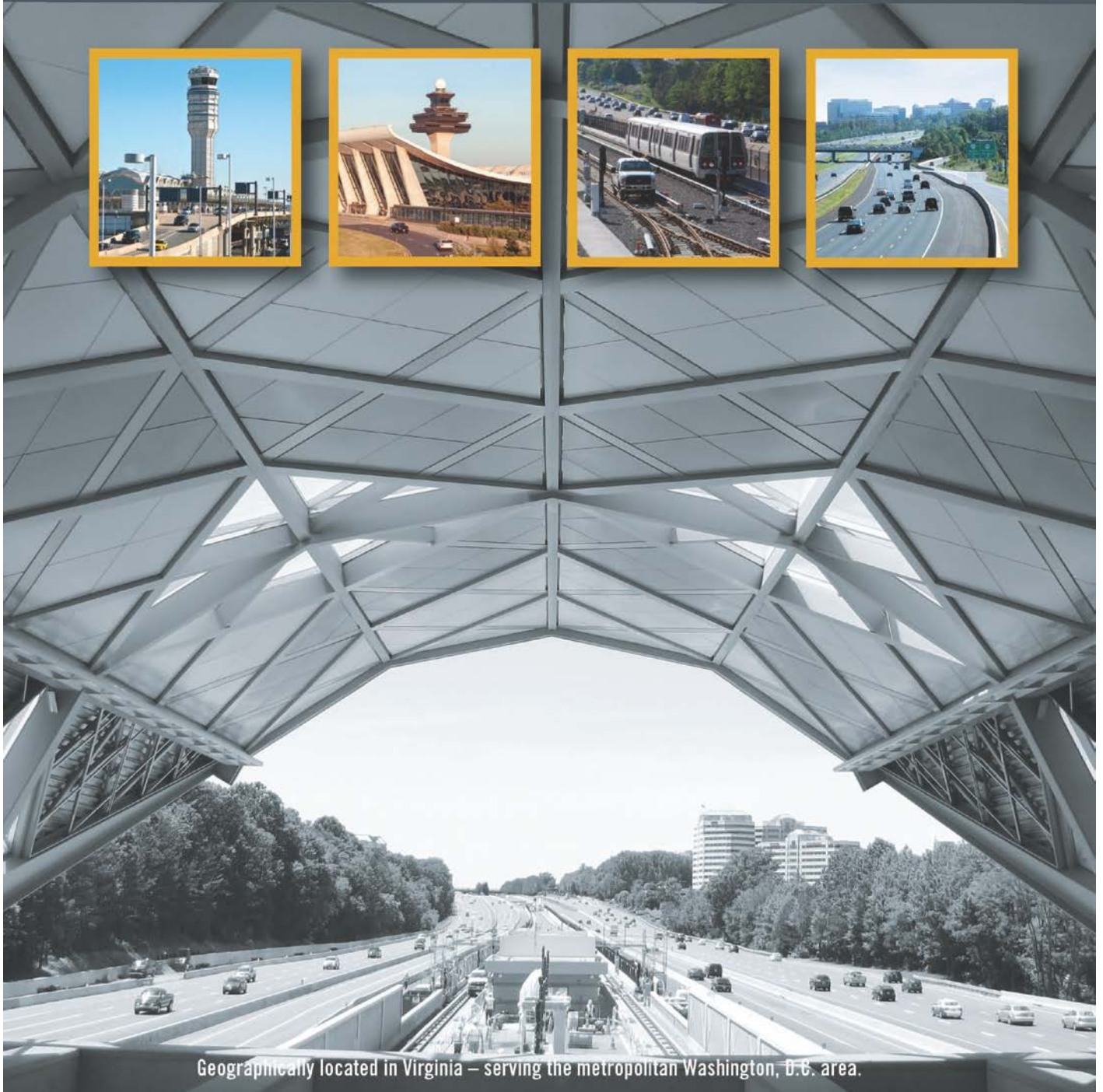
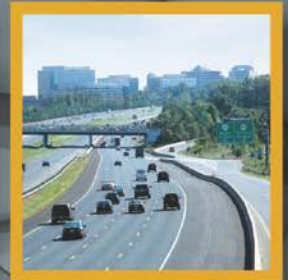


METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended December 31, 2014 and December 31, 2013



Geographically located in Virginia – serving the metropolitan Washington, D.C. area.



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**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED  
DECEMBER 31, 2014 and DECEMBER 31, 2013**

**BOARD OF DIRECTORS**

*as of December 31, 2014*

Frank M. Conner III, *Chairman*  
Warner H. Session, *Vice Chairman*  
Earl Adams, Jr.  
The Honorable C. Charles Caputo  
Lynn Chapman  
Michael Curto  
Bruce A. Gates  
Anthony H. Griffin  
Shirley Robinson Hall  
The Honorable Katherine K. Hanley  
Richard Kennedy  
Barbara Lang  
William Shaw McDermott  
Caren Merrick  
A. Bradley Mims  
Nina Mitchell Wells  
Joslyn N. Williams

**EXECUTIVE STAFF**

John E. Potter, President and Chief Executive Officer  
Margaret E. McKeough, Executive Vice President and Chief Operating Officer  
Jerome L. Davis, Executive Vice President and Chief Revenue Officer  
Quince T. Brinkley, Jr., Vice President and Secretary  
Andrew T. Rountree, CPA, Vice President for Finance and Chief Financial Officer  
Mark D. Adams, Deputy Chief Financial Officer

*Prepared by the Office of Finance*

*Geographically located in Virginia – serving the Metropolitan Washington, D.C. area*



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**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY**

**Comprehensive Annual Financial Report  
For the Fiscal Years Ended  
December 31, 2014 and December 31, 2013**

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**Metropolitan Washington Airports Authority**

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**Metropolitan Washington Airports Authority**

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# METROPOLITAN WASHINGTON AIRPORTS AUTHORITY



April 7, 2015

To the Board of Directors and  
The President and Chief Executive Officer of the  
Metropolitan Washington Airports Authority

The Comprehensive Annual Financial Report (CAFR) of the Metropolitan Washington Airports Authority (the Airports Authority) for the years ended December 31, 2014 and 2013 is submitted herewith. The Office of Finance prepared this CAFR. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Airports Authority. To the best of our knowledge and belief, this CAFR fairly presents and fully discloses the Airports Authority's financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America. It includes disclosures necessary to enable the reader to gain an understanding of the Airports Authority's financial activities. This CAFR was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

The management of the Airports Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Airports Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Airports Authority is responsible for ensuring that an adequate internal control structure is in place to maintain compliance with general and specific laws and regulations related to the Airport Improvement Program (AIP) and the Aviation Safety and Capacity Expansion Act, as well as the Federal Transit Administration (FTA) provisions of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users with regards to the Dulles Corridor Metrorail Project (Dulles Metrorail Project).

The objectives of an internal control structure are to provide management with reasonable assurance that resources are safeguarded against waste, loss, and misuse, and that reliable data is recorded, maintained, and fairly disclosed in reports. The Airports Authority's current internal controls provide a base of reliable financial records from which the financial statements are prepared. These controls ensure that accounting data is reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

As required by the Acts of the District of Columbia and the Commonwealth of Virginia (the Commonwealth), a firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Airports Authority in accordance with auditing standards generally accepted in the United States of America and to meet the requirements of the Federal Single Audit Act of 1984 (pursuant to OMB Circular A-133). The Airports Authority selected the firms of PricewaterhouseCoopers LLP and Bert Smith and Company, respectively, to perform these audit services. PricewaterhouseCoopers LLP has issued an unmodified

("clean") opinion on the Airports Authority's financial statements for the years ended December 31, 2104 and 2013. The report from PricewaterhouseCoopers LLP is located at the front of the financial section of this CAFR. The Single Audit Report and its opinion from Bert Smith and Company are presented under separate cover.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial Statements. The MD&A complements this Transmittal Letter and should be read in conjunction with it.

## **THE AIRPORTS AUTHORITY AND ITS PURPOSE**

The Airports Authority is a public body politic and corporate, created with the consent of the Congress of the United States by an Act of the District of Columbia and an Act of the Commonwealth of Virginia for the purpose of operating, maintaining, and improving Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Dulles International), (collectively, the Airports). The Airports had historically been managed by the Federal Aviation Administration (FAA) of the United States Department of Transportation. Pursuant to an Agreement and Deed of Lease, effective June 7, 1987, the Airports were transferred by the U. S. Government to the Airports Authority for an initial term of 50 years in accordance with the Metropolitan Washington Airports Act of 1986 (the "Federal Act"). On June 17, 2003, the Agreement and Deed of Lease was extended 30 years to June 6, 2067.

Pursuant to the Master Transfer Agreement, dated December 29, 2006 and effective November 1, 2008, the Virginia Department of Transportation (VDOT) granted a permit for the operation and maintenance of the Dulles Toll Road to the Airports Authority for a term of 50 years. As part of the agreement with the Commonwealth, the Airports Authority is constructing the Dulles Metrorail Project with an eastern terminus near the West Falls Church Metrorail Station on Interstate 66 and a western terminus of Virginia Route 772 in Loudoun County and is making other improvements in the Dulles Corridor consistent with VDOT and regional plans. The Dulles Corridor is defined as the transportation corridor with an eastern terminus of the East Falls Church Metrorail Station at Interstate Route 66 and a western terminus of VA Route 772 in Loudoun County, VA.

The Airports Authority is an independent interstate agency governed by a 17-member Board of Directors (the Board). The Board is appointed as follows: seven members by the Governor of Virginia subject to confirmation by the Virginia General Assembly, four members by the Mayor of the District of Columbia subject to confirmation by the Council of the District of Columbia, three members by the Governor of Maryland, and three members by the President of the United States with the advice and consent of the United States Senate. Members serve staggered, six-year terms without compensation and may be reappointed once. The Board establishes the Airports Authority's policy and appoints the President and Chief Executive Officer to oversee the operations of the Airports Authority. The Board annually elects a Chairman, Vice Chairman, and Secretary.

## **Aviation Enterprise Fund**

The Airports Authority operates a two-airport system that provides domestic and international air service for the mid-Atlantic region. All aviation-related activity is accounted for within the Aviation Enterprise Fund. The Air Trade Area (Area) for the Airports Authority is comprised of the District of Columbia, five Maryland counties, nine Virginia counties, six independent Virginia cities, and one West Virginia County. The Aviation Enterprise Fund uses aircraft landing fees, fees from terminal and other rentals, and revenue from concessions to fund operating and maintenance expenses. The operations of the Airports Authority are not taxpayer-funded.



## **2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **Metropolitan Washington Airports Authority**

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The Airports Authority's business relationship with the airlines operating at both Airports has been governed by a formal negotiated Airport Use Agreement and Premises Lease (Use and Lease Agreement) in effect since 1990 that provided for similar business terms for both Airports. That Use and Lease Agreement expired on September 30, 2014 and was extended through December 31, 2014 by Board action in September 2014 to allow sufficient time to complete negotiations of a new Agreement. The terms of the expiring 1990 Agreement have proven beneficial to the Airports Authority throughout changing industry conditions over time; therefore, the structure of the 1990 Agreement was used as the foundation for negotiation of a new Use and Lease Agreement.

In November 2014, the Airports Authority's Board approved a new Use and Lease Agreement to become effective January 1, 2015. The new Use and Lease Agreement is a single agreement, but with a 10 year term for Reagan National, and a three year term for Dulles International. As did the expiring agreement, the new Use and Lease Agreement addresses the following core business issues:

- Financial responsibilities of the Airlines, including airline rates and charges methodology,
- Operational protocols including space and equipment use and maintenance obligations,
- Airports' Capital Development Plans, and
- General Business Provisions (environmental, insurance, business rights).

Key provisions of the new Use and Lease Agreement are:

- A new Capital Construction Program (CCP) at both airports,
- A revised allocation for sharing Airport Net Remaining Revenue (NRR) with airlines at Reagan National (including 100 percent of NRR from 2014 to be retained by the Airports Authority for use in 2015),
- The Airports Authority can use NRR from Reagan National at Dulles International, up to certain limitations,
- NRR generated at Dulles International will be shared between the Airports Authority and Dulles International airlines in the same manner as Dulles International NRR has been shared under the 1990 Agreement (generally 50 percent to airlines and 50 percent to the Airports Authority up to a "plateau" amount of \$15.6 M in 2014, and thereafter 75 percent to airlines and 25 percent to the Airports Authority),
- Increased Debt Service Coverage payments from airlines for airline-supported cost centers at both airports (in years 2015 through 2017 airline funded debt service coverage will be 35 percent vs. 25 percent in the expiring Agreement).

The centerpiece of the new Airline Use and Lease Agreement at Reagan National includes a \$1 billion ten-year CCP that will provide for an additional north terminal facility, security access to National Hall, Terminal A renovations and various airfield, roadways, utility, and other enabling projects. The CCP at Reagan National will be debt-funded by the Airports Authority, however; the Airports Authority will seek available grants and authorization during the term of the Use and Lease Agreement to impose and use Reagan National PFCs to reduce debt for the Reagan National CCP.

Equally important, but smaller in scale, the new Airline Use and Lease Agreement at Dulles International includes a \$142 million three-year CCP that will provide for various airfield, utility systems and roadway projects. Improvements to increase the operational reliability of Concourse C/D systems are also included. The CCP at Reagan National will be primarily debt-funded, and the Airports Authority will seek grant funding where available.

Reagan National generated \$41.8 million in NRR in 2014, of which \$40.0 million will be credited to airline supported cost centers at Dulles International to mitigate airline rates and charges in 2015. Dulles International generated \$91.4 million in NRR in 2014. The Airline Use and Lease Agreement continues a long history of positive financial performance of the Airports Authority by sharing Net Remaining Revenues. (See Note 2 – Airport Use Agreement and Premises Lease).

### **Dulles Corridor Enterprise Fund**

Activities related to the Omer L. Hirst-Adelard L. Brault Expressway (also known as the Dulles Toll Road) and the Dulles Metrorail Project – a large capital improvement project extending the existing Metrorail system to Dulles International and beyond into Loudoun County – are accounted for within the Dulles Corridor Enterprise Fund. The Dulles Corridor Enterprise Fund is self-supporting, using tolls collected to support the Dulles Toll Road's operations and maintenance and, along with grants from federal, state, and local governments, to finance the Dulles Corridor's ongoing Capital Improvement Program, which includes the construction of the Dulles Metrorail Project.

Constructed in 1984, the Dulles Toll Road is an eight-lane (four lanes in each direction) limited-access highway 13.4 miles in length. It was built in 1984 by VDOT and, until November 1, 2008, had been maintained and operated solely by VDOT. It begins just inside the Capital Beltway (Interstate 495) near Falls Church, VA at the Interstate 66 connector to Washington, D.C. The Dulles Toll Road then travels westward through Fairfax County past Dulles International and terminates at the entrance to the Dulles Greenway, a privately-owned toll road. The Dulles Toll Road has one main line plaza at the eastern end near the Capital Beltway and 19 ramp plazas. On January 1, 2012, the toll rate was \$1.50 at the main line plaza and \$0.75 at the ramp plazas. On January 1, 2013, rates were increased to \$1.75 at the main line plaza and to \$1.00 at the ramp plazas. The Board approved a main line plaza toll rate increase to \$2.50, which became effective on January 1, 2014. At this time, no further toll rate adjustments have been approved by the Board.

The Dulles Toll Road has 59 toll collection lanes, including 20 E-ZPass-only collection lanes with eight more lanes to be converted by July 2015. All tollbooths are equipped with E-ZPass, an electronic toll collection system accepted in 15 contiguous states, including most states in the Virginia-to-Maine corridor.

On November 1, 2008, VDOT transferred operating and maintenance responsibility of the Dulles Toll Road to the Airports Authority through a permit and operating agreement for a period of 50 years. With the transfer of the Dulles Toll Road from VDOT, the Airports Authority committed to constructing the Dulles Metrorail Project. This 23.1-mile extension of the existing Metrorail system begins near the West Falls Church station, continues west through Dulles International and into Loudoun County. The project, once completed, will be conveyed to and operated by the Washington Metropolitan Area Transit Authority (WMATA) and will provide a one-seat ride from Dulles International to downtown Washington, D.C.

The Dulles Metrorail Project is being constructed in two phases and will include the addition of 128 rail cars to the existing WMATA fleet. Phase 1 of the Dulles Metrorail Project extends 11.7 miles from near the West Falls Church station to Wiehle Avenue in Reston, VA. It includes five new stations and improvements to the existing WMATA service and inspection yard at the West Falls Church station. Construction activities began in March 2009 and on July 26, 2014 the Silver Line opened for passenger service.

Upon completion of construction of each phase of the Dulles Metrorail Project and acceptance by WMATA into the Metrorail system, the Airports Authority will transfer, without financial retribution, ownership of the completed phase of the project to WMATA. At that point, WMATA will become the owner and operator of the completed phase and will be solely responsible for its operation and maintenance. None of the operating and

maintenance expenses of the completed phase will constitute operating or maintenance expenses of the Airports Authority. Such expenses will be payable entirely from WMATA's operating and other revenues (including revenues derived from the operation of the Dulles Metrorail Project). The debt associated with construction of each phase of the Dulles Metrorail Project will remain with the Airports Authority and will not be transferred to WMATA.

The total capitalized cost of the asset for Phase 1 (\$3.1 billion) as of December 31, 2014 has been transferred to WMATA and others and is reflected as a transfer to other governments. At this time the transfer of Phase 2 from the Airports Authority to WMATA is scheduled to occur in 2018. The revenue service date is separately determined by WMATA.

Phase 2 of the Dulles Metrorail Project will extend the Metrorail system an additional 11.4 miles from Wiehle Avenue in Reston to Dulles International and into Loudoun County. Phase 2 of the Metrorail Project includes six new stations and a maintenance yard located on Dulles International property. Preliminary engineering began under the direction of the Virginia Department of Rail and Public Transportation but was deferred before the transfer of the Project to the Airports Authority. Phase 2 preliminary engineering resumed in 2009, and 100 percent preliminary engineering was completed in February 2012. The first major procurement of the Phase 2 Design-Build was initiated in 2012, and a contract was awarded in May 2013 with notice to proceed given in July 2014. Construction for Phase 2 is planned through 2018.

## **AIRPORTS AUTHORITY'S ECONOMIC ENVIRONMENT**

In spite of continued volatility in the global and national economies, the Washington, D.C. economy has grown steadily for the past two decades. The region has been ranked the strongest local economy in the U.S. for four consecutive years by an independent economic research firm due to "rapid, consistent economic growth in both size and quality for an extended period of time" and has been ranked in the top three local economies since 2004.<sup>1</sup> While economic confidence generally improved in 2013, the District of Columbia was among the top ten states with the highest economic confidence index.<sup>2</sup> Moreover, Washington, D.C. was named to MarketWatch's list of Top 10 U.S. cities for growing businesses in 2014, noting that it is "among the few to remain near the top since the inception of 'Best Cities' in 2007" due to its highly educated talent pool and the federal government's presence.<sup>3</sup>

Population growth in the metropolitan Washington area has consistently outpaced population growth in the United States. Within the region, the largest concentrations of population are in the jurisdictions of Fairfax County, Virginia; Montgomery County, Maryland; Prince George's County, Maryland; and the District of Columbia.<sup>4</sup>

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<sup>1</sup> Source: Policom Corporation, Economic Strength Rankings 2015

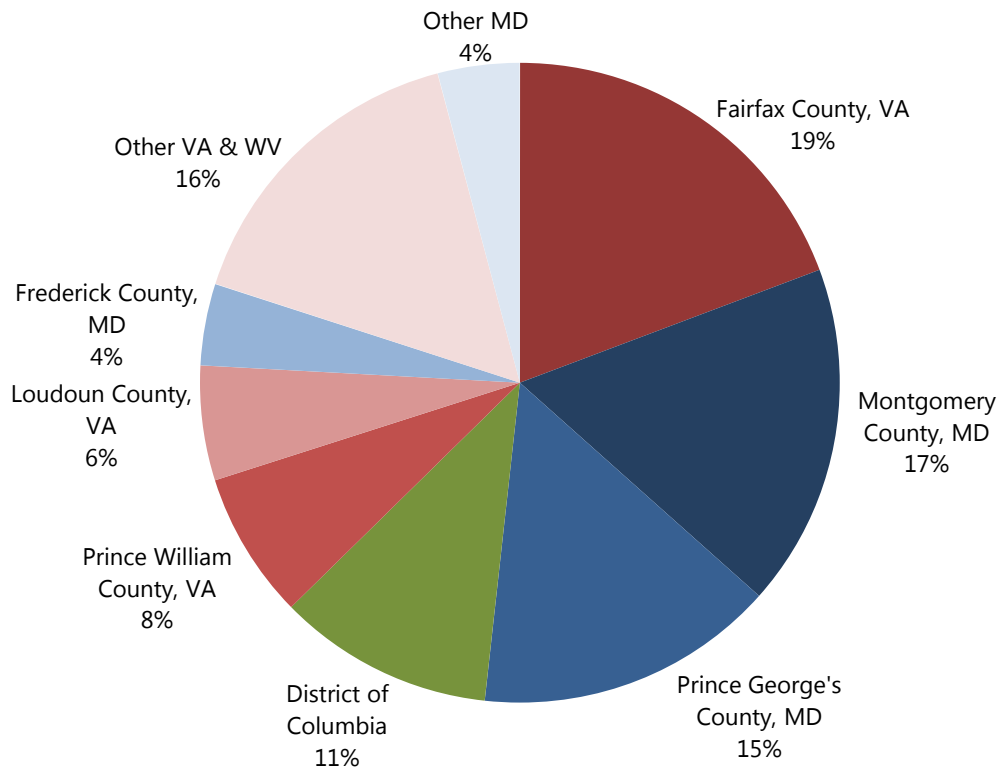
<sup>2</sup> Source: Gallup Economic Confidence Index 2013

<sup>3</sup> Source: MarketWatch Top 10 U.S. Cities for Growing Businesses

<sup>4</sup> Source: U.S. Census Bureau Population Division, March 2014.



**Air Trade Area**  
**Population Concentration of 5.8 Million Residents**  
**U.S. Census Bureau, 2014**



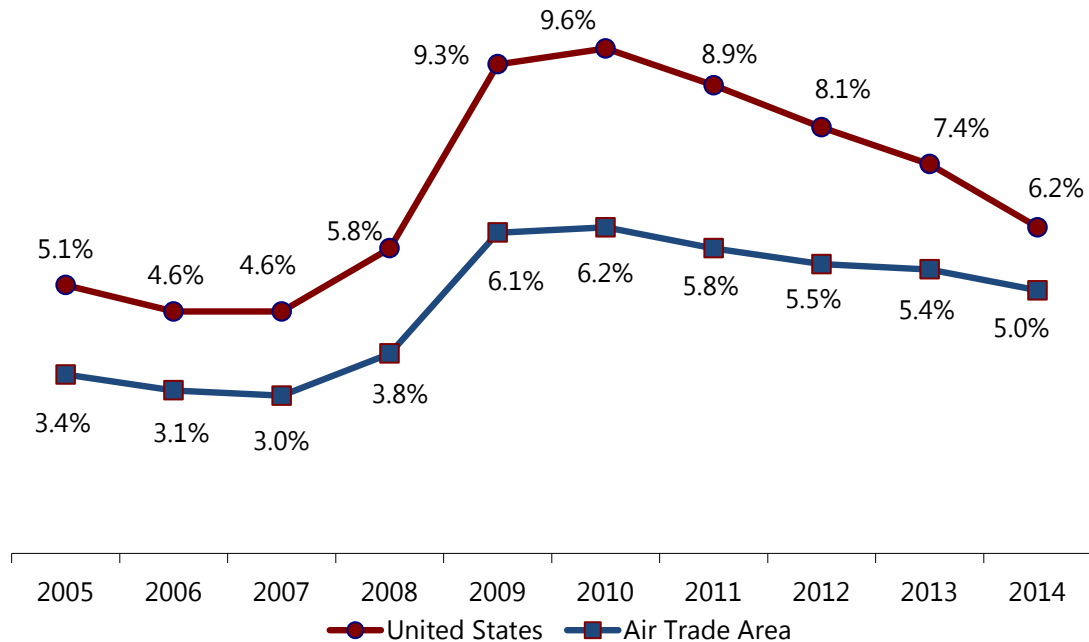
The region had the third highest economic growth in the nation in 2014<sup>5</sup>. Over the years, the Air Trade Area has consistently had a lower unemployment rate than the national average.<sup>6</sup> As of December 2014, the region's unemployment rate was 4.5 percent, significantly lower than the U.S. average of 5.7 percent.<sup>7</sup>

<sup>5</sup> Source: Policom Corporation 2014 Economic Strength Ranking, 2014.

<sup>6</sup> Source: U.S. Bureau of Economic Analysis, (Preliminary December 2014 data)

<sup>7</sup> Source: State of the U.S. Labor Market: Pre-December 2014 Jobs Release

**Average Annual Unemployment Rate**  
**U.S. Bureau of Labor Statistics**



Activity generated by the federal government provides a solid foundation and economic stimulus to the metropolitan area in both up and down cycles. While the impact of federal sequestration on the Air Trade Area was an estimated decline in the federal government's procurement spending of approximately 25 percent in 2014 to \$65.0 billion from the peak of \$82.5 billion in 2010, the Area continues to be supported by a diversified employment base.<sup>8</sup> The Air Trade Area boasts strong participation in professional business services; trade, transportation, and utilities; education and health services; and leisure and hospitality, and increased by 0.6 percent over 2013.<sup>9</sup> The Air Trade Area is also home to numerous large and small private companies, including 15 *Fortune* 500® companies.<sup>10</sup>

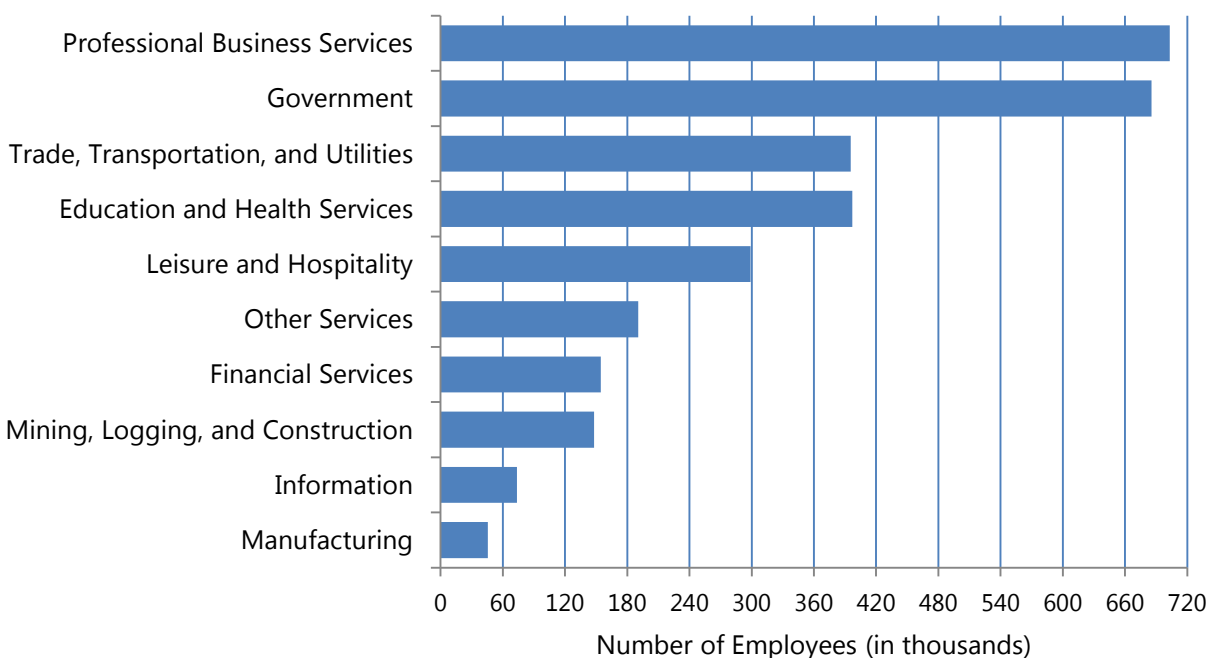
<sup>8</sup> Source: Federal Times, April 11, 2014.

<sup>9</sup> Source: U.S. Department of Labor, Bureau of Labor Statistics (Preliminary December 2014 data)

<sup>10</sup> Source: Fortune 500 2014 [http://money.cnn.com/magazines/fortune/fortune500/2014/full\\_list/](http://money.cnn.com/magazines/fortune/fortune500/2014/full_list/)



**Air Trade Area Employment by Industry – 2014**  
**Bureau of Labor Statistics**



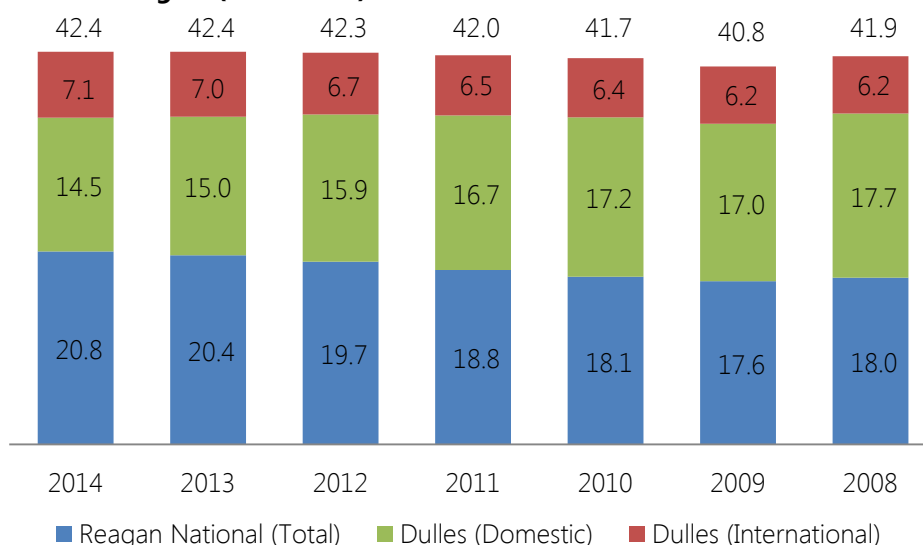
**Aviation and Toll Road Activity**

In 2014, combined Reagan National and Dulles International system enplanements grew by 0.4 percent, marking the fifth consecutive year of growth. Activity at Reagan National reached new record levels with total passengers of 20.8 million, representing a 1.9 percent increase over 2013 activity of 20.4 million, mainly due to the increase in Southwest service to many new domestic markets, as well as other carriers beginning service in new markets or additional service to beyond perimeter markets. The increase in enplanements at Reagan National was slightly under the U.S. system-wide industry average domestic enplanement increase of 2.7 percent.<sup>11</sup> Total aircraft operations at the airport decreased from 293 thousand operations in 2013 to 283 thousand operations in 2014.

Dulles International served 21.6 million passengers in 2014, a 1.7 percent decrease from 2013 when the airport served 21.9 million passengers. Total aircraft operations at Dulles International declined 6.0 percent in 2014 to 289 thousand operations from 308 thousand operations in 2013. The overall decrease was driven by a 3.3 percent decline in domestic passenger traffic primarily due to capacity reduction by United and repositioning of air service by JetBlue, Delta, Southwest/AirTran, and Virgin America to Reagan National. The decline in domestic passenger traffic was partially offset by a 1.6 percent increase in international passenger traffic. International passenger activity reached an all-time high of 7.1 million in 2014 and marked the eleventh consecutive year of international passenger growth at Dulles International. The airport is the region's international gateway and has continued to increase the number of destination offerings and attract new airlines, such as Air China and United service to Madrid, Spain and Nassau, Bahamas, which began service at Dulles International in 2014, and Brussels Airlines and Etihad Airways, which began service in 2013.

<sup>11</sup> Source: Airlines for America Monthly Passenger Traffic Report, December 2014

**MWAA System-Wide Passengers (in Millions)**



The Dulles Toll Road processed an average of 8.0 million toll transactions per month in 2014 and 8.2 million toll transactions per month in 2013. Dulles Toll Road toll transactions totaled 96.5 million in 2014 compared to 98.7 million in 2013, a 2.2 percent decline in activity. This decrease is consistent with planned projections and is primarily attributed to toll increases that went into effect on January 1, 2014. At the same time, Dulles Toll Road revenue has increased to \$148.7 million in 2014, a 17.0 percent increase over 2013.

**Industry Outlook**

The downward trend in air traffic levels reversed during 2010, and enplanements continued to experience a modest growth in 2012 and 2013. Industry-wide domestic enplanements increased 1.1 percent and 2.7 percent in 2013 and 2014, respectively, while industry-wide international growth averaged 3.5 percent and 2.9 percent, respectively.<sup>12</sup> Total global cargo was up 4.5 percent with the Middle East region accounting for the fastest air cargo traffic growth in 2014.<sup>13</sup>

Despite steady travel demand, airlines continued capacity discipline by constraining growth of flights and reducing overall seat capacity. Consolidation has made the airline industry more competitive while avoiding fare wars.<sup>14</sup> In recent years, U.S. airports have also been challenged with declining federal government airport funding, inflation in operating costs, and the cost of needed capital improvements. The Airports Authority has been closely managing budgeted expenditures and exploring strategies to increase non-airline revenues and minimize increases to airline rates and charges.

Toll roads in the U.S. have also been on a modest path of recovery from the economic downturn. Traffic and revenue trends have begun to stabilize, and toll roads are estimated to experience single digit traffic growth in 2015.<sup>15</sup>

<sup>12</sup> Source: Airlines for America Monthly Passenger Traffic Report, December 2014

<sup>13</sup> Source: IATA. Freight Analysis, December 2014.

<sup>14</sup> Source: Goldman Sachs Global Investment Research. US Airline Industry Update. February 19, 2014

<sup>15</sup> Source: Moody's Investors Service. Industry Outlook: 2014 Outlook – US Toll Roads. November 18, 2014

## **THE AIRPORTS AUTHORITY'S OPERATING BUDGETS**

The Airports Authority's annual operating budgets are a financial planning tool outlining the estimated revenues and expenses for both Enterprise Funds at certain activity levels. The budgets are a management tool, and, accordingly, are not prepared in a manner consistent with Generally Accepted Accounting Principles (GAAP). The President and Chief Executive Officer submits the Airports Authority's annual operating budgets to the Board for approval. Budgetary controls and evaluations are affected by comparing actual interim and annual results with the budgets, noting the actual level of activities, and ensuring compliance with the provisions of the annual operating budgets approved by the Board. In keeping with the requirements of a proprietary fund, budgetary comparisons have not been included in the financial section of this report.

### **Aviation Enterprise Fund**

In 2014, the Airports Authority budgeted minimal increases to airline rates and charges, maintained the ability to operate the Airports in a safe and secure manner, and met customer service standards, with the goal of sustaining the Airports Authority's long-term financial strength. Operating revenues surpassed budget expectations by 1.4 percent in 2014 compared to 1.1 percent over budget expectations in 2013. Operating expenses reached 95.6 percent of budget authorization in 2014, while in 2013 expenses reached 96.7 percent of budget authorization. The Airports Authority's 2014 Budget reflected a 0.7 percent decrease in revenues and a 0.8 percent decrease in expenses, as compared to the 2013 Budget.

