DALLAS/FORT WORTH
INTERNATIONAL AIRPORT

CONTINUING DISCLOSURE STATEMENTS

For the Fiscal Year Ended September 30, 2011

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

DALLAS/FORT WORTH INTERNATIONAL AIRPORT
CONTINUING DISCLOSURE STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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Required Tables

Table 1
Dallas/Fort Worth International Airport
Total Enplaned Domestic and International Passengers
(in thousands)

	2011	2010	2009	2008	2007
October	2,469	2,374	2,389	2,511	2,487
November	2,312	2,229	2,139	2,449	2,371
December	2,387	2,313	2,330	2,401	2,468
January	2,160	2,131	2,078	2,270	2,246
February	1,939	1,922	1,979	2,192	2,137
March	2,436	2,401	2,368	2,394	2,587
April	2,316	2,344	2,305	2,236	2,457
May	2,438	2,428	2,370	2,521	2,629
June	2,698	2,605	2,578	2,659	2,687
July	2,775	2,677	2,729	2,750	2,829
August	2,551	2,484	2,488	2,534	2,669
September	2,384	2,280	2,194	2,138	2,285
Total	28,867	28,188	27,947	29,055	29,852
Increase (Decrease) over Prior Period	2.41%	0.86%	(3.81%)	(2.67%)	(1.00%)

Source: Dallas/Fort Worth International Airport Finance Department

Table 2
Dallas/Fort Worth International Airport
Enplaned Passengers

	2011	2010	2009	2008	2007
Air Canada	44,454	35,119	37,354	46,073	44,823
Air Midwest	-	-	-	6,298	11,759
AirTran	312,083	313,644	307,661	333,538	349,354
Alaska Airlines	141,973	126,228	139,111	136,075	124,110
American (including TWA)	20,998,098	20,732,125	20,533,907	21,283,587	21,690,588
American Eagle	3,011,714	3,120,394	3,359,470	3,496,999	3,597,519
ATA	-	-	-	63,416	178,538
Atlantic Southeast	58,080	626	1,701	3,236	16,397
British Airways	87,535	66,364	67,278	59,325	59,119
Champion	-	-	-	22,875	73,766
Chautauqua	11,906	25,956	60,279	36,242	16,795
Comair	61,428	89,056	74,425	61,181	49,611
Delta (including Northwest)	638,040	591,476	685,726	762,594	894,840
Executive Airlines	539,424	420,292	123,417	-	-
Express Jet	82,779	108,068	51,835	81,713	107,320
Frontier	251,889	194,586	201,354	219,739	208,221
Korean Air	45,217	39,762	41,707	37,963	35,290
Lufthansa	64,926	76,020	72,786	78,686	81,177
Mesaba Airlines	159,765	152,916	136,240	103,798	12,117
Midwest	-	18,264	64,723	92,326	85,635
MN aka Sun Country	76,100	65,062	60,553	82,763	83,595
Other	584,223	367,662	367,483	385,226	364,527
Republic Airlines	67,038	132,176	103,087	119,151	98,682
SkyWest	197,705	184,624	147,419	120,510	85,667
United(including Continental)	582,148	536,304	616,739	765,508	861,883
US Airways(incuding America West)	850,247	791,416	692,297	656,320	721,004
Total	28,866,772	28,188,140	27,946,552	29,055,142	29,852,337

Table 3
Dallas/Fort Worth International Airport
Landed Weights
(1,000 lbs.)

	2011	2010	2009	2008	2007
Aeromexico	-	-	-	41,627	26,652
Air Canada (including Canadian Airlines)	-	5,206	67,532	72,525	72,977
Jazz Air (Air Canada)	70,533	62,018	-	-	75
Air France	-	-	13,131	29,960	33,177
Air Midwest/Mesa	-	-	-	15,803	26,206
Airborne Express	-	-	125,721	73,340	82,177
AirTran	333,696	354,720	354,672	364,656	422,128
Alaska Air	149,221	130,634	153,662	153,507	142,448
American (including TWA)	23,684,698	23,887,438	23,861,647	24,504,485	25,373,414
American Eagle	3,507,576	3,832,948	3,873,080	4,246,317	4,236,531
ATA	-	-	-	136,241	244,612
Atlantic Southeast	68,250	940	1,880	3,920	19,646
British Airways	215,680	165,800	167,900	155,957	156,817
Compass Airlines	59,507	82,514	34,379	29,810	-
Chautauqua	19,743	24,288	57,541	41,183	18,048
China Airlines	174,260	161,040	141,240	194,040	234,960
Comair	78,077	106,344	91,976	75,219	59,534
Delta (Including Northwest)	759,248	700,346	814,134	889,623	1,090,289
Executive Airlines	737,295	656,682	155,002	-	-
EVA Airways	220,901	214,841	185,752	183,206	209,657
Express Jet	82,437	105,222	49,842	79,589	95,997
Express One	-	-	-	-	9,831
Federal Express	459,442	494,769	491,898	642,606	684,435
Frontier	301,426	243,826	257,440	287,262	304,473
KLM	92,687	89,878	96,566	74,286	-
Korean Air	386,914	311,723	313,968	319,296	315,448
Lufthansa	312,311	287,982	277,250	278,061	212,214
Mesaba	181,461	180,673	158,508	88,167	-
Mexicana	-	82,796	103,070	104,793	84,845
Midwest	-	23,935	94,250	151,752	133,656
MN Airlines (dba Sun Country)	115,016	93,440	87,703	107,310	115,924
Republic Airlines Inc.	74,025	149,362	114,565	134,254	127,310
Shuttle America Airlines	75,926	115,913	134,497	95,450	174,995
Singapore Airlines	-	179,152	181,150	198,465	170,493
SkyWest	254,022	205,701	92,190	148,437	100,246
United (Including Continental)	713,435	733,144	853,879	992,722	1,177,089
UPS	791,320	851,263	964,769	1,163,306	1,208,308
US Airways (Including America West)	936,128	907,220	774,513	745,335	1,314,927
Others/General Aviation	1,541,402	892,670	1,040,024	773,371	441,780
TOTAL	36,396,635	36,334,428	36,185,328	37,595,881	39,121,319

Table 4.A
Dallas/Fort Worth International Airport
Coverage Calculations - Original Use Agreement
(in thousands)

	(Post Settlement)			
	FY 2010	FY 2009	FY 2008	FY 2007
Coverage Calculation - Gross Revenues				
Revenues				
Airline revenue	$ 203,338	$ 213,400	$ 214,337	$ 208,564
Non-airline revenue	242,391	233,706	255,934	242,316
Non-operating revenues	143,524	171,934	168,341	165,597
Total Revenues	$ 589,253	$ 619,040	$ 638,611	$ 616,477
Less: Operating Expenses	(328,242)	(323,423)	(339,117)	(321,989)
Gross Revenues available for debt service	261,011	295,617	299,494	294,488
Debt Service	$ 208,809	$ 236,493	$ 239,882	$ 235,590
Coverage ratio - Gross Revenues	1.25	1.25	1.25	1.25
Coverage calculation - Current Gross Revenues				
Gross Revenues available for debt service	$ 261,011	$ 295,617	$ 299,494	$ 294,488
Less: Transfers and Rolling Coverage	(29,600)	(39,600)	(29,200)	(28,500)
Current Gross Revenues available for debt service	231,411	256,017	270,294	265,988
Debt Service	$ 208,809	$ 236,493	$ 239,882	$ 235,590
Coverage ratio - Current Gross Revenues	1.11	1.08	1.13	1.13
Coverage calculation - All Revenues Sources				
Gross Revenues available for debt service	$ 261,011	$ 295,617	$ 299,494	$ 294,488
Add: Other Revenues				
Natural gas	20,512	21,095	126,557	92,608
Interest income	3,465	16,208	24,760	36,527
All revenues available for debt service	284,988	332,920	450,990	423,623
Debt Service	$ 208,809	$ 236,493	$ 239,882	$ 235,590
Coverage Ratio - All Revenues Sources	1.36	1.41	1.88	1.80

Source: DFW Airport Finance Department records, most current data available

Table 4.B
Dallas/Fort Worth International Airport
Coverage Calculations - New Use Agreement
(in thousands)

	FY 2011
Coverage Calculation - Gross Revenues	
Operating Revenues	
Airfield cost center	$ 124,360
Terminal cost center	128,352
DFW cost center (non-airline revenues)	241,219
Total Operating Revenues	$ 493,931
Non-operating Revenues	135,017
Rolling coverage	57,000
Total Gross Revenues	$ 685,948
Less Operating Expenses	(332,467)
Gross Revenues available for debt service	$ 353,481
Debt Service	$ 233,394
Coverage ratio - Gross Revenues	1.51
Coverage Calculation - Current Gross Revenues	
Gross Revenues available for debt service	$ 353,481
Less: Transfers and Rolling Coverage	(85,000)
Current Gross Revenues available for debt service	$ 268,481
Debt Service	$ 233,394
Coverage ratio - Current Gross Revenues	1.15
Coverage Calculation - All Revenues Sources	
Gross Revenues available for debt service	$ 353,481
Natural Gas Revenues	20,082
All Revenues available for debt service	$ 373,563
Debt Service	$ 233,394
Coverage ratio - All Revenues Sources	1.60

Table 5
Dallas/Fort Worth International Airport
Landing Fee Summary
(Per 1,000 lbs)

Period	Forecasted Rate		Settlement Rate	Difference
10/1/10 to 9/30/11	$ 3.11		$ n/a	$ n/a
10/1/09 to 9/30/10	4.70	(1)	4.49	(0.21)
10/1/08 to 9/30/09	4.37	(2)	4.54	0.17
10/1/07 to 9/30/08	4.37		4.37	0.00
10/1/06 to 9/30/07	4.29	(3)	3.95	(0.34)
10/1/05 to 9/30/06	4.94	(4)	4.88	(0.06)
10/1/04 to 9/30/05	3.35	(5)	3.91	0.56
10/1/03 to 9/30/04	2.97	(6) (7)	2.53	(0.44)
10/01/02 to 9/30/03	2.41	(8) (9)	2.03	(0.38)
10/01/01 to 9/30/02	1.96	(10)	1.92	(0.04)

(1) Effective May 1, 2010, the Landing Fee was decreased from $4.70 to $4.37.
(2) Effective April 1, 2009, the Landing Fee was increased to $4.83 from $4.37.
(3) Effective April 1, 2007, the Landing Fee was decreased to $3.99 from $4.29.
(4) Effective July 1, 2006, the Landing Fee was decreased to $4.44 from $4.94.
(5) Effective April 1, 2005, the Landing Fee was increased to $5.07 from $3.35.
(6) Effective April 1, 2004, the Landing Fee was decreased to $2.69 from $2.97.
(7) Effective July 1, 2004, the Landing Fee was decreased to $2.13 from $2.69.
(8) Effective April 1, 2003, the Landing Fee was decreased to $2.07 from $2.41.
(9) Effective June 1, 2003, the Landing Fee was increased to $2.23 from $2.07.
(10) Effective January 1, 2002, the Landing Fee was increased to $2.03 from $1.96.

Table 6
Dallas/Fort Worth International Airport
Joint Airport Fund

The balances, as of September 30, 2011 in the various funds created by the Controlling Ordinances and certain other funds and accounts in the Joint Airport Fund were:

Statement of Certain Fund Balances [1]
September 30, 2011

Capital Improvements Fund [2]	……………………………………	$ 368,653,805
Construction Funds [3]	……………………………………	166,171,044
Debt Service Fund	……………………………………	42,313,157
Debt Service Reserve Fund [4]	……………………………………	166,845,570
Operating Revenue and Expense Fund	……………………………………	150,564,819

(1) Fund balances include current assets less current liabilities.
(2) Board funds only.
(3) Substantially committed to ongoing projects.
(4) Pursuant to the Controlling Ordinances, annual valuation of the investments in the Debt Service Reserve Fund will occur. The Debt Service Reserve Fund balance listed in Table Six includes the combined amount of the Surety Bonds ($89,385,309).

Dallas/Fort Worth International Airport

Independent Auditors' Report,

Management's Discussion and Analysis

and

Basic Financial Statements

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INDEPENDENT AUDITORS' REPORT

Members of 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 year ended September 30, 2011, 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 an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the Dallas/Fort Worth International Airport Retirement Plans for Employees and for Public Safety Officers (collectively the "Retirement Plans") and the Other Post Employment Benefits for Retirees Plan ("OPEB Plan"), which collectively represent the aggregate remaining fund information, as of and for the year ended December 31, 2010. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the these entities, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report 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, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the schedules of funding progress for pensions and other post employment benefits are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. This required supplementary information is the responsibility of the Airport's management. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and express no opinion on it.

Deloitte & Touche LLP

February 3, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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 year ended September 30, 2011. 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); Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows; and Notes to the Basic Financial Statements. Also included are the Statement of Fiduciary Net Assets; Statement of Changes in Fiduciary Net Assets; and Schedules of Funding Progress for the Airport 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 amended the original 1968 Concurrent Bond Ordinance (collectively called the "Bond Ordinances"); and the Lease and Use Agreements (Use Agreement) which defines DFW's rate setting methodology and business relationships with the airlines. Collectively, these documents are called the "Controlling Documents."

Each year, management prepares an Annual Budget (approved by the DFW Board and the Cities) of projected expenses for the Operating Revenue and Expense Fund (commonly referred to as the "102 Fund"). Management also prepares an annual Schedule of Charges which is the basis for charging the airlines, tenants, and other airport users for DFW services during the fiscal year. DFW and the signatory airlines agreed to a new ten-year Use Agreement in FY 2011 with an effective date of October 1, 2010.

The new Use Agreement created three primary cost centers: the "Airfield", "Terminal", and "DFW." The airfield and terminal cost centers are "residual" in nature. DFW can only charge the airlines for the net cost to operate these cost centers (including debt service) primarily through landing fees and terminal rentals. The Use Agreement also requires certain cash transfers from capital accounts to the 102 Fund each year.

DFW can generate net revenues or profits in the DFW cost center which includes non-airline business units such as concessions, parking, rental car, commercial development, and transportation (busing and the Skylink people mover). If DFW generates net revenues in excess of the "upper threshold" ($60 million in FY 2011), 75% of the excess is to be used to reduce landing fees (called a "true-up credit") in the following fiscal year.

From an accounting standpoint however, the true-up is recorded as a reduction in revenue in the current fiscal year with the corresponding deferred revenue being carried into the following fiscal year. If net revenues from the DFW Cost Center are budgeted below $40 million, the airlines are assessed incremental landing fees to achieve the lower "threshold" amount of $40 million in the current fiscal year. The "upper threshold" and "lower threshold" amounts are adjusted annually for inflation.

At the end of each fiscal year, any excess funds in the 102 Operating Fund are transferred to the Capital Improvement Fund. Funds transferred to the Capital Improvement Fund are allocated among three accounts: the joint capital account, DFW capital account and rolling coverage capital account. The joint capital account generally requires approval from both DFW and the airlines prior to any expenditure of funds, while the DFW capital account may be used at the DFW's sole discretion for any legal purpose. The joint capital account receives funds primarily from natural gas royalties and the sale of land. The DFW capital account is funded primarily from excess revenues of DFW Cost Center, subject to upper threshold limits discussed previously.

The rolling coverage account was initially funded from the Capital Improvement Account when the lease agreement was signed. The rolling coverage balance is transferred or "rolled" into the 102 Fund each year to fund debt service coverage requirements. It is then transferred back into the rolling coverage account at the end of the fiscal year. If additional coverage is required in any year, it is added to rates and charges and is collected during the fiscal year.

The Controlling Documents require DFW to annually adopt a Schedule of Charges that is: (1) reasonably estimated to produce Gross Revenues in an amount sufficient to at least pay Operation and Maintenance Expenses plus 1.25 times Accrued Aggregate Debt Service and (2) reasonably estimated to at least produce Current Gross Revenues in an amount sufficient to pay Operation and Maintenance Expenses plus 1.00 times Accrued Aggregate Debt Service.

