

In the opinion of Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the Authority (as defined below), interest on the Series 2009C Bonds (as defined below) will be excludable from gross income for federal income tax purposes, except interest on a Series 2009C Bond for any period during which that Series 2009C Bond is held by a “substantial user” or a “related person” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series 2009C Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and will not be taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations. See “TAX MATTERS” herein for a description of certain other federal tax consequences of ownership of the Series 2009C Bonds. Co-Bond Counsel is further of the opinion that the Series 2009C Bonds and the interest thereon will not be subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220. For a more complete discussion of certain tax aspects relating to the Series 2009C Bonds, see “TAX MATTERS” herein.



\$87,110,000

GREATER ORLANDO AVIATION AUTHORITY
Airport Facilities Revenue Bonds,
Series 2009C
of the City of Orlando, Florida

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The \$87,110,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2009C of the City of Orlando, Florida (the “Series 2009C Bonds”) are revenue bonds issued by the Greater Orlando Aviation Authority (the “Authority”), an agency of the City of Orlando, Florida (the “City”), under and pursuant to the Constitution and laws of Florida, including particularly, the Act (as defined herein), and other applicable provisions of law, and pursuant to the Airport Facilities Revenue Bond Resolution, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time (the “Airport Facilities Revenue Bond Resolution”), and as specifically supplemented by the Supplemental Airport Facilities Revenue Bond Resolution, adopted by the Authority on November 18, 2009 (the “2009 Supplemental Resolution,” and together with the Airport Facilities Revenue Bond Resolution, the “Bond Resolution”). See “SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION” attached hereto as APPENDIX B.

The Series 2009C Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) pay costs and expenses related to improvements to the Orlando International Airport as further described herein (the “Airside 1 & 3 Project”), (b) make a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account in an amount required to bring the balance equal to the Composite Reserve Requirement, (c) repay a portion of the Authority’s commercial paper debt that was used to provide an interim financing for certain costs of the Airside 1 & 3 Project, and (d) pay certain costs of issuance of the Series 2009C Bonds. See “THE AIRSIDE 1 & 3 PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Authority has received approval from the Federal Aviation Administration to collect and use certain passenger facility charges to fund a portion of the Airside 1 & 3 Project. See “AIRLINE REVENUES AND OTHER REVENUE SOURCES – Passenger Facility Charges” herein.

The Series 2009C Bonds are being issued as fully registered bonds and will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of beneficial interests in the Series 2009C Bonds will be made in book-entry only form, in the principal amount of \$5,000 and any integral multiple of \$5,000. Interest on the Series 2009C Bonds will accrue from their dated date and will be payable on April 1 and October 1 of each year commencing on April 1, 2010. Purchasers of beneficial interests in the Series 2009C Bonds will not receive physical delivery of certificates. Transfers of beneficial interests in the Series 2009C Bonds will be effected through the DTC book-entry system as described herein. The Series 2009C Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein. Principal, interest, and the redemption price, if any, with respect to the Series 2009C Bonds will be payable by The Bank of New York Mellon Trust Company, N.A, as paying agent in Jacksonville, Florida for the Series 2009C Bonds to Cede & Co., as nominee of DTC. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2009C Bonds are subject to redemption prior to maturity as more fully described herein. See “DESCRIPTION OF SERIES 2009C BONDS” herein.

The Series 2009C Bonds are limited obligations, payable solely from and secured by a pledge of certain Revenues (as defined herein) derived by the Authority from the operation of the Airport System (as defined herein) and other funds as described herein. The pledge and lien of the Series 2009C Bonds upon the Revenues is on a parity as to payment with the Outstanding Airport Facilities Revenue Bonds and any Additional Bonds (as each is defined herein) hereafter issued under the Bond Resolution. See “SECURITY FOR THE SERIES 2009C BONDS” herein. The Authority has entered into Lease and Use Agreements (as defined herein) with certain airlines serving the Orlando International Airport that provide for the payment of fees and charges by such airlines as more fully described herein. See “AIRLINE REVENUES AND OTHER REVENUE SOURCES” herein.

THE SERIES 2009C BONDS ARE NOT OBLIGATIONS OF THE STATE OF FLORIDA OR GENERAL OBLIGATIONS OF THE AUTHORITY, THE CITY OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2009C BONDS, OR THE INTEREST OR PREMIUM, IF ANY, THEREON. THE AUTHORITY HAS NO TAXING POWER. THE PRINCIPAL OF AND INTEREST ON THE SERIES 2009C BONDS SHALL NOT BE PAYABLE FROM OR BE A CHARGE OR LIEN ON ANY FUNDS OF THE CITY OR THE AUTHORITY OTHER THAN THOSE PLEDGED UNDER THE BOND RESOLUTION TO THE PAYMENT THEREOF.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2009C Bonds. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2009C Bonds are offered when, as and if issued, and subject to the approval of legality by Greenberg Traurig, P.A., Orlando, Florida and Marchena and Graham, P.A., Orlando, Florida as Co-Bond Counsel. Certain legal matters will be passed on for the Authority by Broad and Cassel, Issuer’s Counsel to the Authority. Nabors, Giblin & Nickerson, P.A., Tampa, Florida and Ruye H. Hawkins, P.A., Orlando, Florida, have served as Co-Disclosure Counsel. Certain legal matters in connection with the Series 2009C Bonds will be passed upon for the Underwriters by Bryant Miller Olive P.A., Orlando, Florida, counsel to the Underwriters. Morgan Keegan & Company, Inc., Winter Park, Florida and National Minority Consultants, Inc., Winter Park, Florida are Co-Financial Advisors to the Authority. It is expected that the Series 2009C Bonds in definitive form will be available for delivery through DTC on or about December 17, 2009.

DAC Bond

J.P. Morgan

Morgan Stanley

Estrada Hinojosa & Company, Inc.

Jefferies & Company

RBC Capital Markets

Raymond James

FirstSouthwest

Loop Capital Markets, LLC

SunTrust Robinson Humphrey

Merrill Lynch & Co.

Citi

Gardnyr Michael Capital

M. R. Beal & Company

GREATER ORLANDO AVIATION AUTHORITY
\$87,110,000
Airport Facilities Revenue Bonds,
Series 2009C
of the City of Orlando, Florida

Maturities, Principal Amounts, Interest Rates, Prices, Yields and Initial CUSIP Numbers

\$43,630,000 Serial Bonds

<u>Maturity</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Initial CUSIP</u> <u>Number*</u>
2010	\$1,155,000	2.000%	0.460%	101.211	392274XH4
2011	1,490,000	3.000	1.420	102.779	392274XJ0
2012	1,535,000	3.000	1.810	103.220	392274XK7
2013	1,580,000	4.000	2.150	106.694	392274XL5
2014	1,640,000	5.000	2.590	110.784	392274XM3
2015	1,725,000	4.000	3.020	105.165	392274XN1
2016	1,795,000	5.000	3.340	110.003	392274XP6
2017	1,530,000	4.000	3.670	102.213	392274XQ4
2017	355,000	5.000	3.670	108.933	392274YF7
2018	1,025,000	4.000	3.920	100.585	392274XR2
2018	935,000	5.000	3.920	107.958	392274YG5
2019	2,050,000	5.000	4.100	107.190	392274XS0
2020	1,145,000	4.250	4.300	99.566	392274XT8
2020	1,005,000	5.000	4.300	105.538**	392274YH3
2021	2,250,000	4.375	4.420	99.584	392274XU5
2022	2,350,000	5.000	4.490	103.997**	392274XV3
2023	2,465,000	5.000	4.560	103.436**	392274XW1
2024	480,000	4.500	4.630	98.612	392274XX9
2024	2,110,000	5.000	4.630	102.878**	392274YJ9
2025	2,715,000	5.000	4.690	102.404**	392274XY7
2026	2,855,000	5.000	4.750	101.931**	392274XZ4
2027	2,995,000	5.000	4.810	101.462**	392274YA8
2028	890,000	4.750	4.870	98.526	392274YB6
2028	2,255,000	5.000	4.870	100.995**	392274YK6
2029	3,300,000	4.750	4.930	97.734	392274YC4

\$19,095,000 5.000% Term Bonds, Due October 1, 2034 Yield: 5.150%; CUSIP: 392274YD2*

\$24,385,000 5.000% Term Bonds, Due October 1, 2039 Yield: 5.200%; CUSIP: 392274YE0*

* CUSIP Numbers are included solely for the convenience of the reader of this Official Statement. The Authority takes no responsibility for the accuracy or use of the CUSIP numbers in this Official Statement.

** Priced to first optional call date of October 1, 2019. See "DESCRIPTION OF THE SERIES 2009C BONDS – Optional Redemption" herein.

Greater Orlando Aviation Authority
One Airport Boulevard
Orlando, Florida 32827-4399
(407) 825-2001

Authority Board Members

Jeffry Fuqua, Chairman
Jacqueline Bradley, Vice-Chairperson
Cesar Calvet, Treasurer
The Honorable Buddy Dyer, Mayor, City of Orlando
The Honorable Richard T. Crotty, Mayor, Orange County
Joseph L. Colon, Member
James Palmer, Member

City Council Commissioners

Buddy Dyer, Mayor
Phil Diamond
Daisy W. Lynum
Tony Ortiz
Patty Sheehan
Robert F. Stuart
Samuel B. Ings

Authority Management

G. Steve Gardner, Executive Director
Phillip N. Brown, Deputy Executive Director-Administration
Robert L. Gilbert, Deputy Executive Director-Facilities
C. Christian Schmidt, Deputy Executive Director-Airport Operations
Dayci S. Burnette-Snyder, Assistant Secretary and Manager of Board Services
Jacki M. Churchill, Chief Financial Officer

Issuer's Counsel

BROAD AND CASSEL
Orlando, Florida

Co-Bond Counsel

GREENBERG TRAUERIG, P.A.
Orlando, Florida

MARCHENA AND GRAHAM, P.A.
Orlando, Florida

Co-Disclosure Counsel

NABORS, GIBLIN AND NICKERSON, P.A.
Tampa, Florida

RUYE H. HAWKINS, P.A.
Orlando, Florida

Co-Financial Advisors

MORGAN KEEGAN & COMPANY, INC.
Winter Park, Florida

NATIONAL MINORITY CONSULTANTS, INC
Winter Park, Florida

Airport Consultant

JACOBS CONSULTANCY
Burlingame, California

Independent Auditors

ERNST & YOUNG LLP
Orlando, Florida

NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY, THE CITY OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, IN CONNECTION WITH THE OFFERING OF THE SERIES 2009C BONDS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2009C BONDS AND THERE SHALL BE NO SALE OF THE SERIES 2009C BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE THE IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY SINCE THE DATE HEREOF OR THE EARLIEST DATE AS OF WHICH SUCH INFORMATION IS GIVEN.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING STATEMENT FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE SERIES 2009C BONDS. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED IN THIS OFFICIAL STATEMENT, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACTS.

ALL SUMMARIES HEREIN OF DOCUMENTS AND AGREEMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS AND AGREEMENTS, AND ALL SUMMARIES HEREIN OF THE SERIES 2009C BONDS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FORM THEREOF INCLUDED IN THE AFORESAID DOCUMENTS AND AGREEMENTS.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009C BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2009C BONDS TO CERTAIN

DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE SERIES 2009C BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2009C BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2009C BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2009C BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

relating to

\$87,110,000

GREATER ORLANDO AVIATION AUTHORITY Airport Facilities Revenue Bonds, Series 2009C of the City of Orlando, Florida

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover and Appendices attached hereto, is to set forth information concerning the Greater Orlando Aviation Authority (the "Authority"), the Airport System (as defined herein), the City of Orlando, Florida ("City"), and certain other information in connection with the sale of the \$87,110,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2009C of the City of Orlando, Florida (the "Series 2009C Bonds"). Unless otherwise defined herein, capitalized terms used in this Official Statement shall have the meanings set forth in "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B and "REPORT OF THE AIRPORT CONSULTANT" attached hereto as APPENDIX A.

The Series 2009C Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) pay costs and expenses related to improvements to the Orlando International Airport (the "Airport") as further described herein (the "Airside 1 & 3 Project"), (b) make a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account in an amount required to bring the balance equal to the Composite Reserve Requirement, (c) repay a portion of the Authority's commercial paper debt that was used to provide interim financing for certain costs of the Airside 1 & 3 Project, and (d) pay certain costs of issuance of the Series 2009C Bonds. See "THE AIRSIDE 1 & 3 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Authority has received approval from the Federal Aviation Administration ("FAA") to collect and use passenger facility charges to fund a portion of the Airside 1 & 3 Project. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES – Passenger Facility Charges" herein.

The Authority has previously issued various series of Airport Facilities Revenue Bonds pursuant to the Bond Resolution (as defined herein), \$979,746,339 aggregate principal amount of which were outstanding as of November 1, 2009 (the "Outstanding Airport Facilities Revenue Bonds"). The Series 2009C Bonds are being issued pursuant to the Bond Resolution and will be secured on a parity with the Outstanding Airport Facilities Revenue Bonds as to the pledge of, lien on and source of payment from Revenues. Subject to certain conditions as set forth in the Bond Resolution, Additional Bonds and Refunding Bonds may be issued under the Bond Resolution on a parity with the Outstanding Airport Facilities Revenue Bonds and the Series 2009C Bonds. See "SECURITY FOR THE SERIES 2009C BONDS – Additional Debt" herein.

The Outstanding Airport Facilities Revenue Bonds, the Series 2009C Bonds and any Additional Bonds and Refunding Bonds hereafter issued are collectively referred to as the "Bonds."

The Authority also has incurred, and may continue to incur, indebtedness and other obligations that are junior and subordinate to the Bonds. See "OTHER INDEBTEDNESS AND INTEREST RATE SWAPS" herein.

THE AUTHORITY

The Authority was established as an agency of the City pursuant to Chapter 57-1658, Special Laws of Florida 1957 which was subsequently repealed, recodified and amended by Chapter 98-492, Special Laws of Florida 1998, as amended (the "Act"). The Airport is owned by the City. Pursuant to an Operation and Use Agreement dated September 27, 1976, by and between the City and the Authority, as amended (the "Transfer Agreement"), the City transferred to the Authority custody, control and management of the Airport for a term that will expire on September 30, 2026, subject to certain conditions, unless extended by the City and the Authority. Under the Transfer Agreement, the Authority pays the City for specific services rendered by the City in accordance with schedules negotiated with the City. Upon the expiration of the term of the Transfer Agreement, the custody, control and management of the Airport will revert to the City and the City shall automatically assume all of the Authority's obligations under the Bond Resolution and all of the liabilities of the Authority with respect to the Airport, but all such obligations or liabilities, including debt service on any Bonds, which are outstanding on and after the expiration of the Transfer Agreement, shall continue to be payable solely from their respective identified sources. Any such obligations or liabilities of the Authority which extend beyond the term of the Transfer Agreement will not be a general obligation of the City and neither the faith and credit nor the taxing power of the City will be pledged for the payment of any such obligations or liabilities, including the payment of principal, interest or premium on any Bonds.

The Authority operates the facilities of the Airport (the "Airport System" as such term is further defined in the Bond Resolution) for the accommodation of air commerce and transportation. The Authority also operates the Orlando Executive Airport as a general aviation airport which is located closer to downtown Orlando. The Orlando Executive Airport does not constitute a part of the Airport System and revenues derived from the operation of the Orlando Executive Airport are not pledged to payment of the Bonds or the interest or the premium, if any, thereon. However, the Authority may include the Orlando Executive Airport within the definition of the Airport System by future Supplemental Resolution upon (a) delivery to The Bank of New York Mellon Trust Company, N.A., or its successor, in its capacity as trustee under the Bond Resolution (the "Trustee"), of an opinion of counsel that such inclusion will not violate or cause a breach or default under the Lease and Use Agreements (as defined herein), (b) confirmation from each Rating Agency that such action will not result in a reduction or withdrawal of current ratings on the Bonds, and (c) written consent of any applicable bond insurer or credit enhancer. The Authority has no current plans to include the Orlando Executive Airport within the Airport System. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

The Authority is governed by a seven-member board (the "Board"). Five members are appointed by the Governor of the State of Florida, subject to confirmation by the State Senate, one member is the Mayor of the City and one member is the Mayor of Orange County, Florida. One of the five members of the Board appointed by the Governor must be a resident of Osceola County. Members appointed by the Governor are appointed for four-year terms and the elected government officials serving as Board members are elected for two-year terms. All Authority Board members may be reappointed, provided that the maximum consecutive service for appointed members may not exceed eight years or two consecutive four year terms, whichever is longer. The Authority elects its own officers and appoints the Executive Director. The Authority management serves at the pleasure of the Executive Director.

AUTHORIZATION OF THE SERIES 2009C BONDS

Under the Act, the Authority is authorized to issue revenue bonds to finance airport facilities and to refund outstanding bonds or other indebtedness of the Authority. The Series 2009C Bonds are being authorized and issued under and pursuant to the Act and the Airport Facilities Revenue Bond Resolution, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time (the "Airport Facilities Revenue Bond Resolution") and as specifically supplemented by that certain Supplemental Airport Facilities Revenue Bond Resolution, adopted by the Authority on November 18, 2009 (the "2009 Supplemental Resolution," and together with the Airport Facilities Revenue Bond Resolution, the "Bond Resolution"). A summary of certain provisions of the Bond Resolution is set forth under the caption "SECURITY FOR THE SERIES 2009C BONDS" herein and in "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

THE AIRSIDE 1 & 3 PROJECT

The Airport's existing passenger terminal complex includes a landside terminal and four airside terminals, connected by an automated people mover transit system ("APM"). The Authority has expanded the landside terminal and airside buildings in phases for nearly 30 years. The initial construction, which was completed in 1981, consisted of the western portion of the landside building and Airsides 1 and 3, which were connected to the landside terminal at level 3 by the APM. In 1990, the Authority expanded the landside building to the east, added terminal top parking, and added Airside 4. In August 2000, the Authority completed Airside 2. The terminal hotel opened in 1992.

Based on the ages of Airsides 1 and 3, the Authority undertook studies to identify improvements to building infrastructure that would update and improve the level of finish in Airsides 1 and 3 and that would provide a service life comparable to a new building. The renovations include rehabilitating the transfer level of the three wings of each airside, the hub area, and people mover station.

The "Airside 1 & 3 Project" provides for the rehabilitation of Airsides 1 and 3 generally as described above, and includes providing additional electrical power and air-conditioning capacity; rehabilitation of all holdrooms; expansion of hub areas to accommodate additional

concession, public seating, and circulation areas; APM station rehabilitation; and mechanical, electrical, security, loading bridges, and communication systems rehabilitation. The demolition and construction was accomplished in phases to permit continual operations.

The Airside 1 rehabilitation covers approximately 216,000 square feet. This project element will (1) upgrade mechanical, electrical, and systems infrastructure; (2) expand the hub in three of the four quadrants, removing inverted skylights and replacing them with dome skylights; (3) upgrade the hub to provide new carpet, public seating, a restaurant in one of the expanded hub quadrants, and shell space for a new food court and news and gift shop in the other quadrants; and (4) upgrade the wings to include new carpet in all the holdrooms, limestone tile in the concourse, new finishes on all the wall surfaces, and new roof skylights in the wings.

The Airside 3 rehabilitation covers approximately of 264,000 square feet. This project element includes environmental remediation, structural, roofing, glazing, skylights, interior finishes, painting, carpentry, carpet installation, floor/wall tile installation, cabinetry, electrical, plumbing, mechanical, civil, systems, and other work normally associated with terminal renovations. The Airside 1 & 3 Project also includes work at the landside building in the related mechanical and electrical systems to support the work performed in Airsides 1 & 3.

The Airside 1 & 3 Project was approved by the airlines under the current Lease and Use Agreements and the prior airline agreement. The Airside 1 & 3 Project is estimated to cost \$272 million. It is anticipated that the Airside 1 & 3 Project will be funded from proceeds of the Series 2009C Bonds, passenger facility charges on a pay-as-you-go basis, federal and state grants and Authority moneys. The portion of the Airside 1 & 3 Project funded from proceeds of the Series 2009C Bonds is a "PFC Project" within the meaning of the Bond Resolution. The Airside 3 rehabilitation is 100% complete, with substantial completion occurring on March 19, 2009 and final completion on July 19, 2009. The Airside 1 rehabilitation is 99% complete, with substantial completion occurring on October 30, 2009 and final completion scheduled for January 30, 2010. See "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" attached hereto.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2009C Bonds are expected to be applied as follows:

Sources:

Par Amount of Series 2009C Bonds	\$87,110,000.00
Plus Net Original Issue Premium	185,496.65
Total Sources	<u>\$87,295,496.65</u>

Uses:

Deposit to 2009C Construction Account	\$25,246,000.00
Repay Commercial Paper Debt	39,679,000.00
Reimbursement of pay-as-you-go Airside 1 & 3 Project Costs	20,075,000.00
Deposit to Composite Reserve Subaccount	1,182,144.39
Costs of Issuance ⁽¹⁾	1,113,352.26
Total Uses	<u>\$87,295,496.65</u>

⁽¹⁾ Includes, but is not limited to, the Underwriters' Discount.

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DESCRIPTION OF THE SERIES 2009C BONDS

General

The Series 2009C Bonds shall be dated the date of the delivery thereof, and will mature and bear interest from their dated date to their respective maturity dates in the amounts and at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2009C Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as registrar, paying agent and trustee for the Series 2009C Bonds on April 1 and October 1 of each year commencing on April 1, 2010, provided however, that if any such day is not a business day (i.e., a Saturday, Sunday, legal holiday or a day in which banking institutions in the city where the corporate trust offices of the Paying Agent is located are closed, or a date on which the Paying Agent is closed), then such payment shall be made on the next business day thereafter without payment of additional interest. Interest shall be paid by check or draft mailed by the Paying Agent to the registered owners thereof as their addresses appear on the registration books maintained by the Trustee, as Bond Registrar, at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Series 2009C Bonds after such Record Date and before such interest payment date unless the Authority shall be in default of interest due on such interest payment date. The principal of the Series 2009C Bonds will be payable at the corporate trust operations office of the Trustee in Jacksonville, Florida. Registered owners of \$1,000,000 or more in principal amount of Series 2009C Bonds may arrange for the payment of principal and interest with respect to the Series 2009C Bonds by wire transfer in immediately available funds by written request made to the Trustee within certain times and upon certain conditions set forth in the Bond Resolution.

The Series 2009C Bonds are being issued as Additional Bonds under the Bond Resolution solely in the form of fully registered bonds in denominations of \$5,000 and any integral multiple thereof. See "SECURITY FOR THE SERIES 2009C BONDS – Additional Debt" herein. For every exchange or transfer of the Series 2009C Bonds, the Authority, the City and the Trustee, as Bond Registrar, may charge the registered owner an amount sufficient to reimburse them for any tax, fee or other governmental charge required (other than by the City or the Authority) to be paid with respect to or in connection with any such transfer or exchange and may require that such amount be paid before any such new Series 2009C Bonds are delivered.

The City, the Authority, the Bond Registrar and the Paying Agent may deem and treat the registered owner of any Series 2009C Bond as the absolute owner of such Series 2009C Bond for the purpose of receiving payment of the principal thereof and the interest thereon. Subject to the provisions of the Bond Resolution, a Series 2009C Bond may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Series 2009C Bonds of other authorized denominations of the same series and maturity.

Optional Redemption

The Series 2009C Bonds maturing before October 1, 2020 are not subject to optional redemption prior to maturity. The Series 2009C Bonds maturing on or after October 1, 2020 are

subject to redemption prior to maturity, at the option of the Authority, in whole or in part, on October 1, 2019 and any date thereafter, at the Redemption Price equal to the principal amount of the Series 2009C Bonds or portions thereof to be redeemed.

An optional redemption shall be a Conditional Redemption and the notice of redemption shall state that the redemption is conditional upon the conditions set forth therein, and such notice and optional redemption shall be of no effect (i) if by no later than the scheduled redemption date, the conditions set forth therein have not been satisfied, or (ii) the Authority or the Trustee, at the written direction of the Authority, rescinds such notice on or prior to the scheduled redemption date. Such redemption shall be conditional upon receipt by the Trustee or escrow agent named by the Authority of sufficient moneys to redeem the Series 2009C Bonds and satisfaction of such other conditions set forth in the notice of redemption. A Conditional Redemption shall be deemed canceled once the Authority or the Trustee, at the written direction of the Authority, has given notice of rescission. The Authority or the Trustee, at the written direction of the Authority, shall give notice of rescission of a Conditional Redemption by the same means as is provided for the giving of notice of redemption. Any Series 2009C Bonds subject to a Conditional Redemption which has been canceled shall remain Outstanding, and neither the rescission nor the failure of funds being made available in part or in whole on or before the proposed redemption date shall constitute an Event of Default.

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Mandatory Sinking Fund Installments

The Series 2009C Bonds maturing on October 1, 2034 are subject to mandatory redemption in part, prior to maturity, by operation of the Debt Service Account to satisfy Sinking Fund Installments at redemption prices equal to 100 percent of the principal amount thereof, plus accrued interest to the date of redemption, on October 1 in the following years and in the following principal amounts.

<u>Year</u>	<u>Principal Amount</u>
2030	\$3,455,000
2031	3,630,000
2032	3,810,000
2033	4,000,000
2034*	4,200,000

*Maturity

The Series 2009C Bonds maturing on October 1, 2039 are subject to mandatory redemption in part, prior to maturity, by operation of the Debt Service Account to satisfy Sinking Fund Installments at redemption prices equal to 100 percent of the principal amount thereof, plus accrued interest to the date of redemption, on October 1 in the following years and in the following principal amounts.

<u>Year</u>	<u>Principal Amount</u>
2035	\$4,410,000
2036	4,635,000
2037	4,865,000
2038	5,110,000
2039*	5,365,000

*Maturity

Subject to certain requirements in the Bond Resolution, amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to the interest on the Series 2009C Bonds for which such Sinking Fund Installment was established) may, and if so directed by the Authority shall, be applied by the Trustee, on or prior to the 40th day preceding such Sinking Fund Installment to the purchase of the Series 2009C Bonds for which such Sinking Fund Installment was established, or to the redemption of such Series 2009C Bonds if they are then redeemable by their terms. Any such purchase or early redemption shall reduce the amount of Series 2009C Bonds to be redeemed on the scheduled sinking fund redemption date.

Upon any purchase or redemption of Bonds of any series and maturity for which Sinking Fund Installments shall have been established in advance of their scheduled maturity or mandatory redemption date, an amount equal to the principal amount of such Bonds so purchased or redeemed shall be credited toward a part (an integral multiple of \$5,000, or such other authorized denomination as may be provided by Supplemental Resolution with respect to a

Series of Bonds) or all of any one or more Sinking Fund Installments thereafter to become due, as directed by the Authority in a certificate in writing signed by an Authorized Officer of the Authority and filed with the Trustee, or in the absence of such direction toward such Sinking Fund Installments in inverse order of their due dates.

Selection of Series 2009C Bonds to be Redeemed

In the event less than all of the Series 2009C Bonds of an entire maturity thereof are redeemed, the Series 2009C Bonds to be selected for redemption shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. However, in selecting for redemption portions of any Series 2009C Bonds of a denomination of more than \$5,000, the Trustee shall treat each such Series 2009C Bond as representing that number of Series 2009C Bonds of \$5,000 denomination, which is obtained by dividing the principal amount of such Series 2009C Bond to be redeemed in part by \$5,000 and the Trustee shall redeem only that portion of such Series 2009C Bonds that is in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption

Notice of redemption meeting the requirements set forth in the Bond Resolution shall be mailed at least 30 days and not more than 60 days before the redemption date to the registered owners of any Series 2009C Bonds or portions of Series 2009C Bonds to be redeemed at their last addresses appearing upon the registration books maintained by the Trustee. Failure to mail such notice to a registered owner of a Series 2009C Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Series 2009C Bond or portion thereof with respect to which no such failure or defect occurred. Any notice mailed as provided in the Bond Resolution shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2009C Bond receives such notice.

As described under "BOOK-ENTRY ONLY SYSTEM" herein, for so long as the Series 2009C Bonds are registered in the name of DTC, Cede & Co., or any other nominee of DTC, notice of redemption of any Series 2009C Bond will be given by the Trustee only to Cede & Co., or such other nominee, as registered owner thereof. Cede & Co. will be solely responsible for selecting and notifying those Direct Participants who will in turn be solely responsible to notify Indirect Participants and Beneficial Owners to be affected by such redemption.

Payment of Redeemed Series 2009C Bonds

Notice having been given in the manner required as described above and the conditions for such redemption having been satisfied, the Series 2009C Bonds or portions thereof so called for redemption shall become due and payable on the redemption date at the Redemption Price, plus accrued interest to the redemption date. If less than all of a Series 2009C Bond shall be selected for redemption, the Paying Agent will deliver, upon the surrender of such Series 2009C Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Series 2009C Bond so surrendered, Series 2009C Bonds of such series of like maturity in any authorized denomination. If on the redemption date moneys for the redemption for the Series 2009C Bonds to be redeemed, together with interest to the redemption date, shall be held

by the Paying Agent, and if notice of redemption shall have been given in the manner required as described above, then interest on the Series 2009C Bonds so called for redemption shall cease to accrue from and after the redemption date. If moneys shall not be so available, such Series 2009C Bonds shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Purchase in Lieu of Redemption

At any time the Series 2009C Bonds are subject to optional redemption, all or a portion of the Series 2009C Bonds to be redeemed pursuant to an optional redemption may be purchased in lieu of being redeemed by the Trustee at the direction of the Authority on the date on which such Series 2009C Bonds would otherwise have been redeemed. The purchase price for Series 2009C Bonds purchased in lieu of redemption will be equal to the Redemption Price that would have been applicable to the Series 2009C Bonds on such date. No notice to the owners of the Series 2009C Bonds to be purchased (other than the notice of redemption otherwise required by the Bond Resolution) is required. All Series 2009C Bonds to be so purchased in lieu of redemption that are not delivered to the Trustee on the purchase date shall be deemed to have been so purchased and not redeemed on the purchase date and shall cease to accrue interest as to the former Registered Owner on the purchase date.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

DTC will act as securities depository for the Series 2009C Bonds. The Series 2009C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009C Bond certificate will be issued for each maturity of the Series 2009C Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly

owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2009C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009C Bond (each a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant (collectively, "Participants") through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2009C Bonds, except in the event that use of the book-entry system for the Series 2009C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2009C Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2009C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2009C Bond documents. For example, Beneficial Owners of Series 2009C Bonds may wish to ascertain that the nominee holding the Series 2009C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2009C Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2009C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2009C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on a payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC nor its nominee, the Trustee, the Registrar, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Series 2009C Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2009C Bonds at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2009C Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC upon compliance with any applicable DTC rules and procedures. In that event, Series 2009C Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, by the Authority takes no responsibility for the accuracy thereof.

The Authority, the City, and the Paying Agent and Registrar do not have any responsibility or obligation to the Direct Participants, Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (b) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2009C Bonds; (c) the delivery or timeliness of delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner, which is required or

permitted under the terms of the Bond Resolution to be given to Bondholders; or (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bondholders.

SECURITY FOR THE SERIES 2009C BONDS

Brief descriptions of the source of payment of the Series 2009C Bonds, the flow of funds under the Bond Resolution, the Authority's rate covenant set forth in the Bond Resolution and certain other provisions of the Bond Resolution are provided herein. The descriptions provided herein are qualified in their entirety by the applicable provisions of the Bond Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

General

The Series 2009C Bonds are being issued as Additional Bonds pursuant to the Bond Resolution. As such, the Series 2009C Bonds are "Bonds" as such term is used in the Bond Resolution and are on a parity with the Outstanding Airport Facilities Revenue Bonds as to the pledge of, lien on and source of payment from Revenues. In accordance with and subject to the terms and conditions of the Bond Resolution, Additional Bonds and Refunding Bonds may be issued under the Bond Resolution on a parity with the Outstanding Airport Facilities Revenue Bonds and the Series 2009C Bonds.

THE SERIES 2009C BONDS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE REVENUES OF THE AUTHORITY, AS PROVIDED IN THE BOND RESOLUTION AND ARE NOT OBLIGATIONS OF THE STATE OF FLORIDA OR GENERAL OBLIGATIONS OF THE AUTHORITY, THE CITY OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2009C BONDS, OR THE INTEREST OR PREMIUM, IF ANY, THEREON. THE AUTHORITY HAS NO TAXING POWER. THE PRINCIPAL OF AND INTEREST ON THE SERIES 2009C BONDS SHALL NOT BE PAYABLE FROM OR BE A CHARGE OR LIEN ON ANY FUNDS OF THE CITY OR THE AUTHORITY OTHER THAN THOSE PLEDGED UNDER THE BOND RESOLUTION TO THE PAYMENT THEREOF.

Pledge Under the Bond Resolution

Pursuant to the Bond Resolution, the Bonds, including the Series 2009C Bonds, and the interest and premium, if any, thereon, will be payable from and secured by, among other things, a pledge of, and first lien on, Revenues. The Bonds are also secured by the proceeds of the sale of such Bonds and all funds, and investment earnings thereon, held pursuant to the Bond Resolution. The Composite Reserve Subaccount secures those Bonds designated to be secured by the Composite Reserve Subaccount, and individual series specific debt service reserve subaccounts secure only those series of Bonds designated to be secured by each such subaccount. The Series 2009C Bonds are secured by the Composite Reserve Subaccount of the Debt Service Reserve Account. The Bond Resolution requires an amount equal to the Composite Reserve

Requirement to be maintained in the Composite Reserve Subaccount of the Debt Service Reserve Account. The amount on deposit in the Composite Reserve Subaccount of the Debt Service Reserve Account after issuance of the Series 2009C Bonds will equal the Composite Reserve Requirement.

Under the Bond Resolution, the term "Revenues" includes, among other things, all income and revenues from all sources collected or received by the Authority in the operation of the Airport System. The revenues and income from Special Purpose Facilities are not considered "Revenues" to the extent that they are pledged to the payment of obligations of the Authority issued to finance such Special Purpose Facilities. The term "Revenues" may include PFC Revenues, but only to the extent that they constitute "Available PFC Revenues" (generally, those PFC Revenues received by the Authority in an amount equal to 1.25 times debt service on the portion of Bonds issued to finance PFC Projects) for the applicable period. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Passenger Facility Charges" herein. PFC Revenues in excess of Available PFC Revenues may be expended by the Authority on a pay-as-you-go basis pursuant to approvals received from the FAA. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B for a complete definition of "Revenues".

Flow of Funds

The Bond Resolution requires that all Revenues, including Available PFC Revenues, shall be deposited into the Revenue Fund. Revenues deposited into the Revenue Fund shall be applied monthly to the following funds and accounts, in the following order of priority:

(a) to the Airport Facilities Operation and Maintenance Fund, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the money appropriated for Operation and Maintenance Expenses for the then-current Fiscal Year as set forth in the current Annual Budget;

(b) to the Bond Fund for credit to the Debt Service Account, the amount, if and to the extent required so that the balance therein shall equal the Accrued Aggregate Debt Service; provided that, for purposes of computing the amount in said Account, there shall be excluded the amount, if any, set aside therein which was deposited from proceeds of each series of Bonds less the amount of interest accrued and unpaid and to accrue on the Bonds of such series (or any Refunding Bonds issued to refund such Bonds) other than Capital Appreciation Bonds, to the last day of the then-current month for the payment of Debt Service on the Bonds;

(c) except as otherwise provided below, to the Bond Fund for credit of the applicable subaccounts in the Debt Service Reserve Account, the amount, if any, to the extent required so that the balance in each subaccount shall equal the Debt Service Reserve Requirement with respect thereto;

(d) to the Operation and Maintenance Fund for credit to the Operation and Maintenance Reserve Account, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount which is equal

to the difference between the sum on deposit in the Operation and Maintenance Reserve Account at the beginning of the then-current Fiscal Year and one-sixth of the Operation and Maintenance Expenses set forth in the current Annual Budget;

(e) to the Capital Expenditures Fund, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount appropriated therefor in the current Annual Budget, plus any deficiencies from deposits in prior months;

(f) to the Renewal and Replacement Fund, an amount equal to one-twelfth (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount appropriated therefor in the current Annual Budget, provided that no further deposits are required so long as the uncommitted moneys therein are equal to or greater than \$1,000,000 or such larger amount as the Airport Consultant shall certify as necessary plus any deficiencies from deposits in prior months; and

(g) to the Discretionary Fund, an amount determined by the Authority from time to time, in its discretion, plus all amounts required to be deposited into such Fund in such month by the terms of any agreements relating to indebtedness issued by the Authority to finance improvements to the Airport System, plus all amounts required to pay in a timely manner all payments the Authority is required to make to any third party under any interest rate swap agreement or other derivative financial product agreement between the Authority and a third party, plus, for deposit in the PFC Account, an amount equal to the difference between (a) the amount of Available PFC Revenues deposited in the Revenue Fund, plus amounts withdrawn from the PFC Account pursuant to the Bond Resolution (to the extent not previously replenished), and (b) the Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority, or such lesser amount which will not cause the amount on deposit in such Fund to exceed the Discretionary Fund Maximum Balance; provided that, if any such monthly allocation to said Fund shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency to the extent that the amount on deposit in such Fund shall not exceed the Discretionary Fund Maximum Balance. The amount of the monthly deposit to the Discretionary Fund and the amount of the Discretionary Fund Maximum Balance may be adjusted by Authority at any time.

Deposits to the Bond Fund shall be increased to the extent required to pay principal, interest and redemption premiums, if any, next becoming due, and to make up any deficiencies or losses that may otherwise arise in such Fund and subaccounts.

If there are not sufficient funds in the Revenue Fund available to make the amounts on deposit in each subaccount in the Debt Service Reserve Account equal to the Debt Service Reserve Requirement for the applicable Series of Bonds, there shall be deposited in each such subaccount an amount equal to the lesser of the Debt Service Reserve Requirement for such subaccount or the total amount available to be deposited into the Debt Service Reserve Account multiplied by a fraction, the numerator of which is the Bond Obligation of all Bonds of the applicable Series then Outstanding and the denominator of which is the total aggregate amount

of the Bond Obligation of all Bonds of every Series then Outstanding under the Bond Resolution secured by a subaccount in the Debt Service Reserve Account.

Notwithstanding anything in the Bond Resolution to the contrary, the Authority shall not be required to fully fund a subaccount in the Debt Service Reserve Account at the time of issuance of any Series of Bonds under the Bond Resolution, if it provides on the date of issuance of any Series of Bonds in lieu of such funds, a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the applicable Debt Service Reserve Requirement and the sums then on deposit in the applicable subaccount in the Reserve Account. Such Reserve Product as provided above must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held under the Bond Resolution for a payment with respect to the applicable Series of Bonds, which cannot be cured by funds in any other account held pursuant to the Bond Resolution and available for such purpose, and which shall name the Trustee or a Paying Agent as the beneficiary thereof. In no event shall the use of such Reserve Product be permitted if it would cause any existing rating on the Bonds or any Series thereof to be lowered, suspended or withdrawn. If a disbursement is made from a Reserve Product as provided above, the Authority shall be obligated to reinstate the maximum limits of such Reserve Product immediately following such disbursement or to replace such Reserve Product by depositing into the applicable subaccount in the Debt Service Reserve Account from the first Available Revenues available for deposit pursuant to subparagraph (c) above after the deposits required by subparagraphs (a) and (b) above, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of subparagraph (c) above, amounts necessary to satisfy such reimbursement obligation and other obligations of the Authority to such a Reserve Product Provider shall be deemed required deposits into the applicable subaccount in the Reserve Account, but shall be used by the Authority to satisfy its obligations to the Reserve Product Provider.

Also notwithstanding anything to the contrary in the Bond Resolution, the Authority shall not be required to fund fully a subaccount in the Debt Service Reserve Account at the time of issuance of any Series of Bonds under the Bond Resolution, if it elects by Supplemental Resolution adopted prior to the issuance of any Series of Bonds and subject to the limits described under the Bond Resolution, to fully fund the applicable subaccount over a period specified in such Supplemental Resolution not to exceed 60 months during which it shall make substantially equal monthly installments in order that the amount on deposit in such subaccount in the Debt Service Reserve Account at the end of such period shall equal the Debt Service Reserve Requirement with respect thereto. The aggregate amounts which may be permitted to be deposited in installments at any time shall not exceed 75 percent of the Debt Service Reserve Requirement with respect to such subaccount in the Debt Service Reserve Account. If a subaccount in the Debt Service Reserve Account is to be initially funded in installments, the deposits required pursuant to the foregoing may be limited to the amount which will be sufficient to make the required monthly installments specified in the Supplemental Resolution, plus an amount necessary to make up any deficiencies caused by withdrawals or resulting from valuations of the funds on deposit therein.

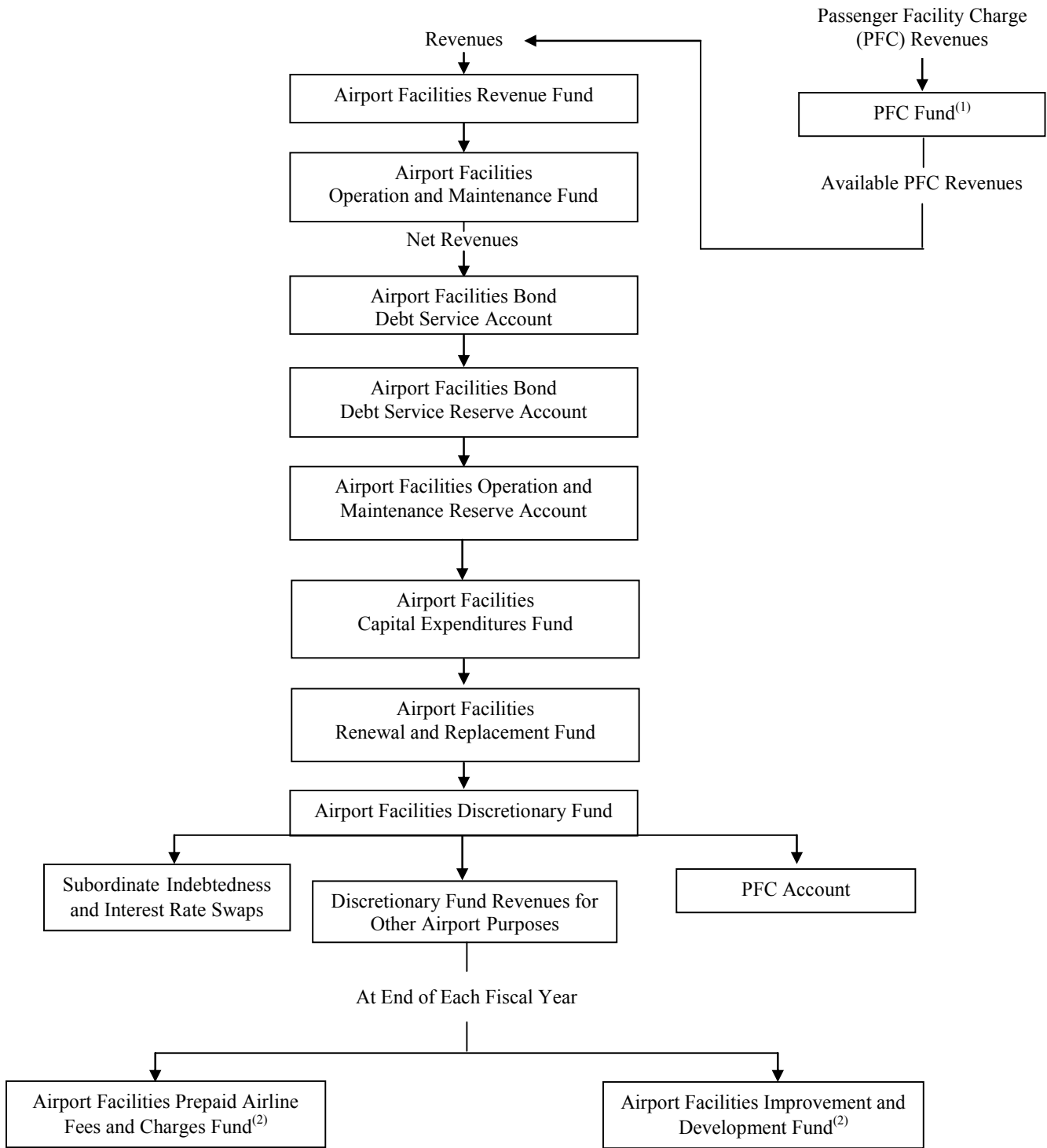
At the end of each Fiscal Year, after all deposits required to be made into each of the aforesaid funds and accounts have been made, the moneys remaining in the Revenue Fund and not required to make up any deficiencies, shall be transferred in equal amounts (50 percent each) to the Improvement and Development Fund and the Prepaid Airline Fees and Charges Fund. Any deposits made into the Prepaid Airline Fees and Charges Fund are transferred to the Revenue Fund in the next subsequent Fiscal Year. As a result of the new Lease and Use Agreements with the Signatory Airlines operating at the Airport, which Agreements were effective October 1, 2008, the Authority is no longer required by such Agreements to make any deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits into such Fund are made, they are not credited to the benefit of the airlines. As a result, pursuant to the Bond Resolution, the Authority has increased the deposit to be made into the Discretionary Fund so that after this deposit is made, no moneys remain in the Revenue Fund.

Application of Revenues

The following diagram presents a summary of the application of Revenues to various funds and accounts as governed by the provisions of the Bond Resolution and described above. A more complete description of the application of Revenues is included in "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION-Application of Revenues" attached hereto as APPENDIX B. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES" herein for a description of the types of income and revenues of the Authority included in the definition of "Revenues."

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Application of Revenues



(1) PFC Revenues in excess of Available PFC Revenues are not subject to the lien of the Bond Resolution and may be expended by the Authority subject to approvals received from the FAA.

(2) As a result of the new Lease and Use Agreements with the Signatory Airlines operating at the Airport, effective October 1, 2008, the Authority is no longer required by the Lease and Use Agreements to make any deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits into such Fund are made, they are not to be credited to the airlines.

Debt Service Reserve Account

The Bond Resolution creates the Debt Service Reserve Account as an account within the Airport Facilities Bond Fund and within the Debt Service Reserve Account there is created a Composite Reserve Subaccount. An amount equal to the Composite Reserve Requirement is required to be maintained in the Composite Reserve Subaccount. Amounts on deposit in the applicable subaccounts of the Debt Service Reserve Account are required to be applied monthly to cure any deficiencies in the applicable subaccounts of the Debt Service Account established under the Bond Resolution. The Composite Reserve Subaccount secures those Bonds designated to be secured by the Composite Reserve Subaccount, and individual series specific debt service reserve subaccounts secure only those series of Bonds designated to be secured by each such subaccount.

If, on the final business day of any month, the amount in the Debt Service Account shall be less than the amount required to be in such Account pursuant to the Bond Resolution, the Trustee shall apply amounts from the applicable subaccounts in the Debt Service Reserve Account to the extent necessary to make good the deficiency; provided, however, that amounts in the separate subaccounts in the Debt Service Reserve Account shall be used only for the purpose of curing deficiencies with respect to the Series of Bonds secured by such subaccount. As of the date hereof, the Composite Reserve Subaccount secures all of the Outstanding Bonds and no Series of Bonds is secured by its own separate subaccount. Upon issuance of the Series 2009C Bonds, the Composite Reserve Requirement shall be \$66,300,071.39. Such Requirement will be fully funded with Investment Securities. Any proceeds received from a Reserve Product shall be applied to cure deficiencies in a subaccount or subaccounts of the Debt Service Account only with respect to the Series of Bonds secured by the reserve subaccount for which such Reserve Product was provided.

Whenever the moneys on deposit in a subaccount in the Debt Service Reserve Account shall exceed the applicable Debt Service Reserve Requirement applicable to such subaccount, the Trustee, at the direction of an Authorized Officer of the Authority, shall allocate and apply the amount of such excess in the same manner as Available Revenues or Revenues, as the case may be, pursuant to the Bond Resolution.

Whenever the amounts in the applicable subaccounts in the Debt Service Reserve Account, together with the amount in the Debt Service Account, are sufficient to pay fully all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent deemed necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds Outstanding secured by the applicable subaccount in the Debt Service Reserve Account.

Notwithstanding the foregoing, if one or more subaccounts in the Debt Service Reserve Account have been funded with cash or Investment Securities and no Event of Default shall have occurred and be continuing under the Bond Resolution, the Authority may, at any time in its discretion, substitute a Reserve Product meeting the requirements of the Bond Resolution for the cash and Investment Securities in any such subaccount, and the Authority may then withdraw

such cash and Investment Securities from such account and deposit them to the credit of the Revenue Fund so long as (a) the same does not adversely affect any rating by a Rating Agency then in effect for the applicable Series of Outstanding Bonds, and (b) the Authority obtains an opinion of Bond Counsel that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the applicable Series of Bonds (if other than Taxable Bonds) for federal income tax purposes.

Cash on deposit in the applicable subaccount in the Debt Service Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If and to the extent that more than one Reserve Product is deposited in the applicable subaccount in the Debt Service Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

The Composite Reserve Subaccount will be fully funded upon the issuance of the Series 2009C Bonds.

Application of Supplemental Revenues

Each month, all Supplemental Revenues, up to the Accrued Aggregate Debt Service with respect to the Series of Bonds secured by such Supplemental Revenues, shall be deposited to the Bond Fund for the credit of the Debt Service Account and, anything provided herein to the contrary notwithstanding, shall be used solely to pay debt service on the Series of Bonds secured by such Supplemental Revenues. Supplemental Revenues deposited in the Debt Service Account shall be used to pay debt service on the Series of Bonds secured thereby prior to the use of any Revenues or Available Revenues. No Supplemental Revenues are pledged to the repayment of the Series 2009C Bonds or any Outstanding Bonds.

Rate Covenant

The Authority has covenanted in the Bond Resolution that it will establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that, in each Fiscal Year, Net Revenues less the amounts, if any, required to be deposited from Revenues into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund established under the Bond Resolution, plus Supplemental Revenues in an amount not to exceed 1.25 times the Aggregate Debt Service on each series of Bonds secured by such Supplemental Revenues for such Fiscal Year, shall equal at least 1.25 times the Aggregate Debt Service for such Fiscal Year and, in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues or Available Revenues under the Bond Resolution.

The Authority remains obligated under the Bond Resolution to establish, fix, prescribe and collect rates, fees, rentals and other charges as provided above until such time as there are no longer any Bonds Outstanding, notwithstanding the expiration or termination of the Lease and Use Agreements. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Payments by Airlines Pursuant to Lease And Use Agreements" herein.

Additional Debt

The Bond Resolution provides that one or more series of Additional Bonds, constituting Bonds, may be authenticated and delivered upon original issuance at any time, for the purpose of paying the cost of any Additional Projects upon satisfaction of the following conditions, among others:

(1) A certificate of an Authorized Officer of the Authority setting forth (i) for any period of 12 consecutive calendar months out of the 30 calendar months next preceding the authentication and delivery of such Series, the Net Revenues for such 12-month period, (ii) the Supplemental Revenues, if any (not to exceed 1.25 times the Aggregate Debt Service in such Fiscal Year with respect to each Series of Bonds secured by such Supplemental Revenues), for such 12-month period, and (iii) the Aggregate Debt Service (including the Aggregate Debt Service with respect to each series of Bonds secured by Supplemental Revenues) and the Prior Lien Debt Service for such 12 month period, and demonstrating that for such 12 month period Net Revenues, plus any Supplemental Revenues in an amount not to exceed 1.25 times the Aggregate Debt Service on the Series of Bonds secured thereby, equaled at least 1.25 times the sum of Aggregate Debt Service and Prior Lien Debt Service;

(2) A report of the Consulting Engineers setting forth (i) the estimated substantial completion and placed in service date for the Additional Project for which such Series of Additional Bonds is being issued and for any other uncompleted Project, and (ii) an estimate of the Cost of Construction of such Additional Project and of any other uncompleted Project and any other Additional Project (an "Anticipated Additional Project") as to which the Authority expresses, by a certificate of an Authorized Officer of the Authority, its intention and reasonable expectation to undertake prior to the end of the Fiscal Year following the Fiscal Year in which the completion date described in clause (i) is estimated to occur by the Consulting Engineers; and

(3) A report of the Airport Consultant setting forth for each of the three (3) Fiscal Years following the Fiscal Year in which the Consulting Engineers estimate such Additional Project will be substantially completed and placed in service pursuant to clause (i) of paragraph (2) above, estimates, taking into account the effect of any Anticipated Additional Project, of (i) Net Revenues and Supplemental Revenues, if any, and (ii) amounts to be deposited from Revenues or Available Revenues into the renewal and replacement fund and operating reserve account established under the Trust Agreements, the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund, (iii) the Aggregate Debt Service (including Aggregate Debt Service for each Series of Bonds secured by Supplemental Revenues), on Outstanding Bonds and, as estimated by an Authorized Officer of the Authority, with respect to future Series of Bonds, if any, which such Authorized Officer shall estimate (based on the estimate of the Consulting Engineers of the Cost of Construction of such Additional Project and any other uncompleted Project and any Anticipated Additional Project) will be required to complete payment of the Cost of Construction of such Additional Project and any other uncompleted Project and any Anticipated Additional Project, and the Prior Lien Debt Service for each of the three (3)

Fiscal Years following the Fiscal Year in which the Additional Project is estimated by the Consulting Engineers to be completed as provided in clause (i) of paragraph (2) above, and demonstrating that the estimated Net Revenues in each of the Fiscal Years set forth in clause (i) above less the sum of the amounts to be deposited in certain funds and accounts in each such Fiscal Year set forth in clause (ii) above, and plus the estimated Supplemental Revenues in each of the Fiscal Years set forth in clause (i) above, not to exceed in any such Fiscal Year an amount equal to 1.25 times the Aggregate Debt Service in such Fiscal Year with respect to each Series of Bonds secured by such Supplemental Revenues, is at least equal to 1.25 times the sum of Aggregate Debt Service and Prior Lien Debt Service for the corresponding Fiscal Year as set forth in clause (iii) above.

See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION - Additional Bonds" attached hereto as APPENDIX B.

The Bond Resolution also provides that Refunding Bonds may be issued to refund Outstanding Bonds or Subordinated Indebtedness upon satisfaction of the following conditions, among others:

(i) a certificate of an Authorized Officer of the Authority setting forth (1) the Aggregate Debt Service through the date of the latest maturity of any Bonds then Outstanding (A) with respect to the Bonds Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (B) with respect to the Bonds to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service set forth pursuant to (B) above is no greater than that set forth pursuant to (A) above; or

(ii) a report of the Airport Consultant demonstrating that estimates of Net Revenues less amounts, if any, required to be deposited from Revenues into the Operation and Maintenance Reserve Account, the Capital Expenditure Fund and the Renewal and Replacement Fund, shall equal at least 1.25 times Aggregate Debt Service on (1) Outstanding Bonds and (2) the proposed Refunding Bonds. The estimates of Net Revenues must satisfy these obligations for each of the three Fiscal Years following the Fiscal Year in which the Refunding Bonds are issued.

See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION - Refunding Bonds" attached hereto as APPENDIX B.

OTHER INDEBTEDNESS AND INTEREST RATE SWAPS

Subordinated Indebtedness

The Bond Resolution permits the Authority to issue, without limit as to amount, Subordinated Indebtedness or other obligations payable from the Discretionary Fund that are subordinate, in all respects, to the Bonds as to the pledge of, lien on, and payment from Revenues (the "Subordinated Indebtedness"). The Authority has outstanding, and may issue in the future, certain Subordinated Bonds and certain Other Parity Indebtedness, each being Subordinated Indebtedness within the meaning of the Subordinated Indenture, which

Subordinated Bonds and Other Parity Indebtedness are payable on a parity basis from Revenues deposited in the Discretionary Fund after payment of such amounts as necessary to pay Bonds. The principal amount of certain components of Other Parity Indebtedness that may be issued is not limited by the Subordinated Indenture. The Authority also has outstanding, and may enter into in the future, certain interest rate swaps and other financial products. The Authority's obligations under such interest rate swaps and financial products, as well as under the 1998 Gulf Breeze Loan referred to below, constitute Subordinated Indebtedness secured by a lien on Revenues deposited in the Discretionary Fund that is subordinated to the lien securing the Subordinated Bonds and Other Parity Indebtedness.

**Outstanding Subordinated and Secondary Subordinated Indebtedness
as of October 1, 2009¹**

Type of Subordinated Indebtedness	<u>Date Originated</u>	<u>Original Principal Amount</u>	<u>Current Outstanding Principal</u>
Gulf Breeze Loans	June 1998	\$19,290,000	\$15,680,000
2002A Taxable Subordinated Bonds	June 28, 2002	\$30,015,000	\$10,265,000
Series 1997 Secondary Subordinated Indebtedness	December 1997	\$90,055,000	\$90,055,000

¹ Excludes the interest rate swap which is described in the table below under the subheading "- Interest Rate Swaps."

In addition to the above-described Subordinated Indebtedness incurred as of October 1, 2009, the Authority is in the process of negotiating a \$100 million line of credit with one or more banks for use in providing interim financing of future capital expenditures.

Commercial Paper Program

The Authority has provided for the interim financing of certain Airport capital improvements from the proceeds of certain Airport Facilities Subordinated Commercial Paper Notes (the "Commercial Paper Notes"), the initial tranche of which originally was issued on October 26, 1994. The Commercial Paper Notes constitute Subordinated Indebtedness under the Bond Resolution and Other Parity Indebtedness as Line of Credit Indebtedness under the Subordinated Indenture. The Commercial Paper Notes were authorized under and pursuant to the terms of an Indenture of Trust, dated as of October 1, 1994, as supplemented and amended (collectively, the "CP Indenture"), by and between the Authority and Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company) (the "CP Trustee"). There exists a Commercial Paper Program A, which is not to exceed \$250,000,000 and Program B, which is not to exceed \$150,000,000. At any one time the aggregate principal amount of Commercial Paper Notes of all programs and all series may not exceed \$400,000,000.

Payment of the principal amount and interest on the Commercial Paper Notes is supported by a Letter of Credit provided by a syndicate of banks (the "CP Banks"). Program A is currently supported by a letter of credit issued by Bayerische Landesbank, WestLB AG and

State Street Bank and Trust Company (the "Program A CP Banks"). On November 5, 2009, the Letter of Credit for Program B expired and no Program B Commercial Paper Notes remain outstanding. The Authority's obligation to reimburse the Program A CP Banks for draws made under the Letter of Credit is set forth in each of the Letter of Credit Reimbursement Agreements dated as of February 1, 2003, as amended, made by and among the Authority and the Program A CP Banks (the "Reimbursement Agreements"). The Program A Letters of Credit expires on February 3, 2015; however, the Reimbursement Agreements contain an optional termination date of February 3, 2010. The Agent for the Program A CP Banks has given notice to the Authority of the intent of the Program A CP Banks to terminate the Program A Letter of Credit on February 3, 2010. After the issuance of the 2009C Bonds, \$4,259,000 in Program A Commercial Paper Notes will remain outstanding which is expected to be repaid with a new bank line of credit.

Interest Rate Swaps

The Authority has entered into the transaction described below and may enter into additional interest rate swap agreements, forward purchase agreements or other synthetic financial instruments in the future for the purpose of managing the interest cost of its debt. Interest rate swaps and other synthetic financial instruments involve risks that could result in an economic loss to the Authority. The Authority's obligations under the transaction described below are payable from the Discretionary Fund and are subordinate to the Bonds and the Subordinated Bonds and Other Parity Indebtedness.

Authority's Swap as of September 30, 2009

Associated Debt Issue	Notional Amount	Counter Party	Effective Date	Authority Pays	Authority Receives	Swap Expiration
1997 Secondary Subordinated Indebtedness	\$90,055,000	Goldman Sachs Mitsui Marine Derivative Products, L.P.	1/1/2003	4.45%	SIFMA + spread to receive 4.45% ¹	10/1/2027

¹ The Securities Industry and Financial Markets Association Swap Index formerly the Bond Market Association Swap Index ("BMA").

Source: The Greater Orlando Aviation Authority.

For a thorough discussion of this swap, including certain termination rights of the swap counterparty, please refer to Note 16 of the Audited Financial Statements And Report Of The Independent Auditors Thereon For The Fiscal Years Ended September 30, 2007 And 2008 attached hereto as APPENDIX E. At this time the Authority has not received any notice of optional termination from the counterparty based on the downgrade of MBIA Insurance Corporation (insurer of the swap) ("MBIA"). In any event, as long as the Authority maintains a long term senior unsecured debt rating of "A" or better, a downgrade of MBIA in of itself will not result in an optional termination event of this swap.

Customer Facility Charge Debt

The Authority has provided for a rental automobile customer facility charge or "CFC" to be derived from the operation of rental automobile activities, conducted at various rental

automobile facilities and has pledged the CFC receipts to pay the costs and expenses of financing, designing, constructing, operating, relocating and maintaining certain rental automobile facilities at the Airport pursuant to a Trust Indenture, dated as of October 1, 2009, between The Bank of New York Mellon Trust Company, N.A., as trustee and the Authority (the "CFC Indenture"). Under the CFC Indenture, the Authority has outstanding \$62,800,000 of its Special Purpose Facilities Taxable Revenue Bonds (Rental Car Facility Project), Series 2009 (the "CFC Bonds"). The CFC Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of the CFCs and other funds pledged under the CFC Indenture. The CFCs were authorized by a resolution of the Authority adopted on August 20, 2008, as amended and restated on August 19, 2009. While the CFC Bonds are outstanding, CFCs are not included in Revenues under the Bond Resolution and are not available to pay principal of and interest on the Series 2009C Bonds.

THE GREATER ORLANDO AVIATION AUTHORITY AIRPORT SYSTEM

General

The Airport is located in central Florida, nine miles southeast of downtown Orlando in Orange County, Florida. The Airport occupies approximately 13,756 acres of land. The service region for the Airport extends throughout central Florida, an attribute made possible by its location at the crossroads of Florida's road network and the availability of low fares in the market. The primary metropolitan area within the Airport service region is the Orlando-Kissimmee Metropolitan Statistical Area, which comprises Lake, Orange, Osceola and Seminole Counties. With an estimated population of 2,083,923 in 2007, the Orlando-Kissimmee Metropolitan Statistical Area accounted for approximately 11 percent of the population of the State of Florida according to the University of Florida Bureau of Economic and Business Research.

The Airport System presently consists of: (a) the Airport, which is owned by the City and operated by the Authority; and (b) any other aviation facility or airport that is acquired or constructed by the Authority, provided however, that the Airport System currently excludes the Orlando Executive Airport. However, the Authority may include the Orlando Executive Airport within the definition of the Airport System by Supplemental Resolution upon (i) delivery to the Trustee of an opinion of counsel that such inclusion will not violate or cause a breach or default under the Lease and Use Agreements, (ii) confirmation from each Rating Agency that such action will not result in a reduction or withdrawal of current ratings on the Bonds, and (iii) written consent of any applicable bond insurer or credit enhancer. The Authority has no current plans to include the Orlando Executive Airport within the Airport System. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto as APPENDIX B.

Authority Management

The Airport System is managed by an Executive Director who is appointed by the Authority's Board and oversees a staff of approximately 676 full-time employees. Biographical

data concerning the Executive Director and certain other key officials of the Authority is set forth below.

G. Steve Gardner. Mr. Gardner is the Executive Director for the Authority. Mr. Gardner has 35 years experience in project management, including responsibility for numerous projects for the Aviation Authority, the Orlando Orange County Expressway Authority, and Orange County Public Schools. From 1977–1983, he served as Assistant Project Director for design and construction of the 48-gate terminal and airfield facilities at Orlando International Airport. Subsequently, as Resident Engineer for the Authority, Mr. Gardner was responsible for managing numerous construction contracts, including roadways, parking facilities, the Automated People Mover, airfields, runway and parallel/cross-field taxiway construction. Mr. Gardner served as Director of Engineering for the Authority from 1989 through 1991, and from 1992 through 1994, he was the owner's representative for the Authority's general consultant in the planning, design and construction of the Hyatt Regency Hotel at Orlando International Airport. Prior to rejoining the Authority in June 2001, Mr. Gardner served as the Area Construction Manager for a \$500 million building renovation program for Orange County Public Schools in Orlando. He received a Bachelor of Science degree in Civil Engineering from the University of Virginia and a Master of Science in Civil Engineering from George Washington University. He is a Certified Florida Professional Engineer. Mr. Gardner recently notified the Authority of his intention not to renew his employment contract expiring in August 2010. The Authority plans to create a transition committee to conduct a formal transition process including the selection of qualified candidates for Mr. Gardner's replacement.

Phillip N. Brown. Mr. Brown is the Deputy Executive Director-Administration for the Authority. He has oversight responsibility for the management of the administration/risk management, commercial properties, human resources, marketing, and purchasing departments. Prior to his current employment with the Authority, Mr. Brown served in a variety of public and private sector positions during his thirty years as a business professional. The positions include a previous stint as Deputy Executive Director-Administration for the Authority in the early 1990s as well as County Administrator for Orange County Florida. For the past 14 years Mr. Brown was employed in the public finance arena including four years as an independent financial advisor and ten years as an investment banker for a major Wall Street firm. Mr. Brown is a certified public accountant licensed in Florida and holds a Master Degree in Business Administration from the University of Tennessee.

Robert L. Gilbert. Mr. Gilbert is Deputy Executive Director-Facilities for the Authority. He is responsible for all planning, engineering, construction, environmental affairs, and infrastructure maintenance as well as information technology, risk management and small business management activities at the Airport. Mr. Gilbert is an aviation professional with over thirty-three years experience in airport related activities including aviation operations, master planning and infrastructure development, construction, maintenance and operations, in addition to community relations, and airport tenant relations. After graduating from the United States Air Force Academy in 1973 and pilot training in 1974, Mr. Gilbert served for over 20 years as a pilot and Air Force civil engineering officer. He culminated his military career in 1996 as the commander of a combat engineering squadron as it conducted multi-million dollar engineering design – build activities in Asia, Europe, the Middle East, Central and South America and the United States. Upon retirement from the military, Mr. Gilbert continued working in numerous

aviation venues. Most notably was his successful tenure as Program Manager leading a group of 17 diverse consultant firms that developed the \$13 billion LAX Master Plan and its associated Environmental Impact Statement & Environmental Impact Report. In 2005, he was awarded the City of Los Angeles' Commendation Award for Exemplary Service. He is the only consultant ever to receive this honor. Prior to coming to Orlando, he served as Deputy Program Manager for a consultant to the Transportation Security Administration's (TSA) Program Management Office responsible for the deployment of TSA's explosive detection equipment. Mr. Gilbert holds a Masters Degree in Public Administration with post-graduate studies in engineering and program management.

C. Christian Schmidt. Mr. Schmidt is the Deputy Executive Director-Airport Operations. He is responsible for the day-to-day activity and management of operations, concessions, security and governmental affairs at the Airport. Prior to the Authority, Mr. Schmidt served as Chief of Staff for the Mayor of Orange County, in which the Airport is located. At that time, Orange County provided complete urban services to more than 950,000 citizens, employed over 6,000 employees and had an annual budget of over 2 billion dollars. Mr. Schmidt entered government service following a thirty-five year career in senior management roles in private business, including Fortune 500 companies. Mr. Schmidt retired from the private sector where he served as vice president of a business unit of McGraw-Hill Companies. Mr. Schmidt has served on the Board of Directors for the Orlando Orange County Convention and Visitors Bureau and Valencia Community College Foundation. Mr. Schmidt holds a Masters Degree in Public Policy awarded by the University of Central Florida in 1975 as well as a Bachelor's Degree in Communications from the same institution.

Dayci S. Burnette-Snyder. Ms. Burnette-Snyder is the Manager of Board Services for the Authority and serves as an ex-officio officer on the Authority's Board as Assistant Secretary. Ms. Burnette-Snyder has complete responsibility for documenting and maintaining the official records of the Authority as prescribed by law. Ms. Burnette-Snyder joined the Authority in September 1982 and has been in her current position since 1994. Ms. Burnette-Snyder is a Certified Municipal Clerk.

Jacki M. Churchill. Ms. Churchill is the Chief Financial Officer for the Authority. She has over 20 years of experience in the finance industry. She directs all of the Authority's fiscal activities that include financial reporting, investments, construction finance, debt management and the administration of a \$344 million annual budget, and all financial and regulatory reporting requirements with a staff of 38 employees. Ms. Churchill holds a Bachelor of Science Degree and worked for the CPA firm of Coopers & Lybrand prior to joining the Authority in 1993. Ms. Churchill is a member of the American Institute of Certified Public Accountants and the Government Finance Officers Association. She also serves as a member on several Authority committees, including the Construction Committee, Professional Services Committee, Concessions/Procurement Committee, and Chairperson for the Construction Finance Oversight Committee. Ms. Churchill is also a member of the Airports Council International Finance Subcommittee.

Description of the Airport Facilities

The Airport has four north-south parallel runways designated as 18L/36R, 18R/36L, 17R/35L and 17L/35R. The runways are interconnected by a system of taxiways. All four runways have full instrumentation and lighting to permit all weather operations and are capable of handling the largest commercial aircraft currently in use with partial compliance with regard to the Airbus A380. Currently, the Airport has one runway that is 100% compliant to handle the operation of the Airbus A380 aircraft and one partially compliant runway. The Authority has received interim approval from the FAA to utilize the partially compliant runway for the Airbus A380, if necessary. The Authority also has a number of projects in process to improve the runway shoulders and taxiways to further accommodate the Airbus A380 aircraft.

Runway	Length	Width
18L/36R	12,000 feet	200 feet
18R/36L	12,000 feet	200 feet
17R/35L	10,000 feet	150 feet
17L/35R	9,000 feet	150 feet

The Airport facilities include the North Terminal Complex, consisting of a multilevel landside terminal connected by Automated People Movers ("APM") to four airside terminals, aircraft parking aprons, along with a terminal roadway system, ground level and structural parking for automobiles, staging and parking areas for buses, limousines and taxis, connecting taxiways, a hydrant fueling storage and distribution system, a flood control bypass canal, associated terminal and roadway signage, landscaping, rental car facilities, utilities and drainage.

Access to the Airport is provided by a divided highway system, which connects the Airport with the Orlando-Kissimmee Metropolitan area and the interstate highway network. The road system provides direct access to automobile parking adjacent to and above the landside terminal.

Construction of the landside terminal was completed in 1981. The landside terminal was expanded in 1990 and in 2000. Airside terminals 1 and 3 were constructed concurrently with the initial construction of the landside terminal. Airside terminal 4 was built in conjunction with the 1990 expansion of the landside terminal. In August 2000, the Authority completed airside terminal 2.

The landside terminal accommodates passenger ticketing, baggage check-in, and baggage claim facilities; baggage handling and other facilities for airline operations; and space for rental car counters, food and beverage concessions, retail merchandise concessions, and other passenger services; and a 445-room hotel with restaurants and conference facilities. It is served by a three-level roadway system that provides access to separate enplaning, deplaning, and commercial vehicle curbsides. Rental car and public automobile parking spaces are provided in garages that are an integral part of or adjacent to the landside terminal. Passengers travel between the landside terminal and the airside terminals using the APM system. The airside terminals and aprons provide 96 aircraft gates for jet aircraft and associated passenger waiting areas, concessions, and airline operations space. Federal Inspection Services facilities in two of

the four airside terminals provide the capability to accommodate arriving international passengers at 16 of the 96 gates. The combined capacity of the Federal Inspection Services facilities is approximately 2,600 passengers per hour.

There are currently 39 gates used by the Authority for charter airline activity, new airlines serving the Airport and for expansion by airlines already serving the Airport.

Signatory Airlines

Effective as of October 1, 2008 the Authority entered into its new Lease and Use Agreements relating to the use of the Airport, the rental of space, and the establishment of landing fees (collectively referred to herein as the "Lease and Use Agreements") with each of the following airlines: Air Canada, AirTran Airways, Inc. ("AirTran"), American Airlines, British Airways, PLC ("British Airways"), Continental Airlines, Inc. ("Continental"), Delta Air Lines, Inc. ("Delta"), jetBlue Airways, Corp. ("jetBlue"), Northwest Airlines, Inc. ("Northwest"), Southwest Airlines, Co. ("Southwest"), Spirit Airlines, Inc. ("Spirit"), United Airlines, US Airways, Virgin Atlantic Airways, Ltd. ("Virgin") and WestJet (collectively, with COPA (as defined below), the "Signatory Airlines"). Effective November 1, 2009, the Authority entered into a Lease and Use Agreement with COPA Airlines ("COPA"). Effective October 1, 2009, Northwest became a non-signatory airline with the terminal space previously leased by Northwest being assumed by Delta.

There is no provision in the Lease and Use Agreements permitting a unilateral relinquishment of gates by a Signatory Airline, although in some instances, the Authority accepts relinquished gates under bankruptcy situations. For a more thorough discussion the Lease and Use Agreements see "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Payments by Airlines Pursuant to Lease and Use Agreements" herein.

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The following table sets forth the distribution of aircraft gates among the airlines at the Airport as of December 1, 2009:

**Number of Aircraft
Airline Gates as of December 1, 2009**

Air Canada	1
AirTran Airways	8
American Airlines	4
British Airways	1
Continental Airlines	4
COPA Airlines	1
Delta Air Lines	8
jetBlue Airways	6
Southwest Airlines	12
Spirit Airlines	2
United Airlines	4
US Airways	4
Virgin Atlantic	1
Westjet	1
Authority Gates	39
Total	<u>96</u>

Source: The Greater Orlando Aviation Authority.

Enplaned Passengers at the Airport

The following table sets forth the historical number of enplaned passengers at the Airport for Fiscal Years 1999 to 2009, as well as the annual percentage change in enplaned passengers during such periods.

Historical Enplaned Passengers Fiscal Years 1998 through 2009

<u>Fiscal Year</u>	<u>Domestic Enplaned Passengers</u>	<u>International Enplaned Passengers</u>	<u>Total Enplaned Passengers</u>	<u>Percent Change from Previous Year</u>
1999	13,217,719	1,107,586	14,325,305	4.3
2000	13,921,552	1,235,879	15,157,431	5.8
2001	13,820,578	1,113,135	14,933,713	(1.5)
2002	12,188,801	836,430	13,025,231	(12.8)
2003	12,675,396	856,784	13,532,180	3.9
2004	14,260,609	973,205	15,233,814	12.6
2005	15,760,855	1,072,644	16,833,499	10.5
2006	16,258,674	1,058,199	17,316,873	2.9
2007	16,747,601	1,084,217	17,831,818	3.0
2008	16,920,447	1,317,831	18,238,278	2.3
2009	15,373,029	1,425,573	16,798,602	(7.9)

Source: The Greater Orlando Aviation Authority.

Airlines Serving Orlando International Airport

As of November 1, 2009, the following airlines served the Airport:

U.S. Passenger Airlines

Signatory

AirTran Airways
American Airlines
Continental Airlines
Delta Air Lines
jetBlue Airways
Southwest Airlines
Spirit Airlines
United Airlines
US Airways

Nonsignatory

Scheduled Service

Domestic

Alaska Airlines
Frontier Airlines
Midwest Airlines
Northwest Airlines
Sun Country Airlines

Regional/Commuter

Continental Connection/Gulfstream
Continental Connection/ExpressJet
Delta Connection/Atlantic Southeast Airlines Inc.
Delta Connection/Comair
Delta Connection/Freedom Airlines
Delta Connection/Pinnacle Airlines
Delta Connection/Shuttle America
Northwest Airlines/Compass Airlines
US Airways Express/Air Wisconsin
US Airways Express/Republic Airlines

Foreign-Flag Passenger Airlines

Signatory

Air Canada
British Airways
Virgin Atlantic
WestJet Airlines
COPA Airlines
Martinair Holland

Nonsignatory

Scheduled Service

Foreign

Aer Lingus
Aeromexico
Air Jamaica
Air Transat
Bahamasair
Lufthansa Airlines
Mexicana
TAM Airlines

Nonsignatory Charter

Domestic

Miami Air International
Pace Airlines*
SkyKing Inc.*

Foreign Charter

CanJet Airlines
SkyService Airlines
TACA International Airlines*
Sunwing Airlines

Airlines Providing Cargo Service

Air Transport International
ASTAR Air Cargo
FedEx
Mountain Air Cargo
United Parcel Service

* Service at the Airport varies from month to month. For certain months, this carrier may not serve the Airport.

Source: The Greater Orlando Aviation Authority.

Airline Market Shares

A diverse group of airlines provide passenger service at the Airport including 32 U.S. airlines and 22 foreign-flag airlines in Fiscal Year 2009. Passenger traffic at the Airport is fairly evenly distributed among several airlines with no one carrier dominating passenger traffic. As of September 30, 2009, the largest market shares were held by (a) Southwest Airlines (22.75 percent), (b) AirTran Airways (12.46 percent), and (c) Delta Air Lines (11.10 percent) and (d) jetBlue Airways (10.73 percent). Major network airlines like American Airlines, US Airways, Continental Airlines and United Airlines accounted for most of the remaining passenger traffic; however, none of these other airlines held more than a 10 percent share. As a group, the Signatory Airlines (excluding Comair) accounted for approximately 96 percent of total passengers at the Airport in Fiscal Year 2009. The following table sets forth comparative passenger market share information for air carriers serving the Airport during Fiscal Years 2004 through 2009.

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**Historical Airline Market Shares
Orlando International Airport
Percentage of Total Passengers
Fiscal Years 2004-2009**

	Fiscal Years 2004-2008					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Signatory Airlines						
Southwest Airlines	14.69%	16.52%	18.91%	20.70%	21.38%	22.75%
AirTran Airways	5.70	6.16	7.89	9.70	11.03	12.46
Delta Air Lines ⁽¹⁾	17.78	16.01	9.31	11.70	10.84	11.10
American Airlines	10.49	10.14	10.31	9.50	9.05	7.42
jetBlue Airways	3.65	4.37	5.94	7.40	8.80	10.73
US Airways ⁽²⁾	2.83	8.33	7.34	6.80	7.46	7.26
Continental Airlines	5.65	5.62	6.50	6.70	6.18	6.12
United Airlines	6.06	6.28	6.14	6.00	5.36	5.46
Northwest Airlines ⁽³⁾	5.66	5.59	5.40	5.20	4.88	4.91
Spirit Airlines	2.91	2.91	2.64	2.80	3.15	2.38
Virgin Atlantic	2.56	2.33	2.13	2.30	2.45	2.76
Air Canada ⁽⁴⁾	–	–	0.04	0.90	0.93	0.99
Midwest Airlines ⁽⁵⁾	–	–	0.41	1.00	0.83	0.23
WestJet ⁽⁶⁾	–	–	–	0.50	0.64	0.74
British Airways	0.70	0.56	0.50	0.50	0.57	0.61
Brendan Airways ⁽⁷⁾	–	0.05	0.19	0.10	0.01	0.00
Subtotal Signatory Airlines	<u>82.12%</u>	<u>87.05%</u>	<u>83.84%</u>	<u>91.80%</u>	<u>93.57%</u>	<u>95.92%</u>
Nonsignatory Airlines	9.04	3.98	9.80	2.70	1.78	1.20
Foreign Flag Airlines	3.33	3.13	3.02	1.40	2.22	2.68
Commuter Airlines	5.51	5.84	3.34	4.10	2.43	0.20
TOTAL	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

- (1) Delta Airlines filed for bankruptcy on September 14, 2005. Delta Airlines rejected its Lease and Use Agreement with the Authority and ceased being a Signatory Airline as of January 19, 2006. Delta Airlines became a new Signatory Airline on May 1, 2006.
- (2) US Airways filed for bankruptcy in August 2002. US Airways rejected its Lease and Use Agreement with the Authority and ceased being a Signatory Airline as of January 16, 2003. US Airways became a new Signatory Airline on June 1, 2004.
- (3) Effective October 1, 2009, Northwest became a non-signatory airline and affiliate of Delta.
- (4) Air Canada became a Signatory Airline on September 1, 2006.
- (5) Midwest Airlines became a Signatory Airline on April 1, 2006, but returned to non-signatory status on October 1, 2008.
- (6) WestJet became a Signatory Airline on November 1, 2006.
- (7) Brendan Airways became a Signatory Airline on September 1, 2005 and then a non-signatory on September 30, 2008.

Source: The Greater Orlando Aviation Authority.

International Airline Traffic

Orlando International Airport. The Airport is linked by scheduled passenger air service to international destinations in five geographical regions in the world, North America, Central America, South America, the Caribbean and Europe. As of September 30, 2009, a total of 14 air carriers operated non-stop passenger flights to 16 international destinations. The number of scheduled international flights at the Airport has increased for the last seven fiscal years (Fiscal Year 2003 to Fiscal Year 2009).

The Authority continues to focus on attracting additional international air service to support the growing Central Florida economy, with recent notable additions including Aer Lingus starting service to Dublin, Lufthansa to Frankfurt, Delta to Cancun, jetBlue to Santo Domingo, Cancun, Bogota and San Jose, TAM to Sao Paulo, Mexicana to Mexico City, Martinair to Amsterdam; and Taca to San Salvador. International service increases included British Airways increasing from 7 to 10 weekly flights to London/Gatwick for the summer season; COPA increasing to 14 flights per week to Panama City; and Lufthansa increasing to daily year-round service, and upgauging to an Airbus A340/600 (with an additional 124 seats per flight) for the winter season. Additions scheduled for late 2009 and 2010 include AirTran to Nassau, Montego Bay and Aruba; Air Canada seasonally to Halifax and Ottawa; jetBlue to Montego Bay; WestJet seasonally to Halifax, Hamilton, London (Ontario), Montreal, Ottawa, and Winnipeg; Martinair adding a 4th weekly flight for the summer season; and US Airways resuming summer service to Bermuda. These additions continue to expand Orlando's outbound international routes, which is in contrast to the traditional view of Orlando as an inbound market, as well as expanding the U.S.-flag carrier international services in contrast to the historically foreign-flag dominated international market at Orlando. The number of international passenger flights at the Airport has increased by 47 percent over the last 5 years. The Authority anticipates increases in international airline service with international enplanements forecast to outpace domestic passenger growth for the next several years.

Orlando-Sanford International Airport. The Orlando-Sanford International Airport (the "Sanford Airport"), which is not part of the Airport System, is located 24 miles northeast of downtown Orlando and accommodates both scheduled and chartered international flights. The main runway at Sanford Airport is 9,600 feet long and is capable of accommodating operations by large air carrier aircraft. Sanford Airport also has two additional parallel 3,500 foot runways for general aviation traffic and a 6,000 foot crosswind runway for air carrier aircraft. The Sanford Airport has a five-gate terminal designed for international charter operations and a seven-gate terminal designed to accommodate domestic operations and overflow international operations. The Sanford Airport primarily serves international chartered leisure flights, mostly from the United Kingdom; although this market has been in decline for the last two years, and suffered a large drop in 2008 with the bankruptcy of XL Airways. For the 12 months ended September 30, 2009, 13.9 percent of international enplanements in the Orlando area occurred at the Sanford Airport compared to 24.3 percent in the previous year.

The table that follows presents historical data regarding international enplaned passengers at the Airport during Fiscal Years 1999 through 2009.

**Orlando International Airport
International Enplaned Passengers
Fiscal Years 1999-2009**

<u>Fiscal Year</u>	<u>International Passengers Scheduled Airlines</u>	<u>International Passengers Charter Airlines</u>	<u>International Passengers Total</u>	<u>Average Annual Increase (Decrease)</u>	<u>Percent of Total Passengers</u>
1999	934,627	172,959	1,107,586	11.2%	7.7%
2000	1,029,077	206,802	1,235,879	11.6	8.2
2001	951,977	161,158	1,113,135	(9.9)	7.5
2002	798,979	37,451	836,430	(24.9)	6.4
2003	815,860	40,924	856,784	2.4	6.3
2004	923,282	49,923	973,205	13.6	6.4
2005	1,064,732	7,912	1,072,644	10.2	6.4
2006	1,052,617	5,582	1,058,199	(1.4)	6.1
2007	1,056,401	25,704	1,084,217	2.5	6.1
2008	1,282,982	34,849	1,317,831	21.6	7.2
2009	1,369,632	55,941	1,425,573	8.2	8.5

Source: The Greater Orlando Aviation Authority.

For a review of passengers who board domestic flights bound for other gateway airports and connect there to international flights as well as traditional internal passengers departing directly from the Airport, see table 18 entitled "PASSENGERS ENPLANED AT MCO FOR INTERNATIONAL DESTINATIONS" IN APPENDIX A hereto. For a complete review of enplanements at the Airport and forecasting future enplanements, see the "REPORT OF THE AIRPORT CONSULTANT" attached hereto as APPENDIX A.

Airline Activity at the Airport

In calendar year 2008, the airport was the 3rd largest domestic origin and destination market in the United States according to the United States Department of Transportation and 11th busiest in the United States and 22nd in the world in terms of total passengers according to the Airports Council International-North America. The Airport was the 8th fastest growing major airport in the United States and the 20th fastest growing of the top 30 airports in the world.

Orlando has a diverse mix of legacy and low-cost carriers creating a competitive environment to encourage passenger traffic and support local economic activities. Most notable of the increases in seat capacity from new or increased air service in 2009 were jetBlue (domestic and international), TAM (international), AirTran (domestic), Mexicana (international), Sunwing (international), COPA (international), WestJet (international), and Bahamasair (international). Air service additions in the second half of 2009 include AirTran (domestic and international), Bahamasair (international), jetBlue (domestic and international), Martinair

(international), Virgin (international), Continental Connection (domestic), COPA (international), and Air Jamaica (international). International capacity growth has been much stronger than domestic, a trend which is likely to continue with the upcoming new international services. However, the seat capacity outlook is flat through the first half of 2010.

Recent Events at the Airport

Although the Authority has experienced declines in growth in domestic enplanements, many airlines have added new service to the Airport recently and additional service is expected in the upcoming months. A sample of the additions that occurred in recent months include: AirTran adding service to Allentown, Asheville, Atlantic City, Charlotte, Charleston (WV), and Knoxville; Continental Connection adding service to Tallahassee; jetBlue adding service to Bogotá, Nassau, and San Jose; and Martinair adding service to Amsterdam. Future additions include: Southwest adding service to Milwaukee and Taca adding service to San Salvador in November; AirTran adding service to Branson, Key West and Nassau in December; and AirTran adding service to Montego Bay and Aruba, and jetBlue adding service to Montego Bay in February. By the end of 2009, AirTran is scheduled to operate 47 flights per week more than it operated in December 2008; and jetBlue 23 more flights per week. Southwest also recently announced the addition of 91 more flights per week starting in March 2010, during which time it will be operating 129 flights on its peak day (Saturdays), compared to 132 in March 2009.

Commercial Property Development at the Airport

The Authority has the ability to pursue both aviation and commercial development of both the Tradeport Drive corridor on the west of the Airport and the Heintzelman Boulevard corridor on the east side of Airport property. The Tradeport area comprises approximately 1,000 acres and the Heintzelman Boulevard corridor comprises approximately 440 acres.

Signature Flight Support and Galaxy Aviation are the two fixed base operators at the Airport. Both have extensive facilities near Tradeport Drive for the handling, storage and servicing of corporate aircraft. Galaxy recently completed construction of a new 24,000 square foot aircraft storage hangar and 4,000 square foot executive terminal. The United States Postal Service operates a 290,000 square foot regional center on approximately 27 acres of land at the south end of the Tradeport corridor. This activity serves nine counties and employs approximately 1,440 people. The United States Department of Agriculture leases an inspection station facility in the mid-Tradeport area. Foreign Trade Zone, which began operation in September 1979, is also situated around the Tradeport area under special grant from the U.S. Department of Commerce to provide import duty and excise tax incentives for manufacturers and distributors in the Central Florida region.

Cessna Aircraft Company operates a Citation Service Center in the north Tradeport area. The Citation Service Center opened in 2003 and included a 148,000 square foot hangar with offices and shops with a 200,000 square foot aircraft apron. The Service Center immediately initiated an expansion of an additional 24,000 square feet of hangar space to accommodate the demand for service. The expansion was completed in 2004. FlightSafety International, an aviation training company, completed construction of an eight-bay pilot training simulation

center in the north Tradeport area to support the new Cessna Citation Service Center in February 2003. This facility was expanded to allow for 12-full motion aircraft simulators in 2006.

Continental Airlines operates a major maintenance facility in two 100,000 square feet hangars on Tradeport Drive. Continental currently employs more than 600 mechanics whose average wage is over \$50,000 annually. These mechanics provide maintenance to Continental's fleet of Boeing jets.

jetBlue Airways operates a flight support campus in the Heintzelman corridor which offers initial and recurrent training for specialties including Flight Operations, Flight Attendant, Technical Operations and Customer Service crewmembers. The 107,000 square feet facility includes an auditorium, classrooms, briefing rooms, offices and an indoor/outdoor training pool. The facility houses four Airbus A320 full-flight simulators and two Embraer E190 full-motion simulators. Additionally, the airline opened a \$24 million 100,000 square foot three aircraft bay hangar for installation of airline in-seat digital entertainment systems by LiveTV into jetBlue aircraft and aircraft owned by other airlines. In addition, jetBlue Airways performs FAA-mandated maintenance and inspections on their aircraft from this hangar.

The Authority approved four rental automobile concession (RAC) agreements with Avis Budget Car Rental, LLC (Avis and Budget brands), DTG Operations, Inc. (Dollar and Thrifty brands), EAN-Orlando, LLC (Enterprise, Alamo and National brands), and The Hertz Corporation (Hertz and Simply Wheelz brands) to streamline processing for rental car customers. The rental car agreements will cause some of the current onsite brands (Avis, Budget, Dollar, Alamo and National) to team with some of the current offsite brands (Thrifty, Enterprise, Hertz and Simply Wheelz) to maintain vehicles and operations on Authority property and serve around 95 percent of rental car customers upon completion of several rental car facility improvement projects to accommodate the higher demand. By resolution approved August 17, 2008, as amended and restated on August 19, 2009, the Authority authorized collection of a customer facility charge assessed on each rental car transaction. The CFCs collected are expected to be used to finance in whole or in part the rental car projects, including repayment of the Authority's CFC Bonds. The Authority began collecting the CFCs in October 2008. As long as the CFC Bonds are outstanding, CFCs are not Revenues for purposes of the Bond Resolution.

Taxation of Facilities, Rentals and Services

All real and personal property owned by the City or the Authority and used exclusively for governmental, municipal or public purposes is currently exempt from ad valorem taxation. Real property owned by the City, operated by the Authority and used by or leased to private commercial entities for nongovernmental purposes is subject to ad valorem real property taxes. In most cases, a lessee is obligated under its lease with the Authority to pay such taxes. To the extent such taxes are not paid by the lessee, the Authority is obligated to reimburse the City for that portion of taxes assessed against real property operated by the Authority. The Authority is unable to estimate the amount of any such taxes. However, to the extent the Authority reimburses the City for these taxes, the Authority expects that such taxes will be provided for in the Authority's Annual Budget and paid by rates, fees, rentals and other charges for use of the Airport System. No provision was made for the payment of any such amounts in the "AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT

AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2008" attached hereto as APPENDIX E.

All tangible personal property owned by private enterprises, including that owned by airlines, which is located on municipally owned airports, is currently subject to Orange County tangible personal property taxation.

All gross income received by the Authority for rental of land, buildings or space in buildings (with certain exclusions for property used exclusively for aircraft landing or taxiing and space used by airlines in connection with loading or unloading passengers or property or for fueling aircraft) is subject to the Florida Sales and Use Tax (currently six and one-half percent). Such taxes are normally added to such rents and paid by the tenants to the Authority, but the Authority is also responsible for the collection and payment of such taxes.

The Authority is subject to certain taxes imposed with respect to the rental of Hotel rooms and the providing of goods and services in connection with the operation of the Hotel, but such taxes are ordinarily added to the fees paid by customers of the Hotel.

Insurance

The Authority currently maintains property insurance for property not insured by others with per occurrence limits totaling \$400 million. The property insurance policies contain certain specific sub-limits, and the primary layer contains a self-insured retention of \$100,000 and a maintenance deductible of \$25,000 per occurrence for causes of loss other than named windstorm. It is common and ordinary in Florida for property insurance policies for structures comparable in size and value to the Airport, to include a larger deductible for losses arising from a named windstorm. The Authority's deductible for a named windstorm is 2 percent of the value of each building damaged, which currently compares favorably with similar properties in Florida. The policy provides open-perils protection as opposed to specifically named-perils protection on a replacement cost basis and includes coverage for loss of business income up to \$170 million per occurrence resulting from a covered property loss, including covered terrorism losses. The Authority currently maintains property insurance with per occurrence limits of \$300 million for both certified and non-certified terrorism events whether caused by international or domestic persons or organizations. Renovations to existing facilities are included as covered losses under the Authority's current property insurance. It is expected that property insurance limits may be adjusted in the future, as is prudent in the airport industry and as insurance markets continue to evolve.

The Authority also maintains builders' risk insurance, when required for construction projects not covered by others and that are not attached to existing structures and therefore not covered by property insurance discussed above. The Authority also maintains fiduciary liability, public official's liability, auto liability, storage tank and pollution liability, boiler and machinery, crime and airport owners and operators liability insurance. The Authority's airport liability insurance has a limit of \$300 million annually and a sub-limit of \$50 million annually for war and terrorism exposures. The Authority maintains workers compensation insurance with statutory limits, which includes a self-insured retention of \$150,000 per occurrence and associated employers' liability insurance.

AIRLINE REVENUES AND OTHER REVENUE SOURCES

Payments by Airlines Pursuant to Lease and Use Agreements

The new Lease and Use Agreements will be effective through September 30, 2013. The projections of airline rates and charges incorporated in APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT" are based on the terms and provisions specified in the Lease and Use Agreements. The key provisions of the Lease and Use Agreements, as summarized in the Airline Lease and Use Agreements section of APPENDIX A, include a compensatory rate-making methodology for use of the terminal facilities, a residual rate making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and the Signatory Airlines, and an Extraordinary Coverage Protection provision.

Signatory Airline payments to the Authority represent approximately 27 percent of the total airport revenues for Fiscal Year 2009 budget. Under its Lease and Use Agreement, each Signatory Airline is required to pay in monthly installments (a) a specified annual rental with respect to space assigned on an exclusive or preferential basis to such Signatory Airline, (b) a charge with respect to space used in common with others, based on the number of Signatory Airlines and a proportionate share based on passenger activity, (c) a landing fee, based on maximum gross landed weight, the number of landings, and the applicable landing fee rate (d) an annual charge for tenant improvements financed by the Authority, and (e) an annual charge for preferential use of aircraft parking aprons.

Payments made to the Authority by the Signatory Airlines in Fiscal Year 2008 under the prior lease and use agreements with terms and provisions substantially different from the current Lease and Use Agreements totaled approximately \$97,584,000 before the application of prepaid airline fees and charges. These Signatory Airline payments, before the application of prepaid airline fees and charges, accounted for approximately 28 percent of total Revenues in Fiscal Year 2008.

Subject to federal regulatory requirements regarding reasonableness of rates and charges, the Authority is authorized under the Act to fix, regulate and collect rates and charges for the services and facilities of the Airport. See "FORM OF THE LEASE AND USE AGREEMENTS" attached hereto as APPENDIX C.

For a discussion of the airlines' present situation and the relative presence of each airline at the Airport, see the sources outlined in "THE GREATER ORLANDO AVIATION AUTHORITY AIRPORT SYSTEM" and "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS" herein.

Extraordinary Coverage Protection

Under the Lease and Use Agreements, fees and charges are reviewed at least annually so that for each Fiscal Year, Revenues (as defined in the Bond Resolution) less Operation and Maintenance Expenses, amounts required to be deposited into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund established under the Bond Resolution shall be equal to or greater than 1.25 times the aggregate principal (including Sinking Fund Installments) and interest (other than capitalized interest) to

become due and payable in such Fiscal Year on the Outstanding Airport Facilities Revenue Bonds, the Series 2009C Bonds and any Additional Bonds or Refunding Bonds hereafter issued under the Bond Resolution. In the event the analysis of Revenue as detailed herein shall be less than the requirement, the Authority shall recover additional rates and charges, pursuant to an Extraordinary Coverage Protection provision from each Signatory Airline to cover any shortfall of the Authority's rate covenant.

Effect of Bankruptcy on Lease and Use Agreements

When a Signatory Airline seeks protection under the bankruptcy laws, such airline or its bankruptcy trustee must determine whether to assume or reject its agreements with the Authority (1) within 60 days or later, if ordered by the court, with respect to its Lease and Use Agreement or other leases of real property, or (2) prior to the confirmation of a plan or reorganization with respect to any other agreement. In the event of assumption, the Signatory Airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the applicable Lease and Use Agreement or other agreements. Rejection of a Lease and Use Agreement or other agreement or executory contract would give rise to an unsecured claim of the Authority for damages, the amount of which in the case of a Lease and Use Agreement or other agreement is limited by the Bankruptcy Code generally to the amounts unpaid prior to bankruptcy plus the greater of (1) one year of rent or (2) 15 percent of the total remaining lease payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a Lease and Use Agreement or other agreement could be considerably less than the maximum amounts allowed under the Bankruptcy Code. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the Authority on account of goods and services provided prior to the bankruptcy. Thus, the Authority's stream of payments from a debtor airline would be interrupted to the extent of pre-petition goods and services, including accrued rent and landing fees.

Passenger Facility Charges

As part of the Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), the United States Congress has authorized commercial service airports such as the Airport to collect passenger facility charges ("Passenger Facility Charge" or "PFC") from each paying passenger enplaned at such airport in the amount of \$1.00, \$2.00, \$3.00, \$4.00 or \$4.50, subject to certain limitations. Airport-related projects eligible for PFC's, including a portion of the Airside 1 & 3 Project, are those that preserve or enhance capacity, safety or security of the national air transportation system, reduce noise from an airport that is part of the system or provide an opportunity for enhanced competition between or among air carriers or foreign air carriers. "Eligible airport related projects" include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage. PFCs are collected on behalf of airports by air carriers, certain foreign air carriers and their agents ("Collecting Carriers").

The Collecting Carriers are authorized to withhold, as a collection fee (a) eleven cents per enplaning passenger from whom a PFC is collected and (b) any investment income earned on the

amount collected prior to the due date of the remittance. The PFC Act was amended in 1996 to provide that PFC Revenues that are held by a Collecting Carrier constitute a trust fund that is held for the beneficial interest of the eligible agency imposing the fee and that the Collecting Carrier holds neither legal nor equitable interest in the PFC Revenues, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, PFC Regulations require Collecting Carriers to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in financial statements. The Collecting Carriers, however, are permitted to commingle PFC collections with the carriers' other sources of revenue and are also entitled to retain interest earned on PFC collections until such PFC must be remitted. Notwithstanding provisions of the PFC Act and the FAA Regulations requiring Collecting Carriers to account for PFC collections separately and indicating that those PFC collections are to be regarded as funds held in trust by the Collecting Carriers for the beneficial interest of the public agency imposing the PFC, recent bankruptcy decisions suggest that in a bankruptcy proceeding involving a Collecting Carrier, the PFC collections in the Collecting Carrier's custody may not be treated as trust funds and that the Authority may not be entitled to any priority over other creditors of the collecting airline to such funds. In 2005 the PFC program was amended to incorporate certain changes as set forth in the Vision 100-Century of Aviation Reauthorization Act (Vision 100). One of these changes was a streamlined process for submitting and reviewing amendments to existing PFC Application as well as approvals of new PFC applications.

PFC applications for specific projects are approved by the FAA in specific total amounts and the Authority may impose the designated PFC only until it collects the authorized total amount. Interest earnings on the collections are treated as collections for purposes of the authorized total. The Airport has imposed the Passenger Facility Charge since February 1993. The Authority has received approval from the FAA to collect and use PFCs under 12 applications for a total of \$2.0 billion in collection authority. Through September 30, 2009, PFC Revenues received by the Authority, including investment earnings, totaled \$717,483,693, of which \$696,921,351 had been expended on approved project costs. The Authority is currently authorized to collect PFCs at a rate of \$4.50 per enplaned passenger at the Airport.

PFCs may be used, subject to applicable regulations, either to pay debt service on all or a portion of bonds secured by PFCs or to pay for eligible capital improvements on a year-to-year basis, as specified in the applicable approval. As further described below, and as set forth in detail in "APENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION" attached hereto, PFCs are included in the definition of Revenues for purposes of the Bond Resolution, but only to the extent that PFC Revenues constitute Available PFC Revenues for the applicable period. The term "Available PFC Revenues" is defined to mean PFC Revenues received by the Authority in an amount for each relevant period not to exceed 1.25 times Debt Service accruing during such period with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority. Prior to the issuance of the Series 2009C Bonds, there are five outstanding series of Bonds, the proceeds of which have financed all or a portion of PFC Projects which, in turn, permits the Authority to use Available PFC Revenues to pay Debt Service with respect to the applicable portion of such Bonds. The Authority currently estimates that 100% of the proceeds of the Series 2009C Bonds will be used to finance a PFC Project. See Exhibits B and C to the "REPORT OF THE AIRPORT CONSULTANT" attached hereto as

APPENDIX A. The use of Available PFC Revenues permits the Authority to increase Revenues with PFC Revenues received in the relevant period by an amount equal to the portion of debt service and coverage requirements attributable to the portions of the Bonds allocated to finance PFC Projects. To ensure that an amount equal to the amount of Available PFC Revenues deposited in the Revenue Fund is used for permitted uses of PFC Revenues, the Bond Resolution requires the Authority to deposit in the PFC Account established in the Discretionary Fund an amount equal to the difference between (a) the amount of Available PFC Revenues deposited in the Revenue Fund, plus amounts withdrawn from the PFC Account to cure Debt Service deficiencies and Operation and Maintenance Expense deficiencies, and (b) the Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by an Authorized Officer of the Authority. Amounts in the PFC Account not required to cure such deficiencies or to pay such Accrued Aggregate Debt Service may be withdrawn by the Authority at any time and applied by the Authority, in its discretion, for permitted purposes in accordance with the applicable approvals and authorization of the FAA and applicable regulations. PFC Revenues received in any period in excess of Available PFC Revenues for such period, and PFC Revenues accumulated from earlier periods not constituting Available PFC Revenues for such earlier period, do not constitute Revenues and are not subject to the pledge and lien established by the Bond Resolution.

**Passenger Facility Charges
September 30, 2009
Orlando International Airport**

Application Number	Collection Authority	Collections through September 30, 2009	Expenditures¹ through September 30, 2009
92-01-C-05-MCO (Closed)	\$34,099,841	\$34,099,841	\$34,099,841
93-02-C-00-MCO (Closed)	8,140,005	8,140,005	8,140,005
95-03-C-02-MCO (Closed)	18,637,986	18,637,986	18,637,986
96-04-C-06-MCO	65,327,000	65,327,000	65,327,000
98-05-C-04-MCO	119,178,876	119,178,876	115,418,759
99-06-C-02-MCO	116,091,803	116,091,803	58,866,516
00-07-C-03-MCO	181,271,854	181,271,854	53,194,111
00-08-C-01-MCO	253,632,770	174,736,328	26,819,000
02-09-C-04-MCO	165,358,198	-	94,639,535
05-10-C-04-MCO	765,494,011	-	218,765,610
07-11-C-00-MCO	48,580,000	-	11,684,139
07-13-C-00-MCO	227,788,000 ²	-	-
Total Authority:	\$2,003,600,344	\$717,483,693	\$696,921,351

¹ Expenditures for each application may commence upon notification of the approval of the Application. For reporting purposes, PFC collections are reported as applied to each application in order of the applications until the collection authority amount has been met for each application. As a result of this reporting method, there are allowable expenditures reported for applications that may not show collections directly assigned to them.

² This additional amount received FAA approval as of October 30, 2009.

Source: The Greater Orlando Aviation Authority.

No assurance can be given that PFC Revenues will actually be received in the amounts and at the times necessary to provide sufficient Available PFC Revenues in each relevant period, or to fund elements of the Authority's CIP anticipated to be funded with PFC Revenues. The actual amount of PFC Revenues collected, and the rate of collection, will vary depending on the PFC level at the Airport and the actual levels of qualified enplaned passengers at the Airport.

In addition, the FAA may terminate the Authority's ability to impose PFC's subject to informal and formal procedural safeguards, if (a) the Authority fails to use its PFC Revenues as approved by the FAA, the PFC Act or the implementing regulations, or (b) the Authority otherwise violates the PFC Act or regulations. The Authority's ability to impose PFCs may also be terminated if the Authority violates certain provisions of the Airport Noise and Capacity Act of 1990 and its implementing regulations. In the Bond Resolution, the Authority has covenanted to file such applications, submit such reports and take any and all such actions as shall be necessary or desirable to preserve its rights to impose and collect PFCs from which Available PFC Revenues are derived and to use the proceeds of such Available PFC Revenues and amounts required to be deposited in the PFC Account in the manner provided in the Bond Resolution.

