



ANNUAL FINANCIAL INFORMATION  
for the Fiscal Year Ended June 30, 2009

Relating to:

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES  
(LOS ANGELES INTERNATIONAL AIRPORT)

\$32,450,000 Revenue Bonds 2002 Series A

\$103,625,000 Refunding Revenue Bonds 2003 Series B

\$602,075,000 Senior Revenue Bonds 2008 Series A (AMT)

\$7,875,000 Senior Refunding Revenue Bonds 2008 Series B (AMT)

\$243,350,000 Subordinate Revenue Bonds 2008 Series C (Non-AMT)

Dated as of:

December 21, 2009

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## **INTRODUCTION**

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This Annual Financial Information (this “Report”), including the cover page, is being furnished by the Department of Airports of the City of Los Angeles (the “Department”) to provide updated financial and operating information of the Department of the type included in the final official statements for the:

- \$32,450,000 aggregate principal amount of Los Angeles International Airport Revenue Bonds 2002 Series A (the “2002A Bonds”);
- \$103,625,000 aggregate principal amount of Los Angeles International Airport Refunding Revenue Bonds 2003 Series B (the “2003B Bonds”);
- \$602,075,000 aggregate principal amount of Los Angeles International Airport Senior Revenue Bonds 2008 Series A (AMT) (the “2008A Bonds”);
- \$7,875,000 aggregate principal amount of Los Angeles International Airport Senior Refunding Revenue Bonds 2008 Series B (AMT) (the “2008B Bonds”);
- \$243,350,000 aggregate principal amount of Los Angeles International Airport Subordinate Revenue Bonds 2008 Series C (Non-AMT) (the “2008C Bonds” and together with the 2002A Bonds, the 2003B Bonds, the 2008A Bonds and the 2008B Bonds, the “Bonds”).

This Report is provided pursuant to covenants made by the Department in connection with the issuance of the Bonds pursuant to (i) that certain continuing disclosure certificate dated December 19, 2002 executed in connection with the 2002A Bonds, (ii) that certain continuing disclosure certificate dated May 7, 2003 executed in connection with the issuance of 2003B Bonds and (iii) that certain continuing disclosure certificate dated August 6, 2008 executed in connection with the issuance of the 2008 Bonds (collectively, the “Continuing Disclosure Certificates”).

### **Official Statements and Prior Reports**

For further information and a more complete description of the Department, the City of Los Angeles (the “City”) and the Bonds, reference is made to (i) the Official Statement for the 2002A Bonds dated December 12, 2002 (the “2002A Official Statement”), (ii) the Official Statement for the 2003B Bonds dated April 22, 2003 (the “2003B Official Statement”), (iii) the Official Statement for the 2008 Bonds dated July 23, 2008 (the “2008 Official Statement” and together with the 2002A Official Statement and the 2003B Official Statement, the “Official Statements”) and (iv) the Department’s previous reports of annual financial information beginning with the report for the Fiscal Year ended June 30, 2003 (the “Prior Reports”), all of which speak only as of their respective dates. Capitalized terms used but not defined herein have the meanings given to them in the Official Statements.

### **Disclaimers**

To the extent the Department provides information herein that the Department is not obligated to present or update, the Department is not obligated to present or update such information in future reports of annual financial information. Except as set forth herein, the Department has not updated any information contained in the Prior Reports.

Investors are advised to refer to the Official Statements for information concerning the initial issuance of and security for the Bonds. THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE CITY, THE STATE OF CALIFORNIA (THE “STATE”) OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTION, CHARTER OR STATUTORY LIMITATION OF THE CITY OR THE STATE. NEITHER THE FAITH AND THE CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY PUBLIC AGENCY, OTHER THAN THE DEPARTMENT, TO THE EXTENT DESCRIBED IN THE OFFICIAL STATEMENTS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE DEPARTMENT HAS NO POWER OF TAXATION. NO OBLIGATION ISSUED OR INCURRED BY THE DEPARTMENT UNDER THE INDENTURE SHALL CONSTITUTE OR EVIDENCE AN INDEBTEDNESS OF THE CITY OR A LIEN OR CHARGE ON ANY PROPERTY OR THE GENERAL REVENUES OF THE CITY, BUT SHALL CONSTITUTE AND EVIDENCE AN OBLIGATION OF THE DEPARTMENT AS DESCRIBED IN THE OFFICIAL

STATEMENTS. THE DEPARTMENT IS UNDER NO OBLIGATION TO PAY THE BONDS, EXCEPT AS DESCRIBED IN THE OFFICIAL STATEMENTS.