Annual transfers from the capital accounts are considered part of Gross Revenues, but not Current Gross Revenues. The coverage ratios for FY 2011 are shown in the following table (amounts in millions):

Coverage Ratio	
Gross Revenues	
Operating Revenues	$465.9
Transfers	28.0
Non-Operating Revenues	135.0
Rolling Coverage	57.0
Total Gross Revenues	685.9
Operating Expenses (excluding Depreciation)	332.5
Gross Revenue Available for Debt Service	353.4
Debt Service	233.4
Coverage Ratio (Gross Revenue)	1.51
Gross Revenues Available For Debt Service	353.5
Less: Transfers and Rolling Coverage	85.0
Current Gross Revenue Available for Debt Service	268.5
Debt Service	$233.4
Coverage Ratio (Current Gross Revenue)	1.15

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:

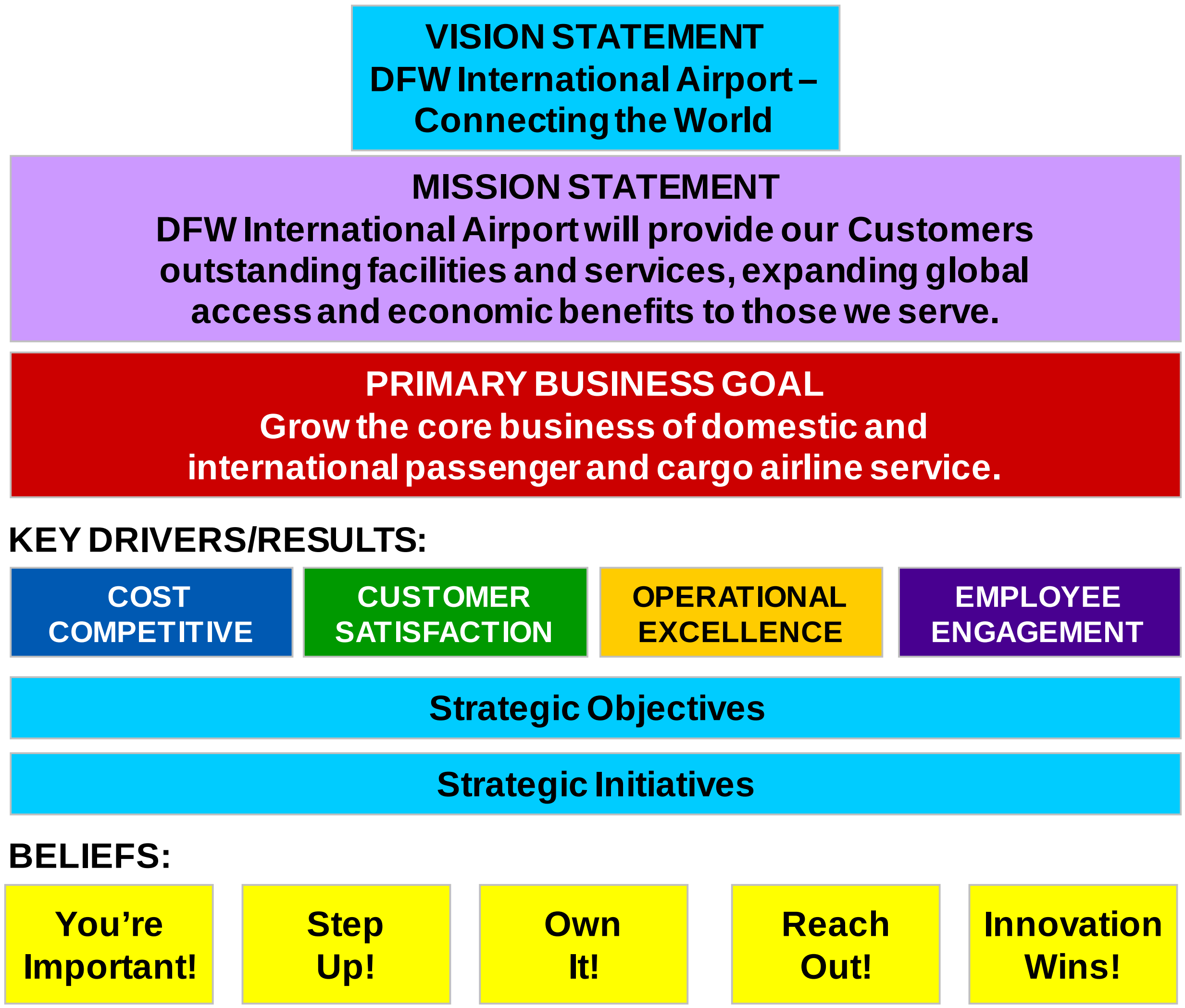
Fund Number	Fund Description	Primary Use	Restricted (R), Not Restricted (NR)
101	Capital Assets and Long Term Debt	Capital Assets / Debt	R
102	Operating Revenues and Expenses	Operations	NR
252	Passenger Facility Charges (PFC)	Capital/Debt Service	R
320	Joint Capital Account (non-JRB)	Capital	NR
321	Joint Revenue Bonds	Bond Proceeds	R
330s	Joint Capital (JRB)	Capital	R
340	DFW Capital Account (non-JRB)	Capital	NR
350	Rolling Coverage	Rate Covenant	NR
500s	Debt Service	Principal and Interest	R
600s	Debt Service Reserve	Reserve	R
907	Facility Improvement Corporation (FIC)	RAC Facility	NR
		RAC Transportation	R
910	Public Facility Improvement Corporation (PFIC)	Grand Hyatt Hotel	R

JRB - Joint Revenue Bond
RAC - Rent-A-Car Center

The basic financial statements include all of DFW’s funds. DFW manages its day-to-day airport operations primarily through the 102 Operating Fund in accordance with the Controlling Documents. The Airport’s financial statements include all of the transactions of the Public Facility Improvement Corporation (PFIC), which operates the Grand Hyatt Hotel, and the Facility Improvement Corporation (FIC), which collects customer transaction charges from the Rental Car companies. Although the FIC and PFIC are legally separate entities, the financial transactions of both have been combined into the Airport’s Enterprise Fund due to their nature and significance to the Airport. The FIC and PFIC are considered blended component units because the component units’ governing bodies are substantively the same as DFW’s, the primary government.

Operational and Financial Highlights

DFW utilizes a performance measurement process that is closely aligned with the Airport's Strategic Plan shown in the graphic below.



DFW management believes that if it focuses on achieving the four Key Drivers/Results, it will be well positioned to achieve its primary business goal of growing the core business.

Grow the Core Business

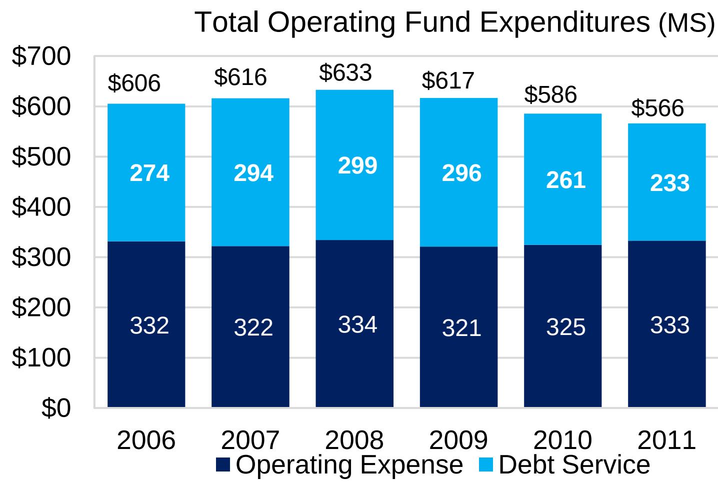
Enplanements were 28.9 million in FY 2011, a 2.4% improvement over the prior year, primarily driven by new air service and higher load factors spurred by American Airlines, low cost carriers, and international carriers. Despite poor global economic conditions, DFW added or announced the addition of 22 new air carrier/destination combinations during FY 2011. DFW expanded international service to 47 destinations, nine more than in FY 2010. New international service was initiated to Barbados and Rio de Janeiro by American Airlines; to Queretaro, Veracruz, Mazatlan, and Morelia, Mexico by American Eagle; to Brisbane and Sydney, Australia by Qantas; to Punta Cana, Dominican Republic, by Sun Country; and announced to Dubai, United Arab Emirates, by Emirates Airlines (beginning in February

2012). New domestic service to new destinations by different carriers included Joplin, Springfield, Grand Island, Durango, and Aspen by American Eagle; Los Angeles and San Francisco by Virgin America; and Chicago, Fort Lauderdale, and Las Vegas by Spirit Airlines. New cargo destinations included Shanghai, China by Air China and Brussels, Belgium by Korean Air. Recently, Jet Blue announced it would begin service to Boston in FY 2012.

Keep DFW Cost Competitive and Financially Strong

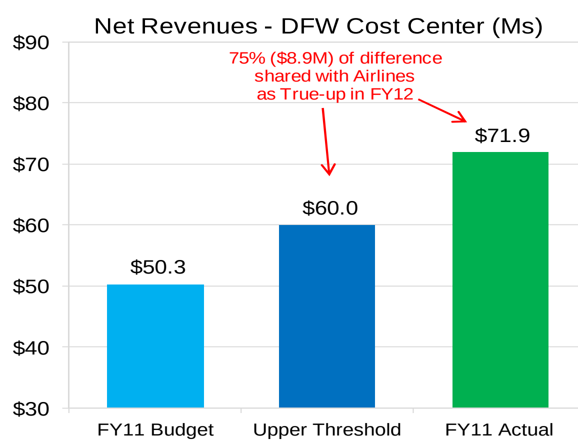
DFW is in a financially strong position with total cash and investments of $1.2 billion and total unrestricted cash and investments of $573.0 million as of September 30, 2011. Unrestricted cash and investments are sufficient to cover more than 600 days of operating expenses. Although DFW's defined benefit pension plans and Other Post Employment Benefits plan (OPEB) have unfunded liability balances, DFW has been prefunding the plans in the past and has a net pension and OPEB asset of $56.7 million as of September 30, 2011. DFW also started a new defined contribution plan to replace its defined benefit plans for new general employees hired on or after January 1, 2010 (excluding Department of Public Safety employees). DFW is rated A+ by Fitch, A1 by Moody's, and A+ by Standard and Poor's.

Total 102 Operating Fund expenditures were $565.9 million, a $20.0 million (5.1%) decrease from FY 2010 primarily due to the restructuring of DFW's debt portfolio. DFW has been aggressively managing costs over the past five years. As can be seen in the accompanying chart, operating expenses have grown only $1 million over the past six years due to innovative cost management techniques; and debt service has been reduced through a debt restructuring program and the implementation of "rolling coverage" as part of the new Use Agreement.



The airline industry uses passenger airline cost per enplanement (CPE) as a key productivity measure. CPE is calculated by dividing airline cost (total passenger airline payments for landing fees and terminal rents, less airline rebates for new air service) by the number of enplanements. DFW's CPE in FY 2011 was $6.30, a decrease of $0.44 (6.50%) from $6.74 in FY 2010, primarily due to lower airline cost and higher enplanements. Total airline cost was $190.5 million, a decrease of $10.4 million (5.2%) from $200.9 million in FY 2010 primarily due to lower debt service and higher non-airline revenues.

DFW's long range goal is to remain in or near the first quartile for this measure versus its competitive set of 13 large hub US airports. Based on an internal benchmarking study based on FY 2010 data, DFW had the 2nd lowest CPE versus its competitive set on a "fully loaded" basis which considers other costs paid by the airlines at airports such as delay costs, airline terminal maintenance and debt services costs not on the airports' books. DFW was American Airlines' lowest-cost hub airport in this study. Competitive information for FY 2011 is not yet available.



An important new metric for DFW in FY 2011 is net revenues from the DFW cost center. DFW's goal is to maximize net revenues from the non-airline business units (parking, concessions, rental car and commercial development). In FY 2011, these four business units generated a record $225 million in revenues, a $22 million (11%) improvement over budget. Total non-airline revenues in the DFW cost center were $314.7 million in FY 2011. After expenses (which includes Skylink costs) and debt service, the net revenues of this cost center were $71.9 million, $21.6 million (42.9%) better than budget. Since net revenues exceeded the "upper threshold" of $60 million, DFW generated an $8.9 million "true-up credit" that will be used in FY 2012 to reduce landing fees. This credit is recorded as deferred revenue.

AMR Bankruptcy

On November 29, 2011, AMR Corporation, the parent company of American Airlines, Inc. ("AA"), AA, American Eagle, Inc., and other affiliates of AMR, filed voluntary petitions for Chapter 11 reorganization in the U.S. Bankruptcy Court for the Southern District of New York. The AMR website states that they took this action "in order to achieve a cost and debt structure that is industry competitive and thereby assures AMR's long-term viability and ability to continue delivering a world-class travel experience for customers."

AMR is DFW's largest tenant representing approximately 85% and 78% of DFW's passenger traffic and landed weights, respectively. AMR leases 100% of the terminal space in Terminals A, B, and C and approximately 60% of the space in Terminal D. DFW is AMR's largest hub representing approximately 40% of AMR's total traffic. AMR paid DFW approximately $173 million, 30% of the 102 Fund operating and debt service costs incurred in FY 2011. The prepetition accounts receivable balance due from AMR was approximately $11.9 million as of the date of filing. In addition to the Use Agreement, AMR has 13 other lease agreements with DFW for hangars, operating and maintenance facilities, and a fueling facility as part of a fueling consortium representing approximately $12.1 million of lease income per year to DFW. AMR was current on predominantly all post petition liabilities as of December 31, 2011.

DFW shall continue to monitor AMR's bankruptcy proceedings for developments which could have a significant impact on operations at DFW. In such event, management believes that DFW would have adequate unrestricted cash and investments to allow it to continue operations until such time as it can (i) determine the degree to which airport operations may be affected and take appropriate steps to reduce costs, and (ii) make rate adjustments to those carriers continuing to operate at the Airport to offset any reduction in revenues.

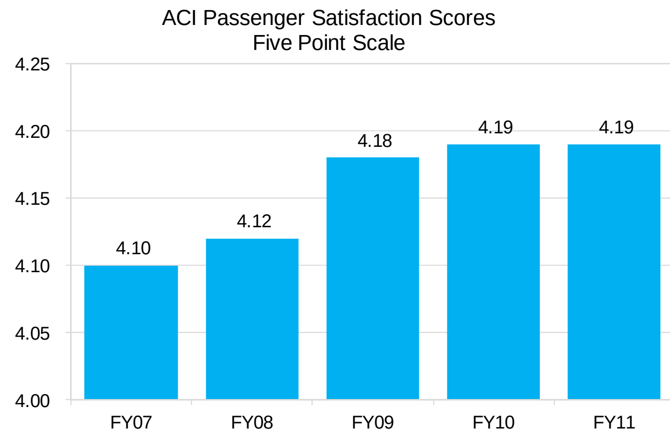
DFW has initiated design and construction of a seven-year $1.9 billion Terminal Renovation and Improvement Program (TRIP) to renovate Terminals A, B, C, and E. AMR and the other signatory airlines approved the TRIP and associated debt financing as part of the Use Agreement that became effective October 1, 2010. AMR informed DFW subsequent to the bankruptcy filing that it desires to continue with the TRIP as scheduled. AMR also approved nine new capital projects totaling $231.4 million subsequent to the filing, including a Terminal B gate expansion (operated by American Eagle) and a new replacement Terminal A parking garage.

DFW has sufficient cash in the joint capital account, the DFW capital account, and available bond proceeds to fund projected capital expenditures through the end of FY 2012, if necessary. DFW intends to fund the TRIP and other major capital projects through the issuance of additional Joint Revenue Bonds in FY 2012 and the future. Although DFW is not planning to do so, DFW could delay or stop some or all of its capital projects, if necessary, because the TRIP and DFW's capital programs are phased over time.

DFW's bond ratings of A+ (Standard & Poor's), A1 (Moody's), and A+ (Fitch) have not changed since the bankruptcy filing. However, Moody's and Fitch did revise their outlooks for DFW bonds from stable to negative. Standard & Poor's has not made a revision to their outlook at this time. DFW has received no indication that the negative outlooks will have any impact on DFW's ability to issue future bonds or any material impact on interest rates.

Ensure Customer Satisfaction

DFW measures and focuses on customer satisfaction because management believes that passengers make a choice where they fly, especially when connecting through an airport. DFW has successfully improved its passenger satisfaction scores over the past five years. Management is very pleased to have kept scores at FY 2010 levels despite a major interruption of the customer experience with TRIP construction in Terminal A, the closing of the adjacent parking garage, and major road construction at the north entrance of DFW. Management expects more challenges in the coming years when three terminals will be under construction at one time, but has a goal to continue to improve customer service.



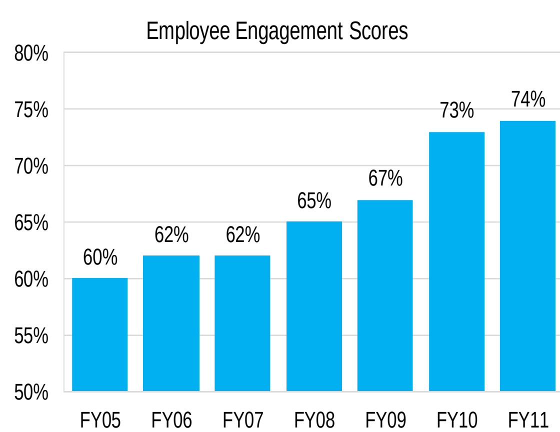
Deliver Operational Excellence

Operational excellence means continuous improvement compared to the prior year, continuous improvement versus industry benchmarks, and peer recognition (i.e., DFW is recognized as an industry leader). DFW tracks the completion of its major goals and initiatives each year for reporting purposes. Some major accomplishments during FY 2011 are as follows:

- DFW has had zero uncorrectable deficiencies in its annual FAA Part 139 inspection for the eleventh year in a row.
- DFW achieved over 30% M/WBE participation in its construction, professional services, and goods and services categories in FY 2011 and for seven of the last eight years.
- DFW continues to be recognized as being one of the largest local government green power purchasers of clean renewable energy in the country.
- In 2011, DFW developed a sustainability orientation program that will enable staff to identify and implement sustainability in their lines of business, emphasizing the “triple bottom line” approach of people, profit and planet.

Foster Employee Engagement

DFW measures employee engagement through surveys, then uses the information to implement change. Management believes that an engaged workforce will produce better results over time. Over the past seven years DFW has significantly increased employee engagement from 60% to 74%, which is now in first quartile performance as compared to other companies that take the survey. Engagement can also be measured by survey participation. In FY 2011, 85% of all employees completed the survey, the fifth straight year DFW has achieved participation of over 80%. Some of the initiatives in FY 2011 included an update of the Total Rewards strategy and Excellence Award program as well as implementation of the Hay Job Evaluation system.



Capital Programs and Airport Development Plan Update

TRIP is the largest component of DFW's capital improvement program. The TRIP is budgeted at $1.9 billion between FY 2011 and FY 2017. TRIP provides renovation and renewal of the Airport's four oldest terminals (A, B, C, and E) that were constructed between 35 and 40 years ago. These terminals have been expanded and renovated over their life, but primarily consist of their original structural and building systems. Approximately two-thirds of the TRIP budget will be used for the replacement of aging systems such as electrical, plumbing, heating and cooling, security, fire safety, conveyances, telecommunications, lighting, information technology systems, as well as replacement of jetbridges in Terminals A and C. The majority of the remaining budget will be used to upgrade ticket halls, TSA security areas, certain baggage systems, and concessions villages. The TRIP also includes modest improvements to the terminal exteriors, entrances, and parking structures.

The Use Agreement also included $220 million (net of grants) of other preapproved joint capital account projects for the airfield, roads and bridges, utilities, and parking. In addition, DFW intends to fund the renewal and replacement of non-terminal capital including airfield, roadways, parking, utilities, support facilities, infrastructure, rolling stock, and equipment from the DFW capital account. For a comprehensive review of DFW's capital programs and funding plan, please see a copy of the DFW Financial Plan, available on DFW's web page under the Investors/financials tab. During FY 2011, the airlines approved $43 million of new projects through the majority-in-interest (MII) process.