There is no assurance that the legislation authorizing the imposition of PFCs or the implementing regulations will not be amended or repealed so as to adversely affect the ability of the Authority to collect PFCs or to apply them as described herein.

The occurrence of any of these events could reduce the amount of PFC Revenues. If PFC Revenues received in any applicable period are less than 1.25 times Debt Service accruing in such period on Bonds allocated to financing PFC Projects, the shortfall will have to be provided from other sources of Revenues. See "THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS - Passenger Facility Charges" herein.

Concessions and Other Consumer Revenue Sources

The principal concessions and consumer services at the Airport are the Hotel, automobile parking, rental cars and other ground transportation, food and beverage, and merchandise. The Authority also derives revenues from advertising, telephones, a bank and other concessions and consumer services. The Authority has a written statement of policy for awarding concession and consumer service privileges at the Airport. In accordance with this policy, the Authority specifies performance and operating standards in its agreements with concessionaires in furtherance of its public service and revenue goals. Automobile parking and the Hotel are operated under management agreements.

Revenues received by the Authority in connection with rental car services for Airport passengers are the largest source of nonairline revenue at the Airport. The Authority receives privilege fees and rents (associated with ready/return spaces, terminal counter space, and quick turnaround facilities) from rental car companies serving Airport customers. Onsite Airport rental car brands currently include Avis, Budget, Dollar, Alamo, National, Enterprise, Thrifty, L&M and E-Z.

The Authority has entered into new rental car agreements effective April 1, 2010. The rental car agreements will cause some of the current onsite rental car brands to team with some of the current offsite brands to maintain vehicles and operations on Airport property. The Authority estimates that once the rental car facility improvements are made and the new facilities are occupied, the on-Airport rental car operators will serve approximately 95% of rental car customers and will have facilities to accommodate a higher demand in the future. The new agreements have a five-year term with two one-year options at the Authority's sole discretion.

Under the new agreements, the rental car operators will pay (1) 10% of gross receipts (which will apply to both onsite and offsite operators), however onsite operators must pay the greater of greater of 10% of gross receipts or a minimum annual guarantee that totals \$51.4 million for the first year of the contract, (2) ready/return space rent on a per space basis, (3) quick turn-around ("QTA") rent, and (4) rent for terminal counters, office, and queuing space. QTA facility rent will include ground rent at 10% of the fair market value of the land. In addition, rental car operators will pay for all operating, utility, maintenance, and service management expenses. The foregoing constitute Revenues under the Bond Resolution. As previously discussed, the rental car operators also pay CFCs, however such CFCs are not included in the definition of Revenues under the Bond Resolution until such time as the CFC Bonds are no longer outstanding. See OTHER INDEBTEDNESS AND INTEREST RATE SWAPS - Customer Facility Charge Debt" herein.

Food and beverage facilities in the Landside Terminal and Airside Terminals 1 and 4 are operated under a 10-year concession agreement effective December 2002, with a minimum annual concession fee of \$5,253,000. The food and beverage concession agreement at Airside 2 has a minimum annual concession fee of \$1,086,683 and was recently amended to extend the agreement until September 2015. The food and beverage concession at Airside 3 was awarded with an initial minimum annual concession fee of \$1,100,000 that increased to a minimum annual concession fee of \$2,200,000 effective with the opening of the new sit-down restaurant on April 1, 2009.

Amounts derived from concessions and consumer services, including automobile parking and the Hotel, totaled approximately \$198,128,000 in Fiscal Year 2008, and represented approximately 60 percent of total Revenues received by the Authority during such period. For the nine-month period ended June 30, 2009, such concession and consumer services revenues totaled approximately \$143,216,419 compared with \$156,879,628 for the nine-month period ended June 30, 2008. The concession and consumer services revenue represented approximately 59 percent and 62 percent of total Revenues received for the nine-month period ending June 30, 2009 and June 30, 2008 respectively. The majority of the decrease relates to reduction in revenues from parking and the hotel.

Other Terminal Area Revenue Sources

Sources of other terminal area revenues include: (a) Federal Inspection Station and common facility fees and (b) space rentals paid by rental car operators, non-signatory and other non-airline tenants in the terminal. Other terminal area revenue sources amounted to approximately \$11,618,000 for Fiscal Year 2008, and approximately \$16,286,565 for the nine-months ended June 30, 2009, compared with approximately \$9,873,376 for the nine-months

ended June 30, 2008. The majority of the increase in other terminal area revenue is attributed to an increase in revenue received for common facility usage as a result of the increase in activity of the airlines for use of Authority controlled gates.

Airfield Area Revenue Sources

Sources of airfield area revenues (other than those paid by the Signatory Airlines) include: (a) apron use fees paid by international and domestic non-signatory passenger airlines, (b) landing fees paid by non-signatory passenger and cargo airlines, (c) in-flight catering fees, (d) fueling system rentals and (e) fuel flowage and other aviation fees. Airfield area revenue sources amounted to approximately \$12,683,000 for Fiscal Year 2008 and approximately \$6,736,747 for the nine-months ended June 30, 2009, compared with approximately \$8,409,162 for the nine-months ended June 30, 2008. The majority of the decrease is attributed to a reduction in landed weights but is offset slightly by an increase in the apron use fees as a result of an increase in the use by the airlines for overnight aircraft parking.

Other Buildings and Grounds

Tenants of buildings and sites at the Tradeport and other airport areas pay rentals and fees for the use of such buildings and sites. Revenues from these areas amounted to approximately \$10,950,000 for Fiscal Year 2008 and approximately \$9,736,136 for the nine-months ended June 30, 2009, compared with approximately \$8,202,689 for the nine-months ended June 30, 2008. A majority of the increase relates to an increase in revenues received from the jetBlue training facility.

AUTHORITY FINANCIAL INFORMATION

Debt Service Requirements

The following table sets forth the Debt Service Requirements for the Outstanding Bonds.

Total Debt Service Requirements for Bonds⁽¹⁾

Fiscal Year Ending September 30	Outstanding Bonds Debt Service	2009C Bonds Principal	2009C Bonds Interest	Total 2009C Bonds Debt Service	Total Bonds Debt Service
2009	\$110,421,130.26	--	--	--	\$110,421,130.26
2010	112,399,833.04	\$1,155,000.00	\$3,286,688.61	\$4,441,688.61	116,841,521.65
2011	112,419,770.64	1,490,000.00	4,143,125.00	5,633,125.00	118,052,895.64
2012	112,455,655.67	1,535,000.00	4,098,425.00	5,633,425.00	118,089,080.67
2013	154,539,224.49	1,580,000.00	4,052,375.00	5,632,375.00	160,171,599.49
2014	94,724,650.00	1,640,000.00	3,989,175.00	5,629,175.00	100,353,825.00
2015	94,721,404.75	1,725,000.00	3,907,175.00	5,632,175.00	100,353,579.75
2016	94,714,986.25	1,795,000.00	3,838,175.00	5,633,175.00	100,348,161.25
2017	94,706,967.50	1,885,000.00	3,748,425.00	5,633,425.00	100,340,392.50
2018	94,696,767.50	1,960,000.00	3,669,475.00	5,629,475.00	100,326,242.50
2019	75,908,186.25	2,050,000.00	3,581,725.00	5,631,725.00	81,539,911.25
2020	75,912,830.00	2,150,000.00	3,479,225.00	5,629,225.00	81,542,055.00
2021	75,910,861.25	2,250,000.00	3,380,312.50	5,630,312.50	81,541,173.75
2022	47,436,198.75	2,350,000.00	3,281,875.00	5,631,875.00	53,068,073.75
2023	24,587,562.50	2,465,000.00	3,164,375.00	5,629,375.00	30,216,937.50
2024	14,844,550.00	2,590,000.00	3,041,125.00	5,631,125.00	20,475,675.00
2025	14,799,106.25	2,715,000.00	2,914,025.00	5,629,025.00	20,428,131.25
2026	14,759,475.00	2,855,000.00	2,778,275.00	5,633,275.00	20,392,750.00
2027	14,719,106.25	2,995,000.00	2,635,525.00	5,630,525.00	20,349,631.25
2028	36,251,725.00	3,145,000.00	2,485,775.00	5,630,775.00	41,882,500.00
2029	4,831,593.75	3,300,000.00	2,330,750.00	5,630,750.00	10,462,343.75
2030	4,832,593.75	3,455,000.00	2,174,000.00	5,629,000.00	10,461,593.75
2031	4,833,006.25	3,630,000.00	2,001,250.00	5,631,250.00	10,464,256.25
2032	4,832,312.50	3,810,000.00	1,819,750.00	5,629,750.00	10,462,062.50
2033		4,000,000.00	1,629,250.00	5,629,250.00	5,629,250.00
2034		4,200,000.00	1,429,250.00	5,629,250.00	5,629,250.00
2035		4,410,000.00	1,219,250.00	5,629,250.00	5,629,250.00
2036		4,635,000.00	998,750.00	5,633,750.00	5,633,750.00
2037		4,865,000.00	767,000.00	5,632,000.00	5,632,000.00
2038		5,110,000.00	523,750.00	5,633,750.00	5,633,750.00
2039		5,365,000.00	268,250.00	5,633,250.00	5,633,250.00
Total	<u>\$1,490,259,497.60</u>	<u>\$87,110,000.00</u>	<u>\$80,636,526.11</u>	<u>\$167,746,526.11</u>	<u>\$1,658,006,023.71</u>

⁽¹⁾ The Debt Service Requirements are shown for the period in which they accrue and not for the period in which they are paid. Such Debt Service Requirements have not been reduced by payments to be made out of capitalized interest or out of interest income on the Bond Resolution funds deposited into the Debt Service Account under the Bond Resolution. The Debt Service Requirements shown do not include debt service on Subordinated Indebtedness See "OTHER INDEBTEDNESS AN INTEREST RATE SWAPS – Subordinated Indebtedness" herein.

Historical Financial Results

The following table presents the historical debt service coverage for the Outstanding Airport Facilities Revenue Bonds pursuant to the Bond Resolution for Fiscal Years 2002 through 2008.

Orlando International Airport Historical Debt Service Coverage Per Bond Resolution Fiscal Years 2002 - 2008 (in thousands)

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues Per Bond Resolution ⁽¹⁾	\$285,834	\$309,290	\$330,800	\$346,916	\$356,263
Less: Operations and Maintenance Expenses per Bond Resolution ⁽²⁾	<u>(127,292)</u>	<u>(134,775)</u>	<u>(148,803)</u>	<u>(172,217)</u>	<u>(182,868)</u>
Net Revenues	<u>\$158,542</u>	<u>\$174,515</u>	<u>\$181,997</u>	<u>\$174,699</u>	<u>\$173,395</u>
Less: Required Account Deposits					
Airport Facilities Operations and Maintenance Reserve Fund	605	1,117	2,339	3,903	3,365
Airport Facilities Capital Expenditure Fund	3,620	4,103	5,533	7,180	19,918
Airport Facilities Renewal and Replacement Fund	<u>371</u>	<u>204</u>	<u>5,420</u>	<u>420</u>	<u>0</u>
Total Required Account Deposits	<u>\$4,596</u>	<u>\$5,424</u>	<u>\$13,292</u>	<u>\$11,503</u>	<u>\$23,283</u>
Net Revenues available for Debt Service on Bonds	<u>\$153,946</u>	<u>\$169,091</u>	<u>\$168,705</u>	<u>\$163,196</u>	<u>\$150,112</u>
Net Debt Service on Bonds ⁽³⁾	<u>\$71,721</u>	<u>\$74,901</u>	<u>\$81,484</u>	<u>\$73,960</u>	<u>\$88,514</u>
Coverage Ratio for Bonds	2.15	2.26	2.07	2.21	1.70

Source: The Greater Orlando Aviation Authority.

- (1) Revenues as deposited to the Airport Facilities Revenue Fund before adjustment for year-end transfers to Prepaid Airline Fees and Charges Fund and Improvement and Development Fund, plus miscellaneous receipts in the Operations and Maintenance Fund.
- (2) Expenses and encumbrances are paid from amounts on deposit in the Airport Facilities Operations and Maintenance Fund.
- (3) Debt service is net of applicable capitalized interest.

The following table presents historical amounts of Revenues and Expenses of the Airport for Fiscal Years 2004 through 2008 and the nine-month periods ended June 30, 2008 and 2009. These historical amounts relate solely to the Orlando International Airport and do not include revenues and expenses for the Orlando Executive Airport; however, the "AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2008" included in APPENDIX E attached hereto present the combined financial position, results of operations and cash flows of Orlando International Airport and Orlando Executive Airport.

Orlando International Airport
Statement of Revenues and Expenses
Fiscal Years 2004-2008 and Nine-Month Periods Ended June 30
(in thousands)

	Audited Fiscal Year Ended September 30⁽²⁾					Unaudited Nine-Months Ended June 30	
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>	<u>2009</u>
Operating Revenues:							
Airfield Area ⁽¹⁾	\$37,035	\$34,438	\$31,731	\$34,814	\$65,124	\$30,387	\$27,511
Terminal Area	180,807	194,207	205,621	219,276	230,145	179,364	180,672
Other Bldgs. and Site Rentals	9,201	9,402	9,671	10,310	10,950	10,060	11,637
Hotel	<u>27,546</u>	<u>27,974</u>	<u>33,941</u>	<u>34,565</u>	<u>36,723</u>	<u>32,114</u>	<u>24,921</u>
Total Operating Revenues	<u>254,589</u>	<u>266,021</u>	<u>280,964</u>	<u>298,965</u>	<u>342,942</u>	<u>251,925</u>	<u>244,741</u>
Operating Expenses							
Operation and Maintenance	(102,247)	(114,927)	(114,435)	(123,029)	(131,537)	(98,892)	(96,783)
General and Administrative	(25,322)	(25,506)	(30,405)	(30,795)	(38,538)	(29,959)	(28,857)
Hotel	(21,235)	(22,140)	(24,995)	(26,505)	(28,008)	(21,789)	(19,464)
Depreciation and Amortization	<u>(81,692)</u>	<u>(90,644)</u>	<u>(92,416)</u>	<u>(91,535)</u>	<u>(94,480)</u>	<u>(70,771)</u>	<u>(75,200)</u>
Total Operating Expenses	<u>(230,496)</u>	<u>(253,217)</u>	<u>(262,251)</u>	<u>(271,864)</u>	<u>(292,563)</u>	<u>(221,411)</u>	<u>(220,304)</u>
Operating Income	24,093	12,804	18,713	27,101	50,379	30,514	24,437
Non-Operating Revenues (Expenses):							
Investment Income	8,813	14,101	24,874	30,006	18,983	15,290	9,023
Interest Expense	(72,021)	(71,556)	(68,790)	(67,150)	(64,130)	(49,271)	(49,770)
Signatory Airline Revenue Sharing							(12,568)
Passenger Facility Charges	41,287	43,436	45,933	59,302	70,657	59,512	48,660
Customer Facility Charges							16,863
Federal and State Grants	4,168	10,115	11,693	1,964	1,796	1,302	458
Other	<u>7,131</u>	<u>29,878</u>	<u>2,188</u>	<u>957</u>	<u>4,083</u>	<u>613</u>	<u>(77)</u>
Income Before Capital Contributions	\$13,471	\$38,778	\$34,611	\$52,180	\$81,767	\$57,960	\$37,026
Capital Contributions	44,272	35,672	46,740	44,245	68,486	16,749	25,728
Net Income	<u>\$57,743</u>	<u>\$74,450</u>	<u>\$81,351</u>	<u>\$96,425</u>	<u>\$150,253</u>	<u>\$74,709</u>	<u>\$62,754</u>

⁽¹⁾ Airfield area revenues may fluctuate depending upon operations and the adjustment for Signatory Airline prepaid credits. During Fiscal Year 2008 and in connection with the expiration of the airline agreement on September 30th, airfield related revenue increased over the prior year as a result of previously deferred revenues recognized as revenue.

Source: The Greater Orlando Aviation Authority.

Analysis of Airport Operations

Fiscal Year Ended September 30, 2007. The Airport reported operating income of \$27,101,000 and net income of \$96,425,000.

As the growth in travel returns to a more normal pattern, enplanements increased 3 percent over the prior fiscal year, and the Airport closed its Fiscal Year with operating revenue increasing \$18,001,000 or 6.4 percent primarily from increased airfield related revenue, terminal rent, concession, rental car, parking and hotel revenues. Terminal revenues reflected the largest increase of \$13,655,000 or 6.6 percent; with substantial portions attributable to general merchandise, food and beverage, public parking and rental car concessions. Airfield Area Revenues increased \$3,100,000 over the prior year and is attributable to a reduction in the revenue available to share with the Signatory Airlines for Fiscal Year 2007. The hotel experienced an increase in revenue earnings over the prior year as a result of occupancy level and rate increases. This increase in non-airline rentals reflects the Authority's continued effort to market and develop the Airport.

Operating expenses, before depreciation increased \$10,494,000 or 6.2 percent compared to the prior fiscal year, primarily due to the increase in Operation and Maintenance. Maintenance contracts increased \$5,600,000 and other contractual services including janitorial and utility services increased as well. These increases in costs are partially offset by direct reimbursement payments received from the users of these services.

Fiscal Year Ended September 30, 2008. The Airport reported operating income of \$50,379,000 and net income of \$150,253,000.

The operating revenues of the Authority increased \$43.9 million in Fiscal Year 2008, or 14.7 percent over the previous year primarily from increased airfield related revenue, terminal rent, concession, rental car parking and hotel revenues. Airfield Area Revenues increased over the prior year due primarily to the expiration of the Lease and Use Agreement on September 30, 2008, resulting in previously deferred revenues being recognized as airfield revenues in the current year. The increase of \$10,900,000 million or 4.9 percent in terminal area revenue included concession revenue increases as well as increases in rental car, parking and other terminal area revenue. The hotel experienced an increase in revenue earnings of \$2.2 million over the prior year as a result of a slight increase in occupancy and a 2.7 percent increase in rates.

Operating expenses, before depreciation increased \$17,754,000 or 9.9 percent compared to the prior fiscal year as a result of maintenance on the new in-line baggage system, safety and security, various expenses associated with the negotiation of the Lease and Use Agreement as well as higher hotel expenses associated with increased occupancy.

Nine-Month Period Ended June 30, 2009 and 2008. The Authority reported operating income of \$24,437,000 and net income of \$62,754,000 for the nine-month period ended June 30, 2009, compared to operating income of \$30,514,000 and net income of \$74,709,000 for the nine-month period ended June 30, 2008.

Operating revenues decreased approximately \$7,184,000 or 2.85 percent with the primary decrease due to landing fees, parking and hotel revenues; offset with increases in terminal area rents, apron use fees and facility fees.

Operating expenses excluding depreciation decreased approximately \$5,536,000 or 3.67 percent primarily because of reduction of expenses to offset reduction in revenues.

Excluding interest expense and signatory airline revenue sharing, non-operating revenues decreased approximately \$1,790,000 primarily as a result of the decrease in investment earnings.

Pension and Other Post Employment Benefits. For information relating to pension and other post employment benefit expenses of the Authority, see footnotes 12 and 13 in APPENDIX E attached hereto.

Cost Reduction Measures and Fiscal Year 2010 Budget

In 2009, the Authority implemented a number of measures to reduce costs to mitigate the reduction in revenue as a result of the downturn in the economy. These include reduction in certain contracts such as landscaping, fleet maintenance and janitorial, reduction in hotel operating costs, as well as reductions to staff and a hiring freeze. In addition, the Authority restructured some of its debt that resulted in a reduction in debt service for Fiscal Year 2009/2010 of approximately \$6.5 million. As a result of these combined cost saving measures, the Authority reduced its expenses by five percent or \$15 million for Fiscal Year 2010.

Revenues are projected to be \$345,522,000 for 2010, an increase of 0.44% or \$1,529,000 from the Fiscal Year 2009 budget. Concessions and non-signatory terminal rents are expected to increase \$6,752,000 over the Fiscal Year 2009 budget with ground transportation fees and airfield expected to decrease by \$6,472,000 compared to the Fiscal Year 2009 budget. Additionally, hotel income is expected to decrease \$8,486,000 compared to the Fiscal Year 2009 budget. Combined Signatory landing fees and rents represent 27% of the revenue budget or approximately \$91,974,000.

THE CAPITAL IMPROVEMENT PROGRAM

The 2009-2013 Capital Improvement Program

In Fiscal Year 2008, the Authority presented a \$977 million capital improvement program for Fiscal Years 2009 through 2013 (the "Capital Improvement Program" or "CIP") to the airlines serving the Airport. By mutual consent, the CIP was incorporated into the airline Lease and Use Agreements that became effective October 1, 2008. However, as a result of the downturn in the economy and airline announcements regarding capacity cuts, the Authority has reviewed the CIP and deferred capacity projects until after Fiscal Year 2013. These deferrals have resulted in a reduction of the estimated cost of the CIP to \$675 million.

The CIP represents, to the Authority's best knowledge and belief at this time, all of the significant capital improvements expected to be undertaken through Fiscal Year 2013. The Authority reassesses its capital needs at least annually and will modify the CIP as necessary to

accommodate traffic activity, security needs, and other factors, which could result in increases or decreases to the CIP, or extend the timing to complete certain projects consistent with the Lease and Use Agreements. Of the total \$675 million estimated CIP cost, the Authority plans to fund approximately \$142 million from federal and state grants, approximately \$15 million from future Authority funds, approximately \$65 million from PFCs on a pay-as-you-go basis, approximately \$175 million from future revenue bond proceeds supported by PFC revenues (to the extent such proceeds are allocated to PFC Projects), approximately \$78 million from future revenue bond proceeds, and approximately \$200 million from other funds including existing bond proceeds, Authority funds, or CFCs.

Estimated future debt service and operating expenses associated with the CIP projects are incorporated in the financial analysis reflected in "APPENDIX A – REPORT OF THE AIRPORT CONSULTANT" attached hereto. Key components of the Authority's Fiscal Year 2009 through Fiscal Year 2013 CIP include:

Terminal

Airside 1 Rehabilitation. This program includes various improvements to building infrastructure and to bring the level of finish in Airside 1 to the same level as in Airsides 2 and 4, including rehabilitating the transfer level of the three airside wings, the hub area and people mover station. The hub area will include an expansion to accommodate additional concession, public seating, and circulation areas. This is a component of the Airside 1 & 3 Project, which also includes a portion of the rehabilitation and renovation of Airside 3. Both projects were substantially complete by October 30, 2009.

EDS (Security) Improvements. The Explosion Detection System ("EDS") program includes the third and final phase of the in-line EDS program in the North Terminal. The EDS central system will serve the central ticketing areas of Terminals A and B and the southeast area of the terminal located on Terminal B and is expected to be operational by Fiscal Year 2010.

Remote Bag Screening Facility Improvements. The existing Remote Baggage Screening Facility at the Airport consists of six L3 EDS machines in a manual feed configuration. The proposed project is to increase the screening capacity of this facility by upgrading to an automated, in-line screening configuration to meet demand. Associated improvements to facilitate the configuration of these machines include utilities, site work, security fencing and building modifications as needed. This project is expected to be completed by December 2010.

Ticket Lobby Improvements (North Terminal Capacity Program). This program includes a new common use passenger processing system, computer system replacement, and allowance for airline relocations to balance terminal capacity.

Bag System Improvements (North Terminal Capacity Program). This program includes improvements to the existing landside terminal baggage claim and make-up systems, including replace bag claim devices, replace slope plate carousels, replace sort piers, electrical system upgrades, replace bag pushers, install dynamic merging, and baggage reporting/tracking system project. This project is expected to be completed by September 2011.

Vertical Circulation and Central Plant Improvements. This program includes replacement of eight escalators in the landside terminal as well as adding one escalator. This program will also make central plant improvements for the north terminal complex.

Emergency Electrical System Improvements. This program will segregate discretionary electrical loads from critical or life safety requirements throughout the north terminal complex. This program excludes additional emergency power for the terminal chillers and baggage systems.

Information Technology Improvements. This program includes a variety of IT projects such as the replacement of the voice communications switches and local area network switches. Projects will also include additional funding to complete the computerized maintenance management system project and the airport systems integration project.

Terminal Infrastructure Improvements. This project is to renovate landside terminal restrooms. This project is expected to be completed by December 2010.

Other Terminal Improvements. This program includes APM System renovations (estimated to be completed by October 2010), and access control improvements.

Airfield

Airfield Pavement Rehabilitation. This program includes rehabilitation to airfield pavement areas including: runways, taxiways and associated intersections, and aprons & holding pads. It includes improvements to shoulders and fillets for various taxiways.

Taxiway Rehabilitation Projects. This program includes rehabilitation associated with various taxiways.

High-Speed Taxiways E & J. This program includes pavement strengthening and fillet improvements for various taxiways.

Other Airfield Improvements. This program includes taxiway widening and rehabilitation associated with the Airside 1 and 3 apron.

Ground Transportation

North Terminal Capacity Program – Rental Car Improvements. This program includes the expansion and reconfiguration of the Terminal A QTA, construction of a new Terminal B QTA and associated relocation of the bus and taxi hold facilities, addition of ready return spaces at Terminal A, and associated terminal roadway and signage improvements.

North Terminal Capacity Program – Roadway, Curb, and Cell Lot Improvements. This program includes an extended return to terminal road and associated cell phone lot for Terminal A, improvements to both Terminal A and B commercial curb areas to improve pedestrian and vehicular movements, and minor modifications for use of the fourth curb.

Other Ground Transportation Improvements. This program includes utility/infrastructure improvements and South Tradeport Drive resurfacing.

Other

These programs include environmental mitigation, drainage improvements, Hotel lobby and public area improvements, long term planning and noise program continuation.

Other Future Projects

In addition to the Fiscal Year 2009 through Fiscal Year 2013 Capital Improvement Program, the Authority is also contemplating other longer-term projects (generally to be undertaken and/or completed after the forecast period through Fiscal Year 2014) as demand warrants and to comply with new or changing requirements regarding security, mitigation of wildlife attractants, and future terminal capacity. Because the timing of these projects is expected to be beyond the projection period for this financing, and because the scope, timing, cost, and approval of these future projects are uncertain, the financial impacts from developing and implementing them are not reflected in Report of the Airport Consultant. Such future projects include: future South Terminal Program, future airside and Hotel renovations, future taxiways, connectors, and existing airfield improvements and future roadway improvements.

The Authority plans to continually evaluate construction on such future projects based on demand, cost and funding, as well as other factors.

Among the sources of funds that the Authority may consider for the future projects is the future issuance of Airport Facilities Revenue Bonds. A number of factors, including the demand for the projects and the availability of other funds, will affect the timing and amount of such future bond issuance. At this time, the Authority has not determined the amount of or timeframe for any such future financings.

In addition to CIP projects discussed above, approximately \$78.5 million of Renewal and Replacement ("R&R") project costs are estimated to be required for Fiscal Year 2009 through Fiscal Year 2013. Approximately \$36.9 million of such R&R expenditures are associated with the Terminal and Airfield cost centers. The Authority will fund the R&R expenditures with Authority funds and will include amortization for Terminal and Airfield expenditures in the calculation of Terminal Rentals and Landing Fees.

The Authority expects that the projects included in the Fiscal Year 2009 through Fiscal Year 2013 CIP, in conjunction with the R&R projects, will provide Airport facilities necessary to satisfy future airline and passenger needs through Fiscal Year 2014.

**REPORT OF THE AIRPORT CONSULTANT
AND RATE COVENANT FORECAST**

The Report of the Airport Consultant (the "Report") dated December 1, 2009, which has been prepared by Jacobs Consultancy (the "Airport Consultant") in connection with the Series 2009C Bonds, is included in APPENDIX A. References made herein to the Report of the

Airport Consultant are made to the entire Report which should be read in its entirety, which contains material information, forecasts, findings, assumptions, and conclusions concerning the Airport System.

The Report presents certain airline traffic and financial forecasts for Fiscal Years 2010 through 2014 and sets forth the assumptions upon which the forecasts are based. The financial forecasts are based on certain assumptions that were provided by, or reviewed and agreed to by, Airport management. In the opinion of the Airport Consultant, the assumptions provide a reasonable basis for the forecasts.

The following table, which has been extracted from the Report, shows forecast Net Revenues Available for Debt Service, Debt Service Requirements on Bonds and Subordinated Indebtedness, and debt service coverage on Bonds and total indebtedness. The forecast indicates compliance with the rate covenant for each Fiscal Year of the forecast period.

**Debt Service Coverage – Rate Covenant
Orlando International Airport
(for the 12 months ending September 30; numbers in thousands)**

Fiscal Year	Net Revenues Available for Debt Service	Net Debt Service			Coverage	
		Bonds ⁽¹⁾	Subordinated Indebtedness ⁽²⁾	Total	Bonds	All Indebtedness
2010	\$167,351	\$120,412	\$11,663	\$132,075	1.39	1.27
2011	178,056	122,299	11,600	133,899	1.46	1.33
2012	185,190	124,247	9,714	133,961	1.49	1.38
2013	247,218	170,658	7,210	177,868	1.45	1.39
2014	184,105	116,761	7,206	123,967	1.58	1.49

⁽¹⁾ Includes actual debt service on all Outstanding Bonds, estimated debt service on the Series 2009C Bonds (based on information provided by Morgan Keegan & Company), and estimated debt service on future indebtedness (based on information provided by Morgan Keegan & Company), all net of capitalized interest.

⁽²⁾ Includes all Subordinated Indebtedness, net of interest income on any Subordinated Bond Reserve Funds.

Source: Debt Service: Greater Orlando Aviation Authority and Morgan Keegan & Company.
Net Revenues and Coverage: Jacobs Consultancy.

THE AIRLINE INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS

Airline Reports

Certain of the airlines serving the Airport (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934 and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "Commission"). Only companies with securities listed on the national

securities exchange, with securities traded over the counter, which are registered under the Securities Exchange Act of 1934, or which are required to file with the Commission pursuant to the information-reporting requirements will have information on file. Certain information, including financial information as of particular dates concerning such Signatory Airlines or their respective parent corporations, is disclosed in reports and statements filed with the Commission. Such reports and statements can be inspected in the Public Reference Section at the SEC Headquarters, 450 Fifth Street, N.W., Washington, DC 20549, and copies of such reports and statements can be obtained from the Public Reference Section at prescribed rates. Copies of such reports and statements may be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549, at prescribed rates. The Commission also maintains a website that contains reports, proxy and information statements and other written information regarding companies that file electronically with the Commission. The address of the website is www.sec.gov. The Commission does not require foreign companies to file electronically. Foreign companies' reports may be obtained by writing the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, the domestic Signatory Airlines are required to file periodic reports of financial and operating statistics with the United States Department of Transportation. Such reports may be inspected at the Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, United States Department of Transportation, 400 7th Street, N.W., Washington, D.C. 20590, and copies of such reports may be obtained from the Department of Transportation at prescribed rates.

Global Events and Uncertainties of the Airline Industry

Since the economic deregulation of the airline industry in 1978, the industry has undergone significant changes. The financial results of the airline industry periodically have been subject to volatility and accumulation of substantial losses. Recent events have had a significant, negative impact on airline industry profitability. The slowing national and global economy, the fluctuation in the price of jet fuel and certain other global events, including military action abroad, have seriously disrupted the air transportation industry, resulting in severe financial instability in the airline industry. Numerous airlines have filed for bankruptcy protection and overall, the airline industry has continued to struggle with higher costs for fuel and depressed passenger revenue. The airlines have responded to the changing nature of the industry by instituting initiatives including but not limited to, furloughing employees, reducing flights, negotiating significant wage reductions, deferring aircraft deliveries, baggage and other service charges, streamlining operations, and improving productivity. While the aviation industry was generally profitable in 2006 and 2007, the Air Transport Association ("ATA") has reported that U.S. airlines may have seen 2008 losses nearing \$5 billion. The U.S. Department of Transportation Bureau of Transportation Statistics ("BTS") reported that passenger traffic for U.S. airlines declined by 3.5 percent in 2008. According to BTS, passenger traffic for the first six months of 2009 declined by 8.9 percent from the same period in 2008.

The revenues of both the Airport and the airlines serving the Airport may be materially affected by many factors including, without limitation, the following: the availability and costs of aviation fuel and other necessary supplies; declining demand; national and international disasters and hostilities; service and fare competition; mergers; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; the cost and

availability of employees; strikes and employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; regulation by the federal government; environmental risks and regulations; noise abatement concerns and regulation; deregulation; federal and state bankruptcy and insolvency laws; acts of terrorism; world health concerns such as Severe Acute Respiratory Syndrome and influenza A (H1N1) "Swine Flu;" availability of satisfactory travel substitution such as video conference; and other risks. Many airlines, as a result of these factors, have operated at a loss in the past and several have filed for bankruptcy, ceased operations and/or have merged with other airlines.

General Financial Condition of Certain Airlines Serving the Airport

The Authority derives a substantial portion of its operating revenues from landing and facility rental fees. The financial strength and stability of the airlines using the Airport, together with numerous other factors, influence the level of aviation activity at the Airport and Revenues of the Authority. Since September 11, 2001, substantially all airlines have been downgraded by the rating agencies, several have restructured through Chapter 11 bankruptcy, some are currently restructuring in Chapter 11 and some have ceased service altogether, and many airlines have implemented service reductions and employee layoffs in response to a reduction in passenger demand. See "- Global Events and Uncertainties of the Airline Industry" above.

The Authority cannot predict the duration nor extent of reductions and disruptions in air travel or the extent of any adverse impact on Revenues, PFC collections, passenger enplanements, operations or the financial condition of the Airport. All airlines have remitted all material post-bankruptcy payments due to the Authority under the Lease and Use Agreements, and, as of the date of this Official Statement and except as described above, all airlines are current on their payment obligations to the Authority. The Authority is not able to accurately predict how long any airline under bankruptcy protection will continue operating at the Airport or whether any of these airlines will liquidate or substantially restructure their operations. Additional bankruptcies, liquidations or major restructurings of other airlines could occur. Further, the Authority cannot predict nor can it give any assurance that the airlines serving the Airport will continue to pay or to make timely payment of their obligations under the Lease and Use Agreements.

Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national economy. Future increases in passenger traffic will depend largely on the ability of the U.S. to sustain growth in economic output and income. Since 2006, the rate of economic growth in the U.S. has slowed considerably, primarily due to losses in real estate values and tightening of credit in financial markets. Starting in September 2008 and continuing thereafter, there have been significant and dramatic changes in the financial markets. The Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") were taken over by the federal government to prevent their collapse. Several U.S. commercial and investment banks declared bankruptcy, were acquired by other financial institutions, combined with other financial institutions or sought huge infusions of capital. The volatility in the capital markets led the U.S. government to intervene by making funds available to certain institutions, taking over the ownership of others and assuming large

amounts of troubled financial instruments in exchange for imposing greater regulation over certain institutions in order to restore consumer confidence in the nation's financial markets. The short and long term effects of these developments on the broader economy are not known at this time. There can be no assurances that such developments will not have an adverse effect on the air transportation industry.

Passenger Facility Charges

Termination of PFCs. The Authority's legal authority to impose and use PFCs is subject to certain terms and conditions provided in the PFC Act, the PFC Regulations and each PFC application. If the Authority fails to comply with these requirements, the FAA may take action to terminate or to reduce the Authority's legal authority to impose or to use PFCs. Some of the events that could cause the Authority to violate these provisions are not within the Authority's control. In addition, failure to comply with the provisions of certain federal noise pollution acts may lead to termination of the Authority's authority to impose PFCs. In addition, the FAA may terminate the Authority's ability to collect PFCs to support payment of debt service on any Bonds attributable to PFC Projects on the fifth anniversary of the completion of formal termination proceedings.

Amendments to PFC Act or PFC Regulations. There is no assurance that the PFC Act will not be repealed or amended or that the PFC Regulations or any PFC application will not be amended in a manner that would adversely affect the Authority's ability to collect and use PFC Revenues in an amount sufficient to deposit Available PFC Revenues for payment of principal and interest on the Bonds.

Collection of the PFCs. The ability of the Authority to collect sufficient PFCs depends upon a number of factors including the operation of the Airport by the Authority, the use of the Airport by Collecting Carriers, the efficiency and ability of the Collecting Carriers to collect and remit PFCs to the Authority and the number of enplanements at the Airport. The Authority relies upon the Collecting Carriers' collection and remittance of PFCs, and both the Authority and the FAA rely upon the airlines' reports of enplanements and collection statistics.

If the numbers of enplaned passengers at the Airport is significantly below the numbers forecast by the Airport Consultant in projecting annual PFC Revenues, if the collection fees retained by the Collecting Carriers are increased or if the PFC Act is amended, the amount of PFC Revenues actually collected by the Authority each year will be less than the amount projected and accordingly, Available PFC Revenues may be less than the amount sufficient to enable the Authority to pay the principal of and interest on the Bonds. In such event other Revenues would be required to pay debt service on the Bonds. On the other hand, if the number of annual enplanements is higher than initially projected or if the rate of PFCs is increased above the level described in "AIRLINE REVENUES AND OTHER REVENUE SOURCES – Passenger Facility Charges" herein, the Authority will collect PFC Revenues faster than initially forecast. The Authority will have to manage its PFC program carefully in such event and balance its expenditures with its collecting rates to ensure that sufficient Available PFC Revenues will be available in later years to pay debt service attributable to the Bonds.

The Authority's ability to pay the principal of, premium, if any, and interest on the Bonds depends, in part, upon the timely receipt by the Authority of PFC Revenues, and the amount of PFC Revenues received annually by the Authority depends largely upon the Authority's ability to implement and complete PFC Projects and upon the number of enplanements at the Airport each year. The level of enplanements, in turn, depends upon a number of economic and other factors that are not within the Authority's control. See APPENDIX A "REPORT OF THE AIRPORT CONSULTANT" attached hereto for a discussion of projected PFC Revenues and "AIRLINE REVENUES AND OTHER REVENUE SOURCES - Passenger Facility Charges " herein for a description of some of the requirements and risks associated with obtaining and maintaining the authority to impose and use PFCs.

Cost of Aviation Fuel

According to the ATA, aviation fuel has recently surpassed labor as the largest item of airline expense. Fuel costs fluctuate in response to market forces and exposure to these fluctuations is largely outside of airline management control except through hedging techniques. From 2000 to the first half of 2007, the price of jet fuel more than doubled. In the first half of 2008, the price of oil reached record highs. In the second half of 2008, fuel prices fell sharply as demand was reduced worldwide, although prices again increased in early 2009. Significant increases in the cost of fuel for a prolonged period of time may adversely affect airline industry profitability and could jeopardize the recovery plans of airlines which are currently experiencing financial difficulties.

Federal Security Measures

As a result of the September 11, 2001 terrorist attacks, the Federal Aviation and Transportation Security Act ("ATSA") was enacted on November 19, 2001. This legislation makes airport security the responsibility of the newly created Transportation Security Administration (the "TSA"). The TSA was originally made an administrative agency of the United States Department of Transportation, but was subsequently made an administrative agency within the new United States Department of Homeland Security in the Homeland Security Act of 2002 ("HSA"). Provisions of the HSA and subsequent directives issued by the TSA called for, among other things, stronger cockpit doors on commercial aircraft, an increased presence of armed federal marshals on commercial flights, establishment of 100% checked bag screening, and replacement of all passenger and baggage screeners with federal employees, who must undergo criminal history background checks and be U.S. citizens. Airports have the option of "opting out" of using federal screeners and contracting with TSA-approved private screening companies, but most large airports including the Airport, utilize TSA screeners. Airports may now use state or local law enforcement personnel and airport employees to provide security services not related to passenger or baggage screening. Under ATSA, the federal government will pay for the new federal security screening services by charging passengers a security service fee of \$2.50 per departure or connection, not to exceed \$5.00 per one-way trip, which is collected by air carriers and remitted to the federal government. To the extent that such fees are deemed to be insufficient by the TSA, ATSA also authorizes the imposition of an Aviation Security Infrastructure Fee on air carriers.

ATSA also mandates that certain security measures be undertaken at airports, including the Airport. Among other things, the following security measures are required: (1) screening or inspection of all individuals, goods, property, vehicles and equipment before entry into a secured area of the airport, (2) security awareness programs for airport employees, and (3) screening all checked baggage for explosives with explosives detection systems or other means or technology approved by the Undersecretary of the United States Department of Transportation, deployment of sufficient explosive detection systems for all checked baggage, and operation of a system to screen, inspect or otherwise ensure the security of all cargo to be transported in all-cargo aircraft.

In addition to the aforementioned security requirements resulting from the ATSA and subsequent legislation, the TSA has issued additional unfunded mandates by way of TSA security directives. These include: (1) transmittal to the TSA of personal information on all employees holding an airport-issued identification badge for the performance of Security Threat Assessment ("STA") and retrieval of STA results prior to issuing badges and other forms of identification, (2) performance of inspections of all vendors and vendor products entering the sterile areas of the airport, and (3) reduction of the number of airport employees authorized to escort visitors in the secured areas. Thus far, the Airport has been able to meet these requirements without significant financial or operational impact. However, the Authority expects additional unfunded security directives that may have a greater financial effect. These include controlling access at the passenger screening exit lanes, which is currently a function of the TSA, and employee screening.

Costs of Capital Improvement Program and Schedule

The estimated costs of, and the projected schedule for, the CIP are subject to a number of uncertainties. The ability of the Authority to complete the CIP may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the capital improvements, (4) delays in contract awards, (5) material and/or labor shortages, (6) unforeseen site conditions, (7) adverse weather conditions, (8) contractor defaults, (9) labor disputes, (10) unanticipated levels of inflation, (11) litigation, (12) delays in permitting, and (13) environmental issues. No assurance can be given that the CIP will not cost more than is currently estimated. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines utilizing the Airport.

Construction of large projects at airports also involves the risk of disruption of ongoing operations and a resultant reluctance on the part of passengers and airlines to use the Airport. The Authority has taken steps to minimize the impact of construction at the Airport and does not believe that air traffic will be reduced.

LITIGATION AND REGULATORY MATTERS

Litigation

There is not now any litigation pending or, to the knowledge of the Authority, threatened, which if successful would have the effect of restraining or enjoining the issuance or delivery of the Series 2009C Bonds or questioning or affecting the validity of the Series 2009C Bonds or the

proceedings and authority under which they are issued. The Authority is currently engaged in certain litigation, the outcome of which would not be expected to have any material adverse effect on the issuance and delivery of the Series 2009C Bonds. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES" for additional discussion relating to potential bankruptcy litigation in which the Authority could be involved as a creditor.

The following actions and claims, which alone or in the aggregate, if decided adversely, could have a material adverse affect on the Revenues available to pay debt service on the Series 2009C Bonds, are pending against the Authority:

Claim by Viad Corp., Aircraft Service International, Inc., and Asig Miami, Inc. This action was filed on April 6, 2007. Only 1 of the 4 counts pertain to the Authority. The Complaint contends that on January 17, 2001, based upon the site assessment, the Authority recognized that the Maintenance facility, which is leased to ASII (predecessor to Viad), may require remediation, additional site studies and a penalty of \$10,000.00 per day for failure to comply with spill investigation requirements. Viad alleges that it sent notice to Royal and Lloyds of its claims under the respective policies. The Complaint alleges that the Authority is included as a defendant in the action because it claims to be an injured party from the matters involving the Airport, as a potential co-insured or additional insured under the Lloyd's and Royal's insurance policies, and as a party that may be affected by the outcome of the action as it relates to the Airport matter. In Count III of the Complaint, Viad seeks a declaratory judgment against Lloyds, the Authority and others as to whether Lloyds is required under any of its policies to provide coverage for the environmental contamination at OIA and whether the Authority is a covered insured under the Lloyd's policies that insured Viad (or its predecessors), ASII, and other former Viad subsidiaries, and award attorneys' fees to Viad. The Authority has filed counterclaims seeking reimbursement for any unreimbursed expenses to the Authority as a result of the ongoing assessment and any required clean up and alleging that the Viad, ASII and the insurance companies are required to clean up all contamination. Discovery and investigation of the extent and costs of the environmental clean up is ongoing.

Discrimination Actions. From time to time discrimination related charges have been filed against the Authority with the City and the EEOC. In each instance the Authority has filed its position statement denying the allegations and provided documentation supporting its position. The Authority intends to contest each matter, if necessary. After a preliminary analysis of the legal and factual issues regarding these matters, the Authority believes that it is probable that the Authority will obtain favorable outcomes with respect to each of the matters. There have been 16 discrimination charges filed against the Authority with the City and the EEOC within the last five (5) years. At this time the Authority is not aware of any suit being filed by any of the complainants.

General Liability Claims. From time to time bodily injury related claims have been filed against the Authority, the defense of which claims has been undertaken by counsel retained by insurance carriers for the Authority. As of October 1, 2009, there are 55 open and fully insured claims being managed by the Authority's insurance carrier. Total amounts reserved by the insurance carrier for these claims are \$286,585. Lawsuits have been filed in eleven of the claims. None of these lawsuits is expected to have a material financial impact on the Authority.

Other Liability Claims. There are no other liability claims at this time.

Worker's Compensation Claims. As of September 30, 2009, there are 19 open workers compensation claims reserved by the Authority's third party administrator at a total of \$193,204. The Authority is unable at this time to predict the ultimate resolution of the above listed personal injury claims, but reserves financially for losses, based on annual actuarial data.

Other. In addition to the foregoing, the Authority is also engaged in other routine litigation, none of which, in the judgment of the Authority, is expected to materially adversely impact the Authority's financial condition.

Regulatory Matters

Contamination Assessment and Rehabilitation or Abatement. The Authority has undertaken contamination assessment and site rehabilitation at a number of locations at the Airport and the Orlando Executive Airport. In addition to the identified areas of environmental contamination, the Authority may be obligated to conduct contamination assessment, site rehabilitation or abatement as the result of the past discharge of certain petroleum based pollutants or hazardous substances at the Airport and the Orlando Executive Airport, or because of the presence of asbestos, lead based paint or indoor air contaminants in certain buildings located thereon, either as a responsible party or as a party voluntarily taking responsibility in the event other parties who are liable are unable to do so. Where soil, groundwater or surface water contamination is present, site rehabilitation has been or will be undertaken upon approval by the Orange County Environmental Protection Department ("EPD") or the Florida Department of Environmental Protection ("FDEP"). The Authority is presently unable to estimate the potential cost to the Authority of such site rehabilitation or abatement activities, but such cost has the potential to be significant. Cost to the Authority for contamination assessment and site rehabilitation depends on a variety of factors including the extent and location of contamination, the type(s) of contaminants, source of the contamination, hydrogeology, and the legal liability and financial capability of the tenant or operator who caused the discharge to pay for such site assessment or rehabilitation. Cost to the Authority for abatement also depends on a variety of factors including the amount of the indoor air contaminants present, the type of contaminants and the conditions of contaminant-containing materials, the use of the space being abated, and the legal liability and financial capability of the tenant or operator to pay for such abatement. Although it is difficult to quantify the potential impact of compliance with environmental protection issues, the Authority believes that the ultimate aggregate cost of environmental assessment, rehabilitation or abatement will not result in a material adverse effect on its financial condition or results of operations. The Authority expects to recover any costs expended on environmental assessment, rehabilitation or abatement through rates, fees, rentals and other charges for the use of the Airport. No provision has been made for payment of these amounts in the "AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007 AND 2008" attached hereto as APPENDIX E.

Wetland Mitigation. Pursuant to environmental permits issued by the United States Army Corps of Engineers, the FDEP and the South Florida Water Management District (collectively, the "Environmental Agencies"), the Authority has been required to provide

mitigation for impacts which Authority projects had on existing wetlands. Wetland mitigation includes the preservation of both upland and wetland lands in their natural state, the enhancement of existing wetlands, and the creation of new wetland areas. Wetland mitigation may also include funding the acquisition of environmentally sensitive lands by third parties or purchase of mitigation credits from an approved mitigation bank. The Authority has implemented wetland mitigation activities through the acquisition of necessary land, construction of wetland creation projects, and granting of conservation easements. The Authority is currently in negotiations with the Environmental Agencies concerning mitigation activities at the Airport. Although it is difficult to quantify the potential cost of compliance with the conditions contained in the existing environmental permits, the Authority expects to include any costs of compliance in the CIP.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Authority must continue to meet after the issuance of the Series 2009C Bonds in order for interest on the Series 2009C Bonds to be and remain excludable from gross income for federal income tax purposes. The Authority's failure to meet these requirements may cause interest on the Series 2009C Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2009C Bonds. The Authority has covenanted to take the actions required by the Code in order to maintain the excludability from federal gross income of interest on the Series 2009C Bonds.

In the opinion of Co-Bond Counsel, to be rendered on the date of issuance of the Series 2009C Bonds, under existing statutes, regulations, rulings and court decisions, assuming continuing compliance by the Authority with the tax covenants referred to above and the accuracy of the certifications and representations of the Authority, interest on the Series 2009C Bonds will be excludable from gross income for federal income tax purposes, except interest on a Series 2009C Bond for any period during which that Series 2009C Bond is held by a "substantial user" or a "related person" as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended.

Interest on the Series 2009C Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and will not be taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations. Co-Bond Counsel is further of the opinion that the Series 2009C Bonds and the interest thereon will not be subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein.

Except as described above, Co-Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2009C Bonds. Prospective purchasers of the Series 2009C Bonds should be aware that the ownership of Series 2009C Bonds may result in other collateral federal tax consequences, including, without limitation, (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2009C Bonds or, in the case of a

financial institution, that portion of an owner's interest expense allocable to interest on the Series 2009C Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2009C Bonds; (iii) the inclusion of interest on the Series 2009C Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Series 2009C Bonds in passive investment income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2009C Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits.

Co-Bond Counsel will express no opinion regarding federal tax consequences arising with respect to the Series 2009C Bonds other than the excludability from gross income of the interest thereon. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Series 2009C Bonds. Prospective purchasers of the Series 2009C Bonds should consult their own tax advisors as to the impact of these other tax consequences.

From time to time, there are legislative proposals pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Series 2009C Bonds, adversely affect the market price or marketability of the Series 2009C Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Series 2009C Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Series 2009C Bonds as indicated on the inside cover of this Official Statement ("Discount Bonds"), were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2009C Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2009C Bonds as indicated on the inside cover of this Official Statement ("Premium Bonds"), were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted corresponding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2009C Bonds and the issuance thereof by the Authority are subject to the approval of Greenberg Traurig, P.A., Orlando, Florida and Marchena and Graham, P.A., Orlando, Florida, as Co-Bond Counsel. The proposed form of the opinion of Bond Counsel is attached hereto as APPENDIX F. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Certain legal matters will be passed on for the Authority by Broad and Cassel, Issuer's Counsel to the Authority and Nabors, Giblin and Nickerson, P.A., Tampa, Florida, and Ruye H. Hawkins, P.A., Orlando, Florida, Co-Disclosure Counsel. Certain legal matters in connection with the Series 2009C Bonds will be passed on for the Underwriters by their counsel, Bryant Miller Olive P.A., Orlando, Florida.

Bond Counsel has not been engaged to, nor has it undertaken to review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Series 2009C Bonds except as may be provided in the supplemental opinion of Bond Counsel

to the Underwriters and the Authority, upon which only they may rely, or (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2009C Bonds.

RATINGS

The Series 2009C Bonds have been assigned long-term ratings of "AA-" with a stable outlook by Fitch, "Aa3" with a negative outlook by Moody's and "A+" with a stable outlook by S&P.

Such ratings express only the views of the rating agencies. An explanation of the significance of such ratings may be obtained from the rating agencies furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant.

UNDERWRITING

J.P. Morgan Securities Inc., on behalf of itself and the other Underwriters (collectively the "Underwriters") has agreed, subject to certain conditions to closing, to purchase the Series 2009C Bonds at an aggregate purchase price of \$86,799,138.77 which represents the initial aggregate principal amount of the Series 2009C Bonds plus a net original issue premium of \$185,496.65 and less an Underwriters' discount of \$496,357.88. The Underwriters will be obligated to purchase all of the Series 2009C Bonds if any Series 2009C Bonds are not purchased. The Series 2009C Bonds may be offered and sold to the Underwriters and certain dealers (including the Underwriters and other dealers depositing such Series 2009C Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

J.P. Morgan Securities Inc., one of the underwriters of the Series 2009C Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Series 2009C Bonds, at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Series 2009C Bonds with UBS Financial Services Inc.

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with their respective allocations of Bonds.

FINANCIAL ADVISORS

Morgan Keegan & Company, Inc., Winter Park, Florida, and National Minority Consultants, Inc., Winter Park, Florida, serve as co-financial advisors to the Authority. Although the co-financial advisors assisted the Authority in the preparation of this Official Statement, and in other matters relating to the planning, structuring and issuance of the Series 2009C Bonds and provided other advice, the Co-Financial Advisors are not obligated to undertake and have not undertaken to make an independent verification of the accuracy, completeness or fairness of the information or statements contained in this Official Statement or the appendices hereto. The Co-Financial Advisors did not engage in any underwriting activities with regard to the sale of the Series 2009C Bonds.

AIRPORT CONSULTANT

Jacobs Consultancy, Burlingame, California has served as the consultant to the Authority. See "REPORT OF THE AIRPORT CONSULTANT " herein and attached hereto as APPENDIX A. References to and excerpts herein from such report do not purport to be an adequate summary of such report or complete in all respects. Such report is an integral part of this Official Statement and should be read in its entirety for complete information with respect to the subjects discussed herein.

FINANCIAL STATEMENTS

The Authority's financial statements for the quarters ending June 30, 2008 and 2009, included in APPENDIX D attached hereto, have been reviewed by Ernst & Young LLP, independent auditors, as stated in their report included in APPENDIX D attached hereto. Ernst & Young LLP has not audited these quarterly financial statements and all information included therein is the representation of the Authority.

The Authority's financial statements for the years ended September 30, 2007 and 2008, included in APPENDIX E attached hereto, have been audited by Ernst & Young LLP, independent auditors, as stated in their report included in APPENDIX E attached hereto. Ernst & Young LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included in APPENDIX E any procedures on the financial statements addressed in that report. Ernst & Young LLP also has not performed any procedures relating to this Official Statement.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes and the regulations promulgated thereunder require that the Authority and the City make full and fair disclosure of any bonds or other debt obligations of such entities that have been in default as to payment of principal or interest at any time after December 31, 1975. Neither the Authority nor the City are presently and, since December 31, 1975, neither the Authority nor the City have been in default as to payment of principal or interest on any bonds or other debt obligations.

CONTINUING DISCLOSURE

In order to provide certain continuing disclosure with respect to the Series 2009C Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, the Authority has entered into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Holders of the Series 2009C Bonds with Digital Assurance Certification, L.L.C. ("DAC"), under which the Authority has designated DAC as Disclosure Dissemination Agent. The form of Continuing Disclosure Agreement is attached as APPENDIX G.

DAC has only the duties specifically set forth in the Continuing Disclosure Agreement. DAC's obligation to deliver the information at the times and with the contents described in the Continuing Disclosure Agreement is limited to the extent the Authority has provided such information to DAC as required by this Continuing Disclosure Agreement. DAC has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Continuing Disclosure Agreement. DAC has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event or Voluntary Report, or any other information, disclosures or notices provided to it by the Authority and shall not be deemed to be acting in any fiduciary capacity for the Authority, the Holders of the Series 2009C Bonds or any other party. DAC has no responsibility for the Authority's failure to report to DAC a Notice Event or a duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the Authority has complied with the Continuing Disclosure Agreement. DAC may conclusively rely upon certifications of the Authority at all times.

The Annual Information will be filed on behalf of the Authority with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access system ("EMMA") and with a state depository, if one then exists. Notices of certain enumerated events will be filed by or on behalf of the Authority with the MSRB, through EMMA and with a state depository, if one then exists. The nature of the information to be provided in the Annual Information and the notices of such enumerated events is set forth in "FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto as APPENDIX G. A default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Bond Resolution.

The Authority has not failed to comply with any previous continuing disclosure undertakings.

FORWARD LOOKING STATEMENTS

This Official Statement, and particularly the information contained under the captions "THE CAPITAL IMPROVEMENT PROGRAM" and "REPORT OF THE AIRPORT CONSULTANT" contain statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," and similar

expressions identify forward looking statements. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

MISCELLANEOUS

There are appended to this Official Statement the Report of the Airport Consultant (APPENDIX A), the Summary of Certain Provisions of the Airport Facilities Bond Resolution (APPENDIX B), the Form of Lease and Use Agreements (APPENDIX C), the Quarterly Financial Statements and Report of Independent Auditors Thereon for the Periods Ended June 30, 2008 and 2009 (APPENDIX D), the Audited Financial Statements and Report of Independent Auditors thereon for the Fiscal Years ended September 30, 2007 and 2008 (APPENDIX E), the proposed Form of opinion of Co-Bond Counsel (APPENDIX F), the proposed Form of Continuing Disclosure Agreement (APPENDIX G) Such Appendices are integral parts of this Official Statement and should be read together with all other parts of this Official Statement.

The references herein to the Airport Facilities Bond Resolution, the Lease and Use Agreements, the Transfer Agreement and the Act and the other documents referenced herein are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to such documents for full and complete statements of their provisions. Copies of such documents are available from the Office of the Chief Financial Officer, One Airport Boulevard, Orlando, Florida 32827-4399.

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

**AUTHORIZATION OF AND CERTIFICATION CONCERNING
OFFICIAL STATEMENT**

This Official Statement has been authorized and approved by the Authority. Upon the delivery of the Series 2009C Bonds, the undersigned will furnish a certificate on behalf of the Authority to the effect that, to the best of his knowledge, this Official Statement did not, as of its date, and does not as of the date of delivery of the Series 2009C Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which this Official Statement is to be used, or which is necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

**GREATER ORLANDO
AVIATION AUTHORITY**

By: /s/ Jeffrey B. Fuqua
Jeffrey B. Fuqua, Chairman

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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December 1, 2009

Mr. Jeffrey Fuqua
Chairman
Greater Orlando Aviation Authority
Orlando International Airport
One Airport Boulevard
Orlando, FL 32827-4399

**Re: Report of the Airport Consultant, Greater Orlando Aviation Authority
Airport Facilities Revenue Bonds, Series 2009C, of the City of Orlando,
Florida**

Dear Mr. Fuqua:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of the Airport Facilities Revenue Bonds, Series 2009C (the 2009C Bonds) by the Greater Orlando Aviation Authority (the Authority), an agency of the City of Orlando, Florida, for a portion of the costs of certain capital improvements (the Airside 1 & 3 Project) at Orlando International Airport (the Airport or MCO). This letter and the accompanying attachment and exhibits constitute our report.

The 2009C Bonds are being issued under the Airport Facilities Revenue Bond Resolution, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time and as specifically supplemented by the Supplemental Airport Facilities Revenue Bond Resolution, adopted by the Authority on November 18, 2009 (collectively the Bond Resolution). Airport Facilities Bonds (Bonds) are secured by a pledge of and first lien on Revenues of the Airport System, including Available PFC Revenues. Under the Bond Resolution, the Airport System consists of the Airport and does not include Orlando Executive Airport.

The net proceeds of the 2009C Bonds, and certain investment earnings thereon, will be used to (1) pay a portion of the costs of the Airside 1 & 3 Project (as defined below), (2) fund a deposit to the Composite Reserve Subaccount sufficient to cause the balance to equal the Composite Reserve Requirement, (3) repay \$39,679,000 in commercial paper used to provide interim financing for the Airside 1 & 3 Project in advance of the issuance of the 2009C Bonds, (4) reimburse the PFC Fund for prior

Mr. Jeffrey Fuqua
December 1, 2009

pay-as-you-go expenditures for the Airside 1 & 3 Project, and (5) pay certain costs of issuance of the 2009C Bonds.

The report presents our forecast of passengers enplaning at Orlando International Airport (the Airport) and evaluates the ability of the Authority to generate Net Revenues* sufficient to satisfy the requirements of the Rate Covenant (defined below) for the forecast period FY 2010 through FY 2014** taking into account the outstanding Bonds, the proposed 2009C Bonds, and the Future Bonds (defined below) estimated to be required to allow completion of the Authority's capital improvement program.

Airport System

The Airport is owned by the City of Orlando and is operated by the Authority as a self-supporting Enterprise Fund, under an agreement that extends to 2026. The Airport is defined as the Airport System under the Bond Resolution. If the agreement with the City is not extended beyond 2026, the City is required to assume all obligations of the Authority, including the obligation to pay Bond debt service from the Revenues of the Airport System.

The Authority also operates the Orlando Executive Airport as a general aviation airport. The Orlando Executive Airport does not constitute a part of the Airport System and revenues derived from the operation of the Orlando Executive Airport are not pledged to payment of the Bonds.

The Airport ranked 8th among U.S. airports in terms of total domestic revenue enplaned passengers in FY 2008 and ranked 3rd among U.S. airports in terms of domestic origin-destination (O&D) passengers in FY 2008, ahead of major hub airports such as Chicago-O'Hare, Atlanta, Denver, Phoenix, and Dallas/Ft. Worth. The Airport is the busiest airport in Florida in terms of both total domestic enplaned passengers and domestic O&D passengers.

FY 2009-2013 Capital Improvement Program

In FY 2008, the Authority presented a \$977 million capital improvement program for FY 2009 through FY 2013 (the Capital Improvement Program or CIP) to the airlines serving the Airport. By mutual consent, the \$977 million CIP was incorporated into the Airline-Airport Lease and Use Agreement that became effective October 1, 2008. However, as a result of the downturn in the economy and airline announcements regarding capacity cuts, the Authority has reviewed the CIP and deferred capacity

*Capitalized terms in this report and not otherwise defined have the meanings given to such terms in the Bond Resolution and the preliminary official statement related to the 2009C Bonds.

**The Authority's Fiscal Year (FY) ends September 30.

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projects until after FY 2013. These deferrals as well as actual bid amounts for certain projects have resulted in a reduction of that portion of the estimated cost of the CIP that is expected to be funded through FY 2013 to \$675 million. Therefore, all of the projects in the CIP that require airline approval have been approved by the Signatory Airlines under the Lease and Use Agreement. The Airside 3 Project, which is included in the Airside 1 & 3 Project, but not in the CIP, was approved by the Signatory Airlines under the prior airline agreement.

The projects in the CIP, their estimated costs, and the funding plan are described in the attachment and summarized in Table 26 at the end of the report. Cost estimates were provided by the Authority and its consultants and include allowances for design, construction management, contingencies, and escalation.

The CIP represents to the Authority's best knowledge and belief at this time, all of the significant capital improvements expected to be undertaken through FY 2013. The Authority reassesses its capital needs at least annually and will modify the CIP as necessary to accommodate traffic activity, security needs, and other factors, which could result in increases or decreases to the CIP, or extend the timing to complete certain projects consistent with the Lease and Use Agreement.

The Airside 1 & 3 Project

The Airside 1 & 3 Project is an important element of the CIP. The project provides for the rehabilitation of Airside Terminals 1 and 3, and includes providing additional electrical power and air-conditioning capacity; rehabilitation of hold rooms of all airside wings; expansion of hub areas; Automated People Mover (APM) station rehabilitation; and mechanical, electrical, security, loading bridges, and communication systems rehabilitation. Exhibit A shows the estimated costs of the Airside 1 & 3 Project, which totals \$272 million, including all soft costs and allowances for contingencies, and associated sources of funding.

The Airside 3 improvements are 100% complete, with substantial completion occurring on March 19, 2009 and final completion on July 19, 2009. The Airside 1 improvements are 99% complete, with substantial completion occurring on October 30, 2009 and final completion scheduled for January 30, 2010. No additional funding is anticipated for this project once the 2009C Bonds are issued.

Mr. Jeffrey Fuqua
December 1, 2009

2009C Bonds

Estimated Debt Service requirements for the proposed 2009C Bonds, which are presented in Exhibit C, were provided by Morgan Keegan & Company, the Authority's financial advisor, on the basis of certain data and information provided by the Authority on the cost of the Airside 1 & 3 Project elements. The 2009C Bonds were assumed to be issued at fixed interest rates.

The 2009C Bonds are considered Additional Bonds under the Bond Resolution. We will separately provide, by documentation outside of the report, the information needed from the Airport Consultant pursuant to the Bond Resolution, which the Authority will use to demonstrate compliance with the test for the issuance of Additional Bonds, which is described in the accompanying attachment to the report.

Proposed Future Bonds

In addition to the 2009C Bonds, the Authority expects to issue Additional Bonds which are assumed to be issued in (1) April 2010 to fund \$79.9 million in project costs and (2) October 2012 to fund \$103.3 million in project costs to complete the financing of the CIP (collectively, the Future Bonds). Approximately \$53.9 million of the 2010 Bonds project costs and \$50.9 million of the 2012 Bonds project costs are assumed to be allocated to the financing of PFC eligible costs.

Airport Facilities Bond Resolution

The 2009C Bonds are being issued under the Bond Resolution. As of November 1, 2009, the principal outstanding on Bonds was \$979.7 million.

Revenues are generally defined as all income and revenues received by the Authority from the operation of the Airport, PFC revenues only to the extent they constitute Available PFC Revenues for the applicable period, and income from Special Purpose Facilities which are not pledged to the payment of obligations issued to finance such Special Purpose Facilities. Revenues do not include, among other things, grants-in-aid for capital projects or customer facility charges (CFCs) to the extent pledged to repay obligations issued to build rental car facilities.*

Available PFC Revenues are the portion of PFC revenues received by the Authority for PFC-eligible project costs approved by the FAA equal to 1.25 times the Debt Service accruing during an applicable period for the portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority. The portion of the Airside 1 & 3 Project being financed with the 2009C

* CFCs are paid by rental car customers. Currently, all CFCs are pledged to repay obligations issued to build rental car facilities through at least FY 2014.

Mr. Jeffrey Fuqua
December 1, 2009

Bonds constitutes a PFC Project. PFC revenues that are not Available PFC Revenues do not constitute Revenues and are not subject to the pledge and lien established by the Bond Resolution.

Operation and Maintenance Expenses (or O&M Expenses) consist of the Authority's expenses for operation, maintenance, repairs, ordinary replacement, and ordinary reconstruction of the Airport System but do not include any capital cost or any allowance for depreciation or any operation or maintenance costs for non Authority-owned Special Purpose Facilities.

In Section 711 of the Bond Resolution (the Rate Covenant) the Authority covenants that it will:

at all times while any Bonds shall be Outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that in each Fiscal Year the Net Revenues less the amounts, if any, required to be deposited from Revenues...into...the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund shall equal at least 1.25 times the sum of the Aggregate Debt Service...for such Fiscal Year, and in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues...under the...Resolution.

Under the Bond Resolution, at the end of each Fiscal Year, after all deposits that are required to be made into each of the Revenue, Operation and Maintenance, Bond, O&M Reserve, Capital Expenditures, Renewal & Replacement, and Discretionary Funds have been made, the moneys remaining in the Revenue Fund and not required to make up any deficiencies, are to be transferred in equal amounts (50% each) to the Improvement and Development Fund and the Prepaid Airline Fees and Charges Fund. Any deposits made into the Prepaid Airline Fees and Charges Fund are transferred to the Revenue Fund in the next subsequent Fiscal Year. Under the new airline Lease and Use Agreements that became effective October 1, 2008, the Authority is no longer required by these agreements to make deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits are made into this fund, they are not credited to the benefit of the airlines. As a result, pursuant to the Bond Resolution, the Authority has increased the deposit to be made into the Discretionary Fund so that after this deposit is made, no moneys remain in the Revenue Fund.

At this time, the Authority has no plans to budget amounts for the Capital Expenditure Fund or Renewal and Replacement Fund.

Mr. Jeffrey Fuqua
December 1, 2009

PFC Program

The Authority has received approval from the Federal Aviation Administration (FAA) to collect and use PFCs under 12 applications for a total of \$2 billion in collection authority. Through September 30, 2009, PFC revenues received by the Authority, including investment earnings, totaled \$717.5 million, of which \$696.9 million had been expended on approved project costs. The Authority is currently authorized to impose a PFC of \$4.50 per enplaned passenger at the Airport.

Existing PFC-use approval is reflected in the financial forecasts presented in this report, including the authorization to use PFC revenues to pay a portion of the debt service attributable to the outstanding Series 1999A&B Bonds and Series 2002A, B&C Bonds, and for approved pay-as-you-go PFC expenditures. The 2009C Bonds when issued will be designated via a certificate by an Authorized Officer of the Authority as issued to finance portions of the Airside 1 & 3 Project so that PFC revenues up to 1.25x debt service on the 2009C Bonds can be included in the calculation of Available PFC Revenues for purposes of the Bond Resolution.

PFC-use approval expected for future applications on both a pay-as-you-go basis and leveraged basis is also reflected in the financial forecasts presented in this report.

Airline Lease and Use Agreements

The Authority has entered into separate, but substantially similar, Airline-Airport Lease and Use Agreements (the Lease and Use Agreements) with certain of the airlines serving the Airport (the Signatory Airlines). The Lease and Use Agreements set forth the terms and conditions governing use of the airfield and apron areas of the Airport and the use and occupancy of space in the Landside Terminal and Airside Buildings. They also establish the procedures for the annual review and adjustment of Signatory Airline rents, fees, and charges, which provides for a compensatory rate-making methodology for use of the terminal facilities, a cost center residual rate making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and the Signatory Airlines, and an Extraordinary Coverage Protection provision.

Under the Lease and Use Agreements, fees and charges are reviewed at least annually so that for each Fiscal Year, Revenues less Operation and Maintenance Expenses, amounts required to be deposited into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund, and the Renewal and Replacement Fund established under the Bond Resolution shall be equal to or greater than 1.25 times the aggregate principal and interest (other than capitalized interest) to become due and payable in such Fiscal Year on the then Outstanding Bonds. In the event the analysis of Revenue is less than the requirement, the Authority can recover

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additional rates and charges, pursuant to an Extraordinary Coverage Protection provision from each Signatory Airline to cover any shortfall of the Authority's Rate Covenant.

The Lease and Use Agreements are scheduled to expire on September 30, 2013. In developing the financial forecasts, the Authority assumed that the existing rate-making procedures would remain in effect through the forecast period (FY 2014).

Scope of Report

The report was prepared to address the ability of the Authority to meet the requirements of the Rate Covenant in the forecast period, FY 2010 through FY 2014, taking into account the outstanding Bonds, the proposed 2009C Bonds and the Future Bonds. In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving consideration to the demographic and economic characteristics of the airport service region; historical trends in airline traffic; recent airline service developments and airfares; and other key factors that may affect future airline traffic.
- The status and estimated costs of the Airside 1 & 3 Project and the FY 2009-2013 CIP for the Airport.
- Estimated sources and uses of funds and associated annual Debt Service requirements of the 2009C Bonds and future obligations to complete the financing of the CIP.
- Historical and estimated future PFC Revenues and the allocation by an Authorized Officer of the Authority of the 2009C Bonds and certain future Additional Bonds to the financing of PFC Projects.
- The Authority's intended use of PFC revenues during the forecast period, including the payment of Debt Service and pay-as-you-go project expenditures.
- Historical relationships among revenues, expenses, and airline traffic for the Airport.
- The facilities expected to be provided, as included in the CIP, and other operational considerations affecting Airport revenues and expenses.

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- Audited financial results for the Airport for FY 2007 and FY 2008, the Authority's estimated results for FY 2009, and the budget for FY 2010.
- The Lease and Use Agreements and the associated calculation and adjustment of airline rentals, fees, and charges.
- Other contractual agreements relating to the use and lease of the Airport such as the operation of public automobile parking and other concession and service privileges; and the leasing of buildings and grounds.

We have relied upon the Authority and its consultants for estimates of project costs and construction schedules for the Airside 1 & 3 Project and upon the Authority's financial advisor for the plan of debt finance and estimated debt service requirements for the proposed 2009C Bonds and bonds expected to be issued in 2010 as well as assumptions for debt expected to be issued in 2012 for financial modeling purposes.

We also identified key factors upon which the future financial results of the Airport may depend and, with Authority management, formulated assumptions about those factors. On the basis of those assumptions, we assembled the financial forecasts presented in the accompanying exhibits provided at the end of this report.

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Forecast Debt Service Coverage and Rate Covenant Compliance

As shown in the following table and Exhibit G at the end of the report, Net Revenues after required deposits to the Operation and Maintenance Reserve Account (i.e., Net Revenues available for debt service) are forecast to be at least 1.25 times the Aggregate Debt Service on the Outstanding Bonds, the 2009C Bonds, and the Future Bonds, which are collectively identified as "Bonds" in the table. As also shown, Net Revenues available for debt service are forecast to be sufficient to cover debt service on Bonds and on all Subordinated Indebtedness. These forecast results indicate compliance with the Rate Covenant during the forecast period.

FORECAST RATE COVENANT COMPLIANCE						
Orlando International Airport						
(in thousands, except coverage)						
(for the 12 months ending September 30)						
Fiscal Year	Net Revenues	Net Debt Service			Coverage	
	Available for Debt Service	Bonds ¹	Subordinated Indebtedness ²	Total	Bonds	All Indebtedness
	A	B	C	D = B + C	= A / B	= A / D
2010	\$ 167,351	\$ 120,412	\$ 11,663	\$ 132,075	1.39	1.27
2011	178,056	122,299	11,600	133,899	1.46	1.33
2012	185,190	124,247	9,714	133,961	1.49	1.38
2013	247,218	170,658	7,210	177,868	1.45	1.39
2014	184,105	116,761	7,206	123,967	1.58	1.49

Source: Debt service: Greater Orlando Aviation Authority and Morgan Keegan & Company.
Net Revenues and coverage: Jacobs Consultancy.

Notes: 1. Includes actual debt service on all Outstanding Bonds (through Series 2009A&B), and estimated debt service on the 2009C Bonds (as provided by Morgan Keegan), and the Future Bonds (as estimated by Morgan Keegan for financial forecast purposes only), all net of capitalized interest.
2. Includes all Subordinated Indebtedness, net of interest income on any Subordinated Bond Reserve Funds. The assumed variable rate for the 1997B Subordinated Bonds is 4.54%.

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Assumptions Underlying the Financial Forecasts

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

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

* * * * *

We appreciate the opportunity to serve as the Authority's Airport Consultant in connection with this proposed financing.

Respectfully submitted,


JACOBS CONSULTANCY

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

Greater Orlando Aviation Authority

Orlando International Airport

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AIRLINE TRAFFIC ANALYSIS

This section provides a summary of existing Airport facilities, a description of the region served by the Airport, a description of the role of the Airport, the economic basis for airline traffic at the Airport, key factors affecting future airline traffic, and forecasts of enplaned passengers and aircraft landed weight.

AIRPORT FACILITIES

Orlando International Airport occupies approximately 13,756 acres of land on a site nine miles southeast of downtown Orlando in Orange County. The Airport has four north-south commercial aircraft runways and a midfield passenger terminal complex.

Airfield

Runway 17R/35L is 10,000 feet long, Runway 17L/35R is 9,000 feet long, and Runways 18L/36R and 18R/36L are both 12,000 feet long. All four runways have full instrumentation and lighting to permit all weather operations and are capable of handling all commercial aircraft currently in use with the exception of the A380 aircraft. The Airport currently has one runway that is 100% compliant to handle the A380 aircraft and one runway that is partially compliant for the A380. The Authority has received interim approval from the FAA to use the partially compliant runway for the A380 if necessary. The Authority also has a number of projects in process to improve the runway shoulders and taxiways to further accommodate the A380 aircraft. The spacing between sets of parallel runways is adequate to allow triple simultaneous approaches under FAA instrument flight rules. The runways are supported by a network of taxiways, aprons, and hold areas. Three crossover taxiways connect the runways on either side of the midfield terminal complex.

North Terminal Complex

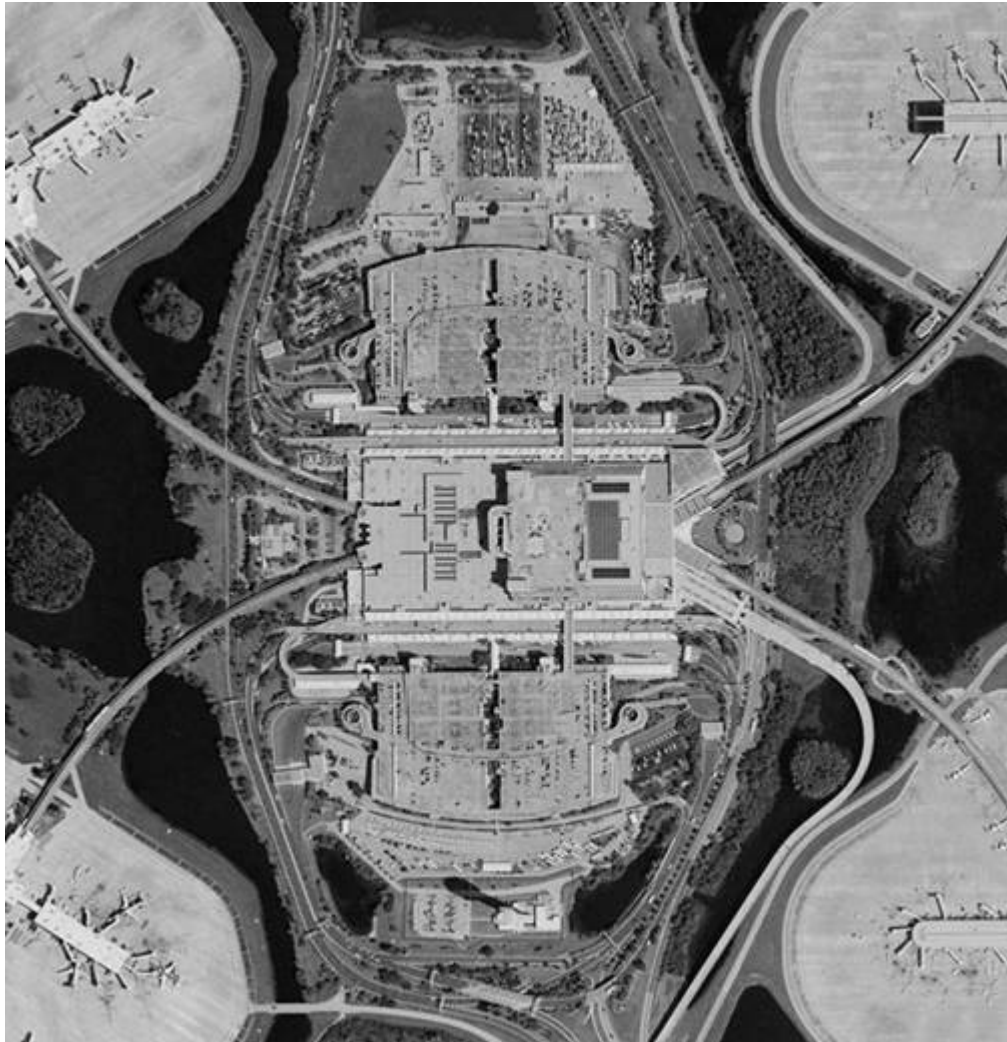
The North Terminal Complex consists of the landside terminal, four airside buildings with associated aircraft parking aprons and connecting taxiways, automated people movers connecting the landside terminal to the airside buildings, an in-terminal hotel, a terminal roadway system with associated signage, ground level and structural parking for automobiles, rental car facilities, landscaping, a hydrant fueling storage and distribution system, a flood control bypass canal, and utilities and drainage.

The landside terminal and airside buildings provide approximately 3.5 million square feet of space, excluding the hotel, which comprises an additional 514,000 square feet. The north and south sides of the landside terminal are known as Terminals A and B, respectively. The airside buildings are known as Airsides 1, 2, 3, and 4.

Figure 1 shows the layout of the landside terminal, airside buildings, automated people movers, and garages in the North Terminal Complex. Areas to the south have been reserved for future development of the South Terminal Complex.

Figure 1

NORTH TERMINAL COMPLEX LAYOUT – ORLANDO INTERNATIONAL AIRPORT



Source: Greater Orlando Aviation Authority.

The landside terminal has 10 levels. Level 1 accommodates ground transportation functions, including staging and parking areas for buses, limousines, and taxis as well as a tunnel under the terminal roadway system to connect passengers to parking facilities. Level 2 accommodates arrival and baggage claim functions, including space for rental car and bus check-in counters. Level 3 accommodates airline ticketing and

departure functions and most of the landside terminal space allocated to food/beverage and retail merchandise concessions.

A 445-room hotel with restaurants and conference facilities is an integral part of the landside terminal and is directly accessible from Level 3, the departure level. The hotel occupies Levels 4 through 8 on the eastern-most portion of the landside terminal. Except for the hotel areas, Levels 4 through 10 accommodate parking.

The landside terminal is connected by automated people movers to the four airside buildings. The airside buildings and aprons provide 96 contact aircraft gates for jet aircraft and associated passenger waiting areas, concessions, and airline operations space. Of the 96 jet aircraft gates, 57 gates are leased on a preferential use basis by the signatory airlines and the remaining gates are available for use on a per-turn basis by signatory, non-signatory, and charter airlines. Federal Inspection Services (FIS) facilities are provided in airside buildings 1 and 4 and can accommodate international arrivals at 16 gates. Combined FIS throughput capacity can accommodate approximately 2,600 arriving international passengers per hour. In addition to the 96 contact aircraft gates, the terminal apron provides aircraft parking for the 16 commuter aircraft positions, and 27 remain-over-night (RON) spaces.

Roadway System and Public Parking Facilities

The North Terminal Complex is served by a three-level roadway system that provides access to separate enplaning, deplaning, and commercial vehicle curbsides on the north (Terminal A) and south (Terminal B) sides of the landside terminal at Levels 1, 2 and 3. Public parking spaces are located on levels 3 through 6 of the garages adjacent to the landside terminal.

There are approximately 20,900 public parking spaces located on the Airport, including 9,100 garage spaces and 11,800 satellite parking spaces located at remote lots to the north and south of the North Terminal Complex.

Rental Car Facilities

Rental car ready/return stalls are located on levels 1 and 2 of the garages adjacent to the landside terminal. Adjacent to the garages at grade level (level 1) there are Quick Turnaround Areas (QTA) for stacking, cleaning, fueling, washing, and staging cars prior to moving them into the ready car spaces in the garage.

Currently, five “companies” representing nine brands of rental car companies operate on-Airport from the garages - (1) Avis, (2) Budget, (3) EAN-Orlando, LLC (Enterprise, Alamo and National), (4) Dollar/Thrifty, and (5) L&M/E-Z. Off-Airport operators currently include Hertz, Payless, and some smaller specialty and local operators.

The Authority is currently constructing (1) an expansion and reconfiguration of the existing Terminal A Quick Turnaround Area (QTA), (2) construction of a new Terminal B QTA and associated relocation of the bus and taxi hold facilities, (3)

addition of ready/return spaces at Terminal A, (4) construction of a common fuel distribution system, and (5) associated terminal roadway improvements, which is scheduled to open on April 1, 2010. The expanded facilities will make it possible for Hertz to move its operation on Airport at which time more than 95% of the Orlando Airport rental car market will be able to be serviced on the Airport.

In addition to these facilities, Budget maintains a support facility on the Airport on Casa Verde, and both Avis and the combined EAN-Orlando, LLC (Enterprise, Alamo and National) brands maintain support facilities on Hangar Boulevard, which is in the vicinity of Casa Verde and Cargo Road.

Ground Access

The Airport can be accessed directly from the north or south using Airport Boulevard, which forms a loop around the Airport and connects with South Access Road south of the Airport, the Bee Line Expressway (SR 528) and Semoran Boulevard (SR 436) both north of the Airport. SR 436 is the most direct route to downtown Orlando, which is approximately nine miles northwest of the Airport.

The Airport is served by a combination of state roads and interstates that allow for convenient access to Orlando and the major attractions. On the north side of the Airport is SR 528 that connects to Interstate-4 (I-4) in the west, the Central Florida Greenway (SR 417 or Greenway) on the east, as well as Interstate-95 (I-95) on the coast. From the Airport I-4 is approximately 11 miles. Interstate-4, which starts in Tampa, runs northeast and passes just west of downtown Orlando before ending near Daytona Beach. The Greenway forms a half loop around the City of Orlando and connects with I-4 southwest of the Airport, passes directly south of the Airport before turning north and passes just east of downtown Orlando. The Florida Turnpike passes the Greenway west of the Airport and runs, northwest connecting with I-4. North of the Airport is Semoran Boulevard (SR 436) which heads directly north, passing through the eastern side of downtown Orlando.

Commercial Property Development and Other Facilities

The Authority has pursued aviation and commercial development of the Tradeport Drive corridor on the west side of the Airport and the Heintzelman Boulevard corridor on the east side of the Airport. The Tradeport area comprises approximately 1,000 acres and the Heintzelman Boulevard corridor comprises approximately 440 acres.

Facilities at the Tradeport include a long-term public parking lot, air cargo aircraft parking and cargo handling facilities, two fixed base operator facilities (Signature Flight Support and Galaxy Aviation), an aircraft fuel farm, aircraft maintenance hangars and shops, Airtran's corporate headquarters and certain maintenance facilities, a U.S. Department of Agriculture inspection station, a regional U.S. Postal center, a Continental Airlines major maintenance facility, Federal Express sorting facility, Cessna Aircraft Company Citation Service Center, FlightSafety International

pilot training simulation center, and a Foreign Trade Zone. jetBlue Airways operates a flight support campus in the Heintzelman corridor.

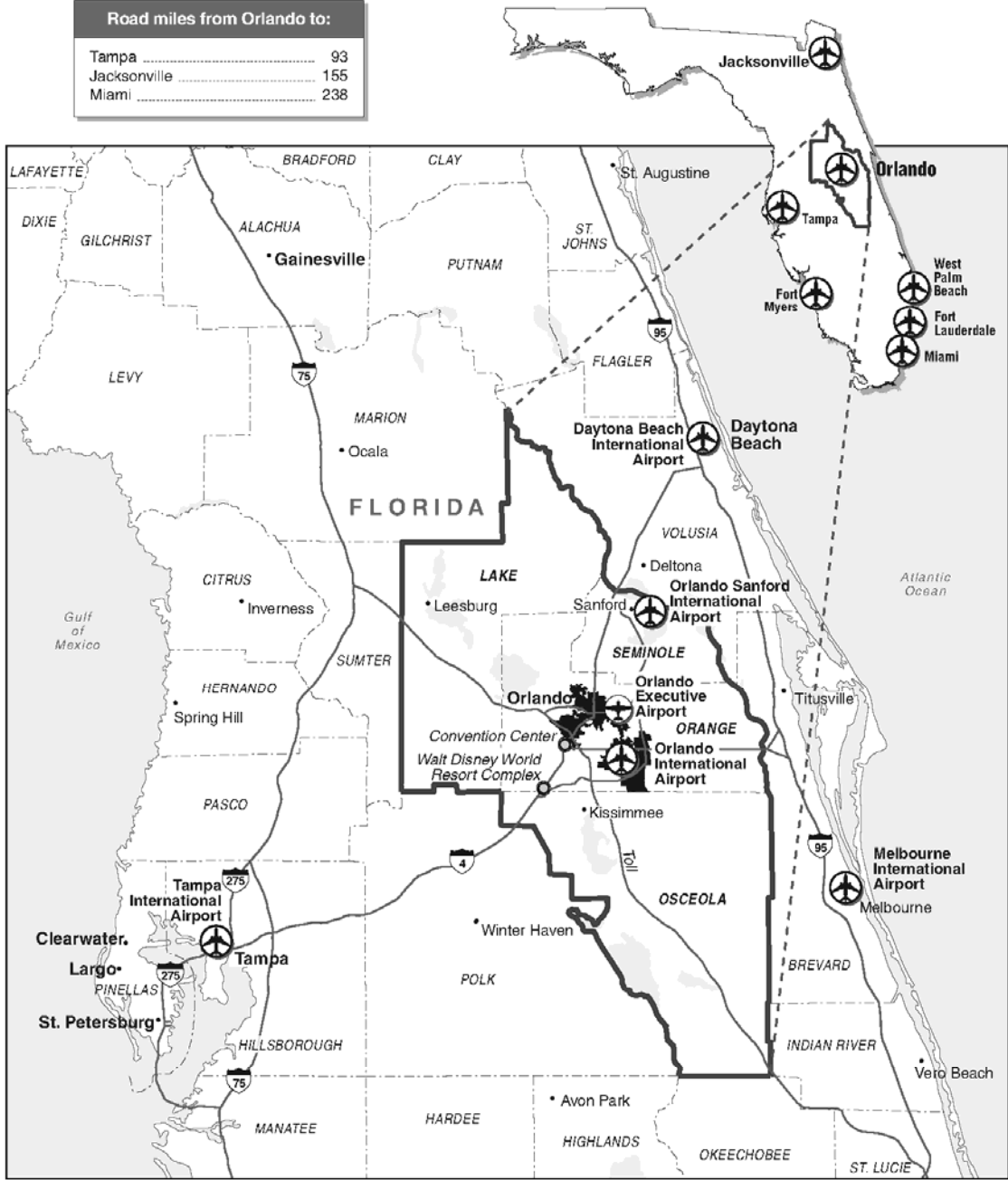
DEFINITION OF THE AIRPORT SERVICE REGION

The Orlando-Kissimmee Metropolitan Statistical Area (the MSA) encompasses one of the largest leisure and hospitality centers in the world. Seven of the top 10 U.S. theme parks, based on attendance, are located in the MSA. In 2008, the Orlando area attracted nearly 49 million visitors, whose spending generated an economic impact of approximately \$25 billion dollars on the area economy, according to the Orlando Convention and Visitors Bureau (CVB).

The Airport Service Region of the Airport is generally represented by the MSA (consisting of Lake, Orange, Osceola, and Seminole counties), in which Orlando is the primary city. (See Figure 2.)

Two airports located near Orlando, but outside the Airport Service Region are Daytona Beach International Airport and Melbourne International Airport. Given very limited service at both airports, neither is considered a significant competitive threat to the Airport.

Road miles from Orlando to:	
Tampa	93
Jacksonville	155
Miami	238



- LEGEND**
- Primary Airport service region
 - City of Orlando
 - Air carrier airport
 - General aviation airport
 - Major highway
 - County boundary

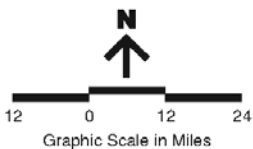


Figure 2
AIRPORT SERVICE REGION
 Orlando International Airport
 October 2009

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DEMOGRAPHIC AND ECONOMIC PROFILE

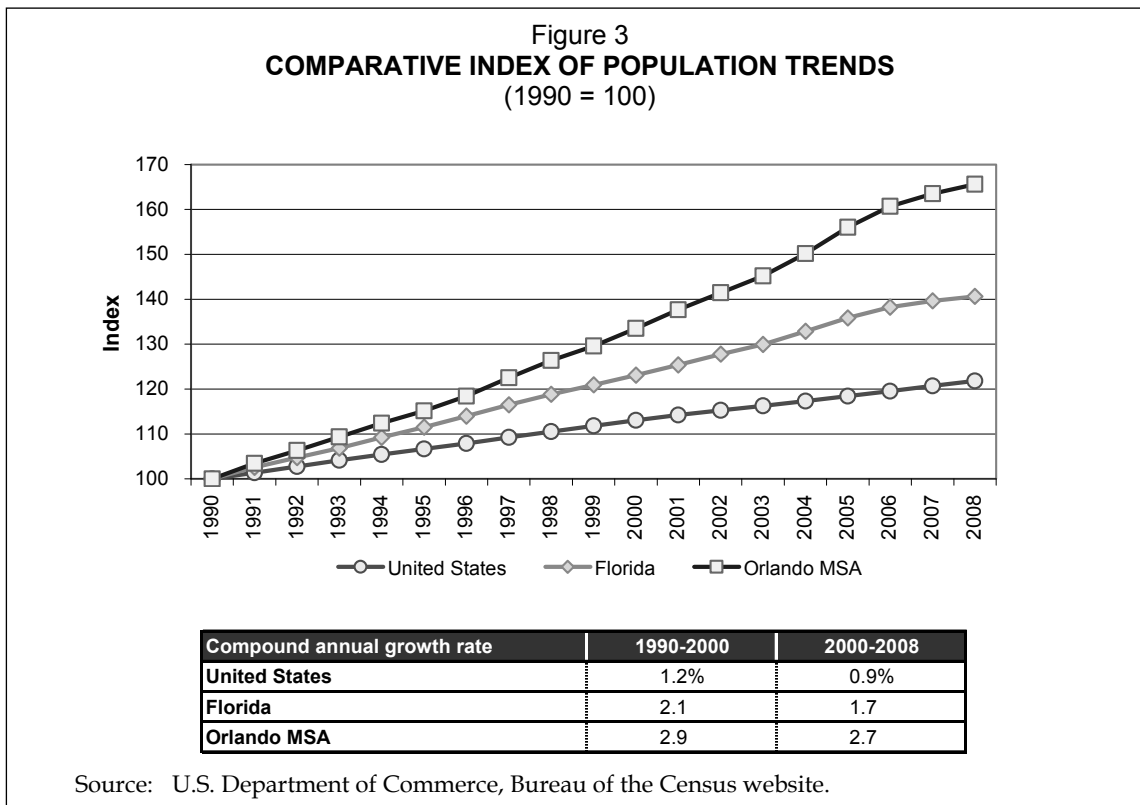
Local demographic and economic trends generally reflect the long-term growth of the MSA economy, and a growing economy correlates with increasing volumes of passenger air traffic. Travel to the MSA for leisure reasons (largely theme park visits) is related to the health of the broader U.S. economy.

Demographic Trends

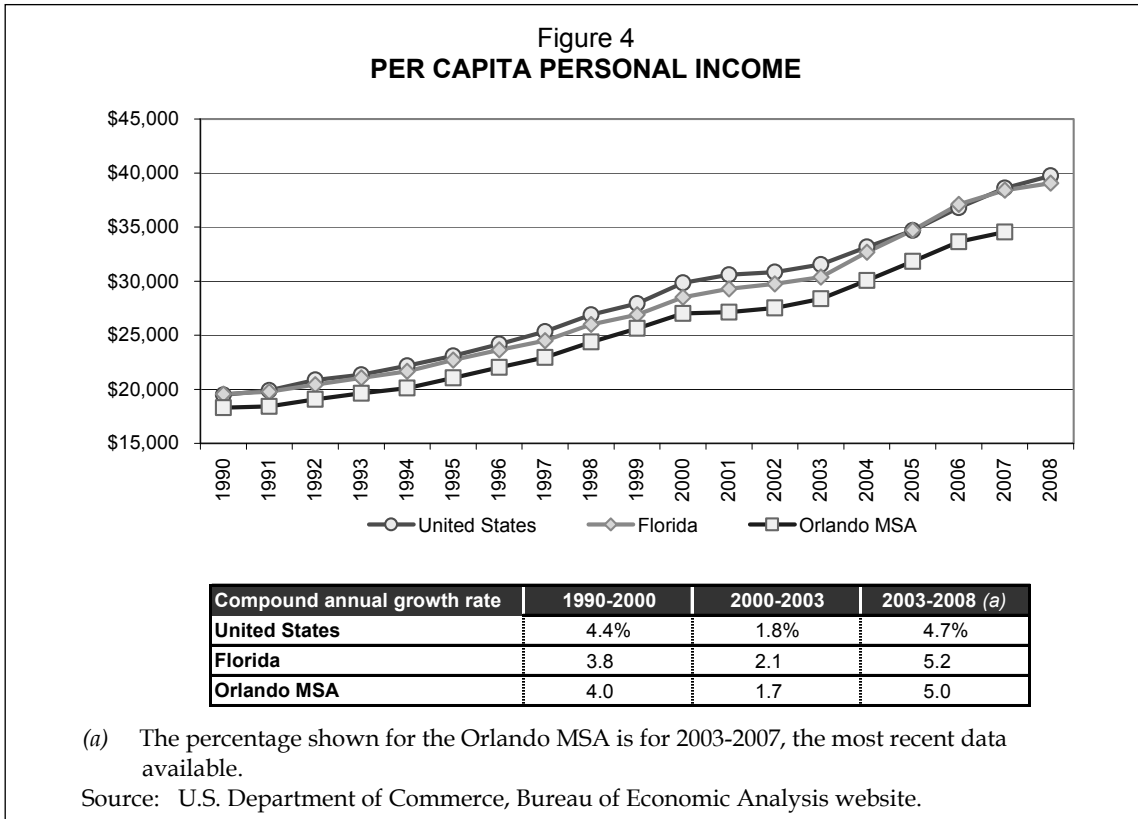
The growth of population and income both results from, and supports, a growing economy.

Population. The MSA accounted for approximately 11% (2.1 million) of Florida's estimated 2008 population (18.3 million) and ranks third largest in the state, after Miami-Fort Lauderdale-Pompano Beach and Tampa-St. Petersburg-Clearwater.

Between 1990 and 2008, the MSA population increased at a rate approximately one-and-a-half times that of Florida and two-and-a-half times that of the nation, leading to an increasing divergence in population trends. (See Figure 3.)



Income. The MSA's per capita personal income in 2007 (\$34,500) was 89% of the national average (\$38,600) and 90% of the state average (\$38,400). (See Figure 4.) Per capita income growth in the MSA has mirrored nationwide growth, albeit at a somewhat lower level, over the past two decades.

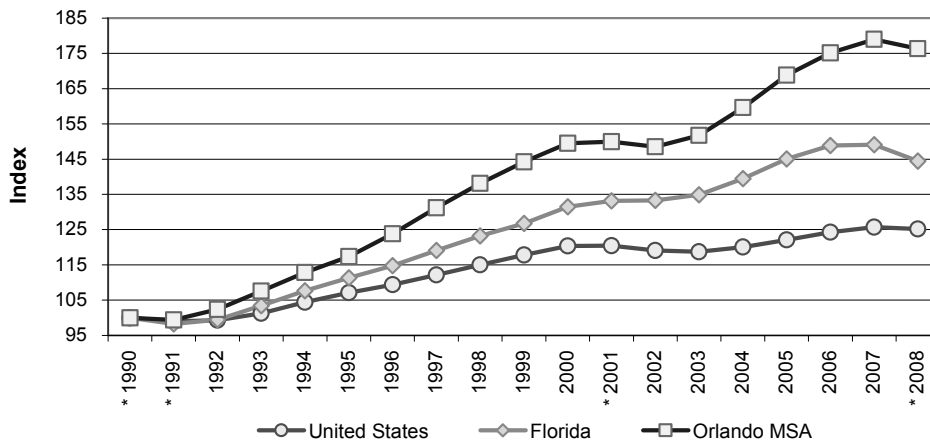


Economic Trends

One of the principal drivers of the Orlando economy is the national economy, as the key tourism sector is heavily reliant on domestic visitors.

Employment. Since 1990, MSA employment has exhibited stronger growth than that of Florida and the nation. Between 1990 and 2008, employment in the MSA increased at a rate one-and-a-half times that of Florida and two-and-a-half times that of the nation – similar to population growth patterns. (See Figure 5.) Following the 2001 recession, employment levels rebounded more quickly in the MSA than in the nation. In 2008, however, employment in both the MSA and Florida declined to a greater extent than the nation as a whole, reflecting a more substantial impact from the housing and real estate decline, construction slowdown, and the state’s dependence on discretionary travel.

Figure 5
COMPARATIVE INDEX OF TOTAL NON-AGRICULTURAL EMPLOYMENT
 (1990 = 100)

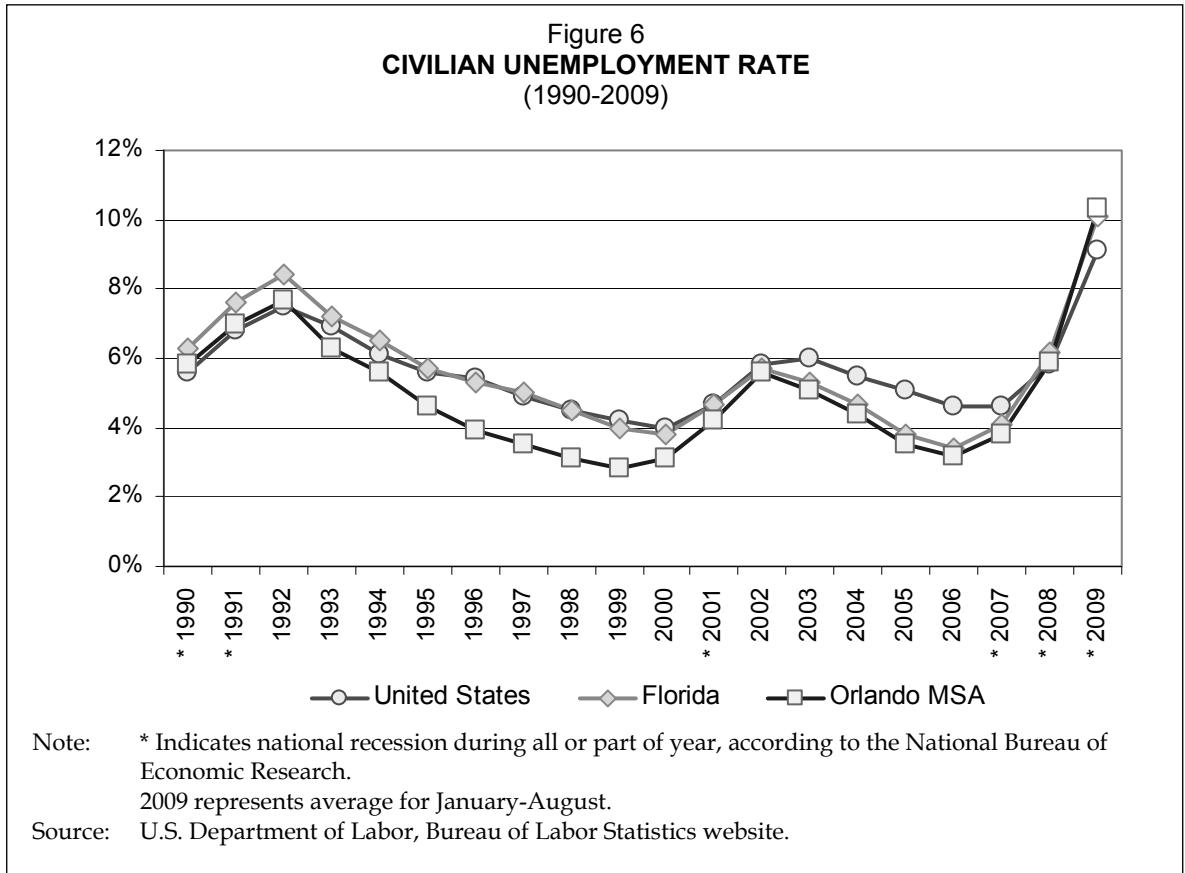


Compound annual growth rate	1990-2000	2000-2003	2003-2008
United States	1.9%	(0.5%)	1.1%
Florida	2.8	0.8	1.4
Orlando MSA	4.1	0.5	3.1

Note: * Indicates national recession during all or part of year, according to the National Bureau of Economic Research.

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

Unemployment Rate. Unemployment rates serve as an indicator of an area's economic health. From 1993 to 2007, the MSA exhibited lower unemployment rates than both Florida and the nation. (See Figure 6.) In the current economic recession, however, the MSA unemployment rate has increased significantly; the Bureau of Labor Statistics estimates that unemployment in the MSA climbed to 10.3% in the first 8 months of 2009, roughly equivalent to the Florida rate (10.1%) and above the national rate (9.1%).



Employment by Sector. Table 1 profiles the relative composition of employment in the nation, Florida, and the MSA. The two largest sectors of the MSA economy are (a) the trade, transportation and utilities sector, and (b) the leisure and hospitality sector, each of which accounted for 18.6% of the MSA's 2008 non-agricultural employment.

The leisure and hospitality sector, which incorporates hotels, restaurants, theme parks, and other attractions, is a mainstay of the local economy. The importance to Orlando is evident by comparison to the shares of employees working in this sector in Florida (12.1%) and nationwide (9.8%) in 2008.

Table 1
2008 EMPLOYMENT SHARE BY INDUSTRY SECTOR

Industry sector	2008 percent of total		
	United States	Florida	Orlando MSA
Trade, Transportation, Utilities	19.2%	20.4%	18.6%
Leisure & Hospitality	9.8	12.1	18.6
Professional/ Business Services	13.0	14.8	16.7
Government	16.4	14.5	10.9
Education & Health Services	13.8	13.5	10.9
Nat. Resources, Mining, Construction	5.8	6.7	6.8
Financial Activities	5.9	6.8	6.2
Other Services	4.0	4.4	4.9
Manufacturing	9.8	4.8	4.0
Information	<u>2.2</u>	<u>2.0</u>	<u>2.4</u>
TOTAL	100.0%	100.0%	100.0%

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

Major Employers. The Walt Disney Company is, by a wide margin, the largest private employer in the MSA, with 62,000 employees at its four theme parks (the Magic Kingdom, EPCOT, Hollywood Studios, and Animal Kingdom), hotels, water parks, and golf courses. (See Table 2.) The hospitality and leisure industry is well-represented among the MSA’s top employers: Universal Orlando (13,000 employees), Marriott (6,300), Darden Restaurants (5,900), and SeaWorld Orlando (5,500).

