Utility services	17,742	18,302	17,751	14,449	11,801	11,834	13,571	13,286	12,614	12,053
Transit system	7,647	7,573	6,289	6,990	7,615	7,831	8,125	7,654	7,917	8,332
Taxi and Limo	6,620	5,338	4,995	5,838	4,259	4,153	4,637	7,149	5,160	3,981
Fueling system rentals	5,718	5,959	5,773	3,927	4,099	3,893	3,821	3,967	3,880	1,913
Landing fees- nonsignatory airlines	2,740	4,979	4,948	5,129	4,016	3,035	3,630	3,315	4,215	3,431
Anti-air piracy charges	-	-	-	-	-	2,627	3,581	3,172	2,956	2,770
Hotel and recreation	2,669	2,495	2,061	1,772	1,755	1,651	2,321	3,526	8,190	7,944
East cargo area rentals	1,552	1,618	1,609	2,058	1,990	1,929	1,920	1,813	1,787	1,718
Other miscellaneous revenues	8,681	5,929	5,591	4,882	7,061	12,457	5,862	1,704	8,766	1,567
Total operating revenues	<u>\$ 567,612</u>	<u>\$485,522</u>	<u>\$388,955</u>	<u>\$316,467</u>	<u>\$267,571</u>	<u>\$271,190</u>	<u>\$274,046</u>	<u>\$256,759</u>	<u>\$239,867</u>	<u>\$228,594</u>

Source: General Ledger Source lines and Statement of Revenues, Expenses and Changes in Net Assets

**Dallas/Fort Worth International Airport
Settlement History
Last Ten Fiscal Years (Unaudited)**

Period	Settlement Rate	Settlement Refund (In thousands)
FY 2007	\$ 3.95	\$ 22,419
FY 2006	4.88	5,887
FY 2005	3.91	12,804
FY 2004	2.53	11,578
FY 2003	2.03	14,325
FY 2002	1.92	6,514
FY 2001	1.82	2,837
FY 2000	1.48	7,685
FY 1999	1.28	18,095
FY 1998	1.42	20,562

Source: Rates, Fees, and Charges Settlement

Note: The above amounts represent settlement refund and settlement rates for the past 10 years.

DEBT CAPACITY INFORMATION
(UNAUDITED)

**Dallas/Fort Worth International Airport
Debt and Debt Service Ratios
Last Eight Years
(Amounts in thousands)**

	2007	2006	2005	2004	2003	2002	2001	2000
Total revenue bond payable	3,934,381	3,985,582	4,048,076	4,108,990	3,956,551	2,486,518	1,459,359	1,297,080
Net debt service	235,590	219,084	162,549	99,822	92,062	87,391	89,747	90,092
Less: PFCs	(120,128)	(119,166)	(64,437)	(3,157)	(1,837)	-	-	-
Debt service, net of PFC's	115,462	99,918	98,112	96,665	90,225	87,391	89,747	90,092
Total operating revenues	567,612	485,522	388,955	316,467	267,571	271,190	274,046	256,759
Total enplaned passengers	29,852	30,154	29,521	29,298	26,230	25,062	26,301	27,726
Debt per enplaned passenger	131.80	132.17	137.13	140.25	150.84	99.22	55.49	46.78
Net debt service per enplaned passenger	7.89	7.27	5.51	3.41	3.51	3.49	3.41	3.25
Debt service, net of PFCs per enplaned passenger	3.87	3.31	3.32	3.30	3.44	3.49	3.41	3.25
Debt to operating revenue	6.93	8.21	10.41	12.98	14.79	9.17	5.33	5.05

Source: Long Term Debt and Operating Data

* Only eight years history provided based on availability

**Dallas/Fort Worth International Airport
Joint Revenue Bond Coverage
Last Ten Fiscal Years (Unaudited)
(Amounts in Thousands)**