As of September 30, 2011, DFW had 218 approved capital projects in process for a total estimated cost of $2.4 billion through completion. As of September 30, 2011, $411.6 million of this total had been expended and an additional $469.4 million was under contract and committed; leaving approximately $1.5 billion remaining to be committed and spent. The more significant projects include the TRIP ($1.92 billion), airfield pavements and airfield lighting rehabilitation projects ($51.7 million), replacement of the parking control system and toll plazas ($50.1 million), construction of a new DART Rail Station adjacent to Terminal A ($35.6M million), a renovated and expanded fire training center ($25.7 million), and a reclaimed water system ($18.6M).

DFW Business and Operations Overview

The following table highlights changes in the Airport's key operating statistics for 2011 and 2010.

	For the Year Ended	
Key Operating Information	**FY 2011**	**FY 2010**
Enplanements (000s)	28,867	28,188
Total Passengers (000s)	57,801	56,391
Aircraft Operations (000s)	648	646
Cargo (tons in 000s)	670	711
Cargo Landed Weight (in millions of pounds)	3,081	3,034
Landed Weight (in millions of pounds)	36,397	36,334
Cost per Enplaned Passenger	$ 6.30	$ 6.74*
Average Landing Fee	$ 3.11	$ 4.49

**FY 2011 Cost per Enplaned Passenger includes payments as part of the Airline Service Incentive Program (ASIP). FY 2010 adjusted for ASIP: $6.67.*

FY 2011 Compared to FY 2010

Enplanements were 28.9 million in FY 2011, a 2.4% improvement over the prior year primarily driven by new air service and higher load factors spurred by American Airlines, low cost carriers, and international carriers. American Airlines (including American Eagle and Executive Airlines) market share decreased to 85.0% in FY 2011 compared to 86.1% in FY 2010. DFW's second largest passenger airline was US Airways with 2.9% of passengers in FY 2011 compared to 2.8% in FY 2010.

Aircraft operations increased 0.4% to 648,000 in FY 2011 from 646,000 in FY 2010, and total landed weights increased 0.2% to 36.4 billion pounds in FY 2011 from 36.3 billion pounds in FY 2010, due largely to new and increased passenger service from Virgin America, Spirit Airlines, Qantas Airways, British Airways, and Korean Air. Cargo tons decreased 5.8% to 670,000 in FY 2011 from 711,000 in FY 2010 due to the slowing global economic recovery and lower demand, resulting in companies moving to slower and cheaper modes of transport, including by sea. American Airlines' share of DFW's total operations increased from 81.1% in FY 2010 to 82.4% in FY 2011; and landed weights increased from 77.2% in FY 2010 to 78.1% in FY 2011. US Airways' share of DFW's total operations increased from 1.9% in FY 2010 to 2.2% in FY 2011; and landed weights increased from 2.1% in FY 2010 to 2.5% in FY 2011.

Cost per Enplanement (CPE) measures the net cost to the passenger airlines primarily for landing fees and terminal rentals less airline rebates for the addition of new air service divided by the total number of enplaned passengers. DFW's CPE in FY 2011 was $6.30, a decrease of $0.44 (6.50%) from $6.74 in FY 2010, primarily due to lower airline cost and higher enplanements. Average landing fees represents total signatory airlines landing fees divided by total landed weights per 1000 pounds. The average landing fee decreased from $4.49 in FY 2010 to $3.11 in FY 2011 due to the implementation of the new Use Agreement and slightly higher landed weights.

Revenues, Expenses, and Change in Net Assets:

The following table is a summary of Revenues, Expenses, Non-operating expenses, net, and Increase (decrease) in net assets for the years ending September 30, 2011 and 2010. Detailed descriptions and variances of the components of revenues, expenses and net non-operating expenses are described in the following sections.

	For the Year Ended (000s)	
Increase(Decrease) in Net Assets	**FY2011**	**FY 2010**
Operating revenues	$514,600	$500,952
Operating expenses	(611,470)	(552,251)
Operating income (loss)	(96,870)	(51,299)
Non-operating expenses, net	(71,421)	(63,053)
Income(loss) before capital contributions	(168,291)	(114,351)
Capital contributions	23,552	29,907
Special Item	39,162	-
Increase(decrease) in net assets	**($105,577)**	**($84,444)**

DFW's Controlling Documents require that DFW establish rates, fees and charges adequate to provide for the payment of operating costs (excluding depreciation) and debt service (including principal and coverage). In years when depreciation is greater than principal payments, as in FY 2011 and FY 2010, DFW's Change in Net Assets on a GAAP basis can be expected to be a negative amount. However, on a cash flow basis, the airport's rate setting methodology has resulted in DFW meeting and exceeding its debt covenants in FY 2011 (see Debt Service Coverage Chart on page 4).

Operating Revenues:

The following table highlights the major components of operating revenues for the fiscal years ended September 30, 2011 and 2010. Significant variances are explained below.

	For the Year Ended (000s)	
Operating Revenues:	**FY 2011**	**FY 2010**
Passenger airline landing fees	$ 95,693	$ 149,951
Terminal rent and use fees	78,408	18,719
Federal Inspection Services (FIS)	14,979	10,557
HVAC and other	459	11,064
Cargo landing fees	9,443	13,047
Airline bad debt	368	(335)
Total airline revenue	**199,350**	**203,003**
Parking	107,178	97,329
Concessions	57,537	51,170
Rent-A-Car lease and rentals	27,699	25,715
Ground and facilities leases	33,218	28,001
Rent-A-Car customer transportation charge	10,338	9,242
Employee transportation	8,119	7,747
Taxi and limo fees	7,703	7,167
Natural gas	20,082	25,521
Grand Hyatt Hotel	25,504	25,692
Other revenue	17,872	20,367
Total non-airline revenue	**315,250**	**297,950**
Total Operating Revenues	**$ 514,600**	**$ 500,953**

FY 2011 Compared to FY 2010

Total Airline Revenue consists of fees paid by signatory and non-signatory airlines for the use of the airfield and terminals at DFW based on DFW's cost to provide related facilities. Landing fees for passenger and cargo carriers are assessed per 1,000 pounds of maximum approved landed weight for each specific aircraft as certified by the FAA. Signatory airlines are the airlines that sign a Use Agreement with DFW. Passenger airline landing fees decreased $54.3 million (36.2%), from $150.0 million in FY 2010 to $95.7 million in FY 2011 due the reduction of airline costs allocated to the airfield per the new Use Agreement. Cargo landing fees decreased $3.6 million (27.6%), from $13.0 million in FY 2010 to $9.4 million in FY 2011 for the same reason. Signatory airlines paid approximately 89.2% of total landing fees in FY 2011.

Terminal rents and use fees ("Terminal Revenues") include terminal rent from gates leased primarily by signatory airlines and gate use fees from DFW-owned gates. The Controlling Documents require the signatory airlines to pay terminal rent equal to the cost of terminal operations, plus allocated debt service and overhead, minus concessions revenue. Terminal revenues increased $59.7 million (319%) from $18.7 million in FY 2010 to $78.4 million in FY 2011 due to the increase of airline costs allocated to the terminal cost center per the new Use Agreement.

Federal Inspection Service (FIS) fees per departing international passenger in Terminal D increased $4.4 million (41.5%), from $10.6 million in FY 2010 to $15.0 million in FY 2011 due to an increase in the per passenger fee from $4.80 to $6.64 per the terms of the new Use Agreement.

For FY 2011, Airline HVAC for the heating, ventilation and air conditioning for the terminals has been included in the terminal rent costs per the new Use Agreement. The HVAC and Other category now includes only HVAC for non-terminal customers.

Parking fees are charged based on the length of time and parking product. DFW's primary parking products include terminal ($18-19 per day), express ($10-12 per day) and remote ($8 per day). Parking revenues increased $9.9 million (10.1%) from $97.3 million in FY 2010 to $107.2 million in FY 2011 due to an increase in originating passengers and an increase in parking rates. Terminal parking revenues accounted for 66.4% and 66.5% of total parking revenues in FY 2011 and FY 2010, respectively.

Concession revenues (e.g., food and beverage, retail, passenger services, and advertising) increased $6.3 million (12.3%), from $51.2 million in FY 2010 to $57.5 million in FY 2011, primarily due to an increase in enplaned passengers, a higher average spend per enplanement, new concepts, and contract compliance adjustments for prior year concessionaire sales of $1.0 million.

Rent-A-Car (RAC) lease and rentals revenue consists of ground leases plus a percentage rent based on gross revenues. RAC revenues increased in FY 2011 to $27.7 million from $25.7 million in FY2010, a $2.0 million increase (7.7%) resulting from more destination passengers. Percentage rent accounted for 84.9% of the total RAC rental revenues in FY 2011 and 84.2% in FY 2010.

Ground and facility lease revenues consist primarily of ground leases of Airport property, various facility leases, Hyatt Regency Hotel, and other. Ground and facility lease revenue increased $5.2 million (18.6%) from $28.0 million in FY 2010 to $33.2 million in FY 2011 primarily due to an increase in the average rental rate per acre according to the new Use Agreement, and one-time payments for hangar rentals.

RAC customer transportation revenue is charged directly to the Rent-A-Car companies as a pass through cost to renters and is derived from a $2.20 per rental day transaction fee to fund operation and maintenance of the bus fleet used to transport passengers from the airport terminals to the RAC. RAC transportation revenue increased $1.1 million (11.9%), from $9.2 million in FY 2010 to $10.3 million in FY 2011 due to an increase in destination passengers.

Employee transportation revenues consist primarily of the $44 monthly fee paid by airlines and other tenants for transportation services for their employees from remote parking lots to the terminals. Employee transportation revenues increased $0.4 million (5.2%) from $7.7 million in FY 2010 to $8.1 million in FY 2011 primarily due to a fee increase of $4 per month, from $40 per month.

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 $0.5 million (6.9%) higher in FY 2011 as compared to FY 2010 due to customer preference shifting from drop-offs.

Natural gas revenues include royalties and property and surface use fees resulting from natural gas drilling. Natural gas decreased $5.4 million (21.2%) from $25.5 million in FY 2010 to $20.1 million in FY 2011 due to reduced production and a decline in natural gas prices. Royalty revenue accounted for 93.4% of the total natural gas revenue in FY 2010 and 80.6% in FY 2011.

The Grand Hyatt Hotel operations include room rental, food and beverage and other revenues. Revenues decreased $0.2 million (0.7%), from $25.7 million in FY 2011 to $25.5 million in FY 2011 primarily due to lower food and beverage revenues.

Other revenue is comprised of General Aviation fees related to fueling and aircraft service fees; the fuel farm fees paid by the airlines to retire the debt incurred to construct the fueling system and overhead of the fuel farm; non-airline utilities; pass-through revenues from airline and tenants; building code/standard fees; and other miscellaneous revenues offset by non-airline bad debt. Other revenue decreased $2.5 million (12.3%) from $20.4 million in FY 2010 to $17.9 million in FY 2011 primarily due to a decrease in non-airline utilities and the reclassification of miscellaneous airline revenue per the new use agreement.

Operating Expenses:

The following table highlights the major components of operating expenses for the fiscal years ended September 30, 2011 and 2010. Significant variance explanations follow.

	For the Year Ended (000s)	
Operating Expenses:	**FY 2011**	**FY 2010**
Salaries, wages, and benefits	$ 167,334	$ 157,810
Contract services	128,982	121,950
Utilities	28,274	30,328
Equipment and supplies	25,993	20,842
Grand Hyatt Hotel	18,320	18,716
Insurance	4,118	4,590
General, administrative and other charges	6,172	5,058
Depreciation and amortization	232,277	192,958
Total Operating Expenses	**$ 611,470**	**$ 552,252**

FY 2011 Compared to FY 2010

Salaries, wages and benefits increased $9.5 million (6.0%) from $157.8 million in FY 2011 to $167.3 million in FY 2011 primarily due to more employees, a merit salary increase, and higher health care costs. DFW employed 1,843 and 1,825 full time employees as of September 30, 2011 and 2010, 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 $7.0 million (5.7%), from $122.0 million in FY 2010 to $129.0 million in FY 2011, due to a higher information and telecommunications systems, terminal maintenance and legal costs.

Utilities represent the cost of electricity, natural gas, potable water, trash removal, and telecommunications services. Utilities decreased $2.0 million (6.6%), from $30.3 million in FY 2010 to $28.3 million in FY 2011, primarily due to lower usage and lower electricity rates. Electricity represented 72.8% of this expense category in FY 2011 and 70.2% in FY 2010.

Equipment and supplies primarily consists of non-capitalized equipment, materials, fuel for vehicles, and supplies used to maintain and operate the Airport. Equipment and supplies increased $5.2 million (25.0%), from $20.8 million in FY 2010 to $26.0 million in FY 2011, primarily due to an increase in fuels and de-icing fluid.

Grand Hyatt Hotel operations include room, food and beverage and other expenses. Operating costs decreased $0.4 million (2.1%) from $18.7 million in FY 2010 to $18.3 million in FY 2011, due to decreased room expenses.

General, administrative and other charges increased $1.1 million (21.6%), from $5.1 million in FY 2010 to $6.2 million in FY 2011, primarily due to higher travel, sponsorship, meeting, and staff training costs.

Depreciation increased $39.3 million (20.4%) in FY 2011 due to the change in accounting estimate (remaining useful life) of assets being replaced through the TRIP.

Within the cost categories mentioned above, DFW spent approximately $2.7 million in preparing for the significant spike in air travel resulting from Super Bowl XLV hosted at Cowboy Stadium in Arlington. These costs went towards making various improvements throughout the central terminal area, as well as roadways, and the Rent-A-Car facility. Additionally, ground transportation logistical support was provided for special arrival and departures.

Non-Operating Revenues and Expenses:

The following table highlights non-operating revenues and expenses for the fiscal years ended September 30, 2011 and 2010.

	For the Year Ended (000s)	
Non-operating revenues (expenses)	**FY 2011**	**FY 2010**
Passenger facility charges	$108,482	$105,890
Rent-A-Car customer facility charge	19,242	16,712
Interest income	7,766	7,999
Interest expense on revenue bonds	(215,484)	(190,161)
Other, net	8,573	(3,494)
Total non-operating expenses	**($71,421)**	**($63,053)**

FY 2011 Compared to FY 2010

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 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 with a less an $0.11 administrative fee. DFW estimates that 85.6% of all enplaned passengers were required to pay PFCs in FY 2011. PFC collections are recorded as revenue when earned and deposited in the 252 PFC Fund, then used to pay eligible debt service costs or eligible pay-as-you-go capital projects. PFC revenues increased $2.6 million (2.4%), from $105.9 million in FY 2010 to $108.5 million in FY 2011 as a result of more passengers.

Rent-A-Car customers pay a $4 facility charge for each transaction day. Revenues derived from this charge were, prior to the issuance of the 2011A Refunding Bonds, held in trust, but are now held in the DFW Facility Improvement Corporation (FIC). These revenues are used primarily to pay debt service on the 2011A Bonds issued to refund the previously outstanding FIC bonds that were issued to build the Rent-A-Car facility. Rent-A-Car facility charges (CFCs) increased $2.5 million (15.0%), from $16.7 million in FY 2010 to $19.2 million in FY 2011 as a result of additional transaction days.

Interest expense on revenue bonds increased $25.3 million. In FY 2010, DFW took a one-time reduction of interest expense of $15.9 million. The remainder of the difference is attributed to the FIC bond refunding loss and additional interest associated with new bonds issued during FY 2011.

Other net non-operating expenses are comprised primarily of proceeds of amortization expense of direct financing lease receivables, plus write-offs of capital assets and investments, less revenue associated from special facility bonds. This category increased $12.1 million from ($3.5) million in FY 2010 to $8.6 million in FY 2011 primarily due to insurance payments for hail damage of $18.9 million.

Capital Contributions:

The following table highlights capital contributions for the fiscal years ended September 30, 2011 and 2010.

	For the Year Ended (000s)	
Capital contributions	**FY 2011**	**FY 2010**
Federal and State grant reimbursements	$ 23,552	$ 29,908
Total capital contributions	**$ 23,552**	**$ 29,908**

FY 2011 Compared to FY 2010

DFW receives Airport Improvement Program (AIP) and other grants through the Federal Aviation Administration (FAA) and other Federal and State agencies. Two major factors lead to the decrease of Airport grant reimbursements from $29.9 million in FY 2010 to $23.6 million in FY2011: first, a reduction in the reimbursable expenses; second, an overall decrease in Federal and State grant award activity. Of this total revenue, $12.9 million was received from the FAA's Airport Improvement Program. DFW also received $2.6 million in reimbursements from the Department of Homeland Security to pay for security equipment needs at DFW.

Special Item:

DFW sold land to the Texas Department of Transportation (TXDOT) for the construction of the DFW connector project. This sale resulted in a gain of $39.2 million.

Assets, Liabilities, and Net Assets:

The following table provides a condensed summary of DFW's net assets as of September 30, 2011 and 2010. A discussion of significant items follows.

	As of September 30 (000s)	
Summary of Net Assets	**2011**	**2010**
Assets:		
Current and other assets	$ 1,385,304	$1,231,014
Capital assets	4,099,258	4,085,837
Total assets	5,484,562	5,316,851
Liabilities:		
Current and other liabilities, excluding debt	207,411	188,376
Noncurrent liabilities	10,892	10,912
Long-term debt outstanding:		
due within one year	48,155	44,110
due in more than one year	3,970,843	3,720,614
Total liabilities	4,237,301	3,964,013
Total net assets	$ 1,247,261	$1,352,838
Total revenues	$ 721,377	$ 661,462
Total expenses	(826,954)	(745,906)
Total change in net assets	$ (105,577)	$ (84,444)

Total current and other assets increased $154.3 million from $1.23 billion in FY 2010 to $1.39 billion in FY 2011 primarily due to the bond proceeds received, but not yet applied to capital expenditures. Total liabilities increased $273.3 million from $3.97 billion in FY 2010 to $4.24 billion in FY 2011 primarily due to the issuance of new debt and current liabilities associated with TRIP construction-in-process.

The following table summarizes net assets as of September 30, 2011 and 2010.