#### Aviation Enterprise Fund Operating Budget

	Budget	Actual <sup>1</sup>	As a Percentage of Budget
2014 Revenues	\$ 671,172,000	\$ 680,417,764	101.4%
2014 Expenses <sup>2</sup>	\$ 335,419,000	\$ 320,638,060	95.6%
2013 Revenues	\$ 676,131,000	\$ 683,559,480	101.1%
2013 Expenses <sup>2</sup>	\$ 338,208,000	\$ 327,199,183	96.7%

<sup>1</sup> Actual results are stated on a budgetary basis for comparative purposes, which are not consistent with GAAP

<sup>2</sup> Does not include depreciation expense or debt service

### **Dulles Corridor Enterprise Fund**

The 2014 operating budget for the Dulles Corridor Enterprise Fund reflected the sixth full year of operating the Dulles Toll Road. Operating revenues reached 99.4 percent of budget expectations in 2014, while in 2013, operating revenues reached 99.6 percent of budget expectations. Operating expenses reached 93.8 percent of budget authorization in 2014 and 93.7 percent in 2013. The Airports Authority's 2014 Budget reflected a 17.3 percent increase in revenues, due to increases in toll rates, and a 0.3 percent decrease in expenses as a result of reduced collection services costs, due to transponder fees being charged directly to motorists by the Commonwealth of Virginia.

Dulles Corridor Enterprise Fund Operating Budget			
	Budget	Actual <sup>1</sup>	As a Percentage of Budget
2014 Revenues	\$ 149,595,000	\$ 148,652,741	99.4%
2014 Expenses <sup>2</sup>	\$ 28,169,000	\$ 26,420,130	93.8%
2013 Revenues	\$ 127,542,000	\$ 127,059,841	99.6%
2013 Expenses <sup>2</sup>	\$ 28,245,000	\$ 26,466,875	93.7%

<sup>1</sup>Actuals are stated on a budgetary basis for comparative purposes, which are not consistent with GAAP

<sup>2</sup> Does not include depreciation expense or debt service

## **LONG-TERM FINANCIAL PLANNING**

### **Aviation Enterprise Fund**

The Airports Authority's long-term financial planning includes the completion of certain approved capital expenditures and the accumulation of sufficient resources required to service the debt issued to finance these expenditures and operate and maintain the Airports. Under terms of the Use and Lease Agreement, fees and charges paid by the Airlines are used along with other income from the Airports to service the debt issued to finance the Capital Construction Program.

It is anticipated that the major portion of future facilities development will be financed with the proceeds of bonds issued under the Master Indenture of Trust. In addition, the Airports Authority also expects to use Passenger Facility Charge (PFC) revenues, federal and state grants, and the Airports Authority's portion of net remaining revenues to finance capital development costs. While recent regulatory actions have contributed to short-term growth at Reagan National, because the airport is regulated through slot and perimeter regulations, much of the long-term future growth in aviation activity for the Air Trade Area is expected to occur at Dulles International.

### **Dulles Corridor Enterprise Fund**

The Dulles Corridor Enterprise Fund's long-term planning includes the completion of the Dulles Metrorail Project and certain approved capital expenditures on the Dulles Toll Road and in the Dulles Corridor. The Airports Authority anticipates that future funding for the capital expenditures in the Dulles Corridor will include tolls collected on the Dulles Toll Road, debt secured by toll road revenue, and continued receipt of state and local grants. In October 2012, the Airports Authority submitted a joint Letter of Interest for funding under the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) together with Fairfax and Loudoun Counties, who are also contributing to the Metrorail Project. On February 24, 2014, the Airports Authority was formally invited by the U.S. Department of Transportation to apply for a TIFIA loan for the Dulles Metrorail Project, and on March 26, 2014, the Airports Authority submitted its application. On May 9, 2014, the Airports Authority's application for a secured loan under the Transportation Infrastructure Finance and Innovation Act of 1978 (TIFIA) to finance a portion of the costs of Phase 2 of the Metrorail Project was approved by the United States Department of Transportation (USDOT) in principal amount of \$1.278 billion. Subsequently, on July 16, 2014, the Airports Authority Board adopted Resolution No. 11-16 authorizing execution of the TIFIA Loan Agreement and issuance of Dulles Toll Road Junior Lien Revenue Bonds, TIFIA Series 2014. On August 20, 2014, the Airports Authority and the USDOT executed the TIFIA Loan Agreement which provides up to \$1.278 billion of financing

for Phase 2 of the Dulles Metrorail Project. No draws were made against the TIFIA loan in 2014; the first draw occurred in January 2015.

## **OTHER INFORMATION**

### **The Airports Authority's Website**

The Airports Authority has an Internet website offering a wide array of information to users, including financial information and operational statistics. Users can obtain direct access to the airlines serving the Airports, as well as flight arrival and departure information. The Airports Authority's CAFR, Budget, Master Indentures of Trust, Official Statements, Debt Service Review, airline rates and charges, and aviation statistics are posted on the website. The Airports Authority also posts monthly unaudited financial statements to include discussion of results and other information for the Airports Authority's bondholders and other interested parties. Financial information for the Airports Authority is available on the website at the following site: <http://www.mwaa.com>.

### **Recognition of Awards and Achievement**

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airports Authority for its CAFR for the year ended December 31, 2013. This was the twenty-fourth consecutive year that the Airports Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Airports Authority has also consistently received the GFOA's Award for Distinguished Budget Presentation and the GFOA's Popular Annual Financial Reporting Award, including for the last year.

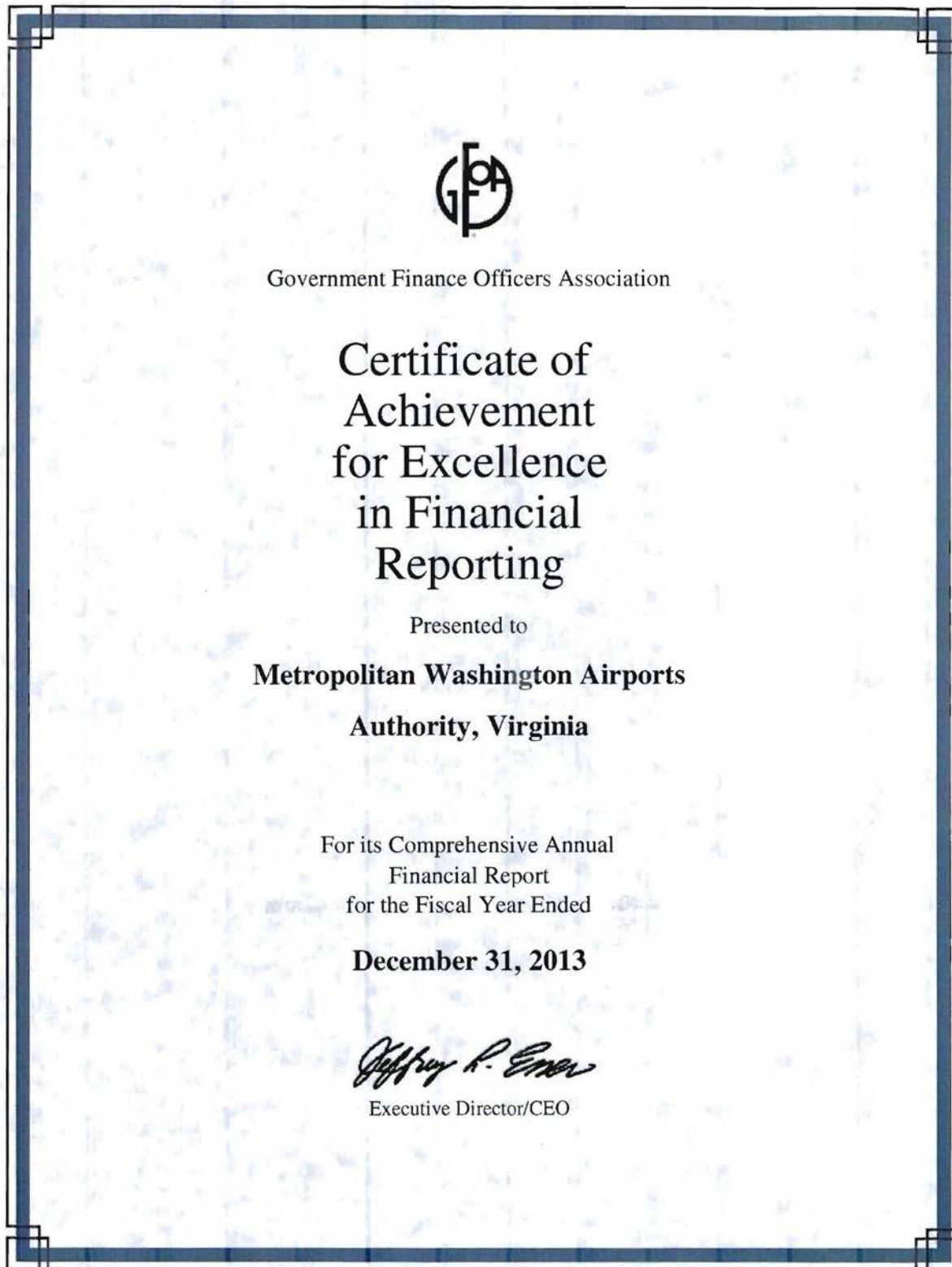
### **Acknowledgments**

In closing, I would like to thank the Board of Directors, the President and Chief Executive Officer, and the Executive Vice President and Chief Operating Officer for their leadership and support in planning and conducting the financial operations of the Airports Authority for 2014. Special thanks are expressed to Chris Wedding, Controller; Priya D'Souza, Manager, Financial Systems and Project Management and Diane Lary, Financial Technician for the preparation of this year's CAFR. I would also like to thank all personnel within the Office of Finance for their contributions, without whom this CAFR would not be completed. Finally, appreciation is expressed to the firm of PricewaterhouseCoopers LLP for their dedication to completing a timely audit.



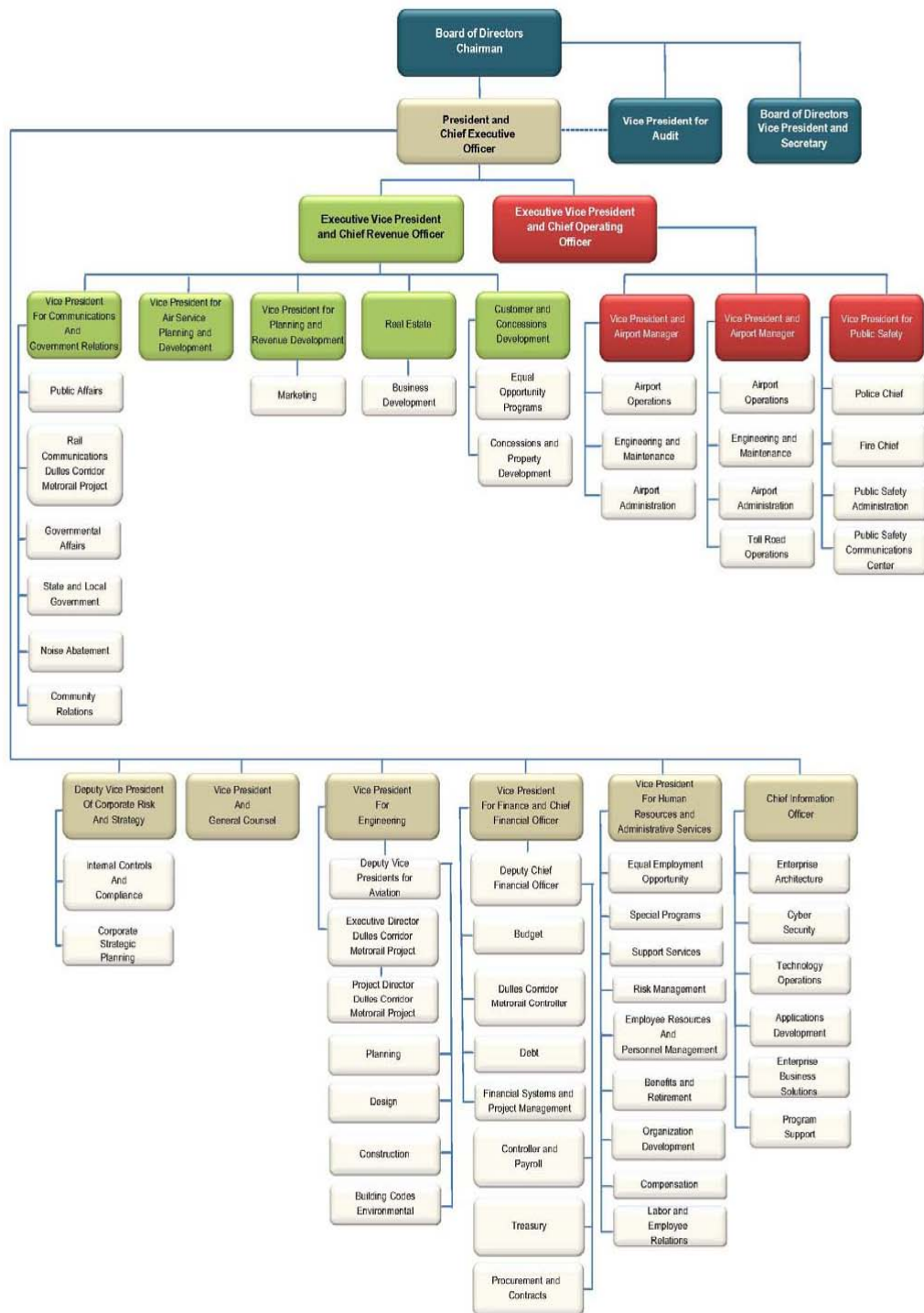
Andrew T. Rountree, CPA  
Vice President for Finance and Chief  
Financial Officer

**2013 Certificate of Achievement for Excellence in Financial Reporting**





## Organizational Chart





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## **Independent Auditor's Report**

To Board of Directors of  
the Metropolitan Washington Airports Authority

We have audited the accompanying financial statements of the Metropolitan Washington Airport Authority (the "Airports Authority") i) Aviation Enterprise, ii) Dulles Corridor Enterprise and iii) Total Business- Type Activities, as of and for the years ended December 31, 2014 and December 31, 2013, and the related notes to the financial statements, which collectively comprise the Airports Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Airports Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airports Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airports Authority i) Aviation Enterprise, ii) Dulles Corridor and iii) Total Business -Type Activities, as of December 31, 2014 and December 31, 2013 and the respective changes in the net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



### ***Other Matters***

The accompanying Management's Discussion and Analysis (MD&A) on pages 19 through 39 and the Schedule of Funding Progress for Defined Benefit Pension Plans, the Schedule of Funding Progress for Other Post-employment Benefit Plans, and the Statistical Section (collectively, referred to as "Required Supplementary Information – Other than MD&A") on pages 115 through 169 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airports Authority's basic financial statements. The introductory, MD&A and Required Supplementary Information – Other than MD&A sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*PricewaterhouseCoopers LLP*

April 7, 2015

## **Management's Discussion and Analysis (unaudited)**

### **INTRODUCTION**

The purpose of the following discussion and analysis of the financial performance and activity of the Metropolitan Washington Airports Authority (the Airports Authority) is to provide an introduction to and overview of the basic financial statements of the Airports Authority for the year ended December 31, 2014 with selected comparative information for the years ended December 31, 2013 and December 31, 2012. This discussion has been prepared by management, is unaudited, and should be read in conjunction with the financial statements and the notes that follow this section.

### **Using the Financial Statements**

The Airports Authority's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The presentation of the financial statements includes two enterprise funds. The Aviation Enterprise Fund encompasses the activity of Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Dulles International) (collectively, the Airports). The Dulles Corridor Enterprise Fund encompasses the Airports Authority's activity within the Dulles Corridor, which includes, but is not limited to, the Dulles Toll Road and the Dulles Corridor Metrorail Project (Dulles Metrorail Project). The Dulles Corridor is the transportation corridor with an eastern terminus of the East Falls Church Metrorail Station at Interstate Route 66 and a western terminus of VA Route 772 in Loudoun County, VA.

The Statements of Net Position depict the Airports Authority's financial position as of a point in time, December 31, and include all assets and liabilities of the Airports Authority. The Statements of Net Position present financial information on all of the Airports Authority's assets and liabilities, with the difference reported as net position. Net position is displayed in three components: net investment in capital assets, which includes capital assets funded from unrestricted and restricted sources, net of accumulated depreciation and outstanding debt attributable to acquisition of the capital assets; restricted when constraints are imposed by third parties or enabling legislation on assets or deferred outflows of resources, net of any liabilities and deferred inflows of resources which will be liquidated with the restricted assets; or unrestricted, which includes all remaining assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the preceding two categories. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Airports Authority is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position report total operating revenues, operating expenses, non-operating revenues and expenses, and other changes in net position for a fiscal period, the year ended December 31. Revenues and expenses are categorized as either operating or non-operating based upon management's policy as established in accordance with definitions set forth by GASB. Significant recurring sources of the Airports Authority's revenues, including Passenger Facility Charges (PFCs), investment income, and federal, state, and local grants are reported as non-operating revenues or capital contributions. The Airports Authority's interest expense is reported as a non-operating expense.

The Statements of Cash Flows present information showing how the Airports Authority's cash and cash equivalents position changed during the fiscal year. The Statements of Cash Flows classify cash receipts and

cash payments resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

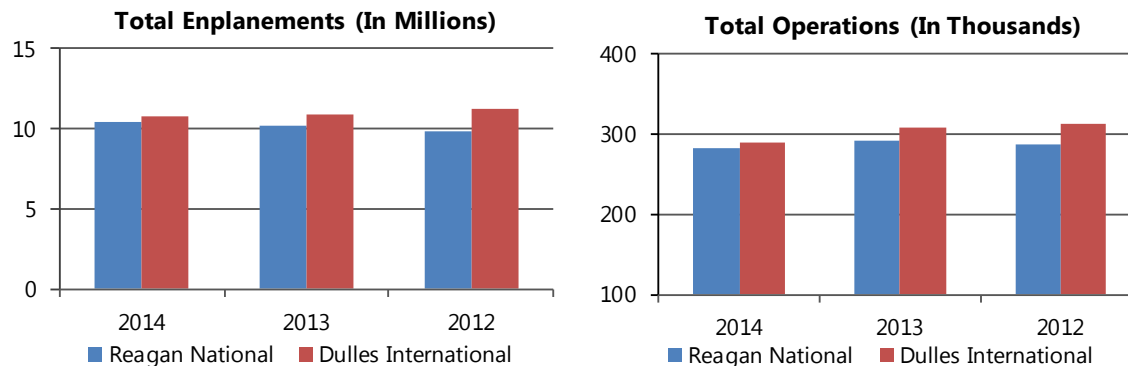
On January 1, 2013, the Airports Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65) which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

## **THE AIRPORTS AUTHORITY'S ACTIVITY HIGHLIGHTS**

### **Aviation Enterprise Fund**

Demand for air service is driven by economic conditions. In recent years, the aviation industry has been challenged by the global economic downturn, carrier consolidation, and thin profit margins. As a result, the Airports Authority has budgeted minimal annual increases to airline rates and charges, while maintaining the ability to operate the Airports in a safe and secure manner, meeting high customer service standards, and sustaining the organization's long-term financial strength. Activity at Reagan National and Dulles International has remained strong in the face of these industry challenges, with system-wide enplanements reaching 21.2 million in 2014. Airport enplanements and operations activity for the last three years follows:

#### **Enplanements and Operations Activity for 2012 to 2014**



**Enplanements and Operations Activity for 2012 to 2014**

	Enplanements and Operations		
	2014	2013	2012
<b>Reagan National Enplanements</b>			
Domestic	10,258,632	9,993,676	9,606,805
Transborder	199,721	204,020	181,350
Non-Commercial	<u>13,127</u>	<u>11,335</u>	<u>12,610</u>
Total Enplanements	10,471,480	10,209,031	9,800,765
<b>Dulles International Enplanements</b>			
Domestic	7,152,338	7,396,633	7,855,073
Transborder and International	3,527,036	3,463,983	3,317,819
Non-Commercial	<u>77,660</u>	<u>75,448</u>	<u>75,926</u>
Total Enplanements	10,757,034	10,936,064	11,248,818
<b>Airports Authority System-wide Enplanements</b>			
Domestic	17,410,970	17,390,309	17,461,878
Transborder and International	3,726,757	3,668,003	3,499,169
Non-Commercial	<u>90,787</u>	<u>86,783</u>	<u>88,536</u>
Total Enplanements	<u>21,228,514</u>	<u>21,145,095</u>	<u>21,049,583</u>
<b>Total Operations</b>			
Reagan National	283,180	292,656	288,176
Dulles International	<u>289,382</u>	<u>307,816</u>	<u>312,078</u>
Total Operations	<u>572,562</u>	<u>600,472</u>	<u>600,254</u>

Source: Airports Authority Records

Enplanements at Reagan National for the 12 months of 2014 were a record high of 10.5 million, the fifth consecutive year of growth. This compares to 10.2 million for 2013 and 9.8 million for 2012. This was largely due to increased activity for Southwest, JetBlue and Virgin America which have increased their presence at Reagan National in recent years; combined these carriers accounted for the majority of the increase in enplanements between 2012 and 2014.

In addition, the FAA Reauthorization Act of 2012 allowed each of four incumbent airlines at Reagan National to convert one slot to a beyond-perimeter flight (an exception to the Federal law limiting flights to nonstop distances of 1,250 miles or less), beginning in June 2012. The Reauthorization Act further allowed the addition of four new beyond-perimeter slot pairs beginning in August 2012 for a total of eight new beyond-perimeter flights, four for new entrants and four for legacy carriers. These beyond-perimeter flights are generally flown on larger aircraft, which translates into additional enplanements. New beyond-perimeter flights authorized in 2012 included Alaska Airlines service to Portland, Oregon; American Airlines service to Los Angeles, California; Delta Airlines service to Salt Lake City, Utah; JetBlue service to Puerto Rico; Southwest Airlines service to Austin, Texas; United Airlines service to San Francisco, California; California; and Virgin America service to San Francisco, California.

## 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

### Metropolitan Washington Airports Authority

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Further contributing to the growth in enplanement activity at Reagan National, in 2013 the Department of Justice approved a merger between US Airways and American which resulted in slots that were divested to Southwest, JetBlue, and Virgin America. However, new operations did not occur until the summer of 2014. With slots gained from the US Airways and American divestiture, Southwest expanded its service at Reagan National, increasing its 17 daily flights to 27 daily round trips. In 2014 JetBlue added new service to Charleston, Hartford, Bahamas and Jacksonville.

Total enplanements at Dulles International for 2014 were 10.8 million compared to 10.9 million in 2013 and 11.2 million in 2012. The decline in domestic enplanements between 2012 and 2014 is partially attributable to the transfer of select JetBlue and AirTran/Southwest air service to Reagan National and the transfer of certain Delta, Virgin America, and American air service to Reagan National as a result of the aforementioned regulatory changes at Reagan National. In addition, United continues to constrain its total seat capacity, since merging with Continental in 2010. In 2012 additional beyond perimeter exemptions were also added for new entrants and legacy carriers which led to the decline in domestic enplanements. United Airlines, including its regional affiliates, had the largest commercial passenger market share of 61.9 percent, a decrease compared to 65.5 percent in December 2013. With the Washington area economy growing and the Metrorail Silver Line on the way, Dulles will continue to fill the expanding air travel needs for the region. In May 2014 Frontier Airlines started a new low fare service from Dulles with nonstop flights to 14 destinations. International enplanements of 3.5 million in 2014 represented a 1.8 percent and 6.3 percent increase over 2013 and 2012 international enplanements, respectively. In 2014, new international markets included Air China to Beijing, and United to Madrid and Nassau. In 2013, new carriers Brussels Airlines and Etihad Airways added service to Brussels, Belgium and Abu Dhabi, United Arab Emirates, respectively.

Trade organization Airlines for America reported that in 2014 industry-wide North American domestic enplanements grew 2.7 percent, while international enplanements grew 2.9 percent, respectively. Reagan National enplanement growth was consistent with the industry domestic growth rate. Dulles International's domestic passenger growth rate declined 3.3 percent as a result of domestic carrier capacity adjustments. Although international enplanement growth of 1.8 percent at Dulles International was lower than the industry growth rate of 2.9 percent, Dulles served a record 7.1 million international passengers in 2014, which was the 11<sup>th</sup> consecutive year of international growth. Recent improvements at Dulles such as the Dulles Passport Express automated kiosks which help speed international arrivals process and Silver Line Express bus service have made getting to and from the airport more convenient and more cost effective for passengers.

<u>2014 Enplanements Growth</u>	<u>Airports</u>		
	<u>Authority</u>	<u>North America</u>	<u>Difference</u>
Reagan National (Domestic)	2.7%	2.7%	0.0%
Dulles International (Domestic)	-3.3%	2.7%	-6.0%
Dulles International (International)	1.8%	2.9%	-1.1%

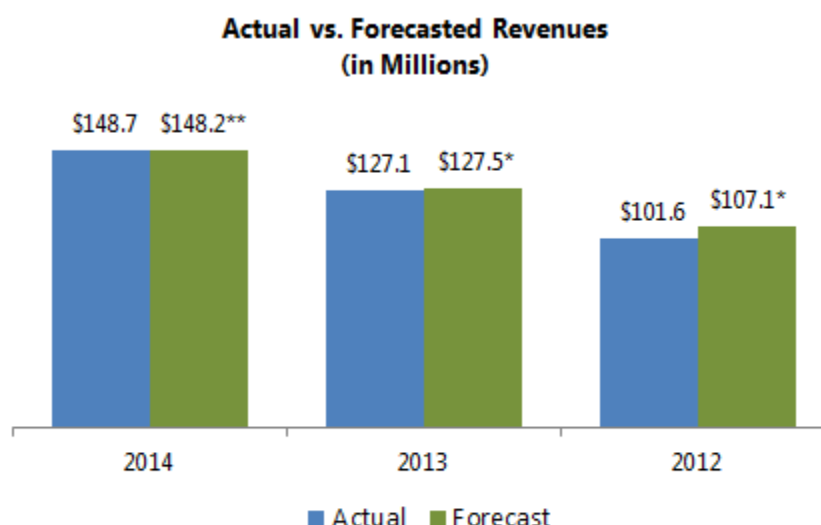
### **Dulles Corridor Enterprise Fund**

On November 1, 2008, the Virginia Department of Transportation (VDOT) transferred operating and maintenance responsibility of the Dulles Toll Road to the Airports Authority through a permit and operating agreement for a period of 50 years. As of October 1, 2009, the employees of the Dulles Toll Road became employees of the Airports Authority, and the Airports Authority's public safety department began providing the primary police and fire service for the Dulles Toll Road. As part of the agreement with the Commonwealth of Virginia (the Commonwealth), the Airports Authority is constructing the Dulles Metrorail Project from the vicinity

of the West Falls Church Metrorail station to Route 772 in Loudoun County and will make other improvements in the Dulles Corridor consistent with VDOT and regional plans, using revenues from the Dulles Toll Road to pay the resulting debt service.

Phase 1 of the Dulles Metrorail Project extends 11.7 miles from near the West Falls Church station to Wiehle Avenue in Reston, VA. It includes five new stations and improvements to the existing WMATA service and inspection yard at the West Falls Church station. Construction activities began in March 2009 and on July 26, 2014 the Silver Line opened for passenger service.

Toll rate increases implemented in each of the past three years resulted in expected declines in Dulles Toll Road transactions. The Dulles Toll Road processed an average of 8.0 million, 8.2 million and 8.3 million toll transactions per month in 2014, 2013 and 2012, respectively. The transaction levels resulted in revenues in 2014 that were slightly higher than the forecast made by the independent consulting firm that produced the 2013 Dulles Toll Road Traffic and Revenue Study. Total revenues in 2014 were approximately 100.3 percent of forecasted revenues compared to 99.7 percent in 2013 and 94.9 percent in 2012. Electronic (E-ZPass) transactions accounted for 83.1 percent of Dulles Toll Road revenue in 2014, an increase from 80.7 percent in 2013 and 77.4 percent in 2012.



\* T&R Study, April 2010

\*\* T&R Study, January 2013

## FINANCIAL HIGHLIGHTS - AVIATION ENTERPRISE FUND

Pursuant to the Airports Authority's Airport Use Agreement and Premises Lease (Use and Lease Agreement), the Airports Authority receives airline-based revenues such as terminal rents, landing fees, international arrival fees, and passenger conveyance fees as well as non-airline, activity-based concession revenues, which include public parking, rental car activities, and food, beverage, and retail operations, among others. Signatory airlines, those that have signed the Use and Lease Agreement, are required to pay actual costs plus debt service coverage, while the majority of concessionaires pay the greater of a percentage of sales revenue or a minimum annual guarantee.

## 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

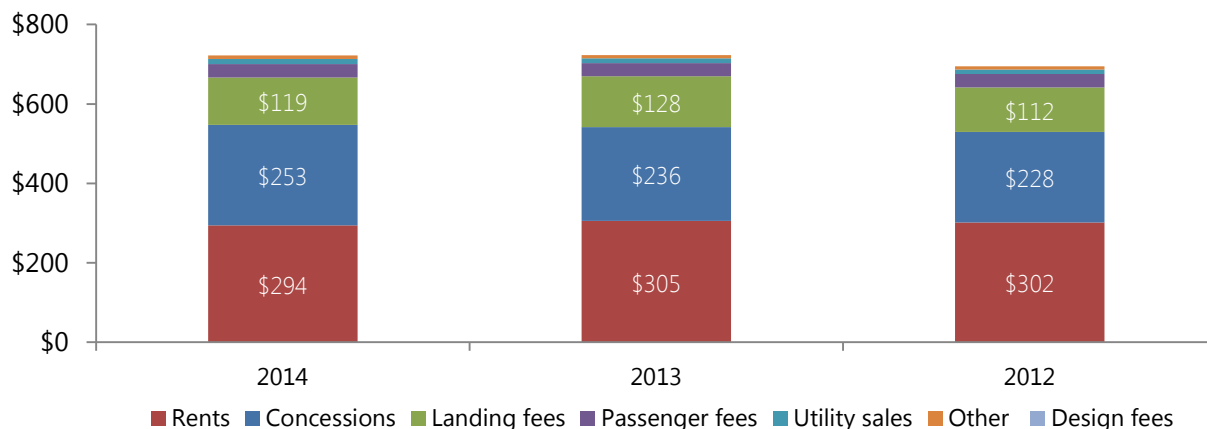
### Metropolitan Washington Airports Authority

The Aviation Enterprise Fund recorded \$722.2 million in operating revenues for 2014, a decrease of \$846 thousand from 2013. Aviation Enterprise Fund operating revenues increased \$28.1 million between 2012 and 2013.

Total operating revenues for each of the past three years follow:

	Aviation Enterprise Fund		
	2014	2013	2012
<b>Operating revenues</b>			
Rents	\$ 293,951,059	\$ 305,301,798	\$ 301,637,067
Concessions	253,486,229	236,254,054	227,719,891
Landing fees	118,863,519	128,386,773	112,282,616
Passenger fees	34,247,856	32,828,954	33,442,803
Utility sales	12,524,281	12,143,660	11,704,662
Other	9,103,861	8,108,012	8,160,525
Total operating revenues	<u>\$ 722,176,805</u>	<u>\$ 723,023,251</u>	<u>\$ 694,947,564</u>

**Aviation Enterprise Fund Operating Revenues (In Millions)**



### Airline Revenues

Airlines that operate at Reagan National and Dulles International pay for the actual costs to operate the Airports including the Airports Authority's principal and interest payments on outstanding Aviation Enterprise Fund debt, as well as debt service coverage. When operating costs for the Aviation Enterprise Fund increase or decrease there is a corresponding increase or decrease in the rates charged to the airlines. In 2014, airline revenue, which consisted of landing fees, terminal rents, and passenger fees, totaled \$447.1 million, which was a decrease of \$19.5 million, or 4.2 percent from prior year. In 2013, airline revenue, which consisted of landing fees, terminal rents, and passenger fees, totaled \$466.5 million, which was an increase of \$19.2 million, or 4.3 percent compared to 2012.

In 2014, rent revenues totaled \$294.0 million, which was a decrease of \$11.4 million, or 4.0 percent, from 2013. In 2013, rent revenues totaled \$305.3 million, which was an increase of \$3.7 million, or 1.2 percent, from 2012.



The key driver of decreased terminal rents in 2014 has been the decrease in activity in the Main Terminal and Terminal B at Dulles International.

Landing fee revenues totaled \$118.9 million in 2014, which was a decrease of \$9.5 million from 2013; landing fee revenues increased by \$16.1 million from \$112.3 million in 2012 to \$128.4 million in 2013. Landing fee rates at both airports increased in 2013 but decreased in 2014. Signatory landing fees per 1,000 pounds at Reagan National decreased to \$3.60 in 2014 from \$4.19 in 2013. In 2014, signatory airline landing fees per 1,000 pounds at Dulles International decreased to \$3.86 in 2014 from \$4.23 in 2013.

Passenger fees, including passenger conveyance, international arrivals fees, and fees paid by the Transportation Security Administration (TSA), totaled \$34.2 million in 2014 and increased \$1.4 million, or 4.3 percent, from 2013 due to increased international traffic. In 2013, passenger fees decreased \$614 thousand, or 1.8 percent, from 2012 due to reduced security fees.

### Concession Revenues

The Airports Authority's concession revenues totaled \$253.5 million in 2014, which was an increase of \$17.2 million, or 7.3 percent, from 2013 concession revenues of \$236.3 million. Concession revenues accounted for 35.1 percent of total operating revenues in 2014 which were attributable to increases primarily in parking, fixed based operator, inflight catering and duty free. Concession revenues in 2013 and 2012 were 32.7 percent of total operating revenues.

The following table details concession revenues by major category for the years ended 2014, 2013 and 2012:

	Concession Revenues		
	2014	2013	2012
Parking	\$ 116,494,286	\$ 110,113,780	\$ 108,943,383
Rental cars	36,298,071	36,416,084	35,433,032
Food and beverage	20,513,081	18,992,489	18,011,106
Fixed base operator	17,275,789	15,542,501	15,467,248
Newsstand and retail	11,622,016	12,814,549	12,238,148
Display advertising	9,295,511	10,240,914	10,665,291
Inflight caterers	12,087,658	10,005,313	7,925,048
Ground transportation	12,643,100	9,770,802	8,595,780
Duty free	8,189,287	4,666,805	4,455,682
All other	9,067,430	7,690,817	5,985,173
Total	<u>\$ 253,486,229</u>	<u>\$ 236,254,054</u>	<u>\$ 227,719,891</u>

Parking revenues continued to rank as the Airports Authority's largest concession in 2014, providing \$116.5 million in total revenues for the year, an increase of \$6.4 million, or 5.8 percent, from \$110.1 million in 2013 on higher overall passenger traffic and parking rate increases. Parking revenues in 2013 were higher compared to 2012 at \$108.9 million. Rental car revenues of \$36.3 million were relatively flat compared to 2013. New rental car contracts were executed at Reagan National in 2011; these contracts contained lower minimum annual guarantees than the contracts previously in effect. In 2013 rental car revenues increased \$1.0 million to \$36.4 million, due to higher revenues in excess of the minimum annual guarantee.