According to the Metro Orlando Economic Development Commission, major companies with corporate headquarters located in the MSA include Darden Restaurants, AirTran Holdings, and Tupperware. All three companies are listed on Fortune magazine’s list of the top 1,000 corporations in the U.S., ranked by revenues.

Table 2
ORLANDO MSA TOP 20 PRIVATE EMPLOYERS

Company name	Industry	Employees
Walt Disney Company	Entertainment	62,000
Florida Hospital (Adventist Health System)	Healthcare	16,002
Publix Super Markets	Supermarkets	15,606
Universal Orlando	Entertainment	13,000
Orlando Regional Healthcare System	Healthcare	10,000
Lockheed Martin	Manufacturing/ Defense	7,200
Marriott International	Lodging	6,312
Central Florida Investments	Real Estate Developers	6,155
Darden Restaurants	Restaurants	5,950
SeaWorld Orlando	Entertainment	5,500
Starwood Hotels & Resorts Worldwide	Lodging/ Entertainment	5,369
Rosen Hotels And Resorts	Lodging	4,129
Walgreen Co.	Drug Stores & Pharmacies	4,000
Cox Enterprises	Media	3,931
Embarq (Sprint Corp.)	Telecommunications	3,900
Siemens	Engineering	3,600
Cendant Corp.	Lodging/ Real Estate	3,201
SunTrust Banks	Finance	3,165
CVS Corp.	Drug Stores & Pharmacies	2,900
Space Gateway Support	Aerospace Management	2,886

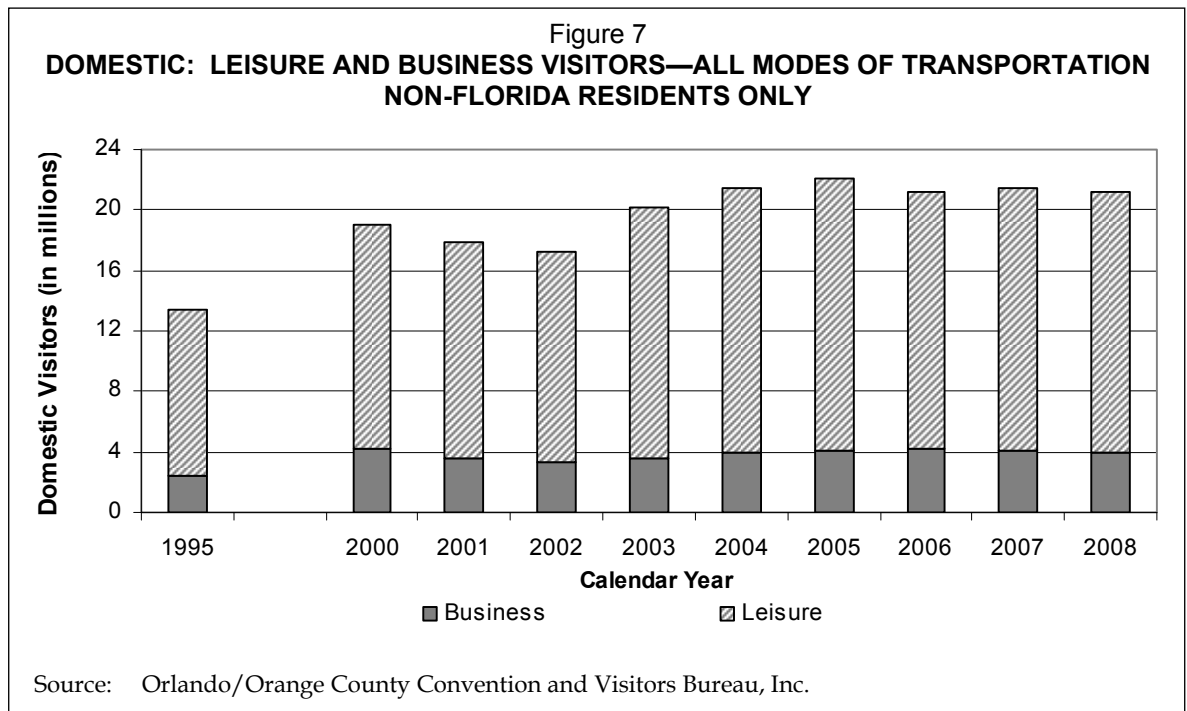
Source: Metro Orlando Economic Development Commission, 2009.

AIRPORT SERVICE REGION VISITOR DEMAND—LEISURE AND BUSINESS

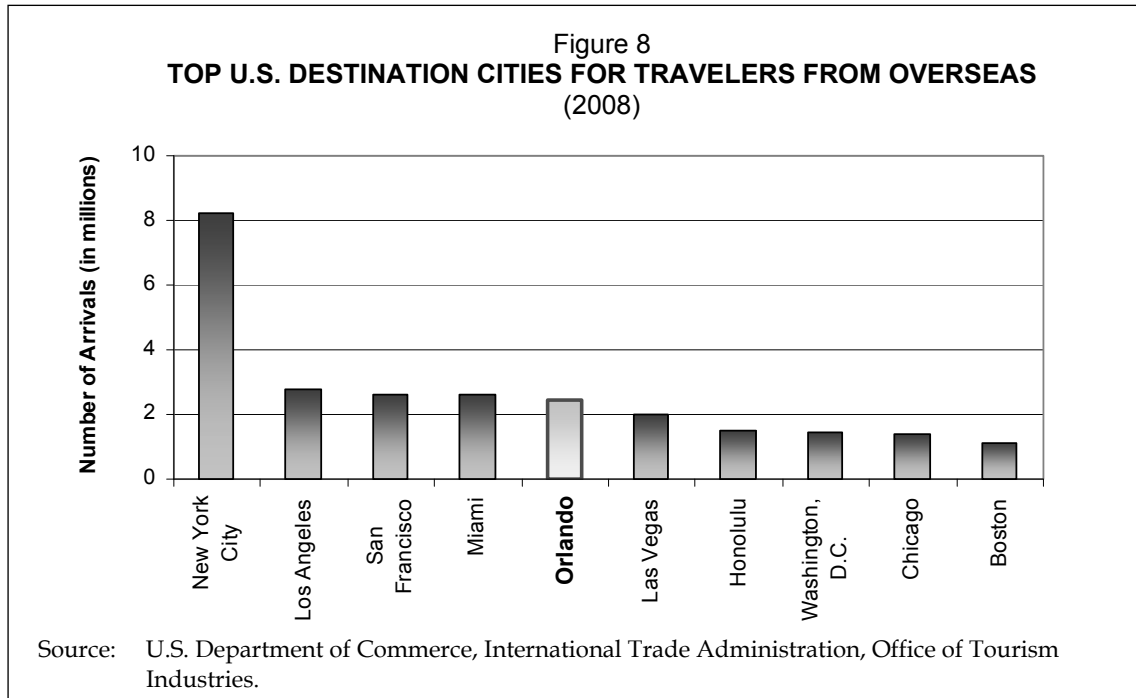
A total of 48.9 million visitors traveled to the MSA by all modes of transport in 2008, up 51% percent from 1995 and 12% from 2000, but unchanged from 2005. According to the Orlando CVB, the vast majority of visitors in 2008 (93%) were domestic travelers, while the remainder (7%) were international travelers. Visitors to Orlando by all modes of transport are projected to decline 11% in 2009 and increase 1% in 2010, according to a forecast prepared for the Orlando CVB by Global Insight.

Among domestic visitors arriving by all modes of transport in 2008, those traveling to Orlando for leisure reasons accounted for 78% of the total, with the remainder visiting on business. The top five non-Florida cities of origin by all travel modes were New York, Chicago, Atlanta, Philadelphia, and Washington, DC, according to the Orlando CVB.

Figure 7 illustrates trends in domestic out-of-state visitors to Orlando arriving by all modes of transport. Leisure visitors far outnumber business visitors. Since 2004, there has been no net growth in out-of-state visitors arriving by all modes of transport, for either leisure or business purposes. (Out-of-state business visitors have shown no growth since 2000.) As will be shown subsequently in this Report, visitors arriving by air have increased substantially since 2004. Given that total surface and air visitors have shown no increase over that period, one can conclude that the proportion of visitors arriving by air has increased in recent years.



Among international visitors in 2008, more than half (56%) originated in either the United Kingdom or Canada. According to the Orlando CVB, a substantial majority (83%) of overseas travelers visit for leisure purposes. Orlando was the fifth most popular U.S. destination for overseas visitors in 2008, after New York City, Los Angeles, San Francisco, and Miami. (See Figure 8.)



The key characteristics of MSA visitors, according to the Orlando CVB, are shown in Table 3.

Characteristics	Domestic visitor			Overseas visitor
	Leisure, non-Florida resident	Attendee at Convention/ group meeting		
Average nights stayed	5.8	3.4		9.4
Average party size	3.4	1.8		2.5
Average spending per visitor	\$940	\$737		\$980
Average expenditures per party	\$3,194	\$1,326		\$2,450
Economic impact (billions)	\$16.3	\$2.8		\$2.0

Source: Orlando/Orange County Convention and Visitors Bureau, Inc.

The inventory of hotel rooms in the MSA showed steady growth between 1990 and 2005 but then plateaued over the subsequent 3 years. (See Table 4.) In 2008, while the average daily room rate was 60% higher than it had been in 1990 (in line with general inflation), room occupancy was nearly 10 percentage points lower, indicating a supply of hotel rooms that was in excess of demand.

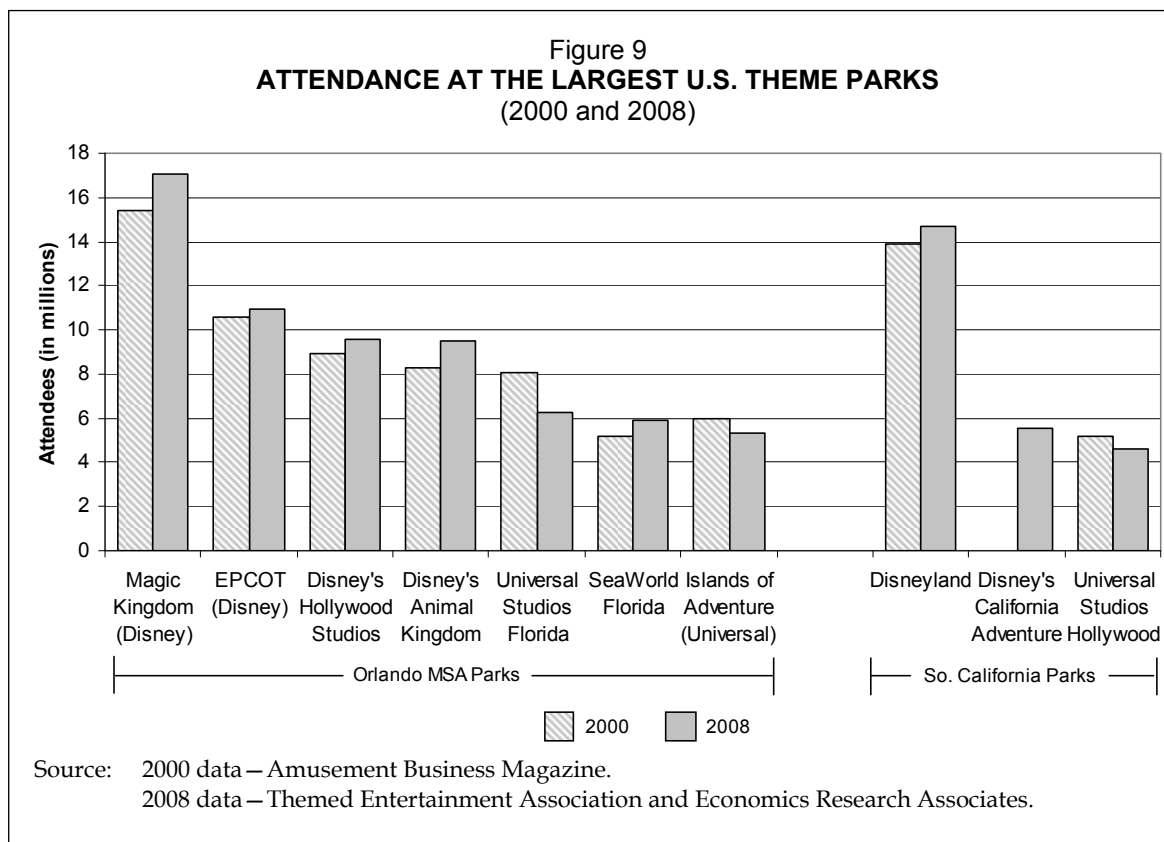
Year	Number of rooms	Room nights available (in millions)	Room nights occupied (in millions)	Occupancy	Average daily rate
1990	76,260	26.6	20.1	75.5%	\$66.20
1995	84,327	30.4	22.7	74.5%	\$68.55
2000	102,838	36.9	26.7	72.4%	\$89.83
2005	111,564	41.0	29.0	70.8%	\$92.00
2008	111,700	41.1	27.0	65.7%	\$106.11
Compound annual growth rate					
1990-2008	2.1%	2.4%	1.7%		2.7%

Source: Orlando/Orange County Convention and Visitors Bureau, Inc.

Leisure Travel Demand

Orlando is one of the primary tourist destinations in the United States. With its focus on entertainment-based theme parks, the MSA is a popular destination for domestic and international visitors.

Theme Parks. Seven of the top 10 U.S. theme parks are located in the MSA. (See Figure 9.) In 2008, these seven parks reported combined attendance of 65 million, compared to combined attendance of 25 million at the three Southern California theme parks. In the MSA, attendance increased at the four Disney parks and SeaWorld between 2000 and 2008, while attendance declined at the two Universal theme parks.



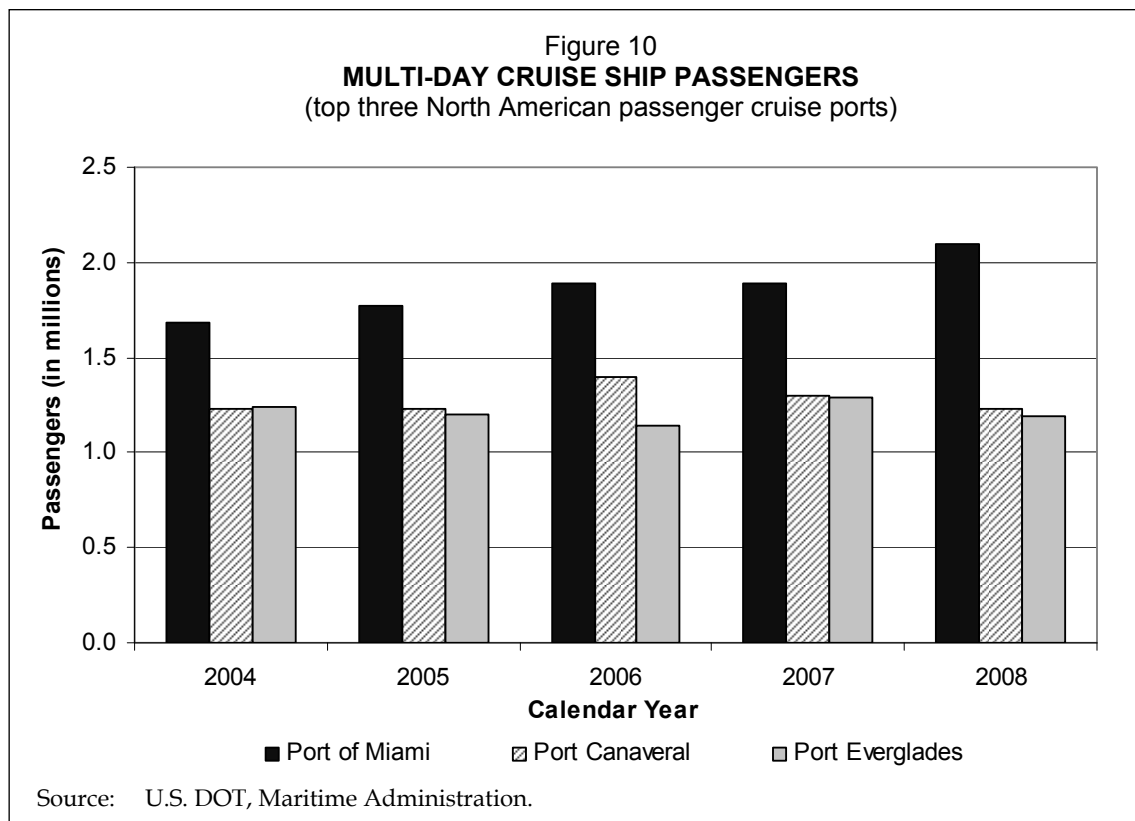
Cruises. Port Canaveral, one of the world's busiest cruise ship ports, is located less than 50 miles east of MCO and is adjacent to the John F. Kennedy Space Center and NASA visitor center at Cape Canaveral. Many out-of-state cruise ship passengers bound for Port Canaveral arrive and depart via MCO.

Multi-day cruise ship passengers at Port Canaveral (the second busiest North American passenger cruise port after the Port of Miami, according to the U.S. DOT, Maritime Administration) stood at 1.2 million in 2008. (See Figure 10.) Neither Port

Canaveral nor Fort Lauderdale's Port Everglades has recorded any net growth in passengers on multi-day cruises since 2004, in contrast to the sustained growth recorded at the Port of Miami over the same period.

Because Maritime Administration statistics do not include passengers on same-day "cruise to nowhere" itineraries, they understate total passengers at ports accommodating that type of activity. In late 2008, two cruise ships based at Port Canaveral were dedicated to providing day and evening same-day gambling cruises.

Currently served by Carnival Cruise Lines, Disney Cruise Line, and Royal Caribbean, Port Canaveral anticipates a significant increase in revenue following the launch of two new Disney Cruise Line ships at the Port in 2011 and 2012.



Business Travel Demand

Ten million visitors came to Orlando for business purposes in 2008, and 4 million of those visitors were non-Florida residents. Business travel can be further segmented into group meetings (e.g., conventions, seminars, corporate retreats) and general business.

Group Meetings. An abundance of convention and meeting space, as well as diversions for families of convention attendees, makes Orlando a popular location for convention and meeting planners. The Orlando CVB estimates that 3.5 million domestic visitors traveled to the MSA in 2008 for conventions and group meetings. The primary facility in the region is the Orange County Convention Center (OCCC). One of the nation’s largest convention facilities, the OCCC hosted 231 events and 1.3 million convention attendees in 2008. (See Table 5.) In the first 8 months of 2009, the OCCC recorded a 14% decline in attendance compared to the first 8 months of 2008.

General Business. Strong growth in population and employment in the MSA since 1990 has contributed to growth of general business travel. The key driver of local economic growth is a world-class tourism industry, with additional impetus from defense, high-tech, and digital media industry sectors. According to the Metro Orlando Economic Development Commission, a competitive cost environment has also favored the Orlando economy in attracting new businesses, which in turn generate additional travel demand. General business travel can be expected to increase in line with growth in the MSA economy in the future.

Table 5
ORANGE COUNTY CONVENTION CENTER ACTIVITY, SELECTED YEARS

Year	Number of events	Attendees	Attendees/ event
1985	135	500,571	3,708
1990	239	596,050	2,494
1995	168	700,429	4,169
2000	205	1,035,353	5,051
2004	255	1,367,146	5,361
2008	231	1,310,377	5,673
Jan-Aug, 2008	163	913,761	5,606
Jan-Aug, 2009	155	789,083	5,091

Source: Orlando/Orange County Convention and Visitors Bureau, Inc.

High Tech. The MSA is part of Florida’s high-tech corridor that stretches from Sarasota on the Gulf coast and runs along Interstate 4, across the center of the state, to Daytona Beach on the Atlantic coast. The high-tech industry in Orlando was initially propelled by the defense and aerospace industry in the 1950s. Now, the state of Florida leads the southeastern United States in high-tech employment and ranks fourth nationwide, according to Enterprise Florida.

Some of the most prominent industry clusters in Orlando’s high-tech sector, according to Enterprise Florida, are clean technology (solar energy, biofuel, fuel

cells), life sciences (biotech, medical manufacturing, pharmaceuticals), and information technology (software development, modeling/simulation, photonics/optics).

Modeling and simulation technologies, in particular, evolved originally out of defense spending in the 1960s, with the establishment of the Army and Navy simulation and training systems commands in Orlando. The subsequent construction of major theme parks in the MSA led to further refinement of simulation technologies in support of the development of theme park rides.

New Medical Facilities. In August 2009, classes began at the new University of Central Florida Medical School campus located at Lake Nona, adjacent to the Airport. The Lake Nona site is the location of a complex of new medical and research facilities including the Burnham Institute for Medical Research, a pediatric hospital affiliated with the Nemours Foundation, and a planned Veterans Affairs hospital.

Combined Business/Leisure Travel Demand

Given the variety of leisure attractions, convention facilities, and businesses in the MSA, all as discussed above, some visitors choose to combine business and leisure visits to Orlando. Recent Airport surveys suggest that 6-9% of visitors arriving by air travel to the MSA for more than one purpose.

ECONOMIC OUTLOOK

Economic activity in the MSA and Florida is directly linked to the production of goods and services in the rest of the United States. Airline passenger travel through the Airport depends on the economic linkages between the MSA, Florida, and national economies.

U.S. Economy

While the short-term economic outlook is negative, the U.S. economy exhibits a generally favorable medium-term outlook through 2015. The current recession in the U.S. economy was foreshadowed when financial markets began to show signs of stress during the summer of 2007. During the first half of 2008, sub-prime mortgage-related problems with some large investment and commercial banks triggered a financial system crisis in the United States. In October 2008, Congress passed the Emergency Economic Stabilization Act of 2008, which provided for a government bailout of troubled banks.

During the second half of 2008, key indicators of U.S. economic performance changed significantly. U.S. gross domestic product (GDP), in 2005 dollars, decreased at a seasonally adjusted annual rate of 2.7% during the third quarter of 2008,

followed by a 5.4% decrease in the fourth quarter of 2008.* National unemployment rates increased from 5.8% in July 2008 to 7.2% in December 2008, reflecting the loss of 2.3 million U.S. jobs during the second half of 2008. Crude oil prices fell from a peak of \$147 per barrel in July 2008 to \$40 per barrel in December 2008, contributing to declines in consumer prices.

Overall U.S. economic activity during the first quarter of 2009 continued to contract. U.S. GDP decreased at a seasonally adjusted annual rate of 6.4% during the first quarter of 2009, accompanied by an increase in the national unemployment rate to 8.5% in March 2009. During the first quarter of 2009, an additional 2.1 million U.S. jobs were lost.

During the second quarter of 2009, U.S. GDP decreased at a seasonally adjusted rate of 1.0%, a smaller decline than projected by national economists in the public and private sectors. The losses in employment, however, were larger than expected during the second quarter of 2009, with an additional 1.3 million U.S. jobs lost. As a result, the U.S. unemployment rate increased to 9.4% in June 2009. U.S. home prices showed signs of improvement in the second quarter of 2009, according to Standard and Poor's /Case-Shiller Home Price Index. The U.S. National Home Price Index – which covers all nine U.S. census divisions – decreased 14.9% in the second quarter of 2009 compared with the second quarter of 2008. While still a substantial decrease, it is an improvement over the record year-over-year decline of 19.1% reported in the first quarter of 2009.

The spillover effects from the U.S. recession have weakened the economies of other countries. In April 2009, the International Monetary Fund (IMF) declared a global economic recession, the fourth since World War II. The IMF forecasts a 2.5% decrease in real per capita world GDP in 2009.

The Congressional Budget Office (CBO) prepared updated economic projections in August 2009 (replacing its March 2009 projections) to reflect larger than anticipated increases in the unemployment rate, a smaller decrease in real GDP in 2009 than previously expected, and a weaker recovery in 2010 and 2011 than previously projected. In its August 2009 projections, the CBO anticipated that a recovery will begin to take hold in mid-2010. In addition to reflecting short-term economic conditions, the CBO's August 2009 projections also incorporate the mid-range estimates of the American Recovery and Reinvestment Act's (ARRA) impact on GDP and employment. The CBO's August 2009 projections were based on the assumption that the Federal Reserve and the Treasury, along with the Federal

* In July 2009, the U.S. Department of Commerce, Bureau of Economic Analysis released a comprehensive revision of the national income and product accounts (NIPA) from which the GDP estimates are derived. The revision incorporates new data, changes in methodology and definitions, and reports GDP in 2005 dollars (compared with previous estimates in 2000 dollars).

Deposit Insurance Corporation, will continue to address the problems in financial markets.

The CBO projections for March and August 2009 are presented in Table 6. The CBO 2009 projections anticipate that four factors will contribute to a modest turnaround by 2010:

- Fiscal stimulus provided under ARRA
- Improved conditions in financial markets, attributable in part to monetary policy and other actions by the Federal Reserve, the Treasury Department, and the Federal Deposit Insurance Corporation (FDIC)
- Smaller decreases in residential and business investment
- A slowing in the rate that inventories are being drawn down

The CBO does not predict cyclical movements in the U.S. economy beyond 2010. Therefore, the CBO projections through 2015 reflect its long-term expectations for economic growth. As shown in Table 6, the CBO's long-term projections (from 2008 through 2015) reflect:

- Real GDP averaging 2.5% per year from 2008 through 2015.
- Inflation averaging 1.9% annually from 2008 through 2015, well below the historical average of 3.5%.

Table 6 also presents a comparison of the CBO forecasts with the projections presented in the *Blue Chip* Consensus and the Federal Reserve Board (FRB), Federal Open Market Committee (FOMC) published July 15, 2009. The *Blue Chip* Consensus is the average of about 50 forecasts by private-sector economists. The FOMC economic projections reflect the input of its participants based on their assumptions regarding factors likely to affect economic outcomes and appropriate monetary policy, expressed as a range of potential outcomes.

Table 6
U.S. ECONOMIC PROJECTIONS
(2009-2015)

	Average annual percent increase (decrease)			
	Historical	Projected		
	1980-2008	2008-2009	2009-2010	2008-2015
Real GDP				
CBO (August 2009)	3.0%	(2.5%)	1.7%	2.5%
CBO (March 2009)		(3.0)	2.9	2.6
Blue Chip Consensus		(2.6)	2.3	2.6
FOMC		(1.6)-(0.06)	0.8-4.0	2.4-2.8
CPI-U				
CBO (August 2009)	3.5%	(0.5%)	1.7%	1.9%
CBO (March 2009)		(0.7)	1.4	1.7
Blue Chip Consensus		(0.5)	1.9	2.5
Unemployment rate (percent)				
CBO (August 2009)	6.1%	9.3%	10.2%	4.8% (a)
CBO (March 2009)		8.8	9.0	4.9 (a)
Blue Chip Consensus		9.3	9.9	5.5 (b)
FOMC		9.7-10.5	8.5-10.6	4.5-6.0
3-Month Treasury Bill rate (percent)				
CBO (August 2009)	5.6%	0.2%	0.6%	4.7% (a)
CBO (March 2009)		0.3	0.9	4.7 (a)
Blue Chip Consensus		0.2	0.7	4.2 (b)
10-Year Treasury Note rate				
CBO (August 2009)	7.4%	3.3%	4.1%	5.5% (a)
CBO (March 2009)		2.9	3.4	5.5 (a)
Blue Chip Consensus		3.4	4.1	5.4 (b)

GDP = Gross Domestic Product
CBO = Congressional Budget Office.
FOMC = Federal Reserve Board, Federal Open Market Committee
CPI-U = Consumer price index for all urban consumers

Note: The Blue Chip Consensus is the average of about 50 forecasts by private-sector economists.

(a) Level in 2015.

(b) Represents the annual average from 2016 through 2020.

Sources: Congressional Budget Office, *The Budget and Economic Outlook, An Update*, August 2009 (including data for the Blue Chip Consensus forecasts). Federal Reserve Board, Federal Open Market Committee, *Summary of Economic Projections*, June 23-24, 2009, published July 15, 2009.

Florida and MSA Economies

The medium-term outlook for the MSA remains favorable based on its many competitive advantages: a growing population, a diversifying economy, its

popularity as a domestic and international tourist destination, and its substantial tourism and hospitality infrastructure.

Recent economic projections for Florida and the MSA prepared by the University of Central Florida's Institute for Economic Competitiveness are shown in Table 7. In terms of the projected socioeconomic variables, the MSA is anticipated to outperform the state over the period through 2014.

		Compound annual growth rate			
		Historical	Projected		
			2008-2009	2009-2010	2010-2014
Population					
Orlando MSA	1990-2008	2.8%	1.1%	0.9%	1.7%
Florida	1990-2008	1.9	0.6	0.5	1.1
Non-agricultural employment					
Orlando MSA	1990-2008	3.2%	(4.6%)	(0.2%)	3.2%
Florida	1990-2008	2.1	(4.6)	(0.4)	2.4
Personal income (constant \$)					
Orlando MSA	2002-2008	1.3%	(0.9%)	1.0%	4.6%
Florida	2002-2008	3.5	(0.9)	0.7	3.9
Gross metro/ state product (constant \$)					
Orlando MSA	2002-2008	4.9%	(3.8%)	1.3%	4.6%
Florida	2002-2008	3.3	(4.3)	1.1	3.8

Source: University of Central Florida, Institute for Economic Competitiveness, Florida & Metro Forecast: 2009-2039, June 2009.

Risks to the Economic Outlook

While the projections presented in this section represent the most likely economic scenarios, there are some risks to the economic outlook.

In the near term, the principal risk is that the federal government's policy response to the current financial crisis and recession in the United States may not be effective in providing the foundation for a recovery in 2010. Inflation risks still persist because of the sizable amount of liquidity that the Federal Reserve Bank has injected into the banking system, which could eventually exert upward pressure on prices. A prolonged global economic slowdown extending beyond 2009 could result in lower average annual growth rates in the economies of the United States, Florida, and the MSA through 2015. Additionally, continued weakness in leisure travel demand will have a relatively outsized negative impact on the economies of Florida, and more particularly, the MSA, given their roles as prominent leisure destinations and their greater reliance upon the hospitality sector relative to the nation.

In the longer term, the principal risks to U.S. economic performance are the country's sizable external and fiscal deficits. The continuing deficits in the U.S. balance of payments could result in greater volatility in the currency markets, which would then translate into higher interest rates and, therefore, slower economic growth. These risks could be compounded if the fiscal deficit does not shrink within the next 5 years, thereby leading to much larger financing requirements and subsequent increases in interest rates, which could lead to slower investment and, consequently, slower productivity growth.

AVIATION DEMAND FORECAST

The previous section described factors that affect demand for airline travel to and from the MSA. This section considers how factors such as air service and fares affect the realization of that demand at the Airport in the form of passenger traffic. This section examines past trends and presents forecasts through Fiscal Year (FY) 2014 of enplaned passengers and airline landed weight.

INTRODUCTION

The Airport ranked 8th among U.S. airports in terms of total domestic revenue enplaned passengers in FY 2008. (See Table 8.) More notably, the Airport ranked 3rd among U.S. airports in terms of domestic origin-destination (O&D) passengers in FY 2008, ahead of major hub airports such as Chicago-O'Hare, Atlanta, Denver, Phoenix, and Dallas/Ft. Worth. The Airport is the busiest airport in Florida in terms of both total domestic enplaned passengers and domestic O&D passengers.

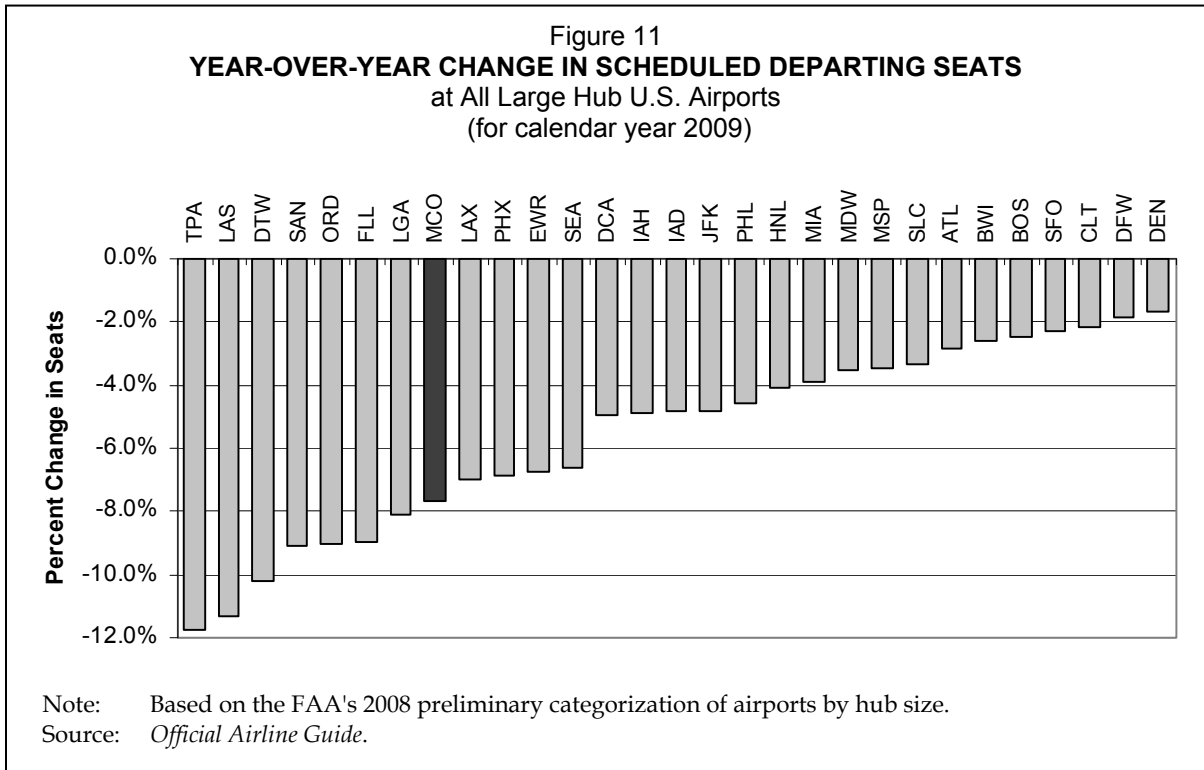
Table 8					
RANKING OF U.S. AIRPORTS					
(for the 12 months ended September 30, 2008)					
Domestic revenue enplaned passengers (a)			Domestic outbound O&D passengers		
Rank	Airport	Passengers	Rank	Airport	Passengers
1	Atlanta	38,963	1	Las Vegas	16,040
2	Chicago-O'Hare	29,035	2	Los Angeles	15,409
3	Dallas/ Fort Worth	25,165	3	Orlando	14,440
4	Denver	23,230	4	Chicago-O'Hare	13,982
5	Los Angeles	21,118	5	Atlanta	13,009
6	Las Vegas	20,491	6	Denver	12,005
7	Phoenix	18,963	7	Phoenix	11,381
8	Orlando	16,416	8	Dallas/ Fort Worth	10,596
9	Houston-Bush	16,402	9	Seattle	10,523
10	Charlotte	16,029	10	New York-LaGuardia	10,035
11	Minneapolis-St. Paul	15,405	11	Boston	9,937
12	Detroit	15,385	12	San Francisco	9,893
13	Seattle	14,540	13	New York-Newark	9,410
14	San Francisco	13,866	14	New York-Kennedy	9,099
15	Philadelphia	13,845	15	Fort Lauderdale	8,902

(a) Includes scheduled and non-scheduled (i.e., charter) passengers. Excludes non-revenue passengers. Figure shown for Orlando may not match those reported by the airlines to the Airport.

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

In 2009, as U.S. airlines faced weakening travel demand related to the economic recession, most made significant and widespread capacity (departing seat)

reductions across the country. Capacity declined at all U.S. large hub airports, according to flight schedules published in *Official Airline Guide*. (See Figure 11.) The year-over-year decrease at MCO (-7.6%) was somewhat larger than the average experienced at all large hubs (-5.4%). Many leisure destinations were among those hardest hit by capacity cuts; Tampa International Airport (TPA), Las Vegas McCarran International Airport (LAS), and Fort Lauderdale/Hollywood International Airport (FLL) each experienced declines of greater magnitude than MCO.



Total enplaned passengers (including both revenue and non-revenue passengers) at MCO numbered 18.2 million in FY 2008, marking a record year for the Airport. However, in FY 2009, the number of enplaned passengers at the Airport was 7.9% lower than in FY 2008, reflecting lower passenger demand amidst the current economic recession.

Of the 16.8 million enplaned passengers in FY 2009, 10.4 million traveled on Southwest, Delta (including Northwest), AirTran, and JetBlue, the Airport's top four airlines. These four airlines accounted for 62% of MCO's passenger traffic, which represents a low degree of market concentration and is indicative of a relatively competitive environment. It also minimizes the Airport's exposure to the loss or bankruptcy of a given airline.

First-ranking Southwest accounted for 22.7% of the Airport's enplaned passengers in FY 2009. In October 2009, MCO ranked eleventh by departing seats in Southwest's U.S. network, down from ninth one year before. (See Table 9.) Southwest reduced capacity, year-over-year, relatively more at MCO (-16.6%) than at any of its other top 15 airports, and to a degree almost double its systemwide reduction (-8.5%) as a part of its current practice to deploy its fleet dynamically in markets that can produce the greatest returns.

In October 2009, Southwest published its March 14-May 7, 2010 flight schedule which included an increase of 9 daily flights at MCO, and a 25 flight increase on Saturdays. Notwithstanding these increases, Southwest has announced its intention not to increase the size of its fleet in 2010; aircraft deliveries will be offset by aircraft retirements. A strategy of eliminating unprofitable frequencies on given routes, even for periods of time as short as one month, appears to be allowing the airline to continue expanding the reach of its network without fleet growth.

Table 9
SCHEDULED DEPARTING SEATS ON SOUTHWEST AIRLINES
 Top U.S. Airports in the Southwest Airlines System
 (for October 2008 and 2009; in descending order by October 2009)

Rank		Airport	Departing seats		Change	
2008	2009		2008	2009	Absolute	Percent
1	1	Las Vegas	985,555	908,432	-77,123	-7.8%
2	2	Chicago-Midway	902,229	861,065	-41,164	-4.6
3	3	Phoenix	792,944	686,185	-106,759	-13.5
4	4	Baltimore	652,591	643,473	-9,118	-1.4
5	5	Houston-Hobby	561,960	509,353	-52,607	-9.4
6	6	Dallas-Love Field	541,695	496,600	-45,095	-8.3
8	7	Los Angeles	503,405	453,746	-49,659	-9.9
7	8	Oakland	540,352	452,911	-87,441	-16.2
11	9	Denver	387,154	440,094	52,940	13.7
10	10	San Diego	436,740	380,884	-55,856	-12.8
9	11	Orlando	440,693	367,725	-72,968	-16.6
13	12	Sacramento	329,678	295,777	-33,901	-10.3
14	13	Nashville	321,512	290,648	-30,864	-9.6
15	14	San Jose	318,286	288,465	-29,821	-9.4
16	15	St. Louis	310,445	282,678	-27,767	-8.9
		All other	<u>5,832,953</u>	<u>5,329,119</u>	<u>-503,834</u>	-8.6
		Total--U.S. system	13,858,192	12,687,155	-1,171,037	-8.5%

Source: *Official Airline Guide*.

Second-ranking Delta (including Northwest) accounted for 16.1% of the Airport's enplaned passengers in FY 2009. In October 2009, MCO ranked eleventh by departing seats in the combined U.S. network of Delta and Northwest, up from twelfth one year before. (See Table 10.) Delta increased its capacity at MCO slightly

(1.6%), year-over-year, in contrast to a systemwide decline (-6.6%). Over the longer term, however, Delta and Northwest have reduced capacity significantly at the Airport; in FY 2009, their combined share of enplaned passengers at MCO was roughly half that in FY 1998.

Table 10
SCHEDULED DEPARTING SEATS ON DELTA AIR LINES
 Top U.S. Airports in the Delta Air Lines System
 (for October 2008 and 2009; in descending order by October 2009)

Rank		Airport	Departing seats		Change	
2008	2009		2008	2009	Absolute	Percent
1	1	Atlanta	3,454,083	3,415,248	-38,835	-1.1%
2	2	Detroit	1,392,350	1,233,580	-158,770	-11.4
3	3	Minneapolis/ St. Paul	1,370,653	1,233,086	-137,567	-10.0
4	4	Salt Lake City	674,699	711,749	37,050	5.5
5	5	New York-Kennedy	639,042	589,673	-49,369	-7.7
7	6	Memphis	525,657	470,106	-55,551	-10.6
6	7	Cincinnati	613,666	433,193	-180,473	-29.4
8	8	New York-LaGuardia	423,854	388,591	-35,263	-8.3
10	9	Los Angeles	293,522	304,787	11,265	3.8
9	10	Boston	306,152	257,481	-48,671	-15.9
12	11	Orlando	231,171	234,898	3,727	1.6
11	12	Washington-Reagan	250,529	224,561	-25,968	-10.4
14	13	Las Vegas	164,635	190,936	26,301	16.0
13	14	Seattle	180,897	162,526	-18,371	-10.2
16	15	San Francisco	140,160	142,633	2,473	1.8
		All Other	<u>5,853,856</u>	<u>5,427,906</u>	<u>-425,950</u>	-7.3
		Total---U.S. system	16,514,926	15,420,954	-1,093,972	-6.6%

Note: Represents domestic and international seats on Delta and Northwest and includes regional code-sharing affiliates.

Source: *Official Airline Guide*.

Third-ranking AirTran accounted for 12.5% of the Airport's enplaned passengers in FY 2009. In October 2009, MCO ranked second by departing seats in AirTran's U.S. network, behind only Atlanta. (See Table 11.) AirTran increased capacity, year-over-year, at MCO (+8.6%) to a degree four times its systemwide increase (+2.0%). Pending government approval, AirTran will begin offering international service from the Airport to the Bahamas, Aruba, and Jamaica by early 2010. MCO will join Atlanta and Baltimore as the only airports from which AirTran offers international service.

Table 11
SCHEDULED DEPARTING SEATS ON AIRTRAN AIRWAYS
 Top U.S. Airports in the AirTran Airways System
 (for October 2008 and 2009; in descending order by October 2009)

Rank		Airport	Departing seats		Change	
2008	2009		2008	2009	Absolute	Percent
1	1	Atlanta	896,537	827,073	-69,464	-7.7%
2	2	Orlando	193,317	209,959	16,642	8.6
3	3	Baltimore	158,855	175,091	16,236	10.2
7	4	Millwaukee	55,620	130,193	74,573	134.1
6	5	Boston	65,002	71,416	6,414	9.9
4	6	Tampa	71,916	65,603	-6,313	-8.8
5	7	New York-LaGuardia	71,365	60,313	-11,052	-15.5
9	8	Indianapolis	44,184	54,780	10,596	24.0
8	9	Fort Lauderdale	55,379	53,603	-1,776	-3.2
10	10	Chicago-Midway	42,283	39,044	-3,239	-7.7
		All other	<u>874,901</u>	<u>892,551</u>	<u>17,650</u>	2.0
		Total---U.S. system	2,529,359	2,579,626	50,267	2.0%

Note: Represents domestic and international seats.

Source: *Official Airline Guide*.

Fourth-ranking JetBlue, which began serving the Airport only in June 2000, accounted for 10.7% of the Airport's enplaned passengers in FY 2009. In October 2009, MCO ranked third by departing seats in JetBlue's U.S. network, behind only New York-Kennedy and Boston. (See Table 12.) JetBlue increased capacity, year-over-year, at MCO (+20.7%) significantly more than its systemwide increase (+2.2%).

In terms of international service, JetBlue offers more international departing seats from MCO than from any other airport in its route network except New York-Kennedy. Pending government approval, JetBlue intends to begin daily nonstop service to Jamaica from the Airport in early 2010.

Table 12
SCHEDULED DEPARTING SEATS ON JETBLUE AIRWAYS
 Top U.S. Airports in the JetBlue Airways System
 (for October 2008 and 2009; in descending order by October 2009)

Rank		Airport	Departing seats		Change	
2008	2009		2008	2009	Absolute	Percent
1	1	New York-Kennedy	586,150	561,150	-25,000	-4.3%
2	2	Boston	181,250	198,450	17,200	9.5
3	3	Orlando	144,850	174,900	30,050	20.7
5	4	Fort Lauderdale	114,050	138,050	24,000	21.0
4	5	Long Beach	120,700	120,450	-250	-0.2
6	6	Washington-Dulles	68,950	61,300	-7,650	-11.1
14	7	San Juan	34,500	61,050	26,550	77.0
7	8	Buffalo	52,450	44,200	-8,250	-15.7
11	9	New York-Newark	41,200	41,100	-100	-0.2
9	10	Las Vegas	45,450	40,650	-4,800	-10.6
		All other	<u>641,900</u>	<u>635,850</u>	<u>-6,050</u>	<u>-0.9</u>
		Total--U.S. system	2,031,450	2,077,150	45,700	2.2%

Note: Represents domestic and international seats.

Source: *Official Airline Guide*.

AIR SERVICE TRENDS

The airlines serving MCO in October 2009 are shown in Table 13. Among airlines offering domestic service at the Airport, more seats are offered by low-cost carriers (LCCs) than by legacy airlines, their regional affiliates, and other airlines. Among airlines offering international service at MCO, the majority is offered by 14 foreign-flag airlines. Only one U.S. airline, JetBlue, offers international service at MCO.

DOMESTIC			INTERNATIONAL		
<u>Group</u>	Departing	% of	<u>Group</u>	Departing	% of
<u>Published airline</u>	<u>seats</u>	<u>sector</u>	<u>Published airline</u>	<u>seats</u>	<u>sector</u>
Low-cost carriers (LCC):			Foreign-flag Airlines:		
Southwest	367,725		Virgin Atlantic	47,355	
AirTran	209,959		Air Canada	11,912	
JetBlue	156,750		British Airways	9,408	
Spirit	34,800		Copa	9,331	
Frontier	8,186		TAM	6,975	
Sun Country	<u>5,294</u>		WestJet	6,506	
	782,714	54.7%	Lufthansa	6,393	
			Aer Lingus	4,508	
Legacy airlines & affiliates:			Aeromexico	3,006	
Delta	162,838		Air Jamaica	2,700	
US Airways	121,036		Martinair	2,160	
American	110,980		Mexicana	2,100	
Continental	96,098		Bahamasair	1,550	
United	72,344		Sunwing	<u>560</u>	
Northwest	<u>72,018</u>			114,464	86.3%
	635,314	44.4%	U.S. airlines:		
Other Airlines:			JetBlue	<u>18,150</u>	
Alaska	9,734			18,150	13.7%
Midwest	<u>2,842</u>				
	12,576	0.9%			
Total---domestic	1,430,604	100.0%	Total---international	132,614	100.0%
Source: <i>Official Airline Guide.</i>					

Passenger air service at MCO is made up primarily of domestic flights (accounting for 93% of total departing seats in FY 2008); international flights account for the remainder. (See Table 14.) Charter (non-scheduled) flights represent only a tiny proportion of the service offered at MCO; in FY 2008, passengers traveling on charter flights accounted for less than 0.5% of total enplaned passengers at the Airport.

In FY 2009, flight schedules published in *Official Airline Guide* indicate an 11.0% decline in domestic seats, but a 15.1% increase in international seats, at the Airport.

Between FY 2003 and FY 2009, the average seating capacity of scheduled flights operated at MCO increased significantly – from 133 to 145 seats on domestic flights, and from 171 to 201 seats on international flights. These increases were driven largely by a significant reduction in regional jet flights operated at MCO by legacy airlines, resulting in a fleet mix more heavily weighted toward larger, mainline aircraft. Given the low-yield nature of MCO traffic, regional jets require extremely high load factors to operate profitably.

Table 14
TOTAL DEPARTING FLIGHTS AND SEATS
Orlando International Airport
(for Fiscal Years ended September 30; flights and seats in thousands)

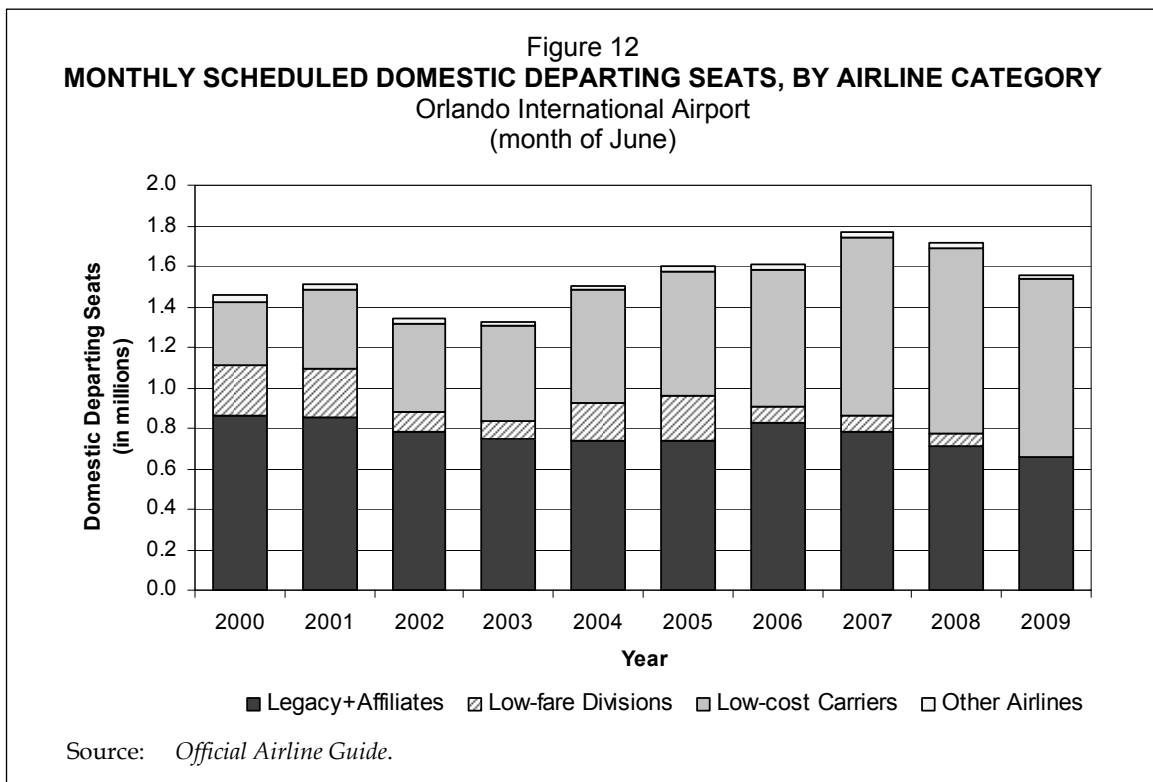
Fiscal Year	Departing flights			Departing seats			Average seats per flight		
	Dom.	Intl.	Total	Dom.	Intl.	Total	Dom.	Intl.	Total
2003	121,751	6,723	128,474	16,210,221	1,148,814	17,359,035	133	171	135
2004	131,162	6,894	138,056	17,917,018	1,266,988	19,184,006	137	184	139
2005	148,860	7,365	156,225	19,764,622	1,344,797	21,109,419	133	183	135
2006	150,609	7,795	158,404	20,188,275	1,353,110	21,541,385	134	174	136
2007	152,417	7,699	160,116	20,737,194	1,367,855	22,105,049	136	178	138
2008	150,760	8,693	159,453	21,054,530	1,597,070	22,651,600	140	184	142
2009E	129,295	9,138	138,433	18,738,400	1,838,100	20,576,500	145	201	149
Percent change from previous year									
2004	7.7%	2.5%	7.5%	10.5%	10.3%	10.5%	2.6%	7.6%	2.8%
2005	13.5	6.8	13.2	10.3	6.1	10.0	(2.8)	(0.6)	(2.8)
2006	1.2	5.8	1.4	2.1	0.6	2.0	1.0	(4.9)	0.6
2007	1.2	(1.2)	1.1	2.7	1.1	2.6	1.5	2.4	1.5
2008	(1.1)	12.9	(0.4)	1.5	16.8	2.5	2.6	3.4	2.9
2009E	(14.2)	5.1	(13.2)	(11.0)	15.1	(9.2)	3.8	9.5	4.6

Note: E=Estimated by Jacobs Consultancy.
Source: U.S. DOT, Schedule T100.

Domestic Service Trends

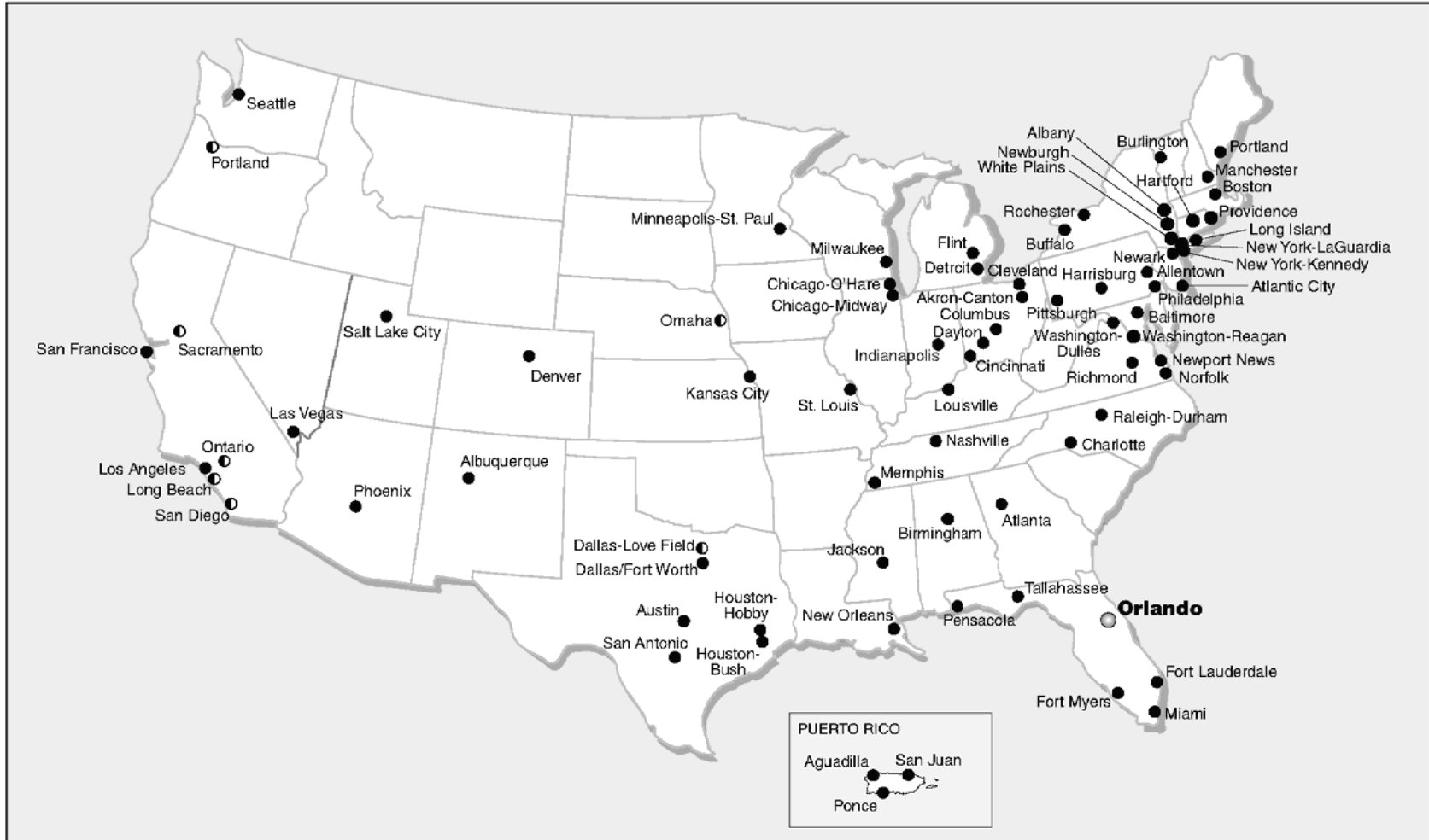
With the significant reduction in domestic capacity at the Airport in FY 2009, the number of total domestic seats is expected to be only 7% higher in FY 2009 than it was in FY 2000. Meanwhile, the composition of domestic air service at MCO shifted substantially during these 10 years. (See Figure 12.)

In FY 2009, legacy airlines and their affiliates are expected to account for 42% of domestic seats at the Airport, down from 59% in FY 2000. Capacity offered by low-fare divisions of legacy airlines, which had accounted for 17% of domestic seats at MCO in FY 2000, was completely gone by FY 2009. The share of domestic capacity offered by low-cost carriers (LCCs), by contrast, nearly tripled between FY 2000 and FY 2009, increasing from 21% to an estimated 57% of total domestic seats.



No airline provides more than 30% of total domestic seats at the Airport. In FY 2009, Southwest, the largest provider of domestic service at MCO, accounted for just over one-quarter (28%) of total domestic seats. The five next-ranking airlines – Delta, AirTran, JetBlue, American, and US Airways – together accounted for a further 56% of the total.

Figure 13 shows the domestic destinations served by daily nonstop or one-stop service from MCO in October 2009.



LEGEND

- Daily scheduled nonstop service
- ⊙ Daily scheduled one-stop same-plane service

Source: Official Airline Guides, Inc.

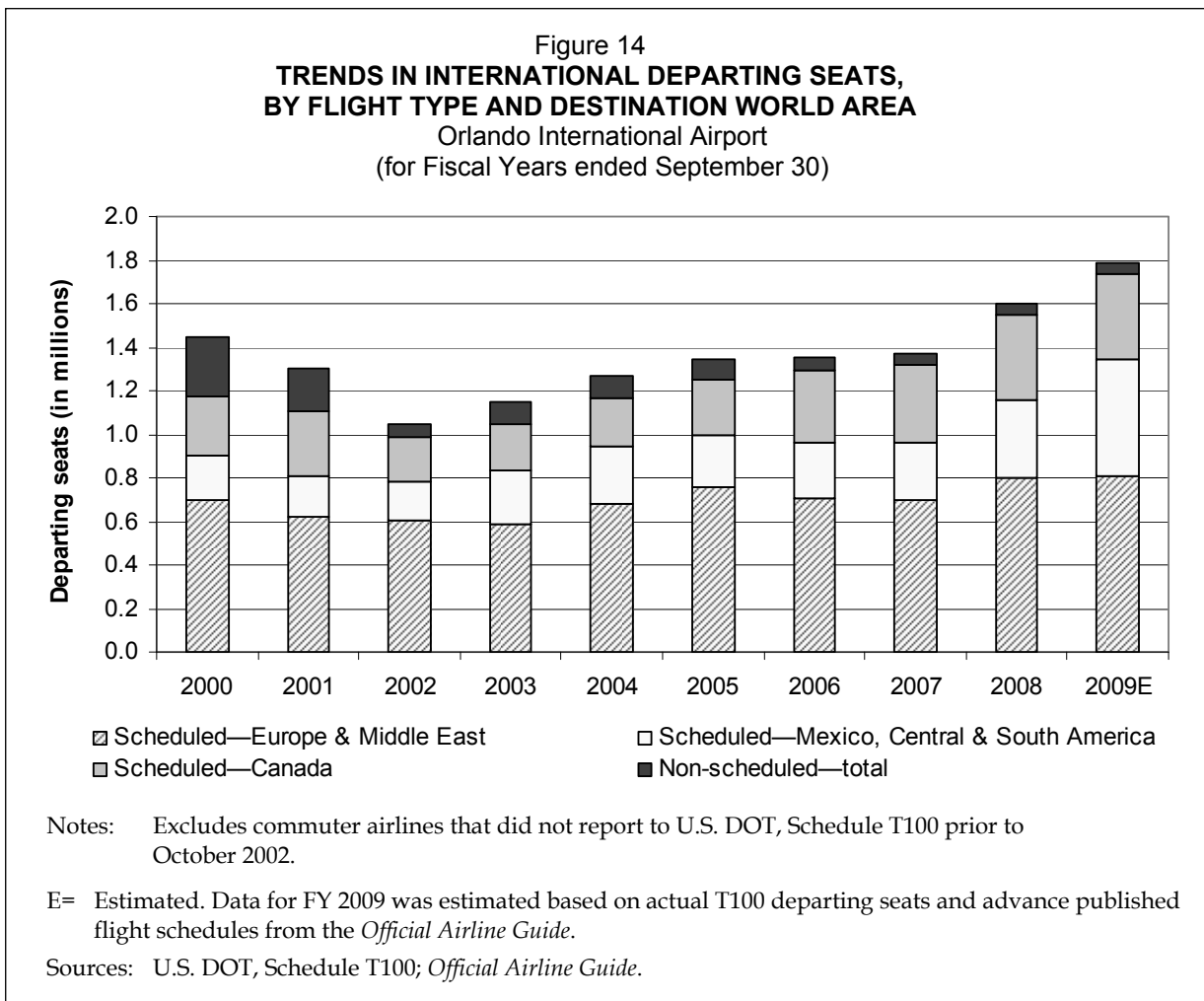
Figure 13
U.S. AIRPORTS SERVED BY DAILY SCHEDULED ROUND-TRIP PASSENGER FLIGHTS
 Orlando International Airport
 October 2009

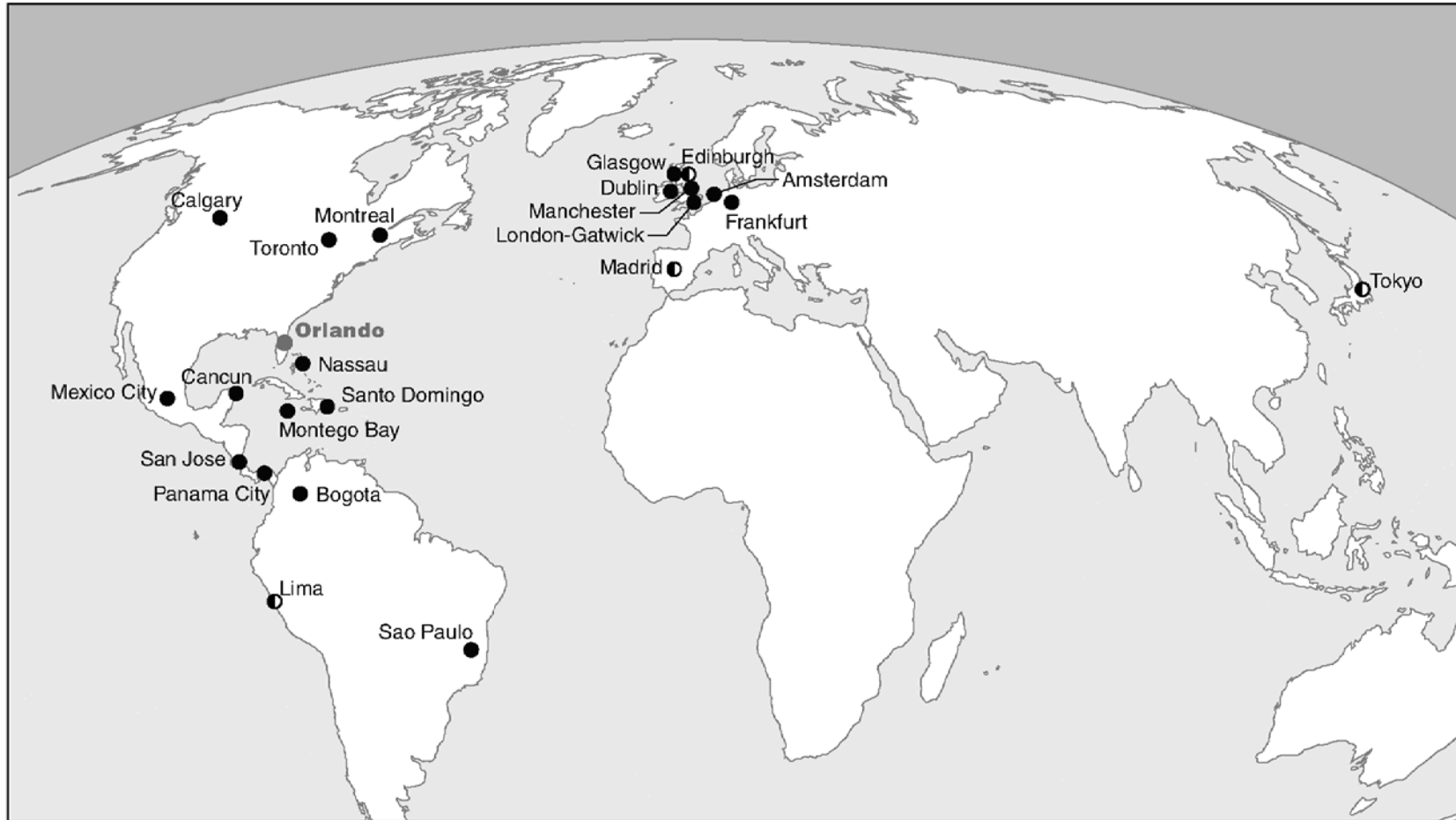
International Service Trends

International seats at MCO are estimated to have increased 24% between FY 2000 and FY 2009. (See Figure 14.) Virtually all international service at MCO is operated by scheduled flights; in FY 2009, international charter flights are expected to account for only about 3% of total international seats at the Airport.

Since FY 2000, transatlantic service has tended to account for about half of all international seats at MCO. In FY 2009, service to Canada is estimated to have accounted for 23% of total international seats, while service to Mexico and Latin America made up 31% of the total.

Figure 15 shows the international destinations served by nonstop or one-stop service from MCO in October 2009.





LEGEND

- Scheduled nonstop service
- ◐ Scheduled one-stop same-plane service

Source: Official Airline Guides, Inc.

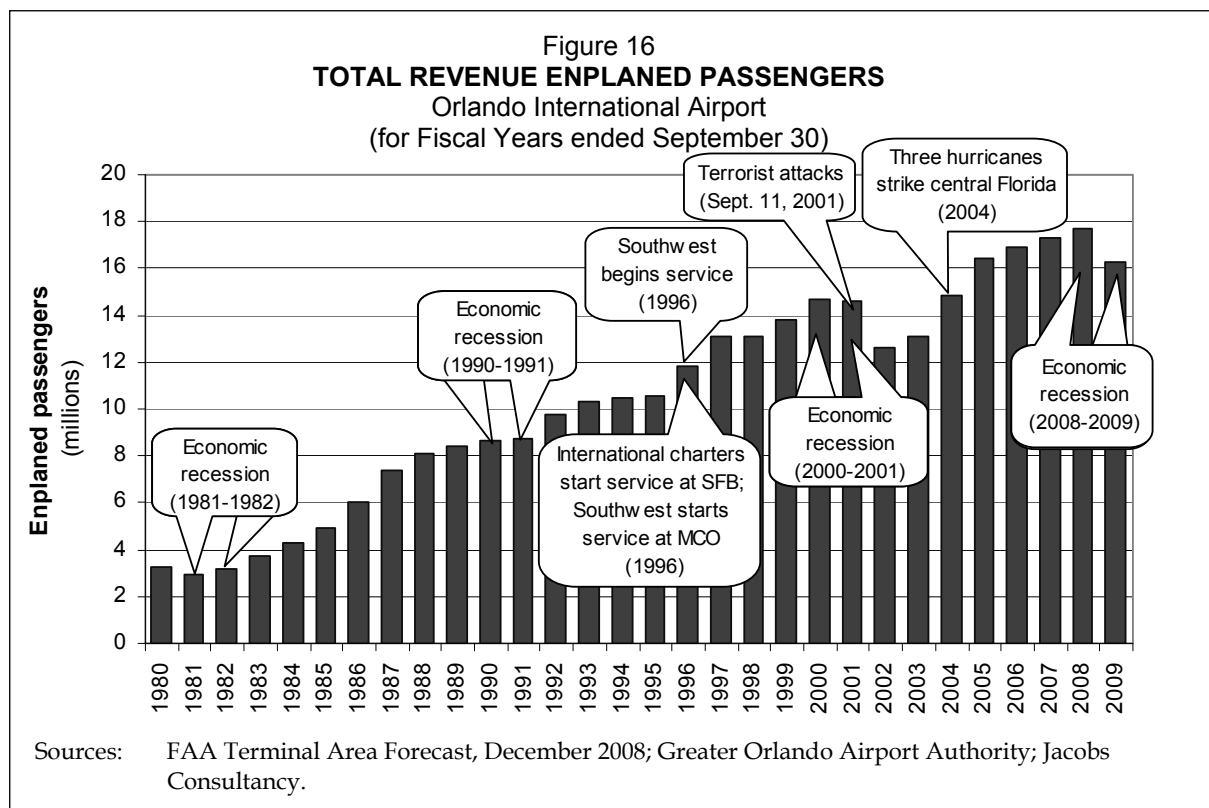
Figure 15
**INTERNATIONAL AIRPORTS SERVED BY
SCHEDULED ROUNDTRIP PASSENGER FLIGHTS**

Orlando International Airport
October 2009

As was the case with domestic service at the Airport, no airline dominates international service at MCO. Virgin Atlantic, the largest provider of international service at the Airport, accounted for only 31% of total international seats in FY 2009. The three next-ranking airlines – Air Canada, JetBlue, and WestJet – together accounted for a further 30% of the total.

AIRLINE PASSENGER TRENDS

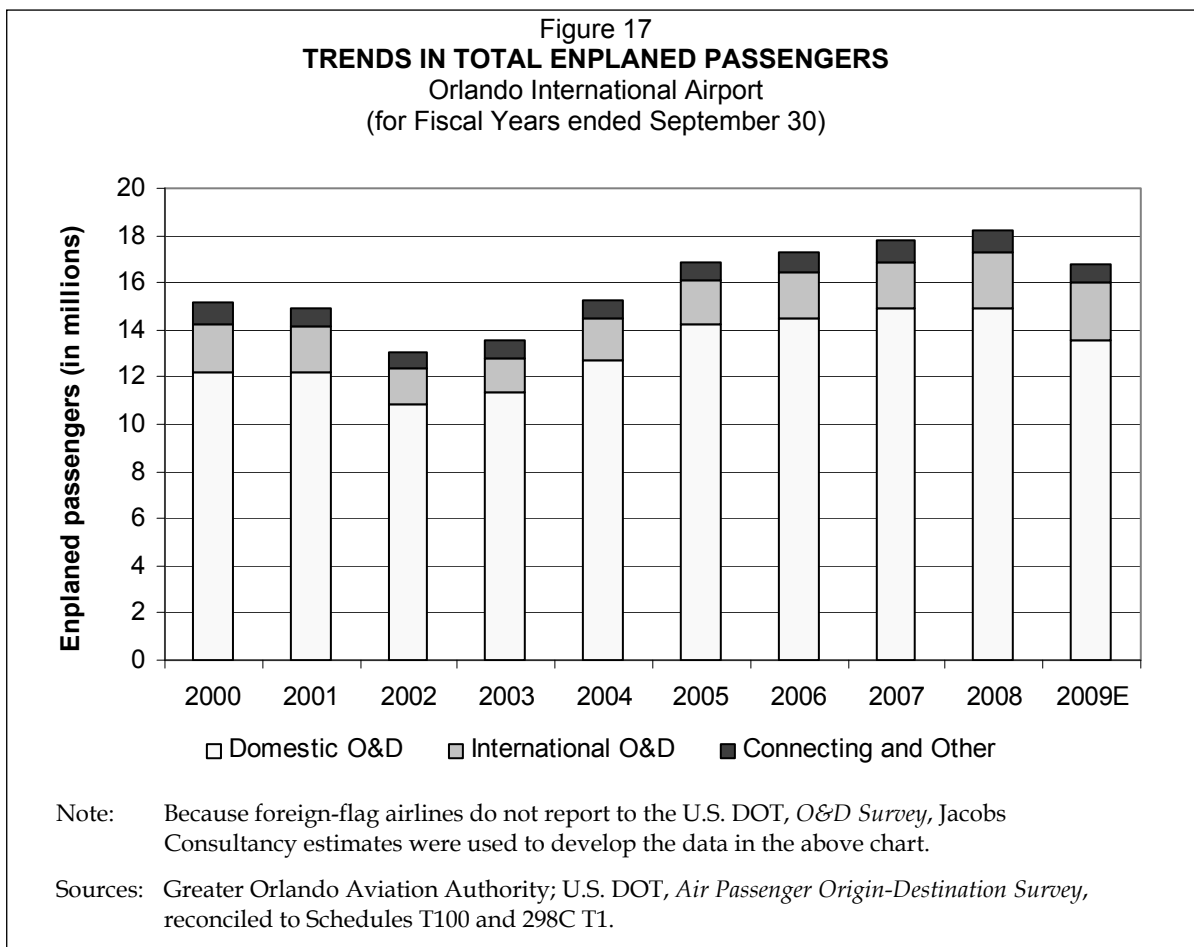
Passenger traffic has shown a relatively steady increase at the Airport since the airline industry was deregulated. (See Figure 16.) Total enplaned passengers at MCO declined 14% between FY 2000 and FY 2002, the period encompassing the 2001 economic recession and the 9/11 terrorist attacks. Over the following 2 years, passenger volumes recovered. From FY 2004 to FY 2008, passenger levels grew strongly at MCO, increasing 4.6% per year, on average. In FY 2009, however, as demand weakened in the face of the current economic recession, the number of enplaned passengers fell 7.9%, year-over-year.



After several years of strong growth, worldwide airline passenger figures slowed and turned negative in mid-2008, in large part due to the global economic recession. According to the International Air Transport Association (IATA), robust growth in the early part of 2008 gave way to year-over-year declines in September and, by December, passenger traffic was down nearly 5% from December 2007. Global airline passenger declines have continued in 2009 and show few signs of abating.

IATA indicates that the declines, particularly in North America and Europe, have affected business travel to a greater extent than leisure travel. The organization reported that worldwide premium (first class and business class) passengers declined 23.6% year-over-year in May 2009, more than triple the decline (7.6%) experienced by economy (coach class) passengers over the same period.

An estimated 95% of all enplaned passengers at the Airport in FY 2009 were O&D passengers, with connecting passengers accounting for the remaining 5%. (See Figure 17.) Of the O&D passengers, 85% were making purely domestic trips while the remaining 15% were traveling to destinations outside the United States.



Airline Concentration

Southwest accounted for 22.7% of all passengers enplaned at the Airport in FY 2009, up from 6.7% in FY 1998. (See Table 15.) Delta (including Northwest) and AirTran, the second- and third-ranking airlines serving MCO in terms of enplaned passengers, enplaned 16.1% and 12.5% of the total, respectively, in FY 2009. Of the 1.4 million year-over-year decline in enplaned passengers recorded in FY 2009, nearly two-thirds was attributable to significant declines by Delta (down 16.5%; 533,000 enplaned passengers) and American (down 24.2%; 397,000 enplaned passengers).

In terms of international enplaned passengers at the Airport, nine of the top ten airlines are foreign-flag airlines. Fourth-ranked JetBlue was the only U.S. airline among the top ten in FY 2009.

Table 15
ENPLANED PASSENGERS, BY AIRLINE
Orlando International Airport
(for Fiscal Years ended September 30, unless otherwise noted)

Rank	Airline (a)	Enplaned passengers (thousands)				Percent of total			
		1998	2003	2008	2009	1998	2003	2008	2009
Domestic:									
1	Southwest	914	2,027	3,906	3,819	7.2%	16.0%	23.1%	24.8%
2	Delta (b)	5,083	3,935	3,196	2,698	39.9	31.0	18.9	17.5
3	AirTran	587	708	2,015	2,092	4.6	5.6	11.9	13.6
4	JetBlue	-	357	1,572	1,687	-	2.8	9.3	11.0
5	American (c)	1,479	1,518	1,643	1,246	11.6	12.0	9.7	8.1
6	US Airways (d)	1,992	1,334	1,394	1,231	15.6	10.5	8.2	8.0
7	Continental	914	871	1,158	1,056	7.2	6.9	6.8	6.9
8	United	766	811	975	913	6.0	6.4	5.8	5.9
9	Spirit	103	412	575	397	0.8	3.3	3.4	2.6
10	Alaska	-	20	134	103	-	0.2	0.8	0.7
	All others	<u>902</u>	<u>683</u>	<u>352</u>	<u>131</u>	<u>7.1</u>	<u>5.4</u>	<u>2.1</u>	<u>0.9</u>
	Total	12,739	12,675	16,920	15,373	100.0%	100.0%	100.0%	100.0%
International:									
1	Virgin Atlantic	247	325	447	461	24.8%	37.9%	33.9%	32.3%
2	Air Canada	18	127	169	166	1.8	14.8	12.8	11.7
3	WestJet	-	-	115	122	-	-	8.7	8.6
4	JetBlue	-	-	33	116	-	-	2.5	8.1
5	British Airways	98	110	104	103	9.9	12.9	7.9	7.2
6	Copa	0	16	66	75	0.0	1.9	5.0	5.3
7	Lufthansa	-	-	52	72	-	-	4.0	5.1
8	Aeromexico	16	22	55	49	1.6	2.5	4.2	3.5
9	TAM	-	-	-	48	-	-	-	3.4
10	Aer Lingus	-	-	39	37	-	-	2.9	2.6
	All others	<u>617</u>	<u>256</u>	<u>239</u>	<u>176</u>	<u>62.0</u>	<u>29.9</u>	<u>18.1</u>	<u>12.3</u>
	Total	996	857	1,318	1,426	100.0%	100.0%	100.0%	100.0%
Total:									
1	Southwest	914	2,027	3,906	3,819	6.7%	15.0%	21.4%	22.7%
2	Delta (b)	4,308	3,970	3,237	2,704	31.4	29.3	17.7	16.1
3	AirTran	587	708	2,015	2,092	4.3	5.2	11.0	12.5
4	JetBlue	-	357	1,605	1,803	-	2.6	8.8	10.7
5	American (c)	1,488	1,543	1,643	1,246	10.8	11.4	9.0	7.4
6	US Airways (d)	1,999	1,334	1,394	1,231	14.6	9.9	7.6	7.3
7	Continental	914	871	1,162	1,056	6.7	6.4	6.4	6.3
8	United	766	811	975	913	5.6	6.0	5.3	5.4
9	Virgin Atlantic	247	325	447	461	1.8	2.4	2.5	2.7
10	Spirit	103	412	575	397	0.7	3.0	3.2	2.4
	All others	<u>2,409</u>	<u>1,175</u>	<u>1,280</u>	<u>1,078</u>	<u>17.5</u>	<u>8.7</u>	<u>7.0</u>	<u>6.4</u>
	Total	13,735	13,532	18,238	16,799	100.0%	100.0%	100.0%	100.0%

(a) Includes regional codesharing affiliates, if any.

(b) Northwest is included here with Delta for all years shown, although its merger with Delta did not occur until October 2008.

(c) TWA is included here with American in 1998, although American did not start reporting TWA passengers with it own until 2001.

(d) America West is included here with US Airways for all years shown, although its merger with US Airways did not occur until September 2005.

Source: Greater Orlando Aviation Authority.

Resident/Visitor Trends

Visiting passengers (i.e., those O&D passengers whose trips are destined for MCO) outnumber area resident travelers (i.e., those O&D passengers whose itineraries originate at MCO) by a roughly 3-to-1 ratio at the Airport. (See Table 16.) Since FY 2002, however, the area resident component at MCO has grown relatively more than the visitor component. Between 2002 and 2008, the number of resident passengers at MCO increased 56% while the number of visiting passengers increased 35%.

Table 16
TOTAL ENPLANED PASSENGERS, BY TYPE OF PASSENGER
 Orlando International Airport
 (for Fiscal Years ended September 30; passengers in thousands)

Fiscal Year	Outbound O&D passengers				Total	Connect. & other psgrs.	Total
	Residents		Visitors				
	Psgrs.	% of Total	Psgrs.	% of Total			
2000	3,153	22.1%	11,117	77.9%	14,270	887	15,157
2001	3,142	22.2	11,025	77.8	14,167	767	14,934
2002	2,855	23.1	9,492	76.9	12,347	678	13,025
2003	3,037	23.7	9,790	76.3	12,827	705	13,532
2004	3,470	24.0	10,987	76.0	14,457	776	15,234
2005	4,092	25.4	12,019	74.6	16,111	722	16,833
2006	4,357	26.5	12,073	73.5	16,430	882	17,311
2007	4,442	26.3	12,447	73.7	16,889	943	17,832
2008	4,443	25.7	12,835	74.3	17,279	960	18,238
<u>Compound annual growth rate</u>							
2002-2004	10.3%		7.6%		8.2%	7.0%	8.1%
2004-2008	6.4		4.0		4.6	5.4	4.6

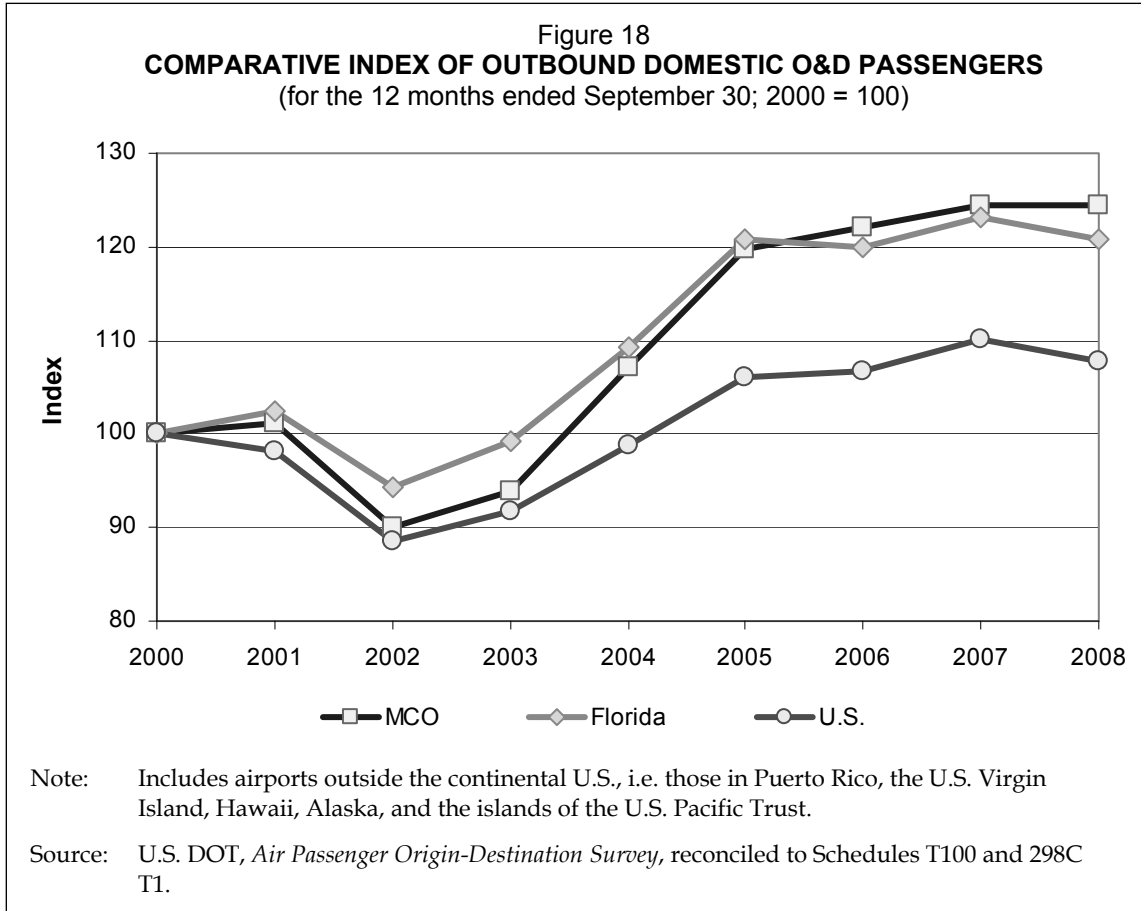
Note: Because foreign-flag airlines do not report passenger numbers to the U.S. DOT *O&D Survey*, Jacobs Consultancy estimates were used to develop the data in the above table.
 Source: Greater Orlando Aviation Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1

Domestic O&D Passenger and Airfare Trends

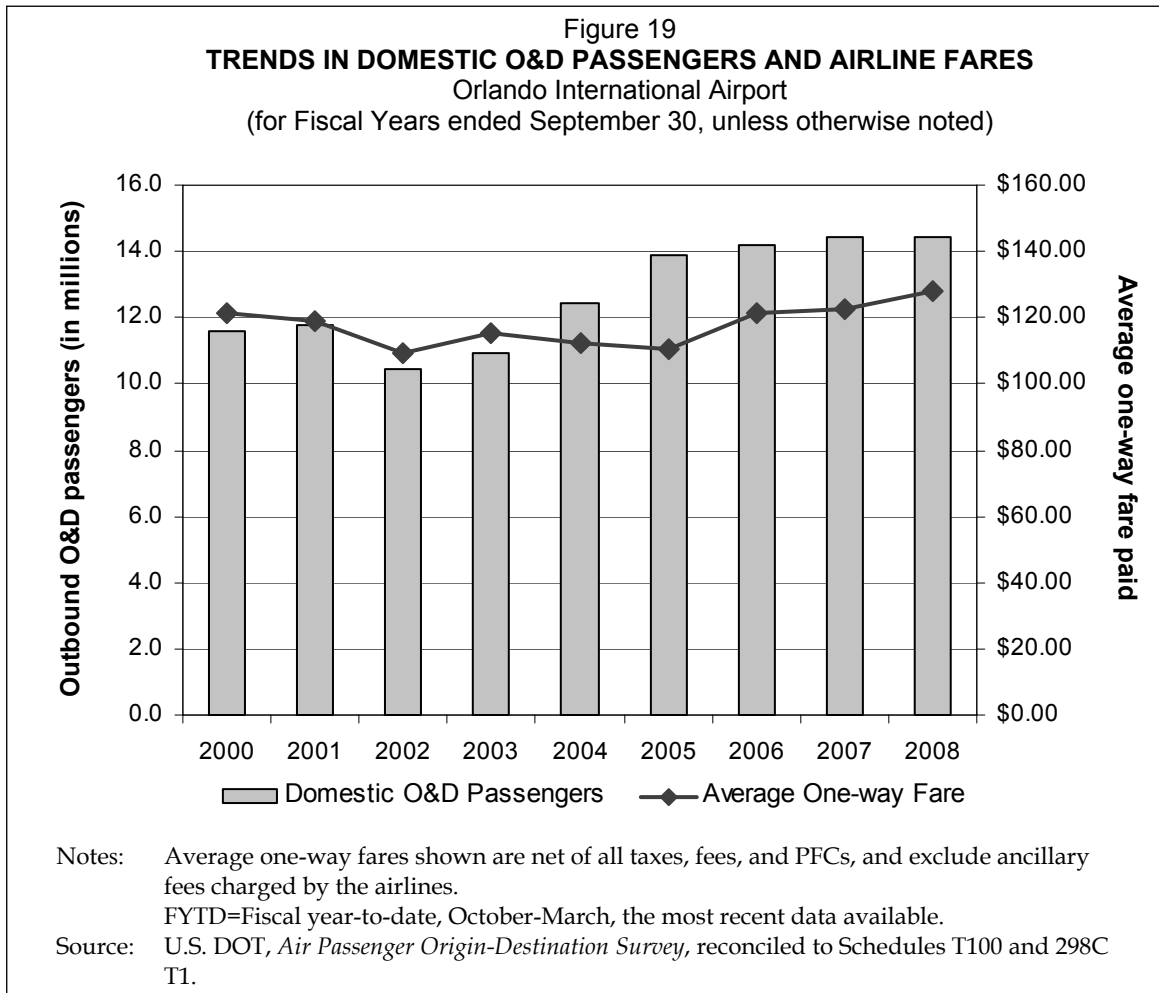
O&D passengers at MCO are primarily domestic travelers. Since FY 2000, domestic O&D passengers have accounted for between 85% and 88% of total O&D passengers at the Airport. International O&D passengers, which make up the balance, consist of two types of travelers: those who travel on international flights that operate at MCO, and those who travel internationally via other U.S. gateway airports (e.g., passengers who travel between MCO and Europe through New York's John F. Kennedy International Airport).

Domestic O&D passenger growth at the Airport since FY 2000, relative to Florida and national trends, is illustrated in Figure 18. Domestic O&D passenger growth at MCO has tracked closely to statewide O&D passenger growth since FY 2000.

Growth in the number of domestic O&D passengers at MCO, and in Florida as well, significantly exceeded the increase in domestic O&D passengers nationwide over the 8-year period.



Average domestic one-way fares paid at MCO are shown in Figure 19.* Between FY 2000 and FY 2007, there was no net change in average airfares paid at MCO. In response to record-high fuel costs in FY 2008, most airlines added fuel surcharges, reduced capacity, and restricted the availability of discount fares, all of which had the effect of increasing average fares paid. In early FY 2009, however, average airfares paid at MCO again trended downward, as fare competition intensified and as airlines attempted to stimulate travel demand in the current recession.



Since FY 2000, the average distance traveled by domestic O&D passengers has been consistent at approximately 1,100 miles, meaning that changes in average airfares paid at MCO have not resulted simply from passengers traveling longer or shorter distances.

* It is worth noting that the fares that airlines reported to the U.S. DOT O&D Survey do not include many ancillary fees (i.e., checked bag fees, priority seating fees, onboard sales) and, given the rapid rise in such fees beginning in 2008, increasingly understate the consumer's real cost of airline travel.

Five- and ten-year trends in O&D passengers in MCO's top 20 domestic city markets are shown in Table 17. The New York market, MCO's largest, accounted for just over 10% of all domestic O&D passengers at MCO in FY 2008.

Rank (a)	City market Airport	Nonstop mileage	Airlines offering nonstop service (b)	Outbound domestic O&D passengers			CAGR	
				Fiscal years			FY1998- FY2003	FY2003- FY2008
				1998	2003	2008		
1	New York	944		1,146	1,414	1,559	4.3%	2.0%
	Newark		B6,CO	558	427	658	-5.2	9.0
	Kennedy		AA,B6,DL	154	501	503	26.7	0.1
	LaGuardia		B6,DL,FL	435	486	398	2.2	-3.9
2	Wash. DC/ Baltimore (c)	768	B6,FL,UA,US,WN	544	617	902	2.6	7.9
3	Chicago (d)	997	AA,UA	514	605	663	3.3	1.8
4	Philadelphia	861	AS,FL,WN	318	394	648	4.4	10.5
5	Detroit	957	FL,NK,NW	277	281	528	0.3	13.5
6	Boston	1,121	B6,DL,FL	376	328	448	-2.7	6.4
7	San Juan	1,189	F9,UA,WN	189	279	443	8.1	9.7
8	Atlanta	403	DL,FL	373	269	366	-6.3	6.4
9	Los Angeles (e)	2,198	AA,DL,UA	290	307	349	1.2	2.6
10	Dallas/ Ft. Worth (f)	978	AA,FL	195	219	329	2.3	8.5
11	Minneapolis/ St. Paul	1,310	FL,NW,SY	125	221	308	12.0	6.9
12	Pittsburgh	834	FL,WN	121	177	260	7.9	8.1
13	Denver	1,545	F9,UA,WN	160	179	257	2.3	7.5
14	Houston (g)	850	CO,WN	142	169	253	3.5	8.4
15	Indianapolis	828	FL,WN	180	214	239	3.5	2.3
16	Buffalo	1,011	B6,FL,WN	90	115	236	5.0	15.6
17	Providence	1,073	WN	192	233	233	3.9	0.0
18	Hartford	1,050	DL,WN	214	238	227	2.1	-0.9
19	Milwaukee	1,066	FL,YX	149	163	195	1.7	3.7
20	San Francisco (h)	2,434	UA	179	175	192	-0.5	1.8
	Total---top 20 markets			5,775	6,594	8,635	2.7%	5.5%
	All other markets			4,505	4,314	5,805	-0.9	6.1
	Total---all markets			10,279	10,908	14,440	1.2%	5.8%

Notes: CAGR=Compound annual growth rate; columns may not sum to totals due to rounding.

(a) Top 20 city markets ranked on FY 2008.
(b) As of the month of October 2009. Airline legend: AA=American, B6=JetBlue, CO=Continental, DL=Delta, F9=Frontier, FL=AirTran, NK=Spirit, NW=Northwest, SY=Sun Country, UA=United, US=US Airways, WN=Southwest, YX=Midwest.
(c) Market includes Dulles, Reagan, and Baltimore airports.
(d) Market includes O'Hare and Midway airports.
(e) Market includes Los Angeles, Orange County, Ontario, Long Beach and Burbank airports.
(f) Market includes Dallas/Ft. Worth Airport and Love Field.
(g) Market includes Hobby and Bush airports.
(h) Market includes San Francisco, San Jose and Oakland airports.

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

Of MCO's top 20 domestic O&D markets, all but two (Providence and San Francisco) are served nonstop by more than one airline. Ten of the top 20 markets are served by three or more airlines, an indicator of a high degree of airline competition and a driver of downward pressure on airfares charged.

International O&D Passenger Trends

More international passengers are served at MCO than are commonly recognized. At any airport, passengers arriving and departing on international flights, both scheduled and charter, represent only a part of the total population of international travelers. Those passengers who board domestic flights bound for other gateway airports and connect there to international flights represent international *passengers*, but are officially categorized as domestic *enplanements*. At MCO, this group of travelers (international passengers boarding domestic flights) is large. In FY 2008, they amounted to 1.1 million – nearly as many as the number of passengers boarding international flights. (See Table 18.) Furthermore, this passenger segment has exhibited more growth since 2000 (+2.8%, on average) than international enplaned passengers (+0.8% per year, on average).

These international passengers bear mentioning for two reasons. First, the base of international passengers at MCO is actually nearly double the total number of passengers enplaned on international flights at MCO – the typical industry measure of international passenger activity at an airport. Second, these passengers would likely use international flights to and from MCO if such service was provided to their destinations and was priced competitively.

Table 18
PASSENGERS ENPLANED AT MCO FOR INTERNATIONAL DESTINATIONS
 Orlando International Airport
 (for Fiscal Years ended September 30; passengers in thousands)

Fiscal Year	Passengers enplaned on international flights			O&D passengers bound for international destinations	
	International O&D passengers enplaned on international flights [A]	Passengers connecting from domestic flights to international flights [B]	Total passengers enplaned on international flights [C]=[A+B]	International O&D passengers enplaned on domestic flights [D]	Total international O&D passengers [E]=[A+D]
2000	1,205	31	1,236	898	2,103
2001	1,084	29	1,113	880	1,964
2002	807	29	836	688	1,495
2003	828	29	857	682	1,510
2004	944	29	973	766	1,710
2005	1,046	26	1,073	848	1,894
2006	1,022	31	1,053	885	1,907
2007	1,063	22	1,084	946	2,008
2008	1,288	29	1,318	1,115	2,404
Compound annual growth rate					
2000-2008	0.8%	(0.5%)	0.8%	2.8%	1.7%

Notes: Column [D] represents passengers who boarded domestic flights to another U.S. gateway city where they connected with flights to their international destination. Because foreign-flag airlines do not report to the U.S. DOT, O&D Survey, Jacobs Consultancy estimates were used to develop the data in the above table.

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

SERVICE AT ALTERNATIVE AIRPORTS

With a passenger base composed almost entirely of O&D passengers, MCO does not compete for passenger traffic with other hub airports or international gateways. It does compete with other Central Florida airports to the extent that those airports are able to offer a comparable level of service to the Orlando MSA. Sanford International Airport (SFB) and Tampa (TPA) are the two airports located close enough to the MSA to offer competing service.

Domestic Service. SFB is a small hub airport located within the MSA, approximately 35 miles north of MCO. In October 2009, domestic service at SFB was provided only by Allegiant Air, a niche LCC that specializes in low-frequency service from relatively small northerly U.S. airports to Sunbelt vacation destinations in Florida and the Southwest.

TPA is a large hub airport located approximately 75 miles southwest of the Disney World Resort Complex. For visitors who want to combine a visit to the Orlando theme parks with time on the beaches of Florida's Gulf Coast, TPA offers an alternative gateway to the region.

International Service. Airlines at MCO are expected to offer 1.8 million international departing seats in FY 2009, three times the number at SFB (530,000). SFB provides most of the international charter seats offered at the two airports; the majority of those seats originate in the U.K. and Europe.

In FY 2008, international charter passenger levels in Orlando declined 27%, and they declined an additional 59% in the first 6 months of FY 2009. (See Table 19.) In the first 6 months of FY 2009, less than 5% of travelers to and from the Orlando area were making use of international charter service, down from more than half in FY 1991. Given its heavy reliance on charter activity, international passenger levels at SFB have eroded accordingly. The net result is that, in the first 6 months of FY 2009, MCO served 95% of total international passengers in the combined MCO+SFB market – a share last experienced at the Airport in the early 1990s.

International service is provided at TPA, although on a much more limited scale than at MCO. In FY 2008, the number of international seats at TPA was 15% of the number provided at MCO.

Table 19
REGIONAL TRENDS IN ENPLANED PASSENGERS BOUND FOR INTERNATIONAL DESTINATIONS
Orlando and Sanford International Airports
(for fiscal years ended September 30)

Fiscal Year	MCO international passengers							Sanford (SFB) international passengers					Total international passengers (SFB+MCO)				
	Scheduled			Charter		MCO total	SFB total	Scheduled		Charter		Total passengers	Share of total		Charter passengers	Share of total	
	On domestic flights	On international flights	Total	% of MCO	Psgs.			% of MCO	Psgs.	% of SFB	Psgs.		% of SFB	MCO			SFB
1991	405,300	216,480	621,780	48.3%	665,344	51.7%	1,287,124	-	n.a.	-	n.a.	-	1,287,124	100.0%	0.0%	665,344	51.7%
1996	621,370	688,015	1,309,385	74.4%	450,755	25.6%	1,760,140	-	-	172,943	100.0%	172,943	1,933,083	91.1%	8.9%	623,698	32.3%
2001	879,870	939,801	1,819,671	92.6%	145,227	7.4	1,964,898	-	-	417,058	100.0	417,058	2,381,956	82.5	17.5	562,285	23.6
2006	885,300	1,025,474	1,910,774	97.7	45,851	2.3	1,956,625	31,688	5.5	543,506	94.5	575,194	2,531,819	77.3	22.7	589,357	23.3
2007	945,820	1,023,620	1,969,440	98.3	34,180	1.7	2,003,620	60,028	10.1	535,597	89.9	595,625	2,599,245	77.1	22.9	569,777	21.9
2008	1,115,470	1,241,301	2,356,771	98.7	30,281	1.3	2,387,052	78,092	16.8	386,125	83.2	464,217	2,851,269	83.7	16.3	416,406	14.6
First 6 months																	
2008	547,110	631,024	1,178,134	98.7%	15,510	1.3%	1,193,644	31,789	20.5%	122,918	79.5%	154,707	1,348,351	88.5%	11.5%	138,428	10.3%
2009	497,360	673,098	1,170,458	99.2	8,957	0.8	1,179,415	15,904	24.9	47,948	75.1	63,852	1,243,267	94.9	5.1	56,905	4.6
Average Annual Compound Growth																	
1991-1996	8.9%	26.0%	16.1%		(7.5%)		6.5%	n.a.		n.a.		n.a.	8.5%			(1.3%)	
1996-2001	7.2	6.4	6.8		(20.3)		2.2	n.a.		19.3		19.3	4.3			(2.1)	
1991-2001	8.1	15.8	11.3		(14.1)		4.3	n.a.		n.a.		n.a.	6.3			(1.7)	
Year-over-year percentage change																	
2001-2002	(21.9%)	(17.4%)	(19.6%)		(73.2%)		(58.5%)	n.a.		(10.1%)		(9.8%)	(50.0%)				(26.4%)
2002-2003	(0.8)	(0.2)	(0.5)		104.5		4.8	n.c.		(17.2)		(15.7)	(1.7)			(5.8)	
2003-2004	12.3	19.2	16.0		(4.4)		17.0	n.c.		49.5		55.0	27.3			38.5	
2004-2005	10.7	5.9	8.0		(6.6)		4.9	n.c.		11.9		6.4	5.4			9.3	
2005-2006	4.4	4.9	4.7		(35.5)		86.6	n.c.		4.6		10.1	61.2			(0.2)	
2006-2007	6.8	(0.2)	3.1		(25.5)		2.4	n.c.		(1.5)		3.6	2.7			(3.3)	
2007-2008	17.9	21.3	19.7		(11.4)		19.1	n.c.		(27.9)		(22.1)	9.7			(26.9)	
First 6 months																	
2008-2009	(9.1%)	6.7%	(0.7%)		(42.3%)		(1.2%)	n.c.		(61.0%)		(58.7%)	(7.8%)			(58.9%)	

Notes: Excludes non-revenue passengers. Excludes international O&D passengers using domestic flights at MCO to connect with international flight at other U.S. gateway airports. Commercial operations started at Sanford in FY1996. These data differ from the passenger enplanement statistics reported by the airlines to the Airport. n.a.=not applicable; n.c.=not calculated.

Source: DOT, Schedule T-100.

KEY FACTORS UNDERLYING FORECASTS

In addition to the economic health and tourist draw of the MSA, as discussed earlier, key factors that will affect future passenger levels at MCO include:

- Economic and political conditions
- Financial health of the airline industry
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Capacity of the national air traffic control system
- High speed rail proposal
- Capacity of the Airport

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 2001 and stagnant economic conditions in 2002 contributed to reduced passenger numbers during those years. The recession that began in late 2007, combined with reduced discretionary income, has contributed to reduced airline travel demand in 2008 and 2009 and will continue to do so in the near term.

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities are now important influences on passenger traffic at major U.S. airports. Sustained future increases both in domestic and international passenger traffic will depend on stable and peaceful international conditions and global economic growth.

Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to continue providing service.

The 1990-1991 recession, coupled with increased operating costs and security concerns during the Gulf War, generated then-record financial losses in the airline industry. Those losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations.

Between 1995 and 2000, the airline industry was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, increased fuel and other operating costs, and price competition, the industry again experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately \$40 billion.

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. US Airways twice filed for bankruptcy protection, in August 2002 and September 2004, before emerging in September 2005 following its merger with America West Airlines. In 2004, US Airways drastically reduced service at its Pittsburgh hub. In December 2002, United Airlines filed for bankruptcy protection (emerged in February 2006). In 2003, American avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and drastically reducing service at its St. Louis hub. In 2005, Delta eliminated its Dallas/Fort Worth hub, reduced service at its Cincinnati hub, and restructured its other airport operations. In September 2005, Delta filed for bankruptcy protection (emerged in April 2007). Also in September 2005, Northwest filed for bankruptcy protection (emerged in May 2007). Among smaller airlines, between 2003 and 2005, Hawaiian Airlines, ATA Airlines, Aloha Airlines, and Independence Air filed for bankruptcy protection. (Of these airlines, only Hawaiian was still operating as of October 2009.)

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, but in 2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced significant financial losses. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging their fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes, laying off employees, reducing employee compensation, reducing other non-fuel expenses, increasing airfares, and imposing other fees and charges. By the end of 2008, the U.S. passenger airlines had collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10% compared with the end of 2007 and most airlines undertook additional capacity reductions in 2009.

Such industry-wide capacity reductions may be required to allow the airlines to achieve equilibrium between seat supply and passenger demand at airfares adequate to achieve airline profitability. The combination of reduced seat capacity, increased airfares, and weak economic conditions is expected to lead to reduced passenger numbers at most airports in the near term.

Continuing losses by the U.S. airlines could deplete limited cash reserves and force certain airlines to seek bankruptcy protection or liquidate. In March and April 2008, Aloha, ATA, and Skybus Airlines declared bankruptcy and ceased operations. In April 2008, Frontier Airlines filed for Chapter 11 bankruptcy protection (emerged October 2009 as a subsidiary of Republic Airways). The liquidation of one or more of the large network airlines could drastically affect airline service at many connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns throughout the U.S. aviation system.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the rapidly growing economies of China, India, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest item of airline operating expense, accounting for between 30% and 40% of total expenses for most airlines. In the second half of 2008, fuel prices fell sharply as demand for oil declined worldwide, although prices again increased in 2009. Partly as a result of high fuel prices, airlines and aircraft manufacturers have begun to explore the use of alternative fuels for aircraft.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies.

