



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended September 30, 2008 and 2007

DALLAS/FORT WORTH
INTERNATIONAL AIRPORT



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, 2008 & 2007

(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
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INTRODUCTORY SECTION

January 30, 2009

To the Public:

Enclosed herein is the Comprehensive Annual Financial Report (CAFR) of the Dallas/Fort Worth International Airport Board (DFW or the Airport), for the fiscal years ended September 30, 2008 and 2007. 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 operating 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. Additionally, there is one nonvoting member who rotates on an annual basis from the cities of Coppell, Euless, Grapevine, and 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. A population of 6 million people makes the Metroplex the fastest growing metropolitan area in the U.S. and the fourth largest among U.S. metro markets according to the 2006 to 2007 U.S. Census Bureau. 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 23 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. Early 2008 data from the U.S. Department of Labor, Bureau of Labor Statistics, shows Texas has the strongest job market in the United States. The Dallas-Fort Worth Metroplex experienced a 1.7% increase in employment.

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 2008 in Review

During FY 2008, management continued its focus on its four key strategic results: keep DFW cost competitive and financially strong, ensure customer satisfaction, deliver operational excellence, and foster employee engagements. Given the proper long-term focus and improvement in these key results, management believes that it will ultimately drive the achievement of DFW's primary business goal of growing the core passenger airline and cargo businesses.

Keep DFW Cost Competitive and Financially Strong

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. At September 30, 2008, DFW is in a very strong financial position with \$676 million of unrestricted cash and investments.

DFW maintained its bond rating in FY 2008 of AA- Stable from Fitch ratings, A1 Positive Outlook from Moody's, and received one change in outlook from A+ Stable to A+ Positive from Standard & Poor. The change was due primarily to DFW's strong cash position, diversification of revenues, and strong management team.

DFW's cost per enplanement (CPE) for FY 2008 was \$6.85, an increase of \$0.38 (or 5.9%) from \$6.47 in FY 2007. For FY 2007, DFW's CPE was the 7th lowest of the 20 largest US airports as measured by passengers per a report by Jacobs Consultancy. Comparative 2008 data is not available currently.

Operating revenues were \$627.2 million in FY 2008, an increase of \$56.9 million (10%) over FY 2007, primarily due to natural gas revenues. Natural gas revenues increased (\$39.3 million) due to royalties and surface damage fees that began in FY 2008. Other increases during FY 2008 include landing fees (\$9.3 million); leases, concessions and Grand Hyatt Hotel revenues (\$11.2 million); offset by a reduction of parking fees (\$3 million). DFW's airline revenues for landing fees and terminal rents were 33.1% of total operating revenues in FY 2008 and 35.1% in FY 2007.

Operating expenses, excluding depreciation, were \$371.3 million in FY 2008, an increase of \$29.1 million (8.5%) primarily due to contract service costs (\$18.4 million); salaries, wages and benefits (\$7.0 million); and equipment and supplies (\$3.0 million). Contract service costs increased primarily due to Skylink and building maintenance costs. Interest expense was \$213.5 million in FY 2008, an increase of \$1.4 million (0.6%) from FY 2007. DFW made incremental year-end contributions to its pension plans of \$6.6 million and \$10 million in FY 2008 and FY 2007, respectively.

Ensure Customer Satisfaction

DFW continued to be recognized in FY 2008 for its' outstanding customer service. For the four quarters ending September 30, 2008, DFW was ranked #1 in the United States for international passenger customer satisfaction and #2 in the world for combined international and domestic passenger customer satisfaction for airports with more than 40 million passengers by Airports Council International – North America (ACI-NA). This was the second year in a row DFW was ranked #1 by ACI-NA for international passenger service. J.D. Powers and Associates ranked DFW #4 for airports with over 30 million or more passengers per year during FY 2008. The DFW Grand Hyatt (owned by DFW) was named the "Best Luxury Hotel" in Dallas/Fort Worth by Trip Advisor's 2008 Travelers' Choice Awards.

DFW management continually works to maintain its customer satisfaction ratings and improve results wherever possible. DFW is currently in the middle of a \$45 million Terminal Renovation Program that will renovate restrooms in Terminal A, B, C, and E, improve lighting, install new flight, baggage, and gate information displays, and make other interior refurbishments. Most of this

program will be completed by the end of FY 2009. DFW is also working to improve the international passenger experience through various initiatives.

Deliver Operational Excellence

Operationally, DFW continues to be one of the safest airports in the world. For the eighth year in a row, DFW has had zero known deficiencies in its FAA inspection. DFW implemented a new strategic plan and performance management system during FY 2008 that focused all airport personnel on the organization's most important initiatives and goals. Additionally, all employees attended mandatory training classes to familiarize them with the goals of the new strategic plan and performance management system. The training classes focused on how the employee played a vital role in the overall success of the Airport. The system resulted in a high success ratio where DFW completed 92% of its Level 1 goals and initiatives.

Foster Employee Engagement

DFW measures employee engagement each year through an independent survey. During FY 2008, DFW increased employee participation in the survey from 79% to 84% and achieved an overall employee satisfaction of 65%. This is a significant improvement of 3 percentage points over FY 2007's results. Action plans implemented during FY 2008 included continuing facilitation of accountability workshops, updating the corrective action policy to enhance accountability, and designing an employee recognition program.

Grow the Core Business

FY 2008 was a very difficult year for the airline industry due to escalating fuel prices and a slowing economy. Accordingly, almost all airports experienced declines in enplanements, operations and landed weights in FY 2008 as compared to FY 2007. DFW's enplanements decreased 2.7% to 29.1 million, operations decreased 4.2% to 659 thousand, and landed weights decreased 3.9% to 37.6 million pounds.

Despite the difficult environment, DFW was able to increase its international non-stop destinations from 36 to 37. Passenger service was initiated to London Heathrow by American Airlines (AA) and British Airways, allowing new connections to 144 destinations including India, the Middle East and Africa. KLM launched new nonstop service to Amsterdam. A daily flight to Amsterdam contributes an estimated \$125 million in economic activity to the Dallas-Fort Worth region every year. American Airlines also added service to Panama City, Panama, but discontinued air service to Zurich, Switzerland and London Gatwick. Frontier discontinued air service to Mazatlan, Mexico. AA will begin non-stop service from DFW to Madrid, Spain in March 2009. Signatory cargo landed weights decreased 3.4% to 3.4 billion pounds in FY 2008 primarily because of global economic downturn.

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 payment 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. To date there have been 162 wells drilled and 28 miles of pipeline constructed.

For the lease payment and royalties, 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. As such, DFW has allotted more than \$45 million for refurbishment projects including restroom renovations, new Flight Information Display Systems (FIDS) and upgraded lighting in Terminals A, B, C and E. The gas lease has generated hundreds of millions of dollars in economic activity that will benefit the entire North Texas region. Moreover, many DFW-area students reaped the benefits of the gas lease when they were selected by the Chesapeake Scholarship Fund to receive hundreds of thousands of dollars to further their education. The \$185.6 million payment was recognized as operating revenue over a two year period (FY 2007 and FY 2008) because the payment covered an initial contract period of two years. Natural gas production commenced on September 28, 2007. DFW earned \$35 million of royalty income in FY 2008. Proceeds from Chesapeake representing surface and pipeline fees are considered "gross revenues" of the Airport. These fees amounted to \$4.2 million in FY 2008.

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.

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. The projected cost of the CIP and the longer-range ADP is currently under development. The ADP is projected to be complete in FY 2009.

As of September 30, 2008, DFW has approximately \$117.8 million in outstanding contractual commitments primarily for rehabilitation of terminals, 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.

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.

Subsequent Events

DFW's retirement plan assets decreased from a combined \$263.1 million at September 30, 2008 to a combined \$244.1 million at December 31, 2008 due primarily to the stock market crash, net of an incremental contribution of \$19.0 million during the quarters. Although there is no impact to the FY 2008 financial statements, the reduction in plan assets will result in an increase in the unfunded liabilities of the Plans and future funding commitments

Independent Audit

KPMG LLP performed the audits for the years ended September 30, 2008 and 2007. 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

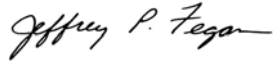
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DFW for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the eighteenth consecutive year that DFW has achieved this 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. Poinsatte



Executive Vice President
Chief Financial Officer

BOARD OF DIRECTORS
AT SEPTEMBER 30, 2008

Lillie M. Biggins, Chair	Benjamin Muro, Vice Chair
Francisco Hernandez, Secretary	Mayor Thomas Leppert
Mayor Mike Moncrief	Sanmi Akinmulero
Robert Hsueh	John Loza
Forrest Smith	Bernice J. Washington
Jeffrey K. Wentworth	Jayne Peters (nonvoting member)

AIRPORT OFFICIALS
AT SEPTEMBER 30, 2008

Jeffrey P. Fegan, Chief Executive Officer

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

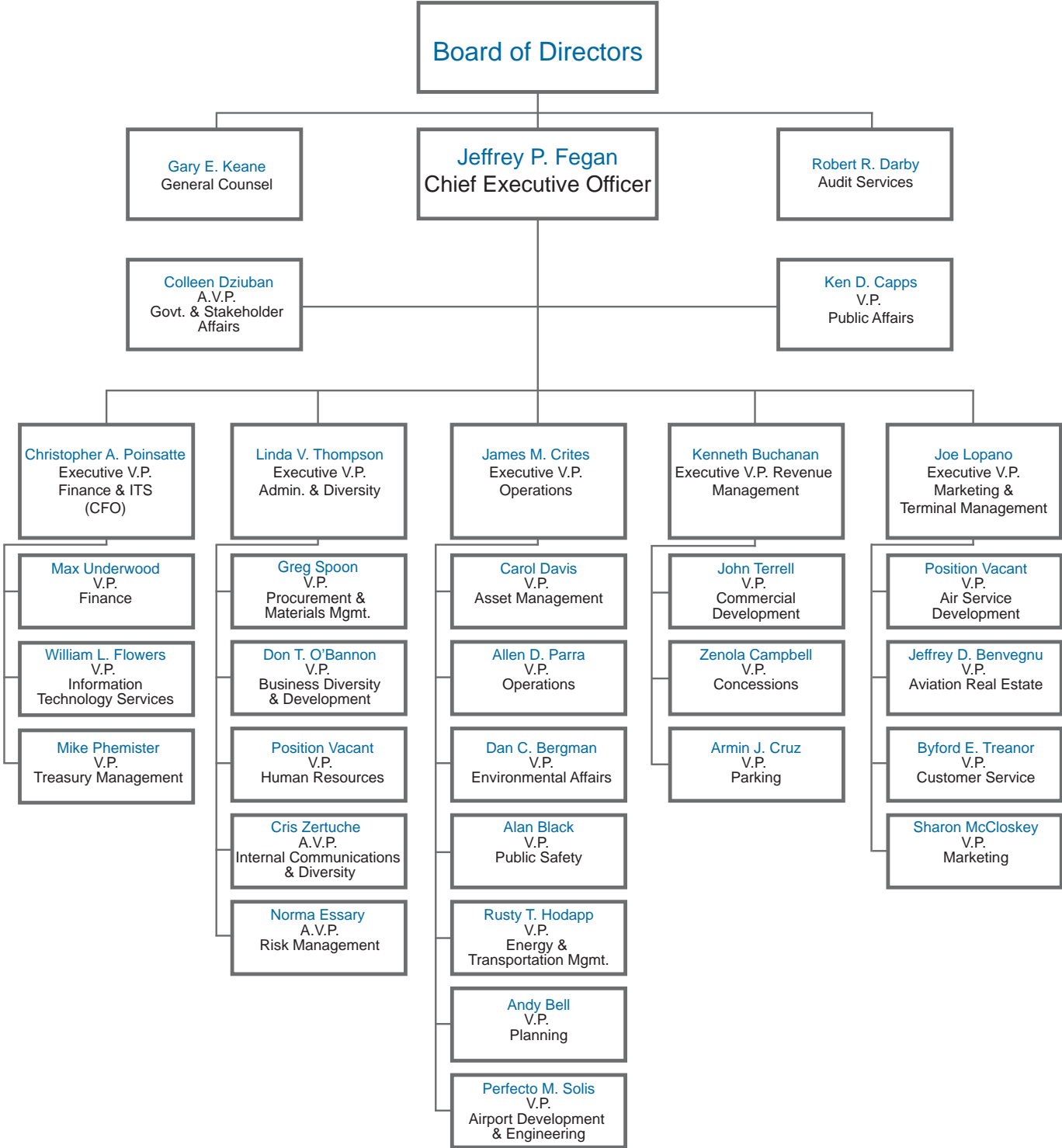
Kenneth Buchanan, Executive Vice President, Revenue Management

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, 2007

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.



President

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, 2008 and 2007, 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 and the Other Postemployment Benefits (OPEB) Trust Fund, which represent the remaining fund information for 2008 and 2007. We also did not audit the financial statements of the Public Facility Improvement Corporation (PFIC), which represents 1.8%, 1.6%, and 4.5%, respectively, of the assets, net assets, and operating revenues of the business-type activities in 2008 and 1.7%, 1.3%, and 4.7%, respectively, of the assets, net assets, and operating revenues of the business-type activities in 2007. 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, the OPEB 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, 2008 and 2007, 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.

As described in note (1)(c) to the financial statements, as of September 30, 2008, the Airport adopted Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and Statement No. 50, *Pension Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2009 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 48 through 49, 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

January 30, 2009

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, 2008 and September 30, 2007. 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 Airports Fiduciary Funds 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 any costs of the Airport, extraordinary or major operating and maintenance (O&M) expenses, debt service if necessary, or for any other lawful purpose. 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. 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 or for other allowable purposes. 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) 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 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 RAC and Grand Hyatt 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 2008, management continued its focus on its four key strategic results: keep DFW cost competitive, ensure customer satisfaction, deliver operational excellence, and foster employee engagements. Given the proper long-term focus and improvement in these key results, management believes that it will ultimately drive the achievement of DFW's primary business goal of growing the core passenger airline and cargo businesses.

Keep DFW Cost Competitive and Financially Strong

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. At September 30, 2008, DFW's financial position is \$676 million of unrestricted cash and investments.

DFW maintained its bond rating in FY 2008 of AA- Stable from Fitch ratings, A1 Positive Outlook from Moody's, and received one change in outlook from A+ Stable to A+ Positive from Standard & Poor. The change was due primarily to DFW's cash position, diversification of revenues, and management team.

DFW's cost per enplanement (CPE) for FY 2008 was \$6.85, an increase of \$0.38 (or 5.9%) from \$6.47 in FY 2007. For FY 2007, DFW's CPE was the 7th lowest of the 20 largest US airports as measured by passengers per a report by Jacobs Consultancy. Comparative 2008 data is not available currently.

Operating revenues were \$627.2 million in FY 2008, an increase of \$56.9 million (10%) over FY 2007, primarily due to natural gas revenues. Natural gas revenues increased (\$39.3 million) due to royalties and surface damage fees that began in FY 2008. Other increases during FY 2008 include landing fees (\$9.3 million); leases, concessions and Grand Hyatt Hotel revenues (\$11.2 million); offset by a reduction of parking fees (\$3 million). DFW's airline revenues for landing fees and terminal rents were 33.1% of total operating revenues in FY 2008 and 35.2% in FY 2007.