## **2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **Metropolitan Washington Airports Authority**

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The Airports Authority is implementing new food, beverage, and retail programs at both Airports; recently implemented concepts included Starbucks and Ben's Chili Bowl (a local favorite) at Reagan National in 2014. Food and beverage revenue totaled \$20.5 million in 2014, which represented an increase of \$1.5 million from 2013. Food and beverage revenue totaled \$19.0 million in 2013, which represented an increase of \$1.0 million from 2012. Food and beverage revenue increased \$736 thousand during 2012. Newsstand and retail revenue has decreased by \$1.2 million at \$11.6 million, which is attributed to a transition period to implement new offerings. It remained relatively flat at \$12.8 million and \$12.2 million in 2013 and 2012, respectively.

Fixed base operator revenues of \$17.3 million in 2014 increased by \$1.7 million from prior year. Fixed base operator revenues of \$15.5 million in 2013 remained consistent with prior year; increases in 2013 and 2012 were attributable to higher minimum annual guarantees. Inflight catering revenues increased \$2.1 million to \$12.1 million in 2014 as a result of increased international passenger traffic at Dulles International and new contracts that provide the Airports Authority with a higher percentage of revenues. Ground transportation revenues increased \$2.9 million in 2014, due to an additional shared ride service provider at both airports and higher minimum guarantees at Dulles International. All other areas of concession revenues accounted for a combined net increase of \$1.4 million over 2013. This increase was largely attributable to a \$1.1 million increase in foreign currency revenues due to a new contract that provides for a higher minimum annual guarantee.

### **Utility Sales and Other Revenues**

Revenues from utility sales to airport tenants were relatively flat year over year and were \$12.1 million and \$12.5 million in 2013 and 2014, respectively. Revenues from utility sales increased 3.8 percent from \$11.7 million in 2012 to \$12.1 million in 2013 due to higher consumption.

In 2014, other revenues, which primarily represent revenues from employee and tenant parking permits, increased by \$1 million to \$9.1 million. The increase is primarily due to a greater number of parking permits sold and the increase in parking fees. In 2013 and 2012 other revenues were relatively flat at \$8.1 million in 2013 and \$8.2 million in 2012.

### **Operating Expenses**

Operating expenses for the Aviation Enterprise Fund for the fiscal year ended December 31, 2014 totaled \$629.7 million, a decrease of \$1.1 million, or 0.2 percent, from 2013. 2013 operating expenses of \$630.8 million, was a decrease of \$42.3 million or 6.3 percent from 2012. The primary reason for this decrease was a one-time expense of \$40.2 million that was charged in 2012 in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (GASB 42) to write-off project costs for the discontinuation of the Tier 2 Concourse and related facilities at Dulles International and in-line baggage screening improvements at Reagan National. A \$19.9 million expense adjustment was also recorded in 2012 to reduce the balance of accumulated depreciation that had been recorded in 2011.

Materials, equipment, supplies, contract services, and other expenses decreased \$12.3 million, or 6.0 percent, to \$193.6 million in 2014 due to a decrease in snow supplies purchases and Information Technology related contractual services. In 2013 expenses increased \$11.0 million, or 5.6 percent to \$206.0 million primarily as a result of a \$3.9 million increase in non-capitalized facility projects, a \$3.1 million increase in snow and ice control supplies, and a \$2.6 million increase in bond issuance costs, which are now expensed in accordance with GASB 65. The same line item increased by \$7.4 million, or 3.9 percent in 2012, primarily due to a \$2.3 million increase in non-capitalized facility projects, a \$1.8 million charge for obsolescence of inventory, and a \$1.2 million increase in insurance payments and claims.

Salaries and related benefits expenses increased \$4.5 million, or 2.9 percent, from 2013 to \$160.2 million in 2014. Regular full time pay for Airports Authority employees increased \$2.7 million, or 2.7 percent, over 2013. Overtime costs increased \$28 thousand, or 0.4 percent, to \$7.3 million in 2014 as a result of winter weather events. In 2014, the Airports Authority's health insurance expenses increased \$1.6 million to \$23.8 million. The Airports Authority continued funding its Other Post-Employment Benefits (OPEB) program and recorded \$5.9 million in expenses for 2014 and \$5.7 million in expenses for 2013. The contribution percentages to the Airports Authority's pension plans decreased to 6.1 percent in 2014 from 7.8 percent of eligible earnings in 2013 for the General Employee Plan and decreased to 9.8 percent in 2013 from 13.5 percent of eligible earnings in 2013 for the Police and Firefighters' plan. The funded ratio as of the actuarial valuation date of December 31, 2014 was 107.7 percent for the General Employee Plan and 109.5 percent for the Police and Firefighters' plan.

The Airports Authority recorded an \$8.0 million impairment loss related to the Inline Baggage Screening project at Dulles International. The cost incurred was for design costs related to building changes which were determined to have no future value.

The Airports Authority's utility expenses for 2014 were \$26.2 million, an increase of \$80 thousand from 2013, or 0.3 percent. Utility expenses for 2013 were \$26.1 million, a decrease of \$1.1 million from 2012, or 4.2 percent. This decrease was a result of a reduction in natural gas usage and lower electricity rates compared to the prior year.

Depreciation and amortization expenses totaled \$236.3 million in 2014, a decrease of \$1.4 million or 0.6 percent from 2013. Depreciation and amortization expenses in 2013 were \$237.7 million, which was a \$16.1 million decrease from 2012 because of the aforementioned \$19.9 million reduction of accumulated depreciation in 2012, partially offset by a \$3.3 million adjustment to the 2012 balance to reflect implementation of GASB 65.

In 2014 at Reagan National, the Airports Authority completed Terminal A Building Rehabilitation and Switchgear and Supervisory Control and Data Acquisition (SCADA) systems. In 2013 runway 1/19 improvements were completed, as well as improvements to Terminal A. In 2012, the public safety communications center was upgraded to include additional functionality, the security systems were upgraded, and improvements were made to runways and taxiways. In 2014 at Dulles International, the South Baggage Basement EDS in-line baggage screening and the airfield pavements were completed. In 2013, a passenger boarding bridge was installed in Concourse C/D, improvements were made to taxi lanes and taxiways, and improvements were made to the communication system and cargo building systems. In 2012, projects included the first phase of building changes for in-line baggage screening and improvements to runways and cargo building systems. For more information on changes in capital assets, please refer to Note 9 – Changes in Capital Assets.

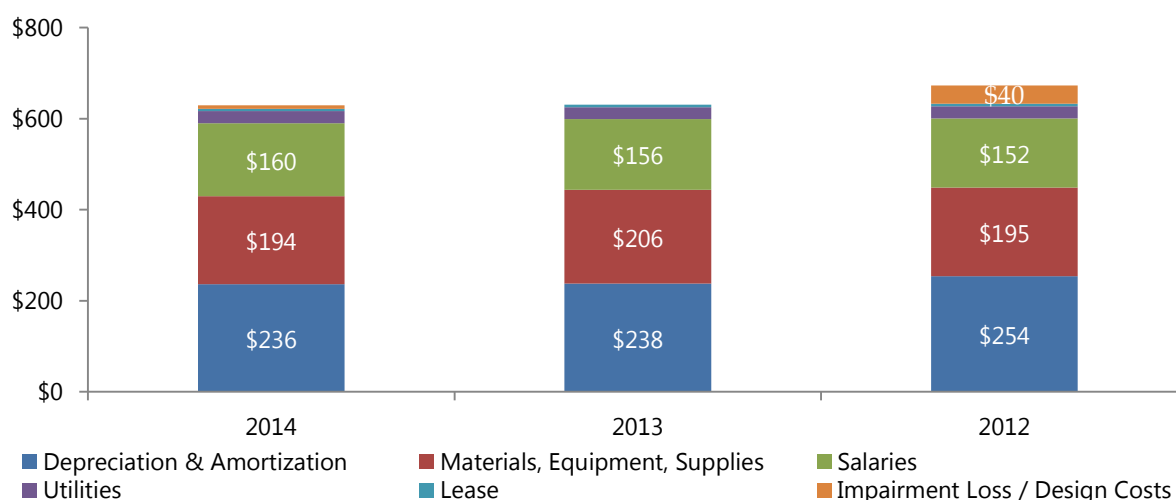
A cost allocation plan is used to identify and quantify all overhead and other indirect costs appropriately allocable to the Dulles Toll Road or to the Dulles Metrorail Project within the Dulles Corridor Enterprise Fund. As a result of this allocation plan, \$10.6 million, \$9.9 million and \$9.7 million of Aviation Enterprise Fund operating expenses were allocated to the Dulles Corridor Enterprise Fund in 2014, 2013, and 2012, respectively.

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The following presents total operating expenses for the years ended 2014, 2013 and 2012:

	Aviation Enterprise Fund		
	2014	2013	2012
<b>Operating expenses</b>			
Materials, equipment, supplies, contract services, and other	\$ 193,644,452	\$ 205,964,686	\$ 194,967,615
Salaries and related benefits	160,223,563	155,687,570	151,531,516
Impairment loss / design costs	8,000,402	-	40,239,036
Utilities	26,197,069	26,116,991	27,253,512
Lease from U.S. Government	5,297,523	5,335,290	5,303,936
Depreciation and amortization	236,314,390	237,667,144	253,743,153
Total operating expenses	<u>\$ 629,677,399</u>	<u>\$ 630,771,681</u>	<u>\$ 673,038,768</u>

**Aviation Enterprise Fund Operating Expenses (In Millions)**



**Changes in Net Position**

Operating income was \$92.5 million in 2014, which was consistent compared to 2013. Operating income was \$92.3 million in 2013, which was a \$70.3 million increase from 2012, when operating income totaled \$21.9 million.

When compared to 2013, total non-operating revenues decreased \$80.0 million and non-operating expenses increased \$74.6 million. Non-operating revenue in 2014 was comprised of \$13.5 million in investment income primarily as a result of interest earned on debt service reserve funds, and \$1.1 million of federal, state, and local grants in support of operations. Non-operating expenses, which included interest expense on the Aviation Enterprise Fund's \$5.1 billion in non-current liabilities, totaled \$202.6 million. Contributions to the Dulles Corridor Enterprise totaled \$34.7 million which reflected the Aviation Enterprises share of Phase 2 of the Dulles Metro Rail project. The \$54.2 million fair value loss on Swaps was a significant change from 2013 and 2012 when the change in fair value on Swaps was a gain of \$82.0 million and \$6.4 million, respectively. Please refer to Note 13 – Derivatives for more information on the swap portfolio.

Capital contributions include PFCs, federal, state, and local grants, and other capital property acquired. PFC revenue for 2014 was \$82.3 million, which was an increase of \$3.2 million from 2013. PFC revenue for 2013 was \$79.1 million, which was a decrease of \$4.2 million from 2012.

Federal, state, and local grants in support of capital programs were \$64.9 million in 2014, \$73.3 million in 2013, and \$54.5 million in 2012. In 2014, the Airports Authority received \$30.3 million in Airport Improvement Program (AIP) grants primarily to reimburse the capital costs of constructing the fourth runway at Dulles International, reconstructing a portion of Taxiway Y at Dulles International, reconstructing Taxiway Z & Taxiway C Reconstruction at Dulles International and improving the safety areas for runways 15/33 and 4/22 at Reagan National. The Airports Authority also received American Recovery and Reinvestment Act (ARRA) grants of \$32.4 million for the East/West in-line baggage electronic detection system. Please refer to Note 17 – Government Grants for more information on grant activity.

The change in net position is an indicator of the overall fiscal condition of the Aviation Enterprise Fund. Net position decreased in 2014 by \$37.1 million primarily due to fair value losses on Swaps and contributions to other governments. Net position increased in 2013 by \$130.9 million primarily due to higher operating income and an increase in fair value gain on Swaps. In 2012, net position decreased by \$29.5 million as a result of higher operating expenses relating to one-time impairment costs and depreciation adjustments.

The following represents a summary of the Statements of Revenues, Expenses and Changes in Net Position for the Aviation Enterprise Fund:

	Aviation Enterprise Fund		
	2014	2013	2012
Operating income			
Operating revenues	\$ 722,176,805	\$ 723,023,251	\$ 694,947,564
Operating expenses	<u>629,677,399</u>	<u>630,771,681</u>	<u>673,038,768</u>
Total operating income	<u>92,499,406</u>	<u>92,251,570</u>	<u>21,908,796</u>
Non-operating revenues			
Investment income	13,535,125	11,992,454	13,356,837
Federal, state and local grants	1,121,552	736,767	1,222,205
Fair value gains on swaps	<u>-</u>	<u>81,962,970</u>	<u>6,422,461</u>
Total non-operating revenues	<u>14,656,677</u>	<u>94,692,191</u>	<u>21,001,503</u>
Non-operating expenses			
Interest expense	(202,577,928)	(216,902,168)	(210,149,419)
Contributions to other governments	(34,727,931)	-	-
Fair value losses on swaps	<u>(54,156,518)</u>	<u>-</u>	<u>-</u>
Total non-operating expenses	<u>(291,462,377)</u>	<u>(216,902,168)</u>	<u>(210,149,419)</u>
Income/(Loss) before capital contributions	(184,306,294)	(29,958,407)	(167,239,120)
Capital contributions	<u>147,189,851</u>	<u>160,813,543</u>	<u>137,715,748</u>
Change in net position	<u>\$ (37,116,443)</u>	<u>\$ 130,855,136</u>	<u>\$ (29,523,372)</u>

**FINANCIAL HIGHLIGHTS - DULLES CORRIDOR ENTERPRISE FUND**

**Operating Revenues**

For the year ended December 31, 2014, the Airports Authority recorded toll revenues of \$148.7 million, which consisted of electronic toll collections (E-ZPass) of \$123.5 million, cash collections of \$22.8 million, and violations revenue of \$2.3 million. Overall toll collection revenue increased \$21.6 million from 2013, largely driven by a \$21.1 million increase in E-ZPass revenues. In 2014, E-ZPass revenue comprised 83.1 percent of toll revenues in 2014, up from 80.7 percent in 2013 and 77.4 percent in 2012. Overall increases in total operating revenue for 2014, 2013, and 2012 were driven by successive toll rate increases that went into effect on January 1 of each of the past three years.

	Dulles Corridor Enterprise Fund		
	2014	2013	2012
<b>Operating revenues</b>			
Electronic toll collection revenues	\$ 123,537,398	\$102,478,081	\$ 78,613,469
Cash revenues	22,818,643	22,735,432	21,892,705
Violation revenues	2,296,700	1,845,828	1,089,915
Other	-	500	7,750
Total operating revenues	<u>\$ 148,652,741</u>	<u>\$127,059,841</u>	<u>\$101,603,839</u>

**Operating Expenses**

For the years ended December 31, 2014 and 2013, the Dulles Corridor Enterprise Fund recorded \$48.4 million and \$39.9 million in operating expenses, respectively. Operating expenses were primarily comprised of materials, supplies, equipment, contract services, and other, which totaled \$32.0 million in 2014, an increase of \$9.0 million from 2013. This expense category included \$7.0 million in electronic toll collection fees paid to the third party processor of E-ZPass transactions and \$5.3 million in maintenance and repair costs. Snow removal costs increased \$406 thousand to \$1.3 million as a result of an increased amount of snowfall in 2014. In 2013, materials, supplies, equipment, contract services, and other totaled \$23 million, which included \$6 million in electronic toll collection fees paid to the third party processor of E-ZPass transactions and \$5.7 million in maintenance and repair costs.

The majority of costs related to the Dulles Corridor Enterprise Fund are directly charged to the Fund. In certain instances, overhead costs for the Airports Authority are initially paid from the Aviation Enterprise Fund but are appropriately allocable to the Dulles Corridor Enterprise Fund as costs associated with operation of the Dulles Toll Road or as costs of the Dulles Metrorail Project. In 2014, \$10.6 million was allocated from the Aviation Enterprise Fund to the Dulles Corridor Enterprise Fund, with \$5.4 million allocated to the Dulles Toll Road and \$5.2 million allocated to the Dulles Metrorail Project. In 2013, \$9.9 million was allocated from the Aviation Enterprise Fund to the Dulles Corridor Enterprise Fund, with \$5.6 million allocated to the Dulles Toll Road and \$4.3 million allocated to the Dulles Metrorail Project. In 2012, \$9.7 million was allocated from the Aviation Enterprise Fund to the Dulles Corridor Enterprise Fund, with \$5.3 million allocated to the Dulles Toll Road and \$4.4 million allocated to the Dulles Metrorail Project.

Depreciation and amortization expenses increased \$67 thousand to \$6.1 million in 2014. The same line item increased \$2.4 million from \$3.6 million in 2012 to \$6.0 million in 2013. Recent increases in depreciation and

amortization expenses were due to the Dulles Access Highway I-495 ramp that was placed into service in September 2012.

Salaries and related benefits expense decreased \$541 thousand from \$10.7 million in 2013 to \$10.2 million in 2014. The decrease in 2014 was primarily due to lower allocated salaries and benefits for corporate services from the Aviation Enterprise.

Dulles Corridor Enterprise Fund			
	2014	2013	2012
<b>Operating expenses</b>			
Materials, equipment, supplies, contract services, and other	\$ 31,968,250	\$ 23,017,779	\$ 20,603,618
Salaries and related benefits	10,155,910	10,697,056	9,763,238
Utilities	247,460	225,075	191,922
Depreciation and amortization	6,052,956	5,986,036	3,552,926
Total operating expenses	<u>\$ 48,424,576</u>	<u>\$ 39,925,946</u>	<u>\$ 34,111,704</u>



## Changes in Net Position

The Dulles Corridor Enterprise Fund closed 2014 with a decrease in total Net Position of \$2.8 billion. The following represents a summary of the Statements of Revenues, Expenses and Changes in Net Position of the Dulles Corridor Enterprise Fund.

	Dulles Corridor Enterprise Fund		
	2014	2013	2012
Operating income			
Operating revenues	\$ 148,652,741	\$ 127,059,841	\$ 101,603,839
Operating expenses	<u>48,424,576</u>	<u>39,925,946</u>	<u>34,111,704</u>
Total operating income	<u>100,228,165</u>	<u>87,133,895</u>	<u>67,492,135</u>
Non-operating revenues (expenses)			
Investment income (loss)	3,142,751	(1,854,080)	1,182,797
Federal, state and local grants	(64,739)	-	6,810
Interest expense	(63,532,479)	(21,467,437)	(19,322,104)
Contributions to other governments	<u>(3,010,874,621)</u>	<u>-</u>	<u>(313,812)</u>
Total non-operating revenues (expenses)	<u>(3,071,329,088)</u>	<u>(23,321,517)</u>	<u>(18,446,309)</u>
Income before capital contributions	(2,971,100,923)	63,812,378	49,045,826
Capital contributions	<u>124,408,417</u>	<u>136,179,778</u>	<u>286,167,948</u>
Change in net position	<u><u>\$(2,846,692,506)</u></u>	<u><u>\$ 199,992,156</u></u>	<u><u>\$ 335,213,774</u></u>

The decrease in net position for the Dulles Corridor Enterprise Fund totaled \$2.8 billion for the year ended December 31, 2014. The increase in net position for the Dulles Corridor Enterprise Fund totaled \$200.0 million, and \$335.2 million for the years ended December 31, 2013, and 2012, respectively. The 2014 decrease was primarily due to the WMATA Dulles Metrorail Project Phase 1 transfer in the amount of \$3.1 billion recorded as contributions to other governments. Total operating income for the Dulles Corridor Enterprise Fund was \$100.2 million, \$87.1 million in 2013, and \$67.5 million in 2012. The 17 percent increase in total operating income over 2013 was largely driven by toll rate increases that became effective January 1, 2014. In 2013 the 29.1 percent increase in total operating income over 2012 was also largely driven by toll rate increases that became effective January 1, 2013.

Total non-operating expenses increased from \$23.3 million in 2013 to \$3.1 billion in 2014, primarily as a result of contributions to other governments. Interest expenses totaled \$63.5 million, which was a \$42.1 million increase from 2013, as a result of increased borrowings. Investment income totaled \$3.1 million in 2014. In 2013 the Dulles Corridor Enterprise Fund had investment loss of \$1.9 million and in 2012, an investment income of \$10.9 million, respectively.

Government grants in support of capital programs for the Dulles Corridor Enterprise Fund totaled \$124.4 million for the fiscal year ending December 31, 2014 and \$136.2 million for the fiscal year ending December 31,

2013. Federal grants in 2014 included \$56.2 million related to the Dulles Metrorail Project, while local government contributions totaled \$68.2 million.

**STATEMENTS OF NET POSITION – TOTAL BUSINESS TYPE ACTIVITIES**

The Statements of Net Position present the financial position of the Airports Authority at the end of the fiscal year. The Statements include all assets and liabilities of the Airports Authority. Net Position is the difference between total assets plus deferred outflows and total liabilities plus deferred inflows and is an indicator of the current fiscal health of the Airports Authority. A summarized comparison of the Airports Authority's assets, liabilities and net position on December 31, 2014, 2013, and 2012, follows:

	Total Business-Type Activities		
	2014	2013	2012
<b>Assets</b>			
Current assets	\$ 1,171,306,196	\$ 953,742,525	\$ 780,698,464
Non-current assets			
Restricted	1,031,939,134	847,900,077	880,380,804
Unrestricted	130,771,614	377,740,115	209,261,341
Capital assets, net	<u>5,226,625,551</u>	<u>8,132,692,945</u>	<u>7,744,479,463</u>
Total Assets	<u>\$ 7,560,642,495</u>	<u>\$ 10,312,075,662</u>	<u>\$ 9,614,820,072</u>
Deferred Outflows of Resources	<u>\$ 70,987,218</u>	<u>\$ 65,951,606</u>	<u>\$ 67,406,909</u>
<b>Liabilities</b>			
Current liabilities	\$ 491,720,545	\$ 637,552,876	\$ 401,498,137
Non-current liabilities	<u>7,400,559,673</u>	<u>7,117,266,865</u>	<u>6,988,326,978</u>
Total Liabilities	<u>\$ 7,892,280,218</u>	<u>\$ 7,754,819,741</u>	<u>\$ 7,389,825,115</u>
Deferred Inflows of Resources	<u>\$ 127,946</u>	<u>\$ 177,029</u>	<u>\$ 218,660</u>
<b>Net Position</b>			
Net investment in capital assets	\$ (1,206,194,280)	\$ 1,925,134,409	\$ 1,930,730,211
Restricted	513,195,054	363,436,785	179,512,976
Unrestricted	<u>432,220,775</u>	<u>334,459,304</u>	<u>181,940,019</u>
Total Net Position	<u>\$ (260,778,451)</u>	<u>\$ 2,623,030,498</u>	<u>\$ 2,292,183,206</u>

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Current assets totaled \$1,171.3 million on December 31, 2014, an increase of \$217.6 million from 2013. Current assets increased \$98.1 million to \$878.8 million at December 31, 2013. Current assets for the Aviation Enterprise Fund increased \$318.9 million in 2014, primarily as a result of \$25.2 million increase in cash and cash equivalents, a \$291.8 million increase in investments, a \$64.2 million increase in restricted investments, and a \$3.1 million increase in accounts receivable, partially offset by a decrease of \$65.3 million in restricted cash and cash equivalents. Between 2012 and 2013, current assets for the Aviation Enterprise Fund decreased \$86.5 million due to a \$109.9 million decrease in cash and cash equivalents, \$36.5 million decrease in unrestricted investments, offset by a \$59.2 million increase in an unrestricted investments and a \$0.7 million increase in other current assets. Current assets for the Dulles Corridor Enterprise Fund decreased 23.7 percent, or \$101.3 million, in 2014 due primarily to a \$196.5 million decrease in restricted cash as a result of the payment of commercial paper notes totaling \$245.5 million partially offset by new commercial paper issuance in the amount of \$110.0 million, as discussed in Note 14 – Capital Debt. In 2013, the Dulles Corridor Enterprise Fund's current assets increased \$184.6 million, or 81.1 percent.

Non-current assets decreased \$2,969.0 million from 2013 to 2014 and increased \$599.2 million from 2012 to 2013, largely due to the Metrorail Phase 1 transfer from the Airports Authority to WMATA totaling \$3.1 billion and increases in capital assets, net of depreciation, totaling \$122.3 million respectively. The 2014 decreases were primarily related to the Dulles Metrorail Project. Other significant changes between 2013 and 2014 include a \$247.0 million decrease in unrestricted non-current assets as a result of a \$234.6 million decrease in investments within the Aviation Enterprise Fund. Total capital assets within the Dulles Corridor Enterprise Fund decreased \$2.8 billion as a result of Dulles Metrorail Phase 1 transfer of \$3.1 billion and a net decrease in Other Assets of \$3.1 million, partially offset by continued construction of the Dulles Metrorail Phase 2 Project of \$243.0 million. In 2013, the Aviation Enterprise Fund recorded a \$300 thousand increase in restricted non-current assets due largely to a \$5.7 million increase in cash and cash equivalents, and an \$18.6 million increase offset by a decrease of \$24.0 million in investments. Similarly, unrestricted non-current assets for the Aviation Enterprise Fund increased \$170.4 million due to a \$172.5 million increase in investments partially offset by a \$2.9 million decrease in bond issuance as a result of implementation of GASB Statement No. 65. The Dulles Corridor Enterprise Fund recorded an increase of \$455.2 million in capital assets in 2013, largely attributable to construction in progress for the Dulles Metrorail Project.

Current liabilities decreased \$145.8 million from 2013 to \$491.7 million, due primarily to the payment of current portion of bonds and notes payable and lower accrued liabilities that were partially offset by an increase in advanced billing and accrued interest payable. The Aviation Enterprise Fund's accounts payable and accrued expenses decreased \$17.9 million to \$61.6 million in 2014. The change was driven by a decrease in accounts payable, accrued expenses and rent payments received in advance, as well as, amounts due to signatory airlines as a result of the annual settlement process (please refer to Note 2 – Airport Use Agreement and Premises Lease for more information). As of December 31, 2014, the Dulles Corridor Enterprise Fund had \$30.2 million receivable from the Aviation Enterprise Fund for MWAA's share of the Dulles Metrorail Project in accordance with the agreement among funding partners, offset by cost allocations. In 2013, current liabilities increased \$180.8 million from 2012. The increase in current liabilities from 2012 was primarily driven by a \$145.2 million increase in current portion of bonds and notes payable and advance billing and payments received in advance of \$34.3 million in the Dulles Corridor Enterprise Fund.

In 2014, non-current liabilities increased \$283.3 million to \$7.4 billion. This increase was largely due to the increase in issuance of Bonds for the Dulles Corridor Enterprise Fund totaling \$474.2 million and increase in interest Swaps of \$54.2 million. These increases were offset by net Commercial Paper repayments of \$135.5 million, a \$43.7 million repayment on the Dulles Corridor Enterprise Full Funding Grant Agreement Notes, an increase in the accretion of the capital appreciation bonds of \$43.7 million, and a decrease in liabilities of \$30.0 million. Of these other liabilities, \$80.0 million was unearned grant revenues from the Commonwealth of

Virginia. In 2013, non-current liabilities increased \$128.9 million to \$7.1 billion. This increase was largely due to the issuance of Commercial Paper notes for the Dulles Corridor Enterprise totaling \$150.4 million, in addition to a \$110.4 million increase in other liabilities. Of these other liabilities, \$110.0 million was unearned grant revenues from Commonwealth of Virginia. These increases were offset by a \$82.0 million reduction in interest rate Swaps payable and a \$49.9 million reduction in bond payable.

Total net position, which represents the residual interest in the Airports Authority assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, decreased \$2.9 billion from 2013 and increased \$330.8 million from 2012. The Aviation Enterprise Fund and Dulles Corridor Enterprise Fund provided a \$37.6 million decrease and \$2.9 billion decrease, respectively for 2014. In 2013, the Aviation Enterprise Fund and the Dulles Corridor Enterprise Fund provided \$130.8 million and \$200.0 million increase in total net position respectively.

Net investment in capital assets decreased \$3.1 billion from 2013 and decreased \$5.6 million from 2012. The decrease in 2014 was attributable to a \$37.2 million and \$2.8 billion reduction in the Aviation Enterprise Fund and Dulles Corridor Enterprise Fund respectively. The decrease in 2013 was attributable to a \$43.4 million reduction within the Aviation Enterprise Fund, partially offset by a \$37.8 million increase in the Dulles Corridor Enterprise Fund.

On December 31, 2014, total restricted net position of \$513.2 million consisted of funds restricted for construction, debt service, leases, Dulles Metrorail Project latent defects, Dulles Toll Road repairs, and Public Safety. This was an overall increase from 2013 of \$149.8 million. The Aviation Enterprise Fund's restricted net position decreased \$3.2 million, primarily due to a \$2.3 million net decrease in assets restricted for construction. The Dulles Corridor Enterprise Fund's restricted net position increase of \$152.9 million included a \$165.2 million increase in assets restricted for construction. Total restricted net position increased \$183.9 million from 2012 to 2013 due to a \$169.70 million net increase in assets restricted for construction.

Total unrestricted net position at the end of the reporting period for the Airports Authority was \$432.2 million, which represented an overall increase of \$97.8 million from 2013. Unrestricted net position increased \$16.4 million to \$402.8 million for the Aviation Enterprise Fund and increased \$81.4 million for the Dulles Corridor Enterprise Fund. These net unrestricted assets may be used to meet any of the Airports Authority's ongoing operational needs, including debt service for the Aviation Enterprise Fund and Dulles Corridor Enterprise Fund, subject to approval by the Airports Authority's Board of Directors. Unrestricted net position increased \$152.5 million from 2012 to 2013 due an increase of \$144.3 million for the Aviation Enterprise Fund and \$8.2 million increase for the Dulles Corridor Enterprise Fund.

## **CAPITAL FINANCING AND DEBT MANAGEMENT**

### **Aviation Enterprise Fund**

The Airports Authority is financing its Aviation Enterprise Fund Capital Construction Program (CCP) through a combination of revenues, entitlements, and discretionary grants received from the Federal Aviation Administration (FAA), state grants, PFCs, and revenue bonds. Long-term debt is the principal source of funding for the CCP. Please refer to Note 14 – Capital Debt for additional detail on the Airports Authority's long-term debt activity.

On July 3, 2014, the Airports Authority Aviation Enterprise Fund issued \$539.3 million of Series 2014A Airport System Revenue and Refunding Bonds to refund \$432.4 million of outstanding Series 2004B-D bonds and

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### **Metropolitan Washington Airports Authority**

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provide \$106.8 million of new money to pay for certain capital projects at the Airports, including capitalized interest, and pay the cost of issuing the bonds.

The Series 2014A Alternative Minimum Tax (AMT) Airport System Revenue and Refunding Bonds refunded \$245.0 million of Series 2004B Bonds maturing in 2027-2034 for net present value savings of \$34.1 million, \$31.3 million of Series 2004C-1 Bonds maturing in 2020-2021 for net present value savings of \$4.9 million, \$93.7 million of Series 2004C-2 Bonds maturing in 2022-2024 for net present value savings of \$15.3 million, and \$112.3 million of Series 2004D Bonds maturing in 2015-2019 for net present value savings of \$11.5 million.

Total debt service savings through 2034, the term of the Refunded Bonds, is approximately \$111.5 million or over \$65.8 million on a net present value basis. Debt service savings in years 2015 are approximately \$8.5 million annually, \$5.8 million annually in 2016-2017, \$2.8 million annually in 2018-2019, \$4.5 million annually in 2020-2021, and \$4.6 million annually in 2022-2024.

The Airports Authority's Aviation Enterprise Fund's long-term uninsured bonds are rated "AA-" by Fitch, "A1" by Moody's, and "AA-" by Standard & Poor's Rating Services (S&P). On June 20, 2013, Moody's changed its rating from "Aa3" to "A1" and the outlook from "Negative" to "Stable" and affirmed the rating on May 22, 2014. On May 22, 2014, Fitch affirmed the "AA-" rating with "Stable" outlook. On May 28, 2014 and on January 23, 2015, subsequent to year end, S&P affirmed the Airports Authority's "AA-" rating with a "Stable Outlook".

The Airports Authority, through its Master Indenture of Trust, has agreed to maintain debt service coverage of not less than 1.25x. Debt service coverage is calculated as defined in the Master Indenture of Trust. Historically, the Airports Authority has maintained a coverage ratio significantly higher than its requirement. For 2014, 2013, and 2012 the Airports Authority's debt service coverage was 1.45x, 1.40x, and 1.35x, respectively.

#### **Dulles Corridor Enterprise Fund**

On May 22, 2014, the Airports Authority issued \$421.8 million of the Dulles Toll Road Second Senior Lien Revenue Refunding Bonds, Series 2014A to refund \$245.5 million of Commercial Paper, Series One and \$150.0 million of Subordinate Series 2013 Notes. The Series 2014A Bonds were structured as tax-exempt current interest term bonds maturing on October 1, 2053.

On August 20, 2014, the Airports Authority and the USDOT executed the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement which provides up to \$1.278 billion of financing for Phase 2 of the Dulles Metrorail Project. The interest rate on the TIFIA Loan is 3.21 percent. Interest on Dulles Toll Road Junior Lien Revenue Bonds, TIFIA Series 2014 does not accrue until loan proceeds are drawn and no debt service payments are required before April 1, 2019. The first mandatory principal payment is October 1, 2023 and the final maturity of the TIFIA Loan is October 1, 2044. No TIFIA Loan draws took place during 2014.

#### **FEDERAL, STATE, AND LOCAL GRANT ACTIVITY**

The Airports Authority receives grants from the United States government, the Commonwealth of Virginia, and other local grantors for certain operating and capital construction programs.

#### **Aviation Enterprise Fund**

In 2014, the Aviation Enterprise Fund received \$2.4 million in total federal, state, and local grants in support of operations. This included \$1.4 million in funding for the Law Enforcement Officer Reimbursement Program, which offsets expenses incurred by the Airports Authority's Public Safety personnel serving a support role to the

Transportation Security Administration (TSA). Other federal grants included \$726 thousand from TSA, which was used to offset the expense of training and caring for canines used in explosives detection and \$343 thousand related to the collaborative effort between the Airports Authority, the Department of Justice, and the U.S. Treasury Department.

The Aviation Enterprise Fund also recognized \$62.7 million in federal, state, and local grants in support of capital programs in 2014. The FAA's Airport Improvement Program provided \$30.3 million for runway construction and rehabilitation, taxiway reconstruction, and runway safety area improvements. TSA funding include ARRA funds related to capital programs for the Aviation Enterprise Fund totaled \$32.4 million in 2014 and were reimbursed for the costs of installing East/West in-line baggage screening at Dulles International Airport.