	As of September 30 (000s)	
Net assets	**2011**	**2010**
Invested in capital assets, net of debt	$ 542,984	$ 616,286
Restricted net assets:		
FIC/PFIC	31,068	4,860
Passenger facility charges	79,244	101,689
Public safety	2,852	2,398
Total restricted	113,164	108,948
Unrestricted net assets	591,113	627,603
Total net assets	**$ 1,247,261**	**$ 1,352,838**

Net Assets, Invested in capital assets, net of related debt decreased $73.3 million primarily due to depreciation (the reduction in the remaining life of assets being replaced by TRIP) exceeding new capital assets not funded by debt and the payment of bond principal.

Restricted net assets, FIC/PFIC increased $26.2 million in FY 2011 primarily due to capital activity.

Restricted net assets, PFC's represent the cash and investments held from the collection of PFCs that will be used in the future to pay eligible debt service. PFCs paid approximately 56% of the total debt service in FY 2011 and FY 2010. The PFC balance decreased $22.5 million in FY 2011 as funds have been used to pay eligible debt service in excess of PFC revenues.

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, 2011 were $591.1 million, a decrease of $36.5 million from FY 2010 due to use of the DFW capital account and joint capital account cash balances for capital projects. Unrestricted net assets may be used by DFW for any lawful purpose.

Liquidity and Financing

As of September, 30, 2011, DFW had total cash and investments of $1.2 billion of which $573 million was unrestricted. Unrestricted cash and investments may be used for any lawful airport purpose, including capital expenditures, the payment of Operation and Maintenance expenses, and the payment of debt service should the reserves restricted for debt service be inadequate.

As of September 30, 2011, DFW has $3.9 billion of fixed rate bonds outstanding. Currently, DFW has no SWAPs or variable rate debt. Under the current Use Agreement DFW and the airlines agreed to the amount of debt service to be paid annually by rates, fees and charges through 2020. As a result of this agreement and favorable bond market conditions, DFW issued four refunding series during FY 2011 and achieved $62.3 million in net present value savings and $73.5 million in actual savings.

One of the above refundings is related to the consolidated Rent-A-Car (RAC) revenue bonds issued by the DFW Facility Improvement Corporation (FIC) to construct the RAC facility. DFW issued its taxable 2011A refunding bonds to refinance the 1998 and 1999 FIC bonds. Of the total net present value savings and actual savings previously mentioned, the FIC refunding accounted for $24.1 million in net present value savings and $36.2 million in actual savings. The purpose of this refunding was to obtain lower interest costs by issuing bonds secured by the revenues of the Airport instead of solely by customer facility charges. In conjunction with this refunding, the FIC and the Airport entered into a facility agreement, whereby the FIC agreed to transfer monthly to the 102 Fund an amount sufficient to pay debt service and incremental coverage on the refunding bonds.

DFW's expects that it will continue to issue future refunding bonds to lower interest rates, achieve net present value savings, and restructure future debt service payments to achieve a steady increase (approximately $5 million per year) in rates, fees and charges for debt service paid by the airlines between FY 2012 and FY 2020.

DFW funds major renewal projects like the TRIP or runway improvements and expansion projects through the issuance of debt, net of available FAA discretionary funding. Minor renewals and replacements are generally funded out of the DFW capital account. The issuance of debt requires airline approval, with some exceptions for commercial development. As of September 30, 2011, the airlines had approved the issuance of debt to finance the TRIP plus approximately $400 million of other projects.

DFW issued the 2011A Bonds totaling $304.4 million for the TRIP during FY 2011. Depending upon contract terms, DFW may be required to identify and have available funds (joint/DFW capital, grants, debt, and PFCs) before it can enter into a contract for capital programs. DFW is currently monitoring the cash flow and contracting requirements for the TRIP and other approved projects, and expects to issue additional bonds in the future to meet capital funding needs.

Generally, DFW capitalizes interest on major capital programs like the TRIP between the time of borrowing and date of beneficial occupancy. DFW uses PFCs to pay a portion of eligible debt service on outstanding debt. The remaining debt service is paid by the three cost centers. Additional information on long-term capital asset activity and debt activity are disclosed in notes 4 and 6 to the financial statements.

Request for Information

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

Dallas/Fort Worth International Airport
Statement of Net Assets
As of September 30, 2011
(Amounts in Thousands)

		2011
Assets		
Current assets		
Cash and cash equivalents (notes 1d, 2)	$	203,612
Restricted cash and cash equivalents (notes 1d, 1n, 2, 8)		122,313
Investments (notes 1d,2)		71,830
Restricted investments (notes 1d, 1n, 2, 8)		84,868
Accounts receivable, net of allowance for doubtful account of $12.2 (note 1e)		58,914
Materials and supplies inventories (notes 1f)		2,049
Other current assets		4,540
Other restricted assets (notes 1n, 8)		18,144
Total current assets		566,270
Non-current assets		
Restricted Cash and cash equivalents (notes 1n, 1d, 8)		99,346
Investments (notes 1d, 2)		297,175
Restricted investments (notes 1d, 1n, 2, 8)		281,843
Capital assets, net (notes 1g, 4)		
Non-depreciable		543,005
Depreciable, net		3,556,253
Total capital assets, net		4,099,258
Deferred financing charges		77,865
Net pension and other post employment benefit assets (note 9, 10)		56,713
Other restricted assets		6,092
Total non-current assets		4,918,292
Total assets		5,484,562
Liabilities		
Current liabilities		
Accounts payable and other current liabilities (note 5)		91,486
Current payable from restricted assets (notes 1n, 8)		115,925
Current portion of joint revenue and PFIC bonds payable (note 1n, 6)		48,155
Total current liabilities		255,566
Long-term liabilities		
Other long-term liabilities (notes 1n)		10,892
Joint revenue bonds payable (note 6)		3,901,032
Public facility improvement corporation bonds payable (note 6)		69,811
Total long-term liabilities		3,981,735
Total liabilities		4,237,301
Net Assets (notes 7, 8)		
Invested in capital assets, net of related debt		542,984
Restricted for:		
FIC/PFIC		31,068
Passenger facility charges		79,244
Public safety		2,852
Total restricted		113,164
Unrestricted		591,113
Total Net Assets	$	1,247,261

See accompanying notes to the basic financial statements.

Dallas/Fort Worth International Airport
Statement of Revenues, Expenses and Changes in Net Assets
For The Year Ended September 30, 2011
(Amounts in Thousands)

		Sep 30, 2011
Operating revenues		
Passenger landing fees	$	95,693
Terminal rent and use fees		78,408
Federal Inspection Services (FIS)		14,979
HVAC and other		459
Cargo landing fees		9,443
Airline bad debt recovery		368
Total airline revenue		199,350
Parking		107,178
Concessions		57,537
Rent-A-Car rental		27,699
Ground and facilities leases		33,218
Rent-A-Car customer transportation charge		10,338
Employee transportation		8,119
Taxi and limo fees		7,703
Natural gas		20,082
Grand Hyatt hotel		25,504
Other revenue		17,872
Total non-airline revenue		315,250
Total operating revenues		514,600
Operating expenses		
Salaries, wages and benefits		167,334
Contract services		128,982
Utilities		28,274
Equipment and supplies		25,993
Insurance		4,118
General, administrative and other		6,172
Grand Hyatt hotel		18,320
Depreciation and amortization		232,277
Total operating expenses		611,470
Operating (loss) income		(96,870)
Non-operating revenues (expenses)		
Passenger facility charges		108,482
Rent-A-Car customer facility charge		19,242
Interest income		7,766
Interest expense on revenue bonds		(215,484)
Other, net		8,573
Total non-operating expenses, net		(71,421)
Gain (Loss) before capital contributions and special item		(168,291)
Capital contributions		
Federal and State grant reimbursement		23,552
Total capital contributions		23,552
Special item		
Gain on sale of land (note 4)		39,162
Net assets		
Increase (decrease) in net assets.		(105,577)
Total net assets, beginning of year		1,352,838
Total net assets, end of year	$	1,247,261

See accompanying notes to the basic financial statements.

Dallas/Fort Worth International Airport
Statement of Cash Flows
For The Year Ended September 30, 2011
(Amounts in Thousands)

	2011
Cash flows from operating activities:	
Cash received from operations	$ 519,010
Cash paid to outside vendors	(210,415)
Cash paid to employees	(158,206)
Net cash provided by operating activities	150,389
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(240,471)
Proceeds from retirement of assets	39,649
Deferred financing charges	(8,046)
Proceeds from sale of revenue bonds	789,340
Premiums from sale of bonds	22,962
Payments to escrow agent	(510,567)
Principal paid on revenue bonds	(48,817)
Interest paid on revenue bonds	(211,847)
Federal and state grants receipts	23,552
Passenger facility charges	107,938
Rental car financing fees	19,242
Net cash used in capital and related financing activities	(17,065)
Cash flows from investing activities:	
Interest received on investments	6,569
Purchase of investments	(1,720,758)
Sale and maturity of investments	1,469,080
Net cash used by investing activities	(245,109)
Net decrease in cash and cash equivalents	(111,785)
Cash and cash equivalents, beginning of year	537,056
Cash and cash equivalents, end of year	$ 425,271
Unrestricted cash and cash equivalents	$203,612
Restricted cash and cash equivalents	221,659
Cash and cash equivalents, end of year	$ 425,271
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	(96,870)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	232,277
Changes in assets and liabilities:	
Accounts receivable	6,110
Materials and supplies inventories	(275)
Other current assets	(1,699)
Net pension and OPEB assets	348
Accounts payable, other liabilities, and deferred revenue	1,370
Accrued payroll & related expenses	9,128
Net cash provided by operating activities	$ 150,389
Supplemental disclosure of non-cash activities	
Assets acquired under capital lease	32
Amortization of bond premium/discount	(3,196)
Amortization of bond issuance cost	5,783
Unrealized gain (loss) on investments	114
Capitalized Interest	1,084

See accompanying notes to the basic financial statements.

Dallas/Fort Worth International Airport
Statement of Fiduciary Net Assets
As Of December 31, 2010
(Amounts in Thousands)

	2010
Assets	
Cash	$ 130
Investments at fair value	
U.S. government securities	47,412
Common stocks	213,246
Bonds	63,753
Foreign stocks	827
Money market funds and notes	57,067
Real estate investment funds	4,423
Limited partnership	2,341
Total investments	389,069
Total cash and investments, at fair value	389,199
Due from broker	347
Accrued interest and dividends	1,164
Total assets	390,710
Liabilities	
Due to broker for securities purchased	886
Due to DFW Airport	715
Claims/premiums payable	476
Accrued transaction fees	22
Accrued management fees	287
Total liabilities	2,386
Net assets	
Held in trust for benefits	$ 388,324

See accompanying notes to the basic financial statements.

Dallas/Fort Worth International Airport
Statement of Changes in Fiduciary Net Assets
For the year ended December 31, 2010
(Amounts in Thousands)

	2010
Additions:	
Investment income	$ 8,980
Net appreciation in fair value of fund investments	33,640
Contributions from employees	1,665
Contributions from employer	37,573
Total additions	81,858
Deductions:	
Pension benefit payments	15,216
Claims/premiums expenses	1,290
Administrative fees	1,877
Investment fees	62
Total deductions	18,445
Change in net assets	63,413
Plan net assets, beginning of year	324,911
Plan net assets, end of year	$ 388,324

See accompanying notes to the basic financial statements.

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Dallas /Fort Worth International Airport
Notes To The Basic Financial Statements
September 30, 2011

Footnote Reference

(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. The 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 voting members (seven of which are appointed by Dallas and four by Fort Worth) in accordance with each city's ownership interest in the Airport. The 12^{th} position rotates between the Airport's host 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 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 the Grand Hyatt Hotel, and the Facility Improvement Corporation (FIC) which collects customer facility and transportation charges from rental car customers. Although, the FIC and PFIC are legally separate entities, the financial transactions of PFIC and the FIC 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 the DFW Airport Board, the primary government. See footnote 6(b) 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 year ended December 31, 2010: the Employees of Dallas/Fort Worth International Airport Retirement Plan and the Department of Public Safety (DPS) Retirement Plan (Retirement Plans, collectively).

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, 2010. Additionally, DFW offers a deferred compensation plan 401(a) for employees hired on or after January 1, 2010 (excludes Department of Public Safety employees.)

(b) Basis of Accounting

The accounts of the Airport are organized into an Enterprise Fund which represents the business-type activities, and two Pension Trust Funds and one OPEB Trust Fund which represent the fiduciary activities. 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; Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows; Statement of Fiduciary Net Assets; Statement of Changes in Fiduciary Net Assets; 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:

<u>Enterprise Fund</u> – 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, concessionaires, patrons who park at DFW, natural gas royalties, hotel transactions, and others. The fees are based on usage rates established by DFW and/or methodologies established in the Use Agreement.

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. Airline users 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.

<u>Fiduciary Funds</u> – The financial statements of the Fiduciary Funds include the Pension trust funds and OPEB trust fund, and use 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 end is December 31 of each year. The amounts presented in these financial statements are as of and for the year ended December 31, 2010.

(c) Basis of Presentation

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

The Airport distinguishes between operating revenues and non-operating revenues based on the nature of revenues and expenses. In general, revenues and related expenses resulting from providing services such as landing, parking, hotel transactions, terminal rental, ground rental and natural gas leases are considered operating. These revenues result from exchange transactions in which each party receives and gives up essentially equal values.

Non-operating revenues, such as interest income, passenger facilities charges and customer facility 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

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.

Investments

All investments held at September 30, 2011 with maturities of more than one year from the date of purchase are stated at fair value. The amounts necessary to adjust fair value increased $0.1 million in FY 2011. Investments with a maturity of one year or less from the date of purchase 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, the fiduciary funds invest in money market funds, domestic equities, international equities and fixed income instruments.

PFIC investments are governed by a trust indenture between the Airport 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 PFIC investments at September 30, 2011 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 receivable are shown net of the allowance for doubtful accounts in the amount of $12.2 million for fiscal year 2011.

(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 for real property is $50,000 and $15,000 for personal property with a useful life greater than one year.

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. The Airport capitalized interest of $1,084 in FY 2011.

(i) Grants and Federal Reimbursements

Grants and Federal reimbursements are recorded as revenue 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, 2011, the FAA has approved ten PFC applications for the Airport for a total collection authority of $5.7 billion through October 2038 with remaining collection authority of $4.1 billion. DFW is currently collecting PFC's under PFC Application 10; applications 1 to 4 are closed. Applications 5 to 9 are pending FAA approval for closure.

(k) Deferred Compensation Plans

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 up to IRS limits 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 457 Deferred Compensation Plan balances totaling $43.5 million for 2011 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.*

Beginning January 2010, DFW requires employees, excluding Public Safety Officers, hired after January 1, 2010 to participate in a deferred compensation plan, created in accordance with Internal Revenue Code Section 401(a), in which employees are required to defer 1% to 3% of their salaries, based on tenure. All new employees are also eligible to participate in the 457 Plan for employees hired after January 1, 2010. DFW will match up to 7% of employee contributions to both the 401(a) and 457 plans.

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 employee and are not subject to claims of the Airport's general creditors. The Airport is not the trustee of the Plan.

The 401(a) Deferred Compensation Plan balances totaling $0.2 million for 2011 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 $54.1 million as of September 30, 2011, which is the cumulative difference between the annual pension costs and contribution made to the two retirement pension plans.

DFW made a contribution of $34.4 million in calendar year 2010. In prior years, DFW funded its pension plans in excess of the actuarial requirements because it currently has an unfunded pension obligation of approximately $157.0 million as of December 31, 2010.

The Pension Plan accounting is in accordance with GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* 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) Other Post-Employment Benefits Plan

It is the policy of the Airport to fund the OPEB cost annually. OPEB costs are comprised of normal cost and amortization of the unfunded actuarial accrued liability. The Airport currently carries a Net OPEB Asset of $2.6 million as of September 30, 2011, which is the cumulative difference between the annual OPEB costs and contribution made to the OPEB Plan. DFW made a contribution of $3.2 million in FY 2011.

OPEB has an unfunded obligation of approximately $24.3 million as of December 31, 2010. 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 funds are restricted to pay the costs of certain capital projects as defined in various supplemental bond ordinances. 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 and interest as required by the specific bond ordinances.

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.

(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 is 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. Employees may accumulate up to a maximum of two 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 accounts payable.

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, 2010	$ 7,493
TOP used during the year	(8,234)
TOP earned during the year	8,668
Balance as of September 30, 2011	$ 7,927

(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.

(2) DEPOSITS AND INVESTMENTS

(a) Deposits

As of September 30, 2011, DFW's cash balance (including amounts under restricted assets – see Note 8) represents $425.3 million of cash and cash equivalents. The bank balances for the cash and cash equivalents accounts were approximately $433.4 million on September 30, 2011. The balance of cash and cash equivalents is kept in money market accounts, high yield savings accounts, or in deposit accounts swept nightly. The money market accounts are collateralized by the assets of the funds. The sweep accounts, deposits and high yield savings are collateralized by pledged securities.

Money Market Funds are regulated by the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940. These funds are pooled monies from investors to purchase short-term investments, such as Treasury bills, certificates of deposit, and short-term bonds (known as commercial paper) issued by large corporations, that meet certain standards set forth by the SEC for credit quality, liquidity, and diversification.

DFW investments in money market funds are reflected in the financial statements as cash equivalents for 2011 as follows (in thousands):

Description	2011
Cash	$ 4,227
High yield savings	215,000
Money market funds	206,044
Total cash and cash equivalents	$ 425,271

The risk rating for money market funds is AAAm by Standard and Poor's, Aaa by Moody's and AAAmmf by Fitch.

(b) Investments – DFW

As of September 30, 2011 the fair market values of the Airport's investments are as follows (in thousands):

	2011			
		Maturities (in years)		
Description	Fair Value	< 1 years	1 - 5 years	> 5 years
U.S. government securities				
Federal Home Loan Mortgage Corp	$ 274,019	$ -	$ 274,019	$ -
Federal Home Loan Bank	114,242	90,062	24,180	-
Federal Agricultural mortgage	78,043	73,024	5,019	-
Federal Farm National Mortgage Assoc	260,631	-	260,631	-
First International Bank CD	1,000	1,000	-	-
One World Bank CD	1,000	1,000	-	-
Flexible repurchase Agreement	6,843	-	-	6,843
Total investments	$ 735,778	$ 165,086	$ 563,849	$ 6,843

The book value of investments presented above is $735,716.

