NEW ISSUE (Book-Entry Only) **RATINGS: See "Ratings" herein**

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein (i) interest on the 2011 Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2011B Bond or Series 2011C Bond for any period during which any such Series 2011B Bond or Series 2011C Bond is held by a person who is a "substantial user" of the facilities refinanced with the proceeds of such Series 2011B Bonds or Series 2011C Bonds, or a "related person", both within the meaning of Section 147(a) of the Code, (ii) interest on the Series 2011B Bonds or Series 2011C Bonds will be treated as a preference item in calculating the alternative minimum tax ("AMT") imposed on individuals and corporations under the Code; and (iii) interest on the Series 2011D Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. See "TAX EXEMPTION" for a description of certain other provisions of law which may affect the federal tax treatment of interest on the 2011 Bonds. In addition, in the opinion of Bond Counsel, under the laws of the State of Tennessee, the 2011 Bonds and the income therefrom are exempt from all state, county and municipal taxation within the State of Tennessee except inheritance, transfer and estate taxes and except to the extent such income may be included within the measure of corporate privilege taxes imposed pursuant to the laws of the State of Tennessee.

$80,810,000
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

$17,600,000 AIRPORT REFUNDING REVENUE BONDS SERIES 2011B (AMT)
$22,040,000 AIRPORT REFUNDING REVENUE BONDS SERIES 2011C (AMT)
$41,170,000 AIRPORT REFUNDING REVENUE BONDS SERIES 2011D (NON-AMT)

Dated: Date of Delivery **Due: As shown on the inside cover**

The Memphis-Shelby County Airport Authority (the "Authority") is issuing its $17,600,000 Airport Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds"), $22,040,000 Airport Refunding Revenue Bonds, Series 2011C (AMT) (the "Series 2011C Bonds"), and $41,170,000 Airport Refunding Revenue Bonds, Series 2011D (NON-AMT) (the "Series 2011D Bonds") (the Series 2011B Bonds, the Series 2011C Bonds and the Series 2011D Bonds are collectively referred to herein as the "2011 Bonds"). The proceeds of the Series 2011B Bonds will be used to (i) refund all of the Authority's outstanding Airport Revenue Bonds, Series 1999D (the "1999D Bonds") and (ii) pay related costs of issuance. The proceeds of the Series 2011C Bonds will be used to (i) refund all of the Authority's outstanding Airport Revenue Bonds, Series 2001A (the "2001A Bonds") and (ii) pay related costs of issuance. The proceeds of the Series 2011D Bonds will be used to (i) refund all of the Authority's outstanding Airport Revenue Bonds, Series 2001B (the "2001B Bonds", and, together with the 1999D Bonds and the 2001A Bonds, the "Refunded Bonds") and (ii) pay related costs of issuance. The 2011 Bonds are authorized under the Metropolitan Airport Authority Act, Tennessee Code Annotated 42-4-101 *et seq.*, and are being issued pursuant to the Authority's Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority (the "Board") on January 29, 1988, as amended, and a Supplemental Resolution No. 10-4535 duly adopted by the Board on December 16, 2010 authorizing the issuance of the 2011 Bonds.

The 2011 Bonds are issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). (See "DESCRIPTION OF THE BONDS - Book-Entry Only Method"). Interest on the 2011 Bonds will be payable on July 1 and January 1 in each year commencing on January 1, 2012. Payments of principal, premium, if any, and interest on the 2011 Bonds will be made by the Authority. So long as the 2011 Bonds are held by DTC, the principal of, interest and premium, if any, on the 2011 Bonds will be payable by wire transfer to DTC which in turn is required to remit such principal, interest and premium, if any, to the DTC Participants for subsequent disbursement to the Beneficial Owners of the 2011 Bonds, as more fully described herein. The 2011 Bonds will be subject to optional redemption prior to maturity as more fully described herein.

The 2011 Bonds will be payable from, and are secured solely by a pledge of and lien upon, the Revenues of the Authority subject to the prior payment of Costs of Operation and Maintenance of the Airport and on a parity with the Authority's remaining outstanding $362,495,000 Airport Revenue Bonds (the "Outstanding Bonds"), and any additional bonds hereafter issued on a parity therewith. The 2011 Bonds shall not in any manner or to any extent be an indebtedness of the State of Tennessee or of the City of Memphis, the County of Shelby or any municipality or political subdivision of the State of Tennessee, or a general obligation of the Authority or a charge upon any other revenues or assets of the Authority not specifically pledged under the Resolution. The Authority has no taxing powers.

The 2011 Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice and subject to the approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed on for the Underwriters by their counsel, Gonzalez Saggio & Harlan, LLP, Nashville, Tennessee and for the Authority by Brian L. Kuhn, General Counsel to the Authority. It is anticipated that delivery of the 2011 Bonds will be made on or about June 22, 2011 in New York, New York.

Morgan Keegan

Cabrera Capital Markets, LLC **J.P. Morgan** **Duncan-Williams, Inc.**

This Official Statement is dated June 8, 2011

$80,810,000
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REFUNDING REVENUE BONDS,
SERIES 2011B (AMT), SERIES 2011C (AMT) AND
SERIES 2011D (NON-AMT)

MATURITY SCHEDULE

$17,600,000 Series 2011B Bonds (AMT)

Maturity July 1	Principal Amount	Interest Rate	Yield	CUSIP
2022	$1,985,000	4.500%	4.700%	586111LW4
2023*	1,400,000	5.250	4.860	586111LX2
2023	3,565,000	4.750	4.880	586111MA1
2024	5,200,000	4.750	5.020	586111LY0
2025	5,450,000	5.000	5.130	586111LZ7

*Priced to July 1, 2021 par call date.

$22,040,000 Series 2011C Bonds (AMT)

Maturity July 1	Principal Amount	Interest Rate	Yield	CUSIP
2018	$2,700,000	5.000%	3.800%	586111MB9
2019	6,135,000	5.000	4.100	586111MC7
2020	6,440,000	5.000	4.340	586111MD5
2021	6,765,000	5.000	4.520	586111ME3

$41,170,000 Series 2011D Bonds (NON-AMT)

Maturity July 1	Principal Amount	Interest Rate	Yield	CUSIP
2021	$2,420,000	5.000%	3.820%	586111MF0
2022*	7,645,000	5.000	4.000	586111MG8
2023*	1,050,000	5.000	4.160	586111MH6
2023	6,975,000	4.000	4.190	586111MJ2
2024*	8,360,000	5.000	4.320	586111MK9
2025*	8,780,000	5.000	4.450	586111ML7
2026	5,940,000	4.500	4.610	586111MM5

*Priced to July 1, 2021 par call date.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
2491 Winchester Road, Suite 113
Memphis, TN 38116-3856

BOARD OF COMMISSIONERS

Members	Year of Initial Appointment	Occupation
Arnold E. Perl, Chairman	1983	Attorney
James Keras, Jr., Vice Chairman	2007	Businessman
Herbert H. Hilliard, Sr.	2000	Businessman
Jack Sammons	2010	Businessman
John W. Stokes, Jr.	2004	Businessman
Jon K. Thompson	1988	Businessman
Ruby R. Wharton	1995	Attorney

AUTHORITY OFFICERS AND STAFF

Members	Year of Initial Employment	Position
Larry D. Cox, A.A.E.	1973	President and Chief Executive Officer
Scott A. Brockman, A.A.E.	2003	Executive Vice President and Chief Operating Officer, Authority Treasurer
John R. Greaud, P.E., A.A.E.	1989	Vice President Operations
Brian L. Kuhn, Esquire	2010	General Counsel, Authority Secretary
George E. Mabon, P.H.R.	1996	Vice President Human Resources, Authority Assistant Secretary
Richard V. White, A.A.E.	1999	Vice President of Properties and Business Development
Forrest B. Artz, C.P.A.	2008	Director of Finance and Chief Financial Officer, Authority Assistant Treasurer
James A. Hay, II, P.E.	1995	Director of Development
Mahi C. Chambers, C.P.A.	1989	Director of Staff Services
Bobby D. Kellum	1985	Director of Maintenance
Walter T. White, A.A.E.	1986	Director of Operations and Public Safety

AUTHORITY CONSULTANTS

Hawkins Delafield & Wood LLP	Bond Counsel
Public Financial Management, Inc. D+G Consulting Group, LLC	Co-Financial Advisors
ComCap Advisors, a division of Community Capital	

This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been obtained from the Authority and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice. The delivery of this Official Statement, including the appendices attached hereto, at any time does not imply that information herein is correct as of any time subsequent to its date. No dealer, salesman or any other person has been authorized by the Authority to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of any offer to buy in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchaser of the Series 2011 Bonds. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such, and are not to be construed as representations of fact. This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airport since the date hereof (or since the date of any information included herein that is dated other than the date hereof).

THE 2011 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT. THE RESOLUTION HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATIONS OF THE 2011 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2011 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2011 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

Relating to

$80,810,000
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

$17,600,000 AIRPORT REFUNDING REVENUE BONDS SERIES 2011B (AMT)
$22,040,000 AIRPORT REFUNDING REVENUE BONDS SERIES 2011C (AMT)
$41,170,000 AIRPORT REFUNDING REVENUE BONDS SERIES 2011D (NON-AMT)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to set forth information concerning the Memphis-Shelby County Airport Authority (the "Authority") and the Authority's $17,600,000 Airport Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds"), $22,040,000 Airport Refunding Revenue Bonds, Series 2011C (AMT) (the "Series 2011C Bonds"), and $41,170,000 Airport Refunding Revenue Bonds, Series 2011D (NON-AMT) (the "Series 2011D Bonds") (the Series 2011B Bonds, the Series 2011C Bonds and Series 2011D Bonds are collectively referred to herein as the "2011 Bonds"). Unless otherwise defined, all capitalized terms herein shall have the same meanings as set forth in the Resolution (as hereinafter defined).

The 2011 Bonds are authorized under the Metropolitan Airport Authority Act, Tennessee Code Annotated 42-4-101 *et seq.* (the "Act"), and are being issued pursuant to the Authority's Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority (the "Board") on January 29, 1988, as amended (the "Basic Resolution") and a Supplemental Resolution No. 10-4535 duly adopted by the Board on December 16, 2010 authorizing the issuance of the 2011 Bonds and a certificate of determination related thereto (collectively with the Basic Resolution, the "Resolution"). The proceeds of the Series 2011B Bonds will be used to (i) refund all or a portion of the Authority's Airport Revenue Bonds, Series 1999D (the "1999D Bonds") and (ii) pay related costs of issuance. The proceeds of the Series 2011C Bonds will be used to (i) refund all or a portion of the Authority's Airport Revenue Bonds, Series 2001A (the "2001A Bonds") and (ii) pay related costs of issuance. The proceeds of the Series 2011D Bonds will be used to (i) refund all or a portion of the Authority's Airport Revenue Bonds, Series 2001B (the "2001B Bonds") and (ii) pay related costs of issuance. (The 1999D Bonds, 2001A Bonds and 2001B Bonds are collectively referred to herein as the "Refunded Bonds"). The Bank of New York Mellon Trust Company, N.A., is currently acting as Trustee (the "Trustee") under the Resolution.

Upon the issuance of the 2011 Bonds, there will be remaining outstanding $443,305,000 Airport Revenue Bonds under the Basic Resolution.

The principal of and interest on the 2011 Bonds, the Outstanding Bonds and any additional bonds hereafter issued under the Basic Resolution on a parity therewith (the "Additional Bonds") (the 2011 Bonds, the Outstanding Bonds and the Additional Bonds are collectively referred to as the "Bonds"), are payable from and secured by a pledge of and lien upon the Revenues (as hereinafter defined) of the Authority, subject and subordinate to the prior payment of Costs of Operation and Maintenance of the Memphis International Airport ("Memphis International Airport") and the Authority's general aviation reliever airports (the General DeWitt Spain Airport and the Charles W. Baker Airport) (collectively, the "Airport"). The Authority covenants in the Basic Resolution that it will impose and prescribe and collect rates, rentals, fees and charges for the use of the Airport and will revise the same when necessary to produce Revenues, together with other available funds, sufficient to pay when due all principal of and interest, and premium, if any, on the Bonds and to pay the Costs of Operation and Maintenance of the Airport, and any other claims payable from Revenues. See "SECURITY FOR THE 2011 BONDS-Rate Covenant." The Authority has executed substantially similar "use and lease" agreements with the following airlines[*]: AirTran Airways, American Airlines, Continental Express, Delta Air Lines ("Delta"), Federal Express Corporation ("FedEx"), United

[*] On May 2, 2011, Southwest Airlines Co. closed on its purchase of all outstanding AirTran Holdings, Inc. common stock and the two carriers will operate separately until the Federal Aviation Administration ("FAA") issues a single operating certificate. In the near term, customers will continue to interact exclusively with their ticketed carrier. On October 1, 2010, Continental Airlines, Inc. became a wholly-owned subsidiary of United Continental Holdings, Inc. (formerly UAL Corporation, the parent company of United Airlines, Inc.) The Authority cannot predict what impact these recent and proposed consolidations and mergers may have on the Airport. (See "AVIATION INDUSTRY CONSIDERATIONS-Recent and Proposed Airline Consolidations and Mergers")

Parcel Service and US Airways (the "Airline Agreements"). The terms of such Airline Agreements extend to June 30, 2011. Whether or not the Airline Agreements are in effect, the Authority covenants to impose rentals, fees and other charges as necessary to meet the requirements of the Resolution.

The 2011 Bonds do not constitute an indebtedness of the State of Tennessee, the City of Memphis (the "City"), the County of Shelby (the "County") or any other municipality or political subdivision of the State of Tennessee, or a general obligation of the Authority or a charge upon any other revenues or assets of the Authority not specifically pledged under the Resolution. The Authority has no taxing power.

PLAN OF REFUNDING

The proceeds of the Series 2011B Bonds will be used, together with certain funds held under the Resolution, to refund all of the remaining outstanding Series 1999D Bonds on July 8, 2011 (the "Redemption Date") as follows:

REFUNDING BONDS

1999D BONDS

Date of Maturity March 1	Amount	Interest Rate	Redemption Date	Redemption Price
2024	8,990,000	6.000	July 8, 2011	100%
2025	8,090,000	6.125	July 8, 2011	100%
Total	**$17,080,000**			

The proceeds of the Series 2011C Bonds will be used, together with certain funds held under the Resolution, to refund all of the remaining outstanding 2001A Bonds on the Redemption Date as follows:

REFUNDING BONDS

2001A BONDS

Date of Maturity March 1	Amount	Interest Rate	Redemption Date	Redemption Price
2021	21,490,000	5.125	July 8, 2011	100%

The proceeds of the Series 2011D Bonds will be used, together with certain funds held under the Resolution, to refund all of the remaining outstanding 2001B Bonds on the Redemption Date as follows:

REFUNDING BONDS

2001B BONDS

Date of Maturity March 1	Amount	Interest Rate	Redemption Date	Redemption Price
2026	42,380,000	5.125	July 8, 2011	100%

Additionally, the proceeds of the 2011 Bonds will be used to pay costs of issuance of the 2011 Bonds.

Upon delivery of the 2011 Bonds, the Authority shall transfer proceeds of the 2011 Bonds to the Paying Agent, together with interest earned on such proceeds and funds on hand, sufficient to pay the full redemption price of the Refunded Bonds on the Redemption Date. Upon payment to the Paying Agent for the Refunded Bonds, the funds shall be held in trust for the purpose of paying the principal of, interest on and premium, if any, the full redemption price of the Refunded Bonds on the Redemption Date. Upon issuance of the 2011 Bonds and the deposit of the proceeds thereof, in accordance with the provisions of the Basic Resolution, the Refunded Bonds will no longer be deemed Outstanding under the Basic Resolution and, therefore, will not be entitled to the pledge of the Basic Resolution. The Refunded Bonds will be payable solely from proceeds of the 2011 Bonds, together with interest earned on the proceeds, and moneys held by the Paying Agent therefore and all other Outstanding Bonds will not be payable from or entitled to such moneys.

SOURCES AND USES OF FUNDS

The following table sets forth sources of funds and uses of proceeds of the 2011 Bonds and certain other moneys:

	Series 2011B Bonds	**Series 2011C Bonds**	**Series 2011D Bonds**	**Total**
SOURCES				
Principal Amount	$17,600,000.00	$22,040,000.00	$41,170,000.00	$80,810,000.00
Net Reoffering Premium	-	1,146,139.05	1,584,548.95	2,730,688.00
Transfers from Prior Issue Debt Service Funds	258,728.13	275,340.63	542,993.75	1,077,062.51
Transfers from Prior Issue Debt Service Reserve Funds	-	-	253,112.73	253,112.73
TOTAL	**$17,858,728.13**	**$23,461,479.68**	**$43,550,655.43**	**$84,870,863.24**
USES				
Deposit to Current Refunding Fund	$17,445,094.13	$21,878,536.22	$43,146,224.51	$82,469,854.86
Deposit to Debt Service Reserve Fund	-	1,387,733.42	-	1,387,733.42
Net Original Issue Discount	236,372.55	-	-	236,372.55
Underwriters' Discount	107,379.92	$110,026.15	244,406.50	461,812.57
Costs of Issuance*	69,881.53	85,183.89	160,024.42	315,089.84
TOTAL	**$17,858,728.13**	**$23,461,479.68**	**$43,550,655.43**	**$84,870,863.24**

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* Includes fees and expenses of attorneys, financial advisors, printing and other costs associated with the issuance of the 2011 Bonds.

DEBT SERVICE

Fiscal Years Ending June 30	Total Outstanding Airport Revenue Bonds[1]	Series 2011B Bonds			Series 2011C Bonds			Series 2011D Bonds			City of Memphis General Obligation Bonds[2]	Total Debt Service
		Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total		
2011	$55,657,544	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$2,072,243	$57,729,787
2012	49,042,348		872,954	872,954		1,129,550	1,129,550		2,008,026	2,008,026	2,072,428	55,125,306
2013	45,817,573		851,663	851,663		1,102,000	1,102,000		1,959,050	1,959,050		49,730,285
2014	46,102,818		851,663	851,663		1,102,000	1,102,000		1,959,050	1,959,050		50,015,530
2015	45,879,581		851,663	851,663		1,102,000	1,102,000		1,959,050	1,959,050		49,792,294
2016	50,811,094		851,663	851,663		1,102,000	1,102,000		1,959,050	1,959,050		54,723,806
2017	33,310,050		851,663	851,663		1,102,000	1,102,000		1,959,050	1,959,050		37,222,763
2018	30,983,000		851,663	851,663	2,700,000	1,102,000	3,802,000		1,959,050	1,959,050		37,595,713
2019	27,048,756		851,663	851,663	6,135,000	967,000	7,102,000		1,959,050	1,959,050		36,961,469
2020	27,047,081		851,663	851,663	6,440,000	660,250	7,100,250		1,959,050	1,959,050		36,958,044
2021	27,085,200		851,663	851,663	6,765,000	338,250	7,103,250	2,420,000	1,959,050	4,379,050		39,419,162
2022	25,359,013	1,985,000	851,663	2,836,663				7,645,000	1,838,050	9,483,050		37,678,725
2023	22,472,838	4,965,000	762,338	5,727,338				8,025,000	1,455,800	9,480,800		37,680,975
2024	22,473,525	5,200,000	519,500	5,719,500				8,360,000	1,124,300	9,484,300		37,677,325
2025	15,214,412	5,450,000	272,500	5,722,500				8,780,000	706,300	9,486,300		30,423,212
2026	1,514,500							5,940,000	267,300	6,207,300		7,721,800
2027	3,224,500											3,224,500
2028	3,224,000											3,224,000
2029	3,224,250											3,224,250
2030	3,225,000											3,225,000
2031	3,221,000											3,221,000
2032	3,227,250											3,227,250
2033	3,223,000											3,223,000
2034	3,228,500											3,228,500
2035	3,228,000											3,228,000
2036	3,226,500											3,226,500
2037	3,223,750											3,223,750
2038	3,219,500											3,219,500
2039	3,223,500											3,223,500
	$567,738,082	$17,600,000	$10,943,917	$28,543,917	$22,040,000	$9,707,050	$31,747,050	$41,170,000	$25,031,226	$66,201,226	$4,144,671	$698,374,946

(1) The payments due on July 1 of a given year are reflected in the preceding Fiscal Year, which ends June 30.

(2) In 1970, the Authority entered into an agreement with the City with respect to the issuance of the City's general obligation bonds for Airport purposes. The Authority agreed to pay to the City the amounts required to meet the City's debt service on such bonds. This obligation is junior and subordinate to the obligation to pay debt service on the Bonds. Under the current schedule, the outstanding general obligation bonds are anticipated to be paid by 2012.

SECURITY FOR THE 2011 BONDS

Pledge of Revenues

The 2011 Bonds are payable from, and are secured solely by a pledge of and lien upon, the Revenues of the Authority subject to the prior payment of Costs of Operation and Maintenance of the Airport and on a parity with all Bonds. **"Revenues" are defined in the Resolution to include the total of all income and revenues from all sources, collected or accrued, under generally accepted accounting principles, by the Authority, including all rates, charges, rentals, fees, and any other compensation regardless of form, and investment income, except as otherwise provided in the Resolution. "Revenues" generally exclude, among other things, rental income earned by the Authority pursuant to its Special Facilities Leases (See "AIRPORT REVENUES" herein and "SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION" in Appendix D hereto). The 2011 Bonds are not an indebtedness of the State of Tennessee, the City, the County, or any other municipality or political subdivision of the State of Tennessee, or a general obligation of the Authority or a charge upon any other revenues or assets of the Authority not specifically pledged under the Resolution. The Authority has no taxing power.**

Flow of Funds

The Revenue Fund created and established by the Basic Resolution into which all Revenues are deposited, to be held and administered by the Authority is continued so long as any Bonds are Outstanding. Moneys in the Revenue Fund shall be used and applied in the following order of priority:

First, there shall be applied each month the amount which the Authority determines to be required to pay Costs of Operation and Maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts required by the Resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other moneys credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

Fourth, any moneys remaining may be used by the Authority for any lawful purpose of the Authority.

Description of Funds and Accounts

Revenue Fund

The Revenue Fund created and established by the Basic Resolution into which all Revenues are deposited, to be held and administered by the Authority is continued so long as any Bonds are Outstanding. Moneys in the Revenue Fund shall be invested and reinvested by the Authority. All earnings on and income from investments of moneys in the Revenue Fund shall be deposited in the Revenue Fund.

Airport Improvement Bond Fund

The Airport Improvement Bond Fund is created as a special fund to provide for the punctual payment of the principal, interest, and premium, if any, on any Bonds when due. The following accounts are sub-accounts of the Airport Improvement Bond Fund:

Interest Account. A separate account in the Airport Improvement Bond Fund is established for each Series of Bonds to provide for the payment of any installment of interest due on such Series of Bonds, unless otherwise provided for by the Construction Interest Account. In each month, commencing with the last business day of the month which follows the month for which interest on such Series of Bonds, if any, is provided from moneys credited to the Construction Interest Account for such Series of Bonds, or, if no interest on such Series of Bonds is provided from moneys credited to a Construction Interest Account, commencing with the last business day of the month which follows the month in which the Series of Bonds is delivered and paid for, there shall be deposited in each Interest Account (a) with respect to each Series of Bonds other than Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, commencing with the last business day of the month which follows the month in which such Series of Bonds is delivered and paid for, and continuing on the last business day of each month thereafter so long as any of the Bonds of each such Series are Outstanding, an amount such that, if the same amount were so credited to each such Interest Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to each such Interest Account on the last business day of the month preceding an interest payment date would be equal to the amount required to pay, or to reimburse a draw on the Support Facility made to provide funds for the payment of, the installment of interest falling due on each Series of Bonds on the Interest Payment Date therefor, and (b) with respect to Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, on the last business day prior to each interest payment date to and including the last business day prior to a date on which the interest rate may be fixed, if any, the amount required to be credited to the Interest Account established for such Variable Rate Bonds together with other funds available therefor in the Interest Account, to pay, or to reimburse a draw on the Support Facility made to provide funds for the payment of, the interest payable on the Outstanding Variable Rate Bonds on each interest payment date.

Serial Principal Account. A separate account in the Airport Improvement Bond Fund is established for the purpose of paying the principal of, or to reimburse a financial institution for a draw on the Support Facility made to provide funds for the payment of, such Bonds issued and maturing serially. Commencing with the last business day of the month which is twelve (12) months prior to the first principal payment date of any Bonds maturing serially and in each month thereafter so long as any Bonds so maturing are Outstanding, the Authority shall credit to the Serial Principal Account an amount such that, if the same amount were so credited to the Serial Principal Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to the Serial Principal Account on each such principal payment date would be equal to the principal amount of all such Bonds becoming due on such principal payment date.

Sinking Fund Account. A separate account in the Airport Improvement Bond Fund is established to provide for the retirement of any Bonds issued as term bonds. Commencing with the last business day of the month which is twelve (12) months prior to the first mandatory retirement of any term bonds and on the last business day of each month thereafter, so long as any term bonds are Outstanding, the Authority shall transfer to the Sinking Fund Account an amount such that, if the same amount were so credited to the Sinking Fund Account on the last business day of each succeeding month thereafter, the aggregate of the amounts on credit to the Sinking Fund Account on the last business day of the month next preceding a mandatory retirement date would be sufficient to retire such term bonds in the principal amounts and at the times specified in the Supplemental Resolution providing for the issuance thereof.

Unless and except as otherwise provided in a Supplemental Resolution, the Authority may apply moneys credited to the Sinking Fund Account to the purchase of Bonds of a particular Series issued in term form, in which case the principal amount required to be redeemed on the next ensuing installment date shall be reduced by the principal amount of the Bonds so purchased; provided that no Bonds shall be purchased during the interval between the date on which notice of redemption is given and the date of redemption set forth in such notice unless the Bonds purchased are called for redemption in the notice or are purchased from moneys other than those credited to this Account. No purchase of Bonds shall be made if the purchase would require the sale at a loss of securities credited to the Sinking Fund Account unless the difference between the actual purchase price paid and the then maximum purchase price permitted to be paid is greater than the loss upon sale of such securities. The purchase price shall not exceed the then applicable redemption price of such Bonds plus accrued interest.

Debt Service Reserve Account. A separate account in the Airport Improvement Bond Fund may be established for each Series of Bonds to provide moneys which constitute a reserve for the payment of the principal, interest and premium, if any, on such Series of Bonds. The Debt Service Reserve Account Requirement for each Series of Bonds shall be that amount provided for in the Supplemental Resolution providing for the issuance of such Series of Bonds. No Bonds other than Bonds of the Series for which such account has been created shall have any right to be paid from such account. In the event Revenues are insufficient to make all the deposits required to be made to the Airport Improvement Bond Fund, such Revenues shall be deposited therein without regard to the existence of the Debt Service Reserve Accounts for the respective Series of Bonds.

Moneys on credit to a Debt Service Reserve Account shall be used and applied whenever there are insufficient moneys with respect to the Series of Bonds for which the Account was created on credit to the Interest Account, Serial Principal Account and Sinking Fund Account. Investment of moneys credited to the Debt Service Reserve Accounts shall be in Investment Securities maturing within the earlier of eight years or the final maturity date of the Series of Bonds then Outstanding for which the Account was created.

The Series 2011B Bonds issued to refund the 1999D Bonds will be deemed 1999D Bonds solely for the purpose of the provisions of the Resolution pertaining to the Debt Service Reserve Account, 1999D. A portion of the Authority's Refunding Revenue Bonds, Series 2011A-1 and Series 2010B, which refunded a portion of the 1999D Bonds, have also been deemed 1999D Bonds solely for the purpose of the provisions of the Resolution pertaining to the Debt Service Reserve Account, 1999D. The Debt Service Reserve Account Requirement for the 1999D Bonds is an amount equal to the lesser of (i) an amount equal to the maximum principal and interest payments for any future Fiscal Year for all 1999D Bonds at the time then Outstanding, (ii) an amount at least equal to but not in excess of 10% of the proceeds of the 1999D Bonds, or (iii) 125% of the average annual principal and interest payments on the 1999D Bonds. The Debt Service Reserve Requirement for the 1999D Bonds may be satisfied with the purchase of a surety bond.

The Series 2011C Bonds issued to refund the 2001A Bonds will be deemed 2001A Bonds solely for the purpose of the provisions of the Resolution pertaining to the Debt Service Reserve Account, 2001A. A portion of the Authority's Refunding Revenue Bonds, Series 2011A-2, which refunded a portion of the 2001A Bonds, have also been deemed 2001A Bonds solely for the purpose of the provisions of the Resolution pertaining to the Debt Service Reserve Account, 2001A. The Debt Service Reserve Account Requirement for the 2001A Bonds is an amount equal to the lesser of (i) an amount equal to the maximum principal and interest payments for any future Fiscal Year for all 2001A Bonds at the time then Outstanding, (ii) an amount at least equal to but not in excess of 10% of the proceeds of the 2001A Bonds, or (iii) 125% of the average annual principal and interest payments on the 2001A Bonds. The Debt Service Reserve Requirement for the 2001A Bonds may be satisfied with the purchase of a surety bond.

The Debt Service Reserve Account Requirement for the Series 2011D Bonds is an amount equal to the lesser of (i) an amount equal to the maximum principal and interest payments for any future Fiscal Year for all Series 2011D Bonds at the time then Outstanding, (ii) an amount at least equal to but not in excess of 10% of the proceeds of the Series 2011D Bonds, or (iii) 125% of the average annual principal and interest payments on the Series 2011D Bonds. The Debt Service Reserve Requirement for the Series 2011D Bonds may be satisfied with the purchase of a surety bond.

Rate Covenant

The Authority covenants in the Basic Resolution that it will impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of the facilities and commodities furnished by its Airport and will revise the same from time to time whenever necessary; and will collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which will be sufficient (1) to pay all Costs of Operation and Maintenance (as defined in the Basic Resolution); (2) to pay the principal of and interest and premium, if any, on any Bonds when due; (3) to pay the City and the County or any other municipality all amounts required to be paid to them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness (including the General Obligation Bonds) issued by them to finance all or any portion of the Airport; (4) to pay all other claims, charges or obligations payable from Revenues; and (5) to carry out all provisions and covenants of the Basic Resolution. Without limiting the provisions of the next preceding sentence, at all times and in any and all events such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected which will yield Net Revenues in an amount at least equal to 125% of the Debt Service Requirement on all Bonds.

In the event there are Outstanding any Variable Rate Bonds, in determining the rates, rentals, fees and charges, the payment of the principal of and interest on the Variable Rate Bonds shall be calculated at the maximum rate borne by the Variable Rate Bonds for the twelve month period then ended at the time of calculation.

Use of Other Airport Funds

The Authority may take into account and use other Airport funds that do not constitute Revenues under the Basic Resolution, including Customer Facility Charges ("CFCs") and other moneys, in determining compliance with the requirements set forth under "Rate Covenant" and "Additional Bonds" and may, but is not obligated to, apply such amounts to pay debt service on the 2011 Bonds. CFCs are not considered Revenues under the Basic Resolution. The Authority charges no Passenger Facility Charges ("PFCs") and has no current plans to impose PFCs. Nonetheless, if PFCs were imposed, they would not be considered Revenues under the Basic Resolution.