Operating expenses, excluding depreciation, were \$371.3 million in FY 2008, an increase of \$29.1 million (8.5%) primarily due to contract service costs (\$18.4 million); salaries, wages and benefits (\$7.0 million); and equipment and supplies (\$3.0 million). Contract service costs increased primarily due to Skylink and building costs. Interest expense was \$213.4 million in FY 2008, an increase of \$1.4 million (0.6%) from FY 2007. DFW made incremental year-end contributions to its pension plans of \$6.6 million and \$10 million in FY 2008 and FY 2007, respectively. In addition, DFW made contributions of \$2.7 million for its other post employment benefits plan (OPEB) for both FY 2008 and FY 2007.

Ensure Customer Satisfaction

DFW continued to be recognized in FY 2008 for its' outstanding customer service. For the four quarters ending September 30, 2008, DFW was ranked #1 in the United States for international passenger customer satisfaction and #2 in the world for combined international and domestic passenger customer satisfaction for airports with more than 40 million passengers by Airports Council International – North America (ACI-NA). This was the second year in a row DFW was ranked #1 by ACI-NA for international passenger service. J.D. Powers and Associates ranked DFW #4 for airports with over 30 million or more passengers per year during FY 2008. The DFW Grand Hyatt (owned by DFW) was named the "Best Luxury Hotel" in Dallas/Fort Worth by Trip Advisor's 2008 Travelers' Choice Awards.

DFW management continually works to maintain its customer satisfaction ratings and improve results wherever possible. DFW is currently in the middle of a \$45 million Terminal Renovation Program that will renovate restrooms in Terminal A, B, C, and E, improve lighting, install new flight, baggage, and gate information displays, and make other interior refurbishments. Most if this program will be completed by the end of FY 2009. DFW is also working to improve the international passenger experience through various initiatives.

Deliver Operational Excellence

Operationally, DFW continues to be one of the safest airports in the world. For the eighth year in a row, DFW has had zero known deficiencies in its FAA inspection. DFW implemented a new strategic plan and performance management system during FY 2008 that focused all airport personnel on the organization's most important initiatives and goals. Additionally, all employees attended mandatory training classes to familiarize them with the goals of the new strategic plan and performance management system. The training classes focused on how the employee played a vital role in the overall success of the Airport. The system resulted in a high success ratio where DFW completed 92% of its Level 1 goals and initiatives.

Foster Employee Engagement

DFW measures employee engagement each year through an independent survey. During FY 2008, DFW increased employee participation in the survey from 79% to 84% and achieved an overall employee satisfaction of 65%. This is a significant improvement of 3% over FY 2007's results. Action plans implemented during FY 2008 included continuing facilitation of accountability workshops, updating the corrective action policy to enhance accountability, and designing an employee recognition program.

Grow the Core Business

FY 2008 was a very difficult year for the airline industry due to escalating fuel prices and a slowing economy. Accordingly, almost all airports experienced declines in enplanements, operations and landed weights in FY 2008 as compared to FY 2007. DFW's enplanements decreased 2.7% to 29.1 million, operations decreased 4.2% to 659 thousand, and landed weights decreased 3.9% to 37.6 million pounds.

Despite the difficult environment, DFW was able to increase its international non-stop destinations from 36 to 37. Passenger service was initiated to London Heathrow by American Airlines (AA) and British Airways, allowing new connections to 144 destinations including India, the Middle East and Africa. KLM launched new nonstop service to Amsterdam. American Airlines also added service to Panama City, Panama, but discontinued air service to Zurich, Switzerland and London Gatwick. Frontier discontinued air service to Mazatlan, Mexico. AA will begin non-stop service from DFW to Madrid, Spain in March 2009. Signatory cargo landed weights decreased 3.4% to 3.4 billion pounds in FY 2008 primarily due to the global economic downturn.

Natural Gas Drilling Lease

In August 2006, the Cities of Dallas and Fort Worth approved a lease between DFW and Chesapeake Energy Corporation (Chesapeake) to begin natural gas exploration on the Airport's 18,000 acres. The lease was signed by DFW and Chesapeake on October 5, 2006. Under the terms of the lease, Chesapeake paid DFW an initial non-refundable payment 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. To date there have been 162 wells drilled and 28 miles of pipeline constructed.

Natural gas proceeds are, for the lease payment and royalties, 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. The \$185.6 million payment was recognized as operating revenue over a two year period (FY 2007 and FY 2008) because the payment covered an initial contract period of two years. Natural gas production commenced on September 28, 2007. DFW earned \$35 million of royalty income in FY 2008. Proceeds from Chesapeake representing surface and pipeline fees are considered "gross revenues" of the Airport. These fees amounted to \$4.2 million in FY 2008.

Capital Programs and Airport Development Plan Update

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 is currently under development. The ADP is projected to be complete in early 2009.

As of September 30, 2008, DFW has approximately \$117.8 million in outstanding contractual commitments. A portion 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. Other projects are discussed below.

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

Construction of a \$12.8 million Consolidated Data Center to house mission-critical systems is anticipated to be complete by the summer of 2009. This IT infrastructure project will provide enhanced protection in a secured 24/7 engineered environmentally controlled facility with system redundancy to better support existing needs as well as provide capacity for DFW Airport's future IT data and communication needs.

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 of which required 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, and was completed in December 2008.

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.

Major rehabilitation of airfield pavements valued at \$13.6 million for 2009, is part of a comprehensive conditions based Airport Pavement Management Program to maximize the life of this core infrastructure and keep the airfields in a safe operational condition. Significant airfield pavement work for 2009 includes full depth pavement and joint replacement on Taxiway M and the southeast holding pad, full shoulder reconstruction on Runway 18R/36L, and Taxiway L, and pavement reconstruction of on ARFF roads including NW and SW loops.

A \$45 million Terminal Renewal program for DFW's 4 older domestic Terminals A, B, C, and E is currently in process and is forecasted to be essentially complete by the end of 2009. As these terminals approach their useful life, additional capital investments are required to maintain the facilities and equipment to desired customer service levels. Included in this program are rehabilitation of Terminal restrooms, elevators and escalators, jetbridges, interior lighting and entrances, HVAC, baggage systems, installation of an Auto Docking System, and various other Terminal improvements. In addition, there are numerous other terminal rehabilitation projects already underway.

DFW Business and Operations Overview

FY 2008 was a very difficult year for the airline industry due to escalating fuel prices and a slowing economy. Accordingly, almost all airports experienced declines in enplanements, operations and landed weights in FY 2008 as compared to FY 2007. DFW's enplanements decreased 2.7% to 29.1 million, operations decreased 4.2% to 659,000, and landed weights decreased 3.9% to 37.6 million pounds.

During FY 2008, ATA Airlines, Frontier Airlines and MN Airlines (dba Sun Country Airlines) filed for bankruptcy. The total landed weight for these airlines is 531,000 pounds (or 1.4% of total weights). 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.

<u>Key Operating Information</u>	<u>For the Year Ended</u>		
	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Enplanements (000s)	29,055	29,852	30,154
Total Passengers (000s)	58,106	59,746	60,351
Aircraft Operations (000s)	659	688	701
Cargo (tons in 000s)	748	802	836
Cargo Landed Weight (in millions)	3,440	3,561	3,413
Landed Weight (in millions)	37,596	39,121	39,435
Cost per Enplaned Passenger	\$ 6.85	\$ 6.47	\$ 7.73
Average Landing Fee	\$ 4.37	\$ 3.95	\$ 4.88

FY 2008 Compared to FY 2007

DFW had 58.1 million passengers in FY 2008, a 2.7% decrease from 59.7 million passengers in FY 2007 due to reduction in frequency of scheduled flights due to fuel costs and the economic downturn. American Airlines (including American Eagle) increased its market share of passengers to 85.3% in FY 2008 compared to 84.7% in FY 2007. US Airways' (including America West) passengers were 2.3% in FY 2008 compared to 2.4% in FY 2007.

Aircraft operations decreased 4.2% to 659,000 in FY 2008 from 688,000 in FY 2007 and total landed weights decreased 3.9% to 37.6 million pounds in FY 2008 from 39.1 million pounds in FY 2007, primarily due to the reduction of scheduled flights due to fuel costs and the economic conditions. Cargo tons decreased 6.7% to 748,000 in FY 2008 from 802,000 in FY 2007 due to the global economic downturn. American Airlines' share of DFW's total operations increased from 79.7% in FY 2007 to 82.2% in FY

2008; and landed weights increased from 83.8% in FY 2007 to 84.9% in FY 2008. US Airways' share of DFW's total operations decreased from 1.9% in FY 2007 to 1.8% in FY 2008; and landed weights decreased from 2.4% in FY 2007 to 2.2% in FY 2008.

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 by the signatory airlines after settlement. Cost per enplaned passenger increased from \$6.47 in FY 2007 to \$6.85 in FY 2008 and the average landing fee increased from \$3.95 in FY 2007 to \$4.37 in FY 2008 due to lower landed weights and increases in operating costs, partially offset by higher non-airline revenues.

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 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.

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, 2008, 2007, and 2006. The increase in net assets in FY 2008 as compared to FY 2007 is due to royalty income on natural gas that began in FY 2008. The increase in net assets in FY 2007 as compared to FY 2006 is due to the non-refundable payment revenue recorded from the natural gas. 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>FY2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Operating revenues	\$ 627,160	\$570,247	\$ 485,522
Operating expenses	(566,023)	(542,534)	(549,552)
Non-operating expenses, net	(44,236)	(35,430)	(55,789)
Capital contributions	36,456	36,206	40,131
Increase(decrease) in net assets	\$ 53,357	\$ 28,489	\$ (79,688)

Operating Revenues:

The following table highlights the major components of operating revenues for the fiscal years ended September 30, 2008, 2007, and 2006. Significant variances are explained below.

Operating Revenues:	For the Year Ended (000s)		
	FY 2008	FY 2007	FY 2006
Landing fees	\$ 164,841	\$ 155,562	\$ 193,814
Parking	103,875	106,911	90,986
Natural Gas	131,886	92,608	-
Ground and facility leases	54,813	50,252	49,371
Concessions	49,071	45,252	40,096
Terminal rent and use fees	42,632	43,766	45,976
Grand Hyatt Hotel	28,234	26,853	22,178
Utility services	18,217	17,742	18,302
Employee transportation	8,358	7,647	7,573
Taxi, limo and shuttle fees	6,695	6,620	5,338
Other	18,538	17,034	11,888
Total Operating Revenues	\$ 627,160	\$ 570,247	\$ 485,522

FY 2008 Compared to FY 2007

Landing fees are paid by signatory and non-signatory airlines based on the weight of the various aircraft that land at DFW. Signatory airlines are the airlines that sign a Use Agreement with DFW. Landing fees increased \$9.3 million (6.0%), from \$155.6 million in FY 2007 to \$164.8 million in FY 2008 due to the net impact of a higher average landing fee rates and lower landed weights (see above). The average landing fee in FY 2008 was \$4.37 per 1,000 pounds as compared to \$3.95 per 1,000 pounds in FY 2007. Signatory airlines paid approximately 98.7% of total landing fees in FY 2008.

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 decreased \$3.0 million (2.8%), from \$106.9 million in FY 2007 to \$103.9 million in FY 2008 due to decrease in length of stay in terminal revenues and a decrease in passengers. Terminal parking revenues account for 68.2% and 67% of total parking revenues in FY 2008 and FY 2007.

Under the terms of a lease, Chesapeake paid DFW an initial non-refundable payment of \$185.6 million on October 5, 2006 for the rights to drill for natural gas on the Airport. DFW recognized the payment over two years since the payment covered a two year period. The increase in natural gas revenue of \$39.3 million (or 42.4%) from \$92.6 million in FY 2007 to \$131.9 million in FY 2008 was largely due to royalty income generated 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 \$4.6 million from \$50.3 million in FY 2007 to \$54.8 million in FY 2008 primarily due to increases in ground rents for airport service and Hyatt Regency Hotel percentage rent revenues. The ground lease and percentage rents on the RAC accounted for 51% of ground and facility lease revenues in FY 2008 and 56% in FY 2007.

Concession revenues (i.e., food and beverage, retail, passenger services, and advertising) offset terminal rent required from the signatory airlines. Concession revenues increased \$3.8 million (8.4%), from \$45.3 million in FY 2007 to \$49.1 million in FY 2008, primarily due to increases in food and retail revenues as a result of re-concepting and remodeling done in FY 2007.

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 \$1.1 million, from \$43.8 million in FY 2007 to \$42.6 million in FY 2008. The decrease is due to greater concession revenue than prior years partially offset by higher terminal expenses which reduces the amount of terminal revenue required to be paid by the airlines.

The Grand Hyatt Hotel operations include room rental, food and beverage and other revenues. Revenues increased \$1.4 million (5.1%), from \$26.9 million in FY 2007 to \$28.3 million in FY 2008. The increase was due primarily from higher food and beverage revenues.

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 increased \$0.5 million (2.7%), from \$17.7 million in FY 2007 to \$18.2 million in FY 2008 primarily due to water and sewer.

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 \$0.7 million (9.3%), from \$7.7 million in FY 2007 to \$8.4 million in FY 2008 due to a larger amount of badges being issued to tenants.

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 \$0.1 million (1.1%) higher in FY 2008 as compared to FY 2007.

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 \$1.5 million (8.8%) was due to an additional charge of \$2.00 per customer for contract bussing beginning in January 2008 in the RAC, offset by an increase in bad debt expense for FY2008.

FY 2007 Compared to FY 2006

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 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.

DFW recognized approximately half of the \$185.6 million (or \$92.6 million) to revenue in FY 2007 since the payment covered a two year period. Royalty income will be generated beginning in FY 2008.

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.

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.

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.

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 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 increased \$0.1 million (1%), from \$7.6 million in FY 2006 to \$7.7 million in FY 2007.

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 increase of \$2.5 million (21%) was due to a recovery of pre-petition debt on Delta and Northwest.

Operating Expenses:

The following table highlights the major components of operating expenses for the fiscal years ended September 30, 2008, 2007, and 2006. Significant variance explanations follow.

<u>Operating Expenses:</u>	<u>For the Year Ended (000s)</u>		
	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Salaries, wages, and benefits	\$ 152,896	\$ 145,933	\$ 139,320
Contract services	130,256	111,784	105,933
Utilities	37,664	38,198	42,314
Equipment and supplies	23,432	20,420	23,275
Grand Hyatt Hotel	16,625	15,790	14,397
Insurance	4,327	4,730	5,258
General, administrative and other charges	6,132	5,330	4,433
Depreciation and amortization	194,691	200,349	214,622
Total Operating Expenses	\$ 566,023	\$ 542,534	\$ 549,552

FY 2008 Compared to FY 2007

Salaries, wages and benefits increased \$7.0 million (4.8%) from \$145.9 million in FY 2007 to \$152.9 million in FY 2008 primarily due to salary increases and DFW's first contribution to fund its other post employment benefit liability. DFW employed approximately 1,750 and 1,766 employees as of September 30, 2008 and 2007, respectively.

Contract services include grounds and facility maintenance, busing services, financial and legal services, software and hardware maintenance, advertising, planning and other professional services. Contract services increased \$18.5 million (16.5%), from \$111.8 million in FY 2007 to \$130.3 million in FY 2008, primarily due to operation and maintenance costs of Skylink and terminal buildings and increases in professional service fees related to marketing DFW internationally. In addition, DFW began a contract service for maintaining and operating the busing in the RAC.