While aviation fuel prices have not affected the ability of airlines to provide service, continued high prices will affect future airline service, airfares, and passenger numbers. Airline operating economics will also be affected as regulatory costs are imposed on air travel and the airline industry to account for aircraft emissions contributing to global climate change.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), and more intensive screening of passengers and baggage. In summer 2006, the discovery of a plot to attack transatlantic flights with liquid explosives led to further changes in security screening procedures. The TSA faces an August 2010 congressional mandate to screen all air cargo.

Public health concerns have also affected air travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (SARS) led public health agencies to issue advisories against nonessential travel to certain regions of the world. Beginning in April 2009, concerns about the spread of swine flu caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health concerns, and international hostilities. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Airline Service and Routes

The Airport serves as a gateway to the Orlando MSA. The number of origin and destination passengers depends on the propensity of its residents to travel by air and the intrinsic attractiveness of Orlando as a leisure and business destination. Although passenger demand at an airport depends primarily on the population and economy of the region served, airline service and the numbers of passengers enplaned also depend on the route networks of the airlines serving that airport. Most full-fare mainline airlines have emphasized the development of hub-and-spoke route networks as a means of increasing their service frequencies, passenger numbers, and profitability. MCO, an airport almost exclusively serving origin-destination passengers, does not serve as a hub for any airline and, consequently, is not dependent on connecting passengers.

Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips, where the automobile and other travel modes are potential alternatives, and for price-sensitive “discretionary” travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; airline debt burden; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend on the level of airfares.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for U.S. airlines was reduced from 14.9 cents to 12.7 cents per passenger-mile. In 2006 through 2008, as airlines reduced capacity and were able to sustain fare increases, industry-wide yields increased to an average of 14.7 cents. The ability of airlines to continue to increase and rationalize fares while controlling seat capacity is seen as key to the industry regaining and sustaining profitability.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American completed an acquisition of failing Trans World Airlines. In August 2001, merger plans for United and US Airways were proposed, but rejected by the U.S. Department of Transportation because of concerns about reduced airline competition. In September 2005, US Airways and America West merged. In November 2006, the new US Airways proposed a merger with Delta while the latter was in bankruptcy, but Delta’s management and creditors rejected the hostile merger proposal. In December 2006, AirTran initiated a hostile takeover offer for Midwest Airlines, but withdrew its offer in August 2007 when it was outbid by a consortium of private investors and Northwest. In October 2008, Delta and Northwest received all approvals to allow their merger. In June 2009, Republic Airways Holdings announced the purchase of Frontier and Midwest airlines. Various other merger combinations of American, Continental, United, and US Airways have been rumored, but in an environment of high fuel prices and weak demand, none is expected to be pursued in the near term. In the longer term, further airline consolidation is possible and could change airline service patterns, particularly at the connecting hub airports of the merging airlines.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers and all of the large U.S. network airlines are

members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on certain routes. At a joint news conference in June 2008, United and Continental Airlines announced code-share and other cooperative plans as well as plans for Continental to join the Star alliance.

In July 2008, Southwest announced its intention to form an international code-share partnership with the Canadian airline WestJet. In December 2008, Southwest applied to the U.S. DOT for international route authority to operate flights between the United States and Canada – a requirement to implement the code-share agreement. Southwest later announced that it will delay implementation of this agreement until late 2010 at the earliest. In November 2008, Southwest announced a similar partnership with Mexican airline Volaris, with further details to be announced in early 2010. In November 2008, Delta and Northwest announced an enhanced marketing and code-sharing agreement with Alaska Airlines.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. After 2001, and again in 2008 and 2009, air traffic delays decreased as a result of reduced numbers of aircraft operations, but, as air travel demand increases in the future, flight delays will likely recur.

High Speed Rail Proposal

Florida High Speed Rail is a proposed high-speed rail network in Florida designed to link the five largest urban areas in the state. Funding for the system was authorized by a 2000 referendum of Florida voters that was subsequently repealed by Florida voters in a 2004 referendum. The first phase, planned for completion in 2009, would have connected Orlando to Tampa followed by an extension to St. Petersburg. Later phases would have extended the network to Miami, Fort Myers, Jacksonville, Tallahassee, and Pensacola. Although the voters denied continued funding of Florida High Speed Rail in the 2004 referendum the Florida Department of Transportation is currently seeking federal funds to construct the section from Orlando to Tampa and complete design from Orlando to Miami. The project will only proceed with the receipt of federal funds and no commitment has been made by the federal government at this time. The availability of high speed rail in Florida during the forecast period is unlikely.

Capacity of the Airport

In addition to any future constraints that may be imposed by the national air traffic control system, long-term future growth in airline traffic at MCO will depend on the capacity at MCO itself. The forecast is conditioned on the assumption that, during the forecast period, neither available airfield or terminal capacity, nor demand management initiatives, will constrain traffic growth at the Airport.

ENPLANED PASSENGER FORECAST

The forecast of enplaned passengers at MCO through FY 2014 was developed taking into account travel demand to and from the MSA, trends in historical passengers, and key factors likely to affect future passenger levels, all as discussed in earlier sections.

The timing of the return of the national economy to positive growth; the degree to which airlines are able to adjust their business models to re-balance demand, capacity, cost, and airfares; and the extent to which consumers alter their travel behavior, including vacationing at destination theme parks such as those in the MSA, in response to these factors will determine the pace and magnitude of the resumption of passenger growth at MCO.

Underlying Assumptions

In developing the forecast, the following key assumptions were made:

- O&D passenger levels at MCO will increase as a function of: (1) growth in the tourism (i.e., visitor) demand for the MSA, (2) growth in population, employment, and income in the MSA, and (3) the general economic health of the MSA.
- Resident passengers will increase at a somewhat faster rate than visiting passengers over the forecast period.
- Domestic-to-domestic connecting passengers will grow at a slower rate than O&D passengers (both resident and visitor) over the forecast period, and will continue to make up a minor segment of passenger traffic at the Airport. Gateway connecting passengers will grow rapidly, albeit from a relatively small base.
- The economic recession will end in the fourth quarter of 2009, with the first signs of economic recovery appearing in the first quarter of 2010. Recovery will be gradual through the remainder of 2010 and most of 2011.
- Given that airline travel tends to lag the economy, domestic airline passenger growth will resume in early FY 2011.

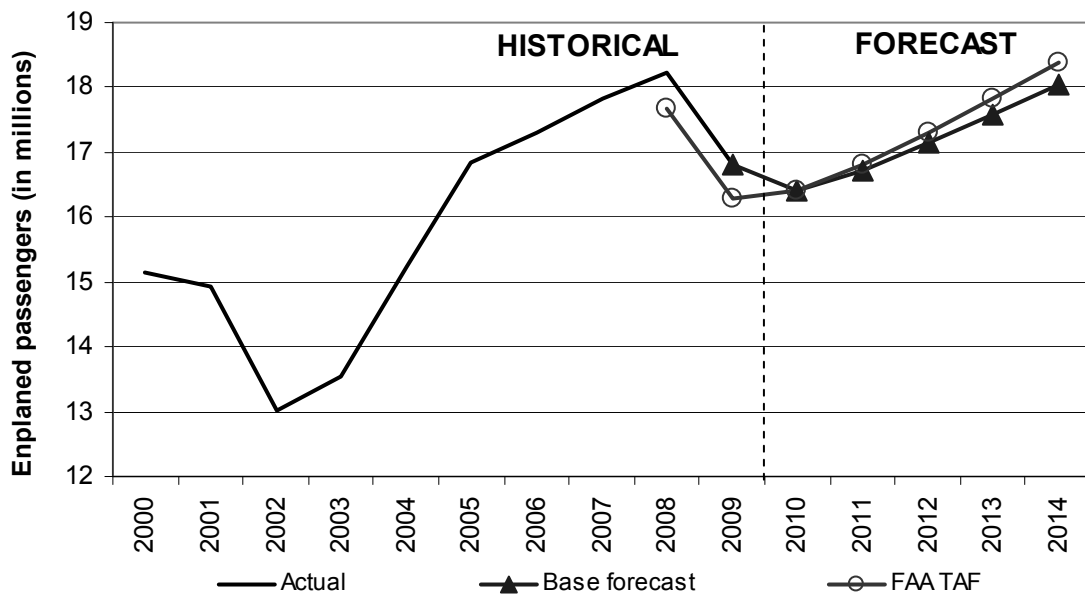
- Given that airline travel to the MSA correlates closely with discretionary income, passenger growth at MCO will lag much of the rest of the country, with resident O&D passenger growth starting in the third quarter of 2010 and visitor O&D passenger growth starting in the fourth quarter of 2010 (i.e., the beginning of FY 2011).
- Any consolidation (or failures) of legacy airlines or LCCs, should they occur, will not have a lasting impact on the level of passenger activity at MCO.
- There will be a reduction of domestic seats at MCO in FY 2010 and a return to positive growth in FY 2011. International capacity, by contrast, will continue to grow strongly in each year of the forecast period.
- Domestic capacity provided by the LCCs at MCO will decline less in the near term, return to positive growth sooner, and increase at a faster pace than the legacy airlines. Consequently, the share of domestic capacity at the Airport accounted for by LCCs will increase over the forecast period.
- Among LCCs, advance schedule filings by Southwest point to a year-over-year capacity decline of approximately 14% in the first half of FY 2010 at MCO. Advance schedules filed by other LCCs, by contrast, indicate modest to strong growth at MCO over the same period. A closing of the gap in domestic capacity offered by Southwest vs. the other LCCs is thus envisaged in FY 2010.
- The share of departing seats at MCO accounted for by international activity will increase.
- Load factors on domestic flights will not change materially at MCO, while the percentage of seats occupied on international flights will increase.
- MCO will not lose share of passengers to competing airports over the forecast period.
- Airline service at MCO will not be constrained by the availability of aviation fuel, airline fleet capacity, the capacity of the air traffic control system or the Airport itself, charges for the use of aviation facilities, or government policies or actions.

Enplaned Passenger Forecast

On the basis of the foregoing assumptions, the number of enplaned passengers at MCO is forecast to decrease 2.2% in FY 2010 and to return to a 2.6% per year average longer-term rate of growth by FY 2012. (See Figure 20 and Table 20.) In FY 2014, enplaned passengers are forecast to be nearly 18.1 million, still 188,000 (1%) below the Airport's record FY 2008 level. Signatory Airlines account for approximately 96% of the enplaned passengers beginning in FY 2010.

Figure 20
HISTORICAL AND FORECAST ENPLANED PASSENGERS
 Orlando International Airport
 (for Fiscal Years ended September 30)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast and the variance could be material.



Note: Jacobs forecast includes non-revenue passengers; TAF represents revenue passengers only.

Sources: Historical—Greater Orlando Aviation Authority.

Forecast—Jacobs Consultancy; FAA Terminal Area Forecast, December 2008.

Table 20

Historical and Forecast Enplaned Passengers

Orlando International Airport

(for fiscal years ended September 30)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.

Fiscal Year	Domestic				International				Domestic+International			
	O&D (a)		Connecting	Subtotal	O&D		Connecting	Subtotal	O&D		Connecting	TOTAL
	Resident	Visitor			Resident	Visitor			Resident	Visitor		
2000	2,965,149	10,099,948	856,455	13,921,552	187,781	1,017,401	30,697	1,235,879	3,152,930	11,117,349	887,152	15,157,431
2001	2,974,977	10,107,636	737,965	13,820,578	167,161	917,013	28,961	1,113,135	3,142,137	11,024,650	766,926	14,933,713
2002	2,728,846	8,810,835	649,120	12,188,801	125,842	681,461	29,127	836,430	2,854,688	9,492,296	678,247	13,025,231
2003	2,907,714	9,091,762	675,920	12,675,396	129,665	698,191	28,928	856,784	3,037,379	9,789,953	704,848	13,532,180
2004	3,323,542	10,189,622	747,445	14,260,609	146,825	797,505	28,875	973,205	3,470,366	10,987,128	776,320	15,233,814
2005	3,930,279	11,134,461	696,115	15,760,855	161,688	884,641	26,315	1,072,644	4,091,967	12,019,102	722,430	16,833,499
2006	4,194,768	11,213,431	850,475	16,258,674	162,048	859,457	31,283	1,052,788	4,356,815	12,072,889	881,758	17,311,462
2007	4,276,299	11,550,197	921,105	16,747,601	165,830	896,765	21,622	1,084,217	4,442,129	12,446,962	942,727	17,831,818
2008	4,242,225	11,747,957	930,265	16,920,447	201,143	1,087,190	29,498	1,317,831	4,443,369	12,835,146	959,763	18,238,278
2009	3,925,420	10,681,070	766,540	15,373,030	223,765	1,175,235	27,005	1,426,005	4,149,185	11,856,305	793,545	16,799,035
2010	3,914,000	10,285,000	751,000	14,950,000	240,000	1,201,000	34,000	1,475,000	4,154,000	11,486,000	785,000	16,425,000
2011	4,039,000	10,359,000	752,000	15,150,000	261,000	1,272,000	42,000	1,575,000	4,300,000	11,631,000	794,000	16,725,000
2012	4,191,000	10,498,000	761,000	15,450,000	286,000	1,362,000	52,000	1,700,000	4,477,000	11,860,000	813,000	17,150,000
2013	4,346,000	10,628,000	776,000	15,750,000	309,000	1,452,000	64,000	1,825,000	4,655,000	12,080,000	840,000	17,575,000
2014	4,517,000	10,787,000	796,000	16,100,000	331,000	1,540,000	79,000	1,950,000	4,848,000	12,327,000	875,000	18,050,000

Compound annual growth rate

2000-2009	3.2%	0.6%	-1.2%	1.1%	2.0%	1.6%	-1.4%	1.6%	3.1%	0.7%	-1.2%	1.1%
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Annual percent change

2008-2009	-7.5%	-9.1%	-17.6%	-9.1%	11.2%	8.1%	-8.5%	8.2%	-6.6%	-7.6%	-17.3%	-7.9%
2009-2010	-0.3	-3.7	-2.0	-2.8	7.3	2.2	25.9	3.4	0.1	-3.1	-1.1	-2.2
2010-2011	3.2	0.7	0.1	1.3	8.7	5.9	23.5	6.8	3.5	1.3	1.1	1.8
2011-2012	3.8	1.3	1.2	2.0	9.6	7.1	23.8	7.9	4.1	2.0	2.4	2.5
2012-2013	3.7	1.2	2.0	1.9	8.0	6.6	23.1	7.4	4.0	1.9	3.3	2.5
2013-2014	3.9	1.5	2.6	2.2	7.1	6.1	23.4	6.8	4.1	2.0	4.2	2.7

Notes: Because foreign-flag carriers do not report passenger numbers to the U.S. DOT *O&D Survey*, Jacobs Consultancy estimates were used to develop the data in the above table. Signatory airlines accounted for 96% of enplaned passengers in FY 2009. This percentage is forecast to increase slightly over the forecast period.

(a) Includes passengers who boarded domestic flights to other U.S. gateway airports where they connected with flights to their international destinations.

Sources: Historical---Greater Orlando Aviation Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1. Forecast---Jacobs Consultancy.

Landed Weight Forecast

In FY 2009, nearly 20.9 billion pounds of aircraft landed weight was reported by the airlines operating at MCO. The Signatory Airlines accounted for the majority (92%) of the total; the non-signatory airlines accounted for the remainder. (See Table 21).

Landed weight is forecast to decline 1.6% in FY 2010, coincident with the continued capacity reductions described earlier, and to return to positive growth in FY 2011. Total aircraft landed weight is forecast to be nearly 22.6 billion pounds in FY 2014, 2.1% lower than the record 23.0 billion pounds recorded in FY 2008.

The average annual increase in aircraft landed weight forecast through FY 2014 (1.6%) slightly exceeds the average rate of increase forecast for enplaned passengers (1.4%) due to stronger growth of all-cargo carrier activity and international passenger flights on large aircraft anticipated over the forecast period

Table 21
HISTORICAL AND FORECAST LANDED WEIGHT

Orlando International Airport

(for Fiscal Years ended September 30; landed weight in millions of pounds)

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast and the variance could be material.

Fiscal Year	Signatory carriers	Non-signatory carriers	Total
2003	15,002	3,826	18,828
2004	15,953	4,325	20,278
2005	18,406	3,677	22,084
2006	17,747	4,408	22,155
2007	19,778	2,830	22,608
2008	20,597	2,437	23,034
2009A	19,020	1,833	20,854
2010F	18,792	1,728	20,520
2011	19,237	1,683	20,920
2012	19,818	1,602	21,420
2013	20,458	1,512	21,970
2014	21,137	1,413	22,550
<u>Compound annual growth rate</u>			
2003-2009	4.0%	-11.5%	1.7%
<u>Annual percent change</u>			
2008-2009	-7.7%	-24.8%	-9.5%
2009-2010	-1.2	-5.7	-1.6
2010-2011	2.4	-2.6	1.9
2011-2012	3.0	-4.8	2.4
2012-2013	3.2	-5.6	2.6
2013-2014	3.3	-6.5	2.6

Notes: A= Actual; F= Forecast.

Sources: Historical—Greater Orlando Aviation Authority.

Forecast—Jacobs Consultancy.

FINANCIAL ANALYSIS

FRAMEWORK FOR FINANCIAL OPERATIONS

Under the Greater Orlando Aviation Act, the Authority is charged with operating the Airport as a financially self-sustaining enterprise and is authorized to issue revenue bonds, payable solely from Airport System revenues, to pay the costs of acquiring or constructing improvements to the Airport System. The Authority is also authorized to establish and collect rentals, fees, and charges for services and facilities provided by the Airport System and to pledge such revenues to the payment of debt service on revenue bonds.

The Airport is owned by the City and operated by the Authority pursuant to a 50-year Operation and Use Agreement expiring September 2026. If the agreement with the City is not extended beyond 2026, the City is required to assume all obligations of the Authority, including the obligation to pay Bond debt service from the Revenues of the Airport System.

The Airport is defined as the Airport System under the Bond Resolution. The Authority also operates the Orlando Executive Airport as a general aviation airport. The Orlando Executive Airport does not constitute a part of the Airport System and revenues derived from the operation of the Orlando Executive Airport are not pledged to payment of the Bonds.

Airport Facilities Bond Resolution

The Authority issues Airport Facilities Revenue Bonds (Airport Facilities Bonds) pursuant to the Airport Facilities Revenue Bond Resolution under which The Bank of New York Mellon Trust Company, N.A, serves as Trustee, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time (the Bond Resolution). Airport Facilities Bonds are secured by a pledge of and first lien on Revenues of the Airport System. As of November 1, 2009, the principal outstanding on Airport Facilities Bonds was \$979.7 million.

Revenues are generally defined as all income and revenues received by the Authority from the operation of the Airport, PFC revenues only to the extent they constitute Available PFC Revenues for the applicable period, and income from Special Purpose Facilities which are not pledged to the payment of obligations issued to finance such Special Purpose Facilities. Revenues do not include, among other things, grants-in-aid for capital projects or customer facility charges (CFCs) to the extent pledged to repay obligations issued to build rental car facilities.*

* CFCs are paid by rental car customers. Currently, all CFCs are pledged.

Available PFC Revenues are the portion of PFC revenues received by the Authority for PFC-eligible project costs approved by the FAA equal to 1.25 times the Debt Service accruing during an applicable period for the portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority. The portion of the Airside 1 & 3 Project being financed with the 2009C Bonds constitutes a PFC Project. PFC revenues that are not Available PFC Revenues do not constitute Revenues and are not subject to the pledge and lien established by the Bond Resolution. Currently, the Authority has outstanding five series of Bonds used to finance PFC Projects.

Operation and Maintenance Expenses (or O&M Expenses) consist of the Authority's expenses for operation, maintenance, repairs, ordinary replacement, and ordinary reconstruction of the Airport System but do not include any capital cost or any allowance for depreciation or any operation or maintenance costs for non Authority-owned Special Purpose Facilities.

Rate Covenant

In Section 711 of the Bond Resolution (the Rate Covenant) the Authority covenants that it will:

at all times while any Bonds shall be Outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that in each Fiscal Year the Net Revenues less the amounts, if any, required to be deposited from Revenues...into...the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund shall equal at least 1.25 times the sum of the Aggregate Debt Service...for such Fiscal Year, and in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues...under the...Resolution.

Additional Bonds Test

The Authority is authorized under Section 204 of the Bond Resolution, subject to certain conditions, to issue Additional Bonds for an Additional Project or for an uncompleted Project. These conditions require, among other things, that estimates of Net Revenues less amounts, if any, required to be deposited from Revenues into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund, and the Renewal and Replacement Fund, shall equal at least 1.25 times Aggregate Debt Service on (1) Outstanding Bonds, (2) the Additional Bonds, and (3) any future bonds that may be required to finance the cost of the Additional Project or any uncompleted Project. The estimates of Net Revenues must satisfy these obligations for each of the three Fiscal Years following the Fiscal Year in which the Consulting Engineer estimates that the Additional Project will be substantially completed and placed in service.

Flow of Funds

In Section 405 of the Bond Resolution the Authority covenants that all Revenues will be deposited into the Revenue Fund and, from the Revenue Fund, deposited into the various funds and accounts and in order of priority as illustrated in Figure 21 and as described in the later section "Application of Revenues."

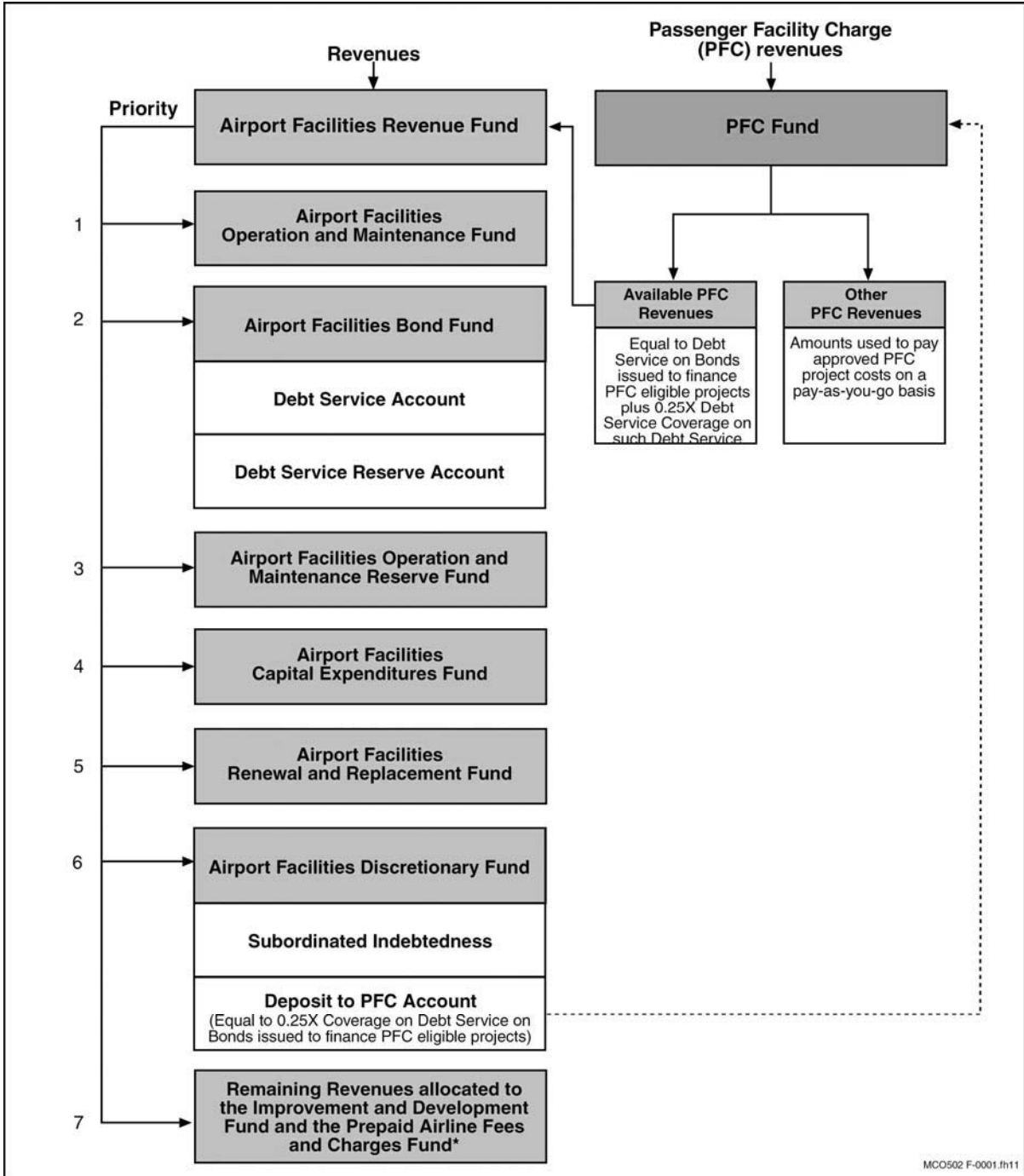
Subordinated Indebtedness

The Authority has the right under the Bond Resolution to issue Subordinated Indebtedness or other obligations payable from the Discretionary Fund that are subordinate to the Bonds as to the pledge of, lien on, and payment from Revenues (the "Subordinated Indebtedness"). Subordinated Indebtedness is currently comprised of Subordinated Revenue Bonds, Subordinated Commercial Paper Notes, Gulf Breeze Loans, and Secondary Subordinated Indebtedness. The Authority has also entered into an interest rate swap arrangement where the payment obligations are payable from the Discretionary Fund. The Authority's obligations under the interest rate swaps and financial products, as well as under the 1998 Gulf Breeze Loan, constitute Subordinated Indebtedness secured by a lien on Revenues deposited in the Discretionary Fund that is subordinated to the lien securing the Subordinated Bonds and Other Parity Indebtedness.

Table 22
OUTSTANDING SUBORDINATED AND SECONDARY SUBORDINATED INDEBTEDNESS
 as of October 1, 2009¹
 Greater Orlando Aviation Authority

Type of Subordinated Indebtedness	Date Originated	Original Principal Amount	Current Outstanding Principal
Gulf Breeze Loans	June 1998	\$19,290,000	\$15,680,000
2002A Taxable Subordinated Bonds	June 28, 2002	\$30,015,000	\$10,265,000
Series 1997 Secondary Subordinated Indebtedness	December 1997	\$90,055,000	\$90,055,000

1. Excludes Interest Rate Swaps which are described in the table below.
 Source: Greater Orlando Aviation Authority.



* As a result of the new Lease and Use Agreement with the Signatory Airlines operating at the airport, effective October 1, 2008, the Authority is no longer required by the Lease and Use Agreements to make any deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits into such Fund are made, they are not to be credited to the airlines.

Source: Airport Facilities Bond Resolution.

Prepared by: Jacobs Consultancy

Figure 21
**APPLICATION OF REVENUES
UNDER THE BOND RESOLUTION**
Greater Orlando Aviation Authority
November 2009

Commercial Paper Program

The Authority has provided for the interim financing of certain Airport capital improvements from the proceeds of certain Airport Facilities Subordinated Commercial Paper Notes (the "Commercial Paper Notes"). The Commercial Paper Notes constitute Subordinated Indebtedness under the Bond Resolution and Other Parity Indebtedness as Line of Credit Indebtedness under the Subordinated Indenture. The Commercial Paper Notes were authorized under and pursuant to the terms of an Indenture of Trust, dated as of October 1, 1994, as supplemented and amended (collectively, the "CP Indenture"), by and between the Authority and Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company) (the "CP Trustee").

Payment of the principal amount and interest on the Commercial Paper Notes is supported by a Letter of Credit provided by a syndicate of banks (the "CP Banks"). Program A is currently supported by a letter of credit issued by Bayerische Landesbank, WestLB AG and State Street Bank and Trust Company (the "Program A CP Banks"). On November 5, 2009, the Letter of Credit for Program B expired and no Program B Commercial Paper Notes remain outstanding. The Authority's obligation to reimburse the Program A CP Banks for draws made under the Letter of Credit is set forth in each of the Letter of Credit Reimbursement Agreements dated as of February 1, 2003, as amended, made by and among the Authority and the Program A CP Banks (the "Reimbursement Agreements"). The Program A Letters of Credit expire on February 3, 2015; however, the Reimbursement Agreements contain an optional termination date of February 3, 2010. The Agent for the Program A CP Banks has given notice to the Authority of the intent of the Program A CP Banks to terminate the Program A Letter of Credit on February 3, 2010. After the issuance of the 2009C Bonds, \$4,259,000 in Program A Commercial Paper Notes will remain outstanding, which is expected to be repaid with the a new bank line of credit.

Bank Line of Credit

The Authority is in the process of negotiating a \$100 million line of credit with one or more banks on a subordinated lien basis for interim financing for capital expenditures to replace the commercial paper program.

Interest Rate Swap

The Authority has one outstanding interest rate swap agreement as shown below, which is payable from the Discretionary Fund and subordinate to the Bonds and the Subordinated Bonds and Other Parity Indebtedness.

Table 23 OUTSTANDING SWAP PROGRAM September 30, 2009 Greater Orlando Aviation Authority					
Associated Debt Issue	Notional Amount	Effective Date	Authority Pays	Authority Receives	Swap Expiration
1997 Secondary Subordinated Indebtedness	\$90,055,000	January 1, 2003	4.45%	SIFMA ¹ plus spread to receive 4.45%	October 1, 2027

¹ The Securities Industry and Financial Markets Association Swap Index formerly the Bond Market Association Swap Index ("BMA").

Note: For a thorough discussion of this swap, including certain termination rights of the swap counterparty, please refer to Note 16 of the Audited Financial Statements And Report Of The Independent Auditors Thereon For The Fiscal Years Ended September 30, 2007 And 2008 attached as Appendix E to the Preliminary Official Statement. However, at this time the Authority has not received any notice of optional termination from the counterparty based on the downgrade of MBIA Insurance Corporation (insurer of the swap) ("MBIA"). In any event, as long as the Authority maintains a long term senior unsecured debt rating of "A" or better, a downgrade of MBIA will not result in an optional termination event under the swap. Source: Greater Orlando Aviation Authority.

Special Purpose Facilities Taxable Revenue Bonds

The Authority also has the ability under the Bond Resolution to issue Special Purpose Facility Bonds that can be used for "any capital improvements or facilities acquired or constructed by the Authority from funds other than Revenues or obligations payable from Revenues" and are located within the Airport System.

In October 2009, the Authority issued \$62.8 million of Special Purpose Facilities Taxable Revenue Bonds (the "CFC Bonds") to fund a portion of the costs of an expansion and reconfiguration of the rental car facilities at the Airport (the "CFC Project"). The CFC Bonds were issued under a Trust Indenture between The Bank of New York Mellon Trust Company, N.A., as trustee and the Authority (the "CFC Indenture") and are limited obligations of the Authority, payable solely from and secured by a pledge of the CFCs and other funds pledged under the CFC Indenture.

A rental car customer facility charge or "CFC" was authorized by a resolution of the Authority adopted on August 20, 2008, as amended and restated on August 19, 2009, to be derived from the operation of rental car activities on the Airport. The Authority has pledged the CFC receipts to pay the costs and expenses of financing, designing, constructing, operating, relocating and maintaining certain rental car facilities at the Airport. While the CFC Bonds are outstanding, CFCs are not

included in the definition of Revenues under the Bond Resolution and are not available to pay principal of and interest on Bonds.

Because the CFC Project will increase the on-site presence of rental car companies (e.g., Hertz, which now operates off-Airport with 15% of the rental car market share), the operation of the CFC Project is expected to increase Revenues. The increases in Revenues are expected to come from additional rental fees resulting from additional space under lease and from more favorable business terms under the Automobile Rental Car Concession Agreements.

Passenger Facility Charge Program

PFCs are fees imposed on enplaned passengers by airport sponsors to generate revenues for eligible airport projects that increase capacity, enhance competition among and between air carriers, enhance safety or security, or mitigate noise impacts. PFCs were established by Title 49 U.S.C. §40117, and authorized airport sponsors to collect PFCs in the amount of \$1.00, \$2.00, or \$3.00 per eligible enplaning originating and connecting passenger. The Aviation Investment and Reform Act (AIR-21) increased the maximum PFC airport sponsors could collect to \$4.50 per enplaning passenger.

The Authority has received approval from the Federal Aviation Administration (FAA) to collect and use PFCs under 12 applications for a total of \$2 billion in collection authority as summarized on Table 24. Through September 30, 2009, PFC revenues received by the Authority, including investment earnings, totaled \$717.5 million, of which \$696.9 million had been expended on approved project costs. The Authority is currently authorized to impose a PFC of \$4.50 per enplaned passenger at the Airport and has been collecting a PFC since February 1993, which was initially set at \$3.00 and increased to \$4.50 in April 2007.

Table 24
APPROVED PASSENGER FACILITY CHARGES
 Orlando International Airport

Application Number	Collection Authority	Collections through September 30, 2009	Expenditures ¹ through September 30, 2009
92-01-C-05-MCO (Closed)	\$34,099,841	\$34,099,841	\$34,099,841
93-02-C-00-MCO (Closed)	8,140,005	8,140,005	8,140,005
95-03-C-02-MCO (Closed)	18,637,986	18,637,986	18,637,986
96-04-C-06-MCO	65,327,000	65,327,000	56,655,849
98-05-C-04-MCO	119,178,876	119,178,876	115,418,759
99-06-C-02-MCO	116,091,803	116,091,803	58,866,516
00-07-C-03-MCO	181,271,854	181,271,854	53,194,111
00-08-C-01-MCO	253,632,770	174,736,328	26,819,000
02-09-C-04-MCO	165,358,198	-	94,639,535
05-10-C-04-MCO	765,494,011	-	218,765,610
07-11-C-00-MCO	48,580,000	-	11,684,139
07-13-C-00-MCO ²	<u>227,788,000</u>	-	-
Total Authority	<u>\$2,003,600,344</u>	<u>\$717,483,693</u>	<u>\$696,921,351</u>

- 1 Expenditures for each application may commence upon notification of the approval of the application. For reporting purposes, PFC collections are reported as applied to each application in order of the applications until the collection authority amount has been met for each application. As a result of this reporting method, there are allowable expenditures reported for applications that may not show collections directly assigned to them.
- 2 PFC Application #12 was proposed by the Authority to combine PFC Applications #8 through #11 with no impact on total collection authority.
- Source: Greater Orlando Aviation Authority.

A portion of the Airside 1 & 3 Project is covered by an amendment to PFC #10 (05-10-C-04-MCO), which was approved by the FAA in November 2009 at the \$4.50 PFC level.

Airline Lease and Use Agreements

The 30-year residual airline use and lease agreements expired on September 30, 2008. The Authority entered into separate, but substantially similar, Airline-Airport Lease and Use Agreements (Lease and Use Agreements) with most of the airlines serving the Airport (the Signatory Airlines) that became effective on October 1, 2008 as shown below.

Air Canada	Continental	Southwest	Virgin Atlantic
AirTran	Copa	Spirit	WestJet
American	Delta	United	
British Airways	jetBlue	US Airways	

Source: Greater Orlando Aviation Authority
 Note: Effective October 1, 2009, Northwest became a non-signatory airline and affiliate of Delta with the space previously leased by Northwest being assumed by Delta. Copa became a Signatory Airline on November 1, 2009.

Rate-making Methodology. The Lease and Use Agreements set forth the terms and conditions governing use of the airfield and apron areas of the Airport and the use and occupancy of space in the Landside Terminal and Airside Buildings. They also establish the procedures for the annual review and adjustment of Signatory Airline rents, fees, and charges, which provides for a compensatory rate-making methodology for use of the terminal facilities, a cost center residual rate making methodology to establish landing fees for the use of the airfield, revenue sharing between the Authority and the Signatory Airlines, and an Extraordinary Coverage Protection provision.

Cost Centers. Under the Lease and Use Agreements, the Authority has established Cost Centers to track revenues and expenses that are used in the calculation of airline and nonairline rates and charges. The Authority accounts for all operating revenues, and for direct operating expenses, on the basis of these Cost Centers. In addition, the Authority incurs certain indirect expenses, which are allocated to the Cost Centers based on the estimated usage by cost center. The following direct cost centers are used in the calculation of airline rates and charges:

- Airfield – Those portions of the Airport, including the Terminal Aircraft Aprons, providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, runway protection zones, safety areas, infield areas, landing and navigational aids, service roads, fencing, buffer areas, fuel farm, fuel hydrant and delivery systems, clear zones, aviation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other

appurtenances related to the aeronautical use of the Airport, including any property purchased for noise mitigation purposes. Sub-Cost Centers of the Airfield include:

- Apron. The Apron Fee Requirement is equal to 10% of Airfield Requirement and is allocated based on lineal feet
- Fuel. The fuel farm and related improvements.
- Terminal – The passenger terminal building, including all landside and airside passenger terminal facilities and the APM. Sub-Cost Centers of the Terminal include:
 - Airline Equipment. Includes costs associated with certain airline equipment and facilities, including bag system equipment, loading bridges, PC Air, and 400 Hz.
 - CUTE/CUSS/CUPPS. Includes costs associated with common use terminal equipment (CUTE), common use self service (CUSS), or common use passenger processing system (CUPPS) operations.
- Hotel. Consists of the hotel facility located at north terminal landside and any future developed hotel, including guest rooms, meeting rooms restaurants and lobby areas.
- Ground Transportation. Consists of areas designated for public automobile parking, automobile rental agencies, taxi, bus and limousine parking areas, and other non-aeronautical transportation related accommodations and services for the public arriving at or leaving the Terminal.
- Other Buildings and Grounds. Consists of all areas of the Airport not identified elsewhere.
- Orlando Executive Airport. The general aviation reliever airport.

Rate Base Costs. The allocable costs included in the total requirement for Terminal Rentals and Landing fees include the following:

1. Total direct and indirect O&M Expenses and O&M Reserve Requirement
3. Debt Service net of Available PFC Revenues
4. Amortization of Authority-funded assets computed net of amounts funded with the proceeds of Bonds, PFCs, and grants-in-aid at 6% over the economic life for the capital item

4. Amortization of Authority-funded Renewal and Replacement expenditures computed net of amounts funded with the proceeds of Bonds, PFCs, and grants-in-aid at 6% over the economic life for the capital item
5. Less a credit for certain specified revenues.
 - For the landing fees, the credit consists of Non-Signatory Landing Fees, Fuel System Revenues, Other Revenues assigned to Airfield Cost Center (excluding Signatory Airline Landing Fees, Apron Use Fees, non-Signatory ramp fees, and "remain overnight" fees)
 - For terminal rents, the credit consists of Facility Fees from Air Transportation Companies not operating under a Space/Use or similar agreement, unamortized tenant finish payments regarding Continental Hanger, Airline Equipment Charges, CUTE/CUSS/CUPPS Fees, and FIS Fees

Airline space rental rates in Terminals A and B are expected to be established under a commercial compensatory ratemaking methodology where rental rates will be calculated to recover the average cost of each square foot of Rentable Space in the Terminal Building cost center. (Rentable Space is the total amount of space, in square feet, available for rent in the Terminal Building, including to airlines, concessions, and other rent-paying tenants.) The Terminal Building Requirement is expected to be computed by summing the same costs identified above for the Airfield Requirement (excluding the Reliever Airports), but allocable to the Terminal Building. From this amount, the rentals from unenclosed airline space and operating grants from the federal government are deducted to yield a Net Terminal Building Requirement. An average rental rate will be calculated by dividing the Net Terminal Building Requirement by the total Rentable Space.

Capital Project/R&R Expenditure Review. Majority-in-Interest (MII) approval only applies to capital projects or renewal and replacement expenditures not previously approved by the airlines and undertaken in either the Airfield or Terminal cost centers with gross project costs expected to exceed \$5 million.

Basis of Use. Under the Lease and Use Agreements and Space/Use Agreements, the Authority leases space and equipment to the airlines on an exclusive, preferential, or common use basis as follows:

1. Exclusive use space -- offices, operations, baggage storage/service, VIP lounge
2. Preferential use space -- ticket counters, ticket kiosks, holdrooms (including gate check-in podiums), baggage make-up, bag drop, baggage claim, curbside check-in, loading bridges, aircraft parking positions at assigned gate(s)
3. Common use space -- tug drive

Rents for exclusive and preferential use space are assessed on the basis of the amount of space leased. Rents for Common Use Space are prorated among all airlines based on enplaned passengers.

Common use Facility Fees are assessed for airlines using Authority gates and facilities on a per turn basis. Signatory Airlines using common use facilities are required to sign Space/Use Agreements.

Revenue Sharing. The new Lease and Use Agreements are considered to be “hybrid” agreements because they provide for the sharing of net revenues after the payment of debt service and other fund deposit requirements with the Signatory Airlines. In each Fiscal Year the net remaining revenues after satisfying all requirements of the Bond Resolution, including the Rate Covenant requirement, are divided between the Signatory Airlines and the Authority as follows:

- FY 2009 and FY 2010--30% to Signatory Airlines; 70% to the Authority

- FY 2011 through FY 2013--25% to Signatory Airlines; 75% to the Authority

The Signatory Airline share is distributed among Signatory Airlines based on each airline’s share of enplaned passengers for the Fiscal Year.

Extraordinary Coverage Protection. In return for Revenue Sharing, the Signatory Airlines agreed to pay Extraordinary Coverage Protection payments in rentals, fees, and charges in any Fiscal Year in which the amount of Revenues less O&M Expenses and all required fund deposits is projected to be less than 125% of the annual Debt Service requirement.

Term. The Airline Agreements are scheduled to expire on September 30, 2013. In developing the financial forecasts, the Authority assumed that the existing rate-making procedures would remain in effect through the forecast period (FY2014).

AIRSIDE 1 & 3 PROJECT

The Authority has expanded the landside terminal and airside buildings in phases for nearly 30 years. The initial construction, which was completed in 1981, consisted of the western portion of the landside building and Airsides 1 and 3, which were connected to the landside terminal at level 3 by an Automated People Mover system (the APM). In 1990, the Authority expanded the landside building to the east, added terminal top parking, and added Airside 4. In August 2000, the Authority completed Airside 2. The terminal hotel opened in 1992.

Based on the ages of Airsides 1 and 3, the Authority undertook studies to identify improvements to building infrastructure that would update and improve the level of finish in Airsides 1 and 3 and that would provide a service life comparable to a new building. The renovations include rehabilitating the transfer level of the three wings of each airside, the hub area, and people mover station.

The “Airside 1 & 3 Project” provides for the rehabilitation of Airsides 1 and 3 generally as described above, and includes providing additional electrical power and air-conditioning capacity; rehabilitation of all holdrooms; expansion of hub areas to accommodate additional concession, public seating, and circulation areas; APM station rehabilitation; and mechanical, electrical, security, loading bridges, and communication systems rehabilitation. The demolition and construction was accomplished in phases to permit continual operations.

The Airside 1 rehabilitation covers approximately 216,000 square feet. This project element will (1) upgrade mechanical, electrical, and systems infrastructure; (2) expand the hub in three of the four quadrants, removing inverted skylights, and replacing with the dome skylights; (3) upgrade the hub to provide new carpet, public seating, a restaurant in one of the expanded hub quadrants, and shell space for a new food court and news and gift shop in the other quadrants; and (4) upgrade the wings to include new carpet in all the holdrooms, limestone tile in the concourse, new finishes on all the wall surfaces, and new roof skylight in the wings.

The Airside 3 rehabilitation covers approximately of 264,000 square feet. This project element includes environmental remediation, structural, roofing, glazing, skylights, interior finishes, painting, carpentry, carpet installation, floor/wall tile installation, cabinetry, electrical, plumbing, mechanical, civil, systems, and other work normally associated with terminal renovations. The Airside 1 & 3 Project also includes work at the landside building in the related mechanical and electrical systems to support the project.

The Airside 1 & 3 Project was approved by the airlines under current Lease and Use Agreement and the prior airline agreement. Airside 3 improvements are 100% complete, with substantial completion occurring on March 19, 2009 and final completion on July 19, 2009. Airside 1 improvements are 99% complete, with substantial completion occurring on October 30, 2009 and final completion scheduled for January 30, 2010. No additional funding is anticipated for this project once the 2009C Bonds are issued.

Exhibit A shows the expected costs of the Airside 1 & 3 Project and associated sources of funding as provided by the Authority. The cost estimates include all soft costs and allowances for contingencies.

AIRPORT CAPITAL IMPROVEMENT PROGRAM

FY 2009-2013 Capital Improvement Program

In FY 2008, the Authority presented a \$977 million capital improvement program for FY 2009 through FY 2013 (the Capital Improvement Program or CIP) to the airlines serving the Airport. By mutual consent, the \$977 CIP was incorporated into the airline Lease and Use Agreement that became effective October 1, 2008. However, as a result of the downturn in the economy and airline announcements regarding capacity cuts, the Authority has reviewed the CIP and deferred capacity projects

until after FY 2013. These deferrals, as well as actual bid amounts for certain projects, have resulted in a reduction of that portion of the estimated cost of the CIP that is expected to be funded through FY 2013 to \$675 million. Therefore, all of the projects in the CIP that require airline approval have been approved by the Signatory Airlines under the Lease and Use Agreement. The Airside 3 Project, which is included in the Airside 1 & 3 Project, but not in the CIP, was approved by the Signatory Airlines under the prior airline agreement.

The projects in the CIP, their estimated costs, and the funding plan are summarized in Table 26. Cost estimates were provided by the Authority and its consultants and include allowances for design, construction management, contingencies, and escalation. The CIP represents to the Authority's best knowledge and belief at this time, all of the significant capital improvements expected to be undertaken through FY 2013. The Authority reassesses its capital needs at least annually and will modify the CIP as necessary to accommodate traffic activity, security needs, and other factors, which could result in increases or decreases to the CIP, or extend the timing to complete certain projects consistent with the Lease and Use Agreement.

Estimated future debt service and operating expenses associated with the CIP projects are incorporated in the financial forecasts.

Table 26
SUMMARY OF FY 2009-2013 CAPITAL IMPROVEMENT PROGRAM
Greater Orlando Aviation Authority
(in thousands)

	Original Estimated Costs	Current Estimates	AIP Grants	TSA/ ARRA Grants	State Grants	Future GOAA Funds	Other Funds /1	PFC Pay-as-You- Go Funds	2009C PFC Bonds	2010 PFC Bonds	2013 PFC Bonds	2010 Revenue Bonds	2013 Revenue Bonds	Total
Terminal														
Airside 1 Rehabilitation/2	\$ 122,101	\$ 110,000	\$ -	\$ -	\$ 4,500	\$ -	\$ 35,705	\$ -	\$ 69,795	\$ -	\$ -	\$ -	\$ -	\$ 110,000
EDS Improvements	114,839	106,000	-	37,800	4,100	-	59,100	5,000	-	-	-	-	-	106,000
Remote Bag Screening Facility Improv	-	20,000	-	-	-	-	1,975	18,025	-	-	-	-	-	20,000
Ticket Lobby Improvements/CUSS/CUPPS	123,000	11,000	-	-	-	-	-	6,000	-	-	-	5,000	-	11,000
Bag System Improvements	90,400	60,000	-	-	3,100	-	-	-	-	53,900	-	3,000	-	60,000
Vertical Circulation & Central Plant Improvs	28,250	13,000	-	-	-	-	-	-	-	-	-	13,000	-	13,000
Emergency Electrical System Improvs	13,000	10,000	-	-	-	-	2,000	8,000	-	-	-	-	-	10,000
Information Technology Improvements	11,865	9,523	-	-	-	9,523	-	-	-	-	-	-	-	9,523
Landside Terminal Infrastructure Improvement	11,131	10,000	-	-	-	-	-	10,000	-	-	-	-	-	10,000
Expand Duct Bank at Airsides 1 & 3	7,910	-	-	-	-	-	-	-	-	-	-	-	-	-
Automated People Mover Improvements	5,567	2,350	-	-	-	-	-	2,350	-	-	-	-	-	2,350
Access Control Improvements	6,100	2,100	1,575	-	263	-	-	262	-	-	-	-	-	2,100
Total Terminal	\$ 534,163	\$ 353,973	\$ 1,575	\$ 37,800	\$ 11,963	\$ 9,523	\$ 98,780	\$ 49,637	\$ 69,795	\$ 53,900	\$ -	\$ 21,000	\$ -	\$ 353,973
Airfield														
Airfield Pavement Rehabilitation	\$ 64,251	\$ 49,530	\$ 37,148	\$ -	\$ 6,191	\$ -	\$ -	\$ 6,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,530
Taxiway C Rehabilitation	32,488	25,106	12,841	5,134	2,137	-	1,864	3,130	-	-	-	-	-	25,106
Airfield Capacity	29,530	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxiways Y&Z Rehabilitation	11,046	9,700	-	8,730	970	-	-	-	-	-	-	-	-	9,700
Taxiways E&J	10,079	18,800	1,739	-	621	-	-	-	-	-	16,440	-	-	18,800
Taxiway A Widening	8,866	8,900	6,650	-	-	-	-	2,250	-	-	-	-	-	8,900
Fuel Farm	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Airside 1 Apron Rehabilitation	3,273	3,273	-	-	-	-	-	-	-	-	3,273	-	-	3,273
Airside 3 Apron Rehabilitation	3,273	3,273	-	-	-	-	-	-	-	-	3,273	-	-	3,273
Cargo Apron Rehabilitation	1,893	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Airfield	\$ 169,699	\$ 118,582	\$ 58,378	\$ 13,864	\$ 9,919	\$ -	\$ 1,864	\$ 11,571	\$ -	\$ -	\$ 22,986	\$ -	\$ -	\$ 118,582
Ground Transportation														
Rental Car Improvements /3	\$ 102,600	\$ 99,756	\$ -	\$ -	\$ -	\$ -	\$ 99,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,756
Road, Curb, Cell Lot Improvements	42,180	42,180	-	-	375	-	-	-	-	-	27,906	-	13,899	42,180
Parking	23,370	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Parking Lot Expansion	11,400	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility/Infrastructure Improvements	11,400	5,700	-	-	-	5,700	-	-	-	-	-	-	-	5,700
South Tradeport Drive Resurfacing	2,280	2,280	-	-	-	-	-	2,280	-	-	-	-	-	2,280
Total Ground Transportation	\$ 193,230	\$ 149,916	\$ -	\$ -	\$ 375	\$ 5,700	\$ 99,756	\$ 2,280	\$ -	\$ -	\$ 27,906	\$ -	\$ 13,899	\$ 149,916
Other														
Environmental Mitigation	\$ 22,600	\$ 22,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 17,600	\$ 22,600
Tradeport Drainage Improvements	20,000	10,000	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Hotel Lobby and Public Area Improvements	16,800	11,000	-	-	-	-	-	-	-	-	-	-	11,000	11,000
Purchase Army Property	9,154	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Planning	6,739	6,739	5,055	-	842	-	-	842	-	-	-	-	-	6,739
Post Office Demolition	2,536	-	-	-	-	-	-	-	-	-	-	-	-	-
Noise Program Continuation	2,000	2,000	1,600	-	200	-	-	200	-	-	-	-	-	2,000
Total Other	\$ 79,829	\$ 52,339	\$ 6,655	\$ -	\$ 1,042	\$ -	\$ -	\$ 1,042	\$ -	\$ -	\$ -	\$ 5,000	\$ 38,600	\$ 52,339
Total	\$ 976,921	\$ 674,810	\$ 66,608	\$ 51,664	\$ 23,299	\$ 15,223	\$ 200,400	\$ 64,530	\$ 69,795	\$ 53,900	\$ 50,892	\$ 26,000	\$ 52,499	\$ 674,810

Notes: 1. Includes insurance proceeds, prior bond proceeds, and existing GOAA funds for the Airside 1 & 3 Project; prior bond proceeds and existing GOAA funds for EDS improvements; and existing GOAA funds for emergency electrical system improvements.
2. Does not include the portion of the Airside 1 & 3 Project that was already funded at the time the airline Lease and Use Agreements were negotiated. The total cost of the Airside 1 & 3 Project is \$272 million of which \$85 million will be funded with the 2009C Bonds.
3. Includes the "2009 Project" (totaling \$60.3 million) that was financed in part with the proceeds from the 2009 Special Purpose Facilities Taxable Revenue Bonds plus \$39.5 million in Future Projects to be funded from CFC revenues on a pay-as-you-go basis.

Source: Greater Orlando Aviation Authority as of December 1, 2009.

Key components of the Authority's FY 2009- 2013 CIP include:

Terminal

Airside 1 Rehabilitation. This program includes various improvements to building infrastructure and to bring the level of finish in Airside 1 to the same level as in Airsides 2 and 4, including rehabilitating the transfer level of the three airside wings, the hub area and people mover station. The hub area will include an expansion to accommodate additional concession, public seating, and circulation areas. This is a component of the Airside 1 & 3 Project, which also includes the rehabilitation and renovation of Airside 3. Both were substantially complete by October 30, 2009.

EDS (Security) Improvements. The Explosion Detection System ("EDS") program includes the third and final phase of the in-line EDS program in the North Terminal. The EDS central system will serve the central ticketing areas of Terminals A and B and the southeast area of the terminal located on Terminal B and is expected to be operational in FY 2010.

Remote Bag Screening Facility Improvements. The existing Remote Baggage Screening Facility at the Orlando International Airport consists of six L3 Explosive Detection System (EDS) machines in a manual feed configuration. The proposed project is to increase the screening capacity of this facility by upgrading to an automated, in-line screening configuration to meet demand. Associated improvements to facilitate the configuration of these machines include utilities, site work, security fencing and building modifications as needed. This project is expected to be complete by December 2010.

Ticket Lobby Improvements/CUSS/CUPPS (North Terminal Capacity Program). This program includes a new common use passenger processing system, computer system replacement, and allowance for airline relocations to balance terminal capacity.

Bag System Improvements (North Terminal Capacity Program). This program includes improvements to the existing landside terminal baggage claim and make-up systems, including replace bag claim devices, replace slope plate carousels, replace sort piers, electrical system upgrades, replace bag pushers, install dynamic merging, and baggage reporting/tracking system project. This project is expected to be complete by September 2011.

Vertical Circulation and Central Plant Improvements. This program includes replacement of eight escalators in the landside terminal as well as adding one escalator. This program will also make central plant improvements for the north terminal complex.

Emergency Electrical System Improvements. This program will segregate discretionary electrical loads from critical or life safety requirements throughout the north terminal complex. This program excludes additional emergency power for the terminal chillers and baggage systems.

Information Technology Improvements. This program includes a variety of IT projects such as the replacement of the voice communications switches and local area network switches. Projects will also include additional funding to complete the computerized maintenance management system project and the airport systems integration project.

Landside Terminal Infrastructure Improvements. This project is to renovate landside terminal restrooms. This project is expected to be complete by December 2010.

Other Terminal Improvements. This program includes APM System renovations (estimated to be complete by October 2010), and access control improvements.

Airfield

Airfield Pavement Rehabilitation. This program includes rehabilitation to airfield pavement areas including: Runways, Taxiways and Associated Intersections, and Aprons & Holding Pads. It includes improvements to shoulders and fillets for various taxiways.

Taxiway Rehabilitation Projects. This program includes rehabilitation associated with various Taxiways.

High-Speed Taxiways E & J. This program includes pavement strengthening and fillet improvements for various Taxiways.

Other Airfield Improvements. This program includes taxiway widening and rehabilitation associated with the Airside 1 and 3 apron.

Ground Transportation

North Terminal Capacity Program – Rental Car Improvements. This program includes the expansion and reconfiguration of the Terminal A Quick Turnaround Area ("QTA"), construction of a new Terminal B QTA and associated relocation of the bus and taxi hold facilities, addition of ready return spaces at Terminal A, and associated terminal roadway and signage improvements.

North Terminal Capacity Program – Roadway, Curb, and Cell Lot Improvements. This program includes an extended return to terminal road and associated cell phone lot for Terminal A, improvements to both Terminal A and B commercial curb areas to improve pedestrian and vehicular movements, and minor modifications for use of the fourth curb.

Other Ground Transportation Improvements. This program includes utility/infrastructure improvements and South Tradeport Drive resurfacing.

Other

These programs include environmental mitigation, drainage improvements, Hyatt lobby and public area improvements, long term planning and Noise Program continuation.

Estimated Sources of Funding for the FY 2009-2013 CIP

The Authority expects to pay for certain FY 2009-2013 CIP projects with FAA Airport Improvement Program (AIP) grants-in-aid, State of Florida grants-in-aid, Transportation Security Administration (TSA) and American Recovery and Reinvestment Act of 2009 (ARRA) grants, PFC pay-as-you-go revenues, Authority funds (including previously issued bonds, FEMA grants, insurance proceeds), rental car customer facility charges (CFCs), the 2009C Bonds, and future Bonds and Subordinated Indebtedness as described below.

AIP Grants. The Authority expects to use a combination of entitlement and discretionary AIP grants to fund \$66.6 million in project costs for various airfield improvements, terminal access control improvements, and planning and noise studies, which are subject to annual appropriation and to authorization under continuing resolutions or a new AIP program if and when approved by Congress. It was assumed that entitlement grants of approximately \$5 million per year would become available beginning in FY 2011.

TSA and ARRA Grants. The Authority was awarded a TSA grant of \$37.8 million for the EDS Improvements and AIP ARRA grants of \$8.7 million for Taxiway Y&Z Rehabilitation and \$5.1 million for Taxiway C Rehabilitation projects.

State of Florida Grants. The State of Florida has actively participated in the development of Airport capacity in Orlando and other regions of the State through Florida Department of Transportation (FDOT) matching grants equal to 12.5% of the cost of projects funded with AIP grants and 50% of non-AIP funded projects. State grants for the FY 2009-2013 CIP are expected to total \$23.3 million and are subject to annual appropriation.

PFC Revenues. The Authority estimates that approximately \$241 million of PFC funding (\$66.4 million of pay-as-you-go funding and approximately \$174.6 million of PFC-supported Bond proceeds) will be used to fund various terminal, airfield, ground transportation, and other projects in the FY 2009-2013 CIP. Of this amount, all but approximately \$56.5 million has been approved by the FAA. The Authority intends to submit PFC applications for these projects in the future.

Other Funds. Other funds, in the amount of \$198.5 million consist of amounts from the Improvement and Development Fund, Renewal and Replacement Fund, Capital Expenditure Fund, Discretionary Fund, and other available funds of the Authority as well as grants by FEMA and insurance proceeds and bond proceeds from previously issued Bonds.

Future GOAA Funds. Future GOAA funds, in the amount of \$15.2 million, will be funded from the Discretionary Fund.

Bonds. The 2009C Bonds will pay \$85 million in project costs (all of which will constitute a PFC Project, giving rise to Available PFC Revenues). In addition, Future Bonds are expected to fund an additional \$183.3 million in project costs as discussed in more detail later under the “Plan of Finance” section, including \$104.8 million of project costs that constitute a PFC Project.

Other Future Projects

In addition to the FY 2009-2013 CIP, the Authority is also contemplating other longer-term projects (generally to be undertaken and/or completed after the forecast period through Fiscal Year 2014) as demand warrants and to comply with new or changing requirements regarding security, mitigation of wildlife attractants, and future terminal capacity. Because the timing of these projects is expected to be beyond the projection period for this financing, and because the scope, timing, cost, and approval of these future projects are uncertain, the financial impacts from developing and implementing them are not reflected in the financial forecasts. Such future projects include: future South Terminal Program, future Airside and Hotel renovations, future taxiways, connectors, and existing airfield improvements and future roadway improvements. The Authority plans to continually evaluate construction on such future projects based on demand, cost and funding, as well as other factors.

Among the sources of funds that the Authority may consider for the future projects is the future issuance of Airport Facilities Revenue Bonds. A number of factors, including the demand for the projects and the availability of other funds, will affect the timing and amount of such future bond issuance. At this time, the Authority has not determined the amount of or timeframe for any such future financings.

In addition to CIP projects reflected in Table 26, approximately \$50 million of Renewal and Replacement (R&R) project costs are estimated to be required for FY 2010 through FY 2013. Approximately \$32 million of such R&R expenditures are associated with the Terminal and Airfield cost centers. The Authority will fund the R&R expenditures with Authority funds as funding becomes available and, as described earlier, will include amortization for Terminal and Airfield expenditures in the calculation of Terminal Rentals and Landing Fees.

The Authority expects that the projects included in the FY 2009-2013 CIP in conjunction with the R&R projects, will provide Airport facilities necessary to satisfy future airline and passenger needs through the forecast period of this report (FY 2014).

PLAN OF FINANCE

2009C Bonds

Exhibit A shows the estimated costs and expected sources and uses of funds of the Airside 1 & 3 Project, including costs that were incurred in the past and are not reflected in the FY2009-2013 CIP, and associated sources of funding as provided by the Authority. The cost estimates include all soft costs and allowances for contingencies.

As noted earlier, the Airside 1 & 3 Project, which was substantially complete as of October 30, 2009, provides for the rehabilitation of Airside Terminals 1 and 3, and includes providing additional electrical power and air-conditioning capacity; rehabilitation of hold rooms of all airside wings; expansion of hub areas to accommodate additional concession, public seating, and circulation areas; APM station rehabilitation; and mechanical, electrical, security, loading bridges, and communication systems rehabilitation.

As show on Exhibit A, the Airside 1 & 3 Project is projected to cost \$272 million of which \$73.2 million has been permanently funded with pay-as-you-go PFCs, \$16.5 million with AIP grants, \$14.1 million with State grants, \$83.5 million with GOAA funds, and the remaining \$85 million will be funded with the 2009C Bonds. The Authority issued \$39.7 million in commercial paper and used \$20.1 million in PFC Fund moneys to provide interim financing for the Airside 1 & 3 Project in advance of the issuance of the 2009C Bonds.

The net proceeds of the 2009C Bonds, and certain investment earnings thereon, will be used to (1) pay a portion of the costs of the Airside 1 & 3 Project, (2) fund a deposit to the Composite Reserve Subaccount, (3) repay the \$39.7 million in commercial paper used to provide interim financing for the Airside 1 & 3 Project in advance of the issuance of the 2009C Bonds, (4) reimburse the PFC Fund for prior pay-as-you-go expenditures for the Airside 1 & 3 Project, and (5) pay certain costs of issuance of the 2009C Bonds.

Proposed Future Bonds

In addition to the 2009C Bonds, the Authority expects to issue Additional Bonds which are assumed to be issued in April 2010 and October 2012 to fund project costs totaling \$183.3 million of which \$104.8 million is assumed be allocated to the financing of PFC eligible project costs to complete the financing of the CIP (the Future Bonds).

DEBT SERVICE REQUIREMENTS

Exhibit C shows historical, estimated, and forecast Debt Service on the Authority's Outstanding Bonds, the 2009C Bonds, Outstanding Subordinated Indebtedness, and Future Bonds to finance the FY 2009-2013 CIP. Estimated annual Debt Service for the proposed 2009C Bonds were provided by Morgan Keegan & Company, the Authority's financial advisor, assuming an all inclusive cost of 5.66% and 30-year term with no capitalized interest.

In addition to the 2009C Bonds, the Authority expects to issue Future Bonds. The specific form, amount, and timing of debt to complete the financing of the FY 2009-2013 CIP have not been determined at this time. Although the Authority is considering various financing options, it was assumed for financial modeling purposes, that (1) all bonds would be fixed rate, (2) all bonds will be amortized over a period of 30 years, and (3) project costs funded, interest rates, capitalized interest periods, and timing of these bonds would be as shown in Table 27. Morgan Keegan & Company provided the estimated annual Debt Service for the Bonds expected to be issued in 2010.

Issuance Date	Project Costs to be Financed			Term (years)	Interest Rate
	PFC Bonds	Non-PFC Bonds	Total		
April 1, 2010/ 1	\$ 53.90	\$ 26.00	\$ 79.90	30.0	6.12%
October 1, 2012/ 2	50.89	52.50	103.39	30.0	6.50%
	\$ 104.79	\$ 78.50	\$ 183.29		

1. Assuming interest on the non-PFC Bonds is capitalized for 1.5 years.
2. Assuming interest on the non-PFC Bonds is capitalized for 1 year.
Sources: Project costs to be financed - Greater Orlando Aviation Authority; Interest rates -- Morgan Keegan & Company.

PASSENGER FACILITY CHARGES

Exhibit B presents historical, estimated, and forecast PFC collections, interest earnings, and the application of PFCs to pay debt service and pay-as-you-go project costs. It was assumed that the Authority's existing \$4.50 PFC level would remain constant (at the \$4.50 level) throughout the forecast period (through FY 2014).

Existing PFC-use approval is reflected in Exhibit B, including the authorization to use PFC revenues to (1) pay a portion of the debt service attributable to the outstanding Series 1999A&B Bonds and Series 2002A, B&C Bonds, (2) pay for approved pay-as-you-go PFC expenditures, and (3) reimburse the PFC Fund from the 2009C Bonds for prior pay-as-you-go funding of the Airside 1 & 3 Project. The 2009C Bonds when issued will be designated via a certificate by an Authorized Officer of the Authority as

issued to finance portions of the Airside 1 & 3 Project constituting a PFC project so that PFC revenues up to 1.25x debt service on the 2009C Bonds can be included in the calculation of Available PFC Revenues for purposes of the Bond Resolution.

PFC-use approval expected for future applications on both a pay-as-you-go basis and leveraged basis is also reflected in Exhibit B. There are no expected draws on the new bank line of credit for PFC approved project costs during the forecast period.

OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents historical, estimated, and forecast Operation and Maintenance Expenses (O&M Expenses) of the Airport for direct and indirect expenses and by cost center for FY 2008 through FY 2014. Historical O&M Expenses were obtained from the Authority's records and reconciled to the audited financial statements. Estimated expenses for FY 2009 are based on unaudited actual expenses through September 30, 2009, and the Authority's estimates for FY 2009. O&M Expenses for FY 2010 are based on the Authority's FY 2010 budget.

During FY 2009, the Authority reduced budgeted FY 2009 O&M Expenses as a result of lower-than-anticipated enplaned passengers, including a \$2.0 million decrease in Hotel expenses and a \$7.0 million decrease in Administration, Operations, Maintenance, and Insurance/Other expenses. On the basis of 12 months of unaudited data, the Authority estimates that FY 2009 O&M Expenses will be 9.8% lower than the FY 2008 actual O&M Expenses.

Individual components of O&M Expenses were forecast taking into account the estimated FY 2009 results; the FY 2010 budget; assumed increases in the unit costs of labor, services, utilities, and supplies as a result of price inflation; and additional costs associated with the CUTE/CUPPS/CUSS project. The unit costs of salaries, wages, fringe benefits, materials, supplies, and services were assumed to increase an average of 4.0% per year from the FY 2010 budget of O&M Expenses. The Authority intends to continue to fund its obligations under the Governmental Accounting Standards Board Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, on a pay-as-you-go basis. The Authority paid approximately \$1 million for such amounts in FY 2008 and has budgeted roughly the same amount for FY 2010.

REVENUES

Exhibit E presents historical, estimated, and forecast Revenues by type of revenue for FY 2008 through FY 2014. Historical Revenues were obtained from the Authority's records and reconciled to the audited financial statements. Revenues estimated for FY 2009 were based on the Authority's unaudited financial records through September 30, 2009 and the Authority's estimates for FY 2009.

Individual components of Revenues were forecast taking into account actual financial results for FY 2008, estimated results for FY 2009, allowances for inflation as appropriate, and the provisions of leases and agreements between the Authority

and the various tenants and users of the Airports. Revenues from sources related to passengers, such as concession revenues, are forecast to increase as a function of forecast passenger traffic as described in the "Forecast Airline Traffic" section of this report. The assumptions underlying the increases in individual components of Revenues are described in the following sections.

Table 28 presents a summary of Revenues by source for FY 2008.

	2008 Amount	Percent of Operating Revenues	Percent of Total Revenues
Airline Revenues	\$ 117,389	34.5%	32.0%
Nonairline Revenues			
Terminal Area Rents - Nonairline	\$ 3,924	1.2%	1.1%
Advertising	3,038	0.9%	0.8%
Food and Beverage	12,283	3.6%	3.4%
Merchandise and Services	22,896	6.7%	6.2%
Parking Facilities (on- and off-Airport)	56,551	16.6%	15.4%
Car Rentals	58,866	17.3%	16.1%
Commercial Lane	8,668	2.6%	2.4%
Other Buildings and Grounds	10,130	3.0%	2.8%
Hotel	38,391	11.3%	10.5%
Other	<u>7,668</u>	<u>2.3%</u>	<u>2.1%</u>
Subtotal Nonairline Revenues	<u>222,415</u>	<u>65.5%</u>	<u>60.7%</u>
Total Operating Revenues	\$ 339,804	100.0%	92.7%
Non-Operating Revenues			
Interest Earnings	13,229		3.6%
Other Non-Operating Revenues	4,864		1.3%
Available PFC Revenues	<u>8,666</u>		<u>2.4%</u>
Total Revenues	\$ 366,563		100.0%

Source: Greater Orlando Aviation Authority.

Airline Revenues

In FY 2009 under the new Lease and Use Agreements, airline revenues are estimated to represent approximately 30% of Revenues of the Airport. By Authority policy, the rates for nonsignatory airlines are equal to 115% of the Signatory Airline rates.

Landing Fees. Under the new Lease and Use Agreements, the Authority calculates landing fee rates according to a cost center residual methodology to recover all Airfield costs net of Airfield revenues generated from users other than the signatory airlines.

As shown in Exhibit E-1, the Airfield Requirement consists of allocable direct and indirect O&M Expenses (and O&M Reserve Requirement), Debt Service (net of

Available PFC Revenues), amortization. The Airfield Requirement is then credited with Non-Signatory Landing Fees, Fuel System Revenues, Other Revenues assigned to Airfield Cost Center (excluding Signatory Airline Landing Fees, Apron Use Fees, non-Signatory ramp fees, and “remain overnight” fees) to yield the Net Airfield Requirement. The Net Airfield Requirement is divided by the landed weight of the Signatory Airlines to determine the landing fee rate. Approximately \$9 million in Airfield R&R expenditures are assumed to be expended and amortized during the forecast period.

Apron Fees. Apron fees are calculated by taking 10% of the Airfield Requirement and dividing by the Lineal Feet of Terminal Aircraft Apron to yield the Apron fee per lineal foot. The Apron fee is applied to leased Signatory Airline Apron lineal feet to determine the forecast Signatory Airline Apron fees. Out of the total estimated 16,540 lineal feet of Apron at the Airport, Signatory Airlines currently lease 9,046 lineal feet, which is forecast to increase to approximately 10,130 lineal feet in FY 2014.

Terminal Rentals. Airline space rental rates are established under a commercial compensatory ratemaking methodology where rental rates are calculated to recover the average cost of each square foot of Rentable Space in the Terminal cost center. (Rentable Space is the total amount of space, in square feet, available for rent in the Terminal, including to airlines, concessions, and other rent-paying tenants.)

As shown in Exhibit E-1, the Terminal Requirement is computed by summing the same costs identified above for the Airfield Requirement, but allocable to the Terminal. From this amount, the Facility Fees from Air Transportation Companies not operating under a Space/Use or similar agreement,* unamortized tenant finish payments regarding Continental Hanger, Airline Equipment Charges, CUTE/CUSS/CUPPS Fees, and FIS Fees are deducted to yield a Net Terminal Requirement. An average rental rate is calculated by dividing the Net Terminal Requirement by the total Rentable Space. Certain Signatory Airlines have questioned the Authority’s exclusion of a credit for common use fees paid by signatory and nonsignatory airlines in the Net Terminal Requirement calculation. The Authority believes it is implementing the Lease and Use Agreement properly. If the Authority did agree to fully credit such fees, it would reduce Revenues by approximately \$3 million per year. Approximately \$23 million in Terminal R&R expenditures are assumed to be expended and amortized during the forecast period.

Table 29 shows the number of aircraft gates leased by the Signatory Airlines at the Airport as of December 1, 2009.

* In accordance with the Lease and Use Agreements, the Signatory Airlines using common use facilities have been asked to sign Space/Use Agreements to continue to use these facilities and nonsignatory airline have signed Operating Agreements for the use of these facilities. Therefore, common use fees are not considered Facility Fees and are not credited against the Terminal Requirement.

Table 29
NUMBER OF AIRCRAFT AIRLINE GATES
(as of December 1, 2009)

Air Canada	1
AirTran Airways	8
American Airlines	4
British Airways	1
Continental Airlines	4
Copa/1	1
Delta Air Lines	8
jetBlue Airways	6
Southwest Airlines	12
Spirit Airlines	2
United Airlines	4
US Airways	4
Virgin Atlantic	1
Westjet	1
Authority Gates	39
Total	96

1. Copa became a signatory airline on November 1, 2009.
Source: Greater Orlando Aviation Authority.

It was assumed that the number of gates rented by the Signatory Airlines would increase from 56 in FY 2009 to 61 in FY 2011 and then by one gate per year thereafter. Common use Facility Fees are forecast to increase in proportion to the increase in the terminal rental rate.

Airline Equipment Charges. As shown on Exhibit E-3, the Airline Equipment requirement consists of debt service, amortization, and O&M Expenses allocable to Airline Equipment (including loading bridges, ground power, pre-conditioned air, and related equipment used to transport passengers between the terminal and an aircraft). The Airline Equipment requirement is divided by the total number of Airport gates at which the Airline Equipment is used to yield a per gate charge.

CUTE/CUSS/CUPPS Fees. As shown on Exhibit E-3, the CUTE/CUSS/CUPPS requirement consists of debt service, amortization, and O&M Expenses allocable to CUTE/CUSS/CUPPS use. The CUTE/CUSS/CUPPS requirement is divided by the total number of CUTE/CUSS/CUPPS positions to yield a per position fee.

Airline Cost per Enplaned Passenger. Exhibit E-4 presents historical and forecast airline payments per enplaned passenger from FY 2009 through FY 2014 after taking into consideration Revenue Sharing payments. As shown, the cost per enplaned passenger for the Signatory Airlines is forecast to increase from an estimated \$4.68 in

FY 2009 to a high of \$5.66 in FY 2013, excluding common use facility charges and FIS fees.

Non-Airline Revenues

The principal sources of nonairline revenues include rental car revenues, automobile parking revenues, terminal concession revenues, hotel revenues, nonairline terminal space rents, cargo, fuel system revenues, land and building rentals, interest income, Available PFC Revenues, and miscellaneous other revenues. Forecasts of nonairline revenues are based on the provisions of existing agreements and allowances for inflation, forecast increases in enplaned passengers, and other factors.

Rental Cars. Rental car revenues are the second largest source of Revenues after airline rates and charges, accounting for \$58.9 million in FY 2008, equal to approximately 16% of total Revenues (excluding CFCs, which are not part of Revenues and which started being collected on October 1, 2008). MCO is the largest rental car market in the U.S. in terms of revenues.

EAN group, including Enterprise, Alamo, and National, is the largest rental car company operating at the Airport, accounting for about one-third of total gross revenues generated. Avis/Budget is the second largest group, accounting for about one-fourth of total gross revenues.

The eight on-Airport rental car companies operate under the terms of leases that provide that the companies pay the greater of the minimum annual guarantee or a concession fee of 9.8% of gross revenues plus space rentals (counter, office & garage spaces) and ground rentals (vehicle processing & maintenance) rent for their facilities in the terminal and garage. These agreements are scheduled to expire on April 1, 2010. Off-Airport rental car companies pay 8.7% of gross revenues to the Authority.

In August 2008, the Authority approved four rental car concession agreements (Automobile Rental Concession Agreement) with (1) Avis Budget Car Rental, LLC (Avis and Budget brands), (2) DTG Operations, Inc. (Dollar and Thrifty brands), (3) EAN-Orlando, LLC (Enterprise, Alamo and National brands), and (4) The Hertz Corporation (Hertz and Simply Wheelz brands) to streamline processing for rental car customers. The rental car agreements will cause some of the current onsite brands (Avis, Budget, Dollar, Alamo and National) to team with some of the current offsite brands (Thrifty, Enterprise, Hertz and Simply Wheelz) to maintain vehicles and operations on Airport property. The Authority estimates that once the rental car improvements are made and the new facilities are occupied, the on-Airport rental car operators will serve approximately 95% of rental car customers and will have facilities to accommodate the higher demand in the future. The new agreements have a five-year term with two one-year options at the Authority's sole discretion.

Under the new agreements, the rental cars will pay (1) 10% of gross receipts (which will apply to both on and off Airport companies, however onsite operators must pay the greater of 10% of gross receipts or a minimum annual guarantee that totals \$51.4 million for the first year of the contract), (2) ready/return space rent on a per space

basis, (3) QTA rent, and (4) rent for terminal counters, office, and queuing space leased at airline Class II rental rates. QTA facility rent will include ground rent at 10% of the FMV of the land. In addition, rental car companies will pay for all operating, utility, maintenance, and service management expenses and following the full recovery of the cost of the rental car project (project costs and debt service), QTA rent converts to the fair market rent for land and improvements. These rental car revenues are Revenues as defined in the Bond Resolution, but CFC Revenues are not Revenues under the Bond Resolution until such time as the CFC Bonds are no longer outstanding.

Rental car concession revenues are forecast to increase in proportion to forecast increases in O&D passengers and with inflation.

Automobile Parking Revenues. Public automobile parking is the third single source of revenue at the Airport, accounting for \$56.6 million in FY 2008, equal to approximately 15.4% of Revenues.

Parking facilities located on the Airport provide 20,929 public automobile parking spaces (see Table 30). The on-Airport parking options include garage parking located above or adjacent and connected to the landside terminal, and satellite parking located at remote lots less than one mile from the Airport.

Table 30
PUBLIC PARKING FACILITIES – LOCATION AND CAPACITY
 Orlando International Airport
 (as of October 2009)

Facility	Location	Current Capacity
Garage		
Terminal A	Adjacent to T-A (North)	3,788
Terminal B	Adjacent to T-B (South)	3,662
Terminal Top	Above L/S (Levels 4-10)	<u>1,649</u>
Garage Total		9,099
Satellite		
Blue Lot (north)	North of L/S	3,480
Gold Lot (west)	Northwest of L/S	3,100
Red Lot (south)	South of L/S	4750
Green Lot/1	Old Terminal site	<u>500</u>
Satellite Total		11,830
Public Parking Total		20,929

1. Only open if other lots are full.

Source: Greater Orlando Aviation Authority

The public automobile parking facilities at the Airport are operated for the Authority under a management agreement with AMPCO System Parking. Under the agreement, the Authority receives all revenues and pays all costs of operation and maintenance of the facilities plus a management fee. The budget for operating expenses is subject to review by the Authority, which can adjust staffing levels and related costs in response to parking demand and level of service standards. The AMPCO agreement was effective February 1, 2007, and extends three years with two one-year options to renew. The Authority intends to renew the agreement on February 1, 2010, and expects to reduce expenses by approximately \$700,000 for that year to reflect reductions in the number of “manned” exits as well as the time period that the Red lot will be open.

In addition to the public parking spaces, parking revenues are generated from private parking, Hyatt parking, and employee parking (which includes garage parking for executive, supervisory and administrative employees of the Authority’s business partners and its tenants for a fixed fee).

Approximately 12 off-Airport private parking facilities serve Airport passengers and provide approximately 10,000 additional automobile parking spaces. The Authority believes it has adequate capacity and that off-airport competition will not adversely affect parking revenues.

It is expected that parking revenues will be adversely affected in the short-term the decline in passenger demand, particularly business demand. Future parking revenues were forecast largely as a function of enplaned passengers with no rate increases

factored into the forecast. Between FY 2008 and FY 2009, revenues are estimated to decline 13% from \$56.6 million to \$49.1 million, but then increase beginning in FY 2011 reflecting the forecast increase in O&D passengers.

Terminal Concessions. The primary sources of terminal concession revenues are food and beverage concessions, merchandise concessions, and other terminal concessions. The Authority operates one of the most successful terminal concession programs in the nation as illustrated by Figure 22, which shows terminal concession rent per enplaned passenger for the large hub U.S. airports in 2007 as reported by Airport Revenue News. Concessions occupy approximately 235,000 square feet of a total of approximately 3.5 million square feet of terminal space at the Airport.



The Authority has a written policy statement regarding the awarding of concession and consumer service privileges in the terminal. Table 31 presents a summary of the contractual terms of existing terminal commercial agreements. Terminal concession revenues were forecast on the basis of historical trends, allowances for inflation, minimum annual guarantees, changes in contractual agreements, and changes in passenger traffic levels.

Table 31
SUMMARY OF EXISTING TERMINAL COMMERCIAL AGREEMENTS
Orlando International Airport
(as of October 2009)

Type of Concession Concessionaire(s)	Terminal Location	Minimum Annual Guarantee ¹	Expiration Date
Food & Beverage			
Areas Hojeij	AS 3	\$2,200,000	8/31/2024
SSP America	AS 2	\$509,436	9/30/2015
Flamingo 2000	AS 2	\$1,123,689	9/19/2015
HMSHost	L/S, AS 1, AS 4	\$5,767,778	9/30/2019
McDonald's	L/S	\$634,771	9/30/2013
OTG	A/S 1 & 3	\$1,000,000	4/30/2015
Perez of Florida	A/S 1 & 3	\$422,669	3/31/2017
Perez of Florida	L/S Level 2	\$52,195	8/31/2013
TAJ Concessions	A/S 2	\$454,640	3/19/2010
Snacks On The Fly	A/S 4	\$259,471	1/31/2010
Starbucks (HMSHost)	A/S 2	\$803,000	1/31/2016
Retail News/Sundries/Gifts/Duty Free			
Hudson News	LS	\$825,000	4/30/2010
Hudson News	AS 3	\$1,050,000	1/31/2019
Keys News	L/S	\$325,000	6/30/2010
Newburns Westwin	AS 2	\$783,847	5/31/2010
Keys News	A/S 1	\$610,680	1/31/2017
Stellar Partners	A/S 4	\$861,404	7/31/2010
Alpha Keys.(Duty Free)	AS 1, AS 4	\$3,103,791	7/31/2010
Master Developer (Westfield).	L/S	\$1,011,839	9/30/2012
Specialty Retail			
Air Sun dba Sunglass Hut	AS 2	\$180,000	6/30/2013
The Grove	AS 2, AS 4	\$240,000	1/1/2014
Hudson Bookstore	L/S	\$305,000	4/30/2016
Hudson Keys	AS 1	\$375,000	7/6/2016
Hudson Orlando JV	AS 3	\$413,100	6/14/2016
Project Horizon dba In Motion	AS2,AS3,AS4	\$187,170	9/30/2014
Mindworks	AS 4	\$135,000	10/31/2010
Sunglass International	L/S	\$81,924	5/31/2014
Themed retail			
Disney / LBVC	L/S East	\$1,423,052	9/30/2012
Disney / LBVC	L/S West	\$1,200,000	9/30/2012
Sea World	L/S East	\$275,000	12/31/2012
Sea World	L/S West	\$275,000	1/31/2013
Universal City Partners	L/S East	\$228,445	3/31/2013
Universal City Partners	L/S West	\$292,700	9/30/2013
Delaware North Kennedy Space Center	LS East	\$119,291	9/30/2010
Delaware North Kennedy Space Center	LS West	\$167,745	9/30/2010
Services			
D-Parture Spa	L/S	\$29,391	5/31/2010
Kellee Communications (payphones)	All	\$201,000	7/31/2010
Smarte Carte	All	\$601,000	3/31/2012
Travelex Currency Exchange	L/S, AS 4	\$215,000	11/30/2012
XpresSpa	AS 2	\$75,000	9/30/2013
Display advertising JC Decaux	All	\$2,722,319	9/30/2015

1. Represents minimum annual guarantee for each individual concession agreement's annual agreement period.
Source Greater Orlando Aviation Authority.

Food and Beverage. HMSHost has the exclusive right to operate all food and beverage facilities in the Landside Terminal and in Airside Buildings 1 and 4, subject to an agreement expiring on September 30, 2019. The agreement provides for the greater of a minimum annual guarantee or concession fees based on a percentage of gross sales. HMSHost operates a mix of branded-food outlets, including Starbucks.

The Authority has also entered into various other food and beverage concession agreements for operations in Airside Buildings 2 and 3. These agreements provide for a concession fee equal to the greater of a percentage of gross receipts or a minimum annual guarantee.

The food court in the Landside Terminal opened in 2003 and houses a wide variety of food and beverage concessionaires, including Carvel, Chick-fil-A, Krispy Kreme, McDonalds, Nathan's, Quiznos, Sbarro, and Zyng's Asian Grill. Adjacent to the food court are sit-down restaurants and lounges, including Macaroni Grill, Chili's Too, and Fox Spots Sky Box. As noted earlier, the Airside 1 & 3 Project has increased concession space in the hubs in Airsides 1 and 3.

Merchandise and Specialty. Themed retail concessions are a major component of the Authority's retail program. Lake Buena Vista Communities (LBVC) operates two Disney retail stores, both expiring in September 2012. There are also Universal Studios Florida and Sea World themed retail shops in the Landside Terminal. Westfield operates as a third-party master developer for the Authority and has since entered into agreements with various branded outlets. Authority has executed agreements with the Hudson Group and Key News for news, sundry, and gift services at the Airport.

Other Terminal Concessions. The Authority entered into an agreement with Alpha-Keys Orlando Retail Associates Ltd. (Alpha-Keys), to sell duty free merchandise. Other revenues consist of concession fees paid for advertising, currency exchange, luggage carts, and other concessions and services. Each concessionaire has an agreement with the Authority that establishes the rents and fees, which usually amount to the greater of a minimum annual guarantee or a percentage of gross sales.

The revenues from terminal concessions are forecast on the basis of recent trends in revenues per enplaned passenger, forecast increases in passengers, allowances for inflation, and the terms of the various agreements.

Ground Transportation. Ground transportation revenues consist of privilege fees paid by taxis and privilege fees and dwell fees paid by commercial lane vehicles including hotel shuttles, rental car shuttles, off-airport parking shuttles, cruise line shuttles, and various other types of ground transportation companies. These revenues are forecast to increase with passengers.

Hotel. The hotel is an integral part of the landside terminal and is directly accessible

from Level 3, the departure level. The Hotel, which is operated under the Hyatt name, provides 446 guest rooms; hotel restaurants, The Hemisphere and McCoy's Bar and Grill; 42,000 square feet of meeting space; four ballrooms totaling 24,650 square feet; and a 160-seat amphitheater with state-of-the-art sound and audio visual capabilities; and outdoor pool and European spa with sundeck and exercise room.

The Hotel is operated under a 20-year management agreement with the Hyatt Corporation that expires in 2011, with a 10-year option to extend at the discretion of the Authority. Under the management agreement, the Authority receives all revenues from the operation of the Hotel and pays all debt service, operating, and maintenance cost associated with its operation. In addition, the Authority annually pays Hyatt a percentage of gross receipts as a management fee and pays an additional percentage of available cash flow above agreed upon amounts as an incentive for the Hotel operator to maximize the Hotel's surplus revenues. The agreement also provides that amounts, calculated as a percentage of gross receipts, are to be deposited annually into an account for the replacement of furniture, fixtures, and equipment.

Hotel revenues were \$38.4 million in FY 2008 and are estimated to decline to \$31.0 million in FY 2009, reflecting the decline in passengers, occupancy rates, and room rates coincident with the economic recession. Beginning in FY 2011, hotel revenues are forecast to increase as a result of increasing occupancy levels and room rate increases.

Other Buildings and Grounds. As noted earlier, the Authority has pursued aviation and commercial development of the Tradeport Drive corridor on the west side of the Airport and the Heintzelman Boulevard corridor on the east side of the Airport. Other buildings and grounds revenues consist primarily of revenues from various land and building rentals in these areas.

Interest Income. Interest income, per Section 603 of the Bond Resolution, is deposited into the Revenue Fund. Interest income is a function of interest rates and available balances in operating funds and accounts including the Revenue Fund, Debt Service Account, Debt Service Reserve Account, Operation and Maintenance Fund, Operation and Maintenance Reserve Account, Capital Expenditures Fund, Renewal and Replacement Fund, Improvement and Development Fund, and the Discretionary Fund. Interest income does not include interest earnings on construction funds. The forecast assumes that interest rates in the Debt Service Reserve Fund will average 4.0% and in all other funds will average 2.0% beginning in FY 2011, and that balances would increase in the Debt Service and the Debt Service Reserve Funds (reflecting the 2009C Bonds and Future Bonds) and the Operation and Maintenance Reserve Account (reflecting increases in Operation and Maintenance Expenses).

Interest income totaled \$13.2 million in FY 2008 and is expected to decrease to \$7.8 million in FY 2009 and \$6.8 million in FY 2010, reflecting lower earnings rates.

Available PFC Revenues. The Authority, subject to all the necessary approvals, intends to use a portion of its PFC revenues to pay debt service on certain eligible costs as set forth on Exhibit E. An amount of PFC revenues equal to 1.25x debt service on Bonds allocated by the Authority to finance PFC-eligible projects (Available PFC Revenues) will be classed as Revenues designated via a certificate of an Authorized officer of the Authority under the terms of the Bond Resolution and will also serve to reduce the amount of the debt service when computing the Airfield and Terminal requirements under the terms of the Lease and Use Agreements.

APPLICATION OF REVENUES

Exhibit F presents the forecast application of Revenues, including Available PFC Revenues, as required under the Bond Resolution for FY 2010 through FY 2014 as described earlier.

Under the Bond Resolution, at the end of each Fiscal Year, after all deposits that are required to be made into each of the Revenue, Operation and Maintenance, Bond, O&M Reserve, Capital Expenditures, Renewal & Replacement, and Discretionary Funds have been made, the moneys remaining in the Revenue Fund and not required to make up any deficiencies, are to be transferred in equal amounts (50% each) to the Improvement and Development Fund and the Prepaid Airline Fees and Charges Fund. Any deposits made into the Prepaid Airline Fees and Charges Fund are transferred to the Revenue Fund in the next subsequent Fiscal Year. Under the new airline Lease and Use Agreements that became effective October 1, 2008, the Authority is no longer required by these agreements to make deposits into the Prepaid Airline Fees and Charges Fund and, to the extent any deposits are made into this fund, they are not credited to the benefit of the airlines. As a result, pursuant to the Bond Resolution, the Authority has increased the deposit to be made into the Discretionary Fund so that after this deposit is made, no moneys remain in the Revenue Fund.

At this time, the Authority has no plans to budget amounts for the Capital Expenditure Fund or Renewal and Replacement Fund.

DEBT SERVICE COVERAGE

Exhibit G presents the calculation of debt service coverage in accordance with the Rate Covenant of Section 711 of the Bond Resolution in each year FY 2010 through FY 2014. Net Revenues are forecast to be at least 125% of the Aggregate Debt Service (on senior Bonds) in each of the Fiscal Years 2010 through 2014. Thus, the Rate Covenant of the Bond Resolution is forecast to be met in each Fiscal Year of the forecast period.

Exhibit A

Sources and Uses of Bond Funds Airside 1 & 3 Project Orlando International Airport (numbers in thousands)

	2009C Bonds	Other Funds	Total
Sources Of Funds			
Par Amount of Bonds	\$ 92,060	\$ -	\$ 92,060
Reoffering Premium	520	-	520
PFC Paygo		73,219	73,219
AIP Grants		16,520	16,520
State Grants		14,139	14,139
GOAA Funds	-	83,492	83,492
Total Sources	\$ 92,580	\$ 187,370	\$ 279,950
Uses Of Funds			
Airside 1 & 3 Project Costs			
Repay Commercial Paper	\$ 39,679	\$ -	\$ 39,679
Reimburse PFC Fund for Prior Pay-As-You-Go Project Funding	20,075		20,075
Pay Project Costs	-	\$ 187,370	187,370
Deposit to Project Construction Fund to Pay Project Costs	25,246	-	25,246
Total Airside 1 & 3 Project Costs	\$ 85,000	\$ 187,370	\$ 272,370
Underwriter's Discount	552	-	552
Costs of Issuance	702	-	702
Debt Service Reserve Fund	6,326	-	6,326
Total Uses	\$ 92,580	\$ 187,370	\$ 279,950

Sources: Morgan Keegan & Company, Inc. for 2009 Bonds, Greater Orlando Aviation Authority for all other.

Exhibit B

Application of PFC Revenues Orlando International Airport

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	2007	Actual 2008	Actual 2009	Forecast 2010	2011	2012	2013	2014
PFC Collections								
Enplaned Passengers	17,832	18,238	16,799	16,425	16,725	17,150	17,575	18,050
Percent of PFC Eligible Passengers	<u>86.9%</u>	<u>90.5%</u>	<u>86.1%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>	<u>87.4%</u>
PFC Eligible Enplaned Passengers	15,503	16,511	14,457	14,355	14,618	14,989	15,361	15,776
PFC Collection Level	\$ 3.75	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Less: PFC Airline Collection Fee	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.11)</u>
Net PFC Collection Level	\$ 3.64	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39	\$ 4.39
PFC Collection (excluding interest)	\$ 56,430	\$ 72,485	\$ 63,464	\$ 63,020	\$ 64,171	\$ 65,802	\$ 67,433	\$ 69,255
Interest Earnings	<u>3,167</u>	<u>1,671</u>	<u>232</u>	<u>308</u>	<u>431</u>	<u>741</u>	<u>791</u>	<u>1,246</u>
Total Annual PFC Revenues	\$ 59,597	\$ 74,156	\$ 63,696	\$ 63,329	\$ 64,602	\$ 66,543	\$ 68,224	\$ 70,501
PFC Cashflow								
PFC Fund Beginning Balance			\$ 22,414	\$ 14,769	\$ 26,626	\$ 16,894	\$ 43,103	\$ 20,984
Deposits:								
Annual PFC Revenues			63,696	63,329	64,602	66,543	68,224	70,501
PFC Coverage from Prior Year			1,891	4,302	6,128	6,602	6,611	18,214
Reimburse PFC Fund from 2009C Bonds for Prior Pay-As-You-Go			-	20,075	-	-	-	-
Withdraws								
PAYGO Approved - #1 to #13			(50,779)	(45,207)	(46,049)	(10,380)	-	-
PAYGO - Future Approval				-	(1,402)	(3,503)	(5,882)	(1,238)
Interim Financing Interest Expenses			(1,015)	-	-	-	-	-
Debt Service on PFC-supported Bonds								
Outstanding Bonds			(17,136)	(16,501)	(16,531)	(16,560)	(58,650)	(7,564)
2009C Bonds			-	(6,323)	(6,321)	(6,325)	(6,321)	(6,325)
2010 Bonds			-	(1,690)	(3,558)	(3,558)	(3,558)	(4,613)
Future Bonds			-	-	-	-	(4,329)	(4,329)
Coverage Requirement			<u>(4,302)</u>	<u>(6,128)</u>	<u>(6,602)</u>	<u>(6,611)</u>	<u>(18,214)</u>	<u>(5,708)</u>
PFC Fund Ending Balance			\$ 14,769	\$ 26,626	\$ 16,894	\$ 43,103	\$ 20,984	\$ 79,924

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit C

Debt Service

Orlando International Airport

(for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2008	Estimate 2009	Forecast 2010	2011	2012	2013	2014
Airport Facilities Revenue Bonds (Senior Bonds)							
Non-PFC Supported							
Series 1997	\$ 1,500	\$ 9,700	\$ 9,718	\$ 9,718	\$ -	\$ -	\$ -
Series 1998	4,028	3,651	3,308	2,976	2,453	2,042	1,796
Series 1999 - REV	8,464	21,894	21,833	21,750	23,641	24,873	6,027
Series 2002 - REV	4,653	4,653	4,653	4,653	4,653	4,653	4,653
Series 2002C&D	16,146	-	-	-	-	-	-
Series 2002E	21,415	10,463	-	-	-	-	-
Series 2003A	10,243	2,987	2,992	2,985	2,986	16,672	7,401
Series 2007	7,049	7,049	7,049	7,049	16,724	16,731	16,732
Series 2008A	6,465	21,788	40,137	40,550	39,229	24,711	35,063
Series 2008B	9,042	17,982	-	-	-	-	-
Series 2009A	-	1,652	5,663	5,663	5,663	5,663	5,663
Series 2009B	-	159	546	546	546	546	9,826
Series 2010	-	-	-	-	1,910	1,910	1,910
Other Future Bonds	-	-	-	-	-	-	4,861
PFC-Supported							
Series 1999A - PFC	1,996	1,999	2,001	2,001	1,998	1,998	1,996
Series 1999B - PFC	738	737	740	737	738	738	737
Series 2002A - PFC	3,299	3,302	3,301	3,301	3,299	3,299	3,301
Series 2002B - PFC	1,530	1,533	1,534	1,534	1,533	1,530	1,530
Series 2008C - PFC	-	8,836	8,925	8,958	8,992	51,085	-
Series 2009 - PFC	-	-	6,323	6,321	6,325	6,321	6,325
Series 2010 - PFC	-	-	1,690	3,558	3,558	3,558	4,613
Other Future PFC Bonds	-	-	-	-	-	4,329	4,329
Aggregate Debt Service	\$ 96,569	\$ 118,384	\$ 120,412	\$ 122,299	\$ 124,247	\$ 170,658	\$ 116,761
Subordinated Indebtedness							
1997B Gulf Breeze	\$ 4,008	\$ 4,102	\$ 4,145	\$ 4,115	\$ 4,115	\$ 4,115	\$ 4,115
1998B&C Gulf Breeze	3,241	3,134	3,129	3,108	3,104	3,095	3,091
1998 Subordinated Refunding bonds	14,067	-	-	-	-	-	-
2002A Subordinated bonds	4,195	4,367	4,389	4,421	2,520	-	-
Commercial Paper	2,100	591	-	-	-	-	-
Total Subordinated Indebtedness	\$ 27,611	\$ 12,194	\$ 11,663	\$ 11,644	\$ 9,739	\$ 7,210	\$ 7,206
TOTAL DEBT SERVICE	\$ 124,180	\$ 130,578	\$ 132,075	\$ 133,943	\$ 133,986	\$ 177,868	\$ 123,967
By Cost Center							
Airfield		\$ 15,087	\$ 13,629	\$ 13,618	\$ 13,868	\$ 15,983	\$ 14,101
Terminal		76,947	81,454	83,304	84,975	85,051	77,719
Airline Equipment		-	-	-	-	-	-
EDS		8,836	8,925	8,958	8,992	51,085	-
CUTE/CUPPS/CUSS		-	-	-	-	-	-
Other Buildings and Grounds		2,562	1,432	1,432	1,797	1,796	5,298
Hotel		7,501	7,518	7,529	5,624	3,095	4,109
Ground Transportation		19,645	19,117	19,103	18,730	20,858	22,740
Total		\$ 130,578	\$ 132,075	\$ 133,943	\$ 133,986	\$ 177,868	\$ 123,967

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit D

**Operation and Maintenance Expenses
Orlando International Airport
(for the 12 months ending September 30; numbers in thousands)**

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2008 /1	Estimate 2009	Forecast 2010	2011	2012	2013	2014
Direct Expenses							
Airfield		\$ 4,617	\$ 5,496	\$ 5,716	\$ 5,944	\$ 6,182	\$ 6,429
Terminal		53,499	59,742	62,131	64,617	67,201	69,889
Airline Equipment		2,144	1,391	1,447	1,505	1,565	1,628
EDS		6,727	8,528	8,869	9,224	9,593	9,977
CUTE/CUPPS/CUSS		1,197	1,508	1,568	1,631	1,696	1,764
Other Buildings and Grounds		712	1,205	1,253	1,304	1,356	1,410
Hotel		25,044	25,195	26,203	27,251	28,341	29,474
Ground Transportation		13,225	14,054	14,616	15,201	15,809	16,441
Total Direct Expenses		\$ 107,164	\$ 117,119	\$ 121,803	\$ 126,675	\$ 131,742	\$ 137,012
Indirect Expenses							
Operation		\$ 11,429	\$ 10,392	\$ 10,807	\$ 11,240	\$ 11,689	\$ 12,157
Maintenance		9,575	10,547	10,969	11,408	11,864	12,339
ARFF		6,678	7,194	7,482	7,781	8,092	8,416
OPD		8,500	9,000	9,360	9,734	10,124	10,529
Property		1,269	955	993	1,032	1,074	1,117
Admin		23,600	26,499	27,559	28,661	29,808	31,000
Insurance and other		6,497	6,865	7,140	7,425	7,722	8,031
Total Indirect Expenses		\$ 67,548	\$ 71,451	\$ 74,309	\$ 77,282	\$ 80,373	\$ 83,588
Subtotal		\$ 174,712	\$ 188,570	\$ 196,113	\$ 203,957	\$ 212,116	\$ 220,600
Incremental Expenses (for new facilities)		-	-	-	700	728	757
Operation and Maintenance Expenses	\$ 193,618	\$ 174,712	\$ 188,570	\$ 196,113	\$ 204,657	\$ 212,844	\$ 221,357
Percent Change		-9.8%	7.9%	4.0%	4.4%	4.0%	4.0%
By Cost Center							
Airfield		\$ 19,730	\$ 21,859	\$ 22,733	\$ 23,614	\$ 24,558	\$ 25,540
Terminal		95,901	104,079	108,242	112,485	116,985	121,664
Airline Equipment		2,144	1,391	1,447	1,505	1,565	1,628
EDS		7,628	8,925	9,282	9,653	10,039	10,441
CUTE/CUPPS/CUSS		1,197	1,508	1,568	2,503	2,603	2,707
Other Buildings and Grounds		2,141	2,840	2,953	3,043	3,164	3,291
Hotel		25,895	26,522	27,583	28,687	29,834	31,027
Ground Transportation		20,075	21,447	22,305	23,168	24,095	25,059
Total	\$ 193,618	\$ 174,712	\$ 188,570	\$ 196,113	\$ 204,657	\$ 212,844	\$ 221,357

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. Due to the change in ratemaking under the new Lease and Use Agreement and associated changes to cost centers, individual line items are not comparable to future years.