Fiscal year	Net Revenues			Net Debt Service			Net debt service	Ratio*
	Operating revenues	Operating expenses (excluding depreciation)	Net	Principal	Interest expense	Offsets to Debt Service		
2007	616,515	(322,027)	294,488	45,675	194,049	(4,134)	235,590	1.25
2006	605,094	(331,239)	273,855	34,155	195,207	(10,279)	219,083	1.25
2005	460,182	(256,995)	203,187	48,410	194,836	(80,698) ^[1]	162,548	1.25
2004	327,551	(202,774)	124,777	53,195	189,058	(142,431) ^[1]	99,822	1.25
2003	293,542	(178,464)	115,078	47,320	155,333	(110,591) ^[1]	92,062	1.25
2002	280,496	(171,257)	109,239	43,850	97,159	(53,617) ^[1]	87,392	1.25
2001	283,710	(171,495)	112,215	41,185	70,982	(22,420) ^[1]	89,747	1.25
2000	263,448	(150,833)	112,615	39,165	65,779	(14,852) ^[1]	90,092	1.25
1999	248,786	(135,388)	113,398	39,565	56,331	(5,178)	90,718	1.25
1998	240,516	(120,886)	119,630	37,885	58,253	(6,467)	89,671	1.33 ^[2]

Source: Dallas/Fort Worth International Airport Finance Rates, Fees and Charges. The ratio required by the Bond Ordinance is computed on a rates fees and charges basis therefore, operating revenues and operating expenses will differ from GAAP financial reporting

* Revenue bond coverage is computed based on the requirements of the Bond Ordinance and includes debt service for joint revenue bonds.

^[1] Includes Capitalized Interest.

^[2] Ratio is higher in 1998 due to a swap payment made during the year was excluded from coverage

ECONOMIC INFORMATION
(UNAUDITED)

**Dallas/Fort Worth International Airport
Top Ten Customers - Revenues
Last Six Fiscal Years (Unaudited)
(Amounts in Thousands)**

<u>COMPANY NAME</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>	<u>FY 2002</u>
American Airlines, Inc. ¹	\$ 184,994	\$ 205,208	\$ 146,550	\$ 103,486	\$ 85,173	\$ 78,750
Hertz Corporation	8,256	8,614	7,805	7,390	7,851	6,443
United Parcel Service	6,784	7,329	6,331	4,601	4,028	3,829
Avis Rent-A-Car System, Inc.	6,512	6,806	5,903	5,588	5,390	5,260
Clear Channel Airports	6,061	3,800	-	-	-	-
Vanguard Car Rental USA Inc.	5,992	5,871	4,851	4,517	4,201	3,587
Delta Air Lines, Inc. ²	5,974	14,356	20,882	24,552	21,340	22,298
GTE Realty Corporation	5,680	12,475	8,922	8,190	8,490	7,197
US Airways ³	4,800	6,151	5,930	3,783	2,543	2,487
United Air Lines, Inc.	4,481	4,950	4,135	3,100	2,501	2,598
Sky Chefs, Inc.	4,176	4,157	4,628	4,897	5,878	6,759
Continental Airlines	3,959	4,572	3,169	2,924	2,135	2,656
AirTran Airways, Inc.	2,852	3,671	3,756	1,921	562	494
	<u>\$ 250,522</u>	<u>\$ 287,961</u>	<u>\$ 222,863</u>	<u>\$ 174,948</u>	<u>\$ 150,090</u>	<u>\$ 142,358</u>

Source: AR\ Billing History

* Only six year history provided based on availability

¹ American Eagle is included with American Airlines.

² Atlantic Southeast Airlines included with Delta Air Lines.

³ America West Airlines included in US Airways.

OPERATING INFORMATION
(UNAUDITED)

**Dallas/Fort Worth International Airport
Activity Statistics
Last Ten Fiscal Years (Unaudited)
(Amounts in Thousands)**

<u>Fiscal year</u>	<u>Total passengers</u>	<u>Aircraft operations ⁽¹⁾</u>	<u>Cargo volume ⁽²⁾</u>
2007	59,746	688	802
2006	60,351	701	836
2005	59,095	733	832
2004	58,589	804	800
2003	52,471	759	728
2002	51,692	751	732
2001	57,633	812	951
2000	61,063	845	1,061
1999	56,353	832	931
1998	57,028	836	902

Source: Dallas/Fort Worth International Airport Activity Reports.

(1) Aircraft operations represents the total number of take-offs and landings at the Airport.

