• Minneapolis/St. Paul, Minnesota

• Metropolitan Airports Commission

Comprehensive Annual Financial Report •

Year Ended December 31, 2001 •

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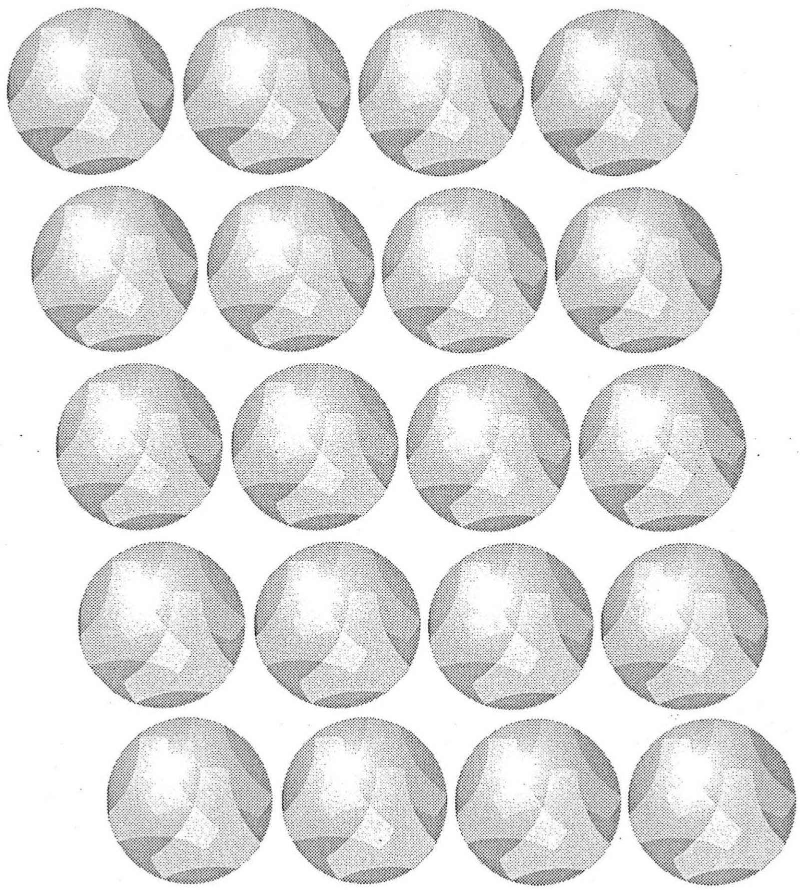

Prepared by •

The Finance Department •

Stephen L. Busch •

Director of Finance •

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***Commissioners*:**	
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District B	Daniel Fortier
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MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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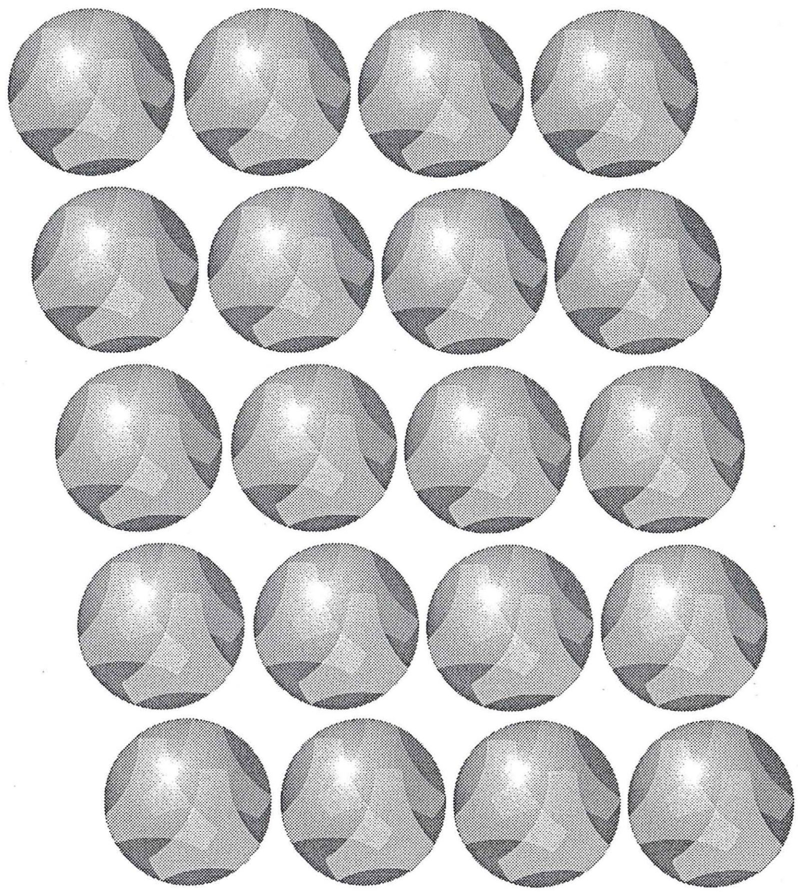
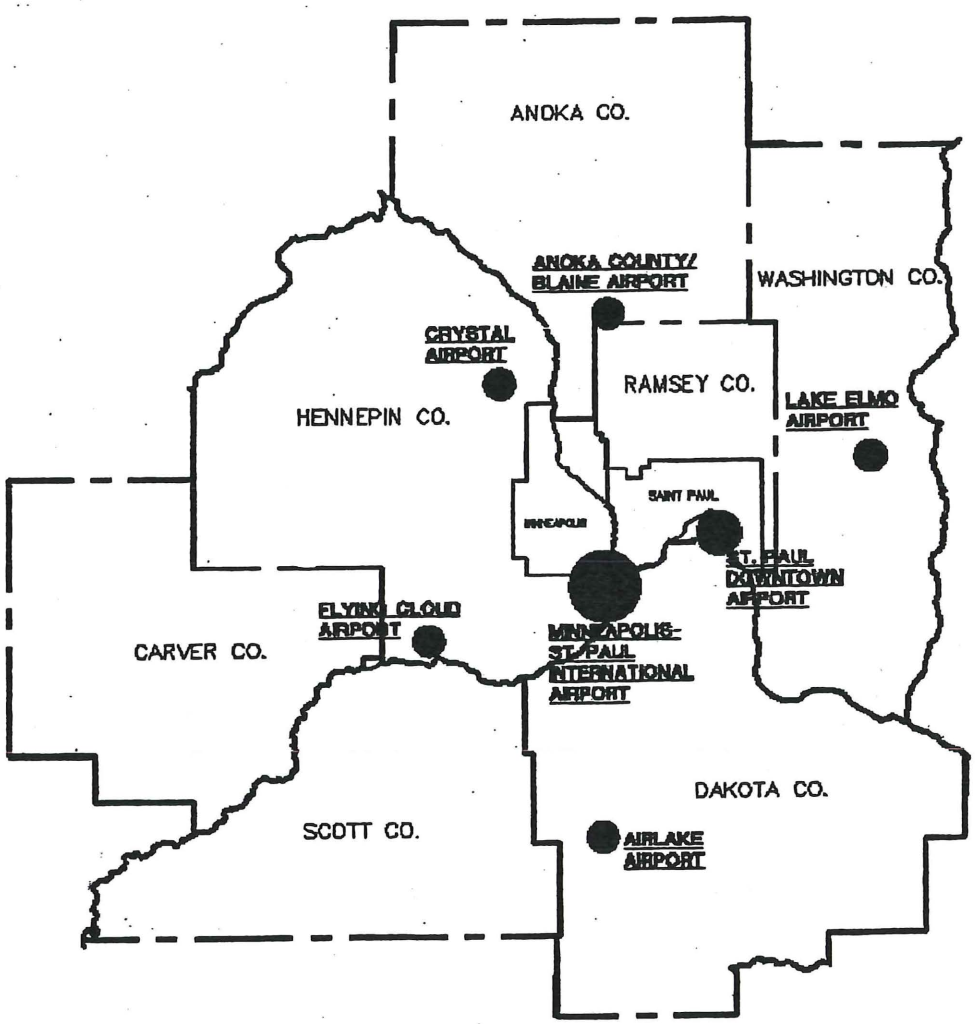


Introductory • Section •



Commission Jurisdiction 35 Mile Radius

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2000

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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

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METROPOLITAN AIRPORTS COMMISSION

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OFFICE OF EXECUTIVE DIRECTOR

May 13, 2002

To The Public:

The Comprehensive Annual Financial Report of the Metropolitan Airports Commission, Minneapolis-St. Paul, Minnesota, for the fiscal year ended December 31, 2001, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of various funds and account groups of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections - Introductory, Financial and Statistical. The Introductory Section includes this Transmittal Letter, the Commission's organization chart, and a list of principal officials. The Financial Section includes the general purpose financial statements and schedules, as well as the Report of Independent Auditors on financial statements. The Statistical Section includes selected financial and activity information generally presented on a multi-year basis.

The Commission is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget, Circular A-133, *Audits of States and Local Governments*. Information related to this single audit include the Schedule of Federal Financial Assistance, findings and recommendations, and auditors' report on the internal control structure and compliance with applicable laws and regulations. The Commission is also required to undergo an audit on the Commission's compliance with the regulations issued by the Federal Aviation Administration of the U.S. Department of Transportation to implement Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990 in relation to Passenger Facility Charge revenues and expenses. These reports are issued separately.

The Minneapolis-St. Paul Metropolitan Airports Commission (MAC) was created by an act of the Minnesota State Legislature in 1943 as a public corporation. Its purpose is to promote air navigation and transportation (international, national, and local) in and through the State of Minnesota, promote the efficient, safe, and economical handling of air commerce, assure the inclusion of the state in national and international programs of air transportation, and to those ends develop the full potentialities of the metropolitan area as an aviation center. It has the responsibility to assure residents of the metropolitan area the minimum environmental impact from air navigation and transportation, promote the overall goals of the state's environmental policies and minimize the public's exposure to noise and safety hazards around airports.

MAC jurisdiction is throughout the Minneapolis-St. Paul Metropolitan Area radiating 35 miles from the Minneapolis and St. Paul city halls, and including Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The Commission owns and operates seven airports in the Metropolitan Area including Minneapolis-St. Paul International Airport (MSP) serving as the primary air carrier facility and the following Reliever Airports serving general aviation:

St. Paul Downtown Airport	Anoka County/Blaine Airport
Flying Cloud Airport	Lake Elmo Airport
Crystal Airport	Airlake Airport

The facilities at Airlake, Anoka County/Blaine, Crystal, Flying Cloud, and Lake Elmo are classified as minor use airports. Control towers are operational at Crystal, Anoka County/Blaine and Flying Cloud airports. The St. Paul Downtown airport serves as the primary corporate reliever and is classified as an intermediate airport.

MSP maintains three air-transport-type runways of concrete and bituminous concrete construction, including two northwest-southeast runways and a northeast-southwest runway. The runways provide operational facilities to cover varying wind conditions and are connected by a system of taxiways and aprons. In addition, the runways are equipped with high intensity runway lighting and instrument landing systems which permit continuous operation under almost all weather conditions. The northerly northwest-southeast runway is 8,200 feet long and 150 feet wide. The parallel northwest-southeast runway is 10,000 feet long and 200 feet wide. The northeast-southwest runway, which is provided to cover other wind conditions, is 11,000 feet long and 150 feet wide. The runways, in the opinion of the Commission engineers, have sufficient capacity and are of sufficient strength to permit the operation of the largest existing commercial aircraft. The boundaries of the airport provide sufficient clear area for runway approaches to meet the requirements of the FAA.

The airport complex at MSP consists of the Lindbergh Terminal building, the Hubert H. Humphrey Terminal, an underground parking garage, parking structures and access roads. The Lindbergh Terminal building was opened for operation in 1962. Major renovations have occurred since then.

Parking facilities located at the airport provide 14,833 public automobile parking spaces. The on-airport parking options include a short-term and long-term parking located at the Lindbergh Terminal, and short-term and long-term parking at a remote lot located north of the Humphrey Terminal.

Due to the events of September 11, 2001, the FAA instituted a number of security measures for U.S. airports, including, but not limited to, restricting the parking of vehicles under or within 300 feet of the terminals. As a result of such security measures the FAA initially required the Commission to restrict the use of approximately 7,500 parking spaces adjacent to and below the Lindbergh Terminal. Subsequent to this initial action, the FAA reduced this restriction to 2,852 parking spaces located adjacent to and below the Lindbergh Terminal. The Commission expects to receive clearance from the FAA sometime in 2002 to reduce the total restricted parking spaces to 952 spaces at the Lindbergh Terminal. The Commission cannot predict if or when it will receive clearance to utilize the remaining 952 of restricted parking spaces.

The Lindbergh Terminal building at MSP is a three-story structure consisting of approximately 2.0 million square feet of space, of which approximately 1.1 million are considered rentable. The Lindbergh Terminal was designed to permit enplaning passengers to enter the main building from the second level and deplaning passengers to leave through the ground or first level. The second level contains ticket counters and concession areas, and the ground level contains baggage handling facilities as well as other office areas. The ground level also has access to ground transportation and valet parking. The concourse layouts have been designed to connect by enclosed bridges on the second floor to four separate aircraft loading piers.

The new Humphrey Terminal is a two-story structure consisting of 350,000 square feet of space, providing 9 gates. Four of the nine gates consist of international arrival facility gates. The Humphrey Terminal was opened May 2, 2001. The Humphrey Terminal replaced a one-story structure consisting of approximately 87,000 square feet.

The MAC may, under the Airport Law (Minn. Stat. §473.667), borrow money and issue General Obligation Bonds for the purpose of acquiring property, constructing and equipping new airports, acquiring and equipping existing airports and making capital improvements to any airport constructed or acquired by the Commission. The MAC may also issue under the Airport Law (Minn. Stat. §473.608) Airport Revenue Bonds. The Airport Revenue Bonds are not general obligations, but are limited obligations of the MAC payable solely from and secured by a pledge of net revenues on a parity with the General Obligation Revenue Bonds. Other powers delegated to the Commission include power to levy taxes against property of the Metropolitan Area in order to pay debt service on bonds issued by the Commission. In addition, the Commission can levy taxes, not in excess of .00806 percent in each year, upon the valuation of all taxable property in the Metropolitan Area to meet operation and maintenance costs of airport facilities. The Commission is governed by fifteen Commissioners. Eight Commissioners are appointed by the Governor of the State of Minnesota from designated districts within the Metropolitan Area. The mayors of St. Paul and Minneapolis also have seats on the Commission with the option to appoint a surrogate to serve in their place. The Governor also appoints four Commissioners representing the Greater Minnesota Area (i.e. outside the Metropolitan Area). The Chairperson of the Commission is appointed by the Governor and may be from anywhere in the state. Only the Chairperson can be removed before their term expires. In applying Governmental Accounting Standards Board (GASB) 14, the MAC and the State of Minnesota have agreed that the MAC is not financially accountable to any other organization and is considered a stand-alone government unit.

MAC provides a variety of services at each of its airports. At MSP, MAC is responsible for providing buildings and facilities for air carrier activity as well as police, fire protection, maintenance, administrative, and planning services, and other related services and facilities that are deemed to be necessary.

ECONOMIC CONDITION AND OUTLOOK

MSP is classified by the FAA to be one of the large hub airports in the United States. According to Airports Council International statistics, in calendar year 2000, MSP was the 8th busiest airport in the nation in terms of passenger volume and 24th in terms of total cargo.

Passengers

Total passengers at MSP decreased 8.19% from 2000 levels, primarily from the effects of September 11th. Total MSP passengers for 2001 were 32.2 million. The top five air carriers in 2001, by enplaned passengers, serving MSP are shown below. The total enplaned passengers for 2001, including connecting, was 16,027,492. The figures may differ from the passengers statistics reported by the air carriers to the Department of Transportation.

Carrier	Enplaned Passengers	% of Total
Northwest	11,938,660	74.5%
Mesaba	685,843	4.3
Sun Country	612,881	3.8
United	474,913	3.0
American	369,345	2.3
	14,081,642	87.9%

Operations - Aircraft operations represents the total number of takeoffs and landings at the airport. Aircraft operations at MSP decreased in 2001 to 501,522 from 523,409 the previous year, down 4.2%.

At the Reliever airports, operations decreased 8.1% from 2000 levels. The events of September 11, 2001 as well as flooding at St. Paul Downtown Airport contributed to this decrease.

MAJOR INITIATIVES FOR THE YEAR

The Metropolitan Airports Commission completed its first Strategic Plan in 1997 and, beginning in 1998, utilized its strategic goals to drive department and individual planning throughout the organization. Year-end reports were given to the Commissioners and employees to provide updates on the progress made. As part of the planning cycle developed to carry the plan forward, our annual review of the Strategic Plan has been completed and the plan was revised to address future conditions. This annual planning cycle will continue as we begin to lay out plans for the year 2002 and beyond. The year-end report for 2001 is included here.