Utilities represent the cost of electricity, natural gas, potable water, trash removal, and telecommunications services. Utilities decreased \$0.6 million (1.3%), from \$38.2 million in FY 2007 to \$37.7 million in FY 2008, primarily due to lower usage than in prior year. Electricity represented 73.6% of this expense category in FY 2008 and 73% in FY 2007.

Equipment and supplies include the non-capitalized equipment, materials, fuel for vehicles, and supplies used to maintain and operate the Airport. Equipment and supplies increased \$3.0 million (14.7%), from \$20.4 million in FY 2007 to \$23.4 million in FY 2008, primarily due to an increase in prices of CNG, gasoline and diesel fuels and jet fuel contamination responses related to the fueling system.

Grand Hyatt Hotel operations include room, food and beverage and other expenses. Operating costs increased \$0.8 million (5.3%) from \$15.8 million in FY 2007 to \$16.6 million in FY 2008, due to increased general and administrative costs.

General, administrative and other charges increased \$0.8 million (15.0%), from \$5.3 million in FY 2007 to \$6.1 million in FY 2008, primarily due to increased business development and training from the prior year.

Depreciation and amortization decreased \$5.7 million (2.8%), from \$200.3 million in FY 2007 to \$194.7 million in FY 2008 primarily due to fully depreciated assets in the RAC.

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 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 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 (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 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 increased \$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.

Non-Operating Revenues and Expenses:

The following table highlights non-operating revenues and expenses for the fiscal years ended September 30, 2008, 2007, and 2006.

Non-operating revenues (expenses)	For the Year Ended (000s)		
	FY 2008	FY 2007	FY 2006
Passenger facility charges	\$ 107,443	\$ 111,906	\$ 112,510
Rental car customer facility charge	19,765	23,620	18,202
Airline reimbursements	1,321	1,669	2,041
Interest income	45,659	61,816	45,795
Interest expense on revenue bonds	(213,477)	(212,101)	(217,492)
Repayment of Owner City contributions	-	(19,736)	-
Other, net	(4,947)	(2,604)	(16,845)
Total non-operating revenues, net	\$ (44,236)	\$ (35,430)	\$ (55,789)

FY 2008 Compared to FY 2007

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 84.2% of all enplaned passengers were required to pay PFCs in FY 2008. 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 \$4.5 million (4.0%), from \$111.9 million in FY 2007 to \$107.4 million in FY 2008 as a result of a decrease in passengers.

Rental car customer facility charge represents a \$4 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.

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

Interest earnings from FY 2007 to FY 2008 decreased by \$16 million, from \$61.8 million in FY 2007 to \$45.7 million in FY 2008 due to the decrease in the average rate of return of approximately 3.2% in FY 2008 from approximately 5.2% in FY 2007.

Interest expense on revenue bonds from FY 2007 to FY 2008 increased \$1.4 million, from \$212.1 million to \$213.5 million, primarily due to higher interest rates resulting from the conversion of variable rate auction bonds to fixed rate bonds.

During FY 2007 DFW repaid \$19.7 million of the natural gas 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.

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 \$2.3 million from (\$2.6) million in FY 2007 to (\$4.9) million in FY 2008, primarily due to write-offs of capital assets in FY 2008.

FY 2007 Compared to FY 2006

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 customer facility charge increased in FY 2007 \$5.4 million (29.8%) from FY 2006.

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 due to higher rates and larger investment balances resulting from the natural gas payment. In FY 2007 the average rate of return was approximately 5.2% versus approximately 4.3% in FY 2006.

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 decreased \$14.2 million from (\$16.8) million in FY 2006 to (\$2.6) million in FY 2007, 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, 2008, 2007, and 2006.

Capital contributions	For the Year Ended (000s)		
	FY 2008	FY 2007	FY 2006
Federal and grant reimbursements	\$ 36,456	\$ 36,206	\$ 40,131
Total capital contributions	\$ 36,456	\$ 36,206	\$ 40,131

FY 2008 Compared to FY 2007

DFW receives Airport Improvement Program (AIP) and other grants through the Federal Aviation Administration (FAA) and other federal and state agencies. In FY 2008, the Airport received total revenues from federal and grants reimbursements of \$36.5 million. Revenue of \$31.7 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 \$4.0 million of revenues directly from the Department of Homeland Security. Variances relate to the amount of work completed on eligible projects during the fiscal year, specifically, the baggage system modifications for explosive detection equipment.

FY 2007 Compared to FY 2006

DFW receives \$29.4 million from the FAA's Airport Improvement Program in FY 2007 and \$5.9 million of revenues directly from the Department of Homeland Security. Variances relate to the amount of work completed on eligible projects during the fiscal year, specifically, the baggage system modifications for explosive detection equipment.

Assets, Liabilities, and Net Assets:

The following table provides condensed summary of DFW's net assets as of September 30, 2008, 2007, and 2006. A discussion of significant items follows.

<u>Summary of Net Assets</u>	<u>As of September 30 (000s)</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets:			
Current and other assets	\$ 1,453,570	\$ 1,466,422	\$ 1,297,104
Capital assets	4,196,859	4,278,518	4,378,960
Total assets	5,650,429	5,744,940	5,676,064
Liabilities:			
Current and other liabilities, excluding debt	208,083	299,102	210,880
Noncurrent liabilities	18,983	21,394	22,998
Long-term debt outstanding:			
due within one year	58,280	55,465	49,790
due in more than one year	3,826,633	3,883,886	3,935,792
Total liabilities	4,111,979	4,259,847	4,219,460
Total net assets	\$ 1,538,450	\$ 1,485,093	\$ 1,456,604
Total revenues	\$ 837,804	\$ 805,464	\$ 704,201
Total expenses	(784,447)	(776,975)	(783,889)
Total change in net assets	\$ 53,357	\$ 28,489	\$ (79,688)

Total current and other assets decreased \$12.9 million from \$1.47 billion in FY 2007 to \$1.45 billion in FY 2008 primarily due to a decrease in the balance of supplemental rents from the airlines, final payment of the Special Facility Revenue Bond and the amortization of bond sale expenses. Total assets decreased \$94.5 million in FY 2008 as a result the decrease in current and other assets and a decrease in capital assets as a result of depreciation. Total current and other assets increased \$169.3 million from \$1.30 billion in FY 2006 to \$1.47 billion in FY 2007 primarily due to the payment received from Chesapeake of \$185.6 million. Total assets increased \$68.9 million from \$5.68 billion in FY 2006 to \$5.74 billion primarily due to the payment and a decrease in capital assets as a result of depreciation.

Total liabilities decreased \$147.9 million from \$4.26 billion in FY 2007 to \$4.11 billion in FY 2008 primarily due to the recognition of the remaining portion of the Chesapeake payment classified as deferred revenue less the amount paid on long term debt. Total liabilities increased \$28.5 million from \$4.22 billion in FY 2006 to \$4.26 billion in FY 2007 primarily due to deferred revenue of \$96 million from the payment received from Chesapeake less the amount paid on long term debt.

The following table summarizes net assets as of September 30, 2008, 2007, and 2006.

Net assets	As of September 30 (000s)		
	2008	2007	2006
Invested in capital assets, net of debt	\$ 385,162	\$ 419,833	\$ 633,868
Restricted net assets:			
FIC/PFIC and other	108,932	98,504	83,402
Debt service	220,550	221,156	213,150
Passenger facility charges	135,396	154,138	176,012
Public safety	2,237	2,129	2,221
Total restricted	467,115	475,927	474,785
Unrestricted net assets	686,173	589,333	347,951
Total net assets	\$ 1,538,450	\$ 1,485,093	\$ 1,456,604

Invested in capital assets, net of related debt decreased due to a decrease in capital assets as a result of accumulated depreciation. 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 the debt proceeds had all been spent and the remaining funds no longer were restricted. The remaining net assets of the CDP were reclassified as unrestricted net assets. In FY 2007, invested in capital assets, net of related debt decreased due to the change in previously restricted bond funds to unrestricted funds. Invested in capital assets, net of related debt represents 24.8% of the total net assets in FY 2008 versus 28.3% of total net assets in FY 2007 versus 43.5% of total net assets in FY 2006.

Restricted net assets – FIC/PFIC and other. Approximately 80% of the balance are the restricted net assets of the FIC-Rental Car Facility and PFIC-Grand Hyatt which are not eligible to be used for other airport purposes.

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. Currently, DFW utilizes surety policies and cash reserves to meet its debt services reserve requirements. At September 30, 2008, DFW held \$165.7 million of investments and cash in its Debt Service Reserves for Joint Revenue Bonds (65.1% of its total debt service requirement), with the remaining \$89.0 million (34.9%) of its debt reserve requirement in surety policies. DFW also has \$144.1 million of cash and investments in Sinking Funds at September 30, 2008 to fund its next semi-annual debt service payment in November 2008.

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 75% the CDP debt service through FY 2009. The PFC balance decreased from \$154.1 million in FY 2007 to \$135.4 million in FY 2008 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, 2008 were \$686.2 million, an increase of \$96.8 million (16.4%) over FY 2007 primarily due to revenue earned from the payment to drill for natural gas. Unrestricted net assets include the cash and investment amounts in the Common Capital Improvement Account (301 Fund with \$170.1 million at September 30, 2008), plus the Airport Discretionary Account (302 Fund with \$253.4 million at September 30, 2008), plus the 102 Operating Fund (\$218.7 million at September 30, 2008) plus funds on debt proceeds that have all been spent and are no longer restricted (\$79.9 million at September 30, 2008). 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. It also allows for rates to provide for a 90 day operating reserve; plus any extraordinary expenditures. 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 FY 2008.

<u>Net Debt Service Comparison</u>	<u>For the Year Ended (Millions)</u>		
	<u>FY 2008</u> <u>Actual</u>	<u>FY 2007</u> <u>Actual</u>	<u>FY 2006</u> <u>Actual</u>
Total Principal and Interest	\$ 241.4	\$ 239.7	\$ 229.4
Less: Interest and Offsets	(2.9)	(4.1)	(10.3)
Sub Total	238.4	235.6	219.1
Add debt service coverage (25%)	59.6	58.9	54.8
Net Debt Service	298.1	294.5	273.9
Less: PFCs and other	(125.1)	(121.4)	(120.3)
Debt Service Paid by Airlines	<u>\$ 173.0</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. Generally, 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, 2008 and 2007 was \$3.67 billion and \$3.72 billion, respectively, net of unamortized discount/premium and deferred loss on refunding. In April 2008, due to deteriorating financial markets DFW's variable rate joint revenue bonds were converted to a fixed rate mode. 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, 2008, DFW had no variable rate debt as a result of the conversion. As of September 30, 2007, DFW had outstanding variable rate debt of \$346 million (9.3% of portfolio). Average interest rates on variable rate debt were 3.71% during FY 2007.

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.

Subsequent Events

DFW's retirement plan assets decreased from a combined \$263.1million at September 30, 2008 to a combined \$244.1 million at December 31, 2008 due primarily to the stock market crash, net of an incremental contribution of \$19.0 million during the quarter. Although there is no impact to the FY 2008 financial statements, the reduction in plan assets will result in an increase in the unfunded liabilities of the Plans and future funding commitments.

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, 2008 and 2007
(Amounts in Thousands)

	2008	2007
Assets		
Current Assets		
Cash and cash equivalents (notes 1d, 2)	\$ 59,229	\$ 28,791
Restricted cash and cash equivalents (notes 1n, 2, 9)	208,862	160,719
Investments (notes 1d,2)	288,927	438,621
Restricted Investments (notes 1n, 2, 9)	121,070	263,293
Accounts receivable, net of allowance (note 1e)	44,054	40,558
Materials and supplies inventories (note 1f)	771	792
Other current assets	6,468	5,777
Restricted accounts receivable and accrued interest (notes 1n, 9)	24,616	16,561
Total current assets	753,997	\$ 955,112
Long-Term Assets		
Investments (notes 1d, 2)	\$ 328,240	\$ 219,890
Restricted Investments (notes 1n, 2, 9)	212,091	125,633
Restricted accounts receivable and accrued interest (notes 1n, 9)	18,960	21,370
Direct financing leases receivable (note 4)	-	3,064
Capital assets (notes 1g, 5)		
Non-depreciable	425,509	445,212
Depreciable, net	3,771,350	3,833,306
Total capital assets	4,196,859	4,278,518
Deferred financing charges	100,711	107,931
Net pension and other post employment benefit assets (note 10c,11c)	39,571	33,422
Total long-term assets	4,896,432	4,789,828
Total Assets	\$ 5,650,429	\$ 5,744,940
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities (note 6)	\$ 100,070	\$ 107,204
Deferred revenue (note 16)	-	92,705
Payable from restricted assets (notes 1m, 9)	108,013	99,193
Long-term liabilities due within one year (note 7)	58,280	55,465
Total current liabilities	\$ 266,363	\$ 354,567
Long-Term Liabilities		
Deferred revenue (notes 1n)	\$ 18,983	\$ 21,394
Joint revenue bonds payable (note 7)	3,630,174	3,673,465
Special facility revenue bonds payable (note 7)	1,000	9,000
Facility improvement corporation bonds payable (note 7)	123,433	128,872
Public facility improvement corporation bonds payable (note 7)	72,026	72,549
Total long-term liabilities	3,845,616	3,905,280
Total Liabilities	\$ 4,111,979	\$ 4,259,847
Net Assets (notes 8, 9)		
Invested in capital assets, net of related debt	\$ 385,162	\$ 419,833
Restricted for:		
FIC/PFIC and other	108,932	98,504
Debt service	220,550	221,156
Passenger facility charges	135,396	154,138
Public safety	2,237	2,129
Total restricted	467,115	475,927
Unrestricted	686,173	589,333
Total Net Assets	\$ 1,538,450	\$ 1,485,093

Dallas/Fort Worth International Airport
Statements of Revenues, Expenses and Changes in Net Assets
For The Years Ended September 30, 2008 and 2007
(Amounts in Thousands)

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Landing fees	\$ 164,841	\$ 155,562
Parking	103,875	106,911
Natural gas	131,886	92,608
Ground and facilities leases	54,813	50,252
Concessions	49,071	45,252
Terminal rent and use fees	42,632	43,766
Grand Hyatt Hotel	28,234	26,853
Utility services	18,217	17,742
Employee transportation	8,358	7,647
Taxi, limo, and shuttle fees	6,695	6,620
Other	18,538	17,034
Total operating revenues	<u>627,160</u>	<u>\$ 570,247</u>
Operating Expenses		
Salaries, wages, and benefits	\$ 152,896	\$ 145,933
Contract services	130,256	111,784
Utilities	37,664	38,198
Equipment and supplies	23,432	20,420
Grand Hyatt Hotel	16,625	15,790
Insurance	4,327	4,730
General, administrative and other charges	6,132	5,330
Depreciation and amortization	194,691	200,349
Total operating expenses	<u>\$ 566,023</u>	<u>\$ 542,534</u>
Operating income	61,137	27,713
Non-Operating Revenues (Expenses)		
Passenger facility charges	\$ 107,443	111,906
Rental car customer facility charge	19,765	23,620
Airline reimbursements	1,321	1,669
Interest income	45,659	61,816
Interest expense on revenue bonds	(213,477)	(212,101)
Repayment to owner cities	-	(19,736)
Other, net	(4,947)	(2,604)
Total non-operating expenses, net	<u>\$ (44,236)</u>	<u>\$ (35,430)</u>
Gain (loss) before capital contributions	16,901	(7,717)
Capital Contributions		
Federal and grant reimbursements	\$ 36,456	\$ 36,206
Total capital contributions	<u>\$ 36,456</u>	<u>\$ 36,206</u>
Net Assets		
Increase in net assets	\$ 53,357	\$ 28,489
Total net assets, beginning of year	<u>1,485,093</u>	<u>1,456,604</u>
Total net assets, end of year	<u><u>\$ 1,538,450</u></u>	<u><u>\$ 1,485,093</u></u>