### **Dulles Corridor Enterprise Fund**

The Federal Transit Administration is the primary grantor to the Dulles Metrorail Project and has committed a total of \$900.0 million in federal New Starts funding for the project. The \$900.0 million Full Funding Grant Agreement (FFGA) was approved by the FTA on March 10, 2009 and is inclusive of all previously awarded grants for the Dulles Metrorail Project. During 2014, the Dulles Corridor Enterprise Fund recognized \$42.7 million of the FFGA award.

In 2009, USDOT allocated \$77.3 million in ARRA funding to the Dulles Metrorail Project. These funds replaced Section 5309 funds that are scheduled to be received in the final year (2016) of the FFGA. As of February 2012, the Airports Authority had fulfilled its ARRA local match requirement of \$199.2 million, and the close-out of the ARRA grant was completed on April 16, 2012.

During 2014, the Dulles Corridor Enterprise Fund recognized \$68.2 million of state and local grants in support of capital programs. In the 2014 Transportation Plan and 2014 Budget, the Commonwealth committed to provide \$300 million in funds to the Phase 2 Project. These funds will be provided over a three year period, \$100 million per year beginning in 2014. The first \$100 million was received by the Airports Authority in June 2014. In 2013, the Commonwealth of Virginia provided \$150.0 million in funding towards Phase 1 of the Dulles Metrorail Project in order to allow the Airports Authority to minimize future toll rates charged to users of the Dulles Toll Road. The first \$10.0 million was recognized in 2013 and \$30.0 million was recognized in w 2014.

Please refer to Note 17 – Government Grants for more information on grant activity.

### **CASH AND INVESTMENT MANAGEMENT – TOTAL BUSINESS TYPE ACTIVITIES**

The Airports Authority's cash and cash equivalents decreased \$114.1 million to \$771.5 million as of December 31, 2014. This was driven by a decrease of \$106.6 million in the Dulles Corridor Enterprise Fund and a decrease in available cash and cash equivalents, both restricted and unrestricted, of \$7.5 million in the Aviation Enterprise Fund. Cash and cash equivalents with an original maturity of three months or less are considered highly liquid investments. Restricted and unrestricted investments increased by \$161.2 million in 2014, which was attributable to a \$119.9 million increase in the Aviation Enterprise Fund and an increase of \$41.2 million in the Dulles Corridor Enterprise Fund investments.

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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The following summary shows the major sources and use of cash:

	Total Business-Type Activities		
	2014	2013	2012
Cash received from operations	\$ 872,649,747	\$890,435,794	\$823,810,455
Cash expended from operations	<u>(456,503,854)</u>	<u>(412,152,426)</u>	<u>(416,552,797)</u>
Net cash provided by operations	416,145,893	478,283,368	407,257,658
Net cash provided (used) by:			
Noncapital financing activities	(19,716,751)	733,463	915,187
Capital and related financing activities	(359,464,682)	(282,510,236)	(366,652,850)
Investing activities	<u>(151,022,546)</u>	<u>(171,853,266)</u>	<u>68,941,086</u>
Net increase (decrease) in cash and cash equivalents	(114,058,086)	24,653,329	110,461,081
Cash and cash equivalents, beginning of year	<u>885,546,785</u>	<u>860,893,456</u>	<u>750,432,375</u>
Cash and cash equivalents, end of year	<u>\$ 771,488,699</u>	<u>\$885,546,785</u>	<u>\$860,893,456</u>

Cash temporarily idle during 2014 was invested in demand deposits, certificates of deposit, commercial paper, United States government and agency obligations, mutual funds, repurchase agreements collateralized by the United States government or agency obligations, and other permitted investments as listed in the Master Indenture for the Airports Authority's outstanding bonds. During 2014, the Airports Authority's Aviation Enterprise Fund operating account average portfolio balance was \$544.4 million, and the average yield on investments was 0.2 percent. The capital funds are held by an agent for the Trustee but managed by the Airports Authority. For 2014, the capital funds had an average portfolio balance of \$469.7 million and an average yield of 2.4 percent. During 2014, the Airports Authority's Dulles Corridor Enterprise Fund operating account average portfolio balance was \$186.0 million and the average yield on investments was 0.0099 percent. As is the case with the Aviation Enterprise Fund, capital funds for the Dulles Corridor Enterprise Fund are held by an agent for the Trustee, but managed by the Airports Authority. For 2014, the capital funds had an average portfolio balance of \$264.5 million and an average yield of 1.4 percent.

Certain Airports Authority funds that will be used for bond requirements and capital projects are invested in long-term instruments. An annual cash flow projection for capital projects is developed for all bond proceeds, and investments are matched to maximize investment income while ensuring cash is available for capital project expenses. All investments must be made following the investment policy that was adopted by the Airports Authority's Board.

## **CAPITAL CONSTRUCTION**

### **Aviation Enterprise Fund**

The Aviation Enterprise Fund capitalized \$185.1 million in projects in 2014, principally for utility relocation related to runway 1/19 and Switchgear and SCADA systems at Reagan National and South Baggage Basement EDS in-line baggage screen and airfield pavements at Dulles International.



### **Dulles Corridor Enterprise Fund**

The Dulles Corridor Enterprise Fund's Renewal and Replacement program provided funds to address major maintenance requirements including overlays, sound wall repairs, bridge deck replacements, erosion and drainage control, and other maintenance projects. The Renewal and Replacement program is funded from toll road revenues. In addition, the Dulles Corridor Capital Improvement Program funds improvements related to the Dulles Toll Road, its ancillary ramps and interchanges, and the Dulles Metrorail Project. These projects, which are funded from bond proceeds, Federal Transit Administration grants, and contributions from Fairfax County, Loudoun County and the Commonwealth of Virginia, include the Dulles Metrorail Project, as well as other studies and improvements. The total Capital Improvement Program expenditure budget for 2014 was \$1.3 billion, of which \$671.0 million was allocated for Phase 1 of the Dulles Metrorail Project, \$516.4 million was allocated for Phase 2 of the Dulles Metrorail Project, and \$87.4 million for Dulles Toll Road.

For more information on capital asset activity, please refer to Note 9 – Changes in Capital Assets.

### **CONTACTING THE AIRPORTS AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide the Airports Authority's Board, management, investors, creditors, and customers with a general view of the Airports Authority's finances and to demonstrate the Airports Authority's accountability for the funds it receives and expends. For additional information about this report, or for additional financial information, please contact Andrew Rountree, Vice President for Finance and Chief Financial Officer, at the following address: 1 Aviation Circle, Washington, DC, 20001-6000 or e-mail [bondholders.information@mwaa.com](mailto:bondholders.information@mwaa.com).

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**Basic Financial Statements**

**Statement of Net Position**  
**As of December 31, 2014**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 78,356,107	\$ 211,006,641	\$ 289,362,748
Restricted cash and cash equivalents	145,929,877	91,506,017	237,435,894
Accounts receivable, net	46,603,602	427,798	47,031,400
Investments	433,042,016	-	433,042,016
Restricted investments	126,104,207	23,444,288	149,548,495
Inventory	7,796,162	165,090	7,961,252
Prepaid expenses and other current assets	<u>6,614,290</u>	<u>310,101</u>	<u>6,924,391</u>
Total current assets	<u>844,446,261</u>	<u>326,859,935</u>	<u>1,171,306,196</u>
<b>Non-current assets</b>			
Restricted:			
Cash and cash equivalents	48,565,054	196,125,003	244,690,057
Accounts receivable	42,634,745	253,827,914	296,462,659
Investments	<u>320,321,213</u>	<u>170,465,205</u>	<u>490,786,418</u>
Total restricted	<u>411,521,012</u>	<u>620,418,122</u>	<u>1,031,939,134</u>
Unrestricted:			
Note receivable	845,296	-	845,296
Investments	95,988,252	-	95,988,252
Net pension assets	3,783,068	-	3,783,068
Bond issuance costs	8,805,261	17,650,135	26,455,396
Other assets	<u>3,678,812</u>	<u>20,790</u>	<u>3,699,602</u>
Total unrestricted	<u>113,100,689</u>	<u>17,670,925</u>	<u>130,771,614</u>
Capital assets:			
Land and other non-depreciable assets	182,708,088	-	182,708,088
Construction in progress	319,586,709	1,597,362	321,184,071
Construction in progress - Dulles Metrorail Project Phase 1	-	-	-
Construction in progress - Dulles Metrorail Project Phase 2	-	428,055,158	428,055,158
Buildings, systems and equipment	7,019,294,781	84,227,438	7,103,522,219
Less: accumulated depreciation	<u>(2,798,358,905)</u>	<u>(10,485,080)</u>	<u>(2,808,843,985)</u>
Capital assets, net	<u>4,723,230,673</u>	<u>503,394,878</u>	<u>5,226,625,551</u>
Total non-current assets	<u>5,247,852,374</u>	<u>1,141,483,925</u>	<u>6,389,336,299</u>
<b>Total assets</b>	<u>\$ 6,092,298,635</u>	<u>\$ 1,468,343,860</u>	<u>\$ 7,560,642,495</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on debt refundings	<u>\$ 70,987,218</u>	<u>\$ -</u>	<u>\$ 70,987,218</u>
Total deferred outflows of resources	<u>\$ 70,987,218</u>	<u>\$ -</u>	<u>\$ 70,987,218</u>

The accompanying notes are an integral part of these financial statements.

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Statement of Net Position**  
**As of December 31, 2014**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 61,625,198	\$ 89,092,375	\$ 150,717,573
Advance billings and payments received in advance	25,442,432	96,122,979	121,565,411
Accrued lease obligations	341,140	-	341,140
Due to (due from) other funds	30,208,034	(30,208,034)	-
Accrued interest payable	51,466,742	18,820,475	70,287,217
Current portion of bonds and notes payable	<u>140,121,932</u>	<u>8,687,272</u>	<u>148,809,204</u>
Total current liabilities	<u>309,205,478</u>	<u>182,515,067</u>	<u>491,720,545</u>
<b>Non-current liabilities</b>			
Other liabilities	6,155,634	96,063,540	102,219,174
Commercial paper notes	21,000,000	164,455,000	185,455,000
Notes payable	-	156,317,308	156,317,308
Interest rate swaps payable	166,113,991	-	166,113,991
Bonds payable, net	<u>4,870,112,151</u>	<u>1,920,342,049</u>	<u>6,790,454,200</u>
Total non-current liabilities	<u>5,063,381,776</u>	<u>2,337,177,897</u>	<u>7,400,559,673</u>
<b>Total liabilities</b>	<u>\$ 5,372,587,254</u>	<u>\$ 2,519,692,964</u>	<u>\$ 7,892,280,218</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on debt refundings	\$ 127,946	\$ -	\$ 127,946
<b>Total deferred inflows of resources</b>	<u>\$ 127,946</u>	<u>\$ -</u>	<u>\$ 127,946</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 255,853,348	\$ (1,462,047,628)	\$ (1,206,194,280)
Restricted for			
Construction	85,049,978	348,580,298	433,630,276
Debt service	40,738,033	9,115,209	49,853,242
Leases	5,585,765	-	5,585,765
Dulles Rail latent defects	-	15,004,733	15,004,733
Dulles Toll Road repairs	-	8,587,767	8,587,767
Public Safety	533,271	-	533,271
Unrestricted	<u>402,810,258</u>	<u>29,410,517</u>	<u>432,220,775</u>
<b>Total net position</b>	<u>\$ 790,570,653</u>	<u>\$ (1,051,349,104)</u>	<u>\$ (260,778,451)</u>

The accompanying notes are an integral part of these financial statements.

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Statement of Net Position**  
**As of December 31, 2013**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 53,107,005	\$ 121,966,039	\$ 175,073,044
Restricted cash and cash equivalents	211,205,801	288,031,505	499,237,306
Accounts receivable, net	43,525,251	425,747	43,950,998
Investments	141,279,455	-	141,279,455
Restricted investments	61,944,492	17,073,797	79,018,289
Inventory	8,079,261	361,404	8,440,665
Prepaid expenses and other current assets	<u>6,412,364</u>	<u>330,404</u>	<u>6,742,768</u>
Total current assets	<u>525,553,629</u>	<u>428,188,896</u>	<u>953,742,525</u>
<b>Non-current assets</b>			
Restricted:			
Cash and cash equivalents	16,043,720	195,192,715	211,236,435
Accounts receivable	48,840,644	130,528,402	179,369,046
Investments	<u>321,696,946</u>	<u>135,597,650</u>	<u>457,294,596</u>
Total restricted	<u>386,581,310</u>	<u>461,318,767</u>	<u>847,900,077</u>
Unrestricted:			
Note receivable	5,633,165	-	5,633,165
Investments	330,602,733	-	330,602,733
Net pension assets	3,797,361	-	3,797,361
Bond issuance costs	13,406,401	19,392,538	32,798,939
Other assets	<u>4,907,917</u>	<u>-</u>	<u>4,907,917</u>
Total unrestricted	<u>358,347,577</u>	<u>19,392,538</u>	<u>377,740,115</u>
Capital assets:			
Land and other non-depreciable assets	183,051,181	-	183,051,181
Construction in progress	379,274,498	6,340,599	385,615,097
Construction in progress - Dulles Metrorail Project Phase 1	-	3,028,392,978	3,028,392,978
Construction in progress - Dulles Metrorail Project Phase 2	-	185,077,990	185,077,990
Buildings, systems and equipment	6,844,443,330	78,263,346	6,922,706,676
Less: accumulated depreciation	<u>(2,565,927,007)</u>	<u>(6,223,970)</u>	<u>(2,572,150,977)</u>
Capital assets, net	<u>4,840,842,002</u>	<u>3,291,850,943</u>	<u>8,132,692,945</u>
Total non-current assets	<u>5,585,770,889</u>	<u>3,772,562,248</u>	<u>9,358,333,137</u>
<b>Total assets</b>	<u>\$ 6,111,324,518</u>	<u>\$ 4,200,751,144</u>	<u>\$ 10,312,075,662</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on debt refundings	<u>\$ 65,951,606</u>	<u>\$ -</u>	<u>\$ 65,951,606</u>
Total deferred outflows of resources	<u>\$ 65,951,606</u>	<u>\$ -</u>	<u>\$ 65,951,606</u>

The accompanying notes are an integral part of these financial statements.

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**Statement of Net Position**  
**As of December 31, 2013**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 79,566,126	\$ 127,613,517	\$ 207,179,643
Advance billings and payments received in advance	38,283,978	34,281,629	72,565,607
Accrued lease obligations	341,140	7,851	348,991
Due to (due from) other funds	(3,936,941)	3,936,941	-
Accrued interest payable	52,366,780	13,194,973	65,561,753
Current portion of bonds and notes payable	<u>137,695,000</u>	<u>154,201,882</u>	<u>291,896,882</u>
Total current liabilities	<u>304,316,083</u>	<u>333,236,793</u>	<u>637,552,876</u>
<b>Non-current liabilities</b>			
Other liabilities	6,611,308	126,037,290	132,648,598
Commercial paper notes	21,000,000	300,000,000	321,000,000
Notes payable	-	200,000,000	200,000,000
Interest rate swaps payable	111,957,472	-	111,957,472
Bonds payable, net	<u>4,905,527,136</u>	<u>1,446,133,659</u>	<u>6,351,660,795</u>
Total non-current liabilities	<u>5,045,095,916</u>	<u>2,072,170,949</u>	<u>7,117,266,865</u>
<b>Total liabilities</b>	<u>\$ 5,349,411,999</u>	<u>\$ 2,405,407,742</u>	<u>\$ 7,754,819,741</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on debt refundings	<u>\$ 177,029</u>	<u>\$ -</u>	<u>\$ 177,029</u>
<b>Total deferred inflows of resources</b>	<u>\$ 177,029</u>	<u>\$ -</u>	<u>\$ 177,029</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 306,146,170	\$ 1,618,988,239	\$ 1,925,134,409
Restricted for			
Construction	87,380,885	183,413,785	270,794,670
Debt service	40,742,916	21,809,923	62,552,839
Leases	6,589,193	-	6,589,193
Dulles Rail latent defects	-	15,003,256	15,003,256
Dulles Toll Road repairs	-	8,121,425	8,121,425
Public Safety	375,402	-	375,402
Unrestricted	<u>386,452,530</u>	<u>(51,993,226)</u>	<u>334,459,304</u>
<b>Total net position</b>	<u>\$ 827,687,096</u>	<u>\$ 1,795,343,402</u>	<u>\$ 2,623,030,498</u>

The accompanying notes are an integral part of these financial statements.

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended December 31, 2014**

	Aviation Enterprise Fund	Dulles Corridor Enterprise Fund	Total Business-Type Activities
<b>OPERATING REVENUES</b>			
Concessions	\$ 253,486,229	\$ -	\$ 253,486,229
Tolls	-	148,652,741	148,652,741
Rents	293,951,059	-	293,951,059
Landing fees	118,863,519	-	118,863,519
Utility sales	12,524,281	-	12,524,281
Passenger fees	34,247,856	-	34,247,856
Other	9,103,861	-	9,103,861
<b>Total operating revenues</b>	<b>722,176,805</b>	<b>148,652,741</b>	<b>870,829,546</b>
<b>OPERATING EXPENSES</b>			
Materials, equipment, supplies, contract services, and other	193,644,452	31,968,250	225,612,702
Impairment loss / design costs	8,000,402	-	8,000,402
Salaries and related benefits	160,223,563	10,155,910	170,379,473
Utilities	26,197,069	247,460	26,444,529
Lease from U.S. Government	5,297,523	-	5,297,523
Depreciation and amortization	236,314,390	6,052,956	242,367,346
<b>Total operating expenses</b>	<b>629,677,399</b>	<b>48,424,576</b>	<b>678,101,975</b>
<b>OPERATING INCOME</b>	<b>92,499,406</b>	<b>100,228,165</b>	<b>192,727,571</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	13,535,125	3,142,751	16,677,876
Interest expense	(202,577,928)	(63,532,479)	(266,110,407)
Federal, state and local grants	1,121,552	(64,739)	1,056,813
Fair value loss on swaps	(54,156,518)	-	(54,156,518)
Contributions to other governments	(34,727,931)	(3,010,874,621)	(3,045,602,552)
<b>Total non-operating revenues (expenses)</b>	<b>(276,805,700)</b>	<b>(3,071,329,088)</b>	<b>(3,348,134,788)</b>
<b>GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(184,306,294)</b>	<b>(2,971,100,923)</b>	<b>(3,155,407,217)</b>
<b>CAPITAL CONTRIBUTIONS</b>			
Passenger facility charges	82,278,776	-	82,278,776
Federal, state and local grants	64,911,075	124,408,417	189,319,492
Other capital property contributed	-	-	-
<b>Total capital contributions</b>	<b>147,189,851</b>	<b>124,408,417</b>	<b>271,598,268</b>
<b>NET POSITION</b>			
Change in net position	(37,116,443)	(2,846,692,506)	(2,883,808,949)
<b>Net position, beginning of year</b>	<b>827,687,096</b>	<b>1,795,343,402</b>	<b>2,623,030,498</b>
<b>Net position, end of year</b>	<b>\$ 790,570,653</b>	<b>\$ (1,051,349,104)</b>	<b>\$ (260,778,451)</b>

The accompanying notes are an integral part of these financial statements.

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended December 31, 2013**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>OPERATING REVENUES</b>			
Concessions	\$ 236,254,054	\$ -	\$ 236,254,054
Tolls	-	127,059,341	127,059,341
Rents	305,301,798	-	305,301,798
Landing fees	128,386,773	-	128,386,773
Utility sales	12,143,660	-	12,143,660
Passenger fees	32,828,954	-	32,828,954
Other	8,108,012	500	8,108,512
<b>Total operating revenues</b>	<u>723,023,251</u>	<u>127,059,841</u>	<u>850,083,092</u>
<b>OPERATING EXPENSES</b>			
Materials, equipment, supplies, contract services, and other	205,964,686	23,017,779	228,982,465
Impairment loss / design costs	-	-	-
Salaries and related benefits	155,687,570	10,697,056	166,384,626
Utilities	26,116,991	225,075	26,342,066
Lease from U.S. Government	5,335,290	-	5,335,290
Depreciation and amortization	237,667,144	5,986,036	243,653,180
<b>Total operating expenses</b>	<u>630,771,681</u>	<u>39,925,946</u>	<u>670,697,627</u>
<b>OPERATING INCOME</b>	<u>92,251,570</u>	<u>87,133,895</u>	<u>179,385,465</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	11,992,454	(1,854,080)	10,138,374
Interest expense	(216,902,168)	(21,467,437)	(238,369,605)
Federal, state and local grants	736,767	-	736,767
Fair value gain on swaps	81,962,970	-	81,962,970
Contributions to other governments	-	-	-
<b>Total non-operating revenues (expenses)</b>	<u>(122,209,977)</u>	<u>(23,321,517)</u>	<u>(145,531,494)</u>
<b>GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<u>(29,958,407)</u>	<u>63,812,378</u>	<u>33,853,971</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Passenger facility charges	79,056,914	-	79,056,914
Federal, state and local grants	73,256,629	136,179,778	209,436,407
Other capital property contributed	8,500,000	-	8,500,000
<b>Total capital contributions</b>	<u>160,813,543</u>	<u>136,179,778</u>	<u>296,993,321</u>
<b>NET POSITION</b>			
Change in net position	130,855,136	199,992,156	330,847,292
<b>Net position, beginning of year</b>	<u>696,831,960</u>	<u>1,595,351,246</u>	<u>2,292,183,206</u>
<b>Net position, end of year</b>	<u><u>\$ 827,687,096</u></u>	<u><u>\$ 1,795,343,402</u></u>	<u><u>\$ 2,623,030,498</u></u>

The accompanying notes are an integral part of these financial statements.



**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Statement of Cash Flows**  
**For the year ended December 31, 2014**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating cash receipts from customers	\$ 711,044,776	\$ 148,650,690	\$ 859,695,466
Cash payments to suppliers for goods and services	(241,044,459)	(32,799,255)	(273,843,714)
Cash payments to employees for services	(167,312,389)	(2,716,272)	(170,028,661)
Cash receipts for interfund services	10,052,168	-	10,052,168
Cash payments for interfund services	-	(10,052,168)	(10,052,168)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>312,740,096</b>	<b>103,082,995</b>	<b>415,823,091</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash provided to other governments	-	(20,750,792)	(20,750,792)
Interest paid to vendors	(14,665)	(8,106)	(22,771)
Federal, state and local grants in support of operations	1,121,552	(64,739)	1,056,813
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,106,887</b>	<b>(20,823,637)</b>	<b>(19,716,750)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds/notes	539,250,000	438,394,214	977,644,214
Proceeds from issuance of commercial paper	-	110,000,000	110,000,000
Payments for refunding of bond notes and commercial paper	(482,360,000)	-	(482,360,000)
Principal payments on bonds/notes and commercial paper	(137,488,068)	(444,442,693)	(581,930,761)
Payments for capital expenditures and construction in progress	(126,533,190)	(252,258,998)	(378,792,188)
Proceeds from sale of capital assets	256,649	13,650	270,299
Refundings of bond insurance costs	3,755,440	-	3,755,440
Interest paid on bonds and commercial paper	(165,225,102)	(58,850,176)	(224,075,278)
Federal, state and local grants in aid of construction	71,306,223	62,950,253	134,256,476
Passenger facility charge receipts	82,089,527	-	82,089,527
Passenger facility charge expenses and interest	391	-	391
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(214,948,130)</b>	<b>(144,193,750)</b>	<b>(359,141,880)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from short-term investment maturities	481,205,518	18,241,814	499,447,332
Purchase of short-term investments	(824,598,825)	(26,680,528)	(851,279,353)
Proceeds from long-term investment maturities	300,427,494	14,683,594	315,111,088
Purchase of long-term investments	(63,438,528)	(50,863,086)	(114,301,614)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(106,404,341)</b>	<b>(44,618,206)</b>	<b>(151,022,547)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,505,488)</b>	<b>(106,552,598)</b>	<b>(114,058,086)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>280,356,526</b>	<b>605,190,259</b>	<b>885,546,785</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 272,851,038</b>	<b>\$ 498,637,661</b>	<b>\$ 771,488,699</b>

The accompanying notes are an integral part of these financial statements.

**Statement of Cash Flows**  
**For the year ended December 31, 2014**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 92,499,406	\$ 100,228,165	\$ 192,727,571
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	236,408,492	6,057,190	242,465,682
Loss on disposal of assets	(94,102)	(4,234)	(98,336)
Provision for losses on accounts receivable	352,355	-	352,355
Impairment loss on construction in progress	8,000,402	-	8,000,402
(Increase) decrease in assets:			
Accounts receivable	(3,430,706)	(2,051)	(3,432,757)
Inventory	283,098	196,314	479,412
Prepaid expenses and other current assets	(201,925)	20,303	(181,622)
Net pension assets	14,293	-	14,293
Other long term assets	4,787,868	(20,790)	4,767,078
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(11,998,907)	(3,985,250)	(15,984,157)
Advance billings and payments received in advance	(12,841,546)	-	(12,841,546)
Due to (due from) other funds	(582,957)	582,957	-
Long-term liabilities	(455,675)	10,391	(445,284)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 312,740,096</b>	<b>\$ 103,082,995</b>	<b>\$ 415,823,091</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Unrealized gain (loss) on investments	\$ 937,669	\$ (1,580,272)	\$ (642,603)
Contributions to other entities	\$ (34,727,931)	\$ (3,166,721,271)	\$ (3,201,449,202)
Contributions from other entities	\$ -	\$ 155,846,650	\$ 155,846,650
Increase(decrease) in capital assets in accounts payable and accrued expenses	\$ (5,942,022)	\$ (64,527,884)	\$ (70,469,906)
Fair value loss on swaps	\$ (54,156,518)	\$ -	\$ (54,156,518)

The accompanying notes are an integral part of these financial statements.

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Statement of Cash Flows**  
**For the year ended December 31, 2013**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating cash receipts from customers	\$ 754,054,772	\$ 126,699,654	\$ 880,754,426
Cash payments to suppliers for goods and services	(218,435,664)	(17,767,278)	(236,202,942)
Cash payments to employees for services	(163,489,919)	(2,778,197)	(166,268,116)
Cash receipts for interfund services	9,681,368	-	9,681,368
Cash payments for interfund services	-	(9,681,368)	(9,681,368)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>381,810,557</b>	<b>96,472,811</b>	<b>478,283,368</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interest paid to vendors	(214)	(3,090)	(3,304)
Federal, state and local grants in support of operations	736,767	-	736,767
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>736,553</b>	<b>(3,090)</b>	<b>733,463</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds/notes	245,615,000	150,000,000	395,615,000
Proceeds from issuance of commercial paper	-	150,450,000	150,450,000
Payments for refunding of bond notes and commercial paper	(200,670,000)	-	(200,670,000)
Principal payments on bonds/notes and commercial paper	(130,580,000)	(9,041,633)	(139,621,633)
Payments for capital expenditures and construction in progress	(150,311,217)	(380,531,770)	(530,842,987)
Proceeds from sale of capital assets	81,495	45,895	127,390
Refundings of bond insurance costs	1,832,318	-	1,832,318
Interest paid on bonds and commercial paper	(227,108,919)	(59,598,934)	(286,707,853)
Federal, state and local grants in aid of construction	52,983,376	193,621,297	246,604,673
Passenger facility charge receipts	80,702,524	-	80,702,524
Passenger facility charge expenses and interest	332	-	332
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(327,455,091)</b>	<b>44,944,855</b>	<b>(282,510,236)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from short-term investment maturities	312,277,863	3,504,722	315,782,585
Purchase of short-term investments	(318,475,863)	-	(318,475,863)
Proceeds from long-term investment maturities	223,057,511	14,996,313	238,053,824
Purchase of long-term investments	(376,200,780)	(31,013,032)	(407,213,812)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(159,341,269)</b>	<b>(12,511,997)</b>	<b>(171,853,266)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(104,249,250)</b>	<b>128,902,579</b>	<b>24,653,329</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>384,605,776</b>	<b>476,287,680</b>	<b>860,893,456</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 280,356,526</b>	<b>\$ 605,190,259</b>	<b>\$ 885,546,785</b>

The accompanying notes are an integral part of these financial statements.

**Statement of Cash Flows**  
**For the year ended December 31, 2013**

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 92,251,570	\$ 87,133,895	\$ 179,385,465
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	237,509,731	5,929,710	243,439,441
Loss on disposal of assets	157,413	56,326	213,739
Provision for losses on accounts receivable	331,462	-	331,462
(Increase) decrease in assets:			
Accounts receivable	(1,261,201)	(360,187)	(1,621,388)
Inventory	93,849	(155,488)	(61,639)
Prepaid expenses and other current assets	119,747	13,610	133,357
Net pension assets	(330,174)	-	(330,174)
Other long term assets	3,694,204	-	3,694,204
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	20,790,610	3,626,597	24,417,207
Advance billings and payments received in advance	28,267,056	-	28,267,056
Due to (due from) other funds	(203,438)	203,438	-
Long-term liabilities	389,728	24,910	414,638
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 381,810,557</u></b>	<b><u>\$ 96,472,811</u></b>	<b><u>\$ 478,283,368</u></b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Unrealized loss on investments	\$ (4,572,316)	\$ (4,388,746)	\$ (8,961,062)
Contributions from other entities	\$ 8,500,000	\$ -	\$ 8,500,000
Increase (decrease) in capital assets in accounts payable and accrued expenses	\$ 6,993,460	\$ (2,636,489)	\$ 4,356,971
Fair value gain on swaps	\$ 81,962,970	\$ -	\$ 81,962,970

The accompanying notes are an integral part of these financial statements.



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## **Notes to Financial Statements**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The Metropolitan Washington Airports Authority (the Airports Authority) is an independent interstate agency created by the Commonwealth of Virginia (the Commonwealth) and the District of Columbia with the consent of the United States Congress. The Commonwealth and the District of Columbia enacted essentially identical legislation creating the Airports Authority for the purpose of operating Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Dulles International) (collectively, the Airports).

Pursuant to an Agreement and Deed of Lease, effective June 7, 1987, the Airports were transferred by the U.S. Government to the Airports Authority for an initial term of 50 years. On June 17, 2003, the Agreement and Deed of Lease was extended 30 years to June 6, 2067.

On November 1, 2008, the Virginia Department of Transportation (VDOT) transferred responsibility for the operation and maintenance of the Dulles Toll Road to the Airports Authority for an initial term of 50 years. In connection with the transfer, the Airports Authority is constructing the Dulles Metrorail Project and is making other improvements in the Dulles Corridor consistent with VDOT and regional plans.

The Airports Authority is governed by a Board of Directors (the Board) with members appointed by the Governors of the Commonwealth of Virginia and the State of Maryland, the Mayor of the District of Columbia, and the President of the United States. Only the accounts of the Airports Authority are included in the reporting entity. There are no U.S. or state government agency finances that should be considered for inclusion in the Airports Authority's financial reporting entity.

#### **B. Measurement Focus, Basis of Accounting & Financial Statement Presentation**

The financial statements of the Airports Authority are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when incurred.

As defined by the GASB, the Airports Authority reports the operations of the Airports and the Dulles Toll Road, Dulles Metrorail Project, and related improvements as two separate Business-Type Activities. Business-Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The Airports operate as a single Business-Type Activity and are reported in the Airports Authority's Aviation Enterprise Fund. The Dulles Toll Road, the Dulles Metrorail Project, and related improvements in the Dulles Corridor operate as a single Business-Type Activity and are reported in the Dulles Corridor Enterprise Fund. The effects of interfund activity between these two enterprise funds have been eliminated in the total columns of the financial statements.

Revenues from airlines, concessions, rental cars, parking and toll collections are reported as operating revenues. Financing and investing related transactions are reported as non-operating revenues. All expenses related to operating the Airports Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

### **C. Use of Estimates in the Preparation of the Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, 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. Significant estimates include the useful lives of capital assets, the fair value of derivative financial instruments, an allowance for doubtful accounts, other post-employment benefits obligations, and certain self-insured liabilities. Actual results could differ from those estimates.

### **D. Budgeting Requirements**

The Airports Authority's annual budgeting process is a financial planning tool used to establish the estimated revenues and expenditures for the Aviation Enterprise Fund and Dulles Corridor Enterprise Fund. The Airports Authority is not required to demonstrate statutory compliance with its annual operating budgets. Accordingly, budgetary data is not included in the basic financial statements.

### **E. Net Position**

Net position represents the residual interest of all other elements presented in the statement of financial position for the Aviation Enterprise Fund and the Dulles Corridor Enterprise Fund. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in three components: *Net investment in capital assets*, which include capital assets funded from unrestricted and restricted sources, net of accumulated depreciation and outstanding debt attributable to acquisition of the capital assets; *Restricted* when constraints are imposed by third parties or enabling legislation on assets or deferred outflows of resources, net of any liabilities and deferred inflows of resources which will be liquidated with the restricted assets; or *Unrestricted*, which include all remaining assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the preceding two categories.

### **F. Revenue Recognition**

Revenues that result from providing services in connection with the principal ongoing operations of the Airports Authority's enterprises are reported as operating revenues. Revenues are reported net of estimated uncollectible amounts. The Airports Authority's operating revenues are presented in eight major categories as follows:

*Concessions* – Concession revenues are generated from public parking facilities and from commercial tenants who provide goods and services to the public or to other tenants of the airports. Commercial tenant operations include car rentals, food and beverage sales, retail and newsstand sales, display advertising, ground transportation, in-flight catering, fixed-based operations, and other provided services.



Revenues earned by the Airports Authority for commercial tenant operations are based on negotiated agreements and are usually based on the greater of a minimum annual guarantee or a percentage of the tenants' gross receipts. Parking fees are collected directly by the Airports Authority. Concession revenues are recognized when minimum guarantees are earned or as services are provided or goods are sold to the public or other tenants of the airport.

*Tolls* – Toll revenues represent revenues collected from vehicles using the Dulles Toll Road and include automated vehicle identification or electronic toll collections, cash collections and violation revenues. Violation revenues are recorded at gross amounts, and the related collection and administrative fees are expensed. Toll revenues are recognized in the period in which the toll road usage occurred.

*Rents* – Rental revenues are earned through leases of Airports Authority terminal and non-terminal property space. Leases with the airlines are based on full cost recovery plus debt service coverage, through rates and charges as described in Note 2 – Airport Use Agreement and Premises Lease. Other leases are for terms of one or more years and include contractually established rental rates and provisions for annual rent adjustments. Rental revenues include common area maintenance charges as well as cost recovery for normal utility usage in most cases. Terminal and concourse rental rates at Dulles International include cost recovery and debt service coverage for the Automated People Mover system (the AeroTrain). Rental revenue is recognized over the life of the respective leases.

*Landing Fees* – Landing fees are generated principally from the airlines and are based on the landed weight of aircraft. The landing fee structure is determined annually based on full cost recovery of airside related charges pursuant to an agreement between the Airports Authority and the signatory airlines, as described in Note 2 – Airport Use Agreement and Premises Lease. Landing fees are recognized as revenues based on the airlines' operating activities at the Airports.

*Utility Sales* – Utility revenues are generated from metered utility usage for terminal and non-terminal tenants whose utility usage is not already included in rental fees. Utility revenues are recognized based on the period of actual usage.