2001 Strategic Accomplishments

Goal	✓ *Accomplishments*
To create a customer friendly environment at all airports	**✈ Identified by the IATA Global Monitor as one of the top ten international airports in overall customer satisfaction (ranked 6th).** **✈ Won all 5 categories in Airport Retail News Best Concession Poll for 2002 – Best Concessions program Design, Best Redeveloped Program, Best Management Team, Most Innovative Services and Best Overall Program.** **✈ Through-The-Customers-Eyes Program showed a 9% improvement in ratings for the appearance of MSP facilities.** **✈ Survey America scores for the year 2001 rose 3.6% over 2000 scores.** **✈ Incorporated customer service as a core competency for annual performance reviews** **✈ Trained 170 front line employees in delivering customer service.**

Goal	✓ Accomplishments
Continue implementation of the 2010 plan.	✈ **Issued the following bonds that were used to finance the 2010 plan:** ▪ **$184,005,000 General Airport Revenue Bonds** ▪ **$266,810,000 Subordinate General Airport Revenue Bonds** ▪ **$125,000,000 Bond Anticipation Notes** ✈ **Secured federal aid of approximately $30,000,000.** ✈ **Awarded bids on 75 projects with a value of $272 million.** ✈ **Completed or substantially completed the following major projects –** ▪ **HHH Replacement Terminal** ▪ **Green Concourse Apron Expansion** ▪ **Green Concourse People Mover** ▪ **MSP Airport Mail Center** ▪ **West Cargo Apron** ▪ **2001 Rwy 17-35 Site Prep** ▪ **Rwy 17-35 Stormwater Tunnel**
Enhance airport compatibility with adjacent communities and other areas.	✈ **Insulated 734 homes in the Part 150 program.** ✈ **Signed a lease with the Minnesota Amateur Sports commission to develop the Anoka County Golf Course.** ✈ **Negotiated a memorandum of understanding with the City of Eden Prairie to obtain their concurrence with the development plan for Flying Cloud in exchange for noise restrictions.** ✈ **Completed reliever airport utility projects at Crystal and Anoka-County Blaine Airports.**

Goal	✓ Accomplishments
Expand air service alternatives for the region's residents and businesses.	✈ **138 non-stop destinations were served from MSP.** ✈ **18 non-stop destinations were served by two or more carriers.** ✈ **An international carrier, British Midland, filed for route authority.**
Build a rewarding work environment.	✈ **Had a 7% employee turnover rate.** ✈ **Internally promoted 24 employees.** ✈ **Devoted approximately 3000 people hours to performance leadership training.** ✈ **Settled union contracts with Lakes and Plains Regional Council of Carpenters, Painters Local 386, Plumbers Local 34, International Brotherhood of Electrical Workers Local 292, International union of Operating Engineers Local 49, International Association of Fire Fighters Local S-6, and the Metropolitan Airports Police Federation.** ✈ **Incorporated job satisfaction into the performance reviews.** ✈ **Implemented individual development plans.** ✈ **Secured a vendor for employees to purchase Long Term Care insurance.** ✈ **Implemented a Post Employment Health Plan (PEHP).** ✈ **Revised vacation carryover policy to allow an additional ten (10) days to be carried forward.**

Strategic Plan 2002 And Beyond

Goal	•*Objective*
✓ **Provide a Safe and Secure Airport System**	✈ Meet all mandated security procedures and timelines. ✈ Develop a coordinated response plan to security issues. ✈ Effectively communicate security-related information to employees, the media, tenants, and the traveling public. ✈ Prioritize expenditures on airport safety enhancements to meet airport certification requirements. ✈ Maximize use of external funding mechanisms. ✈ Incorporate federal initiatives & mandates regarding G.A. airports into the Reliever System.
✓ **Maintain the Economic Viability of this Airport System**	✈ Maintain sufficient liquidity to meet operating and debt service requirements. ✈ Maintain a competitive airline cost structure. ✈ Maximize capital improvements in airports infrastructure within financial constraints. ✈ Continue implementation of 2010 Plan within the limits of available funding.

POST-RETIREMENT MEDICAL BENEFITS

In August 1996, the Commission approved the recording and funding of the post-retirement medical benefits. The cost of this 20 year program is estimated at $2,707,000 per year, beginning January 1997. Slightly over 50% of these costs will be reimbursed through airline rates and charges.

FINANCIAL INFORMATION

Management of the MAC is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) The cost of a control should not exceed the benefits likely to be derived and 2) The evaluation of costs and benefits requires estimates by management.

For financial reporting purposes and in conformance with the Government Accounting Standards Board Pronouncements, MAC is defined as an enterprise fund. This report includes all funds and account groups of the MAC. Accounting records are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States of America .

BUDGETING CONTROLS

Preparation for the entire budgeting process begins in April. As related to the budget process, the Finance Department prepares the following for each service center: historical reports, budget-input templates, and database design. An assessment of the necessary training is completed and training materials are created. Each department assigns a Budget Specialist to input the budget and coordinate budget information for their service center.

In late June, the Finance Committee provides direction to staff regarding growth and allocation of funds or budget targets. The direction provided by the Finance Committee is communicated to staff at various informational meetings and included in their budget packages.

Budget packages are distributed in June. All service centers have four weeks to complete their budget. Finance reviews all packages and summarizes information. The staffing matrix is the first item reviewed by Senior Staff. The Executive Director requests preliminary approval for additional positions from the Finance Committee. The interim approval permits the organization to plan accurate projections. August is spent compiling summary reports and completing the revenue budget, with the exception of airline rates and charges. Senior staff determine final budget cuts and revenue figures are compiled. Airline rates and charges are calculated based on a break-even philosophy. Expense incurred for the operation of the airport will be recovered through the airline rates and charges. The expense budget must be completed in order to determine the rates and subsequent revenue. Once airline rates and charges are calculated and final revenue figures are available, total revenue and expense is completed. Staff revisions are completed as required. During September, presentations and supporting documents are prepared for the Finance Committee, senior staff, and airlines. The month of October is reserved for presentations to the Finance Committee and revisions prior to requesting final approval.

The Finance Committee gives preliminary approval in October. With the recommendation from the Finance Committee and the informational meetings held, final approval is typically requested at the October full Commission meeting.

A monthly budget variance analysis, as required by Commission by-laws, reports significant variations from the adopted plan and directs management action for correction as required. A system of purchase requisitions, purchase orders and authorized signature approvals provide the basis for positive management responsibility and control for each of the budget line items.

Significant elements of the Commission's accounting, budgeting and reporting system are established and described in the lease/use agreement between MAC and the air carriers serving MSP, which was signed in 1989. The agreement provides for the definition of eligible costs and methodology for determining rates and charges to be paid by the airlines that are parties to the agreement.

REVENUES AND EXPENSES

General
The Commission has entered into, and receives payment under, different agreements with various air carriers and other parties, including the airline lease agreement relating to landing fees and the leasing of space in terminal buildings, other building leases regarding the leasing of cargo and miscellaneous hangar facilities, concession agreements relating to sale of goods and services at the airport and specific project leases relating to the construction of buildings and facilities for specific tenants.

Airline Lease Agreement
The airline lease agreement relates to the use of the airport for air carrier operations, the leasing of space within the terminal buildings of the airport and the establishment of landing fees. Except for rental amounts based primarily upon the square feet rented, the terms, conditions and provisions of each airline lease agreement are substantially the same.

In the airline lease agreement, the Commission has leased to each particular air carrier a certain specified square footage portion of the terminal area in the airport. Annual rents are computed on the basis of various charges per square foot for various types of space within the existing terminal area and, in certain cases, the costs of certain improvements of the existing terminal area. The airline lease agreement also provides that each air carrier is required to pay a basic landing fee. The landing fee is calculated by dividing the cost of operations, maintenance and improvements at the air field by total landed weight of aircraft utilizing the airport. The airline lease agreement also requires each air carrier leasing gate space at Lindbergh Terminal to pay an aircraft parking ramp fee that is computed on a lineal foot basis. The ramp fee includes the cost of operations, maintenance and improvements to the ramp area surrounding the terminal building gates.

For the year ended December 31, 2001, the aggregate rentals received by the Commission pursuant to the airline lease agreement was approximately $67,071,000. The annual rentals due under each lease may be adjusted each year to reflect actual costs of the airport.

Other Building and Miscellaneous Leases
The other building and miscellaneous leases relate to rentals and other fees associated with the Hubert H. Humphrey Terminal, miscellaneous hangar facilities, office rentals for tenants located in the West Terminal area, and non-airline tenants in the Lindbergh Terminal. For the year ended December 31, 2001, the aggregate annual rentals under these leases was approximately $16,765,000.

Specific Project Leases
The Commission has constructed various buildings and facilities for specific tenants including a fueling facility for Signature Flight Services, and hangars and office buildings for Northwest, and Mesaba Airlines. The specific project leases relate to the use of these buildings and facilities by Signature Flight Services, Northwest and Mesaba Airlines.

If bonds issued by the Commission finance the construction of a facility, the lessee is required to pay annual lease payments equal to the debt service requirements on the bonds issued to construct the facility, due in the following year. The lease remains in effect until the total debt service on the bonds has been paid. Bond funds were used to finance certain facilities for Northwest Airlines.

If the construction of a facility is financed from funds the Commission has on hand, the lessee is required to make lease payments equal to the debt service requirements, which would have been required, if bond funds were used. Commission funds were used to finance facilities for Signature Flight Services, Mesaba Airlines and certain facilities for Northwest Airlines including the extension of the Gold Concourse.

For the year ended December 31, 2001, the aggregate lease payments paid to the Commission under specific project leases was approximately $35,868,000.

Concession Agreements

The Commission has entered into separate concession agreements with various firms to operate concessions inside the terminal building at the airport including, among others, food and beverage services, newsstands, advertising, amusements/games, insurance, personal service shops, and telephones. For the year ended December 31, 2001, the aggregate fees paid to the Commission under the existing inside concession agreements was approximately $13,304,000. Such fees are computed on the basis of different percentages of gross sales for the various types of concessions, with the larger concessions guaranteeing a minimum payment each year.

Concession agreements for rental car agencies require such concessionaires to pay fees based on a percentage of their gross revenues and special charges such as parking fees and a per-square-foot land rental. The Commission also has a management contract with a firm for the operation of the airport parking lot and garage facilities. For the year ended December 31, 2001, the aggregate fees paid to the Commission under the existing rental car agreements and parking lot management contract was approximately $59,412,000. Of this amount, parking revenue was approximately $39,339,000 and auto rental revenue for both on and off Airport Auto Rentals was approximately $20,073,000.

Reliever Airport

The Commission has entered into various other leases and agreements with tenants at its reliever airport system. These reliever airport tenant leases include fuel flowage fees, hangar rentals, storage lots, commercial fees and other miscellaneous amounts. For the year ended December 31, 2001, revenues from these agreements were approximately $2,231,000.

Miscellaneous Off-Airport Concession Leases and Ground Transportation Fees

The Commission has entered into certain leases with off-airport concessionaires that provide off-airport advertising and auto services. Additionally, the Commission charges fees for permits and licenses to operate shuttles, vans, buses and taxis at the airport. Such fees are set by Commission ordinances. For the year ended December 31, 2001, the Commission received $3,326,000.

Miscellaneous Revenues

In addition to the above agreements, the Commission enters into various other leases and agreements. These include utility charges, ground space rentals, office rentals for commuter airlines and concessionaires, commuter and general aviation fees, employee shuttle bus fees, and other miscellaneous amounts. For the year ended December 31, 2001, the revenues from these agreements were approximately $7,958,000.

Operating Revenue

Operating revenues for the MAC come entirely from user fees that are established for various services and facilities that are provided at Commission airports. While the Commission has the power to levy taxes to support its operations, it has adopted policies to provide adequate revenues for the system to operate since 1969 without general tax support. Revenue sources have been grouped into the following categories in the Statement of

Revenues and Expenses:

Airline Rates & Charges	- Revenue from landing & ramp fees, noise surcharge and terminal building rates
Concessions	- Revenue from food & beverage sales, merchandise sales, auto parking, etc.
Other Revenues:	
Rental	- Fees for ground and building rentals
Utilities	- Charges for tenants use of water and sewer
Miscellaneous	- Charges for other services provided by MAC

For the fiscal year ended December 31, 2001, the top ten operating revenue sources and providers for the MAC are as follows:

Top Ten Operating Revenue Sources:

Source	Revenue
1. Landing Fees	$40,378,000
2. Parking	39,339,000
3. Terminal Rent-Airlines	22,405,000
4. Auto Rental (Off and on-Airport)	13,739,000*
5. Other Building Rent	12,758,000
6. Ramp Fees	6,243,000
7. Merchandise	4,572,000
8. Food and Beverage	4,053,000
9. Ground Rent	3,052,000
10. Ground Transportation Fee	2,749,000

*Excludes Customer Facility charge

Top Ten Operating Revenue Providers:

1. Northwest Airlines
2. Host International
3. Hertz
4. Avis Rent A Car
5. National Car Rental
6. Signature Flight Support
7. United Airlines
8. Sun Country Airlines
9. Alamo Car Rental
10. Budget Rent A Car

During 2001 MAC operating revenues increased by 4.1% to $170,066,000 from $163,414,000 in 2000. Changes in major categories are summarized below (dollars in thousands):

	2001		2000		Dollar	Percent
	$	%	$	%	Change	Change
Airline Rates & Charges	$ 72,669	42.7%	$ 68,133	41.7%	$ 4,536	6.7%
Concessions	69,707	41.0	70,760	43.3	(1,053)	(1.5)
Other Revenue:						
Utilities	2,440	1.4	1,852	1.1	588	31.7
Miscellaneous	25,250	14.9	22,669	13.9	2,581	11.4
Operating Revenues	**$170,066**	**100.0%**	**$163,414**	**100.0%**	**$ 6,652**	**4.1%**

Airline rates and charges increased $4,536,000 or 6.7% primarily because of landing fees and building rentals. Landing fees are calculated on a breakeven basis with revenue and expense being equal; an increase in revenue, therefore, is a result of increased costs in the Field and Runway area. The increase in the Field and Runway cost center can be attributed to increased expenses, specifically in the areas of personnel (overtime and additional personnel) and depreciation costs related to capital improvement projects.

Building rentals increased as a result of depreciation costs related to capital improvement projects as well as the cost of heating, cooling and maintaining these added facilities.

Concessions decreased $1,053,000 or 1.5%. The majority of the decrease from 2000 levels is in the auto parking. Due to the events of September 11, 2001, the FAA instituted a number of security measures for U.S. airports, including, but not limited to, restricting the parking of vehicles under or within 300 feet of the terminals. As a result of such security measures the FAA initially required the Commission to restrict the use of approximately 7,500 parking spaces adjacent to and below the Lindbergh Terminal. Subsequent to this initial action, the FAA reduced this restriction to 2,852 parking spaces located adjacent to and below the Lindbergh Terminal.

The increase in miscellaneous is the result of an increase in rent for NWA Building C as well as rentals received from the new HHH terminal.

Operating Expense

In 2001, MAC operating expenses increased by 18.3% to $156,251,000 from $132,050,000 in 2000. Changes in major categories are summarized below (dollars in thousands):

	2001		2000		Dollar	Percent
	$	%	$	%	Change	Change
Personnel	$42,627	27.28%	$39,814	30.15%	$ 2,813	7.07%
Administrative & Expenses	1,708	1.09	1,686	1.28	22	1.30
Professional Services	5,177	3.31	6,357	4.81	(1,180)	(18.56)
Utilities	11,208	7.17	8,678	6.57	2,530	29.15
Operating Services	14,113	9.03	11,971	9.07	2,142	17.89
Maintenance	15,250	9.76	12,238	9.27	3,012	24.61
Depreciation	65,647	42.01	51,028	38.64	14,619	28.65
Other	521	0.35	278	0.21	243	87.41
Operating Expenses	$156,251	100.00%	$132,050	100.00%	$24,201	18.3%

Personnel increased 7.07% due to increased overtime costs in maintenance and public safety. Maintenance overtime increased as a result of heavy snowfall that occurred in early 2001. Public Safety overtime increased as a result of additional security requirements associated with the terrorist attack of September 11, 2001.

Professional Services decreased 18.56% primarily due to engineering and MSP planning expenses. These non-reoccurring expenses were incurred in 2000. These expenses included the updating of the Part 150 program document as well as updating the terminal planning study. Further, as a result of the September 11, 2001 terrorist attack, the MAC curtailed the use of consultants for the last quarter of the year.

Utilities increased $2,530,000 or 29.15% as a result of an increase in rates for electricity, natural gas, chilled water and water and sewer rates. In addition, major construction activity within the terminal building causing an increase in usage also contributed to the increase. Operating services increased by $2,142,000 or 17.89%. The majority of the increases are found in parking management, security services and service agreements. Parking management fees increased as a result of incurring a full years' expense on the operation of two new nine level parking structures that opened in 2000. Security services increased as a response to the September 11, 2001 terrorist attack. Service agreements increased as a result of the installation of common user terminal equipment in the new HHH Terminal.

Maintenance expense increased by 24.61% primarily because of snow removal. The MAC continues to review and analyze alternatives that are more environmentally friendly than urea deicer. As a result, the liquid substitutes that are being incorporated more into the snow removal process are much more expensive. In addition, as MAC continues to implement the 2010 Construction Program, less and less airport property is available to dump snow. Because of this limited space, more and more snow must be hauled away from operational areas and ultimately hauled off the airport. Rather than purchasing all of the equipment necessary to remove the snow from the airport, MAC has decided to lease some of the equipment and personnel required to accomplish this task. Finally, as the MAC expands its facilities, additional areas need to be cleaned and maintained.

Depreciation increased by 28.64% as a result of approximately $654 million of airports and facilities completed in 2000-2001.

In order to promote and encourage the efficient use of facilities at all MAC airports as well as attempting to minimize the environmental impact of MSP on the surrounding community, MAC has implemented a policy of subsidizing its reliever airports by establishing relatively low user charges as an incentive for pilots to use these facilities rather than MSP. In order to maintain this subsidy, MAC sets its rates and charges to assure that total system revenues will be sufficient to pay total system expenses.