Exhibit E

Revenues

Orlando International Airport

(for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual 2008	Estimate 2009	Forecast 2010	2011	2012	2013	2014
Airline Revenues							
Signatory Passenger Airline Payments							
Landing Fee	\$ 40,462	\$ 25,618	\$ 26,760	\$ 27,645	\$ 29,123	\$ 30,677	\$ 30,488
Terminal Rent	59,107	57,046	62,278	64,886	68,234	70,799	70,205
Apron Fee	3,428	1,810	1,919	2,103	2,232	2,367	2,375
Equipment and CUTE/CUSS/CUPPS Fees	<u>2,662</u>	<u>2,425</u>	<u>2,139</u>	<u>2,353</u>	<u>2,775</u>	<u>2,909</u>	<u>3,039</u>
Signatory Passenger Airline Payments (excluding Common Use/FIS)	\$ 105,658	\$ 86,899	\$ 93,095	\$ 96,987	\$ 102,364	\$ 106,752	\$ 106,108
Cargo Landing Fees and Apron Fees	2,175	1,318	1,294	1,355	1,453	1,569	1,592
Nonsignatory Payments	5,116	6,989	4,463	4,565	4,571	4,527	4,235
Common Facility and FIS	4,239	12,437	10,848	11,390	12,249	13,022	13,410
Tenant Finish (Continental Hangar)	<u>201</u>	<u>201</u>	<u>201</u>	<u>201</u>	<u>201</u>	<u>201</u>	<u>201</u>
Total Airline Revenues	\$ 117,389	\$ 107,845	\$ 109,900	\$ 114,498	\$ 120,839	\$ 126,072	\$ 125,547
Nonairline Revenues							
Terminal							
Terminal Area Rents - Nonairline	\$ 3,924	\$ 5,286	\$ 6,965	\$ 8,064	\$ 8,388	\$ 8,624	\$ 8,521
Advertising	3,038	2,997	2,722	2,799	2,898	2,999	3,110
Food and Beverage	12,283	13,385	12,986	13,469	14,068	14,684	15,359
Merchandise and Services							
General Merchandise	15,749	14,724	13,917	14,435	15,076	15,736	16,461
Services	7,147	7,720	6,041	6,212	6,432	6,656	6,902
Other Rentals	3,409	2,702	2,264	2,310	2,398	2,462	2,434
Ground Transportation							
Off-airport Parking	1,060	1,136	1,131	1,151	1,181	1,210	1,243
Parking Facilities	55,490	48,564	48,961	49,777	50,915	52,030	53,263
Car Rentals	58,866	59,355	59,577	64,121	66,616	69,275	72,353
Commercial Lane	8,668	8,381	7,859	8,081	8,367	8,658	8,979
Other							
Other Buildings and Grounds	10,130	12,656	11,204	11,316	11,429	11,544	11,659
Hotel	38,391	30,955	30,676	32,216	33,921	35,246	36,650
Other Operating Revenue	2,408	3,163	1,966	1,985	2,005	2,025	2,045
Fuel	<u>1,851</u>	<u>2,029</u>	<u>1,982</u>	<u>2,002</u>	<u>2,022</u>	<u>2,042</u>	<u>2,062</u>
Total Nonairline Revenues	\$ 222,415	\$ 213,053	\$ 208,250	\$ 217,940	\$ 225,716	\$ 233,191	\$ 241,042
Operating Revenues							
Interest Earnings	\$ 339,804	\$ 320,898	\$ 318,151	\$ 332,438	\$ 346,555	\$ 359,263	\$ 366,588
Available PFC Revenues	13,229	7,920	6,752	8,345	10,192	10,717	11,380
Other Non-Operating Revenues	8,666	20,508	30,642	33,011	33,053	91,072	28,538
	<u>4,864</u>	<u>314</u>	<u>375</u>	<u>375</u>	<u>375</u>	<u>375</u>	<u>375</u>
REVENUES	\$ 366,563	\$ 349,641	\$ 355,921	\$ 374,169	\$ 390,175	\$ 461,426	\$ 406,881
Revenues Excluding Available PFC Revenues							
Percent Change	\$ 357,897	\$ 329,133	\$ 325,278	\$ 341,158	\$ 357,122	\$ 370,354	\$ 378,343
		-8.0%	-1.2%	4.9%	4.7%	3.7%	2.2%

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit E-1

**Landing Fee and Apron Fee Calculation
Orlando International Airport
(for the 12 months ending September 30; numbers in thousands, except as noted)**

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate 2009	Forecast 2010	2011	2012	2013	2014
AIRFIELD REQUIREMENT						
Operation and Maintenance Expenses	\$ 19,730	\$ 21,859	\$ 22,733	\$ 23,614	\$ 24,558	\$ 25,540
Operating Reserve Requirement	92	-	-	38	157	164
Debt Service	15,087	13,629	13,618	13,868	15,983	14,101
Amortization for GOAA-Funded Maintenance Projects	32	442	532	945	1,359	1,772
Amortization for GOAA-Funded CIP Projects	-	-	-	-	-	-
Less: Available PFC Revenues	<u>(851)</u>	<u>(851)</u>	<u>(851)</u>	<u>(850)</u>	<u>(2,805)</u>	<u>(2,805)</u>
Total Airfield Requirement	\$ 34,090	\$ 35,079	\$ 36,031	\$ 37,614	\$ 39,252	\$ 38,772
Landing Fee Portion (90%)	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>	<u>90.0%</u>
Adjusted Airfield Requirement	\$ 30,681	\$ 31,571	\$ 32,428	\$ 33,853	\$ 35,327	\$ 34,895
Less: Fuel System Revenues and Fuel Flowage Fees	(2,029)	(1,982)	(2,002)	(2,022)	(2,042)	(2,062)
Less: Nonsignatory and Cargo Landing Fee Revenue	<u>(3,063)</u>	<u>(2,830)</u>	<u>(2,781)</u>	<u>(2,707)</u>	<u>(2,607)</u>	<u>(2,344)</u>
Net Airfield Requirement	\$ 25,589	\$ 26,759	\$ 27,645	\$ 29,123	\$ 30,677	\$ 30,488
Signatory Maximum Gross Landed Weight (1,000 pounds)	19,020	18,792	19,237	19,818	20,458	21,137
Signatory Airline Landing Fee Rate (per 1,000 pound unit)	\$ 1.36	\$ 1.42	\$ 1.44	\$ 1.47	\$ 1.50	\$ 1.44
Signatory Landing Fee Revenue	\$ 25,618	\$ 26,760	\$ 27,645	\$ 29,123	\$ 30,677	\$ 30,488
Nonsignatory Landing Fee Revenue	1,745	1,536	1,426	1,254	1,038	751
Cargo Landing Fee Revenue	<u>1,318</u>	<u>1,294</u>	<u>1,355</u>	<u>1,453</u>	<u>1,569</u>	<u>1,592</u>
Total Landing Fee Revenue	\$ 28,681	\$ 29,590	\$ 30,426	\$ 31,831	\$ 33,285	\$ 32,832
APRON REQUIREMENT						
Airfield Requirement	\$ 34,090	\$ 35,079	\$ 36,031	\$ 37,614	\$ 39,252	\$ 38,772
Apron Portion (10%)	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>
Net Apron Requirement	\$ 3,409	\$ 3,508	\$ 3,603	\$ 3,761	\$ 3,925	\$ 3,877
Rentable Apron (Lineal Feet)	16,540	16,540	16,540	16,540	16,540	16,540
Average Apron Rate per Lineal Foot	\$ 206.11	\$ 212.08	\$ 217.84	\$ 227.41	\$ 237.32	\$ 234.41
Signatory Leased Apron Lineal Feet	<u>8,780</u>	<u>9,046</u>	<u>9,655</u>	<u>9,814</u>	<u>9,972</u>	<u>10,130</u>
Signatory Airline Apron Fees	\$ 1,810	\$ 1,919	\$ 2,103	\$ 2,232	\$ 2,367	\$ 2,375

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit E-2

Terminal Rental Rate Calculation Orlando International Airport (for the 12 months ending September 30; numbers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate 2009	Forecast 2010	2011	2012	2013	2014
TERMINAL REQUIREMENT						
Operation and Maintenance Expenses	\$ 106,870	\$ 115,902	\$ 120,539	\$ 126,146	\$ 131,192	\$ 136,440
Operating Reserve Requirement	462	-	-	180	750	780
Debt Service	85,783	90,380	92,262	93,968	136,136	77,719
Amortization for GOAA-Funded Maintenance Projects	7	1,331	1,324	2,391	3,458	4,525
Amortization for GOAA-Funded CIP Projects	-	-	-	1,294	1,294	1,294
Total Terminal Requirement	\$ 193,122	\$ 207,613	\$ 214,125	\$ 223,978	\$ 272,829	\$ 220,757
Less:						
Miscellaneous Direct Reimbursements	(390)	(375)	(375)	(375)	(375)	(375)
Unamortized Hangar Tenant Finish Payment	(201)	(201)	(201)	(201)	(201)	(201)
Airline Equipment Charges	(3,515)	(2,762)	(2,818)	(2,878)	(2,946)	(3,009)
CUTE/CUSS/CUPPS Fees	(1,197)	(1,508)	(1,568)	(2,507)	(2,619)	(2,724)
Facility Fees and FIS Fees/1	(3,290)	(3,030)	(3,236)	(3,493)	(3,749)	(4,006)
Available PFC Revenues	(14,932)	(23,039)	(24,934)	(24,969)	(67,056)	(17,028)
Net Terminal Requirement	\$ 169,596	\$ 176,698	\$ 180,992	\$ 189,556	\$ 195,883	\$ 193,413
Rentable Space	1,724	1,676	1,676	1,676	1,676	1,676
Average Terminal Rental Rate	\$ 98.37	\$ 105.45	\$ 108.01	\$ 113.12	\$ 116.89	\$ 115.42
Airline Rented Space (Classes 1 to 4)	578	589	599	601	604	606
Net Signatory Airline Requirement (Class 1 to 4)	\$ 56,843	\$ 62,074	\$ 64,682	\$ 68,031	\$ 70,596	\$ 70,002
Class 5 Rentals	203	203	203	203	203	203
Signatory Airline Terminal Rentals	\$ 57,046	\$ 62,278	\$ 64,886	\$ 68,234	\$ 70,799	\$ 70,205

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. Assuming there would be no Facility Fees received from airlines not operating under Space/Use or similar agreements.

Exhibit E-3

**Equipment and Common Use Fee Calculation
Orlando International Airport**

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate 2009	Forecast 2010	2011	2012	2013	2014
AIRLINE EQUIPMENT REQUIREMENT						
Operation and Maintenance Expenses	\$ 2,144	\$ 1,391	\$ 1,447	\$ 1,505	\$ 1,565	\$ 1,628
Operating Reserve Requirement	-	-	-	2	10	10
Debt Service	-	-	-	-	-	-
Amortization of Existing Equipment	1371	1,371	1,371	1,371	1,371	1,371
Amortization for GOAA-Funded Maintenance Projects	-	-	-	-	-	-
Amortization for GOAA-Funded CIP Projects	-	-	-	-	-	-
Total Airline Equipment Requirement	\$ 3,515	\$ 2,762	\$ 2,818	\$ 2,878	\$ 2,946	\$ 3,009
Number of Gates with Airline Equipment	96	96	96	96	96	96
Airline Equipment Charge per Gate	\$ 36,616	\$ 28,774	\$ 29,354	\$ 29,982	\$ 30,688	\$ 31,344
Gates Rented by Signatory Airlines	55	57	61	62	63	64
Signatory Airline Equipment Payment	\$ 2,029	\$ 1,640	\$ 1,791	\$ 1,859	\$ 1,933	\$ 2,006
CUTE/CUSS/CUPPS REQUIREMENT						
Operation and Maintenance Expenses	\$ 1,197	\$ 1,508	\$ 1,568	\$ 2,503	\$ 2,603	\$ 2,707
Operating Reserve Requirement	-	-	-	4	17	17
Debt Service	-	-	-	-	-	-
Amortization for GOAA-Funded Maintenance Projects	-	-	-	-	-	-
Amortization for GOAA-Funded CIP Projects	-	-	-	-	-	-
Total CUTE/CUSS/CUPPS Requirement	\$ 1,197	\$ 1,508	\$ 1,568	\$ 2,507	\$ 2,619	\$ 2,724
Total CUTE/CUSS/CUPPS Positions	291	290	290	290	290	290
Charge Per Gate	\$ 4,120	\$ 5,198	\$ 5,406	\$ 8,644	\$ 9,033	\$ 9,394
Positions Rented by Signatory Airlines	96	96	104	106	108	110
Signatory CUTE/CUSS/CUPPS Payment	\$ 396	\$ 499	\$ 562	\$ 916	\$ 976	\$ 1,033

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Exhibit E-4

Cost per Enplaned Passenger Orlando International Airport (for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate 2009	Forecast 2010	2011	2012	2013	2014
Signatory Airline Payments						
Signatory Airline Payments						
Landing Fee	\$ 25,618	\$ 26,760	\$ 27,645	\$ 29,123	\$ 30,677	\$ 30,488
Terminal Rent	57,046	62,278	64,886	68,234	70,799	70,205
Apron Fee	1,810	1,919	2,103	2,232	2,367	2,375
Equipment and CUTE/CUSS/CUPPS Fees	<u>2,425</u>	<u>2,139</u>	<u>2,353</u>	<u>2,775</u>	<u>2,909</u>	<u>3,039</u>
Signatory Airline Payments (excluding Common Use/FIS Fees)	\$ 86,899	\$ 93,095	\$ 96,987	\$ 102,364	\$ 106,752	\$ 106,108
Prepaid Airline Rates and Charges						
Revenue Sharing Payments /1	<u>(11,826)</u>	<u>(8,212)</u>	<u>(8,914)</u>	<u>(9,991)</u>	<u>(11,256)</u>	<u>(11,710)</u>
Signatory Airline Payments Net or Revenue Sharing	\$ 75,072	\$ 84,883	\$ 88,073	\$ 92,373	\$ 95,496	\$ 94,398
Signatory Airline Enplaned Passengers	16,043	15,762	16,050	16,458	16,866	17,321
Signatory Airline Cost per Enplaned Passenger	\$ 4.68	\$ 5.39	\$ 5.49	\$ 5.61	\$ 5.66	\$ 5.45
Total Passenger Airline Payments						
Signatory Airline Payments (excluding Common Use/FIS Fees)	\$ 86,899	\$ 93,095	\$ 96,987	\$ 102,364	\$ 106,752	\$ 106,108
Nonsignatory Payments	6,989	4,463	4,565	4,571	4,527	4,235
Common Facility and FIS	<u>12,437</u>	<u>10,848</u>	<u>11,390</u>	<u>12,249</u>	<u>13,022</u>	<u>13,410</u>
Total Passenger Airline Payments	\$ 106,325	\$ 108,405	\$ 112,941	\$ 119,184	\$ 124,302	\$ 123,753
Prepaid Airline Rates and Charges						
Revenue Sharing Payments /1	<u>(11,826)</u>	<u>(8,212)</u>	<u>(8,914)</u>	<u>(9,991)</u>	<u>(11,256)</u>	<u>(11,710)</u>
Total Passenger Airline Payments Net of Revenue Sharing	\$ 94,499	\$ 100,193	\$ 104,028	\$ 109,193	\$ 113,045	\$ 112,043
Enplaned Passengers	16,799	16,425	16,725	17,150	17,575	18,050
Cost per Enplaned Passenger for All Airlines	\$ 5.63	\$ 6.10	\$ 6.22	\$ 6.37	\$ 6.43	\$ 6.21

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. Amounts required to be paid to the Signatory Airlines from net remaining revenues after the close of each Fiscal Year.

Exhibit F

**Application of Revenues
Orlando International Airport
(for the 12 months ending September 30; numbers in thousands)**

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate 2009	Forecast 2010	2011	2012	2013	2014
Revenues						
Signatory Airline Revenues	\$ 86,899	\$ 93,095	\$ 96,987	\$ 102,364	\$ 106,752	\$ 106,108
Cargo and Nonsignatory Airline Revenues	8,307	5,756	5,920	6,024	6,096	5,828
Common Use Fees, FIS Fees, and Hangar Tenant Finish Pay	12,638	11,049	11,591	12,450	13,224	13,611
Nonairline Revenues	213,053	208,250	217,940	225,716	233,191	241,042
Available PFC Revenues	20,508	30,642	33,011	33,053	91,072	28,538
Interest Earnings and Other Non-Operating Revenues	8,235	7,127	8,720	10,567	11,092	11,755
Revenues	\$ 349,641	\$ 355,921	\$ 374,169	\$ 390,175	\$ 461,426	\$ 406,881
Application of Revenues /1						
Operation and Maintenance Fund	\$ 174,712	\$ 188,570	\$ 196,113	\$ 204,657	\$ 212,844	\$ 221,357
Bond Fund						
Non-PFC Supported Debt Service on Bonds	101,977	95,899	95,890	97,805	97,801	93,931
PFC Supported Debt Service on Bonds	16,407	24,514	26,409	26,442	72,857	22,830
Debt Service Reserve Account	-	-	-	-	-	-
Operation and Maintenance Reserve Account	789	-	-	328	1,364	1,419
Capital Expenditures Fund	-	-	-	-	-	-
Renewal and Replacement Fund	-	-	-	-	-	-
Discretionary Fund						
Subordinated Indebtedness	12,194	11,663	11,644	9,739	7,210	7,206
PFC Account	4,302	6,128	6,602	6,611	18,214	5,708
Remaining Revenues						
Revenue Sharing Payments to Airlines	11,826	8,212	8,914	9,991	11,256	11,710
Funds Remaining	27,433	20,935	28,597	34,602	39,879	42,720
Total Application of Revenues	\$ 349,641	\$ 355,921	\$ 374,169	\$ 390,175	\$ 461,426	\$ 406,881
Calculation of Revenue Sharing under the Airline Lease and Use Agreement						
Revenues	\$ 349,641	\$ 355,921	\$ 374,169	\$ 390,175	\$ 461,426	\$ 406,881
Less:						
Airport Exclusive Revenue Sources	-	-	-	-	-	-
Available PFC Revenues	(20,508)	(30,642)	(33,011)	(33,053)	(91,072)	(28,538)
O&M Expenditures	(175,501)	(188,570)	(196,113)	(204,985)	(214,208)	(222,776)
Debt Service	(114,171)	(107,562)	(107,534)	(107,544)	(105,011)	(101,137)
Amortization	(39)	(1,773)	(1,855)	(4,630)	(6,110)	(7,591)
Net Shared Revenues	\$ 39,422	\$ 27,374	\$ 35,655	\$ 39,963	\$ 45,025	\$ 46,839
Reimbursement for Extraordinary Coverage Protection	-	-	-	-	-	-
Amount Available	\$ 39,422	\$ 27,374	\$ 35,655	\$ 39,963	\$ 45,025	\$ 46,839
Applicable Signatory Airline Revenue Share Percentage	30.0%	30.0%	25.0%	25.0%	25.0%	25.0%
Revenue Sharing Payments to Airlines	\$ 11,826	\$ 8,212	\$ 8,914	\$ 9,991	\$ 11,256	\$ 11,710

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Note: 1. The Authority is not currently planning to make any deposits to the Capital Expenditures Fund or the Renewal and Replacement Fund during the forecast period.

Exhibit G

Debt Service Coverage and Rate Covenant

Orlando International Airport

(for the 12 months ending September 30; numbers in thousands, except as noted)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by the Authority management, as described in the accompanying text. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate 2009	Forecast 2010	2011	2012	2013	2014
Revenues	\$ 349,641	\$ 355,921	\$ 374,169	\$ 390,175	\$ 461,426	\$ 406,881
Operating and Maintenance Expenses	<u>(174,712)</u>	<u>(188,570)</u>	<u>(196,113)</u>	<u>(204,657)</u>	<u>(212,844)</u>	<u>(221,357)</u>
Net Revenues	\$ 174,929	\$ 167,351	\$ 178,056	\$ 185,518	\$ 248,582	\$ 185,524
Less:						
Operation and Maintenance Reserve Account	(789)	-	-	(328)	(1,364)	(1,419)
Capital Expenditures Fund	-	-	-	-	-	-
Renewal and Replacement Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Revenues Available for Debt Service /1	\$ 174,140	\$ 167,351	\$ 178,056	\$ 185,190	\$ 247,218	\$ 184,105
Aggregate Debt Service on Airport Facilities Revenue Bonds/2	\$ 118,384	\$ 120,412	\$ 122,299	\$ 124,247	\$ 170,658	\$ 116,761
Debt Service on Subordinated Indebtedness	12,194	11,663	11,644	9,739	7,210	7,206
Less Interest Earnings on Subordinated Indebtedness Reser	<u>-</u>	<u>-</u>	<u>(44)</u>	<u>(25)</u>	<u>-</u>	<u>-</u>
Total Debt Service	\$ 130,578	\$ 132,075	\$ 133,899	\$ 133,961	\$ 177,868	\$ 123,967
Debt Service Coverage						
Airport Facilities Revenue Bonds	1.47	1.39	1.46	1.49	1.45	1.58
Total Indebtedness	1.33	1.27	1.33	1.38	1.39	1.49

Sources: Historical - Greater Orlando Aviation Authority records; Forecast - Jacobs Consultancy.

Notes: 1. The Authority is not currently planning to make any deposits to the Capital Expenditures Fund or the Renewal and Replacement Fund during the forecast period.

2. Debt service in FY 2013 includes a balloon payment for the 2008C Bonds payable from Available PFC Revenues (see Exhibits C and E

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES BOND RESOLUTION. The following is a summary of certain provisions of the Airport Facilities Bond Resolution. The Summary is subject in all respects to the detailed provisions of the Airport Facilities Bond Resolution, copies of which are available from the Office of the Chief Financial Officer, One Airport Boulevard, Orlando, Florida 32827-4399.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES REVENUE BOND RESOLUTION.

The following is a summary of certain provisions of the Airport Facilities Revenue Bond Resolution. The Summary is subject in all respects to the detailed provisions of the Airport Facilities Revenue Bond Resolution, copies of which are available from the Finance Department, One Airport Boulevard, Orlando, Florida 32827-4399.

Certain Definitions

The following are definitions in summary form of certain terms contained in the Airport Facilities Revenue Bond Resolution (as amended and supplemented, the "Resolution" or "Bond Resolution") and used herein and certain other terms defined for purposes of this summary:

Accreted Value. The accreted value of the Capital Appreciation Bonds, on the date of calculation, including the original principal amount or discounted principal value (original offering price) thereof, plus interest or principal accreted thereon to the date of calculation, as determined by reference to the accreted value tables contained or referred to in each such Bond.

Accrued Aggregate Debt Service. As of any date of calculation, an amount equal to the sum of (i) interest on the Bonds of all Series, other than Capital Appreciation Bonds, accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for all Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month. With respect to Variable Rate Bonds, the interest rate for the remainder of the then current calendar month shall, for purposes of this definition, be assumed to be the interest rate in effect as of the date of calculation.

Additional Bonds. Additional parity Bonds issued under the Bond Resolution and Bonds issued in lieu of or in substitution for Outstanding Bonds pursuant to the Bond Resolution.

Additional Project. The acquisition and construction of any additional aviation facilities for the Airport System or any additions, extensions, improvements and betterments to and reconstructions of the Airport System to be financed in whole or in part from the proceeds of any Additional Bonds.

Aggregate Debt Service. As of any date of computation and with respect to any period, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds.

Airport Consultant. The airport consultant at the time retained by the Authority to perform the acts and carry out the duties provided for the Airport Consultant under the Bond Resolution. The Airport Consultant is required to be an airport consultant or airport consultant firm or corporation having a wide and favorable reputation for skill and experience with respect to the operation and maintenance of airports, in recommending rental and other charges for use of airport facilities and in projecting revenues to be derived from the operation of airports.

Airport System. The Orlando International Airport owned by the City and operated by the Authority, including (i) all improvements and facilities now in existence, as said Airport may be hereafter added to, extended, improved or constructed and equipped, and (ii) any other aviation facility or airport acquired or constructed by the Authority; provided that, the Airport System shall not include Orlando Executive Airport (formerly known as Herndon Airport) or any additions, extensions or improvements thereto, unless (a) the Authority shall by Supplemental Resolution, expressly add Orlando Executive Airport to the Airport System, (b) shall deliver to the Trustee (1) a Counsel's Opinion to the effect that adding Orlando Executive Airport to the Airport System will not violate or cause a breach or default under the Lease and Use Agreements, (2) confirmation from each Rating Agency then maintaining a rating at the request of the Authority on any Bonds outstanding hereunder that adding Orlando Executive Airport to the Airport System will not result in a reduction or withdrawal of the credit ratings then assigned to the Bonds, and (3) the written consent of any bond insurers or other credit enhancer having in effect a municipal bond insurance policy insuring, or other credit enhancement securing, payment of any Bonds outstanding hereunder, and (c) the Retirement Date of the Prior Lien Bonds shall have occurred. "Airport System" shall include Special Purpose Facilities no part of the revenue and income from which is pledged to the payment of Authority obligations, but "Airport System" shall not include any airport or aviation facility thereafter acquired or constructed by the Authority with funds other than the proceeds of Bonds issued under the Resolution or revenues generated by the Airport System.

Annual Budget. The annual budget of the Authority, as amended or supplemented, adopted or in effect for a particular Fiscal Year, as provided in the Bond Resolution.

Authority. The Greater Orlando Aviation Authority created pursuant to the Act as an agency of the City, and any board or commission succeeding to the principal functions thereof or upon whom the powers conferred by the Act to said Authority shall be given by law. As used herein, the term Authority means the Greater Orlando Aviation Authority, acting on behalf of itself and the City.

Authorized Officer of the Authority. The Chairman, the Vice-Chairman, the Treasurer or the Secretary of the Authority, or any other officer or employee of the Authority authorized by resolution of the Authority to perform specific acts or duties related to the subject matter of the authorization.

Available PFC Revenues. PFC Revenues received by the Authority in an amount for each relevant period not to exceed 1.25 times the Debt Service accruing during such period with respect to that portion on the Bonds issued to finance PFC Projects, as allocated by a Certificate of an Authorized Officer of the Authority.

Bond or Bonds. Any bond or bonds, as the case may be, authenticated and delivered under and pursuant to the Resolution.

Bond Obligation. As of the date of computation, the sum of: (i) the principal amount of all Bonds then Outstanding other than Capital Appreciation Bonds, and (ii) the Accreted Value of all Capital Appreciation Bonds then Outstanding.

Bondholder or Holder of Bonds, or any similar term. Any person who shall be the bearer of any coupon Bond or Bonds or the registered owner of any Bond or Bonds without coupons.

Capital Appreciation Bonds. Bonds that bear interest at a compounded rate which is payable only at maturity or upon prior redemption thereof or Bonds issued at a discount from par value that bear no stated interest and appreciate in value over time.

City. The City of Orlando, Florida, a municipal corporation in the County of Orange, State of Florida.

Composite Reserve Requirement. An amount of money or available amount under one or more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Aggregate Debt Service calculated with respect to all Series of Bonds Outstanding under the Resolution that are secured by the Composite Reserve Subaccount, (ii) 125% of the average annual Aggregate Debt Service calculated with respect to all Series of Bonds Outstanding under the Resolution that are secured by the Composite Reserve Subaccount, or (iii) 10% of the aggregate stated principal amount of all Series of Bonds Outstanding under the Resolution that are secured by the Composite Reserve Subaccount; provided, however, that in determining the aggregate stated original principal amount of all Bonds Outstanding under the Resolution for purposes of (iii), the issue price of a Series (net of pre-issuance accrued interest) shall be substituted for the original principal stated amount of that Series if the Series was sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity of such Series.

Composite Reserve Subaccount. The subaccount in the Debt Service Reserve Account established pursuant to Section 402 of the Bond Resolution.

Consulting Engineers. The engineer or engineering firm or corporation at the time retained by the Authority pursuant to the Bond Resolution to perform the acts and carry out the duties provided for such Consulting Engineers under the Bond Resolution. Such Consulting Engineers are required to have a wide and favorable reputation for skill and experience in the construction and operation of airport facilities.

Cost of Construction. The Authority's costs properly attributable to the construction or acquisition of an Additional Project including, but not limited to, the cost of acquisition by or for the Authority of real or personal property or other interest therein, costs of physical construction, and costs of the Authority incidental to such construction or acquisition, the cost of any indemnity and surety bonds and premiums on insurance during construction, engineering expenses, legal fees and expenses, cost of audits, fees and expenses of the Fiduciaries and costs of financing, administrative and general overhead and keeping accounts and making reports required by the Resolution prior to commencement of operation of such Project, amounts, if any, required by the Resolution to be paid into any Fund or Account established under the Resolution upon the issuance of any Series, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Authority (other than the Bonds) incurred for such Project, costs of machinery, equipment and supplies and initial working capital and reserves required by the Authority for the commencement of operation of such

Project, and may include reimbursement to the Authority for any such items of Cost of Construction theretofore paid by or on behalf of the Authority.

Debt Service. For any period, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series (other than Capital Appreciation Bonds), except to the extent that such interest is to be paid from deposits (including investment income thereon) in the Debt Service Account made from Bond proceeds or other amounts available therein, and (ii) that portion of each Principal Installment for such Series of Bonds, which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment or from the date of issuance of such Series, whichever is later). Such interest and Principal Installment for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Except as otherwise provided in the Bond Resolution, for purposes of calculating Debt Service with respect to Variable Rate Bonds, Variable Rate Bonds other than Taxable Bonds shall be assumed to bear interest at 125% of the Tax-Exempt Variable Rate Index as of the date of calculation, and Variable Rate Bonds that are Taxable Bonds shall be assumed to bear interest at the Taxable Variable Rate Index as of the date of calculation.

If a Series of Variable Rate Bonds is subject to purchase by the Authority pursuant to a mandatory or optional tender by the holder, the "tender" date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of this calculation.

The interest rate for Variable Rate Bonds for purposes of determining the amount, if any, to be deposited into a subaccount in the Reserve Account for such Variable Rate Bonds shall be as required by the Supplemental Resolution authorizing the issuance of such Variable Rate Bonds; provided, however, that if no other assumption is provided, the assumptions provided above shall apply.

Other than for purposes of Section 1201 of the Bond Resolution, if, with respect to any portion of Debt Service, the Authority enters into a Qualified Derivative Agreement providing for Qualified Derivative Payments to the Authority which are pledged to the payment of Debt Service in an amount equal to interest on a notional amount equal to the principal portion of such Debt Service (which may include the principal of all or a portion of one or more Series of Bonds), based upon a fixed rate or a variable rate index or formula different from that used to calculate interest on the principal portion of such Debt Service, then the effective synthetic rate of interest to the Authority with respect to such principal portion of Debt Service taking into account (i) the actual interest rate borne by such principal portion of Debt Service, (ii) payments to be received by the Authority pursuant to such Qualified Derivative Agreement and (iii) payment obligations of the Authority to the counterparty under such Qualified Derivative Agreement, all based upon interest on such notional amount as determined by reference to a fixed rate or variable rate index or formula, shall be used for purposes of this definition as the actual rate of interest with respect to such principal portion of Debt Service.

If two Series of Variable Rate Bonds, or one or more maturities within a Series, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Bonds taken as a whole, such composite fixed rate shall be used in determining the Debt Service with respect to such Bonds.

With respect to Designated Maturity Bonds, the unamortized principal coming due on the final maturity date thereof shall be ignored and in lieu thereof there shall be added to the Debt Service for the Bond Year in which such final maturity occurs and to each Bond Service Year thereafter through the 30th anniversary of the issuance of such Bonds (the "Reamortization Period") the amount of substantially level principal and interest payments (assuming for such purposes such interest rate as a financial advisor selected by the Authority and having national experience in the pricing of municipal bonds shall determine is a reasonable estimate of the rate that such Designated Maturity Bonds would bear based upon such Reamortization Period and the characteristics of such Designated Maturity Bonds) that if paid in each year during the Reamortization Period would be sufficient to pay in full the unamortized portion of such Designated Maturity Bonds by such anniversary.

Debt Service Reserve Requirement. With respect to the Composite Reserve Subaccount, the Composite Reserve Requirement; and with respect to each Series of Bonds issued under the Bond Resolution that is not secured by the Composite Reserve Subaccount, the amount of money, if any, or available amount of Reserve Product, if any, or any combination thereof, required by Supplemental Resolution adopted prior to the issuance of such Series of Bonds to be maintained in the subaccount in the Reserve Account with respect to such Series of Bonds pursuant to the Bond Resolution, which will not cause any existing rating on any Bonds or Series of Bonds outstanding under the Bond Resolution to be lowered, suspended or withdrawn, and which amount shall be available for use only with respect to such Series of Bonds.

Designated Maturity Bonds. Bonds of a Series designated as such by Supplemental Resolution adopted in connection with the issuance thereof, for which either (i) no serial maturities or Sinking Fund Installments prior to the maturity thereof have been established, or (ii) the aggregate of such serial maturities and Sinking Fund Installments that have been established is less than the amount necessary to amortize such Bonds on a substantially level debt service basis.

Discretionary Fund Maximum Balance. The sum of (a) an amount equal to \$3,000,000, and (b) any amount or amounts required to repay, in accordance with the terms of any agreements securing the same, indebtedness issued by the Authority to finance improvements to the Airport System, plus (c) all amounts required to pay in a timely manner all payments the Authority is required to make to any third party under any interest rate swap agreement or other derivative financial product agreement between the Authority and a third party, and (d) any amounts required to be deposited to the credit the PFC Account in the Discretionary Fund pursuant to the Resolution; provided that, said amount set forth in (a) above shall be increased or decreased in direct proportion to the changes in the Producer Price Index, formerly designated as the Wholesale Price Index, issued by the United States Department of Labor, Bureau of Labor Statistics, using 1986 as the base year; and provided further that, said amounts set forth in (a), (b), (c) and (d) above may be adjusted by the Authority at any time if

not prohibited under the terms of the Lease and Use Agreements, as amended and supplemented from time to time.

FAA. The Federal Aviation Administration, or any successor agency of the Federal Government performing the same or similar functions.

FAA Regulations. The regulations of the FAA contained in Title 14, part 158, Code of Federal Regulations, as amended from time to time, pertaining to the imposition, collection and use of PFCs.

Fiduciary. The Trustee, Special Trustee and any Paying Agent, or any or all of them as may be appropriate.

Fiscal Year. The then-current annual accounting period of the Authority for its general accounting purposes. Currently, the 12-month period ending September 30.

Fitch. Fitch Investors Service, L.P., a limited partnership organized and existing under the laws of the State of New York, its successors and assigns and, if such entity shall no longer perform the function of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Authority by notice to the Trustee.

Investment Securities. Any of the following securities, if and to the extent the same are at the time legal for investment of moneys and funds held under the Resolution:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency to the extent such obligations are unconditionally guaranteed by the United States of America ("United States Obligations");

(ii) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Association;

(iii) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America; or Project Notes issued, by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(iv) negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States or any national banking association (including any Depository or Paying Agent),

provided that such certificates of deposit must be purchased directly from such bank, trust company or national banking association and must be either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by such securities as are described in clauses (i) through (iii), inclusive, above which have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and are lodged with any Federal Reserve Bank, as custodian, by the bank, trust company or national banking association issuing such certificate of deposit. Additionally, the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured, must furnish the Authority with an undertaking satisfactory to the Authority that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit;

(v) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association secured by any one or more of the securities described in clauses (i), (ii) or (iii) above;

(vi) pre-refunded obligations of any state or of any agency, instrumentality or local governmental unit of any such state meeting the following conditions:

(A) the obligations are not to be redeemed prior to maturity or the fiduciary for such obligations has been given irrevocable instructions concerning their calling and redemption;

(B) the obligations are secured by cash or United States Obligations that may be applied only to interest, principal and redemption premium payments of such obligations;

(C) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) have been verified by an independent certified public accountant as being sufficient to pay the principal of, redemption premium, if any, and interest on such obligations on the maturity dates or redemption dates specified in the irrevocable instructions referred to in clause (A) above;

(D) the United States Obligations and cash serving as security for the obligations are held by an escrow agent or trustee;

(E) the United States Obligations and cash are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(F) the obligations are rated in the highest rating category by Moody's and S&P;

(vii) units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, or any similar common trust fund which is established pursuant to applicable state law as a legal depository of public moneys;

(viii) commercial paper rated in the highest category by S&P and Moody's;

(ix) interest-bearing time deposits or savings accounts in banks organized under the laws of Florida, in national banks organized under the laws of the United States and doing business and situated in Florida, in savings and loan associations located in Florida and organized under federal law and under federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law;

(x) direct general obligations of any state of the United States of America or any political subdivision, agency or municipality thereof whose unsecured, uninsured or unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's and "A" or better by S&P, or any obligation fully and unconditionally guaranteed by any such state, political subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated at the time of purchase, "A" or better by Moody's and "A" or better by S&P;

(xi) tax-exempt revenue bond obligations of any state of the United States of America or any political subdivision, agency, municipality or governmental unit thereof rated at the time of purchase at least "Aa" by Moody's and at least "AA" by S&P;

(xii) any certificates, receipts or similar instruments ("Certificates") which were issued by or pursuant to a trust or similar arrangement and which evidence ownership or the right to receive payments of principal or interest or any securities (a) issued by a state of the United States of America or any political subdivision, agency, municipality or governmental unit thereof and (b) meeting the requirements set forth in clauses (iii), (vi), (x) or (xi) above ("Municipal Securities"), which Municipal Securities are held pursuant to such trust or similar agreement for the benefit of the Holders of such Certificates; provided, however, that the Holders of such Certificates are entitled to rely on an opinion of counsel rendered by a nationally recognized tax counsel that interest received on the Certificates by such Holders is excluded from gross income for federal income tax purposes under the Code and is not treated as an item of tax preference for purposes of the alternative minimum tax and is not subject to any similar tax under the Code, unless all tax-exempt bonds are subject to such tax; and

(xiii) such other investments as the Authority is permitted to make with general funds of the Authority.

Lease and Use Agreements. The Airline-Airport Lease and Use Agreements between the Authority and various airlines, as amended or as the same may be amended and in effect from time to time.

Maturity Amount. The amount payable at maturity of a Capital Appreciation Bond consisting of the original principal amount thereof or discounted principal value (original offering price) and interest or principal accreted thereon to the maturity date thereof, as determined by reference to the accreted value tables contained or referred to in such Bond.

Maximum Aggregate Debt Service. As of any date of calculation, an amount equal to the greatest amount of Aggregate Debt Service for the current or any future Fiscal Year.

Moody's. Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall no longer perform the function of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally-recognized securities rating agency designated by the Authority, by notice to the Trustee.

Net Revenues. Revenues less Operation and Maintenance Expenses.

Operation and Maintenance Expenses. The Authority's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Airport System which shall include, without limiting the generality of the foregoing, administrative expenses, insurance premiums, legal and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds, or other employee benefit funds, and any other expenses required to be paid by the Authority under the provisions of the Bond Resolution, or by law or consistent with standard practices for airports similar to the properties and business of the Airport System and applicable in the circumstances, the expenses, liabilities and compensation of the fiduciaries required to be paid under the Bond Resolution, and all to the extent properly attributable to the Airport System. "Operation and Maintenance Expenses" shall not include any capital cost or any allowance for depreciation or any operation or maintenance costs for Special Purpose Facilities; provided, however, that "Operation and Maintenance Expenses" shall include operation and maintenance costs incurred by the Authority with respect to any Special Purpose Facilities no part of the revenue and income from which is pledged to the payment of Authority obligations.

Outstanding or outstanding. When used with reference to Bonds, means as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered under the Bond Resolution except (a) any Bond cancelled at or before said date, (b) any Bond (or portion of Bonds) for the payment or redemption of which moneys equal to the principal amount (or, with respect to Capital Appreciation Bonds, Maturity Amount) or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall have theretofore been deposited with one or more of the fiduciaries in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with the Bond Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (c) any Bond in lieu of or in substitution for which another Bond shall have been

authenticated and delivered pursuant to the Bond Resolution, and (d) any Bond deemed to have been paid as provided in the Bond Resolution.

Paying Agent. Any bank or trust company designated by the Authority as paying agent for the Bonds of any Series, and its successor or successors appointed in the manner provided in the Bond Resolution.

PFC Account. The PFC Account established in the Discretionary Fund by Section 402 of the Bond Resolution.

PFCs or Passenger Facility Charges. The passenger facility charges authorized to be charged by the Authority pursuant to the Aviation Safety and Capacity Expansion Act of 1990, as amended (now codified in Section 40117 of the United States Code), and Section 158.5 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

PFC Projects. Additional Projects for which the Authority is authorized to impose and use PFC's, as confirmed by a Counsel's Opinion.

PFC Revenues. Amounts derived by the Authority from the imposition of PFCs, exclusive of the amounts retained by the air carriers collecting the PFCs pursuant to Section 158.53 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158).

Principal Installment. As of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, means (i) the principal amount of Bonds of such Series (other than the Capital Appreciation Bonds) and the Maturity Amount of the Capital Appreciation Bonds of such Series, in each case, due on a certain future date for which no Sinking Fund Installments have been established; or (ii) the unsatisfied balance (determined as provided in the Bond Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount, or Accreted Value with respect to Capital Appreciation Bonds, equal to said unsatisfied balance of such Sinking Fund Installments; or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds other than Capital Appreciation Bonds and the Maturity Amount of Capital Appreciation Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Qualified Derivative Agreement. An agreement such as an interest rate swap, collar, cap, or other functionally similar agreement the purpose of which is to manage the effective interest cost on the Authority's outstanding debt, between the Authority and a counterparty whose long-term unsecured debt is at all times rated at least "A" or the equivalent by S&P and "A2" or the equivalent by Moody's, creating Qualified Derivative Payments and designated by the Authority as a Qualified Derivative Agreement for purposes of the Bond Resolution. In the event the credit rating of the counterparty to a Qualified Derivative Agreement is reduced below such rating categories, such agreement shall no longer constitute a Qualified Derivative Agreement for purposes of the Bond Resolution.

Qualified Derivative Payment. A payment to the Authority by a counterparty pursuant to a Qualified Derivative Agreement, the amount of which is equal to interest on a notional amount, based upon a fixed rate or a variable rate index or formula.

Rating Agency. Fitch, Moody's and S&P, to the extent then maintaining a rating on Bonds outstanding at the request of the Authority.

Redemption Price. With respect to any Bond, the principal amount or, with respect to Capital Appreciation Bonds, the Accreted Value to the redemption date of such Bond, plus (in either case) the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Reserve Product. Bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Composite Reserve Subaccount or any other subaccount in the Reserve Account and meeting the terms and conditions of the Bond Resolution, as applicable.

Reserve Product Provider. A bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities, at the time such Reserve Product is obtained, results in such issues (as of the date such Reserve Product is delivered) being rated in one of the two highest full rating categories by each of the Rating Agencies; provided, however, that nothing herein shall require the Authority to obtain a rating on any Bonds issued under the Bond Resolution.

Revenues. (i) All income and revenues from all sources, collected or received by the Authority in the operation of the Airport System, including without limitation except as expressly provided in the Resolution, all rentals, charges, landing fees, use charges and concession revenue received by or on behalf of the Authority in its capacity as the operator of the Airport System in connection with the operation, improvement and enlargement of the Airport System, or any part thereof; (ii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the Airport System's benefit which are: (a) not restricted in application to a special purpose, and (b) otherwise lawfully available for the payment of charges with respect to the Prior Lien Bonds and the Bonds; (iii) income received on any investment of moneys held pursuant to the Resolution and paid into the Revenue Fund pursuant to the terms of the Resolution; (iv) income received on any investment of moneys held pursuant to the Trust Agreements and paid into the revenue fund established under the Trust Agreements; (v) amounts deposited in the revenue fund established under the Trust Agreements or into the Revenue Fund from the Prepaid Airlines Fees and Charges Fund pursuant to the terms of the Resolution; and (vi) Available PFC Revenues for the applicable period.

The term "Revenues" shall not include any revenue or income from any Special Purpose Facilities, except ground rentals therefor, or revenue or income from Orlando Executive Airport (formerly known as Herndon Airport) or any additions, extensions or improvements thereto unless Orlando Executive Airport is added to the Airport System as provided in the definition of "Airport System"; provided, however, that "Revenues" shall include the revenue or income from

Special Purpose Facilities which are not pledged to the payment of obligations of the Authority issued to finance such Facilities. The term "Revenues" shall include PFC Revenues only to the extent they constitute Available PFC Revenues for the applicable period.

Series. All Bonds, including Additional Bonds, authenticated and delivered on the original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to the Bond Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions.

Series 2009C Bonds. Means the \$87,110,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2009C of the City of Orlando, Florida issued pursuant to the terms of the Bond Resolution.

Sinking Fund Installment. An amount so designated by Supplemental Resolution for a particular Series of Bonds, as required by the Bond Resolution.

Special Purpose Facilities. Any capital improvements or facilities acquired or constructed by the Authority from funds other than Revenues or obligations payable from Revenues and located or to be located on any property included under the definition of Airport System.

Special Trustee. The Special Trustee appointed pursuant to the Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

Standard & Poor's or S&P. Standard & Poor's, a Division of The McGraw-Hill Companies, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

Subordinated Indebtedness. Any evidence of indebtedness of the Authority payable out of and which may be secured by a pledge of amounts available in the Discretionary Fund established under the Bond Resolution.

Supplemental Resolution. Any resolution of the Authority amending or supplementing the Bond Resolution and adopted and becoming effective in accordance with the terms of Article X of the Bond Resolution.

Supplemental Revenues. Any source of funds not constituting Available Revenues or Revenues under the Bond Resolution irrevocably pledged to the payment of debt service on one or more series of Bonds outstanding thereunder by Supplemental Resolution and with respect to which there has been delivered to the Trustee (a) an opinion of Bond Counsel to the effect that the pledging of such source of Supplemental Revenues shall not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds outstanding under the Bond Resolution that are not Taxable Bonds, (b) the written consent of any bond insurer or other credit enhancer having in effect a bond insurance policy insuring, or other credit

enhancement securing, payment of any Bonds outstanding under the Bond Resolution, and (c) confirmation from the Rating Agencies that the pledging of such source of Supplemental Revenues will not result in the reduction or withdrawal of the credit ratings assigned to the Bonds, or, if unrated and non-credit enhanced, then consent of the owners of not less than a majority of such unrated, non-credit enhanced Bond Obligation.

Tax Exempt Variable Rate Index. The average of the PSA Municipal Swap Index for the twelve (12) months preceding the date of calculation, or, in connection with the issuance of Bonds, the twelve (12) calendar months preceding the date of pricing of the Bonds to be issued, or, if such index is no longer published, the Tax Exempt Variable Rate Index shall be determined in accordance with such formula or index or in such manner as the Authority shall in good faith determine will provide substantially the same rate and, if the Authority has Bonds outstanding rated by the Rating Agencies, then with respect to which the Authority receives confirmation from such Rating Agencies that the calculation of the Tax Exempt Variable Rate Index in such manner will not result in a reduction or withdrawal of the then applicable rating on the Bonds.

Taxable Bonds. Bonds the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the owners thereof for federal income tax purposes.

Taxable Variable Rate Index. The average yield on 30-day United States Treasury Bills for the twelve (12) calendar months preceding the date of calculation, or, in connection with the issuance of Bonds, the twelve (12) calendar months preceding the date of pricing of the Bonds to be issued, plus fifty (50) basis points.

Variable Rate Bonds. Bonds issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the remaining term thereof.

Pledge Under Resolution

Payment of the principal and redemption price of, and interest on, the Bonds is secured, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms of the Resolution, by (i) the proceeds of the sale of the Bonds, (ii) all Revenues, and (iii) all funds established by the Resolution, including the investments thereof, if any, provided, however, that each of the separate subaccounts in the Reserve Account shall secure only those Series of Bonds designated by Supplemental Resolution to be secured by such separate subaccount and provided further that any Supplemental Revenues deposited in the Debt Service Account shall only be available and used to pay the principal of and interest on the Bonds of the Series to which such Supplemental Revenues are pledged.

General Provisions for the Issuance of Bonds

Bonds may be issued with various interest rate determination mechanisms in addition to fixed interest rate or Capital Appreciation Bonds, including variable, adjustable, convertible, auction reset or other rates, original issue discounts and zero coupon bonds.

The Authority must specify, among others, the following in connection with the issuance of a Series of Bonds: (i) a designation as to whether such Series of Bonds shall be secured by the

Composite Reserve Subaccount, a separate subaccount in the Reserve Account, or no debt service reserve, and, if secured by a separate subaccount in the Reserve Account, the Debt Service Reserve Requirement with respect thereto; (ii) the redemption terms for the Bonds of such Series; and (iii) the terms, if any, upon which the holder of such Bond may elect, or may be required, to tender such Bonds for purchase by the Authority or its designated agent.

Additional Bonds

One or more Series of Additional Bonds may be issued for the purpose of paying the cost of construction of any Additional Project, subject to the following conditions and tests, among others:

1. Receipt by the Trustee of a certificate of an Authorized Officer of the Authority demonstrating that Net Revenues for any consecutive 12-month period out of the preceding 30 months equaled at least 1.25 times the sum of Aggregate Debt Service and Prior Lien Debt Service;

2. Receipt by the Trustee of a report of the Consulting Engineers setting forth (i) the estimated substantial completion and placed in service date for the Additional Project for which such Series of Additional Bonds is being issued and for any other uncompleted Project, and (ii) an estimate of the Cost of Construction of such Additional Project and of any other uncompleted Project and any other Additional Project (an "Anticipated Additional Project") as to which the Authority expresses, by a certificate of an Authorized Officer of the Authority, its intention and reasonable expectation to undertake prior to the end of the Fiscal Year following the Fiscal Year in which the completion date described in clause (i) is estimated to occur by the Consulting Engineers; and

3. Receipt by the Trustee of a report of the Airport Consultant demonstrating that the estimated (taking into account the effect of any Anticipated Additional Projects) Net Revenues and Supplemental Revenues, if any, for each of the three Fiscal Years following the Fiscal Year in which the Additional Project is estimated to be substantially completed and placed into service, less the sum of the amounts estimated to be deposited from Revenues or Available Revenues in each such Fiscal Year into the renewal and replacement fund and operating reserve account established under the Trust Agreements and into the Operation and Maintenance Reserve Account, the Capital Expenditures Fund and the Renewal and Replacement Fund established under the Resolution, plus the estimated Supplemental Revenues in each such Fiscal Year (not to exceed in any such Fiscal Year an amount equal to 1.25 times the Aggregate Debt Service in such Fiscal Year with respect to each Series of Bonds secured by such Supplemental Revenues), shall be at least equal to 1.25 times the sum of Aggregate Debt Service (including the Aggregate Debt Service for each Series of Bonds secured by Supplemental Revenues and the Aggregate Debt Service estimated by the Authority with respect to future Series of Bonds estimated to be required to complete such Additional Project and any other uncompleted Project) plus Prior Lien Debt Service for each such Fiscal Year.

Refunding Bonds

One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund (a) all Outstanding Bonds of one or more Series or all or any portion of one or more maturities within a Series, or (b) any Subordinated Indebtedness as follows:

1. Refunding Bonds of each Series issued to refund one or more Series of Outstanding Bonds, or one or more maturities or any portion of a maturity, within a Series shall be authenticated and delivered by the Trustee only upon receipt by it from the Authority of, among others:

(a) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, shall be held by the Trustee or one or more of the Paying Agents or (ii) Investment Securities and moneys, sufficient to satisfy the defeasance requirements of the Bond Resolution, shall be held in trust. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES REVENUE BOND RESOLUTION — Defeasance" for a summary of the defeasance requirements of the Bond Resolution; and

(b) Receipt by the Trustee of either of the following: a certificate of an Authorized Officer of the Authority setting forth (1) the Aggregate Debt Service through the date of the latest maturity of any Bonds of any Series then Outstanding (A) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service set forth pursuant to (B) above is no greater than that set forth pursuant to (A) above, or (ii) the certificates required by the Bond Resolution for the issuance of Additional Bonds demonstrating that the tests set forth in the Bond Resolution for such issuance have been met in connection with the issuance of the Refunding Bonds, treating the Refunding Bonds as Additional Bonds for all purposes of such certificate and tests. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES REVENUE BOND RESOLUTION — Additional Bonds" for a summary of certain conditions and tests applicable to Additional Bonds.

2. Refunding Bonds may be issued to refund Subordinated Indebtedness upon satisfaction of the following conditions, among others:

(a) Receipt by the Trustee of the documents required by the Bond Resolution for the issuance of Additional Bonds; and

(b) Receipt by the Trustee of a certificate of an Authorized Officer of the Authority (or of the trustee under the instrument authorizing such Subordinated Indebtedness, if there be such a trustee) stating, among other things, that provision has been duly made for the redemption or payment at maturity of such Refunding Indebtedness.

Qualified Derivative Agreements

The Authority may enter into one or more Qualified Derivative Agreements with respect to all or a portion of the Debt Service with respect to Bonds outstanding under the Resolution; provided, however, that if such Qualified Derivative Agreement is not entered into at the time of initial issuance of the Bonds to which it applies, the Authority must deliver a report of the Airport Consultant such as is required in connection with the issuance of Additional Bonds, but using the assumptions provided in the definition of "Debt Service" with respect to the Qualified Derivative Agreement and the portion of Debt Service to which it relates as of the effective date of such Qualified Derivative Agreement. Qualified Derivative Payments received by the Authority under any Qualified Derivative Agreement shall be deposited upon receipt in the Revenue Fund.

Subordinated Indebtedness

The Authority may, from time to time, issue indebtedness payable out of, and which may be secured by a pledge of, amounts in its Discretionary Fund provided (i) that such indebtedness may be incurred only for (a) the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any such Bonds, (b) payments of principal or redemption price of and interest on any Subordinated Indebtedness, (c) payments into any separate account or accounts established in the Construction Fund for application in a manner consistent with the purposes of such account, (d) improvements, extensions, betterments, renewals, replacements, repairs, maintenance or reconstruction of any properties or facilities of the Airport System or the provision of one or more reserves therefor, and (e) any other corporate purpose of the Authority in connection with the Airport System; and (ii) that any pledge granted in connection therewith shall be subordinate in all respects to the pledge created by the Bond Resolution.

Rate Covenant

The Authority covenants in the Resolution that it will, at all times while any Bonds are Outstanding, establish, fix, prescribe and collect rates, fees, rentals and other charges for the use of the Airport System as shall be required in order that in each Fiscal Year the Net Revenues, less the amounts, if any, required to be deposited from Revenues into the Capital Expenditures Fund, the Operation and Maintenance Reserve Account and the Renewal and Replacement Fund established under the Resolution, plus Supplemental Revenues in an amount not to exceed 1.25 times the Aggregate Debt Service on each Series of Bonds secured by such Supplemental Revenues for such Fiscal Year, shall equal at least 1.25 times the sum of the Aggregate Debt Service for such Fiscal Year, and, in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues or Available Revenues under the Resolution.

Application of Revenues

The Resolution establishes the following funds and accounts for the application of Revenues:

<u>Fund</u>	<u>Held By</u>
Airport Facilities Construction Fund	Special Trustee
Airport Facilities Revenue Fund	Special Trustee
Airport Facilities Bond Fund (consisting of a Debt Service Account and a Debt Service Reserve Account, consisting of a Composite Reserve Subaccount and such additional reserve subaccounts as may be established with respect to particular Series of Bonds)	Trustee
Airport Facilities Operation and Maintenance Fund (which includes an Operation and Maintenance Reserve Account)	Authority
Airport Facilities Capital Expenditures Fund	Authority
Airport Facilities Renewal and Replacement Fund	Authority
Airport Facilities Improvement and Development Fund	Authority
Airport Facilities Discretionary Fund (which includes the PFC Account)	Authority
Airport Facilities Prepaid Airline Fees and Charges Fund	Authority

The Authority shall promptly deposit all Revenues (including Available PFC Revenues) into the Airport Facilities Revenue Fund established under the Resolution. Amounts in the Airport Facilities Revenue Fund shall be applied monthly to the following funds and accounts established under the Resolution, in the following order of priority, as follows:

1. To the Airport Facilities Operation and Maintenance Fund, an amount equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount provided for Operation and Maintenance Expenses for the then current Fiscal Year in the then-current Annual Budget.

2. To the Airport Facilities Bond Fund, for credit to the Debt Service Account therein, if and to the extent required so that the balance in such Account shall equal Accrued Aggregate Debt Service; provided that, for purposes of computing the amount in the Debt Service Account, there shall be excluded the amount, if any, set aside therein from the proceeds of each Series of Bonds less the amount of interest accrued and unpaid and to accrue on the Bonds of such Series (or any Refunding Bonds issued to refund such Bonds), other than with respect to Capital Appreciation Bonds, to the last day of the then-current calendar month.

3. Except as otherwise provided below, to the Airport Facilities Bond Fund, for credit to the applicable subaccount in the Debt Service Reserve Account therein, if

and to the extent necessary so that the balance in each subaccount equals the Debt Service Reserve Requirement with respect thereto.

4. To the Airport Facilities Operation and Maintenance Fund for credit to the Operation and Maintenance Reserve Account therein, an amount equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the difference between the sum on deposit in said Account at the beginning of the then-current Fiscal Year and one-sixth (1/6) of the Operation and Maintenance Expenses set forth in the then-current Annual Budget.

5. To the Airport Facilities Capital Expenditures Fund, a sum equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount provided therefor in the then-current Annual Budget; provided that, if any such monthly allocation shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency.

6. To the Airport Facilities Renewal and Replacement Fund, a sum equal to one-twelfth (1/12) (or such greater fraction if the period is less than 12 months as may be appropriate) of the amount provided therefor in the then-current Annual Budget; provided that no deposit shall be required whenever and as long as uncommitted moneys in said Fund are equal to or greater than \$1,000,000 or such larger amount as the Airport Consultant shall certify as necessary for the purposes of said Fund; and provided further that, if any such monthly allocation shall be less than the required amount, the amount of the next monthly payment shall be increased by the amount of such deficiency.

7. To the Discretionary Fund, the amount of \$166,666.66¹ plus all amounts required to be deposited into such Fund in such month by the terms of any agreements relating to indebtedness issued by the Authority to finance improvements to the Airport System, plus all amounts required to pay in a timely manner all payments the Authority is required to make to any third party under any interest rate swap agreement or other derivative financial product agreement between the Authority and a third party, plus, for deposit in the PFC Account, an amount equal to the difference between (a) the amount of Available PFC Revenues deposited in the Revenue Fund, plus amounts withdrawn from the PFC Account to pay principal and interest or to make up any deficiency in the Operation and Maintenance Fund pursuant to the Bond Resolution (to the extent not previously replenished), and (b) the Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects, as allocated by a certificate of an Authorized Officer of the Authority, or such lesser amount which will not cause the amount on deposit in such Fund to exceed the Discretionary Fund Maximum Balance; provided that, if any such monthly allocation to said Fund shall be less than the required amount, the amount of the next succeeding monthly payment shall be increased by the amount of such deficiency to the extent that the amount on deposit in such Fund shall not exceed the Discretionary Fund Maximum Balance. The amount of the monthly deposit to

¹ The Lease and Use Agreements permit adjustments from time to time by agreement between the Authority and a Majority-In-Interest of such airlines. See "AIRLINE REVENUES AND OTHER REVENUE SOURCES-Payments by Airlines Pursuant to Lease and Use Agreements" herein.

the Discretionary Fund may be adjusted by Authority at any time if not prohibited under the terms of the Lease and Use Agreements.

Deposits to the Bond Fund shall be increased to the extent required to pay principal, interest and redemption premiums, if any, next becoming due, and to make up any deficiencies or losses that may otherwise arise in such Fund and subaccounts.

At the end of each Fiscal Year, after all deposits required to be made into each of the aforesaid funds and accounts have been made, the Special Trustee shall transfer from the remaining moneys on deposit in the Airport Facilities Revenue Fund a sum equal to the estimated amount of moneys which are not required to make up deficiencies in any of the aforesaid funds and accounts as follows: (i) an amount equal to fifty percent (50%) of such remaining moneys shall be deposited into the Airport Facilities Improvement and Development Fund, and (ii) an amount equal to fifty percent (50%) of such remaining moneys shall be deposited into the Prepaid Airline Fees and Charges Fund. When it has been determined by audit what actual amounts were on deposit in the Airport Facilities Revenue Fund at the end of a Fiscal Year which were not required to make up deficiencies as aforesaid, an adjustment shall be made, as follows:

(a) If such amounts were overestimated, there shall be deposited into the Airport Facilities Revenue Fund from each of the Airport Facilities Improvement and Development Fund and the Airport Facilities Prepaid Airline Fees and Charges Fund, respectively, fifty percent (50%) of the overestimated amount.

(b) If such amounts were underestimated, there shall be deposited from the Airport Facilities Revenue Fund into each of the Airport Facilities Improvement and Development Fund and the Airport Facilities Prepaid Airline Fees and Charges Fund, respectively, fifty percent (50%) of the underestimated amount.

At such time as the total amount held in the Debt Service Account and the Debt Service Reserve Account shall be sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal of, applicable sinking fund Redemption Price and interest thereon), no further deposits shall be required to be made into such Accounts and the Bonds shall no longer be deemed Outstanding.

If there are not sufficient funds in the Revenue Fund available to make the amounts on deposit in each subaccount in the Debt Service Reserve Account equal to the Reserve Requirement for the applicable Series of Bonds, there shall be deposited in each such subaccount an amount equal to the lesser of the Reserve Requirement for such subaccount or the total amount available to be deposited into the Debt Service Reserve Account multiplied by a fraction, the numerator of which is the Bond Obligation of all Bonds of the applicable Series then Outstanding and the denominator of which is the total aggregate amount of the Bond Obligation of all Bonds of every Series then Outstanding hereunder secured by a subaccount in the Debt Service Reserve Account.

Notwithstanding anything in the Resolution to the contrary, the Authority shall not be required to fully fund a subaccount in the Debt Service Reserve Account at the time of issuance

of any Series of Bonds under the Resolution, if it provides on the date of issuance of any Series of Bonds in lieu of such funds, a Reserve Product issued by a Reserve Product Provider in an amount equal to the difference between the applicable Reserve Requirement and the sums then on deposit in the applicable subaccount in the Reserve Account. Such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held under the Resolution for a payment with respect to the applicable Series of Bonds which cannot be cured by funds in any other account held pursuant to the Resolution and available for such purpose, and which shall name the Trustee or a Paying Agent as the beneficiary thereof. In no event shall the use of such Reserve Product be permitted if it would cause any existing rating on the Bonds or any Series thereof to be lowered, suspended or withdrawn. If a disbursement is made from a Reserve Product as provided above, the Authority shall be obligated to reinstate the maximum limits of such Reserve Product immediately following such disbursement or to replace such Reserve Product by depositing into the applicable subaccount in the Debt Service Reserve Account from the first Revenues available for such deposit into the applicable subaccounts of the Debt Service Reserve Account after the deposits required to be made to the Operation and Maintenance Fund and Debt Service Account, funds in the maximum amount originally payable under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of all required deposits to the applicable subaccounts of the Debt Service Reserve Account, amounts necessary to satisfy such reimbursement obligation and other obligations of the Authority to such a Reserve Product Provider shall be deemed required deposits into the applicable subaccount in the Reserve Account, but shall be used by the Authority to satisfy its obligations to the Reserve Product Provider.

Also notwithstanding anything in the Resolution to the contrary, the Authority shall not be required to fund fully a subaccount in the Debt Service Reserve Account at the time of issuance of any Series of Bonds under the Resolution, if it elects by Supplemental Resolution adopted prior to the issuance of any Series of Bonds and subject to the limits described below, to fully fund the applicable subaccount over a period specified in such Supplemental Resolution not to exceed sixty (60) months during which it shall make substantially equal monthly installments in order that the amount on deposit in such subaccount in the Debt Service Reserve Account at the end of such period shall equal the Debt Service Reserve Requirement with respect thereto. The aggregate amounts which may be permitted to be deposited in installments at any time shall not exceed 75% of the Debt Service Reserve Requirement with respect to such subaccount in the Debt Service Reserve Account. If a subaccount in the Debt Service Reserve Account is to be initially funded in installments, the deposits required pursuant to the foregoing may be limited to the amount which will be sufficient to make the required monthly installments specified in the Supplemental Resolution, plus an amount necessary to make up any deficiencies caused by withdrawals or resulting from valuations of the funds on deposit therein.

Application of Airport Facilities Bond Fund - Debt Service Account

1. The Trustee shall pay out of the Debt Service Account to the respective Paying Agents (i) on or before each interest payment date and each Principal Installment due date for any of the Bonds, the amount required for the interest and Principal Installments payable on such dates; and (ii) on or before the day preceding any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement. Notwithstanding anything in this section to the contrary, if principal, interest or premium payments on Bonds have been paid on behalf of the Authority by a bond insurer or the provider of any credit or liquidity facility or any other entity insuring, guarantying or otherwise providing for the payment of the Bonds, or any Series thereof, moneys on deposit in the Debt Service Account and allocable to such Bonds shall be paid to such bond insurer or provider of the liquidity facility or credit facility or other entity having made a corresponding payment on the Bonds.

2. Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) may and, if so directed by the Authority, shall be applied by the Trustee, on or prior to the 60th day preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Prices, pursuant to the terms of the Bond Resolution of such Bonds, if then redeemable by their terms. After the 60th day but on or prior to the 40th day preceding the due date of such Sinking Fund Installment, any amounts then on deposit in the Debt Service Account (exclusive of amounts, if any, set aside in said Fund which were deposited therein from the proceeds of Additional Bonds) may, and if so directed by the Authority, shall be applied by the Trustee to the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. All such purchases of Bonds shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as required in the Bond Resolution, on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before the day preceding such redemption date (or maturity date), the amount required for the

redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment).

3. The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Fund and applied to the payment of interest on the Bonds of such Series (or Refunding Bonds issued to refund such Bonds) as the same becomes due and payable.

Application of Airport Facilities Bond Fund - Debt Service Reserve Account

If, on the final business day of any month the amount in the Debt Service Account shall be less than the amount required to be in such Account, the Trustee shall apply amounts from the applicable subaccounts in the Debt Service Reserve Account to the extent necessary to cure the deficiency; provided, however, that amounts in the separate subaccounts in the Debt Service Reserve Account shall be used only for the purpose of curing deficiencies with respect to the Series of Bonds secured by such subaccount. Any proceeds received from a Reserve Product shall be applied to cure deficiencies in the Debt Service Account only with respect to the Series of Bonds for which such Reserve Product was provided.

Whenever the moneys on deposit in a subaccount in the Debt Service Reserve Account shall exceed the applicable Debt Service Reserve Requirement, the Trustee, at the direction of an Authorized Officer of the Authority, shall allocate and apply the amount of such excess in the same manner as Available Revenues or Revenues, as the case may be. Pursuant to the Resolution, whenever the amounts in the applicable subaccounts in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to fully pay all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent deemed necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds Outstanding secured by the applicable subaccount in the Debt Service Reserve Account.

The Authority is permitted, at any time in its discretion, to substitute a Reserve Product for the cash and Investment Securities in a subaccount of the Debt Service Reserve Account, and to then withdraw such cash and Investment Securities from such account and deposit them to the credit of the Revenue Fund, so long as (i) no event of default shall have occurred and be continuing under the Bond Resolution, (ii) the substitution and withdrawal does not adversely affect any rating by a Rating Agency then in effect for the applicable Series of Outstanding Bonds and (iii) the Authority obtains an opinion of Bond Counsel that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the applicable Series of Bonds (if other than Taxable Bonds) for federal income tax purposes.

Cash on deposit in the applicable subaccount in the Debt Service Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product. If and to the extent that more than one Reserve Product is deposited in the applicable subaccount in the Debt Service Reserve Account,

drawings thereunder and repayments of costs associated therewith shall be made on a pro rated basis, calculated by reference to the maximum amounts available thereunder.

Application of Airport Facilities Operation and Maintenance Fund and Operation and Maintenance Reserve Account

Amounts in the Airport Facilities Operation and Maintenance Fund shall be paid out from time to time by the Authority for reasonable and necessary Operation and Maintenance Expenses.

Amounts in the Airport Facilities Operation and Maintenance Fund which the Authority at any time determines to be in excess of the requirements of such Fund shall be paid over by the Authority to the Special Trustee for deposit into the Revenue Fund and applied as described above and in the Resolution.

Moneys to the credit of the Operation and Maintenance Reserve Account shall be paid out from time to time by the Authority for reasonable and necessary Operation and Maintenance Expenses to the extent that sufficient funds are not available within the Operation and Maintenance Fund for such purposes.

If at any time amounts on deposit in the Maintenance Reserve Account are in excess of 1/6 of the Operation and Maintenance Expenses with respect to the Airport System as set forth in the then current Annual Budget, the Authority shall pay such excess to the Special Trustee for deposit into the Revenue Fund and application as described above and in the Resolution.

Application of Airport Facilities Capital Expenditures Fund

Moneys in the Capital Expenditures Fund may be applied to purchase items of equipment and other capital items for use in connection with the Airport System. Any payments made by the Authority from the Capital Expenditures Fund shall be made in such manner as is not prohibited under the terms of the Lease and Use Agreements.

If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account, the Airport Facilities Discretionary Fund, the Airport Facilities Improvement and Development Fund and the Airport Facilities Renewal and Replacement Fund shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Authority, upon requisition of the Trustee, shall transfer from the Airport Facilities Capital Expenditures Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to meet a deficiency as described in the preceding paragraph, if at any time the moneys in the Airport Facilities Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Airport Facilities Discretionary Fund, the Airport Facilities Improvement and Development Fund and the Airport Facilities Renewal and Replacement Fund shall be insufficient to pay Operation and Maintenance Expenses when due, the Authority shall transfer from the Airport Facilities Capital Expenditures Fund to the Airport Facilities Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

Application of Airport Facilities Renewal and Replacement Fund

Moneys in the Airport Facilities Renewal and Replacement Fund may be applied to pay costs of unanticipated or emergency replacements and repairs to the Airport System.

If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account, the Airport Facilities Discretionary Fund and the Airport Facilities Improvement and Development Fund shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Trustee shall transfer from the Airport Facilities Renewal and Replacement Fund to the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to meet a deficiency as described in the preceding paragraph, if at any time the moneys in the Airport Facilities Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account), the Airport Facilities Discretionary Fund and the Airport Facilities Improvement and Development Fund shall be insufficient to pay Operation and Maintenance Expenses when due, the Trustee shall transfer from the Airport Facilities Renewal and Replacement Fund to the Authority for deposit in the Airport Facilities Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

Application of Airport Facilities Discretionary Fund and PFC Account

1. If at any time the moneys in the Debt Service Account and the Debt Service Reserve Account shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Authority, upon requisition of the Trustee, shall transfer from the Airport Facilities Discretionary Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

2. To the extent not required to meet a deficiency as described in paragraph 1, if at any time the moneys in the Airport Facilities Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account) shall be insufficient to pay Operation and Maintenance Expenses when due, the Authority shall transfer from the Airport Facilities Discretionary Fund to the Airport Facilities Operation and Maintenance Fund the amount necessary (or all moneys in said Fund if less than the amount necessary) to make up such deficiency.

3. Amounts in the Airport Facilities Discretionary Fund not required to meet a deficiency as described in paragraphs 1 and 2 of this Section may, at the discretion of the Authority and, with respect to amounts in the PFC Account, subject to the requirements described in paragraph 6 below, be applied to any one or more of the following purposes:

- (a) the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any such Bonds;

(b) payments of principal or redemption price of and interest on any Subordinated Indebtedness;

(c) payments into any separate account or accounts established in the Construction Fund for application in a manner consistent with the purposes of such account;

(d) improvements, extensions, betterments, renewals, replacements, repairs, maintenance or reconstruction of any properties or facilities of the Airport System or the provision of one or more reserves therefor; and

(e) any other corporate purpose of the Authority in connection with the Airport System;

provided that, subject to the provisions described in paragraphs 1 and 2 of this Section, amounts deposited in the Airport Facilities Discretionary Fund and required by the Resolution to be applied to the purchase or redemption of Bonds shall be applied to such purpose in such manner as the Authority shall determine.

4. Subject to the provisions described in this section and the terms of any pledge securing Subordinated Indebtedness, amounts in the Airport Facilities Discretionary Fund shall be applied to the purposes specified in paragraph 3 of this Section.

5. Whenever any moneys in the Discretionary Fund or the Improvement and Development Fund are to be applied to the purchase or redemption of Bonds, the Authority shall deposit such moneys with the Trustee, in a separate account established for such purpose, and shall give written instructions to the Trustee to make such purchase or redemption in accordance with the provisions of the Resolution. Upon any such purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of such Bonds so purchased or redeemed shall be credited toward a part (an integral multiple of \$5,000) or all of any one or more Sinking Fund Installments thereafter to become due, as directed by the Authority in a certificate in writing signed by an Authorized Officer of the Authority and filed with the Trustee, or in the absence of such direction, toward such Sinking Fund Installments in inverse order of their due dates. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

6. Amounts in the PFC Account in the Airport Facilities Discretionary Fund not required to meet a deficiency as described in paragraphs 1 and 2 of this Section may be withdrawn by the Authority at any time and shall be applied by the Authority, in its discretion for permitted purposes, in accordance with the applicable approvals and authorizations of the FAA and applicable FAA Regulations.

Application of Airport Facilities Improvement and Development Fund

Moneys in the Airport Facilities Improvement and Development Fund may be applied to costs of the Airport Improvement and Development Plan for the then current Fiscal Year or to the purchase or redemption of Bonds, including any expenses in connection with such purchase or redemption. Whenever moneys in the Improvement and Development Fund are applied to the purchase or redemption of Bonds, the provisions of paragraph 5 in the section entitled "SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT FACILITIES REVENUE BOND RESOLUTION – Application of Airport Facilities Discretionary Fund and PFC Account" shall equally apply.

If at any time the moneys in the Debt Service Account, the Debt Service Reserve Account and the Airport Facilities Discretionary Fund shall be insufficient to pay the interest and Principal Installments when due on the Bonds, the Authority, upon requisition of the Trustee, shall transfer from the Airport Facilities Improvement and Development Fund to the Trustee for deposit in the Debt Service Account the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to meet a deficiency as described in the preceding paragraph, if at any time the moneys in the Airport Facilities Operation and Maintenance Fund (including the Operation and Maintenance Reserve Account) and the Airport Facilities Discretionary Fund shall be insufficient to pay Operation and Maintenance Expenses when due, the Authority shall transfer from the Airport Facilities Improvement and Development Fund to the Airport Facilities Operation and Maintenance Fund the amount necessary (or all the moneys in said Fund if less than the amount necessary) to make up such deficiency.

Application of Airport Facilities Prepaid Airline Fees and Charges Fund

After certain reimbursements, any remaining amounts on deposit in the Prepaid Airline Fees and Charges Fund at the end of each Fiscal Year shall be transferred by the Authority to the Special Trustee for deposit into the Revenue Fund for application as described above, such deposit to be made in equal amounts in each of the first three months of the next succeeding Fiscal Year.

Application of Supplemental Revenues

Each month, all Supplemental Revenues, up to the Accrued Aggregate Debt Service with respect to the Series of Bonds secured by such Supplemental Revenues, shall be deposited to the Bond Fund for the credit of the Debt Service Account and, anything provided in the Bond Resolution to the contrary notwithstanding, shall be used solely to pay debt service on the Series of Bonds secured by such Supplemental Revenues. Supplemental Revenues deposited in the Debt Service Account shall be used to pay debt service on the Series of Bonds secured thereby prior to the use of any Revenues or Available Revenues.

Investment of Certain Funds

The Resolution provides that certain funds and accounts held thereunder may, and in the case of the Debt Service Account and the Debt Service Reserve Account shall, be invested to the fullest extent practicable in Investment Securities. The Resolution provides that such investments shall mature no later than such time as shall be necessary to provide moneys when needed for payments from such funds and accounts, and in the case of the following funds and accounts not later than the period set forth below:

Debt Service Reserve Account	15 years
Operation and Maintenance Fund, including the Operation and Maintenance Reserve Account	1 year
Capital Expenditures Fund	5 years
Renewal and Replacement Fund	5 years
Improvement and Development Fund	5 years
Discretionary Fund	5 years

Net interest earned on any moneys or investments in any such funds and accounts (other than the Construction Fund) shall be paid into the Airport Facilities Revenue Fund.

Obligations purchased as an investment of moneys within any funds or accounts under the Bond Resolution shall be valued semiannually at the lower of cost or principal amount thereof, exclusive of accrued interest, except such investments in the Debt Service Reserve Account shall be valued semiannually at the lower of cost or market price, exclusive of accrued interest.

Construction Fund

The Resolution establishes an Airport Facilities Construction Fund to be held by the Special Trustee, and provides that the Special Trustee shall establish within such fund a separate account for each Additional Project which is to be paid from the Construction Fund.

There shall be paid into the Airport Facilities Construction Fund the amounts required by the Resolution. The Authority may also pay into the Airport Facilities Construction Fund any moneys received for or in connection with the Airport System from any other source, unless required to be otherwise applied as provided by the Resolution.

To the extent that other moneys are not available therefor in any other fund, amounts in the Airport Facilities Construction Fund shall be applied to the payment of Principal Installments and interest on the Bonds when due, unless such use would cause interest on Bonds (other than Bonds issued with the intent that interest thereon be included in gross income for federal income tax purposes) not to be excluded from gross income for federal income tax purposes.

Amounts in each separate account established for any Additional Project shall be applied to the purpose or purposes specified in the Supplemental Resolution authorizing the Bonds issued with respect to such Additional Project. Amounts will be withdrawn from the Construction Fund pursuant to requisitions signed by an Authorized Officer of the Authority

filed with the Special Trustee. Each such requisition must evidence that the stated amounts have been incurred by the Authority, that each item is a proper charge against the Construction Fund and that there has not been filed with or served upon the Authority notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to anyone named in the requisition which has not been released, or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Amounts in the Airport Facilities Construction Fund may be invested in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the cost of construction or such other purpose to which such moneys are applicable. Interest earned on moneys or investments in a separate account in the Airport Facilities Construction Fund shall be held in such account for the purposes thereof.

Upon completion of any Additional Project as evidenced by certificate of the Consulting Engineers, any amount remaining in the separate account established therefor not required to complete payment of the cost of construction shall be deposited in the Debt Service Reserve Account to the extent necessary to meet the Debt Service Reserve Requirement and the balance shall be (i) transferred to the Debt Service Account and applied to the purchase or redemption of Bonds, or (ii) used to pay costs of improvements to the Airport System, as the Authority shall direct.

Certain Other Covenants

Passenger Facility Charges (PFCs)

The Authority has covenanted and agreed to file such applications, submit such reports and take any and all such other actions that may be necessary or desirable to preserve its rights to impose and collect PFCs from which Available PFC Revenues are derived, to enforce with reasonable diligence its rights to receive PFC Revenues from which Available PFC Revenues are derived and to use the proceeds of such Available PFC Revenues and amounts required to be deposited in the PFC Account in the manner provided in the Resolution. Without limiting the generality of the foregoing, the Authority has covenanted and agreed as follows:

(a) To apply PFC Revenues only to finance allowable costs of approved projects in accordance with the FAA Regulations and applicable FAA authorizations and approvals (including Accrued Aggregate Debt Service with respect to that portion of the Bonds issued to finance PFC Projects);

(b) To comply with the applicable requirements of Section 9304(e) and 9307 of the Airport Noise and Capacity Act of 1990 (Pub. L. 101-508, Title IX, Subtitle D);

(c) To notify the air carriers and foreign air carriers required to collect PFCs with respect to the Airport System of the FAA's approval of the imposition of such PFC's in accordance with the requirements of the FAA Regulations and to take all actions reasonably necessary to insure the proper collection and remittance of the PFC Revenues from which Available PFC Revenues are derived by the air carriers; and

(d) To comply with all reporting, recordkeeping, and auditing requirements contained in the FAA Regulations.

Indebtedness and Liens

The Authority covenants not to issue any bonds or other evidences of indebtedness, other than the Bonds, payable out of or secured by a pledge of the Revenues, or of the moneys, securities or funds held or set aside by the Authority or by the fiduciaries under the Resolution, and shall not create or cause to be created any lien or charge on the Revenues, or such moneys, securities or funds; provided, however, that nothing contained in the Resolution shall prevent the Authority from issuing (i) evidences of indebtedness payable out of moneys in the Airport Facilities Construction Fund as part of the Cost of Construction of any Additional Project, or payable out of, or secured by the pledge of, Revenues after the date the pledge of Revenues provided in the Resolution shall be discharged and satisfied, or (ii) Subordinated Indebtedness as provided in Section 414 of the Resolution.

Insurance

So long as any Bonds are Outstanding, the Authority shall at all times carry insurance with a responsible insurance company or companies authorized and qualified under the laws of any state of the United States of America to assume the risk thereof, covering such properties of the Airport System as are customarily insured, and against loss or damage from such causes as are customarily insured against, by public or private corporations engaged in a similar type of business, all in accordance with the annual written recommendations of the Airport Consultant.

Any proceeds of insurance for the Airport System (except proceeds of insurance maintained pursuant to the Resolution against physical loss of or damage to any Project, or of contractors' performance bonds with respect thereto, pertaining to a period of construction which shall be paid into the Airport Facilities Construction Fund), shall, to the extent necessary and desirable, be applied to the repair and replacement of any damaged or destroyed properties of the Airport System. If any of said proceeds are not used to repair or replace property, such proceeds shall be paid into the Debt Service Account.

Accounts and Reports

The Authority covenants to keep proper and separate books of record and account relating to the Revenues and each fund and account established under the Resolution. Such books shall at all times be subject to the inspection of the Trustee and the Holders of not less than five percent (5%) of the Bond Obligation then Outstanding.

The Trustee and the Special Trustee shall advise the Authority promptly after the end of each month of the respective transactions during such month relating to each Fund and Account held by the Trustee and the Special Trustee under the Resolution and the Revenues and Available Revenues, as the case may be. The Authority shall have the right upon reasonable notice and during reasonable business hours to examine the books and records of the Trustee and the Special Trustee with respect to the Funds and Accounts held by the Trustee or the Special Trustee under the Resolution and with respect to the Revenues or Available Revenues, as the case may be.

The Authority covenants to cause an annual audit to be made of its books and accounts relating to the Airport System within 120 days after the close of each Fiscal Year and to file annually with the Trustee an annual report of such audit, prepared by an independent and recognized certified public accountant not in the regular employ of the Authority, which includes a statement of receipts and disbursements with respect to each fund and account established under the Resolution, a statement of the details of all Bonds issued, paid, purchased or redeemed, a statement of the amounts on deposit at the end of the prior Fiscal Year in each fund and account established under the Resolution showing the details of investment thereof, a statement of the amounts of proceeds received from the sales of property constituting part of the Airport System, and a list of all insurance policies with respect to the Airport System, and a statement as to the existence of any default under the provisions of the Resolution.

The Authority shall file with the Trustee (a) forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of any covenant, agreement or condition contained in the Resolution, a certificate signed by an Authorized Officer of the Authority and specifying such Event of Default or default and (b) within 120 days after the end of each Fiscal Year, a certificate signed by an appropriate Authorized Officer of the Authority stating that, to the best of his knowledge and belief, the Authority has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Resolution and there does not exist at the date of such certificate any default by the Authority under the Resolution or any Event of Default or other event which, with the lapse of time would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

Annual Budget

The Authority also agrees to prepare and file with the Trustee prior to the beginning of each Fiscal Year an Annual Budget setting forth for the ensuing Fiscal Year in reasonable detail, among other things, estimated Revenues and Operation and Maintenance Expenses, estimated deposits into each of the funds and accounts established under the Resolution and estimated expenditures for replacement of capital assets or extraordinary repairs. The Authority may at any time adopt an amended annual budget for the remainder of the then current Fiscal Year, and promptly file such amended budget with the Trustee.

The reports, statements and other documents required to be furnished to the Trustee pursuant to any provision of the Resolution shall be available for the inspection of Bondholders at the office of the Trustee and shall be mailed to each Bondholder who shall file a written request therefor with the Authority. The Authority may charge a reasonable fee to each Bondholder requesting said items.

Sale, Lease or Encumbrance of Property

The Authority covenants not to sell or otherwise dispose of or encumber any part of the Airport System, except in an arm's length transaction, property which has been certified as obsolete, uneconomical, negligible, worn out or surplus property, or property no longer useful or profitable in the operation thereof, and except as described in the following paragraph.

The Authority may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Airport System if the same does not impede or restrict the operation of the Airport System by the Authority.

Any proceeds from the sale or other disposition of property not used to replace such property, and any payments received with respect to a lease, contract, license, easement or other right not otherwise required to be applied in accordance with the Resolution shall be applied in the same manner and to the same purposes as Revenues.

Condemnation

The Authority covenants that if the Airport System or any part thereof is taken by the exercise of eminent domain, any proceeds received in connection therewith shall to the extent necessary and desirable, be applied to the replacement of the Airport System or such part thereof. Any such proceeds not applied to such replacement are required to be paid into the Debt Service Account.

Special Purpose Facilities

The Bond Resolution permits the Authority to issue Special Purpose Facilities revenue bonds without regard to any of the requirements of the Resolution with respect to the issuance of Additional Bonds, provided that such Bonds are secured solely by the rentals or other charges derived by the Authority pursuant to the leasing or other agreement with respect to such Special Purpose Facility and provided that the following requirements are satisfied as well.

There shall be filed with the Trustee prior to the issuance of such obligations a certificate of the Airport Consultant, certifying that the estimated rentals, payments or other charges to be derived by the Authority from the lease, sale or other agreement with respect to the Special Purpose Facilities to be financed will be at least sufficient to pay the principal of and interest on such obligations, all costs of operating and maintaining such Special Purpose Facilities and all sinking fund, reserve or other payments required by the resolution or indenture securing such obligations.

There shall be filed with the Trustee prior to the issuance of such obligations a certificate of the Airport Consultant, certifying that the construction and operation of the Special Purpose Facilities to be financed will not decrease the Revenues to be derived from the Airport System.

In addition to all rentals, payments or other charges with respect to the Special Purpose Facilities to be financed, a fair and reasonable rental for the land upon which said Special Purpose Facilities are to be constructed shall be charged by the Authority, and said ground rent shall be deemed Revenues derived from the Airport System.

Events of Default and Remedies

Events of Default specified in the Resolution include failure to pay principal or redemption price of any Bond when due; failure to pay any interest installments or the unsatisfied balance of any sinking fund installment when due; failure to perform the rate covenant, provided that such failure shall not constitute an Event of Default unless the Authority

shall fail in the succeeding Fiscal Year to comply with the rate covenant or to restore any deficiencies which occurred in any funds in the preceding Fiscal Year; failure for sixty (60) days after written notice thereof by the Trustee or owners of at least twenty-five percent (25%) of the Bond Obligation Outstanding in the observance or performance of any other covenants, agreements or conditions provided in the Bond Resolution or the Bonds; the filing of a petition, by the Authority or the City, seeking a composition of indebtedness under the federal bankruptcy laws, or other applicable federal or Florida statute; the appointment of a receiver for the Airport or any part thereof or other revenues therefrom with the consent of the Authority or the City; the appointment of such receiver without the consent of the Authority or the City, which appointment is not vacated, discharged, stayed or appealed within ninety (90) days; the rendering of a judgment for the payment of money against the Authority or the City, as the result of the construction, improvement, ownership, control or operation of the Airport System, which is not discharged within twenty-four (24) months or an appeal taken therefrom vacating or staying such judgment.

Upon the occurrence of an Event of Default, which shall not have been remedied, the Authority covenants that, if demanded by the Trustee, it shall account as if it were the trustee of an express trust, for all Revenues, other moneys, securities and Funds pledged or held under the Resolution for such period as shall be stated in such demand.

If an Event of Default shall have occurred and not be remedied, the Trustee may, or on request of the Holders of not less than twenty-five percent (25%) of the Bond Obligation then Outstanding shall proceed to protect and enforce its rights and the rights of the Bondholders under the Bond Resolution by a suit or suits in equity or at law, whether for the specific performance of any covenant in the Resolution or in aid of the execution of any power granted in the Resolution, or for an accounting against the Authority, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

The Holders of not less than a majority of the Bond Obligation then Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercise any trust or power conferred upon the Trustee (subject to the Trustee's right to decline to follow such direction upon advice of counsel as to the unlawfulness thereof or upon its good faith determination that such action would involve the Trustee in personal liability or would be unjustly prejudicial to Bondholders not parties to such direction).

Regardless of the happening of Event of Default, the Trustee may, and upon the request of the Holders of not less than a majority of the Bond Obligation then Outstanding and upon being furnished with reasonable security and indemnity shall, institute and prosecute a proper action to prevent any impairment of the security under the Resolution or to preserve or protect the interests of the Trustee and of the Bondholders.

In case an Event of Default shall occur (which shall not have been cured), the Trustee is required to exercise such of the rights and powers vested in it by the Bond Resolution and to use the same degree of care and skill in their exercise, as a prudent man would use under the circumstances in the conduct of his own affairs. No Bondholder shall have any right to institute any suit, action or proceeding for the enforcement of any provision of the Resolution or the

execution of any trust under the Resolution or for any remedy under the Resolution, unless such Bondholder shall have previously given the Trustee written notice of the Event of Default, and the Holders of at least twenty-five percent (25%) of the Bond Obligation then Outstanding shall have filed a written request with the Trustee and have afforded the Trustee a reasonable opportunity to exercise its powers or institute such action, suit or proceeding, and unless such Bondholders shall have offered to the Trustee adequate security and indemnity against its costs, expenses and liabilities to be incurred and the Trustee shall have refused to comply with such request within thirty (30) days, it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever by his or their action to affect, disturb, or prejudice the pledge created by the Bond Resolution, or to enforce any right under the Bond Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Bond Resolution shall be instituted, had and maintained in the manner provided in the Bond Resolution and for the equal benefit of all Bondholders. Nothing in the Resolution or the Bonds affects or impairs the Authority's obligation to pay from the sources specified in the Bond Resolution the Bonds and interest thereon when due or the right of any Bondholder to enforce such payment.

Resignation of Trustee or Special Trustee

The Trustee or Special Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than ninety (90) days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for three successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided below, in which event such resignation shall take effect immediately on the appointment of such successor; provided, however, that in no event shall the resignation of the Trustee or Special Trustee become effective until a successor Trustee or Special Trustee shall have been appointed as described below.

Removal of Trustee or Special Trustee and Designation of Successor Trustee

The Trustee or Special Trustee may be removed at any time by a written instrument filed with the Trustee and Special Trustee and signed by the Holders of a majority of the Bond Obligation then Outstanding, or so long as the Authority is not then in default under the Resolution, by a certificate of an Authorized Officer of the Authority filed with the Trustee and the Special Trustee. Upon the resignation or removal of the Trustee or Special Trustee, a successor Trustee or Special Trustee, as the case may be, may be appointed by the Authority, so long as the Authority is not then in default under the Resolution, or, if the Authority is then in default thereunder or the Authority has not appointed a successor Trustee or Special Trustee as the case may be within 45 days of the occurrence of such event, by the Holders of a majority of the Bond Obligation then Outstanding.

Supplemental Resolutions Effective Upon Filing with Trustee

The Authority may, without the consent of the Trustee or the Bondholders, adopt supplemental resolutions (i) to close the Bond Resolution against, or provide limitations and

restrictions in addition to the limitations and restrictions contained therein, on the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; (ii) to add to the Bond Resolution other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; (iii) to add to the limitations and restrictions of the Authority in the Bond Resolution not contrary to or inconsistent with those as theretofore in effect; (iv) to authorize Additional Bonds and, in connection therewith, specify and determine the details thereof which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Additional Bonds; (v) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution, of the Revenues or of any other moneys, securities or funds; and (vi) to modify any of the provisions of the Bond Resolution in any respect whatever, provided that such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series issued after the adoption of such Supplemental Resolution.

Supplemental Resolutions with Consent of Trustee

The Authority may, with the consent of the Trustee, but without the consent of the Bondholders, adopt supplemental resolutions (i) to cure any ambiguity, supply an omission, or cure or correct any defect or inconsistent provision in the Bond Resolution; (ii) to insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; or (iii) to make any other changes or modifications to or to otherwise amend the Resolution in any manner that does not materially adversely affect the interest or the rights of any of the Holders of Bonds issued pursuant to the Resolution and then Outstanding.

Supplemental Resolutions with Bondholder Consent

Supplemental Resolutions modifying or amending the Bond Resolution and the rights and obligations of the Authority and the Holders of the Bonds and coupons thereunder, in any particular, may be adopted with the written consent (given as provided in Section 1103 of the Bond Resolution) (i) of the Holders of at least a majority of the Bond Obligation Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by modification or amendment, of the Holders of at least a majority of the Bond Obligation of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of at least a majority of the Bond Obligation of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remaining Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds required to consent to such amendment. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest

thereon, or in the case of Capital Appreciation Bonds, the Maturity Amount or Accreted Value, as applicable, or a reduction in the principal amount or the Redemption Price, or in the case of Capital Appreciation Bonds, the Maturity Amount or Accreted Value, as applicable, thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of the foregoing, a Series shall be deemed to be affected by a modification or amendment of the Bond Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may, in its discretion, determine whether or not Bonds of any particular Series or maturity would be affected by any modification or amendment of the Bond Resolution and any such determination shall be binding and conclusive on the Authority and all Bondholders.

Defeasance

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds and coupons the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any Revenues, and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the Authority to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds or payment of coupons not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds of a particular Series and the coupons appertaining thereto the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

All Outstanding Bonds of any Series, or all or any portion of one or more maturities within a Series and all coupons pertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid and shall cease to be entitled to any lien, benefit or security under the Bond Resolution if the following conditions are met: (i) in the case of Bonds to be redeemed, the Authority shall have given to the Trustee irrevocable instructions to give the notice of redemption therefor; (ii) there shall have been deposited with the Trustee in trust either moneys in an amount which shall be sufficient, or Investment Securities (which shall consist of the securities described in item (i) and (vi) in the definition of "Investment Securities" under "Certain Definitions") the principal of and the interest on which, when due, will provide moneys which, together with any moneys also deposited, shall be sufficient to pay when due the

principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the maturity date or redemption date thereof; and (iii) in the event such Bonds are not subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Bonds that the above deposit has been made with the Trustee and that such Bonds are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the principal or Redemption Price, if applicable, of such Bonds.

Redemption Notice

With respect to Series of Bonds originally issued after June 1, 1993, if all of the Bonds of such Series to be redeemed are in fully registered form, notice of redemption shall be given by the deposit in the U.S. Mail of a copy of the redemption notice, postage prepaid, at least thirty and not more than sixty days before the redemption date to all registered owners of the Bonds or portions of the Bonds to be redeemed at their last addresses as they appear on the registration books maintained in accordance with the Bond Resolution. Failure to mail any such notice to a registered owner of a Bond, or any defect therein, shall not effect the validity of the proceedings for redemption of any Bond or portion thereof with respect to which no such failure or defect occurred. Any notice mailed as described conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice.

APPENDIX C

FORM OF THE LEASE AND USE AGREEMENTS

The various Lease and Use Agreements with the Signatory Airlines are substantially similar to each other. The following is a form of the Lease and Use Agreement.

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AIRLINE-AIRPORT LEASE AND USE AGREEMENT

FOR

ORLANDO INTERNATIONAL AIRPORT

**BY AND BETWEEN
GREATER ORLANDO AVIATION AUTHORITY
ORLANDO, FLORIDA**

AND

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LIST OF EXHIBITS

<u>Exhibit</u>	<u>Title</u>
Exhibit A -	Airport Boundaries and Cost Centers
Exhibit B -	Approved Capital Expenditures
Exhibit C -	Airline Premises
Exhibit D -	Sample Reporting Forms
Exhibit E -	Rentals, Fees and Charges
Exhibit F -	Responsibilities of AUTHORITY and AIRLINE for Operation and Maintenance of the Terminal
Exhibit G -	Existing Incentive Programs

AIRLINE-AIRPORT LEASE AND USE AGREEMENT

THIS AIRLINE-AIRPORT LEASE AND USE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, _____ (the "Effective Date") by and between the Greater Orlando Aviation Authority, a public and governmental body existing under and by virtue of the laws of the State of Florida (hereinafter referred to as "AUTHORITY") and _____, a corporation organized and existing under the laws of the State of _____ and authorized to do business in the State of Florida (hereinafter referred to as "AIRLINE").

WITNESSETH:

WHEREAS, the City of Orlando has the ownership, custody, control and management of Orlando International Airport (which, as it may exist from time to time, is hereafter called the "Airport," the current boundaries of which are as set forth in Exhibit A attached hereto) located in the City of Orlando, County of Orange, State of Florida; and

WHEREAS, pursuant to an agreement dated September 27, 1976, as amended, with the City of Orlando, City Document No. 13260-1, AUTHORITY has custody, control, and management of the Airport, and under its governmental responsibilities, operates the Airport for the accommodation of air commerce transportation; and

WHEREAS, AUTHORITY has the right to lease, license, or otherwise provide for the use of land, property and facilities of the Airport and has full power and authority to enter into this Agreement in respect thereof; and

WHEREAS, AIRLINE is engaged in the business of transportation by air of persons, property, mail, parcels and/or cargo; and

WHEREAS, AIRLINE desires to lease certain premises, and obtain certain rights, services and privileges in connection with the use of the Airport and its facilities, and AUTHORITY is willing to grant and lease the same to AIRLINE upon the terms and conditions hereinafter stated; and

WHEREAS, AIRLINE and AUTHORITY agree to enter into this Agreement, specifying the rights and obligations of the parties with respect to the use and occupancy of the Airport by AIRLINE;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, AUTHORITY and AIRLINE do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

ARTICLE 1: DEFINITIONS

The following words, terms and phrases wherever used in this Agreement shall for the purposes of this Agreement have the following meanings:

- 1.01 Accommodation Fee shall have the meaning set forth in Section 16.02C below.
- 1.02 Affiliate shall mean any Air Transportation Company that (i) is a parent or wholly owned subsidiary of AIRLINE, or (ii) otherwise operates under essentially the same trade name as AIRLINE at the Airport and uses essentially the same livery as AIRLINE.
- 1.03 Agreement shall mean this Airline-Airport Lease and Use Agreement between AUTHORITY and AIRLINE, as the same may be amended, modified or altered from time to time pursuant to the terms hereof.
- 1.04 Air Transportation Business shall mean that business operated by AIRLINE at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.
- 1.05 Air Transportation Company shall mean a legal entity engaged in the business of scheduled or non-scheduled commercial transportation by air of persons, property, mail, parcels and/or cargo.
- 1.06 Airfield shall mean those portions of the Airport, including the Terminal Aircraft Aprons, providing for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, runway protection zones, safety areas, infield areas, landing and navigational aids, service roads, fencing, buffer areas, fuel farm, fuel hydrant and delivery systems, clear zones, aviation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property purchased for noise mitigation purposes, as set forth in Exhibit A and as may be revised from time to time by AUTHORITY in its reasonable discretion.
- 1.07 Airfield Cost Center shall include all Debt Service, O&M Expenditures, Amortization, and operating Revenues allocated to, or generated by, the Airfield.
- 1.08 AIRLINE shall mean the Air Transportation Company executing this Agreement.
- 1.09 Airline Airport Affairs Committee (or AAAC) shall mean collectively the authorized representatives of each Signatory Airline which shall meet from time to time with representatives of AUTHORITY to receive information and provide input from the Signatory Airlines with regard to selected operation and development matters of the Airport.
- 1.10 Airline Equipment shall mean loading bridges, pre-conditioned air, ground power/400Hz, potable water, fire bottles and related equipment used to transport passengers between the Terminal and an aircraft.

1.11 Airline Equipment Charge shall mean a per gate charge determined by dividing the Airline Equipment Expenses by the total number of gates at Orlando International Airport at which Airline Equipment is used, times the number of such gates leased that month at Orlando International Airport by AIRLINE. An example of such calculation is set forth on Exhibit E.

1.12 Airline Equipment Expenses shall mean the aggregate annual cost to AUTHORITY of acquiring and maintaining all Airline Equipment, which cost (a) shall include Debt Service, O&M Expenditures and Amortization, but (b) shall not include the acquisition cost of items purchased by AIRLINE or by AUTHORITY with PFC's or funds from federal or state grants.

1.13 Airline Premises shall mean those areas in the Terminal assigned to AIRLINE as Exclusive Use Premises, Preferential Use Premises, or Common Use Premises, each as defined herein, and shown in Exhibit C attached hereto, as such may be revised from time to time as provided herein. Premises at the Airport, but not in the Terminal or on the Terminal Aircraft Apron, leased by AIRLINE (e.g. hangers) shall not be governed by the terms hereof, but shall be governed by a separate agreement between AUTHORITY and AIRLINE.

1.14 Airline Supported Areas shall mean the Airfield Cost Center and the Terminal Cost Center.

1.15 Airport shall mean Orlando International Airport, owned by the City of Orlando and operated by AUTHORITY, the current boundaries of which are more particularly shown in Exhibit A attached hereto, including all real property easements or any other interest therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing, now or hereafter owned leased or operated by AUTHORITY. Exhibit A may be modified from time to time, and at any time, in the exclusive discretion of AUTHORITY to reflect changes in the boundaries of the Airport. Any modified Exhibit A shall become part of this Agreement and replace any prior Exhibit A, without any further action of the parties hereto, upon delivery by Authority to Airline of such modified Exhibit A.

1.16 Airport Exclusive Revenue Sources shall mean that certain real property referred to as the "Poitras Property" and identified as such on attached Exhibit A. All Revenues generated from Airport Exclusive Revenue Sources shall be maintained in a segregated fund and shall be applied, when deemed appropriate by the AUTHORITY, toward capital development projects.

1.17 Applicable Signatory Airline Revenue Share Percentage shall mean thirty percent (30%) for Fiscal Years ending September 30, 2009 and September 30, 2010 and twenty five percent (25%) for each Fiscal Year thereafter.

1.18 Airport System shall mean all real property owned or operated from time to time by the AUTHORITY, and any interest therein, including improvements thereto, structures, buildings, fixtures, and other personal property, which comprise part of the Airport, Orlando

Executive Airport or any airport hereafter owned by the AUTHORITY or by the City of Orlando and leased or operated by AUTHORITY.

1.19 Amortization shall mean the annualized cost of capital assets and projects (including renewal and replacement projects and expenditures and Airline Equipment) funded with AUTHORITY funds, amortized over the reasonably expected life of the respective asset, project or expenditure, with interest at six percent (6%) per annum, and charged to the Cost Center(s) to which the asset, project or expenditures relates or to Airline Equipment Expenses, as appropriate.

1.20 Apron Use Fee shall mean the fee charged by AUTHORITY for use of the Terminal Aircraft Apron, as more particularly described in Section 7.01B below.

1.21 AUTHORITY shall mean the Greater Orlando Aviation Authority, created pursuant to Chapter 57-1658, Special Laws of Florida 1957, as replaced by Chapter 98-492, Laws of Florida, as amended, and, for purposes of carrying out and exercising the obligations, rights and duties of such entity hereunder, its board and executive staff, as the context requires.

1.22 Average Terminal Rental Rate shall have the meaning set forth in Section 7.02B.

1.23 Bond Resolution shall mean the Airport Facilities Revenue Bond Resolution Authorizing Airport Facilities Revenue Bonds of City of Orlando, Florida, adopted by AUTHORITY on June 13, 1978, as the same has and may hereafter, from time to time, be amended and supplemented by Supplemental Resolution, as defined in the Bond Resolution.

1.24 Bonds shall mean the Airport Facilities Revenue Bonds issued by AUTHORITY pursuant to the Bond Resolution.

1.25 Capital Expenditure shall mean an expenditure equal to or greater than \$250,000, made to acquire, purchase or construct a single capital item or project for the purpose(s) of improving, maintaining or developing the Airport, and shall include expenses incurred for development, study, analysis, review, design, or planning efforts for such capital item or project.

1.26 Chargeable Landings shall mean all Revenue Landings and those Non-Revenue Landings whenever the same aircraft subsequently departs the Airport as a revenue flight.

1.27 City shall mean the City of Orlando, Florida.

1.28 Common Use Charges shall have the meaning set forth in Section 7.02C(1) below.

1.29 Common Use Formula shall mean that formula which prorates twenty percent (20%) of an applicable rate, use, charge or fee equally among all Signatory Airlines, and eighty percent (80%) of such rate, use, charge or fee among all Signatory Airlines, based on the ratio of each Signatory Airline's Enplaned Passengers annually at the Airport, to the total of all Enplaned Passengers annually at the Airport of all Signatory Airlines.

1.30 Common Use Premises shall mean those non-preferential areas of the Airport (excluding Public Space), used in common by AIRLINE and other authorized users of the Airport, along with all facilities, improvements, equipment and services available in such areas which are, or hereafter may be, designated as common-use, as shown in Exhibit C attached hereto, as such may be amended from time to time as described herein.

1.31 Cost Centers shall mean those distinct areas or functional activities of the Airport System used for the purposes of accounting for Revenues, O&M Expenditures, Amortization and Debt Service, as designated from time to time by the AUTHORITY.

1.32 Debt Service shall mean any principal, interest, premium, and other fees and amounts either paid or accrued for, or required under applicable documents to be paid or accrued for, Bonds, Subordinated Indebtedness or Other Indebtedness, exclusive of amounts funded by PFC collections.

1.33 Deplaned Passenger shall mean any passenger disembarking an aircraft at the Terminal, including any such passenger that shall subsequently board another aircraft of the same or a different Air Transportation Company or the same aircraft, previously operating under a different flight number.

1.34 Effective Date shall have the meaning set forth in the first paragraph of this Agreement.

1.35 Enplaned Passenger shall mean any passenger boarding an aircraft at the Terminal, including any such passenger that previously disembarked from another aircraft of the same or a different Air Transportation Company or from the same aircraft, previously operating under a different flight number.

1.36 Environmental Laws shall have the meaning set forth in Section 17.05A(1)(a) below.

1.37 Event of Default shall have the meaning set forth in Section 12.01.

1.38 Exclusive Use Premises shall mean those portions of the Terminal and Terminal Aircraft Aprons assigned to AIRLINE, as shown in Exhibit C attached hereto (as may be amended from time to time as described herein), on an exclusive basis.

1.39 Executive Director shall mean the Executive Director of AUTHORITY, and shall include such person or persons as may from time to time be authorized in writing by AUTHORITY or by the Executive Director or applicable law to act for the Executive Director with respect to any or all matters pertaining to this Agreement.

1.40 Extraordinary Coverage Protection shall have the meaning set forth in Section 7.05D.

1.41 FAA shall mean the Federal Aviation Administration, or its authorized successor(s).

1.42 Facility Fee shall mean a per use fee payable by an Air Transportation Company for the right to use Airport facilities for the processing of passengers and baggage (e.g. gate, check-in counter, holdroom, etc.), which facilities are not leased by such Air Transportation Company pursuant to a Space/Use Agreement or similar contractual lease arrangement.

1.43 Fiscal Year shall mean the annual accounting period of AUTHORITY for its general accounting purposes which, at the time of entering into this Agreement, is the period of twelve consecutive months, ending with the last day of September of any year.

1.44 Ground Transportation Cost Center shall include all Debt Service, Amortization, O&M Expenditures and operating Revenues allocated to or generated by those areas on the Airport designated from time to time by AUTHORITY for public automobile parking, automobile rental agencies, taxi, bus and limousine parking areas, and other nonaeronautical transportation related accommodations and services for the public arriving at or leaving the Terminal, as designated as such from time to time by AUTHORITY on Exhibit A.

1.45 Hotel shall mean the hotel facility, including guest rooms, meeting rooms restaurants and lobby areas, located in the landside terminal building, and identified on Exhibit A (as may be amended from time to time as described herein).

1.46 Hotel Cost Center shall include all Debt Service, Amortization, O&M Expenditures and operating Revenues allocated to or generated by the Hotel.