(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 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 repurchase agreement is a type of investment held by the Trustee on behalf of the PFIC and is defined in the bond documents. It is not subject to the DFW investment policy.

The following table summarizes by purpose the maximum investment maturities.

Purpose	Maturity
Operating	365 days
Operating Reserve	60 months
Capital Account	60 months
Passenger Facility Charges	24 months
Interest and Sinking	365 days
Debt Service Reserve	24 months
Rolling Coverage	60 months
Joint Capital	60 months
DFW Capital	36 months
Bond Funds	24 months
RAC FIC Funds	60 months

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

	2011
Maturity	% of Investment
Less than one year	22%
One to five years	77%
Greater than five years	1%

(c) Credit Risk - DFW

DFW's investment policy restricts investments to obligations for which the principal and interest 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, fully collateralized certificates of deposit, including accrued interest, fully collateralized repurchase agreements, banker's acceptances, commercial paper, mutual funds, and public fund investment pools. The CD's and repurchase agreement are fully collateralized. On August 5, 2011, Standard & Poor's, one of the nationally recognized raters of U.S. debt and securities, downgraded the rating of long-term U.S. and Government Sponsored entities sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists.

(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, 2011 there were no individual investments greater than 5% that are not collateralized or guaranteed by the federal government.

DFW's investments are in Federal Home Loan Mortgage (37.2%), Federal Home Loan Bank (15.5%), Federal Farm Agricultural Mortgage (10.6%), and Federal National Mortgage Association (35.4%), as of September 30, 2011. These percentages listed above are based on total investments by type. The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation are under U.S. government conservatorship and have an AA+ rating as of September 30, 2011.

(d) Custodial Risk – DFW

DFW's investments are held in DFW's name and are either fully federally insured or fully collateralized.

(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 and as of December 31, 2010 include investments of (in thousands):

Description	2010 Total
U.S. government securities	$ 47,412
Common stocks	213,246
Bonds	63,753
Foreign stocks	827
Money market funds	45,488
Real estate investment funds	4,423
Limited Partnership	2,341
Total Investments	$ 377,490

(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 is 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, 2010, the maturity values are as follows (in thousands):

	2010 Maturity (in years)				
	0-5	**6-10**	**11-15**	**16+**	**Total**
U.S. Government Securities	$ 13,251	$ 6,571	$ 256	$ 4,860	$ 24,938
Mortgage Backed Securities	65	532	4,663	17,214	22,474
Total Governmental	$ 13,316	$ 7,103	$ 4,919	$ 22,074	$ 47,412
Corporate Bonds	$ 30,496	$ 17,287	$ 314	$ 4,945	$ 53,042
Assets Backed	3,089	-	-	-	3,089
CMO/REMIC	856	344	-	646	1,846
Commercial Mortgage Backed	-	-	78	5,699	5,777
Total Non-Governmental	$ 34,441	$ 17,631	$ 392	$ 11,290	$ 63,753

(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 and international equity and fixed income asset classes such as domestic and international bonds, real estate, and private equity.

All of the U.S. government, mortgage backed, asset backed, collateralized mortgage obligations (CMO)/real estate mortgage investment conduit (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. An investment grade rating is considered to be Baa or above by Moody's Investors Service and/or BBB and above by Standard & Poor's.

(i) Concentration of Credit Risk – DFW's Fiduciary Pension Plans

The Retirement Committee reviews its allocation policy annually and actual allocations 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.

(e) Custodial Risk – DFW's Fiduciary Pension Plans

All investments are held in DFW's name and are either fully federally insured or fully collateralized.

(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. See note 2(a) for the money market ratings.

The OPEB Plan assets are carried at fair value as of December 31, 2010 and include the following investments (in thousands):

Description		2010 Total
Money market funds	$	11,579
Total Investments	$	11,579

(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 is 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 contributed amounts are invested in a money market fund and mutual funds through the Trustee in 2011.

(f) Custodial Risk – DFW's Fiduciary OPEB Plans

All investments are held in DFW's name and are either fully federally insured or fully collateralized.

(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 year ended September 30, 2011 were approximately $1.52 million. Payments to Dallas, primarily for legal services, water purchases, and bond fees for the year ended September 30, 2011 were approximately $1.32 million.

(4) CAPITAL ASSETS

Changes in capital assets for the year ended September 30, 2011 were as follows (in thousands):

	2011				
Description	**Balance September 30, 2010**	**Additions**	**Transfer and Completed Projects**	**Retirements**	**Balance September 30, 2011**
Capital assets not being depreciated:					
Land	$ 296,095		$ -	$ (197)	$ 295,898
Construction in progress	163,959	260,859	(177,711)		247,107
	460,054	260,859	(177,711)	(197)	543,005
Depreciable capital assets:					
Buildings	2,236,572	-	24,029	(6,643)	2,253,958
Improvements other than buildings	2,348,979	-	32,550	(4,114)	2,377,415
Machinery and equipment	870,142	-	111,655	(20,512)	961,285
Vehicles	156,932		9,477	(9,529)	156,880
	5,612,625	-	177,711	(40,798)	5,749,538
Less accumulated depreciation for:					
Buildings	(676,324)	(94,108)	-	3,809	(766,623)
Improvements other than buildings	(885,320)	(71,854)	-	1,232	(955,942)
Machinery and equipment	(359,041)	(53,512)	-	11,383	(401,169)
Vehicles	(66,158)	(12,803)	-	9,410	(69,551)
Accumulated depreciation	(1,986,843)	(232,277)	-	25,834	(2,193,285)
Depreciable capital assets, net	3,625,782	(232,277)	177,711	(14,964)	3,556,253
Total, net	$ 4,085,836	$ 28,582	$ -	$ (15,161)	$ 4,099,258

In FY 2011, the Airport reduced the remaining useful life of Terminal A, B, C, and E buildings and associated terminal equipment to coincide with the on-going Terminal Renewal & Improvement Program (TRIP). The result of the change increased additional depreciation expense by $37.4 million. Additionally, the Airport approved land conveyances to the Texas Department of Transportation (TXDOT) relating to the DFW Connector Project and realized a gain on sale of $39.2 million recorded as a special item in the accompanying statement of revenues, expenses and change in net assets.

(5) ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

A detail of accounts payable and other current liabilities for the year ended September 30, 2011 are as follows (in thousands):

	FY 2011
Accrued Expenses	$ 40,920
Payroll and employee benefits	7,967
Accounts Payable	7,557
Time Off with Pay	7,927
Signatory Airline Refunds	9,540
Other Deposits	6,061
Deferred revenue	10,050
Insurance	1,463
Total	$ 91,485

(6) LONG-TERM DEBT

A summary of bond indebtedness changes during the year ended September 30, 2011 follows (in thousands):

Series: Maturity: Interest Rate	Original Issue Amount	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Joint Revenue Bonds						
2000A: Due 11/16 - 11/35: 5.75% - 6.125%	$ 335,000	$ 335,000	$ -	$ (106,035)	$ 228,965	$ -
2001A: Due 11/02 - 11/35: 5.50% - 5.875%	650,000	614,960	-	(156,660)	458,300	6,335
2002A: Due 11/03 - 11/35: 5.00% - 5.500%	375,000	335,740	-	(7,150)	328,590	7,520
2002B: Due 11/16 - 11/28: 5.75% - 6.250%	75,000	75,000	-	(18,490)	56,510	-
2002C: Due 11/16 - 11/28: 5.75% - 6.250%	50,000	50,000	-	(7,590)	42,410	-
2003A: Due 11/13 - 11/35: 5.00% - 6.000%	1,457,700	1,457,700	-	(104,345)	1,353,355	-
2003C1: Due 11/11 - 11/18: 5.144% - 5.750%	56,375	56,375	-	-	56,375	4,125
2003C2: Due 11/11 - 11/18: 6.125% - 6.125%	56,400	56,400	-		56,400	4,125
2004B: Due 11/06 - 11/35: 3.00% - 5.750%	207,000	205,870	-	(305)	205,565	315
2007: Due 11/08 - 11/23: 4.50% - 5.000%	102,455	100,430	-	(1,075)	99,355	1,135
2009A: Due 11/10 - 11/24: 3.00% - 5.000%	281,005	281,005	-	(22,565)	258,440	17,375
2010A: Due 11/16 - 11/35: 5.75% - 6.125%	304,395	-	304,395	-	304,395	-
2011A: Due 11/16 - 11/35: 5.75% - 6.125%	111,355	-	111,355	-	111,355	3,560
2011C: Due 11/16 - 11/35: 5.75% - 6.125%	151,840	-	151,840	-	151,840	2,740
2011D: Due 11/16 - 11/35: 5.75% - 6.125%	221,750	-	221,750	-	221,750	-
Total Gross Airport JRB Payable	4,435,275	3,568,480	789,340	(424,215)	3,933,605	47,230
Plus (Less) unamortized discount/premium, net		19,358	21,381	(1,796)	38,942	-
Less: Deferred Loss on Refunding		(12,231)	(13,384)	1,331	(24,285)	-
Total Net Airport JRB Payable		$ 3,575,607	$ 797,336	$ (424,681)	$ 3,948,262	$ 47,230
Facility Improvement Corporation Revenue Bonds						
Rental Car Facility Charge - 1998:						
Due 11/09-11/24: 6.5%-7.07%	$ 140,000	$ 102,075	$ -	$ (102,075)	$ -	$ -
Due 11/09-11/24: 7.4%-8.0%	19,570	16,310	-	(16,310)	-	-
Total Gross FIC Bonds Payable	159,570	118,385	-	(118,385)	-	-
Plus (Less) unamortized discount/premium, net		(677)	-	677	-	-
Total Net FIC Bonds Payable		$ 117,708	$ -	$ (117,708)	$ -	$ -
Public Facility Improvement Corporation						
2001: Due 1/09-7/31: 4.3%-5.5%	$ 75,050	$ 72,355	$ -	$ (740)	$ 71,615	$ 925
Plus (Less) unamortized discount/premium, net		(945)	-	66	(879)	-
Total Net PFIC Bonds Payable		$ 71,410	$ -	$ (674)	$ 70,736	$ 925
Total DFW Gross Debt Payable		$ 3,759,220	$ 789,340	$ (543,340)	$ 4,005,220	$ 48,155
Plus (Less) unamortized discount/premium, net		17,736	21,381	(1,053)	38,063	-
Plus (Less): Deferred Loss on Refunding		(12,231)	(13,384)	1,331	(24,285)	-
Total DFW Net Debt Payable		$ 3,764,725	$ 797,336	$ (543,063)	$ 4,018,998	$ 48,155

The Airport frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2011, there was no liability for rebate of arbitrage.

(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 have been 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 Texas 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 Controlling Ordinances. The Controlling Documents require DFW to annually adopt a Schedule of Charges that is: (1) reasonably estimated to produce Gross Revenues in an amount at least sufficient to pay Operation and Maintenance Expenses plus 1.25 times Accrued Aggregate Debt Service and (2) reasonably estimated to at least produce Current Gross Revenues in an amount at least sufficient to pay Operation and Maintenance Expenses plus 1.00 times Accrued Aggregate Debt Service.

Annual transfers from the Capital Improvement Funds are considered part of Gross Revenues, but not Current Gross Revenues. At the end of each fiscal year, any excess funds are transferred to the Capital Improvement Fund. Funds transferred to the Capital Improvement Fund are allocated among three accounts, as provided in the 2010 Use Agreement. The Joint Capital Account generally requires approval from both DFW and the airlines prior to any expenditure of funds. The DFW Capital Account may be used at the discretion of the Airport.

Rolling Coverage is funded by excess revenues from the Rolling Coverage sub-cost center, which unless used during the fiscal year is equal to the amount transferred at the beginning of the fiscal year, plus any incremental coverage collected during the fiscal year to ensure that rolling coverage is equal to 1.25 times Accrued Aggregate Debt Service.

Effective July 1, 2011, PFC Application 11-10-C-00-DFW authorized the Imposition and Use of $4.2 billion for the purpose of paying debt service on 14 approved PFC projects. PFC collections are approved at the $4.50 level. PFC's remitted to the Airport by the airlines are deposited into a separate fund, and to the extent funds are available, they are transferred monthly to the Operating Revenue and Expense Fund in an amount sufficient to pay eligible debt service on the 14 approved projects. These transferred funds are considered Gross Revenues of the Airport for the purpose of meeting its rate covenants, but maybe used only for the purpose of paying eligible debt service on approved PFC projects.

In the past, $3.00 of the $4.50 has been pledged to the repayment of certain bonds; however, all outstanding DFW bonds are senior lien parity bonds. As such they are supported by a pledge of Gross Revenues, which includes PFC revenues, although those PFCs may be used only for eligible debt service on PFC approved projects. Failure to collect PFC revenues in an amount sufficient to pay eligible debt service on the PFC approved projects may lead to increases in other costs at the Airport which are repaid to the Airport in the form of higher landing fees and terminal rents.

In addition, PFC revenue is pledged to pay debt service to the extent that debt service is eligible and funds are available. Total principal and interest remaining to be paid on the bonds is $7.2 billion, with annual requirements ranging from $15.3 million to $311.9 million. Revenue bond principal is due annually on November 1, while interest is due semiannually on November 1 and May 1.

(b) Facility Improvement Corporation Revenue Bonds

1. Conduit Financings

The Facility Improvement Corporation (FIC) was established in 1990 for the purpose of providing tax exempt conduit financing for airlines and other qualified tenants of the Airport. Bonds are issued by the FIC on behalf of the beneficial party, and pursuant to a facility agreement are payable solely by the beneficial party. Neither DFW nor the FIC has any obligation for the repayment of these bonds.

2. RAC Operations

In 1998 and 1999, the FIC issued on behalf of the Rent-A-Car (RAC) companies approximately $160 million of bonds for construction of a consolidated rental car facility. These bonds were secured by a facility agreement between the FIC and the RAC companies, which provided that the RAC companies would collect and remit to a trustee a Customer Facility Charge (CFC) on each rent-a-car transaction day.

In FY 2011, DFW issued 2011A Joint Revenue Bonds for the purpose of refunding all of the outstanding bonds issued by the FIC on behalf of the RAC companies. This refunding of the 1998 and 1999 bonds resulted in the termination of the trust indenture, a net present value economic gain of $24.1 million and one time refunding loss of $4.3 million. DFW achieved $36.2 million in actual savings. The RAC companies, under the terms of the 2008 Bus Funding Agreement, agreed to continue collecting the CFC after the FIC bonds were refunded and now remit the money collected directly to the FIC. In conjunction with the issuance of 2011A Bonds, the FIC entered into an agreement with DFW to transfer the monthly amount of accrued aggregate debt service plus any incremental coverage on the 2011A Bonds from the CFC revenues. The CFC is currently $4.00 per transaction day.

Additionally the RAC companies collect a Customer Transportation Charge (CTC), which is remitted directly to the FIC to pay for the costs of operating and maintaining the bus fleet, which transports customers to and from the terminals and the RAC facility. The CTC is currently $2.20 per transaction day.

(c) Fiscal Year 2011 Debt Issuance

In November 2010, DFW issued $304.4 million of fixed rate joint revenue improvement bonds (Series 2010A) for the purpose of (1) financing improvements to the airport including the TRIP and Airport Improvement Program (2) providing capitalized interest and (3) paying the cost associated with the issuance of the bonds.

In July 2011, DFW issued $151.8 million of fixed rate joint revenue refunding bonds (Series 2011C) for the purpose of refunding $154.6 million of outstanding Series 2000A, 2001A, 2002B, 2002C and a partial outstanding amount of Series 2003A bonds. The purpose of refunding bonds is to obtain a net present value economic gain of $21.5 million and to restructure certain maturities to reduce airline costs. The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of $6.0 million related to issuance costs and unamortized loss from previous refunding. This deferred loss in reported is the accompanying basic financial statements as a reduction of bonds payable. DFW achieved $30.4 million in actual savings.

In August 2011, DFW issued $221.8 million of fixed rate joint revenue refunding bonds (Series 2011D) for the purpose of refunding $232.6 million of outstanding Series 2001A and a partial outstanding amount of 2003A. The purpose of the refunding bonds was to obtain a net present value economic gain of $16.7 million and to restructure certain maturities to reduce airline costs. The refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of $7.3 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. DFW achieved $6.9 million in actual savings.

(d) Debt Service Requirement

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

Year Ending	Joint Revenue Bonds		PFIC		Total	
September 30	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 47,230	$ 196,575	$ 925	$ 3,745	$ 48,155	$ 200,320
2013	58,050	200,329	910	3,699	58,960	204,028
2014	86,395	196,978	1,100	3,646	87,495	200,624
2015	90,590	192,736	1,310	3,580	91,900	196,316
2016	94,840	188,197	1,530	3,506	96,370	191,703
2017-2021	632,455	845,644	13,750	15,717	646,205	861,361
2022-2026	747,795	661,483	22,635	10,772	770,430	672,255
2027-2031	825,185	459,232	29,455	3,984	854,640	463,216
2032-2036	1,046,670	218,465	-	-	1,046,670	218,465
2037-2041	114,055	65,685	-	-	114,055	65,685
2042-4046	190,340	24,719	-	-	190,340	24,719
	$3,933,605	$ 3,250,043	$ 71,615	$48,649	$4,005,220	$3,298,692

At September 30, 2011, the Airport held approximately $288.6 million 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.

The Airport has legally defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the Airport's basic financial statements. The total amount of defeased bonds that remain outstanding at September 30, 2011 is $135.8 million.