Net revenues generated by the Commission are designated for construction and debt service payments. These net revenues provide the Commission with a portion of the money to meet the funding requirements of its capital improvement program. This reduces the need to issue bonds and, therefore, allows the Commission to avoid the interest expense of additional debt. Net revenues are also required to fund the Commission's debt service requirement. (See Debt Administration.)

DEBT ADMINISTRATION

The MAC has issued three forms of indebtedness: Commercial Paper, General Airport Revenue Bonds and General Obligation Revenue Bonds. General Obligation Revenue Bonds which are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven county Metropolitan Area have been used. In 1998-2001, the MAC issued General Airport Revenue Bonds which are not backed by the MAC's taxing authority.

The MAC is required by law to maintain Debt Service funds sufficient to bring the balance on hand in the Debt Service Account on October 10 of each year to an amount equal to all principal and interest to become due on all General Obligation Revenue Bonds payable from October 10 to the end of the second following year. The required balance as of October 10 in the Debt Service Account for the General Obligation Revenue Bonds for the next five years is as follows (in thousands):

October 10, 2002	$78,876
October 10, 2003	$77,786
October 10, 2004	$76,546
October 10, 2005	$74,000
October 10, 2006	$72,414

Statutory authority for issuing bonds is obtained from the Minnesota State Legislature. Authorization as of December 31, 2001 permits the issuance of an additional $55 million of General Obligation Revenue Bonds.

In May 2000, the MAC issued $204,070,000 Series 2000 A-B General Airport Revenue Bonds. The net proceeds to be used for construction financing total $179 million with the balance to be used to pay for cost of issuance, capitalized interest and the reserve fund. The reserve requirement is the maximum annual aggregate debt service of the Series 2000 A-B bonds. These bonds were rated AAA/AAA by Standard & Poor's and Fitch respectively, based on the Municipal Bond Insurance Policy. Without taking into account the Municipal Bond Insurance Policy, the bonds were rated AA- by Standard & Poors and AA- by Fitch.

In May 2001, the MAC issued $450,815,000 Series 2001 A-D General Airport Revenue Bonds. The net proceeds to be used for construction financing total $384 million with the balance to be used to pay for cost of issuance, capitalized interest and the reserve fund. The Series A and B bonds were issued on a senior basis. The Series C and D bonds were issued on a subordinated basis. The senior bonds have a first lien on revenues and as such have a higher coverage ratio. Subordinated bonds have a secondary lien on revenues and have a lower coverage ratio. Two reserve funds were established, one for the Series A-B bonds and one for the Series C-D bonds. The reserve requirement is the maximum annual aggregate debt service of the Series 2001 A-D bonds. These bonds were rated AAA/AAA by Standard & Poor's and Fitch respectively, based on the Municipal Bond Insurance Policy. Without taking into account the Municipal Bond Insurance Policy, the bonds were rated AA- by Standard & Poors and AA- by Fitch.

In August 2001, the MAC issued $125 million in Bond Anticipation Notes. These notes are issued for one year and are used as an interim funding mechanism. Originally these notes were to be replaced with a new long-term bond issue in 2002. Because of the events of September 11, 2001, the MAC will be taking these notes out with funds on hand.

CAPITAL PROJECTS

Each year the Commission approves capital projects that are planned to start within the next 12 months and a Capital Improvement Program that covers all projects which are to be started during the second calendar year. In addition, a Capital Improvement Plan which covers an additional five years is adopted. These serve as a basis for determining funding requirements and other operational planning decisions. Certain projects which have metropolitan significance are also submitted to the Metropolitan Council for review and approval.

As a result of the events of September 11, 2001, the MAC undertook a comprehensive evaluation of its capital improvement program. As a result of this evaluation, the MAC determined to defer, subject to future review, and reduce in scope approximately $400 million of capital projects.

Funds required for the completion of all capital projects come from five sources: a) General Obligation Revenue Bonds, b) Airport Revenue Bonds, c) state or federal grants, d) internally generated funds from operations, and e) Passenger Facility Charges (PFCs).

On June 1, 1992 the Commission received FAA approval to begin collecting PFCs at MSP. In its first PFC application, the Commission received approval for a $3.00 PFC on each enplaning passenger to finance projects at the MSP totaling approximately $92,714,000. PFCs for the first PFC application were fully collected on August 1, 1994. Included among the projects in the first PFC application is the automated people mover system which was constructed as part of the auto rental/public parking facility.

On August 1, 1994, the Commission received approval to collect a $3.00 PFC on each enplaning passenger pursuant to a second PFC application to finance certain projects at MSP totaling $140,779,000. The second

PFC application was fully funded in April 1999. Included among the projects in the second PFC application is approximately $73 million to be utilized for noise mitigation projects, primarily the Part 150 Home Insulation Program.

During 1995, the Commission received approval to collect a $3.00 PFC on each enplaning passenger pursuant to a third PFC application to finance certain projects at MSP totaling $36,377,000. The third PFC application was fully funded in 1997.

In December 1998, the Commission received approval to collect a $3.00 PFC on each enplaning passenger pursuant to a fourth PFC application to finance certain projects at MSP totaling $55,472,000. Included among the projects in the fourth PFC application is approximately $27 million to be utilized for noise mitigation.

In January 2000, the Commission received approval to collect a $3.00 PFC on each enplaning passenger pursuant to a fifth PFC application to finance certain projects at MSP totaling $122,874,000. Authorization to collect PFCs under the fifth PFC application began in April 2001 and expires on December 1, 2002 however; such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to December 1, 2002. Included among the projects in the fifth PFC application is approximately $44,000,000 to be utilized for the replacement of the Humphrey Terminal. As a result of the enactment of AIR 21, the Commission amended the fifth PFC application, to raise PFC collections from $3.00 to $4.50 per enplaning passenger.

The Commission currently has plans to file a sixth PFC application in late 2002 in order to collect a $4.50 PFC on each enplaning passenger to finance certain projects at MSP totaling approximately $500 million. Among the projects to be financed by the PFCs collected under the proposed sixth PFC application are portions of the Runway 17/35 project and the Concourse C expansion. The Commission expects to leverage a portion of the anticipated receipt of such PFCs from the sixth PFC application by issuing the PFC Bonds which will be payable from the receipt of the PFCs irrevocably committed thereto.

In order to limit the cost of facilities at the reliever airports, the Commission uses only grant funds or retained earnings to finance all construction projects at these airports. Capital improvements at the airport have been financed from all sources as appropriate with the exception of revenue bonds.

The Commission may issue revenue bonds to fund airports and airport navigation facilities, other capital improvements at airports managed by the Commission, noise abatement and natural resource protection measures, transportation and parking improvements related to airports and to refund any outstanding obligations of the Commission. These bonds will be secured with available revenue in accordance with generally accepted public financial practices under a resolution of the Commission or trust indenture for the bonds. They will not be secured by the full faith and credit of the Commission or a pledge of the taxing authority of the Commission.

Anticipated projects planned for 2002, 2003 and 2004, as well as the extended period 2005-2008, are summarized as follows. (The amounts shown represent the estimated total cost for projects planned to be initiated, but not necessarily completed during that period.)

CAPITAL IMPROVEMENT PLAN SUMMARY (CIP)
($ = 000)

	2002	2003	2004	2005-2008	Total 2002-2008
Minneapolis/St. Paul International					
Runway Deicing/Holding Pad	$0	$21,150	$0	$0	$21,150
Runway 17/35	32,700	162,900	86,200	0	281,800
Runway 4/22 Development	5,500	3,000	0	10,000	18,500
Noise Mitigation	7,000	36,500	36,500	100,700	180,700
Taxiway C/D Complex Construction	0	0	0	19,000	19,000
Airfield Rehabilitation	3,500	6,500	9,600	13,000	32,600
Runway Rehabilitation	0	0	0	24,200	24,200
Environmental Remediation	3,000	0	0	0	3,000
Public Parking/Auto Rental Expansion	0	0	0	0	0
Green Concourse Extension	4,050	750	0	0	4,800
Concourse Expansion & Rehabilitation	0	0	0	0	0
Lindbergh Terminal Rehabilitation & Development	1,500	5,500	29,500	4,100	40,600
Humphrey Terminal Development	0	0	0	0	0
Landside Rehabilitation & Repair	2,400	12,450	5,450	12,000	32,300
Miscellaneous Field & Runway	400	2,400	400	1,600	4,800
Miscellaneous Landside	0	86,100	21,100	0	107,200
New Projects	14,250	53,700	23,000	0	90,950
Total Minneapolis/St.Paul International	74,300	390,950	211,750	184,600	861,600
Reliever Airports					
Reliever Airports	300	42,925	16,500	22,300	82,025
Reliever Airports Utility Extension	1,600	5,450	0	0	7,050
Total Reliever Airports	1,900	48,375	16,500	22,300	89,075
Total All Facilities	$76,200	$439,325	$228,250	$206,900	$950,675

CASH MANAGEMENT

Cash temporarily idle during the year is invested according to legal requirements established by the legislature of the State of Minnesota. In accordance with state law, investments are restricted to various United States government securities, certificates of deposits, commercial paper and repurchase agreements. All securities must mature within three years from the date of purchase.

In addition to the legal requirements, the MAC has an investment policy to further enhance the safety of its investments. In accordance with this policy, securities are safekept at one institution and purchases can be made only from dealers located in the State of Minnesota. To ensure competitive prices on all purchases, the policy requires bids to be taken from several different dealers. State statutes and Commission policies permit the Commission to use its investments to enter into securities lending transactions–loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The Commission's securities custodian are agents in lending the Commission's securities for cash collateral of 100 percent plus accrued interest. Contracts with the lending agents require them to indemnify the Commission if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Commission for income distributions by the securities' issuers while the securities are on loan. (Also see Note B.)

The Governmental Accounting Standards Board requires disclosure of types of investments and safekeeping arrangement in the notes to the financial statements. Custodial agreements are disclosed as three levels of risk. At year-end 2001, all of the MAC's investments were being held by a third party agent of the Commission. Total investment earnings for 2001 were $29,248,000. The average yield on investments during the year was 5.27%.

RISK MANAGEMENT

The MAC Risk Department is responsible for administrating the purchase and maintenance of all insurance coverages and related programs. Coverages included are: Airport Liability, including automobile and equipment; Property; Health and Dental; Workers' Compensation; and other miscellaneous coverages.

The Risk Department coordinates claims payment, major claims management, and early intervention where needed in order to promote cost containment and overall claims handling efficiency. The MAC or its tenants, within limits and with deductibles approved by the MAC, maintain fire insurance coverage on all buildings at the airport. Contractors and lessees are required to carry certain amounts of insurance. A schedule of insurance in force at December 31, 2001, can be found in the Statistical section of this report. Loss Prevention and Wellness Committees, composed of MAC staff and airport community representatives with the Risk Department advisor, endeavor to identify exposures, make recommendations to MAC management and promote wellness and awareness among employees and all MAC facilities. Also, the Risk Department maintains open communication and positive relationships with other departments, brokers, and insurance companies to ensure good working relationships and access to competent professional advice. The Risk Department serves as an advisor to public needs, airport tenants, other MAC departments and special action committees.

INDEPENDENT AUDIT

The financial statements of the MAC are audited annually by a firm of independent certified public accountants. The audits for the years ended December 31, 2001 and 2000 were performed by Deloitte & Touche LLP. Their opinion on the financial statements is presented in this report.

In conjunction with the annual audit, Deloitte & Touche LLP perform procedures consistent with the Single Audit Act of 1996 (The Act), OMB Circular A-133 and guidelines in relation to grant award agreements between the MAC and FAA in progress during the year. Deloitte & Touche LLP also performs procedures for the purposes of the MAC's compliance with the regulations issued by the FAA to implement Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990 in relation to PFC revenues and expenses. The reports issued are intended for the use of MAC and the FAA, and have not been included in this report.

In accordance with Minnesota State Law, the Legislative Auditor may conduct a financial audit of the MAC or allow this service to be contracted. In 2001, the financial audit has been performed by the firm Deloitte & Touche LLP. In addition, the Legislative Auditor periodically conducts a separate audit to examine the Commission's compliance with applicable laws, policies, and procedures.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the MAC for its Comprehensive Annual Financial Report for the year ended December 31, 2000. For the sixteenth consecutive year, the Commission has received the prestigious award.

In order to be awarded a Certificate, which is valid for one year, a governmental unit must publish an easily readable and efficiently organized report, the contents of which conform to the program's standards. Such report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The Commission also received for the fourteenth consecutive year the GFOA Award for Distinguished Budget Presentation for its Annual Operating Budget for 2001. In order to qualify for the Distinguished Budget Presentation, the Commission's budget document was judged to be proficient in several categories, including policy documentation, financial planning and organization.

In 1996, the MAC was awarded the Certification of Excellence Award by the Municipal Treasurers' Association of the United States and Canada (MTA US&C) for the MAC's investment policy. The MAC met MTA US&C criteria deemed as necessary components of an investment policy.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution made in preparation of this report.

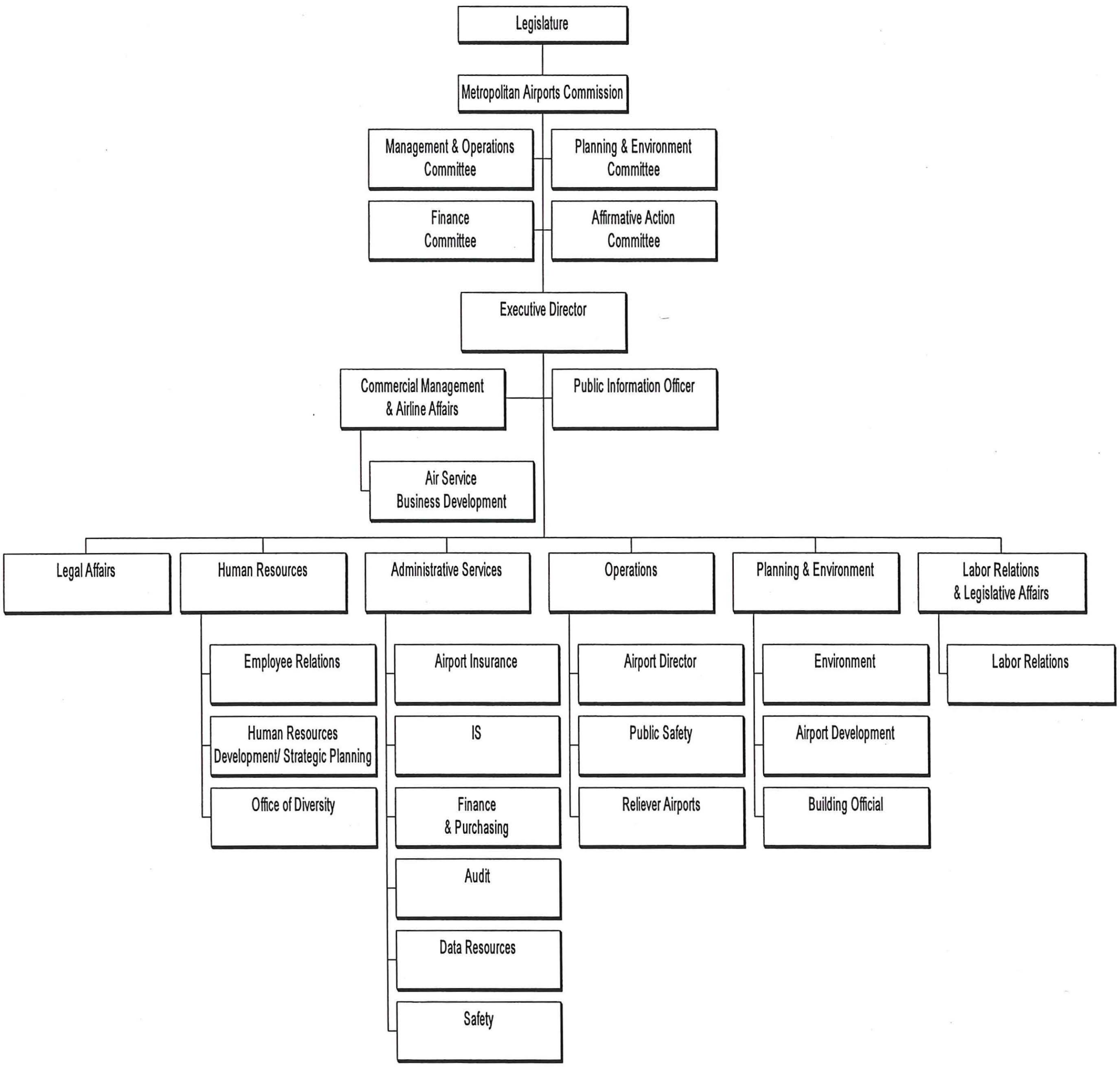
In closing, without the leadership and support of the governing body of the Metropolitan Airports Commission, preparation of this report would not have been possible.

