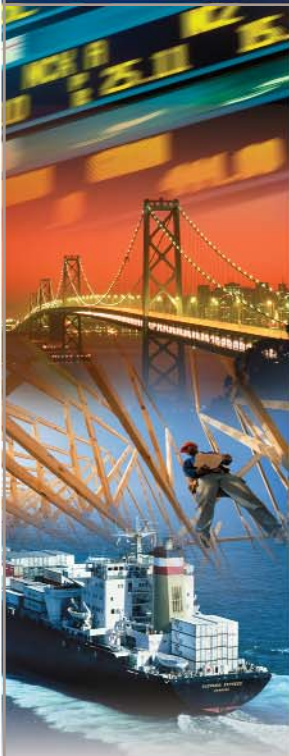


**Ambac**

## Minneapolis Airport Uses Financial Guarantee To Strengthen Recent Financing

\$249,300,000

Minneapolis-St. Paul Metropolitan Airports Commission  
Revenue Bonds



Difficult conditions have plagued the air travel industry since 2001, with increased fuel prices providing the latest hurdle. In spite of endemic challenges, many airports across the U.S. have continued to pursue capital improvements and expansion projects necessary to maintain their vital transportation hubs. In 2005, the Minneapolis-St. Paul Metropolitan Airports Commission (MAC) had projects underway as part of a long-term capital improvement program at its Minneapolis-St. Paul International Airport. With interest rates low, MAC decided to pursue a major bond offering to secure the funds needed for completion of the current plan. Although air traffic volume had recovered from its 2002 slump, MAC faced a daunting challenge in structuring and issuing the bond transaction: the airport's primary carrier, Northwest Airlines, was experiencing financial stress (and ultimately filed for bankruptcy in September 2005). As a result, MAC sought financial guarantee insurance to help reassure investors and strengthen its planned financing.

With extensive airport and airline finance experience, Ambac analyzed the deal and agreed to provide a triple-A-rated financial guarantee. Ambac underwriters focused on the airport's critical position in the metropolitan area's transportation infrastructure as well as the essential nature of the capital improvements being financed. Those projects include: completion of an extended runway; a 5,000 parking space expansion adjacent to the Humphrey Terminal; improvements to an additional terminal; flood protection projects at the St. Paul Downtown Airport; as well as other runway and airfield projects.

The \$249.3 million transaction, secured by net revenues of the airport system, came to market in May 2005 with top triple-A ratings. Ambac's guarantee helped reassure investors despite the current condition of the airline industry, enabling MAC to finance continued improvements necessary for the future.

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