(7) 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):

	2011
Invested in capital assets, net of related debt:	
Net capital assets	$ 4,099,258
Less: long-term debt payable, portion used for capital activities, and capital related payables	(3,556,274)
Total invested in capital assets, net of related debt:	$ 542,984

(8) RESTRICTED ASSETS AND LIABILITIES

The following table details assets and liabilities payable from restricted assets and the calculation of restricted net assets reported in the financial statements (in thousands):

	2011					
Description	Public Safety	FIC/PFIC	Capital	Debt Service	Passenger Facility Charges	Total
Assets:						
Current						
Cash and cash equivalents	$ 132	$ 4,738	$ 18,746	$ 85,268	$ 13,429	122,313
Investments	-	-	13,757	41,104	30,007	84,868
Accounts receivable and accrued interest		-	86	250	17,808	18,144
Total currrent assets	132	4,738	32,589	126,622	61,244	225,324
Non-current						
Cash and cash equivalents	-	-	-	99,346	-	99,346
Investments	2,679	32,022	166,257	62,885	18,000	281,843
Deferred Financing Charges	-	1,405	-	76,460	-	77,865
Accounts receivable and accrued interest	173	5,919	-	-	-	6,092
Total noncurrent assets	2,852	39,346	166,257	238,691	18,000	465,146
						-
Total current and noncurrent assets	2,984	44,084	198,846	365,313	79,244	690,470
Payable from restricted assets:						
Current						
Accounts payable	132	3,025	32,589	101	-	35,847
Accrued interest on revenue bonds	-	788	-	79,290	-	80,078
Long-term liabilities due within one year	-	925	-	47,230	-	48,155
Total current payable from restricted assets	132	4,738	32,589	126,621	-	164,080
Non-current						
Other						
Other long-term liabilities	-	32	-	-	-	32
Total noncurrent payable from restricted assets	-	32	-	-	-	32
						-
Total current and noncurrent liabilities	132	4,770	32,589	126,621	-	164,112
Restricted assets less liabilities	2,852	39,314	166,257	238,692	79,244	526,359
Reclass to investment in capital assets						
Less: long term debt associated with reserves and financing charges	-	(7,826)	(198,846)	(238,692)	-	(445,364)
Add: AP capital projects and Retainage	-	(420)	32,589	-	-	32,169
Net assets, restricted	$ 2,852	$ 31,068	$ -	$ -	$ 79,244	$ 113,164

(9) 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.

<u>Employee Plan</u> - 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. As of January 1, 2010 the Employee Plan was closed to new employees.

<u>DPS Plan</u> - 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 provide 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.

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:

	Employee Plan	**DPS Plan**
Valuation date	January 1, 2010	January 1, 2010
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level percent, closed
Remaining amortization period	25 years	25 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 4.00% to 7.25%	Variable rate 4.00% to 10.00%
* 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):

	Employee Plan			
DFW Year ended	Annual Pension Cost	Airport Contribution	Percentage Contributed	Net Pension Asset
September 30, 2011	$ 19,729	$ 19,201	97%	$ 39,503
September 30, 2010	16,638	24,688	148%	40,031
September 30, 2009	15,050	20,902	139%	39,182

	DPS Plan			
DFW Year ended	Annual Pension Cost	Airport Contribution	Percentage Contributed	Net Pension Asset
September 30, 2011	$ 4,577	$ 4,787	105%	$ 14,610
September 30, 2010	4,761	6,735	141%	14,400
September 30, 2009	4,284	5,945	139%	12,424

As of January 1, 2011, the most recent actuarial valuation date, the funding status of the plans is as follows (in thousands):

	2011	
	Employee	DPS
Actuarial accrued liabilities	$ (397,573)	$ (146,158)
Actuarial value of assets	288,351	98,341
(Unfunded) actuarial accrued liability	$ (109,222)	$ (47,817)
Funded ratio	72.5%	67.3%
Annual covered payroll	$ 74,812	$ 23,786
(Unfunded) actuarial accrued liability as a percentage of covered payroll	(146.0%)	(201.0%)

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial values 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 DFW's Fiscal Year 2011 are as follows (in thousands):

	September 30, 2011		
	Employees plan	DPS plan	Total
Annual required contribution	$ 19,181	$ 4,786	$ 23,967
Interest on net pension asset	(3,202)	(1,152)	(4,354)
Adjustment to annual required contribution	3,750	943	4,693
Annual pension cost	19,729	4,577	24,306
Employer contributions	(19,201)	(4,787)	(23,988)
Increase in net pension (asset)	528	(210)	318
Net pension (asset), beginning of year	(40,031)	(14,400)	(54,431)
Net pension (asset), end of year	$ (39,503)	$ (14,610)	$ (54,113)

(10) 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 was 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 are 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 connection with such implementation, DFW 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 of approximately $24.3 million as of January 1, 2011. DFW has deposited its OPEB obligations and has made a contribution of $3.2 million in FY 2011.

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 DFW's medical plans, be eligible for retirement under one of 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 dependent, 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 five 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 offered include Aetna Select and Aetna Choice POS II.

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 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.

Effective January 1, 2010 Medicare eligible retirees are no longer eligible for prescription drug coverage under the DFW Retiree Medical Plan.

To be eligible for the Medicare Supplement Plan, a retiree or spouse must be 65 years of age and currently enrolled in a DFW medical plan, have applied for the Medicare Supplement Plan 2 months prior to turning age 65, and transition to a 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 ARC 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.

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 (24.7%) of annual covered payroll for the 12 months ended December 31, 2010.

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 valuation 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	
Valuation Date	January 1, 2010
Actuarially assumed investment return	8.00% per annum compunded annually
Mortality rates for males and females	Retirement Plans 2000 Healthy Mortality Table
Retirement, disablement and seperation rates	Graduated rates based on age and gender
Actuarial cost method	Individual entry-Age Actuarial Cost Method
General inflation	3.0% per annum
Payroll growth rate	4.00% per annum
Health care cost trends	9.5% in 2011, decreasing 0.5% per year to an ultimate 4.5% in 2021 and after
Method used for determining actuarial value of assets	Market value of assets
Amortization method	Level percent, closed
Remaining amortization	26 years

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

	OPEB Plan			
DFW's Year ended	Annual OPEB Cost	Airport Contribution	Percentage Contributed	Net OPEB Asset
September 30, 2011	$ 3,222	$ 3,192	99%	$ 2,598
September 30, 2010	2,766	2,742	99%	2,628
September 30, 2009	2,700	2,676	99%	2,652

The funding status of the OPEB plan as of January 1, 2011, representing the most recent valuation date, is as follows (in thousands):

	2011
Actuarial accrued liabilities	$ (35,447)
Actuarial value of assets	11,112
(Unfunded) actuarial accrued liability	$ (24,335)
Funded ratio	31.3%
Annual covered payroll	$ 98,597
(Unfunded) actuarial accrued liability as a percentage of covered payroll	(24.7%)

(c) ***Net OPEB Assets***

DFW's net OPEB assets for DFW's fiscal year 2011 are as follows (in thousands):

	2011
Annual required contribution	$ 3,192
Interest on net OPEB asset	(210)
Adjustment to annual required contribution	240
Annual OPEB cost	3,222
Employer contributions	(3,192)
Increase in net OPEB (asset)	30
Net OPEB (asset), beginning of year	(2,628)
Net OPEB (asset), end of year	$ (2,598)

(11) PFIC BACKGROUND AND FINANCIAL INFORMATION

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

To date, only one such facility has been approved and completed, the DFW Grand Hyatt (Hotel) which opened July 1, 2005. The hotel was constructed, equipped, and furnished with proceeds from the 2001 Airport Hotel Revenue Bonds.

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.

In FY 2011, a $13.0 million renovation of the hotel was 95% completed.

The following summarizes the PFIC financial information (in thousands) for the fiscal year ended September 30, 2011.

	2011
Operating revenues	$ 25,504
Operating expenses	(20,868)
Non-operating expenses	(4,451)
Change in net assets	185
Net assets at the beginning of the year	27,389
Net assets at the end of the year	$ 27,574
Capital assets, net	$ 65,042
Other assets	37,811
Total assets	102,853
Long term liabilities	(69,843)
Other liabilities	(5,436)
Total liabilities	(75,279)
Net Assets	$ 27,574

Cash flows from operating activities	$ 7,327
Cash flows from capital financing activities	(14,394)
Cash flows from investing activities	428
Net increase in cash and cash equivalents	(6,639)
Cash and cash equivalents at beginning of the year	34,636
Cash and cash equivalents at end of the year	$ 27,997

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 one 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 one year from the draw. The fiscal year end for the PFIC is September 30 and is separately audited. 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.

(12) COMMITMENTS AND CONTINGENCIES

a) Contingencies

In the ordinary course of its business, the Airport is involved in various minor legal proceedings involving general contractual and employment relationships, personal injury claims, and a variety of other matters. The Airport does not believe there are any pending legal proceedings that will have a material impact on the Airport's financial position.

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 claims act.

d) Construction

As of September 30, 2011 the Airport had entered into construction contracts totaling $881.0 million, of which $469.4 million is still outstanding.

(13) 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. Changes in liabilities in 2011 for all Airport self-insured programs are detailed below (in thousands).

Description	2011
Beginning balance	$ 3,868
Plus: Current year claims and changes in estimates	23,660
Less: Payments	(23,704)
Ending balance	$ 3,824

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 for the last three years.

(14) 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 $173.0 million (33.1%) of its revenues during fiscal year 2011 from American Airlines (including American Eagle). American Airlines (including American Eagle and Executive Airlines) had 85.0% of passengers in FY 2011 and 78% of landed weights in FY 2011.

(15) POLLUTION REMEDIATION

In FY 2009, DFW Airport implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* The Airport has one area of subsurface land (Central Terminal Area) that is under an agreed-upon order by the Texas Commission for Environmental Quality for the remediation of a jet fuel leak in the underground pipeline in which two terminal areas are affected, Terminals B and C.

As of September 30, 2011, the Airport accrued a liability, measured at the current value amount, using the expected cash flows technique, of $1.65 million for the operating and maintenance (O&M) costs related to this underground pipeline. Terminal C area has approximately four to five years of O&M costs to achieve site remedial goals while Terminal B area has approximately 15 to 20 years to achieve site remedial goals. Once Terminal C is complete, a site re-evaluation will be necessary to determine the O&M cost associated with the remaining years of remediation in Terminal B.

The Airport's Northwest Cargo Area VCP (Voluntary Clean-up Program), an area of approximately 150 acres, has completed the voluntary investigation activities that include site assessment, site investigation and corrective measures feasibility study and design of a remedial action plan for a chlorinated solvent plume and includes small areas of additional jet fuel contamination. It has been determined that the contaminated area covers 22 acres of land located in the Northwest Cargo Area generated from previous tenants.

As of September 30, 2011, the Airport accrued a liability, measured at the current value amount, using the expected cash flows technique, of an estimated $10 million for the capital outlay covering the next four to five years for the mobile extraction system, mobile remediation system, and underground infrastructure including plumbing, monitor wells, recovery wells, soil mixing and slurry walls. DFW continues to monitor and sample additional areas of concern. The annual O&M cost for these activities is $330.

The pollution remediation obligation is an estimate and subject to change resulting from price increases and equipment requirements. During FY 2011, there have been no changes to the pollution remediation liability requirements.

(16) SUBSEQUENT EVENTS

(a) AMR Bankruptcy Filing

On November 29, 2011, AMR Corporation, the parent company of American Airlines, Inc. ("AA"), AA, American Eagle, Inc., and other affiliates of AMR, filed voluntary petitions for

Chapter 11 reorganization in the U.S. Bankruptcy Court for the Southern District of New York. The AMR website states that AMR took this action "in order to achieve a cost and debt structure that is industry competitive and thereby assures their long-term viability and ability to continue delivering a world-class travel experience for customers."

AMR is DFW's largest tenant representing approximately 85% and 78% of DFW's passenger traffic and landed weights, respectively. AMR leases 100% of the terminal space in Terminal A, B, and C and approximately 60% of the space in Terminal D. DFW is AMR's largest hub representing approximately 40% of AMR's total traffic. AMR paid DFW approximately $173 million, 30% of the 102 Fund operating and debt service costs incurred in FY 2011. The prepetition accounts receivable balance due from AMR was approximately $11.9 million as of the date of filing. In addition to the Use Agreement, AMR has 13 other lease agreements with DFW for hangars, operating and maintenance facilities, and a fueling facility as part of a fueling consortium representing approximately $12.1 million of lease income per year to DFW. AMR is current on predominantly all post petition liabilities as of December 31, 2011.

DFW shall continue to monitor AMR's bankruptcy proceedings for developments which could have a significant impact on operations at DFW. In such event, management believes that DFW would have adequate unrestricted cash and investments to allow it to continue operations until such time as it can (i) determine the degree to which airport operations may be affected and take appropriate steps to reduce costs, and (ii) make rate adjustments to those carriers continuing to operate at the Airport to offset any reduction in revenues.

DFW has initiated design and construction of a seven-year $1.92 billion Terminal Renewal and Improvement Program (TRIP) to renovate Terminals A, B, C, and E. AMR and the other signatory airlines approved the TRIP and associated debt financing as part of the Use Agreement that became effective October 1, 2010. AMR informed DFW subsequent to the bankruptcy filing that it desires to continue with the TRIP as scheduled. AMR also approved nine new capital projects totaling $231.4 million subsequent to the filing, including a Terminal B gate expansion (operated by American Eagle) and a new replacement Terminal A parking garage.

DFW has sufficient cash in the joint capital account, the DFW capital account, and available bond proceeds to fund projected capital expenditures through the end of FY 2012, if necessary. DFW intends to fund the TRIP and other major capital projects through the issuance of additional Joint Revenue Bonds in FY 2012 and the future. Although it is not planning to do so, DFW could delay or stop some or all of its capital projects, if necessary, since the TRIP and DFW's capital programs are phased over time.

DFW's bond ratings of A+ (Standard & Poor's), A1 (Moody's), and A+ (Fitch) have not changed since the bankruptcy filing. However, Moody's and Fitch did revise their outlooks for DFW bonds from stable to negative. Standard & Poor's has not made a revision to their outlook at this time. DFW has received no indication that the negative outlooks will have any impact on its ability to issue future bonds or any material impact on interest rates.

(b) Fiscal Year 2012 Debt Issuance

In October 2011, the Airport issued $106.2 million of fixed rate joint revenue refunding bonds (Taxable Series 2011E). The bonds were issued for the purpose of refunding old Joint Revenue Bonds Series 2003C-1 and Series 2003C-2.

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Dallas/Fort Worth International Airport
Schedule of Funding Progress - Pension
September 30, 2011
(Amounts in Thousands)
(Unaudited)

The following presents the funding progress from January 1, 2007 to January 1, 2011:

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
			(2) – (3)	(2)/(3)		(4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Employee Plan						
January 1, 2011	$ 288,351	$ 397,573	$ (109,222)	72.5%	$ 74,812	(146.0%)
January 1, 2010	261,084	348,719	(87,635)	74.9%	77,625	(112.9%)
January 1, 2009	245,813	329,225	(83,412)	74.7%	77,665	(107.4%)
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%)
DPS Plan						
January 1, 2011	98,341	146,158	(47,817)	67.3%	23,786	(201.0%)
January 1, 2010	90,216	130,853	(40,637)	68.9%	22,179	(183.2%)
January 1, 2009	85,048	125,564	(40,516)	67.7%	21,388	(189.4%)
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%)

Dallas/Fort Worth International Airport
Schedule of Funding Progress - OPEB
September 30, 2011
(Amounts in Thousands)
(Unaudited)

The following presents the funding progress from January 1, 2007 to January 1, 2011:

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
			(2) – (3)	(2)/(3)		(4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
January 1, 2011	$11,112	$35,447	$ (24,335)	31.3%	$ 98,597	(24.7%)
January 1, 2010	8,337	38,058	(29,721)	21.9%	99,804	(29.8%)
January 1, 2009	6,343	32,572	(26,229)	19.5%	99,053	(26.5%)
January 1, 2008	5,403	32,151	(26,748)	16.8%	93,605	(28.6%)
January 1, 2007	-	29,242	(29,242)	0.0%	90,123	(32.4%)

Dallas/Fort Forth International Airport
Combining Statements of Fiduciary Net Assets
As of December 31, 2010
(Amounts in Thousands)

	Fiduciary Activities			
	Employee Plan	**DPS Plan**	**OPEB Plan**	**2010**
Assets				
Cash	$ 97	$ 33	$ -	$ 130
Investments at fair value				
U.S government securities	35,362	12,050	-	47,412
Common stocks	159,050	54,196	-	213,246
Bonds	47,550	16,203	-	63,753
Foreign stocks	617	210	-	827
Money market funds	33,927	11,561	11,579	57,067
Real estate investment funds	3,299	1,124	-	4,423
Limited Partnership	1,746	595	-	2,341
Total Investments	281,551	95,939	11,579	389,069
Total cash and investments, at fair value	281,648	95,972	11,579	389,199
Due from broker	259	88	-	347
Accrued interest and dividends	859	293	12	1,164
Total assets	282,766	96,353	11,591	390,710
Liabilities				
Due to broker for securities purchased	661	225	-	886
Due to employee plan	572	143	-	715
Claims/premiums payable	-	-	476	476
Accrued transaction fees	14	5	3	22
Accrued management fees	213	74	-	287
Total retirement plan liabilities	1,460	447	479	2,386
Net Assets				
Held in trust for pension benefits	$ 281,306	$95,906	$ 11,112	$ 388,324

Dallas/Fort Worth International Airport
Combining Statements Of Changes in Fiduciary Net Assets
For The Years Ended December 31, 2010
(Amounts in Thousands)

	Fiduciary Activities			
	Employee Plan	DPS Plan	OPEB Plan	2010
Additions:				
Investment income	$ 6,010	$ 2,083	$ 887	$ 8,980
Net appreciation in fair value of investment on funds	24,998	8,642	-	33,640
Contributions from employee	-	1,665	-	1,665
Contributions from employer	27,512	6,869	3,192	37,573
Total additions	58,520	19,259	4,079	81,858
Deductions:				
Pension benefit payments	11,131	4,085	-	15,216
Claims/premiums expenses payments	-	-	1,290	1,290
Administrative fees	1,384	479	14	1,877
Investment fees	46	16	-	62
Total deductions	12,561	4,580	1,304	18,445
Change in net assets	45,959	14,679	2,775	63,413
Plan net assets, beginning of year	235,347	81,227	8,337	324,911
Plan net assets, end of year	$ 281,306	$ 95,906	$ 11,112	$ 388,324

Required Supplementary Information

Hotel Revenue Bonds

Series 2001

Table 7
Grand Hyatt Hotel
Public Facility Improvement Corporation - Series 2001
Fund balances as at September 30, 2011

Fund	FY2011
Revenue Fund	$ 2,167,260
Operating Fund	828,678
Owners Operating Fund	581,864
Debt Service Fund	442,953
Supplemental Debt Service Fund	4,693,273
Debt Service Reserve Fund	6,843,260
Subordinate Mgmt. Fee	794
Operating Reserve Fund	3,700,491
FF&E Fund	1,148,530
Capital Fund	2,705,358
Insurance Fund	200,198
Redemption & Improvement Fund	10,950,247
Total	$ 34,262,905

Public Facility Improvement Corporation

Independent Auditor's Report,

Management's Discussion and Analysis

and

Basic Financial Statements

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Dallas/Fort Worth International Airport
Public Facility Improvement Corporation

We have audited the accompanying statement of net assets of the Dallas/Fort Worth International Airport Public Facility Improvement Corporation (the "PFIC"), a component unit of the Dallas/Fort Worth International Airport, as of and for the year ended September 30, 2011, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the PFIC's management. Our responsibility is to express an opinion on the respective financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. 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 PFIC'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 respective financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Facility Improvement Corporation as of September 30, 2011, and its changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This information is the responsibility of the PFIC's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the PFIC's basic financial statements. The other supplementary information representing the combining statement on net assets and combining statement of revenues, expenses and changes in net assets is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of the Airport's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

January 31, 2012

Management's Discussion and Analysis

The following discussion and analysis of the financial performance and activity of the Dallas/Fort Worth International Airport Public Facility Improvement Corporation (the "PFIC") provides an introduction and understanding of the PFIC and an overview of the Financial Statements for the fiscal year ended September 30, 2011 as compared to the year ended September 30, 2010. The PFIC is a business-type activity and as such the PFIC's Financial Statements consist of Management's Discussion and Analysis (MD&A); Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows; and Notes to the Financial Statements. The MD&A has been prepared by management and should be read in conjunction with the Financial Statements and the accompanying notes.