(2) U. S. Tons

**Dallas/Fort Worth International Airport
Enplaned Passengers by Airline
Last Three Fiscal Years
(Amounts in Thousands)**

Carrier	Enplaned Passengers					
	FY 2007	% of total	FY 2006	% of total	FY 2005	% of total
Air Passenger Airlines						
Air Canada / Canadian Airlines Int'l., Ltd.	44,823	0.2%	44,238	0.1%	-	0.0%
AirTran Airlines, Inc. ⁽¹⁾	349,354	1.2%	438,007	1.5%	422,517	1.4%
America West Air Lines	400,862	1.3%	387,623	1.3%	385,682	1.3%
American Airlines, Inc.	21,690,588	72.7%	22,586,563	74.9%	20,814,229	70.5%
AMR Eagle	3,597,519	12.1%	2,938,594	9.7%	3,198,507	10.8%
Atlantic Southeast Airlines, Inc.	16,397	0.1%	13,620	0.0%	422,610	1.4%
British Airways, Ltd. PLC	59,119	0.2%	60,947	0.2%	58,042	0.2%
Champion Air (Grand Holdings, Inc.)	73,766	0.2%	52,217	0.2%	82,891	0.3%
Continental Airlines	333,640	1.1%	394,138	1.3%	408,904	1.4%
Delta Air Lines, Inc.	532,135	1.8%	624,142	2.1%	1,278,895	4.3%
Korean Air Lines Co., Ltd.	35,290	0.1%	31,168	0.1%	35,648	0.1%
Lufthansa German Airlines	81,177	0.3%	78,161	0.3%	73,795	0.2%
Midwest Express Airlines, Inc.	85,635	0.3%	67,051	0.2%	74,122	0.3%
Northwest Airlines	362,705	1.2%	362,680	1.2%	413,913	1.4%
Sun Country Airlines, Inc.	83,595	0.3%	78,865	0.3%	75,958	0.3%
United Airlines, Inc.	528,243	1.8%	594,518	2.0%	532,676	1.8%
US Airways	320,142	1.1%	298,310	1.0%	369,828	1.3%
Other	1,257,347	4.2%	1,103,044	3.7%	873,072	3.0%
Total	<u>29,852,337</u>		<u>30,153,886</u>		<u>29,521,289</u>	

**Dallas/Fort Worth International Airport
Grant Awards history
Last Ten Fiscal Years (Unaudited)
(in thousands)**

Fiscal year	Purpose of Grant				Total
	Security	Land	Planning	Construction	
2007	-	-	200	36,006	36,206
2006	-	-	-	40,131	40,131
2005	25,383	-	4,000	23,058	52,441
2004	37,314	-	-	20,879	58,193
2003	6,789	-	-	10,875	17,664
2002	4,730	-	-	16,736	21,466
2001	-	-	-	19,434	19,434
2000	-	-	450	25,064	25,514
1999	-	-	2,269	18,432	20,701
1998	-	2,500	73	19,724	22,297
Total	<u>\$ 74,216</u>	<u>\$ 2,500</u>	<u>\$ 6,992</u>	<u>\$ 230,339</u>	<u>\$ 314,047</u>

**Dallas/Fort Worth International Airport
Enplaned Passengers by Month
Last Eight Fiscal Years (Unaudited)
(Amounts in thousands)**

	2007	2006	2005	2004	2003	2002	2001	2000
October	2,487	2,466	2,507	2,240	2,219	1,903	2,503	2,657
November	2,371	2,439	2,393	2,241	2,026	1,980	2,400	2,566
December	2,468	2,482	2,445	2,446	2,295	2,088	2,330	2,545
January	2,246	2,333	2,266	2,207	1,984	1,956	2,222	2,235
February	2,137	2,159	2,038	2,172	1,819	1,859	2,120	2,273
March	2,587	2,589	2,510	2,566	2,244	2,316	2,624	2,719
April	2,457	2,511	2,326	2,434	2,023	2,130	2,409	2,522
May	2,629	2,706	2,547	2,558	2,244	2,280	2,534	2,675
June	2,687	2,797	2,738	2,729	2,419	2,463	2,710	2,789
July	2,829	2,834	2,853	2,835	2,605	2,540	2,816	2,905
August	2,669	2,561	2,569	2,573	2,408	2,402	2,669	2,714
September	2,285	2,277	2,329	2,297	1,946	1,924	1,549	2,338
Total	<u>29,852</u>	<u>30,154</u>	<u>29,521</u>	<u>29,298</u>	<u>26,230</u>	<u>25,840</u>	<u>28,886</u>	<u>30,938</u>