Additional Bonds

One or more Series of Bonds may be issued by the Authority from time to time in order to accomplish any purpose of the Authority, the costs of which are to be financed by the issuance of Additional Bonds, but only upon compliance with all of the conditions enumerated in the Basic Resolution, including, among others, the following:

(1) Revenues, certified by the Treasurer of the Board for the twelve consecutive months immediately preceding the month in which the Additional Bonds are delivered and paid for, shall have at least equaled the amounts required: (i) to pay the principal, interest and premium, if any on the Bonds when due; (ii) to reimburse the City and the County or other municipality for principal, interest and premium, if any, on the bonds, issued by them for the Airport; (iii) to pay all Costs of Operation and Maintenance; and (iv) to pay all claims, charges or obligations payable from Revenues for such twelve-month period. Revenues derived in any interval prior to such twelve-month period which are in excess of all charges paid or accrued, or required to be paid or accrued, during such interval and which excess Revenues are carried forward in the Revenue Fund into such twelve-month period and are available for use and application during such twelve-month period as are all other Revenues derived during such period may be deemed to be and treated as Revenues derived during such twelve-month period. Amounts received during such twelve-month period arising out of and attributable to the payment of interest and principal on temporary or short-term borrowings incurred to pay Costs of Operation and Maintenance shall not be considered to be Revenues;

(2) Revenues estimated by an Airport Consultant to be derived in each Fiscal Year from the date the proposed Additional Bonds are delivered and paid for to the estimated date that a substantial portion of the project(s) is placed in continuous service or commercial operation, are sufficient (i) to pay during each such Fiscal Year the principal, interest and premium, if any, on the Bonds when due; (ii) to reimburse the City and the County or other municipality for principal, interest and premium, if any, on the bonds issued by them for the Airport; (iii) to pay all Costs of Operation and Maintenance; and (iv) to pay all claims, charges or obligations payable from the Revenues. See "SECURITY FOR THE 2011 BONDS – Rate Covenant" herein; and

(3) An Airport Consultant estimates that the Net Revenues to be derived in each of the three Fiscal Years following the estimated date that a substantial portion of the project(s) being financed is placed in continuous service or commercial operation shall be equal to not less than 125% of the Debt Service Requirement for such Fiscal Year on all Bonds Outstanding including such Additional Bonds.

Refunding Bonds

The Authority, without complying with the provisions of the Basic Resolution for the issuance of Additional Bonds, may at any time and from time to time issue one or more series of Additional Bonds for the purpose of refunding at any time any Bond.

DESCRIPTION OF THE 2011 BONDS

General

The 2011 Bonds are issued pursuant to the Resolution. The 2011 Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. The 2011 Bonds will bear interest at the rates specified herein, payable semiannually on July 1 and January 1 in each year beginning January 1, 2012. Interest on the 2011 Bonds will be calculated on the basis of a 30-day month and a 360-day year.

Optional Redemption

The Series 2011B Bonds maturing on or after July 1, 2022 shall be subject to optional redemption prior to maturity by the Authority on or after July 1, 2021 at a price of par, plus accrued interest to the date fixed for redemption, without premium or penalty, in whole or in part at any time in such order as determined by the Authority.

The Series 2011C Bonds are not subject to optional redemption.

The Series 2011D Bonds maturing on or after July 1, 2022 shall be subject to optional redemption prior to maturity by the Authority on or after July 1, 2021 at a price of par, plus accrued interest to the date fixed for redemption, without premium or penalty, in whole or in part at any time in such order as determined by the Authority.

Notice of Redemption

Notice of any redemption of the 2011 Bonds shall specify the 2011 Bonds to be redeemed, the redemption date and the place where the amount due will be payable. Such notice shall also state that upon the date fixed for redemption the principal amount thereof plus the premium, if any, due on the redemption date together with the accrued interest thereon shall become due and payable. The Authority shall cause the Registrar for the 2011 Bonds to mail a copy of such notice at least 30 days before the redemption date to the registered owners of the 2011 Bonds at their addresses appearing on the registration books as of the 45^{th} day preceding the date fixed for redemption. As long as a book-entry system is used to determine ownership of the 2011 Bonds, the Authority shall send notice of redemption to DTC. Any failure of DTC to mail such notice to any DTC participant will not affect the sufficiency or the validity of the redemption of the 2011 Bonds.

If at the time of the giving of any notice of redemption there shall not be on deposit with the Paying Agent moneys sufficient to redeem all the 2011 Bonds called for redemption, the notice of redemption shall state that the redemption of such 2011 Bonds is conditional and subject to deposit of moneys with the Paying Agent sufficient to redeem all such 2011 Bonds not later than the opening of business on the redemption date, and that such notice shall be of no effect with respect to any of such 2011 Bonds for which moneys are not on deposit. If the amount on deposit with the Paying Agent, or otherwise available, is insufficient to pay the redemption price and accrued interest on the 2011 Bonds called for redemption on such date, the Paying Agent shall redeem and pay on such date an amount of such 2011 Bonds for which such moneys or other available funds are sufficient, selecting the maturities of 2011 Bonds to be redeemed and 2011 Bonds within a maturity to be redeemed by lot.

Book-Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2011 Bonds. The 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2011 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2011 Bonds, except in the event that use of the book-entry system for the 2011 Bonds is discontinued.

To facilitate subsequent transfers, all 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2011 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2011 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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

The Authority will have no responsibility or obligation to Direct Participants, to Indirect Participants or to Beneficial Owners with respect to (i) the accuracy of any records maintained by DTC, any Direct Participants or Indirect Participants, or (ii) the payment by DTC, any Direct Participants or any Indirect Participants of any account in respect of principal or redemption price of or interest on the 2011 Bonds, or (iii) any notice which is permitted or required to be given to owners (except such notice as is required to be given by the Authority to DTC), or (iv) the selection by DTC of any Participant to receive payment in the event of a partial redemption of the 2011 Bonds, or (v) any consent given or other action taken by DTC as owner of the 2011 Bonds, or (vi) any other event or purpose.

MEMPHIS INTERNATIONAL AIRPORT SERVICE AREA DEMOGRAPHIC AND ECONOMIC BASIS FOR AIRLINE TRAFFIC

The Authority has positioned itself to be a leader in the emergence of the City as "America's Aerotropolis" where runway, road, rail and river merge™. An Aerotropolis is a city which has centered its economy around and is greatly dependent upon its airport. The Airport has been considered as the United States' best example of an Aerotropolis and officials of the Authority and City have designated Memphis as "America's Aerotropolis".

The City has a central location, highly developed infrastructure, growing economy and depth of logistics and transportation services. Its logistics and transportation services allow customer orders to be placed late in the day for next morning delivery. The three main benefits offered to companies to locate to an Aerotropolis are speed, agility and connectivity. The City has all three and has planned multi-year projects to upgrade its corridors by improving the areas surrounding the Airport as well as make the Memphis International Airport more aesthetically pleasing as the City's gateway. In addition, the Memphis International Airport is the world's busiest cargo airport and the single largest economic engine in the Mid-South.

Memphis International Airport Service Region

The Memphis International Airport, located in Shelby County about 13 miles by road southeast of downtown Memphis, is the principal air carrier airport serving west Tennessee, north Mississippi, southeast Missouri and east Arkansas. Airline traffic at an air carrier airport is largely a function of the population and economy of the region served by the Memphis International Airport and the type and variety of airline operations serving the Memphis International Airport. An understanding of the population and economic characteristics of the Airport service region is important in assessing the potential for future airline passenger traffic growth.

The "primary" Airport service region is a 3,000-square-mile area defined as the Memphis Metropolitan Statistical Area (MSA), comprising Fayette, Shelby, and Tipton counties in Tennessee; Desoto, Marshall, Tate, and Tunica counties in Mississippi; and Crittenden County in Arkansas. The MSA population was estimated to be approximately 1.3 million in 2009, the most recent year for which such data is available.

The Memphis area continues to show the effects of a slow recovering economy. The MSA unemployment rate for March 2011 was 9.9%, which was above the State of Tennessee and the national rate of 9.5% and 8.8%, respectively.

Memphis International Airport and the Port of Memphis, as well as the seven federal highways, 15 state highways and two U. S. interstate systems, with a third one under construction, that cross the City, along with its central location in the United States, all contribute to Memphis' position as America's Aerotropolis. Accordingly, transportation plays a major role in the economy of the MSA. More metropolitan markets can be served overnight (within 600 miles) from Memphis than any other city in the central United States. Memphis offers multiple inter-modal transportation options such as air to truck or truck to air, water to truck or rail, or rail to truck. Memphis is the second largest port on the Mississippi River and the fourth largest inland river port in the United States.

TOP EMPLOYERS IN THE MEMPHIS MSA
(2010; RANKED BY NUMBER OF EMPLOYEES)

Company Name	Local Employees	Type of Business
Federal Express Corporation	32,000	Transportation
Memphis City Schools	16,184	Primary and secondary education
United States Government	14,600	Federal government
Tennessee State Government	9,000	State Government
Methodist Le Bonheur Healthcare	8,442	Integrated health care delivery system
City of Memphis	7,080	City Government
Baptist Memorial Health Care Corp	6,470	General medical hospitals and health
Shelby County Government	6,110	County Government
Wal-Mart Stores, Inc.	6,000	Discount general merchandise
Harrah's Entertainment, Inc.	5,964	Casino entertainment, management
Shelby County Schools	5,200	Primary and secondary education
American Residential Services LLC	4,300	Heating and air conditioning
Naval Support Activity Mid-South	4,076	Military installation
University of Tennessee, Memphis	3,969	Health science university
Desoto County School District	3,601	Primary and secondary education
The Kroger Co.	3,546	Retail groceries
St. Jude Children's Research Hospital	3,343	Medical research hospital
First Horizon National Corp.	2,985	Financial services
Memphis Light, Gas & Water	2,800	Utility services
Technicolor Video Services, Inc.	2,800	Retail provider of video tapes, DVDs
Kemmons Wilson Cos.	2,705	Real estate developer
Regions Financial Corporation	2,601	Financial services
Internal Revenue Service	2,600	Federal Agency
The University of Memphis	2,500	Post-secondary, graduate, and legal
United Parcel Service, Inc.	2,500	Transportation

Source: Memphis BizJournal.

THE AIRPORT

The Authority

A seven-member Board of Commissioners (the "Board") governs the Authority with all members appointed by the Mayor of the City, of which two are nominated by the Mayor of the County. The City Council confirms these appointments for seven-year staggered terms. A member of the Board may be removed from office by a two-thirds vote of the City Council, but only after notice of cause for the removal has been served and the member has been granted an opportunity for a public hearing on the matter.

Management

Larry D. Cox has been employed by the Authority since 1973. He became the Authority's 3rd President and CEO in 1985, a position he has held for 25 years. Mr. Cox became the Authority's 1st Accredited Airport Executive in 1975. He has served on the Board of Directors of Airports Council International, Past Chair of the American Association of Airport Executives, Past President of the Southeast Chapter of the American Association of Airport Executives, and Past President of the Tennessee Association of Air Carrier Airports. Larry currently serves on the Boards of the Memphis Area Chamber of Commerce and the Memphis Convention & Visitors Bureau. Among Larry's many acknowledgements for his service to the aviation industry include: the "Chairs" Award from the American Association of Airport Executives, the Bravo Zulu Award from Federal Express Corporation, and the Memphis Business Journal 25 Most Influential People in Memphis. Larry was most recently inducted into the Tennessee Aviation Hall of Fame in 2005. Larry is a General Aviation Pilot and holds a commercial pilot's license.

Scott A. Brockman, A.A.E., joined the Authority in 2003, currently serving as Executive Vice President and Chief Operating Officer. He has over 25 years of service in the aviation industry at four major airports. Scott became an accredited member of the American Association of Airport Executives (AAAE) in 1994 and currently serves AAAE on the Board of Examiners, as Audit Committee Chairman and as Chair of the National Airports Conference planning committee. He is currently serving as President of the Southeast Chapter AAAE Board of Directors. He has previously served as Chair of the ACI-NA Economic Affairs Committee and as a member of the ACI-NA World Economic Committee and Transportation Research Board - Airport Cooperative Research Program (TRB-ACRP) Panels. He has served for many years on the AAAE Annual Conference and National Airports Conference planning committees.

Forrest B. Artz, CPA, joined the Authority in 2008, currently serving as the Director of Finance and Chief Financial Officer. He has over 20 years of public sector financial management experience of which 12 years were in the aviation industry at three major airports. Forrest is a general aviation pilot and holds a commercial pilot's license.

Brian Kuhn, Esq. joined the Authority in 2010, serving as the General Counsel. Brian has practiced law publicly for over 36 years, while simultaneously practicing law at private law firms for 15 years. His experience includes 16 years serving as Assistant County Attorney and 19 years as County Attorney with the Shelby County Government. Brian is a Fellow in the Memphis Bar Foundation and the Tennessee Bar Foundation. He is admitted to practice before the Courts in the State of Tennessee including Court of Appeals and Tennessee Supreme Court, U.S. District Courts in the Western District of Tennessee, Sixth Circuit Court of Appeals in Cincinnati and U.S. Supreme Court. His practice areas include specialization in employment litigation matters, 42 U.S.C. Section 1983 civil rights litigation and administrative law for city and county governments.

Airport Facilities and Operations

The Memphis International Airport occupies approximately 4,640 acres of land in the County and includes a terminal complex containing approximately one million square feet and four other buildings containing approximately 100,000 square feet, used by air carriers and all-cargo carriers as transfer facilities for cargo. These buildings are adjacent to the terminal complex and are separate from the FedEx facilities that contain approximately 3.5 million square feet and occupy approximately 518 developed acres. The United Parcel Service facility is located on the east side of the Memphis International Airport and occupies approximately 84 developed acres. Delta leases approximately 80% of the total airline space in the terminal complex.

Terminal Complex. The terminal complex consists of three connected terminal buildings: West (A), Center (B), and East (C). The terminal buildings are essentially self-contained and each serves its own concourse: A, B, and C, respectively, with passenger holdrooms and airline operations facilities.

The first (lower) level of each terminal building of the Memphis International Airport accommodates baggage handling facilities and other support facilities. Passenger ticketing lobbies, airline ticketing and baggage check-in counters, concessions, waiting areas and security screening facilities are located on the second (upper) level. On the third (mezzanine) level are tenant and Authority's offices.

Concourses A, B and C are two-level structures. Passenger holdrooms, circulation corridors, restrooms and concessions occupy the upper level and airline operations occupy the lower (apron) level. Concourse B also contains the International Arrivals Area, including Federal Inspection Service facilities.

The terminal apron is currently configured to provide 88 aircraft parking positions that provide direct access to the terminal via 79 gates. Of the 88 aircraft parking positions, 76 are equipped with passenger loading bridges while the remaining 12 are accessed via 3 ground level gates. Delta and its regional affiliates use 69 of the 79 gates on a preferential use basis.

Airfield. The Memphis International Airport has four runways: one east-west runway, Runway 9-27, 8,946 feet in length, and the remaining three are north-south runways: Runways 18L-36R, 9,000 feet in length, 18C-36C, 11,120 feet in length and 18R-36L, 9,320 feet in length. All are 150 feet wide and are equipped with precision instrument landing systems and are suitable for use by large air carrier aircraft. A Surface Movement Guidance System has been installed on the airfield to aid aircraft in navigating the various taxiways under low visibility. Also located at the Airport are fixed base operator facilities serving general aviation, a unit of the Tennessee Air National Guard, a FAA air route traffic control center, and various aviation support facilities.

Reliever Airports. The Authority operates two general aviation reliever airports; the General DeWitt Spain Airport ("DeWitt Spain Airport") and the Charles W. Baker Airport ("Baker Airport"), each located on approximately 400 acres of land in the County. There are approximately 220 based general aviation aircraft at Baker Airport and DeWitt Spain Airport. Both airports have automated fueling systems, aircraft maintenance services, hangars and tie downs, aircraft rentals and charter services for general aviation. Runway 18-36 at Baker Airport is 3,500 feet in length and Runway 16-34 at DeWitt Spain Airport is 3,800 feet in length. Both runways are 75 feet wide with asphalt surfaces. During May 2011, the Mississippi River crested to historic levels and breached a levee, flooding the DeWitt Spain Airport. The Authority had incurred approximately $1.1 million in flood mitigation procedure costs before the levee breached. Actual losses to the airport infrastructure and equipment have not yet been determined. The Authority carries commercial insurance coverage for this event for both mitigation and property losses incurred with a $500,000 deductible. It is not known, at this time, when the DeWitt Spain Airport will re-open for operations.

Parking and Rental Cars. The Memphis International Airport offers several areas for public automobile parking. The main three-level parking structure next to the terminal building has 2,750 public spaces, including 900 short-term ("premium") parking spaces at the upper and ground level and 1,850 long-term ("general") parking spaces on all three levels of the structure. The outlying west and east lots have approximately 1,900 and 1000 spaces, respectively, used for long-term public parking with 200 sectioned off in the west lots for employee parking. A remote lot containing approximately 3,100 spaces is also being used for employee parking. Shuttle buses transport passengers and employees to and from the outlying parking lots and the remote lot.

The Authority is currently constructing a Ground Transportation Center, which will consist generally of a new 7 level parking garage, containing approximately 5,700 spaces and support facilities including a parking office within the new garage and two toll plazas; rental car (RAC) facilities inside the new garage and a quick turnaround (QTA) surface lot; and renovations and rehabilitation of the existing garage. Levels 1 and 2 of the new garage will be for the RAC facilities including approximately 1,200 ready/return spaces, and levels 3 through 7 will provide approximately 4,500 spaces for economy public parking. As a part of the Ground Transportation Center, certain public access improvements will be constructed including a moving walkway from the new garage through the center of the existing garage at basement level to the terminal; reconfiguration of ramps and equipment in the existing garage to make room for the moving walkway; and improvements to the existing pedestrian tunnels from the existing garage into the terminal. This will provide the Authority with the construction cost savings from a combined project, improve efficiency of operations, and provide enhanced customer service to various users of the Airport. The Authority estimates that the Ground Transportation Center will be placed in service on or about March 1, 2012.

The Authority estimates that the Ground Transportation Center will cost $121 million. It is being funded from various sources including federal AIP grants (for eligible project costs only), state grants, existing bond proceeds, other capital funds, and customer facility charges already collected and projected to be collected during the construction period.

Delta Air Lines

The Airport is one of seven airports used as hubbing locations by Delta within its U.S. route network. The U.S. hub airports include Atlanta, Cincinnati, Detroit, Memphis, Minneapolis/St. Paul, New York – JFK, and Salt Lake City. The Airport's role in the Delta route network is largely a domestic hub, although it does have daily scheduled service to Amsterdam and other international destinations. For additional discussion on Delta activity at the Airport, see "HISTORICAL ACTIVITY AT THE AIRPORT."

On March 22, 2011, Delta announced certain reductions to be made in its flight schedule on a system-wide basis. Based on that announcement and subsequent discussions with Delta, the Authority anticipates that certain reductions in Delta's schedule of service at the Airport will be made on September 6, 2011. The Authority projects that on that date Delta will make a net reduction of 26 daily flights from its 2011 summer schedule of approximately 204 flights per day. This net reduction is expected to be the result of Delta eliminating 32 daily flights using 50-seat CRJ aircraft, eliminating 6 daily flights using 34-seat Saab aircraft, and adding 12 flights using 19-seat Beechcraft aircraft.

The Authority has analyzed Delta's announcement and developed preliminary projections of how its passenger levels and financial operations will be impacted for the next several Fiscal Years. The Authority currently projects that its total enplaned passengers in Fiscal Year 2011 will be approximately 4,850,000, which is about a 2.4% decline from Fiscal Year 2010. Delta's service reductions are expected to occur in the first quarter of Fiscal Year 2012. The Authority projects that enplaned passengers in Fiscal Year 2012 will be 4,504,000, approximately a 7.1% decline from the projected amount for Fiscal Year 2011. The Authority projects that enplaned passengers at the Airport will then increase by 0.5% in Fiscal Year 2013, and by 2.0% in both Fiscal Year 2014 and Fiscal Year 2015.

The Authority also developed preliminary financial projections based on the enplanement projections described above. The Authority's analysis also took into account estimated impacts of the changes in service levels and enplaned passengers on the Airport's landed weight, nonairline revenues, amount of leased space in the terminal complex and operating expenses. Based on that analysis, the Authority projects that the Airport's landing fee per 1,000 pounds will remain at its current level of approximately $1.41 in Fiscal Years 2012 through 2015, while its terminal rental rate will increase from $35.92 in Fiscal Year 2011 to $49.94 in Fiscal Year 2013 and decline slightly thereafter. The increase in the terminal rental rate per square foot is primarily attributable to a projected reduction in the number of leased square feet over which costs of the terminal area are recovered from the airlines. Debt service coverage is expected to be 1.27 in Fiscal Year 2011 and, due to the Airport's residual airline agreement, remain at 1.25 in Fiscal Years 2012 through 2015. The Airport's projected cost per enplaned passenger is projected to increase from $4.88 in Fiscal Year 2011 to $5.58 in Fiscal Year 2012, and then decline in each year thereafter, reaching $4.80 in Fiscal Year 2015.

FedEx

FedEx, an all-cargo air carrier, has its world headquarters in Memphis and operates its Super Hub at the Memphis International Airport. Effective January 1, 2007, FedEx has executed a new lease with the Authority with an initial term of 30 years, ending December 31, 2036 (the "FedEx Lease"). The FedEx Lease also contains terms providing for two extension periods of 10 years each. FedEx's aircraft serve various destinations in the United States and around the world. The Memphis International Airport SuperHub is the primary sorting facility for FedEx and serves as the center of its global hub-and-spoke system. FedEx has been located in Memphis since 1973. The SuperHub is a state-of-the-art facility which operates 24 hours a day 365 days per year. The facility includes over 150 miles of conveyor belts which move an average of 1.5 million packages a day during five daily sort operations that involve approximately 1,250 FedEx flights per week at the Airport. FedEx facilities at Memphis International Airport include aircraft hangars, aircraft ramp areas, vehicle parking areas, flight training and fuel facilities, administrative offices and warehouse space. During FY 2010, FedEx enplaned and deplaned approximately 4.3 million U.S. tons of cargo at the Memphis International Airport and accounted for approximately 74.2% of landed weight at the Memphis International Airport. FedEx has made significant investments in facilities at the Memphis International Airport. FedEx continues to dominate the cargo business at the Airport, transporting approximately 99% of all cargo handled at the Airport in FY 2010. FedEx's share of cargo at the Airport has surpassed 95% each year since 1992.

FUTURE DEVELOPMENTS

The Authority's 5-year capital improvement program (Fiscal Years 2011 through 2015), for projects not yet under construction, is estimated to cost $311 million. The actual timing of the construction projects in the capital improvement program will depend on the achievement of forecast demand or other justification of need, the receipt of the required environmental or other regulatory approvals, the availability of grants or other funding sources, and to the extent required under the Airline Agreement or any successor agreements, consultation or agreement with the airlines regarding scope, cost, funding and recovery of costs through airline rents, fees and charges. Generally, future projects include apron, runway and taxiway reconstruction and construction of a glycol environmental control facility. The Authority believes that it can fund these capital costs with FAA Airport Improvement Program grants ($157.0 million), TSA grants ($63.0 million), state grants ($27.1 million), and moneys accumulated in its capital funds ($63.9 million). If these funding sources are insufficient, or other projects are identified, then the Authority may defer projects or consider the issuance of additional Bonds during the period through FY 2015.

HISTORICAL ACTIVITY AT THE AIRPORT

Since its creation in 1969, the Authority has moved forward to continue the growth of Memphis International in the Mid-South region of the United States. For 19 consecutive years (1991 through 2009), the Memphis International Airport has been designated the *Number One Airport in the World for Cargo* by Airports Council International. In 2010, the Airport was the busiest air cargo airport in the United States and the number two ranked cargo airport in the world.

The Memphis International Airport is unique because it operates as a dual hub serving both passengers and cargo. Prior to Northwest Airlines' ("Northwest") October 29, 2008 merger with Delta and continuing to date, the Memphis International Airport has served as a connecting hub since 1986 (See "AVIATION INDUSTRY CONSIDERATIONS- Recent and Proposed Airline Consolidations and Mergers"). FedEx also operates transfer hub operations at the Airport. Currently, FedEx's and all other cargo airlines share is approximately 76.4% and Delta and all other passenger airlines share represents approximately 23.6% of the total landed weight at the Memphis International Airport. In FY 2010, Delta and its regional affiliates accounted for 87.0% of the enplaned passenger total. For the first nine months of FY 2011, Delta and its regional affiliates accounted for 86.4% of the enplaned passenger total.

Total enplaned passenger traffic at the Airport has produced moderate growth at an annual rate of approximately 1.2% over the period FY 1991 through FY 2010. Over the same period, enplaned passenger traffic in the United States increased at a faster annual rate of 3.1% and with generally less year-to-year variability. The higher year-to-year variability at the Airport can be attributed to its role as a connecting hub airport where its traffic patterns can be largely influenced by the activity of the hubbing airline. From 2009 to 2010, both the Airport and the United States recorded significant decreases of 3.8% and 5.3% of enplaned passengers, respectively.

The fall-off in traffic from FY 2009 to FY 2010 for the Airport and the United States was the result of a continued national economic recession and the turmoil in the U.S. housing and credit markets. U.S. airlines responded to the fall-off in passenger demand by reducing capacity (total scheduled seats) and eliminating marginally performing routes.

For the first nine months of Fiscal Year 2011 (July 2010 through March 2011), total enplaned passengers were down slightly by 2.0% and total aircraft landed weight was up 3.0% compared to the same period in Fiscal Year 2010. The increase in total landed weight of 3.0% was due to increased cargo carrier activity landed weight of 4.6% offset by reduced passenger airlines landed weight of 1.8% year-over-year. Delta's enplaned passenger market share of 86.4% for the first nine month period remains consistent with the combined market share of Delta and Northwest Airlines before operating under a single operating certificate of 87.0% for the first nine months of Fiscal Year 2010.

In its role as the FedEx Super Hub, Memphis International Airport handled in excess of 4.3 million U.S. tons of cargo in FY2010. All cargo operations represent flights by airlines that are involved solely in the transportation of air cargo, such as FedEx and UPS. In FY 2010, 99.5% of all-cargo operations at the Airport were performed by FedEx and UPS. FedEx continues to dominate the cargo business at the Memphis International Airport, transporting approximately 99% of all cargo handled at the Memphis International Airport in FY 2010. Based on information from FedEx, the Authority believes that FedEx has shifted sorting activity from its regional facilities back to Memphis International Airport in order to make better use of the SuperHub capacity during the current recessionary period. For the first nine months of Fiscal Year 2011 (July 2010 through March 2011), FedEx enplaned 4.5% more cargo than for the same period in Fiscal Year 2010.

In addition to the capital commitments, the Authority has made substantial commitments in operations and maintenance costs that are required of a 24-hour airport. The majority of the air cargo activity occurs between 11:00 p.m. and 5:00 a.m. In addition, the Authority has made a commitment to keep the Memphis International Airport open during inclement weather.

Cargo airlines, especially FedEx, depend heavily on being able to deliver cargo in tight time frames; therefore, they must be able to fly in all weather conditions. For snow operations, the Authority has purchased state-of-the-art snow removal equipment and expanded the capacity of the de-icing chemical storage facilities. The Authority has been able to meet the demands of the cargo airlines by keeping the Airport operational for all but 2 hours during the past 10 years. Management is committed to meeting the operational requirements of all airlines so as to maintain a proper balance of cargo and passenger use.

Also, military activity at the Airport primarily includes the operations of the 164th Airlift Wing of the Tennessee Air National Guard which has a major air base at the Airport.

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Airlines Serving the Airport

The following is a list of airlines serving the Memphis International Airport as of June 30, 2010:

Passenger		
Major and National	**Regional Affiliates**	**All-Cargo**
AirTran Airways	Air Canada Jazz	Air Transport International
American Airlines	Air Wisconsin[a]	Baron Aviation
Delta	American Eagle[b]	DHL
US Airways	Atlantic Southeast[c]	FedEx Express
	Chautauqua[b][c]	Kalitta Air
	ComAir[c]	Mountain Air
	Compass Airlines[c]	United Parcel Service
	Continental Express[d]	Airnet Systems
	Mesa Airlines[a][c][e]	
	Mesaba Airlines[c]	
	Pinnacle Airlines[c][f]	
	PSA Airlines[a]	
	Republic Airlines[a]	
	Shuttle America[a]	
	Skywest Airlines[c][e]	

[a] Affiliated with US Airways
[b] Affiliated with American Airlines
[c] Affiliated with Delta
[d] Affiliated with Continental Airlines
[e] Affiliated with United Airlines
[f] Headquartered in Memphis

Source: Official Airline Guide, Inc.