Dallas/Fort Worth International Airport
Statements of Cash Flows
For The Years Ended September 30, 2008 and 2007
(Amounts in Thousands)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from operations	\$ 529,764	\$ 659,409
Cash paid to outside vendors	(230,490)	(172,088)
Cash paid to employees	(152,287)	(145,813)
Net cash provided by operating activities	<u>\$ 146,987</u>	<u>\$ 341,508</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (108,678)	\$ (137,322)
Proceeds from retirement of assets	538	243
Deferred financing charges	(5,289)	3,688
Capital reimbursement to owner cities	-	(19,736)
Proceeds from sale of revenue bonds	-	103,208
Refunding of revenue bonds	-	(102,775)
Principal paid on revenue bonds	(55,465)	(49,790)
Interest paid on revenue bonds	(202,661)	(216,914)
Direct financing leases receivable	(3,063)	3,959
Federal grants receipts	36,456	36,206
Passenger facility charges	100,917	120,284
Income received from special facility debt	3,756	4,891
Rental car financing fees	19,765	23,620
Net cash used in capital and related financing activities	<u>\$ (213,724)</u>	<u>\$ (230,436)</u>
Cash flows from investing activities:		
Interest received on investments	\$ 44,800	\$ 64,298
Purchase of investments	(1,181,607)	(1,528,975)
Sale and maturity of investments	1,282,125	1,406,982
Net cash (used) provided by investing activities	<u>\$ 145,318</u>	<u>\$ (57,694)</u>
Net increase in cash and cash equivalents	78,581	53,378
Cash and cash equivalents, beginning of year	<u>189,510</u>	<u>136,132</u>
Cash and cash equivalents, end of year	<u>\$ 268,091</u>	<u>\$ 189,510</u>
Unrestricted cash and cash equivalents	\$59,229	28,791
Restricted cash and cash equivalents	<u>208,862</u>	<u>160,719</u>
Cash and cash equivalents, end of year	<u>\$ 268,091</u>	<u>\$ 189,510</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$61,137	\$ 27,713
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	194,691	200,349
Changes in assets and liabilities:		
Accounts receivable	(4,130)	(671)
Materials and supplies inventories	(69)	64
Other current assets	(691)	(2,802)
Net pension assets	(6,149)	(12,517)
Accounts payable, other liabilities, and deferred revenue	(97,802)	129,371
Net cash provided by operating activities	<u>\$ 146,987</u>	<u>\$ 341,508</u>

**Dallas/Fort Worth International Airport
Statements of Fiduciary Net Assets
As Of December 31, 2007 and 2006
(Amounts in Thousands)**

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 66	\$ -
Investments at fair value		
U.S. government securities	44,781	45,166
Common stocks	180,056	157,844
Bonds	47,758	37,372
Foreign stocks	922	320
Money market funds and notes	21,042	14,681
Real estate investment funds	537	786
Limited Partnership	370	-
Total investments	<u>295,466</u>	<u>256,169</u>
Total cash and investments, at fair value	<u>295,532</u>	<u>256,169</u>
Employer contribution receivable	5,384	-
Due from broker	146	1,086
Accrued interest and dividends	1,094	978
Total assets	<u>\$ 302,156</u>	<u>\$ 258,233</u>
Liabilities		
Due to broker for securities purchased	\$ 1,491	\$ 1,540
Due to employee plan	-	1,574
Claims/premiums payable	31	-
Accrued transaction fees	9	15
Accrued management fees	310	264
Total liabilities	<u>1,841</u>	<u>3,393</u>
Net assets		
Held in trust for benefits	<u>\$ 300,315</u>	<u>\$ 254,840</u>

Dallas/Fort Worth International Airport
Statement of Changes in Fiduciary Net Assets
For the years ended December 31, 2007 and 2006
(Amounts in Thousands)

	2007	2006
Additions:		
Investment income	\$ 8,569	\$ 7,563
Net appreciation in fair value of fund investments	16,985	12,883
Investment fees	(40)	(48)
Contributions from employees	1,351	1,312
Contributions from employer	31,754	21,581
Total additions	58,619	43,291
Deductions:		
Pension benefit payments	11,329	9,917
Claims/premiums expenses	31	-
Administrative fees	1,784	1,380
Total deductions	13,144	11,297
Change in net assets	45,475	31,994
Plan net assets, beginning of year	254,840	222,846
Plan net assets, end of year	\$ 300,315	\$ 254,840

Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2008 and 2007
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**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2008 and 2007**

(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) relating 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* as amended by GASB 39 *Determining whether Certain Organizations are Component Units*. 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, 2007 and 2006: the Employees of Dallas/Fort Worth International Airport Retirement Plan and the Department of Public Safety (DPS) Retirement Plan (Retirement Plans, collectively). Additionally, DFW has a single-employer defined Other Post Employment Benefit Plan (OPEB) providing retiree health care for qualified retired employees ages 65 or younger with the plan year ended December 31, 2007.

(b) Basis of Accounting

The accounts of the Airport are organized into an Enterprise Fund and two Pension Trust Funds and one OPEB Trust Fund. 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 Schedules of Funding Progress. The funds are categorized into two generic fund types and three 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, 2008 and 2007**

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.

Fiduciary Funds – The financial statements of the Fiduciary Funds includes the pension trust funds and OPEB trust fund and uses the economic resource measurement focus and are presented on the accrual basis of accounting. The Fiduciary 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, refunds, claims and premiums are recognized when due and payable in accordance with the terms of each plan. The Fiduciary Funds fiscal year ended is December 31 of each year. The amounts presented in these financial statements are as of December 31, 2007 and 2006.

(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.

In the current year the Airport adopted GASB Statement 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans*, GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, and GASB Statement 50, *Pension Disclosures*.

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, and passenger facilities charges, result from non-exchange transactions or ancillary activities. Non-operating expenses primarily consist of the interest expense on joint revenue bonds. Grants are recorded as capital contributions.

(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 moved to collateralized overnight sweep accounts.

(2) Investments

The Airport states all investments held at September 30, 2008 with maturities of more than one year from the date of purchase at fair value. The amounts necessary to adjust fair value were \$1.9 million decrease in FY 2008 and \$1.6 million increase in FY 2007. 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. Under the current investment policy, fiduciary funds invests in money market funds, domestic equities, international equities and fixed income instruments.

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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, 2008 and 2007 were "qualified investments".

(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 \$3.3 million for fiscal year 2008 and \$0.9 million for fiscal year 2007.

(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 2008 or 2007.

(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, 2008, 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 \$4.3 billion. DFW is currently collecting PFC's under PFC 5, applications 1 to 4 are closed.

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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 \$37.0 million for 2008 and \$43.5 million for 2007 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 of \$36.9 million as of September 30, 2008 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 \$103.9 million as of December 31, 2007. The Pension plan accounting is in accordance with GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers* and as amended by GASB Statement 50, *Pension Disclosures*. 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) *OPEB Plan*

It is the policy of the Airport to fund the OPEB cost annually. OPEB costs are comprised of normal cost and amortization of unfunded actuarial accrued liability. The Airport currently carries a Net Pension Asset of \$2.7 million as of September 30, 2008 which is the cumulative difference between the annual OPEB costs and contribution made to the OPEB plan. DFW has deposited its' OPEB obligations and has made a contribution of \$2.7 million in FY 2008 and FY 2007. The first actuarial required contribution was not required until FY 2008. The \$2.7 million contributed in FY 2007 is recorded as a net OPEB asset. OPEB has an unfunded obligation of approximately \$26.7 million as of December 31, 2007. The OPEB plan is accounted for in accordance with GASB Statement 43 *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* and GASB Statement 45 *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*. Claims and premiums are recognized when due and payable. Investments are stated at fair value.

(n) *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.

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(o) 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 the accrued TOP. Estimated TOP usage due within one year is expected to remain at the same level. The calculation of the liability is based on the pay or salary rates in effect as of the end of the fiscal year (in thousands).

Balance as of September 30, 2007		\$	6,380
TOP used during the year			(6,618)
TOP earned during the year			7,334
Balance as of September 30, 2008		\$	<u>7,096</u>

(p) 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.

(q) Reclassifications

Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

(2) DEPOSITS AND INVESTMENTS

(a) Deposits

As of September 30, 2008, DFW's cash balance (including amounts under restricted assets – see Note 9) represents \$268.1 million of cash and cash equivalents. The bank balance for the cash and cash equivalents accounts were approximately \$262.5 million on September 30, 2008. The balance of cash and cash equivalents are kept in money market accounts or swept nightly. The money market funds are collateralized by the assets of the funds. The sweep accounts are collateralized by pledged securities. As of September 30, 2007, DFW's cash balance and bank balance were approximately \$189.5 million and \$192.3 million, respectively.

DFW investments in money market funds and commercial paper are reflected in the financial statements as cash equivalents for 2008 and 2007 as follows (in thousands):

Description	2008	2007
Money market funds	\$ 244,091	\$ 174,510
Add: Investments classified as cash equivalents		
Commercial paper	24,000	15,000
Total investments classified as cash equivalents	24,000	15,000
 Total cash and cash equivalents	 \$ 268,091	 \$ 189,510

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(b) Investments – DFW

As of September 30, 2008 and 2007 the maturity values are as follows (in thousands):

Description	2008				2007			
	Fair Value	Maturities (in years)			Fair Value	Maturities (in years)		
		< 1 years	1 - 5 years	> 5 years		< 1 years	1 - 5 years	> 5 years
U.S. government securities								
Federal Home Loan Mortgage Corp	\$ 267,664	\$ 20,764	\$ 246,901	\$ -	\$ 195,747	\$ 97,297	\$ 98,450	\$ -
Federal Home Loan Bank	203,201	145,940	57,261	-	249,188	147,630	101,558	-
Federal Farm Credit Bank	124,475	14,944	109,532	-	63,859	30,623	33,236	-
Federal National Mortgage Assoc	173,837	56,042	117,795	-	261,472	166,927	94,545	-
Federal Agricultural Mortgage	15,181	15,181	-	-	3,487	3,487	-	-
Municipal Bond	-	-	-	-	55,250	44,250	11,000	-
United States Treasury Notes	-	-	-	-	14,396	14,396	-	-
First International Bank CD	1,000	1,000	-	-	1,069	1,069	-	-
JP Morgan Chase CD	78,000	78,000	-	-	26,000	26,000	-	-
Commercial paper	80,189	71,689	8,500	-	170,740	170,740	-	-
Guaranteed Investment Contract	6,843	-	-	6,843	6,843	-	-	6,843
Total investments	<u>\$ 950,391</u>	<u>\$ 403,560</u>	<u>\$ 539,988</u>	<u>\$ 6,843</u>	<u>\$ 1,048,052</u>	<u>\$ 702,419</u>	<u>\$ 338,790</u>	<u>\$ 6,843</u>

(c) Interest Rate Risk – DFW

Investment portfolios are designed with the objectives of preserving capital while 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	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	2008	2007
	Percentage of Investment	
Less than One Year	42%	66%
One to five years	57%	32%
Greater than five years	1%	1%

(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 securities of U.S. Government Sponsored Enterprises (GSE) 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

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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 is currently unrated. Structured as a Specialized Investment Vehicle (SIV), this investment used short-term commercial paper to purchase longer-term securities backed by U.S. mortgages. Due to the value of the underlying assets falling to less than 92% of the outstanding commercial paper the Trustee froze the assets of the plan. Currently, the Bank of New York, serving as Trustee, and a committee made of investors holding a majority interest of the commercial paper, are waiting on final judgment of two pending law suits and the liquidation of assets of the funds. Following the conclusion of the pending items, investors will be given three options: 1) to receive zero coupon notes, 2) to exchange their shares, dollar-for-dollar, for coupon notes issued by Goldman Sachs under a new restructured program, or 3) cash out their shares for a pro rata portion of the assets. DFW will wait for additional information prior to making a decision regarding which option will be accepted.

(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, 2008 and 2007 there were no individual investments greater than 5%. DFW's investments are in Federal Home Loan Mortgage (30.1%), Federal Home Loan Bank (22.8%), Federal Farm Credit Bank (14.0%), Federal National Mortgage Association (19.5%), Federal Agricultural Mortgage (1.7%), and Commercial Paper (11.7%). These percentages listed above are based on total investments by type. During the past year, due to deteriorating credit concerns, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation were placed under US government conservatorship, which allows them to maintain their credit ratings. No other GSE had credit issues.

(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, 2007 and 2006 include investments of (in thousands):

Description	2007 Total	2006 Total
U.S. government securities	\$ 44,781	\$ 45,166
Common stocks	180,056	157,844
Bonds	47,758	37,372
Foreign stocks	922	320
Money market funds	18,319	14,681
Real estate investment funds	537	786
Limited Partnership	370	-
	<u>\$ 292,743</u>	<u>\$ 256,169</u>

(g) Interest Rate Risk – DFW's Fiduciary Pension 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, 2007 and 2006, the maturity values are as follows (in thousands):

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	2007 Maturity (in years)				Total
	0-5	6-10	11-15	16+	
U.S. Government Securities	\$ 12,435	\$ 8,534	\$ 2,008	\$ 2,886	\$ 25,863
Mortgage Backed Securities	291	579	2,016	16,032	18,918
Total Governmental	<u>\$ 12,726</u>	<u>\$ 9,113</u>	<u>\$ 4,024</u>	<u>\$ 18,918</u>	<u>\$ 44,781</u>
Corporate Bond	\$ 13,346	\$ 13,463	\$ 384	\$ 3,284	\$ 30,477
Assets Backed	2,869	566	-	-	3,435
CMO/REMIC	733	2,170	-	6,589	9,492
Commercial Mortgage Backed	-	-	-	4,354	4,354
Total Non-Governmental	<u>\$ 16,948</u>	<u>\$ 16,199</u>	<u>\$ 384</u>	<u>\$ 14,227</u>	<u>\$ 47,758</u>

	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>

(h) Credit Risk – DFW's Fiduciary Pension Plans

Based on the plans long-term liquidity requirement, DFW has determined that currently a majority of 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 Pension 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.

(j) Investments – DFW's Fiduciary OPEB Plans

DFW has contracted with JP Morgan Chase Bank ("Trustee") for custody and safekeeping of investments, accounting for transactions based on the instructions of investment managers, and payment of benefits to participants, subject to the policies and guidelines established by DFW. The Trust Fund is invested in accordance with Texas Public Investment Code. The OPEB Plan's assets, are carried at fair value, as of December 31, 2007 include the following investments (in thousands):

Description	2007 Total
Money market funds	\$ 2,723
Total Investments	<u>\$ 2,723</u>

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(k) Interest Rate Risk – DFW’s Fiduciary OPEB Plans

The long term investment strategy of the plan 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.