Increase (Decrease) over							
Prior Period	(1.00%)	2.14%	0.76%	11.70%	1.51%	(10.54%)	(6.63%)

Source: Dallas/Fort Worth International Airport Finance Department
* Only eight year history provided based on availability

**Dallas/Fort Worth International Airport
Landed Weights by Airline
Last Eight Fiscal Years (Unaudited)
(Amounts in thousands)**

Carrier	FY 2007	% of total	FY 2006	% of total	FY 2005	% of total	FY 2004	FY 2003
AirTran	422	1.1%	564	1.4%	576	1.4%	390	204
American Airlines, Inc.	25,373	64.9%	25,795	65.4%	26,292	64.0%	25,693	23,994
American Eagle	4,237	10.8%	4,293	10.9%	3,899	9.5%	3,105	2,730
ATA	255	0.7%	193	0.5%	273	0.7%	259	238
British Airways	157	0.4%	157	0.4%	156	0.4%	156	151
China Airlines	235	0.6%	367	0.9%	96	0.2%	216	167
Continental	447	1.1%	445	1.1%	531	1.3%	527	541
Delta	641	1.6%	740	1.9%	1,707	4.2%	3,038	4,193
Federal Express	684	1.7%	649	1.6%	659	1.6%	690	673
Lufthansa	212	0.5%	202	0.5%	236	0.6%	241	240
Sun Country Airlines, Inc	116	0.3%	113	0.3%	48	0.1%	80	49
Northwest	449	1.1%	462	1.2%	496	1.2%	549	626
United	730	1.9%	767	1.9%	688	1.7%	732	774
UPS	1,208	3.1%	1,147	2.9%	1,107	2.7%	1,065	1,095
US Airways	842	2.2%	822	2.1%	1,078	2.6%	893	615
Others	3,112	8.0%	2,719	6.9%	3,214	7.8%	5,585	4,807
TOTAL	39,121		39,435		41,057		43,220	41,098

Source: Dallas/Fort Worth International Airport Finance Department

* Only eight year history provided based on availability

**Dallas/Fort Worth International Airport
Landed Weights by Month
Last Eight Fiscal Years (Unaudited)
(Amounts in thousands)**

	2007	2006	2005	2004	2003	2002	2001	2000
October	3,218	3,263	3,440	3,640	3,452	3,464	3,962	3,767
November	2,904	2,937	2,985	3,422	3,011	3,105	3,599	3,631
December	3,342	3,319	3,397	3,728	3,497	3,543	4,029	3,958
January	3,188	3,186	3,259	3,562	3,287	3,510	3,822	3,778
February	3,347	3,382	3,379	3,632	3,388	3,643	4,047	3,918
March	3,278	3,412	3,713	3,780	3,446	3,670	3,999	3,934
April	3,393	3,401	3,560	3,699	3,553	3,770	4,139	3,985
May	3,423	3,455	3,547	3,677	3,507	3,747	4,100	4,096
June	3,177	3,198	3,246	3,389	3,334	3,496	3,011	3,882
July	3,348	3,315	3,558	3,540	3,724	3,412	4,046	4,001
August	3,171	3,237	3,437	3,460	3,406	3,236	3,878	3,806
September	3,331	3,330	3,536	3,691	3,494	3,441	3,830	3,952
Total	<u>39,121</u>	<u>39,435</u>	<u>41,057</u>	<u>43,220</u>	<u>41,098</u>	<u>42,037</u>	<u>46,461</u>	<u>46,706</u>

Increase (Decrease) over Prior Period	(0.80%)	(3.95%)	(5.00%)	5.16%	(2.24%)	(9.52%)	(0.52%)
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Source: Dallas/Fort Worth International Airport Finance Department

* Only eight year history provided based on availability

**Dallas/Fort Worth International Airport
Number of Employees – End of Year
Last Ten Fiscal Years (Unaudited)**

<u>Year Ending</u>	<u>No. of Employees</u>
2007	1,766
2006	1,749
2005	1,720
2004	1,664
2003	1,634
2002	1,856
2001	1,868
2000	1,730
1999	1,655
1998	1,566

**Dallas/Fort Worth International Airport
Capital Assets as a Function of Operations
Fiscal Year Ended September 30, 2007**