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The following table and the information contained therein are compiled from the records of the Authority:

MEMPHIS INTERNATIONAL AIRPORT AVIATION ACTIVITY

Enplaned Passengers by Airline Type

	Fiscal Year Ended June 30				9 Months Ended March 31
	2007	**2008**	**2009**	**2010**	**2011**
Major/National*	3,140,179	3,123,695	2,355,963	2,061,777	1,491,417
Regional/Commuter	2,297,483	2,432,574	2,800,446	2,906,329	2,113,652
Non-Scheduled	5,782	4,435	1,712	3,356	5,712
Total	**5,443,444**	**5,560,704**	**5,158,121**	**4,971,462**	**3,610,781**
Aircraft Movements	379,425	372,350	348,480	334,245	250,409
Aircraft Landed Weights (in thousand pound units)	26,565,649	26,792,837	25,883,319	25,473,250	19,662,753

Source: The Authority

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* Enplanements for FY2007-2009 were restated to correct a reporting error that excluded certain Northwest Airlines' enplaned passengers from the total enplaned passenger count. The restatements for the period FY2007-2009 resulted in annual enplanement increases that ranged from 179,928 to 190,819 enplanements or 3.3% to 3.6% of total annual enplanements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATISTICAL REPORTING FOR AIRLINE MARKET SHARES OF TOTAL ENPLANED PASSENGERS

	FISCAL YEAR ENDED JUNE 30								9 MONTHS ENDED MARCH 31	
	2007		2008		2009		2010		2011	
Airline	Enplaned Passengers*	Share of Total	Enplaned Passengers*	Share of Total	Enplaned Passengers*	Share of Total	Enplaned Passengers*	Share of Total	Enplaned Passengers	Share of Total
Northwest										
Northwest Mainline	2,740,969	50.4%	2,658,155	47.8%	1,954,325	37.9%	861,989	17.3%	0	0.0%
Northwest Affiliates[a]	1,683,020	30.9	1,825,812	32.8	2,234,829	43.3	1,156,837	23.3	0	0.0
Northwest Total	4,423,989	81.3	4,483,967	80.6	4,189,154	81.2	2,018,826	40.6	0	0.0
Delta										
Delta Mainline	117,219	2.2	114,941	2.1	156,574	3.0	969,029	19.5	1,300,192	36.0
Delta Affiliates[a][b]	147,769	2.7	148,248	2.7	134,903	2.6	1,335,249	26.9	1,819,587	50.4
Delta Total	264,988	4.9	263,189	4.7	291,477	5.7	2,304,278	46.4	3,119,779	86.4
American[c]	193,971	3.6	196,349	3.5	165,578	3.2	159,314	3.2	116,533	3.2
US Airways[d]	160,884	3.0	182,051	3.3	185,549	3.6	184,710	3.7	145,089	4.0
AirTran Airways	164,148	3.0	171,915	3.1	141,882	2.8	118,513	2.4	92,891	2.6
Continental[e]	102,943	1.9	100,285	1.8	93,126	1.8	89,891	1.8	63,994	1.8
United Express	106,929	2.0	90,968	1.6	89,635	1.7	91,720	1.8	61,980	1.7
Frontier	8,355	0.2	58,598	1.1	0	0.0	0	0.0	0	0.0
All Other Airlines	17,237	0.3	13,382	0.2	1,720	0.0	4,210	0.1	10,515	0.3
TOTAL[f]	5,443,444	100.0%	5,560,704	100.0%	5,158,121	100.0%	4,971,462	100.0%	3,610,781	100.0%

[a] For FY2010, Northwest Regional Affiliates are comprised of ComAir, Mesaba, Pinnacle and Compass Airlines. Effective December 30, 2009, Delta and Northwest began operating under a single U.S. Department of Transportation operating certificate and, as such, Northwest data is through December 29, 2009. (See "AVIATION INDUSTRY CONSIDERATIONS –Recent and Proposed Airline Consolidations and Mergers".)
[b] For FY2010, Delta Regional Affiliates are comprised of Atlantic Southeast, Chautauqua, ComAir, Compass, Mesa, Mesaba, Pinnacle, Shuttle America and Skywest Airlines.
[c] For FY2010, includes service by both mainline American and regional affiliate American Eagle.
[d] For FY2010, includes service by both mainline US Airways and regional affiliates, Mesa, PSA and Republic Airlines.
[e] For FY 2010, includes service by Continental Express.
[f] Totals may not equal due to rounding.
* Enplanements for FY2007-2009 were restated to correct a reporting error that excluded certain Northwest Airlines' enplaned passengers from the total enplaned passenger count. The restatements for the period FY2007-2009 resulted in annual enplanement increases that ranged from 179,928 to 190,819 enplanements or 3.3% to 3.6% of total annual enplanements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATISTICAL REPORTING FOR AIRLINE MARKET SHARES OF LANDED WEIGHTS

	FISCAL YEAR ENDED JUNE 30								9 MONTHS ENDED MARCH 31	
	2007		2008		2009		2010		2011	
	Landed Weight	Share of Total	Landed Weight	Share of Total	Landed Weight	Share of Total	Landed Weight	Share of Total	Landed Weight	Share of Total
Federal Express	18,899	71.1%	19,111	71.3%	18,739	72.4%	18,905	74.2%	14,807	75.3%
Northwest										
Northwest	3,667	13.8	3,472	13	2,521	9.7	1,071	4.2	-	-
Northwest Airlink[a]	2,132	8	2,200	8.2	2,649	10.2	1,245	4.9	-	-
Northwest Total	5,800	21.8	5,672	21.2	5,169	20	2,316	9.1	-	-
Delta[a][b]										
Delta	169	0.6	157	0.6	222	0.9	1,216	4.8	1,676	8.5
Delta Connection	199	0.7	193	0.7	111	0.4	1,564	6.1	2,257	11.5
Delta Total	368	1.4	350	1.3	333	1.3	2,780	10.9	3,932	20.0
AirTran Airways	210	0.8	216	0.8	181	0.7	155	0.6	109	0.6
US Airways Express[c]	111	0.4	205	0.8	204	0.8	206	0.8	172	0.9
American	193	0.7	202	0.8	202	0.8	201	0.8	129	0.7
UPS	153	0.6	191	0.7	209	0.8	199	0.8	162	0.8
Continental Express	137	0.5	135	0.5	129	0.5	113	0.4	80	0.4
Frontier	21	0.1	131	0.5	-	-	-	-	-	-
United Express [d]	142	0.5	128	0.5	124	0.5	130	0.5	83	0.4
American Eagle	118	0.4	109	0.4	95	0.4	73	0.3	56	0.3
Air Transport Intl.	77	0.3	77	0.3	60	0.2	43	0.2	12	0.1
Compass	-	-	67	0.2	310	1.2	268	1.1	2	0.0
DHL	41	0.2	43	0.2	24	0.1	3	0.0	1	0.0
Kalitta Air	102	0.4	36	0.1	23	0.1	13	0.1	18	0.1
Mountain Air Cargo	27	0.1	33	0.1	32	0.1	33	0.1	24	0.1
ABX	27	0.1	26	0.1	29	0.1	-	-	0	0.0
Continental	2	0	1	0	0.4	0	-	-	0	0.0
Other	139	0.5	61	0.2	19	0.1	36	0.1	75	0.4
Total[e]	26,565	100.0%	26,793	100.0%	25,883	100.0%	25,473	100.0%	19,663	100.0%

[a] For FY2010, Northwest Airlink is comprised of Comair, Mesaba and Pinnacle. Northwest data is through December 29, 2009, because, effective December 30, 2009, Delta and Northwest began operating under a single U.S. Department of Transportation operating certificate. (See "AVIATION INDUSTRY CONSIDERATIONS –Recent and Proposed Airline Consolidations and Mergers".)
[b] For FY2010, Delta Regional Affiliates are comprised of Atlantic Southeast, Chautauqua, ComAir, Mesa, Mesaba, Pinnacle, Shuttle America and Skywest Airlines.
[c] For FY2010, includes service by both mainline US Airways and regional affiliates, Air Wisconsin, Mesa, PSA and Republic Airlines.
[d] For FY2010, includes service by Mesa and Skywest Airlines.
[e] Totals may not equal due to rounding.

AIRPORT REVENUES

Airport Use and Lease Agreements

The Authority has in effect individual lease agreements with each of the following air carriers* serving the Memphis International Airport: AirTran Airways, American Airlines, Continental Express, Delta, FedEx, United Parcel Service and US Airways (the "Signatory Airlines"). These Airline Agreements were effective as of July 1, 1999. The Signatory Airline rentals and fees are calculated to ensure that the Authority generates sufficient Revenues to operate the Airport on a break-even basis after paying debt service on all Bonds and the City's General Obligation Bonds issued for the Airport; paying the Costs of Operation and Maintenance (including making provision for certain required capital outlays); making agreed-upon contributions to the capital reserve account; and providing for 125% coverage under the Rate Covenant.

Under the "residual cost" formula established in the Airline Agreements, revenues from sources other than the Signatory Airline rentals and fees are credited against the Airport's total operating, maintenance, and capital outlay requirements to determine the amount of the Signatory Airline rentals and fees to be paid. The accumulated surplus (or deficit) in the Revenue Fund, after all other requirements have been met, is normally included as a deduction (or addition) in the calculation of the net requirement to be met from the Signatory Airline rentals and fees. The current Airline Agreements expire on June 30, 2011. The Authority is currently negotiating a one year extension of the existing Airline Agreements with the air carriers that would be effective July 1, 2011. The Authority is concurrently negotiating new multi-year residual Airline Agreements with the air carriers that would be effective on or before July 1, 2012. The term of the new multi-year agreements has not yet been determined.

Notwithstanding the expiration of the Airline Agreements, the Rate Covenant contained in the Basic Resolution will continue to be effective. The Airline Agreements provide for the rental of space and the use of certain facilities by the Signatory Airlines, the establishment of cost accounting centers and the periodic adjustment of the rentals, charges and landing fees to be paid by the Signatory Airlines as determined by the costs and expenses associated with the Terminal Complex Area, Terminal Aircraft Apron Area, and Landing Field Area (each as defined in the Airline Agreements), and certain other areas. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS" in Appendix C hereto.

The Authority has covenanted in the Basic Resolution that it will not consent to any amendment to the Airline Agreements or, said agreements having expired or otherwise terminated, enter into new leases, or consent to any amendments to its agreements with its creating or participating municipalities, which would impair or diminish the security and payment of the Bonds, including the 2011 Bonds.

Passenger Facility Charges

Passenger Facility Charges ("PFCs") are fees authorized by the Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations issued with respect to the PFC Act (the "PFC Regulations"). The PFC Act allows a public agency such as the Authority, which controls a commercial service airport to charge each paying passenger enplaning at the airport (subject to certain limited exceptions) a PFC of up to $4.50.

The Authority charges no PFCs and has no current plans to impose PFCs, but has the right in the future to do so.

Customer Facility Charges

The Authority was authorized, effective August 1, 2001, to collect a Customer Facility Charge (CFC) pursuant to Resolution No. 01-4267 adopted by the Board on July 19, 2001 in the amount of $3.00 per transaction day per vehicle from all customers of rental car companies operating at or serving the Airport. However, due to the events of September 11, 2001, the Authority rescinded the collection of CFCs effective November 1, 2001 and planned to reinstate the CFC at a later time as economic conditions dictated. The Authority reinstated the collection of CFCs pursuant to Resolution No. 07-4393 on March

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* On May 2, 2011, Southwest Airlines Co. closed on its purchase of all outstanding AirTran Holdings, Inc. common stock and the two carriers will operate separately until the FAA issues a single operating certificate. In the near term, customers will continue to interact exclusively with their ticketed carrier. On October 1, 2010, Continental Airlines, Inc. became a wholly-owned subsidiary of United Continental Holdings, Inc. (formerly UAL Corporation, the parent company of United Airlines, Inc.) The Authority cannot predict what impact these recent and proposed consolidations and mergers may have on the Airport. (See "AVIATION INDUSTRY CONSIDERATIONS-Recent and Proposed Airline Consolidations and Mergers")

19, 2007, effective April 1, 2007, at a rate of $4.00 per transaction day per vehicle. CFCs are an integral part of the Authority's funding plan for the Grant Transportation Center. CFCs are not a part of Revenues as defined in the Basic Resolution. CFC collections for FY 2009 and FY 2010 were $4,758,000 and $4,559,000, respectively. The Authority intends, but is not obligated, to use all or any portion of CFC collections for expenditures associated with the Ground Transportation Center.

Federal Grants-in-Aid

The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program ("AIP"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers and landed weight of all-cargo aircraft. Discretionary funds are available at the discretion of the FAA based upon a national priority system.

In 2002, the Authority was granted an AIP Letter of Intent by the FAA for approximately $75.4 million of discretionary funds for the reconstruction of Runway 18R-36L and Taxiway M, which was subsequently amended to include the construction of Taxiway Yankee to the south. The Authority received the final AIP Letter of Intent payment of $4.8 million in Fiscal Year 2010.

For federal fiscal years 2006-2010, the Authority was awarded the following entitlement and discretionary funds:

AIP Funds Awarded by Federal Fiscal Year

	2006	2007	2008	2009	2010
Entitlement Funds:					
Passenger	$8,325,062	$8,660,305	$8,538,235	$8,576,321	$8,406,818
Cargo	$14,333,411	$14,616,710	$14,695,793	$15,139,958	$16,202,823
Total Entitlement	$22,658,473	$23,277,015	$23,234,028	$23,716,279	$24,609,641
Discretionary Funds	$5,878,000	$4,402,000	$5,805,000	$11,080,000	$18,626,827
Total AIP Funds	**$28,536,473**	**$27,679,015**	**$29,039,028**	**$34,796,279**	**$43,236,468**

Source: The Authority

Future entitlement funds will vary with the actual number of passenger and cargo enplanements, with total appropriations for the AIP and with any revision of the existing statutory formula for calculating such funds. No assurance can be given that federal grants-in-aid will actually be received in amounts or at times contemplated by the Authority.

State Grants

The Authority receives grants from the Tennessee Department of Transportation (TDOT). TDOT grants are primarily funded from the tax collected on the sale of aviation fuel. The Authority has entered into a multi-year grant agreement with TDOT to fund $50 million of the costs of the Ground Transportation Center. As of March 31, 2011 the Authority has received grant funding allocations of $38 million from TDOT. The Authority has drawn down approximately $27.9 million of eligible costs for the Ground Transportation Center. The Authority expects to receive the remaining allocations within the next 3 years.

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The table below summarizes the Authority's financial results for the years 2006-2010 based on the Authority's audited financial results.

AIRPORT FINANCIAL INFORMATION
SUMMARY OF HISTORICAL REVENUES, COSTS OF OPERATION AND MAINTENANCE, AND DEBT SERVICE COVERAGE (NON-GAAP BASIS [1])
(IN THOUSANDS OF DOLLARS)
FOR THE FISCAL YEARS ENDED JUNE 30

Operating Revenues	**2006**	**2007**	**2008**	**2009**	**2010**
Terminal	$ 29,287	$ 28,728	$ 29,929	$ 29,123	$ 29,935
Airfield	48,013	46,867	46,875	44,712	44,329
Ground Transportation	21,850	23,317	23,740	20,970	20,726
Other Aviation	4,824	4,986	4,473	5,409	5,485
Non-Aviation	7,041	8,736	6,530	7,738	7,877
Total Operating Revenues	111,015	112,634	111,547	107,952	108,352
Operating and Maintenance Expenses					
Terminal Building	12,538	12,533	14,122	14,059	13,898
Airfield	8,265	10,396	10,421	9,977	10,033
Ground Transportation	4,045	4,492	4,322	4,257	4,230
General Administration	15,551	13,852	14,668	13,697	15,372
Police	4,432	4,373	5,690	5,625	6,934
Field Shop	1,478	1,161	1,819	1,618	1,607
Other Aviation	76	174	143	204	231
Non-Aviation	410	4,505	724	745	765
Total Operation and Maintenance Expenses before Depreciation and Amortization	46,795	51,486	51,909	50,182	53,070
Net Operating Income before Depreciation and Amortization (1)	**$ 64,220**	**$ 61,148**	**$ 59,638**	**$ 57,770**	**$ 55,282**
Debt Service Coverage on Bonds (2)	136%	137%	135%	129%	127%

(1) Operating results may be reconciled to the Audited Financial Statements by deducting depreciation and amortization expenses
(2) Debt Service Coverage calculated in accordance with Basic Resolution

Source: The Authority

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MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

Operating Results

The following is a summary of the Authority's operating revenues and operation and maintenance expenses for the 5-year period 2006 through 2010. See "APPENDIX B – FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT."

Audited Financial Statements

The financial statements of the Authority included as APPENDIX B to this Official Statement have been audited by Dixon Hughes PLLC, independent auditors, as stated in their report appearing in APPENDIX B.

Discussion of Financial Operations

Audited Financial Information for 2006-2010. The "Historical Operating" table on the prior page summarizes the Authority's audited financial results for the Fiscal Years 2006 through 2010. Operating revenues in the table are comprised of landing fees, terminal area rent/use charges, other rentals and concessions. Operation and maintenance expenses are comprised of salaries and wages, repairs and maintenance, utility costs, materials and supplies, professional services and other operating costs.

Because of the "residual" nature of the Airline Agreements, the Authority charges the airline parties based on a projection of the net airline requirement (equal to operation and maintenance expenses, debt service requirements and discretionary fund deposit requirements less non-airline revenues). Accordingly, operating revenues of $108.3 million for Fiscal Year 2010 increased by $.4 million over 2009 revenues of $107.9 million. This increase in operating revenues is primarily due to increased terminal rentals of $.99 million, cargo rents and fees of $.75 million, terminal concessions of $.25 million and other non-airline revenues of $1.0 million, offset by decreased landing fees and special facilities lease income of $.92 million and $1.5 million, respectively.

In 2010, the Authority's operating expenses of $53.1 million increased over 2009 operating expenses of $50.2 million by $2.9 million. The increase was mainly due to increased administration costs and police operations area costs of $1.68 million and $1.31, respectively, offset by decreased terminal area costs of $.16 million. The main increase in administration costs related to certain legal settlement costs of $1.3 million. The main increase in police operations costs was due to $1.28 million of security reimbursement costs classified as revenue in Fiscal Year 2010 and as an offset to expense in Fiscal Year 2009. This reclassification had no effect on net fund balance.

Although not shown in the table on the prior page, as of June 30, 2010, the Authority reported $31.9 million of unrestricted cash and investments and $224.1 million of restricted cash and investments, compared to June 30, 2009 balances of $25.8 million and $192.9 million, respectively. The increase of $6.1 million in unrestricted cash and investments was primarily due to changes in accounts receivable, accounts payable and other operating accounts and transfers of certain restricted cash to unrestricted cash accounts. The increase in restricted cash and investments of $31.2 million is mainly due to the receipt of the Series 2010A Bonds net proceeds of $24.0 million, capital grant reimbursements of $60.9 million and CFC revenues of $4.6 million offset by capital expenditures of $55.0 million and payments to other government entities of $2.9 million.

On March 22, 2011, Delta announced certain reductions to be made in its flight schedule on a system-wide basis. For additional discussion on the announcement and its affect on the Authority, see "THE AIRPORT-Delta Air Lines".

AVIATION INDUSTRY CONSIDERATIONS

The 2011 Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the 2011 Bonds before considering any purchase of the 2011 Bonds. The following section describes certain aviation-related risk factors affecting the payment of and security for the 2011 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the 2011 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following risk factors along with all other information described herein. Each prospective purchaser of any 2011 Bond should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the 2011 Bonds.

The Airlines

Certain Signatory Airlines, including FedEx and Delta (or their respective parent corporations), are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended. In accordance therewith, certain information, including financial information, concerning such domestic airlines or their respective parent corporations, is disclosed in certain reports and statements filed with the Securities and Exchange Commission (the "SEC"). Such reports and statements can be inspected at the public reference facilities maintained by the SEC at 100 F Street NE, Washington, D.C., 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 100 F St NE Washington, D.C., 20549, at prescribed rates. In addition, each Signatory Airline is required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. Such reports can be inspected at the following locations: Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, and the Department of Transportation, 1200 New Jersey Avenue, SE, Washington, D.C., 20590. Copies of such reports can be obtained from the Department of Transportation at prescribed rates. Copies of the reports and other information filed with the SEC can also be obtained in electronic form on the SEC website at https://www.sec.gov/edgar.shtml or by sending an email to publicinfo@sec.gov or by sending a fax to (202) 772-9295.

Airport Rates and Charges

The Authority and all of the Signatory Airlines have entered into written Airline Agreements, which govern the rates and charges the Authority may impose on the Signatory Airlines. See "SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS" in Appendix C hereto.

Federal Legislation Affecting the Air Transportation Industry

Since September 11, 2001 and as a result of the financial distress and bankruptcy filings in the airline industry, the federal government enacted several pieces of legislation that have directly affected the airline industry. Such legislation includes the Federal Aviation and Transportation Security Act enacted on November 19, 2001 to provide, among other things, for the federalization of airport security through the TSA. The Homeland Security Act enacted on November 25, 2002 created the Department of Homeland Security (the "DHS") to accomplish several primary goals, including, among others, preventing terrorist attacks within the United States; reducing the United States' vulnerability to terrorism; minimizing the danger of, and assisting in the recovery from, terrorist attacks that do occur; and monitoring connections between illegal drug trafficking and terrorism and coordinating efforts to seek such connections. The TSA is a part of the DHS.

On October 17, 2005, amendments to the United States Bankruptcy Code took effect. The amendments were partially established as a result of bankruptcies of airlines. Among other things, the amendments force companies to reorganize and emerge from Chapter 11 protection more quickly. Companies have up to 18 months during which they must submit a reorganization plan and are protected from takeover attempts. The amendments also require companies to make decisions within 120 days about whether they want to reject leases of their vendors or partners (which could include, for purposes of airlines, airport use and lease agreements).

A bill extending the FAA's operating authority was signed into law on March 31, 2011. The provisions of this reauthorization bill extend the FAA's operating authority, including various aviation programs and excise taxes, to May 31, 2011. This bill was the 18^{th} such extension of FAA reauthorization since 2007 when the FAA authorization expired. The U.S. House of Representatives and the U.S. Senate, on May 23, 2011 and May 24, 2011, respectively, passed the 19^{th} extension of the FAA reauthorization bill that would extend the FAA's operating authority through June 30, 2011. The President is expected to sign the one-month extension into law by May 31, 2011.

General Factors Affecting the Airline Industry

No assurance can be given as to the levels of aviation activity which will be achieved at the Airport in future Fiscal Years. Future traffic at the Airport is sensitive to a variety of factors including: (1) aviation safety and security concerns, (2) national and international economic and political conditions, (3) airline competition and air fares, (4) the availability and price of aviation fuel, (5) air carrier service and route networks, (6) the capacity of the national air traffic control system, (7) airline consolidation and alliances, (8) the capacity of the Airport/airways system, and (9) financial health of the airline industry. Additionally, slow or negative traffic growth in many areas, increased competition among air carriers, increased labor, equipment and other operating costs, and increases in the requirements for and the cost of debt capital have combined to reduce profits materially or to cause losses for many air carriers over the past few years, although many airlines have recently reported substantial increases in profitability. See "MANAGEMENT DISCUSSION OF FINANCIAL RESULTS" herein.

As stated earlier, in FY 2010, Delta and its regional affiliates accounted for 87.0% of the enplaned passenger total and FedEx accounted for approximately 74.2% of the total landed weight at Memphis International Airport. See "HISTORICAL ACTIVITY AT THE AIRPORT" and "THE AIRPORT-FedEx" herein. The level of aviation and cargo activity at the Airport can have a material impact on the amount of Revenues of the Airport. The amount of moneys to be deposited into the Revenue Fund in any given month is also dependent upon (1) payment of amounts due from air carriers under the Airlines' Use Agreements and (2) the level of concession and non-air carrier revenues, which is dependent upon activity at the Airport. Amounts available for deposit in the Revenue Fund could be adversely affected by delays or defaults in the payments of rates and charges by the air carriers at the Airport.

National and International Economic and Political Conditions. Historically, air carrier passenger traffic nationwide has correlated closely with the state of the United States economy and levels of real disposable income. The recession in the U.S. economy that began in late 2007, combined with reduced discretionary income and increased airfares has contributed to reduced airline travel demand in 2008 and 2009 and may continue to do so in the near term. Sustained future growth in domestic air carrier passenger traffic will depend largely on the ability of the nation to sustain economic growth.

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

Air Carrier Service and Routes. While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving that airport. Most major air carriers have developed "hub-and-spoke" route networks as a means of increasing their service frequencies, passenger volumes, and profitability. The Airport serves both as a gateway to the metropolitan service area, and as a connecting hub for Delta.

Cost of Fuel. Airline earnings are significantly affected by the price of aviation fuel. According to the Air Transport Association ("ATA") fuel is the largest cost component of airline operations, and therefore an important and uncertain determinant of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but there have been significant price increases for fuel. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in Nigeria and other developing countries; the rapidly growing economies of China, India and other developing countries; and other factors influencing the demand for and supply of oil. Crude oil prices reached a record high of approximately $145 per barrel in July 2008, but have since declined. As of May 24, 2011, the price of a barrel of crude oil was approximately $99.60.

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

Many airlines engage in or have engaged in fuel hedging – purchasing fuel in advance at a fixed price through derivative contracts – to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. Any unhedged increase in the fuel prices causes an increase in airline operating costs.

Air Carrier Economics, Competition, and Airfares. Air carrier fares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by air carrier operating costs and debt burden, passenger demand, capacity and yield management, market presence and competition. Future passenger numbers, both nationwide and at the Airport will depend on the level of airfares.

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

World Health Concerns. Periodically, outbreaks of infectious diseases may adversely affect air travel.

Seat Capacity Cuts and Other Airline Cost-Cutting and Revenue-Generating Initiatives The United States Government Accountability Office reported that the U.S. passenger airline industry reduced domestic capacity in 2009 by the largest percentage since the 2001 terrorist attacks in response to high fuel prices and a weakening economy. Domestic capacity for the first three quarters of 2010 has decreased by 0.6 percent. Compared with the same quarter in 2009, the industry increased domestic capacity by 0.7 percent in the third quarter of 2010. The Authority makes no assurance that the nationwide reduction in capacity announced by airlines over the past three years will not significantly impact future airline activity levels at the Airport, especially if any additional reductions take place with respect to Delta.

In addition to cutting seat capacity, U.S. airlines have also reduced their number of employees and have removed aircraft from their fleets. Furthermore, the airlines are taking other actions aimed at generating revenue, instituting baggage fees, ticket-change fees, in-flight catering fees, and frequent flyer reservation surcharges.

Recent and Proposed Airline Consolidations and Mergers

On October 29, 2008, Northwest and its wholly-owned regional airline subsidiaries Compass Airlines, Inc. and Mesaba Aviation, Inc. completed a merger with Delta. On December 30, 2009, Delta and Northwest began operating under a single U.S. Department of Transportation operating certificate. The merged airline operates under the Delta name with a single reservation system, frequent flyer program, unified aircraft livery, airport branding and signage, etcetera.

Southwest Airlines Co. announced on September 27, 2010 that it entered into a definitive agreement to acquire all of the outstanding common stock of AirTran Holdings, Inc., the parent company of AirTran Airways, for $1.4 billion in a combination of cash and Southwest Airlines Co. common stock. On May 2, 2011, Southwest Airlines Co. closed on its purchase of all outstanding AirTran Holdings, Inc. common stock and the two carriers will operate separately until the FAA issues a single operating certificate. In the near term, customers will continue to interact exclusively with their ticketed carrier.

On October 1, 2010, Continental Airlines, Inc. became a wholly-owned subsidiary of United Continental Holdings, Inc. (formerly UAL Corporation, the parent company of United Airlines, Inc.).

The Authority cannot predict what impact these recent and proposed consolidations and mergers may have on the Airport.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand.

Since September 11, 2001, intensified security precautions have been instituted by government agencies, airlines and airport operators. These precautions include the strengthening of aircraft cockpit doors, changes to prescribed flight crew responses to attempted hijackings, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Safety Administration (the "TSA") and revised procedures and techniques for the screening of passengers and baggage for weapons and explosives. No assurance can be given that these precautions will be successful.

Also, the possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Effect of Bankruptcy of Air Carriers

In the event a bankruptcy case is filed with respect to any of the Signatory Airlines, a bankruptcy court could determine that the Airline Agreement of such Signatory Airline was an executory contract or unexpired lease pursuant to Section 365 of the Federal Bankruptcy Code. In that event, a trustee in bankruptcy or a debtor-in-possession might reject such Airline Agreement.

The Authority covenants in the Basic Resolution that it will impose and prescribe and collect rates, rentals, fees and charges for the use of the Airport and revise the same when necessary to produce Revenues, together with other available funds, sufficient to pay when due all principal of and interest, and premium, if any, on the Bonds and to pay the Costs of Operation and Maintenance of the Airport, and any other claims payable from Revenues. See "SECURITY FOR THE 2011 BONDS-Rate Covenant" and "SECURITY FOR THE 2011 BONDS-Additional Bonds" herein.

Environmental Regulations

The FAA has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. Environmental regulations of general applicability (such as hazardous waste handling and disposition requirements, underground storage tank rules, stormwater permitting requirements, and the like) which are enforced by the Federal Environmental Protection Agency and the Tennessee Department of Environment and Conservation, not FAA, apply to the Memphis International Airport; compliance with those requirements may impose costs from time to time.

LITIGATION

To the best of the knowledge of the Authority and its General Counsel, there is no pending or threatened litigation in any court questioning the corporate existence of the Authority or which would restrain or enjoin the issuance or delivery of the 2011 Bonds, or which concerns the proceedings of the Authority taken in connection with the authorization or issuance of the 2011 Bonds or the pledge or application of any Revenues provided for their payment, or which contest the powers of the Authority with respect to the foregoing.

On December 3, 2009 the Authority was served with a lawsuit alleging violations of the Fair Credit Reporting Act (FCRA) and the Fair and Accurate Credit Transaction Act (FACTA) in the Authority's public parking operations. The lawsuit alleges that from June 3, 2008 through April 5, 2009 the equipment/software used for revenue control at the Authority's parking lot exits printed four digits of the credit card number and the expiration date on customer receipts in violation of FACTA. The complaint does not allege actual harm to any plaintiff or plaintiffs caused by the printing of this information on receipts but rather requests that statutory penalties for technical violations be imposed. Likewise, the complaint does not allege that the Authority overcharged patrons for parking or any other claim for disgorgement. The lawsuit seeks class action certification. The parties have reached a tentative settlement in the amount of approximately $1,000,000 based on a voucher/discount parking rate structure which also includes all attorney fees and costs and have submitted the terms of the settlement to the court for its review and approval. On Friday, March 11, 2011 the Federal District Court entered a Preliminary Approval Order which certified the class for settlement purposes and set the date of July 15, 2011 for the Fairness Hearing to obtain a Final Order. The Authority has accrued the settlement amount (with no admission and or assumption of liability attached hereto) in Fiscal Year 2010.

In April 2001 the Authority filed a petition for condemnation on two properties. The lessees asserted damages for the loss of two billboard leases that were on these properties. These leases began in 1997 and were 40 years each. The Authority's potential liability (with no admission and or assumption of liability attached hereto) related to this claim ranges from between $240,000 per the Authority's experts to $1,500,000 per the lessees' experts. A settlement was reached in mediation in the amount of $700,000 inclusive of both of these cases. The cases have been dismissed as a result of the settlement.

It is the opinion of the General Counsel of the Authority that any pending litigation, including the above cases, will not have a material adverse effect upon the finances of the Authority or the Revenues of the Airport.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2011 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") except that no opinion is expressed as to such exclusion of interest on any Series 2011B Bond or Series 2011C Bond for any period during which the Series 2011B Bond or Series 2011C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the Series 2011B Bonds or Series 2011C Bonds, or a "related person", (ii) interest on the Series 2011B Bonds or Series 2011C Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code, and (iii) interest on the Series 2011D Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the 2011 Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2011 Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing laws of the State of Tennessee, the 2011 Bonds and the interest thereon are exempt from taxation by the State of Tennessee or any county or municipality thereof, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2011 Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2011 Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2011 Bonds in order that interest on the 2011 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2011 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2011 Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2011 Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2011 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2011 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2011 Bonds.

Prospective owners of the 2011 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2011 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2011 Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the 2011 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of 2011 Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2011 Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2011 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a 2011 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2011 Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2011 Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

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Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2011 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2011 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2011 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2011 Bonds under federal or state law and could affect the market price or marketability of the 2011 Bonds.

Prospective purchasers of the 2011 Bonds should consult their own tax advisors regarding the foregoing matters.

APPROVAL OF LEGAL MATTERS

The authorization, issuance and sale of the 2011 Bonds are subject to the approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, substantially in the form set forth in Appendix A hereto. Certain legal matters in connection therewith will be passed upon by Brian L. Kuhn, General Counsel to the Authority; and for the Underwriters by Gonzalez Saggio & Harlan LLP, as Counsel to the Underwriters.

FINANCIAL ADVISORS

Public Financial Management, Inc., D+G Consulting Group, LLC and ComCap Advisors, a division of Community Capital, have been employed by the Authority to perform professional services in the capacity of financial advisors. In their role as financial advisors to the Authority, they have not independently verified the factual information contained in the Official Statement and the appendices hereto, but relied on the information supplied by the Authority and other sources and the Authority's certificate as to the Official Statement.

RATINGS

The 2011 Bonds have been rated "A2" with a "negative outlook" by Moody's Investors Service, Inc., "A-" with a "stable outlook" by Standard & Poor's Ratings Group and "A+" with a "negative outlook" by Fitch Ratings. Such ratings reflect only the respective views of such organizations and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all of such rating agencies, if in the judgment of any or all such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2011 Bonds.

INDEPENDENT AUDITORS

The financial statements of the Authority as of and for the years ended June 30, 2010 and 2009 included in Appendix B in this official statement have been audited by Dixon Hughes, PLLC, independent auditors, as stated in their report also appearing in Appendix B.

UNDERWRITING

The 2011 Bonds are being purchased by Morgan Keegan & Company, Inc., as representative (the "Representative") of the underwriters listed on the cover of this Official Statement (the "Underwriters"). The Underwriters have agreed, subject to certain conditions, to purchase the 2011 Bonds at a price of $82,842,502.88 (which represents par amount of $80,810,000.00, less allowance for an underwriting discount of $461,812.57, plus a net original issue premium of $2,494,315.45). The Underwriters will be obligated to accept delivery and pay for all of the 2011 Bonds if any are delivered.

The Underwriters intend to offer the 2011 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriters may allow concessions from the public offering prices to certain dealers, banks, and others. After the initial public offering, the public offering prices may be varied from time to time by the Underwriters.

In addition, the Representative and/or its affiliates may in the future receive additional fees for providing services as registrar, paying agent and/or authenticating agent with respect to the 2011 Bonds. Further, the Representative and/or its affiliates may in the future receive additional fees for providing services as the funds custodian/depository with respect to the proceeds of the 2011 Bonds and for providing services as a loan provider to the Authority.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

CONTINUING DISCLOSURE UNDERTAKING

This offering is subject to the continuing disclosure requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). Pursuant to a Continuing Disclosure Undertaking, the form of which is set forth in "APPENDIX E - FORM OF CONTINUING DISCLOSURE UNDERTAKING" for as long as any of the 2011 Bonds are outstanding, the Authority will provide certain annual financial information and material event notices required by the Rule. Such information will be filed through the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format prescribed by the MSRB, and may be accessed through the Internet at emma.msrb.org. Furthermore, pursuant to the Continuing Disclosure Undertaking, for as long as any of the 2011 Bonds are outstanding, the Authority will undertake to provide to the MSRB and a state information repository, if any, notice of certain material events as described in the Rule and Appendix E.