Respectfully submitted,

Jeffrey W. Hamiel
Executive Director

Stephen L. Busch
Director of Finance

ORGANIZATION CHART

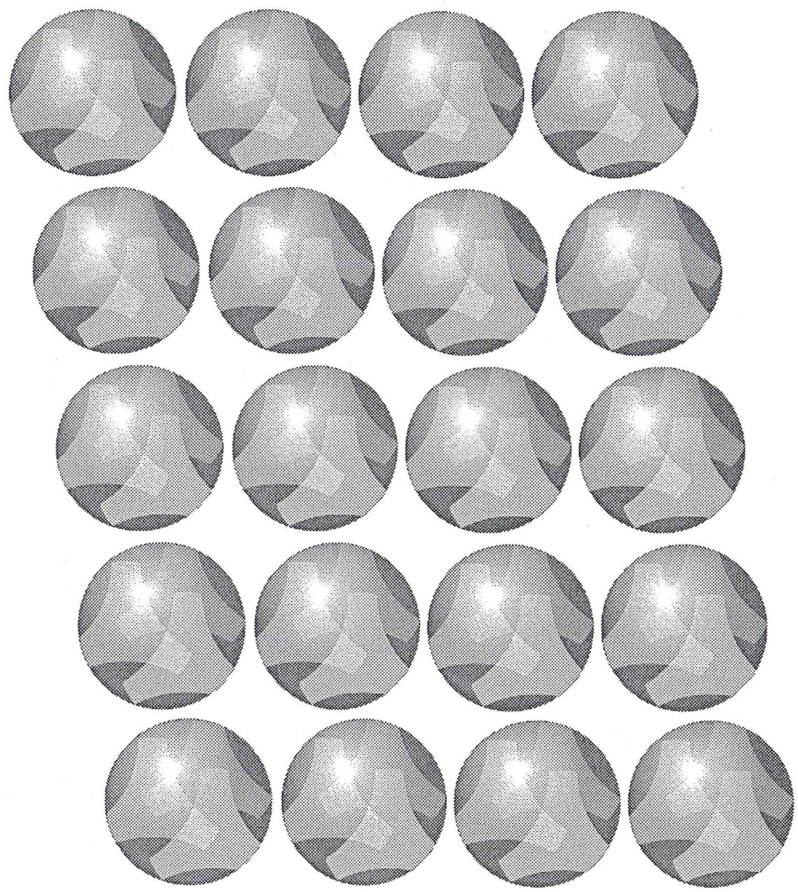


• Minneapolis/St. Paul, Minnesota

• Metropolitan Airports Commission

• Comprehensive Annual Financial Report

• Year Ended December 31, 2001



Financial •
Section •

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

Members of the Commission
Minneapolis-Saint Paul Metropolitan
Airports Commission

We have audited the accompanying balance sheets of Minneapolis-Saint Paul Metropolitan Airports Commission (the Commission) as of December 31, 2001 and 2000 and the related statements of revenues and expenses and changes in retained earnings and of cash flows for the years then ended. These financial statements are the responsibility of the management of the Commission. 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Commission at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2002 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

May 13, 2002

Deloitte
Touche
Tohmatsu

BALANCE SHEETS

(Dollars in Thousands)

	December 31, 2001	December 31, 2000
ASSETS		
Cash and investments – Note B:		
Unrestricted:		
Cash and cash equivalents	$ 20,235	$ 5,498
Investments	56,364	45,697
	76,599	51,195
Restricted – Notes B and C:		
Cash and cash equivalents	16	17
Investments	853,454	608,335
	853,470	608,352
	930,069	659,547
Accounts receivable	11,968	10,147
Government grants in aid of construction receivable – Note A	6,440	746
Restricted asset–		
Passenger facility charge receivable – Note A	7,979	5,801
Airports and facilities – Notes A, E, G, and K	1,894,021	1,507,655
Leases receivable – Notes A and J	334,423	347,752
Other	42	173
TOTAL ASSETS	**$3,184,942**	**$2,531,821**
LIABILITIES AND FUND EQUITY		
Accounts payable and accrued expenses	$ 16,623	$ 15,478
Security lending agreement	20,665	19,943
Payables from restricted assets:		
Debt service – Note F	243,577	180,828
Construction	100,611	59,489
Post retirement medical and other – Note M	15,070	12,363
Other	2,004	1,981
Security lending agreement	97,838	148,231
Employee compensation and payroll taxes	4,650	5,015
Deferred revenue – Note A	44,894	45,839
Bonds payable – Note F	1,611,015	1,101,184
TOTAL LIABILITIES	**2,156,947**	**1,590,351**
Commitments and Contingencies – Notes P and Q		
FUND EQUITY – Note D		
Contributed capital – Notes A and D	172,422	186,408
Retained earnings:		
Reserved	402,349	211,261
Unreserved	453,224	543,801
TOTAL FUND EQUITY	**1,027,995**	**941,470**
TOTAL LIABILITIES AND FUND EQUITY	**$3,184,942**	**$2,531,821**

See notes to financial statements.

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN RETAINED EARNINGS

(Dollars in Thousands)

	Fiscal Years Ended December 31, 2001	2000
OPERATING REVENUES		
Airline rates and charges	$ 72,669	$ 68,133
Concessions	69,707	70,760
Other revenues:		
Utilities	2,440	1,852
Miscellaneous	25,250	22,669
TOTAL OPERATING REVENUES	**170,066**	**163,414**
OPERATING EXPENSES		
Personnel	42,627	39,814
Administrative expenses	1,708	1,686
Professional services	5,177	6,357
Utilities	11,208	8,678
Operating services	14,113	11,971
Maintenance	15,250	12,238
Depreciation	65,647	51,028
Other	521	278
TOTAL OPERATING EXPENSES	**156,251**	**132,050**
OPERATING INCOME	**13,815**	**31,364**
OTHER REVENUES (EXPENSES)		
Interest income	57,712	55,661
Passenger Facility Charges	57,191	43,567
Federal and state grants	39,071	-
Loss on disposal of assets	(4,196)	-
Bond interest expense	(55,549)	(42,023)
Part 150 home insulation expenses	(20,517)	(20,707)
Concession development expenses	-	(416)
NET INCOME	**87,527**	**67,446**
ADD: Depreciation of facilities provided by government grants	12,984	12,725
INCREASE IN RETAINED EARNINGS	**100,511**	**80,171**
Retained Earnings–Beginning of Year	755,062	674,891
RETAINED EARNINGS–END OF YEAR	**$855,573**	**$755,062**

See notes to financial statements.

STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

	Fiscal Years Ended December 31, 2001	2000
Cash flows from operating activities:		
Operating income	$ 13,815	$ 31,364
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	65,647	51,028
Change in assets and liabilities:		
Accounts receivable	(1,821)	(5,406)
Other assets	131	(111)
Accounts payable and accrued expenses	1,145	7,682
Postretirement medical and other	2,707	3,504
Other restricted liabilities	23	(29)
Employee compensation and payroll taxes	(365)	1,293
Deferred revenue	(945)	825
NET CASH PROVIDED BY OPERATING ACTIVITIES	**80,337**	**90,150**
Cash flows from capital and related financing activities:		
Payments for airports and facilities	(379,744)	(441,402)
Proceeds from disposal of airports and facilities	-	1
Payments for Part 150 Program	(20,517)	(20,707)
Payments for Concession Development Program	-	(416)
Proceeds from bond issuance	604,848	277,997
Receipt of lease payments	11,493	7,282
Receipt of passenger facility charges	54,902	43,261
Payments on bonds	(44,640)	(9,520)
Interest paid on bonds	(77,526)	(61,190)
Receipts of government grants in aid of construction	33,377	35,201
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	**182,193**	**(169,493)**
Cash flows from investing activities:		
Purchase of investment securities	(1,008,523)	(646,397)
Proceeds from maturities of investment securities	703,429	674,640
Interest income	57,300	54,064
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	**(247,794)**	**82,307**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**14,736**	**2,964**
Cash and cash equivalents–Beginning of year	5,515	2,551
CASH AND CASH EQUIVALENTS–END OF YEAR	**$ 20,251**	**$ 5,515**

Non-cash transactions for changes in fair value of investments were $412,000 and $1,597,000 for 2001 and 2000, respectively.

See notes to financial statements.

Fiscal years ended December 31, 2001 and 2000

NOTE A
SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Minneapolis-Saint Paul Metropolitan Airports Commission (the Commission) was created by an act of the Minnesota State Legislature in 1943 as a public corporation. Its purpose is to promote air navigation and transportation (international, national, and local) in and through the State of Minnesota, promote the efficient, safe, and economical handling of air commerce, assure the inclusion of the state in national and international programs of air transportation, and to those ends develop the full potentialities of the metropolitan area as an aviation center. It has the responsibility to assure residents of the metropolitan area the minimum environmental impact from air navigation and transportation, promote the overall goals of the state's environmental policies, and minimize the public's exposure to noise and safety hazards around airports.

The area over which the Commission exercises its jurisdiction is the Minneapolis-Saint Paul metropolitan area, which includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The Commission controls and operates seven airports within the metropolitan area, including the Minneapolis-Saint Paul International Airport, which services scheduled air carriers and six reliever airports, serving general aviation.

The Commission is governed independently by a 15-member Board of Commissioners. The governor of the State of Minnesota appoints 13 commissioners. The mayors of Minneapolis and Saint Paul also have seats on the Commission with the option to appoint a surrogate to serve in their place. Certain large capital improvement projects having metropolitan significance must be reviewed by the Metropolitan Council, which is a public agency established by law with powers of regulation over the development of the metropolitan area.

In applying Governmental Accounting Standards Board (GASB) Statement No. 14, the State of Minnesota and the Commission have agreed that the Commission is not financially accountable to any other organization and is considered a stand-alone governmental unit.

Basis of Accounting

The system of airports operated by the Commission is accounted for as an Enterprise Fund and reported on the accrual basis of accounting. Revenues are recognized when they are earned or when services are provided, and expenses are recognized when they are incurred. Grants are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. Passenger Facility Charges (PFC's) are recorded as revenue at the time of ticket sale as reported to the Commission by the airlines. The Commission has applied GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting.* Under GASB Statement No. 20, the Commission applies all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Budgeting Process

As required by Minnesota Statutes, the Commission adopts an annual operating and capital expenditures budget for purposes of determining required taxes, if any, to be levied by counties in its jurisdiction. Budgets are established on a departmental basis using the accrual method of accounting.

The process to amend the budget is set forth in the Commission bylaws, Article III, Section 8(a), and presented below:

"8(a) Establishment of the annual budget setting out anticipated expenditures by type of expenditure and/or upward or downward revision of that budget in the course of the corporation's fiscal year shall constitute prior approval of each type of expenditure. Authorization by vote of the Commission is required for transfer of budgeted amounts between or among line items or to appropriate additional funds for each line item. The Executive Director is directed to provide for the daily operation and management of the Commission within the expenditure guidelines of the annual budget. Commission approval of a contract shall constitute prior approval of disbursements made pursuant to terms of the contract within the constraints of the budget for all contract payments, except final construction contract payments, which shall require commission approval.

The Executive Director shall have the responsibility of securing adequate quantities of office, janitorial, maintenance and repair materials and supplies, and the rent of sufficient equipment necessary for the smooth, continuous operation of the Commission's system of airports and all facilities associated with the system of airports. The Executive Director's authority to secure these items shall be subject to the Commission's purchasing procedures and be subject to the line-item budget constraints of the annual budget.

At any time during the fiscal year, the Executive Director may recommend to the full Commission that all or any unencumbered appropriation balances of individual line-items be transferred to those line-items that require additional budgeted funds. In addition, the Executive Director may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption."

The Commission is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data are not included in the basic financial statements. All budgets are prepared in accordance with airport lease and use agreements. Unexpended appropriations lapse at year-end.

Compensated Absences

Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. Liabilities relating to these absences are recognized as incurred and included as employee compensation and payroll taxes.

Cash

In accordance with Minnesota Statutes, the Commission maintains deposits at those depository banks which are members of the Federal Reserve System, as authorized by the Commission.

Cash Equivalents

The Commission considers cash on hand plus overnight investments to be cash equivalents.

Deferred Revenue

Deferred revenue primarily represents advance interest payments received from the airlines which will be recognized as interest income over the term of the lease agreement.

Government Grants in Aid of Construction

Government grants in aid of construction represent the estimated portion of construction costs incurred for which airport aid grants are expected to be paid to the Commission by the United States Government and the State of Minnesota. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, effective for the fiscal year ending December 31, 2001, the Commission records government grants in aid of construction as other revenue. Reclassification of prior years' financials for amounts recorded as contributed capital within fund equity was not required under GASB Statement No. 33. Government grants in aid of construction were $39,071,000 and $35,225,000 for the years ending December 31, 2001 and 2000 respectively.

Airports and Facilities

As required under Chapter 500, Laws of Minnesota 1943—the law under which the Commission was created—certain properties, classified as airports and facilities, were contributed by the cities of Minneapolis and Saint Paul. Fee title to the land and improvements remain with the two cities.

Land contributed to the Commission from the cities has been recorded at the cost reported by the cities. The fair market value of the land when it was contributed was not determined. However, it is the Commission's belief that the difference between the cost and the fair market value in 1943 is immaterial. Additions to the property accounts have been recorded at cost since 1943.

It is the Commission's policy to amortize the carrying amount of the properties, including those acquired using government grants in aid, over their estimated useful lives on a straight-line basis by annual depreciation charges to income. Estimated useful lives on depreciable assets are as follows:

Airport improvements and buildings	10-40 years
Moveable equipment	3-10 years

Costs incurred for major improvements are carried in projects in progress until disposition or completion of the related projects. Costs relating to projects not pursued are expensed, while costs relating to completed projects are capitalized as properties.

Passenger Facility Charges

On June 1, 1992 the Commission began collecting Passenger Facility Charges (PFCs). PFCs are fees imposed on enplaned passengers by airport authorities for the purpose of generating revenue for airport projects that increase capacity, increase safety, or mitigate noise impacts. In the first application, the Commission received approval for a $3.00 PFC to finance projects totaling approximately $92,714,000. Collection for the first application expired on August 1, 1994. The Commission received authority to collect a $3.00 PFC under a second application beginning that same day to finance projects totaling $140,779,000 with an expiration date of April 1, 1999. During 1995, the Commission received authority to collect a $3.00 PFC under a third application beginning June 1, 1996 to finance projects totaling

$32,700,000. This application was amended in March 1997 to increase the amount collected to $36,377,000. The third application was fully funded in 1997 and collections have ended. During 1998, the Commission received authority to collect a $3.00 PFC under a fourth application beginning April 1, 1999 to finance projects totaling $55,472,000. During January 2000, the Commission received authority to collect a $3.00 PFC under a fifth application beginning April 1, 2000 to finance projects totaling $122,874,000. During 2001, as a result of AIR 21, the Commission amended the fifth PFC application, to raise collections from $3.00 to $4.50 per enplaning passenger. Effective January 1, 1997, the Commission began to expense costs associated with the Part 150 Sound Insulation Program that are funded by PFCs.

PFCs are recorded as nonoperating revenue at the time of ticket sale as reported to the Commission by the airlines.

Leases

Substantially all airport improvements and buildings are leased or charged to users under various agreements. Certain facilities are leased under self-liquidating lease agreements which require the lessee to pay annual payments equal to the debt service requirements of the bonds issued to construct the facilities, or the debt service requirements which would have been required if bond funds were used. Other facilities at Minneapolis-Saint Paul International Airport are charged to user airlines under lease agreements which provide for compensatory rental rates designed to recover agreed-upon portions of costs incurred, including depreciation and interest, in the terminal building, ramp, and runway areas. Other facilities, to the extent they are leased, are leased under conventional agreements, primarily percentage leases. Revenues above costs recovered are used to defray the costs of maintaining reliever airports and public areas at Minneapolis-Saint Paul International Airport. See Note Q for additional information regarding transactions with Northwest Airlines, Inc.

Capitalized Interest

Interest capitalized on projects funded by internally generated funds is based on the weighted average borrowing rate of the Commission and actual project expenditures during the period of construction. Interest capitalized on projects funded from bond proceeds is the interest cost of the borrowing less interest earned on undisbursed invested funds during the construction period. Interest is not capitalized on project costs that are reimbursed by government grants in aid of construction or Passenger Facility Charges.

Deferred Loss on Refundings

The Commission defers recognition of losses incurred with refundings according to GASB Statement No. 23. The losses incurred in refundings will be amortized on a straight-line basis over the lesser of the remaining life of the original bonds or the life of the new bonds.

GASB Statement No. 34 Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments

The effective date of this statement for the Commission is for the fiscal year ended December 31, 2002. The Commission is currently evaluating the impact of GASB 34 on its financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year's presentation. Such reclassifications did not have an effect on net income or fund equity as previously reported.

NOTE B
CASH, INVESTMENTS, AND SECURITIES LENDING

Cash

Cash balances which are insured or collateralized by securities held in the Commission's name by a financial institution (Commission's agent) other than that furnishing the collateral are as follows (in thousands):

	12/31/01	12/31/00
Financial statement balances	$1,399	$527
Bank balances	$1,204	$320

Minnesota Statutes require that all Commission deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% for mortgage notes pledged). Authorized collateral includes allowable investments as discussed below, certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the Commission or in a financial institution other than that furnishing the collateral.

Securities Lending Transactions

State statutes and Commission policies permit the Commission to use its investments to enter into securities lending transactions–loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The Commission's securities custodian are agents in lending the Commission's securities for cash collateral of 100% plus accrued interest. Securities on loan at year-end are classified in the following schedule of custodial credit risk. At year-end, the Commission has no credit risk exposure to borrowers because the amounts the Commission owes the borrowers exceed the amounts the borrowers owe the Commission. Contracts with the lending agents require them to indemnify the Commission if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Commission for income distributions by the securities' issuers while the securities are on loan.

All securities loans can be terminated on demand by either the Commission or the borrower, although the average term of the loans is one week. The Commission does not have the authority to pledge or sell collateral without borrower default. In lending securities, cash collateral is invested in securities authorized by Minnesota Statutes, generally with maturities between one week and three months.