(l) Credit Risk – DFW’s Fiduciary OPEB Plans

Based on the plan’s long-term liquidity requirement, DFW has determined that currently all securities purchased for the plan have readily ascertainable market values and shall be easily marketable.

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

The total contributed amount of \$2.7 million was invested into a money market fund through the Trustee in 2007. The trust document was finalized and approved in early 2008, and the fund will be allocated to various asset fund classes once criteria is determined.

(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, 2008 and 2007 were approximately \$1.23 million and \$1.41 million, respectively. Payments to Dallas, primarily for legal services, water purchases, and bond fees, for the years ended September 30, 2008 and 2007 were approximately \$1.28 million and \$0.82 million, respectively.

(4) DIRECT FINANCING LEASES RECEIVABLE

The Airport entered into special facility leases with an entity for facilities constructed with the proceeds from Special Facility Revenue Bonds (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, 2008 and 2007 (in thousands):

	2008	2007
Current debt portion	\$ 8,000	\$ 4,000
Long-term debt portion	1,000	9,000
Less: Interest and sinking fund	(9,000)	(9,936)
Total direct financing leases receivable	\$ -	\$ 3,064

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(5) CAPITAL ASSETS

Changes in capital assets for the years ended September 30, 2008 and 2007 were as follows (in thousands):

Description	2008				Balance September 30 2008
	Balance September 30, 2007	Additions	Transfer and Completed Projects	Retirements	
Capital assets not being depreciated:					
Land	\$ 289,961		\$ 481	\$ -	\$ 290,442
Construction in progress	155,251	112,155	(132,339)		135,067
	<u>445,212</u>	<u>112,155</u>	<u>(131,858)</u>	<u>-</u>	<u>425,509</u>
Depreciable capital assets:					
Buildings	2,181,303	-	16,601		2,197,904
Improvements other than buildings	2,154,117	-	65,496	(370)	2,219,243
Machinery and equipment	832,880	-	40,302	(13,221)	859,961
Vehicles	139,681		9,459	(5,433)	143,707
	<u>5,307,982</u>	<u>-</u>	<u>131,858</u>	<u>(19,024)</u>	<u>5,420,815</u>
Less accumulated depreciation for:					
Buildings	(500,213)	(67,473)	-	-	(567,686)
Improvements other than buildings	(684,145)	(56,800)	-	282	(740,663)
Machinery and equipment	(237,625)	(53,489)	-	8,569	(282,545)
Vehicles	(52,693)	(10,723)	-	4,844	(58,572)
Accumulated depreciation	<u>(1,474,675)</u>	<u>(188,485)</u>	<u>-</u>	<u>13,695</u>	<u>(1,649,465)</u>
Depreciable capital assets, net	3,833,306	(188,485)	131,858	(5,329)	3,771,350
Total, net	<u>\$ 4,278,518</u>	<u>\$ (76,330)</u>	<u>\$ -</u>	<u>\$ (5,329)</u>	<u>\$ 4,196,859</u>

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	3,767,941	(194,685)	262,784	(2,734)	3,833,306
Total, net	<u>\$ 4,378,960</u>	<u>\$ (97,708)</u>	<u>\$ -</u>	<u>\$ (2,734)</u>	<u>\$ 4,278,518</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, 2008 and 2007 are as follows (in thousands):

	<u>FY 2008</u>	<u>FY 2007</u>
Signatory Airline Refunds	\$ 9,114	\$ 24,495
Accrued Expenses	41,597	41,844
Payroll and employee benefits	16,673	7,035
Time Off with Pay	7,096	6,380
Deferred revenue	5,497	8,297
Insurance	1,994	2,210
Other Deposits	6,582	7,519
Accounts Payable	11,517	9,424
Total	<u>\$ 100,070</u>	<u>\$ 107,204</u>

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(7) LONG-TERM DEBT

A summary of bond indebtedness changes during the year ended September 30, 2008 follows (in thousands):

Series: Maturity: Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Joint Revenue Bonds					
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%	631,155	-	5,110	626,045	5,390
2002A: Due 11/03-11/35: 5.0%-5.5%	355,025	-	6,080	348,945	6,425
2002B: Due 11/16-11/35: 6.04%	75,000	-	-	75,000	-
2002C: Due 11/16-11/35: 6.04%	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: 5.75%	56,375	-	-	56,375	-
2003C-2: Due 11/11-11/18: 6.13%	56,400	-	-	56,400	-
2004A-1: Due 11/04-11/24: 5.9%	54,275	-	4,625	49,650	-
2004A-2: Due 11/04-11/24: 5.9%	54,275	-	4,625	49,650	-
2004B: Due 11/06-11/35: 3.0%-5.75%	206,730	-	280	206,450	285
2006A: Due 11/07-11/15: 5.0%	296,600	-	24,955	271,645	31,060
2007: Due 11/08-11/23: 4.5%-5.0%	102,455	-	-	102,455	1,000
Total	3,730,990	-	45,675	3,685,315	44,160
Plus (Less) unamortized discount/premium, net	7,055	-	1,676	5,379	-
Less: Deferred Loss on Refunding	(18,904)	2,544	-	(16,361)	-
Total Joint Revenue Bonds	\$ 3,719,140	\$ 2,544	\$ 47,351	\$ 3,674,334	\$ 44,160
Special Facility Revenue Bonds					
Braniff - 1978: Due 11/01-11/08: 6.75%	10,000	-	3,000	7,000	7,000
Braniff - 1979: 11/05-11/09: 7.2%	3,000	-	1,000	2,000	1,000
Total Special Facility Revenue Bonds	\$ 13,000	\$ -	\$ 4,000	\$ 9,000	\$ 8,000
Facility Improvement Corporation Revenue Bonds					
Rental Car Facility Charge - Taxable 1998: Due 11/01-11/24: 6.4%-7.07%	\$ 117,100	\$ -	\$ 4,700	\$ 112,400	\$ 5,000
Rental Car Facility Charge - Taxable 1999: Due 11/03-11/24: 7.4%-8.0%	17,905	-	495	17,410	530
Total	135,005	-	5,195	129,810	5,530
Plus (Less) unamortized discount/premium, net	(938)	-	(91)	(847)	-
Total Facility Improvement Corporation Revenue Bonds	\$ 134,067	\$ -	\$ 5,104	\$ 128,963	\$ 5,530
Public Facility Improvement Corporation					
2001: Due 1/07-7/31: 4.1%-5.5%	\$ 74,290	\$ -	\$ 595	\$ 73,695	\$ 590
Plus (Less) unamortized discount/premium, net	(1,146)	-	(68)	(1,079)	-
Total Public Facility Improvement	\$ 73,144	\$ -	\$ 527	\$ 72,616	\$ 590
Total	\$ 3,953,285	\$ -	\$ 55,306	\$ 3,897,820	\$ 58,280
Plus (Less) unamortized discount/premium, net	4,971	-	1,517	3,454	-
Less: Deferred Loss on Refunding	(18,904)	2,544	-	(16,361)	-
Total Bonds Payable	\$ 3,939,351	\$ 2,544	\$ 56,823	\$ 3,884,913	\$ 58,280

**Dallas /Fort Worth International Airport
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A summary of bond indebtedness changes during the year ended September 30, 2007 follows (in thousands):

<u>Series: Maturity: Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
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
Plus (Less) unamortized discount/premium, net	5,003	2,051	-	7,055	-
Less: Deferred Loss on Refunding	(18,653)	(3,235)	2,983	(18,904)	-
Total Joint Revenue Bonds	\$ 3,752,655	\$ 101,272	\$ 140,753	\$ 3,719,140	\$ 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	139,880	-	4,875	135,005	5,195
Plus (Less) unamortized discount/premium, net	(1,032)	-	94	(938)	-
Total Facility Improvement Corporation Revenue Bonds	\$ 138,848	\$ -	\$ 4,969	\$ 134,067	\$ 5,195
Public Facility Improvement Corporation					
2001: Due 1/07-7/31: 4.1%-5.5%	\$ 75,050	\$ -	\$ 760	\$ 74,290	\$ 595
Plus (Less) unamortized discount/premium, net	(1,215)	-	68	(1,146)	-
Total Public Facility Improvement	\$ 73,835	\$ -	\$ 828	\$ 73,144	\$ 595
Total	\$ 4,004,235	\$ 102,455	\$ 153,473	\$ 3,953,285	\$ 55,465
Plus (Less) unamortized discount/premium, net	2,756	2,051	163	4,971	-
Less: Deferred Loss on Refunding	(18,653)	(3,235)	2,983	(18,904)	-
Total Bonds Payable	\$ 3,988,338	\$ 101,272	\$ 150,327	\$ 3,939,351	\$ 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) *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's Joint Revenue Bonds Series 2002B, 2002C, 2003C-1, 2003C-2, 2004A-1 and 2004A-2 were issued in a multi-modal structure. In April 2008, due to deteriorating financial markets, these bonds were converted from an auction rate mode to a fixed rate mode. The controlling bond documents do not allow the Airport to convert to any other mode after conversion to a fixed rate mode.

(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, 2008 and 2007, 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 \$8.6 million and \$4.9 million for FY 2008 and FY 2007, 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.

(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.

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(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
2009	44,160	198,386	590	3,855	5,530	8,976	8,000	344	58,280	211,561
2010	51,190	194,031	750	3,824	5,895	8,600	1,000	-	58,835	206,456
2011	63,070	191,110	740	3,787	6,275	8,196	-	-	70,085	203,093
2012	74,535	187,480	925	3,745	4,965	7,819	-	-	80,425	199,044
2013	81,685	183,330	910	3,699	5,300	7,473	-	-	87,895	194,503
2014-2018	479,380	843,761	8,195	17,467	32,555	31,031	-	-	520,130	892,259
2019-2023	613,240	688,416	17,735	14,001	45,945	17,139	-	-	676,920	719,555
2024-2028	732,510	505,216	25,290	8,258	23,345	1,711	-	-	781,145	515,185
2029-2033	893,775	292,731	18,560	1,480	-	-	-	-	912,335	294,211
2034 & Thereafter	651,770	52,484	-	-	-	-	-	-	651,770	52,484
	<u>\$ 3,685,315</u>	<u>\$ 3,336,945</u>	<u>\$ 73,695</u>	<u>\$ 60,116</u>	<u>\$ 129,810</u>	<u>\$ 90,946</u>	<u>\$ 9,000</u>	<u>\$ 344</u>	<u>\$ 3,897,820</u>	<u>\$ 3,488,351</u>

At September 30, 2008 and 2007 the Airport held approximately \$339.9 and \$332.1 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 Debt Issuance

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. There was no debt issued in FY 2008.

(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 \$1.03 billion and \$927.8 million in fiscal years 2008 and 2007, 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):

	<u>2008</u>	<u>2007</u>
Invested in capital assets, net of related debt:		
Net capital assets and direct financing leases	\$ 4,196,859	\$ 4,281,582
Less: long-term debt payable, net of deferred financing charges, and capital related payables	<u>(3,811,697)</u>	<u>(3,861,749)</u>
Total invested in capital	<u>\$ 385,162</u>	<u>\$ 419,833</u>

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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	2008				
	Public Safety	FIC/PFIC and Other	Debt Service	Passenger Facility Charges	Total
Assets:					
Current					
Cash and cash equivalents	\$ 2,379	\$ 56,094	\$ 128,492	\$ 21,897	\$ 208,862
Investments	-	7,910	76,398	36,762	121,070
Accounts receivable and accrued interest	158	6,920	1,801	15,737	24,616
Total current assets	<u>2,537</u>	<u>70,924</u>	<u>206,691</u>	<u>74,396</u>	<u>354,548</u>
Noncurrent					
Investments	-	36,891	114,200	61,000	212,091
Accounts receivable and accrued interest	-	-	18,960	-	18,960
Total noncurrent assets	<u>-</u>	<u>36,891</u>	<u>133,160</u>	<u>61,000</u>	<u>231,051</u>
Total current and noncurrent assets	<u>2,537</u>	<u>107,815</u>	<u>339,851</u>	<u>135,396</u>	<u>585,599</u>
Payable from restricted assets:					
Current					
Accounts payable	300	1,988	126	-	2,414
Accrued interest on revenue bonds	-	5,384	100,215	-	105,599
Long-term liabilities due within one year	-	6,120	52,160	-	58,280
Total current payable from restricted assets	<u>300</u>	<u>13,492</u>	<u>152,501</u>	<u>-</u>	<u>166,293</u>
Noncurrent					
Deferred revenue	-	23	18,960	-	18,983
Total noncurrent payable from restricted assets	<u>-</u>	<u>23</u>	<u>18,960</u>	<u>-</u>	<u>18,983</u>
Total current and noncurrent payables	<u>300</u>	<u>13,515</u>	<u>171,461</u>	<u>-</u>	<u>185,276</u>
Restricted assets less liabilities	2,237	94,300	168,390	135,396	400,323
Reclass to investment in capital assets					
Add: Long-term liabilities due within one year	-	6,120	52,160	-	58,280
Add: AP capital projects and Retainage	-	8,512	-	-	8,512
Net assets, restricted	<u>\$ 2,237</u>	<u>\$ 108,932</u>	<u>\$ 220,550</u>	<u>\$ 135,396</u>	<u>\$ 467,115</u>

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Description	2007				
	Public Safety	FIC/PFIC and Other	Debt Service	Passenger Facility Charges	Total
Assets:					
Current					
Cash and cash equivalents	\$ 1,416	\$ 56,921	\$ 72,595	\$ 29,786	\$ 160,719
Investments	992	6,740	168,196	87,365	263,293
Accounts receivable and accrued interest	164	6,124	1,063	9,211	16,562
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	125,634
Accounts receivable and accrued interest	-	-	21,370	-	21,370
Grants receivable & other assets	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>28,843</u>	<u>90,260</u>	<u>27,900</u>	<u>147,004</u>
Total current and noncurrent assets	<u>2,572</u>	<u>98,628</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	2,129	83,778	171,481	154,139	411,527
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	-	8,935	-	-	8,935
Net assets, restricted	<u>\$ 2,129</u>	<u>\$ 98,504</u>	<u>\$ 221,156</u>	<u>\$ 154,139</u>	<u>\$ 475,927</u>

**Dallas /Fort Worth International Airport
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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 annually 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.