*Passenger Fees* – Passenger fee revenues are comprised of fees charged to airlines for use of U.S. Customs and Border Protection Federal Inspection facilities and for use of the mobile lounge passenger conveyance system at Dulles International. Passenger fee revenues also include security fees charged to the Transportation Security Administration. Passenger fee revenues are recognized when the facilities and systems are used or when the security services are provided.

*Customer Facility Charge* – On April 1, 1993, the Airports Authority began requiring the on-airport car rental companies at Reagan National to charge a Customer Facility Charge (CFC) to be used to pay, or to reimburse the Airports Authority, for costs, fees, and expenses associated with financing, maintaining, and operating the car rental companies' Quick Turn-Around Facility, 55 percent of the cost of the south parking structure, 55 percent of the costs of busing service used to transport public parking patrons, and other costs, fees and expenses that may be paid from CFC proceeds. The CFC is \$2.50 per rental day and is collected by the car rental companies from each of their customers and subsequently remitted to the Airports Authority. In accordance with the concessions contracts between the Airports Authority and the car rental companies, the CFC cannot be used for the Airports Authority's indirect costs. CFC revenues are

included in the Statements of Revenues, Expenses and Changes in Net Position as concessions revenues and associated assets are included in the Statements of Net Position as unrestricted assets.

*Other Revenues* – The other revenues category includes employee parking fees, medical service fees, and other miscellaneous revenues. Other revenues are recognized during the period the services are provided.

### **G. Allocations of Overhead and Other Indirect Costs and Project Costs**

The majority of costs related to the Aviation Enterprise Fund and the Dulles Corridor Enterprise Fund are directly charged to the appropriate fund as a direct cost. Administrative functions, which represent overhead costs for the entire Airports Authority, as well as other indirect costs, such as Public Safety functions, are initially paid from the Aviation Enterprise Fund, but include costs which are appropriately allocable to the Dulles Corridor Enterprise Fund as costs associated with the operation of the Dulles Toll Road or as project management and administration costs for the Dulles Metrorail Project. A cost allocation plan is used to identify and quantify all overhead and other indirect costs appropriately allocable to the Dulles Toll Road or to the Dulles Metrorail Project within the Dulles Corridor Enterprise Fund.

All allocated overhead and other indirect costs are expensed by the Dulles Corridor Enterprise Fund and recognized as a reduction of expenses by the Aviation Enterprise Fund. Costs allocated for 2014 and 2013 are recognized within *Operating Expenses* on the Statements of Revenues, Expenses and Changes in Net Position as follows:

	Year ended December 31,	
	2014	2013
Materials, equipment, supplies, contract services, and other	\$ 2,251,531	\$ 1,447,318
Salaries and related benefits	7,442,555	7,816,073
Utilities	41,832	25,625
Depreciation and amortization	899,206	595,790
Total	<u>\$10,635,124</u>	<u>\$ 9,884,806</u>

The Dulles Metrorail Project is being constructed in two phases (refer to Note 3 – The Dulles Toll Road and Construction of the Dulles Metrorail Project). Project overhead costs are allocated between the two phases of the project based on a cost allocation plan and are recorded as construction in progress.

### **H. Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, commercial paper, United States government and agency obligations, mutual funds, and repurchase agreements collateralized by United States government or agency obligations with an original maturity of three months or less, including restricted assets.

### **I. Investments**

The Airports Authority's investment policy is determined by the Board of Directors. Permitted investments are set within the policy. Written investment objectives and procedures are developed by the staff in consultation with the Investment Committee. The Investment Committee meets quarterly to review the

portfolio performance, confirm compliance to the policy, and formulate an investment plan for the next quarter.

Investments with an original maturity greater than one year are recorded at their fair value with all investment income, including changes in the fair value of investments, reported as investment income in the financial statements. Investments with an original maturity of less than one year are carried at amortized cost. Fair value equals quoted market prices, if available. If a quoted market value is not available, fair value is estimated based upon quoted market prices for securities with similar characteristics.

Investments consist of certificates of deposit, commercial paper, United States government and agency obligations, guaranteed investment contracts and repurchase agreements collateralized by United States government or agency obligations, with an original maturity greater than three months, with the exception of overnight sweeps, which are treated as investments.

#### **J. Accounts Receivable**

Accounts receivable are reported net of estimated uncollectible amounts when earned. The Airports Authority's payment terms range from zero to 30 days (60 days for government agencies), depending on the type of service provided. An allowance for doubtful accounts pertains only to the Aviation Enterprise Fund and is based on management estimates of uncollectible revenue billings. As a customer's balance is deemed uncollectible, the receivable is offset against this allowance. Subsequent receipt of a receivable previously written off is applied to this allowance.

#### **K. Inventory and Prepaid Items**

Inventory consists of supplies, maintenance parts, and bulk materials such as sand and salt, all of which are for use at the Airports and Dulles Toll Road. Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Inventories are valued at cost using the weighted average valuation method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

#### **L. Restricted Assets**

Assets restricted to specific purposes by legally enforceable requirements are segregated on the Statements of Net Position. Requirements include: externally imposed requirements by creditors (such as through debt covenants), grantors or contributors; laws or regulations of other governments; and constitutional provisions or enabling legislation.

The Airports Authority's restricted assets are expendable. The Airports Authority's policy is to spend restricted assets before unrestricted assets are spent when both are available for the same purpose. Restricted assets necessary to meet current liability obligations are classified as current assets. Restricted assets that are restricted for disbursement in the acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debts are classified as non-current assets.

Assets restricted for construction include the funds available for the design and construction of capital improvements for the Airports and the Dulles Toll Road as well as for construction of the Dulles Metrorail Project. Assets restricted for construction include cash, investments and receivables obtained from debt proceeds, grants and passenger facility charges. Assets restricted for debt service include the cash balances required to pay the semi-annual interest payments as well as the principal for the annual October bond payments. The restricted assets for debt service reserve include cash and investments totaling the maximum amount of required principal payments for the bonds scheduled to come due in one year. The debt service reserve accounts are revalued each year in October. Any amounts in excess of the debt service requirements are transferred to the applicable construction fund or taken into the operating fund of the Airports Authority if the construction funds have been expended. If the debt service reserve is insufficient, the Airports Authority transfers funds into the accounts. Assets restricted for leases represents funds which have been restricted based on operating lease agreements. Assets restricted for Dulles Metrorail Project latent defects and for Dulles Toll Road repairs represent cash and investments which are held in accordance with contractual agreements for the construction of the Dulles Metrorail Project as well as the operation of the Dulles Toll Road (refer to Note 3 – The Dulles Toll Road and Construction of the Dulles Metrorail Project). Assets restricted for the benefit of the Airports Authority's Public Safety department represent cash funds obtained through cooperative seizure activities with federal and state justice agencies (refer to Note 17 – Government Grants).

## **M. Capital Assets**

### **Capital assets used in operations**

Capital assets are stated at historical cost or, if acquired upon termination or expiration of tenant leases, fair market value at the date of transfer. Costs for capital assets under construction include direct and financing costs incurred. The Airports Authority does not capitalize overhead or other indirect costs of operations in construction programs; such costs are expensed as incurred.

Provision for depreciation has been calculated using the straight-line method over the estimated useful lives of the assets. The cost of internally developed software and other assets, if amortized, uses the straight-line method. The Airports Authority does identify certain intangible assets, such as permanent easements, as having indefinite lives.

The estimated useful lives and corresponding capitalization thresholds are as follows:

<u>Category</u>	<u>Useful Life</u>	<u>Threshold</u>
Equipment	3-15 years	\$10,000
Motor vehicles	3-15 years	\$10,000
Intangible assets	3-15 years	\$10,000
Buildings	5-50 years	\$25,000
Systems and structures	5-50 years	\$25,000

Maintenance, repairs, and minor improvements and replacements are expensed as incurred. Permanently impaired capital assets that will continue to be used by the Airports Authority are written down to their

measured impaired value; assets that the Airports Authority has determined will no longer be used are written off completely. Pollution remediation obligations that do not qualify for capitalization are accrued as liabilities and expensed when a range of expected outlays is reasonably estimable or upon receipt of goods and services.

### **Capital assets under construction to be transferred to other governmental agencies**

Costs for capital assets under construction, which upon completion will be transferred to other governmental agencies, are stated at historical cost and include direct costs, indirect costs, and financing costs. Indirect costs that are capitalized as project costs only include construction administration expenses directly attributable to these specific capital asset programs.

The Airports Authority is responsible for acquiring the rights-of-way and property interest, including easements, necessary for the construction of the Dulles Metrorail Project and other projects within the Dulles Corridor. However, the Airports Authority and VDOT are coordinating the acquisition of the property and determining where property interests will be acquired by VDOT in the name of the Commonwealth either through eminent domain or through some other procedure. At the discretion of VDOT, all property in VDOT's control that is needed for these projects will be made available to the Airports Authority in the form of a land use permit. At the completion of the projects, VDOT shall transfer certain properties acquired for construction and operation of the projects by deed, easement, or permit to the Airports Authority. Although VDOT may hold the legal title to these acquired property interests, the costs incurred to acquire these property interests are included in construction in process, as the Airports Authority has control of these property interests during the construction period.

Pollution remediation liabilities associated with the capital assets under construction to be transferred to other governmental agencies are capitalized as incurred, as these liabilities are incurred to prepare the capital asset for transfer to another governmental agency and the associated property was acquired with known or suspected pollution that was expected to be remediated.

Once construction is completed and the asset is accepted by the other government agency, the Airports Authority will account for the transfer in accordance with the relevant accounting requirements.

### **N. Capitalization of Interest**

Interest incurred during the period that relates to the construction or production of capital assets or to the construction of assets that are discrete projects and intended for donation to other entities is capitalized. For interest on tax-exempt debt, the amount of interest to be capitalized is calculated by offsetting interest expense incurred with interest earned on invested debt proceeds, from the date of the borrowing until completion of the project. This net capitalized interest is allocated to completed projects based on the completion date of each project funded with proceeds from that particular debt issue. For interest on taxable debt, the amount of interest capitalized is calculated by applying the interest rate of the debt to the average amount of the accumulated expenditures during the period.

## **O. Long-Term Debt**

Debt issuance costs represent expenses incurred in the process of issuing bonds, commercial paper notes and interest rate Swaps and are expensed as incurred. Insurance related to debt issuance is amortized over the life of the related debt. Original issue discounts or premiums are amortized using the effective-interest method over the life of the related debt. Interest on capital appreciation debt is accreted using the straight-line method. For debt refunded, the difference between the reacquisition price and the net carrying amount of the refunded debt is deferred and amortized as a component of interest expense using the straight-line method over the remaining life of the refunded debt or the life of the new debt, whichever is shorter.

## **P. Federal, State & Local Grants**

The Airports Authority receives federal, state, and local grants in support of specific operational programs, its Capital Construction Program (CCP) and the Dulles Metrorail Project. Grants are recognized as related expenditures are made and all eligibility requirements are met.

Grants recognized for services provided directly to a government entity are reported as operating revenues in the Statements of Revenues, Expenses and Changes in Net Position. Grants obtained through operational activities that are not related to services provided to any governmental entity are reported as non-operating revenues. Grants for capital asset acquisition, facility development, and/or rehabilitation and long-term planning are reported as capital contributions. Capital contributions are reported in the Statements of Revenues, Expenses and Changes in Net Position after non-operating revenues and expenses.

## **Q. Passenger Facility Charges**

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. PFCs may be used for airport projects that meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impact resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

The Airports Authority has imposed PFCs since November 1993 at Reagan National and since January 1994 at Dulles International. PFCs are collected by the airlines and remitted on a monthly basis to the Airports Authority. The Airports Authority accounts for PFCs on an accrual basis, based on the month the charges were collected by the airlines. Due to their restricted use, PFCs are categorized as capital contributions.

## **R. Lease Obligations**

The Airports were transferred by the federal government to the Airports Authority under the terms of a lease (the Federal Lease) which transferred a leasehold interest in all of the Airports' then-existing real property, including access highways and related facilities, and transferred title to all equipment, materials, furnishings, and other personal property appurtenant to or located on the Airports' property (other than particular property required for federal air traffic control responsibilities). Upon expiration of the Federal

Lease, the Airports, including improvements, will be returned to the United States government. Since the transfer, the Airports Authority has acquired title to land and aviation easements adjacent to Dulles International for airport expansion. All land acquired after the transfer is not subject to the Federal Lease except that, pursuant to amendments to the Federal Lease, any after-acquired land in the Airports Authority's possession at the expiration of the Federal Lease will revert to the federal government.

The Airports Authority accounts for the Federal Lease as an operating lease. The Federal Lease provides for an annual base rental payable to the United States Treasury and is subject to annual adjustment for inflation and interest. The Airports Authority invests the monthly lease payments in repurchase agreements or in certificates of deposits and makes semi-annual payments, including interest, to the United States government. In accordance with generally accepted accounting principles for an operating lease, the property originally transferred under the Federal Lease does not appear on the Statements of Net Position.

The Dulles Toll Road is operated under a permit and operating agreement (the Permit) from VDOT. Under the terms of the Permit, the Airports Authority has the exclusive right to establish, charge, and collect tolls and other user fees for the use of the Dulles Toll Road until the expiration of the term, or earlier termination, of the Permit. Under the terms of the Permit, the revenues from the Dulles Toll Road are to pay for the operation and maintenance of the Dulles Toll Road, to pay the debt service associated with construction of the Dulles Metrorail Project and other Dulles Corridor improvements, and to fund reserves associated with maintaining and preserving the Dulles Toll Road. Any residual amounts are to be paid to VDOT within 180 days of the end of the fiscal year. Upon the expiration of the term, or earlier termination, of the Permit, all facilities of the Dulles Toll Road, including any improvements, will be returned to VDOT in its original or an enhanced condition.

Other than the residual amounts which may be owed by the Airports Authority to VDOT, the Permit does not require any significant consideration in exchange for the Airports Authority's access to operate and maintain the Dulles Toll Road. Only the improvements made by the Airports Authority to the Dulles Toll Road, along with related liabilities, appear on the Statements of Net Position.

The Airports Authority has entered into leases for office space used exclusively by Dulles Metrorail Project personnel with lease terms consistent with the construction period for the Dulles Metrorail Project. The expenditures under these operating leases are capitalized as construction in progress costs of the Dulles Metrorail Project.

## **S. Post-employment Benefits**

Post-employment pension benefits are accounted for under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* (GASB 27), as amended by GASB Statement No. 50, *Pension Disclosures* (GASB 50). This statement establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The Airports Authority discloses the information required by GASB 27 in Note 7 – Pension Plans and Deferred Compensation Plan.



Post-employment benefits other than pension benefits are accounted for under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB 45). This statement establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The Airports Authority discloses the information required by GASB 45 in Note 8 – Post-employment Benefits.

#### **T. Compensated Absences**

Airports Authority employees are granted paid vacation at rates of 13 to 30 days per year, depending on their length of employment. General employees may accumulate up to a maximum of 30 days. Firefighters who work a 56-hour week may accumulate up to a maximum of six weeks. Executive employees exceeding a specified pay scale are entitled to accumulate up to 60 days. At management's discretion, employees may be allowed to accumulate vacation balances in excess of these limitations. The accumulated vacation is accrued when incurred, as employees will be paid for accumulated vacation either during their future service to the Airports Authority or upon their termination of service. The calculation of the liability is based on compensation rates plus related employer-paid benefits in effect as of the end of the current fiscal year. The portion of this liability expected to be paid within the next year is reflected in accrued expenses while the amount expected to be paid out after one year is included in other non-current liabilities.

Airports Authority employees earn 13 days of sick leave per year. Unused sick leave for employees enrolled in the Airports Authority's retirement plan is counted at retirement as additional time worked for calculation of the pension benefit. There is no liability for unpaid accumulated sick leave, as the Airports Authority does not pay any amounts when employees separate from service.

#### **U. Advance Billings and Payments Received in Advance**

Advance billings consist of certain charges for rents, landing fees, and passenger fees to be earned at both airports and certain non-airline rental income at Dulles International. The applicable advance billing charges for rents, landing fees, and passenger fees charged to airlines are determined by the calculation of settlement (refer to Note 2 - Airport Use and Lease Agreement and Premises Lease). Advance billings as a result of settlement are recognized on a straight-line basis over a term of one year. The applicable non-airline rental income represents lease rentals, received in advance, for certain ground leases entered into with developers. The applicable non-airline rental income is recognized as revenue on a straight-line basis over the terms of the related leases when the term is less than one year. The applicable revenue for leases with developers with terms in excess of one year is recognized using the effective-interest method over the terms of the related agreements.

Payments received in advance represent remittances received from tenants in payment of future period rent obligations, in payment of future periods for annual parking permits or which exceed that tenant's total outstanding obligations to the Airports Authority.



## **V. Self-Insurance**

The Airports Authority provides employee group medical and dental insurance through a combination of self-insured and insured arrangements. Under the self-insured plans, the Airports Authority assumes the financial risk for the payment of employee medical and pharmacy claim expenses incurred by participants. Under the fully insured plans, the Airports Authority pays a fixed premium for employee health care, prescription drugs, and dental insurance, and the insurance company assumes the risk for all claims expenses.

Risk management insurance is also provided through a combination of self-insured and insured arrangements (refer to Note 19 – Risk Management). The cost of claims reported and an estimate of claims incurred but not reported is charged to operating expenses. Liabilities for unpaid claims are accrued based on management's estimate using actual costs, historical experience, current trends, and quarterly actuarial reviews. Liabilities for unpaid claims expected to be paid out within the next year are included on the Statements of Net Position in accounts payable and accrued expenses, while liabilities for unpaid claims which are expected to be paid out in years subsequent to the next year are included in other long-term liabilities. The appropriateness of the self-insurance accrued liabilities is continually reviewed and updated by management.

## **W. Taxes**

The Airports Authority is exempt from the payment of federal and state income, property, and certain other taxes.

## **X. Recently Issued Accounting Pronouncements**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) (as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*) improves accounting and financial reporting for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions such as the Airports Authority's plan, GASB 68 identifies the methods and assumptions that are to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 will replace the requirements of GASB 27 and GASB 50. The requirements for GASB 68 are effective for fiscal year 2015. The requirements of GASB 68 would require adjustment of the Airports Authority's net pension assets of \$3.8 million to equal the actuarial present value of projected benefit payments that is attributed to the past periods of employee service, net of the pension plan's fiduciary net position.

GASB Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance on determining this fair value for financial reporting purposes. In determining the fair value measurement, the Statement allows the use of valuation techniques which are consistent with the market approach, the cost approach, or the income approach. The requirements for GASB 72 are effective for periods beginning June 15, 2015 and thereafter. The

Airports Authority currently uses the market approach when valuing its investments to record fair value. The Airports Authority will review the Statement and incorporate any required changes to their fair value calculation and related financial disclosures.

The Airports Authority will implement these statements as of their effective dates.

## **2. AIRPORT USE AGREEMENT AND PREMISES LEASE**

The Airport Use Agreement and Premises Lease Agreement (Use and Lease Agreement) provides for the use and occupancy of facilities at the Airports and establishes the rates and charges, including landing fees and terminal rents, to be paid by the Signatory Airlines. Airline payments of rents, fees and other charges pay for the costs assigned to the airline-supported cost centers. The Airports Authority's other revenues, principally concession revenue, pay for the costs assigned to other cost centers at the Airports, such as roadways, parking areas and non-airline revenue generating portions of the terminal.

In February 1990, the Airports Authority entered into a long-term Airport Use and Lease Agreement with the major airlines (Signatory Airlines) serving the Airports. That Use and Lease Agreement was for a term of 25 years to expire on September 30, 2014, but was extended through December 31, 2014, terminating as of the end of the 2014 fiscal year. In November 2014, the Airports Authority's Board approved a new Use and Lease Agreement which became effective January 1, 2015. The new Use and Lease Agreement, replacing the previously existing agreement, became effective with nearly all of the airlines providing service at Reagan National Airport and Dulles International Airport. For airlines operating at Reagan National, the term of agreement is 10 years, starting from the effective date of the agreement to December 31, 2024. For airlines operating at Dulles International Airport, the term of agreement is three years, starting from the effective date of the agreement to December 31, 2017. The Use and Lease Agreement, with respect to Dulles International Airport may be extended up to and including December 31, 2024 upon the mutual agreement of the Airports Authority and the Signatory Airlines.

Both the former and the new Use and Lease Agreements are hybrid agreements, which include elements of both compensatory and residual rate-making methodologies. The Use and Lease Agreements are compensatory to the extent that the costs are allocated to specified cost centers, and the users of those cost centers are responsible for paying the costs. Signatory Airlines agree to pay fees that allow the Airports Authority to recover the total cost requirement of the airline-supported cost centers, which include: airfield, terminal, equipment (e.g., loading bridges, baggage conveyors and devices), passenger conveyance, and the International Arrivals Building at Dulles. The Airports Authority is responsible for all non-airline cost centers, such as general aviation, ground transportation, and Dulles International cargo.

Rates and charges are established annually and are based on projected activity and costs. The Use and Lease Agreement provides for a mid-year adjustment to rates and charges. In addition, at any time during the year if revenues fall five percent or more below projections, rates and charges may be adjusted to provide for full cost recovery plus debt service coverage.

The Use and Lease Agreement has rate making features that are designed to ensure that the Airports Authority's debt service and related coverage obligations under the Indenture are met. The Use and Lease Agreement authorizes the Airports Authority to make immediate rate adjustments in the event that projected revenues are not adequate to meet the rate covenant under the Indenture, which adjustments are referred to as "Extraordinary Coverage Protection Payments" under the Use and Lease Agreement. The Indenture requires that there be 125 percent coverage on the debt service on the Bonds. Under the Use and Lease Agreement, the Airports Authority sets its airline rates and charges at each Airport to recover its costs in the airline-supported

cost centers. These costs include 100 percent of the debt service assigned to these cost centers, plus debt service coverage at varying amounts, depending on the Airport and the year, to satisfy, with respect to this debt service, the 125 percent coverage covenant included in the Indenture.

Under the Use and Lease Agreement in effect through December 31, 2014, airline-funded debt service coverage at both Reagan National Airport and Dulles International Airport was 25 percent of debt service. In the first three years of the new Use and Lease Agreement, from 2015-2017, airline-funded debt service coverage at both Reagan National Airport and Dulles International Airport will be 35 percent of debt service. In the fourth through ninth years of the new Use and Lease Agreement, from 2018-2023, airline-funded debt service coverage will be 30 percent of debt service only at Reagan National Airport. In 2024, the final year of the Use and Lease Agreement, airline-funded debt service coverage will be 25 percent of debt service at Reagan National Airport. Under the Use and Lease Agreement, in the event that the 125 percent debt service coverage is not met at an Airport, an adjustment in the airlines rates and charges will occur at that Airport to produce compliance with the coverage covenant. In the event that the Airports Authority is unable to adjust airline rates sufficiently at the Airport that failed to generate the required 125 percent debt service coverage, under the Use and Lease Agreement, the Airports Authority shall adjust the rates at the other Airport as necessary to fulfill the Airports Authority's obligation to meet the debt service coverage covenant required by the Indenture.

The new Use and Lease Agreement provides for a new Capital Construction Program (CCP) at each of the Airports. The approved CCP at Reagan National Airport includes a \$1 billion capital construction program including the following projects: (i) a project for the design and construction of a new commuter concourse; (ii) a project consisting of "enabling projects" associated with the commuter concourse project; (iii) a Terminal B/C "secure national hall" project; (iv) a project consisting of a set of "enabling projects" associated with the "secure national hall" project; (v) a project consisting of preliminary planning and design work on a facility to expand or replace current Terminal A; and (vi) a project for the design and construction of a new structured parking garage (collectively, the "Reagan National CCP"). In addition, the Reagan National CCP will include various airfield, roadway, utility and other projects.

The CCP at Dulles International Airport includes a \$142 million three-year CCP that is expected to include major maintenance to the existing infrastructure of buildings, airfields, roadways, utilities and other projects (the "Dulles CCP"). During the three-year term of the Use and Lease Agreement, with regards to Dulles International Airport, the Airports Authority may undertake a portion of the Dulles CCP, but will not be required to do so and may fund the projects it elects to undertake through the issuance of debt. The Reagan National CCP and the Dulles CCP together comprise the 2015-2024 CCP.

An airline that files for bankruptcy has the right to reject its Use and Lease Agreement with the Airports Authority. In the event the Airports Authority does not recover all of its costs pursuant to the Use and Lease Agreement with a bankrupt carrier, the Airports Authority may adjust the rates and charges for all Signatory Airlines in a subsequent rate period to recover the rates and charges due from the bankrupt carrier. As a result, if a Signatory Airline were to reject its lease of space at either Airport, the unrecovered rental costs could be allocated among the remaining airline tenants.

If an airline is not a Signatory Airline, it is required to pay rates and charges set by the Airports Authority in accordance with regulations adopted by the Board and United States Department of Transportation requirements.

The Use and Lease Agreement excludes Dulles Toll Road revenues to ensure that no Revenues from the operation of the Airports will be used to support the operation of the Dulles Toll Road or finance Dulles Toll Road improvements or the Dulles Metrorail Project.

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The residual element of the Use and Lease Agreement provides that, in accordance with a formula, the Airports Authority will share its revenue, after certain expenses, referred to as Net Remaining Revenue (NRR), with the Signatory Airlines. To calculate the Airports Authority's and the Signatory Airlines' respective shares of NRR, the total amount of NRR is first segregated by Airport. NRR at each Airport is then reduced by depreciation, debt service coverage on Subordinated Bonds and coverage in the tenant equipment cost centers allocable to each Airport, with the Signatory Airlines receiving 100 percent of an amount equal to the debt service coverage on any Subordinated Bonds and coverage in the tenant equipment cost centers and the Airports Authority receiving 100 percent of an amount equal to depreciation. NRR at Reagan National Airport will be shared as shown in the table below:

<u>Year in Which NRR is Generated</u>	<u>NRR Sharing</u>	<u>Maximum Amount of Airports Authority Share Usable at Dulles International Airport in Year Following Year of Generation</u>
2014, 2015, 2016	100% Airports Authority/ 0% Airlines	\$40 million
2017	55% Airports Authority/ 45% Airlines	\$35 million
2018	55% Airports Authority/ 45% Airlines	\$30 million
2019 through 2023	45% Airports Authority/ 55% Airlines	\$25 million
2024	NRR allocation between the Airports Authority and the Airlines, as well as any limitation on the use of the Airports Authority's share at Dulles International Airport, to be described in a new airport use and lease agreement, which would be effective in 2025, or, if none, in accordance with the allocation for NRR generated in 2023, as described above.	

NRR at Dulles International Airport will be shared in the same manner as it had been shared under the previously existing agreement. At Dulles International Airport, NRR will be divided equally between the Airports Authority and the Signatory Airlines up to a plateau of \$12 million (in 1990 dollars) escalated by the U.S. Implicit Price Deflator Index from the base year of 1989 to the current year. The remainder will then be split with 25 percent allocated to the Airports Authority and 75 percent allocated to the Signatory Airlines. NRR generated in 2017, the final year of the Use and Lease Agreement at Dulles International Airport, will be allocated between the Airports Authority and the Signatory Airlines either in accordance with a new airport use and lease agreement or if no agreement, substantially in accordance with the methodology set forth in the Use and Lease Agreement for the immediately preceding Fiscal Year.

The Signatory Airlines' share of NRR, referred to as Transfers, is used to lower airline rates and charges in the year following the year that the NRR is earned. The Airports Authority uses its share of NRR to finance its Capital, Operating and Maintenance Investment Program or for any other lawful purpose. Under the new formula, the Airports Authority will retain an increased level of NRR from Reagan National Airport and have the ability to use revenues generated at Reagan National Airport to pay outstanding debt service costs at Dulles

International Airport, up to a maximum of \$40 million per year in years 2014, 2015 and 2016. Such revenue sharing between Reagan National Airport and Dulles International Airport is allowed for the first time under the new Use and Lease Agreement.

Under the new Use and Lease Agreement, the Airports Authority may increase its allocable share of NRR, with regard to Reagan National Airport, in the event any new legislation is enacted which expands the Perimeter Rule by allowing additional flights in excess of the 1,250 mile perimeter. For each new pair of beyond-perimeter flights, the Airports Authority would be entitled to \$1.5 million from NRR, before any sharing of NRR occurs with the airlines. For the years ended December 31, 2014 and 2013, the Signatory Airlines' Transfer amounts were \$63.6 million and \$78.1 million, and the Airports Authority's share of NRR was \$69.6 million and \$41.7 million, respectively.

The Use and Lease Agreement also provides for an annual settlement whereby rates and charges are recalculated using audited financial data to determine any airline over- or under-payment for airline-supported cost centers. For the years ended December 31, 2014 and 2013, the settlement resulted in net charges to the Signatory Airlines of \$1.2 million and net amounts due to the Signatory Airlines of \$3.0 million, respectively. Each year's net charge adjusts the amount of revenue recognized during that year, with either a corresponding receivable due from the Signatory Airlines (refer to Note 5 – Accounts Receivable) or advance billings.

### **3. THE DULLES TOLL ROAD AND CONSTRUCTION OF THE DULLES METRORAIL PROJECT**

#### **Dulles Toll Road**

On November 1, 2008, the Virginia Department of Transportation (VDOT) transferred operational and financial control of the Dulles Toll Road (Omer L. Hirst – Adelard L. Brault Expressway) to the Airports Authority for a term of 50 years, upon the terms and conditions set forth by the Master Transfer Agreement dated December 29, 2006, and the Permit and Operating Agreement dated December 29, 2006, each entered into by and between VDOT and the Airports Authority. Concurrent with this transfer of rights and responsibility, VDOT contributed to the Airports Authority approximately \$272.1 million of capital property, including \$254.8 million of construction in progress, for the Dulles Metrorail Project. The Airports Authority accounted for the transfer in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

In exchange for the rights to the revenues from operation of the Dulles Toll Road and certain other revenues described in the VDOT Agreements, the Airports Authority agreed to (i) operate and maintain the Dulles Toll Road, (ii) cause the design and construction of the extension of the WMATA Metrorail system from the West Falls Church station in Fairfax County, along the Dulles Corridor to Dulles International and beyond into Loudoun County (the Dulles Metrorail Project) and (iii) make other improvements in the Dulles Corridor consistent with VDOT and regional plans. The Dulles Corridor is defined as the transportation corridor with an eastern terminus of the East Falls Church Metrorail station at Interstate Route 66 and a western terminus of VA Route 772 in Loudoun County, VA.

The Airports Authority is solely responsible for setting toll rates and collecting tolls on the Dulles Toll Road, following its process for issuing regulations and in consultation with the Dulles Corridor Advisory Committee. The Dulles Corridor Advisory Committee is an eight-member committee, composed of two representatives for each of the Airports Authority, Fairfax County, Loudoun County, and the Commonwealth of Virginia, to provide the Airports Authority with advice on issues related to the management, improvement, and expansion of the Dulles Corridor, as well as changes to the toll rates on the Dulles Toll Road.

The Airports Authority may not use any net revenues pledged for payment of the Airport System Revenue Bonds or Notes to support the operation of the Dulles Toll Road or to pay debt service on Dulles Toll Road Revenue Bonds. Likewise, the Airports Authority may not use any revenues pledged for payment of the Dulles Toll Road Revenue Bonds or Notes to support the operation of the airports or to pay debt service on Airport System Revenue Bonds or Notes. The deficit in Unrestricted Net Assets is expected to be reversed over time through the accumulation of additional reserves resulting from future Dulles Toll Road revenue growth. Future Dulles Toll Road revenue will be used to service the debt for the construction of the Metrorail extension following the transfer to WMATA. Debt service through 2018 is also augmented by a contribution of \$150.0 million from the Commonwealth of Virginia, of which the Authority has used \$30.0 million and \$10.0 million for the years ended December 31, 2014 and 2013, respectively.

### **Dulles Metrorail Project**

The Airports Authority is funding and constructing the 23.1-mile Dulles Metrorail Project in two phases. Phase 1 of the Dulles Metrorail Project extends 11.7 miles from near the West Falls Church station to Wiehle Avenue in Reston, VA. It includes five new stations and improvements to the existing WMATA Service and Inspection Yard at the West Falls Church station. Phase 2 of the Dulles Metrorail Project will extend the Metrorail system an additional 11.4 miles from Wiehle Avenue through Dulles International Airport property and west into Loudoun County, VA. Phase 2 of the Dulles Metrorail Project is expected to include six new stations and a maintenance yard located on Dulles International Airport property.

The Dulles Metrorail Project is being funded with a combination of toll road revenue bonds secured by a pledge of Dulles Toll Road revenues, federal grants, and contributions from local jurisdictions. In addition, approximately 4.1 percent of the Phase 2 costs are expected to be paid from Passenger Facility Charges of the Airports. As of December 31, 2014, the Airports Authority has approximately \$1.9 billion of Dulles Toll Road revenue bonds payable (refer to Note 14 – Capital Debt).

Upon completion of construction of each phase of the Dulles Metrorail Project and acceptance by WMATA into the Metrorail system, the Airports Authority will transfer, without financial retribution, ownership of the completed phase of the project to WMATA. At that point, WMATA will become the owner and operator of the completed phase and will be solely responsible for its operation and maintenance. None of the operating and maintenance expenses of the completed phase will constitute operating or maintenance expenses of the Airports Authority. Such expenses will be payable entirely from WMATA's operating and other revenues (including revenues derived from the operation of the Dulles Metrorail Project). The debt associated with construction of each phase of the Dulles Metrorail Project will remain with the Airports Authority and will not be transferred to WMATA.

Construction in progress amounts related to both phases of the Dulles Metrorail Project are disclosed in Note 9 – Changes in Capital Assets.

Phase 1 of the Dulles Metrorail Project consisting of the 11.7 mile extension and related assets were accepted by WMATA and began operating on July 26, 2014. At that time, the assets were transferred to WMATA in their entirety and WMATA obtained ownership and title to these assets. These assets included the rail track, rail stations, buildings, power substations, rail cars, land, easements, right-of-ways etc. WMATA is responsible for all ongoing operating and maintenance costs pertaining to these transferred assets.

The transfer of these assets resulted in a reduction of \$3.1 billion in construction in progress shown on the Authority's Statement of Net Position and a \$3.1 billion non-operating expense (contribution to other governments) on the Authority's Statement of Revenues, Expenses and Changes in Net Position. It is expected

that the final project closeout for Phase 1 of the Dulles Metrorail Project will occur over the next few years and as part of the project close out, the Authority will transfer these additional costs on an on-going basis. In addition to these costs, costs for additional Metrorail cars, scheduled to be delivered in future years, will be included in these subsequent transfers.

#### **4. DEPOSITS AND INVESTMENTS**

The Airports Authority's investment policy, as approved by the Board, requires that deposits in excess of the federally insured amount be held at institutions with a Kroll Bond Rating Agency rating of B or above. In the event a financial institution's rating falls below this level, the deposits are to be reduced to the federally insured amount. The Airports Authority's practice is to sweep all demand deposits at the close of each business day into overnight repurchase agreements.