1.47 Identified Affiliate shall have the meaning set forth in Section 5.03 below.

1.48 MUFIDs shall have the meaning set forth in Section 5.01J below.

1.49 Landing Fee shall mean the amount payable by AIRLINE for the use of the Airfield, as described in Section 7.01 below.

1.50 Landing Fee Rate shall mean a fee rounded to the nearest cent per thousand pounds, calculated as set forth in Section 7.01 below.

1.51 Majority-in-Interest shall mean, with respect to issues pertaining to the Terminal Cost Center, (a) more than fifty percent (50%) of all Signatory Airlines at the Airport on the date the particular consideration is requested and (b) Signatory Airlines which paid, in the aggregate, more than fifty percent (50%) of total Terminal rental payments in the six (6) full months preceding the month in which the particular consideration is requested; and, with respect to issues pertaining to the Airfield Cost Center, (y) more than fifty percent (50%) of all Signatory Airlines at the Airport on the date the particular consideration is requested, and (z) Signatory Airlines having, in the aggregate, more than fifty percent (50%) of the total Maximum Gross Landed Weight at the Airport for the six (6) full months preceding the month in which the particular consideration is requested.

1.52 Maximum Gross Landed Weight shall mean the maximum gross certificated landing weight in one thousand pound units for each aircraft operated at the Airport by AIRLINE, as certificated by the FAA or its successor.

1.53 Net Airfield Requirement shall mean all Operating Expenditures, Operating Reserve Requirements, Amortization and Debt Service reasonably allocated by AUTHORITY to the Airfield Cost Center in a Fiscal Year, times ninety percent (90%), minus all landing fees collected by AUTHORITY from all non-Signatory Airlines during such Fiscal Year and all other Revenues reasonably assigned by AUTHORITY to the Airfield Cost Center and collected by the AUTHORITY during such Fiscal Year (including in particular all Revenues received by AUTHORITY from the use or operation of the fuel hydrant system, but specifically excluding Landing Fees paid by Signatory Airlines, Apron Use Fees, non-Signatory ramp fees and “remain overnight” fees).

1.54 Net Shared Revenues shall mean (a) all Revenues generated by the operation of the Airport for a Fiscal Year (with the exception of, and not including, Revenues generated from the operation, use, sale, lease or other exploitation of Airport Exclusive Revenue Sources), (b) minus all Debt Service, Amortization and O&M Expenditures for such Fiscal Year.

1.55 Net Terminal Requirement shall mean all Operating Expenditures (including Operating Reserve Requirements), Amortization and Debt Service reasonably allocated by AUTHORITY to the Terminal Cost Center in a Fiscal Year, minus all Airline Equipment Charges, all Facility Fees paid by Signatory or non-Signatory Airlines, all FIS fees, all fees paid for the use of CUTE, CUSS and CUPPS equipment, and all unamortized tenant finish payments received with respect to the Continental hangar, in each case, collected by AUTHORITY during such Fiscal Year.

1.56 Non-Airline Revenues shall mean those rentals, fees, charges and other income received by AUTHORITY from all Airport operations, including income from lessees, permittees, concessionaires, users, and patrons other than Air Transportation Companies.

1.57 Non-Revenue Landing shall mean any aircraft landing by AIRLINE at the Airport for a flight for which AIRLINE receives no revenue, which shall include any flight, that after having taken off from the Airport and without making a landing at any other airport, returns to land at the Airport because of meteorological conditions, mechanical or operating causes, or any other reason of emergency or precaution.

1.58 Operating Expenditures (or O&M Expenditures) shall mean all Operating Expenses, reduced by any reimbursements or grants received from governmental entities to offset Operating Expenses, plus all expenditures other than Capital Expenditures, all repair, replacement, operating, maintenance and other reserves (including the Operating Reserve Requirement) required or deemed prudent in the reasonable discretion of AUTHORITY, and expenditures for the purpose of paying the cost of rebuilding, reconstructing, altering, replacing and renewing the facilities of the Airport (other than expenditures of casualty insurance proceeds), and construction and acquisition of improvements to capital assets of the Airport.

1.59 Operating Expenses shall mean all direct, indirect or general administrative current expenses, paid, payable or accrued, of AUTHORITY to operate, maintain, and conduct ordinary current repairs or replacements of or at the Airport and shall include, without limiting the generality of the foregoing, insurance premiums, insurance claims and related costs, self insurance retentions, administrative fees, administrative expenses of AUTHORITY, employment compensation and costs, engineering, architectural, legal, accounting and airport consultant fees and costs, replacement and/or repair of all vehicles, rolling stock and moveable equipment, fees and expenses relating to any Bonds not included in Debt Service, and such other current expenses of AUTHORITY incurred in connection with the operation of the Airport. Operating Expenses shall not include any allowance for depreciation or obsolescence of capital assets used at the Airport, or any operating expenses of special purpose facilities buildings where the lessees thereof are obligated to pay such operating expenses. Direct operating expenses shall be allocated to the Cost Center to which those expenses relate, as determined in the reasonable discretion of AUTHORITY. Indirect operating expenses shall be allocated to Cost Centers by the AUTHORITY in its reasonable discretion, which allocations may be amended from time to time in the reasonable discretion of AUTHORITY.

1.60 Operating Reserve Requirement (or O&M Reserve Requirement) shall mean the operating reserve amount required to be created and maintained in accordance with the Bond Resolution.

1.61 Other Buildings and Grounds Cost Center shall include all Debt Service, Amortization, O&M Expenditures and operating Revenues allocated to or generated by those areas of the Airport not in the Airfield Cost Center, Terminal Cost Center, Ground Transportation Cost Center, Hotel Cost Center or Other Cost Center.

1.62 Other Cost Center shall include all Debt Service, Amortization, O&M Expenditures, and operating Revenues allocated to or generated by those areas of the Airport specifically designated from time to time by AUTHORITY in its reasonable discretion as not belonging in another Cost Center.

1.63 Other Indebtedness shall mean any debt incurred by AUTHORITY for Airport purposes which is outstanding and not authenticated and delivered under and pursuant to the Bond Resolution or any Subordinated Bond Resolution.

1.64 Passenger Facility Charge (or PFC) shall mean the fees authorized by 49 U.S.C. 40117 and regulated by 14 CFR Part 158 as such statute and regulations currently exist or as they may be amended during the Term of this Agreement.

1.65 Performance Security shall have the meaning set forth in Section 7.08A below.

1.66 PFC Act shall have the meaning set forth in Section 18.03 below.

1.67 Preferential Use Premises shall mean those portions of the Terminal and Terminal Aircraft Aprons assigned to AIRLINE, as shown in Exhibit C attached hereto (as may be

amended from time to time as described herein), to which AIRLINE shall have priority over other users, subject to the provisions of Article 16.

1.68 Public Space shall mean all utility rooms, ductways, janitorial rooms and closets, stairways, hallways, holdroom corridor, elevators, escalators, entrance-ways, public lobbies and areas, public toilet areas and other areas used for the operation, maintenance or security of the Terminal, even if used solely by AUTHORITY, as such may be designated from time to time as described herein.

1.69 Rentable Square Feet with respect to the Terminal shall mean the number of square feet of space in the Terminal that is rentable to tenants, including office and administrative space used by AUTHORITY, but specifically excluding Public Space and Hotel space; which rentable space shall be as shown on Exhibit C attached hereto, as such may be amended from time to time by the AUTHORITY. Untenable areas committed for leasing to a future tenant when renovated shall not be considered rentable during the period of such commitment until the lease period commences.

1.70 Requesting Airlines shall have the meaning set forth in Section 16.02 below.

1.71 Revenue Landing shall mean any aircraft landing by AIRLINE at the Airport for which AIRLINE receives revenue.

1.72 Revenues shall mean income received or accrued by AUTHORITY in accordance with generally accepted accounting practices, including investment earnings, from or in connection with the ownership or operation of the Airport or any part thereof, or the leasing or use thereof; provided, however, Revenues shall specifically exclude: (a) gifts, grants and other funds which are restricted by their terms to purposes inconsistent with the payment of general Operating Expenses or payment of Debt Service; (b) insurance proceeds; (c) any unrealized gains on securities held for investment by or on behalf of the Authority; (d) any gains resulting from changes in valuation of any Swap; (e) any unrealized gains from the reappraisal or revaluation of assets; (f) the proceeds of debt; (g) PFC's and the interest earned therefrom, (h) customer facility charges and interest earned therefrom; (i) investment income derived from any moneys or securities placed in escrow or trust to defease Debt Service; (j) any arbitrage earnings which are required to be paid to the United State of America pursuant to Section 148 of the Code; and (k) interest earnings or other investment earnings on any account in the construction fund established by any supplement to the Bond Resolution unless otherwise provided in such supplement.

1.73 Revenue Sharing Payments shall have the meaning set forth in Section 8.03 below.

1.74 Signatory Airline shall mean an Air Transportation Company that has an agreement with AUTHORITY substantially similar to this Agreement (with the exception of differences permitted by Section 18.19 below), and leases at least one preferential gate and other

space in the Terminal that (a) is deemed sufficient by the Executive Director to support its operation, and (b) totals at least 5,000 square feet.

1.75 Space/Use Agreement shall mean a rental agreement between the AUTHORITY and a user of Airport facilities, which rental of such facilities is not otherwise governed by a Signatory Airline agreement substantially similar to this Agreement (with the exception of differences permitted by Section 18.19 below).

1.76 Subordinated Indebtedness shall mean any bonds or other financing instrument or obligation subordinate to the Bonds, issued pursuant to any Subordinated Bond Resolution.

1.77 Subordinated Bond Resolution shall mean a bond resolution, indenture or related document granting a pledge subordinate to the pledge granted by the Bond Resolution, and authorizing the issuance by AUTHORITY of Subordinated Indebtedness, as such may be supplemented or amended from time to time.

1.78 Substantial Completion shall mean the date on which AUTHORITY's architects and/or engineers certify any premises at the Airport to be substantially complete as to permit use and occupancy.

1.79 Term shall mean the period of time during which AIRLINE's activities at the Airport shall be governed by this Agreement. Said Term shall begin on the later of October 1, 2008 or the Effective Date, and, except as otherwise set forth herein, terminate on the date set forth in Article 3.

1.80 Terminal Aircraft Aprons shall mean those areas of the Airport that are designated for the parking of passenger aircraft and support vehicles, and the loading and unloading of passenger aircraft.

1.81 Terminal shall mean the passenger terminal building, including all landside and airside passenger terminal facilities, as set forth in Exhibit A attached hereto, as such may be amended from time to time as permitted herein.

1.82 Terminal Cost Center shall include all Debt Service, Amortization, O&M Expenditures, and operating Revenues allocated to or generated by the Terminal (other than with respect to Terminal space designated from time to time as the Hotel and other than Airline Equipment Expenses and Airline Equipment Charges), and specifically including all Debt Service for Bonds, Subordinated Indebtedness and Other Indebtedness (a) related to the proposed South Terminal outstanding as of the Effective Date or (b) related to the Continental hangar.

1.83 TSA shall mean the Transportation Security Administration of the Department of Homeland Security, or any successor.

Additional words and phrases used in this Agreement but not defined herein shall have the meanings as defined under the Bond Resolution or, if not so set forth, shall have their usual and customary meaning.

ARTICLE 2: EFFECTIVE DATE AND TRANSITION PROVISIONS

2.01 Effective Date. This Agreement, along with the determination of rentals, fees, and charges set forth herein, shall be effective on the Effective Date.

2.02 Cancellation of Prior Agreements. At the Effective Date, any and all prior agreements between AIRLINE and AUTHORITY for the lease and use of the Airfield and Terminal facilities at the Airport, including any terms, conditions and restrictions under any MII ballots approved in connection with such prior agreements, shall terminate and be of no further force and effect, except that (a) any obligations of payment by AIRLINE to AUTHORITY under such agreements, and (b) any other obligations intended to survive termination pursuant to the terms of such agreements, shall survive termination until such obligations have been satisfied.

2.03 Existing Tenant Finish Balances. Debt Service payable on or after October 1, 2008 with respect to tenant finish costs incurred prior thereto and funded with bond proceeds shall be deemed to be Debt Service and recovered through Terminal rents as a component of Net Terminal Requirement; with the exception that recovery of Debt Service applicable to the Continental hanger (as identified on Exhibit A) will be recovered directly from Continental Airlines.

ARTICLE 3: TERM

This Agreement shall commence on the later of October 1, 2008 or the Effective Date and terminate at midnight on September 30, 2013, unless canceled sooner as provided herein; provided, however, that the obligation of AIRLINE to pay amounts owed hereunder for use of the Airport through September 30, 2013 shall survive expiration or earlier termination until such amounts are paid in full.

ARTICLE 4: PREMISES

4.01 Airline Premises.

A. AUTHORITY does hereby lease and demise to AIRLINE, and AIRLINE does hereby lease and accept from AUTHORITY, the Exclusive Use Premises, Preferential Use Premises, and Common Use Premises, each as set forth from time to time on Exhibit C. At such time as (a) the Airline Premises, including space used by any Identified Affiliate (as defined in Section 5.03), is, in the reasonable discretion of the Executive Director, insufficient to support AIRLINE's operations, as evidenced by actual use or occupancy by AIRLINE of space not leased by AIRLINE, and AIRLINE fails to promptly and permanently vacate use or occupancy of such premises following notice from AUTHORITY to vacate or lease such premises, or (b) use of the Airline Premises, including space used by any Identified Affiliate, exceeds the legal capacity for such premises, AUTHORITY shall be entitled to require AIRLINE to lease additional space reasonably sufficient for its needs. AUTHORITY is hereby authorized to amend Exhibits A and C for purposes of identifying any new or additional space leased hereunder by AIRLINE. AIRLINE hereby accepts the Airline Premises, including any future Airline Premises, "as is", generally in the same condition in which such space or any part thereof now is. AIRLINE agrees that the AUTHORITY shall have no obligation to do any work on, or make any improvements to or with respect to the Airline Premises or the condition thereof, unless otherwise specifically agreed to by AUTHORITY.

B. Any changes to Airline Premises, except as set forth herein, shall be evidenced by an amendment to this Agreement pursuant to Section 18.18.

C. AUTHORITY may, in its reasonable discretion, (i) make changes in the Airport boundaries, the categories of space (e.g. Public Space to rentable space) or the configuration or amount of space, and (ii) identify new, destroyed, demolished, untenable, decommissioned or re-commissioned facilities or space. In any such event, or upon any change in Airline Premises made hereunder or to the premises leased by any other party, AUTHORITY may amend Exhibits A and/or C, as appropriate, and, upon notice to AIRLINE, such amended Exhibit shall replace any previous corresponding exhibits and shall become a part of this Agreement; provided, however, that the boundaries of the Airline Premises may not be arbitrarily and unilaterally changed by AUTHORITY without the prior written consent of AIRLINE or as otherwise permitted herein.

D. AIRLINE and AUTHORITY agree that it is important to maximize the efficiency of space leased and used in the Terminal, while also adhering to reasonable standards and levels of customer service for the traveling public. Throughout the Term of this Agreement, AIRLINE and AUTHORITY will continue to monitor and evaluate Terminal operations in an effort to achieve a reasonable balance between efficient airline operations and level of customer service for the traveling public. Should AUTHORITY notify AIRLINE of its concern with regards to potential customer service issues,

AIRLINE agrees to discuss with AUTHORITY, and take reasonable action to address and alleviate, the customer service issues.

E. AIRLINE may satisfy temporary or seasonal needs for additional Terminal space (i.e. a change in demand for space expected to be temporary caused by unusual or special circumstances) through the use of a Space/Use Agreement. Rental rates payable by AIRLINE under the Space/Use Agreement shall, for the first three (3) months of the Space/Use Agreement term, be the rates charged to Signatory Airlines for comparable space. Thereafter, rental rates payable by AIRLINE shall be the rates charged to non-Signatory Airlines for comparable space. At any time during the term of any Space/Use Agreement, AIRLINE may request that the space leased thereunder be added to this Agreement. If such request is denied by the AUTHORITY, the rental rates payable by AIRLINE after such denial under the Space/Use Agreement shall be the rates charged to Signatory Airlines for comparable space; provided, however, that if AUTHORITY subsequently grants its permission to include such space hereunder and AIRLINE declines or refuses to include such space hereunder, the rates payable by AIRLINE shall again be the rates charged to non-Signatory Airlines for comparable space. The rental rates for space leased under a Space/Use Agreement not due to temporary or seasonal needs, but, for example, as a device to avoid committing such space under this Agreement, shall be the rates charged to non-Signatory Airlines for comparable space.

4.02 Terminal Equipment. Terminal equipment owned or acquired by AUTHORITY for use by AIRLINE shall remain the property, and under the control, of AUTHORITY.

4.03 Employee Parking. AUTHORITY will make reasonable efforts, for the fee described in Section 7.05 below, to make area(s) at the Airport available for vehicular parking and transportation to the Terminal for AIRLINE's personnel employed at the Airport; provided, however, such area(s) shall not be used for the storage of vehicles or trailers; and usage of the area(s) is subject to Section 7.05B and to reasonable and non-discriminatory rules and regulations established by AUTHORITY.

4.04 Federal Inspection Facilities. AUTHORITY shall designate areas in the Terminal, or elsewhere on the Airport, to be used by agencies of the United States for the inspection of international passengers and their baggage, and for the exercise of the responsibilities of said agencies with respect to the movement of persons, property, and cargo to and from the United States.

4.05 Transfer of Operations.

A. In the event new or expanded facilities are developed at the Airport, and Authority either agrees, or determines under Section 4.05B, to relocate AIRLINE, in whole or in part, to the new or expanded facilities, AUTHORITY shall give notice to AIRLINE of the estimated Substantial Completion date at least one hundred eighty (180) days prior thereto. AIRLINE shall have the right to install in its Exclusive Use Premises and Preferential Use Premises in such new or expanded facilities, its own equipment and

furnishings sixty (60) days prior to the estimated date of Substantial Completion or such other date as may be agreed to by the parties subject to the provisions of Section 9.01 below. AIRLINE shall begin its operations from any new or expanded Airline Premises on the date of Substantial Completion thereof, unless otherwise agreed by AUTHORITY.

B. AUTHORITY has the right at any time, and from time to time, to relocate any Airline Premises to alternative Terminal locations and facilities if AUTHORITY determines, in its reasonable discretion, that such relocation is required to accommodate a new Air Transportation Company, to make available sufficient contiguous space to accommodate the expansion or growth of another Signatory Airline, to replace damaged or destroyed premises, or to utilize Airport Terminal facilities in a fair and efficient manner; provided that if, and to the extent, the relocated premises are Exclusive Use Premises or Preferential Use Premises (1) AUTHORITY will provide AIRLINE at least one hundred eighty (180) days advance notice of such relocation, (2) except as described below, AUTHORITY will reimburse the reasonable out of pocket costs incurred by AIRLINE to complete such relocation (including, without limitation, all installation costs), and (3) the new Airline Premises shall be comparable in size (e.g. 30 feet of counter space to approximately 30 feet of counter space) and character (e.g. 2 gates to 2 gates, Class 1 space to Class 1 space), though not necessarily identical or comparable in square footage, quality, appearance, layout or appointments, to the Airline Premises being vacated. AUTHORITY shall have no obligation to reimburse AIRLINE for costs incurred by AIRLINE to comply with any relocation requested by AIRLINE or required by AUTHORITY hereunder if such relocation is necessary, in the reasonable judgment of AUTHORITY, to accommodate AIRLINE's expansion or growth.

C. AIRLINE may request in writing to AUTHORITY to relocate any Airline Premises, which request may be accepted or denied by AUTHORITY in its exclusive discretion. AIRLINE shall pay all costs of any relocation requested by AIRLINE.

D. No relocation of Airline Premises, either temporarily or permanently, shall have any effect on AIRLINE's obligation to pay rentals, rates and charges herein, except for any change caused by a difference in total square footage of the entire Airline Premises or of the classes of space within the Airline Premises.

4.06 Calculation of Leased Holdroom Space. The number of square feet of holdroom space leased by AIRLINE hereunder shall, for purposes of calculating Terminal rental payments due under this Agreement, be calculated as follows: total square footage of all holdroom space in an airside Terminal wing in which AIRLINE leases a gate, divided by the number of operational gates in such wing, times the number of gates in such wing leased by AIRLINE.

ARTICLE 5: USE OF THE AIRPORT AND RELATED FACILITIES

5.01 AIRLINE Rights and Privileges. In addition to all rights granted elsewhere in this Agreement, AIRLINE shall have the right, subject to AUTHORITY rules, policies and procedures and to the terms hereof, to use, in common with others so authorized by AUTHORITY, all Airline Premises, including related facilities, equipment, and improvements, the Airfield and Terminal Aircraft Aprons for the operation of AIRLINE's Air Transportation Business and all activities reasonably necessary to such operations, including but not limited to:

A. The landing, taking off, flying over, taxiing and towing of AIRLINE's aircraft and, in areas designated by AUTHORITY, the extended parking, servicing, deicing, loading or unloading, storage, or maintenance of AIRLINE's aircraft and support equipment in areas designated or approved by AUTHORITY, subject to Sections 5.01F, 5.01G, and 5.02C below, and to the availability of space, and subject to such reasonable charges and regulations as AUTHORITY may establish; provided, however, AIRLINE shall not permit the use of the Airfield by any aircraft operated or controlled by AIRLINE which exceeds the design strength or capability of the Airfield as described in the then-current FAA approved Airport Layout Plan or other engineering evaluations performed subsequent thereto, including the then-current Airport Certification Manual.

B. The sale of air transportation tickets and services, the processing of passengers and their baggage for air travel, the sale, handling, and providing of mail, freight, and express services, and reasonable and customary airline activities.

C. The training of personnel in the employ of or to be employed by AIRLINE or its contractors and the testing of aircraft and other equipment being utilized at the Airport in areas designated or approved by AUTHORITY in the operation of AIRLINE's Air Transportation Business; provided, however, said training and testing shall be incidental to the use of the Airport in the operation by AIRLINE of its Air Transportation Business and shall not unreasonably hamper or interfere with the use of the Airport and its facilities by others entitled to the use of same. AUTHORITY reserves the right to restrict or prohibit such training and testing operations which it deems to interfere with the use of the Airport.

D. The sale, disposition, or exchange of AIRLINE's aircraft, engines, accessories, gasoline, oil, grease, lubricants, fuel, or other similar equipment or supplies; provided, however, AIRLINE shall not sell or permit to be sold aviation fuels or propellants except (i) to such Air Transportation Company which is a successor company to AIRLINE, (ii) for use in aircraft of others which are being used solely in the operation of AIRLINE's Air Transportation Business, including, but not limited to, AIRLINE's Affiliates, (iii) when a comparable grade and type of fuel desired by others is not available at the Airport except from AIRLINE, or (iv) in accordance with sales of fuel by or on behalf of Signatory Airlines through the Airport's fuel hydrant system, to the extent the AUTHORITY and Signatory Airlines have an agreement for Signatory Airlines to operate the fuel flowage systems at the Airport.

E. The purchase at the Airport or elsewhere, of fuels, lubricants, and any other supplies and services, from any person or company, subject to Section 5.01D and to AUTHORITY's right to require that each provider of services and/or supplies to AIRLINE secures a permit from AUTHORITY to conduct such activity at the Airport, pays required fees, and abides by all reasonable rules and regulations established by AUTHORITY. Nothing herein shall be construed to permit AIRLINE to store aviation fuels at the Airport. Fuel tenders are prohibited on Terminal Aircraft Aprons serviced by the fuel hydrant system. The granting of the right to store and dispense aviation fuels shall be subject to the execution of a separate agreement between AIRLINE and AUTHORITY.

F. The servicing by AIRLINE or its suppliers of aircraft and other equipment being utilized at the Airport by AIRLINE on the Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director; provided that routine servicing or maintenance of ground equipment on Terminal Aircraft Aprons is not permitted, unless specifically authorized by AUTHORITY.

G. The loading and unloading of persons, property, cargo, parcels and mail by motor vehicles or other means of conveyance reasonably approved by AUTHORITY on Terminal Aircraft Aprons or such other locations as may be designated by the Executive Director; provided AIRLINE shall not use Terminal Aircraft Aprons immediately adjacent to the Terminal to load or unload all-cargo aircraft unless otherwise authorized in writing by AUTHORITY.

H. The provision, either alone or in conjunction with other Air Transportation Companies or through a nominee, of porter/skycap service for the convenience of the public, at no cost to AUTHORITY.

I. The installation and maintenance, at AIRLINE's sole cost and expense, of identifying signs in AIRLINE's Exclusive Use Premises and Preferential Use Premises; provided that AIRLINE may not install any permanent signage in any Preferential Use Premises without the prior consent of AUTHORITY, which may be withheld in AUTHORITY's reasonable discretion. All signage shall be subject to standards and policies of AUTHORITY in effect from time to time. Permanent signage approved by AUTHORITY and existing prior to the adoption or amendment of any policy by AUTHORITY shall not be deemed to be in violation of such adopted or amended policy. Furthermore, the general type and design of such signs shall be compatible with and not detract from the pattern and decor of the Terminal areas, in the reasonable discretion of AUTHORITY. Subject to the foregoing, AIRLINE may install on the walls behind ticket counters, in holdrooms and on loading bridges, if any, temporary signage (including electronic signage displays that may be easily changed, such as LCD monitors) identifying AIRLINE or displaying AIRLINE's company logo; provided that any such installation must be performed in accordance with the standards and policies of AUTHORITY in effect from time to time.

J. The installation, maintenance, and operation, at no cost to AUTHORITY, of such radio communication, company telephone system, computer, meteorological and aerial navigation equipment and facilities on AIRLINE's Exclusive Use Premises and Preferential Use Premises as may be necessary or convenient for the operation of its Air Transportation Business; provided, however, that (1) except for equipment and facilities already in place on the Effective Date, such installations and the subsequent use of such equipment shall be subject to applicable law, regulation and AUTHORITY policy, (2) the location of all such equipment and facilities shall be determined by AUTHORITY in its exclusive discretion, (3) AIRLINE is required to use AUTHORITY's telephone system in all locations other than Exclusive Use Premises, and (4) AIRLINE is encouraged to use AUTHORITY's wireless communications systems (e.g. WIFI) in all locations in the Terminal and AIRLINE agrees that any use by AIRLINE of wireless communications systems not provided by AUTHORITY shall not interfere with any AUTHORITY wireless communications system. AUTHORITY shall have unrestricted access to all AIRLINE communication equipment located on Airline Premises if any AUTHORITY equipment or systems interfaces with such AIRLINE equipment. Prior to any written approval, AIRLINE shall provide the Executive Director with all necessary supporting documentation related to such installations. AIRLINE shall be required to use AUTHORITY's compatible multi-user flight information display systems (MUFIDS); provided that AIRLINE may install and maintain its own MUFIDS if it is compatible in all material respects, in the exclusive discretion of AUTHORITY, with AUTHORITY's MUFIDS.

K. Such rights of way as may reasonably be required by AIRLINE for communications, computer equipment, telephone, interphone, conveyor systems and power, and other transmission lines in AIRLINE's Exclusive Use Premises and Preferential Use Premises, subject to the availability of space and/or ground areas as determined by the Executive Director. AUTHORITY reserves the right to require the execution of a separate agreement between AUTHORITY and AIRLINE for the lease and use of such space and/or ground area outside Terminal areas or for the provision of such service directly to AIRLINE.

L. The installation of personal property, including furniture, furnishings, supplies, machinery, and equipment, in AIRLINE's Exclusive Use Premises and, subject to prior approval by AUTHORITY, Preferential Use Premises, as AIRLINE may deem necessary, useful or prudent for the operation of its Air Transportation Business. Title to such personal property shall remain with AIRLINE, subject to the provisions of this Agreement.

M. The construction of modifications, finishes and improvements in Airline Premises as AIRLINE may deem necessary or prudent for the operation of its Air Transportation Business, subject to the provisions of Article 9.

N. AIRLINE shall have rights of ingress to and egress from the Airport and Airline Premises for AIRLINE's officers, employees, agents, and invitees, including passengers,

suppliers of materials, furnishers of services, aircraft, equipment, vehicles, machinery and other property; subject to 49 CFR Part 1542, the airport security program, applicable laws, and any rules, regulations and operating directives established by AUTHORITY governing (i) the general public, including AIRLINE's passengers, (ii) access to non-public areas at the Airport by AIRLINE's employees, suppliers of materials, and furnishers of services, or (iii) safety and security; provided, however, any such rules and regulations and operating directives of AUTHORITY shall not unreasonably interfere with the operation of AIRLINE's Air Transportation Business if at all possible. In addition to the foregoing, AUTHORITY may at any time temporarily or permanently close, re-route, or consent to or request the closing or re-routing of any roadway or access to the Airport, so long as a means of ingress to and egress from the Airport and the Airline Premises is concurrently made available to AIRLINE. AIRLINE hereby releases and discharges AUTHORITY from any and all claims, demands, or causes of action which AIRLINE may now or at any time hereafter have arising or alleged to arise out of such a closing or re-routing. AUTHORITY shall have no liability or obligation to AIRLINE for temporary blockages or closings of means of ingress to or egress from the Airport and the Airline Premises caused by factors beyond the reasonable control of AUTHORITY.

O. Subject to any restrictions in AUTHORITY's agreements with its food and beverage concessionaires, nothing in this paragraph shall prohibit AIRLINE from (i) providing food and beverages, at AIRLINE's sole cost and expense, or installing or maintaining vending machines or AIRLINE credit union automated teller machines in its non-public Exclusive Use Premises or, subject to the prior approval of AUTHORITY, its non-public Preferential Use Premises, for the sole use of AIRLINE's employees, the type, kind, and locations subject to the approval of the Executive Director, (ii) providing, under a separate agreement with AUTHORITY and subject to AUTHORITY's policies, including the payment of fees based on gross receipts, for its own flight kitchen for catering services to its passengers and crews for consumption aboard aircraft or (iii) from entering into a separate agreement for the distribution without charge of food and beverage in a non-public "VIP room" or similar private club at the Airport.

P. The rights and privileges granted to AIRLINE pursuant to this Article 5 may be exercised on behalf of AIRLINE by other Signatory Airlines or contractors authorized by AUTHORITY to provide such services at the Airport, subject to the prior written approval of AUTHORITY and further subject to all laws, rules, regulations, fees and charges and Article 15 as may be applicable to the activities undertaken. Nothing herein shall be construed as exempting contractors or service providers who provide services to Signatory Airlines from any obligation to pay privilege fees and other amounts to AUTHORITY pursuant to AUTHORITY policy, as such exists from time to time.

Q. AIRLINE may exercise on behalf of any other Air Transportation Company having an operating agreement or permit with AUTHORITY any of the rights granted AIRLINE herein, so long as AIRLINE is concurrently exercising those same rights in the operation of AIRLINE's own Air Transportation Business at the Airport, subject to the

provisions of Section 7.05, Article 15 and the AUTHORITY's rules, regulations and operating directives for the Airport.

R. AIRLINE may only enter into revenue generating agreements, such as for advertising or the provision of pay telephones by the public, in its non-public airline clubs and VIP rooms, and shall not enter into any such revenue generating agreements anywhere else within the Terminal.

5.02 Exclusions and Reservations.

A. AIRLINE is prohibited from conducting any business or engaging in any activities at the Airport other than the conduct of its Air Transportation Business, except as otherwise permitted in this Agreement.

B. AIRLINE shall not knowingly interfere or permit interference by its contractors, agents, permittees, and invitees with the use, operation, or maintenance of the Airport, including but not limited to, the effectiveness or accessibility of the drainage, sewage, water, communications, fire protection, utility, electrical, or other systems installed or located from time to time at the Airport; and AIRLINE shall not engage in any activity prohibited by AUTHORITY's approved FAR Part 150 Noise Compatibility Study, as may be amended or supplemented from time to time.

C. As soon as possible after an AIRLINE's disabled aircraft is released from the control or jurisdiction of all applicable authorities, AIRLINE shall remove any such disabled aircraft from the Airfield and Terminal Aircraft Aprons, shall place any such disabled aircraft only in such storage areas as may be reasonably approved by the Executive Director, and shall store such disabled aircraft only upon such terms and conditions as may be reasonably established by AUTHORITY. In the event AIRLINE shall fail to remove any of its disabled aircraft as expeditiously as possible, AUTHORITY may, but shall not be obligated to, cause the removal of such disabled aircraft. AIRLINE shall pay to AUTHORITY, upon receipt of invoice, the costs incurred for such removal plus ten percent (10%). Nonpayment of such invoice shall be deemed a default of this Agreement, pursuant to Section 12.01B below.

D. AIRLINE shall not do or permit to be done anything, either by act or failure to act, that shall cause the cancellation or violation of the provisions, or any part thereof, of any policy of insurance for the Airport, or that shall cause a hazardous condition so as to increase the risks normally attendant upon operations permitted by this Agreement. If AIRLINE shall do or permit to be done any act not permitted under this Agreement, or fail to do any act required under this Agreement, regardless of whether such act shall constitute a breach of this Agreement, which act or failure, in and of itself, causes an increase in AUTHORITY's insurance premiums, AIRLINE shall immediately remedy such actions and/or pay the increase in premiums, upon notice from AUTHORITY to do so.

E. AIRLINE shall not maintain or operate in the Terminal or elsewhere at the Airport a cafeteria, restaurant, bar, or cocktail lounge for the purpose of selling food and beverages to the public or to AIRLINE's employees and passengers, except as may be permitted under Section 5.01O, above.

F. AUTHORITY may, at its sole option, install or cause to be installed advertising and revenue generating devices or concessions, including vending machines and power poles, in Common Use Premises and Preferential Use Premises; provided, however, that any advertising in AIRLINE's Preferential Use Premises shall not promote competing Air Transportation Companies, power poles will only be installed in AIRLINE holdrooms with AIRLINE's prior consent, and such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder or substantially diminish the square footage contained in Airline Premises. AUTHORITY may also, at its sole option, install pay telephones and business center amenities in any part of the Terminal excluding airline clubs, holdrooms and VIP rooms. Such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder or substantially diminish the square footage contained in Airline Premises. AUTHORITY shall be entitled to reasonable access upon Airline Premises to install or service such telephones, vending machines and amenities. Income generated by such telephones and business center amenities shall be accounted for in the same manner as other Non-Airline Revenues of the Airport.

G. AUTHORITY may install at the request of AIRLINE, at AIRLINE's Exclusive Use Premises and/or Preferential Use Premises, a Common Use Passenger Processing System (CUPPS), Common Use Self-Service (CUSS) equipment, Common Use Terminal Equipment (CUTE) and/or other equipment designed to facilitate the handling and processing of passengers and baggage in the Terminal. AUTHORITY shall be entitled to reasonable access upon Airline Premises to install and maintain such hardware/software for any of such equipment. Such installations shall not unreasonably interfere with AIRLINE's operations authorized hereunder.

H. The rights and privileges granted AIRLINE pursuant to this Agreement, and in particular this Article 5, shall be subject to any and all rules, regulations and operating policies, procedures and directives established by AUTHORITY, as may be amended from time to time, and to the provisions of Article 7 below.

I. Any and all rights and privileges not specifically granted to AIRLINE for its use of and operations at the Airport pursuant to this Agreement are hereby reserved for and to AUTHORITY.

5.03 Affiliates. Upon written request by AIRLINE to AUTHORITY, and provided the requirements of this Section are satisfied, any Affiliate of AIRLINE identified in such written request ("Identified Affiliate") shall pay fees, rates and charges as if the Identified Affiliate were a Signatory Airline, without payment of any additional charges or premiums (a) for as long as AIRLINE remains a signatory to this Agreement, (b) for as long as the Identified Affiliate

remains an Affiliate of AIRLINE, and (c) if Identified Affiliate enters into an agreement with AUTHORITY for operations at the Airport, which agreement shall be in a form specified by AUTHORITY from time to time. AIRLINE hereby agrees to and shall guaranty full payment of all fees, rates and charges incurred by Identified Affiliate at the Airport. All Enplaned Passengers, landed weights and other statistics of an Identified Affiliate of a Signatory Airline shall be aggregated with the statistics of such Signatory Airline for purposes of computing any charges for Common Use Premises, any Extraordinary Coverage Protection payments, and any revenue sharing under Section 8.05 below; provided, however, that only Identified Affiliates who are a parent or wholly owned subsidiary of a Signatory Airlines shall be aggregated with the Signatory Airline for revenue sharing purposes. AUTHORITY may invoice AIRLINE and its Identified Affiliates separately for amounts owed hereunder, or may invoice AIRLINE for the aggregate amounts owed by AIRLINE and its Identified Affiliates hereunder. AIRLINE shall be responsible for any and all unpaid fees, rates and charges of any Identified Affiliate and any failure of an Identified Affiliate to pay such amounts when due shall be deemed a failure of AIRLINE. AIRLINE may at any time give AUTHORITY at least ninety (90) days prior written notice that an Affiliate of AIRLINE shall no longer be considered an Identified Affiliate of AIRLINE for purposes of this Agreement, and AIRLINE shall have no responsibility for any fees, rates and charges incurred by Affiliate after the conclusion of such notice period, but shall remain liable for fees, rates and charges incurred by Affiliate prior to the conclusion of such notice period.

5.04 AIRLINE Representations and Covenants.

A. AIRLINE represents and warrants that it holds all certificates, permits, licenses, insurance or other entitlements required by federal, state or local laws, rules, or regulations in order to enable the AIRLINE to conduct its operations and engage in the Air Transportation Business at the Airport, and that said certificates, permits, licenses or other entitlements are and will be kept current, valid and complete throughout the Term.

B. AIRLINE shall, at its sole cost and expense, comply and cause its employees, agents, contractors, licensees and invitees to comply, with all present and future applicable laws, rules or regulations of all applicable federal, state and local governmental or quasi-governmental authorities, subdivisions, departments, agencies and the like, including any rules and regulations of the AUTHORITY, which impose any duty upon the Authority or the Airline with respect to the use, occupancy or alteration of the Premises. Airline shall obtain any permits necessary to occupy the Airline Premises and shall promptly pay all fines, penalties, and expenses to remedy or correct any violations of applicable laws, and damages that may arise out of or be imposed because of its failure to comply with the provisions of this paragraph.

C. AIRLINE shall faithfully observe and comply with any rules which AUTHORITY may from time to time make and communicate in writing to AIRLINE, provided that such rules apply to all similarly situated tenants and are reasonably related to the safety, care, appearance, reputation, operation or maintenance of the Airport, or the comfort of tenants, passengers or others using such areas or facilities.

D. Except as otherwise provided herein, AIRLINE shall have the right to obtain supplies or services from suppliers, vendors or contractors of its own choice for its operations at the Airport, provided that AUTHORITY reserves the right to license and regulate all persons or companies doing business on the Airport and to impose reasonable and non-discriminatory charges for the privilege of conducting any such business and to prohibit persons from engaging in aeronautical activities, the provision of ground transportation services or any commercial activities at the Airport, except in accordance with this Agreement and agreements, concession contracts, permits or operating agreements entered into between AUTHORITY and such persons. A charge will not be considered discriminatory for the purposes of this Agreement if the charge is more for businesses located on the Airport than for businesses located off the Airport.

E. AIRLINE shall comply with all applicable state and federal regulations relating to Airport security and shall control the Airline Premises so as to prevent or deter unauthorized persons from obtaining access to the air operations area of Airport. AIRLINE shall also be required during the Term, at AIRLINE's sole cost and expense, to take such security precautions, with respect to the Airline Premises and the Airline's operations and service personnel related thereto, as AUTHORITY may, from time to time, reasonably require pursuant to generally applicable policies or directives of the AUTHORITY. AIRLINE further agrees to reimburse AUTHORITY for all fines or charges imposed by any applicable governmental authority against the AUTHORITY as a result of AIRLINE's violation of any laws, rules and regulations promulgated by such authority.

F. AIRLINE acknowledges that a portion of the Airline Premises is to be used by the traveling public. AIRLINE shall make available such space to its passengers and to the traveling public on a nondiscriminatory basis, including ensuring accessible paths of travel for disabled persons, and shall make reasonable efforts to coordinate its activities and operations with abutting tenants and the AUTHORITY so as to maximize efficient use of available space.

G. AIRLINE covenants and agrees that it shall not injure, deface or otherwise harm the Airline Premises in any manner that will constitute waste, and that it shall not cause or permit any unlawful conduct, unreasonable annoyance or nuisance to exist on the Airline Premises, nor permit any activity or omission which constitutes or results in unlawful conduct, unreasonable annoyance or nuisance, nor permit the emission of any objectionable noise, vibration or odor, nor overload the floor of the Airline Premises, nor permit any use of the Airline Premises which will invalidate or increase the premiums on any of the AUTHORITY's insurance; provided that the conduct of the AIRLINE's Air Transportation Business in accordance with applicable law shall not be deemed a nuisance or an unreasonable annoyance.

H. AIRLINE agrees to use reasonable efforts to participate in any lawful Airport-wide programs or initiatives of general applicability as the AUTHORITY may require upon notice to the AIRLINE; provided such program or initiative shall not result in any material cost or expense or result in any undue burden to AIRLINE.

ARTICLE 6: OPERATION AND MAINTENANCE OF THE AIRPORT

6.01 Designation of Operation and Maintenance Responsibilities. In addition to the obligations of AIRLINE and AUTHORITY set forth in this Article 6, responsibilities for maintenance, cleaning, and operation of the Airport shall be as set forth in Exhibit F, attached hereto and made a part hereof. AIRLINE and AUTHORITY shall each timely perform their respective obligations as described on Exhibit F.

6.02 AUTHORITY Obligations.

A. AUTHORITY shall, with reasonable diligence and in order of priority determined by AUTHORITY in its discretion, prudently develop, improve, and at all times maintain and operate the Airport with qualified personnel and keep the Airport in an orderly, clean, neat and sanitary condition, and in good repair, unless such maintenance, operation, or repair shall be AIRLINE's obligation pursuant to Section 6.03 or Exhibit F.

B. AUTHORITY shall, to the extent it is legally able so to do, use reasonable efforts to keep the Airport and its aerial approaches free from ground obstruction for the safe and proper use thereof by AIRLINE.

C. AUTHORITY shall not be liable to AIRLINE for temporary failure to furnish all or any of such services to be provided in accordance with this Section 6.02 or Exhibit F when such failure is due to mechanical breakdown not caused by AUTHORITY's sole negligence or is due to any other cause beyond the reasonable control of AUTHORITY.

D. AUTHORITY shall maintain throughout the Term (i) loading bridges; (ii) preconditioned air systems; (iii) associated 400 Hertz units; (iv) inbound and outbound baggage handling systems; (v) lightning detection systems; (vi) water cabinets, and (vii) other systems that may be acquired by AUTHORITY after the Effective Date. AUTHORITY shall provide and maintain holdroom seating, gate podiums and the equipment described in Section 5.02G.

E. AUTHORITY shall, in the operation of the Airport, comply with all local, state and federal laws, rules and regulations.

F. To the extent AUTHORITY is requested to make repairs or otherwise maintain AIRLINE's Exclusive Use Premises, AUTHORITY shall charge AIRLINE a reasonable cost for such service (including both time and materials), which cost AIRLINE shall pay promptly upon receipt of an invoice therefor.

6.03 AIRLINE Obligations.

A. AIRLINE shall, at all times, preserve and keep Airline Premises, including loading bridges and related equipment, in an orderly, clean, neat, and sanitary condition, free from trash and debris resulting from AIRLINE's operations, provided, however, this

requirement shall not be construed to mean AIRLINE shall have janitorial responsibilities designated to be those of AUTHORITY pursuant to Exhibit F.

B. AIRLINE shall keep, at its own expense, its Terminal Aircraft Aprons free of fuel, oil, debris, and other foreign objects.

C. AIRLINE shall operate and maintain at its own expense any improvements and/or equipment installed by AIRLINE for the exclusive use of AIRLINE.

D. Should AIRLINE fail to perform any of its material obligations hereunder, AUTHORITY shall have the right to enter the Airline Premises and perform such activities; provided, however, other than in a case of emergency, AUTHORITY shall give AIRLINE reasonable advance written notice of non-compliance, not to exceed ten (10) days, prior to the exercise of this right. If such right is exercised, AIRLINE shall pay AUTHORITY, upon receipt of invoice, the cost of such services plus ten percent (10%). Nonpayment of such invoice shall be deemed a default of this Agreement, pursuant to Section 12.01B below.

ARTICLE 7: RENTALS, FEES, AND CHARGES

AIRLINE shall pay AUTHORITY rentals for use of Airline Premises, and fees and charges for the other rights, licenses, and privileges granted hereunder during the Term of this Agreement, in each case as described by, and payable in accordance with, the following:

7.01 Landing Fees.

A. AIRLINE shall pay to AUTHORITY each month, pursuant to Section 7.07 below, an amount equal to the then current Landing Fee Rate, determined as set forth below, as applied to AIRLINE's total landed weight for the preceding month (the "Landing Fee"). AIRLINE's total landed weight for each month shall be equal to the sum of the products obtained by multiplying the Maximum Gross Landed Weight of each type of AIRLINE's aircraft by the number of Chargeable Landings of each such aircraft during such month, determined in accordance with Section 7.06 below. The Landing Fee Rate shall be determined by AUTHORITY in its reasonable discretion by dividing the Net Airfield Requirement by the aggregate Maximum Gross Landed Weight of all Signatory Airlines for the applicable period. An example of such calculation is described in Exhibit E attached hereto.

B. AIRLINE shall pay to AUTHORITY each month, pursuant to Section 7.07 below, an apron use fee calculated in accordance with attached Exhibit E ("Apron Use Fee").

7.02 Terminal Rentals.

A. AIRLINE shall pay to AUTHORITY, pursuant to Section 7.07 below, an amount equal to the sum of AIRLINE's rental payments for Exclusive Use Premises and Preferential Use Premises, as calculated pursuant to Section 7.02B below, and Common Use Premises, as calculated pursuant to Section 7.02C below.

B. AIRLINE's annual rental payment for Exclusive Use Premises and Preferential Use Premises shall equal the sum of the products obtained by multiplying the applicable rental rates for the applicable period, calculated in accordance with Exhibit E, by the amount of the corresponding class of space leased by AIRLINE as Exclusive Use Premises and Preferential Use Premises that period, as set forth in Exhibit C. The average rental rate of all classes of space applicable to each period shall be determined by AUTHORITY in its reasonable discretion by dividing the Net Terminal Requirement by the Rentable Square Feet ("Average Terminal Rental Rate"). An example of such calculation is set forth in Exhibit E attached hereto. Actual rental rates for different classes of space shall be determined by AUTHORITY in accordance with attached Exhibit E, based on the Average Terminal Rental Rate.

C. (1) The aggregate monthly rental payments owed by all Signatory Airlines for Common Use Premises shall be ninety two percent (92%) times the annual aggregate rental amount owed for all Common Use Premises based on the rental rates applicable to

such Common Use Premises, determined in accordance with Section 7.02B above, divided by twelve (12). AIRLINE's share of the aggregate monthly rental payments for Common Use Premises ("Common Use Charges") shall be determined by applying the Common Use Formula, as calculated with respect to AIRLINE, to the aggregate rental payment owed that month. AIRLINE shall pay to AUTHORITY each month, pursuant to Section 7.07 below, AIRLINE'S Common Use Charges for its use of Common Use Premises.

(2) For purposes of the Common Use Formula, AIRLINE shall include in its monthly report of Enplaned Passengers and Deplaned Passengers the total number of Enplaned Passengers and Deplaned Passengers handled or otherwise accommodated by AIRLINE, including for its Identified Affiliates.

D. AIRLINE shall pay the Airline Equipment Charge pursuant to Section 7.07.

7.03 Extraordinary Service Charges. Throughout the Term of the Agreement, AIRLINE shall pay AUTHORITY for additional equipment and services provided by AUTHORITY for AIRLINE's use (e.g., club room finishes, or any other systems or equipment that are unique or special to AIRLINE's operation) pursuant to authorizations executed by AIRLINE. AIRLINE's charges for AUTHORITY purchased and/or provided equipment and services shall be as set forth in a separate agreement with AUTHORITY, and all such charges received by AUTHORITY shall be allocated to the Terminal Cost Center.

7.04 Aircraft Parking Charges. AIRLINE shall pay to AUTHORITY aircraft parking charges as established from time to time by AUTHORITY for aircraft remotely parked overnight on the ramp and away from the Terminal Aircraft Aprons leased by AIRLINE. All such charges received by AUTHORITY shall be allocated to the Airfield Cost Center.

7.05 Other Fees and Charges.

A. AUTHORITY expressly reserves the right to assess and collect the following fees and charges, each as established from time to time by AUTHORITY, which amounts, when allocated, shall be allocated to and between Cost Centers deemed most appropriate in the reasonable discretion of AUTHORITY:

(1) Fees for services provided by AIRLINE for Air Transportation Companies, or for AIRLINE by Air Transportation Companies, pursuant to Sections 5.01P and 5.01Q of this Agreement, if such services or concessions would otherwise be available from a concessionaire or licensee of AUTHORITY; provided, however, that no fees shall be collected in connection with services provided by AIRLINE to AIRLINE'S Identified Affiliates or to AIRLINE by its Identified Affiliates.

(2) Fees and charges for services, equipment or facilities not otherwise enumerated in this Agreement, but provided by AUTHORITY or its contractors and utilized by AIRLINE, including, but not limited to, fees and charges for special

maintenance of Airline Premises, use of equipment such as CUPPS, CUSS and CUTE (which fee shall be as calculated in accordance with Exhibit E), Federal Inspection Services (FIS) facility fees and/or Facility Fees.

(3) All costs, charges or expenses for the provision of any services or facilities which AUTHORITY is required or mandated to provide by any governmental entity (other than AUTHORITY acting within its proprietary capacity) having jurisdiction over the Airport. AUTHORITY shall, upon request and to the extent not prohibited by applicable law, rule or regulation, identify for AIRLINE the particular rule, order or mandate resulting in such costs, charges or expenses.

B. AUTHORITY reserves the right to charge AIRLINE or its employees a fee based on AUTHORITY's cost of providing services and facilities for the employee parking area(s) provided at the Airport. All such charges received by AUTHORITY shall be allocated to the Ground Transportation Cost Center.

C. AIRLINE shall pay all applicable sales, use, intangible and ad valorem taxes of any kind, payable in connection with the rental of Airline Premises, the real property and any improvements thereto or the leasehold estate created herein, or which result from AIRLINE's occupancy or use of Airline Premises or otherwise from this Agreement, whether levied against AIRLINE or AUTHORITY. AIRLINE shall also pay any other taxes or assessments against the Airline Premises or leasehold estate created herein. AIRLINE may reserve the right to contest such taxes and withhold payment of such taxes upon written notice to AUTHORITY of its intent to do so, so long as the nonpayment of such taxes does not result in a lien against the real property or any improvements thereon of a direct liability on the part of AUTHORITY. AUTHORITY agrees to immediately forward to AIRLINE any notices of such taxes and assessments due upon receipt of same.

D. The Signatory Airlines shall pay, as additional rental payments, an amount necessary in any Fiscal Year to satisfy AUTHORITY's rate covenant, as set forth in Section 711 of the Bond Resolution, or any successor thereto ("Extraordinary Coverage Protection"). Any shortfalls in annual receipts required by the AUTHORITY's rate covenant shall not be satisfied with prior year surpluses or AUTHORITY cash balances, even if such exist; but shall be satisfied by the Extraordinary Coverage Protection payments described herein. AIRLINE's share of such Extraordinary Coverage Protection payments shall equal the total required payment times a fraction, the numerator of which is the estimated number of annual Enplaned Passengers for Airline for the Fiscal Year such payment is due and the denominator of which is the estimated number of annual Enplaned Passengers of all Signatory Airlines that actually make an Extraordinary Coverage Protection payment. The estimated number of Enplaned Passengers and the required amount of the Extraordinary Coverage Protection payment shall be determined by AUTHORITY in its reasonable discretion. All Extraordinary Coverage Protection payments shall be due within fifteen (15) days after notice from AUTHORITY. The AUTHORITY may provide notice of the requirement for Extraordinary Coverage

Protection payments at any time, and from time to time, during a Fiscal Year that it appears, in the AUTHORITY's reasonable discretion, that such payments will be required pursuant to the terms hereof; provided, however, that the AUTHORITY shall afford the Signatory Airlines a reasonable opportunity to discuss the requirement with the AUTHORITY prior to requiring such payment.

7.06 Information to be Supplied by AIRLINE.

A. Not later than ten (10) days after the end of each month, AIRLINE shall file with AUTHORITY separate written or electronic reports on forms provided by AUTHORITY and included as samples in Exhibit D attached hereto, for activity conducted by AIRLINE during said month, and for activity handled by AIRLINE for each Air Transportation Company not having an agreement with AUTHORITY providing for its own submission of activity data to AUTHORITY. Such activity reporting shall include, but not be limited to, revenue and non-revenue Enplaned Passengers, Deplaned Passengers, pounds of cargo and mail, Chargeable Landings by aircraft type and Maximum Gross Landed Weight by aircraft type.

B. AUTHORITY shall have the right, but shall not be required, to rely on said activity reports in determining rentals, fees and charges due hereunder. AUTHORITY may also rely on alternative sources of information, such as FAA statistics and electronic data collection systems, to determine rentals, fees and charges due hereunder. Use of such alternative sources by AUTHORITY shall not relieve AIRLINE of its reporting obligations hereunder. To the extent there is a discrepancy between the information provided by AIRLINE and information gathered from other sources, AUTHORITY's determination as to the most reliable and accurate information shall be conclusive and binding on the parties, absent fraud or manifest error. AIRLINE shall have full responsibility for the accuracy of said reports. Payment deficiencies of more than ten percent (10%) by category of rentals, fees, and charges due on an annual basis hereunder that are due to incomplete or inaccurate activity reports shall be subject to interest charges, at a rate of eighteen percent (18%) per annum.

C. AIRLINE shall at all times maintain and keep records reflecting the activity statistics of AIRLINE's activities at the Airport to be reported pursuant to Section 7.06A. Such records shall be retained by AIRLINE for a period of three (3) years subsequent to the activities reported therein, or such other retention period as set forth in FAR Part 249, and upon prior written notice to AIRLINE shall be made available at Orlando, Florida for audit and/or examination by AUTHORITY or its duly authorized representative during all normal business hours. AIRLINE shall produce such books and records at Orlando, Florida within thirty (30) calendar days of AUTHORITY's notice to do so or pay all reasonable expenses, including but not limited to transportation, food, and lodging, necessary for an auditor selected by AUTHORITY to audit said books and records at AIRLINE's facilities. The cost of such audit, with the exception of the aforementioned expenses, shall be borne by AUTHORITY; provided, however, the total cost of said audit shall be borne by AIRLINE if either or both of the following conditions exist:

(1) The audit reveals an underpayment of more than ten percent (10%) by category of rentals, fees, and charges due on an annual basis hereunder, as determined by said audit;

(2) AIRLINE has failed to maintain true and complete records in accordance with this Section 7.06C.

7.07 Payments.

A. Payments of one-twelfth (1/12) of the total annual rentals, as may be adjusted from time to time, for AIRLINE's Exclusive Use Premises and Preferential Use Premises shall be due in advance, without demand or invoice, on the first day of each month. Said rentals and charges shall be deemed delinquent if payment is not received by the tenth (10) day of the month.

B. Payment of AIRLINE's Landing Fees, Apron Use Fees and aircraft parking charges under Section 7.04 shall be due fifteen (15) days from AUTHORITY's issuance of invoice, and shall be deemed delinquent if not received within ten (10) days after the due date.

C. Payment of AIRLINE's Common Use Charges, Airline Equipment Charges and any recurring charges under Section 7.05 (such as for CUPPS, CUSS or CUTE equipment), shall be due fifteen (15) days from AUTHORITY's issuance of invoice, and shall be deemed delinquent if not received within ten (10) days of the due date.

D. Payment for all other fees and charges due hereunder, shall be due as of the due date stated on AUTHORITY's invoice. Said fees and charges shall be deemed delinquent if payment is not received within thirty (30) days of the due date of such invoice.

E. AUTHORITY shall provide notice of any and all payment delinquencies, including any deficiencies which may be due as a result of AUTHORITY's estimates of activity pursuant to Section 7.07F below, or due to an audit performed pursuant to Section 7.06C above; provided, however, interest at the rate of eighteen percent (18%) per annum shall accrue against any and all delinquent payment(s) from the due date until the date payments are received by AUTHORITY. This provision shall not preclude AUTHORITY from canceling this Agreement for default in the payment of rentals, fees, or charges, as provided for in Section 12.01B below, or from exercising any other rights contained herein or provided by law. In the event AUTHORITY sends AIRLINE an invoice in error (as opposed to an invoice based on estimates or budgets that happens to differ from the final tried-up amount due, which would not be deemed an invoice sent in error) and AIRLINE pays such invoice, AUTHORITY shall promptly refund the erroneous payment, plus interest at a rate of eighteen percent (18%) per annum, accruing from the date payment was received by AUTHORITY.

F. In the event AIRLINE fails to submit its monthly activity reports as required in Section 7.06A, AUTHORITY shall estimate the rentals, fees, and charges based upon the highest month of the previous twelve (12) month's activity reported by AIRLINE and issue an invoice to AIRLINE for same. If no activity data is available, AUTHORITY shall reasonably estimate such activity and invoice AIRLINE for same. AIRLINE shall be liable for any deficiencies in payments based on estimates made under this provision; payment for said deficiencies shall be deemed due as of the date such rental fee or charge was due and payable. If such estimate results in an overpayment by AIRLINE, AUTHORITY shall apply such overpayment as a credit against subsequent amounts due for such rentals, fees, and charges from AIRLINE; provided, however, AIRLINE shall not be entitled to any credit for interest on payments of such estimated amounts.

G. In the event AIRLINE's obligations with respect to Airline Premises or rights, licenses, or privileges granted hereunder shall commence or terminate on any date other than the first or last day of the month, AIRLINE's rentals, fees, and charges shall be prorated on the basis of the number of days such premises, facilities, rights, licenses, services, or privileges were enjoyed during that month.

H. All payments due and payable hereunder shall be paid in lawful money of the United States of America, without set off, by check made payable to AUTHORITY and delivered to:

Via Express Mail

Via Wire Transfer

Via U.S. Mail

7.08 Security for Performance.

A. Unless AIRLINE has provided regularly scheduled flights to and from the Airport during the eighteen (18) months prior to the Effective Date of this Agreement without the occurrence of any act or omission that would have been an event enumerated in Section 12.01 of this Agreement, if this Agreement had been in effect during that period, AIRLINE shall provide AUTHORITY on the Effective Date of this Agreement with a contract bond, irrevocable letter of credit or other similar security acceptable to AUTHORITY ("Performance Security") in an amount equal to the estimate of three (3) months' rentals, fees and charges payable by AIRLINE (excluding PFC's) pursuant to this Article 7, to guarantee the faithful performance by AIRLINE of its obligations under this Agreement and the payment of all rentals, fees and charges due hereunder. AIRLINE shall be obligated to maintain such Performance Security in effect until the expiration of eighteen (18) consecutive months during which period AIRLINE commits no event enumerated in Section 12.01 of this Agreement. Such Performance Security shall be in a form and with a company reasonably acceptable to AUTHORITY and licensed to do business in the State of Florida. In the event that any such Performance Security shall be for a period less than the full period required by this Section 7.08A or if

Performance Security shall be canceled, AIRLINE shall provide a renewal or replacement Performance Security for the remaining required period at least sixty (60) days prior to the date of such expiration or cancellation. The amount of Performance Security required to be maintained by AIRLINE may be adjusted from time to time by AUTHORITY based on updated estimates of rentals, fees and charges payable by AIRLINE. AIRLINE shall deposit increased Performance Security promptly after receipt of notice of adjustment from AUTHORITY. AUTHORITY may waive any requirement herein in its exclusive discretion.

B. In the event AUTHORITY is required to draw down or collect against AIRLINE's Performance Security for any reason, AIRLINE shall, within ten (10) business days after AUTHORITY's written demand, take such action as may be necessary to replenish the existing Performance Security to its original amount (three months' estimated rentals, fees, and charges) or to provide additional or supplemental Performance Security from another source so that the aggregate of all Performance Security is equal to three months' estimated rentals, fees, and charges payable by AIRLINE pursuant to this Article 7.

C. If AIRLINE is not required to have Performance Security in place at any time, then, upon the occurrence of any act or omission by AIRLINE that is an event enumerated in Section 12.01, or upon the failure of AIRLINE to pay any rentals, fees or charges hereunder when due for sixty (60) consecutive days, or upon AIRLINE's election to assume this Agreement under Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984 or any successor statute, as such may be amended, supplemented, or replaced, AUTHORITY, by written notice to AIRLINE given at any time within ninety (90) days after the date such event becomes known to AUTHORITY, may impose or reimpose the Performance Security requirements of Section 7.08A on AIRLINE. In such event, AIRLINE shall provide AUTHORITY with the required Performance Security within ten (10) days from its receipt of such written notice and shall thereafter maintain such Performance Security in effect until the requirements for removal of the Performance Security set forth in Section 7.08A are met.

D. If AIRLINE shall fail to obtain and/or keep in force such Performance Security required hereunder, such failure shall be grounds for immediate cancellation of this Agreement pursuant to Section 12.01. AUTHORITY'S rights under this Section 7.08 shall be in addition to all other rights and remedies provided to AUTHORITY under this Agreement.

E. AIRLINE and AUTHORITY agree that this Agreement constitutes an 'executory contract' for the purposes of Section 365 of the United States Bankruptcy Code (Title 11 USC) subject to assumption or rejection, and subject to the terms and conditions of assumption or rejection, as provided in said Section 365. Furthermore, AIRLINE and AUTHORITY agree that any Performance Security provided by AIRLINE are not 'property of the estate' for purposes of Section 541 of the United States Bankruptcy Code (Title 11 USC), it being understood that any Performance Security is property of the third

party providing it (subject to AUTHORITY's ability to draw against the Performance Security).

F. AIRLINE and AUTHORITY agree that, to the extent permitted by applicable law, all PFCs collected by AIRLINE with respect to Enplaned Passengers at the Airport, are property of AUTHORITY when collected, and, to the extent held by AIRLINE, are being held in trust for AUTHORITY.

7.09 No Further Charges. Except as provided in this Agreement, or as may be permitted or required by any governmental entity (other than AUTHORITY, acting within its proprietary capacity) having jurisdiction over the Airport, no further rentals, fees, or charges shall be charged against or collected from AIRLINE, its passengers, its shippers and receivers of freight, its suppliers or material, its contractors or furnisher or services, by AUTHORITY, acting in its capacity as Airport proprietor, for the premises, facilities, rights, licenses, and privileges granted to AIRLINE herein.

ARTICLE 8: CHANGES IN RATES FOR RENTALS, FEES, AND CHARGES

8.01 Annual Rate Changes.

A. Prior to the end of each Fiscal Year during the Term of this Agreement, AUTHORITY shall notify AIRLINE of the proposed schedule of initial rates for rentals, fees, and charges for the ensuing Fiscal Year. Such rates shall be determined and presented to AIRLINE substantially in conformance with the methods and format set forth in Article 7 and Exhibit E attached hereto.

B. If calculation of the new rates for rentals, fees, and charges is not completed by AUTHORITY and the notice provided in Section 8.01A is not given on or prior to the end of the then current Fiscal Year, the rates for rentals, fees, and charges then in effect shall continue to be paid by AIRLINE until such calculations are concluded and such notice is given. Upon the completion of such calculations and the giving of such notice, AUTHORITY shall determine the difference(s), if any, between the actual rentals, fees, and charges paid by AIRLINE to date for the then current Fiscal Year and the rates for rentals, fees, and charges that would have been paid by AIRLINE if said rates had been in effect beginning on the first day of the Fiscal Year. Such differences shall be applied to the particular rentals, fees, or charges for which a difference(s) in rates resulted in an overpayment or underpayment, and shall be remitted by AIRLINE or credited or refunded by AUTHORITY in the month immediately following the calculation of the new Fiscal Year rates and the giving of written notice to AIRLINE by AUTHORITY.

C. AIRLINE acknowledges that AUTHORITY'S determination of Net Airfield Requirement, Net Terminal Requirement, Landing Rate, Landing Fee, Apron Use Fee, Terminal rentals, Common Use Charges and other fees and charges due hereunder, is based on estimates by AUTHORITY of many factors and AIRLINE agrees to pay monthly rentals, fees and charges as determined by AUTHORITY based on such estimates, subject to a true-up calculation by AUTHORITY of total rentals, fees and charges owed by AIRLINE for a particular Fiscal Year to be completed, within 120 days after the end of such Fiscal Year or as soon as possible after audited financial information is available to AUTHORITY, whichever is later. For clarification, the true-up calculation shall be based, to the extent possible, on actual results for a Fiscal Year, and shall be calculated by the AUTHORITY in a manner consistent with the true-up calculation for all Signatory Airlines. AUTHORITY may recover or pay, as the case may be, amounts owing to or from AUTHORITY as a result of such true-up by, in its discretion, (a) adjusting revenue sharing payments owed under Section 8.03 below, (b) adjusting future rentals, fees and charges due from AIRLINE under this Article 7 by an amount deemed reasonable by AUTHORITY or (c) by making payment to, or requiring payment from, AIRLINE. AIRLINE and AUTHORITY each agrees to make payment of any amount due hereunder within thirty (30) days, if the payment in (c) above is the true up methodology chosen.

D. AUTHORITY may recalculate its Landing Fee, Apron Use Fee, Terminal rental rates and Common Use Charges any time the unaudited monthly financial data collected by the AUTHORITY indicates (a) that the amounts projected to be owed by AIRLINE or any other Signatory Airline for that Fiscal Year are reasonably likely to fall short of, or exceed, the amounts to be paid by such AIRLINE or Signatory Airline under then current rates by at least ten percent (10%) or (b) the amounts projected to be collected in the Airfield Cost Center or in the Terminal Cost Center for that Fiscal Year are reasonably likely to fall short of, or exceed, the amounts required to be collected in such Cost Centers for such Fiscal Year by at least ten percent (10%).

8.02 Changes in Rates, Fees and Charges. Adjustments to rates for rentals, fees, and charges, but not the methodology of calculating them, shall apply without the necessity of formal amendment of this Agreement.

8.03 Revenue Sharing.

A. For each Fiscal Year, AUTHORITY will pay to the Signatory Airlines, in the aggregate, an amount equal to (a) one hundred percent (100%) of any Extraordinary Coverage Protection payments made with respect to such year, but only to the extent of Net Shared Revenues and to the extent of uncommitted funds in the Improvement and Development Fund (as defined in the Bond Resolution), and (b) the Applicable Signatory Airline Revenue Share Percentage of any balance of Net Shared Revenues after subtracting an amount equal to Extraordinary Coverage Protection payments made with respect to such year ("Revenue Sharing Payment"). AIRLINE's share of the total Revenue Sharing Payments due hereunder for a Fiscal Year shall, with respect to (a) above, be equal to the proportion of Extraordinary Coverage Protection payments made by AIRLINE and with respect to (b) above, shall equal a fraction of such amount, the numerator of which is the total number of Enplaned Passengers for AIRLINE for that Fiscal Year and the denominator of which is the total number of Enplaned Passengers for all Signatory Airlines for that Fiscal Year. Only Air Transportation Companies who were Signatory Airlines on the last day of a Fiscal Year shall be entitled to any payments hereunder for such Fiscal Year. Only the number of Enplaned Passengers counted during such time as an Air Transportation Company was a Signatory Airline during a particular Fiscal Year, but not when an Air Transportation Company was not a Signatory Airline during such Fiscal Year, shall be considered for purposes of any calculation hereunder. Furthermore, if an Air Transportation Company ceases being a Signatory Airline at some point in a Fiscal Year ("First Signatory Term") and later becomes a Signatory Airline again in the same Fiscal Year ("Second Signatory Term"), only Enplaned Passengers counts for such Air Transportation Company during the Second Signatory Term, but not the First Signatory Term, shall be considered for purposes of any calculation hereunder.

B. AUTHORITY shall use commercially reasonable efforts to estimate the Revenue Sharing Payment to be made to AIRLINE within sixty (60) days after the conclusion of each Fiscal Year and, to the extent AUTHORITY is comfortable with such estimate, shall pay to AIRLINE eighty percent (80%) of such estimated Revenue Sharing Payment

within such sixty (60) day period. AUTHORITY shall pay to AIRLINE the balance of each Revenue Sharing Payment owed to AIRLINE within thirty (30) days after AUTHORITY determines the actual Revenue Sharing Payment owed to AIRLINE for the prior Fiscal Year, which is expected to be following the completion of audited financial statements for such Fiscal Year.

8.04 AUTHORITY Covenants.

A. AUTHORITY covenants that for purposes of assigning and allocating costs, it shall utilize generally accepted accounting practices utilized for airports operating as an enterprise fund, and include only those charges properly attributable to the Airport.

B. AUTHORITY shall use Revenues of the Airport on the Airport System, in accordance with the provisions of the Bond Resolution and applicable law.

ARTICLE 9: CAPITAL EXPENDITURES AND IMPROVEMENTS

9.01 Need for Capital Expenditures. The parties hereto recognize that Capital Expenditures to preserve, protect, enhance, expand, renovate or otherwise improve the Airport or any part thereof, will be required during the Term of this Agreement. Any such Capital Expenditures to be paid for or financed with Revenues shall be subject to the provisions of Sections 9.02 and 9.03, below.

9.02 Capital Expenditures Subject to Signatory Airline Consideration.

A. AUTHORITY shall notify AIRLINE in writing of its intent to undertake any Capital Expenditures not excluded from Majority-in-Interest consideration pursuant to Section 9.03, and shall provide AIRLINE with the following information associated with such Capital Expenditures:

(1) A description of the proposed Capital Expenditure(s), together with cost estimates;

(2) AUTHORITY's anticipated means of financing or paying the costs of the proposed Capital Expenditure(s); and

(3) The planned allocation of the costs thereof to the Airfield Cost Center or the Terminal Cost Center and the projected impact on AIRLINE rates and charges.

B. Within twenty (20) days after AUTHORITY's delivery of the notice set forth above, AIRLINE may request in writing, a meeting with AUTHORITY for the purpose of discussing the proposed Capital Expenditure(s). Should such a request be made, AUTHORITY shall schedule a meeting with Signatory Airlines collectively within sixty (60) days after AUTHORITY's original notice. AUTHORITY agrees to consider comments and recommendations of the Signatory Airlines with respect to proposed Capital Expenditure(s).

C. Unless Signatory Airlines constituting a Majority-in-Interest shall issue written disapprovals to AUTHORITY for a particular Capital Expenditure that is subject to Majority-in-Interest consideration within thirty (30) days after the date set for the meeting between the AUTHORITY and the Signatory Airlines, time being of the essence, AUTHORITY may proceed with such Capital Expenditures. AUTHORITY may also proceed at any time with Capital Expenditures not requiring Majority-in-Interest consideration, as set forth in Section 9.03, and with any other improvements or developments not defined as a Capital Expenditure herein.

D. In the event of a Majority-in-Interest disapproval of a proposed Capital Expenditure subject to Majority-in-Interest consideration, AUTHORITY shall have the option to convene a second meeting with the Signatory Airlines within forty five (45) days following the date of disapproval for the purpose of providing additional information relative to the proposed Capital Expenditure and to request reconsideration.

The reconsidered Capital Expenditure shall be subject to Majority-in-Interest disapproval, as set forth in subparagraph C above.

E. AUTHORITY may issue Bonds, Subordinated Indebtedness, or Other Indebtedness to finance any Capital Expenditures permitted by this Article 9. All costs associated with Capital Expenditures permitted by this Article 9, including but not limited to, Operating Expenditures (including appropriate reserves therefor) shall be included in the determination of rates for rentals, fees, and charges in accordance with Article 7 above.

9.03 Capital Expenditures Not Subject to Signatory Airline Consideration. The following Capital Expenditures shall be permitted to be undertaken by the AUTHORITY at any time and shall not be subject to consideration or disapproval by the Signatory Airlines:

A. New development, planning, replacement, renovation, construction or expansion projects to the extent applicable to the Airfield Cost Center that have a gross project cost equal to or less than Five Million Dollars (\$5,000,000).

B. New development, renovation, planning, replacement, construction or expansion projects to the extent applicable to the Terminal Cost Center with gross project cost equal to or less than Five Million Dollars (\$5,000,000).

C. Projects for the increased requirements of any Signatory Airline(s) if such Signatory Airline(s) agree to increased rentals, fees, and charges sufficient to cover the annual debt service associated with the project.

D. Projects required by the FAA, the Department of Transportation or other governmental authority, other than AUTHORITY, having jurisdiction over the Airport; provided, however, that AUTHORITY shall, upon request and to the extent not prohibited by applicable law, rule or regulation or such governmental authority, substantiate the requirement by identifying for AIRLINE the particular rule, order or mandate issued by such governmental authority.

E. Projects to repair or replace casualty damage to Airport property which must be rebuilt or replaced in order for AUTHORITY to meet its obligations pursuant to this Agreement, the Bond Resolution, or agreements with other lessees at the Airport, or which are funded from insurance proceeds.

F. Facilities or equipment for which the tenant(s) or other user(s) thereof shall be required to pay directly, or reimburse AUTHORITY for, all capital costs, including finance costs, associated with such facilities during the Term of this Agreement.

G. Improvements or additions, including the associated costs therefor, necessary or reasonable in the judgment of the AUTHORITY to settle lawful claims, satisfy judgments, or comply with judicial orders against AUTHORITY by reason of its ownership, operation, maintenance, or use of the Airport.

H. Expenditures of an emergency nature which, if not made within the time established for the Majority-in-Interest disapproval process, would result in the closing or inoperability of any portion of the Airport.

I. Projects to the extent applicable to Cost Centers other than the Airfield Cost Center and the Terminal Cost Center.

J. The projects identified in Exhibit B, including an additional twenty-five percent (25%) cost escalation for each project. The AUTHORITY agrees to continue reviewing its capital improvement plan during the Term of the Agreement to undertake projects that are appropriate in its judgment, to continue to support growth and demand for, and the operation and maintenance of, facilities at the Airport.

9.04 Alterations and Improvements by AIRLINE. In accordance with Section 5.01M above, AIRLINE may construct and install, at AIRLINE's sole expense, such improvements in its non-public Exclusive Use Premises and non-public Preferential Use Premises as AIRLINE deems to be necessary for its operations; provided, however, that the plans and specifications, location, and, in the Executive Director's exclusive discretion, construction schedule for such improvements shall be approved by the Executive Director in writing prior to the commencement of any and all such construction or installation and that AIRLINE complies with the requirements of AUTHORITY in effect from time to time. Said approval shall not be unreasonably withheld, conditioned or delayed. No reduction or abatement of rentals, fees, and charges shall be allowed for any interference with AIRLINE's operations by such construction.

9.05 Security.

A. Surety Bonds.

(1) Prior to the commencement of any improvements greater than \$250,000 at the Airport, AIRLINE shall obtain, or cause to be obtained, and deliver to AUTHORITY and record in the public records of Orange County, payment and performance bonds in sums equal to the full amount of the construction contract awarded by AIRLINE for the improvements, as described more fully herein.

(2) Such bonds shall name AUTHORITY as an obligee thereunder and shall be drawn from such company acceptable to AUTHORITY and licensed to do business in the State of Florida, subject to AUTHORITY's reasonable approval.

(3) All payment bonds required hereunder with any contractor or contractors of AIRLINE, as principal, shall be in the sum equal to the full amount of the construction contract awarded by AIRLINE for the improvements. Such bond shall name AUTHORITY as an obligee thereunder and shall guarantee payment of all wages for labor and services engaged, and of all bills for materials, supplies, and equipment used in the performance of said construction contract.

(4) All performance bonds required hereunder shall name AUTHORITY as an obligee thereunder, and shall be drawn in from such company reasonably acceptable to AUTHORITY and licensed to do business in the State of Florida; shall guarantee the faithful performance of necessary construction and completion of improvements in accordance with approved final plans and detailed specifications, and shall protect AUTHORITY against any losses and liability, damages, expenses, claims, and judgments caused by or resulting from any failure to perform completely the work described.

(5) Bonds required hereunder shall be submitted in the forms reasonably acceptable to AUTHORITY from time to time, and AIRLINE shall be responsible for taking such steps as necessary to ensure that such bonds shall fully comply, both in form and substance, with the requirements of Section 255.05, Fla. Stat., any successor thereto and any other applicable law or regulation. AIRLINE shall provide AUTHORITY with a true copy of the recorded bonds as evidence of such recording.

(6) Any construction or installation work by or for AIRLINE at the Airport shall not unreasonably interfere with the operation of the Airport, or otherwise unreasonably interfere with the permitted activities of other Terminal tenants and users. Upon completion of approved construction and within sixty (60) days after AIRLINE's receipt of a certificate of occupancy, a complete set of as-built drawings shall be delivered to the Executive Director in a media type and format acceptable to AUTHORITY for the permanent record of AUTHORITY.

B. Sureties' Qualifications.

(1) All bonds required under this Section shall be written with a surety meeting the following requirements: (i) rated by the latest edition of A.M. Best Company Insurance Guide no less than "A-" as to management and no less than "VIII" as to strength for Contracts in which the total contract price exceeds \$1,000,000 and no less than "B+" as to management and no less than "VI" as to strength for Contracts in which the total contract price is \$1,000,000 or less; and (ii) be authorized to transact business in the State of Florida. The surety shall hold a certificate of authority authorizing it to write surety bonds in Florida and the surety bond shall be countersigned by a licensed Florida agent appointed by the surety, and shall also maintain a current certificate of authority as an acceptable surety on Federal Bonds in accordance with U.S. Department of Treasury Circular 570, current revision. If the amount of the bond exceeds the underwriting limitations set forth in Circular 570, in order to qualify, the net retention of the surety company shall not exceed the underwriting limitation in Circular 570 and the surety shall provide evidence satisfactory to AUTHORITY that the amount in excess of the net retention is protected by co-insurance, reinsurance, or other methods in accordance with Treasury Circular 297, Revised September 1, 1978 (31 CFR Section 223.10, Section 223.11).

(2) Notwithstanding anything contrary in this Agreement or Subsection, in the event the total contract price does not exceed \$500,000, as determined in accordance with

Section 287.0935, Florida Statutes, bonds with a surety company in compliance with the following requirements shall be acceptable: (i) The surety company is licensed to do business in the State of Florida; (ii) The surety company holds a certificate of authority authorizing it to write surety bonds in Florida; (iii) The surety company has twice the minimum surplus and capital required by the Florida Insurance Code at the time the invitation to bid is issued; (iv) The surety company is otherwise in compliance with the provisions of the Florida Insurance Code; and (iv) The surety company holds a currently valid certificate of authority issued by the United States Department of the Treasury under 31 U.S.C. §§ 9304 to 9308. In order to qualify as an acceptable surety company, an Affidavit for Surety Company shall be executed by an Officer of the surety bond insurer as evidence that a surety company is in compliance with the foregoing requirements.

(3) It is further mutually agreed between AIRLINE and AUTHORITY that if at any time, AUTHORITY shall deem the surety or sureties upon any bond to be unsatisfactory, or if for any reason such bond (because of increases in the work or otherwise) ceases to be adequate, AIRLINE shall, at its expense, within five (5) days after the receipt of notice from AUTHORITY to do so, furnish or cause to be furnished an additional or replacement bond or bonds in such form, amount, and with such surety or sureties as shall be satisfactory to AUTHORITY.

C. Alternate Form of Security.

In lieu of a payment bond and a performance bond in the amount of any contract between AIRLINE and a contractor, pursuant to Section 255.05, Fla. Stat., AIRLINE may furnish or caused to be furnished to AUTHORITY an alternate form of security in the form of cash, a money order, a certified check, a cashier's check, an irrevocable letter of credit, or security of a type listed in Part II of Chapter 625, Fla. Stat., in the amount of the underlying contract. Any such alternative form of security shall be for the same purpose and be subject to the same conditions as those applicable to the bond for which the alternative form of security is being substituted. The determination of the value of an alternative form of security shall be made by AUTHORITY.

9.06 Contractor Insurance. AIRLINE shall require contractors to maintain, and provide evidence satisfactory to AUTHORITY of, insurance (including, but not limited to, worker's compensation/employer's liability insurance, commercial general liability insurance, automobile liability insurance, and builder's risk insurance), in such amounts and in such manner as AUTHORITY may reasonably require. AUTHORITY may require additional insurance for any alterations or improvements approved hereunder, in such limits as AUTHORITY reasonably determines to be necessary.

9.07 Responsibility for Construction. Any construction or installation by or for the benefit of AIRLINE shall be at the sole risk of AIRLINE and shall be in accordance with the Tenant Work Permit Program and all applicable state and local codes and laws and subject to inspection by the Executive Director.

9.08 Ownership of Improvements. All improvements made to Airline Premises and additions and alterations thereto made by AIRLINE, except those financed by AUTHORITY, shall be and remain the property of AIRLINE until expiration of the Term of this Agreement. Upon termination or cancellation of this Agreement, said additions and alterations shall become the property of AUTHORITY or at AUTHORITY's option removed by AIRLINE; provided, however, that any trade fixtures, signs, equipment and other movable personal property of AIRLINE not permanently affixed to Airline Premises shall remain the property of AIRLINE, subject to the terms of Article 14.

ARTICLE 10: DAMAGE OR DESTRUCTION

10.01 Partial Damage. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be partially damaged by fire or other casualty or by any AUTHORITY required construction or renovation project, but said circumstances do not render Airline Premises untenable as reasonably determined by AUTHORITY, the same shall be repaired, constructed or renovated to usable condition with due diligence by AUTHORITY as hereinafter provided. No abatement of rentals shall accrue to AIRLINE so long as Airline Premises remain tenantable.

10.02 Substantial Damage. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be so extensively damaged by fire or other casualty or by any AUTHORITY required construction or renovation project, as to render any portion of the Airline Premises untenable, but capable of being repaired, as reasonably determined by AUTHORITY, the same shall be repaired to usable condition with due diligence by AUTHORITY as hereinafter provided. If such repairs have not been commenced (defined as any material construction related activity, such as preparing plans, applying for permits, etc.) by AUTHORITY within ninety (90) days after such damage, and AIRLINE has not been provided comparable alternative facilities, AIRLINE shall have the option to terminate its agreement related to the facilities so damaged. In the case of damage described herein, the rentals payable hereunder with respect to AIRLINE's affected Airline Premises shall be paid up to the time of such damage and shall thereafter be abated equitably in proportion as the part of the area rendered untenable bears to total Airline Premises until such time as the damaged Airline Premises are again tenable or comparable alternative facilities are made available to AIRLINE. AUTHORITY shall use its best efforts to provide AIRLINE with comparable, alternative facilities sufficient to allow AIRLINE to continue its operations while repairs are being completed, at a rental rate applicable to such alternative facilities; provided, however, that AIRLINE shall not be required to lease more alternative space than was rendered untenable in accordance with this Section.

10.03 Destruction.

A. If any part of Airline Premises, or adjacent facilities directly and substantially affecting the use of Airline Premises, shall be damaged by fire or other casualty or by any AUTHORITY required construction or renovation project, and is so extensively damaged as to render any portion of said Airline Premises untenable and not economically feasible to repair, as reasonably determined by AUTHORITY, AUTHORITY shall notify AIRLINE within a period of forty five (45) days after the date of such damage of its decision whether to reconstruct or replace said space; provided, however, AUTHORITY shall be under no obligation to replace or reconstruct such premises. The rentals payable hereunder with respect to affected Airline Premises shall be paid up to the time of such damage and thereafter shall abate until such time as replacement or reconstructed space becomes available for use by AIRLINE.

B. In the event AUTHORITY elects to reconstruct or replace affected Airline Premises, AUTHORITY shall use its best efforts to provide AIRLINE with comparable, alternative facilities sufficient to allow AIRLINE to continue its operation while reconstruction or replacement facilities are being completed; provided, however, that AIRLINE shall not be required to occupy and pay for more alternative space than was rendered untenable in accordance with this Section.

C. In the event AUTHORITY elects to not reconstruct or replace damaged Airline Premises, AUTHORITY shall either relocate AIRLINE, pursuant to Section 4.05B above, or if no premises are available to accomplish such relocation, to terminate this Agreement as to the damaged facilities. In such event, AUTHORITY agrees to amend this Agreement to reflect related additions and deletions to Airline Premises. In the event AIRLINE is not relocated and, after termination of this Agreement as to the damaged facilities, the remaining tenable portion of the Airline Premises is not sufficient to maintain operations at the Airport, AIRLINE may terminate this entire Agreement upon at least sixty (60) days advance notice given within ninety (90) days after receipt by AIRLINE of notice of termination of this Agreement as to the damaged facilities.

10.04 Damage Caused By AIRLINE. Notwithstanding any provision of this Article 10 to the contrary, in the event that due to the negligence or willful act or omission of AIRLINE, its employees, its agents, or licensees, Airline Premises shall be damaged or destroyed by fire, other casualty or otherwise, there shall be no abatement of rent during the repair or replacement of said Airline Premises. To the extent that the costs of repairs are not fully recovered from any insurance proceeds payable to AUTHORITY by reason of such damage or destruction, AIRLINE shall pay the amount of such additional costs to AUTHORITY. Upon the evacuation of any premises by AIRLINE, whether due to relocation, termination of this Agreement or otherwise, AIRLINE shall reimburse AUTHORITY for the cost to repair any damage to such premises, other than normal wear and tear.

10.05 AUTHORITY's Responsibilities. AUTHORITY shall maintain commercially reasonable property insurance; provided, however, that AUTHORITY's obligations to repair, reconstruct, or replace any part of the affected Airline Premises or adjacent facilities under the provisions of this Article 10 shall in any event be limited to restoring affected Airline Premises or adjacent facilities to (1) substantially the same condition that existed at the date of damage or destruction, or (2) to the extent of insurance proceeds and other funds available to AUTHORITY for such repair, reconstruction, or replacement, whichever is less; provided further that AUTHORITY shall in no way be responsible for the insuring of, or the restoration or replacement of any equipment, furnishings, property, improvements, signs, or other items installed and/or owned by AIRLINE.

ARTICLE 11: INDEMNIFICATION AND INSURANCE

11.01 Indemnification by Airline.

A. Indemnification for Claims. AIRLINE agrees to protect, defend, reimburse, indemnify and hold each of the AUTHORITY, the City, their respective agents, employees, board members and elected officers (hereinafter collectively referred to as "AUTHORITY Indemnitee") free and harmless at all times from and against any and all claims, liability, expenses, losses, costs, fines and damages (including actually incurred reasonable attorney's fees and appellate cost) and causes of action of every kind and character, whether or not meritorious, including but not limited to, claims or damages relating to any damage to property (including but not limited to, any environmental damage) personal injury, or bodily injury (including death) incurred or sustained by any person or organization (including, but not limited to, by an AUTHORITY Indemnitee) against or incurred by any AUTHORITY Indemnitee and arising out of, or incident to, or in connection with, (a) AIRLINE's use, operation, maintenance or occupancy of the Airline Premises, or (b) the operation of AIRLINE's Air Transportation Business, including the use or access by AIRLINE's ticketed passengers of the Airport; or (c) the performance, non-performance or purported performance of AIRLINE under this Agreement or (d) any breach of the terms of this Agreement by AIRLINE; provided, however, nothing contained in this Section shall require indemnification by AIRLINE of an AUTHORITY Indemnitee from or against any loss, liability or claim to the extent arising from the gross negligence or willful misconduct of such AUTHORITY Indemnitee.

B. Notice and Defense of Claims. Upon the filing by anyone of a claim with AUTHORITY for damages arising out of incidents for which AIRLINE herein agrees to indemnify and hold AUTHORITY or another AUTHORITY Indemnitee harmless, AUTHORITY shall promptly notify AIRLINE of such claim and, in the event that AIRLINE does not settle or compromise such claim, then AIRLINE shall undertake the legal defense of such claim both on behalf of AIRLINE and on behalf of each involved AUTHORITY Indemnitee. It is specifically agreed, however, that in the event of any conflict between an AUTHORITY Indemnitee, including AUTHORITY, and AIRLINE, an AUTHORITY Indemnitee may, at its option, provide its own legal defense and that AIRLINE will promptly reimburse any such AUTHORITY Indemnitee for the reasonable cost, including attorney's fees, incurred by or on behalf of AUTHORITY Indemnitee in the legal defense of such claim.

C. No Voluntary Waiver of Immunity. AIRLINE and AUTHORITY agree that the obligation of AIRLINE to indemnify an AUTHORITY Indemnitee is not intended to waive any sovereign immunity otherwise applicable to an AUTHORITY Indemnitee.

D. Consideration, Survival of Indemnity Obligation and Additional Remedy. AIRLINE recognizes the broad nature of this indemnification and hold harmless clause, and voluntarily makes this covenant and expressly acknowledges the receipt of good and

valuable consideration provided by AUTHORITY in support of this indemnification in accordance with laws of the State of Florida. This clause shall survive the termination of this Agreement as to claims arising during the Term thereof. Compliance with the insurance requirements of this Article 11 shall not relieve AIRLINE of, or otherwise limit, AIRLINE's obligation to indemnify an AUTHORITY Indemnitee as set forth in this Article 11.

11.02 Insurance.

A. Except to the extent AUTHORITY, at its sole discretion otherwise agrees to the contrary, during the Term of this Agreement, AIRLINE shall provide, pay for and maintain the types and amounts of insurance described herein. All such insurance shall be issued by insurers which are eligible to do business in the State of Florida. In addition, all such insurers shall have and maintain throughout the period for which coverage is required, evidence of financial integrity and responsibility reasonably acceptable to AUTHORITY.

B. The insurance coverage and limits required shall be evidenced by properly executed certificates of insurance. These certificates shall be signed by the authorized representative of the insurance company shown on the certificate and will show all deductibles or self-insurance retentions and show the AUTHORITY as an additional insured on airline liability/commercial general liability primary and excess coverage. In addition, certified, true, and exact copies of all insurance policies shall be made available to AUTHORITY, at AUTHORITY's cost, on a timely basis, if requested by AUTHORITY.

C. All required insurance coverages of AIRLINE shall be primary to any insurance or self-insurance program of AUTHORITY. In addition, any insurance, or self-insurance maintained by AUTHORITY shall be excess of, and shall not contribute with, the insurance provided by AIRLINE.

D. The acceptance of delivery to AUTHORITY of any certificate of insurance evidencing the insurance coverages and limits required in this Agreement does not constitute approval or acceptance by AUTHORITY that the insurance requirements in this Agreement have been met.

E. No operations shall commence at the Airport unless and until the required certificates of insurance are in effect and approved by AUTHORITY.

F. The insurance coverages and limits required of AIRLINE under this Agreement are designed to meet the minimum requirements of AUTHORITY. They are not designed as a recommended insurance program for AIRLINE. AIRLINE is responsible for insuring its real and personal property located at the Airport. AIRLINE, alone, shall be responsible for the sufficiency of its own insurance program. Should AIRLINE have

any question concerning its exposures to loss under this Agreement, or the possible insurance coverages needed therefor, it should seek professional advice.

G. AIRLINE shall give AUTHORITY thirty (30) days prior written notice by registered or certificated mail of any cancellation, intent not to renew, or material reduction in any policy's coverage instigated by AIRLINE and prompt notice of any such event instigated by an insurance company. Said notices shall be sent pursuant to Section 18.22 of this Agreement.

H. Renewal Certificates of Insurance must be provided to AUTHORITY as soon as practical but in every instance prior to expiration of current coverages.

I. Should at any time AIRLINE not, in the opinion of AUTHORITY, provide or maintain the insurance coverages required in this Agreement, AUTHORITY may terminate or suspend this Agreement.

J. The amounts and types of insurance shall conform to the following minimum requirements.

(1) Workers Compensation and Employer's Liability Insurance shall be maintained in force by AIRLINE during the Term of this Agreement for all employees engaged in the operations on the Airport under this Agreement. The limits of coverage shall not be less than:

Workers' Compensation	Florida Statutory
Employer's Liability	\$1,000,000 Limit Each Accident
	\$1,000,000 Limit Disease Aggregate
	\$1,000,000 Limit Disease Each Employee

(2) Airline Liability Insurance/Commercial General Liability shall be maintained by AIRLINE for the life of this Agreement. Coverage shall include, but not be limited to, Premises and Operations, Personal Injury, Contractual Liability, Products and Completed Operations Coverage, Hangarkeepers, Liquor Liability, Terrorism or War Risk and Allied Perils (to the extent available from, or subsidized by, the federal government), and Environmental Liability. Coverage shall be applicable to the operation of all owned, non-owned, leased or hired, licensed and unlicensed motor vehicles and ground equipment operating within the Aircraft Operations Area (AOA) at the Airport. The limits of coverage shall not be less than:

Airline Liability:

Bodily & Personal Injury & Property Damage Liability	\$200,000,000 Combined Single Limit Each Occurrence & Aggregate
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Sublimits to be provided through the Airline Liability or separate policy:

Liquor Liability Coverage – for any facility of AIRLINE serving alcoholic beverages on the Airport in an amount not less than \$1,000,000 per occurrence.

Hangarkeepers Liability Coverage – in an amount adequate to cover any non-owned property in the care, custody, and control of AIRLINE on the Airport, but in any event in an amount not less than \$5,000,000 per occurrence.

Motor Vehicle Liability Coverage – to cover all licensed and unlicensed motor vehicles and ground equipment owned, non-owned, or hired by AIRLINE which are operated in the AOA. This coverage will be in an amount not less than \$5,000,000 per person and per occurrence.

Terrorism or War Risk and Allied Perils (to the extent available from, or subsidized by, the federal government) – in an amount not less than \$50,000,000.

Environmental Liability – in an amount not less than \$10,000,000 for sudden and accidental pollution, or, to the extent not prohibited by any applicable law, AIRLINE may provide for reasonable limits of self insurance against environmental liability risks. All amounts paid to AUTHORITY by AIRLINE on account of any self-insurance program shall be deemed insurance proceeds for purposes of this Agreement. To the extent AIRLINE self-insures as to environmental liability, the protections afforded AUTHORITY by AIRLINE shall be the same as if insurance were provided by a third-party insurer and AIRLINE shall have all the obligations and liabilities of a third party insurer hereunder (e.g. obligation to provide a defense).

(3) Aircraft Liability Insurance shall be maintained by AIRLINE during the Term of this Agreement for all owned, non-owned, leased or hired aircraft, including passenger coverage. The limits of coverage shall not be less than:

Bodily & Personal Injury	\$200,000,000 Combined Single Limit
& Property Damage Liability	Each Occurrence & Aggregate

(4) Business Automobile Liability Insurance shall be maintained by AIRLINE during the Term of this Agreement as to the ownership, maintenance, and use of all owned, non-owned, leased or hired vehicles. The limits of coverage shall not be less than:

Bodily & Personal Injury	\$1,000,000 Combined Single Limit
& Property Damage Liability	Each Occurrence & Aggregate

(5) Umbrella Liability Insurance or Excess Liability Insurance may be used to reach the limits of liability required by this Article 11.

ARTICLE 12: CANCELLATION BY AUTHORITY

12.01 Events of Default. The events described below shall be deemed Events of Default by AIRLINE hereunder:

(1) The conduct by AIRLINE of any business or performance of any acts at the Airport not specifically authorized herein or by other agreements between AUTHORITY and AIRLINE, and such business or acts do not cease within thirty (30) days after receipt of AUTHORITY's written notice to cease such business or acts.

(2) The failure by AIRLINE to cure a default in the performance of any of the terms, covenants, and conditions required herein (except Performance Security requirements, insurance requirements, and payment of rentals, fees, and charges, all as provided for below) within thirty (30) days after receipt of written notice by AUTHORITY of such default; or, if by reason of the nature of such default, the same cannot be cured within thirty (30) days following receipt by AIRLINE of written demand from AUTHORITY to do so, AIRLINE fails to commence curing such default within such thirty (30) days following such written notice, or having so commenced, shall fail thereafter to continue with diligence the curing thereof and, in any event, fails to cure such default within a reasonable time or ninety (90) days after receipt of notice of such default, whichever is earlier. AIRLINE shall have the burden of proof to demonstrate (i) that the default cannot be cured within thirty (30) days, and (ii) that it is proceeding with diligence to cure said default, and that such default can be cured within the earlier of a reasonable period of time or ninety (90) days.

(3) The failure by AIRLINE to pay any part of the rentals, fees, and charges due hereunder and the continued failure to pay such amounts in full within fifteen (15) days after AUTHORITY's written notice of such default; provided, however, that if a dispute arises between AUTHORITY and AIRLINE with respect to any obligation or alleged obligation of AIRLINE to make payments to AUTHORITY, payments under protest by AIRLINE of the amount due shall not waive any of AIRLINE'S rights to contest the validity or amount of such payment. In the event any court or other body having jurisdiction determines all or any part of the protested payment shall not be due, then AUTHORITY shall promptly reimburse AIRLINE or credit against future payments by AIRLINE any amount determined as not due.

(4) The failure by AIRLINE to provide and keep in force Performance Security in accordance with Section 7.08.

(5) The failure by AIRLINE to obtain and keep in force insurance coverage in accordance with Section 11.02.

(6) The appointment of a trustee, custodian, or receiver of all or a substantial portion of AIRLINE's assets.

(7) The divestiture of AIRLINE's estate herein by operation of law, by dissolution, or by liquidation, (not including a merger or sale of assets).

(8) The insolvency of AIRLINE; or if AIRLINE shall take the benefit of any present or future insolvency statute, shall make a general assignment for the benefit of creditors, or shall seek a reorganization or the readjustment of its indebtedness under any law or statute of the United States or of any state thereof including the filing by AIRLINE of a voluntary petition of bankruptcy or the institution of proceedings against AIRLINE for the adjudication of AIRLINE as a bankrupt.

(9) The abandonment by AIRLINE of the Airline Premises, or its conduct of business at the Airport; and, in this connection, suspension of operations for a period of thirty (30) days will be considered abandonment in the absence of a labor dispute or other governmental action in which AIRLINE is directly involved.

(10) The failure by AIRLINE to remit PFCs in accordance with Section 18.03.

12.02 Continuing Responsibilities of AIRLINE. Notwithstanding the occurrence of any Event of Default, AIRLINE shall remain liable to AUTHORITY for all rentals, fees, and charges payable hereunder and for all preceding breaches of any obligation under this Agreement. Furthermore, unless AUTHORITY elects to cancel this Agreement, AIRLINE shall remain liable for and promptly pay all rentals, fees, and charges accruing hereunder through the end of the Term.

12.03 AUTHORITY's Remedies. Upon the occurrence of an Event of Default, the following remedies, which shall be cumulative, shall be available to AUTHORITY:

A. AUTHORITY may exercise any remedy provided by law or in equity, including but not limited to the remedies hereinafter specified.

B. AUTHORITY may cancel this Agreement, effective upon the date specified in the notice of cancellation. Upon such date, AIRLINE shall be deemed to have no further rights hereunder and AUTHORITY shall have the right to take immediate possession of AIRLINE's Airline Premises.

C. AUTHORITY may reenter the Airline Premises and may remove all AIRLINE persons and property from same upon the date of reentry specified in AUTHORITY's written notice of reentry to AIRLINE. Upon any removal of AIRLINE property by AUTHORITY hereunder, AIRLINE property may be stored at a public warehouse or elsewhere at AIRLINE's sole cost and expense.

D. AUTHORITY may relet Airline Premises and any improvements thereon or any part thereof at such rentals, fees, and charges and upon such other terms and conditions as AUTHORITY, in its sole discretion, may deem advisable, with the right to make alterations, repairs or improvements on said Airline Premises. In reletting the Airline Premises, AUTHORITY shall be obligated to make a good faith effort to obtain terms

comparable to those contained herein and otherwise seek to mitigate any damages it may suffer as a result of AIRLINE's Event of Default.

E. In the event that AUTHORITY relets Airline Premises, rentals, fees, and charges received by AUTHORITY from such reletting shall be applied: (i) first to the payment of any indebtedness other than rentals, fees, and charges due hereunder from AIRLINE to AUTHORITY; (ii) then to the payment of any cost of such reletting; and (iii) finally to the payment of rentals, fees, and charges due from AIRLINE. Any excess rentals, fees and charges received by AUTHORITY from reletting shall be held by AUTHORITY and applied in payment of future rentals, fees, and charges owed by AIRLINE as the same may become due and payable hereunder. If that portion of such rentals, fees, and charges received from such reletting and applied to the payment of rentals, fees, and charges owed by AIRLINE hereunder is less than the rentals, fees, and charges that would have been payable during applicable periods by AIRLINE hereunder, then AIRLINE shall pay such deficiency to AUTHORITY. AIRLINE shall also pay to AUTHORITY, as soon as ascertained, any reasonable costs and expenses incurred by AUTHORITY in such reletting not covered by the rentals, fees, and charges received from such reletting.

F. No reentry or reletting of Airline Premises by AUTHORITY shall be construed as an election on AUTHORITY'S part to cancel this Agreement unless a written notice of cancellation is given to AIRLINE.

G. AIRLINE shall pay to AUTHORITY all other costs incurred by AUTHORITY in the exercise of any remedy in this Article 12, including, but not limited to, reasonable attorney fees, disbursements, court costs, and expert fees.

12.04 Remedies Under Federal Bankruptcy Laws. Notwithstanding the foregoing, upon the filing by or against AIRLINE of any proceeding under federal bankruptcy laws, if AIRLINE has defaulted in the performance of any provision of this Agreement within the six (6) months preceding such filing, AUTHORITY shall have the right to cancel this Agreement, in addition to other remedies provided under provisions of the Federal Bankruptcy Rules and Regulations and Federal Judgeship Act of 1984, as such may be subsequently amended, supplemented, or replaced. Such cancellation shall be by written notice to AIRLINE within sixty (60) days from the date of AIRLINE's initial filing in bankruptcy court.

ARTICLE 13: CANCELLATION BY AIRLINE

13.01 AUTHORITY Events of Default. The events described below shall be deemed "AUTHORITY Events of Default":

A. AUTHORITY fails to keep, perform, or observe any material term, covenant, or condition herein contained, to be kept, performed, or observed by AUTHORITY and such failure continues for thirty (30) days after receipt of written notice of such failure from AIRLINE; or, if by its nature such default cannot be cured within such thirty (30) day period, AUTHORITY shall not commence to cure such default within said thirty (30) days and thereafter to cure or remove the same as promptly as reasonably practicable; provided, however, AUTHORITY's performance under this Section shall be subject to the provisions of Section 18.25 of this Agreement.

B. Airport is closed to flights in general or to the flights of AIRLINE, for reasons other than those circumstances within AIRLINE's control, and Airport fails to be reopened to such flights within sixty (60) consecutive days from such closure.

C. The Airport is permanently closed as an air carrier airport by act of any federal, state, or local government agency having competent jurisdiction; or AIRLINE is unable to use Airport for a period of at least forty-five (45) consecutive days due to any law or any order, rule or regulation of any governmental authority having jurisdiction over the operations of the Airport; or any court of competent jurisdiction issues an injunction preventing AUTHORITY or AIRLINE from using Airport for airport purposes, for reasons other than those circumstances within AIRLINE's control or resulting from AIRLINE's actions, and such injunction remains in force for a period of at least forty-five (45) consecutive days.

D. The United States Government or any authorized agency thereof (by executive order or otherwise) assumes the operation, control, or use of the Airport in such a manner as to substantially restrict AIRLINE from conducting its operations, if such restriction continues for a period of sixty (60) consecutive days or more.

13.02 AIRLINE's Remedy. So long as AIRLINE is not in default of any obligation in this Agreement, including but not limited to payments due to AUTHORITY hereunder, AIRLINE may cancel this Agreement upon the occurrence of an AUTHORITY Event of Default upon delivery of written notice of cancellation to AUTHORITY any time prior to such AUTHORITY Event of Default being cured. All obligations of AIRLINE to pay rentals, fees, and charges shall cease as of the date of such cancellation and AIRLINE shall surrender the Airline Premises in accordance with Article 14 hereof. AIRLINE may also exercise any remedy provided by law or in equity.

ARTICLE 14: SURRENDER OF AIRLINE PREMISES

14.01 Surrender and Delivery. Upon expiration or cancellation of this Agreement, AIRLINE shall promptly and peaceably surrender to AUTHORITY its Airline Premises and all improvements thereon to which AUTHORITY is entitled in good and fit condition, reasonable wear and tear as well as damage or repair which is the responsibility of AUTHORITY hereunder excepted; provided, however, nothing in this Section 14.01 shall be construed to modify the obligations of the parties set forth in Article 9, Article 10, and Article 11.