Investments

In accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Commission's investments are reported at fair value in the balance sheet and changes in the fair value of investments reported in the operating statements.

Investment income as of December 31, consists of the following:

	2001	2000
Interest income from leases	$28,464,000	$28,715,000
Interest income from Investments	28,836,000	25,349,000
Net Increase in fair value of investments	412,000	1,597,000
	$57,712,000	$55,661,000

The Commission invests funds as authorized by Minnesota Statutes in direct obligations or obligations guaranteed by the United States or its agencies, general obligations of the State of Minnesota or any other state or any of its municipalities, commercial paper rated in the highest category by at least two nationally recognized rating agencies, bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System, certificates of deposit issued by official depositories of the Commission, shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in direct obligations or obligations guaranteed by the United States or its agencies, and repurchase agreements with financial institutions.

The Commission's investments at December 31, 2001 are categorized below to give an indication of the level of credit risk assumed. Category 1 includes investments that are insured or registered or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Commission's name.

(In Thousands)	Fair Value Credit Risk Category			
Type of Security	**1**	**2**	**3**	**Total**
December 31, 2001				
U.S. Government and Agencies	$220,610	$ 0	$ 0	$220,610
Repurchase Agreements	507,570	0	0	507,570
Commercial Paper	21,000	0	0	21,000
	$749,180	$ 0	$ 0	749,180
Investments – Not Categorized				
Cash on Hand				1,399
Mutual Funds				179,490
Total Cash and Investments				$930,069

NOTE C
RESTRICTED ASSETS AND RESERVED RETAINED EARNINGS FOR FUTURE DEBT SERVICE AND CONSTRUCTION

Minnesota Statutes require the Commission to have a balance on hand in a Debt Service Account on October 10 of every year equal to the total amount of principal and interest due on all outstanding bonds to the end of the second following year. Cash and investments to meet this requirement plus interest earned thereon are restricted.

Cash and investments segregated as regular construction funds include amounts received from issuance of commission bonds, government grants in aid of construction, Passenger Facility Charges, rental receipts on assets purchased with grants in aid not utilized for aviation, and cumulative interest earned from the investment of such funds. These amounts are used principally for construction at Minneapolis-Saint Paul International Airport.

The Commission also segregates certain amounts from operating cash flows which it designates as restricted in special construction funds for use at secondary airports or additional Minneapolis-Saint Paul International Airport projects that are not funded by bond issues. All reserved retained earnings are used for construction purposes.

The Commission also restricts the amount received from Passenger Facility Charges for the approved airport improvement projects as discussed in Note A.

Cash, securities, and receivables are segregated and restricted as follows (in thousands):

	12/31/01	12/31/00
Restricted Assets		
Cash and investments:		
Debt service	$243,577	$180,828
Construction:		
Regular	473,723	194,795
Special	21,306	70,503
Postretirement medical	15,266	12,383
Other	1,760	1,612
Security lending transactions	97,838	148,231
Passenger Facility Charge receivable	7,979	5,801
TOTAL RESTRICTED ASSETS	**861,449**	**614,153**
Less payables to be paid from restricted cash and investments:		
Debt service	243,577	180,828
Construction	100,611	59,489
Post-retirement medical and other	15,070	12,363
Other	2,004	1,981
Security lending transactions	97,838	148,231
	459,100	402,892
RESERVED RETAINED EARNINGS	**$402,349**	**$211,261**

NOTE D
CHANGES IN FUND EQUITY

Changes in fund equity are as follows (in thousands):

	Contributed Capital	Retained Earnings Reserved	Retained Earnings Unreserved	Total
Balance January 1, 2000	**$163,908**	**$272,452**	**$402,439**	**$838,799**
Government grants in aid of construction	35,225	-	-	35,225
Net income for the year	-	-	67,446	67,446
Depreciation of facilities provided by government grants	(12,725)	-	12,725	-
Net change in restricted assets and liabilities	-	(61,191)	61,191	-
Balance December 31, 2000	**$186,408**	**$211,261**	**$543,801**	**$941,470**
Net income for the year		-	87,527	87,527
Loss on building disposal	(1,002)	-	-	(1,002)
Depreciation of facilities provided by government grants	(12,984)		12,984	
Net change in restricted assets and liabilities	-	191,088	(191,088)	-
Balance December 31, 2001	**$172,422**	**$402,349**	**$453,224**	**$1,027,995**

NOTE E
AIRPORTS AND FACILITIES

Changes in airports and facilities by major classification are as follows (in thousands):

Airports and Facilities	Balance January 1, 2000	Additions	Transfers In (Out)	Deductions	Balance December 31, 2000
Land	$ 78,376	$ -	$ 20,850	$ -	$ 99,226
Airport improvements and buildings	946,808	-	377,027	-	1,323,835
Moveable equipment	42,833	4,310	1,086	(891)	47,338
Projects-in-progress	437,493	464,730	(398,963)	-	503,260
TOTAL AIRPORTS AND FACILITIES	**1,505,510**	**469,040**	-	**(891)**	1,973,659
Accumulated depreciation	(415,866)	(51,028)	-	890	(466,004)
NET AIRPORTS AND FACILITIES	**$ 1,089,644**	**$ 418,012**	$ -	$ (1)	**$ 1,507,655**

Airports and Facilities	Balance January 1, 2001	Additions	Transfers In (Out)	Deductions	Balance December 31, 2001
Land	$ 99,226	$ 300	$ 7,549	$ -	$ 107,075
Airport improvements and buildings	1,323,835	4,910	245,999	(10,436)	1,564,308
Moveable equipment	47,338	6,491	1,541	(711)	54,659
Projects-in-progress	503,260	445,509	(255,089)	-	693,680
TOTAL AIRPORTS AND FACILITIES	**1,973,659**	**457,210**	-	**(11,147)**	**2,419,722**
Accumulated depreciation	(466,004)	(65,647)	-	5,950	(525,701)
NET AIRPORTS AND FACILITIES	**$1,507,655**	**$ 391,563**	$ -	**$ (5,197)**	**$1,894,021**

NOTE F
LONG-TERM DEBT

The acquisition and construction of facilities at the airports operated by the Commission have been substantially financed by the issuance of Airport Revenue Bonds, Commercial Paper, and General Obligation Revenue Bonds.

General Obligation Revenue Bonds are general obligations of the Commission, payments of which are secured by the pledge of all operating revenues of the Commission. The Commission has the power to levy property taxes upon all taxable property in the seven-county metropolitan area in order to pay debt service on outstanding General Obligation Revenue Bonds. (Also see Note Q.)

The Commission has not levied taxes for the payment of debt service since 1969. Since then, Commission revenues have been sufficient to pay principal and interest due on General Obligation Revenue Bonds.

The Airport Revenue Bonds are not general obligations, but are limited obligations of the Commission payable solely from and secured by a pledge of net revenues. Neither the full faith and credit nor the taxing power of the Commission, the City of Minneapolis, the City of Saint Paul, the State, or any political subdivision or public agency of the State, other than the Commission, to the extent of net revenues, is pledged to the payment of the Airport Revenue Bonds.

The Commission has statutory authority for issuing General Obligation Revenue Bonds. The present statutory general obligation bonding limit as of December 31, 2001, would permit the issuance of an additional $55 million of General Obligation Revenue Bonds.

Bonds payable, due serially (in thousands):

	Issue Date	Original Amount	Final Payment In	Outstanding as of December 31 2001	Outstanding as of December 31 2000
Notes Payable:					
Series A - 4.25 to 4.35%	10-18-00	$ 40,000	2002	$ 40,000	$ 40,000
Series B - 4.30 to 4.35%	10-18-00	35,000	2002	35,000	35,000
				75,000	75,000
Bond Anticipation Note:					
Series A	8-9-01	61,500	2002	61,500	-
Series B	8-9-01	63,500	2002	63,500	-
				125,000	-
Airport Revenue Bonds:					
1998 Series A - 5.0%	6-1-98	225,885	2030	225,885	225,885
1998 Series B - 5.0 to 5.5%	6-1-98	84,000	2016	84,000	84,000
1998 Series C - 5.94 to 6.27%	6-1-98	37,040	2007	32,255	37,040
1999 Series A - 5.13%	7-1-99	132,415	2031	132,415	132,415
1999 Series B - 4.75 to 5.63%	7-1-99	135,095	2022	135,095	135,095
2000 Series A - 5.75 to 5.95%	5-16-00	115,325	2032	115,325	115,325
2000 Series B - 5.25 to 6.20%	5-16-00	88,745	2021	88,745	88,745
2001 Series A - 5.25%	5-30-01	85,190	2032	85,190	-
2001 Series B - 5.00 to 5.75%	5-30-01	98,815	2024	98,815	-
2001 Series C - 5.125 to 5.50%	5-30-01	196,600	2032	196,600	-
2001 Series D - 5.00 to 5.75%	5-30-01	70,210	2016	70,210	-
				1,264,535	818,505
General Obligation Revenue Bonds:					
Series 2 - 5.20%	12-1-77	10,000	2002	700	1,375
Series 8 - 5.45 to 6.60%	2-1-92	45,000	2011	-	32,550
Series 10 - 4.25 to 5.00%	5-1-93	29,025	2006	10,670	12,970
Series 11 - 4.80 to 5.30%	10-1-94	5,615	2002	945	1,905
Series 12 - 4.20 to 4.55%	11-1-96	5,525	2002	1,275	2,625
Series 13 - 4.0 to 5.25%	11-1-98	38,750	2015	36,730	38,750
Series 14 - 5.0 to 5.5%	10-31-01	25,690	2011	25,690	-
Special NWA Financing Secured by Facilities, Parts, Routes, Simulators:					
Series 9 – 8.60 to 8.95% – Note Q	4-1-92	270,000	2022	270,000	270,000
				346,010	360,175
TOTAL BONDS OUTSTANDING				**1,810,545**	**1,253,680**
Net unamortized discount				(5,687)	(8,834)
Deferred loss on refunding				(1,608)	(1,302)
Accrued interest due				51,342	38,468
				1,854,592	1,282,012
Less:					
Payable from restricted assets—debt service				(243,577)	(180,828)
TOTAL BONDS PAYABLE				**$1,611,015**	**$1,101,184**

Future debt service requirements after December 31, 2001 are as follows (in thousands):

Year/s	Notes Payable	Bond Anticipation Notes	Airport Revenue Bonds	General Obligation Revenue Bonds	Total Debt Outstanding	Interest	Total Principal & Interest
2002	$ 75,000	$125,000	$ 8,950	$ 7,310	$ 216,260	$ 101,129	$ 317,389
2003	-	-	18,580	12,070	30,650	93,764	124,414
2004	-		19,540	12,780	32,320	91,931	124,251
2005	-	-	20,590	13,400	33,990	89,968	123,958
2006	-	-	21,705	13,345	35,050	87,898	122,948
2007-2011	-	-	127,430	73,355	200,785	405,282	606,067
2012-2016	-	-	166,520	81,285	247,805	334,475	582,280
2017-2021	-	-	217,655	105,375	323,030	242,616	565,646
2022-2026	-	-	280,830	27,090	307,920	140,789	448,709
2027-2031	-	-	340,145	-	340,145	55,883	396,028
2032	-	-	42,590	-	42,590	1,152	43,742
	$ 75,000	$ 125,000	$ 1,264,535	$ 346,010	$ 1,810,545	$ 1,644,887	$ 3,455,432

Of the future debt service requirements listed above, $308,115,000 of principal and $344,179,000 of interest are leased under agreements with Northwest Airlines, Inc. The General Obligation Revenue Bond Series 9 represents $270,000,000 of principal and $330,358,000 of interest of the Northwest Airlines debt service requirements. These lease agreements require the lessee to make annual payments equal to the debt service requirements of the bonds.

As mentioned in Note Q, in respect to the General Obligation Revenue Bond Series 9, Northwest Airlines is required to maintain collateral. The value of the collateral is determined by periodic independent appraisals. The value (based upon use of the assets by an airline) of the collateral must be at least 145% (reducible to 135% under certain circumstances) of the principal amount of the General Obligation Revenue Bond Series 9.

Rental agreements between the Commission and its tenants, including the compensatory rental agreement, the self-liquidating agreements, and other arrangements, are intended to provide for revenues which allow for the above required principal and interest payments. Other Commission revenue to be received under minimum rental revenue provisions is not significant in the aggregate.

NOTE G
CONDUIT DEBT OBLIGATIONS

To provide funding to finance the acquisition, construction, expansion, installation and equipping of capital improvements at Minneapolis-Saint Paul International Airport, the Commission has issued two series of Special Facility Revenue Bonds. These bonds are special limited obligations of the Commission, payable solely from and secured by a pledge of rentals to be received from lease agreements between the

Commission and NWA. The bonds do not constitute a debt or pledge of the faith and credit of the Commission and accordingly have not been reported in the accompanying financial statements.

At December 31, 2001, Special Facility Revenue Bonds outstanding are $136,355,000.

NOTE H
BOND REFUNDING

On October 31, 2001, the Commission issued $25,690,000 General Obligation Revenue Bond Series 14 to advance refund General Obligation Revenue Bond Series 8. General Obligation Revenue Bond Series 8 mature on January 1, 2011, and are callable on January 1, 2002. The net proceeds from the issuance of General Obligation Revenue Bond Series 14 were used to purchase U.S. Government securities, and these securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until all the General Obligation Revenue Bonds Series 8 bonds are called on January 1, 2002. The advance refunding met the requirements of an in-substance debt defeasance, and the General Obligation Revenue Bond Series 8 were removed from the Commission's books. At December 31, 2001, $31,381,174 is being held in escrow in order to pay the remaining maturity of $30,400,000 on General Obligation Revenue Bond Series 8. As a result of the advance refunding, the Commission reduced its total debt service requirements by $4,244,638, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new debt) in the amount of $3,422,093. The Commission also deferred recognition of a $483,347 loss in connection with this refunding according to GASB Statement No. 23. As a result the loss has been deferred and will be amortized to interest expense on a straight-line basis through January 1, 2011. At December 31, 2001, the unamortized deferred loss netted against bonds payable is $474,560.

NOTE I
CAPITALIZATION OF INTEREST

Total interest costs incurred were $55,549,000 and $42,023,000 in 2001 and 2000, respectively. Interest costs excluded from interest expense and capitalized as part of the costs of constructed assets were $34,628,000 and $27,425,000 in 2001 and 2000, respectively. Total interest paid was $77,493,000 and $61,172,000 in 2001 and 2000, respectively.

NOTE J
LEASES

The Commission leases certain facilities to tenants under self-liquidating lease agreements. Self-liquidating lease agreements require the lessee to pay annual rentals equal to the debt service requirements of the bonds issued to construct the facilities, or the debt service requirements which would have been required if bond funds were used. These leases are classified as direct financing leases and expire at various intervals until the year 2022. The following lists the components of the Commission's leases as of December 31 (in thousands):

	2001	2000
Total minimum lease payments to be received	$690,861	$730,754
Less: Unearned income	348,963	379,537
Net investment in leases	341,898	351,217
Less: Prepaid principal	7,475	3,465
LEASES RECEIVABLE PER BALANCE SHEET	**$334,423**	**$347,752**

As of December 31, 2001, future minimum lease payments are as follows (in thousands):

Year	Amount
2002	$ 40,259
2003	37,249
2004	37,212
2005	37,019
2006	37,006
2007-2011	184,061
2012-2016	169,088
2017-2021	148,964

NOTE K
CAPITAL LEASE

The Commission is obligated under certain leases accounted for as capital leases. Assets under capital leases totaled $891,000 at December 31, 2001, and accumulated amortization on those assets totaled $649,000. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 2001 (in thousands):

(In Thousands)

Year Ending December 31	Minimum Lease Payments
2002	$121
2003	121
2004	121
Minimum lease payments for all capital leases	363
Less: Amount representing interest at the Commission's incremental borrowing rate of interest	31
Present value of minimum lease payments	$332

NOTE L
PENSION AND RETIREMENT PLANS

All full-time and certain part-time employees of the Commission participate in the Minneapolis Employees Retirement Fund (MERF) (participation restricted to employees hired prior to July 1, 1978) or the Public Employees Retirement Association (PERA). Both are cost-sharing, multiple-employer retirement plans.

1. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

A. Plan Description

All full-time and certain part-time employees of the Commission (hired after June 30, 1978) are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERF members belong to the Coordinated Plan. Coordinated members are covered by Social Security. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for Coordinated members.

The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Using Method 2, the annuity accrual rate is 1.7% of average salary for Coordinated members. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For PERF members whose annuity is calculated using Method 1, and for all PEPFF members, a full annuity is available when age plus years of service equals at least 90. A reduced retirement annuity is also available to eligible members seeking early retirement. There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contribution in the fund upon termination of public service, in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained by writing to PERA, 514 St. Peter Street #200, Saint Paul, Minnesota, 55102 or by calling (651) 296-7460 or 1-800-652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The Commission makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Coordinated Plan members are required to contribute 4.75% of their annual covered salary. PEPFF members are required to contribute 6.20% of their annual covered salary. The Commission is required to contribute the following percentages of annual covered payroll: 5.18% for Coordinated Plan PERF members and 9.30% for PEPFF members. The Commission's required contributions to the Public Employees Retirement Fund for the years ended December 31, 2001, 2000, and 1999 were $1,105,000, $1,001,000, and $898,000, respectively. The Commission's required contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2001, 2000, and 1999 were $509,000, $408,000, and $395,000, respectively. The Commission's contributions were equal to the contractually required contributions for each year as set by state statute.