PFIC's Business Structure

The PFIC is a duly incorporated public instrument in the State of Texas, created on December 14, 2000 by Dallas/Fort Worth International Airport's ("DFW" or the "Airport") 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 DFW.

To date only one such facility has been approved and completed, the DFW Grand Hyatt (the "Hotel") which opened July 1, 2005. The Hotel was constructed, equipped, and furnished with proceeds from the Series 2001 Airport Hotel Revenue Bonds (the "Bonds"), issued in the amount of $75 million. These bonds, plus a contribution of $8.1 million from the Airport at closing, provided for: bond issuance costs; the initial payments into reserve funds; and interest payments until March 1, 2006. Additionally, DFW provided another $7.2 million of construction funds from its discretionary account.

The Hotel was constructed by DFW based on a Development Agreement entered into between DFW and the PFIC. Upon completion of the Hotel, DFW leased the Hotel to the PFIC pursuant to the Hotel Lease Agreement. The PFIC presents the asset and associated debt of the hotel in its financials as a capital asset and long term debt.

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

As part of DFW's continuing effort to enhance the image and service of the Grand Hyatt Hotel, the Airport Board approved a $13 million dollar renovation project in September of 2010. As of September 30, 2011, renovations were approximately 95% complete with $11.9 million already spent.

Condensed Financial Information

The following summarizes the PFIC financial information (in thousands) as of and for the fiscal years ended 2011 and 2010. Operating revenues decreased $0.2 million from $25.7 million in FY 2010 to $25.5 million in FY 2011 primarily due to a decrease in food and beverage revenue. Operating expenses decreased $0.2 million from $21.1 million in FY 2010 to $20.9 million in FY 2011 due to a decrease in room expenses. The change in net assets for FY 2011 represents a decrease in operating revenues of $0.2 million (0.7%) and an increase in operating and non-operating expenses of $0.5 million (2.0%).

	(000's)	
	2011	2010
Operating revenues	$ 25,504	$ 25,692
Operating expenses	(20,868)	(21,122)
Non-operating expenses	(4,451)	(3,670)
Change in net assets	185	900
Net assets at the beginning of the year	27,389	26,489
Net assets at the end of the year	$ 27,574	$ 27,389
Capital assets, net	$ 65,042	$ 57,236
Other assets	37,811	44,885
Total assets	102,853	102,121
Long term liabilities	(69,843)	(70,722)
Other liabilities	(5,436)	(4,010)
Total liabilities	(75,279)	(74,732)
Net Assets	$ 27,574	$ 27,389

Assets/Liabilities

Capital assets are comprised primarily of the hotel and its associated assets. Capital assets increased $7.8 million in FY 2011 as renovations went into service. See Note 2 – Capital Assets. Other assets consist of primarily cash and investments related to the PFIC.

Long term liabilities consist of the outstanding bond and interest on those bonds.

Debt Service

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 a 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 DFW is required to reimburse the supplemental debt service fund from the DFW discretionary account within 1 year from the draw. See Note 5 – Debt.

Request for Information

This financial report is designed to provide a general overview of the PFIC. 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, P.O. Box 619428, DFW Airport, Texas 75261-9428.

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Statement of Net Assets
As of September 30, 2011
(Amounts in Thousands)

Assets	
Current assets	
Unrestricted cash and cash equivalents	$ 10,950
Restricted cash and cash equivalents	3,923
Current restricted assets	1,512
Total current assets	16,385
Non-current assets	
Restricted cash and cash equivalents	13,124
Restricted Investments	6,843
Capital assets	
Buildings and components	57,997
Furniture, fixtures and equipment	19,688
Less accumulated depreciation	(12,939)
Construction-in-progress	296
Total capital assets, net	65,042
Deferred financing charges, net of accumulated amortization of $1,132	1,405
Other non-current assets	54
Total non-current assets	86,468
Total assets	102,853
Liabilities	
Current liabilities	
Current liabilities payable from restricted assets	$ 4,511
Current portion of long-term debt	925
Total current liabilities	5,436
Long-term liabilities	
Capital lease obligations	32
Long-term debt	69,811
Total long-term liabilities	69,843
Total liabilities	75,279
Net assets	
Invested in capital assets, net of related debt	3,479
Restricted for:	
Operations	5,781
Capital	3,853
Debt service	3,511
Total restricted:	13,145
Unrestricted	10,950
Total net assets	$ 27,574

The accompanying notes are an integral part of these financial statements.

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2011
(Amounts in Thousands)

Operating revenues	
Rooms	$ 14,252
Food and beverage	10,621
Telecommunications and other	631
Total operating revenues	25,504
Operating expenses	
Rooms	3,713
Food and beverage	6,772
Telecommunications and other	287
Administrative and general expenses	2,998
Sales and marketing	1,629
Utilities	674
Repairs and maintenance	917
Other	136
Depreciation	2,549
Sub-total operating expenses before management fees	19,675
Management fees	1,193
Total operating expenses	20,868
Operating income	4,636
Non-operating revenues and (expenses)	
Interest income	428
Interest expense	(3,693)
Other, net	(1,186)
Total non-operating revenues and (expenses)	(4,451)
Change in net assets	185
Net assets at beginning of year	27,389
Net assets at end of year	$ 27,574

The accompanying notes are an integral part of these financial statements.

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Statement of Cash Flows
For the Year Ended September 30, 2011
(Amounts in Thousands)

Cash flows from operating activities	
Cash received from customers	$ 25,706
Cash paid to outside vendors	(18,379)
Net cash provided by operating activities	7,327
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(9,867)
Principal paid	(740)
Cash paid for interest	(3,787)
Net cash used in capital and related financing activities	(14,394)
Cash flows from investing activities	
Interest received on time deposits and investments	428
Net cash provided by investing activites	428
Net decrease in cash and cash equivalents	(6,639)
Cash and cash equivalents at beginning of year	34,636
Cash and cash equivalents at end of year	$ 27,997
Unrestricted cash and cash equivalents	10,950
Restricted cash and cash equivalents	17,047
Cash and cash equivalents at end of year	$ 27,997
Supplemental disclosure of cash flow information	
Reconciliation of operating income to net cash provided by Operating activities:	
Operating income	$ 4,636
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,549
Changes in assets and liabilities:	
Accounts receivable and other assets	187
Accounts payable and other liabilities	(45)
Net cash provided by operating activities	$ 7,327
Supplemental disclosure of non-cash activities	
Amortization of bond/discount	$ 66
Amortization of deferred financing charges	106
Capitalized interest	259

The accompanying notes are an integral part of these financial statements.

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Notes to the Financial Statements
September 30, 2011
(Amounts in Thousands)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Dallas/Fort Worth International Airport Public Facility Improvement Corporation (the "PFIC") is a duly incorporated public instrument in the State of Texas, created on December 14, 2000 by Dallas/Fort Worth International Airport's ("DFW" or the "Airport") owner cities. 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 DFW. PFIC is a blended component unit of Dallas/Fort Worth International Airport.

To date only one such facility has been approved and completed, the DFW Grand Hyatt (the "Hotel") which opened July 1, 2005. The Hotel was constructed, equipped, and furnished with proceeds from the Series 2001 Airport Hotel Revenue Bonds (the "Bonds"), issued in the amount of $75 million. These bonds, plus a contribution of $8.1 million from the Airport made at closing, provided for: bond issuance costs; the initial payments into the reserve funds; and interest payments until March 1, 2006. Additionally, DFW provided another $7.2 million of construction funds from its discretionary account.

The Hotel was constructed by DFW based on a Development Agreement entered into between DFW and the PFIC. Upon completion of the Hotel, DFW leased the Hotel to PFIC pursuant to the Hotel Lease Agreement. The PFIC presents the asset and associated debt of the hotel in its financials as a capital asset and long-term debt.

Basis of Accounting

The financial statements of PFIC use the economic resources measurement focus and are presented on the accrual basis of accounting. Revenues are recorded when earned. The PFIC's operating revenues are derived from lodging, food and beverage, telecommunications, rentals, and other services. Expenses are recognized when incurred.

Basis of Presentation

PFIC applies Government Accounting Standards Board ("GASB") pronouncements, 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.

PFIC distinguishes between operating revenues and non-operating revenues based on the nature of revenues and expenses. Revenues and expenses relating to lodging, food and beverage, telecommunications, rentals and other services are considered operating. These revenues result from exchange transactions. Non-operating revenues, such as interest income, result from non-exchange transactions or ancillary activities.

Non-operating expenses consist of interest expense on revenue bonds and funding from other sources.

Accounts Receivable

Receivables are stated net of allowance for doubtful accounts. The allowance for uncollectible accounts is based on a 12-month rolling average with 3% to 5% of the average balance in the allowance account. A customer's balance is deemed uncollectible after all efforts to collect the balance has been exhausted or a notice is received concerning bankruptcy.

Interest Income

Interest Income is recorded as earned based on prevailing interest rates on deposits and investments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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):

	2011
Invested in capital assets, net of related debt:	
Net capital assets	$ 65,042
Less: Capital related long-term debt payable	(61,563)
	$ 3,479

The Grand Hyatt to PFIC transfer exceeded Grand Hyatt net assets by $430. This resulted in a deficit of net assets in the Grand Hyatt of $260. This deficit will be replenished from the PFIC.

Restricted Assets and Liabilities

Restricted assets consist of cash and cash equivalents, investments, accounts receivable, inventory, and other resources that are restricted legally to certain uses. Capital program funds (including construction in progress) are restricted to pay the costs of certain capital projects as defined in the bond agreement. Debt service funds are restricted make payments for principal, interest, sinking fund, and coverage requirements as required by the specific

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Notes to the Financial Statements
September 30, 2011
(Amounts in Thousands)

bond covenants. Operating funds are restricted for the payment of vendors, employees, sales taxes and other operations costs of the Grand Hyatt hotel.

Liabilities payable from restricted assets are primarily accounts payable, accrued interest and the current portion of long-term debt associated with the purchase and construction of the capital projects funded by the restricted assets. Under the terms of the 2001 Trust Indenture, which remains in effect until all bonds relating to PFIC are retired, all funds are restricted to the operating and financing of the Hotel. Within the PFIC funds, certain funds are unrestricted. The Redemption and Improvement Fund is considered unrestricted as those funds are not required to be used for any specific purpose and could, at the discretion of the PFIC Board, be used for any lawful purpose relating to the Hotel.

PFIC bond documents require DFW to maintain certain cash reserves including: debt, debt service, capital replacement, insurance, and operating reserves (restricted assets); and then to place all excess funds into a Redemption and Improvement Fund (unrestricted assets).

	2011			
Description	Total	Operating	Capital	Debt
Assets				
Current assets				
Cash and cash equivalents	$ 3,923	$ 2,297	$ -	$ 1,626
Accounts receivable, net of allowance for doubtful accounts of $16	1,268	1,268	-	-
Inventories and operating equipment	156	156	-	-
Other assets	88	2	-	86
Total current restricted assets	5,435	3,723	-	1,712
Non-current assets				
Cash and cash equivalents	13,124	5,759	3,853	3,512
Investments	6,843	-	-	6,843
Deferred financing Charges	1,405	-	-	1,405
Other assets	54	54	-	-
Total current and non-current restricted assets	$ 26,861	$ 9,536	$ 3,853	$ 13,472
Liabilities and Net Assets				
Current liabilities payable from restricted assets				
Accounts payable	$ 925	$ 925	$ -	$ -
Accrued expenses and other	2,136	2,136	-	-
Payroll accrual	662	662	-	-
Accrued interest on revenue bonds	787	-	-	787
Current portion of long term debt	925	-	-	925
Total current restricted liabilities	5,435	3,723	-	1,712
Non-current liabilities				
Capital lease obligations	32	32	-	-
Non-capital long term debt	8,249	-	-	8,249
Total current and non-current restricted liabilities	13,716	3,755	-	9,961
Net assets, restricted for hotel operations, capital and debt service	$ 13,145	$ 5,781	$ 3,853	$ 3,511

Cash Equivalents

For purposes of the accompanying statements of cash flows, PFIC considers cash on hand, money market mutual funds and investments with original maturities of three months or less to be cash equivalents. As of September 30, 2011, the PFIC had $581 in demand deposits.

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Notes to the Financial Statements
September 30, 2011
(Amounts in Thousands)

Investments

PFIC investments are governed by trust indentures between DFW and the trustee which define “qualified investments” as obligations of the U.S. Treasury and U.S. Agencies, municipal securities, mortgage-backed and other asset-backed securities, commercial paper, repurchase agreements, nationally recognized institutional mutual funds and certain other securities. All of PFIC investments at September 30, 2011 were “qualified investments”, held in DFW’s name, and are either fully federally insured or fully collateralized. $26.5 million of PFIC funds were placed in money market mutual funds except the debt service reserve fund of $6.8 million which is invested in a repurchase agreement. The agreement is issued by JP Morgan Chase maturing in May 2031 with fixed semi-annual interest payments and is not rated by the nationally recognized statistical rating organizations. The agreement is collateralized at 102% and carried at face value. The Money Market Funds are regulated by the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940. These funds are pooled monies from investors to purchase short-term investments such as Treasury bills, certificates of deposit, and short-term bonds (known as commercial paper) issued by large corporations that meet certain standards set forth by the SEC for credit quality, liquidity, and diversification. The risk rating for the money market fund invested in by PFIC are AAAm by Standard & Poor’s, Aaa by Moody’s, and AAAmmf by Fitch. On August 5, 2011 Standard and Poor’s, one of three nationally recognized raters of U.S. debt and securities, downgraded the rating of long-term U.S. and government sponsored entities sovereign debt from AAA to AA for the first time since 1941 with a negative outlook. The two other national raters, Moody’s and Fitch, continue to have the highest ratings, but also have the debt on their watch lists.

Inventories

Inventories consist of food and beverage and are carried at lower of cost or market on a first-in, first-out basis.

Other Assets

Other assets consist of deferred financing charges relating to the bonds. The deferred costs are amortized over the loan period using the effective interest method.

Revenue Recognition

Revenues are recognized at the time services are rendered. Revenues include fees for lodging, food and beverage, telecommunications, rentals and other services.

Capitalized Interest

The PFIC capitalizes interest costs on bonds outstanding, until the asset is placed in service, net of interest earned on the unexpended bond proceeds. The PFIC capitalized interest of $259 in FY 2011.

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Notes to the Financial Statements
September 30, 2011
(Amounts in Thousands)

Capital Assets

Capital Assets consist of property and equipment, which are stated at lower of cost or realizable value. Depreciation is recorded using the straight-line method using the following estimated useful lives. PFIC's capitalization threshold for real property is $50 and $15 for personal property

Asset Classification	Useful life
Building and Components	20-45 years
Machinery and equipment	3-10 years
Furniture and Fixtures	3-10 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. Interest was capitalized during construction of the hotel before the date of beneficial occupancy (asset completion). There has been no capitalized interest recorded since 2005.

Advertising

The costs of advertising, promotion and marketing programs are charged to operations in the period incurred. The Hotel recognized advertising expense of approximately $203 for fiscal year 2011, which is included in sales and marketing expenses in the accompanying financial statements.

(2) CAPITAL ASSETS

Depreciation expense for the year ended September 30, 2011 was $2,549. Total Capital Assets is $65.0 million.

	Balance September 30, 2010	Additions	Transfers and reclassifications	Retirements	Balance September 30, 2011
Capital assets not being depreciated:					
Construction in progress	$ 1,488	$ 11,497	$ (12,689)	$ -	$ 296
Capital assets subject to depreciation:					
Buildings and components	57,997	-	-	-	57,997
Furniture, fixtures and equipment	9,877	-	12,689	(2,975)	19,591
Transportation equipment	97	-	-	-	97
Total depreciable capital assets	67,971	-	12,689	(2,975)	$ 77,685
Less: Accumulated depreciation:					
Buildings and components	6,846	1,342	-	-	8,188
Furniture, fixtures and equipment	5,333	1,187	-	(1,834)	4,686
Transportation equipment	45	20	-	-	65
Total accumulated depreciation	12,224	2,549	-	(1,834)	12,939
Net capital assets	$ 57,236	$ 8,948	$ -	$ (1,141)	$ 65,042

(Amounts in Thousands)

(3) CAPITAL LEASE OBLIGATIONS

The Hotel leases two automobiles under capital leases. The following is a summary of the leased assets at September 30:

	2011
Transportation equipment	$ 97
Less: accumulated depreciation	(65)
Total lease assets	$ 32

Aggregate future payments on capital lease obligations at September 30 are summarized below:

Year	Principal
2012	$ 23
2013	9
2014	7
Total future principal and interest payments	$ 39
Less interest	(7)
Captial lease	$ 32

(4) OTHER ASSETS

Other assets primarily consist of deferred financing charges relating to the cost of issuance of the Bonds in the amount of $1,459, net of accumulated amortization of $1,132 in fiscal year 2011.