14.02 Removal of Property. Provided AIRLINE is not in default for payment of rentals, fees, and charges hereunder, AIRLINE shall have the right at any time during the Term of this Agreement to remove from the Airport its aircraft, tools, equipment, trade fixtures, and other personal property, title to which shall remain in AIRLINE, unless otherwise set forth in this Agreement, and shall remove such aircraft, tools, equipment, trade fixtures, and other personal property within five (5) business days following termination of this Agreement, whether by expiration of time or otherwise, as provided herein, subject to any valid lien which AUTHORITY may have thereon for unpaid rentals, fees, and charges. AIRLINE shall not abandon any portion of its property at the Airport without the written consent of AUTHORITY. Any and all property not removed by AIRLINE within fifteen (15) business days following the date of termination of this Agreement shall, at the option of AUTHORITY, (i) become the property of AUTHORITY at no cost to AUTHORITY; (ii) be stored by AUTHORITY, at no cost to AUTHORITY; or (iii) be sold at public or private sale at no cost to AUTHORITY, with the proceeds thereof being retained by the AUTHORITY. Except as may be agreed to otherwise by AUTHORITY and AIRLINE, all AUTHORITY property damaged by or as a result of the removal of AIRLINE's property shall be restored by AIRLINE to the condition existing before such damage at AIRLINE's expense.

14.03 Holding Over. In the event AIRLINE uses its Airline Premises without the written consent of AUTHORITY after this Agreement has been canceled or expires, AIRLINE shall be deemed a tenant at sufferance during the period of such use and shall pay the rate for rentals, fees, and charges established by AUTHORITY for Air Transportation Companies which are not Signatory Airlines during such period.

ARTICLE 15: ASSIGNMENT, SUBLETTING, AND HANDLING AGREEMENTS

15.01 Assignment and Subletting by AIRLINE.

A. AIRLINE shall not, directly or indirectly, assign, sell, hypothecate, or otherwise transfer this Agreement, or any portion of Airline Premises, without the prior written consent of AUTHORITY; provided, however, AIRLINE may assign this Agreement to any person, firm or corporation with which AIRLINE may merge or consolidate or which may succeed to the business of AIRLINE or which purchases all or substantially all of AIRLINE'S assets. AUTHORITY may withhold its consent hereunder on any reasonable basis, including the availability for lease of alternative space.

B. AIRLINE shall not sublease Airline Premises, other than to an Identified Affiliate, without the prior written consent of AUTHORITY, which consent may be withheld if AUTHORITY has alternative unleased space available or if AUTHORITY can make such space available for lease within a reasonable time; otherwise, such prior consent shall not be unreasonably withheld, delayed or conditioned. Use of AIRLINE'S Exclusive Use Premises, Preferential Use Premises or any part thereof, by anyone other than AIRLINE, except in accordance with Article 16 below, shall be deemed a sublease.

C. AIRLINE shall include with its request for permission to assign or sublease, a copy of the proposed assignment or sublease agreement. The assignment or sublease agreement submitted with AIRLINE'S request shall include the following information: (i) the term; (ii) the area or space to be assigned or subleased; (iii) the sublease rentals to be charged; and (iv) the provision that assignee or sublessee must execute a separate agreement with AUTHORITY for operating at the Airport. Any other information reasonably requested by AUTHORITY pertaining to said sublease or assignment shall be promptly provided by AIRLINE. A fully executed copy of such sublease or assignment shall be submitted to AUTHORITY for final approval prior to the occupancy of Airline Premises, or any portion thereof, by the assignee or sublessee.

D. Nothing in this Article 15 shall be construed to release AIRLINE from its obligations under this Agreement, including but not limited to, the payment of rentals, fees, and charges provided herein, with respect to the Airline Premises, including such portion of the Airline Premises assigned or sublet, unless otherwise agreed in writing by AUTHORITY.

15.02 Handling Agreements. In the event AIRLINE agrees to ground handle any portion of the operations of another Air Transportation Company, other than an Identified Affiliate, AIRLINE shall provide AUTHORITY advance written notice of such proposed activities, including a description of the type and extent of services to be provided, and shall comply with all policies of AUTHORITY in effect from time to time applicable to such activity, including, without limitation, policies relating to the payment to AUTHORITY of a percentage of fees received by AIRLINE for such service.

ARTICLE 16: AVAILABILITY OF ADEQUATE FACILITIES

16.01 Declaration of Intent.

The parties acknowledge the objective of AUTHORITY to offer to all Air Transportation Companies desiring to serve Airport access to the Airport and to provide adequate gate positions and space in the Terminal. Recognizing that physical and financial limitations may preclude timely expansion of the Terminal and Terminal Aircraft Apron areas to meet the stated requests of AIRLINE and/or such other Air Transportation Companies for additional facilities, AUTHORITY hereby states, and AIRLINE acknowledges and agrees with, its intent to pursue the objective of achieving a balance in the overall utilization of the Terminal and Terminal Aircraft Apron areas to be achieved, if necessary, through relocating or sharing, from time to time, of gate positions, ticket counters, and other passenger handling facilities.

16.02 Accommodation on Preferential Use Premises.

A. AIRLINE is prohibited from allowing any non-Identified Affiliate Air Transportation Company ("Requesting Airline") from using any gate leased by AIRLINE, without the written consent of AUTHORITY. All requests received by AIRLINE to use gate facilities made by any Requesting Airline shall be referred by AIRLINE to AUTHORITY. At the request of AUTHORITY, AIRLINE shall cooperate with AUTHORITY to accommodate the needs of a Requesting Airline by permitting such Requesting Airline to utilize AIRLINE's Preferential Use Premises, including gates, ticket counters, and/or baggage makeup, for the time period(s) necessary to permit passenger check-in, loading and unloading operations in conjunction with the scheduled operations of such Requesting Airline, or as may be necessary to accommodate unscheduled flights, including charters or diversion due to weather, in any case at times when the use of such facilities shall not interfere with AIRLINE's operations or those of its approved sublessees, licensees, or permittees. Notwithstanding the foregoing, it is the intent of AUTHORITY when possible to accommodate a Requesting Airline on an unassigned gate and other unassigned facilities, prior to utilizing AIRLINE's Preferential Use Premises.

B. AUTHORITY will require Requesting Airlines to coordinate all use of Terminal facilities directly with AUTHORITY. AUTHORITY shall have exclusive discretion as to the assignment of Terminal facilities, including AIRLINE'S Preferential Use Premises, to be used by any Requesting Airline, subject to the parameters described in this Section 16.02. AIRLINE may make written request to AUTHORITY to accommodate a Requesting Airline at AIRLINE'S Preferential Use Premises due to certain economies to be gained, such as the facilitation of ground handling services. AUTHORITY will make reasonable efforts to comply with any such request by AIRLINE, subject to a determination by AUTHORITY that such compliance is not in the best interests of the Airport.

C. If AUTHORITY assigns AIRLINE'S Preferential Use Premises to a Requesting Airline for passenger check-in, loading and unloading operations, AUTHORITY shall pay to AIRLINE eighty five percent (85%) of the fees and charges collected from the Requesting Airline on account of such operations at AIRLINE'S Preferential Use Premises ("Accommodation Fee"); except that AIRLINE shall not be entitled to an Accommodation Fee for any assignment of a Requesting Airline at AIRLINE'S Preferential Use Premises made at the request of AIRLINE. If a Requesting Airline is assigned the Preferential Use Premises of both AIRLINE and another Signatory Airline (e.g. gate of AIRLINE and ticket counter of the other Signatory Airline), AUTHORITY shall divide the Accommodation Fee among AIRLINE and the other Signatory Airline in a manner deemed reasonable by AUTHORITY.

D. In determining if AIRLINE shall be required to accommodate a Requesting Airline, AUTHORITY shall consider AIRLINE's capabilities, capacity, facilities, and personnel therefor, after taking into account AIRLINE's own requirements and contractual obligations, the compatibility of said Requesting Airline's proposed operations with those of AIRLINE, and the need for labor harmony.

E. If AIRLINE accommodates a Requesting Airline, then such Requesting Airline shall be required to vacate AIRLINE's gate position at least sixty (60) minutes prior to AIRLINE's next scheduled flight arrival at such gate position.

F. During the period of use of AIRLINE's facilities by a Requesting Airline pursuant to this Article 16, AIRLINE shall be relieved of its obligation under this Agreement to indemnify and save harmless AUTHORITY, its officers, directors, employees, or agents with regard to any claim for property damage or personal injury arising out of or in connection with the Requesting Airline's use of its Preferential Use Premises, unless such damage or injury is caused by AIRLINE, its officers, directors, employees or agents who have come upon its Preferential Use Premises in connection with AIRLINE's occupancy hereunder.

16.03 Reassignment of Preferential Use Premises.

AUTHORITY reserves the right upon written notice to reassign one or more of an AIRLINE's preferentially assigned gates to another Signatory Airline(s) if: (1) AIRLINE's scheduled average for any individual gate utilization falls below four (4) flights per gate per day; (2) AUTHORITY determines that there is a reasonable need for the preferential use of such gate(s) by another Signatory Airline(s); and (3) such other Signatory Airline meets the required four (4) flights per gate per day minimum. Prior to such reassignment becoming effective, AIRLINE shall have a ninety (90) day period to adjust its schedule to four (4) flights per gate per day so as not to be subject to such reassignment. In the event of reassignment, AIRLINE will be entitled to reimbursement for a portion of its cost of providing tenant improvements to the reassigned gate area, amortized over a reasonable useful life of such improvements, determined in the reasonable discretion of AUTHORITY. The costs associated with extraordinary tenant

improvements will not be reimbursed by AUTHORITY. When determining specific Preferential Use Premises to be reassigned, AUTHORITY will use reasonable efforts to not reassign facilities that will disrupt the continuity and staffing of AIRLINE's operation.

16.04 Regional/Commuter Operations.

A. To the extent practical, aircraft that are capable of connecting to a loading bridge must use a Terminal Aircraft Apron equipped with a loading bridge for the enplaning and deplaning of passengers.

B. Aircraft that are not capable of connecting to a loading bridge will use those areas of the Terminal Aircraft Aprons designated by AUTHORITY and will be accessed from the ramp level through commuter facilities unless otherwise approved by AUTHORITY.

ARTICLE 17: GOVERNMENT INCLUSION

17.01 Government Agreements. This Agreement shall be subordinate to, and shall be automatically modified to comply with, the provisions of any existing or future agreements between AUTHORITY and the United States Government or other governmental authority, relative to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal or other governmental funds for the development of the Airport, to the extent that the provisions of any such existing or future agreements are generally required by the United States or other governmental authority as a condition to receiving such funds. AUTHORITY agrees to provide AIRLINE written advance notice of any provisions which would adversely modify the material terms of this Agreement.

17.02 Federal Government's Emergency Clause. All provisions of this Agreement shall be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions of this Agreement inconsistent with the operations of the Airport by the United States of America.

17.03 Nondiscrimination.

A. AIRLINE for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby agree as a covenant running with the land that (i) no person on the grounds of race, color, creed, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Airline Premises, (ii) in the construction of any improvements on, over, or under Airline Premises and the furnishing of services thereon, no person on the grounds of race, color, creed, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, and (iii) AIRLINE shall use the Airline Premises in compliance with all other requirements imposed by or pursuant to 14 CFR 152 and Title VI of the Civil Rights Act of 1964 and 49 CFR, Subtitle A, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Title and Regulations may be amended.

B. AIRLINE acknowledges that the provisions of 49 CFR, Part 23, Disadvantaged Business Enterprises ("DBE"), as such regulations may be amended, and such other similar regulations may be enacted, may be applicable to the activities of AIRLINE under the terms of this Agreement, unless exempted by said regulations, and AIRLINE hereby agrees to comply with the regulatory agencies, in reference thereto. These requirements may include, but not be limited to, compliance with DBE participation goals, the keeping of certain records of good faith compliance efforts, which would be subject to review by the various agencies, the submission of various reports and, if so directed, the contracting of specified percentages of goods and services contracts to DBEs.

17.04 Security. AIRLINE, its officers, employees, agents, and those under its control, shall comply with all security measures required of AIRLINE by the AUTHORITY, TSA, FAA

or contained in any Airport master security plan approved by the TSA or FAA. If AIRLINE, its officers, employees, agents, or those under its control shall fail or refuse to comply with said measures and such non-compliance results in a monetary penalty being assessed against AUTHORITY, then, in addition to any other remedies available to AUTHORITY, AIRLINE shall be responsible for, and shall reimburse AUTHORITY in the full amount of, any such monetary penalty or other damages.

17.05 Environmental.

A. General Conditions.

(1) Notwithstanding any other provisions in this AGREEMENT, and in addition to any and all other requirements of this AGREEMENT or any other covenants, representations or warranties of AIRLINE, AIRLINE hereby expressly covenants, warrants and represents to AUTHORITY, in connection with AIRLINE's operations at the Airport the following :

(a) AIRLINE is knowledgeable of all applicable federal, state, regional, and local environmental laws (including common law), ordinances, rules, regulations, resolutions, policies, guidelines and orders, which apply to AIRLINE's operations at the Airport (collectively, "Environmental Laws") and acknowledges that such Environmental Laws change from time-to-time, and AIRLINE agrees to keep informed of any such future changes.

(b) AIRLINE agrees to comply with all Environmental Laws which apply to AIRLINE's operations. AIRLINE agrees to hold harmless and indemnify AUTHORITY for any violation by AIRLINE of such applicable Environmental Laws and for any non-compliance by AIRLINE with any permits issued to AIRLINE or AUTHORITY pursuant to such Environmental Laws, which hold harmless and indemnity shall include, but not be limited to, enforcement actions to assess, abate, remediate, undertake corrective measures or monitor environmental conditions and for any monetary penalties, costs, expenses, or damages, including natural resource damages, imposed against AIRLINE, its employees, invitees, suppliers, or service providers or AUTHORITY by reason of AIRLINE's violation or non-compliance.

(c) AIRLINE agrees to cooperate with any investigation, audit or inquiry by AUTHORITY or any governmental or quasi-governmental agency, regarding possible violation of any Environmental Law upon the Airport.

(d) AIRLINE agrees that all remedies of AUTHORITY as provided herein with regard to violation of any Environmental Laws shall be deemed cumulative in nature and shall survive termination of this Agreement.

(e) AIRLINE agrees that any notice of violation, notice of non-compliance, or other enforcement action relating to the Airport shall be provided to

AUTHORITY promptly after receipt by AIRLINE or AIRLINE's agent. Any violation or notice of violation or non-compliance with any Environmental Laws shall be deemed a default under this Agreement. Such default may be cured within ten (10) days of receipt of notice of default from AUTHORITY, or such longer period as may be required to effect a cure provided AIRLINE commences a cure within said ten (10) days and thereafter diligently prosecutes the cure to completion. Any such default which is not cured shall be grounds for termination of this Agreement.

(2) In entering this Agreement, AUTHORITY expressly relies on the covenants, representations, and warranties of AIRLINE as stated herein.

B. Stormwater.

(1) Notwithstanding any other provisions or terms of this Agreement, AIRLINE acknowledges that certain properties within the Airport, or on AUTHORITY owned land, are subject to stormwater rules and regulations. AIRLINE agrees to observe and abide by such stormwater rules and regulations as may be applicable to AUTHORITY's property and uses thereof.

(2) AIRLINE acknowledges that any stormwater discharge permit issued to AUTHORITY may name AIRLINE as a co-permittee. AUTHORITY and AIRLINE both acknowledge that close cooperation is necessary to insure compliance with any stormwater discharge permit terms and conditions, as well as to insure safety and to minimize cost of compliance. AIRLINE acknowledges further that it may be necessary to undertake such actions to minimize the exposure of stormwater to "significant materials" generated, stored, handled or otherwise used by AIRLINE, as such term may be defined by applicable stormwater rules and regulations, by implementing and maintaining "best management practices" as that term may be defined in applicable stormwater rules and regulations.

(3) AUTHORITY will provide AIRLINE with written notice of any stormwater discharge permit requirements applicable to AIRLINE and with which AIRLINE will be obligated to comply from time-to-time, including, but not limited to: certification of non-stormwater discharges; collection of stormwater samples; preparation of stormwater pollution prevention or similar plans; implementation of best management practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. AIRLINE agrees that within ten (10) days of receipt of such written notice, it shall notify AUTHORITY in writing if it disputes any of the stormwater permit requirements it is being directed to undertake. If AIRLINE does not provide such timely notice, AIRLINE will be deemed to assent to undertake such stormwater permit requirements. In that event, AIRLINE agrees to undertake, at its sole expense, unless otherwise agreed to in writing between AUTHORITY and AIRLINE, those stormwater permit requirements for which it has received written notice from AUTHORITY, and AIRLINE agrees that it will hold harmless and indemnify AUTHORITY for any violations or non-compliance with any such permit requirements.

C. Solid and Hazardous Waste.

(1) AIRLINE shall comply with all applicable federal, state and local laws relating to solid or hazardous waste, and any rules and regulations promulgated thereunder, including but not limited to, insuring that the transportation, storage, handling and disposal of such hazardous wastes are conducted in full compliance with applicable law.

(2) AIRLINE agrees to provide AUTHORITY, upon request, copies of all hazardous waste permit application documentation, permits, monitoring reports, transportation, responses, storage, disposal and contingency plans and material safety data sheets, within ten (10) days of any such requests by AUTHORITY. AIRLINE is required to have, and to implement as needed, a written plan addressing containment and clean up of fuel and/or oil spills.

D. Air Quality. AIRLINE agrees to comply with all applicable laws relating to the quality of air in any confined or indoor spaces.

ARTICLE 18: GENERAL PROVISIONS

18.01 Subordination to Bond Resolution.

A. This Agreement and all rights granted to AIRLINE hereunder are expressly subordinated and subject to the lien, covenants (including the rate covenants), and provisions of the pledges, transfer, hypothecation, or assignment made by AUTHORITY in the Bond Resolution. AUTHORITY and AIRLINE agree that to the extent required by the Bond Resolution or law, the holders of the Bonds or their designated representatives shall have the right to exercise any and all rights of AUTHORITY hereunder.

B. AUTHORITY shall notify AIRLINE in advance of any amendments or supplements to the Bond Resolution that would materially alter the terms and provisions of this Agreement or materially impact the levels of rentals, fees, and charges paid by AIRLINE (herein referred to as Material Amendments).

C. For any Material Amendments desired solely by AUTHORITY for its own purposes, AUTHORITY and AIRLINE shall use commercially reasonable efforts to agree on the implementation. However, in the event AUTHORITY and AIRLINE cannot agree on the implementation of any Material Amendments desired solely by AUTHORITY for its own purposes, AIRLINE, in addition to cancellation rights provided elsewhere in this Agreement, shall have the right to cancel this Agreement upon thirty (30) days advance written notice given to AUTHORITY within sixty (60) days after the effective date of such Material Amendment.

D. With respect to property leased by AUTHORITY to AIRLINE hereunder which was or is to be acquired by AUTHORITY with proceeds of Bonds, the interest on which is, or is intended to be, excludable from the gross income of the holders of such Bonds for federal income tax purposes, the parties hereby covenant to protect the tax-exempt status of the Bonds.

E. AIRLINE agrees to execute all instruments, certificates, or other documents reasonably requested by AUTHORITY to assist AUTHORITY and bond counsel in determining and assuring that Bonds are issued in compliance with applicable rules and regulations of the Internal Revenue Service and the Securities and Exchange Commission and AIRLINE shall provide whatever additional relevant information is reasonably requested by AUTHORITY initially or on an ongoing basis in connection with complying with any of those rules and regulations.

18.02 Nonwaiver. No waiver of default by either party of any of the terms, covenants, or conditions of this Agreement to be performed, kept, and observed by the other party shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, and conditions to be performed, kept, and observed by the other party and shall not be deemed a waiver of any right on the part of the other party to cancel this Agreement as provided herein.

18.03 Passenger Facility Charge. AUTHORITY reserves the right to assess and collect PFC's subject to the terms and conditions set forth in the Aviation Safety and Capacity Expansion Act of 1990, Section 9110 (the "PFC Act") and implementing regulations as may be supplemented or amended from time to time. AIRLINE shall collect and pay all PFC's for which it is responsible under applicable law or regulation.

18.04 Rights Non-Exclusive. Notwithstanding anything herein contained that may be or appear to the contrary, the rights, privileges, and licenses granted under this Agreement, are "non-exclusive" and AUTHORITY reserves the right to grant similar privileges to others.

18.05 Quiet Enjoyment.

A. AUTHORITY agrees that, so long as AIRLINE's payment of rentals, fees, and charges is timely and AIRLINE keeps all covenants and agreements contained herein, AIRLINE shall peaceably have and enjoy its Airline Premises and all rights, privileges, and licenses of the Airport, its appurtenances and facilities granted herein, subject to the terms and conditions herein contained.

B. Consistent with the nature of AIRLINE's business, AIRLINE agrees that occupancy of its Airline Premises will be lawful and quiet and that it will not knowingly use or permit the use of Airline Premises in any way that would violate the terms of this Agreement, create a nuisance, or disturb other tenants or the general public. AIRLINE shall be responsible for the activity of its officers, employees, agents, and others under its control with respect to this provision.

18.06 Performance. The parties expressly agree that time is of the essence in this Agreement. Failure by a party to complete performance within the time specified, or within a reasonable time if no time is specified herein, shall relieve the other party, without liability, of any obligation to accept such performance.

18.07 Avigation Rights. AUTHORITY reserves unto itself, its successors, and assigns for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport, including Airline Premises, for navigation or flight in the said airspace for landing on, taking off from, or operating at the Airport.

18.08 Rules and Regulations and Operational Directives.

A. AIRLINE, its officers, employees, agents, and others under its control shall observe and obey all laws, regulations, and orders of the federal, state, county, municipal governments and AUTHORITY (acting in its governmental capacity) which may be applicable to AIRLINE'S operations at the Airport.

B. AUTHORITY may from time to time adopt, amend, or revise the Airport's rules and regulations, policies and procedures and operating directives governing the conduct of operations at the Airport, for reasons of safety, health, preservation of the property, or for the maintenance of the good and orderly appearance of the Airport. AIRLINE, its

officers, employees, agents, and others under its control shall faithfully comply with and observe such reasonable and non-discriminatory rules and regulations, policies and procedures and operating directives; provided AIRLINE has first received written notice of, and, other than rules and policies adopted on an emergency basis, an opportunity to comment on, such rules and regulations, policies and procedures and operating directives.

C. AIRLINE shall be strictly liable and responsible for obtaining, maintaining current, and fully complying with, any and all permits, licenses, and other governmental authorizations, however designated, as may be required at any time throughout the entire Term of this Agreement by any federal, state, or local governmental entity or any court of law having jurisdiction over AIRLINE or AIRLINE's operations and activities.

18.09 Inspection. AIRLINE shall allow AUTHORITY's authorized representatives access to Airline Premises for the purpose of examining and inspecting such premises; for purposes necessary, incidental to, or connected with the performance of its obligations under this Agreement; or, in the exercise of its governmental functions. Except in the case of an emergency, AUTHORITY shall conduct such inspections during reasonable business hours, after reasonable prior notice to AIRLINE and in the presence of AIRLINE's representative.

18.10 No Individual Liability. No member, officer, agent, director, or employee of AUTHORITY or AIRLINE shall be charged personally or held contractually liable by or to the other party under the terms or provisions of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

18.11 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties hereto. It is understood and agreed that neither the method of computation of rentals, fees, and charges, nor any other provisions contained herein, nor any acts of the parties hereto, creates a relationship other than the relationship of landlord and tenant.

18.12 Capacity to Execute. The individuals executing this Agreement personally warrant that they have full authority to execute this Agreement on behalf of the entity for whom they are acting herein.

18.13 No Construction Against the Drafter. The parties hereto acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. The parties further acknowledge that this Agreement is the result of extensive negotiations between the parties and shall not be construed against AUTHORITY by reason of the preparation of this Agreement by AUTHORITY.

18.14 Successors and Assigns Bound. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

18.15 Incorporation of Exhibits. All exhibits and attachments referred to in this Agreement are intended to be and are hereby specifically made a part of this Agreement.

18.16 Titles. Paragraph titles are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope or extent of any provision of this Agreement.

18.17 Severability. In the event that any covenant, condition, or provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition, or provision shall not materially prejudice either AUTHORITY or AIRLINE in their respective rights and obligations contained in the valid covenants, conditions, or provisions of this Agreement.

18.18 Amendments. Except as otherwise provided herein, no amendment, modification or alteration of the terms of this Agreement shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

18.19 Most Favored Nation. Except for the incentive programs and arrangements set forth on Exhibit G hereto, or as may be permitted by applicable law, rule or regulation for incentive programs, promoting competition, establishing peak period pricing or otherwise, AUTHORITY covenants and agrees not to enter into any basic airline use and lease agreement with any Air Transportation Company that (i) makes substantially similar use of the Airport, (ii) operates substantially similar aircraft, and (iii) utilizes substantially similar facilities to that of AIRLINE, which agreement contains more favorable terms than this Agreement, or to grant to any such Air Transportation Company rights or privileges with respect to the Airport which are not afforded to AIRLINE hereunder unless substantially the same terms, rights, privileges, and facilities are concurrently made available to AIRLINE. The AUTHORITY incentive programs and arrangements set forth on Exhibit G do not violate this section.

18.20 Other Agreements. Other than as set forth herein, nothing contained in this Agreement shall be deemed or construed to nullify, restrict, or modify in any manner the provisions of any other lease or contract between AUTHORITY and AIRLINE authorizing the use of the Airport, its facilities, and appurtenances.

18.21 Approvals. Unless otherwise stated, whenever this Agreement calls for approval by AUTHORITY, such approval shall be evidenced by the written approval of the Executive Director.

18.22 Notice.

A. All notices, requests, consents, and approvals served or given under this Agreement shall be served or given in writing with proof of delivery. If intended for AUTHORITY, notices shall be delivered to:

Executive Director
Greater Orlando Aviation Authority
Orlando International Airport
One Airport Boulevard
Orlando, FL 32827-4399

or to such other address as may be designated by AUTHORITY by written notice to AIRLINE.

B. Notices to AIRLINE shall be delivered to:

Attn.: _____

or to such other address as may be designated by AIRLINE by written notice to AUTHORITY.

18.23 Agent For Service. It is expressly understood and agreed that if AIRLINE is not a resident of the State of Florida, or is an association or partnership without a member or partner resident of said state, AIRLINE shall appoint an agent for the purpose of service of process in any court action between it and AUTHORITY arising out of or based upon this Agreement. AIRLINE shall, upon request, notify AUTHORITY, in writing, of the name and address of said agent. Such service shall be made as provided by the laws of the State of Florida for service upon a non-resident engaging in business in the State. It is further expressly agreed, covenanted, and stipulated that, if for any reason, such service of process is not possible, as an alternative method of service of process, AIRLINE may be personally served out of the State of Florida by the registered mailing of such service at the address set forth in Section 18.22.

18.24 Governing Law and Legal Forum. This Agreement is to be read and construed in accordance with the laws of the State of Florida. Exclusive venue for all dispute resolution, including litigation, concerning or arising out of this Agreement shall be in Orange County, Florida. The parties submit to the personal jurisdiction of the state and federal courts in and for Orange County, Florida.

18.25 Force Majeure. Except as herein provided, neither AUTHORITY nor AIRLINE shall be deemed to be in default hereunder if either party is prevented from performing any of its obligations hereunder, other than the payment of rentals, fees, and charges hereunder, by reason of strikes, boycotts, labor disputes, embargoes, shortages of energy or materials, acts of God, acts of the public enemy, weather conditions, riots, rebellion, or sabotage, or any other circumstances for which it is not responsible or which are not within its control.

18.26 Entire Agreement. It is understood and agreed that this instrument contains the entire agreement between the parties hereto. It is further understood and agreed by AIRLINE that AUTHORITY and AUTHORITY's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as expressly set forth herein, and that no claim or liability or cause for termination shall be asserted by AIRLINE against AUTHORITY for, and AUTHORITY shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement. This Agreement supersedes any and all term sheets, models and drafts related hereto.

18.27 Third-Party Beneficiary. The parties hereto agree that the City is a third party beneficiary to this Agreement with full rights of enforcement herein. Otherwise, except for the City, there are no third-party beneficiaries to this Agreement

IN WITNESS WHEREOF, the parties hereto have set their hands and corporate seals on this _____ day of _____, 2008.

WITNESSES:

**GREATER ORLANDO AVIATION
AUTHORITY**

Print Name: _____

By: _____
Chairman

Print Name: _____

Attest: _____ (SEAL)
Assistant Secretary

WITNESSES:

AIRLINE:

Print Name: _____

By: _____
Print Name: _____
Title: _____

Print Name: _____

Attest: _____ (SEAL)

APPENDIX D

**QUARTERLY FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS THEREON
FOR THE PERIODS ENDED JUNE 30, 2008 AND 2009**

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Independent Certified Public Accountants' Review Report

We have reviewed the accompanying balance sheets of the Orlando International Airport (a department of the Greater Orlando Aviation Authority) as of June 30, 2009 and the related statements of revenues, expenses and changes in net assets, and cash flows for the nine month periods ended June 30, 2009 and 2008, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Greater Orlando Aviation Authority (the Authority).

A review consists principally of inquiries of Authority personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Note 1, the financial statements of the Orlando International Airport are intended to present the financial position and the changes in financial position, and cash flows of only that portion of the activities of the Authority that is attributable to the transactions of the Orlando International Airport. They do not purport to, and do not, present fairly the financial position of the Authority as of June 30, 2009, and the changes in its financial position and its cash flows for the nine month periods ended June 30, 2009 and 2008, in conformity with accounting principles generally accepted in the United States.

Based on our review, we are not aware of any material modifications that should be made to the accompanying June 30, 2009 and 2008 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

The balance sheet of the Orlando International Airport as of September 30, 2008, was audited by us and we expressed an unqualified opinion on that statement in relation to the financial statements of the Authority as a whole in our report dated January 12, 2009, but we have not performed any auditing procedures since that date.



August 11, 2009

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
BALANCE SHEETS - UNAUDITED
(in thousands)**

	<u>June 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
ASSETS		
Current Assets:		
Unrestricted:		
Cash and cash equivalents	\$ 147,782	\$ 94,717
Accounts and grants receivable, less allowance for uncollectibles of \$46 and \$128	11,331	14,484
Investments	14,998	8,943
Interest receivable	90	508
Prepaid expenses	7,211	5,931
Due from Orlando Executive Airport	<u>530</u>	<u>351</u>
Total unrestricted assets	<u>181,942</u>	<u>124,934</u>
Restricted:		
Cash and cash equivalents	365,460	279,117
Accounts and grants receivable	16,685	41,855
Investments	-	75,755
Interest receivable	459	2,038
Prepaid expenses	<u>274</u>	<u>1,255</u>
Total restricted current assets	<u>382,878</u>	<u>400,020</u>
Total current assets	<u>564,820</u>	<u>524,954</u>
Noncurrent Assets		
Investments, unrestricted	11,186	24,528
Investments, restricted	<u>45,786</u>	<u>138,862</u>
Total noncurrent investments	<u>56,972</u>	<u>163,390</u>
Capital assets, net of accumulated depreciation:		
Property and equipment	1,290,636	1,138,216
Property held for lease	492,124	513,692
Construction in progress	<u>246,992</u>	<u>313,812</u>
Total capital assets, net of accumulated depreciation	<u>2,029,752</u>	<u>1,965,720</u>
Total noncurrent assets	<u>2,086,724</u>	<u>2,129,110</u>
Total Assets	<u>\$ 2,651,544</u>	<u>\$ 2,654,064</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
BALANCE SHEETS - UNAUDITED
(in thousands)**

	<u>June 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
LIABILITIES		
Current Liabilities (Payable from Current Assets):		
Accounts payable and accrued liabilities	\$ 33,377	\$ 25,317
Deferred revenue	3,905	3,665
Deposits	5,231	5,168
Advance rent from tenants	6,774	5,026
Accrued airline revenue sharing	<u>12,568</u>	<u>-</u>
Total current liabilities (payable from current assets)	<u>61,855</u>	<u>39,176</u>
Current Liabilities (Payable from Restricted Assets):		
Accrued interest	12,474	25,239
Accounts payable and accrued liabilities	33,468	43,914
Deferred revenue	881	15,456
Notes payable, current	71,772	2,003
Revenue bonds payable, current	<u>65,808</u>	<u>171,430</u>
Total current liabilities (payable from restricted assets)	<u>184,403</u>	<u>258,042</u>
Total current liabilities	<u>246,258</u>	<u>297,218</u>
Noncurrent Liabilities:		
Notes payable, long-term	-	127,256
Revenue bonds payable, long-term	1,029,195	919,352
Other long-term liabilities	<u>14,780</u>	<u>9,489</u>
Total noncurrent liabilities	<u>1,043,975</u>	<u>1,056,097</u>
Total liabilities	<u>1,290,233</u>	<u>1,353,315</u>
NET ASSETS		
Invested in capital assets, net of related debt	981,725	883,539
Restricted:		
For debt service	137,690	170,579
For capital acquisitions	90,452	114,141
Unrestricted	<u>151,444</u>	<u>132,490</u>
Total net assets	<u>1,361,311</u>	<u>1,300,749</u>
 Total Liabilities and Net Assets	 <u>\$ 2,651,544</u>	 <u>\$ 2,654,064</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Airfield area	\$ 27,511	\$ 30,387
Terminal area	93,156	83,450
Hotel	24,921	32,114
Other buildings and grounds	11,637	10,060
Ground transportation	<u>87,516</u>	<u>95,914</u>
Total operating revenues	<u>244,741</u>	<u>251,925</u>
Operating Expenses		
Operations and facilities	85,191	87,179
Safety and security	11,592	11,713
Administration	19,509	21,054
Hotel	19,464	21,789
Other	<u>9,348</u>	<u>8,905</u>
Total operating expenses	<u>145,104</u>	<u>150,640</u>
Operating income before depreciation	99,637	101,285
Depreciation	<u>(75,200)</u>	<u>(70,771)</u>
Operating income	24,437	30,514
Non-Operating Revenues (Expenses)		
Investment income	9,023	15,290
Interest expense	(49,770)	(49,271)
Signatory airline net revenue sharing	(12,568)	-
Passenger facility charges	48,660	59,512
Customer facility charges	16,863	-
Federal, state and other grants	458	1,302
Other	<u>(77)</u>	<u>613</u>
Income before capital contributions and contributions to Orlando Executive Airport	37,026	57,960
Capital Contributions	25,732	16,866
Contributions to Orlando Executive Airport	<u>(4)</u>	<u>(117)</u>
Increase in net assets	62,754	74,709
Total Net Assets, Beginning of Period	1,300,749	1,150,496
Pollution Remediation Obligation Adjustment	<u>(2,192)</u>	<u>-</u>
Total Net Assets, Beginning of Period – Restated	1,298,557	1,150,496
Total Net Assets, End of Period	<u>\$ 1,361,311</u>	<u>\$ 1,225,205</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Cash received from customers and tenants	\$ 236,801	\$ 255,572
Cash paid to suppliers	(99,088)	(103,680)
Cash paid to employees for services	<u>(36,551)</u>	<u>(36,439)</u>
Net cash provided by operating activities	<u>101,162</u>	<u>115,453</u>
Cash flows from non-capital financing activities		
Operating grants and passenger facility charges received	<u>2,250</u>	<u>3,389</u>
Net cash provided by non-capital financing activities	<u>2,250</u>	<u>3,389</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	185,948	283,214
Proceeds from issuance of commercial paper	25,015	62,000
Passenger facility charges	44,281	58,038
Customer facility charges	15,176	-
Bond issue costs	(1,023)	(5,149)
Principal payments – bonds and notes	(257,895)	(337,250)
Swap termination payment	(11,096)	(25,724)
Interest paid	(56,911)	(48,814)
Acquisition and construction of capital assets (including capitalized interest)	(148,643)	(161,147)
Capital contributed by federal grants and state agencies	<u>54,737</u>	<u>11,125</u>
Net cash used for capital and related financing activities	<u>(150,411)</u>	<u>(163,707)</u>
Cash flows from investing activities		
Purchase of investments	(148,201)	(324,233)
Proceeds from sale and maturity of investments	325,688	245,520
Interest received	<u>8,920</u>	<u>16,496</u>
Net cash provided by (used for) investing activities	<u>186,407</u>	<u>(62,217)</u>
Net increase (decrease) in cash and cash equivalents	139,408	(107,082)
Cash and Cash Equivalents, Beginning of Period	<u>373,834</u>	<u>412,941</u>
Cash and Cash Equivalents, End of Period (1)	<u>\$ 513,242</u>	<u>\$ 305,859</u>
(1) Cash and Cash Equivalents – Current Assets	\$ 147,782	\$ 92,417
Cash and Cash Equivalents – Restricted Assets	<u>365,460</u>	<u>213,442</u>
	<u>\$ 513,242</u>	<u>\$ 305,859</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS-UNAUDITED
For the Nine Months Ended June 30,
(in thousands)**

	<u>2009</u>	<u>2008</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ <u>24,437</u>	\$ <u>30,514</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	75,200	70,771
(Increase) Decrease in operating assets		
Accounts and grants receivable	4,763	7,325
Prepaid expenses	(1,280)	(1,439)
Operating revenue settlement	-	(35)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	10,566	5,120
Deferred revenue	(14,335)	(1,772)
Deposits	63	130
Advance rent from tenants	<u>1,748</u>	<u>4,839</u>
Total adjustments	<u>76,725</u>	<u>84,939</u>
Net cash provided by operating activities	\$ <u>101,162</u>	\$ <u>115,453</u>

Noncash Investing, Capital and Financing Activities

Increase (Decrease) in fair value of investments	\$ 1,257	\$ (159)
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**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2009**

1. ORGANIZATION AND PURPOSE

The Orlando International Airport (OIA) functions as a self-supporting department operated by the Greater Orlando Aviation Authority (the "Authority") and uses the accrual method of accounting.

The Authority also operates Orlando Executive Airport (OEA). The department financial statements of Orlando Executive Airport are presented separately in the report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited department financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending September 30, 2009. For further information, refer to the financial statements and footnotes thereto included in the Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2008.

The GASB issued Statement No. 49 (GASB 49), *Accounting and Financial Reporting for Pollution Remediation Obligations*, in November 2006, which affects the Authority beginning in fiscal year 2009. GASB 49 provides accounting and financial reporting standards for pollution remediation obligations as well as disclosure requirements. In accordance with GASB 49, the Authority expenses environmental expenditures (except in cases where the expenditures require capitalization) and records liabilities when obligations have been incurred and the costs can be reasonably estimated. Disclosure related to that liability is discussed in Note 13. Upon adoption of GASB 49, the Authority recorded the cumulative effect of a change in accounting by increasing the liability for remediation costs and reducing net assets as well as reclassifying several asset and liability accounts. The fiscal year 2008 financial statements have not been restated as the information is not available to determine the impact on the financial statements as of October 1, 2007, although the Authority expects such amounts to be immaterial.

Beginning October 1, 2008, the Authority began collecting a Customer Facility Charge (CFC) from rental car customers. The proceeds of the CFCs will be used exclusively to finance capital projects to service the rental car companies operating from the terminal. The Authority has classified the CFCs as nonoperating revenues. Collection of the CFCs is set to end once the projects have been paid for.

3. CASH DEPOSITS AND INVESTMENTS

The Authority's cash and cash equivalents balances include amounts deposited with the Florida State Board of Administration's Local Government Investment Pool, as well as amounts deposited with commercial banks in interest-bearing and non-interest bearing demand accounts. The commercial bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2009**

3. CASH DEPOSITS AND INVESTMENTS (continued)

The Florida Security for Public Deposits Act (the Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State of Florida's Chief Financial Officer (State's CFO) or, with the approval of the State's CFO, to a bank, savings association, or trust company provided a power of attorney is delivered to the State's CFO.

The Authority follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustment of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. The Local Government Investment Pool operated by the Florida State Board of Administration is a "2a-7-like" pool in accordance with GASB 31; therefore it is not presented at fair value but at its actual pooled share price which approximates fair value.

At June 30, 2009 and September 30, 2008, the fair value of all securities regardless of the balance sheet classification was as follows (in thousands):

	June 30, 2009	September 30, 2008
U.S. Treasury and government agency securities	\$ 71,510	\$ 288,236
Commercial paper	-	24,884
Local government investment pool	1,538	9,256
Money market funds	313,716	167,020
Securities total	<u>\$ 386,764</u>	<u>\$ 489,396</u>

These securities are classified on the balance sheet as follows (in thousands):

	June 30, 2009	September 30, 2008
Current assets:		
Unrestricted:		
Cash and cash equivalents	\$ 147,782	\$ 94,717
Investments	14,998	8,943
Restricted:		
Cash and cash equivalents	365,460	279,117
Investments	-	75,755
Noncurrent assets:		
Investments, unrestricted	11,186	24,528
Investments, restricted	45,786	138,862
Total cash and investments	585,212	621,922
Adjustment for cash balances included in cash and cash equivalents	(198,448)	(132,526)
Total securities, at fair value	<u>\$ 386,764</u>	<u>\$ 489,396</u>

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2009**

3. CASH DEPOSITS AND INVESTMENTS (continued)

The Authority is authorized to invest in securities as described in its investment policy and in each bond resolution. As of June 30, 2009, OIA held the following investments as categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosure*:

Investment Maturities (in thousands)					
Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
U.S. Treasury and government agency securities	\$ 14,998	\$ 25,052	\$ 12,308	\$ 19,152	\$ 71,510
Local government investment pool	1,077	-	461	-	1,538
Money market funds	313,716	-	-	-	313,716
	\$ 329,791	\$ 25,052	\$ 12,769	\$ 19,152	\$ 386,764

The Authority recorded investments reallocated by the State Board of Administration (SBA) Fund B local government investment pool during the fiscal year ended September 30, 2008. The SBA disclosed the weighted average maturity of investments held in Fund B at June 30, 2008 as being 9.22 years. Therefore, the maturity date of investments held in Fund B has been adjusted to September 16, 2017. Fund B is described in more detail under *Credit Risk*.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority generally holds investments to maturity. The Authority's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities match known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue. The Authority portfolio holds a number of callable securities. The schedules above present the maturity date of each security.

Credit Risk: The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Authority policy limits investments to the highest credit rating category of Moody's Investors Services (Moody's) and Standard & Poor's (S&P), and funds can only be invested in money market funds rated AAAM or AAAM-G by S&P. Investment in commercial paper is limited to those programs rated A-1, P-1, which is the highest rating category. Consistent with the Authority's investment policy and bond resolutions, instrumentality investments held in the portfolio were rated AAA by S&P and Aaa by Moody's at the time of purchase.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2009**

3. CASH DEPOSITS AND INVESTMENTS (continued)

As of September 30, 2007, the Authority had \$91.6 million invested in the State Board of Administration's Local Government Investment Pool (Pool). On November 2, 2007, the Authority withdrew \$10.0 million for liquidity purposes, and on November 15, 2007, the Authority withdrew another \$57.0 million, leaving a balance of about \$25.1 million invested in the Pool. On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund, coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate Funds; Fund A consisted of all money market appropriate assets, which was approximately \$12.0 billion or 86% of Pool assets and Fund B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2.1 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Fund A and Fund B.

As of December 7, 2007, the SBA allowed participants to withdraw 15% of their balance or \$2.0 million, whichever was greater, without penalty from each account in Fund A. Withdrawals from Fund A in excess of the above limit are subject to a 2% redemption fee while there was not a redemption fee to withdraw new deposits. On December 7, 2007, the Authority exercised its option to withdraw (without penalty) \$13.5 million from Fund A, leaving a balance of \$11.5 million in the two pools. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Fund A. On May 15, 2008, the SBA raised the liquidity ceiling of Fund A from 37% to 50% of original Fund A balances, with a minimum ceiling of \$8.0 million per account. On September 25, 2008, the SBA raised the liquidity ceiling of Fund A from 50% to 65% of original Fund A balances.

The SBA does not allow participants to withdraw funds from Fund B. As maturities occur in Fund B, the SBA transfers the monies from Fund B to Fund A. Since the SBA established Fund B, they have released approximately \$2.6 million of the Authority's funds into Fund A.

As of June 30, 2009, the Authority had \$2.1 million of OIA funds invested in the Pool with \$1.1 million in Fund A and \$1.0 million invested in Fund B. An entry to adjust the fair value of Fund B by \$0.5 million to reflect the approximate fair value of Fund B investments during the nine months ended June 30, 2009 reduced the combined value of the Fund A and Fund B to \$1.5 million. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investment are either held in the name of the Authority or held in trust under the Authority's name.

Concentration of Credit Risk: At June 30, 2009, the Authority held investments exceeding 5 percent of the total investment portfolio with one issuer; Federal Home Loan Mortgage Corporation (6.2%). At September 30, 2008, the Authority held investments exceeding 5 percent of the total investment portfolio with three issuers; Federal Home Loan Bank (28.7%), Federal Home Loan Mortgage Corporation (13.9%), and Federal National Mortgage Association (8.8%). Each of the investments are rated either AAA by S&P or Aaa by Moody's rating agency. Standard practice limits the maximum investment in any one issuer of commercial paper to \$5 million dollars.

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2009**

4. RESTRICTED ASSETS

The Bond Resolution and the Master Indenture of Trust authorizing the issuance of the revenue bonds for Orlando International Airport require segregation of certain assets into restricted accounts. Majority-in-Interest approval of the Signatory Airlines was granted for (1) the issuance of commercial paper to fund various capital improvements that impact rates and charges at Orlando International Airport, and (2) the use of Airport Facilities Improvement and Development assets to pay all or a portion of project costs with reimbursement from commercial paper, state and federal grants, passenger facility charges, and/or revenue bonds. Composition of restricted accounts is as follows:

Restricted Assets (in thousands)		
	June 30, 2009	September 30, 2008
Debt Service Accounts	\$ 153,960	\$ 197,710
Capital Acquisition Accounts	177,656	218,015
Bond Construction Accounts	59,788	61,183
Passenger Facility Charges Account	13,495	16,132
Customer Facility Charges Account	(9,094)	-
Operating Reserve Account	32,859	32,261
Prepaid Airlines Fees and Charges Account	-	13,581
Total Restricted Assets	\$ 428,664	\$ 538,882

**GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2009**

5. CAPITAL ASSETS

A summary of capital asset activity for the nine months ended June 30, 2009 is as follows (in thousands):

	Balance October 1, 2008	Additions and Reclass- ifications	Deductions	Balance June 30, 2009
Property and Equipment				
Capital assets not being depreciated				
Land	\$ 238,133	\$ -	\$ -	\$ 238,133
Assets held for future use	<u>99,602</u>	<u>-</u>	<u>-</u>	<u>99,602</u>
	<u>337,735</u>	<u>-</u>	<u>-</u>	<u>337,735</u>
Other property and equipment				
Buildings	267,187	729	-	267,916
Improvements	1,253,430	186,300	-	1,439,730
Equipment	76,257	17,676	739	93,194
Motor vehicles	<u>18,861</u>	<u>1,493</u>	<u>573</u>	<u>19,781</u>
	<u>1,615,735</u>	<u>206,198</u>	<u>1,312</u>	<u>1,820,621</u>
Accumulated Depreciation				
Buildings	94,209	6,737	-	100,946
Improvements	648,947	39,762	-	688,709
Equipment	58,932	5,906	591	64,247
Motor vehicles	<u>13,166</u>	<u>1,215</u>	<u>563</u>	<u>13,818</u>
	<u>815,254</u>	<u>53,620</u>	<u>1,154</u>	<u>867,720</u>
Net Property and Equipment	<u>1,138,216</u>	<u>152,578</u>	<u>158</u>	<u>1,290,636</u>
Property Held for Lease				
Capital assets not being depreciated				
Land	<u>4,473</u>	<u>-</u>	<u>-</u>	<u>4,473</u>
Other capital assets held for lease				
Buildings	853,069	4	-	853,073
Improvements	<u>75,540</u>	<u>8</u>	<u>-</u>	<u>75,548</u>
	<u>928,609</u>	<u>12</u>	<u>-</u>	<u>928,621</u>
Accumulated Depreciation				
Buildings	385,912	18,541	-	404,453
Improvements	<u>33,478</u>	<u>3,039</u>	<u>-</u>	<u>36,517</u>
	<u>419,390</u>	<u>21,580</u>	<u>-</u>	<u>440,970</u>
Net Property Held for Lease	<u>513,692</u>	<u>(21,568)</u>	<u>-</u>	<u>492,124</u>
Construction in Progress				
Capital assets not being depreciated				
Construction in Progress	<u>313,812</u>	<u>135,235</u>	<u>202,055</u>	<u>246,992</u>
Net Capital Assets	<u>\$ 1,965,720</u>	<u>\$ 266,245</u>	<u>\$ 202,213</u>	<u>\$ 2,029,752</u>

GREATER ORLANDO AVIATION AUTHORITY
ORLANDO INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS-UNAUDITED
For the Nine Months Ended June 30, 2009

6. NON-CURRENT LIABILITIES

A summary of long-term liability activity for the nine months ended June 30, 2009 is as follows (in thousands):

	Balance October 1, 2008	Additions	Deductions	Balance June 30, 2009	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds						
Senior Lien Bonds						
Series 1997	\$ 26,080	\$ -	\$ -	\$ 26,080	\$ 8,200	\$ 17,880
Series 1998	18,765	-	3,040	15,725	2,815	12,910
Series 1999A	184,950	-	695	184,255	14,160	170,095
Series 1999B	12,300	-	265	12,035	275	11,760
Series 2002A	48,325	-	1,040	47,285	1,080	46,205
Series 2002B	109,410	-	445	108,965	465	108,500
Series 2002C	14,940	-	14,940	-	-	-
Series 2002D Taxable	650	-	650	-	-	-
Series 2002E	128,745	-	128,745	-	-	-
Series 2003A	61,335	-	7,440	53,895	425	53,470
Series 2007A	141,485	-	-	141,485	-	141,485
Series 2008A	248,070	-	-	248,070	8,930	239,140
Series 2008B	26,110	-	8,655	17,455	17,455	-
Series 2008C	-	75,000	3,977	71,023	6,193	64,830
Series 2009A	-	98,550	-	98,550	-	98,550
Series 2009B	-	11,275	-	11,275	-	11,275
Subordinated Indebtedness						
Series 1998B Gulf Breeze	690	-	690	-	-	-
Series 1998C Gulf Breeze	19,290	-	1,410	17,880	2,200	15,680
Series 2002A Taxable	17,290	-	3,415	13,875	3,610	10,265
Secondary Subordinated Indebtedness						
Series 1997	90,055	-	-	90,055	-	90,055
Total Revenue Bonds	<u>1,148,490</u>	<u>184,825</u>	<u>175,407</u>	<u>1,157,908</u>	<u>65,808</u>	<u>1,092,100</u>
Less unamortized discounts and premiums	3,931	(344)	(137)	3,724	-	3,724
Less unamortized deferred amounts	53,777	12,108	6,704	59,181	-	59,181
Net Revenue Bonds	<u>1,090,782</u>	<u>173,061</u>	<u>168,840</u>	<u>1,095,003</u>	<u>65,808</u>	<u>1,029,195</u>
Notes Payable						
Commercial Paper	129,259	25,015	82,488	71,786	71,786	-
Less unamortized discounts	-	14	-	14	14	-
Net Notes payable	<u>129,259</u>	<u>25,001</u>	<u>82,488</u>	<u>71,722</u>	<u>71,722</u>	<u>-</u>
Other Liabilities						
Other Post-Employment Benefits	9,489	3,833	595	12,727	-	12,727
Pollution Remediation Liability	2,192	65	89	2,168	115	2,053
Total Other Liabilities	<u>11,681</u>	<u>3,898</u>	<u>684</u>	<u>14,895</u>	<u>115</u>	<u>14,780</u>
Total Long Term Liabilities	<u>\$ 1,231,722</u>	<u>\$ 201,960</u>	<u>\$ 252,012</u>	<u>\$ 1,181,670</u>	<u>\$ 137,695</u>	<u>\$1,043,975</u>

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6. NON-CURRENT LIABILITIES (continued)

A schedule of debt maturities is as follows (in thousands):

	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds			
	2009	\$ 1,522	\$ 704
	2010	65,878	53,560
	2011	68,891	51,632
	2012	72,427	48,060
	2013	74,232	44,345
	2014-2018	374,983	161,817
	2019-2023	297,410	75,577
	2024-2028	151,855	26,203
	2029-2033	50,710	3,565
		<u>1,157,908</u>	<u>\$ 465,463</u>
Less unamortized premiums and discounts		(3,724)	
Less unamortized deferred amounts		(59,181)	
Total Revenue Bonds		<u>\$ 1,095,003</u>	
 Notes Payable			
	2010	\$ 71,786	
Less unamortized discounts		(14)	
Total Notes Payable		<u>\$ 71,772</u>	

7. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions. Capital contributions consisted of the following for the nine months ended June 30, (in thousands):

	<u>2009</u>	<u>2008</u>
Federal grants	\$ 14,418	\$ 9,345
State of Florida grants	9,585	6,971
Other grants	<u>1,729</u>	<u>550</u>
	<u>\$ 25,732</u>	<u>\$ 16,866</u>

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8. OUTSTANDING CONTRACTS

As of June 30, 2009, the Authority had entered into contracts related to OIA totaling approximately \$881.0 million for construction, engineering services and equipment, approximately \$107.0 million of which remains unincurred. Grants and passenger facility charges will be utilized to fund a portion of these projects.

9. CONTINGENT LIABILITIES

Grants: The Authority receives grants from federal and state assistance programs. Amounts received or receivable under these programs are subject to audit and adjustment. The amount, if any, of disallowed claims, including amounts already collected, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

10. PLEDGED REVENUES

The Authority has pledged future airport revenues, net of specified operating expenses, to repay \$1.2 billion in Airport Facilities Revenue Bonds issued from 1997 to 2009. Proceeds from the bonds provided financing for various airport capital projects. The bonds are payable solely from the airport system revenues and are payable through the year 2033. The Authority has agreed to maintain rates and charges each year to provide net revenues, as defined in the applicable bond agreements, equal to at least 1.25 times the sum of the aggregate debt service on senior lien bonds each fiscal year and at least 1.00 times on all other debt. Total principal and interest remaining on the bonds as of June 30, 2009 is \$1.6 billion with annual requirements ranging from \$2.2 million in 2009 to \$4.7 million in the final year, with the highest requirement of \$149.9 million in fiscal year 2014. For the nine month period ended June 30, 2009, principal and interest paid was \$135.3 million and total airport net revenues pledged for the year was \$133.7 million. The majority of the principal and interest was paid at October 1 and was funded with fiscal year 2008 revenue.

11. BOND ISSUANCE

On October 8, 2008 the Authority issued \$75.0 million in 2008C Series Airport Facilities Revenue Bonds (2008C) with an interest rate of 3.99% to pay off \$69.0 million of existing Commercial Paper. The remaining proceeds of \$6.0 million were deposited with a Special Trustee of which \$5.8 million will be used for construction costs and \$0.2 million for costs of issuance. The 2008C bonds are scheduled to mature on October 1, 2013.

12. DEFERRED AMOUNT ON REFUNDING OF BONDS

On June 16, 2009, the Authority issued \$98,550,000 in 2009A Series Airport Facilities Refunding Revenue Bonds (2009A) with a true interest rate of 5.77 percent and \$11,275,000 in 2009B Series Airport Facilities Refunding Revenue Bonds (2009B) with a true interest rate of 5.19 percent. The majority of the 2009A proceeds, in the amount of \$98,212,709, along with \$16,356,250 of Authority available funds were deposited into the Bank of New York escrow account to refund \$113,450,000 of outstanding 2002E bonds and pay estimated interest \$190,000 on July 1. The remaining 2009A proceeds and net premium totaling \$1,460,051 were used to pay related issuance costs. The 2009B proceeds of \$11,275,000 were used to pay a swap termination amount of \$11,096,000 related to the 2002E bonds and associated issuance costs.

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12. DEFERRED AMOUNT ON REFUNDING OF BONDS (continued)

The refunding resulted in a loss of \$4,654,259 between the reacquisition price and the net carrying amount of the old debt and swap termination payment, and is reported in the accompanying financial statements as a deduction from bonds payable. The deferred loss will be charged to operations over the remaining life of the 2002E bonds using the effective-interest method.

The Authority initiated the refunding to mitigate interest rate risk associated with the 2002E bonds and related swap, as a result of the bond insurer and liquidity facility provider rating downgrades, in addition to other related market events.

The 2002E bonds were considered defeased on June 16, 2009 upon deposit of the proceeds into the escrow account. Therefore, the liability was removed and is no longer reflected on the Authority's financial statements at June 30, 2009.

13. ENVIRONMENTAL LIABILITIES

The Authority has certain polluted sites primarily from chemical and fuel spills, asbestos, and former landfills whereas the Authority is named or will be named a responsible or potentially responsible party or where pollution remediation has already commenced with monitoring being completed as necessary. The Authority recorded a pollution remediation liability as of October 1, 2008, measured at approximately \$2.2 million, using the expected cash flow technique. Under this technique, the Authority estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts. The possibility of recovery of some of these costs from outside governmental funding or other parties exists; however, the Authority will recognize these recoveries in its financial statements as they become probable.

	Balance 10/1/08	Additions or adjustments	Payments Current Year	Balance 6/30/09
Net Pollution Remediation Liability Recorded	<u>\$2,191,984</u>	<u>\$ 65,000</u>	<u>\$ (88,860)</u>	<u>\$2,168,124</u>
Disclosed as follows (shown as Pollution Remediation Liability)				
Due within one year	\$ 101,484	\$ 102,376	\$ (88,860)	\$ 115,000
Due after one year	<u>2,090,500</u>	<u>(37,376)</u>	<u>-</u>	<u>2,053,124</u>
	<u>\$2,191,984</u>	<u>\$ 65,000</u>	<u>\$ (88,860)</u>	<u>\$2,168,124</u>

The Authority has certain land sites that are being evaluated for potential remediation, in accordance with GASB 49, or are in the post-remediation stage with monitoring being completed as necessary at Orlando International Airport. In addition, the Authority has a polluted site from chemical and fuel spills, whereas the Authority is involved in litigation at Orlando International Airport. The liabilities associated with these sites are not reasonably estimable and, as such are not recorded in the financial statements.

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NOTES TO FINANCIAL STATEMENTS-UNAUDITED
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14. SIGNATORY AIRLINE LEASE AND USE AGREEMENT

Effective October 1, 2008 the Authority entered into new Lease and Use Agreements relating to the use of the Airport, the rental of space, and the establishment of landing fees (collectively referred to herein as the "Lease and Use Agreements") with each of fourteen airlines (collectively, the "Signatory Airlines"). The new Lease and Use Agreements will be effective through September 30, 2013. The key provisions of the new Lease and Use Agreements include a change from a residual to a compensatory rate-making methodology for the terminal building, an increasing amount of net remaining revenue for the Authority over the term of the Lease and Use Agreements and an increased scope of capital expenditures not subject to approval of the Signatory Airlines. Rates and charges are set annually based on budget, reviewed periodically during the year, and trued-up at year-end based on actual costs. In the event the yearly revenue as defined shall be less than the requirement to satisfy the Authority's rate covenant, the Authority shall recover additional rates and charges, pursuant to a provision of the Lease and Use Agreements. The net revenue sharing is presented as a Non-Operating Expense on the Statements of Revenues, Expenses, and Changes in Net Assets.

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APPENDIX E

**AUDITED FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT
AUDITORS THEREON FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2007
AND 2008**

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Report of Independent Certified Public Accountants

Authority Board
Greater Orlando Aviation Authority:

We have audited the accompanying balance sheets of the Greater Orlando Aviation Authority (the Authority), as of September 30, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audit included 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 Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at September 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis and the schedules of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The introductory section, supplemental schedules, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ernst & Young LLP

January 12, 2009



MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

The following discussion and analysis of the Greater Orlando Aviation Authority (the Authority) provides an introduction to the basic financial statements for the fiscal years ended September 30, 2008 and 2007, with selected comparative information for the fiscal year ended September 30, 2006. This discussion has been prepared by management and should be read in conjunction with the basic financial statements, footnotes, and supplementary information found in this report. This information taken collectively is designed to provide readers with an understanding of the Authority’s finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is structured as an enterprise fund with separate accounts for Orlando International Airport and Orlando Executive Airport. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See “Notes to the Financial Statements” for a summary of the Authority’s significant accounting policies and practices.

The Balance Sheets present information on all of the Authority’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority’s financial position.

The Statements of Revenues, Expenses and Changes in Net Assets present information showing how the Authority’s net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will result in cash flows in future fiscal periods.

The Statements of Cash Flow report the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority’s cash accounts are recorded in these statements. A reconciliation follows these statements to assist in the understanding of the difference between cash flows from operating activities and operating income.

AUTHORITY ACTIVITY HIGHLIGHTS

Enplanements at Orlando International Airport increased 2.3% in fiscal year 2008 over fiscal year 2007. The Authority expects enplanements to decline slightly in 2009 as a result of the economic downturn with a return to increases in subsequent years. Enplanements were up 3.0% in fiscal year 2007 from fiscal year 2006.

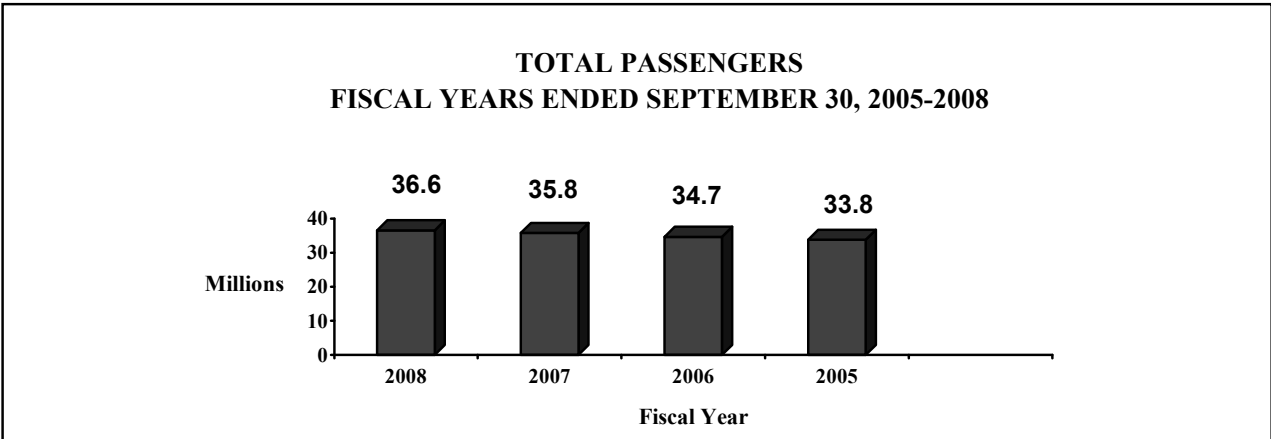
The following chart shows total enplaned passengers and flight operations (landings and take-offs) at Orlando International Airport for three-year comparative period:

ENPLANEMENTS AND OPERATIONS ACTIVITY FOR 2006 TO 2008

	2008	2007	2006
Enplaned Passengers	18,238,278	17,831,818	17,316,873
Operations	329,214	331,080	327,082

The Authority’s total passengers served during fiscal year 2008 increased approximately 0.8 million from fiscal year 2007. This follows an increase of 1.1 million total passengers during fiscal year 2007 and an increase of 1.0 million total passengers during fiscal year 2006. The Authority continues to monitor changes in passenger levels, making adjustments when necessary to accommodate the demands of the airport facilities.

The following graph represents total passenger activity at Orlando International Airport for the fiscal years ended September 30.



Despite an overall increase in passengers for the year, many airlines struggled with the weakening economy and skyrocketing fuel prices during the second half of 2008. This compounded the existing pressures of dealing with labor costs and aging aircraft. The airlines responded to the pressures with attempts to cut costs where possible and increase fares when necessary. Several airlines announced reductions in capacity.

Though the Authority continued with capital initiatives including implementation of an in-line baggage screening system, the rehabilitation of Airside terminals 1 and 3, Airside terminal 4 improvements, and the start of design for other elements within the North Terminal Capacity Program, a careful evaluation of each project within the Capital Improvement Program was made to best determine the timing of each project and whether delaying implementation would be in the best interests of the Authority. The Program is capacity driven, and each component will be continually reevaluated based on changes in demand and capacity. Because of the slowdown in passenger activity and the uncertainty regarding the impact of the economy on the airline industry, the Authority will continue to actively seek to improve its facilities based on the demand characteristics of the traveling public and air carriers while weighing the effects of a weakened economy.

A variety of construction projects were completed during fiscal year 2008. The first two phases of the in-line baggage screening system were completed for the North terminal, as well as design of the future south terminal complex. Airfield projects include the rehabilitation of the Airside 2 and 4 ramps, while roadway projects completed include the widening of South Access Road. Ongoing projects include the final phase of the in-line baggage screening system, the rehabilitation of Airside terminals 1 and 3, Airside terminal 4 improvements, as well as the start of design for certain elements within the North Terminal Capacity Program. Orlando Executive Airport has completed the roofing replacement to the electrical vault building as well as the demolition of the old United Buffet building. Additionally, the Authority started projects to improve security fencing, airfield storm water drainage and environmental remediation of certain areas of the airport.

FINANCIAL HIGHLIGHTS

REVENUES

Orlando International Airport had a residual use and lease agreement with various signatory airlines that expired on September 30, 2008. This agreement provided for increases in rates and charges to meet any unanticipated cash shortfall, and sharing of any net surplus with the signatory airlines in the form of prepaid credits. On October 1, 2008, 2007 and 2006 (the beginning of the fiscal years,) signatory airline prepaid credits totaled \$13.6 million, \$18.7 million, and \$22.0 million, respectively. These balances are transferred to the Revenue Account as earned. Because of this transfer, signatory airlines generally have no cash requirement for the first three months of each fiscal year. The signatory airline revenues for fiscal years 2008, 2007, and 2006 represented about 31.6%, 23.5%, and 21.1% respectively, of total operating revenue.

The Authority negotiated a new Lease and Use Agreement relating to the use of the Airport effective October 1, 2008 through September 30, 2013. See the Subsequent Events disclosure (Note 23) for additional information.

The Authority's total revenues reflect increases in each of the last three years over the preceding years. The increases in revenues are the result of a stronger economy and renewed confidence in air safety. Those results are as follows:

TOTAL REVENUES (IN THOUSANDS)

	2008	2007	2006
Total Operating Revenues	\$ 346,666	\$ 302,568	\$ 284,312
Total Nonoperating Revenues	99,488	93,668	87,469
Total Revenues	\$ 446,154	\$ 396,236	\$ 371,781

OPERATING REVENUES

Overall, the operating revenues of the Authority increased \$44.1 million in fiscal year 2008, or 14.6% over the previous year primarily from increased airfield related revenue, terminal rent, concession, rental car parking and hotel revenues. In connection with the expiration of the airline agreement on September 30th, airfield related revenue increased over the prior year as a result of previously deferred revenues recognized as revenue and an increase in total landing fees. The increase of \$10.9 million in terminal area revenue included concession revenue increases of \$2.0 million, as well as an increase of \$1.8 million for rental car, parking and other terminal area revenue. These increases are attributed to a 2.2% increase in passenger traffic. The hotel experienced an increase in revenue earnings of \$2.2 million over the prior year as a result of a slight increase in occupancy and a 2.7% increase in rates.

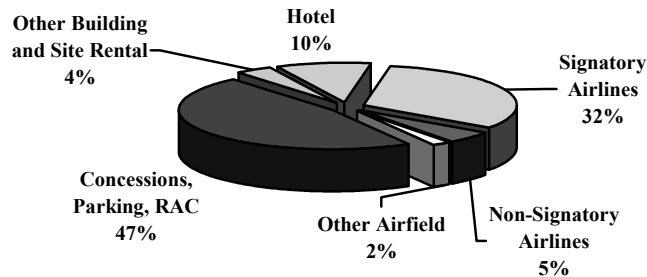
The operating revenues of the Authority increased \$18.3 million in fiscal year 2007 or 6.4% over the previous year primarily from increased airfield related revenue, terminal rent, concession, rental car parking and hotel revenues. Total airfield related revenue increased \$3.2 million over the prior year and is attributed to an increase in total landing fees. The increase of \$13.7 million in terminal area revenue included concession revenue increases of \$2.8 million, and rental car, parking and other terminal area revenue increases of \$8.7 million attributed to a 3.0% increase in passenger traffic. The hotel experienced an increase in revenue earnings of \$0.6 million over the prior year as a result of a 2.4% occupancy level increase and a 2.2% increase in rates.

OPERATING REVENUES BY MAJOR SOURCE (IN THOUSANDS)

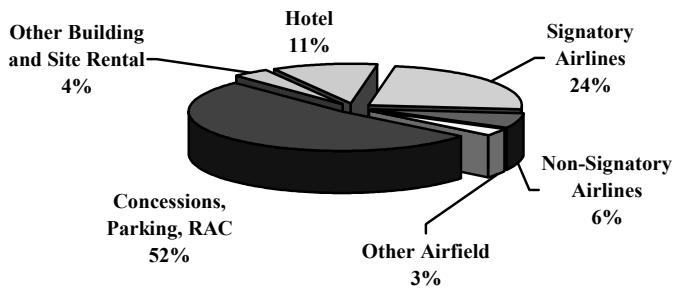
	2008	2007	2006
Signatory Airlines			
Net Landing Fees	\$ 52,441	\$ 20,202	\$ 14,005
Terminal Area Rents	57,122	50,764	45,981
Signatory Airline Revenues	109,563	70,966	59,986
Non-Signatory Airlines			
Landing Fees	4,857	5,519	8,657
Terminal Area Rents	11,618	10,918	13,715
Non-Signatory Airline Revenues	16,475	16,437	22,372
Other Airfield Revenues	8,280	9,558	9,442
Concession			
General Merchandise	15,749	14,531	13,007
Food and Beverage	12,283	11,526	10,220
Rental Car (RAC)	58,389	57,631	55,478
Public Auto Parking	52,587	54,172	47,655
Other Terminal Area	22,587	19,919	19,750
Concession	161,595	157,779	146,110
Other Building and Site Rentals	14,030	13,263	12,461
Hotel	36,723	34,565	33,941
Total Operating Revenues	\$ 346,666	\$ 302,568	\$ 284,312

The following charts show major sources and the percentage of operating revenues for the years ended September 30, 2008, 2007, and 2006.

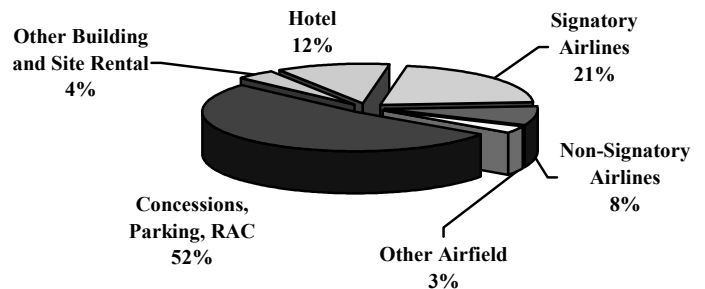
2008 Operating Revenue



2007 Operating Revenue



2006 Operating Revenue



NONOPERATING REVENUES

Nonoperating revenues consist mainly of investment income, passenger facility charges (PFCs), and federal and state operating grants. Investment income was \$19.6 million in fiscal year 2008, \$30.8 million in fiscal year 2007, and \$25.5 million in fiscal year 2006. During 2006 and 2007, interest rates rebounded from the lows of 2004; however, in 2008, interest rates decreased dramatically as a result of the Federal Open Market Committee cutting the Federal Funds Rate six times from 4.75% in September 2007 to 2.00% in September 2008. PFCs were \$70.7 million in fiscal year 2008, \$59.3 million in fiscal year 2007, and \$45.9 million in fiscal year 2006. The continuing growth is a result of increased passenger traffic and an increase from \$3.00 to \$4.50 in the PFC charge, effective July 1, 2007. Federal and state operating grants decreased from \$2.5 million in fiscal year 2007 to \$1.8 million in 2008 as the result of decreased expenses eligible for grant reimbursement.

OPERATING EXPENSES

Operating expenses, before depreciation, increased \$19.9 million, or 10.0%, from fiscal year 2007 to 2008 as a result of \$4.6 million for safety and security, \$3.0 million for various expenses associated with negotiation of the new airline agreement and various process improvements associated with this, an additional \$2.0 million for maintenance for the new in-line baggage system as well as \$1.5 million for higher variable hotel expenses attributed to increased occupancy. Retirement costs and general liability insurance also increased during the year. Total expenses, including depreciation, increased by \$23.0 million or 8.3% over fiscal year 2007 as depreciation expense increased \$3.1 million from completed capital projects. The Authority monitors operating expenses closely to ensure budget objectives are met.

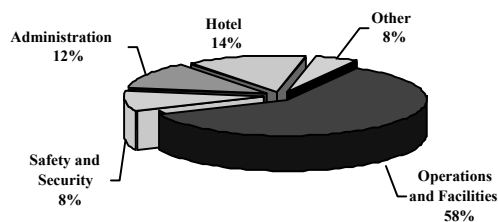
Operating expenses, before depreciation, increased \$9.8 million or 5.6% from fiscal year 2006 to 2007. Operating expenses, before depreciation, increased primarily due to the increase in operations and facilities. Maintenance contracts increased \$5.6 million, other contractual services increased \$1.4 million, janitorial services increased \$0.6 million, and utility services increased \$0.5 million. Total operating expense, including depreciation, increased by \$8.9 million or 3.3 percent, over fiscal year 2006. Depreciation expense decreased \$0.9 million in fiscal year 2007 and increased \$1.7 million in fiscal year 2006 from completed capital projects. The operating expenses of the Authority, before depreciation, increased \$7.4 million or 4.5 percent from fiscal year 2005 to 2006 from repairs undertaken as a result of the hurricanes.

OPERATING EXPENSES BY COST CENTER (IN THOUSANDS)

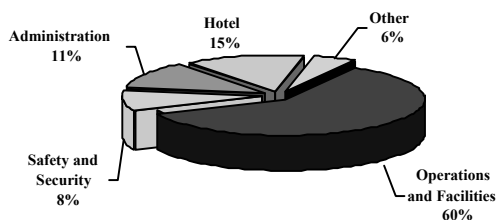
	2008	2007	2006
Operations and Facilities	\$ 117,444	\$ 109,595	\$ 102,056
Safety and Security	17,979	15,409	15,097
Administration	23,704	20,658	21,849
Hotel	28,008	26,505	24,995
Other	16,008	11,110	9,503
Total Operating Expenses Before Depreciation			
Depreciation	203,143	183,277	173,500
Depreciation	96,442	93,352	94,220
Total Operating Expenses	\$ 299,585	\$ 276,629	\$ 267,720

The following charts show major cost centers and the percentage of operating expenses (excluding depreciation) for the years ended September 30, 2008, 2007, and 2006.

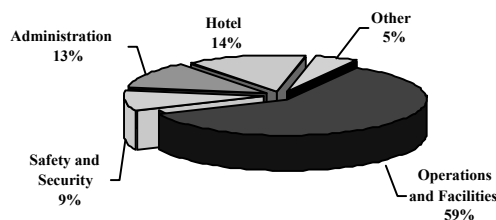
2008 Operating Expenses



2007 Operating Expenses



2006 Operating Expenses



NONOPERATING EXPENSES

Nonoperating expenses consist mainly of interest expense. Interest expense was \$64.1 million in fiscal year 2008, \$67.2 million in fiscal year 2007 and \$68.8 million in fiscal year 2006.

TOTAL EXPENSES (IN THOUSANDS)

	2008	2007	2006
Total Operating Expenses	\$ 299,585	\$ 276,629	\$ 267,720
Total Nonoperating Expenses	64,130	67,150	68,790
Total Expenses	\$ 363,715	\$ 343,779	\$ 336,510

CHANGES IN NET ASSETS

Capital contributions received from the federal and state governments amounted to \$69.9 million during fiscal year 2008. The Authority completed major construction projects, such as the first two phases of the in-line baggage screening system, design of the south terminal complex, Airside 2 and 4 ramps and the widening of South Access Road. Capital contributions decreased \$0.3 million in fiscal year 2007 from fiscal year 2006. Grant funding received on major projects for fiscal year 2008 are as follows:

	2008
In-line Baggage System	\$ 36.7
Rehabilitation of Airside 1 and 3	15.4
Automated People Mover Repairs	6.8
Additions to Fourth Runway	5.9
Additions to North Cross-field Taxiway	2.0
Airfield Lighting and Signage	0.9
Taxiway C Repairs and Pavement Markings	0.8
Miscellaneous	1.4
Total	\$ 69.9

The net assets for the fiscal years ended September 30, are as follows:

CHANGES IN NET ASSETS (IN THOUSANDS)

	2008	2007	2006
Operating Revenues	\$ 346,666	\$ 302,568	\$ 284,312
Operating Expenses	299,585	276,629	267,720
Operating Income	47,081	25,939	16,592
Other Nonoperating Revenues (Expenses)	35,358	26,518	18,679
Income Before Capital Contributions	82,439	52,457	35,271
Capital Contributions	69,876	47,639	47,959
Increase in Net Assets	\$ 152,315	\$ 100,096	\$ 83,230

FINANCIAL POSITION

The Balance Sheet presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and net assets at September 30:

NET ASSETS (IN THOUSANDS)

	2008	2007	2006
Assets:			
Current Assets			
Unrestricted Assets	\$ 165,742	\$ 152,125	\$ 122,706
Restricted Assets	400,020	352,702	303,862
Non-Current Assets	138,862	191,223	212,857
Capital Assets	2,008,382	1,897,728	1,842,947
Total Assets	2,713,006	2,593,778	2,482,372
Liabilities:			
Current (payable from unrestricted assets)	42,691	60,247	52,236
Current (payable from restricted assets)	258,042	132,849	129,461
Non-Current Liabilities	1,059,000	1,200,991	1,201,080
Total Liabilities	1,359,733	1,394,087	1,382,777
Net Assets:			
Invested in Capital Assets, net of related debt	926,201	758,380	658,885
Restricted	284,720	327,979	351,097
Unrestricted	142,352	113,332	89,613
Total Net Assets	\$ 1,353,273	\$ 1,199,691	\$ 1,099,595

The majority of the Authority's net assets at September 30, 2008, represent its investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to the airlines, its passengers and visitors to the airports; consequently, these assets are not available for future spending. The Authority's investment in its capital assets is reported net of related debt. The resources required to repay this debt must be provided annually from operations, since it is unlikely that the capital assets themselves will be liquidated to pay the liabilities.

Net assets restricted for debt service and capital acquisitions at September 30, 2008, represent funds that are subject to external restrictions under the Authority's Bond Resolution dated June 13, 1978, as amended, and PFCs that are restricted by federal regulations. The unrestricted portion of net assets, \$142.4 million at September 30, 2008, may be used to meet the Authority's ongoing obligations.

AIRLINE RATES AND CHARGES

The Authority operated under a negotiated Airline Lease and Use Agreement in effect with seventeen airlines known collectively as the signatory airlines. This agreement established the rates and charges methodology for the signatory airlines and their affiliates each year and expired on September 30, 2008.

The Authority negotiated a new Lease and Use Agreements relating to the use of the Airport, the rental of space, and the establishment of landing fees with fourteen of the airlines effective October 1, 2008. See the Subsequent Events disclosure (Note 23) for additional information.

The following chart shows the signatory airlines' rates and charges:

SIGNATORY AIRLINE RATES AND CHARGES

	Rates effective for FY 2008	Rates effective for FY 2007	Rates effective for FY 2006
Terminal Average Square Foot Rate	\$ 69.38	\$ 55.53	\$ 54.94
Landing Fee – per 1,000 lbs. Unit (gross)	1.9657	1.9469	1.9698
Landing Fee – per 1,000 lbs. Unit (net)	1.4391	1.1363	0.6199
Cargo Landing Fee – per 1,000 lbs. Unit	2.08	2.00	1.95

PASSENGER FACILITY CHARGES

As part of the Safety and Capacity Expansion Act of 1990, the Authority received approval from the Federal Aviation Administration (FAA) to impose a passenger facility charge (PFC) per eligible enplaned passenger at Orlando International Airport and has imposed the PFC since February 1993. Effective July 1, 2007, the charge increased from \$3.00 to \$4.50. The FAA authorizes PFCs either to pay for eligible capital improvements or to pay debt service on bonds issued to finance projects eligible for PFC funding. Through September 2008, the Authority approved applications to impose PFCs of approximately \$1.6 billion to fund project costs of various airport improvements. PFC collections to date (including investment earnings) are \$653.8 million. Expenditures on PFC-approved projects and debt service-to-date are \$632.8 million.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During fiscal year 2008, the Authority expended \$197.0 million on capital projects. This included \$16.2 million funded by FAA contributions, \$21.4 million funded by Florida Department of Transportation contributions, \$31.5 million funded by Transportation and Security Administration, \$0.3 funded by Office of Tourism Trade and Economic Development, and \$81.0 million funded by PFCs. The balance was paid from tenant and other Authority funds. Major projects under construction and the amounts expended during fiscal year 2008 are listed as follows (in millions):

Airside Terminals 1 and 3	\$ 97.2
In-line Baggage System	57.7
Automated People Mover	10.6
Roadway and Pavement Repairs	9.0
International Passenger Enhancements	5.8
North Terminal Capacity Enhancements	3.3
Elevator and Escalator Repairs	2.5
Airside Terminal 4 Improvements	1.6
Electrical and Lighting Repairs	1.3
Fire and Smoke Control Alarm Systems	1.3
Airline Relocation	1.1
Airfield Lighting and Signage	1.0
Hangar Replacement	0.9
Miscellaneous	3.7
Total	\$ 197.0

Major projects completed and the amounts transferred to fixed assets depreciable and nondepreciable during the fiscal year are listed as follows (in millions):

ITS Guideway	\$ 47.6
South Terminal Building Design	47.5
Terminal Enhancements	40.3
Security	25.5
Master Grading and Drainage	23.7
Accommodating Larger (Group VI) Aircraft	16.6
Roadway and Pavement Repairs	10.3
Airside 4 Improvements Program	9.9
South Terminal Access Road Design	3.2
South Terminal Parking Facility Design	1.6
Multi-User Flight Information Displays	1.3
Hangar Replacement	0.9
Miscellaneous	4.0
Total	\$ 232.4

The South Terminal design, Intermodal Transit System (ITS) design and first phase of ITS construction, various related grading, drainage and infrastructure projects were transferred from Construction in Progress (CIP) to Fixed Assets during fiscal year 2008, to reflect that the design and land improvements are complete. Currently there are no other related projects underway. The construction of the South Terminal and the ITS have been postponed due to the decline in passenger traffic and reduction of space rented by the airlines will no longer rent after October 1, 2008, as a result of the new lease and use agreement.

The construction of the South Terminal and ITS are still included in the Authority's long term capital improvement plans to begin construction in 2012. The Authority plans to build the South Terminal to coincide with the passenger traffic exceeding the anticipated maximum capacity of 45 million total passengers per year in the North Terminal.

The Authority believes that the design is current and could go forward with very little alteration. The South Terminal design and ITS projects have been added to a non-depreciable Fixed Asset category called Projects Held for Future Use since they have not been placed in service yet. The asset will be reviewed annually to determine whether it should be impaired should changes occur in the airport/airline industry that could render the design insufficient to construct the structures. The grading and drainage projects were added to the cost basis of the land, which is non-depreciable.

More detailed information about the Authority's capital assets is presented in Note 9 to the financial statements.

DEBT ACTIVITIES

During fiscal year 2008, the Authority defeased the Airport Facilities Variable Rate Subordinated Revenue Refunding Periodic Auction Rate Security (PARS) Bonds, Series 1998 in the amount of \$282.3 million, by using proceeds of the Airport Facilities Refunding Revenue Bonds, Series 2008A, in the amount of \$248.1 million, and Authority funds. The Authority also issued Airport Facilities Refunding Revenue Bonds, Series 2008B in the amount of \$26.1 million, in order to pay a swap termination fee in the amount of \$25.7 million associated with the PARS debt. Additional commercial paper in the amount of \$62.0 million was also issued during the current year to pay for construction projects.

During fiscal year 2007, the Authority refinanced a majority of the Airport Facilities Revenue Bonds, Series 1997, in the amount of \$143.8 million, by using proceeds of the Airport Facilities Refunding Revenue Bonds, Series 2007A, in the amount of \$141.5 million.

DEBT ADMINISTRATION

The Authority has outstanding revenue bonds, which are secured by a pledge of and lien on Revenues and Net Revenues as defined in the Bond Resolution. This senior indebtedness is expressly senior and superior to the pledge and lien securing other parity indebtedness.

SENIOR INDEBTEDNESS

Pursuant to the Bond Resolution, the Authority has issued various series of Airport Facilities Revenue Bonds to finance additions and improvements at the airport. The aggregate principal amount of such bonds outstanding as of September 30, 2008, was \$1.0 billion. Insured Airport Facilities Revenue Bonds have a Standard & Poor's rating of AAA, a Moody's rating of Aaa, and a Fitch rating of AAA.

OTHER PARITY SUBORDINATED INDEBTEDNESS

Other parity-subordinated indebtedness as defined in the Master Trust Indenture consists of Gulf Breeze Loan Agreements; Airport Facilities Taxable Subordinated Revenue Bonds, Series 2002A; Airport Facilities Secondary Subordinated Revenue Bonds, Series 1997; and commercial paper notes. Other parity indebtedness is payable from revenues deposited into the Discretionary Account and is junior and subordinate to senior indebtedness of the Authority. As of September 30, 2008, the aggregate principal amount of all other parity-subordinated indebtedness was \$256.6 million, including \$90.1 million of secondary-subordinated indebtedness and other such principal amounts as further discussed below.

As of September 30, 2008, the Authority has outstanding \$129.3 million of Airport Facilities Subordinated Commercial Paper Notes of which the aggregate principal amount outstanding at any one time may not exceed \$400.0 million. The commercial paper program consists of Series A Notes (tax-exempt), Series B Notes (AMT) and Series C Notes (taxable). The Authority may issue additional commercial paper to provide interim financing for various construction projects included in the Authority's capital improvement program.

Between 1991 and 1993, the Authority borrowed a total of \$35 million at a variable interest rate from the City of Gulf Breeze, Florida, Local Government Loan Program, to finance a portion of the costs of the Airport's hotel. On July 1, 1998, the Authority remarketed these bonds to fixed rates. The aggregate principal amount of such bonds outstanding as of September 30, 2008, was \$19.9 million.

DEBT SERVICE COVERAGE

Airport revenue bond covenants require that revenue available to pay debt service, as defined in the Bond Resolution, be equal to or greater than 125% of the debt service on the senior lien airport revenue bonds and 100% of the debt service on subordinated bonds and other parity indebtedness. During fiscal year 2008, the Authority defeased the Airport Facilities Variable Rate Subordinated Revenue Refunding Periodic Auction Rate Security (PARS) Bonds, Series 1998 by using proceeds of the Airport Facilities Refunding Revenue Bonds, Series 2008A and 2008B. Because the 2008A and 2008B bonds were senior lien debt replacing the PARS subordinated debt, the coverage ratio dropped from 2007 to 2008. Coverage ratios for the past three years are shown in the following table.

COVERAGE RATIOS

	2008	2007	2006
Senior lien debt	1.70%	2.21%	2.07%
All indebtedness	1.27%	1.37%	1.41%

More detailed information about the Authority's noncurrent liabilities is presented in Note 15 to the financial statements.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview for all of those interested in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Greater Orlando Aviation Authority, One Airport Boulevard, Orlando, FL 32827-4399.

Jacki Churchill
Chief Financial Officer

Christopher Pike
Assistant Finance Director

GREATER ORLANDO AVIATION AUTHORITY
BALANCE SHEETS
(in thousands)

ASSETS	September 30,	
	2008	2007
Current Assets		
Unrestricted:		
Cash and cash equivalents	\$ 103,766	\$ 94,458
Accounts and grants receivable, less allowance for uncollectibles of \$128 and \$125	14,727	18,027
Investments	40,559	33,115
Interest receivable	603	768
Prepaid expenses	6,087	5,757
Total unrestricted assets	165,742	152,125
Restricted:		
Cash and cash equivalents	279,117	326,491
Accounts and grants receivable, less allowance for uncollectibles of \$0	41,855	16,599
Investments	75,755	6,949
Interest receivable	2,038	2,491
Prepaid expenses	1,255	172
Total restricted assets	400,020	352,702
Total current assets	565,762	504,827
Noncurrent Assets		
Investments, restricted	138,862	191,223
Total long-term investments	138,862	191,223
Capital assets, net of accumulated depreciation:		
Property and equipment	1,170,006	996,842
Property held for lease	522,834	550,094
Construction in progress	315,542	350,792
Total capital assets, net of accumulated depreciation	2,008,382	1,897,728
Total noncurrent assets	2,147,244	2,088,951
 Total Assets	 \$ 2,713,006	 \$ 2,593,778

GREATER ORLANDO AVIATION AUTHORITY
BALANCE SHEETS
(in thousands)

LIABILITIES AND NET ASSETS	September 30,	
	2008	2007
Current Liabilities (Payable from Unrestricted Current Assets)		
Accounts payable and accrued liabilities	\$ 28,621	\$ 26,810
Deferred revenue	3,665	25,561
Deposits	5,185	4,940
Advance rent from tenants, current	5,220	1,669
Total current liabilities (payable from unrestricted current assets)	42,691	58,980
Current Liabilities (Payable from Restricted Assets)		
Accrued interest	25,239	17,489
Accounts payable and accrued liabilities	43,914	46,508
Deferred revenue	15,456	13,928
Notes payable, current	2,003	9,424
Revenue bonds payable, current	171,430	45,500
Total current liabilities (payable from restricted assets)	258,042	132,849
Total current liabilities	300,733	191,829
Noncurrent Liabilities		
Notes payable, long-term	127,256	78,681
Revenue bonds payable, long-term	919,352	1,114,225
Advance rent from tenants, long-term	2,722	2,916
Other postemployment benefits	9,670	5,169
Total noncurrent liabilities	1,059,000	1,200,991
Total liabilities	1,359,733	1,392,820
NET ASSETS		
Invested in capital assets, net of related debt	926,201	758,380
Restricted:		
For debt service	170,579	174,601
For capital acquisitions	114,141	153,378
Unrestricted	142,352	114,599
Total net assets	1,353,273	1,200,958
 Total Liabilities and Net Assets	 \$ 2,713,006	 \$ 2,593,778

See accompanying notes to basic financial statements

GREATER ORLANDO AVIATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
(in thousands)

	Years Ended September 30,	
	2008	2007
Operating Revenues		
Airfield area	\$ 65,578	\$ 35,264
Terminal area	230,335	219,461
Hotel	36,723	34,565
Other buildings and site rentals	14,030	13,278
Total operating revenues	346,666	302,568
Operating Expenses		
Operations and facilities	117,444	109,595
Safety and security	17,979	15,409
Administration	23,704	20,658
Hotel	28,008	26,505
Other	16,008	11,110
Total operating expenses before depreciation	203,143	183,277
Operating income before depreciation	143,523	119,291
Depreciation	(96,442)	(93,352)
Operating income	47,081	25,939
Nonoperating Revenues (Expenses)		
Investment income	19,579	30,833
Interest expense	(64,130)	(67,150)
Passenger facility charges	70,656	59,302
Federal and state grants	1,842	2,531
Other	7,411	1,002
Income before capital contributions	82,439	52,457
Capital Contributions	69,876	47,639
Increase in net assets	152,315	100,096
Total Net Assets, Beginning of Year	1,200,958	1,100,862
Total Net Assets, End of Year	\$ 1,353,273	\$ 1,200,958

See accompanying notes to basic financial statements

GREATER ORLANDO AVIATION AUTHORITY
STATEMENTS OF CASH FLOW
(in thousands)

	Years Ended September 30,	
	2008	2007
Cash flows from operating activities		
Cash received from customers and tenants	\$ 336,049	\$ 287,854
Cash paid to suppliers	(145,457)	(126,646)
Cash paid to employees for services	(51,442)	(50,606)
Net cash provided by operating activities	139,150	110,602
Cash flows from noncapital financing activities		
Operating grants and passenger facilities charges received	8,048	7,047
Net cash provided by noncapital financing activities	8,048	7,047
Cash flows from capital and related financing activities		
Proceeds from issuance of bonds	283,214	149,845
Proceeds from issuance of commercial paper notes	62,000	60,100
Passenger facilities charges and insurance proceeds	68,224	55,788
Principal payments - bonds and notes	(348,671)	(221,463)
Bond issue costs and discount on bonds	(5,164)	(1,205)
Swap termination payment	(25,724)	-
Interest paid	(49,824)	(64,622)
Acquisition and construction of capital assets (including capitalized interest)	(209,401)	(130,127)
Capital contributed by federal and state agencies	43,023	56,106
Net cash used for capital and related financing activities	(182,323)	(95,578)
Cash flows from investing activities		
Purchase of investments	(360,280)	(185,852)
Proceeds from sale and maturity of investments	335,583	252,562
Interest received	21,756	30,438
Net cash (used for) provided by investing activities	(2,941)	97,148
Net (decrease) increase in cash and cash equivalents	(38,066)	119,219
Cash and Cash Equivalents, Beginning of Year	420,949	301,730
Cash and Cash Equivalents, End of Year ⁽¹⁾	\$ 382,883	\$ 420,949
(1) Cash and Cash Equivalents - Current Assets	\$ 103,766	\$ 94,458
Cash and Cash Equivalents - Restricted Assets	279,117	326,491
	\$ 382,883	\$ 420,949

(continued)

GREATER ORLANDO AVIATION AUTHORITY
STATEMENTS OF CASH FLOW
(in thousands)

	Years Ended September 30,	
	2008	2007
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 47,081	\$ 25,939
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	96,442	93,352
Noncash operating revenue	(35)	(4,710)
(Increase) Decrease in operating assets		
Accounts and grants receivable	4,844	(7,718)
Prepaid expenses	(330)	(191)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued liabilities	7,720	5,885
Deferred revenue	(20,368)	(275)
Deposits	245	142
Advance rent from tenants	3,551	(1,822)
Total adjustments	92,069	84,663
Net cash provided by operating activities	\$ 139,150	\$ 110,602

Noncash Investing, Capital and Financing Activities

(Decrease) Increase in fair value of investments	\$ (798)	\$ 1,043
Capital assets received in lieu of cash from exchange transaction	\$ 2,883	\$ -

See accompanying notes to basic financial statements

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

1. ORGANIZATION AND PURPOSE

The Greater Orlando Aviation Authority (Authority) was established by the Florida State Legislature pursuant to the Greater Orlando Aviation Authority Act, Chapter 57-1658, Special Laws of Florida, 1957, as replaced by Chapter 98-492, Laws of Florida, as amended. The Authority operates Orlando International Airport and Orlando Executive Airport. For reporting purposes, these airports are combined into a single enterprise fund.

2. REPORTING ENTITY

In defining the Greater Orlando Aviation Authority for financial reporting purposes, management applied the requirements of Governmental Accounting Standards Board (GASB) Statements Number 14 and 39. These statements establish the basis for defining the reporting entity and whether it is considered a component unit of another entity and whether other entities are component units. Based on these criteria, the reporting entity includes only the accounts of the Authority in the reporting entity. The Authority identified no potential component units to include in these basic financial statements nor identified any other entity that should include the Authority in its basic financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Basis of Presentation and Accounting: The Authority's financial statements are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The principal operating revenues of the Authority are from sources such as airlines, concessions, rental cars and parking. Investment income, passenger facility charges, federal and state operating grants and other revenues not related to the operations of the airport are considered nonoperating revenues. Operating expenses include the cost of airport and related facilities maintenance, administrative expenses, and depreciation on capital assets. Interest expense and financing costs are considered nonoperating expenses.

The GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, in September 2006 and is effective for the Authority in fiscal year 2008. The Statement establishes criteria for government agencies on the reporting of receivables, and provides guidance in recognizing other assets and liabilities for sales of receivables or future revenues. The Authority pledged future airport revenues, net of specified operating expenses, to repay Airport Facilities Revenue Bonds issued from 1997 to 2008. Proceeds from the bonds provided financing for various airport capital projects. The bonds are payable solely from the airport system revenues. The Authority agreed to maintain rates and charges each year to provide net revenues, as defined in the applicable bond agreements, equal to at least 1.25 times the sum of the aggregate debt service on senior lien bonds each fiscal year and at least 1.00 times on all other debt. Disclosures related to GASB Statement No. 48 are found in Note 15.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

The GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in November 2006, which affects the Authority beginning in fiscal year 2009. The Statement provides accounting and financial reporting standards for pollution remediation obligations as well as disclosure requirements. The Authority is currently evaluating the effect that the adoption of GASB No. 49 may have on the financial statements.

The GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, in May 2007, effective for the Authority in fiscal year 2008. This Statement amends Statements 25 and 27 to require pension plans to disclose specific details that align with the financial reporting requirements for other postemployment benefits (OPEB). The Authority discloses the information required by this Statement in Note 12.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in June 2007, effective for the Authority in fiscal year 2010. Intangible assets are required to be classified as capital assets under the Statement 51. The Statement also provides guidance on the useful life and amortization of intangible assets. The Authority has not yet determined the effect that the adoption of GASB No. 51 may have on the financial statements.

The GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, in November 2007, effective for the Authority in fiscal year 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also report the changes in fair value as investment income and disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The Authority does not anticipate the adoption of this statement will have any effect on amounts reported in the financial statements.

The GASB issued Summary of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in June 2008, effective for the Authority in fiscal year 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. Much of this Statement describes the methods of evaluating effectiveness. The Authority has not yet determined the effect that the adoption of GASB No. 53 may have on the financial statements.

Cash and Cash Equivalents: Demand deposits, certificates of deposit, cash on hand and repurchase agreements with a maturity of three months or less from the date of purchase are considered to be cash and cash equivalents.

Fair Value of Investments: The Authority accounts for all investments, regardless of time to maturity or their acquisition date, at fair value on the balance sheet with unrealized gains and losses charged or credited to investment income. The Authority uses available market information to determine these fair values.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Restricted Assets and Liabilities: The Bond Resolution authorizing the issuance of the revenue bonds for Orlando International Airport requires the segregation of certain assets into restricted accounts and limits their use to specific items as defined by the document. Current liabilities payable from restricted assets are the liabilities that are to be retired by use of the restricted assets.

Noncurrent Assets: A portion of restricted assets is reported as noncurrent. This represents amounts restricted as to withdrawal or use for other than current operations, designated for expenditure in the acquisition or construction of noncurrent assets, or segregated for the liquidation of long-term debt.

Lease and Concession Agreements: The Authority's operations consist of agreements for use of land, buildings, terminal space and privileges to airlines and concessionaires. The agreements consist of (a) one year, cancelable space and use permits, and (b) non-cancelable agreements for land, buildings, terminal space and privileges, most of which expire between the years 2009 and 2013. The Authority accounts for revenue from these agreements under the operating method and records revenue over the terms of the agreements.

Property and Equipment and Property Held for Lease: Property and equipment and property held for lease are recorded at cost when purchased or at fair value when donated, with a capitalization threshold of \$1,000.

Depreciation: Property and equipment is depreciated on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the property and equipment are as follows:

Building	5 to 50 years
Improvements	5 to 50 years
Equipment	3 to 7 years
Motor vehicles	5 to 15 years

Pension Plans: Pension expense includes amortization of prior service costs over a period of thirty years. The Authority's policy is to fund accrued defined benefit pension costs which include normal costs and amortization of prior service costs for regular employees as actuarially determined. The Authority recognizes plan member contributions in the period in which contributions are due, and the employer made a formal commitment to provide contributions.

Other Post-Employment Benefit Plans: In fiscal year 2006, the Authority implemented GASB 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("OPEB"). GASB 45 improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the OPEB plan. The Authority obtains actuarial valuation reports for its OPEB plan and posts the expenses and liabilities for OPEB as required under GASB 45. OPEB expense includes normal costs and prior service costs. Prior service costs are amortized over a period of thirty years. The Authority is currently reviewing its funding options.

Compensated Absences: The Authority recognizes expenses relating to compensated absences as incurred and includes those liabilities in accrued expenses.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Passenger Facility Charges: The Federal Aviation Administration approved the collection of passenger facility charges (PFCs). The Authority uses PFCs for pre-approved airport projects that meet at least one of the following criteria: preserve or enhance safety, security or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers. The airlines collect and remit this revenue to the Authority based upon information provided by the airlines. Accordingly, the Authority records these nonoperating revenues when passenger facility charges are collected by the airlines.

Arbitrage Rebate: The U.S. Treasury issued regulations on calculating the rebate due the federal government on arbitrage profits, calculating arbitrage penalties, and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the Authority temporarily invests the proceeds of tax exempt debt in securities with higher yields. The Authority estimates the rebate payable and reduces investment income accordingly.

Revenue Classifications: The components of the major operating revenue classifications are as follows:

- Airfield Area – Fees for landings of passenger and cargo aircraft, apron use, inflight catering and fuel flow system rental and fees.
- Terminal Area – Airlines space rentals, privilege fees for the operation of terminal complex concessions of food, beverage, general merchandise, rental car facilities and fees, public parking, ground transportation, and other miscellaneous fees.
- Hotel – Revenue associated with rooms, food and beverage, telecommunications, and other rentals and income.
- Other Buildings and Site Rentals – Fees associated with fixed base operators, foreign trade zone, and other building and land rentals.

Interest Rate Risk Management: The Authority uses interest rate swap agreements to reduce its debt service costs. The Authority has entered into interest-rate swap agreements to reduce interest costs on the Airport Facilities Taxable Subordinated Refunding Revenue Bonds, Series 2002A, the Airport Facilities Variable Rate Refunding Revenue Bonds, Series 2002E, and the Airport Facilities Secondary Subordinated Revenue Bonds, Series 1997B. The differential to be paid or received is accrued as interest expense or income and is recognized over the life of the agreement. The related amount payable to or receivable from counterparties is included in accrued interest or interest receivable. The fair values of the swap agreements are not recognized in the financial statements. In March 2008, the interest-rate swap associated with the Airport Facilities Variable Rate Subordinated Revenue Refunding Bonds, Series 1998, was terminated along with the refunding of its underlying debt.

Capital Contributions: Capital contributions consist primarily of grants and contributions from federal and state governmental agencies, airlines, and tenants. The Authority recognizes contributions as earned as related project costs are incurred. The Authority recognizes donated property as received.

Interest During Construction: The Authority capitalizes interest during construction to Construction in Progress, and consists of interest cost on certain borrowings in excess of interest earned on related investments acquired with the proceeds of borrowings.

Deferred Revenues: The Authority defers fifty percent of certain fees and charges collected from tenants and other sources, in excess of certain required deposits, in accordance with the Airline Lease and Use Agreement.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Advance Rent From Tenants: The current portion of advance rent from tenants primarily represents October revenues received in September. Amounts reported as noncurrent liabilities represent revenues to be recognized in years subsequent to the following fiscal year.

Bond Issue Costs and Bond Discounts and Premiums: The Authority defers bond issue costs and bond discounts and premiums in the year of issuance and amortizes deferrals using the effective interest method over the life of the issuance. Losses on bond refundings are deferred and amortized over the shorter of the remaining life of the original issue or the life of the new issue.

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. Accordingly, through subsequent events, actual results could differ from those estimated.

Reclassifications: Certain amounts in the prior year financial statements may have been reclassified to conform to the current year presentation.

4. OPERATION AND USE AGREEMENT – CITY OF ORLANDO

The City of Orlando and the Authority signed an Operation and Use Agreement, dated September 27, 1976, which grants the Authority the right to occupy, operate, control and use Orlando International Airport and Orlando Executive Airport for a term of fifty years commencing on October 1, 1976. At the end of the term, unless otherwise extended, the Authority is obligated to return full ownership and control of all its assets to the City of Orlando.

The City of Orlando transferred assets, liabilities and equity to the Authority at the carrying amounts in the accounts of the Aviation Division of the City of Orlando, which reflected historical or estimated historical costs, with accumulated depreciation at September 30, 1976. The property and equipment, net of accumulated depreciation transferred from the Aviation Division of the City of Orlando to the Authority, amounted to approximately \$31.5 million.

The City of Orlando and the Authority entered into certain property sales and exchange transactions as discussed in Note 10, which resulted in gains and amounts due to and from the City.

The City of Orlando provides certain police and fire protection services to the Authority. Total charges for these services amounted to approximately \$10.0 million and \$7.8 million for 2008 and 2007, respectively. Approximately, \$1.0 million is recorded as a liability due to the City of Orlando in connection with these services at September 30, 2008 and 2007.