As of December 31, 2014 and 2013, the Airports Authority had various certificates of deposit in the amount of \$15.8 million and \$7.0 million, respectively, of which \$11.3 million and \$5.3 million, respectively, were not covered by insurance and were not collateralized with securities held by the pledging financial institutions. These certificates of deposit were held at institutions with a Kroll Bond Rating Agency rating of B or above. These certificates of deposit were part of the Airports Authority's Linked Deposit Program, whereby a portion of the reserve funds were deposited with banks that have a Community Reinvestment Act rating of "outstanding" or the Local Deposit Program established for regional banks with a Community Reinvestment Act rating of "satisfactory". Participants in the Local Deposit Program must collateralize any deposit over the Federal Deposit Insurance Corporation (FDIC) limit.

The Airports Authority maintains multiple imprest cash funds in certain departments. These amounts are not covered by insurance and are not collateralized. These funds totaled \$179.2 thousand and \$195 thousand as of December 31, 2014 and 2013, respectively.



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As of December 31, 2014 and 2013, cash and cash equivalents and investments were classified on the Statements of Net Position as follows:

	December 31, 2014			December 31, 2013		
	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
Cash and cash equivalents						
Current, unrestricted	\$ 78,356,107	\$ 211,006,641	\$ 289,362,748	\$ 53,107,005	\$ 121,966,039	\$ 175,073,044
Current, restricted	145,929,877	91,506,017	237,435,894	152,231,593	272,014,787	424,246,380
Non-current, restricted	<u>48,565,054</u>	<u>196,125,003</u>	<u>244,690,057</u>	<u>75,017,928</u>	<u>211,209,433</u>	<u>286,227,361</u>
Total cash and cash equivalents	272,851,038	498,637,661	771,488,699	280,356,526	605,190,259	885,546,785
Investments						
Current, unrestricted	433,042,016	-	433,042,016	141,279,455	-	141,279,455
Current, restricted	126,104,207	23,444,288	149,548,495	61,944,492	17,073,797	79,018,289
Non-current, unrestricted	95,988,252	-	95,988,252	330,602,733	-	330,602,733
Non-current, restricted	<u>320,321,213</u>	<u>170,465,205</u>	<u>490,786,418</u>	<u>321,696,946</u>	<u>135,597,650</u>	<u>457,294,596</u>
Total investments	975,455,688	193,909,493	1,169,365,181	855,523,626	152,671,447	1,008,195,073
Total	<u>\$ 1,248,306,726</u>	<u>\$ 692,547,154</u>	<u>\$1,940,853,880</u>	<u>\$1,135,880,152</u>	<u>\$ 757,861,706</u>	<u>\$1,893,741,858</u>

Cash and cash equivalents and securities as of December 31, 2014 and 2013 were comprised of the following:

	December 31, 2014			December 31, 2013		
	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
Cash deposits	\$ 22,061,323	\$ 87,445,708	\$ 109,507,031	\$ 7,250,559	\$ 974,059	\$ 8,224,618
Money market	207,130,155	135,485,925	342,616,080	228,856,666	443,324,610	672,181,276
Securities	<u>1,019,115,248</u>	<u>469,615,521</u>	<u>1,488,730,769</u>	<u>899,772,927</u>	<u>313,563,037</u>	<u>1,213,335,964</u>
Total	<u>\$ 1,248,306,726</u>	<u>\$ 692,547,154</u>	<u>\$1,940,853,880</u>	<u>\$1,135,880,152</u>	<u>\$ 757,861,706</u>	<u>\$1,893,741,858</u>

**Carrying Value of Investments**

In accordance with the provisions of GASB Statement No. 31, *Accounting and Reporting For Certain Investments and For External Investments Pools* (GASB 31), investments with an original maturity greater than one year are recorded at their fair value and all investment income, including changes in the fair value of investments, are reported as investment income in the financial statements. Investments with an original maturity greater than one year include guaranteed investment contracts and repurchase agreements. As permitted by GASB 31, investments with an original maturity of less than one year are carried at amortized cost. Fair values are determined through quoted market prices.



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The change in carrying value of total securities during 2014 was \$275.4 million. At December 31, 2014 and 2013, the carrying value of securities was as follows:

Investment Type	Carrying Value as of December 31,					
	2014			2013		
	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
Treasury	\$ 173,176,497	\$ 170,465,205	\$ 343,641,702	\$ 152,252,084	\$ 135,597,650	\$ 287,849,734
Fannie Mae	161,012,649	9,766,580	170,779,229	136,318,407	-	136,318,407
Freddie Mac	58,353,403	-	58,353,403	154,607,165	9,058,246	163,665,411
Farmer Mac	100,801,717	12,304,744	113,106,461	-	-	-
Farm Credit	-	-	-	50,131,000	-	50,131,000
Home Loan	273,765,439	-	273,765,439	162,741,781	6,958,472	169,700,253
MBIA GIC 1	33,645,518	-	33,645,518	33,645,518	-	33,645,518
Dexia (FSA) GIC 1	67,075,427	-	67,075,427	67,075,427	-	67,075,427
Overnight Sweeps 1	62,544,282	277,078,991	339,623,273	54,261,228	161,948,669	216,209,897
Debt Service Reserve Repurchase Agreements:						
BOA Repo <sup>1</sup>	16,333,690	-	16,333,690	16,333,690	-	16,333,690
Morgan Stanley Repo <sup>1</sup>	72,406,627	-	72,406,627	72,406,627	-	72,406,627
Total securities	<u>\$ 1,019,115,248</u>	<u>\$ 469,615,521</u>	<u>\$1,488,730,769</u>	<u>\$ 899,772,927</u>	<u>\$ 313,563,037</u>	<u>\$1,213,335,964</u>

<sup>1</sup> Collateralized by Federal Agency Notes

The tables below present the Airports Authority's investments in accordance with GASB 31:

	As of December 31, 2014	
	Cost	Carrying Value
Securities with original maturity 1 year and over	\$ 577,263,788	\$ 586,774,848
Securities with original maturity less than 1 year	902,143,593	901,955,921
	<u>\$1,479,407,381</u>	<u>\$1,488,730,769</u>

	As of December 31, 2013	
	Cost	Carrying Value
Securities with original maturity 1 year and over	\$ 778,011,927	\$ 787,897,330
Securities with original maturity less than 1 year	426,720,814	425,438,634
	<u>\$1,204,732,741</u>	<u>\$1,213,335,964</u>

## Credit Risk

Credit Risk is the risk that the Airports Authority will lose money due to the default of the issuer or investment counterparty of the security.

The primary objectives of the Airports Authority's investment policy are the safety of capital, the liquidity of the portfolio and the yield of investments. Bond proceeds may be invested in securities as permitted in the bond indentures; otherwise, assets of the Airports Authority may be invested in United States Treasury securities; short-term obligations of the United States Government agencies; short-term obligations of the Commonwealth of Virginia, the State of Maryland, and the District of Columbia; certificates of deposit with banks that have a Kroll Rating Agency rating of "B" or better, or that are fully insured or collateralized; prime CP rated "A1" and "P1" by Standard & Poor's Rating Services (S&P) and Moody's Investors Service Inc. (Moody's), respectively; prime bankers' acceptance notes; repurchase agreements whose underlying collateral consists of the foregoing;

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money market or mutual funds or other such securities or obligations that may be approved by the Finance Committee by modification of the Airports Authority's policy.

The table below summarizes the investments by type and credit rating as of December 31, 2014:

Investment Type	Credit Rating as of December 31, 2014		
	Moody's	S&P	Fitch
Treasury	Aaa	AA+	AAA
Fannie Mae	Aaa	Not Rated	AAA
Freddie Mac	Aaa	Not Rated	AAA
Farmer Mac	Not Rated	Not Rated	Not Rated
Home Loan	Aaa	AA+	Not Rated
MBIA GIC <sup>1</sup>	Ba1	A-	Not Rated
Dexia (FSA) GIC <sup>1</sup>	Not Rated	Not Rated	A
Overnight Sweeps <sup>1</sup>	P-2	A-2	F1
Debt Service Reserve Repurchase Agreements:			
BOA Repo <sup>1</sup>	Baa2	A-	A
Morgan Stanley Repo <sup>1</sup>	Baa2	A-	A

<sup>1</sup> Underlying rating of the counterparties

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Airports Authority would not be able to recover the value of its deposits, investments or collateral securities that were in the possession of an outside party. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Airports Authority and are held by either the counterparty or the counterparty's trust department or agent but not in the Airports Authority's name.

The Airports Authority's investment policy requires that securities be insured or registered investments or securities held by the Airports Authority or its agent in the Airports Authority's name. As of December 31, 2014 and 2013, all the Airports Authority's securities are held by the Airports Authority or its agent in the Airports Authority's name and are fully insured or registered investments.

Repurchase agreements and guaranteed investment contracts are required to be collateralized at 103.0 percent and require the collateral to be Authorized Investments as described in the Investment Policy and the Master Bond Indenture.

The fair value of the collateral for overnight repurchase agreements was \$346.6 million on December 31, 2014. The fair value of the collateral for the guaranteed investment contracts was \$111.0 million on December 31, 2014. The fair value of the collateral for the Debt Service Reserve repurchase agreements was \$91.2 million as of December 31, 2014. All the collateral for these contracts was held by the Airports Authority's agent in the Airports Authority's name.

## Interest Rate Risk

The Airports Authority's investment policy as approved by the Board is designed to maximize investment earnings, while protecting the security of the principal and providing adequate liquidity. The overriding policy for investment decisions is to have funds available as needed for construction and general operating expenses. The Airports Authority's Investment Committee meets quarterly and determines the investment horizon for each fund based on current construction or operating needs and the prevailing market conditions. Each investment transaction shall seek to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value. The Airports Authority mitigates interest rate risk by managing the weighted average maturity of each portfolio type to best meet liquidity needs.

As of December 31, 2014 and 2013, the Airports Authority had the following investments with the respected weighted average maturity in years:

Investment Type	As of December 31,	
	2014	2013
Treasury	3.0	3.1
Fannie Mae	0.6	0.6
Freddie Mac	0.2	0.5
Farmer Mac	0.5	-
Farm Credit	0.0	0.7
Home Loan	0.4	0.6
MBIA GIC	19.5	20.5
Dexia (FSA) GIC	20.8	21.8
Overnight Sweeps	< 0.1	< 0.1
Debt Service Reserve Repurchase Agreements:		
BOA Repo	8.7	9.7
Morgan Stanley Repo	21.4	22.4
	<u>3.4</u>	<u>4.2</u>

## Concentration of Credit Risk

The Airports Authority, as previously described, is limited to investments allowed by the bond indentures and the authorized investment policy. However, the policy does not limit the aggregation of investments in any one type of security. There are providers of securities in which the Airports Authority has invested individually more than 5.0 percent of the total portfolio.

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As of December 31, 2014 and 2013, investments accounted for the following percentages of the total portfolio:

Investment Type	As of December 31,	
	2014	2013
Treasury	23.1%	23.7%
Fannie Mae	11.5%	11.2%
Freddie Mac	3.9%	13.5%
Farmer Mac	7.6%	0.0%
Farm Credit	0.0%	4.1%
Home Loan	18.4%	14.0%
MBIA GIC	2.2%	2.8%
Dexia (FSA) GIC	4.5%	5.5%
Overnight Sweeps	22.8%	17.8%
Debt Service Reserve Repurchase Agreements:		
BOA Repo	1.1%	1.4%
Morgan Stanley Repo	4.9%	6.0%
	<u>100.0%</u>	<u>100.0%</u>

**5. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following:

	As of December 31,	
	2014	2013
Trade accounts receivable	\$ 23,615,333	\$ 25,036,585
Less: allowance for doubtful accounts	(1,061,702)	(747,146)
Trade accounts receivable, net	22,553,631	24,289,439
Settlement due from airline tenants	19,644,914	14,005,006
Current portion of note receivable <sup>1</sup>	4,787,868	3,694,204
Grants receivable in support of operations	258,910	245,567
Other receivables	(213,923)	1,716,782
Total current accounts receivable	<u>\$ 47,031,400</u>	<u>\$ 43,950,998</u>
Grants receivable in support of capital programs	\$ 290,340,841	\$ 172,652,190
Passenger facility charge receivables	6,353,880	6,111,579
Other	(232,062)	605,277
Total restricted accounts receivable	<u>\$ 296,462,659</u>	<u>\$ 179,369,046</u>

<sup>1</sup> See Note 6 - Note Receivable

During 2014, Brookstone Holdings, Corp filed for Chapter 11 bankruptcy protection with a pre-petition balance totaling \$200. Brookstone makes its leasehold payments directly to Marketplace, concessions management firm for the Airports Authority. Lease payments are current to date and the Controller for Marketplace is monitoring

the bankruptcy process. Also during 2014, TEM Enterprises DBA as Xtra Airways filed for Chapter 11 bankruptcy protection with a pre-petition balance totaling \$2 thousand. Payments for pre-petition debt totaling \$43 were received in December 2014.

During 2013, Simply Wheelz LLC DBA as Simply Wheelz and Advantage Rent A Car filed for Chapter 11 bankruptcy protection with a pre-petition balance totaling \$125 thousand. Payments for pre-petition debt totaling \$122 thousand were received in December 2013. The Airports Authority continues to monitor the bankruptcy process. Also during 2013, Evergreen International Airlines, Inc. filed for Chapter 7 bankruptcy protection with a pre-petition balance totaling \$9 thousand. The Office of General Counsel has filed a proof of claim for pre-petition debt. While the Airports Authority is continuing to monitor this bankruptcy process, pre-petition debts owed by Evergreen International Airlines, Inc. were written off in 2014.

Accounts receivable judged to be uncollectible and written off totaled \$38 thousand and \$56 thousand in 2014 and 2013, respectively. The Airports Authority judges existing reserves sufficient to cover any potentially uncollectible receivables owed as of December 31, 2014.

## **6. NOTE RECEIVABLE**

The Airports Authority has a note receivable from United Airlines (UAL). UAL agreed to reimburse the Airports Authority \$20.4 million in design fees incurred by the Airports Authority in connection with the development of a new concourse and related improvements, described and defined as the "Tier 2 Package." The terms of this note receivable specify that interest at the rate of 3.9 percent commence in March 2006 and that UAL commence monthly payments in March 2008 of \$83 thousand, subject to annual escalations.

Amounts scheduled to be received on this note receivable are:

Year ended December 31, 2015	\$ 4,924,264
Year ended December 31, 2016	\$ 849,386
Total future payments	\$ 5,773,650
Less: interest to be earned	140,485
Less: current portion of note receivable	4,787,868
Non-current portion of note receivable	<u>\$ 845,297</u>

## **7. PENSION PLANS AND DEFERRED COMPENSATION PLAN**

The Airports Authority participates in two United States Government pension plans: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). Each is considered a cost-sharing, multiple-employer public employee retirement system (PERS). Employees hired before December 31, 1983 are members of the CSRS unless they elected to transfer to the FERS either before December 31, 1987 or during the special enrollment period from July 1, 1998 through December 31, 1998. Effective April 1, 1987, a Thrift Savings Plan was added whereby CSRS and FERS members can contribute a percentage of their salaries on a tax-deferred basis up to Internal Revenue Service elective deferral limits (\$17,500 in 2014).

In addition to the above described Plans, the Airports Authority maintains single-employer defined benefit pension plans that cover its regular employees and its police and fire (public safety) employees hired on or after June 7, 1987 and offers employees a deferred compensation plan and a government profit sharing plan.

Under the CSRS, employees contribute 7.0 percent of their base pay (7.5 percent for public safety employees) and the Airports Authority matches the employees' contributions. Retirement benefits are based on length of service and the average of the employee's three highest years of base pay. Employees are eligible to retire at age 55 with 30 years of service; age 60 with 20 years of service; or age 62 with 5 years of service. Public safety employees can retire at age 50 with 20 years of service. Retirement annuities range from 7.5 percent to a maximum 80.0 percent of the average of the employee's three highest years of base pay depending on an employee's length of service. As of December 31, 2014, there were 14 regular employees enrolled in the CSRS.

Under the FERS, employees derive benefits from three different sources: a Basic Benefit Plan (BBP), Social Security, and a Thrift Savings Plan. Employee contributions to the BBP range from 0.8 percent of base pay for regular employees to 1.3 percent for public safety employees. The Airports Authority's contribution ranges from 10.7 percent of base pay for regular employees to 23.3 percent of base pay for public safety employees. Employees are eligible to retire when they have 10 years of service and have reached a minimum retirement age based on date of birth and ranging from 55 to 57 years of age. Retirement annuities range from 1.0 percent (less than 20 years of service) to 1.1 percent (20 or more years of service) of the average of the employee's three highest years of base pay for each year of service. Public safety employees can retire at age 50 with 20 years of service or at any age with 25 years of service. These employees receive retirement benefits equal to 1.7 percent of the average of the employee's three highest years of base pay for every year of service up to 20 years plus 1.0 percent of the same average three-year high for every year of service over 20 years. As of December 31, 2014, there were 30 regular employees and 10 public safety employees enrolled in the FERS.

The Airports Authority's base pay for employees covered by the CSRS and the FERS for the year ended December 31, 2014 was \$5.2 million. Employee contributions to the federal pension plans for 2014, 2013, and 2012 were \$132 thousand, \$175 thousand, and \$221 thousand, respectively. Employer contributions to the federal pension plans for 2014, 2013, and 2012 were \$667 thousand, \$766 thousand, and \$852 thousand, respectively. These contributions represent 100 percent of required contributions for each of the respective years. The Airports Authority's total base pay for all employees, including employees covered by CSRS and FERS, was \$108.7 million and \$105.5 million in 2014 and 2013, respectively.

Plan documents and audited plan financials for the CSRS and FERS plans may be obtained by written request to: U.S. Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA, 16017.

### **Airports Authority Pension Plans**

Effective January 1, 1989, the Airports Authority established a retirement benefits program for employees hired on or after June 7, 1987. Employee coverage and service credit was retroactive to June 7, 1987. The program includes the Airports Authority's General Employee Retirement Plan (the "Regular Plan," covering regular employees) and the Police Officers and Firefighters Retirement Plan (the "Police and Firefighter Plan," covering public safety employees) with the exception of employees working less than 20 hours per week and other temporary employees. Collectively, these plans are referred to as "the Plans." Both are considered to be single-employer defined benefit plans. Any amendment to the Plans must be approved by the Airports Authority's Board of Directors. The Plans provide retirement and death benefits to plan members and beneficiaries.

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As of December 31, 2014, the number of employees participating in the Plans was:

<u>Current Participants</u>	<u>Regular</u>	<u>Public Safety</u>	<u>Total</u>
Vested	735	243	978
Non-vested	297	90	387
Retirees/disabled employees currently receiving benefits	329	60	389
Terminated vested participants	244	73	317
Total	<u>1,605</u>	<u>466</u>	<u>2,071</u>

Regular employees who retire at or after age 60 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.2 percent of final-average eligible compensation up to covered compensation and 1.6 percent of final-average base pay above covered compensation for each year of credited service (maximum of 30 years). Eligible compensation includes base pay and shift differential for wage grade employees. Regular employees with at least five years of service can receive benefits starting at age 55 with a 5.0 percent reduction in benefits for each year the participant is younger than age 60. Employees do not contribute to the Regular Plan.

Public safety employees who retire at age 55 with five years of service or at any age with 25 years of service are entitled to an annual retirement benefit of 2.0 percent of final-average base pay for service up to 25 years and 1.0 percent of the final-average base pay for service between 25 and 30 years. Public safety employees with at least 25 years of service can receive benefits starting before age 50; however, the benefit is reduced by 5 percent for each year by which benefits begin prior to age 50. Public safety employees are required to contribute 1.5 percent of base pay per year of participation to the Police and Firefighter Plan. This contributed amount is accumulated with a 5.0 percent interest rate and is returned when a benefit is forfeited. The Airports Authority contributes the remaining amounts necessary to fund the Plans using the entry age normal actuarial method in addition to an amount necessary to amortize any unfunded liability.

For the Plans, the final-average base pay is the average of the employee's highest consecutive 78 bi-weekly pay periods in the most recent 120 months, while covered compensation is the 35-year average of the Social Security Wage Bases ending with the year in which the participant attains Social Security normal retirement age. A participant's years of benefit service include the number of hours of accrued unused sick leave at a participant's termination. A pre-retirement surviving spouse benefit is payable in the event of death, equal to 50.0 percent of the benefit which would have been payable had the employee retired, provided the employee had at least five years of service. Retiree benefits are adjusted annually by the lesser of one-half of the Consumer Price Index or 4 percent.

### **Contributions Required and Made**

The Airports Authority's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Employer contributions are determined in accordance with the plan provisions and are approved by the Airports Authority's Board of Directors. Level percentages of payroll employer contribution rates are determined using the entry age actuarial cost method. Unfunded actuarial accrued liabilities are being amortized over a period of 20 years on a closed basis.

The Airports Authority contributed 6.1 percent of the applicable base payroll to the Regular Plan and 9.8 percent of the applicable base payroll to the Police and Firefighter Plan in 2014. The Airports Authority's base payroll for

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employees covered by the Regular Plan was \$78.9 million and \$75.6 million for 2014 and 2013, respectively. The base payroll for employees covered by the Police and Firefighter Plan was \$24.6 million and \$23.8 million for 2014 and 2013, respectively. The Airports Authority contributed \$4.8 million and \$5.9 million to the Regular Plan and \$2.4 million and \$3.2 million to the Police and Firefighters Plan in 2014 and 2013, respectively. The following presents the required employer contributions from January 1, 2008 through December 31, 2014:

Calendar Year	General Employees Retirement Plan		Police Officers & Firefighters Retirement Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2008	\$4,117,347	100.0%	\$2,508,523	100.0%
2009	\$4,030,946	100.0%	\$2,534,647	104.8%
2010	\$4,977,049	100.0%	\$2,898,694	119.4%
2011	\$5,129,216	100.0%	\$3,017,012	111.4%
2012	\$5,184,570	100.0%	\$3,039,682	109.2%
2013	\$5,751,707	102.6%	\$3,032,459	106.3%
2014	\$4,812,943	100.0%	\$2,048,703	100.0%

**Annual Pension Cost and Net Pension Obligation (Asset)**

The Airports Authority's net pension obligation (asset) for the Plans as of December 31, 2014, 2013, and 2012 and for the years then ended, which are based on the then latest actuarial valuations available, were as follows:

General Employees Retirement Plan	Year ended December 31,		
	2014	2013	2012
Annual required contribution	\$ 4,812,943	\$ 5,751,707	\$ 5,184,570
Interest on net pension asset	(134,734)	(123,848)	(124,316)
Adjustment to annual required contribution	141,496	130,063	130,555
Annual pension cost	4,819,705	5,757,922	5,190,809
Contributions made	4,812,944	5,903,068	5,184,570
Change in net pension obligation (asset)	6,761	(145,146)	6,239
Net pension obligation (asset) beginning of year	(1,796,457)	(1,651,311)	(1,657,550)
Net pension obligation (asset) end of year	<u>\$ (1,789,696)</u>	<u>\$ (1,796,457)</u>	<u>\$ (1,651,311)</u>



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Police Officers & Firefighters Retirement Plan	Year ended December 31,		
	2014	2013	2012
Annual required contribution	\$ 2,408,703	\$ 3,032,459	\$ 3,039,682
Interest on net pension asset	(150,068)	(136,191)	(115,540)
Adjustment to annual required contribution	157,599	143,025	121,338
Annual pension cost	2,416,234	3,039,293	3,045,480
Contributions made	2,408,703	3,224,321	3,320,829
Change in net pension obligation (asset)	7,531	(185,028)	(275,349)
Prior year adjustment	-	-	-
Net pension obligation (asset) beginning of year	(2,000,904)	(1,815,876)	(1,540,527)
Net pension obligation (asset) end of year	<u>\$ (1,993,373)</u>	<u>\$ (2,000,904)</u>	<u>\$ (1,815,876)</u>

The net pension asset is reported as a non-current unrestricted asset as of December 31, 2014 and 2013 in the Statement of Net Position.

The Airports Authority's annual pension costs, percent contributed, and net pension obligation (asset) were as follows:

**Three Year Trend Information**

Year Ended December 31,	General Employees Retirement Plan			Police Officers & Firefighters Retirement Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2012	\$ 5,190,809	99.9%	\$ (1,651,311)	\$ 3,045,480	109.0%	\$ (1,815,876)
2013	\$ 5,757,922	102.5%	\$ (1,796,457)	\$ 3,039,293	106.1%	\$ (2,000,904)
2014	\$ 4,812,943	100.0%	\$ (1,789,695)	\$ 2,416,234	100.0%	\$ (1,993,373)

**Funding Status and Funding Progress**

The actuarial accrued liability (AAL) was determined from the then most recently available actuarial valuation of the Plans. Significant actuarial assumptions used in determining the AAL were as follows:

Valuation Date	December 31, 2014
Actuarial Cost Method	Entry-age actuarial cost method
Amortization Method	20-year level dollar, closed
Assets Valuation Method	5-year smooth market
Actuarial Assumptions:	
(a) Investment rate of return	7.5%
(b) Projected salary increases	Variable rate 3.0% to 4.5%
(a) and (b) include inflation at	2.75%
(c) Cost of living adjustments	1.375%

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The following presents the funding progress from January 1, 2014 through December 31, 2014:

**Schedule of Funding Progress - General Employees Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	\$ 139,936,039	\$ 131,985,841	\$ (7,950,199)	106.0%	\$ 82,620,662	(9.6%)

**Schedule of Funding Progress - Police Officers & Firefighters Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	\$ 84,064,762	\$ 80,823,789	\$ (3,240,973)	104.0%	\$ 25,617,129	(12.7%)

**Deferred Compensation Plan**

The Airports Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, effective as of July 2, 1989, is available to all career employees and permits the deferral of a portion of regular compensation until future years. Participation in the plan is optional. Until December 31, 2013, the Airports Authority matched 100 percent of participant contributions up to the first 2 percent of regular compensation and matches an additional 50 percent of participant contributions between 2 percent and 4 percent of regular compensation. As of January 1, 2014, the Airports Authority matching contributions are made to the Governmental Profit Sharing Plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, and accordingly, the related assets of the plan are not reflected on the Airports Authority's Statement of Net Position. The trust agent for the plan is the Vantage Trust Company. Investments are managed for participants by the International City/County Management Association Retirement Corporation (ICMA-RC) through one of several investment options or a combination thereof. The choice of the investment option(s) is made by each participant. Amounts contributed by participants to the deferred compensation plan, along with the Airports Authority's matching contribution, totaled \$11.8 million, and \$11.6 million in the years ended December 31, 2013 and 2012, respectively. Amounts contributed by participants to the deferred compensation plan totaled \$8.1 million in the year ended December 31, 2014.

**Money Purchase Pension Plan**

The Airports Authority established a Money Purchase Pension Plan (MPPP) in accordance with Internal Revenue Code 401(a)(17) effective December 18, 2007. The MPPP is available to all full-time employees. Under the terms of the MPPP, the Airports Authority makes contributions on behalf of eligible employees. The amount of contributions depends on whether the employee's pension benefit under the Airports Authority's Regular Plan

or the Police and Firefighter Plan is subject to compensation limitations imposed by section 401(a)(17). Eligible employees may not defer a portion of their salary into the MPPP. The Airports Authority serves as trustee of the MPPP and has entered into an agreement with the ICMA-RC to act as an investment advisor to the MPPP and to provide record keeping services for the MPPP. The Airports Authority paid \$80 thousand, \$14 thousand, and \$25 thousand into the MPPP in the years ended December 31, 2013, 2012, and 2011, respectively. The Airports Authority terminated this MPPP in 2013.

### **Governmental Profit Sharing Plan**

The Airports Authority established a new supplemental defined contribution retirement plan under Section 401(a) if the Internal Revenue Code (the "Supplemental Savings Plan") effective May 15, 2013. The Airports Authority's matching contributions, the contributions it makes to match, fully or partially, the contribution that employees elect to make under the Retirement Savings Plan, are being made under the new Supplemental Savings Plan as of January 1, 2014 and no longer to be made under the Retirement Savings Plan. The Airports Authority matches 100 percent of participant contributions up to the first 2 percent of regular compensation and matches an additional 50 percent of participant contributions between 2 percent and 4 percent of regular compensation. The Airports Authority contributed \$2.6 million in the year ended December 31, 2014.

## **8. POST-EMPLOYMENT BENEFITS**

The Airports Authority provides post-employment group healthcare, dental, and life insurance benefits for its retired employees. The Airports Authority Retired Employees Healthcare Plan (the Healthcare Plan) is a single-employer defined benefit healthcare, dental, and life insurance plan and is administered by the Airports Authority. The Healthcare Plan provides medical, dental, and life insurance benefits to eligible retirees and their dependents (the Participants). As of December 31, 2014, 530 Participants were receiving health insurance benefits, and 513 Participants were receiving life insurance benefits under the Healthcare Plan.

The management of the Airports Authority can establish and amend benefit provisions of the Healthcare Plan. The Airports Authority created and began funding an Employee Welfare Benefits Trust (the Trust) in February 2005 in order to provide a funding mechanism for its other post-employment benefit obligations.

There are no separate stand-alone financial reports for the Healthcare Plan. A copy of the plan documents may be obtained by written request to: Metropolitan Washington Airports Authority, Attention: Benefits Manager, 1 Aviation Circle, Washington, DC 20001-6000.

### **Contributions Required and Made**

The contribution requirements of the Healthcare Plan's Participants and the Airports Authority for health and dental insurance are established and may be amended by the management of the Airports Authority. The contribution requirements are based upon projected pay-as-you-go financing requirements and funding for future benefits. The Airports Authority pays 80 percent of the health premium costs and 45 percent of the dental premiums costs, with the retirees paying the remaining premium costs. For the years ended December 31, 2014 and 2013, the Airports Authority's share of health and dental insurance premium costs totaled \$5.2 million and \$4.9 million, respectively. Plan participants contributed \$1.3 million and \$1.1 million of the total premiums for the years ended December 31, 2014 and 2013, respectively. The monthly contribution requirements for participants in the Healthcare Plan depend on several factors including provider choices, participant age, and type of benefit coverage.

**Monthly Contributions for Retirees Under 65 for 2014**

Provider Choices	Retiree Only	Retiree Plus	Retiree Plus	Family
		Spouse	Child(ren)	
Aetna - HMO	\$ 124	\$ 258	\$ 234	\$ 367
Aetna - PPO	\$ 137	\$ 285	\$ 258	\$ 406
Kaiser Permanente HMO	\$ 110	\$ 232	\$ 210	\$ 331
MetLife Dental	\$ 14	\$ 30	\$ 35	\$ 57

**Monthly Contributions for Retirees Over 65 for 2014**

Provider Choices	Retiree Only	One > Age 65	Two Party	Family
		One < Age 65	Medicare	Medicare
Aetna - HMO	\$ 109	\$ 246	\$ 215	\$ 389
Aetna - PPO	\$ 110	\$ 260	\$ 218	\$ 394
Kaiser HMO	\$ 54	\$ 164	\$ 108	\$ 218
MetLife Dental	\$ 14	\$ 30	\$ 30	\$ 57

The Airports Authority offers two life insurance options to its Participants. Under Option 1, the Airports Authority pays 100 percent of the Participant's basic and supplemental life insurance cost. Basic life insurance cost is reduced to 25 percent of the Participant's life insurance in force at the time of retirement. Supplemental life insurance is a multiple of the basic life insurance (1 to 5 times) that the Participant had selected prior to retirement. Supplemental life insurance is reduced at a rate of 2 percent each month so that at the end of 50 months, no supplemental life insurance coverage remains in force.

Option 2 is available to Participants who retire from the Airports Authority on or after May 1, 2007. Under Option 2, the Airports Authority pays 100 percent of the Participant's basic life insurance cost. Basic life insurance cost is reduced to 25 percent of the Participant's life insurance in force at the time of retirement. Participants pay 100 percent of the cost of supplemental life insurance. The amount of supplemental life insurance in force remains equal to the amount that the Participant had at the time of retirement but is reduced by 50 percent at age 70 and another 50 percent at age 75.

As of December 31, 2014, 91 out of 468 retired employees had supplemental coverage, and the cost of life insurance totaled \$382 thousand. As of December 31, 2013, 68 out of 468 retired employees had supplemental coverage, and the cost of life insurance for retired employees totaled \$308 thousand.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities (AAL), consistent with the long-term perspectives of the calculations. The actuarial value of future assets will be determined using fair market values.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, including but not limited to future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the AAL for benefits. Significant actuarial assumptions used in determining the AAL are as follows:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry age, normal
Amortization Method	30-year level dollar, open
Assets Valuation Method	5-year smooth market
Actuarial Assumptions:	
(a) Investment rate of return	7.5%
(b) Mortality Rates	Retirement Plans 2000 Healthy Mortality Table
(c) Healthcare Cost Trend Rate	5.7% initially to ultimate rate of 4.2%
(d) Payroll Growth Rate	4.0 - 4.5% to an ultimate rate of 3.0%
(d) includes inflation at	2.75%

#### **Other Post-employment Benefit (OPEB) Costs and Obligations**

The annual non-pension post-employment benefit cost is actuarially determined as is the calculation of the annual required contribution (ARC). The ARC represents the actuarially determined level of funding that, if paid on an ongoing basis, is projected to cover annual benefit costs and the 30-year open amortization of the difference between the AAL and amounts previously recognized. The following reflects the components of the 2014 annual OPEB costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2015 actuarial valuation:

	Year ended December 31,		
	2014	2013	2012
Medical/Dental			
Annual required contribution	\$ 11,080,000	\$ 10,130,000	\$ 11,300,000
Interest on net OPEB obligation (asset)	120,000	20,000	20,000
Adjustment to annual required contribution	(130,000)	(20,000)	(30,000)
Annual OPEB cost	11,070,000	10,130,000	11,290,000
Contributions made	10,840,000	10,147,100	9,956,111
Change in net OPEB obligation (asset)	230,000	(17,100)	1,333,889
Net OPEB obligation (asset) beginning of year	1,636,288	1,653,388	319,499
Net OPEB obligation end of year	<u>\$ 1,866,288</u>	<u>\$ 1,636,288</u>	<u>\$ 1,653,388</u>

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Life Insurance	Year ended December 31,		
	2014	2013	2012
Annual required contribution	\$ 797,400	\$ 1,048,700	\$ 956,900
Interest on net OPEB obligation	4,600	5,700	5,700
Adjustment to annual required contribution	(4,800)	(6,000)	(6,000)
Annual OPEB cost	797,200	1,048,400	956,600
Contributions made	797,200	1,048,400	971,528
Change in net OPEB obligation	-	-	(14,928)
Net OPEB obligation beginning of year	61,195	61,195	76,123
Net OPEB obligation end of year	\$ 61,195	\$ 61,195	\$ 61,195

The net OPEB obligation liabilities are reported as non-current liabilities as of December 31, 2014 and 2013 in the Statement of Net Position.