2. MINNEAPOLIS EMPLOYEES RETIREMENT FUND

A. Plan Description

All full-time and certain part-time employees of the Commission (hired before July 1, 1978) are covered by a defined benefit pension plan administered by the Minneapolis Employees Retirement Fund (MERF). MERF is a cost-sharing, multiple-employer retirement plan.

MERF provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after ten years of credited service. Members are eligible for service retirement either:

A) With 30 or more years of service at any age; or
B) At age 60 with ten or more years of service; or
C) At age 65 with less than ten years of service; or
D) With 20 or more years of service at age 55, if a MERF member prior to June 28, 1973.

The defined retirement benefits are based on the average of the highest five years' salary within the last ten years of employment. The member will receive a benefit amount of 2% of that average salary for each of the first ten years of service and 2.5% of that salary for each year over ten years of service. The formulas used in calculating pension benefit increases are contained in Minnesota State Law. Increases may only be paid from investment earnings which exceed the actuarial assumption of a 5% return set for Minnesota public employment retirement funds. The annual increase for MERF is calculated from information supplied by the consulting actuary who determines the reserves required to maintain MERF as an actuarially and financially sound pension fund. Increases in pension benefits are permanent and guaranteed because they are fully funded, that is, the amount necessary to sustain the increase has been set aside.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree. No survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members leaving public service any time before retirement and before age 60 may receive a refund of all personal contributions, with interest, except for the survivor benefit contribution which is the equivalent of a nonrefundable term insurance premium. Employees who leave public service after age 60 may not withdraw personal contributions with interest unless they have worked less than ten years and do not qualify for monthly retirement benefits. The survivor benefits contribution is nonrefundable.

MERF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MERF, 800 Baker Building, 706 Second Avenue South, Minneapolis, MN 55402 or by calling (612) 335-5950.

B. Contributions Required and Contributions Made

Employee Contributions: Minnesota Statute Sections 422A.010 and 422A.25 require members to contribute 9.75% of their earnings to MERF which includes .5% for survivor benefits.

Employer Contributions: Required employer contributions are established by Minnesota Statute Section 422A.101 and include the normal cost, as reported in the annual actuarial valuation, plus an amount to cover administrative costs. Employers also contribute an additional 2.68% of covered employees payroll and an annual total of $3.9 million which is required by Minnesota Statutes to be applied against the unfunded liability. Commencing in 1986, the Commission is required to make additional contributions toward the unfunded liability. This contribution was previously made by the State of Minnesota.

State of Minnesota Contributions: Minnesota Laws of 1991 provide for a maximum $9,000,000 annual contribution to MERF for the purpose of eliminating the unfunded liability by June 30, 2020. The consulting actuary for the fund determines the unfunded liability at the end of the fiscal year. By using a 6% interest assumption rate, an annual contribution to provide full funding by June 30, 2020 is determined. That amount is reduced by the employer's 2.68% of payroll and further reduced by the $3.9 million and the additional contributions made by the Commission and others. If the balance exceeds the amount of the state maximum contribution, the excess is contributed by the employers.

Current required contribution rates are as follows:

	Employee	Employer	Additional Employer
Retirement Contribution	9.25%	8.42%	2.68%
Survivor Benefits	.50%		

Total required contributions made by the Commission for the fiscal year ended December 31 are as follows (in thousands):

Contributions	2001	2000	1999
Employer (100% of required)	$ 401	$ 442	$ 801

NOTE M
POST-RETIREMENT BENEFITS

The Commission provides health insurance benefits for certain retired employees. Active employees who retire from the Commission and who have become vested in either the Minneapolis Employees Retirement Fund (MERF) or the Public Employees Retirement Association (PERA), and who do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the Commission's health benefits program. The Commission will make contributions (as specified in union agreements or the Commission's personnel policy) toward required premiums at the same percentages applicable to active employees and their eligible dependent(s) until becoming eligible for Medicare, Part A or B, or both. The Commission will then pay 100% of the premium for the retired employee, spouse over age 65, and legal dependents, provided that the retired employee is receiving benefits from either MERF or PERA, and is enrolled in Medicare Part A and B as their primary health insurance. As of January 1, 1991, all employees hired by the Commission will only be able to participate in the Commission medical plan up to age 65.

Effective January 1, 1997, the Commission changed its method of accounting for postretirement health benefits to accrue the estimated cost of retiree benefit payments during the years in which the employee earns the benefit. The Commission previously expensed the costs of these benefits as claims were incurred. The Commission elected to recognize the transition obligation of approximately $19,523,000 over a period of 20 years. The following table summarizes the change in benefit obligation and plan assets during 2001 and 2000:

	2001	2000
Benefit obligation, January 1	$32,216,044	$30,234,180
Service cost	894,389	936,818
Interest cost	722,752	1,477,698
Actuarial losses	1,136,488	231,348
Benefits paid by the Commission	(792,421)	(664,000)
Benefit obligation, December 31	$34,177,252	$32,216,044

The funding status of the plan at December 31 is:

	2001	2000
Accumulated postretirement benefit obligation	$34,177,252	$ 32,216,044
Less:		
Fair value of plan assets	0	0
Unrecognized prior service cost	1,708,506	1,822,406
Unrecognized net loss	2,755,289	2,411,222
Unrecognized transition obligation	14,643,000	15,619,000
Postretirement liability recognized in balance sheets	$15,070,457	$12,363,416

Net postretirement benefit cost for the years ended December 31 consisted of the following components:

	2001	2000
Service cost—benefits earned during the year	$ 894,389	$ 936,818
Interest cost on accumulated postretirement benefit obligation	722,752	1,477,698
Expected return on plan assets	0	0
Amortization of transition obligation	976,000	976,000
Amortization of prior service cost	113,900	113,900
Net postretirement benefit cost	$ 2,707,041	$3,504,416

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation as of December 31, 2001 was 8.21%. The assumed discount rate used in determining the accumulated postretirement benefit obligation as of December 31, 2001 was 6.5%. As of December 31, 1999, a one-percentage point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement obligation by approximately 18.7% and the service and interest cost components of the net postretirement health care cost in 1999 by approximately 21.5%.

NOTE N
ARBITRAGE

Every five years, the Commission is required to rebate arbitrage profits earned in relation to certain General Obligation Revenue and Airport Improvement Bond issues. Arbitrage profits are earned when investment income relating to these issues exceeds the yield on the bonds. The Commission has recorded a liability in accrued expenses at December 31, 2001 and 2000 of $4,317,105 and $2,626,767, respectively.

NOTE O
RISK MANAGEMENT

It is the policy of the Commission to act as a self-insurer for workers' compensation and health/dental claims. The Commission had no significant reduction in its insurance coverage for 2001 or 2000. In addition, no settlements exceeded insurance coverage for the last three fiscal years. The liability recorded under Employee Compensation and Payroll Taxes by the Commission includes estimated settlements for claims reported but not settled as of December 31, 2001 and 2000, as well as an estimate of claims incurred. Changes in the balances of claim liabilities during the past two years are as follows:

	2001	2000
Unpaid Claims - Beginning of Year	$ 923,440	$ 470,394
Incurred Claims and Changes in Estimates	4,053,345	4,381,082
Claims Paid	(3,759,615)	(3,928,036)
Unpaid Claims - End of Year	$ 1,217,170	$ 923,440

NOTE P
CONTINGENT LIABILITIES AND COMMITMENTS

There are several lawsuits pending in which the Commission is involved. The Commission has indicated that existing and pending lawsuits and claims are either billable to airport users or would not materially affect the financial statements of the Commission.

Contractual obligations for construction were approximately $249,941,000 at December 31, 2001.

Terrorist attack of September 11th, 2001

As a result of terrorist attacks that occurred on September 11, 2001, in the United States, the North American air transportation system was significantly disrupted, leading to a temporary suspension of air travel in the United States and Canada. The FAA instituted a number of new safety measures for U.S. airports in reaction to these incidents, including but not limited to, prohibiting unticketed passengers beyond security checkpoints requiring a thorough search and security check of all passenger baggage and restricting the parking of vehicles near terminals. Air travel is currently being reinstated at significantly reduced levels; however, both enplanements at the Airport and collections of PFCs and Net Revenues have been significantly affected, and are expected to continue to be negatively affected for an indeterminate period. Many airlines, including Northwest Airlines have announced cutbacks in service and employee layoffs in response to a reduction in passenger demand following these incidents. As a result of the recent events affecting the air transportation industry, the Commission expects that there will be an on-going material adverse impact on Net Revenues and the collection of PFCs for a period of time and to an extent which cannot presently be determined and the Airport expects that the actual number of enplaned passengers at the Airport for the year 2001 will decline from passenger enplanement levels in 2000. The Commission cannot predict the duration or extent of such reduction in air travel or the extent of the impact on Net Revenues, PFCs passenger enplanements at the Airport, operations at the Airport or the financial condition of the Airport or any of the airlines operating at the Airport and the potential that these incidents may cause airlines to file for bankruptcy protection. The Commission cannot predict the likelihood of future incidents similar to those described above, the likelihood of future air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

The Commission has reduced both its operating and capital budgets to reduce costs and defer capital spending. The Commission has indicated its commitment to defer its Capital Program by approximately $400 million.

The airline industry suffered substantial losses in 2001 and may continue to suffer such loses for an indeterminable period thereafter. The airline industry has announced substantial employee layoffs. The airline industry sought and received some federal assistance to mitigate the financial impact from the terrorist attacks. Following the events of September 11, 2001 Northwest Airlines announced its intention to delay payment to the Commission of its rates and charges and self-liquidating debt payments. Subsequently, Northwest Airlines remitted payments to the Commission sufficient to bring it into compliance with its payment obligations under its various use and lease agreements. Generally, the airlines serving the Airport, including Northwest Airlines, are a few days late in remitting lease payments and PFCs to the Commission. The Commission cannot predict nor can it give any assurance that Northwest Airlines and the other airlines serving the Airport will continue to pay or to make timely payment of their payment obligations under the various use and lease agreements.

As a result of these events, in addition to other factors relating to these events, historical results presented in the financial statements will not be indicative of future Airport operating results.

Lake Elmo Airport Environmental Matter

The Commission is party to a consent agreement relating to groundwater contamination in Baytown Township in the area of the Lake Elmo Airport. First identified in 1988, the Commission, at the request of the Minnesota Pollution Control Agency (MPCA), had conducted extensive investigation to identify a source of the contamination. The compound of concern is trichloroethane, a solvent that once was more commonly used as a parts washer and degreaser. The investigation identified no source for the contamination, but indicated that the area of highest contamination remained below the airport. The MPCA issued an administrative order requiring the Commission to perform response actions which the Commission opposed on the basis that there was no clear evidence that the source was from the airport.

In 1999, the Commission reached an agreement with the MPCA to undertake response actions at the site in exchange for a release from state liability. The selected remedy was to provide point-of-use granular active carbon (GAC) systems to homeowners affected by the contamination. The trigger level for providing GAC systems was the Minnesota Department of Health's (MDH) health risk limit (HRL) of 30 ug/L. The agreement obligated the Commission to provide additional GAC units if the HRL was lowered.

Recently, the MDH has indicated it intends to lower the HRL to as low as 5 ug/L based on new Environmental Pollution Agency (EPA) studies, but indicated that it may take up to two years to make the modification. Although the commission is not obligated to provide additional GAC units until the HRL is revised, the MPCA and the EPA requested that the Commission provide the units early. The Commission staff has reached a tentative agreement with the MPCA to undertake this obligation early under an arrangement where the MPCA and the Commission share other costs relating to sampling and other work at the site until 2004. This means that the Commission will incur costs of GAC installation earlier than the order would otherwise require.

The Commission has recorded a liability for an initial estimate of the costs of the response action. However, given the recent events and the certain tentative agreement to share costs with the MPCA, the ultimate cost to the Commission is not known at this time.

NOTE Q
MAJOR CUSTOMER

Northwest Airlines, Inc. (NAI) is a Minnesota corporation in the business of transporting by air passengers, mail, and property. Northwest Aerospace Training Corporation (NATCO) is a Minnesota corporation in the business of pilot training. Both NAI and NATCO are wholly owned by NWA Inc., a Delaware corporation (NWA). In July 1989, NWA was acquired by Wings Holdings Inc., a Delaware corporation (Wings). In December 1993, Wings changed its corporate name to Northwest Airlines Corporation (NWA Corp.). NAI is the fourth largest airline in the United States and one of the largest employers in the State of Minnesota. NAI operates both domestic and international air route systems. Minneapolis-Saint Paul International Airport is one of NAI's three major hubs. Revenues from NAI account for approximately 31% of operating revenues and 73% of total revenues from major airlines.

On April 23, 1992, the Commission issued $270,000,000 of taxable General Obligation Revenue Bonds, Series 9 (Bonds). The Bonds were used to acquire and lease back (a) a flight training center in Eagan, Minnesota, owned by NATCO, NAI, and NWA (collectively the Northwest entities), consisting of land, a building, flight simulators, and related equipment and (b) certain leasehold interests of the Northwest entities and certain additional properties located at Minneapolis-Saint Paul International Airport (collectively the Leased Facilities). The lease obligations are secured by the Leased Facilities, by guaranties of the Northwest entities and NWA Corp., and by a pledge of certain additional collateral consisting of aircraft engine parts and international route authorities. During the term of the Bonds, the Northwest entities are required to maintain collateral, as determined by periodic independent appraisals, which has a value (based upon use of the assets by an airline) of at least 145% (reducible to 135% under certain circumstances) of the sum of the principal amount of Bonds outstanding. These transactions were accounted for as a capital lease.

The financial condition of NWA Corp. and the Northwest entities on a consolidated basis is material to the ability to perform their rental and other payment obligations to the Commission under various agreements. Leases and accounts receivable from the Northwest entities represent 10% of the Commission's total assets at December 31, 2001.

For the years ended December 31, 2001, and 2000, the Northwest entities and NWA Corp. had audited consolidated net (loss) income of approximately ($423) million and $256 million, respectively. On December 31, 2001, the Northwest entities' and NWA Corp.'s audited total consolidated assets were $12.955 billion and their total audited consolidated liabilities were $13.386 billion, resulting in the Northwest entities' and NWA Corp.'s audited consolidated net deficit of $431 million. In the event that the Northwest entities or NWA Corp. are unable to meet their lease commitments, the Commission has the authority to levy property taxes to support the debt obligations on the Bonds.

NOTE R
SUBSEQUENT EVENTS

On January 29, 2002, the Commission issued $287,825,000 General Obligation Revenue Bond Series 15 to advance refund General Obligation Revenue Bond Series 9. General Obligation Revenue Bond Series 9 mature on January 1, 2022, and are callable on January 1, 2002. The net proceeds from the issuance of General Obligation Revenue Bond Series 15 were used to purchase U.S. Government securities, and these securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until all the General Obligation Revenue Bonds Series 9 bonds are called on March 1, 2002. The advance refunding met the requirements of an in-substance debt defeasance and the General Obligation Revenue Bond Series 9 will be removed from the Commission's books. On March 1, 2002, $286,143,349 is being held in escrow in order to pay the remaining maturity of $270,000,000 on General Obligation Revenue Bond Series 9. As a result of the advance refunding, the Commission reduced its total debt service requirements by $53,068,282, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new debt) in the amount of $37,108,917.

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• Minneapolis/St. Paul, Minnesota

• Metropolitan Airports Commission

• Comprehensive Annual Financial Report

• Year Ended December 31, 2001

Statistical •
Section •

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

HISTORICAL OPERATING STATEMENTS 1992-2001
(Dollars in Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Operating Revenues										
Airline Rates and Charges	$27,223	$29,115	$31,960	$35,193	$35,647	$41,838	$46,832	$55,401	$68,133	$72,669
Concessions	28,882	32,626	35,579	41,838	47,872	52,279	56,832	62,131	70,760	69,707
Other Revenues										
Rentals	4,926	6,882	5,601	6,962	8,884	8,135	8,653	15,078	17,875	20,588
Operating Lease Settlement	0	0	0	0	9,326	0	0	0	0	0
Utilities	1,129	1,116	1,342	1,271	1,584	1,516	2,077	1,716	1,852	2,440
Misecellaneous	3,187	1,390	1,911	1,992	1,919	2,293	2,554	3,658	4,794	4,662
Total Operating Revenues	65,347	71,129	76,393	87,256	105,232	106,061	116,948	137,984	163,414	170,066
Operating Expenses										
Salaries, Wages & Employee Benefits	22,308	22,739	23,293	24,360	26,341	30,653	32,433	34,497	39,814	42,627
Administrative Expenses	923	966	839	1,003	1,028	1,108	1,113	1,555	1,686	1,708
Professional Services	4,813	4,984	4,681	5,705	4,040	4,069	4,006	5,231	6,357	5,177
Utilities	4,412	4,974	5,287	5,354	6,106	5,889	6,466	7,318	8,678	11,208
Operating Services	5,907	5,809	7,995	8,276	8,705	9,935	10,414	11,199	11,971	14,113
Maintenance	7,088	7,406	6,743	7,236	8,007	8,809	9,302	10,498	12,238	15,250
Depreciation	17,976	19,258	21,048	22,656	26,528	33,304	36,756	42,875	51,028	65,647
Other	0	352	289	327	477	170	119	619	278	521
Total Operating Expenses	63,427	66,488	70,175	74,917	81,232	93,937	100,609	113,792	132,050	156,251
Operating Income	1,920	4,641	6,218	12,339	24,000	12,124	16,339	24,192	31,364	13,815
Other Revenues (Expenses)										
Interest Income - 1	34,238	40,572	41,776	44,946	45,308	43,952	47,444	50,039	55,661	57,712
Passenger Facility Charges	14,607	28,596	28,472	32,286	35,892	37,162	37,389	40,474	43,567	57,191
Federal/State Grants-2										39,071
Gain (Loss) on Sale/Disposal of Assets	0	0	448	0	418	6	0	2	0	(4,196)
Interest Expense	(27,544)	(34,812)	(34,018)	(32,945)	(31,788)	(30,957)	(37,549)	(35,103)	(42,023)	(55,549)
Part 150 Home Insulation Expenses	-	-	-	-	-	(8,482)	(14,976)	(18,475)	(20,707)	(20,517)
Concession Development Expenses	-	-	-	-	-	(1,358)	(1,792)	(5,319)	(416)	-
Total Other Revenues (Expenses)	21,301	34,356	36,678	44,287	49,830	40,323	30,516	31,618	36,082	73,712
Net Income	23,221	38,997	42,896	56,626	73,830	52,447	46,855	55,810	67,446	87,527
Add: Depreciation of Facilities Provided by Government Grants	4,984	5,328	5,933	6,559	7,882	8,941	9,691	10,295	12,725	12,984
Increase in Retained Earnings	28,205	44,325	48,829	63,185	81,712	61,388	56,546	66,105	80,171	100,511
Retained Earnings Beginning of Year	224,596	252,801	297,126	345,955	409,140	490,852	552,240	608,786	674,891	755,062
Retained Earnings End of Year	$252,801	$297,126	$345,955	$409,140	$490,852	$552,240	$608,786	$674,891	$755,062	$855,573

Source: Audit Reports for the last ten years.