In August 2006, the United States Department of Transportation, Office of the Inspector General (OIG) issued a report on the use of airport revenues by the Authority. The report identified a police pension credit from the State of Florida that was not credited for the police services charged to the Authority, an overcharge for a radio communications system upgrade and the retention of net proceeds received from parking tickets issued by Authority employees. In January 2008, the Authority and the City reached a resolution regarding these and other issues. See Note 10 for discussion of resolution.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

5. CASH DEPOSITS AND INVESTMENTS

The Authority's cash and cash equivalents balances include amounts deposited with the Florida State Board of Administration's Local Government Investment Pool, as well as amounts deposited with commercial banks in interest-bearing and non-interest bearing demand accounts. The commercial bank balances are entirely insured by federal depository insurance or by collateral pursuant to the Florida Security for Public Deposits Act of the State of Florida.

The Florida Security for Public Deposits Act (the Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Authority's deposits in qualified public depositories are considered totally insured. The qualified public depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125%, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State of Florida's Chief Financial Officer (State's CFO) or, with the approval of the State's CFO, to a bank, savings association, or trust company provided a power of attorney is delivered to the State's CFO.

The Authority follows GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. The Local Government Investment Pool operated by the Florida State Board of Administration is a "2a-7-like" pool in accordance with GASB 31; therefore it is not presented at fair value but at its actual pooled share price which approximates fair value.

At September 30, 2008 and 2007, the fair value of all securities regardless of the balance sheet classification was as follows (in thousands):

	2008	2007
U.S. Treasury and government agency securities	\$ 300,249	\$ 216,265
Repurchase agreements	-	82,410
Commercial paper	24,884	29,813
Local government investment pool	9,538	91,620
Investment in money market funds	167,020	229,887
U.S. Equities (bankruptcy settlements)	-	4,089
Securities total	<u>\$ 501,691</u>	<u>\$ 654,084</u>

These securities are classified on the balance sheet as follows (in thousands):

	2008	2007
Current assets		
Cash and cash equivalents	\$ 382,883	\$ 420,949
Investments	116,314	40,064
Noncurrent Assets		
Investments	138,862	191,223
Total cash and investments	<u>638,059</u>	<u>652,236</u>
Adjustment for cash on deposit	(136,368)	1,848
Total securities, at fair value	<u>\$ 501,691</u>	<u>\$ 654,084</u>

The Authority is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2008 and 2007, the Authority held the following investments as categorized below in accordance with GASB Statement No. 40:

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

5. CASH DEPOSITS AND INVESTMENTS (continued)

Investment Maturities at September 30, 2008 (in thousands):

Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
U.S. Treasury and government agency	\$ 130,721	\$ 98,500	\$ 38,693	\$ 32,335	\$ 300,249
Commercial paper	24,884	-	-	-	24,884
Local government investment pool	8,638	-	900	-	9,538
Money market funds	167,020	-	-	-	167,020
	<u>\$ 331,263</u>	<u>\$ 98,500</u>	<u>\$ 39,593</u>	<u>\$ 32,335</u>	<u>\$ 501,691</u>

The Authority recorded investments reallocated by the State Board of Administration (SBA) Fund B local government investment pool during the fiscal year ended September 30, 2008. The SBA disclosed the weighted average maturity of investments held in Fund B at June 30, 2008 as being 9.22 years. Therefore, as of September 30, 2008, the maturity date of investments held in Fund B was adjusted to September 16, 2017. Fund B is described in more detail under *Concentration of Credit Risk*.

Investment Maturities at September 30, 2007 (in thousands):

Investment Type	Less than 1 Year	1 to 5 Years	6 to 10 Years	11 to 15 Years	Total
U.S. Treasury and government agency	\$ 43,718	\$ 93,163	\$ 48,442	\$ 30,942	\$ 216,265
Repurchase Agreements	82,410	-	-	-	82,410
Commercial paper	29,813	-	-	-	29,813
Local government investment pool	91,620	-	-	-	91,620
Money market funds	229,887	-	-	-	229,887
	<u>\$ 477,448</u>	<u>\$ 93,163</u>	<u>\$ 48,442</u>	<u>\$ 30,942</u>	<u>\$ 649,995</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority generally holds investments to maturity. The Authority's investment policy requires the investment portfolio to be structured to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities match known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the Bond Resolution relating to the specific bond issue. The Authority portfolio holds a number of callable securities. The schedules above present the maturity date of each security.

Credit Risk: The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. Authority policy limits investments to the highest credit rating category of Moody's Investors Services (Moody's) and Standard & Poor's (S&P), and funds can only be invested in money market funds rated AAAM or AAAM-G by S&P. Investment in commercial paper is limited to those programs rated A-1, P-1, which is the highest rating category. Consistent with the Authority's investment policy and bond resolutions, instrumentality investments held in the portfolio were rated AAA by S&P and Aaa by Moody's at the time of purchase.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

5. CASH DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investments are either held in the name of the Authority or held in trust under the Authority's name.

Concentration of Credit Risk: At September 30, 2008, the Authority held investments exceeding five percent of the total investment portfolio with three issuers; Federal Home Loan Bank (34.0%), Federal Home Loan Mortgage Corporation (15.5%), and Federal National Mortgage Association (10.2%). At September 30, 2007, the Authority held investments exceeding five percent of the total investment portfolio with three issuers; Federal Home Loan Bank (12.1%), Federal Home Loan Mortgage Corporation (13.9%), and Federal National Mortgage Association (7.3%). Each of the investments are rated either AAA by S&P or Aaa by Moody's rating agency. Standard practice limits the maximum investment in any one issuer of commercial paper to \$5 million dollars.

As of September 30, 2007, the Authority had \$91.6 million invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 2, 2007, the Authority withdrew \$10.0 million for liquidity purposes, and on November 15, 2007, the Authority withdrew another \$57.0 million, leaving a balance of about \$25.1 million invested in the Pool. On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund, coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate Funds; Fund A consisted of all money market appropriate assets, which was approximately \$12.0 billion or 86% of Pool assets and Fund B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2.1 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Fund A and Fund B.

As of December 7, 2007, the SBA allowed participants to withdraw 15% of their balance or \$2.0 million, whichever was greater, without penalty from each account in Fund A. Withdrawals from Fund A in excess of the above limit are subject to a 2% redemption fee while there was not a redemption fee to withdraw new deposits. On December 7, 2007, the Authority exercised its option to withdraw (without penalty) \$13.5 million from Fund A, leaving a balance of \$11.5 million in the two pools. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Fund A. On May 15, 2008, the SBA raised the liquidity ceiling of Fund A from 37% to 50% of original Fund A balances, with a minimum ceiling of \$8.0 million per account. On September 25, 2008, the SBA raised the liquidity ceiling of Fund A from 50% to 65% of original Fund A balances.

The SBA does not allow participants to withdraw funds from Fund B. As maturities occur in Fund B, the SBA transfers the monies from Fund B to Fund A. Since the SBA established Fund B, they have released approximately \$2.5 million of the Authority's funds into Fund A.

As of September 30, 2008, the Authority had \$9.7 million invested in the Pool with \$8.6 million in Fund A and \$1.1 million invested in Fund B. An entry to adjust the fair value of Fund B by \$0.2 million reduced the total value to \$0.9 million as reported on the SBA statements dated September 30, 2008. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

6. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable, net of allowance for doubtful accounts, consist of the following:

Accounts and Grants Receivable		
As of September 30,		
(in thousands)		
	2008	2007
Current Assets		
Accounts receivable	\$ 14,708	\$ 17,517
Allowance for doubtful accounts	(128)	(125)
Grants receivable	147	635
	\$ 14,727	\$ 18,027
Restricted Assets		
Accounts receivable	\$ 6,628	\$ 8,716
Grants receivable	35,227	7,883
	\$ 41,855	\$ 16,599

7. GRANT RECOGNITION

A Letter of Intent (LOI) is a provision under Section 47110(e) of Title 49, United States Code to obligate funds for future budget authority to issue grants to pay the Authority for the FAA's shares of allowable costs. The amounts listed below are estimates and are not obligations of the United States or administrative commitments. The LOI can be amended to adjust the payment schedule or the maximum obligation.

Under GASB Statement No. 33, the Authority recognizes revenues from the LOI when all eligibility requirements are met. Since there are time and reimbursement requirements associated with these LOI, the balance to be collected will be recognized as revenues in the years the grants are awarded. As of September 30, 2008, the Authority expended \$4.8 million under LOI ASO-99-01 for which grants have not been awarded. As of September 30, 2007, the Authority expended \$10.6 million and \$2.0 million, respectively, under LOI ASO-99-01 and LOI ASO-98-02 for which grants have not been awarded. The Authority received the following LOI's from the FAA.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

7. **GRANT RECOGNITION** (continued)

LOI ASO-99-01 dated April 3, 2000 for construction of a new runway, associated taxiways, and security roads is listed as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Maximum Obligation	<u>\$ 73,190</u>	<u>\$ 73,680</u>
Collected in prior years	\$ 62,700	\$ 56,800
Collected in current year	5,710	5,900
Collected to date	<u>68,410</u>	<u>62,700</u>
Balance to be collected	<u>\$ 4,780</u>	<u>\$ 10,980</u>
Schedule of balance to be collected:		
2008	\$ -	\$ 6,200
2009	4,780	4,780
	<u>\$ 4,780</u>	<u>\$ 10,980</u>

LOI ASO-98-02 dated November 10, 1998 (amended October 7, 2002) for construction of the new single North Crossfield Taxiway is listed as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Maximum Obligation	<u>\$ 37,583</u>	<u>\$ 37,583</u>
Collected in prior years	\$ 35,583	\$ 33,583
Collected in current year	2,000	2,000
Collected to date	<u>37,583</u>	<u>35,583</u>
Balance to be collected	<u>\$ -</u>	<u>\$ 2,000</u>
Schedule of balance to be collected:		
2008	\$ -	\$ 2,000
	<u>\$ -</u>	<u>\$ 2,000</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

8. RESTRICTED ASSETS

The Bond Resolution and the Master Indenture of Trust authorizing the issuance of the revenue bonds for Orlando International Airport require segregation of certain assets into restricted accounts. Majority-in-Interest approval of the Signatory Airlines was granted for (1) the issuance of commercial paper to fund various capital improvements to Orlando International Airport, and (2) the use of Airport Facilities Improvement and Development assets to pay all or a portion of project costs with reimbursement from commercial paper, state and federal grants, passenger facility charges, and/or revenue bonds. Composition of restricted accounts is as follows:

Restricted Assets		
As of September 30,		
(in thousands)		
	2008	2007
Debt Service Accounts	\$ 197,710	\$ 194,724
Capital Acquisition Accounts	218,015	178,129
Bond Construction Accounts	61,183	69,265
Passenger Facility Charges Account	16,132	59,050
Operating Reserve Account	32,261	28,829
Prepaid Airlines Fees and Charges Account	13,581	13,928
Total Restricted Assets	\$ 538,882	\$ 543,925

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

9. CAPITAL ASSETS

A summary of capital assets activity for the years ended September 30, 2008 and 2007 follows (in thousands):

	Balance October 1, 2007	Additions and Reclas- sifications	Deductions	Balance September 30, 2008
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 186,221	\$ 60,562	\$ 120	\$ 246,663
Assets Held for Future Use	-	99,602		99,602
	<u>186,221</u>	<u>160,164</u>	<u>120</u>	<u>346,265</u>
Other Property and Equipment				
Building	268,568	1,842	-	270,410
Improvements	1,224,272	70,853	-	1,295,125
Equipment	71,922	5,868	1,359	76,431
Motor Vehicles	18,180	1,945	741	19,384
	<u>1,582,942</u>	<u>80,508</u>	<u>2,100</u>	<u>1,661,350</u>
Accumulated Depreciation				
Building	85,336	9,081		94,417
Improvements	621,798	48,774		670,572
Equipment	52,413	7,955	1,284	59,084
Motor Vehicles	12,774	1,502	740	13,536
	<u>772,321</u>	<u>67,312</u>	<u>2,024</u>	<u>837,609</u>
Net Property and Equipment	<u>996,842</u>	<u>173,360</u>	<u>196</u>	<u>1,170,006</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	8,154	-	23	8,131
Other Property and Equipment				
Building	860,127	878	-	861,005
Improvements	75,354	1,015	-	76,369
	<u>935,481</u>	<u>1,893</u>	<u>-</u>	<u>937,374</u>
Accumulated Depreciation				
Building	363,954	24,990	-	388,944
Improvements	29,587	4,140	-	33,727
	<u>393,541</u>	<u>29,130</u>	<u>-</u>	<u>422,671</u>
Net Property and Equipment Held for Lease	<u>550,094</u>	<u>(27,237)</u>	<u>23</u>	<u>522,834</u>
Construction Work in Progress				
Capital Assets not Depreciated				
Construction Work in Progress	350,792	197,454	232,704	315,542
Net Capital Assets	<u>\$ 1,897,728</u>	<u>\$ 343,577</u>	<u>\$ 232,923</u>	<u>\$ 2,008,382</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

9. CAPITAL ASSETS (continued)

	Balance October 1, 2006	Additions and Reclas- sifications	Deductions	Balance September 30, 2007
Property and Equipment				
Capital Assets not Depreciated				
Land	\$ 186,221	\$ -	\$ -	\$ 186,221
Other Property and Equipment				
Building	248,100	20,468	-	268,568
Improvements	1,203,288	20,984	-	1,224,272
Equipment	68,012	5,375	1,465	71,922
Motor Vehicles	16,626	2,825	1,271	18,180
	<u>1,536,026</u>	<u>49,652</u>	<u>2,736</u>	<u>1,582,942</u>
Accumulated Depreciation				
Building	76,854	8,482	-	85,336
Improvements	574,197	47,601	-	621,798
Equipment	46,486	7,393	1,466	52,413
Motor Vehicles	13,087	955	1,268	12,774
	<u>710,624</u>	<u>64,431</u>	<u>2,734</u>	<u>772,321</u>
Net Property and Equipment	<u>1,011,623</u>	<u>(14,779)</u>	<u>2</u>	<u>996,842</u>
Property and Equipment - Held for Lease				
Capital Assets not Depreciated				
Land	8,154	-	-	8,154
Other Property and Equipment				
Building	859,827	300	-	860,127
Improvements	74,136	1,218	-	75,354
	<u>933,963</u>	<u>1,518</u>	<u>-</u>	<u>935,481</u>
Accumulated Depreciation				
Building	338,975	24,979	-	363,954
Improvements	25,645	3,942	-	29,587
	<u>364,620</u>	<u>28,921</u>	<u>-</u>	<u>393,541</u>
Net Property and Equipment Held for Lease	<u>577,497</u>	<u>(27,403)</u>	<u>-</u>	<u>550,094</u>
Construction Work in Progress				
Capital Assets not Depreciated				
Construction Work in Progress	253,827	140,556	43,591	350,792
Net Capital Assets	<u>\$ 1,842,947</u>	<u>\$ 98,374</u>	<u>\$ 43,593</u>	<u>\$ 1,897,728</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

9. CAPITAL ASSETS (continued)

During 2008, the Authority capitalized interest in the amount of \$219,000 to construction in progress, representing the excess of interest cost (\$291,000) on certain borrowings during the construction period over the interest earned (\$72,000) on related interest-bearing investments acquired with the proceeds of the borrowings. In addition, the Authority capitalized commercial paper interest in the amount of \$2.5 million to construction in progress related to the Airside 1 and 3 renovations and the in-line baggage screening system.

During 2007, the Authority capitalized interest in the amount of \$1.1 million to construction in progress, representing the excess of interest cost (\$1.6 million) on certain borrowings during the construction period over the interest earned (\$0.5 million) on related interest-bearing investments acquired with the proceeds of the borrowings.

The South Terminal design, Intermodal Transit System (ITS) design and first phase of ITS construction were transferred from Construction in Progress (CIP) to a non-depreciable Fixed Assets category called Assets Held for Future Use during fiscal year 2008 since they have not been placed in service yet. Various grading, drainage and infrastructure projects were transferred from CIP to Land. The asset will be reviewed annually to determine whether it should be impaired should changes occur in the airport/airline industry that could render the design insufficient to construct the structures. The grading and drainage projects were added to the cost basis of the land, which is non-depreciable.

10. NONMONETARY EXCHANGE TRANSACTION

During fiscal year 2008, the Authority entered into an exchange transaction with the Orlando Orange County Expressway Authority where land, with a cost of \$22,000 and fair market value of \$1.6 million, and rights to a permanent easement with an appraised value of \$0.9 million was transferred to Orlando Orange County Expressway Authority (OOCEA) in exchange for \$2.8 million in infrastructure improvements constructed by the OOCEA for the benefit of the Authority. The Authority recorded nonoperating revenue of \$2.4 million, an increase in capital assets of approximately \$2.8 million and a liability of \$0.3 million as a result of this transaction.

In addition, during fiscal year 2008 the Authority entered into exchange transactions with the City of Orlando where land located at OEA, with a cost of \$39,000 and fair market value of \$1.8 million and rights to a permanent easement with an appraised value of \$0.9 million, were transferred to the City of Orlando in exchange for land with a \$26,000 cost and fair value of \$1.2 million and improvements valued at \$0.4 million. The Authority also transferred OIA property with a cost of \$82,000 and fair value of \$208,000 to the City of Orlando in exchange for infrastructure improvements valued at \$167,000. The Authority recorded nonoperating revenue of \$1.1 million, an increase in capital assets of \$72,000 and a receivable of \$1.1 million as a result of this transaction.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

11. LEASE AND CONCESSION AGREEMENTS

The following is a schedule by years of minimum future revenues (in thousands) on non-cancelable agreements:

2009	\$	147,962
2010		105,435
2011		102,310
2012		99,553
2013		92,529
Later Years		160,173
Total Minimum future revenues	<u>\$</u>	<u>707,962</u>

Minimum future revenues do not include contingent revenues which may be received under agreements for use of land and buildings on the basis of revenue or fuel flowage fees earned. Contingent revenues amounted to approximately \$38.2 million and \$32.7 million for the years ended September 30, 2008 and 2007, respectively.

12. PENSION PLANS

The Authority maintains two defined benefit plans for its employees, a single-employer plan covering non-firefighter employees and a multi-employer plan for firefighters. Additionally, the Authority provides two defined contribution plans, a single-employer defined contribution retirement plan for non-firefighter employees and a multi-employer defined contribution plan for firefighters.

Single-Employer Defined Benefit Pension Plan

General: The Authority contributes to the Retirement Plan for Employees of the Greater Orlando Aviation Authority (Plan), a single-employer retirement plan. The Plan provides retirement and death benefits to Plan members and beneficiaries. Charles Schwab Trust Company holds the assets of the Plan in various mutual funds. Schwab currently pays plan benefits. Gabriel, Roeder, Smith & Company issues a publicly available actuarial report that includes required supplementary information for the Plan. That report may be obtained by writing to Greater Orlando Aviation Authority, One Airport Boulevard, Orlando, Florida 32827, Attention: Human Resources.

Plan Description: The Authority authorizes all employees hired before October 1, 1999, other than firefighters to participate in the Plan. The Authority authorizes employees hired after September 30, 1999 to participate in the Single-Employer Defined Contribution Retirement Plan. The Authority allowed employees who were members of the defined benefit plan to convert to the defined contribution plan during the period February 23, 2001 to June 30, 2001. The Authority credits all service from date of hire. Retirement benefits equal 3% of the average of the three years of highest annual earnings multiplied by years of credited service with a maximum of 75% of the average earnings. In the event of early retirement, there is a 3% benefit reduction for each year prior to normal retirement. Normal retirement date is the first day of the month following, or coinciding with, the earlier of a participant's sixty-fifth birthday and seven years of credited service, or twenty-five years of credited service. An employee is 20% vested after the first year of credited service and achieves 100% vesting after five years of service. The Authority Board establishes benefit provisions.

If a vested participant dies after becoming eligible for early retirement, but prior to actual retirement, his eligible spouse or other named beneficiary receives an amount equal to that which would have been received if the participant had retired on the date of death with an immediate 50% annuity.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

12. PENSION PLANS (continued)

If a vested participant dies before becoming eligible for early retirement, his eligible spouse or other named beneficiary receives an amount equal to that which would have been received if the participant had separated from service on the date of death, survived to the earliest possible retirement age and retired on that date with an immediate 50% contingent annuity. This benefit is payable unless otherwise elected by the participant and spouse.

Funding Policy: The actuarial valuation used for funding determines the annual contribution requirements of the Authority. The Authority does not require plan members to contribute to the Plan.

The Authority requires contributions at the actuarially determined rate. The rates for the years ended September 30, 2008 and 2007 were 43.07% and 41.41% of annual covered payroll, respectively. The Authority's covered payroll for employees under the Plan was \$15.0 million and \$14.8 million for the years ended September 30, 2008 and 2007, respectively.

Annual Pension Cost and Net Pension Obligation: The Authority's annual pension cost and net pension obligation to the single employer defined benefits plan for the current fiscal year were as follows:

Annual required contribution (ARC)	\$ 5,646,681
Interest on net pension obligation	(104,526)
Adjustment to ARC	<u>208,124</u>
Annual pension cost	5,750,279
Contributions made	<u>(5,646,681)</u>
Increase in net pension obligation	103,598
Net pension obligation - 10/1/07	<u>(1,393,683)</u>
 Net pension obligation - 9/30/08	 <u><u>\$ (1,290,085)</u></u>

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2006	\$ 5,518,127	108.5%	\$ (1,495,242)
9/30/2007	6,081,342	98.3	(1,393,683)
9/30/2008	5,750,279	98.2	(1,290,085)

Funded Status and Funding Progress: As of October 1, 2007, the most recent actuarial valuation date, the plan was 74% funded. The actuarial accrued liability for benefits was \$85.8 million, and the actuarial value of assets was \$63.5 million resulting in an unfunded actuarial accrued liability (UAAL) of \$22.3 million. The covered payroll was \$15.0 million, and the ratio of the UAAL to the covered payroll was 148.5%.

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

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

12. PENSION PLANS (continued)

Actuarial Methods and Assumptions: The October 1, 2006 actuarial valuation determined the required contribution for the 2008 fiscal year. The actuarial assumptions for fiscal years 2008 and 2007 include: (a) rate of return on investments of 7.5% per year, (b) projected salary increases of 5.0%, (c) inflation adjustments of 3.5%, and (d) expense loading is the average of actual expenses over the previous two years. The Plan's unfunded actuarial accrued liability amortizes using the level dollar, closed method. The remaining amortization period at October 1, 2006 was 27 years. Five-year smoothed market method values plan assets. The frozen entry age method determines the plan's actuarial valuation.

During fiscal year 2008, the Authority changed its cost method from the Frozen Initial Liability Method to the Aggregate Cost Method. This change impacted the required fiscal 2008 disclosures and will impact the fiscal 2009 annual required contribution calculation. As a result of the change, the Authority reduced the probability of retirement and terminating employment for reasons other than retirement, disability or death. In addition, the Authority updated its mortality table to the RP2000 Generational Mortality Table from the 1983 Group Annuity Mortality Table. Finally, the Authority set the actuarial value of assets equal to market value. Because the aggregate actuarial cost method is used, it does not identify or separately amortize unfunded actuarial liabilities.

Single-Employer Defined Contribution Retirement Plan

Plan Description: The Authority Board established the Greater Orlando Aviation Authority Defined Contribution Retirement Plan to provide benefits upon retirement to employees of the Authority. At September 30, 2008, there were 345 active plan members. The plan provides retirement and death benefits to plan members and beneficiaries.

General: The Authority contributed to a single-employer defined contribution retirement plan administered by a committee appointed by the Authority Board. The Authority Board can modify, alter or amend the plan.

The plan authorizes employees, other than firefighters, hired on or after October 1, 1999, to participate in the defined contribution retirement plan. Eligible employees include regular full-time employees and regular part-time employees who are normally scheduled to work 20 or more hours per week. The plan allows employees to participate after three full months of service. The plan has separate accounts for each employee, and investments are self-directed by the employee. The Authority contributes 6% of base wages and up to another 4% as a matching contribution. The employee contributes up to 10%. The plan allows the employee's first 4% contribution to be pre-tax or after-tax. Employee contributions and earnings are 100% vested. The Authority's contributions vest at 20% per year of service, starting at one year of service. Employees hired prior to October 1, 1999, continued in the Authority's original defined benefit retirement plan, or converted at their option from the defined benefit plan to the defined contribution plan during the period of February 23, 2001 to June 30, 2001.

The Authority's payroll for employees covered by the plan was \$13.8 million and \$12.1 million for the years ending September 30, 2008 and 2007, respectively. The Authority contributed \$1.1 million and \$1.2 million for the years ending September 30, 2008 and 2007. Participants contributed \$0.6 million and \$0.5 million for the years ending September 30, 2008 and 2007. A contribution by the Authority of \$1.0 million and participant contributions of \$0.4 million were made for the year ending September 30, 2006.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

12. PENSION PLANS (continued)

Multiple-Employer Pension Plans

Plan Description: All firefighters employed by the Authority participate in the Florida Retirement System (System), a cost-sharing, multiple-employer defined benefit public retirement plan. The System provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes establish benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Retirement System, Division of Retirement, Post Office Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737.

Participation in the System is compulsory for all full-time and part-time firefighters employed by the Authority. The plan categorizes participants as members of a special risk class. A member receives one month credit for each month in which any salary is paid for services performed. The plan authorizes members who meet certain requirements to purchase additional service credits to increase their retirement benefit. The System provides vesting of benefits after six years of creditable service. Special risk members meet eligibility for normal retirement after; (a) six years of special risk service and attaining age fifty-five, (b) twenty-five total years special risk service and attaining age fifty-two (may include four years military), (c) twenty-five continuous years special risk service, regardless of age, or (d) thirty years of any creditable service, regardless of age (may include four years military). The plan allows early retirement any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. Options at retirement include benefits for life or reduced benefits with beneficiary rights.

Funding Policy: Various acts of the Florida Legislature determine the funding methods and benefits. These acts provide employers, such as the Authority, requirements to contribute at the current actuarially determined rate of covered payroll for special risk members.

The contribution rate for each of the three years in the period beginning July 1, 2003 and ending on June 30, 2006 was 18.53%. Effective July 1, 2006 the contribution rate changed to 20.92%. The Authority's contributions to the System for the years ended September 30, 2008, 2007, and 2006 were \$0.9 million, \$0.9 million, and \$0.8 million, respectively, equal to the required contributions for each year.

Multi-Employer Defined Contribution Retirement Plan

Effective July, 2002, the System offered its members the Florida Retirement System Investment Plan as a second retirement plan option. The Florida Retirement System Investment Plan is a defined contribution plan funded by employer contributions established by law. The employers' contributions are based on salary and Florida Retirement System membership class, ranging from 9% for regular to 20% for special risk. The plan does not allow participant contributions. Employees that do not elect this plan automatically enroll in the defined benefit plan. Employees vest after one year of service. Participants of the defined benefit plan have one lifetime option of transferring the value of their plan to the Florida Retirement System Investment Plan. As of September 30, 2008 and 2007, the Authority had two and zero participants in this plan, respectively.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The Greater Orlando Aviation Authority Healthcare Plan (GOAAHP) is a single-employer defined benefit healthcare plan administered by the Authority. The plan provides postemployment healthcare benefits to those participants who, in accordance with Article 4 of the Retirement Plan for Employees of the Greater Orlando Aviation Authority, retire at a participants' Normal Retirement Date or Early Retirement Date and who receive pension benefits immediately upon termination. CBIZ Benefits and Insurance Services issues a publicly available actuarial report that includes required supplementary information for GOAAHP. The report may be obtained by writing to Greater Orlando Aviation Authority, One Airport Boulevard, Orlando, Florida 32827, Attention: Human Resources. As of September 30, 2008, the GOAAHP provides benefits to 174 recipients.

Funding Policy and Annual Cost

The Authority establishes and amends benefit provisions and contribution obligations. The Authority provides medical, dental, and vision coverage at no cost to employees who retired prior to August 2, 1997. Effective August 2, 1997, eligibility for retirement health care benefits will be determined by the years of credited service and whether the employee immediately begins to receive pension benefits. Employees who do not elect to receive pension benefits immediately upon termination of employment forfeit eligibility for any health care coverage under this policy. The Authority's premium contribution for employees retiring after August 2, 1997 is as follows:

<u>Credited Service</u>	<u>Contribution</u>
20 or more years	100%
15 but less than 20 years	75%
10 but less than 15 years	50%
Less than 10 years	0%

Dependent coverage is available at the retiree's expense provided the retiree is eligible to receive health benefits under this policy.

The Authority is not required to fund the GOAAHP. The annual contribution of the employer, an amount actuarially determined in accordance with GASB Statement 45, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current rate is 15% of annual covered payroll. For the fiscal years ended September 30, 2008 and 2007, the Authority's annual other postemployment benefit (OPEB) costs (expenses) were calculated based on the actuarially determined annual contribution of \$5.3 million and \$3.3 million, respectively.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

The following table shows the components of the Authority's annual OPEB cost for the year ended September 30, 2008, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation to GOAHP:

Annual contribution	\$ 5,375,277
Interest on net OPEB obligation	310,149
Adjustment to annual contribution	<u>(375,533)</u>
Annual OPEB cost (expense)	5,309,893
Benefit payments	-
Contributions made	<u>(808,730)</u>
Increase in net OPEB obligation	4,501,163
Net OPEB obligation – 10/1/07	<u>5,169,146</u>
 Net OPEB obligation – 9/30/08	 <u><u>\$ 9,670,309</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended September 30, 2006, 2007, and 2008 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost</u>	<u>Net OPEB Obligation</u>
9/30/2006	\$ 3,253,051	18.2%	\$ 2,661,619
9/30/2007	3,278,220	23.5%	5,169,146
9/30/2008	5,309,893	15.2%	9,670,309

Funded Status and Funding Process

The funded status of the plan as of October 1, 2007, the most recent actuarial valuation date, is as follows:

Actuarial Accrued Liability (a)	\$ 44,082,109
Actuarial Value of Plan Assets (b)	<u>-</u>
Unfunded Actuarial Accrued Liability (a) – (b)	<u><u>\$ 44,082,109</u></u>
 Funded Ratio (b) / (a)	 0.00%
* Covered Payroll (c)	\$ 36,536,030
 Unfunded Actuarial Accrued Liability As a Percentage of Covered Payroll [(a) – (b)] / (c)	 120.65%

GREATER ORLANDO AVIATION AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 Years Ended September 30, 2008 and 2007

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

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 contribution of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

* Covered Payroll is the 2007-2008 budgeted regular salaries for active employees covered under the plan.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority 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 were as follows:

Actuarial Valuation Date	October 1, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar amounts
Remaining Amortization Period	30
Asset Valuation Method	N/A
Investment Rate of Return	6.0%
Projected Salary Increase	N/A

Healthcare Inflation Rate:

Medical/RX		Dental/Vision	
Year	Rate	Year	Rate
2008	0.0%	2008	0.0%
2009	8.0%	2009	6.0%
2010	7.5%	2010	6.0%
2011	7.0%	2011	6.0%
2012	6.5%	2012	6.0%
2013+	6.0%	2013+	6.0%

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

14. RISK MANAGEMENT

The Authority developed risk mitigation strategies for loss prevention to address exposure to various risks. One of those risk mitigation strategies is the purchase of commercial insurance for losses related to torts and other liabilities, theft of, damage to and destruction of assets, and natural disasters. The supplemental section of the Comprehensive Annual Financial Report of the Authority discusses specific details regarding insurance coverage and deductibles.

Effective October 1, 2000, the Authority became self-insured for workers compensation and employer's liability insurance up to \$150,000 per occurrence. The Authority purchases excess coverage for workers compensation and employer's liability claims to provide stop loss coverage for claims in excess of \$150,000 per occurrence with limits that are consistent with statutory requirements. Johns Eastern Company, Inc. administers the plan. The Authority records workers compensation liabilities when it is probable that a loss occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for the claims that have been incurred but not reported (IBNR). The Authority includes liabilities for unpaid claims at year-end in accrued expenses as current liabilities.

The Authority has a third party actuary perform a review of claim history for all claim years which open claims are outstanding. The actuary projects the ultimate claim payment obligation (including IBNR) for each year's claim experience. The Authority recorded this estimate as a liability. No settlements exceeded excess insurance coverage in the past three years.

Changes in the Authority's workers compensation claims liability are as follows:

Unpaid Claims As of September 30, (in thousands)	2008	2007
Unpaid claims and claims adjustment expenses at beginning of year	\$ 779	\$ 779
Incurred claims and claims adjustment expenses:		
Provisions for insured events of the current fiscal year	281	314
Decrease in provision for insured events of prior years	10	(85)
Total incurred claims and claims adjustment expenses	291	229
Payments:		
Claims and claims adjustment expenses attributable to insured events of prior years	(239)	(146)
Claims and claims adjustment expenses attributable to insured events of current year	(52)	(83)
Total payments	(291)	(229)
Total unpaid claims and claims adjustment expenses at end of year	\$ 779	\$ 779

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

15. NONCURRENT LIABILITIES

A summary of noncurrent liability activity for the years ended September 30, 2008 and 2007, is as follows (in thousands):

	October 1, 2007	Additions	Deductions	September 30, 2008	Due Within One Year	Due After One Year
Airport Facilities Revenue Bonds						
Senior Lien Bonds						
Series 1997	\$ 26,080	\$ -	\$ -	\$ 26,080	\$ -	\$ 26,080
Series 1998	22,000	-	3,235	18,765	3,040	15,725
Series 1999A	185,620	-	670	184,950	695	184,255
Series 1999B	12,555	-	255	12,300	265	12,035
Series 2002A	49,330	-	1,005	48,325	1,040	47,285
Series 2002B	109,840	-	430	109,410	445	108,965
Series 2002C	29,230	-	14,290	14,940	14,940	-
Series 2002D Taxable	1,270	-	620	650	650	-
Series 2002E	143,320	-	14,575	128,745	128,745	-
Series 2003A	62,590	-	1,255	61,335	7,440	53,895
Series 2007A	141,485	-	-	141,485	-	141,485
Series 2008A	-	248,070	-	248,070	-	248,070
Series 2008B	-	26,110	-	26,110	8,655	17,455
Subordinated Indebtedness						
Series 1998B Gulf Breeze	2,690	-	2,000	690	690	-
Series 1998C Gulf Breeze	19,290	-	-	19,290	1,410	17,880
Series 1998A,B,C,D	286,250	-	286,250	-	-	-
Series 2002A Taxable	20,530	-	3,240	17,290	3,415	13,875
Secondary Subordinated Indebtedness						
Series 1997	90,055	-	-	90,055	-	90,055
Total Revenue Bonds	<u>1,202,135</u>	<u>274,180</u>	<u>327,825</u>	<u>1,148,490</u>	<u>171,430</u>	<u>977,060</u>
Less unamortized discounts and premiums	8,621	(3,869)	821	3,931	-	3,931
Less unamortized deferred amounts	33,789	27,204	7,216	53,777	-	53,777
Net Revenue Bonds	<u>1,159,725</u>	<u>250,845</u>	<u>319,788</u>	<u>1,090,782</u>	<u>171,430</u>	<u>919,352</u>
Notes Payable						
Commercial Paper	88,105	62,000	20,846	129,259	2,003	127,256
Total Notes payable	<u>88,105</u>	<u>62,000</u>	<u>20,846</u>	<u>129,259</u>	<u>2,003</u>	<u>127,256</u>
Other Liabilities						
Advance Rent	3,110	-	194	2,916	194	2,722
Other PostEmployment Benefits	5,169	5,310	809	9,670	-	9,670
Total Other Liabilities	<u>8,279</u>	<u>5,310</u>	<u>1,003</u>	<u>12,586</u>	<u>194</u>	<u>12,392</u>
Total Noncurrent Liabilities	<u>\$ 1,256,109</u>	<u>\$ 318,155</u>	<u>\$ 341,637</u>	<u>\$ 1,232,627</u>	<u>\$ 173,627</u>	<u>\$ 1,059,000</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

15. NONCURRENT LIABILITIES (continued)

	Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007	Amounts Due Within One Year	Amounts Due After One Year
Airport Facilities Revenue Bonds						
Senior Lien Bonds						
Series 1997	\$ 169,880	\$ -	\$ 143,800	\$ 26,080	\$ -	\$ 26,080
Series 1998	25,180	-	3,180	22,000	3,235	18,765
Series 1999A	186,260	-	640	185,620	670	184,950
Series 1999B	12,800	-	245	12,555	255	12,300
Series 2002A	50,305	-	975	49,330	1,005	48,325
Series 2002B	110,260	-	420	109,840	430	109,410
Series 2002C	42,900	-	13,670	29,230	14,290	14,940
Series 2002D Taxable	1,865	-	595	1,270	620	650
Series 2002E	157,225	-	13,905	143,320	14,575	128,745
Series 2003A	71,685	-	9,095	62,590	1,255	61,335
Series 2007A	-	141,485	-	141,485	-	141,485
Subordinated Indebtedness						
Series 1998B Gulf Breeze	4,600	-	1,910	2,690	2,000	690
Series 1998C Gulf Breeze	19,290	-	-	19,290	-	19,290
Series 1998A,B,C,D	300,900	-	14,650	286,250	3,925	282,325
Series 2002A Taxable	23,065	-	2,535	20,530	3,240	17,290
Secondary Subordinated Indebtedness						
Series 1997	90,055	-	-	90,055	-	90,055
Total Revenue Bonds	1,266,270	141,485	205,620	1,202,135	45,500	1,156,635
Less unamortized discounts and premiums	15,146	-	6,525	8,621	-	8,621
Less unamortized deferred amounts	35,851	-	2,062	33,789	-	33,789
Net Revenue Bonds	1,215,273	141,485	197,033	1,159,725	45,500	1,114,225
Notes Payable						
Commercial Paper	38,550	60,100	10,545	88,105	9,424	78,681
Florida Department of Transportation	1,200	-	1,200	-	-	-
Total Notes payable	39,750	60,100	11,745	88,105	9,424	78,681
Other Liabilities						
Advance Rent	3,304	-	194	3,110	194	2,916
Other PostEmployment Benefits	2,662	3,278	771	5,169	-	5,169
Total Other Liabilities	5,966	3,278	965	8,279	194	8,085
Total Noncurrent Liabilities	\$ 1,260,989	\$ 204,863	\$ 209,743	\$ 1,256,109	\$ 55,118	\$ 1,200,991

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

15. NONCURRENT LIABILITIES (continued)

A schedule of debt maturities is as follows (in thousands):

	Fiscal Year	Principal	Interest
Airport Facilities Revenue Bonds			
	2009	\$ 57,980	\$ 53,166
	2010	66,090	55,078
	2011	69,130	51,564
	2012	72,695	47,685
	2013	74,525	43,648
	2014-2018	335,255	161,516
	2019-2023	275,250	71,920
	2024-2028	146,855	26,066
	2029-2033	<u>50,710</u>	<u>3,565</u>
		1,148,490	<u>\$ 514,208</u>
Less unamortized premiums and discounts		(3,931)	
Less unamortized deferred amounts		<u>(53,777)</u>	
		<u>\$ 1,090,782</u>	
Notes Payable			
	2009	\$ 2,003	
	2010	<u>127,256</u>	
		<u>\$ 129,259</u>	

A description of the bonds and notes payable is as follows:

Airport Facilities Revenue Bonds

The Authority has pledged future airport revenues, net of specified operating expenses, to repay \$1.1 billion in Airport Facilities Revenue Bonds issued from 1997 to 2008. Proceeds from the bonds provided financing for various airport capital projects. The bonds are payable solely from the airport system revenues and are payable through the year 2033. The Authority has agreed to maintain rates and charges each year to provide net revenues, as defined in the applicable bond agreements, equal to at least 1.25 times the sum of the aggregate debt service on senior lien bonds each fiscal year and at least 1.00 times on all other debt. Total principal and interest remaining on the bonds as of September 30, 2008 is \$1.7 billion with annual requirements ranging from \$111.0 million in 2009 to \$4.7 million in the final year. For the twelve month period ended September 30, 2008, principal and interest paid was \$119.4 million and total airport net revenues pledged for the year was \$146.3 million.

Senior Lien Bonds:

\$26,080,000 Airport Facilities Revenue Bonds, Series 1997, dated November 15, 1997, of which a portion is due on October 1 of each year beginning 2009 through 2011. Interest at 5.75% due semi-annually on April 1 and October 1; unamortized discount of \$168,000 and \$251,000.

\$46,640,000 Airport Facilities Refunding Revenue Bonds, Series 1998, dated August 15, 1998 of which a portion is due October 1 of each year beginning 1999 through 2013; and \$4,110,000 in Term Bonds due October 1, 2017. Interest at 5.00% to 5.50% due semi-annually on April 1 and October 1; unamortized premium of \$142,000 and \$185,000.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

15. NONCURRENT LIABILITIES (continued)

\$189,100,000 Airport Facilities Revenue Bonds Series 1999A, dated June 1, 1999, of which a portion is due October 1 of each year beginning in 2002 through 2008; \$26,085,000 in Term Bonds due October 1, 2018; and \$69,525,000 in Term Bonds due October 1, 2028. Interest at 4.60% to 5.25% due semi-annually on April 1 and October 1; unamortized discount of \$2,060,000 and \$2,276,000.

\$13,890,000 Airport Facilities Revenue Bonds Series 1999B, dated October 1, 1999 of which a portion is due October 1 of each year beginning in 2001 through 2009; \$3,030,000 in Term Bonds due October 1, 2024; and \$5,580,000 in Term Bonds due October 1, 2028. Interest at 4.30% to 5.25% due semi-annually on April 1 and October 1; unamortized discount of \$156,000 and \$168,000.

\$53,070,000 Airport Facilities Revenue Bonds, Series 2002A, dated May 9, 2002, of which a portion is due October 1 of each year beginning 2003 through 2022; \$1,850,000 in Term Bonds due October 1, 2021; \$11,085,000 in Term Bonds due October 1, 2027; and \$14,235,000 in Term Bonds due October 1, 2032. Interest at 3.60% to 5.25% due semi-annually on April 1 and October 1; unamortized discount of \$1,128,000 and \$1,204,000.

\$111,445,000 Airport Facilities Revenue Bonds, Series 2002B (AMT), dated May 9, 2002, of which a portion is due October 1 of each year beginning in 2003 through 2019; \$3,045,000 in Term Bonds due October 1, 2017; \$63,430,000 in Term Bonds due October 1, 2021; and \$12,560,000 in Term Bonds due October 1, 2032. Interest at 3.75% to 5.50% due semi-annually on April 1 and October 1; unamortized discount of \$2,560,000 and \$2,764,000.

\$80,870,000 Airport Facilities Refunding Revenue Bonds, Series 2002C, dated June 28, 2002, of which a portion is due October 1 of each year beginning 2003 through 2008. Interest at 3.50% to 5.25% due semi-annually on April 1 and October 1; unamortized premium of \$0 and \$88,000.

\$3,525,000 Airport Facilities Taxable Refunding Revenue Bonds, Series 2002D, dated June 28, 2002, of which a portion is due October 1 of each year beginning in 2003 through 2008. Interest at 5.06% due semi-annually on April 1 and October 1; unamortized premium of \$0 and \$4,000.

\$180,685,000 Airport Facilities Variable Rate Refunding Revenue Bonds, Series 2002E, dated September 24, 2002, of which a portion is due October 1 of each year beginning in 2003 through 2021. Interest rate is in the Weekly Mode as determined by the Remarketing Agent, which was 8.25% on September 30, 2008; interest is due monthly on the first business day of each calendar month; unamortized discount of \$1,122,000 and \$1,289,000.

The 2002E bonds are issued as variable rate bonds initially in the Weekly Mode. To provide liquidity support for these bonds, the Authority entered into the 2002E Liquidity Facility. The 2002E Liquidity Facility Issuer is obligated to provide funds for the purchase of 2002E Bonds that are tendered for purchase and that are not remarketed. The 2002E Liquidity Facility has been in effect from the initial delivery date of the 2002E bonds until the earliest of July 31, 2009 or to an extended date as may become effective under the 2002E Liquidity Facility or the Business Day next succeeding the effective date of any Purchase Period. In accordance with Generally Accepted Accounting Principles, these bonds have been classified as current liabilities until a replacement credit facility is in effect or the bonds are refunded.

\$79,630,000 Airport Facilities Refunding Revenue Bonds, Series 2003A, dated July 3, 2003, of which a portion is due October 1 of each year beginning 2004 through 2018. Interest at 2.25% to 5.00% due semi-annually on April 1 and October 1; unamortized premium of \$2,559,000 and \$2,949,000.

\$141,485,000 Airport Facilities Refunding Revenue Bonds, Series 2007A, dated August 9, 2007, of which a portion is due October 1 of each year beginning in 2012 through 2023. Interest at 4.50% to 5.00% due semi-annually on

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

15. NONCURRENT LIABILITIES (continued)

April 1 and October 1; unamortized premium of \$3,104,000 and \$3,425,000. These bonds refunded \$143,800,000 of the Airport Facilities Revenue Bonds Series 1997.

\$248,070,000 Airport Facilities Refunding Revenue Bonds, Series 2008A, dated March 31, 2008, of which a portion is due October 1 of each year beginning in 2009 through 2018. Interest at 5.00% to 5.25% due semi-annually on April 1 and October 1; unamortized premium of \$3,918,000. These bonds, along with Authority funds, refunded \$282,325,000 of the Airport Facilities Variable Rate Subordinated Revenue Refunding Bonds, 1998 Series A, B, C and D.

\$26,110,000 Airport Facilities Refunding Revenue Bonds, Series 2008B, dated March 31, 2008, of which a portion is due October 1 of each year beginning in 2008 through 2009. Interest at 2.81% to 3.02% due semi-annually on April 1 and October 1; unamortized premium of \$223,000. These bonds were used to pay a swap termination amount of \$25,724,000 related to the Airport Facilities Variable Rate Subordinated Revenue Refunding Bonds, 1998 Series A, B, C and D.

Subordinated Indebtedness:

The Authority financed \$33,990,000 of the cost of the hotel with the proceeds of loans from the City of Gulf Breeze, Florida, Local Government Loan Program. The details of these loans are set forth below:

\$14,700,000 Airport Facilities Subordinated Revenue Bonds, Series 1998B, dated June 1998, principal payable December 1 of each year beginning 1999 through 2008. Interest at 4.55% due semi-annually on June 1 and December 1; unamortized discount of \$33,000 and \$41,000.

\$19,290,000 Airport Facilities Subordinated Revenue Bonds, Series 1998C, dated June 1998, principal payable December 1 of each year beginning 2008 through 2015. Interest at 4.55% to 5.05% due semi-annually on June 1 and December 1; unamortized discount of \$43,000 and \$54,000.

\$30,015,000 Airport Facilities Taxable Subordinated Refunding Revenue Bonds, Series 2002A, dated June 28, 2002, of which a portion is due October 1 of each year beginning 2003 through 2012. Interest at 5.06% to 5.64% due semi-annually on April 1 and October 1; unamortized discount of \$103,000 and \$156,000.

Secondary Subordinated Indebtedness:

\$90,055,000 Airport Facilities Secondary Subordinated Revenue Bonds, Series 1997, dated December 1997, principal payable October 1 of each year beginning 2023 through 2027. Variable interest rate, which was 2.43% at September 30, 2008, due quarterly on January 1, April 1, July 1 and October 1; unamortized discount of \$6,057,000 and \$6,207,000.

Notes Payable

The commercial paper notes are classified as long-term debt obligations. A Letter of Credit provided by a syndicate of banks currently supports payment of the principal amount and interest on the Commercial Paper Notes.

With respect to Program A, the Letter of Credit and Reimbursement Agreement, dated February 1, 2003 and amended February 3, 2005, establishes the Authority's obligation to reimburse the banks for draws made under the Letter of Credit. Interest is payable at maturity at a variable rate, not in excess of the maximum rate, and matures not more than 270 days after their respective dates, but in no event later than the fifth Domestic Business Day prior to the Stated Termination Date of February 3, 2010, or any subsequent date to which the letter of credit is extended.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

15. NONCURRENT LIABILITIES (continued)

With respect to Program B, the Letter of Credit and Reimbursement Agreement, dated November 1, 2006, establishes the Authority's obligation to reimburse the banks for draws made under the Letter of Credit. Interest is payable at maturity at a variable rate, not in excess of the maximum rate, and matures not more than 270 days after their respective dates, but in no event later than the fifth Domestic Business Day prior to the Stated Termination Date of November 5, 2009, or any subsequent date to which the letter of credit is extended.

The Authority paid a non-interest bearing note payable to Florida Department of Transportation in July 2007.

Swap Payments and Associated Debt

Variable Rate Bonds: Using interest rates as of September 30, 2008, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Variable Rate Bonds
Projected Debt Service Requirements
(in thousands)

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swaps, Net</u>	<u>Total</u>
2009	6,475	11,544	(2,432)	15,587
2010	6,790	11,009	(2,188)	15,611
2011	7,120	10,449	(1,934)	15,635
2012	7,460	9,862	(1,667)	15,655
2013	7,820	9,246	(1,387)	15,679
2014-2018	45,135	35,909	(2,244)	78,800
2019-2023	45,285	16,392	6,628	68,305
2024-2027	77,420	4,796	4,007	86,223
	<u>\$ 203,505</u>	<u>\$ 109,207</u>	<u>\$ (1,217)</u>	<u>\$ 311,495</u>

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

15. NONCURRENT LIABILITIES (continued)

Fixed Rate Bonds: Using interest rates as of September 30, 2008, principal and interest requirements of the debt and net swap payments on the pay-variable, receive-fixed interest rate swap for the term of the swap and the debt are as follows. As rates vary, net swap payments will vary.

Fixed Rate Bonds
Projected Debt Service Requirements
(in thousands)

Calendar Year	Principal	Interest	Interest Rate Swaps, Net	Total
2009	\$ 3,610	\$ 757	\$ (146)	\$ 4,221
2010	3,820	569	(99)	4,290
2011	4,060	363	(56)	4,367
2012	2,385	134	(21)	2,498
	<u>\$ 13,875</u>	<u>\$ 1,823</u>	<u>\$ (322)</u>	<u>\$ 15,376</u>

16. DERIVATIVES AND HEDGING ACTIVITIES

Pay-Fixed, Receive-Variable Interest Rate Swaps

Objective of the swaps: The Authority entered into three separate pay-fixed, receive-variable interest rate swaps in order to reduce the impact of fluctuations in interest rates on its variable rate debt. The Authority terminated the swap associated with the 1998 PARS during the year ended September 30, 2008.

Terms, fair values, and risks: The notional amounts of the swaps match the principal amounts of the associated debt. The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that approximate scheduled or anticipated reductions in the outstanding principal amounts from debt repayments. The terms, fair values and credit ratings of the outstanding swaps as of September 30, 2008 and 2007, were as follows:

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Sept. 30, 2008 Fair Values	Swap Termination Date	Counterparty Credit Rating
1997B	\$ 90,055,000	Jan. 1, 2003	4.45%	SIFMA*	\$ (7,328,000)	Oct. 2027	AAA/AA+
2002E	128,745,000	Oct. 1, 2002	4.31	SIFMA*	(6,182,000)	Oct. 2021	AAA/AA+

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

16. DERIVATIVES AND HEDGING ACTIVITIES (continued)

<u>Associated Bond Issue</u>	<u>Notional Amounts</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Sept. 30, 2007 Fair Values</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit Rating</u>
1997B	\$ 90,055,000	Jan. 1, 2003	4.45%	SIFMA*	\$ (5,255,000)	Oct. 2027	AAA/AA+
1998 PARS Subordinated	298,625,000	Jan. 1, 1998	4.39	SIFMA* LIBOR**	(13,475,000)	Oct. 2018	Aa3/A+
2002E	143,320,000	Jan. 1, 2002	4.31	SIFMA*	(5,148,000)	Oct. 2021	AAA/AA+

*The Securities Industry and Financial Markets Association Municipal Swap Index

**London Interbank Offered Rate

Fair Value: Because interest rates have declined, all of the pay-fixed, receive-variable swaps noted above had negative fair values as of September 30, 2008. The fair values were obtained from the swap counterparty as of September 30, 2008.

Credit Risk: As of September 30, 2008, the Authority was not exposed to credit risk because the pay-fixed, receive-variable swaps had negative fair values. Should interest rates change and the fair value of the swaps becomes positive, the Authority would be exposed to credit risk in the amount of the derivatives' fair values.

Termination Risk: Goldman Sachs Mitsui Marine Derivative Products, L.P. (GSMMDP) has the right to terminate the 1997B Gulf Breeze Swap and the 1999 Forward Swap associated with the 2002E bonds upon the occurrence of certain insolvency events with respect to MBIA Insurance Corporation ("MBIA"), the insurer of the payments due from the Authority under the 1997B Gulf Breeze Swap and the 1999 Forward Swap, or the occurrence of certain credit downgrades of MBIA provided that, among other things, MBIA does not provide sufficient credit support or collateral to GSMMDP. Such an early termination would result in a cash settlement, based upon market conditions at the time of termination. The 1997B Gulf Breeze Swap and the 1999 Forward Swap also contain early termination and cash settlement provisions at the election of the Authority.

The Authority terminated the swap associated with the 1998 PARS during the year ended September 30, 2008. Goldman Sachs Capital Markets, L.P. (GSCM) had the right to terminate the 1998 Subordinated Bonds Swap upon the occurrence of certain insolvency events with respect to Financial Guaranty Insurance Company ("FGIC"), the insurer of the payments due from the Authority under the 1998 Subordinated Bonds Swap, or the occurrence of certain credit downgrades of FGIC provided that, among other things, FGIC did not provide sufficient credit support or collateral to GSCM. Early termination resulted in a cash settlement, based upon market conditions at the time of termination. The 1998 Subordinated Bonds Swap also contained early termination and cash settlement provisions at the election of the Authority.

Basis Risk: Under the 1997B Gulf Breeze Swap, GSMMDP has the right to convert the SIFMA Index based rate to a rate based upon percentage of London Interbank Offered Rate ("LIBOR") upon the occurrence of certain taxability events. Such a mismatch could result in the Authority having to pay the difference between the LIBOR-based rate and the tax-exempt variable rate.

Under the 1999 Forward Swap, GSMMDP has the right to convert the SIFMA Index based rate to a rate based upon percentage of LIBOR upon the occurrence of certain taxability events. A conversion to the LIBOR-based rate could result in a mismatch in the tax-exempt variable rate payment payable by the Authority under the 2002E Bonds and the LIBOR-based rate to be received by the Authority from GSMMDP under the 1999 Forward Swap. Such a

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

16. DERIVATIVES AND HEDGING ACTIVITIES (continued)

mismatch could result in the Authority having to pay the difference between the LIBOR-based rate and the tax-exempt variable rate.

Market-access Risk: The swaps expose the Authority to market-access risk for issues where access to the markets is limited or where that credit access will become more costly. Depending on the market conditions and the Authority's credit position, an interim placement may not offer the same level of economic benefit as originally intended. Market access also may become an issue if the Authority decides to terminate or modify an existing swap, either because it is no longer economically beneficial or because the related debt should be restructured. The Authority would evaluate the potential and effects of this risk when considering any event where market access becomes an issue.

Pay-Variable, Receive-Fixed Interest Rate Swap

Objective of the swap: The Authority entered into a separate pay-variable, receive-fixed interest rate swap in order to affect interest cost savings.

Terms, fair values, and risks: The terms, fair value and credit rating of the outstanding swap as of September 30, 2008 and 2007, were as follows.

<u>Associated Bond Issue</u>	<u>Notional Amount *</u>	<u>Effective Date</u>	<u>Variable Rate Paid</u>	<u>Fixed Rate Received</u>	<u>Fair Value Sept. 30, 2008</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit</u>
2002A Subordinated	\$16,989,000	8/6/1999	140% of SIFMA	6.505%	\$ 294,000	Oct. 2008	AAA/AA+

<u>Associated Bond Issue</u>	<u>Notional Amount *</u>	<u>Effective Date</u>	<u>Variable Rate Paid</u>	<u>Fixed Rate Received</u>	<u>Fair Value Sept. 30, 2007</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit</u>
2002A Subordinated	\$19,795,000	8/6/1999	140% of SIFMA	6.505%	\$ 430,000	Oct. 2008	AAA/AA+

*The notional amount does not match the outstanding principal of the debt.

Fair Value: The fair value of the swap associated with the 2002A Subordinated (the "1999 Fixed to Floating Swap") is \$294,000 as of September 30, 2008. This value was derived from GSMMDP.

Credit Risk: The swap's fair value represents the Authority's credit exposure to GSMMDP as of September 30, 2008. Should GSMMDP fail to perform according to the terms of the swap contract, the Authority faces a maximum possible loss equivalent to the swap's \$294,000 fair value.

Interest Rate Risk: The swap increases the Authority's exposure to interest rate risk. As SIFMA increases, the Authority's net payment on the swap increases.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

16. DERIVATIVES AND HEDGING ACTIVITIES (continued)

Termination Risk: GSMMDP has the right to terminate the 1999 Fixed to Floating Swap upon the occurrence of certain insolvency events with respect to MBIA, the insurer of the payments due from the Authority under the 1999 Fixed to Floating Swap, or the occurrence of certain credit downgrades of MBIA provided that, among other things, MBIA does not provide sufficient credit support or collateral to GSMMDP. Such an early termination would result in a cash settlement, based upon market conditions at the time of termination. The 1999 Fixed to Floating Swap contains early termination and cash settlement provisions at the election of the Authority.

Rollover Risk: The Authority is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When this swap terminates, the Authority will not realize the synthetic rate offered by the swap on the underlying debt issues. The 2002A Subordinated debt which has a maturity date of October 2012 and swap termination date of October 2008 is exposed to rollover risk.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

17. CONDUIT DEBT OBLIGATIONS

The Authority has outstanding the following series of conduit debt obligations:

	Amounts Outstanding As of September 30, (in thousands)	
	<u>2008</u>	<u>2007</u>
Special Purpose Facilities Revenue Bonds issued to provide for the acquisition, construction and installation of an aircraft maintenance hangar; payable solely from and secured by a pledge of rentals to be received from lease agreements and from proceeds of the letter of credit provided by the borrower.	\$ 228	\$ 532
Special Purpose Facilities Revenue Bonds issued to provide for the acquisition, construction and equipping of a Fixed Base Operator Facility; payable solely from and secured by a pledge of loan payments to be received from a loan agreement and from proceeds of the letter of credit provided by the borrower.	4,100	4,100
Special Purpose Facilities Revenue Bonds issued to provide for the construction and installation of a service center for aircraft; payable solely from and secured by a pledge of rentals to be received from lease agreements and an Unconditional Guaranty Agreement.	30,000	30,000
Special Purpose Facilities Revenue Bonds issued to provide for the construction of a flight training facility and the acquisition of flight training equipment; payable solely from a pledge of loan payments to be received from a loan agreement and a pledge of lease payments to be received from a lease agreement and an Unconditional Guaranty Agreement.	20,000	20,000
Special Purpose Facilities Revenue Bonds issued to provide for the acquisition, construction and equipping of a corporate training facility and an aircraft maintenance hanger facility; payable solely from a pledge of lease payments to be received from the lease agreement and secured by the Leasehold Mortgage.	47,315	47,315

These bonds are special limited obligations of the Authority, payable as described above. The bonds do not constitute a debt, liability or obligation of the Authority, the City of Orlando, or the State of Florida or any political subdivisions thereof and accordingly have not been reported in the accompanying financial statements.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

18. DEFERRED AMOUNT ON REFUNDING OF BONDS

On March 31, 2008, the Authority issued \$248.0 million in 2008A Series Airport Facilities Refunding Bonds (2008A) with a true interest rate of 4.89% and \$26.1 million in 2008B Series Airport Facilities Refunding Bonds (2008B) with a true interest rate of 4.30%. The 2008A proceeds of \$257.1 million, along with \$30.0 million of Authority available funds were deposited into the 1998 Airport Facilities Variable Rate Refunding Revenue Bonds Series 1998 A, B, C and D (PARS) sinking fund account to refund \$282.3 million of outstanding PARS and to pay related issuance costs. The 2008B proceeds of \$26.1 million were used to pay a swap termination amount of \$25.7 million related to the PARS and related issuance costs.

The refunding resulted in a loss of \$27.2 million between the reacquisition price and the net carrying amount of the old debt and swap termination payment, and the loss is reported in the accompanying financial statements as a deduction from bonds payable. The deferred loss will be charged to operations over the life of the 2008A and 2008B bonds using the effective-interest method.

The Authority initiated the refunding to mitigate interest rate risk associated with the PARS and related swap, as a result of the bond insurer rating downgrade and other related market events. The PARS were defeased on April 1 and April 3, 2008. The liability was removed and is no longer reflected on Authority's financial statements at September 30, 2008.

19. CAPITAL CONTRIBUTIONS

Grants and other contributions used to acquire capital assets are classified as capital contributions in the Statements of Revenues, Expenses, and Changes in Net Assets. Capital contributions consisted of the following at September 30, (in thousands):

	2008	2007
Federal Grants	\$ 47,572	\$ 26,104
State of Florida Grants	21,371	20,759
Other Grants	933	776
	\$ 69,876	\$ 47,639

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

20. AIRLINE LEASE AND USE AGREEMENT

The Authority entered into residual lease and use agreements with various signatory airlines that extend through the end of fiscal year 2008. Among other provisions, the agreements require that landing fees and terminal fees and charges will be reviewed annually and adjusted as necessary so that the total revenues of the Airport Facilities Revenue Account are sufficient to meet debt service requirements. The Authority negotiated new Lease and Use Agreements relating to the use of the Airport, the rental of space, and the establishment of landing fees with the airlines effective October 1, 2008. See the Subsequent Events disclosure (Note 23) for additional information.

At the end of the fiscal year, after all required deposits have been made, the remaining funds on deposit are divided equally between the airlines and the Authority. The Authority's share is deposited into the Airport Facilities Improvement and Development Account and the airlines' share is deposited into the Airport Facilities Prepaid Airline Fees and Charges Account which is used to meet revenue requirements for the following fiscal year. The airline's share is included in the Balance Sheet as deferred revenue payable from restricted assets.

For the years ended September 30, 2008 and 2007, deferred revenues allocable to the airlines for that year amounted to approximately \$13.6 million and \$13.9 million, respectively. Airfield area revenues on the Statements of Revenues, Expenses and Changes in Net Assets have been increased by \$12.0 million for the 2008 fiscal year. This increase was the result of previously deferred revenue of \$25.6 million offset by the 2008 credit of \$13.6 million. Since the Airline Lease and Use Agreement expired September 30, 2008, the Authority recognized the previous deferred revenue as landing fee income. Airfield area revenues on the Statements of Revenues, Expenses and Changes in Net Assets have been reduced by \$18.5 million for the 2007 fiscal year. For the years ended September 30, 2008 and 2007, no signatory airline's revenues under the lease and use agreement represented more than 5% of operating revenues.

21. OUTSTANDING CONTRACTS

As of September 30, 2008 and 2007, the Authority had entered into construction contracts totaling approximately \$1.2 billion and \$958.3 million, respectively, for construction, engineering services and equipment. Approximately \$197.5 million and \$274.1 million, remained unincurred as of September 30, 2008 and 2007, respectively. Grants and passenger facility charges will be utilized to fund a portion of these projects.

22. COMMITMENTS AND CONTINGENCIES

Grants: The Authority receives grants from federal and state assistance programs. Amounts received or receivable under these programs are subject to audit and adjustment. The amount, if any, of disallowed claims, including amounts already collected, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

City of Orlando: The Operation and Use Agreement with the City of Orlando (Note 4) provides for certain future payments by the Authority to the City of Orlando in the amount of \$2.0 million in total plus 6% interest. The Agreement provides that all principal payments will be deferred and interest payments will be abated during the full term of airport revenue bonds issued for the construction of major new terminal facilities, runways or appurtenances at Orlando International Airport. It is improbable that this liability and related interest will be paid since the term of the revenue bonds issued for such items and the outstanding revenue bonds balance will extend beyond the terms of the Agreement. As of September 30, 2008, this contingent liability of the Authority was approximately \$1.7 million.

Rental Car Agencies: The Authority has agreed to reimburse several car rental agencies for the unamortized residual value of their leasehold improvements at Orlando International Airport, if their leases are terminated by the Authority prior to their expiration dates. As of September 30, 2008, this contingent liability of the Authority amounted to approximately \$4.3 million.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

22. COMMITMENTS AND CONTINGENCIES (continued)

Contamination Assessment and Remediation: The Authority has undertaken contamination assessment and site remediation at a number of locations. In addition to the identified areas of environmental contamination, the Authority may be obligated to conduct site rehabilitation or abatement as the result of the past discharge of certain petroleum based pollutants or hazardous substances or because of the presence of asbestos, lead based paint or other indoor air contaminants in certain buildings located thereon, either as the party primarily responsible or as the party responsible in the event other parties who are liable are unable to do so. Where groundwater or soil contamination is present, site rehabilitation has been or will be undertaken upon approval by the Orange County Environmental Protection Department or the Florida Department of Environmental Protection (FDEP).

Although it is difficult to quantify the potential impact of compliance with environmental protection laws, the Authority believes that the ultimate aggregate cost of environmental remediation will not result in a material adverse effect on its future financial condition or results of operations. The Authority expects to recover any costs expended on environmental remediation through rates and charges.

Wetland Mitigation: Pursuant to environmental permits issued by the U. S. Army Corps of Engineers, the FDEP and the South Florida Water Management District (collectively, the Environmental Agencies), the Authority has been required to provide mitigation for impacts which Authority projects had on existing wetlands. Wetland mitigation includes the preservation of both upland and wetland land in their natural state, the enhancement of existing wetlands, and the creation of new wetland areas. Wetland mitigation may also include funding the acquisition of environmentally sensitive lands by third parties.

For fiscal year 2008, the Authority continued the monitoring and maintenance of both on-site and off-site wetland mitigation areas and preparation of applicable conservation easements. No new mitigation credits were acquired during this reporting period. Although it is difficult to quantify the potential cost of compliance with the conditions contained in existing environmental permits, the Authority expects to recover any costs of compliance in the Authority's capital improvements program.

Construction Disputes: The Authority is not aware of any current dispute arising from the construction of improvements in which the contractors involved may seek additional compensation.

23. SUBSEQUENT EVENTS

Lease and Use Agreement: Effective as of October 1, 2008 the Authority entered into new Lease and Use Agreements relating to the use of the Airport, the rental of space, and the establishment of landing fees (collectively referred to herein as the "Lease and Use Agreements") with each of the following airlines: Air Canada, AirTran Airways, Inc. ("AirTran"), American Airlines, British Airways, PLC ("British Airways"), Continental Airlines, Inc. ("Continental"), Delta Air Lines, Inc. ("Delta"), jetBlue Airways, Corp. ("jetBlue"), Northwest Airlines, Inc. ("Northwest"), Southwest Airlines, Co. ("Southwest"), Spirit Airlines, Inc. ("Spirit"), United, US Airways, Virgin Atlantic Airways, Ltd. ("Virgin") and WestJet (collectively, the "Signatory Airlines"). The new Lease and Use Agreements will be effective through October 1, 2013. The key provisions of the new Lease and Use Agreements include a change from a residual to a compensatory rate-making methodology for the terminal building, an increasing amount of net remaining revenue for the Authority over the term of the Lease and Use Agreements, an increased scope of capital expenditures not subject to Majority-In-Interest approval of the signatory airlines and the ability to use an Extraordinary Coverage Protection provision when the 1.25x Rate Covenant is not met.

GREATER ORLANDO AVIATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2008 and 2007

23. SUBSEQUENT EVENTS (continued)

Under its Lease and Use Agreement, each Signatory Airline is required to pay in monthly installments (a) a specified annual rental with respect to space assigned on an exclusive or preferential basis to such Signatory Airline, (b) a charge with respect to space used in common with others, based on the number of Signatory Airlines and on a proportionate formula, (c) a landing fee, based on maximum gross landed weight, the number of landings, and the applicable landing fee rate (d) an annual charge for tenant improvements financed by the Authority, and (e) an annual charge for preferential use of aircraft parking aprons.

Bond Issuance: On October 8, 2008 the Authority issued \$75.0 million in 2008C Series Airport Facilities Revenue Bonds (2008C) with an interest rate of 3.99% to pay off \$69.0 million of existing Commercial Paper. The remaining proceeds of \$6.0 million were deposited with a Special Trustee of which \$5.8 million will be used for construction project costs and \$0.2 million for costs of issuance. The 2008C bonds are scheduled to mature on October 1, 2013.

2002E Bonds: The Authority issued \$180.7 million Airport Facilities Variable Rate Refunding Bonds, Series 2002E (the "2002E Bonds") on September 18, 2002. The 2002E Bonds were issued as senior lien variable rate revenue bonds initially in the Weekly Mode (as defined in the Supplemental Airport Facilities Revenue Bond Resolution). While in Weekly Mode, the interest rate on the 2002E Bonds resets weekly and the 2002E Bonds are subject to tender for purchase on any Business Day at the option of the registered owners thereof upon seven days prior notice given by such registered owners. The Authority currently maintains a Standby Bond Purchase Agreement ("Liquidity Facility") which requires the Liquidity Facility Issuer to purchase any and all tendered bonds under the terms of the agreement. The Liquidity Facility has been in effect from the initial delivery date of the bonds until the earliest of July 31, 2009 or to an extended date as may become effective under the Liquidity Facility or the Business Day next succeeding the effective date of any Purchase Period. The final maturity date of the bonds is October 1, 2021.

The Trustee and Tender Agent for the 2002E Bonds received notification of the tender of \$0.8 million of the Bonds effective October 1, 2008. Subsequently, they received notification that \$111.6 million of the Bonds were being tendered effective October 8, 2008. In accordance with the Standby Bond Purchase Agreement, the Liquidity Facility Issuer purchased the tendered bonds resulting in \$112.4 million of the 2002E Bonds being held.

According to the terms of the Agreement, the Authority will pay the Liquidity Facility Issuer the Purchased Bonds Rate on the principal amount of the Purchased Bonds. The Purchased Bonds Rate is based on the Base Rate which is the rate equal to the greater of (1) the Prime Rate or (2) the Federal Funds Rate plus 0.50% per annum. According to the Agreement, if the Liquidity Facility Issuer shall own Purchased Bonds at the end of the Purchase Period, then the Purchased Bonds Rate shall be equal to the Base Rate plus 3.00% per annum for any period thereafter.

As of December 31, 2008, all of the 2002E Bonds held by the Liquidity Facility Issuer had been remarketed.

GREATER ORLANDO AVIATION AUTHORITY
 REQUIRED SUPPLEMENTAL INFORMATION
 SINGLE-EMPLOYER PENSION PLAN
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date Oct. 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$63,464,807	\$85,766,727	\$22,301,920	74%	\$15,018,218	148%
2006	49,810,788	76,168,951	26,358,163	65	14,794,646	178
2005	43,371,174	70,428,136	27,056,962	62	15,277,308	177

GREATER ORLANDO AVIATION AUTHORITY
 REQUIRED SUPPLEMENTAL INFORMATION
 SINGLE-EMPLOYER POSTEMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Oct. 01, 2007	\$ -	\$44,082,109	\$44,082,109	-	\$36,536,030	120.65 %
Oct. 01, 2006	-	26,973,954	26,973,954	-	34,859,180	77.38
Dec. 31, 2005	-	25,288,646	25,288,646	-	27,983,670	90.37

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APPENDIX F

FORM OF CO-BOND COUNSEL OPINION

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On the date of issuance of the Series 2009C Bonds in definitive form, Greenberg Traurig, P.A. and Marchena and Graham, P.A., Co-Bond Counsel, propose to render their opinion in substantially the following form:

December [____], 2009

Greater Orlando Aviation Authority
One Airport Boulevard
Orlando, FL 32827

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the Greater Orlando Aviation Authority (the "Authority") of its \$87,110,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2009C of the City of Orlando, Florida (the "Series 2009C Bonds"), dated of even date herewith.

The Series 2009C Bonds are being issued pursuant to the authority of the Constitution and laws of the State of Florida, and the Airport Facilities Revenue Bond Resolution Authorizing Airport Facilities Revenue Bonds of City of Orlando, Florida adopted by the Authority on June 13, 1978 and approved by the City of Orlando, Florida (the "City") on June 19, 1978, as codified and supplemented and amended from time to time thereafter (collectively, the "Bond Resolution"), including, without limitation, pursuant to a resolution of the Authority adopted on November 18, 2009, which resolution was approved by the City on November 16, 2009 (such resolution being referred to herein as the "2009C Supplemental Resolution"). All terms used herein in capitalized form and not otherwise defined herein shall have the same meaning as ascribed to them under the Bond Resolution.

In rendering this opinion we have examined the transcript of the proceedings (the "Transcript") relating to the issuance of the Series 2009C Bonds which include the Bond Resolution, the 2009C Supplemental Resolution and certain other documentation, an executed or facsimile of each of the Series 2009C Bonds and such other documents as we have deemed necessary to render this opinion.

Based on this examination, we are of the opinion that, under existing law:

1. All conditions precedent in the Bond Resolution to the delivery of the Series 2009C Bonds have been duly fulfilled and the Bond Resolution has been duly adopted by the Authority and approved by the City and constitutes a valid and legally binding obligation of the Authority enforceable in accordance with its terms.

2. The issuance and sale of the Series 2009C Bonds have been duly authorized by the Authority and the Series 2009C Bonds constitute valid and legally binding limited obligations of the Authority and the City, payable solely from, and secured by, the Revenues and other funds and investment earnings thereon held pursuant to the Bond Resolution in the manner and to the extent specified in the Bond Resolution (the "Pledged Revenues") on parity with the Outstanding Bonds.

3. Except as expressly provided for in the Bond Resolution, the Series 2009C Bonds are not obligations of the State of Florida or general obligations of the Authority, the City or any political subdivision of the State of Florida. Neither the faith and credit nor the taxing power of the City, the State of Florida or any political subdivision thereof is pledged to the payment of the principal of the Series 2009C Bonds, or the interest or premium, if any, thereon. The Authority has no taxing power. The principal of and interest on the Series 2009C Bonds shall not be payable from or be a charge or lien on any funds of the City or the Authority other than the Pledged Revenues and the owners of the Series 2009C Bonds shall have no recourse to the taxing power of the Authority, the City, the State of Florida or any agency or political subdivision thereof.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated below: (i) interest on the Series 2009C Bonds is excludable from gross income for federal income tax purposes, except interest on a Series 2009C Bond for any period during which that Series 2009C Bond is held by a "substantial user" of the facilities financed by the Series 2009C Bonds, or a "related person" as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Series 2009C Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and will not be taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations.

In rendering the opinion in this Paragraph 4 above, we have assumed continuing compliance by the Authority with the requirements of the Code that must be met after the issuance of the Series 2009C Bonds in order that interest on the Series 2009C Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with the requirements of the Code in order to maintain the excludability of interest on the Series 2009C Bonds from gross income for federal income tax purposes. The failure by the Authority to meet certain of such requirements may cause interest on the Series 2009C Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2009C Bonds.

5. The Series 2009C Bonds and the interest thereon are not subject to taxation under the laws of the State, except estate taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220, Florida Statutes, as amended.

Except as stated in Paragraphs 4 and 5 above, we express no opinion as to any other tax consequences regarding the Series 2009C Bonds.

This opinion is qualified to the extent that the enforceability of the Series 2009C Bonds and the Bond Resolution, respectively, may be limited by general principles of equity which may permit the exercise of judicial discretion, and by bankruptcy, insolvency, moratorium, reorganization or similar laws relating to the enforcement of creditors' rights generally, now or hereafter in effect.

In rendering the foregoing opinions we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have not been engaged nor have we undertaken to review or verify and therefore express no opinion as to the accuracy, adequacy, fairness or completeness of any official statement or other offering materials relating to the Series 2009C Bonds, except as may be otherwise set forth in our supplemental opinion delivered to the initial purchaser of the Series 2009C Bonds. In addition, other than as expressly set forth herein, we have not passed upon and therefore express no opinion as to the compliance by the Authority or any other party involved in this financing, or the necessity of such parties complying, with any federal or state registration requirements or security statutes, regulations or rulings with respect to the offer and sale of the Series 2009C Bonds.

Reference is made to the opinion of even date herewith of Broad and Cassel, Issuer's Counsel to the Authority, on which we rely as to the due organization and valid existence of the Authority, the due adoption of the Bond Resolution and the approvals, if any, required from certain airlines under the Lease and Use Agreements; and to the opinion of even date herewith of the City's Office of Legal Affairs, as to the due adoption by the City of its resolutions approving the Bond Resolution. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in such opinions, and have relied solely on the matters described therein.

We express no opinion with respect to any other document or agreement entered into by the Authority or by any other person in connection with the Series 2009C Bonds, other than as expressed herein.

Our opinions expressed herein are predicated upon present laws, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

by and between

GREATER ORLANDO AVIATION AUTHORITY

and

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

relating to:

Greater Orlando Aviation Authority

\$87,110,000

Airport Facilities Revenue Bonds

Series 2009C

of the City of Orlando, Florida

DATED AS OF DECEMBER 17, 2009

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") is dated as of December 17, 2009 by and between the **GREATER ORLANDO AVIATION AUTHORITY** (the "Authority") and **DIGITAL ASSURANCE CERTIFICATION, L.L.C.** and any successor disclosure dissemination agent serving hereunder pursuant to Section 12 hereof (in such capacity, the "Dissemination Agent" or "DAC").

RECITALS:

A. Contemporaneously with the execution and delivery of this Disclosure Agreement, the Authority will issue its \$87,110,000 Greater Orlando Aviation Authority Airport Facilities Revenue Bonds, Series 2009C of the City of Orlando, Florida (the "Series 2009C Bonds"), pursuant to the Airport Facilities Revenue Bond Resolution, the codified version of which was adopted by the Authority on September 17, 2008, as amended and supplemented from time to time, and as specifically supplemented by the Supplemental Airport Facilities Revenue Bond Resolution adopted by the Authority on November 18, 2009 (as amended and supplemented, the "Bond Resolution").

B. The Series 2009C Bonds are being issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to: (a) pay costs and expenses related to improvements to the Orlando International Airport (the "Airport") as further described in the Official Statement (the "2009 PFC Project"), (b) make a deposit to the Composite Reserve Subaccount of the Debt Service Reserve Account in an amount, if any, required to bring the balance equal to the Composite Reserve Requirement, (c) repay all or a portion of the Authority's commercial paper debt used to provide interim financing for certain costs of the 2009 PFC Project, and (d) pay certain costs of issuance of the Series 2009C Bonds.

C. The Authority has authorized the preparation and distribution of the Preliminary Official Statement dated December 3, 2009 with respect to the Series 2009C Bonds (the "Preliminary Official Statement") and, on or before the date of the Preliminary Official Statement, the Authority deemed that the Preliminary Official Statement was final within the meaning of Rule 15c2-12, as amended (the "Rule"), of the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended.

D. Upon the initial sale of the Series 2009C Bonds to the underwriters named in the herein referenced Official Statement (collectively, the "Underwriter"), the Authority authorized the preparation and distribution of the Official Statement dated December 9, 2009 with respect to the Series 2009C Bonds (the "Official Statement").

E. As a condition precedent to the initial purchase of the Series 2009C Bonds by the Underwriter in accordance with the Bond Purchase Agreement dated December 9, 2009 (the "Bond Purchase Agreement") by and among the Underwriter and the Authority, and in compliance with the Underwriter's obligations under the Rule, the Authority has agreed to provide for the public disclosure of annual reports of financial information on an ongoing basis for so long as the Series 2009C Bonds remain outstanding as set forth herein and the Authority

has agreed to retain the Dissemination Agent to perform certain disclosure dissemination tasks as provided for herein on its behalf.

NOW THEREFORE, in consideration of the purchase of the Series 2009C Bonds by the Underwriter and all subsequent Beneficial Owners of the Series 2009C Bonds, and the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the Authority and the Dissemination Agent do hereby certify and agree as follows:

Section 1. Incorporation of Recitals. The above recitals are true and correct and are incorporated into and made a part hereof.

Section 2. Definitions.

(a) For the purposes of this Disclosure Agreement, all capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed thereto in the Bond Resolution and the Official Statement, as applicable.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Disclosure Agreement:

"Actual knowledge" as used herein, and for the purposes hereof, a party shall be deemed to have "actual knowledge" of the occurrence of any event only if and to the extent the individual or individuals employed by such party and directly responsible for the administration of this Disclosure Agreement on behalf of such party have actual knowledge of or receive written notice of the occurrence of such event.

"Annual Filing" means any annual report provided by the Authority, pursuant to and as described in Section 6 of this Disclosure Agreement.

"Annual Filing Date" means the date, set forth in Sections 4(a) and 4(f) herein, by which the Annual Filing is to be filed with the Repositories.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 6(a) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Authority for the prior Fiscal Year, certified by an independent auditor as prepared in accordance with generally accepted accounting standards and Government Auditing Principles issued by the Comptroller General of the United States.

"Beneficial Owner" shall mean any individual beneficial owner of the Series 2009C Bonds. Beneficial ownership is to be determined consistent with the definition thereof contained in Rule 13d-3 of the Securities Exchange Act of 1934, as amended, or, in the event such provisions do not adequately address the situation at hand (in the opinion of nationally recognized bond counsel), beneficial ownership is to be determined based upon ownership for federal income tax purposes.

"Disclosure Representative" means the Chief Financial Officer of the Authority or his or her designee, or such other person as the Authority shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing Information to the Dissemination Agent.

"Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as initial Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority pursuant to Section 12 hereof.

"EMMA" means the MSRB's Electronic Municipal Market Access system authorized by the SEC in accordance with the Rule. Further information regarding EMMA can be retrieved by visiting the web site "<http://emma.msrb.org/>".

"Filing" means, as applicable, any Annual Filing or Notice Event Filing or any other notice or report made public under this Disclosure Agreement.

"Fiscal Year" shall mean the fiscal year of the Authority, which currently is the twelve month period beginning October 1 and ending on September 30 of the following year or any such other twelve month period designated by the Authority to be its fiscal year.

"Information" means the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event Filings, and the Voluntary Reports.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor to its functions for the purpose of the Rule; the address, phone number and fax number of the MSRB for the purposes of the Rule as of the date hereof are set forth on Exhibit A hereto.

"Notice Event Filing" shall have the meaning specified in Section 5(a) hereof.

"Notice Event" shall have the meaning specified in Section 5(a) hereof.

"State Depository" or **"SID"** means any information depository designated by the State of Florida for the purposes of the Rule or for similar municipal securities information depository purposes with which the Authority is legally required to file the Information, it being understood that no such SID is currently designated by the State of Florida.

"Voluntary Report" means the information provided to the Dissemination Agent by the Authority pursuant to Section 8 hereof.

Section 3. Scope of this Disclosure Agreement.

(a) The Authority has agreed to enter into this Disclosure Agreement, undertake the disclosure obligations hereunder and retain the Dissemination Agent to perform the disclosure dissemination tasks set forth herein on its behalf, all at the request of the Underwriter and as a condition precedent to the Underwriter's purchase of the Series 2009C Bonds in order to assist the Underwriter with compliance with the Rule. The disclosure obligations of the Authority under this Disclosure Agreement relate solely to the Series 2009C Bonds. Such disclosure obligations are not applicable to any other securities issued or to be issued by the Authority,

whether issued for the benefit of the Authority or otherwise, nor to any other securities issued by or on behalf of the Authority.

(b) Neither this Disclosure Agreement, nor the performance by the Authority or the Dissemination Agent of their respective obligations hereunder, shall create any third-party beneficiary rights, shall be directly enforceable by any third-party, or shall constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, the Underwriter and each Beneficial Owner of the Series 2009C Bonds are hereby made third-party beneficiaries hereof (collectively and each respectively, a "Third-Party Beneficiary") and shall have the right to enforce the obligations of the parties hereunder pursuant to Section 9 hereof.

(c) This Disclosure Agreement shall terminate upon the defeasance, redemption or payment in full of all Series 2009C Bonds, subject to the Dissemination Agent's removal, or right to resign under Sections 11 and 12 hereof.

Section 4. Annual Filings. (a) The Authority shall provide, annually, an electronic copy of the Annual Filing to the Dissemination Agent not later than 15 days prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Filing, the Dissemination Agent shall provide the Annual Filing to the MSRB, through EMMA, and the State Depository (if any) not later than 210 days after the end of each Fiscal Year, commencing with the Fiscal Year ending September 30, 2009. Such dates and each anniversary thereof is the Annual Filing Date. The Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Dissemination Agent has not received a copy of the Annual Filing, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Authority of its undertaking to provide the Annual Filing pursuant to Section 4(a) hereof. Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Filing no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Dissemination Agent in writing that the Authority will not be able to file the Annual Filing within the time required under this Disclosure Agreement, state the date by which the Annual Filing for such year will be provided and instruct the Dissemination Agent that a Notice Event as described in Section 5(a)(11) hereof has occurred and to immediately send a notice to the MSRB, through EMMA, and the State Depository (if any).

(c) If the Dissemination Agent has not received an Annual Filing by 12:00 noon on the first business day following the Annual Filing Date for the Annual Filing, a Notice Event described in Section 5(a)(11) hereof shall have occurred and the Authority irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB, through EMMA, and the State Depository (if any).

(d) If Audited Financial Statements of the Authority are prepared but not available prior to the Annual Filing Date, the Authority shall, when the Audited Financial Statements are

available, provide in a timely manner an electronic copy to the Dissemination Agent, accompanied by a Certificate for filing with the MSRB, through EMMA, and the State Depository (if any).

(e) The Dissemination Agent shall:

- (i) upon receipt, promptly file each Annual Filing received under Section 4(a) hereof with the MSRB, through EMMA, and the State Depository (if any);
- (ii) upon receipt, promptly file each Audited Financial Statement received under Section 4(d) hereof with the MSRB, through EMMA, and the State Depository (if any);
- (iii) upon receipt, promptly file the text of each disclosure to be made with the MSRB, through EMMA, and the State Depository (if any) together with a completed copy of the MSRB Material Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box indicated below when filing pursuant to the Section of this Disclosure Agreement indicated:
 1. "Principal and interest payment delinquencies," pursuant to Sections 5(c) and 5(a)(1) hereof;
 2. "Non-payment related defaults," pursuant to Sections 5(c) and 5(a)(2) hereof;
 3. "Unscheduled draws on debt service reserves reflecting financial difficulties," pursuant to Sections 5(c) and 5(a)(3) hereof;
 4. "Unscheduled draws on credit enhancements reflecting financial difficulties," pursuant to Sections 5(c) and 5(a)(5) hereof;
 5. "Substitution of credit or liquidity providers, or their failure to perform," pursuant to Sections 5(c) and 5(a)(4) hereof;
 6. "Modifications to rights of Owners," pursuant to Sections 5(c) and 5(a)(6) hereof;
 7. "Unscheduled Bond calls," pursuant to Sections 5(c) and 5(a)(7) hereof;
 8. "Defeasances," pursuant to Sections 5(c) and 5(a)(8) hereof;
 9. "Release, substitution, or sale of property securing repayment of the Series 2009C Bonds," pursuant to Sections 5(c) and 5(a)(9) hereof;
 10. "Ratings changes," pursuant to Sections 5(c) and 5(a)(10) hereof;

11. "Failure to provide annual financial information as required," pursuant to Section 4(b)(ii) or Section 4(c) hereof;
12. "Other material event notice (specify)," pursuant to Section 8 hereof, together with the summary description provided by the Disclosure Representative.

(iv) provide the Authority evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Dissemination Agent under this Disclosure Agreement.

(f) The Authority may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the MSRB, through EMMA, and the State Depository (if any) provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Each Annual Filing shall contain the information set forth in Section 6 hereof.

Section 5. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Series 2009C Bonds constitutes a Notice Event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers or their failure to perform;
- (5) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (6) Modifications to rights of Owners;
- (7) Unscheduled Bond calls;
- (8) Defeasances;
- (9) Release, substitution or sale of property securing repayment of the Series 2009C Bonds;
- (10) Rating changes;
- (11) Failure of the Authority to provide an Annual Filing as required hereunder; or

- (12) Other material event notice (specify), pursuant to Section 8 hereof, together with the summary description provided by the Disclosure Representative.

The Authority shall promptly notify the Dissemination Agent in writing upon having actual knowledge of the occurrence of a Notice Event. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (c) of this Section 5. Such notice shall be accompanied with the text of the disclosure that the Authority desires to make (each a "Notice Event Filing"), the written authorization of the Authority for the Dissemination Agent to disseminate such information, and the date the Authority desires for the Dissemination Agent to disseminate the information.

(b) The Dissemination Agent is under no obligation to notify the Authority or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 5, together with the text of the disclosure that the Authority desires to make, the written authorization of the Authority for the Dissemination Agent to disseminate such information, and the date the Authority desires for the Dissemination Agent to disseminate the information.

(c) If the Dissemination Agent has been instructed by the Authority as prescribed in subsection (a) or (b)(ii) of this Section 5 to report the occurrence of a Notice Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, through EMMA, and the State Depository (if any).

Section 6. Content of Annual Filings.

(a) Each Annual Filing of the Authority shall contain Annual Financial Information with respect to the Authority, including, to the extent not set forth in the CAFR (as hereinafter defined):

(1) Annual, updated historical financial and operating data for the Authority of the type included in the sections of the Official Statement captioned "AUTHORITY FINANCIAL INFORMATION," "THE GREATER ORLANDO AVIATION AUTHORITY AIRPORT SYSTEM" and "AIRLINE REVENUES AND OTHER REVENUE SOURCES," consisting of information in the tables titled, "Historical Debt Service Coverage Per Bond Resolution," "Statement of Revenues and Expenses," "Historical Enplaned Passengers," "Historical Airline Market Shares," "International Enplaned Passengers" and "Passenger Facility Charges" (including Revenues, Available PFC Revenues as included in Revenues and Available Revenues, Operation and Maintenance Expenses, Net Revenues, debt service coverage, passenger enplanements and airline passenger market shares); and

(2) A description of any material litigation which would have been disclosed in the Official Statement if such litigation were pending at the time the Official Statement was prepared.

(b) If available at the time of such filing, the Audited Financial Statements of the Authority for the prior Fiscal Year. If the Authority's Audited Financial Statements are not available by the time the Annual Filing is required to be filed pursuant to Section 4(a) hereof, the Annual Filing shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Filing when they become available. Audited Financial Statements (if any) will be provided pursuant to Section 4(d) hereof.

(c) The Authority's Comprehensive Annual Financial Report ("CAFR") for the immediately preceding Fiscal Year.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), which have been previously filed with the MSRB or the United States Securities and Exchange Commission (the "SEC"). If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority will clearly identify each such document so incorporated by reference.

Section 7. Responsibility for Content of Reports and Notices.

(a) The Authority shall be solely responsible for the content of each Filing (or any portion thereof) provided to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not be responsible for reviewing or verifying the accuracy or completeness of any such Filings.

(b) Each Filing distributed by the Dissemination Agent pursuant to Section 4 or 5 hereof shall be in a form suitable for distributing publicly and shall contain the CUSIP numbers of the Series 2009C Bonds and shall be in substantially the form set forth in Exhibit B hereto. If an item of information contained in any Filing pursuant to this Disclosure Agreement would be misleading without additional information, the Authority shall include such additional information as a part of such Filing as may be necessary in order that the Filing will not be misleading in light of the circumstances in which made.

(c) Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Filing or Notice Event Filing, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Filing or Notice Event Filing in addition to the information specifically required by this Disclosure Agreement, then and in such cases, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Filing or Notice Event Filing.

(d) Any report, notice or other filing to be made public pursuant to this Disclosure Agreement may consist of a single document or separate documents comprising a package and may incorporate by reference other clearly identified documents or specified portions thereof previously filed with the MSRB or the SEC, provided that any final official statement incorporated by reference must be available from the MSRB.

(e) Notwithstanding any provision herein to the contrary, nothing in this Disclosure Agreement shall be construed to require the Authority or the Dissemination Agent to interpret or provide an opinion concerning information made public pursuant to this Disclosure Agreement.

(f) Notwithstanding any provision herein to the contrary, the Authority shall not make public, or direct the Dissemination Agent to make public, information which is not permitted to be publicly disclosed under any applicable data confidentiality or privacy law or other legal requirement.

Section 8. Voluntary Reports.

(a) The Authority may instruct the Dissemination Agent to file information with the MSRB, through EMMA, and the State Depository (if any), from time to time pursuant to a certification of the Disclosure Representative accompanying such information (a "Voluntary Report").

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information through the Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event Filing, in addition to that required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event Filing in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event Filing.

(c) Notwithstanding the foregoing provisions of this Section 8, the Authority is under no obligation to provide any Voluntary Report.

Section 9. Defaults; Remedies.

(a) A party shall be in default of its obligations hereunder if it fails and refuses to carry out or perform its obligations hereunder for a period of five business days following notice of default given in writing to such party by any other party hereto or by any Third Party Beneficiary hereof, unless such default is cured within such five business day notice period. An extension of such five business day cure period may be granted for good cause (in the reasonable judgment of the party granting the extension) by written notice from the party who gave the default notice.

(b) If a default occurs and continues beyond the cure period specified above, any nondefaulting party or any Third-Party Beneficiary may seek specific performance of the

defaulting party's obligations hereunder as the sole and exclusive remedy available upon any such default, excepting, however, that the party seeking such specific performance may recover from the defaulting party any reasonable attorneys' fees and expenses incurred in the course of enforcing this Disclosure Agreement as a consequence of such default. Each of the parties hereby acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder, and therefore agrees that the exclusive remedy of specific performance shall be available in proceedings to enforce this Disclosure Agreement.

(c) Notwithstanding any provision of this Disclosure Agreement or the Bond Resolution to the contrary, no default under this Disclosure Agreement shall constitute a default or event of default under the Bond Resolution.

Section 10. Amendment or Modification.

(a) This Disclosure Agreement shall not be amended or modified except as provided in this Section and, except as provided in subsection (b) hereof, may not be amended or modified except in writing executed by the Dissemination Agent and the Authority. No modification, amendment, alteration or termination of all or any part of this Disclosure Agreement shall be construed to be, or operate as, altering or amending in any way the provisions of the Bond Resolution.

(b) The addresses, telephone numbers, et cetera, of the MSRB or any State Depository subsequently designated by the State of Florida shall be automatically amended from time to time as necessary.

(c) This Disclosure Agreement shall be amended or modified from time to time as may be necessary or desirable to conform the terms hereof to the Rule or any official release of the SEC with respect to the Rule, to the extent applicable to the subject matter hereof, provided, however, that (i) this Disclosure Agreement as so amended would have complied with the Rule at the time of initial issuance and sale of the Series 2009C Bonds, after taking into account any amendments or interpretative releases of the SEC with respect to the Rule and any change in circumstances occurring since such time of initial issuance and sale and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Series 2009C Bonds, as determined by either (1) an opinion of nationally recognized bond counsel firm or (2) approving vote of the owners of the Series 2009C Bonds in accordance with the procedures and requirements substantially similar to those applicable to amendments to the Bond Resolution (including, without limitation, the percentage of Bondholders whose approval is required).

(d) The Authority shall prepare or cause to be prepared a notice of any such amendment or modification and shall direct the Dissemination Agent to make such notice public in accordance with Section 5(a)(12) hereof.

Section 11. Reimbursement of Dissemination Agent's Expenses. The Dissemination Agent shall be reimbursed by the Authority for all out-of-pocket expenses incurred by it in performance of its duties under this Disclosure Agreement, payable promptly upon written request. The Dissemination Agent shall have the right to resign and terminate its

agency relationship and all of its obligations under this Disclosure Agreement upon non-payment of its expenses by written notice to the Authority.

Section 12. Agency Relationship.

(a) The Dissemination Agent agrees to perform such duties, but only such duties, as are specifically set forth in this Disclosure Agreement, and no implied duties or obligations of any kind shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Dissemination Agent may conclusively rely, as to the truth, accuracy and completeness of the statements set forth therein, upon all notices, reports, certificates or other materials furnished to the Dissemination Agent pursuant to this Disclosure Agreement, and in the case of notices and reports required to be furnished to the Dissemination Agent pursuant to this Disclosure Agreement, the Dissemination Agent shall have no duty whatsoever to examine the same to determine whether they conform to the requirements of this Disclosure Agreement.

(b) The Dissemination Agent shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Dissemination Agent unless it shall be proved that the Dissemination Agent engaged in negligent or willful misconduct in ascertaining the pertinent facts related thereto.

(c) The Dissemination Agent shall perform its rights and duties under this Disclosure Agreement using the same standard of care as a prudent person would exercise under the circumstances, and the Dissemination Agent shall not be liable for any action taken or failure to act in good faith under this Disclosure Agreement unless it shall be proven that the Dissemination Agent was negligent or engaged in willful misconduct.

(d) The Dissemination Agent may perform any of its duties hereunder by or through attorneys or agents selected by it with reasonable care, and shall be entitled to the advice of counsel concerning all matters arising hereunder, and may in all cases pay such reasonable compensation as it may deem proper to all such attorneys and agents, and the Dissemination Agent shall not be responsible for the acts or negligence of such attorneys, agents or counsel if selected with reasonable care.

(e) None of the provisions of this Disclosure Agreement or any notice or other document delivered in connection herewith shall require the Dissemination Agent to advance, expend or risk its own funds or otherwise incur financial liability in the performance of any of the Dissemination Agent's duties or rights under this Disclosure Agreement.

(f) The Dissemination Agent shall not be required to monitor the compliance of the Authority with the provisions of this Disclosure Agreement or to exercise any remedy, institute a suit or take any action of any kind without indemnification satisfactory to the Dissemination Agent.

(g) The Dissemination Agent may include in any dissemination correspondence enclosing or furnishing any Notice Event Filings made public by it under this Disclosure Agreement the following disclaimer with respect to the source of the information contained in, and the identity of the party responsible for compiling or preparing, such reports or notices: "The information set forth in the attached notice has been provided by the Greater Orlando

Aviation Authority (the "Authority") to Digital Assurance Certification, L.L.C. in its capacity as disclosure dissemination agent (the "Dissemination Agent") for the Authority, together with written dissemination directions to the Dissemination Agent. The Dissemination Agent has not prepared or verified, and is not responsible in any way for, the content of this notice or the accuracy, timeliness or completeness thereof. Under no circumstances shall the Dissemination Agent and the Authority have any obligation or liability to any person or entity for (a) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstances involved in processing, collecting, compiling or interpreting the data included in this notice or (b) for any direct, indirect, special, consequential, incidental or punitive damages whatsoever arising from any investment decision or otherwise. This notice has not been reviewed or approved by any state or federal regulatory body."

(h) The Dissemination Agent may resign at any time by giving at least ninety (90) days prior written notice thereof to the Authority. The Dissemination Agent may be removed for good cause at any time by written notice to the Dissemination Agent from the Authority, provided that such removal shall not become effective until a successor dissemination agent has been appointed by the Authority under this Disclosure Agreement.

(i) In the event the Dissemination Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Dissemination Agent for any reason, the Authority shall promptly appoint a successor. Notwithstanding any provision to the contrary in this Disclosure Agreement or elsewhere, the Authority may appoint themselves to serve as Dissemination Agent hereunder.

(j) Any company or other legal entity into which the Dissemination Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Dissemination Agent may be a party or any company to whom the Dissemination Agent may sell or transfer all or substantially all of its agency business shall be the successor dissemination agent hereunder without the execution or filing of any paper or the performance of any further act and shall be authorized to perform all rights and duties imposed upon the Dissemination Agent by this Disclosure Agreement, anything herein to the contrary notwithstanding.

Section 13. Miscellaneous.

(a) Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Disclosure Agreement by the officers of such party whose signatures appear on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform under this Disclosure Agreement under applicable law and any resolutions, ordinances or other actions of such party now in effect, (iii) that the execution and delivery of this Disclosure Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party or its property or assets is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Disclosure Agreement, or its due authorization, execution and delivery of this

Disclosure Agreement, or otherwise contesting or questioning the issuance of the Series 2009C Bonds.

(b) This Disclosure Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida and applicable federal law.

(c) If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(d) This Disclosure Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

Section 14. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Filing, documents incorporated by reference to the Annual Filing, Audited Financial Statements, Notice Event Filings, and Voluntary Reports filed pursuant to Section 8(a) hereof, the Authority shall indicate the full name of the Series 2009C Bonds and the 9-digit CUSIP numbers for the Series 2009C Bonds as to which the provided information relates.

Section 15. Submission of Information to the MSRB. Subject to future changes in submission rules and regulations, Information disclosed hereunder shall be provided to the MSRB, through EMMA, in portable document format ("PDF") files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. As of January 1, 2010, such PDF files shall be word-searchable (allowing the user to search for specific terms used within the document through a search or find function available in a software package).

Subject to future changes in submission rules and regulations, at the time that such information is submitted to the MSRB, through EMMA, the Dissemination Agent shall also provide to the MSRB information necessary to accurately identify:

- (a) the category of information being provided;
- (b) the period covered by the CAFR, any annual financial information, financial statements or other financial information or operating data;
- (c) the issues or specific securities to which such submission is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any obligated person other than the Authority;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT**

IN WITNESS WHEREOF, the Authority and the Dissemination Agent have each caused their duly authorized officers to execute this Continuing Disclosure Agreement to be effective as of the day and year so specified hereinabove.

**GREATER ORLANDO AVIATION
AUTHORITY**

By: _____
Jeffry B. Fuqua, Chairman

**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT**

IN WITNESS WHEREOF, the Authority and the Dissemination Agent have each caused their duly authorized officers to execute this Continuing Disclosure Agreement to be effective as of the day and year so specified hereinabove.

**DIGITAL ASSURANCE
CERTIFICATION, L.L.C.,**
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

Municipal Securities Rulemaking Board

Municipal Securities Rulemaking Board
1640 King Street
Suite 300
Alexandria, Virginia 22314-2719
Phone: (202) 223-9503
Fax: (202) 872-0347/(703) 683-1930

EXHIBIT B

**NOTICE TO MSRB
[AND STATE DEPOSITORY] OF THE OCCURRENCE OF
[INSERT THE NOTICE EVENT]**

Relating to

Greater Orlando Aviation Authority

**\$87,110,000
Airport Facilities Revenue Bonds
Series 2009C
of the City of Orlando, Florida**

**Originally Issued on December 17, 2009
[**CUSIP NUMBERS**]**

Notice is hereby given by the Greater Orlando Aviation Authority (the "Authority"), as obligated person with respect to the above-referenced Bonds issued by the Authority, under the Securities and Exchange Commission's Rule 15c2-12, that **[**INSERT THE NOTICE EVENT**]** has occurred. **[**DESCRIBE NOTICE EVENT AND MATERIAL CIRCUMSTANCES RELATED THERETO**]**.

This Notice is based on the best information available to the Authority at the time of dissemination hereof and is not guaranteed by the Authority as to the accuracy or completeness of such information. The Authority will disseminate additional information concerning **[**NOTICE EVENT**]**, if material, as and when such information becomes available to the Authority. **[**Any questions regarding this notice should be directed in writing only to the Authority. However, the Authority will not provide additional information or answer questions concerning [**NOTICE EVENT**] except in future written notices, if any, disseminated by the Authority in the same manner and to the same recipients as this Notice**]**.

DISCLAIMER: All information contained in this Notice has been obtained by the Authority from sources believed to be reliable as of the date hereof. Due to the possibility of human or mechanical error as well as other factors, however, such information is not guaranteed as to the accuracy, timeliness or completeness. Under no circumstances shall the Authority have any liability to any person or entity for (a) any loss, damage, cost, liability or expense in whole or in part caused by, resulting from or relating to this Notice, including, without limitation, any error (negligent or otherwise) or other circumstances involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any information contained in this Notice or (b) any direct, indirect, special, consequential or incidental damages whatsoever related thereto.

Dated: _____

**GREATER ORLANDO AVIATION
AUTHORITY**

By: _____

Name: _____

Title: _____

EXHIBIT C

MATERIAL EVENT NOTICE COVER SHEET

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access System, and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Authority's and/or Other Obligated Person's Name: _____

Authority's Six-Digit CUSIP Number: _____ or Nine-Digit CUSIP Number(s) of the certificates to which this material event notice relates: _____

Number of pages of attached material event notice: _____

Description of Material Events Notice (Check One):

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Modifications to rights of Bondholders
7. Unscheduled Bond calls
8. Defeasances
9. Release, substitution, or sale of property securing repayment of the Series 2009 Bonds
10. Rating changes
11. Failure to provide annual financial information as required
12. Other material event notice (specify)

I hereby represent that I am authorized by the Authority or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please print the material event notice attached to this cover sheet in 10-point type or larger, The cover sheet and notice may be submitted electronically to the MSRB through its Electronic Municipal Market Access System, which can be accessed by visiting the website "<http://emma.msrb.org/>". Contact the MSRB at (703) 797-6000 with questions regarding this form or the dissemination of this notice.

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