Within the previous five years, the Authority has not failed to comply in any material respect with any previous undertakings with regard to the Rule to provide certain annual financial information and material event notices.

With respect to the 2011 Bonds, no party other than the Authority is obligated to provide, nor is expected to provide continuing disclosure information with respect to the aforementioned Rule.

As noted herein under the caption "AVIATION INDUSTRY CONSIDERATIONS," certain of the Signatory Airlines at the Airport (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended. Also, certain filings by such Signatory Airlines must be made with the U.S. Department of Transportation.

In addition, the Signatory Airlines have covenanted in the Airline Agreements to provide certain information, including financial information, to the Authority, as requested.

At this time, only FedEx and Delta are "obligated persons" for such purposes. FedEx and Delta are both subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the SEC. See "APPENDIX E - FORM OF CONTINUING DISCLOSURE UNDERTAKING" for the detailed provisions of the Authority's obligation to provide continuing disclosure.

MISCELLANEOUS

The foregoing summaries or descriptions of provisions in the Resolution and Airline Agreements and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions and reference is hereby made to the complete documents relating to such matters for further information, copies of which may be obtained from the office of the Authority. Additionally, there is no guarantee that any of the assumptions or estimates contained herein will be realized.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

/s/ Scott A. Brockman
Designated Financial Officer

APPENDIX A – FORM OF OPINION OF BOND COUNSEL

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[Letterhead of Hawkins Delafield & Wood LLP]

June ___, 2011

Board of Commissioners
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REFUNDING REVENUE BONDS, SERIES 2011B
$17,600,000

Ladies and Gentlemen:

At your request we have examined into the validity of Seventeen Million Six Hundred Thousand Dollars ($17,600,000) principal amount of Airport Refunding Revenue Bonds, Series 2011B (the "Series 2011B Bonds") of the Memphis-Shelby County Airport Authority (the "Authority"), a public and governmental body politic and corporate and metropolitan airport authority of the State of Tennessee. The Series 2011B Bonds are issuable in fully registered form, in the denomination of $5,000 each or any integral multiple thereof, and are numbered from R-1 upward. The Series 2011B Bonds shall be dated as of their date of delivery, shall mature on July 1 in each of the years and in the principal amounts set forth below, with the Series 2011B Bonds maturing in a particular year bearing interest payable January 1, 2012, and semiannually thereafter on July 1 and January 1 of each year at the rate per annum set forth opposite such year, to wit:

Year of Maturity	Principal Amount	Interest Rate
2022	$1,985,000	4.50%
2023	1,400,000	5.25
2023	3,565,000	4.75
2024	5,200,000	4.75
2025	5,450,000	5.00

The Series 2011B Bonds are subject to redemption prior to their stated maturities upon the terms and conditions and at the prices set forth therein.

The Series 2011B Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, the Local Government Public Obligations Act of 1986, as amended, and Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes on January 29, 1988, as amended (hereinafter called the "Basic Resolution") and Resolution No. 10-4535 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes and the Basic Resolution on December 16, 2010 and a certificate of determination related to the Series 2011B Bonds (hereinafter called the "Supplemental Resolution"). We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2011B Bonds, including the Basic Resolution and the Supplemental Resolution. We have also examined a specimen Series 2011B Bond.

Terms not otherwise defined herein shall have the meanings given them in the Basic Resolution and Supplemental Resolution.

In our opinion:

1. The Series 2011B Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid special obligations of the Authority payable on a parity with all Bonds heretofore and hereafter issued under the Basic Resolution, solely from and equally and ratably secured by a pledge of and lien upon the Revenues (as defined in the Basic Resolution) of the Authority; subject, however, to the prior payment therefrom of the Costs of Operation and Maintenance of the Airport.

2. The Basic Resolution and the Supplemental Resolution have been duly adopted by the Board of Commissioners of the Authority; the provisions of the Basic Resolution and the Supplemental Resolution are valid in accordance with their terms; and the holders of the Series 2011B Bonds are entitled to the security and benefits of the Basic Resolution and the Supplemental Resolution.

3. The Authority has the power, and is obligated by the Basic Resolution, to impose and prescribe such schedule of rates, rentals, fees and charges for the use of services of and the facilities and commodities furnished by the Airport (including Memphis International Airport), to revise the same from time to time whenever necessary and to collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which, together with other available funds, will be at least sufficient (a) to pay the principal of and interest and premium, if any, on any Bonds (including the Series 2011B Bonds) as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same become due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (c) to pay as and when the same become due all Costs of Operation and Maintenance of the Airport; (d) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution and the Supplemental Resolution.

4. It is also our opinion that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants, interest on the Series 2011B Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2011B Bond for any period during which the Series 2011B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the Series 2011B Bonds or a "related person," and interest on the Series 2011B Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Exclusion of the interest on the Series 2011B Bonds from gross income for Federal income tax purposes is dependent upon continuing compliance by the Authority with certain requirements of the Code throughout the terms of the Series 2011B Bonds. Under the Code, failure to comply with such requirements may cause the interest on the Series 2011B Bonds to be included in gross income retroactively to their date of issuance. The Authority has covenanted to comply with such requirements of the Code.

5. For any Series 2011B Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2011B Bonds.

It is also our opinion that under the existing laws of the State of Tennessee, the Series 2011B Bonds and the income therefrom are exempt from taxation by the State of Tennessee or any county and municipal thereof, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2011B Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2011B Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2011B Bonds and express herein no opinion relating thereto.

It is to be understood that the rights of the holders of the Series 2011B Bonds under the Basic Resolution and the Supplemental Resolution and under said Series 2011B Bonds and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

[Letterhead of Hawkins Delafield & Wood LLP]

June ___, 2011

Board of Commissioners
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REFUNDING REVENUE BONDS, SERIES 2011C
$22,040,000

Ladies and Gentlemen:

At your request we have examined into the validity of Twenty-Two Million Forty Thousand Dollars ($22,040,000) principal amount of Airport Refunding Revenue Bonds, Series 2011C (the "Series 2011C Bonds") of the Memphis-Shelby County Airport Authority (the "Authority"), a public and governmental body politic and corporate and metropolitan airport authority of the State of Tennessee. The Series 2011C Bonds are issuable in fully registered form, in the denomination of $5,000 each or any integral multiple thereof, and are numbered from R-1 upward. The Series 2011C Bonds shall be dated as of their date of delivery, shall mature on July 1 in each of the years and in the principal amounts set forth below, with the Series 2011C Bonds maturing in a particular year bearing interest payable January 1, 2012, and semiannually thereafter on July 1 and January 1 of each year at the rate per annum set forth opposite such year, to wit:

Year of Maturity	Principal Amount	Interest Rate
2018	$2,700,000	5.00%
2019	6,135,000	5.00
2020	6,440,000	5.00
2021	6,765,000	5.00

The Series 2011C Bonds are not subject to redemption prior to their stated maturities.

The Series 2011C Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, the Local Government Public Obligations Act of 1986, as amended, and Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes on January 29, 1988, as amended (hereinafter called the "Basic Resolution") and Resolution No. 10-4535 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes and the Basic Resolution on December 16, 2010 and a certificate of determination related to the Series 2011C Bonds (hereinafter called the "Supplemental Resolution"). We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2011C Bonds, including the Basic Resolution and the Supplemental Resolution. We have also examined a specimen Series 2011C Bond.

Terms not otherwise defined herein shall have the meanings given them in the Basic Resolution and Supplemental Resolution.

In our opinion:

1. The Series 2011C Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid special obligations of the Authority payable on a parity with all Bonds heretofore and hereafter issued under the Basic Resolution, solely from and equally and ratably secured by a pledge of and lien upon the Revenues (as defined in the Basic Resolution) of the Authority; subject, however, to the prior payment therefrom of the Costs of Operation and Maintenance of the Airport.

2. The Basic Resolution and the Supplemental Resolution have been duly adopted by the Board of Commissioners of the Authority; the provisions of the Basic Resolution and the Supplemental Resolution are valid in accordance with their terms; and the holders of the Series 2011C Bonds are entitled to the security and benefits of the Basic Resolution and the Supplemental Resolution.

3. The Authority has the power, and is obligated by the Basic Resolution, to impose and prescribe such schedule of rates, rentals, fees and charges for the use of services of and the facilities and commodities furnished by the Airport (including Memphis International Airport), to revise the same from time to time whenever necessary and to collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which, together with other available funds, will be at least sufficient (a) to pay the principal of and interest and premium, if any, on any Bonds (including the Series 2011C Bonds) as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same become due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (c) to pay as and when the same become due all Costs of Operation and Maintenance of the Airport; (d) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution and the Supplemental Resolution.

4. It is also our opinion that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants, interest on the Series 2011C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any Series 2011C Bond for any period during which the Series 2011C Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the Series 2011C Bonds or a "related person," and interest on the Series 2011C Bonds is treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code. Exclusion of the interest on the Series 2011C Bonds from gross income for Federal income tax purposes is dependent upon continuing compliance by the Authority with certain requirements of the Code throughout the terms of the Series 2011C Bonds. Under the Code, failure to comply with such requirements may cause the interest on the Series 2011C Bonds to be included in gross income retroactively to their date of issuance. The Authority has covenanted to comply with such requirements of the Code.

It is also our opinion that under the existing laws of the State of Tennessee, the Series 2011C Bonds and the income therefrom are exempt from taxation by the State of Tennessee or any county and municipal thereof, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2011C Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2011C Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2011C Bonds and express herein no opinion relating thereto.

It is to be understood that the rights of the holders of the Series 2011C Bonds under the Basic Resolution and the Supplemental Resolution and under said Series 2011C Bonds and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

[Letterhead of Hawkins Delafield & Wood LLP]

June ___, 2011

Board of Commissioners
Memphis-Shelby County Airport Authority
2491 Winchester Road, Suite 113
Memphis, Tennessee 38116-3856

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
AIRPORT REFUNDING REVENUE BONDS, SERIES 2011D
$41,170,000

Ladies and Gentlemen:

At your request we have examined into the validity of Forty-One Million One Hundred Seventy Thousand Dollars ($41,170,000) principal amount of Airport Refunding Revenue Bonds, Series 2011D (the "Series 2011D Bonds") of the Memphis-Shelby County Airport Authority (the "Authority"), a public and governmental body politic and corporate and metropolitan airport authority of the State of Tennessee. The Series 2011D Bonds are issuable in fully registered form, in the denomination of $5,000 each or any integral multiple thereof, and are numbered from R-1 upward. The Series 2011D Bonds shall be dated as of their date of delivery, shall mature on July 1 in each of the years and in the principal amounts set forth below, with the Series 2011D Bonds maturing in a particular year bearing interest payable January 1, 2012, and semiannually thereafter on July 1 and January 1 of each year at the rate per annum set forth opposite such year, to wit:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2021	$2,420,000	5.00%	2024	$8,360,000	5.00%
2022	7,645,000	5.00	2025	8,780,000	5.00
2023	1,050,000	5.00	2026	5,940,000	4.50
2023	6,975,000	4.00			

The Series 2011D Bonds are subject to redemption prior to their stated maturities upon the terms and conditions and at the prices set forth therein.

The Series 2011D Bonds recite that they are issued under the authority of and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including particularly the Metropolitan Airport Authority Act, as amended, the Local Government Public Obligations Act of 1986, as amended, and Resolution No. 88-3227 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes on January 29, 1988, as amended (hereinafter called the "Basic Resolution") and Resolution No. 10-4535 duly adopted by the Board of Commissioners of the Authority under said Constitution and statutes and the Basic Resolution on December 16, 2010 and a certificate of determination related to the Series 2011D Bonds (hereinafter called the "Supplemental Resolution"). We have examined the Constitution and statutes of the State of Tennessee and certified copies of proceedings of the Board of Commissioners of the Authority authorizing the issuance of the Series 2011D Bonds, including the Basic Resolution and the Supplemental Resolution. We have also examined a specimen Series 2011D Bond.

Terms not otherwise defined herein shall have the meanings given them in the Basic Resolution and Supplemental Resolution.

In our opinion:

1. The Series 2011D Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, including the Metropolitan Airport Authority Act, as amended, and the Local Government Public Obligations Act of 1986, as amended, and constitute valid special obligations of the Authority payable on a parity with all Bonds heretofore and hereafter issued under the Basic Resolution, solely from and equally and ratably secured by a pledge of and lien upon the Revenues (as defined in the Basic Resolution) of the Authority; subject, however, to the prior payment therefrom of the Costs of Operation and Maintenance of the Airport.

2. The Basic Resolution and the Supplemental Resolution have been duly adopted by the Board of Commissioners of the Authority; the provisions of the Basic Resolution and the Supplemental Resolution are valid in accordance with their terms; and the holders of the Series 2011D Bonds are entitled to the security and benefits of the Basic Resolution and the Supplemental Resolution.

3. The Authority has the power, and is obligated by the Basic Resolution, to impose and prescribe such schedule of rates, rentals, fees and charges for the use of services of and the facilities and commodities furnished by the Airport (including Memphis International Airport), to revise the same from time to time whenever necessary and to collect the income, receipts and other moneys derived therefrom, so as to produce Revenues which, together with other available funds, will be at least sufficient (a) to pay the principal of and interest and premium, if any, on any Bonds (including the Series 2011D Bonds) as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (b) to pay the City of Memphis and the County of Shelby or other municipality as and when the same become due all amounts required to be paid to any of them by reason of the payment by them of the principal of and interest and premium on bonds, notes or other evidences of indebtedness issued by them to finance all or any portion of the Airport; (c) to pay as and when the same become due all Costs of Operation and Maintenance of the Airport; (d) to pay as and when the same become due any and all other claims, charges or obligations payable from the Revenues; and (e) to carry out all provisions and covenants of the Basic Resolution and the Supplemental Resolution.

4. It is also our opinion that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants, interest on the Series 2011D Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Exclusion of the interest on the Series 2011D Bonds from gross income for Federal income tax purposes is dependent upon continuing compliance by the Authority with certain requirements of the Code throughout the terms of the Series 2011D Bonds. Under the Code, failure to comply with such requirements may cause the interest on the Series 2011D Bonds to be included in gross income retroactively to their date of issuance. The Authority has covenanted to comply with such requirements of the Code.

5. For any Series 2011D Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2011D Bonds.

It is also our opinion that under the existing laws of the State of Tennessee, the Series 2011D Bonds and the income therefrom are exempt from taxation by the State of Tennessee or any county and municipal thereof, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of privilege taxes imposed pursuant to the laws of the State of Tennessee.

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2011D Bonds. We have rendered this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2011D Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Series 2011D Bonds and express herein no opinion relating thereto.

It is to be understood that the rights of the holders of the Series 2011D Bonds under the Basic Resolution and the Supplemental Resolution and under said Series 2011D Bonds and the enforceability of such rights may be subject to the valid exercise of judicial discretion, the sovereign police powers of the State of Tennessee, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Very truly yours,

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APPENDIX B – FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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Memphis-Shelby County Airport Authority

Basic Financial Statements as of and for the Years Ended June 30, 2010 and 2009, Required Supplementary Information and Independent Auditors' Report

Memphis - Shelby County Airport Authority

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DIXON HUGHES PLLC
Certified Public Accountants and Advisors

Independent Auditors' Report

The Board of Commissioners and Management
Memphis-Shelby County Airport Authority

We have audited the accompanying statements of net assets of the Memphis-Shelby County Airport Authority (the "Authority"), a component unit of the City of Memphis, Tennessee, as of June 30, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

November 2, 2010 Dixon Hughes PLLC

999 South Shady Grove Road, Suite 400
Memphis, TN 38120
Ph. 901.761.3000 Fx. 901.761.9667
www.dixon-hughes.com

JUNE 30, 2010

The following discussion and analysis of the Memphis-Shelby County Airport Authority's (the "Authority") financial performance provides an introduction and overview of the Authority's financial activities for the fiscal years ended June 30, 2010 and 2009. Please read this discussion in conjunction with the Authority's basic financial statements and the notes to the basic financial statements immediately following this discussion.

All dollar amounts, except per unit data, are expressed in thousands.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority owns and operates Memphis International Airport and two general aviation airports, Charles W. Baker and General DeWitt Spain. The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. All capital assets, except land, avigation easements and construction-in-process are capitalized and depreciated over their useful lives. See Note 1 of the notes to the basic financial statements for a summary of the Authority's significant accounting policies.

The *Statements of Net Assets* presents all of the Authority's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position. However, the consideration of other non-financial factors, such as changes within the airline industry, may be necessary in the assessment of overall financial position and health of the Authority.

The *Statements of Revenues, Expenses and Changes in Net Assets* present all revenues and expenses of the Authority, regardless of when cash is received or paid, and the ensuing change in net assets.

The *Statements of Cash Flows* report how cash and cash equivalents were provided and used by the Authority's operating, capital financing and investing activities. These statements are prepared on a cash basis and present the cash received and disbursed, the net increase or decrease in cash and cash equivalents for the year and the cash and cash equivalents balance at year-end.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

- Operating revenues ($108,352) for fiscal year 2010 were flat when compared to fiscal year 2009 operating revenues (107,952).

- Operating expenses, before depreciation and amortization of $53,070 for fiscal year 2010 increased by 5.8 percent compared to fiscal year 2009 operating expenses.

- The Authority's total net assets at June 30, 2010 were $616,094. This is an increase of $32,809 (5.6 percent) over total net assets at June 30, 2009.

- Capital assets, net of accumulated depreciation decreased by $1,424 mainly due to fiscal year 2010 capital additions, net of approximately $53,100 offset by current year change in accumulated depreciation of $54,500.

- The Authority's total outstanding long-term bonds and notes payable, net at June 30, 2010 increased by $2,044 (.4 percent) compared to June 30, 2009 due to the issuance of Airport Revenue Bonds offset by scheduled debt service payments (principal and interest) made during fiscal year 2010.

FINANCIAL ANALYSIS

At June 30, 2010, the Authority's financial position continued to be strong with total assets of $1,245,208, total liabilities of $629,114 and total net assets of $616,094. A comparative combined condensed summary of the Authority's net assets at June 30, 2010, 2009 and 2008 is as follows:

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
SUMMARY OF NET ASSETS

		JUNE 30,	
	2010	**2009**	**2008**
Assets:			
Current assets	$ 226,813	$ 172,659	$ 196,374
Net capital assets	923,940	925,364	921,792
Other non-current assets	94,455	117,708	111,258
Total assets	1,245,208	1,215,731	1,229,424
Liabilities:			
Current liabilities	54,242	59,057	75,643
Long-term liabilities	574,872	573,389	597,362
Total liabilities	629,114	632,446	673,005
Net assets:			
Invested in capital assets, net of debt	457,560	438,852	407,677
Restricted	135,975	123,059	128,607
Unrestricted	22,559	21,374	20,135
Total net assets	$ 616,094	$ 583,285	$ 556,419

Current assets at June 30, 2010 increased by $54,154 (31.4 percent) over current assets at June 30, 2009. This increase was primarily due to increased current unrestricted cash and cash equivalents and current restricted investments of approximately $4,800 and $58,700, respectively, offset by decreased capital contributions receivable of approximately $7,600. The increase in cash and cash equivalents and current restricted investments was due to the decision to invest certain restricted assets in investments with shorter maturities; as a result, they were classified as current assets in fiscal year 2010. The decrease in capital contributions receivable resulted from the timing of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the grantor agency.

Capital assets, net of depreciation decreased by $1,424 in fiscal year 2010 under 2009 due principally to ongoing capital activities of the Authority's capital improvement program. Fiscal year 2010 capital additions, net were approximately $53,100 offset by the current year change in accumulated depreciation of $54,500.

Non-current assets, other than capital assets, decreased by $23,253 principally due to a decrease in investments of $24,862 and bond issue costs, net of $641 offset by increased special facilities rent receivable of $2,250. The decrease in investments was mainly due to the decision to invest certain restricted assets in investments with shorter maturities; as a result, these investments were classified as current assets at fiscal year-end 2010. Bond issue costs decreased due to the annual amortization and recognition of related expenses. The increase in special facilities rent receivable was due to the rent accrual of $2,250 at June 30, 2010.

Current liabilities decreased from $59,057 in 2009 to $54,242 in 2010. The decrease of $4,815 (8.1 percent) is primarily due to decreases of $1,523 and $3,108 for construction accounts payable and funds held for others, respectively. These decreases are mainly due to the completion of the runway 9/27 reconstruction project and the TnANG base relocation project.

Long-term liabilities at June 30, 2010 were $574,872, an increase of $1,483 over fiscal year 2009 ($573,389). The increase is mainly due to the increase of bonds and notes payable of $2,044, the increase of settlement costs of $645 offset by the decrease in deferred lease revenue of $1,296. The increase in bonds and notes payable is due to the issuance of $189,630 of Airport Revenue Bonds Series 2010 A and B offset by the payment of scheduled principal payments of approximately $28,800 on outstanding Airport Revenue Bonds, General Obligation Bonds and notes payable, the payment to refund $161,980 of certain Airport Revenue Bonds Series 1999 D and E and the change in bond premium and deferred amounts on refunded bonds of $3,124 during the fiscal year. The decrease in deferred lease revenue represents the annual amount amortized to recognize rental revenue from FedEx Corporation related to the prior TnANG facility.

The largest portion of the Authority's net assets (74.3 percent of total net assets for 2010) represents the investment in capital assets (e.g., land, buildings, machinery, and equipment), less related outstanding debt used to acquire those assets. The Authority uses these assets to provide services to its passengers, visitors and tenants of the airport; accordingly, these assets are not available for future spending.

Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from operations, since the capital assets themselves are not used to liquidate these liabilities.

The Authority's restricted net assets (22.1 percent of total net assets for 2010) represent resources that are subject to restrictions from contributors, bond resolutions and State and Federal regulations on how they may be used. The remaining balance, unrestricted net assets, of $22,559 in 2010 compared to $21,374 for 2009, may be used for any lawful purpose of the Authority.

The primary sources of Authority operating revenues are from landing fees, terminal area use charges, rents and concession revenues. These revenues fund the Authority's operating expenses and debt service requirements. A comparative condensed summary of the Authority's Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2010, 2009 and 2008 is as follows:

SUMMARY OF CHANGES IN NET ASSETS

	2010	2009	2008
Operating revenues	$ 108,352	$ 107,952	$ 111,547
Operating expenses	(53,070)	(50,182)	(51,909)
Operating income before depreciation and amortization	55,282	57,770	59,638
Depreciation and amortization	(55,940)	(52,908)	(49,230)
Operating income (loss)	(658)	4,862	10,408
Non-operating income	8,793	16,038	18,851
Non-operating expense	(28,679)	(38,478)	(32,074)
Loss before capital contributions	(20,544)	(17,578)	(2,815)
Capital contributions	53,353	44,444	27,547
Increase in net assets	$ 32,809	$ 26,866	$ 24,732

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY REVENUES

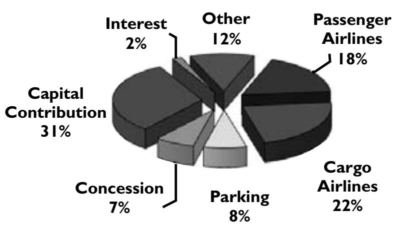
The following table presents revenue by major source for the years ended June 30, 2010, 2009 and 2008 and the pie charts show the percentage of revenues by source for the years ended June 30, 2010 and 2009. Due to the strong presence of cargo operations at Memphis International Airport (FedEx super-hub and the world's largest in total tonnage), airline revenues have been separated to reflect separate passenger and cargo categories.

REVENUES BY MAJOR SOURCE

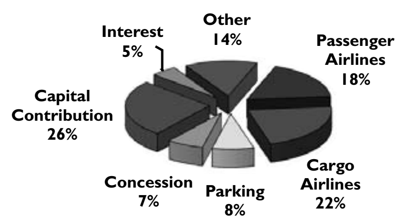
	2010	2009	2008
Operating Revenues			
Passenger Airlines			
Passenger landing fee	$ 8,847	$ 9,628	$ 10,654
Airline terminal rentals	19,557	18,566	18,859
Airline fee payments-international charges	1,700	1,698	1,636
Other rentals	486	446	527
Total Passenger Airlines	30,590	30,338	31,676
Cargo Airlines			
Cargo landing fees	27,054	27,188	28,723
Ground rents	7,263	6,738	5,569
Other rentals	3,911	3,721	2,642
Total Cargo Airlines	38,228	37,647	36,934
Non-Airline Rentals			
Concessions-terminal	6,154	5,905	7,155
Concessions-rental car	6,007	6,199	7,330
Public parking	11,377	11,177	12,857
Employee parking	1,853	2,106	2,000
Other rentals	8,287	7,295	7,472
Total Non-Airline Rentals	33,678	32,682	36,814
Other Revenue			
Restricted rental income	1,581	1,510	1,598
Special facilities lease income	4,275	5,775	4,525
Total other revenues	5,856	7,285	6,123
Total Operating Revenues	108,352	107,952	111,547
Non-operating Revenues			
Interest and investment income	2,900	8,251	11,977
Customer facility charges	4,559	4,758	5,938
Other	1,159	3,029	936
Total Non-Operating Revenues	8,618	16,038	18,851
Capital Contributions	53,353	44,444	27,547
Total Revenues	$170,323	$ 168,434	$ 157,945

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY REVENUES (CONTINUED)

2010



2009



Operating revenues of $108,352 for fiscal year 2010 increased by $400 (.4 percent) over 2009 revenues of $107,952. This increase in operating revenues is primarily due to increased terminal rentals ($991), cargo rentals and fees ($715), terminal concessions ($249) and other non-airline revenues ($996), offset by decreased landing fees ($915) and special facilities lease income ($1,500). Such activity was due to the residual Airport Use Agreement that requires airline revenues to be recognized to the extent necessary to pay the Authority's operating and maintenance expenses and net debt service requirements, reduced by non-airline revenues.

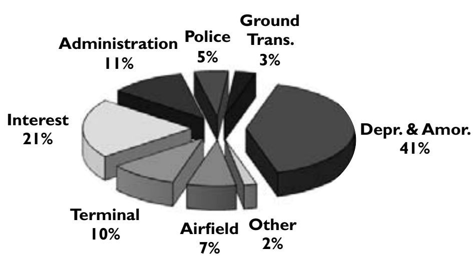
MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY EXPENSES

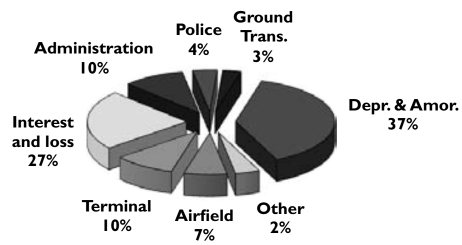
The following table presents expenses by cost center for the years ended June 30, 2010, 2009 and 2008 and the pie charts show the percentage of expenses by cost center for the years ended June 30, 2010, 2009 and 2008.

EXPENSES BY COST CENTER

	2010	2009	2008
Operating Expenses			
Airfield area	$ 10,033	$ 9,977	$ 10,421
Terminal area	13,898	14,059	14,122
Ground transportation area	4,230	4,257	4,322
Administration area	15,372	13,697	14,668
Police and operations area	6,934	5,625	5,690
Other areas	2,603	2,567	2,686
Total operating expense	53,070	50,182	51,909
Non-operating Expense			
Interest expense	28,679	31,313	32,074
Loss on disposal of fixed assets		7,165	
Total expenses before depreciation and amortization	81,749	88,660	83,983
Depreciation and Amortization	55,940	52,908	49,230
Total Expense	$137,689	$141,568	$ 133,213

EXPENSES





In 2010, the Authority's operating expenses of $53,070 increased over 2009 operating expenses of $50,182 by $2,888 (5.8 percent). The increase was mainly due to increased administration and police operations area costs of $1,675 and $1,309, respectively, offset by decreased terminal area costs of $161. The main increase in administration costs related to certain legal settlement costs of $1,300. The increase in police costs was due to $1,279 of security reimbursement costs reported as revenue in fiscal year 2010 and as an offset to expense in fiscal year 2009.

Depreciation and amortization expenses increased from $52,908 in 2009 to $55,940 for fiscal year 2010. This increase of $3,032 is mainly due to greater depreciation expense related to the increase of depreciable Authority assets year over year.

Non-operating revenues for 2010 are comprised of interest income ($2,900), customer facility charges (CFC) ($4,559) and other revenues ($1,334). Total non-operating revenues decreased by $7,420 in 2010 under 2009 non-operating revenues excluding the gain (loss) on disposal of capital assets. This decrease was mainly due to lower investment earnings of approximately $5,300 as a result of lower cash and investment balances on hand and lower investment yields, a one-time legal settlement payment of approximately $1,900 received in 2009 and reduced CFC collections of $199 in 2010 versus 2009 due to lower activity levels.

Non-operating expenses are comprised of interest expenses on outstanding debt. Fiscal year 2010 interest expense of $28,679 decreased $2,634 under fiscal year 2009 interest expense of $31,313. This decrease in interest expense was due to the refunding of certain Series 1999 D and E Bonds at lower interest rates and scheduled payments of principal on outstanding bonds and notes; as a result, interest expense was reduced year over year.

Capital contributions, comprised primarily of Federal capital grants, increased from $44,444 in 2009 to $53,353 in 2010, as a result of when capital expenditures were incurred (revenue recognized) and thus became eligible for the related reimbursement from the Federal government.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY CAPITAL ASSETS

The Authority's capital assets at June 30 2010, 2009 and 2008 are summarized as follows:

NET CAPITAL ASSETS

	2010	2009	2008
Avigation easements	$ 42,324	$ 42,324	$ 42,324
Land and improvements	162,150	162,150	161,693
Buildings	345,586	341,007	338,206
Runways, taxiways, and airfield lighting	693,600	634,269	625,201
Facilities leases to others	104,077	103,893	27,077
Roads, bridges, and fences	59,782	59,566	58,423
Equipment and utility systems	88,270	87,193	80,069
Construction in process	30,246	42,568	87,695
Total capital assets	1,526,035	1,472,970	1,420,688
Less accumulated depreciation and amortization	602,095	547,606	498,896
Net capital assets	$ 923,940	$ 925,364	$ 921,792

At the end of 2010 and 2009, the Authority had $923,940 and $925,364, respectively, invested in net capital assets. During 2010, the Authority had additions of $53,758 related to capital activities for runway and taxiway projects, building improvements, equipment and roads, bridges and fencing projects.

During 2010, completed projects totaling $66,080 were transferred from construction in progress to applicable buildings and other facilities capital asset accounts. These major completed projects were related to runways, taxiways, aprons and airfield lighting ($59,331), buildings and facilities constructed for tenants ($5,081), roads bridges and fences ($216) and equipment and utility systems ($1,364).

The Authority's capital activities are funded through revenue bonds, Federal and State grants and airport revenues. Additional information on the Authority's capital assets is presented in Note 4 of the Notes to the Basic Financial Statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY DEBT ACTIVITY

The Authority's outstanding bonds and notes payable at June 30, 2010, 2009 and 2008 is summarized as follows:

BONDS AND NOTES PAYABLE	2010	2009	2008
Bonds:			
Airport Revenue	$ 479,200	$ 478,345	$ 504,585
City of Memphis General Obligation	3,920	5,725	7,435
Special Facilities Revenue	45,000	45,000	45,000
Unamortized bond premiums	9,243	3,637	4,483
Unamortized deferred loss	(10,009)	(7,527)	(9,645)
Notes payable	118	318	570
Current portion of bonds and notes	(28,848)	(28,918)	(28,520)
Total long-term bonds and notes payable, net	$ 498,624	$ 496,580	$ 523,908

DEBT ACTIVITY (CONTINUED)

The Authority's 2010 total long-term bonds and note payable, net of $498,624 increased $2,044 (.4 percent) compared to 2009 total of $496,580. The increase in the total long-term bonds and notes payable, net outstanding was mainly due to the issuance of the Series 2010A Bonds ($30,290) offset by scheduled debt service principal payments made during the fiscal year 2010.