1. For the years ended December 31, 1996-2001, the amounts shown takes into account the effect of GASB No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

2. For the years ended December 31, 2001, the amounts shown takes into account the effect of GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

HISTORICAL REVENUES 1992-2001
Pursuant to MAC's Master Trust Indenture
(Dollars in Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Airline Rates & Charges										
Landing Fees	$ 15,332	$ 16,267	$ 19,077	$ 21,414	$ 21,918	$ 24,372	$ 27,358	$ 29,923	$ 39,472	$ 40,378
Ramp Fees	2,549	2,835	3,242	3,542	3,724	4,203	4,754	5,243	6,444	6,243
Lindbergh Terminal Building Rents	8,798	8,937	8,480	9,050	8,760	10,491	11,604	17,011	19,430	22,405
Other Lindbergh Terminal Charges	231	566	568	559	790	2,116	2,431	2,667	2,787	3,643
Noise Surcharge	313	510	593	628	455	656	685	557	0	0
Total Airline Rates & Charges	**27,223**	**29,115**	**31,960**	**35,193**	**35,647**	**41,838**	**46,832**	**55,401**	**68,133**	**72,669**
Concessions										
Auto Parking	17,109	20,425	22,070	26,158	30,292	31,675	35,052	36,670	42,951	39,339
Rental Car	5,974	6,307	6,787	7,919	8,465	9,469	10,335	11,429	12,385	13,739
Food & Beverage	1,495	1,530	1,644	1,909	2,348	2,541	2,719	3,084	3,546	4,053
Merchandise	1,989	1,953	1,866	2,024	2,500	3,180	3,451	4,043	4,627	4,572
Miscellaneous	2,304	2,411	3,200	3,816	4,255	5,405	5,273	6,894	7,263	8,004
Total Concession Revenue	**28,871**	**32,626**	**35,567**	**41,826**	**47,860**	**52,270**	**56,830**	**62,120**	**70,772**	**69,707**
Other Revenue										
Humphrey Building Rentals	1,165	1,209	1,312	1,477	1,492	862	1,207	1,768	703	857
Utilities	1,129	1,116	1,342	1,271	1,584	1,516	2,077	1,716	1,852	2,440
Other Building and Land Rent	1,888	1,913	2,965	4,171	15,052	5,717	5,859	11,600	15,140	18,079
Miscellaneous	4,277	4,417	2,341	2,412	2,662	2,916	2,973	3,712	4,890	4,083
Total Other Revenue	**8,459**	**8,655**	**7,960**	**9,331**	**20,790**	**11,011**	**12,116**	**18,796**	**22,585**	**25,459**
Total MSP Revenue	**64,553**	**70,396**	**75,487**	**86,350**	**104,297**	**105,119**	**115,778**	**136,317**	**161,490**	**167,835**
Total Reliever Airports	**794**	**733**	**906**	**906**	**935**	**942**	**1,170**	**1,667**	**1,924**	**2,231**
Total Operating Revenue	**65,347**	**71,129**	**76,393**	**87,256**	**105,232**	**106,061**	**116,948**	**137,984**	**163,414**	**170,066**
Interest Income										
Capital Lease Interest	30,590	37,412	36,811	36,310	35,924	35,183	31,430	29,646	28,715	28,464
Other-2	3,235	2,710	3,784	6,415	6,222	5,542	6,579	5,933	6,875	7,569
Total Interest Income	**33,825**	**40,122**	**40,595**	**42,725**	**42,146**	**40,725**	**38,009**	**35,579**	**35,590**	**36,033**
Capital Lease Principal Payments	**4,763**	**6,389**	**5,798**	**7,115**	**7,465**	**6,582**	**7,181**	**6,057**	**7,300**	**7,476**
Total Revenues-1	**$ 103,935**	**$ 117,640**	**$ 122,786**	**$ 137,096**	**$ 154,843**	**$ 153,368**	**$ 162,138**	**$ 179,620**	**$ 206,304**	**$ 213,575**

1-Total Revenues do not include any PFC's.

2. Interest income on PFC's and Bond Series 1998-2001 Construction Funds are not included.

PERCENTAGE DISTRIBUTION OF OPERATING REVENUES 1992-2001

(Dollars in Thousands)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Airline Rates & Charges										
Landing Fees	23.5%	22.9%	25.0%	24.5%	20.8%	23.0%	23.4%	21.7%	24.2%	23.7%
Ramp Fees	3.9%	4.0%	4.2%	4.1%	3.5%	4.0%	4.1%	3.8%	3.9%	3.7%
Lindbergh Terminal Building Rents	13.5%	12.6%	11.1%	10.4%	8.3%	9.9%	9.9%	12.3%	11.9%	13.2%
Other Lindbergh Terminal Charges	0.4%	0.8%	0.7%	0.6%	0.8%	2.0%	2.1%	1.9%	1.7%	2.1%
Noise Surcharge	0.5%	0.7%	0.8%	0.7%	0.4%	0.6%	0.6%	0.4%	0.0%	0.0%
Total Airline Rates & Charges	**41.8%**	**41.0%**	**41.8%**	**40.3%**	**33.8%**	**39.5%**	**40.1%**	**40.1%**	**41.7%**	**42.7%**
Concessions										
Auto Parking	26.2%	28.7%	28.9%	30.0%	28.8%	29.9%	30.0%	26.6%	26.3%	23.1%
Rental Car	9.1%	8.9%	8.9%	9.1%	8.0%	8.9%	8.8%	8.3%	7.6%	8.1%
Food & Beverage	2.3%	2.2%	2.2%	2.2%	2.2%	2.4%	2.3%	2.2%	2.2%	2.4%
Merchandise	3.0%	2.7%	2.4%	2.3%	2.4%	3.0%	3.0%	2.9%	2.8%	2.7%
Miscellaneous	3.5%	3.4%	4.2%	4.4%	4.0%	5.1%	4.5%	5.0%	4.4%	4.7%
Total Concession Revenue	**44.1%**	**45.9%**	**46.6%**	**48.0%**	**45.4%**	**49.3%**	**48.6%**	**45.0%**	**43.3%**	**41.0%**
Other Revenue										
Humphrey Building Rentals	1.8%	1.7%	1.7%	1.7%	1.4%	0.8%	1.0%	1.3%	0.4%	0.5%
Utilities	1.7%	1.6%	1.8%	1.5%	1.5%	1.4%	1.8%	1.2%	1.1%	1.4%
Other Building and Land Rent	2.9%	2.7%	3.9%	4.8%	14.3%	5.4%	5.0%	8.4%	9.3%	10.6%
Miscellaneous	6.5%	6.2%	3.1%	2.8%	2.5%	2.7%	2.5%	2.7%	3.0%	2.4%
Total Other Revenue	**12.9%**	**12.2%**	**10.5%**	**10.8%**	**19.7%**	**10.3%**	**10.3%**	**13.6%**	**13.8%**	**14.9%**
Total MSP Revenue	**98.8%**	**99.1%**	**98.9%**	**99.1%**	**98.9%**	**99.1%**	**99.0%**	**98.7%**	**98.8%**	**98.6%**
Total Reliever Airports	**1.2%**	**0.9%**	**1.1%**	**0.9%**	**1.1%**	**0.9%**	**1.0%**	**1.3%**	**1.2%**	**1.4%**
Total Operating Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Metropolitan Airports Commission
Note: Totals may not add due to rounding.

NWA Revenue as a Percentage of Total MAC Operating Revenues-1
1993-2001 (dollars in thousands)

	1993	1994	1995	1996-2	1997	1998	1999	2000	2001
Total MAC Operating Revenue	$ 71,129	$ 76,393	$ 87,256	$105,232	$106,061	$116,948	$137,984	$163,414	$170,066
Lease Principal/Interest Payments	43,803	42,612	43,426	43,389	41,650	37,368	33,370	33,823	33,567
Interest Income-MAC Funds-3	3,158	3,709	6,308	6,148	5,542	12,569	17,083	24,572	28,958
Total Revenue	118,090	122,714	136,990	154,769	153,253	166,885	188,437	221,809	232,591
NWA Portion of Operating Revenue	22,355	23,614	25,907	26,477	30,477	32,504	38,442	47,516	52,316
NWA Portion of Lease Payments	42,629	41,438	42,240	42,163	39,708	35,856	31,812	31,865	31,581
Total NWA Revenue	$ 64,984	$ 65,052	$ 68,147	$ 68,640	$ 70,185	$ 68,360	$ 70,254	$ 79,381	$ 83,897
NWA % of Total Revenue	**55.03%**	**53.01%**	**49.75%**	**44.35%**	**45.80%**	**40.96%**	**37.28%**	**35.79%**	**36.07%**
Total Revenue	$118,090	$122,714	$136,990	$154,769	$153,253	$166,885	$188,437	$221,809	$232,591
Less: NWA GO 9 Lease Payments	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960
Total Adjusted Revenue	94,130	98,754	113,030	130,809	129,293	142,925	164,477	197,849	208,631
Total NWA Revenue	64,984	65,052	68,147	68,640	70,185	68,360	70,254	79,381	83,897
Less: NWA GO 9 Lease Payments	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960
Total Adjusted NWA Revenue	41,024	41,092	44,187	44,680	46,225	44,400	46,294	55,421	59,937
NWA % of Total Revenue	**43.58%**	**41.61%**	**39.09%**	**34.16%**	**35.75%**	**31.07%**	**28.15%**	**28.01%**	**28.73%**

NWA Revenue as a Percentage of Total Airline Revenues-1
1993-2001 (dollars in thousands)

Total Air Carrier Operating Revenue	$ 31,764	$ 33,624	$ 36,989	$ 37,788	$ 43,628	$ 46,060	$ 53,818	$ 66,343	$ 71,225
Air Carrier Lease Payments	43,084	41,893	42,707	42,621	40,166	36,356	32,759	32,812	32,555
Total Air Carrier Revenue	74,848	75,517	79,696	80,409	83,794	82,416	86,577	99,155	103,780
Total NWA Revenue	64,984	65,052	68,147	68,640	70,185	68,360	70,254	79,381	83,897
NWA % of Total Air Carrier Revenue	**86.82%**	**86.14%**	**85.51%**	**85.36%**	**83.76%**	**82.95%**	**81.15%**	**80.06%**	**80.84%**
Total Air Carrier Revenue	74,848	75,517	79,696	80,409	83,794	82,416	86,577	99,155	103,780
Less: NWA GO 9 Lease Payments	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960
Total Adjusted Air Carrier Revenue	50,888	51,557	55,736	56,449	59,834	58,456	62,617	75,195	79,820
Total NWA Revenue	64,984	65,052	68,147	68,640	70,185	68,360	70,254	79,381	83,897
Less: NWA GO 9 Lease Payments	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960	23,960
Total Adjusted NWA Revenue	41,024	41,092	44,187	44,680	46,225	44,400	46,294	55,421	59,937
NWA % of Total Air Carrier Revenue	**80.62%**	**79.70%**	**79.28%**	**79.15%**	**77.26%**	**75.95%**	**73.93%**	**73.70%**	**75.09%**

1. Information is not available for 1992.
2. In 1996 Operating Lease Settlement is included.
3. Does not include interest income earned on PFC's.

Source: Metropolitan Airports Commission

REVENUE AVAILABLE FOR DEBT SERVICE (IN THOUSANDS OF DOLLARS)
1992-2001

YEAR	OPERATING REVENUE-2	INTEREST INCOME-4	LEASE PRINCIPAL PAYMENTS	OPERATING EXPENSE-1	REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE-3	COVERAGE OF DEBT SERVICE	COVERAGE OF DEBT SERVICE EXCLUDING THE $270 MILLION ISSUE FOR NWA
1992	$ 65,347	$ 33,825	$ 5,784	$ (45,451)	$ 59,505	$ 36,249	1.64	1.96
1993	71,129	40,122	6,611	(47,230)	70,632	43,702	1.62	2.36
1994	76,393	40,595	6,907	(49,127)	74,768	44,413	1.68	2.48
1995	87,256	42,725	7,261	(52,261)	84,981	44,670	1.90	2.95
1996	95,906	42,146	7,718	(54,704)	91,066	43,063	2.11	3.51
1997	106,061	40,725	8,195	(60,633)	94,348	42,022	2.25	3.90
1998	116,948	38,009	8,853	(63,853)	99,957	47,899	2.09	3.17
1999	137,984	35,579	6,798	(70,917)	109,444	45,143	2.42	4.04
2000	163,414	35,590	7,282	(81,022)	125,264	51,543	2.43	3.67
2001	170,066	41,718	11,493	(90,604)	132,673	69,789	1.90	2.37

1. Operating expense excludes depreciation.
2. In 1996 Operating Lease Settlement is not included.
3. Debt Service is net of capitalized interest.
4. Interest Income on PFC's and 1998-2001 Bond Construction Funds are not included

Source: Metropolitan Airports Commission

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Air Carrier Market Share
Total Enplaned Passengers[1]
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)
Ranked on Year 2001 Results

Rank	Air Carrier	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001 % of Total [2]
1	Northwest	8,361,508	8,634,138	9,513,218	10,132,733	10,667,527	9,813,515	11,056,053	11,922,408	11,938,660	74.5%
2	Mesaba Aviation [3]	270,447	257,754	264,420	359,897	720,975	1,010,129	1,154,386	1,261,971	685,843	4.3%
3	Sun Country	215,201	304,558	347,340	365,321	331,346	402,768	475,338	708,952	612,881	3.8%
4	United	417,494	470,194	474,695	477,159	496,159	571,032	552,721	491,166	474,913	3.0%
5	American	309,258	314,080	338,156	344,591	363,254	425,073	384,014	365,665	369,345	2.3%
6	Delta	284,174	272,527	270,519	272,505	322,649	376,461	381,779	412,283	348,369	2.2%
7	US Airways	177,043	189,477	174,684	171,137	185,156	204,754	173,917	236,887	204,853	1.3%
8	Continental	212,451	162,728	127,860	138,488	138,954	158,507	162,036	193,224	198,313	1.2%
9	Trans World	136,357	168,237	206,095	217,874	208,873	226,825	229,145	190,315	183,179	1.1%
10	American Trans Air	-	-	-	-	-	-	-	179,274	153,772	1.0%
11	America West	96,239	120,238	121,754	126,889	137,246	135,066	132,456	141,591	149,416	0.9%
12	Omni Air Express	-	-	-	-	-	-	-	134,894	109,446	0.7%
13	KLM Royal Dutch [a]	5,697	-	49,220	87,424	138,248	137,040	138,513	114,853	62,212	0.4%
14	Vanguard	-	-	46,193	99,976	173,324	181,546	172,559	128,121	10,141	0.1%
15	Ryan Int'l	-	-	-	9,820	32,736	93,044	131,166	-	-	0.0%
16	Express Airlines I	-	-	-	-	-	-	-	-	75,105	0.5%
	Other	529,851	634,702	557,573	642,911	539,085	436,182	509,770	402,031	451,044	2.8%
		11,015,720	11,528,633	12,491,727	13,446,725	14,455,532	14,171,942	15,653,853	16,883,635	16,027,492	100.0%

[1] The figures may differ from the passenger statistics reported by the Air Carriers to the Airport.
[2] Percentages may not sum to totals due to rounding.
[3] Codeshare with Northwest. Its decrease was picked up by Northwest Airlines (NWA) and NWA-affiliated carrier, Express Airlines I, which commenced its operations at MSP International Airport in July 2001.
[a] Codeshare with Northwest.
1992 information not available

Sources: DOT, Schedules T-3, T-100 and 298C T-1; and John F. Brown Company, Inc.