Buildings

Includes: Terminals, Grand Hyatt Hotel, ground and facility buildings, utility operations

Improvements other than buildings

Includes: Runways for landing fees, parking infrastructure, and other components

Machinery and Equipment

Includes: Items for managing operations of Airport for all areas including fueling, IT systems, and operating equipment

Vehicles

Includes: Police and fire, operating and other vehicles

Description	2007				Balance September 30, 2007
	Balance September 30, 2006	Additions	Transfer and Completed Projects	Retirements	
Capital assets not being depreciated:					
Land	\$ 286,777		\$ 3,184	\$ -	\$ 289,961
Construction in progress	324,242	96,977	(265,968)		155,251
	<u>611,019</u>	<u>96,977</u>	<u>(262,784)</u>	<u>-</u>	<u>445,212</u>
Depreciable capital assets:					
Buildings	2,138,618	-	43,021	(336)	2,181,303
Improvements other than buildings	2,091,316	-	67,108	(4,306)	2,154,117
Machinery and equipment	689,053	-	145,525	(1,698)	832,880
Vehicles	135,505	29	7,130	(2,983)	139,681
	<u>5,054,492</u>	<u>29</u>	<u>262,784</u>	<u>(9,323)</u>	<u>5,307,982</u>
Less accumulated depreciation for:					
Buildings	(439,982)	(60,304)	-	73	(500,213)
Improvements other than buildings	(623,770)	(63,227)	-	2,852	(684,145)
Machinery and equipment	(183,454)	(55,067)	-	896	(237,625)
Vehicles	(39,345)	(16,116)	-	2,768	(52,693)
Accumulated depreciation	<u>(1,286,551)</u>	<u>(194,714)</u>	<u>-</u>	<u>6,589</u>	<u>(1,474,675)</u>
Depreciable capital assets, net	<u>3,767,941</u>	<u>(194,685)</u>	<u>262,784</u>	<u>(2,734)</u>	<u>3,833,306</u>
Total, net	<u>\$ 4,378,960</u>	<u>\$ (97,708)</u>	<u>\$ -</u>	<u>\$ (2,734)</u>	<u>\$ 4,278,518</u>