In January 2010, the Authority sold $30,290 of Airport Revenue Bonds, Series 2010A at a $108 premium. The bonds have fixed interest rates ranging from 4.76 percent to 5.02 percent. Maturity dates range from July 1, 2030 through July 1, 2039. Certain net proceeds will be used to finance a portion of the costs of construction, acquisition and equipping of Airport terminal and parking facilities, to fund capitalized interest deposit requirements, to fund debt service reserve fund requirements and to pay the cost of issuance of the bonds.

In January 2010, the Authority sold $159,340 of Airport Refunding Revenue Bonds, Series 2010B at a $6,471 premium. The bonds have fixed interest rates ranging from 3.00 percent to 5.75 percent. Maturity dates range from July 1, 2010 through July 1, 2025. Certain net proceeds together with amounts transferred from the debt service account for the Airport Revenue Bonds, Series 1999D and E were deposited in escrow to defease $160,525 and $1,455 outstanding Series 1999D and E revenue bonds, and to pay the cost of issuance of the bonds.

Notes Payable were issued to finance the purchase of replacement shuttle buses for transporting passengers to and from the public parking lots. The notes are renewable on an annual basis and bear interest at a rate of Prime minus 1.75 percent. Debt service payments will come from revenues generated by the respective parking operations. The Authority has a line of credit of $10,000, the amount available for draw down is reduced by the $118 outstanding at June 30, 2010.

The Authority has obtained a $45,000 revolving line of credit with a bank. The purpose for this line of credit is to provide temporary funding for the improvements to taxiways alpha and victor. At June 30, 2010, the Authority had not drawn on this line of credit. Future draw downs, if any, will be repaid with Federal grant reimbursements or future bond proceeds, as applicable, received by the Authority.

More detailed information related to long-term debt can be found in Note 6 of the Notes to the Basic Financial Statements.

DEBT ACTIVITY (CONTINUED)

DEBT SERVICE COVERAGE

Airport revenue bond resolution covenants require that revenues available to pay debt service, as defined in the bond resolution, are equal to a minimum of 125 percent of the debt service on airport revenue bonds and 100 percent of the combined debt service on the airport revenue bonds and the City of Memphis general obligation bonds. Coverage ratios for the years 2010, 2009 and 2008 are as follows:

COVERAGE RATIO

	FY 2010	FY 2009	FY 2008
Airport Revenue Bonds	127%	129%	135%
Airport Revenue and General Obligation Bonds	122%	124%	129%

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY AIRPORT ACTIVITIES AND HIGHLIGHTS

During fiscal year 2010, 10,070,483 passengers traveled through the Airport, a decrease of 3.3 percent under the 10,412,344 passengers in fiscal year 2009. Additionally, aircraft landed weight, decreased from 25,883,320 per thousand pound units in 2009 to 25,473,250 per thousand pound units in 2010. These decreases were realized with the decrease in 2010 aircraft operations of 307,768 compared to 2009 aircraft operations of 319,170.

Air Cargo activity remained strong in spite of significant challenges within the national and world economies. Memphis remained the world's largest cargo airport with approximately 4.25 million and 4.00 million U.S. tons of total cargo in 2010 and 2009, respectively. Cargo activity at the Airport is dominated by FedEx Express, which has its corporate headquarters and operates its worldwide super-hub from Memphis.

The Authority's Airport Use and Lease Agreement, in effect with six airlines known collectively as the signatory airlines, establishes the rates and charges methodology for the signatory airlines and their affiliates each year. The existing agreement was extended and will remain in effect until a new agreement is negotiated. Landing fees and rates for non-signatory and non-scheduled airlines are assessed at 125 percent and 150 percent, respectively, of the signatory rates.

RATES AND CHARGES

SIGNATORY AIRLINE RATES AND CHARGES	FISCAL YEAR 2011	FISCAL YEAR 2010	FISCAL YEAR 2009	FISCAL YEAR 2008
Terminal Average Square Foot Rate	$ 35.92	$ 33.54	$ 32.97	$ 32.97
Cargo Building Square Foot Rate	26.12	26.12	26.12	23.18
Aircraft Loading Position Rate–per lineal foot	53.36	52.29	47.03	52.49
Signatory Landing Fee–per 1,000 lbs. unit	1.41	1.41	1.42	1.47

AIRPORT ACTIVITIES AND HIGHLIGHTS (CONTINUED)

Cost per enplaned passenger (CPE) is a measure used by the airline industry to reflect the relative costs a passenger airline pays to operate at an airport based upon the number of enplaned passengers for that airport. That measure, however, is not exact for comparison, as not all airports calculate the number in the same way and cautions should be taken when comparing individual or groups of airports. Fiscal year 2009 and 2008 CPE have been restated for comparative purposes in order to reflect the current calculation methodology and the adjustment of updated enplanement data.

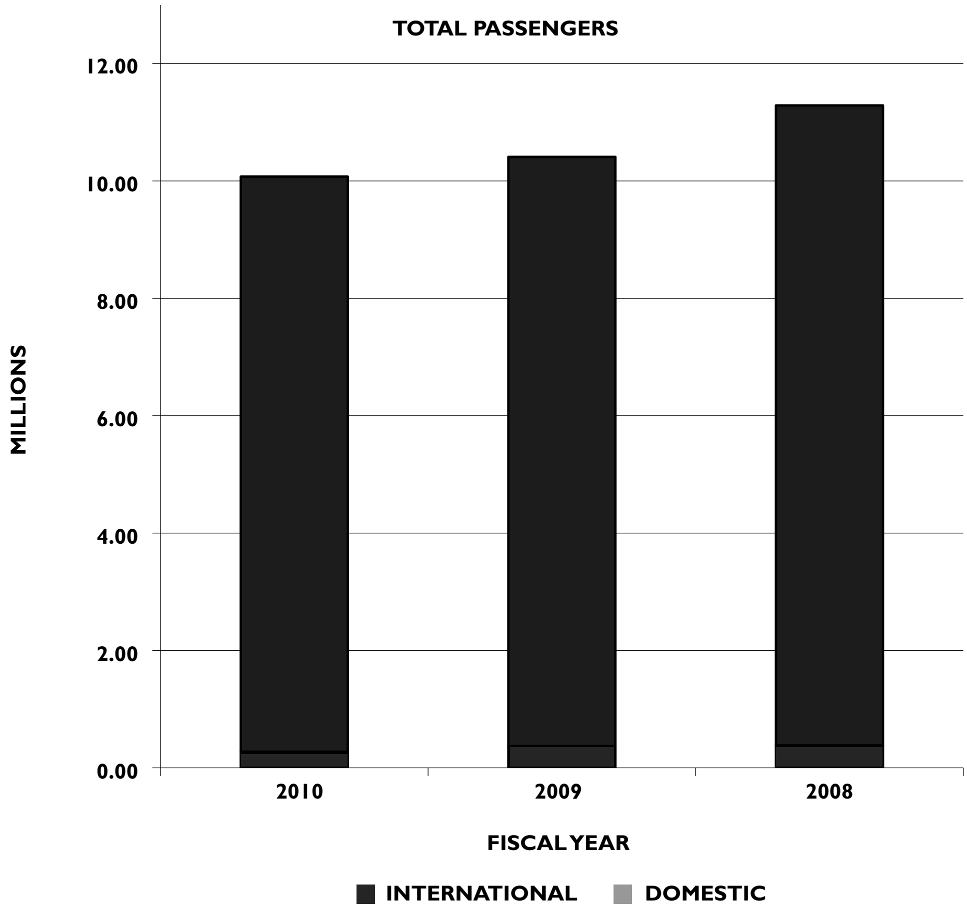
COST PER ENPLANED PASSENGER

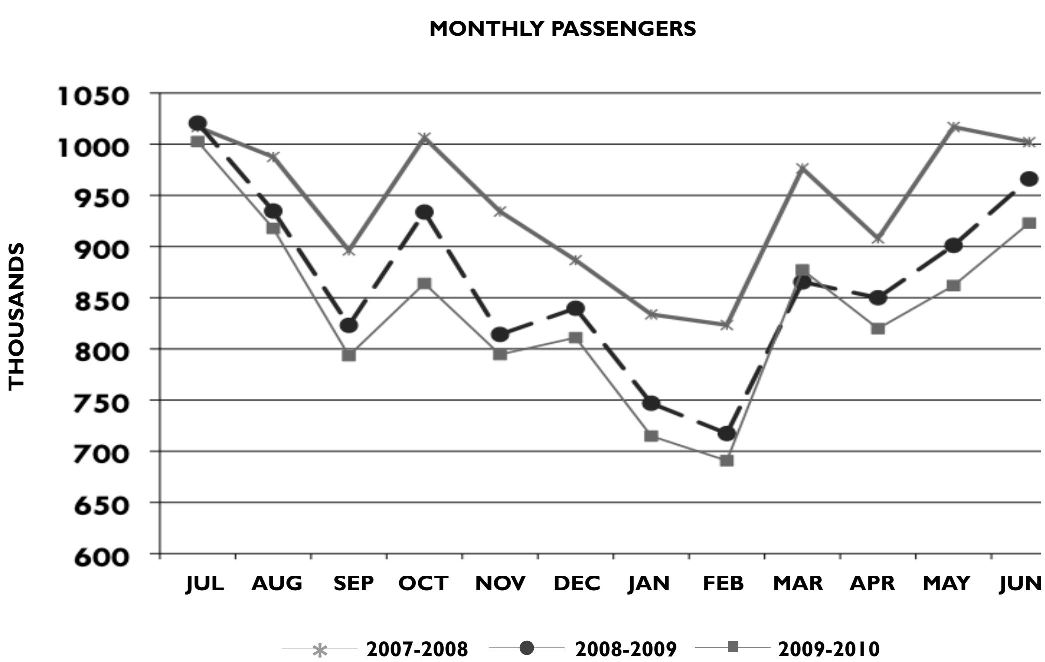
	2010	2009	2008
Average Cost Per Enplaned Passenger[1]	$ 4.81	$ 4.81	$ 4.76
Average Cost Per Enplaned Passenger plus special facility debt	$ 5.81	$ 5.81	$ 5.66
Average Cost Per Enplaned Passenger plus special facility debt and FIS fees	$ 6.15	$ 6.14	$ 5.95

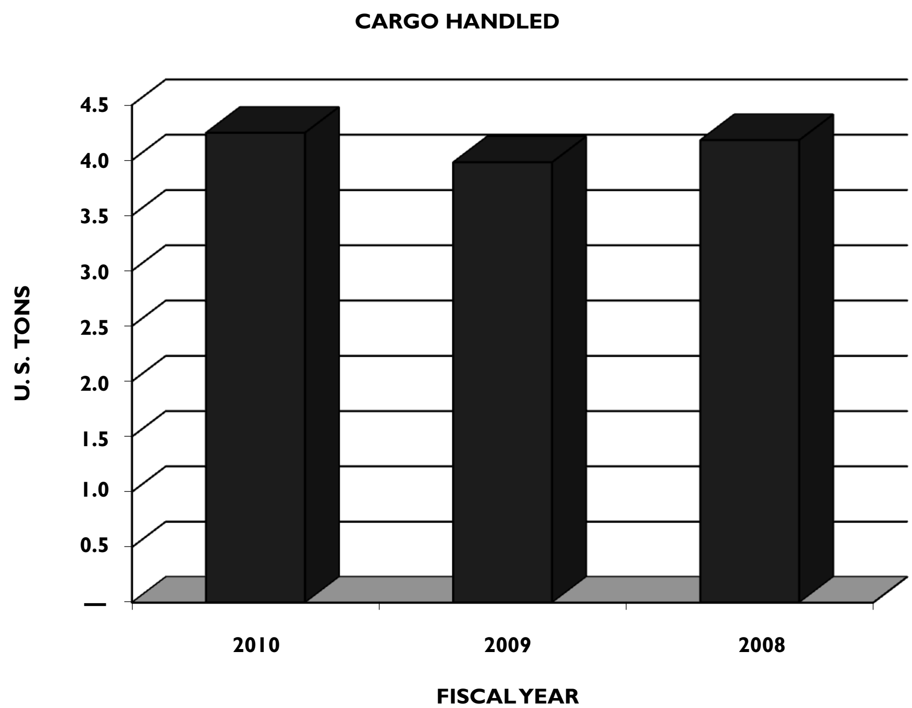
[1] Since Northwest Airlines and some charters are subject to Federal Inspection Station (FIS) fees related to international travel, the cost per enplaned passenger analysis is expanded to show detail including and excluding FIS fees.

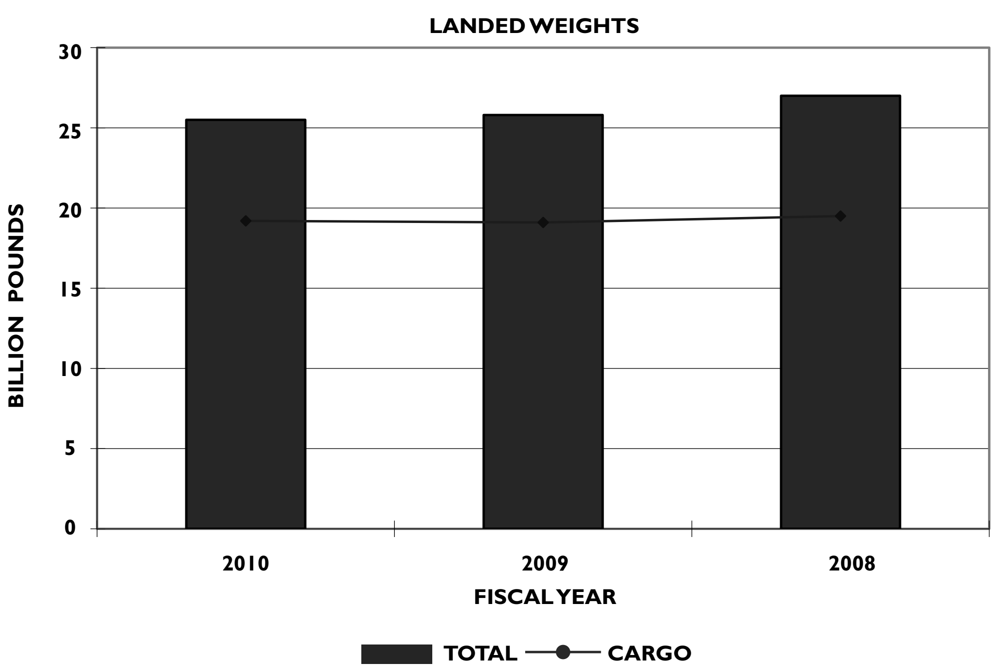
Selected statistical information about total passengers, total cargo, aircraft landed weight, and air carrier movements for the past three years is presented in the table and graphs below. Total passengers for 2009 and 2008 have been restated to reflect updated passenger data.

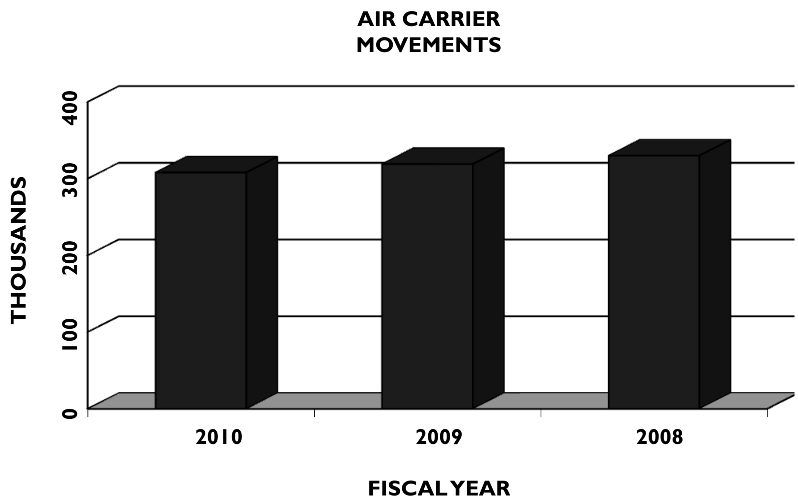
FISCAL YEAR	TOTAL PASSENGERS	TOTAL CARGO HANDLED (U.S. TONS)	AIRCRAFT LANDED WEIGHT (1000 POUND UNITS)	AIR CARRIER MOVEMENTS
2010	10,070,483	4,250,806	25,473,250	307,768
2009	10,412,344	3,982,852	25,883,319	319,170
2008	11,287,757	4,182,784	26,792,837	330,226


TOTAL PASSENGERS
12.00
10.00
8.00
6.00
4.00
2.00
0.00
MILLIONS
2010
2009
2008
FISCAL YEAR
INTERNATIONAL
DOMESTIC


MONTHLY PASSENGERS
1050
1000
950
900
850
800
750
700
650
600
THOUSANDS
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
2007-2008
2008-2009
2009-2010


CARGO HANDLED
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
—
U. S. TONS
2010
2009
2008
FISCAL YEAR


LANDED WEIGHTS
30
25
20
15
10
5
0
BILLION POUNDS
2010
2009
2008
FISCAL YEAR
TOTAL
CARGO



MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY FUTURE OUTLOOK

The Airport continues to work with its existing passenger airline partners and other carriers not currently serving Memphis to identify new markets and air service enhancements. On September 27, 2010 Southwest Airlines announced that it would acquire all of the outstanding common stock of AirTran Holdings, the parent company of AirTran Airways. The acquisition is subject to the approval of AirTran stockholders and the receipt of certain regulatory clearances. At this time it is premature to determine the impact of this merger on the Authority.

Cargo operations continue to remain strong and all information indicates that FedEx will continue its history of stability within the industry and at the Airport. Additionally, the recent completion of the new Tennessee Air National Guard ("TnANG") base on the southeast of the airport has allowed TnANG to relocate from their prior 103 acre site that lies within the FedEx hub operation area. The Airport has negotiated a new long-term lease with FedEx that includes these 103 acres as it provides additional future growth potential for FedEx.

There are distinct operational and financial advantages of having both a passenger and cargo hub. From an operational standpoint, the Airport boasts four runways with advanced technology to allow continued flight operations in severe weather conditions. Financially, many of the costs of operating the Memphis airport system are decentralized and are not borne individually by either hub carrier. No assurance can be given as to the levels of aviation activity which will be achieved at the Airport in future fiscal years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, Memphis-Shelby County Airport Authority, 2491 Winchester Road, Suite 113, Memphis, Tennessee 38116-3856.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009 *($ IN THOUSANDS)*

	2010	2009
ASSETS		
CURRENT ASSETS		
UNRESTRICTED ASSETS		
Cash and cash equivalents	$ 9,933	$ 5,120
Investments	18,025	18,591
Accounts receivable	5,943	7,571
Accrued interest receivable	155	60
Materials and supplies inventory	1,699	1,641
Prepaid expenses	2,641	2,183
Grants receivable	26	52
Total current unrestricted assets	38,422	35,218
RESTRICTED ASSETS		
Cash	9,266	9,035
Investments	167,864	109,158
Account receivable	73	
Accrued interest receivable	1,224	1,645
Capital contributions receivable	9,964	17,603
Total current restricted assets	188,391	137,441
TOTAL CURRENT ASSETS	226,813	172,659
NON-CURRENT ASSETS		
UNRESTRICTED ASSETS		
Investments	4,023	2,131
RESTRICTED ASSETS		
Investments	47,946	74,700
Special facilities rent receivable	37,012	34,762
Total non-current restricted assets	84,958	109,462
CAPITAL ASSETS		
Land and improvements	162,150	162,150
Avigation easements	42,324	42,324
Depreciable capital assets (less accumulated depreciation of $602,095 and $547,606)	689,220	678,322
Construction in progress	30,246	42,568
Total capital assets, net	923,940	925,364
BOND ISSUE COSTS (less accumulated amortization of $5,974 and $7,087)	5,474	6,115
TOTAL NON-CURRENT ASSETS	1,018,395	1,043,072
TOTAL ASSETS	$1,245,208	$1,215,731

See notes to basic financial statements.

	2010	2009
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Accounts payable	$ 4,588	$ 4,896
Accrued expenses	1,745	1,647
Current portion – compensated absences	191	131
Total payable from unrestricted assets	6,524	6,674
Payable from restricted assets:		
Construction contracts payable	8,818	10,341
Funds held for others	21	3,129
Accrued interest payable	10,031	9,995
Current maturities of long-term debt	28,848	28,918
Total payable from restricted assets	47,718	52,383
TOTAL CURRENT LIABILITIES	54,242	59,057
NON-CURRENT LIABILITIES		
Deferred lease revenue	74,879	76,175
Compensated absences and other liabilities	1,369	634
Bonds and notes payable	498,624	496,580
TOTAL NON-CURRENT LIABILITIES	574,872	573,389
TOTAL LIABILITIES	$ 629,114	$ 632,446
NET ASSETS		
Invested in capital assets, net of related debt	$ 457,560	$ 438,852
Restricted for:		
Debt service		
Capital acquisition	135,975	123,059
Unrestricted	22,559	21,374
TOTAL NET ASSETS	$ 616,094	$ 583,285

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009 *($ IN THOUSANDS)*

	2010	2009
OPERATING REVENUES		
Airfield	$ 44,329	$ 44,712
Terminal building	29,935	29,123
Ground transportation	20,726	20,970
Other aviation areas	5,485	5,409
Non-aviation areas	7,877	7,738
Total operating revenues	108,352	107,952
OPERATING EXPENSES		
Airfield	10,033	9,977
Terminal building	13,898	14,059
Ground transportation	4,230	4,257
General administration	15,372	13,697
Police	6,934	5,625
Field shop	1,607	1,618
Other aviation areas	231	204
Non-aviation areas	765	745
Total operating expenses before depreciation and amortization	53,070	50,182
DEPRECIATION AND AMORTIZATION	55,940	52,908
OPERATING (LOSS) INCOME	(658)	4,862
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	2,900	8,251
Interest expense	(28,679)	(31,313)
Customer facility charges	4,559	4,758
Insurance proceeds	203	1,902
Operating grants	956	1,127
Gain (Loss) on disposal of capital assets	175	(7,165)
Total non-operating revenues (expenses)	(19,886)	(22,440)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(20,544)	(17,578)
CAPITAL CONTRIBUTIONS	53,353	44,444
CHANGE IN NET ASSETS	32,809	26,866
TOTAL NET ASSETS, BEGINNING OF YEAR	583,285	556,419
TOTAL NET ASSETS, END OF YEAR	$ 616,094	$ 583,285

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009 *($ IN THOUSANDS)*

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 106,194	$ 102,953
Cash paid to suppliers for goods and services	(30,330)	(27,636)
Cash paid to employees for services	(22,671)	(23,007)
Net cash provided by operating activities	53,193	52,310
CASH FLOWS FROM NON-CAPITAL FINANCING		
Operating grants received	982	1,079
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(55,020)	(74,169)
Payments to other governments and entities	(2,941)	(397)
Proceeds from bond issuance	30,398	
Principal paid on long-term debt, notes payable and capital leases	(28,800)	(28,202)
Interest paid on long-term debt	(28,267)	(30,207)
Capital contributions received	60,992	37,411
Customer facility charges	4,559	4,758
Settlements		1,902
Net cash used in capital and related financing activities	(19,079)	(88,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(282,171)	(156,584)
Proceeds from sales and maturities of investment securities	248,893	165,313
Interest and dividends on investments	3,226	8,657
Net cash (used in) provided by investing activities	(30,052)	17,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,044	(18,129)
CASH AND CASH EQUIVALENTS		
BEGINNING OF YEAR	14,155	32,284
END OF YEAR	$ 19,199	$ 14,155
CASH AND CASH EQUIVALENTS, END OF YEAR CONSIST OF		
Unrestricted cash and cash equivalents	9,933	5,120
Restricted cash	9,266	9,035
	$ 19,199	$ 14,155

See notes to basic financial statements.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2010 AND 2009 *($ IN THOUSANDS)*

	2010	2009
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (loss) income	$ (658)	$ 4,862
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	55,940	52,908
Disposal of property and equipment	-	-
Provision for uncollectible accounts receivable	15	15
(Increase) decrease in assets:		
Receivables	(637)	(4,374)
Materials and supplies inventory	(58)	35
Prepaid expenses	(458)	(1,241)
(Decrease) increase in liabilities:		
Accounts payable	(308)	165
Accrued expenses and deferred revenue	(643)	(60)
Net cash provided by operating activities	$ 53,193	$ 52,310

NON-CASH INVESTING ACTIVITIES

Investments decreased by $1,545 and increased by $1,181 in 2010 and 2009, respectively, due to the change in fair value.

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

During fiscal year 2010, the net proceeds of $168,510 from revenue refunding bonds were sent directly to the escrow agent for defeasance of debt and thus did not result in a cash flow to the Authority.

See notes to basic financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization – The Memphis-Shelby County Airport Authority (the "Authority") is a body politic and corporate of the State of Tennessee, created in 1969 pursuant to the Metropolitan Airport Authority Act. The Authority is governed by a seven-member Board of Commissioners (the "Board"), who is appointed by the Mayor of the City of Memphis (the "City"), with two members nominated by the Mayor of Shelby County (the "County"). The Memphis City Council confirms all members. The Authority owns and operates the Memphis International Airport (the "Airport") and two general aviation reliever airports - Charles W. Baker Airport and General DeWitt Spain Airport.

B. Reporting Entity – The Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Reporting Entity,* defines the governmental financial reporting entity as the primary government, organizations for which the primary government is "financially accountable," and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

"Financial Accountability" is the benchmark for determining which organizations are component units of a primary government. Financial accountability exists when a primary government has appointed a voting majority of the governing body of a legally separate organization and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based on the criteria below, the Authority is considered a component unit of the City:

i. Financial Accountability – The members of the Board are appointed as described above. A member of the Board may be removed from office by a two-thirds vote of the Memphis City Council, but only after notice of cause for the removal has been served and the member has been granted an opportunity for a public hearing on the matter.

ii. Specific Financial Burden – The City has issued its general obligation bonds to finance projects associated with the Authority. The Authority has entered into agreements with the City to pay debt service on these bonds; however, the City's full faith and credit are pledged against these bonds and in the event of the Authority's default on payment would be payable from taxes levied on all taxable property in the City subject to taxation by the City without limitations as to rate or amount. The Authority is not empowered to levy taxes.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting – The Authority is presented as an enterprise fund with separate accounts for each of the three airports. The accounts of the Authority are reported using the flow of economic resources measurement focus. The financial statements are prepared on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Board is that the costs of providing services on a continuing basis be recovered through user charges.

Operating revenues and expenses – Revenues from landing fees, terminal area use charges, cargo building space rentals, parking revenues and concession revenues are reported as operating revenues. Transactions related to financing and investing activities are reported as nonoperating revenues. Salaries and wages, repair and maintenance, professional and engineering services and other expenses that relate to airport operations are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

Pursuant to GASB Statement No. 20, as amended, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Authority has elected to not apply FASB Statements and Interpretations issued after November 30, 1989.

D. Budgets – In accordance with the Metropolitan Airport Authority Act, the City entered into an agreement dated May 26, 1970 with the Authority, which transferred all airport properties, functions, and outstanding obligations to the Authority. Provisions of the agreement require the Authority to prepare an annual operating budget, which must be filed with the City. A five-year capital improvement program, including modifications and reasons therefore is also required to be submitted each year. Even though the budgets are required to be filed with the City, the Board is responsible for approving the budget and any subsequent revisions.

The Airline Airport Affairs Committee, composed of signatory airlines, reviews the proposed annual budget, which is the basis for rates and charges under basic airport leases. This committee and other users may present objections and, if not adequately addressed, force a public hearing. Once adopted and issued, users have sixty days to respond after which time the budget becomes effective.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Cash and Cash Equivalents – Cash and cash equivalents include amounts in demand deposits as well as investments with a maturity date within three months of the date acquired.

F. Investments – Investments are reported at fair value with the exception of nonnegotiable investment contracts, which are reported at cost. The investment portfolio is managed to maintain the preservation of the principal of those funds within the portfolio, while maintaining enough liquidity to meet immediate and/or future operating requirements, and to maximize the return on investments while remaining within the context of these parameters.

G. Materials and Supplies Inventory – Inventory is valued at the lower of cost, determined on an average cost method, or market.

H. Restricted Assets – The bond indentures and bond resolutions authorizing the issuance of bonds require segregation of cash and investments into restricted accounts. Additionally, certain assets are restricted by the Board or by regulatory agencies (Note 3).

I. Leases – The Authority is lessor under numerous lease agreements. The leases are classified as operating leases, except for certain special facility leases, which are accounted for as direct financing leases.

J. Capital Assets – Assets with a cost of five thousand dollars or more are capitalized. Capital assets are stated at cost when purchased or fair value when donated, less accumulated depreciation. During construction of assets, interest incurred on related construction debt, less interest earned from investments whose use is restricted to related capital improvements, is capitalized from the time of borrowing until completion of the project. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated lives by general classification are as follows:

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	YEARS
Runways, taxiways, aprons, and airfield lighting	15-30
Buildings	10-40
Facilities constructed for tenants	18
Roads, bridges, and fences	20
Equipment and utility systems	3-40

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* ("GASB No. 51"). GASB No. 51 provides that intangible assets should be classified as capital assets and establishes guidance specific to intangible assets related to their useful life and amortization.

Management adopted this statement in fiscal 2008 on a prospective basis as it relates to the amortization of avigation easements. Under GASB No. 51, avigation easements are no longer amortized.

K. Bond Issue Costs – Bonds issue costs include underwriting spreads, insurance, and various professional fees. The costs are deferred and amortized over the life of the respective bond issues using the interest method.

L. Original Issue Discount/Premium – Original issue discounts and premiums are netted against the bond payable account and amortized over the lives of respective bond issues using the interest method.

M. 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.

N. Capital Contributions – Grants from federal, state and local governments and private enterprises are received for payment of costs related to various property acquisitions and construction projects and for debt retirement. Grants are recorded when all applicable eligibility requirements are met.

O. Retirement Systems – The Authority currently funds pension costs, which are composed of normal cost and amortization of unfunded prior service costs.

P. Taxes – The Authority is exempt from payment of federal and state income, property, and certain other taxes.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. Risk Management – The Authority purchases commercial insurance coverage for claims arising out of bodily injury or property damage as well as property insurance on airport properties, which includes earthquake and flood coverage. There were no significant reductions in insurance coverage in the current year. Additionally, there were no significant settlements, which exceeded insurance coverages for each of the past three years. The Authority is a member of both the City of Memphis health insurance program and the self-insured fund for health and medical benefits. The City's Health Insurance-Internal Service Fund charges premiums which are used to pay claims and fund the accrual for "incurred but not reported" claims and administrative costs of its health and medical benefits program.

S. Net Assets – The Authority recognizes the difference between its assets and liabilities as net assets. Net assets categories include the following:

- i. Invested in capital assets, net of related debt – comprised of the Authority's capital assets less any related outstanding debt used to acquire those assets.
- ii. Restricted for debt service – comprised of the Authority's assets, mainly cash and investments, restricted by bond resolution to be used in paying debt service obligations.
- iii. Restricted for capital acquisition – comprised of the Authority's assets restricted by contributors, bond resolutions and State and Federal regulations to be used in purchasing or construction of capital items or improvements.
- iv. Unrestricted – the remaining balance of net assets.