POPULATION OF MINNEAPOLIS-ST. PAUL METROPOLITAN STATISTICAL AREA 1992-2001 (thousands)

YEAR	TOTAL POPULATION
1992	2,617
1993	2,656
1994	2,693
1995	2,730
1996	2,765
1997	2,792
1998	2,831
1999	2,872
2000	2,969
2001	N/A

Source: U.S. Department of Commerce, Bureau of the Census.
N/A=Not Available

SCHEDULE OF AIRLINE RATES AND CHARGES 1992-2001

Year	Landing Fee/ 1000 lbs.	Ramp Fees/ Lineal Foot	Common Use/ Square Foot	Finished/ Square Foot	Finished Janitored/ Square Foot	Unfinished/ Square Foot
1992	$ 0.77	$ 300.06	$ 20.46	$ 20.46	$ 27.51	$ 20.46
1993	0.79	333.73	21.78	21.78	27.78	21.78
1994	0.87	344.96	20.39	20.39	25.78	20.39
1995	0.95	366.41	21.61	21.61	26.48	21.61
1996	0.94	399.73	22.51	22.51	26.15	22.51
1997	1.02	462.64	26.64	26.64	30.82	26.64
1998	1.18	517.88	26.34	26.34	31.33	26.34
1999	1.10	516.00	36.32	36.32	40.58	36.32
2000	1.40	588.74	38.48	38.48	42.74	38.48
2001	1.50	581.36	41.88	41.88	47.34	41.88

Source: Compensatory Rental Report

In 1999, the schedule of airline rates and charges reflects the New Airline Agreement calculation.

Enplaned Passenger Trends
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)

	Originating		Connecting			% Change
Year	Enplaned Passengers (1)	% of Total	Enplaned Passengers (1)	% of Total	Total	from Previous Year
1992	5,431,705	51.1%	5,197,830	48.9%	10,629,535	9.6%
1993	5,533,755	50.2	5,481,965	49.8	11,015,720	3.6
1994	5,778,553	50.1	5,750,080	49.9	11,528,633	4.7
1995	6,182,572	49.5	6,309,155	50.5	12,491,727	8.4
1996	6,727,655	50.0	6,719,070	50.0	13,446,725	7.6
1997	7,107,727	49.2	7,347,805	50.8	14,455,532	7.5
1998	7,152,712	50.5	7,019,230	49.5	14,171,942	-2.0
1999	7,737,926	49.5	7,904,750	50.5	15,642,676	10.4
2000	8,388,905	49.6	8,532,690	50.4	16,921,595	8.2
2001*	8,332,470	49.6	8,466,864	50.4	16,799,334	-0.7

Average Annual Compound Growth

1992-2001	4.87%	5.57%	5.22%

Sources: DOT, Schedules T-100 and T-3, DOT, Air Passenger Origin - Destination Survey, reconciled to Schedules T-100 and 298C T-1; John F. Brown Company, Inc.

Notes: (1) Includes passengers who connected to domestic flights at MSP but who were bound for international destinations via other U.S. gateway airports. Includes domestic-to domestic, domestic-to-international, and international-to domestic connections. The above figures may differ from the passenger statistics reported by the airlines to the Airport.

The decline in 1998 is the result of the Northwest Airlines strike in late August through early September 1998.

* Figures are actual, but the split for connecting is based on the historical trend.

Air Carrier Market Share
Total Enplaned Cargo (in tons)
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)
(Ranked on 2001 results)

Rank	Air Carrier	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001 % of Total [1]
1	Northwest	88,136.4	96,936.6	90,211.7	82,843.1	89,255.9	65,323.0	71,038.9	74,331.9	67,899.9	36.3%
2	Federal Express	34,337.7	40,315.0	46,252.1	44,769.6	45,127.8	50,408.9	49,393.4	50,119.8	49,222.6	26.3%
3	UPS	20,272.1	21,309.8	22,089.7	24,615.8	27,141.5	25,572.4	25,378.2	26,058.0	24,357.7	13.0%
4	Emery Worldwide	6,517.8	8,084.5	7,995.6	13,024.1	14,244.8	26,701.2	29,792.5	26,133.6	17,662.6	9.4%
5	Airborne	6,098.5	6,900.4	6,864.5	6,615.3	7,069.6	7,026.0	6,651.1	6,428.9	7,619.4	4.1%
6	Other	10,831.0	10,721.0	9,421.3	5,279.4	3,883.0	4,812.9	4,715.8	6,053.3	4,271.8	2.3%
7	Kitty Hawk/AIA*	56.4	63.4	2,307.9	2,977.5	3,338.9	3,782.8	173.9	1,668.6	3,585.6	1.9%
8	DHL	2,817.7	3,105.9	3,406.7	2,463.7	2,544.1	2,649.1	1,731.6	2,430.7	2,014.3	1.1%
9	Sun Country	-	-	-	-	-	-	-	3,014.0	1,692.6	0.9%
10	United	2,634.7	2,883.1	5,847.1	7,126.3	5,208.7	5,803.1	3,285.4	2,940.0	1,652.8	0.9%
11	US Airways	1,682.3	2,077.2	2,029.5	2,139.1	2,076.3	1,432.0	1,139.0	1,433.8	1,643.3	0.9%
12	American	2,724.2	4,284.0	3,917.0	2,394.4	3,178.0	2,906.9	3,233.6	3,198.2	1,518.3	0.8%
13	Continental	2,375.6	2,018.5	1,628.9	1,859.4	1,812.9	1,824.3	1,640.8	1,871.1	1,512.1	0.8%
14	KLM Royal Dutch	660.1	-	1,471.5	2,839.9	3,267.4	2,582.5	2,707.3	2,455.9	1,029.9	0.6%
15	Delta	4,457.0	4,276.4	3,548.9	2,887.5	2,808.2	2,261.6	1,420.7	820.4	956.4	0.5%
16	Trans World	1,101.2	1,566.1	1,884.4	1,718.7	1,416.7	1,430.3	1,406.7	1,365.3	616.2	0.3%
		184,702.7	204,541.9	208,876.8	203,553.8	212,373.8	204,517.0	203,708.9	210,323.5	187,255.5	100.0%

*American International Airways.

[1] Percentages may not sum to totals due to rounding.

1992 information not available

Source: Metropolitan Airports Commission.

Enplaned Cargo Trends
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)

Type of Carrier	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	AAG 1992-01
Passenger	103.9	105.1	115.8	112.1	105.8	111.1	85.7	89.3	93.3	79.8	-2.9%
All Cargo	71.3	79.6	88.7	96.8	97.7	101.3	118.9	114.4	117.0	107.4	4.7%
Total	175.2	184.7	204.5	208.9	203.5	212.4	204.6	203.7	210.3	187.2	0.7%

Source: Metropolitan Airports Commission.
Note: AAG=Average annual compound growth.

Trends in Enplaned Cargo by Type of Carrier
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)

(Freight and mail in tons)

	Passenger Carriers		All Cargo Carriers		
Year	Tons	% of Total	Tons	% of Total	Total Cargo
1992	103,886	59.3%	71,344	40.7%	175,230
1993	105,087	56.9	79,616	43.1	184,703
1994	115,833	56.6	88,709	43.4	204,542
1995	112,096	53.7	96,781	46.3	208,877
1996	105,805	52.0	97,749	48.0	203,554
1997	111,068	52.3	101,305	47.7	212,373
1998	85,666	41.9	118,851	58.1	204,517
1999	89,289	43.8	114,420	56.2	203,709
2000	93,345	44.4	116,979	55.6	210,324
2001	79,832	42.6	107,423	57.4	187,255
Average Annual Compound Growth					
1992-2001	-2.9%		4.7%		0.7%

Source: Metropolitan Airports Commission.

Trends in Enplaned Cargo by Freight & Mail
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)

(Freight and mail in tons)

	Freight/Express		Mail		
Year	Tons	% of Total	Tons	% of Total	Total Cargo
1992	119,252	68.1%	55,979	31.9%	175,231
1993	124,333	67.3	60,370	32.7	184,703
1994	133,641	65.3	70,901	34.7	204,542
1995	137,339	65.8	71,538	34.2	208,877
1996	133,463	65.6	70,091	34.4	203,554
1997	138,276	65.1	74,098	34.9	212,374
1998	130,110	63.6	74,407	36.4	204,517
1999	132,840	65.2	70,869	34.8	203,709
2000	140,760	66.9	69,563	33.1	210,323
2001	123,406	65.9	63,849	34.1	187,255
Average Annual Compound Growth					
1992-2001	0.4%		1.5%		0.7%

Source: Metropolitan Airports Commission.

Historical Aircraft Operations
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)

Year	Air Carrier Operations	Commuter Operations	Cargo Operations	Total Commercial Operations [1]	Percent Commercial Operations [1]	General Aviation Operations	Military Operations	Total Operations
1988	216,791	58,896	17,957	293,644	78.54%	75,125	5,092	373,861
1989	222,390	59,338	16,974	298,702	82.05%	61,037	4,291	364,030
1990	229,465	74,447	18,291	322,203	84.84%	54,780	2,802	379,785
1991	231,743	75,856	20,049	327,648	85.77%	51,889	2,480	382,017
1992	249,925	85,930	18,691	354,546	85.74%	55,963	2,993	413,502
1993	264,514	108,237	15,198	387,949	88.17%	49,216	2,825	439,990
1994	272,100	115,164	14,110	401,374	88.27%	50,898	2,451	454,723
1995	286,727	106,694	15,933	409,354	88.60%	49,769	2,915	462,038
1996	306,782	105,926	20,362	433,070	89.20%	49,786	2,624	485,480
1997	306,391	102,038	15,011	423,440	86.19%	64,209	3,624	491,273
1998	295,468	90,421	15,323	401,212	83.06%	79,757	2,044	483,013
1999	331,519	109,017	17,271	457,807	89.69%	49,256	3,358	510,421
2000	355,269	89,105	18,247	462,621	88.43%	58,076	2,473	523,170
2001	353,661	81,661	17,077	452,399	90.21%	45,943	3,180	501,522

[1] Commercial Operations equal Air Carrier, Commuter, and Cargo Operations.
Aircraft operations represent the total number of takeoffs and landings at the airport.
Source: Metropolitan Airports Commission.

Trends in Aircraft Landed Weight of Signatory Airlines
Minneapolis - St. Paul International Airport
(For the 12 months ended December 31)

	Type of Air Carrier		
	(In thousands of pounds)		
Year	Passengers	All Cargo	Total Landed Weight
1992	19,294,221	530,816	19,825,037
1993	19,994,040	567,824	20,561,864
1994	20,208,799	665,257	20,874,056
1995	21,086,854	712,105	21,798,959
1996	21,778,018	706,571	22,484,589
1997	22,311,214	740,397	23,051,611
1998[1]	21,900,417	703,245	22,603,662
1999	25,030,878	726,275	25,757,153
2000	26,148,148	996,062	27,144,210
2001[2]	24,997,277	1,013,024	26,010,301

[1] 1998 Passenger category is revised to reflect the additional 60,000 lbs. for TWA and 539,452,900 lbs. for RJ's flown by Mesaba Aviation for NWA.

[2] During 2001, Northwest Airlines' activity represented approximately 72.8% of the total landed weight at the Airport.

Source: Metropolitan Airports Commission.

AIRLINE COST PER ENPLANED PASSENGER 1992-2001

YEAR	TOTAL COST---1	ENPLANED PASSENGERS---2	AIRLINE COST PER ENPLANED PASSENGER
1992	33,928	10,702	3.17
1993	35,971	11,037	3.26
1994	37,948	11,498	3.30
1995	41,349	12,666	3.26
1996	42,082	13,622	3.09
1997	47,864	14,336	3.34
1998	53,001	14,620	3.63
1999	60,559	16,457	3.68
2000	72,455	17,527	4.13
2001	77,209	16,027	4.82

1. Cost is defined as airline payments made to the Commission for expenses incurred in the airfield, terminal building and charter terminal.
2. The figures may differ from the passenger statisitics reported by the air carriers to the DOT.

Source: Metropolitan Airports Commission

ACTIVITY STATISTICS FOR MINNEAPOLIS/ST. PAUL INTERNATIONAL AIRPORT 1992-2001

YEAR	TOTAL PASSENGERS---1	AIRCRAFT OPERATIONS --- 2	MAIL AND CARGO VOLUMES (METRIC TONS)
1992	21,407,415	413,502	302,201
1993	22,070,715	439,990	320,893
1994	23,095,510	454,723	378,241
1995	25,332,631	465,354	365,203
1996	27,268,562	485,480	361,662
1997	28,766,355	491,273	379,117
1998	28,982,638	483,013	366,347
1999	33,137,448	510,421	366,465
2000	35,065,688	523,170	369,888
2001	32,194,838	501,522	339,925

1. Passengers include on-line connecting. (On-line connecting passengers are passengers that change to another flight on the same carrier.)
2. Aircraft operations represents the total number of takeoffs and landings at the airport.

Source: Metropolitan Airports Commission

AIRCRAFT OPERATIONS[1] AT THE RELIEVER AIRPORTS METROPOLITAN AREA 1992-2001

YEAR	ST. PAUL DOWNTOWN AIRPORT	FLYING CLOUD AIRPORT	CRYSTAL AIRPORT	ANOKA COUNTY/ BLAINE AIRPORT	LAKE ELMO AIRPORT	AIRLAKE AIRPORT
1992	152,378	198,306	179,546	195,650	69,950	81,087
1993	132,531	218,745	183,554	195,650	69,950	81,087
1994	145,834	238,838	185,991	199,000	71,000	82,500
1995	133,686	216,313	171,478	181,866	64,887	75,397
1996	139,055	217,703	187,957	192,600	68,400	75,397
1997	136,968	198,199	175,728	143,083	65,664	72,382
1998	158,785	210,907	179,186	143,950	69,604	76,725
1999	158,835	192,737	178,342	150,014	70,996	76,725
2000	157,788	186,078	176,554	156,546	70,687	76,418
2001	142,794	185,593	156,801	136,892	64,962	70,229

1. Aircraft operations represents the total number of takeoffs and landings at the airport.

Source: Metropolitan Airports Commission

OPERATING RATIO (IN THOUSANDS OF DOLLARS)-1
1992-2001

YEAR	OPERATING EXPENSES-2	OPERATING REVENUES-3	OPERATING RATIO
1992	45,451	65,347	70%
1993	47,230	71,129	66%
1994	49,127	76,393	64%
1995	52,261	87,256	60%
1996	54,704	95,906	57%
1997	60,633	106,061	57%
1998	63,853	116,948	55%
1999	70,917	137,984	51%
2000	81,022	163,414	50%
2001	90,604	170,066	53%

1. Operating ratio is operating expense net of depreciation divided by total operating revenue.
2. Operating expense excludes depreciation.
3. In 1996 Operating Lease Settlement is not included.

Source: Metropolitan Airports Commission

AIR CARRIERS SERVING THE AIRPORT (1)
MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT
(As of December 31, 2001)

U.S. – FLAG CARRIERS

SCHEDULED SERVICES

AirTran*	Delta*	Sky West*
America West*	Express Airline I*	Sun Country*[7]
American*[5]	Frontier	TWA*[5]
American Trans Air*	Great Lakes*[3]	US Airways*
Comair*[2]	Mesaba*[4]	United*
Continental*	Northwest*	

NON-SCHEDULED (CHARTER) SERVICES

Champion Air*	Omni International	Ryan International*
Miami Air*		

ALL-CARGO SERVICES

ATI/BAX Global	CSA Air	Superior Aviation
Airborne	DHL	UPS*
American International	Emery Worldwide*	Zantop
Business Aviation	FedEx*	

FOREIGN-FLAG CARRIERS

Air Canada*	Canadian Regional*[6]	Icelandair*
KLM*[4]		

•Denotes those Air Carriers that are Signatory Airlines to the Airline Lease Agreements.
1Excludes carriers reporting fewer than 1,000 enplaned passengers.
[2]Codeshare with Delta.
[3]Codeshare with United.
[4]Codeshare with Northwest.
[5]In January 2001, TWA filed for bankruptcy protection in the U.S. Bankruptcy Court in Delaware. In April 2001 American Airlines purchased substantially all of the assets of TWA through the U.S. Bankruptcy Court proceedings. TWA will be operated as a wholly owned subsidiary of American. Until recently, TWA and American Airlines operated as separate airlines but are now operating entirely under the American Airlines brand name.
[6]Codeshare with Air Canada.
[7]In December 2001, Sun Country Airlines announced, after sustaining significant operating losses, the complete cancellation of its scheduled passenger service.

Sources: Metropolitan Airports Commission; DOT, Schedule T-3.
AC=Codeshare with Air Canada; DL = Delta; NW = Northwest; UA = United

INSURANCE COVERAGE (Unaudited)

MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Year ended December 31, 2001

Insurer	Expiration	Coverage	Policy Limits (Thousands of Dollars)
ACE/INA[1]	1-1-03	General aviation liability including personal injury	$500,000
FM Global Insurance Co.	1-1-03	Blanket fire & extended coverage on building and contents. Boiler, machinery and builder's risk	$500,000
Self-Insured[2]	Continuous	Statutory workers' compensation	$100/500/100
Fidelity & Deposit Company of Maryland	1-1-03	Comprehensive Crime Employee Bond	$1,000
Minnesota Risk Management Fund	7-1-02	Auto Liability (licensed vehicles), physical damage (all vehicles) hired automobiles, valet parking, inland marine and garage keepers	$29,022
Minnesota Risk Management Fund	7-1-02	Non-Aviation General Liability	MN Total Cap limits

[1]Does not include a "War Risk Endorsement."
[2]Funded from current operating revenues of the Commission.

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