**Dallas/Fort Worth International Airport
2007 Reconciliation of Settlement with GAAP Nos.
(Amounts in thousands)**

	GAAP Operating Revenues										GAAP Non-Operating Revenues					Capital Contributions		
	Settlement Grand Total	Landing fees	Parking	Natural Gas	Ground and facilities leases	Terminal rent, use fees, and concessions	Grand Hyatt	Utility svcs	Employee transp	Taxi & limo fees	Other	PFC	Rental car fee	Airline Reimb	Interest income	Other, net	Federal and Grant Reimb	Settlement Refund
Airfield Services																		
Signatory Landing Fees	\$152,807	\$160,094	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,286)
Non-Signatory Landing Fees	2,333	2,333	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	3,406	-	-	-	-	-	-	-	-	-	3,406	-	-	-	-	-	-	-
Fueling System	5,718	-	-	-	-	-	-	-	-	-	5,718	-	-	-	-	-	-	-
General Aviation	1,839	427	-	-	-	1,410	-	-	-	-	2	-	-	-	-	-	-	-
AACS Badges	901	-	-	-	-	-	-	-	-	-	901	-	-	-	-	-	-	-
Aircraft Parking	408	(4)	412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Airfield Services	167,411	162,849	412	-	-	1,410	-	-	-	10,027	-	-	-	-	-	-	-	(7,286)
Commercial Development	21,453	-	-	-	20,827	-	-	-	-	567	-	-	-	-	-	-	-	59
Parking	106,572	-	106,272	-	-	-	-	-	-	300	-	-	-	-	-	-	-	-
Concessions	47,505	-	-	-	204	47,301	-	-	-	-	0	-	-	-	-	-	-	-
Rental Car Center (RAC)	28,425	-	-	-	28,425	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Concessions/RAC	75,930	-	-	-	28,629	47,301	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue Management	203,955	-	106,272	-	49,455	47,301	-	-	-	867	-	-	-	-	-	-	-	59
Utilities	17,742	-	-	-	-	-	17,742	-	-	-	-	-	-	-	-	-	-	-
Employee Services	7,647	-	-	-	-	-	-	7,647	-	-	-	-	-	-	-	-	-	-
Taxis, Limos & Shuttles	6,838	-	217	-	-	-	-	-	6,620	1	-	-	-	-	-	-	-	-
Department of Public Safety	1,782	-	-	-	-	-	-	-	-	1,782	-	-	-	-	-	-	-	-
Terminal Services	43,874	-	-	-	-	54,175	-	-	-	452	-	-	1,669	-	-	2,770	(15,192)	
Miscellaneous Operating Revenues	1,667	-	9	-	-	-	-	-	-	1,659	-	-	-	-	-	-	-	-
Total Operating Revenue	450,918	162,849	106,911	-	49,455	102,886	-	17,742	7,647	6,620	14,788	0	-	1,669	-	2,770	(22,419)	
Non-Operating Revenues																		
Passenger Facility Charge	119,066	-	-	-	-	-	-	-	-	-	119,066	-	-	-	-	-	-	-
Reimbursements from 301	14,484	-	-	-	-	-	-	-	-	-	-	-	-	-	21,484	-	(7,000)	
7/7/7 Program	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7,000	-	7,000	
Interest Income	18,047	-	-	-	-	-	-	-	-	-	-	-	-	18,047	-	-	-	
Total Non-Operating Revenue	165,597	-	-	-	-	-	-	-	-	-	119,066	-	-	18,047	28,484	-	-	
TOTAL REVENUE	616,515	162,849	106,911	-	49,455	102,886	-	17,742	7,647	6,620	14,788	119,066	-	1,669	18,047	28,484	2,770	(22,419)
Settlement Adjustment		(7,286)	-	-	59	(15,192)	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety Funds (100's)	630	-	-	-	-	357	-	-	-	-	148	-	-	-	125	-	-	-
PFC Fund (252)	866	-	-	-	-	-	-	-	-	(0)	(7,160)	-	-	8,027	-	-	-	
Capital Funds (300's, 400's, 907 & 910)	180,039	-	-	92,608	-	-	26,853	-	-	-	577	-	23,620	-	30,623	(27,678)	33,436	
Debt Service Funds (101,500's, & 600's)	1,584	-	-	-	-	-	-	-	-	-	(2,635)	-	-	4,995	(775)	-	-	
Pass-Thru (108)	3,225	-	-	-	737	967	-	-	-	-	1,521	-	-	-	-	-	-	
Total after the adjustment	802,860	155,562	106,911	92,608	50,252	89,018	26,853	17,742	7,647	6,620	14,399	111,906	23,620	1,669	61,816	31	36,206	(22,419)
GAAP statement	802,860	155,562	106,911	92,608	50,252	89,018	26,853	17,742	7,647	6,620	14,399	111,906	23,620	1,669	61,816	31	36,206	-

**Dallas/Fort Worth International Airport
Schedule Of Insurance In Force
September 30, 2007 (Unaudited)**

Policy number	Insurer	Policy Period		Coverage	Estimated Annual premium	Policy Limits (thousands)	Retention Limits (thousands)
		From	To				
JT779	FM Global Insurance Group Factory Mutual Insurance Co.	3/1/07	3/1/08	All risk & extended property	3,447,618	2,000,000	250
				Sublimits:			
				Buildings		2,000,000	250
				Contents		2,000,000	250
				Hail/Windstorm		2,000,000	1,000
	Deductibles			Flood/Earth Movement		100,000	250
	50K for Grand Hyatt			Trains/Mobile Equip/Vehicles		100,000	25
	10K Boiler and Machinery Grand Hyatt			Fine Arts		10,000	\$2.5 to \$25
				Infrastructure		2,000,000	250
				Certified Terrorism		2,000,000	1 percent
				Non-Certified Terrorism		250,000	1 percent
				Business Interruption (Airport)		519,888	
				Business Interruption (Hyatt Hotel)		13,064	
				Errors & Omissions		10,000	250
				Accounts Receivable		10,000	250
16457	Underwriters of Lloyds Binder	5/1/07	5/1/08	Professional Liability(EMT)	1,942	1,000	—
		5/1/07	5/1/08	Training off premises			
				General Liability (EMT)	577	1,000	—
565-82-03	National Union Fire Ins. Co.	10/1/07	10/1/08	D & O; PFIC (Hotel Board) Public Facilities Improvement Corp.	13,504	5,000	50
EWC005922	Midwest Employers	1/1/08	1/1/09	Excess Workers' Compensation	251,871	10,000	750
AHD0007954	Capital Indemnity #43	2/1/07	2/1/08	Airport Ambassador Program Medical Accident Insurance	3,175	25	—
	Chase Bank	2/1/07	2/1/08	TNRCC Standby Trust Agreement	1,050	NA	
8170-6433	Federal Insurance Co. (Chubb)	12/16/07	12/16/08	Fiduciary Liability Policy	10,035	5,000	25
EONG2167333A002	ACE USA	10/1/07	10/1/08	Public Officials Liability	142,507	5,000	100 SIR