T. Conduit Debt – The conduit debt obligations are special limited obligations of the Authority, payable solely from and secured by pledges of rentals to be received from lease agreements the Authority has secured with FedEx Corporation and Pinnacle Airlines. The bonds do not constitute a debt or pledge of the faith and credit or net revenues of the Authority, the City of Memphis, the County, or the State. As such, the debt is considered "conduit debt" to the Authority, and the related assets and liabilities are not included in the accompanying statements of net assets. Conduit debt transactions are more fully described in Note 7.

2. DEPOSITS AND INVESTMENTS

A. Deposits – Cash deposits as of June 30, 2010 and 2009, were $16,186 and $14,139 respectively. These deposits consisted of interest bearing and non-interest bearing demand accounts. Petty cash as of June 30, 2010 and 2009 was $14 and $16 respectively. The Authority had cash equivalents, representing U.S. Government agencies of $2,999 at June 30, 2010.

Custodial credit risk – In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is for the deposits to be collateralized through the State of Tennessee collateral pool or for collateral to be pledged on such deposits held by the custodian. State statute requires cash deposits in excess of Federal Deposit Insurance Corporation insurance to be collateralized at 105 percent.

B. Investments – Investments consist of the following at June 30, 2010 and 2009:

	2010	2009	WEIGHTED AVERAGE MATURITY (YEARS) AT JUNE 30, 2010
At fair value:			
U.S. Government agencies	$ 212,584	$ 179,458	.68
Deferred compensation – mutual funds	761	609	
At cost:			
Forward purchase agreement	24,513	24,513	14.68
	$ 237,858	$ 204,580	

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The investments made during fiscal years 2010 and 2009, were limited to the classifications above. Investments in U.S. Government agencies included the Federal National Mortgage Association, Federal Home Loan Mortgage Company, Federal Home Loan Bank, and Federal Farm Credit Bank, during fiscal years 2010 and 2009. With the exception of the discount note investments, which were rated P-1, all investment in U.S. Government agencies had a credit rating of Aaa by Moody's at June 30, 2010.

In 2000, the Authority entered into a forward purchase agreement to invest $24,513 of bond reserve funds. Under the agreement, the trustee holds the investments until they are required for bond maturities or until the agreement is terminated. The Authority is paid a fixed return of 6.558 percent. If the agreement is terminated prior to the bond's maturity, the Authority or the Trustee may be required to pay a termination amount. This termination amount would be determined by prevailing interest rates at the time of termination. The Authority records this nonnegotiable investment contract at cost. This investment represents more than 5 percent of the Authority's portfolio at June 30, 2010. The issuer of this investment contract had a credit rating of Aa2 by Moody's at June 30, 2010.

Interest rate risk – In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the maturity of individual investments to no more than 5 years from the date of purchase unless the security is matched to a specific obligation or debt of the Authority.

Credit risk - Bond resolutions generally authorize the Authority to invest in direct obligations of or obligations guaranteed by the U.S. Government, obligations issued or guaranteed by specific agencies of the U.S. Government, secured certificates of deposit, secured repurchase agreements, and money market funds. The Authority may also invest in municipal bonds and investment agreements as long as the issuer is rated in one of the two highest rating categories by at least two nationally recognized rating agencies.

Concentration of credit risk – The Authority's investment policy provides for certain maximum limits in each eligible security type to reduce the risk of loss from an over concentration in a specific class of security. The policy also does not allow for an investment in any one issuer that is in excess of 5 percent of the Authority's total investments with the following exceptions:

2. DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENT TYPE	MAXIMUM
U.S. Treasury Obligations	100%
Each Federal Agency	50%
Each Repurchase Agreement Counterparty	25%
Bank Deposits or Savings Accounts	80%
Investment Agreements	50%

Custodial Credit Risk – The Authority's investment policy provides that all securities purchased by the Authority or held as collateral on either deposits or investments shall be held in third-party safekeeping at a qualified financial institution.

C. Reconciliation of Deposits and Investments to the Statements of Net Assets – A reconciliation of cash and cash equivalent and investments as shown in the accompanying statements of net assets is as follows:

	2010	2009
Unrestricted current assets:		
Cash and cash equivalents	$ 9,933	$ 5,120
Short term investments	18,025	18,591
Unrestricted non-current assets:		
Investments	4,023	2,131
Restricted current assets:		
Cash	9,266	9,035
Short-term investments	167,864	109,158
Restricted non-current assets:		
Investments	47,946	74,700
Total	$ 257,057	$218,735
Total deposits and petty cash	$ 16,200	$ 14,155
Total cash equivalents	2,999	
Total investments	237,858	204,580
Total	$ 257,057	$218,735

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

3. RESTRICTED ASSETS

Restricted assets consist of the following at June 30, 2010 and 2009:

	Cash	Investments	Accrued Interest Receivable	Other Receivables	2010 Total	2009 Total
Restricted by Bond Indentures:						
Debt service:						
Special facilities bonds				$ 37,012	$ 37,012	$ 34,762
Airport revenue bonds	$ 20	$ 21,570	$ 1		21,591	19,640
General obligation bonds	1,996	2,515	17		4,528	9,829
Total	2,016	24,085	18	37,012	63,131	64,231
Bond reserves:						
Airport revenue bonds	5	54,905	767		55,677	53,175
Total	5	54,905	767		55,677	53,175
Construction and land acquisition and associated costs:						
Airport expansion	6,212	120,341	422	9,635	136,610	106,152
Contractor retainage	823				823	3,310
Total	7,035	120,341	422	9,635	137,433	109,462
Restricted by Regulatory Agency:						
Federal grants				329	329	866
State grant						
Total				329	329	866
Restricted by Contributors:						
Airport improvements	87	2,054	10		2,151	2,084
International park	4	1,883	7		1,894	1,855
Customer facility charges	119	11,781			11,900	11,963
Deferred compensation		761			761	609
Tennessee Air National Guard Relocation				73	73	2,658
Total	210	16,479	17	73	16,779	19,169
Total Restricted Assets	$9,266	$215,810	$1,224	$47,049	$273,349	$246,903

3. RESTRICTED ASSETS (CONTINUED)

Revenues of the Authority are deposited to the revenue fund, which was created by the airport revenue bond resolution. Monies in the revenue fund are to be used and applied in the following order of priority:

First, there shall be applied each month the amount that the Authority determines to be required to pay costs of operation and maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts by the resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other monies credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

Fourth, the Authority may use any monies remaining for any lawful purpose of the Authority.

The Authority covenants in bond resolutions that it will impose, prescribe, and collect rates, rentals, fees, and charges for the use of the airports and revise the same when necessary to assure that the Authority will be financially self-sufficient and that revenues so produced shall be sufficient to pay debt service when due; to pay all costs of operations and maintenance; to reimburse the City for its general obligation bonds; and to pay when due any other claims payable.

The construction and land acquisition accounts are to be used for construction projects and acquisition of land in connection with the Authority's noise compatibility and airport expansion programs. Withdrawals of money on credit in these accounts are made upon written requisition.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	BALANCE JULY 1, 2009	ADDITIONS & RECLASSIFICATIONS	LESS DELETIONS & RECLASSIFICATIONS	BALANCE JUNE 30, 2010
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	$ 162,150			$162,150
Avigation easements	42,324			42,324
Construction in progress	42,568	$ 53,758	$66,080	30,246
Total capital assets, not being depreciated	247,042	53,758	66,080	234,720
CAPITAL ASSETS BEING DEPRECIATED:				
Runways, taxiways, aprons and airfield lighting	634,269	59,331		693,600
Buildings	341,007	4,897	318	345,586
Facilities constructed for tenants	103,893	184		104,077
Roads, bridges and fences	59,566	216		59,782
Equipment and utility systems	87,193	1,364	287	88,270
Total capital assets being depreciated	1,225,928	65,992	605	1,291,315
ACCUMULATED DEPRECIATION:				
Runways, taxiways, aprons and airfield lighting	245,679	29,723	244	275,158
Buildings	194,903	13,862	49	208,716
Facilities constructed for tenants	28,267	2,793		31,060
Roads, bridges and fences	18,637	3,099		21,736
Equipment and utility systems	60,120	5,592	287	65,425
Total accumulated depreciation	547,606	55,069	580	602,095
Total capital assets being depreciated, net	678,322	10,923	25	689,220
CAPITAL ASSETS, NET	$ 925,364	$64,681	$66,105	$ 923,940

4. CAPITAL ASSETS (CONTINUED)

The Authority capitalized $610 of interest in fiscal year 2010. There was no interest capitalized in fiscal year 2009.

Substantially all capital assets are held by the Authority for the purpose of rental or related use.

5. LEASE AND USE OF AIRPORT FACILITIES

The Authority leases terminal space, buildings, and airfield space on both a fixed-fee and contingent rental (percent of revenue) basis. Contingent rentals generally have fixed specified minimum rent provisions. Contingent rentals were $50,340 and $51,261 for fiscal years 2010 and 2009, respectively.

Substantially all of the leases provide for periodic re-computation (based on a defined formula) of the rental amounts. Rates and fees charged by the Authority for the use of its facilities are required by terms of the individual leases to be sufficient to cover operating expenses, debt service, and general obligation debt, but not depreciation and amortization.

Other fees are received from public parking and miscellaneous other sources. Non-aviation revenue consists primarily of hotel and other rentals. Site and building rentals from these tenants are governed by the terms of various leases.

The Authority has acquired equipment or constructed facilities for lease to others under agreements accounted for as operating leases. The cost of these leased properties was financed by the airport revenue bonds issued by the Authority (Note 6). The lease agreements provide for rentals equal to or exceeding principal and interest payments due on the related bonds and, in addition, call for certain ground rentals.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

5. LEASE AND USE OF AIRPORT FACILITIES (CONTINUED)

Minimum future rentals for leases are as follows:

YEAR	AMOUNT
2011	$38,885
2012	24,152
2013	24,250
2014	69,202
2015	22,922
2016-2020	95,455
2021-2025	93,921
2026-2030	76,557
2031-2035	81,209
2036-2040	54,343
2041-2045	7,682
2046-2050	7,682
2051-2055	7,682
2056-2059	6,145
Total	$610,087

6. LONG-TERM DEBT

Long-term debt information and activity for fiscal year 2010 was as follows:

	ORIGINAL ISSUE AMOUNT	INTEREST RATES	BALANCE JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2010	AMOUNTS DUE WITHIN ONE YEAR
Airport Revenue Bonds:							
Series 1997A	$ 43,805	5.25-6.25%	$8,500		$ 5,085	$ 3,415	$ 3,415
Series 1999D	238,400	4.5-6.125%	237,690		160,525	77,165	
Series 1999E	6,730	4.5-5.625%	2,120		2,120		
Series 2001A	121,860	4.0-5.5%	78,085		8,880	69,205	9,015
Series 2001B	42,380	5.125%	42,380			42,380	
Series 2002	23,150	3.25-5.5%	13,225		2,850	10,375	3,985
Series 2003A	21,030	4.0-5.25%	13,515		1,685	11,830	1,755
Series 2008A	90,375	3.75-5.00%	82,830		7,630	75,200	8,415
Series 2010A	30,290	4.76-5.02%		30,290		30,290	
Series 2010B	159,340	3.00-5.75%		159,340		159,340	240
Total	777,360		478,345	189,630	188,775	479,200	26,825
City of Memphis							
General Obligation Bonds:							
Series 1998	19,290	5.5-5.7%	5,725		1,805	3,920	1,905
Special Facilities							
Revenue Bonds:							
Series 2003	45,000	4.5%	45,000			45,000	
Notes Payable	500	Variable	318		200	118	118
Less unamortized deferred							
amount on refunded bonds			(7,527)	(4,530)	(2,048)	(10,009)	
Unamortized bond premiums			3,637	6,579	973	9,243	
Total bonds and notes payable	842,150		525,498	191,679	189,705	527,472	28,848
Other liabilities:							
Compensated absences			765	378	228	915	191
Total other liabilities			765	378	228	915	191
Total long-term debt	$ 842,150		$ 526,263	$ 192,057	$ 189,993	$528,387	$29,039

The unamortized deferred amount on refunded bonds at June 30, 2010, represents $9,990 deferred on the Airport Revenue Bonds and $19 deferred on the City of Memphis General Obligation Bonds. Interest expense includes amortization of loss on bond refunding for 2010 and 2009 of $2,048 and $2,118, respectively, and amortization of $973 premium, net and $846 of premium, net, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

Airport Revenue Bonds – The bonds were issued for airfield and terminal building improvements and expansion of Memphis International Airport parking capacity. The bond resolution contains a rate covenant which requires collection of rentals and charges for the use of the airports so that the Authority will be financially self-sufficient and the revenues produced will be sufficient to pay principal, interest, and premium, if any, when due. The Authority may issue additional airport revenue bonds, subject to historical and future revenue tests.

In January 2010, the Authority sold $30,290 of Airport Revenue Bonds, Series 2010A at a $108 premium. The bonds have fixed interest rates ranging from 4.76 percent to 5.02 percent. Maturity dates range from July 1, 2030 through July 1, 2039. Certain net proceeds of $24,040 will be used to finance a portion of the costs of construction, acquisition and equipping of Airport terminal and parking facilities; certain net proceeds of $2,561 were used to fund capitalized interest deposit requirements; certain proceeds of $2,838 were used to fund debt service reserve fund requirements and certain net proceeds of $959 were used to pay the cost of issuance of the bonds.

In January 2010, the Authority sold $159,340 of Airport Refunding Revenue Bonds, Series 2010B at a $6,471 premium. The bonds have fixed interest rates ranging from 3.00 percent to 5.75 percent. Maturity dates range from July 1, 2010 through July 1, 2025. Certain net proceeds of $168,510 together with $4,092 transferred from the debt service account for the Airport Revenue Bonds, Series 1999D and E were deposited in escrow to defease $160,525 and $1,455 outstanding Series 1999D and E revenue bonds, respectively, and certain net proceeds of $1,393 were use to pay the cost of issuance of the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $4,530 that will be charged over 15 years using the straight-line method. The refunding decreased the Authority's total debt service payments by $19,136 and resulted in an economic gain (difference between the present value of the old debt and the new debt service payments) of $9,835.

City of Memphis General Obligation Bonds – The 1998 bonds were issued to refund previous general obligation debt used for acquisition of land for expansion. The bonds are direct obligations of the City who has pledged its full faith and credit and taxing power to the punctual payment of principal and interest; however, the Authority has entered into agreements with the City to pay debt service as it is due.

Special Facilities Revenue Bonds – Special Facilities Revenue Bonds – Series 1993 were issued to fund construction of an aircraft maintenance hangar, corporate hangar and apron area for FedEx Corporation.

The Authority issued $45,000 in Special Facilities Bonds, Refunding Series 2003. These bonds were used to refund the Special Facilities Revenue Bonds, Series 1993. The bonds are due July 1, 2014 and bear interest at 4.50 percent payable semi-annually. Costs of issuance were paid by the lessee. No gain or loss resulted from this refunding and no effect on the Authority's cash flows resulted from the refunding as rents charged the lessee pay the debt service on the bonds. The bonds are payable solely by rentals from the facilities. Rents collected by the trustee are sufficient to pay debt service and certain administrative and trustee costs. See Note 3 regarding the Special Facilities Bonds receivable which is restricted for repayment of the principal portion of the debt.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

Note Payable – On June 16, 2005, the Authority entered into a note payable with an original amount of $500 to finance the purchase of five shuttle buses for transporting parkers from the outlying public parking lots to the terminal building. The note is renewable on an annual basis and bears interest at a rate of Prime minus 1.75 percent at June 30, 2010. Payments will be generated through rates charged for public parking.

Line of Credit – The Authority has a line of credit of $10,000 with a bank. The amount available is reduced by the $118 outstanding on the note payable leaving $9,882 available at June 30, 2010.

The Authority has obtained a $45,000 revolving line of credit with a bank. The purpose for this line of credit is to provide temporary funding for the reconstruction of runway 9/27 and improvements to taxiways alpha and victor. At June 30, 2010, the Authority had not drawn on this line of credit. Future draw downs, if any, will be repaid with Federal grant reimbursements received by the Authority or other funds as applicable.

Maturities of Bond Debt and Interest Payable – Maturities, mandatory sinking fund redemptions, and interest payments of long-term debt are as follows:

YEAR	SPECIAL FACILITIES REVENUE BONDS	AIRPORT REVENUE BONDS	CITY OF MEMPHIS GENERAL OBLIGATION BONDS	INTEREST PAYMENTS
2011	$ -	$ 26,825	$1,905	$ 26,530
2012	-	25,215	2,015	26,211
2013	-	26,085	-	24,931
2014	45,000	24,090	-	22,725
2015	-	24,120	-	20,550
2016-2020	-	124,210	-	84,033
2021-2025	-	176,065	-	42,347
2026-2030	-	27,690	-	8,028
2031-2035	-	10,940	-	4,911
2036-2040	-	13,960	-	1,812
Total	$45,000	$ 479,200	$3,920	$262,078

The special facilities and airport revenue bonds are subject to optional redemption at a premium over no greater than a five-year period prior to maturity. Bond resolutions provide that airport revenues are to be used to satisfy debt service requirements of the airport revenue, general operation and maintenance costs of the airport, and City of Memphis general obligation bonds, respectively. The special facilities and airport revenue bonds are not an obligation of any other governmental unit.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

7. CONDUIT DEBT

The conduit debt obligations are special limited obligations of the Authority, payable solely from and secured by pledges of rentals to be received from lease agreements the Authority has secured with FedEx Corporation and Pinnacle Airlines. The bonds do not constitute a debt or pledge of the faith and credit or net revenues of the Authority, the City of Memphis, the County, or the State. The Authority has facilitated the issuance of the following series of conduit debt:

	AMOUNT OUTSTANDING AS OF JUNE 30, 2010	2009
Special Facilities Revenue Bonds – Refunding Series 1997. Issued in the amount of $3,160 bearing interest at 6.125 percent, due in full on December 1, 2016. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft maintenance and repair facilities for Pinnacle Airlines, Inc. (formerly Express Airlines I, Inc.) and are payable solely from and are secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.	$1,870	$ 2,010
Special Facilities Revenue Bonds – Refunding Series 1997. Issued in the amount of $20,105 bearing interest at 5.35 percent, due in full on September 1, 2012. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft cargo handling and sorting facilities for FedEx Corporation and are payable solely from and are secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.	20,105	20,105
Special Facilities Revenue Bonds – Refunding Series 2001. Issued in the amount of $87,875 bearing interest at 5.00 percent, due and paid in full on September 1, 2009. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft cargo handling and sorting facilities for FedEx Corporation and were payable solely from and were secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.		87,875
Special Facilities Revenue Bonds – Refunding Series 2002. Issued in the amount of $95,770 bearing interest at 5.05 percent, due in full on September 1, 2012. Proceeds used to refund bonds previously issued to finance the cost of the acquisition and construction of certain aircraft cargo handling and sorting facilities for FedEx Corporation and are payable solely from and are secured by a pledge of rental payments to be received from lease agreements and an Unconditional Guaranty.	95,770	95,770
Total	$ 117,745	$205,760

These bonds are special limited obligations of the Authority, payable as described above. The bonds do not constitute a debt or obligation of the Authority and accordingly have not been reported in the accompanying financial statements.

8. CAPITAL CONTRIBUTIONS

The Authority has received capital contributions by means of Federal and State grants, as well as other funding sources as follows:

	2010	2009
Federal	$42,519	$ 28,857
State	10,834	15,566
Other		21
Total capital contributions	$53,353	$ 44,444

9. DEFINED BENEFIT RETIREMENT PLANS

General – The Authority participates in the City of Memphis Retirement System ("City Plan"). Although the Authority is a separate entity, plan benefits have not been allocated to employees of the Authority. Consequently, disclosures will follow guidelines for cost-sharing multiple employer public employee retirement systems. The Retirement System is established under Chapter 25, Code of Ordinances, City of Memphis, Tennessee, and is administered by a Board of Administration under the direction of the Mayor. The Retirement System is included in the City's basic financial statements as a pension trust fund. That report may be obtained by writing to the City of Memphis, Comptroller's Office, 125 N. Main Street, Memphis, TN 38103.

Plan Description – Substantially all full-time salaried employees are required to participate in one of two contributory defined benefit pension plans (the "Plans"). Plan A is for salaried employees hired before July 1, 1978, and Plan B is for salaried employees hired thereafter. Hourly employees are eligible for coverage under a supplemental retirement plan based on their wages under the Federal Insurance Contribution Act (Social Security). The Authority's payroll for employees covered by the plans was $18,283 and $18,569 for fiscal years 2010 and 2009, respectively. Total payroll was $18,467 and $18,761 for the same two periods.

The Plans provide retirement benefits as well as death and disability benefits. Retirement benefits vest after ten years of service. General employees under Plan A may retire after completion of twenty-five years of service or, if earlier, after age sixty and completion of ten years of service.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

9. DEFINED BENEFIT RETIREMENT PLANS (CONTINUED)

Under Plan B, general employees may retire after meeting any of the following schedules:

1. After age sixty and the completion of ten years of service
2. After age sixty-five and the completion of five years of service
3. After twenty-five years of service

Funding Policy – Plan members are required to contribute 5 percent under Plan A and 8 percent under Plan B of their annual covered salary and the Authority is required to contribute at an actuarially determined rate, which was 5 percent at June 30, 2010. The contribution requirements of Plan members and the Authority are established and may be amended by the Board of Administration. The Authority's contributions to the Plan for fiscal years 2010, 2009, and 2008 were $829, $800, and $794, respectively, equal to the required contributions for each year.

10. DEFINED CONTRIBUTION PLAN

On July 1, 1999, the Authority established the Memphis-Shelby County Airport Authority Supplemental Defined Contribution Plan that was designed to meet the requirements of Code Section 401(a). All participants in the Supplemental Defined Contribution Plan are also participants in the Memphis Retirement System. The purpose of the supplemental plan is to provide supplemental retirement benefits to participants in addition to the benefits provided by the City Plan. The Authority makes contributions on a discretionary basis. The amount of contributions expensed for fiscal years 2010 and 2009 was $830 and $826, respectively. Since the plan assets are held in trust for the benefit of the plan members, the related assets of the plan are not included in the accompanying statements of net assets. At June 30, 2010 and 2009, the fair value of the plan assets was $9,114 and $7,695, respectively.

11. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

11. DEFERRED COMPENSATION PLAN (CONTINUED)

The plan has been amended to meet the recently enacted requirements of Internal Revenue Code Section 457. The amended plan provides that assets or income of the plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Since the assets of the amended plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, the related assets of the plan are not included in the accompanying statements of net assets. At June 30, 2010 and 2009, the fair value of the plan assets was $5,048 and $4,591 respectively.

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described in Notes 9 and 10, the Authority provides post-employment health care benefits to all employees who retire from the Authority under the provisions of the City of Memphis Retirement System. The Board in conjunction with the City has established benefit provisions and contribution obligations. Currently, 113 employees are eligible for post-retirement benefits. The plan provides 80 percent of the cost of certain health care and life insurance coverage to retirees. The Authority accounts for cost of these benefits as a cost-sharing employer under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* ("GASB No 45"), which was implemented in 2008. Expenses for post-employment health care benefits are recognized when premiums are incurred. Premiums are determined on a contract basis with the City. Expenses for fiscal years 2010, 2009, and 2008, were $689, $571, and $421, respectively. There was no transition liability or asset as a result of implementing GASB No. 45, and the Authority has no liability for premiums due at June 30, 2010 and 2009.

The Retirement System and related other post-employment benefits disclosures are included in the City's basic financial statements as a pension trust fund. That report may be obtained by writing to the City of Memphis, Comptroller's Office, 125 N. Main Street, Memphis, TN 38103.

13. RELATED PARTIES AND MAJOR CUSTOMERS

The City provided fire protection and other services to the Authority at a cost of $3,802 and $3,595 for fiscal years 2010 and 2009, respectively.

The Authority receives a large portion of its operating revenues from two airlines, FedEx Corporation and Delta Airlines. Rentals, landing fees, and other revenues from these two airlines were approximately 55 percent and 58 percent of operating revenues for the fiscal years 2010 and 2009, respectively.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

14. COMMITMENTS AND CONTINGENCIES

The Authority's construction projects are estimated at $153,817, of which $29,534 has been expended through June 30, 2010. Of the remaining $124,283 expected to be spent, the outstanding commitments were $102,297 at June 30, 2010, related primarily to air cargo buildings, reconstruction and extension of existing taxiways, parking garage improvements, and terminal access roads. The remaining commitments relate to projects to be funded from Airport Expansion funds included in restricted assets (Note 3) and federal grants.

Amounts received or receivable from grantor agencies are subject to audit by the grantor agencies, principally the Federal government. Disallowed expenditures, if any, may constitute a liability of the applicable funds. The Authority is not aware of any disallowed expenditures at this time.

In December 2009 the Authority was served with a class action alleging violations of the Fair Credit Reporting Act (FCRA) and the Fair and Accurate Credit Transaction Act (FACTA) in the Authority's public parking operations. The complaint alleged statutory violations but no actual harm to any plaintiff or plaintiffs. The parties have reached a settlement amount of approximately $1,000 and have submitted the terms of the settlement to the court for its review and approval. The Authority has accrued the settlement amount (with no admission and or assumption of liability attached hereto) in fiscal year 2010.

In April 2001 the Authority filed a petition for condemnation of certain properties to benefit the Authority. Subsequently, law suits were filed against the Authority asserting that lost profits from billboards on the properties should be considered in determining the value of such properties. The Authority's potential liability (with no admission and or assumption of liability attached hereto) related to this claim ranges between approximately $240 and $1,500. The Authority has placed $246 on deposit with the court for these claims. As the outcome of a jury trial is difficult to predict additional accruals for this claim is not appropriate as of June 30, 2010.

Excluding the above cases it is the opinion of management that no other matters will have a material adverse effect upon the financial position or results of operations of the Authority.

APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS

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SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE AGREEMENTS

The Authority executed a two year extension to the Airport Use and Lease Agreements effective July 1, 2007 ("Airline Agreements") with the following airlines*: AirTran Airways, American Airlines, Continental Express, Delta, FedEx, United Parcel Service and United Parcel Service. The Airline Agreements have been extended to June 30, 2011 through a 2-year bridge agreement and a 1-year bridge agreement and are virtually identical to the prior agreement. There is set forth below a brief summary of the provisions of the Airline Agreements. The summary does not purport to be comprehensive or definitive and is qualified by reference to all of the terms and provisions of each of the Airline Agreements. Defined terms used in this summary and elsewhere in this Official Statement shall have the same meaning as in the Airline Agreements.

Certain Definitions

"Authority-Controlled Facilities" shall mean existing space or future space to be developed by the Authority, that the Authority may retain under its exclusive control and possession to accommodate

(i) The Signatory Airlines whose premises have been relocated by the Memphis International Airport as a result of reconstruction, renovation or maintenance;

(ii) Air Transportation Companies not requiring permanent facilities or requiring temporary accommodation pending allocation of permanent facilities; and

(iii) Other space requirements of Air Transportation Companies.

"Cargo Building Area" shall mean those areas on the Airport for cargo buildings, staff and customer parking and associated loading docks, aprons, driveways and access gates adjacent and pertinent to air cargo operations at the Airport.

"Industrial Park Area" shall mean those areas on the Airport designated as industrial park areas.

"Landing Field Area" shall mean those areas on the Airport that provide for the landing, taking off, taxiing, parking (other than in the Terminal Aircraft Apron Area) or other operations of aircraft together with all other portions of the Airport, not otherwise included in the Terminal Complex Area, Terminal Aircraft Apron Area, Cargo Building Area or Industrial Park Area, including the facilities, installations, and improvements thereon. The revenues and expenses from the operation of any reliever airports owned or operated by the Authority and the facilities thereof shall be deemed part of the Landing Field Area.

"Leased Premises" shall mean, collectively, all Exclusive Use Premises, Preferential Use Premises, Joint Use Premises, Common Use Premises and Terminal Aircraft Apron Positions leased to Airline for its use.

"Majority-In-Interest" or "MII" shall mean, during any Fiscal Year,

(i) for the Landing Field Area or the Cargo Building Area, at least 51% of the Signatory Airlines, in number, which in the aggregate have landed 51% of the total Maximum Certified Landed Weight of all such Signatory Airlines during the immediately preceding 6 month period for which data is available (the "Calculation Period") as such weight is reflected by official Airport records,

(ii) for the Terminal Complex Area or the Terminal Aircraft Apron Area, at least 51% of the Signatory Airlines, in number, which, in the aggregate, paid 51% or more of the respective fees and charges in the Terminal Complex Area and the Terminal Aircraft Apron Area during the immediately preceding Calculation Period as reflected by official Airport records, or

(iii) for any purpose, at least 70%, in number, of the Signatory Airlines.

* On May 2, 2011, Southwest Airlines Co. closed on its purchase of all outstanding AirTran Holdings, Inc. common stock and the two carriers will operate separately until the FAA issues a single operating certificate. In the near term, customers will continue to interact exclusively with their ticketed carrier. On October 1, 2010, Continental Airlines, Inc. became a wholly-owned subsidiary of United Continental Holdings, Inc. (formerly UAL Corporation, the parent company of United Airlines, Inc.) The Authority cannot predict what impact these recent and proposed consolidations and mergers may have on the Airport.

Unless the Authority receives negative votes on the matter from a Majority-In-Interest in the appropriate percentage set forth in this paragraph, then the Authority may proceed on the matter as submitted. Failure of the Signatory Airline to submit a negative response within the 30-day period will be deemed to be consent to the matter as submitted.

"Maximum Certificated Landed Weight" shall mean with respect to any aircraft landing at the Airport the maximum landed weight approved by the FAA for landing such aircraft at the Airport.

"Revenue Aircraft Arrival" shall mean any aircraft arrival at the Airport for which such airline has received or made a monetary fee or charge, including, without limitation, scheduled trips and charters, sightseeing and other trips for which revenue is received, but excluding, without limitation, ferry, test, courtesy, and inspection or other trips for which no additional fee or charge is received. Training flights shall be excluded except to the extent that the number of training flights operated by such airline during any calendar year exceeds 5% of the number of Revenue Aircraft Arrivals operated by The Signatory Airline during such calendar year.

"Terminal Aircraft Apron Area" shall mean those areas on the Airport for the parking, servicing, and ground handling of aircraft at the terminal building.

"Terminal Complex Area" shall mean the terminal buildings, access roads, public and employee automobile parking areas, rental car facilities, Airport motels, and hotels together with all concessions operated in or in conjunction with the terminal buildings, including without limitation, restaurants, bars, baggage lockers, newsstands, land transportation of passengers, observation or sightseeing, and related improvements, fixtures, installations and facilities thereon.

Reallocation of Space

The Authority establishes and shall maintain a policy of providing open access to the Airport and achieving a balanced utilization of Airport facilities. To achieve that goal, the Authority

(a) has planned or will plan for exclusive possession and control of Authority-Controlled Facilities;

(b) has established or will establish procedures for the consensual reallocation of space and accommodations among Air Transportation Companies, including airlines;

(c) has reserved and does hereby reserve to the Authority the right to require sharing and temporary use of Leased Premises;

(d) has established or will establish priorities to accommodate requests for facilities by Air Transportation Companies seeking to expand their present service at the Airport or Air Transportation Companies seeking entry into the Airport, and

(e) has established or will establish certain utilization requirements.

Rentals and Fees During the Term of the Airline Agreements

Terminal Complex Area

Exclusive Use and Preferential Use Premises

Each airline agrees to pay a monthly sum calculated to recover one-twelfth of the airline's pro rata share (as among all airlines) of the "Airline Net Terminal Building Expense". Airline Net Terminal Building Expense shall consist of the sum of terminal building personnel and non-personnel, O&M Expenses, Debt Service, any debt service coverage, and a discretionary fund contribution, less Terminal Complex non-airline revenues. One-half of any surplus or deficit from operations of the Airport for the preceding Fiscal Year will be carried forward in calculating the Airline Net Terminal Building Expense for the succeeding Fiscal Year. Each Airline shall pay monthly rents based upon the weighted rental rates per square foot applied to the number of square feet by type of space in its Leased Premises in the Terminal Complex Area.

