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COMPTROLLER

NEWS NEWS NEWS

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Agency Boosts Lambert's Credit Despite Economic Downturn

ST. LOUIS, Jan. 21, 2009—Standard & Poor's, the nation's leading credit rating agency, affirmed Lambert-St. Louis International Airport's BBB+ debt rating and upgraded the airport's financial outlook from stable to positive. The action came last month after a routine review of Lambert's financial performance.

The rating agency cited the airport's good debt service coverage and general improvement in liquidity even with an anticipated decline in passenger traffic for this fiscal year. The agency went on to say that Lambert has done a good job of stabilizing its financial performance in the wake of American Airlines' flight reductions in 2003 and believes the airport's credit rating could receive another upgrade in the next 12-18 months.

"Lambert Airport continues to improve its overall financial position by exercising fiscal responsibility and taking steps to reduce expenses. The airport director and his staff are doing a good job of expanding passenger service and managing Lambert's finances. This credit upgrade validates the airport's long-term financial and operational plans and bodes well for the airport's overall success," explained Comptroller Darlene Green.

Airport officials recently announced a $2.7 million cost reduction plan that includes closing a 12-gate section of Concourse D between the Main and East Terminals, freezing a dozen positions and reconfiguring some operations to further improve its financial position.

The comptroller's office also helped establish the airport's debt service stabilization fund that has a current balance of $13.8 million and expects to increase to $30.2 million by 2011 as a result of a 2005 bond refunding. According to S&P, this fund adds additional protections and liquidity, making debt issued by Lambert more attractive to investors.

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The city of St. Louis anticipates issuing bonds in the coming months to finance airport terminal improvements as part of the Airport Experience Program. The specifics and timing of the bond issue are still being determined and will be based on market conditions. The comptroller's office believes the credit upgrade will reduce the cost of issuing those bonds.

In addition, Comptroller Green's conservative stewardship of the city's debt financing has proven to be right on track. While most other city, local and state governments are grappling with rising variable rate debt costs, risky swap transactions and associated swap termination payments, Comptroller Green has wisely utilized only low cost fixed rate debt for both Lambert and city financings.

As of today, Jan. 21, 2009, Lambert – St. Louis International Airport's credit ratings are as follows:

- Standard & Poor's rates Lambert's long-term debt a **BBB+** with a **positive** outlook.
- Fitch Ratings rates Lambert's long-term debt a **BBB+** with a **positive** outlook.
- Moody's Investors Service rates Lambert's long-term debt a **Baa1** with a **stable** outlook.

Comptroller Darlene Green remains committed to generating revenue for the city of St. Louis, safeguarding the city's credit rating and ensuring taxpayer money is spent wisely.

Lambert–St. Louis International Airport is the 30th busiest airport in the U.S. as ranked by Airports Council International-North America. Lambert serves more than 15 million passengers a year with an average of 300 daily departures to 70 national and international destinations. For more information on flights and services at Lambert-St. Louis International Airport, log onto www.flystl.com.

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