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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:

	<u>Employee Plan</u>	<u>DPS Plan</u>
Valuation date	January 1, 2008	January 1, 2008
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	30 years	30 years
Assets valuation method	5-year moving average	5-year moving average
Actuarial assumptions:		
a. Investment rate of return*	8.00%	8.00%
b. Projected salary increases*	Variable rate 4.0% to 7.25%	Variable rate 4.0% to 10.0%
* includes inflation at	3.00%	3.00%
c. Cost of living adjustments	3.00%	3.00%

DFW's annual pension costs, contributions, percent contributed, and net pension asset is as follows (in thousands):

Year ended	<u>Employee Plan</u>			
	Annual Pension Cost	Airport Contribution	Percentage Contributed	Net Pension Asset
September 30, 2008	\$ 14,935	\$ 19,797	133%	\$ 26,130
September 30, 2007	14,284	21,981	154%	21,268
September 30, 2006	12,170	15,299	126%	13,557

Year ended	<u>DPS Plan</u>			
	Annual Pension Cost	Airport Contribution	Percentage Contributed	Net Pension Asset
September 30, 2008	\$ 4,172	\$ 5,482	131%	\$ 10,765
September 30, 2007	4,127	6,246	151%	9,468
September 30, 2006	4,004	5,733	143%	7,349

As of January 1, 2008, the most recent actuarial valuation date, the funding status of the plans are as follows (in thousands):

	<u>2008</u>		<u>2007</u>	
	Employee	DPS	Employee	DPS
Actuarial accrued liabilities	\$ 300,825	\$ 116,431	\$ 277,147	\$ 106,985
Actuarial value of assets	232,884	80,483	201,632	69,915
(Unfunded) actuarial accrued liability	<u>\$ (67,941)</u>	<u>\$ (35,948)</u>	<u>\$ (75,515)</u>	<u>\$ (37,070)</u>
Funded ratio	77.4%	69.1%	72.8%	65.4%
Annual covered payroll	73,475	20,130	70,832	19,284
(Unfunded) actuarial accrued liability as a percentage of covered payroll	(92.5%)	(178.6%)	(106.6%)	(192.2%)

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The schedule of funding progress, presented as Required Supplemental Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(c) Net Pension Asset

DFW net pension assets for its Employee and DPS plans for fiscal year 2008 are as follows (in thousands):

	September 30, 2008	
	Employees plan	DPS plan
Annual required contribution	\$ 14,747	\$ 4,088
Interest on net pension asset	(1,701)	(756)
Adjustment to annual required contribution	1,889	840
Annual pension cost	14,935	4,171
Employer contributions	19,797	5,482
Increase in net pension (asset)	(4,862)	(1,311)
Net pension (asset), beginning of year	(21,268)	(9,454)
Net pension (asset), end of year	\$ (26,130)	\$ (10,765)

DFW net pension assets for its Employee and DPS plans for fiscal year 2007 are as follows (in thousands):

	September 30, 2007	
	Employees plan	DPS plan
Annual required contribution	\$ 14,151	\$ 4,076
Interest on net pension asset	(1,085)	(588)
Adjustment to annual required contribution	1,204	653
Annual pension cost	14,270	4,140
Employer contributions	21,981	6,246
Increase in net pension (asset)	(7,711)	(2,105)
Net pension (asset), beginning of year	(13,557)	(7,349)
Net pension (asset), end of year	\$ (21,268)	\$ (9,454)

(11) OTHER POST-EMPLOYMENT BENEFITS (OPEB)

(a) Plan Descriptions

General

The OPEB Plan is a single-employer defined benefit other than pension plan covering qualified retirees of DFW. The OPEB Plan is established and derives its authority from a DFW resolution effective September 2007. The OPEB Plan is administered by the DFW Board with the Executive Vice President of Administration and Diversity and the Vice President of Human Resources serving as the "Plan Administrators". The management of the assets and any amendments of the Plan is the responsibility of the DFW Board's Retirement Committee, the Executive Vice President - CFO and the Vice President of Treasury Management.

Beginning in FY 2008, DFW implemented 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 unfunded actuarial accrued liability as of January 1, 2008 of approximately \$26.8 million. DFW has deposited its' OPEB obligations and has made a contribution of \$2.7 million in FY 2008 and FY

Dallas /Fort Worth International Airport Notes To The Basic Financial Statements September 30, 2008 and 2007

2007. The first actuarial required contribution was not required until FY 2008. The \$2.7 million contributed in FY 2007 is recorded as a net OPEB asset.

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

OPEB Plan Eligibility

The OPEB Plan provides retiree health care for qualified retired employees ages 65 or younger and their eligible dependents when required criteria are met. To be eligible as a retiree, an employee must be enrolled in one of the DFW's medical plans, be eligible for retirement under one of the DFW's pension plans; and begin drawing pension benefits immediately upon retirement. Failure to immediately draw pension benefits will result in loss of eligibility for medical coverage.

To be eligible as a retiree's dependents, dependent(s) must be either a legal spouse; unmarried children and under age 25 who are dependent on the retiree for at least 50% of their support and claimed on the retiree's income tax return; unmarried grandchildren under age 25 who are dependent on the retiree for at least 50% of their support, reside in the retiree's household, and claimed on the retiree's income tax return; or unmarried children at any age if mentally or physically incapable of self-support. Normal retirement benefits for general employees and DPS employees begin when they complete 5 years of service and age 62.

Health Care Benefit

The health care coverage offered to active employees is available to retirees under age 65 and their eligible dependents. The benefit includes medical, prescription drug, and vision coverage. Medical plans offer PPO Premium, PPO Basic, HMO Premium, and HMO Basic.

Retiree Medical Subsidy

As of January 1, 2003, DFW provides a subsidy to eligible employees who retire to purchase medical coverage prior to Medicare eligibility. The subsidy is for pre-65 OPEB medical benefits only, and offers a credit of \$20 per month of completed year of service up to a maximum benefit of \$400 per month. These credits have no cash value and can only be used toward purchasing medical coverage from the DFW. Retirees pay the total amount charged to DFW, less the retiree's subsidy, if applicable.

To be eligible for the subsidy, retirees must have retired after January 1, 2003, have 10 or more years of service, have been enrolled continuously in a DFW medical plan, and immediately draw retirement benefits.

Medicare Supplement Plan

DFW offers a PPO Medicare Supplement Plan for retirees and/or their spouses age 65 or older. The retiree and/or spouse must transfer to the Medicare Supplement Plan by the first of the month following their 65th birthday if they choose to remain on the DFW Plan.

To be eligible for the Medicare Supplement Plan, a retiree or spouse must be 65 of age and currently enrolled in DFW medical plan, has applied for the Medicare Supplement Plan 2 month prior to turning age 65, and transitions to Medicare Supplement Plan the 1st of the month following their 65th birthday.

(b) Funding Policies

DFW determines the OPEB funding policy. In general, DFW contributes an amount approximately equal to the actuarially determined OPEB 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.

**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2008 and 2007**

Employer contributions are generally made quarterly and recognized as additions in the period in which employee services are performed. Employee contributions are not permitted.

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 OPEB and to analyze changes in condition. The (unfunded) actuarial accrued liability rate is (28.6%) of annual covered payroll as of December 31, 2007.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the plan and include the types of benefits in force at the valuations date and the pattern of sharing benefit costs between DFW and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Significant actuarial assumptions

Actuarially assumed investment return	8.0% per annum compounded annually
Mortality rates for males and females	Retirement Plans 2000 Healthy Mortality Table
Retirement, disablement and seperation rates	Graduated rates based on age (detailed in actuary's report)
Actuarial cost method	Individual Entry-Age Acturial Cost Method
General inflation	3.0% per annum
Payroll growth rate	4.0% per annum
Health cost increase	Graduated rates based on age (detailed in actuary's report)
Method used for determining actuarial value of assets	Market value of assets
Amortization method	Level percent, closed
Remaining amortization	29 years

DFW's annual OPEB costs, contributions, percent contributed, and net OPEB asset is as follows (in thousands):

Year ended	OPEB Plan			
	Annual OPEB Cost	Airport Contribution	Percentage Contributed	Net OPEB Asset
September 30, 2008	\$ 2,763	\$ 2,739	99%	\$ 2,676
September 30, 2007	-	2,700	N/A	2,700

The funding status of the OPEB plan as of January 1, 2008, representing the most recent valuation date, is as follows (in thousands):

	2008
Actuarial accrued liabilities	\$ 32,151
Actuarial value of assets	5,403
(Unfunded) actuarial accrued liability	<u>\$ (26,748)</u>
Funded ratio	16.8%
Annual covered payroll	\$ 93,605
(Unfunded) actuarial accrued liability as a percentage of covered payroll	(28.6%)

**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2008 and 2007**

(c) Net OPEB Assets

DFW's net OPEB assets for fiscal years 2008 and 2007 are as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Annual required contribution	\$ 2,739	\$ -
Interest on net pension asset	(216)	-
Adjustment to annual required contribution	240	-
Annual pension cost	<u>2,763</u>	-
Employer contributions	2,739	<u>2,700</u>
Increase in net pension (asset)	24	(2,700)
Net pension (asset), beginning of year	<u>(2,700)</u>	-
Net pension (asset), end of year	<u>\$ (2,676)</u>	<u>\$ (2,700)</u>

(12) PFIC BACKGROUND AND SEGMENT 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 \$7.2 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 PFIC accounts for the transaction as a capital lease.

The Hotel has 298 rooms and is situated in DFW's International Terminal D. The Hotel is managed by the Hyatt International Corporation.

The following summarizes the PFIC financial information (in thousands) for the fiscal years ended 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 28,234	\$ 26,853
Operating expenses	(19,125)	(18,300)
Operating Income	9,109	8,553
Non-operating income (expense)	(3,921)	(3,630)
Change in net assets	5,188	4,922
Net assets at the beginning of the year	19,504	14,581
Net assets at the end of the year	<u>\$ 24,692</u>	<u>\$ 19,504</u>
Capital assets	59,601	61,508
Other assets	40,353	34,234
Total assets	<u>99,954</u>	<u>95,742</u>
Long term liabilities	(72,050)	(72,572)
Other liabilities	(3,212)	(3,666)
Total liabilities	<u>(75,262)</u>	<u>(76,238)</u>
Net assets	<u>\$ 24,692</u>	<u>\$ 19,504</u>

**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities	\$ 10,292	\$ 9,935
Cash flows from financing activities	(5,337)	(5,742)
Cash flows from investing activities	1,246	1,439
Net increase in cash and cash equivalents	6,201	5,632
Cash and cash equivalents at beginning of the	23,615	17,983
Cash and cash equivalents at end of the year	<u>\$ 29,816</u>	<u>\$ 23,615</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

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 2008.

Dallas/Fort Worth International Airport Board v. Federal APD, Inc. and Federal APD, Inc. v. Dallas/Fort Worth International Airport Board. In September of 2002, the Airport Board contracted with Federal APD, Inc. to develop and install an automated parking control system (APS). The contract amount was approximately \$20 million with a contract completion date (after extension by various change orders) of April 14, 2005. In the Spring of 2008, with contract performance almost three years late and still not complete, the Board terminated the contract with Federal APD for default. In July of 2008, the Board sued Federal APD, Inc. in State district court for breach of contract. Also, in July, Federal APD, Inc. sued the Board in U.S. District Court in Dallas for delay, interference and failure to compensate Federal APD, Inc. for extra work and seeking damages in excess of \$21 million.

In December of 2008, the parties reached a settlement resolving both cases. Under the settlement, Federal APD, Inc. would pay the Board \$1.4 million, APS equipment would be retained or returned in accordance with the detailed agreement of the parties, and other administrative/transition issues resolved. The settlement agreement has been executed and the settlement amount paid to the Board.

(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.

**Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2008 and 2007**

(14) SELF-INSURANCE/RISK MANAGEMENT

DFW maintains self-insured liability 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. In FY 2008, DFW became self insured for all of the medical claims (with stop-loss limits) for both PPO and HMO plans. In FY 2007 and prior, DFW was self insured for only the PPO plan. Changes in liabilities on 2008 and 2007 for all Airport self-insured programs are detailed below (in thousands)

Description	2008	2007
Beginning balance	\$ 3,251	\$ 3,410
Plus: Current year claims and changes in estimates	18,824	7,958
Less: Payments	(17,808)	(8,117)
Ending balance	<u>\$ 4,267</u>	<u>\$ 3,251</u>

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 2008 and FY 2007.

(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 \$185 million (39%) of its operating revenues during fiscal year 2007 from American Airlines (including American Eagle). American Airlines (including American Eagle) had 85.3% of passengers in FY 2008 and 84.7% in FY 2007; landed weights were 84.9% in FY 2008 and 83.8% in FY 2007.

(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 payment 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. To date there have been 162 wells and 28 miles of pipeline constructed.

Proceeds from the lease payment and royalties 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. The \$185.6 million payment was recognized as operating revenue over a two year period (FY 2007 and FY 2008) because the payment covered an initial contract period of two years. Natural gas production commenced on September 28, 2007. DFW earned \$35 million of royalty income in FY 2008. Surface and pipeline fees from Chesapeake, amounting to \$4.2 million in FY 2008, are considered "gross revenue" of the Airport.

(17) SUBSEQUENT EVENT

DFW's retirement plan assets decreased from a combined \$263.1 million at September 30, 2008 to a combined \$244.1 million at December 31, 2008 due primarily to the stock market crash, net of an incremental contribution of \$19.0 million during the quarter. Although there is no impact to the FY 2008 financial statements, the reduction in plan assets will result in an increase in the unfunded liabilities of the Plans and future funding commitments.

REQUIRED SUPPLEMENTARY INFORMATION

Dallas/Fort Worth International Airport
Schedule of Funding Progress - Pension
September 30, 2008
(Amounts in Thousands)

The following presents the funding progress from January 1, 2006 to January 1, 2008:

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, 2008	\$ 232,884	\$ 300,825	\$ (67,941)	77.4%	\$ 73,475	(92.5%)
January 1, 2007	\$ 201,632	277,147	(75,515)	72.8%	\$ 70,832	(106.6%)
January 1, 2006	181,324	252,817	(71,493)	71.7%	67,968	(105.2%)
DPS Plan						
January 1, 2008	80,483	116,431	(35,948)	69.1%	20,130	(178.6%)
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%)

Dallas/Fort Worth International Airport
Schedule of Funding Progress - OPEB
September 30, 2008
(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)
January 1, 2008	\$ 5,403	\$ 32,151	\$ (26,748)	16.8%	\$ 93,605	(28.6%)
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
As of December 31, 2007 and 2006
(Amounts in Thousands)

	<u>Fiduciary Activities</u>			<u>2007</u>	<u>2006</u>
	<u>Employee Plan</u>	<u>DPS Plan</u>	<u>OPEB Plan</u>		
Assets					
Cash	\$ 49	\$ 17	\$ -	\$ 66	\$ -
Investments at fair value					
U.S government securities	33,155	11,626	-	44,781	45,166
Common stocks	133,309	46,747	-	180,056	157,844
Bonds	35,358	12,400	-	47,758	37,372
Foreign stocks	682	240	-	922	320
Money market funds	13,563	4,756	2,723	21,042	14,681
Real estate investment funds	398	139	-	537	786
Limited Partnership	274	96	-	370	-
Total Investments	<u>216,739</u>	<u>76,004</u>	<u>2,723</u>	<u>295,466</u>	<u>256,169</u>
Total cash and investments, at fair value	<u>216,788</u>	<u>76,021</u>	<u>2,723</u>	<u>295,532</u>	<u>256,169</u>
Employer contribution	3,687	1,022	675	5,384	-
Due from broker	108	38	-	146	1,086
Accrued interest and dividends	802	281	11	1,094	978
Total assets	<u>221,385</u>	<u>77,362</u>	<u>3,409</u>	<u>302,156</u>	<u>258,233</u>
Liabilities					
Due to broker for securities purchased	1,104	387	-	1,491	1,540
Due to employee plan	-	-	-	-	1,574
Claims/premiums payable	-	-	31	31	-
Accrued transaction fees	7	2	-	9	15
Accrued management fees	229	81	-	310	264
Total retirement plan liabilities	<u>1,340</u>	<u>470</u>	<u>31</u>	<u>1,841</u>	<u>3,393</u>
Net Assets					
Held in trust for pension benefits	<u>\$ 220,045</u>	<u>\$ 76,892</u>	<u>\$ 3,378</u>	<u>\$ 300,315</u>	<u>\$ 254,840</u>