The Airports Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2014 and the two preceding years, were as follows:

**Three-Year Trend Information - Medical Insurance**

Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 11,290,000	88.2%	\$1,653,388
2013	\$ 10,130,000	100.2%	\$1,636,288
2014	\$ 11,070,000	110.0%	\$1,866,288

**Three-Year Trend Information - Life Insurance**

Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 956,600	101.6%	\$ 61,195
2013	\$ 1,048,400	100.0%	\$ 61,195
2014	\$ 797,200	96.9%	\$ 61,195

**Funding Status and Funding Progress**

The Airports Authority began funding the Plan in 2005, and in addition to funding insurance costs for Participants, contributed \$5.7 million, \$5.2 million, and \$6.1 million for the years ended December 31, 2014, 2013, and 2012, respectively to the Trust for medical and dental insurance. The Airports Authority also contributed \$439 thousand, \$731 thousand, and \$516 thousand for the years ended December 31, 2014, 2013, and 2012, respectively, to the Trust for life insurance.

**Schedule of Funding Progress - Medical Insurance**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2015	\$ 83,180,000	\$ 104,200,000	\$ 21,020,000	79.8%	\$ 107,560,000	19.5%

**Schedule of Funding Progress - Life Insurance**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2015	\$ 7,691,800	\$ 11,670,700	\$ 3,978,900	65.9%	\$ 107,563,400	3.7%

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**9. CHANGES IN CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2014 and 2013 was as follows:

	Balance as of January 1, 2014	Transfers and Additions	Transfers and Retirements	Balance as of December 31, 2014
Capital assets not being depreciated:				
Land and other non-depreciable assets	\$ 183,051,181	\$ -	\$ (343,093)	\$ 182,708,088
Construction in progress - Aviation Enterprise	379,274,498	127,465,179	(187,152,968)	319,586,709
Construction in progress - Dulles Corridor Enterprise	3,219,811,567	324,576,617	(3,114,735,664)	429,652,520
Total capital assets not being depreciated	<u>3,782,137,246</u>	<u>452,041,796</u>	<u>(3,302,231,725)</u>	<u>931,947,317</u>
Other capital assets:				
Buildings	2,508,759,605	36,274,984	(131,218)	2,544,903,371
Systems and structures	4,227,923,573	127,423,120	(73,031)	4,355,273,662
Equipment	116,376,757	13,008,006	(930,329)	128,454,434
Motor vehicles	69,646,741	7,626,066	(2,382,055)	74,890,752
Total other capital assets	<u>6,922,706,676</u>	<u>184,332,176</u>	<u>(3,516,633)</u>	<u>7,103,522,219</u>
Less accumulated depreciation:				
Buildings	970,969,502	66,415,076	(9,188)	1,037,375,390
Systems and structures	1,452,283,984	164,353,603	(10,705)	1,616,626,882
Equipment	101,532,099	4,656,526	(772,426)	105,416,199
Motor vehicles	47,365,392	4,363,225	(2,303,103)	49,425,514
Total accumulated depreciation	<u>2,572,150,977</u>	<u>239,788,430</u>	<u>(3,095,422)</u>	<u>2,808,843,985</u>
Totals	<u>\$ 8,132,692,945</u>	<u>\$ 396,585,542</u>	<u>\$ (3,302,652,936)</u>	<u>\$ 5,226,625,551</u>

	Balance as of January 1, 2013	Transfers and Additions	Transfers and Retirements	Balance as of December 31, 2013
Capital assets not being depreciated:				
Land and other non-depreciable assets	\$ 182,685,100	\$ 366,081	\$ -	\$ 183,051,181
Construction in progress - Aviation Enterprise	274,520,382	161,678,720	(56,924,604)	379,274,498
Construction in progress - Dulles Corridor Enterprise	2,765,186,629	468,862,755	(14,237,817)	3,219,811,567
Total capital assets not being depreciated	<u>3,222,392,111</u>	<u>630,907,556</u>	<u>(71,162,421)</u>	<u>3,782,137,246</u>
Other capital assets:				
Buildings	2,478,652,194	30,115,008	(7,597)	2,508,759,605
Systems and structures	4,191,839,205	36,155,898	(71,530)	4,227,923,573
Equipment	116,482,314	1,302,121	(1,407,678)	116,376,757
Motor vehicles	69,352,889	2,651,611	(2,357,759)	69,646,741
Total other capital assets	<u>6,856,326,602</u>	<u>70,224,638</u>	<u>(3,844,564)</u>	<u>6,922,706,676</u>
Less accumulated depreciation:				
Buildings	900,501,187	70,586,453	(118,138)	970,969,502
Systems and structures	1,291,322,025	160,961,959	-	1,452,283,984
Equipment	97,401,238	4,925,926	(795,065)	101,532,099
Motor vehicles	45,014,800	4,501,655	(2,151,063)	47,365,392
Total accumulated depreciation	<u>2,334,239,250</u>	<u>240,975,993</u>	<u>(3,064,266)</u>	<u>2,572,150,977</u>
Totals	<u>\$ 7,744,479,463</u>	<u>\$ 460,156,201</u>	<u>\$ (71,942,719)</u>	<u>\$ 8,132,692,945</u>



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Depreciation expense was incurred by the Business-Type Activities of the Airports Authority during the fiscal years as follows:

	2014	2013
Aviation Enterprise Fund	\$ 235,468,690	\$ 236,594,157
Dulles Corridor Enterprise Fund	4,310,552	4,064,686
Total Depreciation Expense	<u>\$ 239,779,242</u>	<u>\$ 240,658,843</u>

The Airports Authority completed various capital asset construction and development projects during the years ended December 31, 2014 and 2013. Within the Aviation Enterprise Fund, at Reagan National, projects completed in 2014 included Terminal A Building Rehabilitation and Switchgear and SCADA systems. Within the Aviation Enterprise Fund, at Reagan National, projects completed in 2013 included the utility relocation for runway 1/19 and improvements (lobby upgrade, curbside check-in and outbound baggage facility) to Terminal A. At Dulles International, projects completed in 2014 included the South Baggage Basement EDS in-line baggage screening and the airfield pavements. At Dulles International, projects completed in 2013 included the Concourse C/D boarding Passenger Bridge, taxi lane improvements, communication system improvements, taxiway pavement replacement and cargo building system improvements.

As of December 31, 2014, ongoing projects at Reagan National included continued runway safety improvements and the next generation public safety system. Ongoing projects for Dulles International included building in-line baggage screening and construction to concourse C/D. As of December 31, 2014, the Aviation Enterprise Fund's commitments with contractors for capital asset construction and development projects were \$64.1 million.

Within the Dulles Corridor Enterprise Fund, projects completed in 2014 included phase 1 of new sound walls along the Dulles Corridor and 2.0 miles of main lane and ramp pavements. In addition, the Airports Authority is funding and constructing the 23.1-mile Dulles Metrorail Project in two phases. The Airports Authority completed construction of Phase 1 of the Dulles Metrorail Project which extended 11.7 miles from near the West Falls Church station to Wiehle Avenue in Reston, VA. It included five new stations and improvements to the existing WMATA Service and Inspection Yard at the West Falls Church station. Phase 2 of the Dulles Metrorail Project will extend the Metrorail system an additional 11.4 miles from Wiehle Avenue through Dulles International and west into Loudoun County, VA. Phase 2 of the Dulles Metrorail Project is expected to include six new stations and a maintenance yard located on Dulles International Airport property. As of December 31, 2014, ongoing projects included Phase 2 of the Dulles Metrorail Project and the toll road revenue collection system. As of December 31, 2014, the Dulles Corridor Enterprise Fund's commitments with contractors for capital asset construction and development projects were \$1.7 billion.

Services for the above commitment amounts had not been provided as of December 31, 2014, and accordingly, no liability has been recorded in the accompanying financial statements. Construction projects are financed by revenue bonds secured by aviation and toll road revenues, commercial paper, passenger facility charges, and grants.

In 2014, the Airports Authority recognized expense for design costs incurred for the building changes related to Inline Baggage Screening at Dulles International. Due to emerging processing protocols many elements of the design had no future value. Consistent with the requirements of GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, in 2014, the Airports Authority recorded \$8.0 million of impairment losses relating to this project. This impairment loss is included in the Transfers and Retirements column in the Capital Asset Activity table above.

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Interest included as part of the capitalized value of the assets constructed during the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Interest costs incurred	\$ 328,313,108	\$ 328,857,270
Less: interest costs capitalized	62,202,701	90,487,665
Interest costs expensed	<u>\$ 266,110,407</u>	<u>\$ 238,369,605</u>
	2014	2013
Investment income earned	\$ 16,686,775	\$ 10,207,536
Less: interest income capitalized	8,899	69,162
Investment income recognized	<u>\$ 16,677,876</u>	<u>\$ 10,138,374</u>

**10. ACCOUNTS PAYABLE**

A detail of accounts payable and accrued expenses as of December 31, 2014 and 2013 was as follows:

	As of December 31,	
	2014	2013
Trade accounts payable and accruals	\$131,411,611	\$187,915,502
Accrued compensation and benefits	14,860,591	14,727,207
Current portion of claims	2,474,926	2,608,104
Security deposits	<u>1,970,445</u>	<u>1,928,830</u>
Total accounts payable and accrued expenses	<u>\$150,717,573</u>	<u>\$207,179,643</u>

**11. LEASE COMMITMENTS**

**Property Held for Lease**

The Airports Authority has entered into various operating leases with tenants for the use of space at the Airports Authority's facilities, including buildings, terminals, and airfield areas.

Leases with minimum annual guarantee provisions provide for minimum lease amounts as well as contingent fees based on the tenants' volume of business at the Airports. These leases have various lease terms, may include provisions for annual increases in the minimum annual guarantee amounts, and may be reviewed periodically to ensure compliance with payments of the contingent fees and other terms of the leases. Most concession leases at the Airports have minimum annual guarantee provisions.

The Use and Lease Agreement (refer to Note 2 – Airport Use Agreement and Premises Lease) provides for terminal and other facility and space rentals by the airlines at the Airports. Airlines that have signed the Use and Lease Agreement are responsible for full cost recovery plus debt service coverage for these facilities until the termination date of the Use and Lease Agreement. The original Use and Lease Agreement was for an initial term

of 25 years and remained in effect until its expiration on September 30, 2014. The Airports Authority extended the existing airline agreement to December 31, 2014, at which time a new agreement was executed.

The Airports Authority has also entered into various fixed rate lease agreements with tenants for facilities and space at the Airports. These leases have various lease terms and usually include provisions for annual rent increases.

Minimum future rentals scheduled to be received on operating leases that have initial or remaining non-cancelable terms in excess of one year, as calculated in 2014 dollars, are:

Year ending December 31,	Minimum Annual Guaranteed Leases	Airline Terminal Leases	Fixed Rate Leases	Total
2015	\$ 82,818,314	\$ 269,834	\$ 21,965,134	\$ 105,053,282
2016	\$ 65,269,161	\$ 288,447	\$ 5,898,329	\$ 71,455,937
2017	\$ 57,574,560	\$ 294,875	\$ 4,765,741	\$ 62,635,176
2018	\$ 47,133,116	\$ 303,025	\$ 2,721,324	\$ 50,157,465
2019	\$ 19,018,920	-	\$ 1,229,826	\$ 20,248,746
2020 and thereafter	\$ 103,581,192	-	\$ 35,919,381	\$ 139,500,573
Total minimum future rentals	<u>\$ 375,395,263</u>	<u>\$ 1,156,181</u>	<u>\$ 72,499,735</u>	<u>\$ 449,051,179</u>

The above amounts do not include contingent rentals and fees in excess of minimums, which amounted to \$40.4 million and \$38.3 million for the years ended December 31, 2014 and 2013, respectively. Total income from leases, including minimum annual guarantees and contingent rentals and fees, totaled \$425.3 million and \$428.6 million for the years ended December 31, 2014 and 2013, respectively.

### **Property Leased from Others**

The Airports Authority has an 80 year lease (the Federal Lease), with negotiable extensions, with the United States Government for the Airports. This lease is due to expire on June 6, 2067. The lease requires an annual inflation-adjusted base amount and interest earned on funds reserved monthly in a lease payment reserve account to be paid on a semi-annual basis. The Airports Authority invests the monthly lease payments per the Airports Authority's Investment Policy.

The Airports Authority has entered into a non-cancellable office space lease in Herndon, Virginia. The total rentable space of 58,763 square feet includes a lease of additional rentable space of 6,378 square feet entered into during 2014.

Minimum future rentals scheduled to be paid on the operating leases in effect on December 31, 2014, as calculated in 2014 dollars, are:

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Year ending December 31,	Federal Lease	Office Space Lease	Total
2015	\$ 5,297,523	\$ 1,559,668	\$ 6,857,191
2016	\$ 5,297,523	\$ 1,598,843	\$ 6,896,366
2017	\$ 5,297,523	\$ 1,638,704	\$ 6,936,227
2018	\$ 5,297,523	\$ 1,679,642	\$ 6,977,165
2019	\$ 5,297,523	\$ 425,150	\$ 5,722,673
2020 and thereafter	\$ 254,281,092	\$ -	\$ 254,281,092
Total minimum future rentals	<u>\$ 280,768,707</u>	<u>\$ 6,902,007</u>	<u>\$ 287,670,714</u>

Total rental expense paid to the United States Government for the years ended December 31, 2014 and 2013 was \$5.3 million and \$5.3 million, respectively. The 2014 and 2013 capitalized expenditures related to the office space lease totaled \$1.1 million and \$836 thousand, respectively.

## 12. CHANGES IN LONG-TERM NON-DEBT LIABILITIES

Activity for non-current liabilities, other than for capital debt, for the years ended December 31, 2014 and 2013 was as follows:

	Activity during year ended December 31, 2014				As of December 31, 2014	
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	\$ 9,270,705	\$ 9,324,216	\$ 9,178,325	\$ 9,416,596	\$ 8,487,818	\$ 928,778
Claims <sup>1</sup>	5,854,845	2,079,980	2,848,163	5,086,662	2,474,925	2,611,737
Lease obligations	7,851	-	7,851	-	-	-
Construction retainage	15,961,650	2,446	-	15,964,096	-	15,964,096
Net OPEB obligation <sup>2</sup>	1,697,483	230,000	-	1,927,483	-	1,927,483
Deferred rent revenue	110,787,080	-	30,000,000	80,787,080	-	80,787,080
	<u>\$ 143,579,614</u>	<u>\$ 11,636,642</u>	<u>\$ 42,034,339</u>	<u>\$ 113,181,917</u>	<u>\$ 10,962,743</u>	<u>\$ 102,219,174</u>

<sup>1</sup> See Note 19 – Risk Management

<sup>2</sup> See Note 8 – Post-Employment Benefits

	Activity during year ended December 31, 2013				As of December 31, 2013	
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	\$ 8,836,597	\$ 8,837,924	\$ 8,403,816	\$ 9,270,705	\$ 8,315,061	\$ 955,644
Claims <sup>1</sup>	5,093,560	3,314,920	2,553,635	5,854,845	2,608,104	3,246,741
Lease obligations	119,761	-	111,910	7,851	7,851	-
Construction retainage	15,945,543	16,107	-	15,961,650	-	15,961,650
Net OPEB obligation <sup>2</sup>	1,714,583	-	17,100	1,697,483	-	1,697,483
Deferred rent revenue	787,080	110,000,000	-	110,787,080	-	110,787,080
	<u>\$ 32,497,124</u>	<u>\$ 122,168,951</u>	<u>\$ 11,086,461</u>	<u>\$ 143,579,614</u>	<u>\$ 10,931,016</u>	<u>\$ 132,648,598</u>

<sup>1</sup> See Note 19 – Risk Management

<sup>2</sup> See Note 8 – Post-Employment Benefits

### 13. DERIVATIVES

In 2001, the Airports Authority began a risk management program to assist in managing the interest cost on outstanding and future debt. The Airports Authority has entered into a number of interest rate swap agreements (collectively, the Swap Agreements) to hedge against potential future increases in interest rates. All of the Airports Authority's Swap Agreements were entered into in connection with the planned issuance of Aviation Enterprise Fund variable rate debt and represent floating-to-fixed rate agreements. The Agreements were written on a forward-starting basis to either hedge future new money Bonds or to synthetically advance refund Bonds that could not be advance refunded on a conventional basis because of their tax status.

Based on the Swap Agreements, the Airports Authority owes interest calculated at a notional amount multiplied by a fixed rate to the counterparties. In return, the counterparties owe the Airports Authority interest, based on the notional amount multiplied by a variable rate equal to 72 percent of the 1-month London International Bank Offered Rate (LIBOR). The variable rate received from the counterparties is intended to closely correlate to the interest rate the Airports Authority pays on the underlying variable rate debt. Only the net difference in interest payments is actually exchanged with the counterparties, while the Airports Authority continues to pay interest to the bondholders at the variable rate provided by the bonds associated with the swap. During the term of the Swap Agreement, the Airports Authority pays or receives the difference between the fixed rate on the Swaps and 72 percent of the 1-month LIBOR.

The chart below provides summary information with respect to the Airports Authority's Swap Agreements:

Trade Date	Effective Date	Counterparty	Ratings <sup>1</sup>	Original Notional Amount	Outstanding Notional Amount as of 12/31/2014	Hedged Series	Termination Value <sup>2</sup> as of 12/31/2014	Fixed Rate
07/31/01	08/29/02	Bank of America, N.A.	A2/A/A	\$ 80,590,000	\$ 38,760,000	2011A-2	\$ (4,935,380)	4.445%
06/15/06	10/01/09	J.P. Morgan Chase Banl	Aa3/A+/A+	190,000,000	173,862,667	2011A-3	(52,212,023)	4.099%
06/15/06	10/01/09	Bank of America, N.A.	A2/A/A	110,000,000	100,657,334	2009D/2010C-2	(29,769,388)	4.099%
06/15/06	10/01/10	Wells Fargo Bank, N.A.	Aa3/AA-/AA-	170,000,000	158,780,000	2010D	(49,398,008)	4.112%
05/13/05	10/01/11	Wells Fargo Bank, N.A.	Aa3/AA-/AA-	125,000,000	118,750,000	2011A-1	(29,799,192)	3.862%
<b>Total</b>				<u>\$ 675,590,000</u>	<u>\$ 590,810,001</u>		<u>\$ (166,113,991)</u>	

<sup>1</sup> Long-term ratings of Moody's, S&P, and Fitch, respectively, as of December 31, 2014.

<sup>2</sup> A negative value represents a payment by the Airports Authority to the counterparty if the swap is terminated in the current market; a positive value represents a receipt by the Airports Authority if the swap is terminated in the current market.

### GASB 53, Accounting and Financial Reporting for Derivative Instruments

Beginning in 2008, the Airports Authority implemented GASB 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). According to GASB 53, all of the Aviation Enterprise Fund's forward-starting swap transactions and those swap transactions associated with issued debt were determined to be ineffective in 2008 and are recognized at fair value on the Statements of Revenue, Expenses and Changes in Net Position. GASB 53 requires that if a derivative instrument is found to be ineffective in the first reporting period, evaluation of effectiveness in subsequent reporting periods should not be performed. Therefore, since all of the Airports Authority's derivatives were found to be ineffective at the end of December 31, 2008, hedge accounting ceased permanently, and the changes in the value of the instruments are reported in the Statements of Revenue, Expenses and Changes in Net Position as a fair value gain or (loss).

### **Derivative Fair Value Summary**

For the years ended December 31, 2014 and 2013, all of the Airports Authority's interest rate Swaps were recognized on the Statements of Net Position as liabilities at fair value. The fair value of the Swaps on December 31, 2014 and 2013 was a loss of \$166.1 million and \$112.0 million, respectively. This represents the maximum loss that would be recognized if all counterparties failed to perform as contracted. The change in fair value of Swaps for 2014 was a loss of \$54.1 million. The change in fair value of Swaps for 2013 was a gain of \$82.0 million. Changes in the fair value of the Airports Authority's Swaps are recorded as fair value gains or losses on the Statements of Revenue, Expenses and Changes in Net Position. In addition, net interest payments to the counterparties are recorded in the financial statements.

The fair value of the Airports Authority's Swaps as of December 31, 2014, and 2013 was as follows:

Effective	Counterparty	Outstanding Notional	Maturity	Fair Value as of 12/31/2014	Fair Value as of 12/31/2013	Change in Fair Value
2002	Bank of America, N.A.	\$ 38,760,000	2021	\$ (4,935,380)	\$ (5,842,260)	\$ 906,880
2009	J.P. Morgan Chase Bank	173,862,667	2039	(52,212,023)	(34,284,346)	(17,927,677)
2009	Bank of America, N.A.	100,657,334	2039	(29,769,388)	(19,937,502)	(9,831,886)
2010	Wells Fargo Bank, N.A.	158,780,000	2040	(49,398,008)	(32,363,636)	(17,034,372)
2011	Wells Fargo Bank, N.A.	118,750,000	2039	(29,799,192)	(19,529,728)	(10,269,464)
<b>Total</b>		<u>\$ 590,810,001</u>		<u>\$ (166,113,991)</u>	<u>\$ (111,957,472)</u>	<u>\$ (54,156,519)</u>

### **Risks**

**Credit Risk** – The Airports Authority is exposed to the creditworthiness of the swap counterparties. To manage this risk, the Airports Authority will only enter into Swap Agreements with counterparties having a rating of at least 'A.'

The Airports Authority's Swap Agreements do not require the Airports Authority to post collateral for any reason. The counterparties to the Swaps are required to post collateral if their credit ratings fall below Aa3/AA- but only if the fair values of the Swaps are positive, or in the Airports Authority's favor. As of December 31, 2014, all outstanding swap fair values were negative, or in the counterparty's favor, so no collateral has been posted. The Airports Authority does not enter into any master netting agreements.

**Interest Rate Risk** – The Airports Authority is exposed to interest rate risk on its Swaps. On its pay-fixed, receive-variable interest rate Swaps, as LIBOR decreases, the Airports Authority's net payment on the swap increases.

**Basis Risk** – The Airports Authority may be exposed to basis risk when the payments received from a counterparty are not sufficient to completely offset the debt service payments on the underlying variable rate bonds. As of December 31, 2014, the weighted average interest rate on the Airports Authority's hedged variable-rate debt was 0.81 percent, and 72 percent of LIBOR was 0.12 percent.

**Termination Risk** – The Airports Authority or its counterparties may terminate a swap if the other party fails to perform under the terms of the contract. In the event that the swap is terminated prior to maturity, the Airports Authority may owe a make-whole termination payment to a counterparty or receive a termination payment from a counterparty that could be substantial.

Tax Risk – The Airports Authority is exposed to the risk that future tax law changes or trading relationships lead to an increase in the ratio of tax-exempt to taxable yields.

#### **14. CAPITAL DEBT**

The Airports Authority utilizes a variety of debt instruments, including short-term and long-term borrowings, fixed and variable rate products, and taxable and tax-exempt debt, to finance construction of capital projects for both Enterprise Funds. The Internal Revenue Service (IRS) has set up rules for the investment of bond proceeds of tax-exempt debt limiting the interest arbitrage that can be earned. All of the Airports Authority's tax-exempt debt follow the IRS rules for calculation and rebate of arbitrage. The Airports Authority had a \$0.2 million arbitrage liability as of December 31, 2014 and no arbitrage liabilities as of December 31, 2013.

##### **Aviation Enterprise Fund Debt**

A Master Indenture of Trust was created in 1990 to secure Airport System Revenue Bonds issued by the Aviation Enterprise Fund of the Airports Authority. This Master Indenture was amended effective September 1, 2001, to, in part, change the definition of Annual Debt Service to accommodate the issuance of secured commercial paper, to permit the Airports Authority to release certain revenues from the definition of revenues, and to expand the list of permitted investments to include new, safe investment vehicles designed to increase the return on the Airports Authority's investments. Under this amended Master Indenture, all bonds are collateralized by a pledge of Net Revenues of the Airports Authority which is "senior" to the "subordinated" pledge given by the Airports Authority in connection with the issuance of its bonds prior to 1990.

On May 2, 2001, the Airports Authority's Board adopted Resolution No. 01-6 allowing the issuance of Commercial Paper (CP) Notes for the Aviation Enterprise Fund in a not-to-exceed amount of \$500.0 million. The principal purpose of the CP Notes is to pay or provide for certain capital improvements at the Airports or to refund other forms of indebtedness.

##### **Recent Transactions**

On July 3, 2014, the Airports Authority Aviation Enterprise Fund issued \$539.3 million of Series 2014A Airport System Revenue and Refunding Bonds to refund \$432.4 million of outstanding bonds for debt service savings with a par value of \$482.4 million and provide \$106.8 million of new money to pay for certain capital projects at the Airports, including capitalized interest, and pay the cost of issuing the bonds.

The Series 2014A Alternative Minimum Tax (AMT) Airport System Revenue and Refunding Bonds' par amount of \$539.3 million refunded \$245 million of Series 2004B Bonds maturing in 2027-2034 for net present value savings of \$34.1 million, \$31.3 million of Series 2004C-1 Bonds maturing in 2020-2021 for net present value savings of \$4.9 million, \$93.7 million of Series 2004C-2 Bonds maturing in 2022-2024 for net present value savings of \$15.3 million, and \$112.3 million of Series 2004D Bonds maturing in 2015-2019 for net present value savings of \$11.5 million.

Total debt service savings through 2034, the term of the Refunded Bonds, is approximately \$111.5 million or over \$65.8 million on a net present value basis. Debt service savings in years 2015 are approximately \$8.5 million annually, \$5.8 million annually in 2016-2017, \$2.8 million annually in 2018-2019, \$4.5 million annually in 2020-2021, and \$4.6 million annually in 2022-2024.

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**Bonds Payable**

The Aviation Enterprise Fund's long-term bonds issued and outstanding as of December 31, 2014 and 2013 were as follows:

	Issue Date	Interest Rates	Maturing on October 1	Amount of Serial and Term Maturities	Outstanding at December 31,	
					2014	2013
<b>Series 2003D-1 Revenue Bonds</b>						
<i>Term</i>	10/1/2003	Variable (0.812%) <sup>1</sup>	2015-2033		\$ 59,750,000	\$ 61,525,000
<b>Series 2004A Refunding Bonds</b>	08/26/04		2014		-	10,000
<b>Series 2004B Revenue Bonds</b>	05/18/04		2014		-	245,000,000
<b>Series 2004C-1 Refunding Bonds</b>	07/07/04		2014		-	31,300,000
<b>Series 2004C-2 Revenue Bonds</b>	08/12/04		2014		-	93,860,000
<b>Series 2004D Refunding Bonds</b>	08/26/04		2014		-	131,865,000
<b>Series 2005A Revenue Bonds</b>	04/12/05					
Issued						
<i>Serial</i>		4.250%-5.250%	2015-2020	62,780,000		
<i>Term</i>		4.750%	2035	22,290,000		
<i>Term</i>		5.000%	2035	<u>149,740,000</u>	234,810,000	244,920,000
<b>Series 2005B Refunding Bonds</b>	04/12/05					
Issued						
<i>Serial</i>		4.000%-5.250%	2015-2020		12,800,000	14,640,000
<b>Series 2005C Revenue Bonds</b>	04/12/05					
Issued						
<i>Serial</i>		5.590%	2025	8,315,000		
<i>Serial</i>		5.690%	2030	9,350,000		
<i>Serial</i>		5.730%	2035	<u>12,335,000</u>	30,000,000	30,000,000
<b>Series 2005D Revenue Bonds</b>	10/12/05					
<i>Serial</i>		5.000%	2021-2023		7,650,000	7,650,000
<b>Series 2006A Revenue Bonds</b>	01/25/06					
<i>Serial</i>		4.750%	2030	12,500,000		
<i>Term</i>		5.000%	2032	81,555,000		
<i>Term</i>		5.000%	2035	<u>150,945,000</u>	245,000,000	245,000,000



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	Issue Date	Interest Rates	Maturing on October 1	Amount of Serial and Term Maturities	Outstanding at December 31,	
					2014	2013
<b>Series 2006B</b>						
<b>Revenue Bonds</b>	12/06/06					
Serial		4.550%	2031	59,020,000		
Serial		5.000%	2032	37,030,000		
Term		5.000%	2036	<u>279,270,000</u>	375,320,000	375,320,000
<b>Series 2006C</b>						
<b>Refunding Bonds</b>	12/06/06					
Serial		3.750%-5.000%	2015-2026	21,320,000		
Term		4.375%	2032	<u>11,595,000</u>	32,915,000	34,225,000
<b>Series 2007A</b>						
<b>Refunding Bonds</b>	07/03/07					
Serial		4.750%-5.000%	2015-2023		107,850,000	117,165,000
<b>Series 2007B</b>						
<b>Revenue Bonds</b>	09/27/07					
Serial		4.000%-5.000%	2015-2027	311,745,000		
Serial		4.750%	2032	1,150,000		
Term		5.000%	2032	67,225,000		
Term		5.000%	2035	<u>13,420,000</u>	393,540,000	407,275,000
<b>Series 2008A</b>						
<b>Revenue Bonds</b>	06/24/08					
Serial		5.000%-5.750%	2015-2029		199,630,000	210,365,000
<b>Series 2009B</b>						
<b>Revenue Bonds</b>	04/01/09					
Serial		3.750%-5.250%	2015-2026	158,940,000		
Term		5.000%	2029	31,450,000		
Term		5.000%	2029	<u>31,455,000</u>	\$221,845,000	225,745,000
<b>Series 2009C</b>						
<b>Revenue Bonds</b>	07/02/09					
Serial		4.000%-5.125%	2015-2031	155,075,000		
Term		5.125%	2034	43,405,000		
Term		5.125%	2039	34,125,000		
Term		5.625%	2039	<u>55,000,000</u>	287,605,000	293,410,000
<b>Series 2009D-1-2</b>						
<b>Revenue Bonds</b>	07/02/09					
Term		Variable (4.099%) <sup>2</sup>	2015-2039		125,205,000	127,755,000
<b>Series 2010A</b>						
<b>Revenue Bonds</b>	07/28/10					
Serial		3.250%-5.000%	2015-2030	190,185,000		
Term		4.625%	2035	5,100,000		
Term		5.000%	2035	87,305,000		
Term		5.000%	2039	<u>49,505,000</u>	332,095,000	336,435,000

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	Issue Date	Interest Rates	Maturing on October 1	Amount of Serial and Term Maturities	Outstanding at December 31,	
					2014	2013
<b>Series 2010B</b>						
<b>Revenue Refunding Bonds</b>	07/28/10					
<i>Serial</i>		3.000%-5.000%	2015-2030		177,795,000	191,755,000
<b>Series 2010C-1-2</b>						
<b>Revenue Refunding Bonds</b>	09/22/10					
<i>Term</i>		Variable C-1 (0.020%) <sup>3</sup>	2033	59,575,000		
<i>Term</i>		Variable C-2 (4.099%) <sup>4</sup>	2039	96,690,000	156,265,000	159,560,000
<b>Series 2010D</b>						
<b>Revenue Bonds</b>	09/22/10					
<i>Term</i>		Variable (4.112%) <sup>5</sup>	2040		158,775,000	161,785,000
<b>Series 2010F-1</b>						
<b>Revenue Refunding Bonds</b>	11/17/10					
<i>Serial</i>		4.375%-5.000%	2020-2031		61,820,000	61,820,000
<b>Series 2011A-1-2-3</b>						
<b>Revenue &amp; Refunding Bonds</b>	09/21/11					
<i>Term</i>		Variable A-1 (3.862%) <sup>6</sup>	2015-2039			
		Variable A-2 (4.445%) <sup>7</sup>				
		Variable A-3 (4.099%) <sup>8</sup>			210,135,000	219,340,000
<b>Series 2011B</b>						
<b>Revenue &amp; Refunding Bonds</b>	09/21/11					
<i>Term</i>		Variable (0.442%) <sup>9</sup>	2015-2041		173,185,000	185,195,000
<b>Series 2011C</b>						
<b>Revenue Refunding Bonds</b>	09/29/11					
<i>Serial</i>		4.000%-5.000%	2015-2028		163,585,000	171,060,000
<b>Series 2011D</b>						
<b>Revenue Refunding Bonds</b>	09/29/11					
<i>Serial</i>		3.000%-5.000%	2015-2031		9,245,000	9,635,000
<b>Series 2012A</b>						
<b>Revenue Refunding Bonds</b>	07/03/12					
Issued						
<i>Serial</i>		3.000%-5.000%	2016-2032		291,035,000	291,035,000
<b>Series 2012B</b>						
<b>Revenue Refunding Bonds</b>	07/03/12					
<i>Serial</i>		3.000%-5.000%	2015-2019		17,310,000	20,570,000
<b>Series 2013A</b>						
<b>Revenue &amp; Refunding Bonds</b>	07/11/13					
<i>Serial</i>		4.000%-5.000%	2018-2033	164,245,000		
<i>Term</i>		5.000%	2038	18,870,000		
<i>Term</i>		5.000%	2043	24,090,000	207,205,000	207,205,000

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	Issue Date	Interest Rates	Maturing on October 1	Amount of Serial and Term Maturities	Outstanding at December 31,	
					2014	2013
<b>Series 2013B</b>						
<b>Refunding Bonds</b>	07/11/13					
<i>Serial</i>		1.647%-3.979%	2016-2023		27,405,000	27,405,000
<b>Series 2013C</b>						
<b>Refunding Bonds</b>	07/11/13					
<i>Serial</i>		3.000%-5.000%	2020-2022		11,005,000	11,005,000
<b>Series 2014A</b>						
<b>Refunding Bonds</b>	07/03/14					
<i>Serial</i>		2.000%-5.000%	2015-2034	486,355,000		
<i>Term</i>		4.000%	2039	23,605,000		
<i>Term</i>		5.000%	2044	29,290,000	539,250,000	-
					\$ 4,870,030,000	\$ 4,950,835,000
Plus unamortized discount/premium, net					139,997,151	92,387,136
Total Aviation Enterprise Fund Bonds Payable					<b>\$ 5,010,027,151</b>	<b>\$ 5,043,222,136</b>

<sup>1</sup> Interest rates on Series 2003D-1 are reset monthly by the Remarketing Agent. As of 12/31/14, the rate was 0.812%.

<sup>2</sup> Interest rates on Series 2009D-1 are reset weekly, and interest rates on Series 2009D-2 are reset daily by the Remarketing Agent. The Bonds are hedged with a Swap Agreement at a fixed rate of 4.099%. Refer to Note 13 for information on the Airports Authority's swaps.

<sup>3,4</sup> Interest rates on Series 2010C-1 are reset every two days, and rates on Series 2010C-2 are reset weekly by the Remarketing Agent. As of 12/31/14, the rate on Series 2010C-1 was 0.020%. The 2010C-2 Bonds are hedged with a Swap Agreement at a fixed rate of 4.099%. Refer to Note 13 for information on the Airports Authority's swaps.

<sup>5</sup> Interest rates on Series 2010D are reset weekly by the Remarketing Agent. The Bonds are hedged with a Swap Agreement at a fixed rate of 4.112%. Refer to Note 13 for information on the Airports Authority's swaps.