Joint Use Premises

Each joint user agrees to pay a monthly sum calculated to recover its pro rata share of the total cost of the Joint Use Premises based on the respective number of enplaned passengers for each joint user of the Joint Use Premises or on another basis as mutually agreed upon by the Authority and the airlines using the Joint Use Premises from time to time.

Landing Fees

The Signatory Airlines agree to pay a landing fee for each calendar month based upon the Signatory Airline's Revenue Aircraft Arrivals at the Airport during such month. For each Revenue Aircraft Arrival at the Airport, the monthly charge shall be calculated by multiplying the Maximum Certificated Landed Weight of each aircraft making a Revenue Aircraft Arrival at the Airport by the landing fee. One-half of any surplus or deficit from operations of the Airport for the preceding Fiscal Year will be carried forward in calculating the new landing fee for the succeeding Fiscal Year, thereby adjusting any differences between the projected and the actual Maximum Certified Landed Weights, Revenues or expenses for the preceding Fiscal Year.

Terminal Aircraft Apron Positions

Each Signatory Airline shall pay to the Authority a fee for its preferential use of the Terminal Aircraft Apron Positions. The fee shall be one-twelfth of the amount computed on the basis of the number of lineal feet of Terminal Aircraft Apron Area rented at the Terminal Aircraft Apron fee per lineal foot.

Coverage

The Authority can include coverage expense in the rate base under the following circumstances:

A. If during the preparation of the annual budget for any Fiscal Year the Authority projects that it will fail to meet the coverage test prescribed in the Bond Resolution.

B. If during any Fiscal Year revenues are projected to be under budget or expenses are projected to be over budget in an amount such that the coverage test prescribed in the Bond Resolution will not be met.

C. If at the end of any Fiscal Year the Authority failed to meet the coverage test prescribed in the Bond Resolution, the Signatory Airlines operating at the Airport during the subsequent Fiscal Year shall be obligated to make up the deficiency through the rate base, with that portion of the rate base agreed to be income to the Authority in the Fiscal Year in which the coverage deficiency occurred.

D. In the event that a future bond issue occurring during the term of this Agreement requires that coverage expense be included in the rate base, the Authority intends to utilize rollover coverage so that the coverage expense initially collected through the rate base or financed through the bond issue will be available to meet the coverage test in subsequent years.

Adjustment of Rentals, Fees and Charges

All rentals, fees and charges in the Airline Agreements are subject to recalculation each Fiscal Year on the basis of updated cost, income and expense factors and adjusted space allocations as may be required and arranged for by mutual agreement between the Authority and the Signatory Airlines to ensure a break-even operation.

Budget Procedures

At least ninety (90) days prior to the beginning of each Fiscal Year, the Authority shall mail to the Signatory Airlines a proposed Annual Budget in reasonable detail for the ensuing Fiscal Year. Within forty-five (45) days after the mailing of the proposed Annual Budget, Authority shall hold an informal meeting at which the Signatory Airlines may present objections to the proposed Annual Budget. If, immediately after such informal meeting, the Majority-in-Interest of the Signatory Airlines consider that a public hearing is necessary and submit a written request for a public hearing, the Authority, within thirty (30) days before the ensuing Fiscal Year, will hold a public hearing.

The Authority will, before the beginning of each Fiscal Year, adopt an Annual Budget substantially in accordance with the preliminary or proposed Annual Budget referred to above, as the latter may have been revised after a public hearing, if any, and promptly following the beginning of each Fiscal Year furnish a copy of such Annual Budget to each Signatory Airline.

Limitation of Use of Industrial Park Area Revenues

The use of revenues from the Industrial Park Area shall be limited to:

A. the payment of costs associated with the acquisition of certain land bounded on the north by Winchester, the east by New Swinnea Road, the south by Shelby Drive and the west by runway 18L-36R,

B. expenditures for "airport purposes", including reliever airports,

C. develop the Industrial Park Area, and

D. purchase and acquire land solely for the purpose of expanding the Airport for aviation uses.

Event of Default and Remedies

Any one of the following that occurs and continues beyond any applicable cure period shall constitute an event of default (Event of Default):

A. Failure by the Signatory Airline to pay any part of the rentals, fees and charges due under the Airline Agreement and the continued failure to pay said amounts in full within ten (10) days of the Signatory Airline's receipt of the Authority's written notice of payments past due.

B. Failure by the Signatory Airline to observe and perform any other covenant, condition or agreement on its part required to be observed or performed under the Airline Agreement, and which continues for a period of thirty (30) days after receipt of written notice, specifying such failure and requesting that it be remedied, given to the Signatory Airline by the Authority, unless the failure stated in the notice cannot be corrected within such period, and corrective action is instituted within such period and diligently pursued until the default is corrected; provided, however, the Signatory Airline's performance shall be conditioned by the Force Majeure provisions of the Airline Agreement.

C. Failure by the Signatory Airline to observe and perform any covenant, condition or agreement on its part required to be observed or performed by any other agreement between the Signatory Airline and the Authority and such failure continues beyond any applicable cure period permitted therein.

D. The Signatory Airline shall commence (by petition, application or otherwise) a voluntary case or other proceeding under the laws of any jurisdiction seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, self-trusteeship, receiver, custodian or other similar official of it or any substantial part of its property; or shall consent (by answer or failure to answer or otherwise) to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it; or shall make an assignment for the benefit of creditors; or shall generally not pay its debts as they become due or not be able to pay its debts as they become due; or admit in writing its inability to pay its debts as they become due; or shall take any corporate action to authorize any of the foregoing.

E. An involuntary case or other proceeding shall be commenced under the laws of any jurisdiction against the Signatory Airline seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of ninety (90) days or a trustee, receiver, custodian or other official shall be appointed in such involuntary case.

F. The voluntary discontinuance except as a result of a Force Majeure event for a period of at least thirty (30) consecutive days by the Signatory Airline of its operations at the Airport unless otherwise approved by Authority, in advance, in writing.

Continuing Responsibilities of Signatory Airline

Notwithstanding the occurrence of any Event of Default, the Signatory Airline shall remain liable to the Authority for all rentals, fees and charges payable under the Airline Agreement and for all preceding breaches of any covenant of the Airline Agreement. Furthermore, unless the Authority elects to cancel the Airline Agreement, the Signatory Airline shall remain liable for and promptly pay all rental, fees and charges accruing under the Airline Agreement until the expiration of the Airline Agreement or until the Airline Agreement is canceled by the Signatory Airline pursuant to the cancellation provisions of the Airline Agreement.

Authority Remedies

Upon the occurrence of any Event of Default the following remedies shall be available to Authority:

A. The Authority may cancel the Airline Agreement, effective upon the dates specified in the notice of cancellation, provided that such date of cancellation is beyond the expiration of any applicable cure period. Upon such date, the Signatory Airline shall have no further rights under the Airline Agreement and the Authority shall have the right to take immediate possession of Leased Premises.

B. The Authority may re-enter the Leased Premises and may remove all the Signatory Airline persons and property from it upon the date of re-entry specified in the Authority's written notice of re-entry to the Signatory Airline. Upon any removal of the Signatory Airline property by the Authority under the Airline Agreement, the Signatory Airline property may be stored at a public warehouse or elsewhere at the Signatory Airline's sole cost and expense.

C. The Authority may re-let the Leased Premises and any improvements thereon or any part thereof at such rentals, fees and charges and upon such other terms and conditions as the Authority, in its reasonable judgment, may deem advisable, with the right to make alterations, repairs or improvements on said Leased Premises. In reletting the Leased Premises, the Authority shall be obligated to make a good faith effort to obtain terms no less favorable to the Authority than those contained herein and otherwise seek to mitigate any damages it may suffer as a result of the Signatory Airline's default.

D. In the event that Authority re-lets the Leased Premises, rentals, fees and charges received by the Authority from such re-letting shall be applied:

(i) to the payment of any cost of such re-letting; and

(ii) to the payment of rentals, fees and charges due and unpaid under the Airline Agreement:

If that portion of such rentals, fees and charges received from such re-letting and applied to the payment of rentals, fees and charges under the Airline Agreement is less than the rentals, fees and charges payable during applicable periods by the Signatory Airline under the Airline Agreement, then the Signatory Airline shall pay such deficiency to the Authority. The Signatory Airline shall also pay to Authority, as soon as ascertained, any costs and expenses incurred by the Authority in such re-letting not covered by the rentals, fees and charges received from such re-letting.

E. No re-entry or re-letting of Leased Premises by the Authority shall be construed as an election on the Authority's part to cancel the Airline Agreement unless a written notice of cancellation is given to the Signatory Airline.

F. The Signatory Airline shall pay to the Authority all other costs incurred by Authority in the exercise of any remedy, including, but not limited to, reasonable attorney's fees, disbursements, court cost and expert fees.

G. The Authority may exercise any other legal or equitable remedy, including, but limited to, the remedies hereinafter specified.

Remedies Under Federal Bankruptcy Laws

Notwithstanding the foregoing, upon the filing by or against the Signatory Airline of any proceeding under federal bankruptcy laws, if the Signatory Airline has defaulted in the performance of any provision of the Airline Agreement within the six (6) months preceding such filing, the Authority shall have the right to cancel the Airline Agreement, in addition to other remedies provided under provisions of the federal bankruptcy laws, rules and regulations as such may be amended, supplemented or replaced from time to time. Such cancellation shall be by written notice to the Signatory Airline within sixty (60) days from the date of the Signatory Airline's initial filing in bankruptcy court.

Cancellation by Signatory Airline

Event of Default

The events described below shall be deemed an Event of Default by the Authority under the Airline Agreement:

A. The Authority fails to keep, perform or observe any material term, covenant or condition herein contained to be kept, performed, or observed by the Authority and such failure continues for thirty (30) days after receipt of written notice from the Signatory Airline unless such default cannot be cured within such thirty (30) day period and the Authority has commenced to cure or remove such default and continues with diligence the curing thereof; provided, however, the Authority's performance shall be conditioned by the Force Majeure provisions of the Airline Agreement.

B. Airport is closed to flights in general or to the flights of the Signatory Airline for reasons other than those circumstances within the Signatory Airline's control, and Airport fails to be reopened to such flights within thirty (30) consecutive days from such closure.

C. The Airport is permanently closed as an air carrier airport by act of any federal, state or local government agency having competent jurisdiction; or the Signatory Airline is unable to use Airport for a period of at least thirty (30) consecutive days due to any law or any order, rule or regulation of any governmental authority having jurisdiction over the operations of the Airport or any court of competent jurisdiction issues an injunction preventing the Authority or the Signatory Airline from using Airport for airport purposes, for reasons other than those circumstances within the Signatory Airline's control, and such injunction remains in force for a period of at least thirty (30) consecutive days.

D. The United States Government or any authorized agency of the same (by executive order or otherwise) assumes the operation, control or use of the Airport in such a manner as to substantially restrict the Signatory Airline from conducting its operations, if such restriction be continued for a period of thirty (30) consecutive days or more.

The Signatory Airline's Remedy

So long as a Signatory Airline is not in default of the Airline Agreement, including but not limited to payments due to the Authority, the Signatory Airline may cancel the Airline Agreement upon the occurrence of an Event of Default. In such event, the Signatory Airline shall provide a thirty (30) day advance written notice of cancellation to the Authority. All rental fees and charges payable by the Signatory Airline shall cease as of the date of the default(s) and the Signatory Airline shall surrender the Leased Premises.

APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE BASIC RESOLUTION

The following is a summary of certain provisions of the Basic Resolution as amended and supplemented. The summary does not purport to be comprehensive or definitive and is qualified by reference to all of the terms and provisions of the Basic Resolution as amended and supplemented to which reference is hereby made.

Certain Definitions

The following are definitions in summary form of certain terms contained in the Basic Resolution and used herein:

"Additional Bonds" means any Bonds issued pursuant to the Basic Resolution subsequent to the issuance of the 2011 Bonds.

"Airport" means each and every airport or heliport or other aviation facilities and all related facilities and appurtenances owned or operated by the Authority at any time, including, without limitation, the existing airports, namely Memphis International Airport, General DeWitt Spain Airport, Charles W. Baker Airport or any other properties or facilities constructed or acquired from the proceeds of any bonds issued by the Authority or by the City or the County (for which the Authority will provide reimbursement from the Revenues) and all additions, expansions and improvements to any airport facility held or acquired. The term "Airport" shall not include properties sold, leased or disposed of pursuant to Section 5.16 of the Basic Resolution, or properties subject to a Special Facility Lease, except as provided in Section 10.1 of the Basic Resolution.

"Bond" or "Bonds" means any, some or all Bonds outstanding pursuant to the Basic Resolution including the 2011 Bonds, Additional Bonds and Refunding Bonds issued under the Basic Resolution, but excluding Special Facility Bonds as defined in the Basic Resolution.

"Construction Fund" means one of the separate funds of that name created and established pursuant to the Basic Resolution.

"Costs of Construction" means any, of the following pertaining to the construction of properties included or to be included in the Airport: (a) costs of acquiring any building or facility and the site thereof; (b) costs of any interests in land or other properties; (c) costs of acquiring rights, interest or franchises; (d) costs of labor, services, material, and architectural planning, or engineering services; (e) costs of supervision and inspection; (f) insurance and other related costs; (g) costs of financing and of issuing Bonds, including Trustee and Paying Agent's fees up to 12 months after the actual period of construction, and costs of any bond insurance premium; (h) costs of initial furnishings; (i) costs of publication, filing and recording; (j) taxes and assessments; (k) expenses incurred in enforcing any remedy against a contractor; (1) costs of accounting services, financial and airport consultants and attorneys; (m) costs of payment and discharge of any interim or temporary construction financing or loans, including reimbursement to the Authority of moneys advanced by other funds; (n) interest on Bonds issued to finance the construction of any project during the actual period of construction and for one year after completion; and (o) any other costs or expenses incident to the construction of any project.

"Costs of Operation and Maintenance" means the reasonable, necessary current expenses of the Authority paid or accrued in operating, maintaining and repairing the Airport, including, without limitation, (a) costs of collecting Revenues and making refunds; (b) engineering, financial management, audit reports, legal and administrative expenses; (c) salaries, wages and other compensation; (d) costs of routine repairs, replacements and renewals; (e) taxes, assessments and other governmental charges and payments in lieu thereof; (f) costs of utility services; (g) general administrative overhead of the Authority allocable to the Airport; (h) material and supplies used in the ordinary course of business; (i) contractual and professional services; (j) costs of fidelity bonds or blanket bonds; (k) costs of carrying out provisions of the Resolution, including Trustee and Paying Agent's fees and expenses, fees for remarketing bonds and Support Facilities, and insurance costs required thereby; and (1) all other routine costs and expenses. The term "Costs of Operation and Maintenance" shall not include any operation and maintenance costs and expenses relating to Special Facilities or expenses incurred by any lessee thereon or lands and properties leased for industrial, governmental or non-aviation purposes.

"Debt Service Requirement" means with respect to all the Bonds or a Series of the Bonds or any particular amount of such Bonds, as the case may be, the total as of any particular date of computation and for any particular period or year, of the amounts required to be credited during such period or year to the Airport Improvement Bond Fund (i) to provide for the payment of interest on such Bonds, except to the extent that such interest is to be paid from (a) amounts on deposit in the Construction Interest Account in the Construction Fund, (b) amounts on deposit in the Interest Account, or (c) any other provisions made for the payment of interest, (ii) to provide for the payment at maturity of any such Bonds issued in serial form and (iii) to provide for the retirement of any such Bonds issued in term form. Such interest and principal installments shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of principal installments for the Bonds of such Series on the due date thereof. For purposes of this definition, the interest rate on Variable Rate Bonds or an Integrated Swap Agreement shall be determined as follows: (a) with respect to a Series of Variable Rate Bonds or Integrated Swap Agreement at the time of calculation then Outstanding, the interest rate shall be calculated at the greater of the (i) then current interest rate per annum borne by such Series of Variable Rate Bonds or Integrated Swap Agreement, or (ii) the weighted average interest rate borne by such Series of Variable Rate Bonds or Integrated Swap Agreement (computed on an actual day basis) for the twelve month period then ended at the time of calculation and (b) with respect to a Series of Variable Rate Bonds or an Integrated Swap Agreement then proposed to be issued or entered into, the interest rate per annum shall be the Revenue Bond Index; provided, however, that if the Authority enters into an Integrated Swap Agreement with respect to a Series of Variable Rate Bonds that provides for fixed payments to be made by the Authority, the interest rate thereon shall be determined as follows: (a) with respect to a Series of Variable Rate Bonds at the time of calculation then Outstanding for which an Integrated Swap Agreement is in effect, the interest rate shall be the sum of (i) the fixed interest rate established under the Integrated Swap Agreement and (ii) to the extent that variable rate payments under the Integrated Swap Agreement are based on an interest index and not the Authority's actual variable rate on the Variable Rate Bonds, the greatest difference between such index and the variable interest rates actually paid during the prior twelve or three months, which ever is highest, and (b) with respect to Variable Rate Bonds then proposed to be issued, the fixed interest rate established under the Integrated Swap Agreement. If the principal and interest coming due with respect to any Series of Bonds in any Fiscal Year exceeds by more than 10% the amount coming due on all Bonds of such Series Outstanding in any prior Fiscal year, principal and interest payments on such Series shall be calculated as if the principal of such Series matures in annual installments resulting in approximately level debt service for all Bonds of such Series Outstanding over the term of such Series to maturity. With respect to any payment under any Hedge Agreement, Support Agreement or other financial agreement which payments are payable from Revenues and secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Bonds, "Debt Service Requirement" shall include the full amount of any such payments.

"Fiscal Year" means the fiscal year of the Authority as established from time to time being on the date hereof the period from July 1 in any year to and including the following June 30.

"Hedge Agreement" means an interest rate swap or exchange agreement, including an Integrated Swap Agreement, a payment exchange agreement, forward purchase agreement or any other hedge agreement entered into by the Authority for any purpose providing for payments between the parties based on levels of, or changes in, interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar risk.

"Integrated Swap Agreement" means any interest rate swap agreement entered into by the Authority with respect to a Series of Bonds or portion thereof having a notional amount equal to the principal amount of such Series of Bonds or such portion thereof and pursuant to which the Authority agrees to make payments on the basis of (a) a fixed rate of interest or (b) a variable rate of interest.

"Integrated Swap Agreement Payments" means payments made pursuant to an Integrated Swap Agreement on the basis of fixed or variable rates of interest; specifically excluding, however, termination payments, fees, expenses and other amounts payable under an Integrated Swap Agreement not specifically made on the basis of interest rates.

"Investment Securities" means any of the following which are then legal investments under the laws of the State of Tennessee: (i) direct obligations of, or obligations, the payment of principal and interest of which are unconditionally guaranteed by the United States of America and any certificates or any other evidences of a direct ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this clause (i) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in this clause (i) and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; (ii) (a) bonds, debentures, notes, participation certificates or other evidences of indebtedness issued or guaranteed by the agencies or corporations of the

United States as follows: direct obligations or fully guaranteed certificates of beneficial ownership of the United States Export-Import Bank; certificates of beneficial ownership of the Farmers Home Administration; debt obligations of the Federal Financing Bank; debentures of the Federal Housing Administration; participation certificates of the General Services Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; Guaranteed Title XI financing of the United States Maritime Administration; United States Government guaranteed New Communities Debentures; and United States Government guaranteed public housing notes and bonds; and (b) senior debt obligations of the Federal Home Loan Bank System; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; senior debt obligations of the Student Loan Marketing Association; senior debt obligations of the Farm Credit Bank; senior debt obligations of the Resolution Funding Corporation; and senior debt obligations of the Tennessee Valley Authority; (iii) certificates of deposit, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee), which is a member of the Federal Deposit Insurance Corporation and savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation, provided that the aggregate principal amount of all certificates of deposit issued by any such bank, trust company, national banking association or savings and loan association which are purchased with moneys held in any Fund under the Resolution shall not exceed at any time 5% of the total of the capital, surplus and undivided earnings of such bank, trust company; national banking association or savings and loan association unless such certificates of deposit are (1) fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (2) secured, to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation by such securities as are described in clauses (i) and (ii), above, having a market value (exclusive of accrued interest paid in connection with the purchase of such securities) at least equal to 102% of the principal amount of such certificates of deposit (or portion thereof not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation) which shall be lodged with a depositary, as custodian, by such bank, trust company; national banking association or savings and loan association, and such bank, trust company, national banking association or savings and loan association shall furnish the Authority with an undertaking satisfactory to it that the aggregate market value of all such obligations securing such certificates of deposit will be valued at their market price daily and the requirements of this clause (iii) have been met and the Authority shall be entitled to rely on such an undertaking; (iv) any repurchase agreement meeting the requirements of a Supplemental Resolution with any bank or trust company organized under the laws of any state of the United States, or any national banking association (which may include the Trustee) with assets of at least $1,000,000,000 and rated A or above by Standard & Poor's Corporation or Moody's Investors Service or their successors, or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that the securities are one of the securities described in (i) and (ii) above, which securities shall at all times have a market value not less than the full amount of the repurchase agreement; and (v) investment agreements approved by MBIA and rated or the issuer of which is rated in one of the two highest rating categories by at least two nationally recognized rating agencies and if rated by Moody's Investors Service or Standard & Poor's Corporation, must be rated in one of the two highest rating categories by the respective agency rating such investment agreements.

"MBIA" means the Municipal Bond Investors Assurance Corporation (now MBIA Insurance Corporation) and its successors.

"Net Revenues" means (i) for any past period or year the aggregate of the Revenues actually paid or accrued into the Revenue Fund during such past period or year minus for such past period or year the aggregate of the Costs of Operation and Maintenance actually paid or accrued during such past period or year; and (ii) for any future period or year the aggregate of the Revenues that are estimated will be paid or accrued into the Revenue Fund during such future period or year, minus for such future period or year the aggregate of the Costs of Operation and Maintenance that are estimated will be paid or accrued during such future period; provided, however, that for purposes of the term "Net Revenues", Costs of Operation and Maintenance shall not include (a) any allowance for depreciation or any amounts for capital replacements or reserves therefor; (b) costs of extensions, enlargements, betterments and improvements or reserves therefor; (c) reserves for operation, maintenance, renewals or repairs occurring in the normal course of business; and (d) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor.

"PFC Revenues" means those revenues specifically excluded from the definition of Revenues.

"Refunded Municipal Obligations" means obligations of any state, the District of Columbia or possession of the United States or any political subdivision thereof which obligations are rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation and provision for the payment of the principal of and interest on which shall have been made by deposit with a Trustee or escrow agent of direct obligations of the United States of America, which are held by a bank or trust company organized and existing under the laws of the United States of America or any state, the District of Columbia or possession thereof in the capacity as custodian, the maturing principal of and interest on which obligations when due and payable, if any, shall be sufficient to pay when due the principal of and interest on such obligations of such state, the District of Columbia, possession, or political subdivision.

"Revenue Bond Index" means the 30-year Revenue Bond Index of *The Bond Buyer,* a publication in New York, New York, or any successor publication maintaining such Index or in the event *The Bond Buyer* or any successor publication does not maintain such Index, an equivalent index with the same components as the Revenue Bond Index. In the event there is no Revenue Bond Index or equivalent index, an interest rate for a Series of Bonds determined in accordance with the Revenue Bond Index shall be the maximum rate permitted by the Supplemental Resolution authorizing the issuance of such Series of Bonds.

"Revenues" shall mean the total of all income and revenue from all sources collected or accrued under generally accepted accounting principles by the Authority in connection with the Airport, including (a) all rates, charges, rentals, fees and any other compensation, regardless of form, and investment income earned by the Authority, except as hereinafter provided to the contrary, and (b) PFC Revenues to the extent specifically included in Revenues as provided in a Supplemental Resolution.

Revenues shall not include:

(i) proceeds from Bonds issued by the Authority or proceeds from loans obtained by the Authority;

(ii) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance;

(iii) all income and revenue collected and received by the property management department of the Authority with respect to properties and facilities which are not included in the definition of Airport;

(iv) to the extent provided in Article X of the Basic Resolution, income derived from any Special Facility Lease (other than ground rents);

(v) payments under any revolving loan fund, grants-in-aid or similar payments received from any federal or state entities—which are restricted as to use;

(vi) the proceeds of any passenger facility or analogous charge or fee that may hereafter be levied (whether on the use of the Airport, on transportation, or otherwise) which are received and retained by the Authority, and any investment earnings thereon;

(vii) moneys or securities received by the Authority as gifts or grants;

(viii) investment income derived from moneys or securities on deposit in the Construction Fund and investment income derived from any moneys or securities which may be placed in escrow or trust to defease bonds of the Authority including the Bonds, or to meet the Authority's obligation under any consent decree;

(ix) any arbitrage earnings which are required to be paid to the United States Government pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the rulings and regulations promulgated thereunder;

(x) the proceeds of any Support Facility;

(xi) income derived from leasing or sale of Airport lands for industrial, governmental and other purposes not related to air or space transportation; and

(xii) the earnings on and the income derived from the investment of the moneys on deposit to the Authority's Airport Improvement Fund, Special Reserve Fund and International Park Fund, heretofore created.

"Special Facility Lease" means the lease of existing or to be acquired Airport property and facilities pursuant to which the lessee agrees to pay to the Authority rentals sufficient to pay the principal and interest on all Special Facility Bonds issued to pay the cost of construction or acquisition of the Special Facility plus such further rentals necessary to maintain all reserves or pay necessary expenses required for such Special Facility Bonds and any ground rental charged for rental of the ground upon which a Special Facility is located (payable into the Revenue Fund).

"Support Facility" means any instrument such as a letter of credit, a committed line of credit, insurance policy, surety bond or standby bond purchase agreement, or any combination of the foregoing, and issued by a bank or banks, other financial institution or institutions, or any combination of the foregoing, which Support Facility provides for the payment of (i) the purchase price of Bonds delivered to the Remarketing Agent or any depository, tender agent or other party pursuant to a Remarketing Agreement or Supplemental Resolution and discount, if any, incurred in remarketing such Bonds, or (ii) principal of and interest on Bonds becoming due and payable during the term thereof.

"Trustee" means First Tennessee Bank National Association, Memphis, Tennessee or its successors or assigns and any successor Trustee under the Resolution. The Bank of New York Mellon Trust Company, N.A., is currently acting as the Trustee under the Resolution.

"Variable Rate Bonds" means Bonds issued bearing interest at a rate per annum subject to adjustment from time to time pursuant to their terms, calculated in a manner which precludes the actual rate for the entire term of such debt from being ascertainable in advance. For purposes of this definition, Variable Rate Bonds shall no longer be considered Variable Rate Bonds upon the establishment of, or the conversion of the rate of interest thereon to, a fixed interest rate for the remainder of the term thereof.

Pledge Under Resolution

Bonds may be issued under the Basic Resolution, in Series, from time to time, in any amount. The Bonds, including principal, interest and premium, if any, are payable *pari passu* from, and are equally and ratably secured by a pledge of and lien upon the Revenues of the Authority, subject, however, to the prior payment therefrom of the payment of the Costs of Operation and Maintenance of the Airport. The Bonds shall not in any manner or to any extent be (a) an indebtedness of the State of Tennessee, or of the City, the County or any municipality or political subdivision of the State of Tennessee, (b) a general obligation of the Authority nor a charge upon any other revenues or assets of the Authority not specifically pledged under the Basic Resolution, or (c) a personal obligation of any member, officer or employee of the Authority.

Additional Bonds

One or more Series of Bonds may be issued by the Authority from time to time in order to accomplish any purpose of the Authority, the costs of which are to be financed by the issuance of Additional Bonds, but only upon compliance with the following conditions, among others:

1. Revenues, certified by the Treasurer of the Board for the twelve consecutive months immediately preceding the month in which the Additional Bonds proposed to be issued are delivered and paid for shall have at least equaled the amounts required to pay the principal, interest and premium, if any, on the Bonds when due; to reimburse the City and the County or other municipality for principal, interest and premium, if any, on the bonds, issued by them for the Airport; to pay all Costs of Operation and Maintenance; and to pay all claims, charges or obligations payable from Revenues for such twelve-month period. Revenues derived in any interval prior to such twelve-month period which are in excess of all charges paid or accrued, or required to be paid or accrued, during such interval and which excess Revenues are carried forward in the Revenue Fund into such twelve-month period and are available for use and application during such twelve-month period as are all other Revenues derived during such period may be deemed to be and treated as Revenues derived during such twelve-month period, and amounts received during such twelve-month period arising out of and attributable to the payment of interest and principal on temporary or short-term borrowings incurred to pay Costs of Operation and Maintenance shall not be considered to be Revenues.

2. Revenues estimated by an Airport Consultant to be derived in each Fiscal Year from the date the proposed Additional Bonds are delivered and paid for to the estimated date that a substantial portion of the project(s) is placed in continuous service or commercial operation, are sufficient to pay during such Fiscal Year the principal, interest and premium, if any, on the Bonds when due, to reimburse the City and the County or other municipality for principal, interest and premium, if any, on the bonds issued by them for the Airport, to pay all Costs of Operation and Maintenance and to pay all claims, charges or obligations payable from the Revenues.

3. An Airport Consultant estimates that the Net Revenues to be derived in each of the three Fiscal Years following the estimated date that a substantial portion of the project(s) being financed is placed in continuous service or commercial operation shall be equal to not less than 125% of the Debt Service Requirement for such Fiscal Year on all Bonds Outstanding including such Additional Bonds.

Refunding Bonds

Bonds of any one or more Series may be refunded by one or more series of Additional Bonds, which Bonds to be refunded shall be specified in the Supplemental Resolution authorizing the issuance of the Additional Bonds, and the principal amount of such Additional Bonds may include amounts necessary to pay the principal of the Bonds to be refunded, interest thereon to the date of redemption thereof and any premium payable thereon upon such redemption and the costs of issuance of such series of Additional Bonds. The proceeds of Additional Bonds issued to refund other Bonds shall be held and applied in such manner, consistent with the provisions of the Basic Resolution as is provided in the Supplemental Resolution authorizing the issuance of such Additional Bonds, so that upon the delivery of such Additional Bonds the Bonds to be refunded thereby shall no longer be deemed Outstanding in accordance with the provisions of the Basic Resolution.

PFC Charges

The Authority may by supplemental resolution (i) grant as additional security a pledge of and lien on, and a security interest for the benefit of Bondholders in, all or a portion of the PFC Revenues to one or more Series of Bonds (the "PFC Bonds") issued under the Resolution or (ii) provide that such series of PFC Bonds shall be secured solely by a pledge of and lien on such PFC Revenues. PFC Bonds may be secured by PFC Revenues or both PFC Revenues and other Revenues of the Authority. PFC Bonds secured solely by PFC Revenues shall be issued under a supplemental resolution (a "PFC Resolution") which shall set forth the terms and provisions of which shall apply to such Series of PFC Bonds at such time as such bonds are no longer secured by the Revenues. At such time as PFC Bonds are no longer secured by the Revenues, such PFC Bonds shall be deemed to be no longer Outstanding under the Basic Resolution and shall be outstanding solely for the purpose of the PFC Resolution. Any PFC Revenues on credit to the Segregated Account and proceeds of the PFC Bonds, whether on deposit in the Construction Fund or Airport Improvement Bond Fund, held under the Basic Resolution shall be transferred to and applied in the manner provided in the PFC Resolution.

In the event the Authority issues one or more series of PFC Bonds, the following provisions shall apply so long as such PFC Bonds are outstanding.