Dallas/Fort Worth International Airport
Combining Statements Of Changes in Fiduciary Net Assets
For The Years Ended December 31, 2007 and 2006
(Amounts in Thousands)

	Fiduciary Activities			2007	2006
	Employee Plan	DPS Plan	OPEB Plan		
Additions:					
Investment income	\$ 6,323	\$ 2,212	\$ 34	\$ 8,569	\$ 7,563
Net appreciation in fair value of investment on funds	12,588	4,397	-	16,985	12,883
Investment fees	(30)	(10)	-	(40)	(48)
Contributions from employee	-	1,351	-	1,351	1,312
Contributions from employer	22,130	6,249	3,375	31,754	21,581
Total additions	<u>41,011</u>	<u>14,199</u>	<u>3,409</u>	<u>58,619</u>	<u>43,291</u>
Deductions:					
Pension benefit payments	8,387	2,942	-	11,329	9,917
Claims/premiums expenses payments	-	-	31	31	-
Administrative fees	1,312	472	-	1,784	1,380
Total deductions	<u>9,699</u>	<u>3,414</u>	<u>31</u>	<u>13,144</u>	<u>11,297</u>
Change in net assets	31,312	10,785	3,378	45,475	31,994
Plan net assets, beginning of year	<u>188,733</u>	<u>66,107</u>	<u>-</u>	<u>254,840</u>	<u>222,846</u>
Plan net assets, end of year	<u>\$ 220,045</u>	<u>\$ 76,892</u>	<u>\$ 3,378</u>	<u>\$ 300,315</u>	<u>\$ 254,840</u>

STATISTICAL SECTION
(UNAUDITED)

**Dallas/Fort Worth International Airport
Comprehensive Annual Financial Report
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For the Fiscal Year Ended September 30, 2008**

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FINANCIAL TRENDS INFORMATION
(UNAUDITED)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Assets				
Invested in capital assets, net of related debt	\$ 385,162	\$ 419,833	\$ 633,868	\$ 623,300
Restricted for:				
FIC/PFIC and other	108,932	98,504	83,402	160,704
Debt service	220,550	221,156	213,150	299,935
Passenger facility charges	135,396	154,138	176,012	198,049
Public safety	<u>2,237</u>	<u>2,129</u>	<u>2,221</u>	<u>2,109</u>
Total restricted	467,115	475,927	474,785	660,797
Unrestricted	<u>686,173</u>	<u>589,333</u>	<u>347,951</u>	<u>252,195</u>
Total Net Assets	<u><u>\$1,538,450</u></u>	<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 four year history provided based on availability

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating Revenues				
Landing fees	\$ 164,841	\$ 155,562	\$ 193,814	\$ 161,396
Parking	103,875	106,911	90,986	88,177
Natural gas	131,886	92,608	-	-
Ground and facilities leases	54,813	50,252	49,371	44,896
Concessions	49,071	45,252	40,096	33,729
Terminal rent and use fees	42,632	43,766	45,976	17,559
Grand Hyatt Hotel	28,234	26,853	22,178	3,657
Utility services	18,217	17,742	18,302	17,751
Employee transportation	8,358	7,647	7,573	6,289
Taxi, limo, and shuttle fees	6,695	6,620	5,338	4,995
Other	18,538	17,034	11,888	10,506
Total operating revenues	<u>\$ 627,160</u>	<u>\$ 570,247</u>	<u>\$ 485,522</u>	<u>\$ 388,955</u>
Operating Expenses				
Salaries, wages, and benefits	\$ 152,896	\$ 145,933	\$ 139,320	119,854
Contract services	130,256	111,784	105,933	71,807
Utilities	37,664	38,198	42,314	25,573
Equipment and supplies	23,432	20,420	23,275	19,125
Grand Hyatt Hotel	16,625	15,790	14,397	2,924
Insurance	4,327	4,730	5,258	3,832
General, administrative and other charges	6,132	5,330	4,433	4,756
Depreciation and amortization	194,691	200,349	214,622	125,075
Total operating expenses	<u>\$ 566,023</u>	<u>\$ 542,534</u>	<u>\$ 549,552</u>	<u>372,946</u>
Operating (loss) income	61,137	27,713	(64,030)	16,009
Non-Operating Revenues (Expenses)				
Passenger facility charges	\$ 107,443	111,906	\$ 112,510	118,438
Rental car customer facility charge	19,765	23,620	18,202	18,248
Airline reimbursements	1,321	1,669	2,041	417
Interest income	45,659	61,816	45,795	20,513
Interest expense on revenue bonds	(213,477)	(212,101)	(217,492)	(83,837)
Repayment to owner city	-	(19,736)	-	-
Other, net	(4,947)	(2,604)	(16,845)	(1,376)
Total non-operating revenues, net	<u>\$ (44,236)</u>	<u>\$ (35,430)</u>	<u>\$ (55,789)</u>	<u>72,403</u>
Gain (loss) before capital contributions	16,901	(7,717)	(119,819)	88,412
Capital Contributions				
Federal and grant reimbursements	\$ 36,456	\$ 36,206	\$ 40,131	52,441
Total capital contributions	<u>\$ 36,456</u>	<u>\$ 36,206</u>	<u>\$ 40,131</u>	<u>\$ 52,441</u>
Net Assets				
Increase (decrease) in net assets	\$ 53,357	\$ 28,489	\$ (79,688)	\$ 140,853
Total net assets, beginning of year	<u>1,485,093</u>	<u>1,456,604</u>	<u>1,536,292</u>	<u>1,395,439</u>
Total net assets, end of year	<u><u>\$ 1,538,450</u></u>	<u><u>\$ 1,485,093</u></u>	<u><u>\$ 1,456,604</u></u>	<u><u>\$ 1,536,292</u></u>

Source: Statement of Revenues, Expenses and Change in Net assets

* Only four year history provided based on availability

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

	<u>2008</u>	<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>
Landing area	\$ 19,421	\$ 19,910	\$ 20,396	\$ 17,629	\$ 13,684	\$ 10,057	\$ 9,573	\$ 9,606	\$ 6,921	\$ 3,039
Terminal area	78,314	75,789	75,121	36,874	11,210	10,925	9,573	10,499	12,574	11,386
Transit system	27,718	25,134	26,914	15,322	6,835	8,503	7,332	8,513	8,210	7,813
Parking	40,441	39,536	32,431	30,340	27,506	23,502	22,294	23,261	17,498	13,919
Ground rentals/outside concessions	17,085	6,215	4,435	2,857	3,541	4,980	2,364	2,312	1,792	231
Utility services	21,400	21,333	21,670	17,851	13,524	19,811	18,019	11,865	9,824	9,407
Ground transportation	6,593	6,489	5,694	5,018	4,778	5,740	4,941	4,848	3,312	2,696
Anti-air piracy	-	-	-	-	-	-	2,627	4,135	3,216	2,996
East cargo area	-	-	-	1	7	740	595	594	682	24
General aviation complex	1,436	1,302	2,344	1,215	918	350	319	263	370	-
Airport Services	136,596	128,723	128,813	111,040	106,970	95,406	97,985	91,159	88,214	77,649
Grand Hyatt	16,625	15,790	14,397	2,924	-	-	-	-	-	-
Operating expenses	5,703	1,965	2,715	8,815	6,903	2,158	1,260	5,435	452	2,114
Depreciation / amortization	194,691	200,349	214,622	123,060	81,682	80,744	70,958	72,696	62,956	56,783
Total operating expenses	<u>\$ 566,023</u>	<u>\$ 542,534</u>	<u>\$549,552</u>	<u>\$372,946</u>	<u>\$277,558</u>	<u>\$262,916</u>	<u>\$247,840</u>	<u>\$245,186</u>	<u>\$216,021</u>	<u>\$188,057</u>

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>2008</u>	<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>
Landing fees- signatory airlines	\$162,657	\$152,822	\$188,835	\$156,448	\$105,356	\$ 80,323	\$ 78,443	\$ 82,016	\$ 66,607	\$ 54,997
Parking	103,875	106,911	90,986	88,177	81,643	68,329	71,139	69,937	70,922	68,373
Natural Gas	131,886	92,608	-	-	-	-	-	-	-	-
Terminal rents & use fees	42,632	43,766	45,976	17,559	10,810	7,956	8,669	10,248	10,619	12,459
Ground rentals/outside concessions	49,426	46,031	45,258	40,368	42,491	39,985	37,055	37,686	33,969	28,473
Concessions	49,071	45,252	40,096	33,729	31,122	28,382	26,474	26,691	29,056	20,080
Grand Hyatt Hotel	28,234	26,853	22,178	3,657	-	-	-	-	-	-
Utility services	18,217	17,742	18,302	17,751	14,449	11,801	11,834	13,571	13,286	12,614
Transit system	8,358	7,647	7,573	6,289	6,990	7,615	7,831	8,125	7,654	7,917
Taxi and Limo	6,695	6,620	5,338	4,995	5,838	4,259	4,153	4,637	7,149	5,160
Fueling system rentals	5,710	5,718	5,959	5,773	3,927	4,099	3,893	3,821	3,967	3,880
Landing fees- nonsignatory airlines	2,184	2,740	4,979	4,948	5,129	4,016	3,035	3,630	3,315	4,215
Anti-air piracy charges	-	-	-	-	-	-	2,627	3,581	3,172	2,956
Hotel and recreation	3,773	2,669	2,495	2,061	1,772	1,755	1,651	2,321	3,526	8,190
East cargo area rentals	1,614	1,552	1,618	1,609	2,058	1,990	1,929	1,920	1,813	1,787
Other miscellaneous revenues	12,828	11,316	5,929	5,591	4,882	7,061	12,457	5,862	1,704	8,766
Total operating revenues	<u>\$ 627,160</u>	<u>\$ 570,247</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>

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 2008	\$ 4.37	\$ 7,000
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

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 Nine Years
(Amounts in thousands)

	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total revenue bond payable	3,884,913	3,939,351	3,985,582	4,048,076	4,108,990	3,956,551	2,486,518	1,459,359	1,297,080
Net debt service	238,445	235,590	219,084	162,549	99,822	92,062	87,391	89,747	90,092
Less: PFCs	(125,322)	(120,128)	(119,166)	(64,437)	(3,157)	(1,837)	-	-	-
Debt service, net of PFC's	113,123	115,462	99,918	98,112	96,665	90,225	87,391	89,747	90,092
Total operating revenues	627,160	570,247	485,522	388,955	316,467	267,571	271,190	274,046	256,759
Total enplaned passengers	29,055	29,852	30,154	29,521	29,298	26,230	25,062	26,301	27,726
Debt per enplaned passenger	133.71	131.96	132.17	137.13	140.25	150.84	99.22	55.49	46.78
Net debt service per enplaned passenger	8.21	7.89	7.27	5.51	3.41	3.51	3.49	3.41	3.25
Debt service, net of PFCs per enplaned passenger	3.89	3.87	3.31	3.32	3.30	3.44	3.49	3.41	3.25
Debt to operating revenue	6.19	6.91	8.21	10.41	12.98	14.79	9.17	5.33	5.05

Source: Long Term Debt and Operating Data

* Only nine 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				Ratio*
	Operating revenues	Operating expenses (excluding depreciation)	Net	Principal	Interest expense	Offsets to Debt Service	Net debt service	
2008	633,596	(334,102)	299,494	44,160	198,657	(2,935)	239,882	1.25
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

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.

ECONOMIC INFORMATION
(UNAUDITED)

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

<u>COMPANY NAME</u>	<u>FY 2008</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	\$ 181,242	\$ 184,994	\$ 205,208	\$ 146,550	\$ 103,486	\$ 85,173	\$ 78,750
Hertz Corporation	8,094	8,256	8,614	7,805	7,390	7,851	6,443
United Parcel Service	6,982	6,784	7,329	6,331	4,601	4,028	3,829
Avis Rent-A-Car System, Inc.	6,552	6,512	6,806	5,903	5,588	5,390	5,260
Clear Channel Airports	6,021	6,061	3,800	-	-	-	-
Vanguard Car Rental USA Inc.	5,837	5,992	5,871	4,851	4,517	4,201	3,587
GTE Realty Corporation	4,852	5,680	12,475	8,922	8,190	8,490	7,197
US Airways ²	3,900	4,800	6,151	5,930	3,783	2,543	2,487
Sky Chefs, Inc.	3,899	4,176	4,157	4,628	4,897	5,878	6,759
Delta Air Lines, Inc. ³	3,804	5,974	14,356	20,882	24,552	21,340	22,298
Hyatt Regency Hotel DFW	3,528	2,950	3,344	1,036	846	886	747
TGIF/DFW Restaurant Joint Venture	3,182	2,200	2,632	296	97	105	19
United Air Lines, Inc.	3,109	4,481	4,950	4,135	3,100	2,501	2,598
Continental Airlines	3,010	3,959	4,572	3,169	2,924	2,135	2,656
AirTran Airways, Inc.	2,146	2,852	3,671	3,756	1,921	562	494
	<u>\$ 246,157</u>	<u>\$ 255,672</u>	<u>\$ 293,937</u>	<u>\$ 224,194</u>	<u>\$ 175,891</u>	<u>\$ 151,082</u>	<u>\$ 143,124</u>

Source: AR Billing History

* Only seven year history provided based on availability

¹ American Eagle is included with American Airlines.

² America West Airlines included in US Airways.

³ Atlantic Southeast Airlines included with Delta Air Lines.