(5) DEBT

In April 2001, PFIC issued $75 million of Airport Hotel Revenue Bonds, Series 2001 (the "Revenue Bonds") to provide funding for the construction of the Hotel. The Revenue Bonds are in denominations of $5 thousand, and bear interest, payable semiannually on each January 15th and July 15th, beginning July 15, 2001. Principal payments began in fiscal year 2007 with increasing interest rates from 4.1% in fiscal year 2007 to 5.2% at maturity in fiscal year 2031**.** Accrued interest associated with the Revenue Bonds was $788 at September 30, 2011. Interest expense (including amortized bond costs and discount) was $3,952 for fiscal year 2011.

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Notes to the Financial Statements
September 30, 2011
(Amounts in Thousands)

A summary of bond indebtedness changes during the year ended September 30, 2011 follows (in thousands):

Series: Maturity: Interest Rate	Original Issue Amount	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Public Facility Improvement Corporation						
2001: Due 1/09-7/31: 4.3%-5.5%	$ 75,050	$ 72,355	$ -	$ 740	$ 71,615	$ 925
Less unamortized discount, net		(945)	-	(66)	(879)	-
Total Public Facility Improvement Corporation		$ 71,410	$ -	$ 674	$ 70,736	$ 925

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

Fiscal Year	Principal Amount	Interest Amount
2012	$ 925	$ 3,745
2013	910	3,699
2014	1,100	3,646
2015	1,310	3,580
2016	1,530	3,506
2017-2021	13,750	15,717
2022-2026	22,635	10,772
2027-2031	29,455	3,984
Total future principal and interest payments	$ 71,615	$ 48,650
Less unamortized discount	(879)	
	$ 70,736	

Under the terms of the trust indenture, the PFIC is required to make monthly contributions from the revenues of the Hotel to a debt service fund. Additionally, a supplemental debt service fund is maintained with a value equivalent to the subsequent 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 DFW is required to reimburse the supplemental debt service fund from the DFW discretionary account within one year from the draw. In accordance with the Airport Hotel Revenue Bonds, Series 2001, PFIC pledges net revenues of the hotel to cover 100% of the debt requirements. Total principal and interest remaining to be paid on the bond is $120.3 million with annual requirements ranging from $4.5 million to $6.7 million. As of September 30, 2011, the debt service fund has balances sufficient to pay current principal and interest and there are no arbitrage requirements.

(Amounts in Thousands)

(6) EMPLOYEE BENEFIT PLANS

PFIC does not have any employees or employee benefits. All employees working at the Hotel are employed by Hyatt Hotel Corporation and are included in operations on these financial statements. Hyatt Hotel Corporation provides health care, disability, retirement and other social benefits to its employees.

(7) COMMITMENTS AND CONTINGENCIES

Operating Leases

The Hotel utilizes certain equipment under operating lease agreements expiring through 2013. Rent expense was approximately $113 thousand during fiscal year 2011.

Future minimum lease payments relating to operating leases as of September 30, 2011 are as follows:

Year	Payment
2012	$ 101
2013	47
Total minimum lease payments	$ 148

Litigation

In the ordinary course of business, PFIC may become involved in various legal proceedings and claims. After consultation with legal counsel, the management of PFIC believes that the outcome of these matters will not materially affect the financial position or cash flows of PFIC.

Construction

On September 2, 2010 the Airport Board approved a $13 million dollar project for the first renovation of the Grand Hyatt Hotel. As of September 30, 2011, $11.9 million had been spent on the renovation. As of September 30, 2011 the estimated completion is at about 95%.

(8) MANAGEMENT FEES

The PFIC and Hyatt Hotel Corporation entered into a Hotel Management Agreement whereby Hyatt Hotel Corporation receives a fixed fee for the management of the Hotel on behalf of the PFIC. General accounting and centralized reservations are provided by Hyatt Hotel Corporation to the Hotel. In addition, an affiliate of Hyatt Hotel Corporation provides liquor to the Hotel. Management fees were $1,059 for fiscal year 2011. The management fee is split between the priority fee of 70% paid from hotel operations and the subordinate fee of 30%

(Amounts in Thousands)

paid from funds held by the trustee. The subordinate fee is subject to the availability of funds. Any unpaid subordinate fee is accrued, along with interest, until funds are available. In addition, the PFIC entered into an Asset Management Agreement with Woodbine Corporation, whereby Woodbine Corporation receives a fixed fee to provide asset management services for the Hotel. The asset management fees amounted to approximately $134 for fiscal year 2011. The current agreement expires July 2015.

Future management fees for Hyatt Hotel Corporation and Woodbine Corporation as of September 30, 2011, are as follows:

Fiscal Year	Hyatt	Woodbine
2012	$1,137	$ 132
2013	1,221	142
2014	1,287	161
2015	987	123

(9) RELATED PARTY TRANSACTIONS

PFIC/DFW Grand Hyatt

DFW provided general airport services related to the Department of Public Safety, Fire Department, HVAC, water, and trash, common area maintenance for the elevators and escalators and employee parking totaling $135 for the fiscal year 2011.

DFW Grand Hyatt/Other Parties

In addition to management fees earned by Hyatt, the Hotel incurred charges for services, programs, and allocated costs from Hyatt and certain of its subsidiaries and affiliates for the fiscal years ended September 30, 2011 as follows:

	2011
Chain Allocation	$ 313
Coordinated marketing services	77
Gold Passport program	165
Employees' benefit plans	986
Insurance	184
Data processing services	149
Other	345

Additionally, the Hotel reimburses Hyatt for salary, related benefits and employment costs of Hyatt employees who work for the hotel. Hyatt also provides an aggregate of twelve complimentary rooms per year (on a space available basis) to employees who have completed one year of employment with Hyatt or any Hyatt hotel. The maximum number of complimentary room nights per employee in any one hotel is three nights per year. Each Hyatt hotel must generally reserve 1% of its room inventory for employee complimentary rooms. Furthermore, Hyatt and its affiliates directly or indirectly own or have interests in certain Hyatt hotels. Such Hyatt hotels are allocated costs on the same basis as any other Hyatt hotel.

(Amounts in Thousands)

At September 30, 2011, amounts included in liabilities related to the above transactions were $165.

The following supplemental disclosures describe additional transactions, of which Hyatt is aware, with other entities, although not considered affiliates, in which Hyatt or its affiliates hold a minority, non-controlling interest:

Avendra LLC ("Avendra"), a purchasing company in which an affiliate of Hyatt holds a minority, non-controlling interest, provides purchasing services to Hyatt Hotels for certain food, non-alcoholic beverage, operating equipment and supplies. The Hotel made payments to Avendra for replenishment orders and/or purchasing fees of $7. In addition, Avendra reported that it earned an estimated $88 in 2011 in commissions directly from manufacturers, distributors and other vendors related to purchases for the Hotel. Pursuant to Hyatt's purchasing services agreement with Avendra, the aggregate amount of purchasing fees paid by the Hotel and commissions received directly by Avendra in excess of certain percentages of annual purchasing volume, if any, will be credited to Hyatt. Hyatt has advised Avendra to remit all excess amounts, if any, directly to the Hotel, and accordingly, the Hotel received $15 in 2011 from Avendra related purchases.

(10) INSURANCE

Insurance currently in place for the PFIC is as follows:

Coverage type	Aggregate Limits
Property	$2 billion replacement value
Business interruption	$500 million
Commercial general liability	$35 million aggregate
Public liability	(With excess) $375 million aggregate
Auto liability	$1 million
Fidelity bond	$5 million
Directors & Officers	$5 million

(11) REPLACEMENT FUNDS

Furniture, Fixture and Equipment Fund

The trust indenture requires that a fund for replacement of and additions to furnishings and equipment be established (FF&E Fund). An account is maintained for this requirement and held by the bond trustee. The fund receives, if available after the proceeding required distributions have been made, 5% beginning July 2010. The balance at September 30, 2011 was $1,148. The deposit made was $1,016 for FY 2011 and distribution was $1,092 for FY 2011.

Capital Fund

The trust indenture requires that a fund for replacement of and additions to any capital items be established. An account is maintained for this requirement and held by the bond trustee. The fund receives, if available after the proceeding required distributions have been made, 2% of cash collected. The balance at September 30, 2011 was $2,705.

SUPPLEMENTARY INFORMATION

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Combining Statement of Net Assets
As of September 30, 2011
(Amounts in Thousands)

Assets	Grand Hyatt	PFIC	Combined
Current assets			
Unrestricted cash and cash equivalents	$ -	$ 10,950	$ 10,950
Current restricted assets			
Cash, cash equivalents, and investments	576	3,347	3,923
Accounts receivable, less allowance for doubtful accounts of $15	1,268	-	1,268
Food and beverage inventories	40	29	69
Other	171	4	175
Total current assets	2,055	14,330	16,385
Non-current assets			
Restricted cash, and cash equivalents	-	13,124	13,124
Restricted investements	-	6,843	6,843
Capital assets			
Buildings and components	-	57,997	57,997
Furniture and fixtures	-	19,688	19,688
Less accumulated depreciation	-	(12,939)	(12,939)
Construction-in-progress	-	296	296
Total capital assets	-	65,042	65,042
Deferred financing charges, net of accumulated amortization of $1,132	-	1,405	1,405
Other non-current assets		54	54
Total Non-current assets	-	86,468	86,468
Total assets	$ 2,055	$ 100,798	$ 102,853
Liabilities			
Current payable form restricted assets			
Accounts payable	$ 580	$ -	$ 580
Other payables	345	-	345
Accrued expenses	106	2,196	2,302
Advance deposits	371	-	371
Accrued taxes	251	-	251
Accrued salaries & wages	662	-	662
Current portion of long term debt payable	-	925	925
Total current restricted liabilities	2,315	3,121	5,436
Long-term liabilities			
Non current restricted liabilities	-	32	32
Long-term debt	-	69,811	69,811
Total long-term liabilities	-	69,843	69,843
Total liabilities	2,315	72,964	75,279
Net assets (deficit)	$ (260)	$ 27,834	$ 27,574

Dallas/Fort Worth International Airport
Public Facility Improvement Corporation
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2011
(Amounts in Thousands)

	Grand Hyatt	PFIC	Combined
Operating revenues			
Rooms	$ 14,252	$ -	$ 14,252
Food and beverage	10,621	-	10,621
Telecommunications and other	254	-	254
Other	377	-	377
Total operating revenues	25,504	-	25,504
Operating Expenses			
Rooms	3,713	-	3,713
Food and beverage	6,772	-	6,772
Telecommunications and other	287	-	287
Administrative and general expenses	2,513	485	2,998
Sales and marketing	1,629	-	1,629
Utilities	674	-	674
Repairs and maintenance	917	-	917
Other	329	(193)	136
Depreciation and amortization	-	2,549	2,549
Sub-total operating expenses before management fees	16,834	2,841	19,675
Management fees	741	452	1,193
Total operating expenses	17,575	3,293	20,868
Operating income	7,929	(3,293)	4,636
Non-operating revenues (expenses)			
Interest income	-	428	428
Interest expense	-	(3,693)	(3,693)
Other	-	(86)	(86)
Other operating gain (loss)	-	(1,100)	(1,100)
Total non-operating revenues (expenses)	-	(4,451)	(4,451)
Changes in net assets	7,929	(7,744)	185
Transfer to PFIC	(8,359)	8,359	-
Net assets at beginning of year	170	27,219	27,389
Net assets at end of year	$ (260)	$ 27,834	$ 27,574

Grand Hyatt Hotel

Annual Business Plan

Hyatt Hotels
DFW Grand
Summary Operating Statement - Fiscal
Local

	FY11 YearTotal Act-Fcst	FY12 YearTotal Budget	FY12 YearTotal Act-Fcst	FY12 P1 Budget	FY12 P2 Budget	FY12 P3 Budget	FY12 P4 Budget	FY12 P5 Budget	FY12 P6 Budget	FY12 P7 Budget	FY12 P8 Budget	FY12 P9 Budget	FY12 P10 Budget	FY12 P11 Budget	FY12 P12 Budget
Rooms Available	-	109,068	109,068	9,238	8,940	9,238	9,238	8,642	9,238	8,940	9,238	8,940	9,238	9,238	8,940
Rooms Sold	74,714	78,502	78,502	7,111	6,117	6,121	7,340	7,008	7,311	6,874	6,252	6,299	6,086	5,750	6,233
Occupancy % excluding Comps	-	72.0	72.0	77.0	68.4	66.3	79.5	81.1	79.1	76.9	67.7	70.5	65.9	62.2	69.7
Average Rate excluding Comps	194.96	194.84	194.84	200.09	202.42	186.06	195.24	197.04	189.71	188.34	203.98	197.47	182.45	189.76	205.21
RevPAR	-	140.23	140.23	154.02	138.50	123.28	155.12	159.79	150.14	144.81	138.05	139.13	120.20	118.11	143.07
Revenue															
Rooms	14,566,146	15,295,059	15,295,059	1,422,805	1,238,185	1,138,844	1,433,031	1,380,867	1,386,978	1,294,635	1,275,307	1,243,854	1,110,408	1,091,092	1,279,052
Food & Beverage	10,415,297	11,123,096	11,123,096	1,114,493	928,372	786,183	1,113,541	1,025,405	1,099,967	926,934	828,539	831,327	799,301	743,104	925,930
Total Other Operating Departments	231,165	260,344	260,344	20,724	18,070	16,047	23,278	24,972	25,232	26,125	22,931	25,204	20,683	18,770	18,308
Rentals & Other Income	268,090	316,342	316,342	23,704	19,898	19,911	26,771	62,795	26,877	25,746	25,846	22,798	22,993	18,719	20,284
Total Revenue	25,480,699	26,994,841	26,994,841	2,581,726	2,204,525	1,960,985	2,596,621	2,494,039	2,539,054	2,273,440	2,152,624	2,123,183	1,953,386	1,871,686	2,243,573
Departmental Expenses															
Rooms	3,713,207	4,034,184	4,034,184	342,350	311,561	319,062	366,792	367,136	360,939	348,118	327,227	322,839	323,094	309,931	335,135
Food & Beverage	6,601,317	7,064,264	7,064,264	611,579	551,942	536,391	665,028	615,335	619,105	613,840	583,280	579,554	558,952	531,715	597,543
Total Other Operating Departments	290,971	297,970	297,970	23,913	22,530	25,269	27,677	29,085	27,419	25,478	23,786	25,315	22,297	21,541	23,660
Total Departmental Expenses	10,605,495	11,396,417	11,396,417	977,841	886,032	880,722	1,059,497	1,011,556	1,007,462	987,436	934,292	927,709	904,344	863,187	956,339
Departmental Income (Loss)	14,875,204	15,598,424	15,598,424	1,603,884	1,318,493	1,080,263	1,537,124	1,482,483	1,531,592	1,286,004	1,218,331	1,195,474	1,049,042	1,008,499	1,287,234
Undistributed Operating Expenses															
Administrative & General	2,483,166	2,677,769	2,677,769	215,961	205,147	248,296	240,463	240,179	238,737	207,987	228,337	215,186	210,529	203,267	223,679
Marketing & Sales	1,723,799	1,746,130	1,746,130	161,791	148,388	145,606	155,516	141,190	152,233	141,166	143,339	143,047	137,901	132,545	143,409
Property Operating & Maint.	908,647	968,884	968,884	76,445	73,500	77,529	85,407	81,773	84,532	83,662	82,172	82,028	82,671	79,380	79,787
Utilities	697,586	741,672	741,672	62,710	56,996	57,019	58,363	62,854	60,927	64,734	59,954	65,064	63,511	69,853	59,687
Other Undistributed Expenses	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Undistributed Expenses	5,813,198	6,134,456	6,134,456	516,907	484,031	528,450	539,748	525,996	536,429	497,550	513,801	505,325	494,613	485,045	506,561
Gross Operating Profit	9,062,005	9,463,968	9,463,968	1,086,977	834,462	551,813	997,376	956,487	995,163	788,454	704,530	690,150	554,429	523,454	780,673
Management Fees	1,077,640	1,137,010	1,137,010	92,937	92,937	92,937	92,937	92,937	92,937	92,937	92,937	92,937	100,193	100,193	100,193
Income Before Fixed Charges	7,984,365	8,326,958	8,326,958	994,040	741,525	458,877	904,439	863,551	902,226	695,517	611,593	597,213	454,236	423,261	680,480
Fixed Charges															
Rent	197,759	207,290	207,290	17,204	17,204	17,204	17,298	17,298	17,298	17,298	17,298	17,298	17,298	17,298	17,298
Property & Other Taxes	726	2,265	2,265	-	-	-	-	-	730	-	-	-	-	-	1,535
Insurance	138,228	161,408	161,408	13,324	13,324	13,324	13,437	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Charges	336,713	370,963	370,963	30,528	30,528	30,528	30,734	30,798	31,528	30,798	30,798	30,798	30,798	30,798	32,333
Net Operating Income	7,647,652	7,955,994	7,955,994	963,512	710,997	428,349	873,705	832,753	870,699	664,720	580,796	566,415	423,439	392,463	648,148
Less: Replacement Reserves	1,274,035	1,349,742	1,349,742	129,086	110,226	98,049	129,831	124,702	126,953	113,672	107,631	106,159	97,669	93,584	112,179
Adjusted Net Operating Income	6,373,617	6,606,252	6,606,252	834,426	600,771	330,299	743,874	708,051	743,746	551,048	473,164	460,256	325,769	298,879	535,969