By providing the information herein, the Department does not imply or represent (a) that all information provided herein is material to investors' decisions regarding investment in the Bonds, (b) the completeness or accuracy of any financial, operational, or other information not included herein or in the Official Statements, (c) that no changes, circumstances or events have occurred since the end of the Fiscal Year ended June 30, 2009 (other than as contained herein) or (d) that no other information exists which may have a bearing on the Department's financial condition, the security for the Bonds or an investor's decision to buy, sell or hold the Bonds.

The information set forth herein and incorporated hereby has been furnished by the Department and is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in or incorporated by this Report which involve estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained herein or incorporated hereby are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Department.

No statement contained herein should be construed as a prediction or representation about future financial performance of the Department. Historical results presented herein may not be indicative of future operating results.

## **DISCUSSION OF EVENTS**

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### **Listed Events**

Since the date of the Department's last report of annual financial information with respect to the Bonds, the Department hereby reports no events with respect to the Bonds that are referred to in Section 3(a) of the Continuing Disclosure Certificates:

- principal and interest payment delinquencies;
- non-payment related defaults;
- modifications to rights of bond holders;
- optional, contingent or unscheduled bond calls;
- defeasances;
- rating changes;
- adverse tax opinions or events adversely affecting the tax exempt status of the Bonds;
- unscheduled draws on the debt service reserves reflecting financial difficulties;
- unscheduled draws on the credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or any failure by any credit or liquidity provider to perform; or
- release, substitution or sale of property securing repayment of the Bonds.

**FURTHER INFORMATION**

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For further information regarding this Report, please address your questions to:

City of Los Angeles  
Department of Airports  
P.O. Box 92216  
Los Angeles, CA 90009-2216  
Attn: Ryan Yakubik, Director of Capital Development  
& Budget  
(424) 646-5251

City of Los Angeles  
Department of Airports  
P.O. Box 92216  
Los Angeles, CA 90009-2216  
Attn: Marla Bleavins, Debt and Treasury Manager  
(424) 646-5255

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## **FINANCIAL AND OPERATING INFORMATION**

The Official Statement with respect to the \$310,410,000 aggregate principal amount of Los Angeles International Airport Senior Revenue Bonds 2009 Series A, \$307,350,000 aggregate principal amount of Los Angeles International Airport Subordinate Revenue Bonds 2009 Series C (Federally Taxable – Build America Bonds – Direct Payment to Issuer, \$31,815,000 aggregate principal amount of Los Angeles International Airport Subordinate Revenue Bonds 2009 Series D and \$39,750,000 aggregate principal amount of Los Angeles International Airport Subordinate Refunding Revenue Bonds 2009 Series E (the “2009 Official Statement”) has been filed with the Municipal Securities Rulemaking Board on its Electronic Municipal Access website and may be obtained at [www.emma.msrb.org](http://www.emma.msrb.org).

Except as provided in this Report, the financial and operating information required to be included in this Report pursuant to the Continuing Disclosure Certificates for the Fiscal Year ended June 30, 2009 may be found in the 2009 Official Statement. The following tables included in the 2009 Official Statement are incorporated herein by reference:

1. TABLE 1 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - EXISTING SENIOR LIEN BONDS
2. TABLE 2 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - EXISTING SUBORDINATE BONDS AND SUBORDINATE COMMERCIAL PAPER NOTES
3. TABLE 3 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - SENIOR BONDS AND SUBORDINATE BONDS DEBT SERVICE REQUIREMENTS
4. TABLE 6 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - AIR CARRIERS SERVING LAX
5. TABLE 8 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - AIR TRAFFIC DATA
6. TABLE 9 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - HISTORICAL TOTAL ENPLANEMENTS BY AIRLINE
7. TABLE 10 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - TOTAL REVENUE LANDED WEIGHT
8. TABLE 11 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - ENPLANED AND DEPLANED CARGO
9. TABLE 12 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - HISTORICAL OPERATING STATEMENTS
10. TABLE 13 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - TOP TEN REVENUE PROVIDERS
11. TABLE 14 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - TOP TEN REVENUE SOURCES
12. TABLE 15 – DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES - LOS ANGELES INTERNATIONAL AIRPORT - HISTORICAL DEBT SERVICE COVERAGE

## Cargo Traffic

The following chart provides information concerning cargo traffic data over the last ten Fiscal Years.

**DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES**  
**LOS ANGELES INTERNATIONAL AIRPORT**  
**AIR CARGO ON AND OFF\***  
**(TONS)**

<b>Fiscal Year</b>	<b>Total Freight</b>	<b>Total Mail</b>	<b>Total Cargo</b>
2000	1,977,945	251,238	2,229,183
2001	1,905,916	239,146	2,145,062
2002	1,761,336	121,055	1,882,391
2003	1,927,650	89,107	2,016,757
2004	1,969,880	91,960	2,061,840
2005	2,042,865	93,507	2,136,373
2006	2,033,124	84,040	2,117,164
2007	2,009,418	72,214	2,081,633
2008	1,900,590	72,139	1,972,728
2009	1,552,568	62,731	1,615,299

\* Shown as Table 11 in the Official Statement for the 2002A Bonds and Table 12 in the Official Statement for the 2003B Bonds.

Source: Department of Airports of the City of Los Angeles, California.

## Investment Practices of the City Treasurer

All moneys held in the Airport Revenue Fund are currently invested by the City Treasurer in investments authorized by State law. The City Treasurer invests temporarily idle cash for the City, including that of the Department, as part of a pooled investment program (the "Pool") which combines general receipts with special funds for investment purposes and allocates interest earnings on a pro rata basis when the interest is earned and distributes interest receipts based on the previously established allocations.

**CITY OF LOS ANGELES POOLED INVESTMENT FUND<sup>(1)\*</sup>**  
**ASSETS AS OF JUNE 30, 2009**  
**(Dollars in Millions)**

	<b>Book (Carrying Value)<sup>(2)</sup></b>	<b>Percent of Total</b>	<b>Department Carrying Value<sup>(3)</sup></b>	<b>LAX Carrying Value<sup>(4)</sup></b>
Deposits	\$ 868	14.90	\$ 202	\$ 187
US Treasury Securities	1,621	27.84	378	348
Federal Agency Securities	1,129	19.39	264	243
Commercial Paper – Discounts	1,189	20.42	278	256
Medium Term Corporate Notes	1,016	17.45	237	218
<b>Total</b>	<b>\$ 5,863</b>	<b>100.00%</b>	<b>\$ 1,359<sup>(5)</sup></b>	<b>\$ 1,252<sup>(5)</sup></b>

<sup>(1)</sup> Derived from unaudited financial statements. Due to its date of publication, the information in this Table is more current than the information contained in the Table 17 of the 2009 Official Statement. Based on General Pool 9218 – Combined, Portfolio Management Report provided by City Treasurer's Office.

<sup>(2)</sup> Total amount held by the City in the Fund, including the funds of other departments.

<sup>(3)</sup> The Department's share of the Fund, including restricted assets.

<sup>(4)</sup> Inclusive of restricted cash; fund not segregated from other funds in the Pool.

<sup>(5)</sup> Includes securities lending collateral and effect of change in market valuation of investments.

\* Shown as Table 14 in the 2002A Official Statement, Table 15 in the 2003B Official Statement and Table 18 in the 2008 Official Statement.

Source: City Treasurer, City of Los Angeles and Department of Airports of the City of Los Angeles, California.

The average life of the investment portfolio in the Pool as of June 30, 2009 was 743 days.

## **AUDITED FINANCIAL STATEMENTS**

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The Los Angeles World Airports (Department of Airports of The City of Los Angeles, California) Los Angeles International Airport Financial Statements for the Fiscal Year Ended June 30, 2009 and 2008 (With Independent Auditors' Report Thereon) are not complete as of the date of this Report and will be filed when complete.

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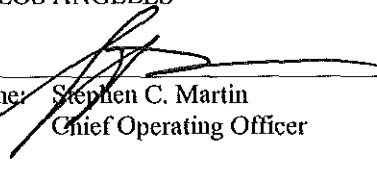
**CERTIFICATION**

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The undersigned hereby states and certifies that:

1. I am the duly appointed, qualified, and acting Chief Operating Officer of the Department, familiar with the facts herein certified, and I am authorized to certify the same on behalf of the Department.
2. The execution and delivery of this Report to the Municipal Securities Rulemaking Board have been duly authorized by the Department.
3. This certification is being provided in connection with this Report being delivered by the Department pursuant to the Continuing Disclosure Certificates.
4. The statements and information contained in this Report are true, correct and complete in all material respects and, as of the date hereof, this Report does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

THE DEPARTMENT OF AIRPORTS OF THE CITY  
OF LOS ANGELES

By:   
Name: Stephen C. Martin  
Its: Chief Operating Officer