Dallas/Fort Worth International Airport
DFW Demographic Information
Last Three Calendar Years (Unaudited)
(Amounts in Thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Population	6,144	6,006	5,727
Median household income	\$ 55	\$ 52	\$ 50
Per capita income	\$ 28	\$ 26	\$ 26
Unemployment	5.6%	4.6%	7.1%

Source: US Census Bureau

* Only three year history provided based on availability

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>
2008	58,106	659	748
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

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 Four Fiscal Years

Carrier	Enplaned Passengers							
	FY 2008	% of total	FY 2007	% of total	FY 2006	% of total	FY 2005	% of total
Air Passenger Airlines								
Air Canada / Canadian Airlines Int'l., Ltd.	46,073	0.2%	44,823	0.2%	44,238	0.1%	-	0.0%
AirTran Airlines, Inc. ⁽¹⁾	333,538	1.1%	349,354	1.2%	438,007	1.5%	422,517	1.4%
America West Air Lines	-	0.0%	400,862	1.3%	387,623	1.3%	385,682	1.3%
American Airlines, Inc.	21,283,587	73.3%	21,690,588	72.7%	22,586,563	74.9%	20,814,229	70.5%
AMR Eagle	3,496,999	12.0%	3,597,519	12.1%	2,938,594	9.7%	3,198,507	10.8%
Atlantic Southeast Airlines, Inc.	3,236	0.0%	16,397	0.1%	13,620	0.0%	422,610	1.4%
British Airways, Ltd. PLC	59,325	0.2%	59,119	0.2%	60,947	0.2%	58,042	0.2%
Champion Air (Grand Holdings, Inc.)	22,875	0.1%	73,766	0.2%	52,217	0.2%	82,891	0.3%
Continental Airlines	329,772	1.1%	333,640	1.1%	394,138	1.3%	408,904	1.4%
Delta Air Lines, Inc.	530,982	1.8%	532,135	1.8%	624,142	2.1%	1,278,895	4.3%
Korean Air Lines Co., Ltd.	37,963	0.1%	35,290	0.1%	31,168	0.1%	35,648	0.1%
Lufthansa German Airlines	78,686	0.3%	81,177	0.3%	78,161	0.3%	73,795	0.2%
Midwest Express Airlines, Inc.	92,326	0.3%	85,635	0.3%	67,051	0.2%	74,122	0.3%
Northwest Airlines	231,612	0.8%	362,705	1.2%	362,680	1.2%	413,913	1.4%
Sun Country Airlines, Inc.	82,763	0.3%	83,595	0.3%	78,865	0.3%	75,958	0.3%
United Airlines, Inc.	435,736	1.5%	528,243	1.8%	594,518	2.0%	532,676	1.8%
US Airways	656,320	2.3%	320,142	1.1%	298,310	1.0%	369,828	1.3%
Other	1,333,349	4.6%	1,257,347	4.2%	1,103,044	3.7%	873,072	3.0%
Total	29,055,142		29,852,337		30,153,886		29,521,289	

Source: Dallas/Fort Worth International Airport Finance Department

* Only four year history provided based on availability

¹ Formerly known as ValuJet Airlines

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

Fiscal year	Purpose of Grant			Total
	Security	Planning	Construction	
2008	-	-	32,480	32,480
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
Total	<u>\$ 74,216</u>	<u>\$ 6,919</u>	<u>\$ 243,095</u>	<u>\$ 324,230</u>

Source: Schedule of Federal Expenditures

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000
October	2,511	2,487	2,466	2,507	2,240	2,219	1,903	2,503	2,657
November	2,449	2,371	2,439	2,393	2,241	2,026	1,980	2,400	2,566
December	2,401	2,468	2,482	2,445	2,446	2,295	2,088	2,330	2,545
January	2,270	2,246	2,333	2,266	2,207	1,984	1,956	2,222	2,235
February	2,192	2,137	2,159	2,038	2,172	1,819	1,859	2,120	2,273
March	2,394	2,587	2,589	2,510	2,566	2,244	2,316	2,624	2,719
April	2,236	2,457	2,511	2,326	2,434	2,023	2,130	2,409	2,522
May	2,521	2,629	2,706	2,547	2,558	2,244	2,280	2,534	2,675
June	2,659	2,687	2,797	2,738	2,729	2,419	2,463	2,710	2,789
July	2,750	2,829	2,834	2,853	2,835	2,605	2,540	2,816	2,905
August	2,534	2,669	2,561	2,569	2,573	2,408	2,402	2,669	2,714
September	2,138	2,285	2,277	2,329	2,297	1,946	1,924	1,549	2,338
Total	<u>29,055</u>	<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	(2.67%)	(1.00%)	2.14%	0.76%	11.70%	1.51%	(10.54%)	(6.63%)
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Source: Dallas/Fort Worth International Airport Finance Department

* Only nine year history provided based on availability

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

Carrier	FY 2008	% of total	FY 2007	% of total	FY 2006	% of total	FY 2005	% of total	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000
AirTran	364	1.0%	422	1.1%	564	1.4%	576	1.4%	390	204	208	254	224
American Airlines, Inc.	24,504	65.2%	25,373	64.9%	25,795	65.4%	26,292	64.0%	25,693	23,994	24,130	26,444	26,545
American Eagle	4,246	11.3%	4,237	10.8%	4,293	10.9%	3,899	9.5%	3,105	2,730	2,510	2,856	3,067
ATA	136	0.4%	255	0.7%	193	0.5%	273	0.7%	259	238	215	255	212
British Airways	155	0.4%	157	0.4%	157	0.4%	156	0.4%	156	151	157	152	156
China Airlines	194	0.5%	235	0.6%	367	0.9%	96	0.2%	216	167	177	190	155
Continental	436	1.2%	447	1.1%	445	1.1%	531	1.3%	527	541	613	778	804
Delta	598	1.6%	641	1.6%	740	1.9%	1,707	4.2%	3,038	4,193	5,755	7,013	7,384
Federal Express	643	1.7%	684	1.7%	649	1.6%	659	1.6%	690	673	728	548	532
Lufthansa	278	0.7%	212	0.5%	202	0.5%	236	0.6%	241	240	211	239	286
Sun Country Airlines, Inc	107	0.3%	116	0.3%	113	0.3%	48	0.1%	80	49	31	163	188
Northwest	291	0.8%	449	1.1%	462	1.2%	496	1.2%	549	626	613	656	528
United	557	1.5%	730	1.9%	767	1.9%	688	1.7%	732	774	866	1,040	984
UPS	1,163	3.1%	1,208	3.1%	1,147	2.9%	1,107	2.7%	1,065	1,095	1,172	1,257	1,219
US Airways	745	2.0%	842	2.2%	822	2.1%	1,078	2.6%	893	615	772	742	719
Others	3,179	8.5%	3,112	8.0%	2,719	6.9%	3,214	7.8%	5,585	4,807	3,879	3,874	3,704
TOTAL	<u>37,596</u>		<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>

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

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000
October	3,361	3,218	3,263	3,440	3,640	3,452	3,464	3,962	3,767
November	3,213	2,904	2,937	2,985	3,422	3,011	3,105	3,599	3,631
December	3,223	3,342	3,319	3,397	3,728	3,497	3,543	4,029	3,958
January	3,146	3,188	3,186	3,259	3,562	3,287	3,510	3,822	3,778
February	2,925	3,347	3,382	3,379	3,632	3,388	3,643	4,047	3,918
March	3,022	3,278	3,412	3,713	3,780	3,446	3,670	3,999	3,934
April	2,963	3,393	3,401	3,560	3,699	3,553	3,770	4,139	3,985
May	3,165	3,423	3,455	3,547	3,677	3,507	3,747	4,100	4,096
June	3,115	3,177	3,198	3,246	3,389	3,334	3,496	3,011	3,882
July	3,245	3,348	3,315	3,558	3,540	3,724	3,412	4,046	4,001
August	3,226	3,171	3,237	3,437	3,460	3,406	3,236	3,878	3,806
September	2,992	3,331	3,330	3,536	3,691	3,494	3,441	3,830	3,952
Total	<u>37,596</u>	<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	(3.90%)	(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 nine year history provided based on availability

Dallas/Fort Worth International Airport
Employee Force – End of Year
Last Ten Fiscal Years (Unaudited)

<u>Year Ending</u>	<u>No. of Employees</u>
2008	1,750
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

**Dallas/Fort Worth International Airport
Capital Assets as a Function of Operations
Fiscal Year Ended September 30, 2008**

Asset Type:

Terminals
Grand Hyatt
Ground and facilities buildings
Utility operations
Runways
Parking infrastructure
Machinery and equipment
Vehicles

Nature of Capital Asset:

Enplanements and Concessions
Hotel associated revenues
Tenant usage for various businesses
Electrical, water, sewer and gas usage
Aircraft Landings
Parking for airport passengers
System infrastructure and other equipment for maintaining the airport
Transportation for police, fire, and maintenance activities

2008					
<u>Description</u>	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Transfer and Completed Projects</u>	<u>Retirements</u>	<u>Balance September 30 2008</u>
Capital assets not being depreciated:					
Land	\$ 289,961		\$ 481	\$ -	\$ 290,442
Construction in progress	155,251	112,155	(132,339)		135,067
	<u>445,212</u>	<u>112,155</u>	<u>(131,858)</u>	<u>-</u>	<u>425,509</u>
Depreciable capital assets:					
Buildings	2,181,303	-	16,601		2,197,904
Improvements other than buildings	2,154,117	-	65,496	(370)	2,219,243
Machinery and equipment	832,880	-	40,302	(13,221)	859,961
Vehicles	139,681	-	9,459	(5,433)	143,707
	<u>5,307,982</u>	<u>-</u>	<u>131,858</u>	<u>(19,024)</u>	<u>5,420,815</u>
Less accumulated depreciation for:					
Buildings	(500,213)	(67,473)	-	-	(567,686)
Improvements other than buildings	(684,145)	(56,800)	-	282	(740,663)
Machinery and equipment	(237,625)	(53,489)	-	8,569	(282,545)
Vehicles	(52,693)	(10,723)	-	4,844	(58,572)
Accumulated depreciation	<u>(1,474,675)</u>	<u>(188,485)</u>	<u>-</u>	<u>13,695</u>	<u>(1,649,465)</u>
Depreciable capital assets, net	<u>3,833,306</u>	<u>(188,485)</u>	<u>131,858</u>	<u>(5,329)</u>	<u>3,771,350</u>
Total, net	<u>\$ 4,278,518</u>	<u>\$ (76,330)</u>	<u>\$ -</u>	<u>\$ (5,329)</u>	<u>\$ 4,196,859</u>

Dallas/Fort Worth International Airport
2008 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	\$162,657	\$162,792	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(135)
Non-Signatory Landing Fees	1,795	1,795	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	(1,211)	-	-	-	-	-	-	-	-	(1,211)	-	-	-	-	-	-	-	-
Fueling System	5,710	-	-	-	-	-	-	-	-	5,710	-	-	-	-	-	-	-	-
General Aviation	1,810	389	-	-	-	1,421	-	-	-	0	-	-	-	-	-	-	-	-
AACS Badges	876	-	-	-	-	-	-	-	-	876	-	-	-	-	-	-	-	-
Aircraft Parking	355	-	-	-	-	-	-	-	-	355	-	-	-	-	-	-	-	-
Total Airfield Services	171,991	164,976	-	-	-	1,421	-	-	-	5,730	-	-	-	-	-	-	-	(135)
Commercial Development	30,081	-	-	4,197	25,643	-	-	-	-	190	-	-	-	-	-	-	-	50
Parking	103,875	-	103,875	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Concessions	51,190	-	-	-	123	51,067	-	-	-	-	-	-	-	-	-	-	-	-
Rental Car Center (RAC)	28,058	-	-	-	28,058	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Concessions/RAC	79,248	-	-	-	28,181	51,067	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue Management	213,204	-	103,875	4,197	53,825	51,067	-	-	-	190	-	-	-	-	-	-	-	50
Utilities	18,217	-	-	-	-	-	18,338	-	-	-	-	-	-	-	-	-	-	(121)
Employee Services	8,358	-	-	-	-	-	-	8,358	-	-	-	-	-	-	-	-	-	-
Taxis, Limos & Shuttles	6,696	-	-	-	-	-	-	-	6,695	2	-	-	-	-	-	-	-	-
Department of Public Safety	1,922	-	-	-	-	-	-	-	-	1,922	-	-	-	-	-	-	-	-
Terminal Services	42,366	-	-	-	-	44,618	-	-	-	452	-	1,321	-	-	-	2,888	(6,912)	
Miscellaneous Operating Revenues	2,532	-	-	-	185	-	-	-	-	2,348	-	-	-	-	-	-	-	-
Total Operating Revenue	465,288	164,976	103,875	4,197	54,009	97,106	-	18,338	8,358	6,695	10,644	-	1,321	-	-	2,888	(7,119)	
Non-Operating Revenues																		
Passenger Facility Charge	123,536	-	-	-	-	-	-	-	-	-	123,536	-	-	-	-	-	-	-
Reimbursements from 301	15,171	-	-	-	-	-	-	-	-	-	-	-	-	-	15,171	-	-	
7/7/7 Program	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14,000	-	-	
Interest Income	15,634	-	-	-	-	-	-	-	-	-	-	-	15,634	-	-	-	-	
Total Non-Operating Revenue	168,341	-	-	-	-	-	-	-	-	-	123,536	-	15,634	29,171	-	-	-	
TOTAL REVENUE	633,629	164,976	103,875	4,197	54,009	97,106	-	18,338	8,358	6,695	10,644	123,536	-	1,321	15,634	29,171	2,888	(7,119)
Settlement Adjustment		(135)	-	-	50	(6,912)	-	(121)	-	-	-	-	-	-	-	-	-	-
Public Safety Funds (100's)	2,154	-	-	-	-	381	-	-	-	1,693	-	-	-	81	-	-	-	-
PFC Fund (252)	(10,814)	-	-	-	-	-	-	-	-	(42)	(16,092)	-	-	5,320	-	-	-	-
Capital Funds (300's, 400's, 907 & 910)	208,590	-	-	127,689	-	-	28,234	-	-	6,244	-	19,765	-	22,572	(29,482)	33,569	-	
Debt Service Funds (101,500's, & 600's)	(2,584)	-	-	-	-	-	-	-	-	-	-	-	-	2,051	(4,635)	-	-	
Pass-Thru (108)	1,883	-	-	-	755	1,129	-	-	-	-	-	-	-	-	-	-	-	
Total after the adjustment	832,857	164,841	103,875	131,886	54,814	91,703	28,234	18,217	8,358	6,695	18,538	107,443	19,765	1,321	45,659	(4,947)	36,456	(7,119)
GAAP statement	832,857	164,841	103,875	131,886	54,813	91,703	28,234	18,217	8,358	6,695	18,538	107,443	19,765	1,321	45,659	(4,947)	36,456	-

**Dallas/Fort Worth International Airport
Schedule Of Insurance In Force
September 30, 2008 (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.	3/1/08	3/1/09	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	5/1/08	5/1/09	Professional Liability(EMT)	1,942	1,000	—
		5/1/08	5/1/09	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	2/1/08	2/1/09	Airport Ambassador Program Medical Accident Insurance	3,175	25	—
	Chase Bank	2/1/08	2/1/09	TNRCC Standby Trust Agreement	1,050	N/A	
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, 2008 (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.	2/16/08	2/16/09	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 M agg. 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.	8/20/08	8/19/09	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)	14,595	5,000 5,000 500 50	10 10 5 1
				Credit Card		50	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, 2008 (Unaudited)**

Policy number	Insurer	Policy Period		Coverage	Estimated Annual Premium	Policy Limit (Thousands)	Retention Limit Thousands
		From	To				
819974	Aetna	1/1/08	12/31/08	Medical & Dental Administrative Services only	535,570	—	—
819774	Aetna	1/1/08	12/31/08	Flexible spending Administrative Services Only	16,512	—	—
819774	Aetna	1/1/08	12/31/08	Quarterly IBA Administrative Services Only	7,694	—	—
9043	CompBenefits Corporation	1/1/01	12/31/08	DMO-Employee Group Dental Insurance (no employee contributions)	270,876	—	—
0063181-7	ING	1/1/03	12/31/08	Specific stop-loss coverage over \$125,000	899,245	—	—
	Labyrinth - Patient Care	1/1/08	12/31/08	Healthcare Advocacy and Benefit Assistance Svcs.	50,308	—	—
302593	Metropolitan Life Insurance Company	1/1/04	12/31/08	Short-term Disability (STD) Management	61,671	% based on Salary & Tenure	—
112945	Metropolitan Life Insurance Company	1/1/04	12/31/08	Employee group long-term disability (LTD) insurance	474,332	60% annual salary (70% if Fam.SS)	—
GFZ01588	Fort Dearborn Life	1/1/04	12/31/08	Employee basic group term life and ad&d insurance policy and accidental death and dismemberment insurance	580,359	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)	365,010	one, two or three times base salary	—
				Dependent group term life insurance policy - spouse (No DFW Contributions)	114,514	One times base salary up to \$75,000	—
				Dependent group term life insurance policy - Child (No DFW Contributions)	1,006	10,000 flat	—