PFC Revenues shall be deposited in a separate account of the Revenue Fund (the "Segregated Account") and shall be used and applied in the following order of priority:

> First, there shall be deposited in the interest account of the Airport Improvement Bond Fund such PFC Revenues necessary to pay interest on the PFC Bonds;
>
> Second, there shall be deposited in the principal account of the Airport Improvement Bond Fund such PFC Revenues necessary to pay principal on the PFC Bonds; and
>
> Third, there shall be deposited in the debt service reserve account in the Airport Improvement Bond Fund such PFC Revenues as necessary to maintain in such account the debt service reserve requirement established in the supplemental resolution providing for the issuances of such PFC Bonds.

Moneys remaining in the Segregated Account at the end of a Fiscal Year may be transferred to and deposited in a separate fund or account established under the PFC Resolution and may be applied to any lawful purpose.

To the extent there is any deficiency in any of the above accounts, PFC Revenues credited to the Segregated Account shall be applied to make up any such deficiency in any such account, and in the event PFC Revenues credited to the Segregated Account are insufficient to make up such deficiency, Revenues shall be credited to said account in an amount necessary, together with the PFC Revenues on deposit therein, to make up such deficiency. To the extent Revenues are credited to any account to make up any deficiency and PFC Revenues subsequently become available prior to the expenditure of such Revenues, such Revenues shall be immediately restored to the Revenue Fund.

PFC Revenues consisting of investment earnings shall be deposited in the Revenue Fund, credited to the Segregated Account, and applied in the same manner as all other PFC Revenues on deposit therein. Investment earnings on proceeds of PFC Bonds (a) on deposit in the Construction Fund established for PFC Bonds shall be retained therein and applied to the same purposes as the proceeds of such PFC Bonds and after completion of any project financed with said PFC Bonds shall be deposited in the Revenue Fund for credit to the Segregated Account and (b) on deposit in accounts in the Airport Improvement Bond Fund shall be deposited in the Revenue Fund for credit to the Segregated Account. Any excess proceeds of the PFC Bonds whether in the Construction Fund or Airport Improvement Bond Fund, shall be deposited in the Revenue Fund for credit to the Segregated Account.

Hedge, Support and the Financial Agreements

Nothing in the Basic Resolution shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Authority from entering into Hedge Agreements, Support Agreements or other financial agreements under which payments (including but not limited to, fees, charges, expenses but excluding any termination, indemnification or other payments intended to pay any person for loss of benefits under such agreement) are payable from Revenues and secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Bonds; provided such payments shall meet the requirements of Section 2.2 of the Basic Resolution; provided, further, that Integrated Swap Agreement Payments shall be treated as payment of interest on Bonds, and provided further that the Authority may determine that payments in connection with any Hedge Agreement other than an Integrated Swap Agreement may, in lieu of being treated as a debt service on Bonds or interest on Bonds and without complying with the requirements of Section 2.2 of the Basic Resolution, be treated as payments payable from surplus moneys of the Authority in the Revenue Fund. In the event any such payments, other than payments constituting principal, of premium, if any, and interest on, Bonds, shall be secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Bonds, a separate account shall be established in the Airport Improvement Bond Fund for the payment thereof and payments to such account shall be made ratably from Revenues at the time Revenues are disbursed to the other accounts in the Airport Improvement Bond Fund pursuant to Section 4.2 of the Basic Resolution. For the purposes of Sections 2.2 and 5.2 of the Basic Resolution and for any other provisions of the Basic Resolution as otherwise appropriate, any obligation to make payments which are payable from Revenues and secured by a lien on and pledge of Revenues on a Parity with the lien on and pledge of the Revenues created for the payment and security of the Bonds as provided in Section 2.11 of the Basic Resolution shall be deemed and treated as a "Bond" under the Basic Resolution.

Rate Covenant

The Authority shall impose and prescribe, or cause to be imposed or prescribed, such schedule of rates, rentals, fees and charges for the use and services of, and the facilities and commodities furnished by, the Airport, and shall revise, or cause to be revised, the same from time to time whenever necessary, and collect, or cause to be collected, the income, receipts and other moneys derived therefrom, so that the Airport shall be and always remain financially self-sufficient and self-sustaining. The rates, rentals, fees and charges imposed, prescribed and collected shall be such as will produce Revenues at least sufficient (i) to pay the principal of and interest and premium on any Bonds as and when the same become due (whether at maturity or upon required redemption prior to maturity or otherwise); (ii) to pay the City of Memphis and the County of Shelby or other municipality as and when the same are due all amounts required to be paid to them by reason of the payment by them of the principal of and interest and premium on all bonds, notes or other evidences of indebtedness issued to finance all or any portion of the Airport (iii) to pay as and when the same becomes due all Costs of Operation and Maintenance; (iv) to pay when the same become due, any and all other claims, charges or obligations payable from Revenues; and (v) to carry out all provisions and covenants of the Basic Resolution. Without limiting the provisions of the next preceding sentence of this section, at all times and in any and all events such rates, rentals, fees and charges shall be imposed, prescribed, adjusted, enforced and collected which will yield Net Revenues in an amount at least equal to 125% of the Debt Service Requirement on all Bonds Outstanding.

In the event there are Outstanding any Variable Rate Bonds, in determining the rates, rentals, fees and charges the payment of the principal of and interest on the Variable Rate Bonds shall be calculated at the maximum rate borne by the Variable Rate Bonds for the twelve month period then ended at the time of calculation.

The Authority shall adopt such resolutions and prescribe and enforce such rules and regulations, or impose such contractual obligations, for the payment of such rates, rentals, fees and charges, including without limitation, the imposition of penalties for any defaults, to the end that the Authority shall at all times be in compliance with the provisions of the Resolution.

Construction Funds and Accounts Therein

In the event Bonds are issued to pay Costs of Construction of Airport projects, the Authority shall, in the Supplemental Resolution authorizing such Bonds, create a Construction Fund, with subaccounts, into which shall be deposited that amount to be applied to payment of such Costs of Construction.

Withdrawal of moneys on credit to the Construction Fund (other than moneys on credit to a Construction Interest Account) shall be made only in accordance with applicable law upon written requisition and by certificate signed by an authorized officer of the Authority, and for certain Costs of Construction, an additional certificate by the project supervisor supervising construction of the Project.

Moneys on credit to the Construction Fund shall be invested in Investment Securities. Interest and income from such investment shall be credited to the Construction Fund to be used and applied as are other moneys in such fund.

Whenever all Costs of Construction have been paid in full, or an amount has been set aside in the Construction Fund for that purpose, the balance of moneys credited to such Construction Fund shall be applied by the Authority for one or more of the following purposes: rebates to the United States to the extent required by the Internal Revenue Code of 1986, deposit to the Airport Improvement Bond Fund for purchase or redemption of Bonds, payment of the cost of additional exempt facilities (as such term is defined in said Code) or any other appropriate purpose.

Application of Revenues

Revenue Fund

The Revenue Fund created and established by the Basic Resolution into which all Revenues are deposited, to be held and administered by the Authority is continued so long as any Bonds are Outstanding. Moneys in the Revenue Fund shall be used and applied in the following order of priority:

First, there shall be applied each month the amount which the Authority determines to be required to pay Costs of Operation and Maintenance;

Second, there shall be deposited each month into the Airport Improvement Bond Fund and the accounts therein the amounts required by the Resolution to be used for the purposes specified therein;

Third, so long as the Authority shall be required to make payments to the City or the County or other municipality for the payment by such city, county or other municipality of principal, interest and premiums on bonds, notes or other evidences of indebtedness issued by it for the Airport, there shall be set aside in the separate account of the Authority continued under the Basic Resolution that amount which, together with other moneys credited to such account, if the same amount were set aside in such account in each month thereafter prior to the next date on which the Authority is required to make payments to the City or the County or other municipality, as the case may be, for the payment by the City, County or other municipality of principal of and interest and premium on the bonds, notes or other evidences of indebtedness issued by it for the Airport, the aggregate of the amounts so set aside in such separate account will on such next date be equal to the payment required to be made on such date by the Authority to the City or the County or such other municipality, as the case may be; and

Fourth, any moneys remaining may be used by the Authority for any lawful purpose of the Authority.

Moneys in the Revenue Fund shall be invested and reinvested by the Authority. All earnings on and income from investments of moneys in the Revenue Fund shall be deposited in the Revenue Fund.

Airport Improvement Bond Fund

The Airport Improvement Bond Fund is created as a special fund to provide for the punctual payment of the principal, interest, and premium, if any; on any Bonds when due.

Interest Account. A separate account in the Airport Improvement Bond Fund is established for each Series of Bonds to provide for the payment of any installment of interest due on such Series of Bonds Outstanding, unless otherwise provided for by the Construction Interest Account. In each month, commencing with the last business day of the month which follows the month for which interest on such Series of Bonds, if any, is provided from moneys credited to the Construction Interest Account for such Series of Bonds, or, if no interest on such Series of Bonds is provided from moneys credited to a Construction Interest Account, commencing with the last business day of the month which follows the month in which the Series of Bonds is delivered and paid for, there shall be deposited in each Interest Account (a) with respect to each Series of Bonds other than Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, commencing with the last business day of the month which follows the month in which such Series of Bonds is delivered and paid for, and continuing on the last business day of each month thereafter so long as any of the Bonds of each such Series are Outstanding, an amount such that, if the same amount were so credited to each such Interest Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to each such Interest Account on the last business day of the month preceding an interest payment date would be equal to the amount required to pay, or to reimburse a draw on the Support Facility made to provide funds for the payment, of the installment of interest falling due on each Series of Bonds on the Interest Payment Date therefor, and (b) with respect to Variable Rate Bonds which have interest payment dates occurring at intervals of one month or less, on the last business day prior to each interest payment date to and including the last business day prior to a date on which the interest rate may be fixed, if any, the amount required to be credited to the Interest Account established for such Variable Rate Bonds together with other funds available therefor in the Interest Account, to pay; or to reimburse a draw on the Support Facility made to provide funds for the payment of the interest payable on the Outstanding Variable Rate Bonds on each interest payment date.

Serial Principal Account. A separate account in the Airport Improvement Bond Fund is established for the purpose of paying the principal of or to reimburse a financial institution for a draw on the Support Facility made to provide funds for the payment of such Bonds issued and maturing serially. Commencing with the last business day of the month which is twelve (12) months prior to the first principal payment date of any Bonds maturing serially and in each month thereafter so long as any Bonds so maturing are Outstanding, the Authority shall credit to the Serial Principal Account an amount such that, if the same amount were so credited to the Serial Principal Account on the last business day of each succeeding month thereafter, the aggregate of such amounts on credit to the Serial Principal Account on each such principal payment date would be equal to the principal amount of all such Bonds becoming due on such principal payment date.

Sinking Fund Account. A separate account in the Airport Improvement Bond Fund is established to provide for the retirement of any Bonds issued as term bonds. Commencing with the last business day of the month which is twelve (12) months prior to the first mandatory retirement of any term bonds and on the last business day of each month thereafter, so long as any term bonds are Outstanding, the Authority shall transfer to the Sinking Fund Account an amount such that, if the same amount were so credited to the Sinking Fund Account on the last business day of each succeeding month thereafter, the aggregate of the amounts on credit to the Sinking Fund Account on the last business day of the month next preceding a mandatory retirement date would be sufficient to retire such term bonds in the principal amounts and at the times specified in the Supplemental Resolution providing for the issuance thereof.

Unless and except as otherwise provided in a Supplemental Resolution, the Authority may apply moneys credited to the Sinking Fund Account to the purchase of Bonds of a particular Series issued in term form, in which case the principal amount required to be redeemed on the next ensuing installment date shall be reduced by the principal amount of the Bonds so purchased; provided that no Bonds shall be purchased during the interval between the date on which notice of redemption is given and the date of redemption set forth in such notice unless the Bonds purchased are called for redemption in the notice or are purchased from moneys other than those credited to this Account. No purchase of Bonds shall be made if the purchase would require the sale at a loss of securities credited to the Sinking Fund Account unless the difference between the actual purchase price paid and the then maximum purchase price permitted to be paid is greater than the loss upon sale of such securities. The purchase price shall not exceed the then applicable redemption price of such Bonds plus accrued interest.

Debt Service Reserve Account. A separate account in the Airport Improvement Bond Fund may be established for each Series of Bonds to provide moneys which constitute a reserve for the payment of the principal, interest and premium, if any, on such Series of Bonds. The Debt Service Reserve Account Requirement for each Series of Bonds shall be that amount provided for in the Supplemental Resolution providing for the issuance of such Series of Bonds. No Bonds other than Bonds of the Series for which such account has been created shall have any right to be paid from such account. In the event Revenues are insufficient to make all the deposits required to be made to the Airport Improvement Bond Fund, such Revenues shall be deposited therein without regard to the existence of the Debt Service Reserve Accounts for the respective Series of Bonds.

Moneys on credit to a Debt Service Reserve Account shall be used and applied whenever there are insufficient moneys with respect to the Series of Bonds for which the Account was created on credit to the Interest Account, Serial Principal Account and Sinking Fund Account. Investment of moneys credited to the Debt Service Reserve Accounts shall be in Investment Securities maturing within the earlier of eight years or the final maturity date of the Series of Bonds then Outstanding for which the Account was created.

Additional Covenants of the Authority

The Basic Resolution contains certain covenants made by the Authority with the holders of all Bonds issued pursuant to the Resolution including but not limited to the following:

To Pay Principal, Premium and Interest of Bonds. The Authority will pay solely from the Revenues and other moneys pledged under the Resolution the principal of and interest and premium, if any, on each and every Bond when due.

To Operate and Maintain Airport. The Authority covenants that it shall operate, maintain and manage the Airport as a revenue-producing enterprise and in a manner consistent with the protection of the holders of the Bonds.

Agreements with Creating and Participating Municipalities. The Authority covenants that it will comply with, and enforce its rights under, the agreements with its creating and participating municipalities (defined in the Metropolitan Airport Authority Act). The Authority shall not consent to any amendments to airport use agreements now existing, or such agreements having expired or otherwise having terminated, enter into new airport use agreements or consent to any amendments to its agreements with said creating and participating municipalities, which would impair or diminish the security and payment of the Bonds.

Books and Accounts; Audits. The Authority covenants that it will maintain and keep proper books of account showing the amount and application of Revenues available for the purposes of the Resolution and all financial transactions in connection therewith, and shall cause such accounts to be audited by an independent certified public accountant annually, the audit to be completed within 120 days after the close of each Fiscal Year. A copy of such annual audit report shall be made available for public inspection and sent to the Trustee and any holder of Bonds upon written request.

No Superior or Equal Lien Bonds; Junior Lien Obligations Permitted. Except for the Bonds issued in accordance with the Resolution, the Authority covenants that it will not create or issue any evidences of indebtedness or additional indebtedness which will rank prior to or on a parity with the Bonds, or be secured by a lien and charge on the Revenues superior or equal to the lien and charge of the Bonds and the interest thereon, or superior or equal to the lien and charge on the Revenues or the payments and credits to be made therefrom under the Basic Resolution to the Accounts in the Airport Improvement Bond Fund. Nothing in the Basic Resolution shall prevent the Authority from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness junior and subordinate to the payments and credits from Revenues to be made under the Resolution, or secured by a lien junior and inferior to the lien and charge on the Revenues or any special account therein as set out in the Resolution.

Not to Encumber or Dispose of Airport Properties; Condemnation. The Authority covenants not to encumber any real or personal property constituting the Airport, or create any liens, pledges or charges upon the Revenues and money in the Revenue Fund other than those specified in the Resolution, and that it shall not sell, lease or dispose of all or substantially all of the Airport properties without simultaneously depositing, in accordance with the Basic Resolution, an amount of cash or Governmental Obligations (as defined below) sufficient so that no Bonds are any longer deemed Outstanding.

In the customary course of its business, the Authority may execute leases, licenses and agreements not inconsistent with the Resolution. The Authority may also enter into Special Facility Leases and may sell, lease or otherwise dispose of unserviceable, inadequate or obsolete properties or facilities Revenues from such sale, lease or disposition shall be applied to any lawful purpose of the Authority The amounts of any condemnation awards received by the Authority shall be held separate and apart in a special fund and applied to any lawful purpose.

Insurance. The Authority covenants that it will carry insurance with generally recognized responsible insurers at least to the extent similar insurance is usually carried by Airport operators operating properties similar to the Airport and that it shall seek the advice of an independent insurance consultant(s) to advise and assist the Authority with respect to the insurance program of the Airport.

Covenant Regarding Leases. The Authority covenants to obtain from each nongovernmental lessee of property financed with the proceeds of Bonds at the time the lease in question is executed an election by such nongovernmental lessee not to claim depreciation or an investment credit with respect to such property. Such election need not be obtained if the Authority shall obtain an Opinion of Counsel (who may be bond counsel to the Authority) that any failure to obtain such election will not cause the interest on the Bonds, which at the time of issuance thereof was not subject to federal income taxation, to be subject to federal income taxation.

Amending and Supplementing the Resolution

Without the consent of the holder of any Bond, the Authority may, from time to time, adopt a Supplemental Resolution providing for (i) the issuance of Bonds, Additional Bonds and Refunding Bonds; (ii) any changes, modifications, amendments or deletions to permit the Resolution to be qualified under the Trust Indenture Act of 1939; and (iii) any one or more of the following purposes if such modification will not adversely affect the right of any Bondholder: to change or correct the Resolution where advised by counsel that the changes are required to cure any ambiguity or mistake; to add additional covenants to further secure the payment of the Bonds; to surrender any right, power or privilege conferred upon the Authority by the Basic Resolution or any Supplemental Resolution; to confirm as further assurance any lien, pledge or charge created by the Basic Resolution or any Supplemental Resolution; to lawfully grant any additional rights to holders of the Bonds or to grant to the Trustee for the benefit of the Bondholders any additional rights, duties, power or authority; and to provide for the issuance of Bonds in book-entry or coupon form.

With the consent of MBIA and of the holders of not less than 51% of the principal amount of the Bonds then Outstanding, the Authority may adopt a Supplemental Resolution amending or supplementing the Basic Resolution; provided that the consent of the holder of each Bond which would be affected is required to: (1) change the maturity date for the payment of principal or dates for payment of interest or terms of redemption or reduce the principal amount or rate of interest thereof or any premium payable on redemption; (2) reduce the percentage of Bonds the holders of which are required to consent to any amendment or supplement to the Basic Resolution; or (3) give to any Bond any preference over any other Bond. After the holders of the required percentage of Bonds have filed their consents to any amending or supplementing of the Basic Resolution, the Authority shall mail notice setting forth the substance of the proposed amendment of supplement, postage prepaid, to each registered owner of Bonds then Outstanding.

If payment of debt service on a Series of Bonds is insured or otherwise credit enhanced, the issuer of the policy or credit enhancement may, at the option of the Authority, be considered as the Bondholder of such Series for purposes of consenting to amendments as provided by the Resolution.

Meetings of Bondholders. The Basic Resolution provides that the holders of not less than 20% of the Bonds Outstanding may call a meeting at any time: to consent to, approve, request or direct any action as required in the Resolution (including consenting to amendments or supplements or waiving a default or Event of Default); to give notices to the Authority; and to take further action permitted or for any other purpose concerning payment, security or enforcement of the Bonds.

Events of Default

Each of the following shall constitute an Event of Default: (a) default in the payment of principal, interest or premium, if any, on any Bond when due); (b) default in the performance of any other covenant, condition, agreement or provision contained in the Bonds or the Resolution for 60 days after written notice is given to the Authority of such failure by the Trustee, or to the Authority and the Trustee by the holders of not less than 25% of the principal amount of the Bonds Outstanding or any committee therefor, or (c) certain proceedings in bankruptcy or reorganization.

If an Event of Default has occurred and is continuing, the Trustee may and upon the written request of the holders of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Authority ipso facto declare the principal and interest on all Bonds immediately due and payable; provided that the principal and interest on Bonds shall not be declared immediately due and payable without the consent of MBIA.

Upon the occurrence of an Event of Default, the Trustee shall become vested with all the properties, rights and obligations of the Trustee as set forth in the Basic Resolution and shall take possession of, or supervision over the funds and accounts created under the Basic Resolution, including any Construction Fund created under any Supplemental Resolution, and collect and apply all Revenues and moneys in the same manner as the Authority itself might do, and shall act in place of the Authority in the exercise of all the rights and duties of the Authority under the Basic Resolution.

The Trustee in case of an Event of Default may, and upon the written request of the holders of not less than 25% in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, shall, exercise any or all of the following remedies to the extent that the same shall then be legally available:

(a) The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Bonds by a suit or suits in equity, in bankruptcy or at law either in mandamus or for the specific performance of any covenant or agreement contained in the Resolution or in aid of the execution of any power granted therein, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Bonds and/or the Resolution.

(b) The Trustee may proceed by appropriate proceedings in any court of competent jurisdiction in the Event of Default in the payment of principal of or interest on any Bonds, to obtain the appointment of a receiver for the Airport, which receiver may enter upon and take possession of the Airport and fix rates and charges and collect all Revenues arising therefrom in as full a manner and to the same extent as the Authority itself might do.

Except as otherwise specifically permitted by the Resolution, no Bondholder shall have any right to institute or prosecute any suit or proceeding at law or in equity for the appointment of a receiver of the Authority, for the enforcement of any of the provisions of the Resolution or of any remedies under the Resolution unless the Trustee, after a request in writing by the holders of 25% in aggregate principal amount of the Outstanding Bonds, and after the Trustee shall have been assured such reasonable indemnity as it may require, shall have neglected for 60 days to take such action; provided, however that the right of any holder of any Bond to receive payment of principal or interest, or both, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the consent of such holder.

If an Event of Default shall have occurred and be continuing, and in the event the Trustee shall have failed or refused to comply with the written request of the holders of Bonds as described in the preceding paragraph, the holders of not less than 20% of the Bonds Outstanding may call a meeting and elect a Bondholders' Committee. The holders of a majority of Bonds outstanding, in person or by proxy, constitute a quorum, and can elect, by minority vote, one or more persons to act as Trustee for all Bondholders.

Special Facility Bonds; Special Facilities

The Authority may issue Special Facility Bonds for the purpose of constructing a Special Facility (hangar overhaul, maintenance or repair building, or other aviation or space or airport or air navigation facility, including hotels, garages and other facilities related to the Airport) on land constituting a part of the Airport or which may be acquired for such purpose. The Authority may lease the Special Facility under the following conditions:

(1) No Special Facility may be constructed and leased where the services to be provided there are already available to the Airport, or if a lease would result in an estimated reduction of Revenues below the minimum covenanted to be produced in the Resolution;

(2) The Special Facility Lease shall be entered into pursuant to which the lessee shall pay (i) in periodic installments, a fixed rental sufficient to pay principal and interest on all Special Facility Bonds to be issued to pay the cost of construction or acquisition of a Special Facility; (ii) such further rentals necessary to maintain reserves required for such Bonds; and (iii) unless a ground rental is provided for, additional rentals to cover the cost of administrative expenses to the Authority; and

(3) If the land on which the Special Facility is to be constructed constitutes a part of the Airport, the lessee shall make additional payments for ground rentals free and clear of all other charges under the Special Facility Lease. If the Special Facility is located on land included in the Airport, all rentals in excess of those required to pay the Special Facility Bonds and connected expenses shall be paid to the Authority for its own use and purposes. Payments made under these conditions constitute Revenues to be paid into the Revenue Fund.

Special Facility Bonds shall be payable solely from the rentals pursuant to the Special Facility Lease; shall not be a charge or claim against the Revenues; shall mature within both the useful life of the facility and the term of the Special Facility Lease, and shall not be issued until the following conditions are met: (A) The Authority shall find and determine, and an Airport Consultant shall concur in a written opinion, the estimated useful life of the Special Facility, that the construction of a Special Facility and lease thereof do not violate the Resolution, that a lease has been entered into and that the rentals are sufficient to pay the principal and interest on any Special Facility Bonds, and additional charges, and that any additional rentals would be fair and reasonable; and (B) Counsel to the Authority and counsel to the lessee shall file an opinion with the Authority that the leases entered into are valid and binding.

Outstanding Bonds or an issue of Special Facility Bonds may be refunded by an issue of refunding Special Facility Bonds or by Additional Bonds under conditions provided for in the Resolution.

Discharge of Liens and Pledges; Bonds No longer Outstanding

The obligations of the Authority under the Resolution, including all Supplemental Resolutions, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be Outstanding (i) when such Bond is cancelled or purchased by the Authority from moneys in the Airport Improvement Bond Fund; or (ii) when the principal, interest and premium, if any on any Bond shall have been paid or moneys sufficient to make such payment, or Governmental Obligations, are irrevocably set aside with the Paying Agent to make such payment.

For purposes of discharging the obligations of the Authority with respect to the Bonds, Government Obligations shall mean (a) any of the Investment Securities defined in clauses (i), (ii) (iii) and (iv) of the definition of Investment Securities hereof, (b) Refunded Municipal Obligations, and (c) evidences of ownership of a proportionate interest in specified Refunded Municipal Obligations, which Refunded Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or possession thereof in the capacity as custodian. Such Governmental Obligations shall be either (i) non-callable, or (ii) not subject to redemption prior to the stated maturity date of Bonds being defeased, or (iii) have theretofore been irrevocably called such that the redemption date is the equivalent of the stated maturity of Bonds being defeased.

In the case of Bonds which, by their terms, may be redeemed or otherwise prepaid prior to their stated maturity dates, and which the Authority elects to redeem or prepay, no deposit of moneys or Governmental Obligations shall constitute such discharge and satisfaction until the Bonds have been irrevocably called or designated for redemption or prepayment, and until proper notice of redemption or prepayment is given in accordance with the Resolution, or irrevocable provision shall have been made for the giving of such notice; provided that nothing in the Resolution shall require or be deemed to require the Authority to elect to redeem or prepay any such Bond.

Moneys on deposit with the Paying Agent may be invested and reinvested in Governmental Obligations, and all income therefrom which is not required for the payment of the Bonds and interest and premium thereon with respect to which such moneys shall have been so deposited shall be paid to the Authority.

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APPENDIX E – FORM OF CONTINUING DISCLOSURE UNDERTAKING

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") dated as of June __, 2011 by the Memphis-Shelby County Airport Authority (the "Issuer") under a Basic Resolution and a Supplemental Resolution adopted by the members of the Issuer on January 29, 1988, as amended, and December 16, 2010, respectively (collectively referred to as the "Resolution"), is executed and delivered in connection with the issuance of the Issuer's $17,600,000 principal amount Airport Refunding Revenue Bonds, Series 2011B (AMT), $22,040,000 principal amount Airport Refunding Revenue Bonds, Series 2011C (AMT) and $41,170,000 principal amount Airport Refunding Revenue Bonds, Series 2011D (NON-AMT) (collectively, the "Bonds"). Capitalized terms used in this Undertaking which are not otherwise defined in the Resolution shall have the respective meanings specified above or in Article IV hereof. The Issuer agrees as follows:

ARTICLE I

The Undertaking

Section 1.1 Purpose. This Undertaking is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2 Annual Financial Information. (1) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with fiscal year ending June 30, 2011, by no later than six (6) months after the end of the respective fiscal year, to the MSRB.

(2) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3 Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(1) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB..

Section 1.4 Notice Events. (1) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Trustee.

(2) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

Section 1.5 Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Undertaking without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.6 Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Undertaking. If the Issuer chooses to do so, the Issuer shall have no obligation under this Undertaking to update such additional information or include it in any future Annual Financial Information or notice of a Material Event hereunder.

Section 1.7 No Previous Non-Compliance. The Issuer represents that in the previous five years, it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1 Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2 Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Undertaking, and revoke or modify any such designation.

Section 2.4. Transmission of Notices, Documents and Information. (1) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(2) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5 Fiscal Year. (1) The Issuer's current fiscal year is July 1-June 30, and the Issuer shall promptly notify (i)the MSRB and (ii) the Trustee of each change in its fiscal year.

Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1 Effective Date; Termination. This Undertaking shall be effective upon the issuance of the Bonds.

(1) The Issuer's obligations under this Undertaking shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(2) This Undertaking, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers an opinion of Counsel, addressed to the Issuer, to the effect that those portions of the Rule which require this Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2 Amendment. (1) This Undertaking may be amended, by written amendment of the Issuer, without the consent of the holders of the Bonds (except to the extent required under clause (d)(ii) of this Section 3.2), if all of the following conditions are satisfied: (a) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (b) this Undertaking as so amended would have complied with the requirements of the Rule as of the date of this Undertaking, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (c) the Issuer shall have delivered an opinion of Counsel, addressed to the Issuer, to the same effect as set forth in clause (b) above, (d) either (i) the Issuer shall have delivered an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel) and acceptable to the Issuer, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Undertaking pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of Bonds pursuant to Section 6.02 of the Master Resolution as in effect on the date of this Undertaking, and (e) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(2) This Undertaking may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Undertaking which is applicable to this Undertaking, (2) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer, to the effect that performance by the Issuer under this Undertaking as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(3) In addition to subsections (1) and (2) above, this Undertaking may be amended in writing by the Issuer, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have received an opinion of Counsel, addressed to the Issuer, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(4) To the extent any amendment to this Undertaking results in a change in the type of financial information or operating data provided pursuant to this Undertaking, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(5) If an amendment is made pursuant to Section 3.2(1) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3 Benefit; Third-Party Beneficiaries; Enforcement. (1) The provisions of this Undertaking shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Undertaking. The provisions of this Undertaking shall create no rights in any person or entity except as provided in this Section 3.3.

(2) The obligations of the Issuer to comply with the provisions of this Undertaking shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds when the Trustee is authorized to act in accordance with Section 11.01 of the Basic Resolution, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds when the Trustee is authorized to act in accordance with Section 11.01 of the Basic Resolution; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The holders' rights to enforce the provisions of this Undertaking shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Undertaking. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (1) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (2).

(3) Any failure by the Issuer to perform in accordance with this Undertaking shall not constitute a default or an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(4) This Undertaking shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Undertaking shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Undertaking addresses matters of federal securities laws, including the Rule, this Undertaking shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1 Definitions. The following terms used in this Undertaking shall have the following respective meanings:

(a) "Annual Financial Information" means, collectively, (i) the financial information and operating data with respect to the Issuer, for each Fiscal Year of the Issuer, as follows: financial information or operating data of the types included in the Official Statement under the headings "HISTORICAL ACTIVITY AT THE AIRPORT", "AIRPORT REVENUES", and "MANAGEMENT DISCUSSIONS OF RECENT TRENDS AND DEVELOPMENTS", and (ii) the information regarding amendments to this Undertaking required pursuant to Sections 3.2(4) and (5) of this Undertaking. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) "Audited Financial Statements" means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP provided, however, that pursuant to Section 3.2(1) hereof, the Issuer may from time to time, if required by Federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(1) hereof shall include a reference to the specific Federal or State law a regulation describing such accounting principles, or other description thereof.

(c) "Counsel" means Hawkins Delafield & Wood LLP, or other nationally recognized bond counsel or counsel expert in federal securities laws.

(d) "Event of Default" means an "event of default" as defined in Section 7.01 of the Master Resolution.

(e) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(f) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Undertaking.

(g) "Notice Event" means any of the following events with respect to the Bonds, whether relating to the Issuer or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(h) "Official Statement" means Official Statement Dated June 8, 2011 of the Issuer relating to the Bonds.

(i) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

(j) "SEC" means the United States Securities and Exchange Commission.

(k) "State" means the State of Tennessee.

(l) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V

Miscellaneous

Section 5.1 Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its duly authorized representative and has caused its corporate seal to be hereunto affixed and attested by an authorized representative, all as of the date first above written.

[SEAL]

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

By:____

Scott A. Brockman, Executive V.P.
Chief Operating Officer, Authority Treasurer
Memphis-Shelby County Airport Authority

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MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

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