**Dallas/Fort Worth International Airport
Schedule Of Insurance In Force
September 30, 2007 (Unaudited)**

Policy number	Insurer	Policy Period		Coverage	Estimated Annual Premium	Policy Limit (Thousands)	Retention Limit Thousands
		From	To				
EIL 05-6345-002	American safety casualty co.	2/16/05	2/16/08	Pollution Liability (UST/AST)	84,700	1,000	250
AAPN00979272003	ACE Insurance	10/1/07	10/1/08	General Liability Auto Liability On Premises	488,500 Included	2000/Occur. 1,000	50/Occur. \$1 Magg. 50
RLB0004048	RLI Insurance Co.	11/20/07	11/20/08	TNRCC Bond for Terminal B Incinerators permit # MSW-115	1,100	50	—
Bond# 040716007	Westchester Fire Insurance Co.	8/20/07	8/19/08	U.S. Customs Office Bond	400	50	—
GVT 2667620	Great American Ins. Co.	10/1/07	10/1/08	Commercial Crime Form O: EmployeesHonesty Blanket Bond Form B: Forgery or Alteration Form C: Theft, Disappearance & Destruction (Inside) Form C: Theft, Disappearance & Destruction (Outside) Credit Card	14,595	5,000 5,000 500 50 50	10 10 5 1 250 (not thousand)
4575	TML Risk Pool	10/1/07	10/1/08	Automobile Liability Off Premises	37,385	1,000 CSL	25

**Dallas/Fort Worth International Airport
Schedule Of Insurance In Force
September 30, 2007 (Unaudited)**

Policy number	Insurer	Policy Period		Coverage	Estimated Annual Premium	Policy Limit (Thousands)
		From	To			
302593	Metropolitan Life Insurance Company	1/1/04	12/31/07	Short-term Disability (STD) Management	61,150	% based on Salary & Tenure
112945	Metropolitan Life Insurance Company	1/1/04	12/31/07	Employee group long-term disability (LTD) insurance	447,846	60% annual salary (70% if Fam.SS)
98011	Fiserv Health	1/1/01	12/31/07	Dental Administrative Services Only	18,823	—
	Fiserv Health	1/1/01	12/31/07	Medical Administrative Services Only	198,387	—
	Fiserv Health	1/1/01	12/31/07	Flexible Spending Administrative Services Only	18,958	—
	ING	1/1/03	12/31/07	Specific stop-loss coverage over \$125,000	382,463	—
9043	CompBenefits Corporation	1/1/01	12/31/07	DMO-Employee Group Dental Insurance (no employee contributions)	196,607	—
65221	HMO Blue Texas - Plus	1/1/01	12/31/07	HMO Medical - Premium Employee Group HMO	7,620,473	—
9700	HMO Blue Texas - Basic	1/1/01	12/31/07	HMO Medical - Basic Employee Group HMO	5,873,360	—
9701	HMO Blue Texas - Military	1/1/01	12/31/07	HMO Medical - Military Employee Group HMO	—	—
GFZ01588	Fort Dearborn Life	1/1/04	12/31/07	Employee basic group term life and ad&d insurance policy and accidental death and dismemberment insurance	547,953	two times base salary for life and two times base salary for AD&D
				Supplemental term life and accidental death and dismemberment insurance (No DFW contributions)	319,032	one, two or three times base salary
				Dependent group term life insurance policy - spouse (No DFW Contributions)	102,760	One times base salary up to \$75,000
				Dependent group term life insurance policy - Child (No DFW Contributions)	10,332	10,000 flat