<sup>6,7,8</sup> Interest rates on Series 2011A-1-2-3 Bonds are calculated weekly using 72% of the 1-month LIBOR Index Rate plus a spread of .82% rounded to five decimal points. As of 12/31/14, the rate was 0.942%. The 2011A-1 Bonds are hedged with a Swap Agreement at a fixed rate of 3.862%. The 2011A-2 Bonds are hedged with a Swap Agreement at a fixed rate of 4.445%. The 2011A-3 Bonds are hedged with a Swap Agreement at a rate of 4.099%. Refer to Note 13 for information on the Airports Authority's swaps.

<sup>9</sup> Interest rates on the 2011B Bonds are calculated weekly using the 1-month LIBOR Index Rate plus a spread of .75%. As of 12/31/14, the rate was 0.442%.

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Changes to the Aviation Enterprise Fund's Bonds Payable balances during 2014 and 2013 were as follows:

Balance as of December 31, 2012				\$	5,131,703,928
Bonds Issued					
Series	2013A	Revenue & Refunding Bonds	207,205,000		
Series	2013B	Revenue Refunding Bonds	27,405,000		
Series	2013C	Revenue Refunding Bonds	<u>11,005,000</u>		245,615,000
Bonds Refunded					
Series	2003A		(153,310,000)		
Series	2003C		(33,850,000)		
Series	2004A		<u>(13,510,000)</u>		(200,670,000)
Principal Payments					(130,580,000)
Change in Unamortized Discount/Premium					(2,846,793)
Balance as of December 31, 2013				\$	5,043,222,135
Bonds Issued					
Series	2014A	Revenue & Refunding Bonds	<u>539,250,000</u>		539,250,000
Bonds Refunded					
Series	2004B		(245,000,000)		
Series	2004C-1		(31,300,000)		
Series	2004C-2		(93,735,000)		
Series	2004D		<u>(112,325,000)</u>		(482,360,000)
Principal Payments					(137,695,000)
Change in Unamortized Discount/Premium					47,610,016
Balance as of December 31, 2014				\$	<u>5,010,027,151</u>
Balance as of December 31, 2014 - Short Term					139,915,000
Balance as of December 31, 2014 - Long Term					<u>4,870,112,151</u>
				\$	<u>5,010,027,151</u>

The outstanding bonds of the Aviation Enterprise in the amount of \$4.9 million are further collateralized by Letters of Credit by the following institutions Wells Fargo \$277.5 million, Barclays Capital \$158.7 million, TD Bank \$127.2 million, Bank of America \$69.7 million and PNC Bank \$173.2 million.

## **Maturities and Sinking Fund Requirements**

Principal payments on the Aviation Enterprise Fund's long-term bonds are due annually on October 1. The following table summarizes the maturities and sinking fund requirements for the Aviation Enterprise Fund Senior Debt, not including any unamortized discount or premium:

Year Ending December 31	Principal	Interest	Total Debt Service
2015	\$ 139,915,000	\$ 232,199,151	\$ 372,114,151
2016	\$ 156,150,000	\$ 226,046,716	\$ 382,196,716
2017	\$ 173,920,000	\$ 218,791,169	\$ 392,711,169
2018	\$ 191,155,000	\$ 210,790,041	\$ 401,945,041
2019	\$ 196,530,000	\$ 201,917,863	\$ 398,447,863
2020 - 2024	\$ 1,059,175,000	\$ 864,278,479	\$ 1,923,453,479
2025 - 2029	\$ 1,059,370,000	\$ 613,257,971	\$ 1,672,627,971
2030 - 2034	\$ 1,211,365,000	\$ 333,209,850	\$ 1,544,574,850
2035 - 2039	\$ 612,620,000	\$ 84,811,972	\$ 697,431,972
Thereafter	\$ 69,830,000	\$ 8,119,201	\$ 77,949,201
	<u>\$ 4,870,030,000</u>	<u>\$ 2,993,422,413</u>	<u>\$ 7,863,452,413</u>

## **Insurance**

The Airports Authority reviews each bond sale to determine if there is value in providing investors municipal bond insurance. As of December 31, 2014 and 2013, the Airports Authority's Aviation Enterprise Fund had insured \$1.6 billion and \$2.1 billion of long-term bonds, respectively. This represented 31.0 percent of total bonds as of December 31, 2014 and 41.5 percent of total bonds as of December 31, 2013.

Aviation Enterprise Fund bonds were insured by five bond insurers: American Municipal Bond Assurance Corporation (Ambac), Berkshire Hathaway (BHAC), Financial Guaranty Insurance Company (FGIC), National Public Finance Guarantee Corporation (NPFGE), previously known as Municipal Bond Investors Assurance Corporation (MBIA), and Financial Security Assurance (FSA) as follows:

Insurer	Amount Insured at December 31, 2014	Percent of Total Bonds Payable	Amount Insured at December 31, 2013	Percent of Total Bonds Payable
Ambac	\$ 509,040,000	10.2%	\$ 532,090,000	10.6%
BHAC	112,200,000	2.2%	225,745,000	4.5%
FGIC	408,235,000	8.1%	409,545,000	8.1%
FSA	245,000,000	4.9%	615,160,000	12.2%
NPFGE	277,610,000	5.5%	421,435,000	8.4%
	<u>\$ 1,552,085,000</u>	<u>31.0%</u>	<u>\$ 2,203,975,000</u>	<u>43.7%</u>

## **Commercial Paper Notes**

The Aviation Enterprise Fund had two credit facilities in place as of December 31, 2013 to support the issuance of up to \$271.0 million in Commercial Paper (CP) Notes. The existing CP program was downsized to \$200.0

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million in March, 2014. The CP Notes are structured as short-term demand obligations under the Amended and Restated Eleventh Supplemental Indenture and the Twenty-second Supplemental Indenture. The Notes are collateralized by certain pledged funds, including Net Revenues on parity with the bonds. They are further collateralized by irrevocable direct pay Letter Of Credit (LOC) facility. The Airports Authority's obligation to repay amounts drawn under the LOC is collateralized by a promissory note issued to the provider.

The CP Notes were issued in two series.

Series One CP Notes were authorized for issuance of up to \$250.0 million in 2004 and amended in 2005, 2007, 2010 and 2011. Series One CP Notes were further collateralized by an irrevocable direct pay LOC issued by JP Morgan Chase Bank, which expired in March 2014. On October 18, 2012, \$17.5 million was refunded with grant proceeds, leaving a balance of \$0 outstanding as of December 31, 2013. Series One CP Notes were suspended upon the expiration.

Series Two CP Notes were authorized for issuance of up to \$21.0 million in 2005 and amended in 2007, 2009 and 2011. Series Two CP Notes were further collateralized by an irrevocable direct pay LOC issued by Landesbank Baden-Wuerttemberg, acting through its New York branch, which would have expired in December 2015. In March, 2014, the LOC was replaced with a new \$200.0 million LOC with Sumitomo Mitsui Banking Corporation expiring in March 2017. As of December 31, 2014, the Airports Authority had \$21.0 million of Series Two CP Notes outstanding.

Changes to the Aviation Enterprise Fund's Commercial Paper Notes balances during 2014 and 2013 were as follows:

	<u>Series One</u>	<u>Series Two</u>	<u>Total</u>
Balance as of December 31, 2012	\$ -	\$ 21,000,000	\$ 21,000,000
Commercial Paper Notes Refunded	-	-	-
Commercial Paper Notes Issued	-	-	-
Balance as of December 31, 2013	\$ -	\$ 21,000,000	\$ 21,000,000
Commercial Paper Notes Refunded	-	-	-
Commercial Paper Notes Issued	-	-	-
Balance as of December 31, 2014	<u>\$ -</u>	<u>\$ 21,000,000</u>	<u>\$ 21,000,000</u>

## Credit Ratings

The Aviation Enterprise Fund's underlying credit ratings as of December 31, 2014 and 2013 are depicted in the table below:

Mode	Lien Position	Rating as of Decemeber 31, 2014			Rating as of December 31, 2013		
		Moody's / S&P / Fitch			Moody's / S&P / Fitch		
Fixed	Senior	A1 / AA- / AA-			Aa3 / AA- / AA-		
Variable, CP	Senior	P-1 / A-1 / F1			P-1 / A-1+ / F1+		
Variable, VRDO <sup>1,2</sup>	Senior	Aa1/Aa2/VMIG1	AAA/A-1+	AAA/F1+	Aa1/Aa2/VMIG1	AAA/A-1+	AAA/F1+
Variable, Index Floaters <sup>3</sup>	Senior	Aa3 / NR / NR			Aa3 / NR / NR		

<sup>1</sup> Includes Series 2009D and 2010C Bonds

<sup>2</sup> Joint Default Analysis with Moody's, Joint Criteria Rating with S&P, Dual Party Pay Criteria with Fitch

<sup>3</sup> Direct Funded Index Obligations, 2011B Moody's Bonds

## Dulles Corridor Enterprise Fund Debt

In August of 2009, a Master Indenture of Trust was created to secure Dulles Toll Road Revenue Bonds issued by the Dulles Corridor Enterprise Fund of the Airports Authority. Under this Master Indenture, all bonds are secured by a pledge of the Toll Road Revenues derived by the Airports Authority from the operation of the Dulles Toll Road (DTR). The pledge of the Toll Road Revenues securing the Series 2009A Bonds (First Senior Lien), however, is senior to the pledge to Toll Road Revenues securing the Series 2009B-C-D Bonds and Series 2010A-B Bonds (Second Senior Lien). Following the Second Senior Lien pledge are the bonds that were issued on a Subordinate Lien, the Series 2010D Bonds.

On June 8, 2011, the Airports Authority Board adopted Resolution No. 11-16 allowing the issuance of CP Notes for the Dulles Corridor Enterprise Fund in a not-to-exceed amount of \$300.0 million. The principal purpose of the CP Notes is to provide funds to finance the costs of the Dulles Metrorail Project and certain Capital Improvements Program (CIP) projects and refund other forms of indebtedness.

On May 9, 2014, the Airports Authority's application for a secured loan under the Transportation Infrastructure Finance and Innovation Act of 1978 (TIFIA) to finance a portion of the costs of Phase 2 of the Dulles Metrorail Project was approved by the United States Department of Transportation (USDOT) in principal amount of \$1.278 billion. Subsequently, on July 16, 2014, the Airports Authority Board adopted Resolution No. 11-16 authorizing execution of the TIFIA Loan Agreement and issuance of Dulles Toll Road Junior Lien Revenue Bonds, TIFIA Series 2014.

## Recent Transactions

On May 22, 2014, the Airports Authority issued \$421.8 million of the Dulles Toll Road Second Senior Lien Revenue Refunding Bonds, Series 2014A to refund \$245.5 million of Commercial Paper, Series One and \$150.0 million of Subordinate Series 2013 Notes. The Series 2014A Bonds were structured as tax-exempt current interest term bonds maturing on October 1, 2053.

On August 20, 2014, the Airports Authority and the USDOT executed the TIFIA Loan Agreement which provides up to \$1.278 billion of financing for Phase 2 of the Dulles Metrorail Project. The interest rate on the TIFIA Loan is

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3.21 percent. Interest on Dulles Toll Road Junior Lien Revenue Bonds, TIFIA Series 2014 does not accrue until loan proceeds are drawn and no debt service payments are required before April 1, 2019. The first mandatory principal payment is October 1, 2023 and the final maturity of the TIFIA Loan is October 1, 2044. No TIFIA Loan draws have taken place during 2014.

**Bonds Payable**

The Dulles Corridor Enterprise Fund's bonds payable as of December 31, 2014 and 2013 were as follows:

			Issue Date	Interest Rates	Maturing on October 1	Amount of Serial And Term Maturities	Outstanding at December 31	
							2014	2013
Series	2009A	Revenue Bonds CIBs Term CIBs Term CIBs Term	08/12/09	5.125% 5.000% 5.250%	2032 2039 2044	\$ 22,140,000 89,735,000 86,125,000	\$ 198,000,000	\$ 198,000,000
Series	2009B	Revenue Bonds CABs	08/12/09	3.500%-7.910%	2012-2040		266,240,763	254,890,572
Series	2009C	Revenue Bonds Convertible CABs	08/12/09	6.500%	2038-2041		223,468,263	209,628,230
Series	2009D	Revenue Bonds Build America Bonds	08/12/09	7.462%	2045-2046		400,000,000	400,000,000
Series	2010A	Revenue Bonds CABs Term	05/27/10	6.625%	2029-2037		73,960,057	69,291,844
Series	2010B	Revenue Bonds Convertible CABs Term	05/27/10	6.500%	2040-2044		184,903,875	173,446,450
Series	2010D	Revenue Bonds Build America Bonds	05/27/10	8.000%	2042-2047		150,000,000	150,000,000
Series	2014A	Revenue Refunding Bond	5/22/2014	4.824%	2051-2053		421,760,000	-
							<u>\$ 1,918,332,958</u>	<u>\$ 1,455,257,096</u>
Plus (Less) unamortized discount/premium, net							<u>10,696,363</u>	<u>(4,921,555)</u>
Total Dulles Corridor Enterprise Bonds Payable							<u><u>\$ 1,929,029,321</u></u>	<u><u>\$ 1,450,335,541</u></u>



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Changes to the Dulles Corridor Enterprise Fund's Bonds Payable balances during 2014 and 2013 were as follows:

Balance as of December 31, 2012	\$ 1,416,334,865
Bonds Issued in 2013	-
Principal Payments	(9,041,633)
Plus: Change in Accretion of Capital Appreciation Bonds	42,961,646
Change in unamortized (discount) or premium, net	80,663
Balance as of December 31, 2013	\$ 1,450,335,541
Bonds Issued in 2014	421,760,000
Principal Payments	(4,201,882)
Plus: Change in Accretion of Capital Appreciation Bonds	45,517,743
Change in unamortized (discount) or premium, net	15,617,918
Balance as of December 31, 2014	\$ 1,929,029,321
Balance as of December 31, 2014- Short Term	8,687,272
Balance as of December 31, 2014 - Long Term	1,920,342,049
Total Dulles Corridor Enterprise Fund Bonds Payable	\$ 1,929,029,321

**Maturities and Sinking Fund Requirements**

Principal payments on the Dulles Corridor Enterprise Fund's long-term bonds are due annually on October 1. The following table summarizes the maturities and sinking fund requirements for the Dulles Corridor Enterprise Fund Senior Debt, not including any unamortized discount or premium:

Year Ending December 31	Principal	Interest	Total Debt Service
2015	\$ 8,687,272	\$ 75,806,716	\$ 84,493,988
2016	\$ 7,588,182	\$ 76,135,805	\$ 83,723,987
2017	\$ 4,032,707	\$ 91,356,657	\$ 95,389,364
2018	\$ 4,086,658	\$ 91,847,704	\$ 95,934,362
2019	\$ 7,259,874	\$ 109,974,489	\$ 117,234,363
2020 - 2024	\$ 30,292,313	\$ 563,189,499	\$ 593,481,812
2025 - 2029	\$ 39,417,123	\$ 613,868,950	\$ 653,286,073
2030 - 2034	\$ 123,050,808	\$ 813,432,441	\$ 936,483,249
2035 - 2039	\$ 173,286,358	\$ 887,383,747	\$ 1,060,670,105
Thereafter	\$ 1,310,977,130	\$ 940,438,049	\$ 2,251,415,179
	<u>\$ 1,708,678,425</u>	<u>\$ 4,263,434,057</u>	<u>\$ 5,972,112,482</u>

## **Insurance**

As of December 31, 2014 and 2013, the Airports Authority's Dulles Corridor Enterprise Fund had insured \$346.3 million and \$350.5 million of long-term bonds, respectively with Assured Guaranty. This represented 18.0 percent of total bonds as of December 31, 2014 and 24.2 percent of total bonds as of December 31, 2013.

## **Commercial Paper Notes**

The CP Notes are structured as short-term demand obligations under the Seventh Supplemental Indenture. They are collateralized by certain pledged funds, including Net Revenues on parity with the second senior lien bonds. They are further collateralized by an irrevocable direct pay LOC facility. The Airports Authority's obligation to repay amounts drawn under such LOCs is collateralized by a promissory note issued by the Airports Authority. The CP Notes are collateralized by an irrevocable direct pay LOC issued by J.P. Morgan Chase Bank, National Association. On July 1, 2014, the Reimbursement Agreement with JPMorgan Chase Bank, National Association was amended to increase the aggregate principal amount of CP Notes to \$300.0 million and expiration date extended through August 2015.

In May 2014, \$245.5 million of Dulles Toll Road Second Senior Lien CP Notes, Series One, were refunded with proceeds of the Series 2014A Bonds leaving the balance of \$54.5 million of CP Notes outstanding. In June and October 2014, the Airports Authority issued \$60.0 million and \$50.0 million of CP Notes, Series One, respectively, which brought the outstanding balance to \$164.5 million as of December 31, 2014.

Changes to the Dulles Corridor Enterprise Fund's Commercial Paper Notes balances during 2014 and 2013 were as follows:

	CP Notes
Balance as of December 31, 2012	\$ 149,550,000
Commercial Paper Notes Refunded	-
Commercial Paper Notes Issued	150,450,000
Balance as of December 31, 2013	\$ 300,000,000
Commercial Paper Notes Refunded	(245,545,000)
Commercial Paper Notes Issued	110,000,000
Balance as of December 31, 2014	<u>\$ 164,455,000</u>

## **Notes Payable**

As approved in Resolution No. 12-37, on December 17, 2012, the Airports Authority issued \$200.0 million of fixed rate notes secured by the remaining federal funding anticipated to be received pursuant to a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration for Phase 1 of the Rail Project. The notes are a direct purchase obligation with a 2.16 percent interest rate and final maturity in 2016. The Dulles Corridor Enterprise Fund had \$156.3 million and \$200.0 million of FFGA Notes outstanding on December 31, 2014 and December 31, 2013.

As approved in Resolution No. 13-31, on November 13, 2013, the Airports Authority was authorized to issue up to \$400.0 million Dulles Toll Road Subordinate Lien Notes, Series 2013 to provide funds for the Dulles Metrorail Project and fund costs of issuance of the Notes. In the same month, the Airports Authority sold \$150.0 million of

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the Series 2013 Notes to J.P. Morgan Chase Bank, National Association. The entire amount of outstanding Series 2013 Notes were refunded with the issuance of Dulles Toll Road Second Senior Lien Revenue Refunding Bonds, Series 2014A in May, 2014.

Changes to the Dulles Corridor Enterprise Fund's Notes Payable balances during 2014 and 2013 were as follows:

	<u>FFGA Notes &amp; Series 2013-1 Revenue Notes</u>
Balance as of December 31, 2012	\$ 200,000,000
Notes Refunded	-
Notes Issued	<u>150,000,000</u>
Balance as of December 31, 2013	\$ 350,000,000
Notes Refunded	(193,682,692)
Notes Issued	<u>-</u>
Balance as of December 31, 2014	<u><u>\$ 156,317,308</u></u>
Balance as of December 31, 2014 - Short Term	-
Balance as of December 31, 2014 - Long Term	<u>156,317,308</u>
Total Dulles Corridor Enterprise Fund Notes Payable	<u><u>\$ 156,317,308</u></u>

### Credit Ratings

The Dulles Corridor Enterprise Fund's underlying credit ratings as of December 31, 2014 and 2013 are depicted in the table below:

Mode	Lien Position	Rating as of Decemeber 31, 2014	Rating as of December 31, 2013
		Moody's / S&P / Fitch	Moody's / S&P / Fitch
Fixed	First Senior	A2 / A / NR	A2 / A / NR
Fixed	Second Senior	Baa1 / BBB+ / NR	Baa1 / BBB+ / NR
Fixed	Second Senior <sup>1</sup>	Aa2 / AAA / NR	Aa2 / AAA / NR
Fixed	Subordinate	Baa2 / BBB / NR	Baa2 / BBB / NR
Fixed	Junior	Baa2 / BBB- / NR	-
Variable, CP	Second Senior	P-1 / A-1+ / NR	P-1 / A-1+ / NR

<sup>1</sup> Enhanced Rating

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**15. NET POSITION**

**Net position consisted of the following, as of December 31, 2014:**

	As of December 31, 2014				
	Net Investment in Capital Assets	Restricted for			
		Construction	Debt Service	Debt Service Reserve	Leases
<b>Current assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-
Investments	-	-	-	-	-
Restricted investments	-	66,616,374	82,932,121	-	-
Inventory	-	-	-	-	-
Prepaid expenses and other current assets	-	-	-	-	-
Due to (due from) other funds	-	-	-	-	-
<b>Non-current assets</b>					
<b>Restricted</b>					
Cash and cash equivalents *	-	404,155,466	37,208,338	17,790,897	6,373,438
Accounts receivable	-	296,440,035	-	-	22,624
Investments	-	-	-	483,258,458	-
<b>Unrestricted:</b>					
Note receivable	-	-	-	-	-
Investments	-	-	-	-	-
Net pension assets	-	-	-	-	-
Bond insurance costs, net	-	-	-	-	-
Other assets	20,790	-	-	-	-
<b>Capital assets</b>	<u>5,226,625,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>5,226,646,341</u>	<u>767,211,875</u>	<u>120,140,459</u>	<u>501,049,355</u>	<u>6,396,062</u>
<b>Deferred Outflows of Resources</b>					
Loss on debt refundings	<u>70,987,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>70,987,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Accounts payable and accrued expenses	101,248,379	-	-	-	23,217
Advance billings and payments received in advance	96,122,979	-	-	-	-
Accrued lease obligations	-	-	-	-	-
Accrued interest payable	-	-	70,287,217	-	-
Current portion of bonds and notes payable	148,809,204	-	-	-	-
<b>Non-current liabilities</b>					
Other liabilities	96,033,707	-	-	-	787,080
Commercial paper notes	185,455,000	-	-	-	-
Notes payable	156,317,308	-	-	-	-
Interest rate swaps payable	-	-	-	-	-
Bonds payable, net	<u>5,719,713,316</u>	<u>333,581,599</u>	<u>-</u>	<u>501,049,355</u>	<u>-</u>
<b>Total Liabilities</b>	<u>6,503,699,893</u>	<u>333,581,599</u>	<u>70,287,217</u>	<u>501,049,355</u>	<u>810,297</u>
<b>Deferred Inflows of Resources</b>					
Gain on debt refundings	<u>127,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>127,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>	<u>\$ (1,206,194,280)</u>	<u>\$ 433,630,276</u>	<u>\$ 49,853,242</u>	<u>\$ -</u>	<u>\$ 5,585,765</u>

\* Includes the portion of restricted cash and cash equivalents classified as current on the Statement of Net Position

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Restricted for			Unrestricted	Total Business-Type Activities	
Dulles Rail Latent Defects	Dulles Toll Road Repairs	Public Safety			
\$ -	\$ -	\$ -	\$ 289,362,748	\$ 289,362,748	
-	-	-	47,031,400	47,031,400	
-	-	-	433,042,016	433,042,016	
-	-	-	-	149,548,495	
-	-	-	7,961,252	7,961,252	
-	-	-	6,924,391	6,924,391	
-	-	-	-	-	
15,004,733	1,059,807	533,271	1	482,125,951	
-	-	-	-	296,462,659	
-	7,527,960	-	-	490,786,418	
-	-	-	845,296	845,296	
-	-	-	95,988,252	95,988,252	
-	-	-	3,783,068	3,783,068	
-	-	-	26,455,396	26,455,396	
-	-	-	3,678,812	3,699,602	
-	-	-	-	5,226,625,551	
15,004,733	8,587,767	533,271	915,072,632	7,560,642,495	
-	-	-	-	70,987,218	
-	-	-	-	70,987,218	
-	-	-	49,445,977	150,717,573	
-	-	-	25,442,432	121,565,411	
-	-	-	341,140	341,140	
-	-	-	-	70,287,217	
-	-	-	-	148,809,204	
-	-	-	5,398,387	102,219,174	
-	-	-	-	185,455,000	
-	-	-	-	156,317,308	
-	-	-	166,113,991	166,113,991	
-	-	-	236,109,930	6,790,454,200	
-	-	-	482,851,857	7,892,280,218	
-	-	-	-	127,946	
-	-	-	-	127,946	
\$ 15,004,733	\$ 8,587,767	\$ 533,271	\$ 432,220,775	\$ (260,778,451)	

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**Net position consisted of the following, as of December 31, 2013:**

	As of December 31, 2013					
		Restricted for				
	Net Investment in Capital Assets	Construction	Debt Service	Debt Service Reserve	Leases	
<b>Current assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	
Accounts receivable, net	-	-	-	-	-	
Investments	-	-	-	-	-	
Restricted investments	-	4,027,362	74,990,927			
Inventory	-	-	-	-	-	
Prepaid expenses and other current assets	-	-	-	-	-	
Due to (due from) other funds	-	-	-	-	-	
<b>Non-current assets</b>						
Restricted						
Cash and cash equivalents *	-	615,628,939	53,123,665	18,962,034	6,485,918	
Accounts receivable	-	178,478,616	-	-	890,430	
Investments	-	-	-	450,034,971	-	
Unrestricted:						
Note receivable	-	-	-	-	-	
Investments	-	-	-	-	-	
Net pension assets	-	-	-	-	-	
Bond insurance costs, net	-	-	-	-	-	
Other assets	-	-	-	-	-	
Capital assets	8,132,692,945	-	-	-	-	
Total Assets	8,132,692,945	798,134,917	128,114,592	468,997,005	7,376,348	
<b>Deferred Outflows of Resources</b>						
Loss on debt refundings	65,951,606	-	-	-	-	
Total deferred outflows of resources	65,951,606	-	-	-	-	
<b>Current liabilities</b>						
Accounts payable and accrued expenses	141,745,870	-	-	-	75	
Advance billings and payments received in advance	34,281,629	-	-	-	-	
Accrued lease obligations	-	-	-	-	-	
Accrued interest payable	-	-	65,561,753	-	-	
Current portion of bonds and notes payabl	291,896,882	-	-	-	-	
<b>Non-current liabilities</b>						
Other liabilities	126,020,919	-	-	-	787,080	
Commercial paper notes	321,000,000	-	-	-	-	
Notes payable	200,000,000	-	-	-	-	
Interest rate swaps payable	-	-	-	-	-	
Bonds payable, net	5,158,387,813	527,340,247	-	468,997,005	-	
Total Liabilities	6,273,333,113	527,340,247	65,561,753	468,997,005	787,155	
<b>Deferred Inflows of Resources</b>						
Gain on debt refundings	177,029	-	-	-	-	
Total deferred inflows of resources	177,029	-	-	-	-	
<b>Net Position</b>	\$ 1,925,134,409	\$ 270,794,670	\$ 62,552,839	\$ -	\$ 6,589,193	

\* Includes the portion of restricted cash and cash equivalents classified as current on the Statement of Net Position

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Restricted for			Unrestricted	Total Business-Type Activities	
Dulles Rail Latent Defects	Dulles Toll Road Repairs	Public Safety			
\$ -	\$ -	\$ -	\$ 175,073,044	\$ 175,073,044	
-	-	-	43,950,998	43,950,998	
-	-	-	141,279,455	141,279,455	
-	-	-	-	79,018,289	
-	-	-	8,440,665	8,440,665	
-	-	-	6,742,768	6,742,768	
-	-	-	-	-	
15,003,256	861,800	408,129	-	710,473,741	
-	-	-	-	179,369,046	
-	7,259,625	-	-	457,294,596	
-	-	-	5,633,165	5,633,165	
-	-	-	330,602,733	330,602,733	
-	-	-	3,797,361	3,797,361	
-	-	-	32,798,939	32,798,939	
-	-	-	4,907,917	4,907,917	
-	-	-	-	8,132,692,945	
15,003,256	8,121,425	408,129	753,227,045	10,312,075,662	
-	-	-	-	65,951,606	
-	-	-	-	65,951,606	
-	-	32,727	65,400,971	207,179,643	
-	-	-	38,283,978	72,565,607	
-	-	-	348,991	348,991	
-	-	-	-	65,561,753	
-	-	-	-	291,896,882	
-	-	-	5,840,599	132,648,598	
-	-	-	-	321,000,000	
-	-	-	-	200,000,000	
-	-	-	111,957,472	111,957,472	
-	-	-	196,935,730	6,351,660,795	
-	-	32,727	418,767,741	7,754,819,741	
-	-	-	-	177,029	
-	-	-	-	177,029	
\$ 15,003,256	\$ 8,121,425	\$ 375,402	\$ 334,459,304	\$ 2,623,030,498	

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The Aviation Enterprise Fund's debt service reserve accounts were over-funded by \$12.1 million as of December 31, 2014 and \$13.2 million as of December 31, 2013. The Dulles Corridor Enterprise Fund's debt service reserve accounts were over-funded by \$2.3 million as of December 31, 2014 and \$2.6 million as of December 31, 2013. Over-funded amounts can only be withdrawn from the Aviation Enterprise Fund's debt service reserve accounts once a year, based on balances as of October 1, while over-funded amounts can be withdrawn from the Dulles Corridor Enterprise Fund's debt service reserve accounts twice a year, based on balances as of April 1 and October 1.

**16. AVIATION ENTERPRISE FUND REVENUES**

**Uncollectible Revenues**

Aviation Enterprise Fund revenues, net of estimated uncollectible revenues, for the years ended December 31, 2014 and December 31, 2013, were as follows:

	Year ended December 31,	
	2014	2013
Concessions	\$ 253,561,987	\$ 236,306,083
Rents	294,105,626	305,462,615
Landing fees	118,926,606	128,457,251
Utility sales	12,529,567	12,148,621
Passenger fees	34,247,856	32,828,954
Other	<u>9,157,518</u>	<u>8,151,189</u>
Gross revenues	722,529,160	723,354,713
Less: Estimated uncollectible revenues	<u>(352,355)</u>	<u>(331,462)</u>
Total operating revenues	<u>\$ 722,176,805</u>	<u>\$ 723,023,251</u>

**Concentrations of Revenues**

Several airlines, and their affiliates, represent concentrations of revenues for the Airports Authority. At Reagan National, Delta and American Airlines comprised approximately 73.0 percent of airline revenues during 2014. At Dulles International, United Airlines, Delta and Lufthansa comprised approximately 63.9 percent of airline revenues during 2014. Combined, these five airlines represented approximately 72.5 percent of total airline revenues during 2014 for the Airports Authority.

**17. GOVERNMENT GRANTS**

The Airports Authority receives, predominately on a cost-reimbursement basis, grants from the United States government, the Commonwealth of Virginia, and other local grantors for certain operating and capital construction programs. Government grants recorded by the Airports Authority during the years ended December 31, 2014 and 2013 totaled \$191.74 million and \$210.6 million, respectively. In fiscal years 2014 and 2013, the Airports Authority recognized federal, state and local grants for operating and capital programs as summarized below:



## Operating Programs

The Law Enforcement Officer Reimbursement Program, which is recorded as Operating Revenue, offsets expenses incurred by the Airports Authority's Public Safety personnel serving a support role to the Transportation Security Administration (TSA). Explosives detection funds are used to offset the expense of training and caring for canines used in explosives detection. The Department of Justice and the U.S. Treasury Equitable Sharing Agreements are collaborative efforts between these agencies and the Airports Authority's police department wherein both entities share in the proceeds from the sale of confiscated items. The Airports Authority's proceeds may only be used for certain types of expenditures as defined by these agencies.

	Award Recognized Year Ended Dec. 31,		Award Remaining Dec. 31, 2014
	2014	2013	
Grants in Support of Operations			
<b>Operating Revenue</b>			
Passenger Fees			
TSA - Law enforcement officer reimbursement program	\$ 1,365,363	\$ 459,900	\$ -
Grant recognized as operating revenues	<u>1,365,363</u>	<u>459,900</u>	<u>-</u>
<b>Non-Operating Revenue</b>			
Federal Grants			
TSA - National explosive detection canine team program	726,000	421,593	-
Department of Justice - Equitable sharing agreement <sup>1,2</sup>	206,189	180,377	-
U.S. Treasury - Equitable sharing agreement <sup>1,2</sup>	136,347	26,168	-
Federal Emergency Management Agency Snow Assistance and Severe Storm Program	(64,739)	-	-
Total Federal Grants	<u>1,003,797</u>	<u>628,138</u>	<u>-</u>
State Grant			
Office of Emergency Medical Service & State Seizure Fund	53,016	-	-
Total State Fund	<u>53,016</u>	<u>-</u>	<u>-</u>
Local Grant			
Fairfax County - Interoperable Communications Grant	-	67,320	
Fairfax County - NCRnet Integration Award	-	41,309	
Total Local Grants	<u>-</u>	<u>108,629</u>	
Grants recognized as non-operating revenues	<u>1,056,813</u>	<u>736,767</u>	<u>-</u>
Total Federal, State, and Local grants in support of operations	<u>\$ 2,422,176</u>	<u>\$ 1,196,667</u>	<u>\$ -</u>

<sup>1</sup> Funds received under this agreement can be expended for items which may be capitalized or expensed in accordance with the Airports Authority's capitalization thresholds.

<sup>2</sup> While the agreement remains in effect as of December 31, 2014, the amount of future awards is dependent on the occurrence of future events.

## **Capital Programs**

The Airports Authority Dulles Corridor Enterprise Fund receives grants in support of Phase 1 of the Dulles Metrorail Project. The Federal Transit Administration (FTA) is the primary grantor, with total federal New Starts funding commitments for the project totaling \$900 million. The state and local funding sources for Phase 1 of the Dulles Metrorail Project include transportation bonds issued by the Commonwealth of Virginia and a Fairfax County transportation improvement district property tax. In addition, the Virginia Transportation Act of 2000 dedicated \$75 million to the project from Surface Transportation Program (STP) funds. In 2009, USDOT allocated \$77.3 million in American Recovery and Reinvestment Act (ARRA) funding to the project. These funds replaced Section 5309 funds that were scheduled to be received in the final year (2016) of the FFGA. As of February 2012, the Airports Authority had fulfilled its ARRA local match requirement of \$199.2 million, and the close-out of the ARRA grant was completed on April 16, 2012. For 2014, a total of \$38.0 million of the New Starts funding for Phase 1 of the Dulles Metrorail Project was invoiced and received.

The Airports Authority's Aviation Enterprise Fund receives federal and state grants in support of its construction program. The federal programs, primarily through the FAA's Airport Improvement Program (AIP), including annual entitlement grants, provide funding for airport development, airport planning, and noise compatibility programs from the Airports and Airways Trust Funds in the form of entitlement and discretionary grants for eligible projects. The Commonwealth also provides discretionary funds for capital programs. The Airports Authority participated in a pilot program with the TSA designed to improve the effectiveness of the TSA's baggage screening process. Projects from the TSA include ARRA funds to install new closed circuit television cameras and provide enhancements to the south, east and west baggage in-line explosive detection systems.

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	Award Recognized Year Ended Dec. 31,		Award Remaining Dec. 31, 2014
	2014	2013	
<b>Grants in Support of Capital Programs</b>			
<b>Federal Grants</b>			
Federal Aviation Administration			
AIP - 4th runway	\$ 13,000,000	\$ 13,000,000	\$ 23,000,000
AIP - Taxiway Z & Taxiway C Reconstruction	2,036,036	-	1,711,085
AIP - Improve runway 15/33 and 4/22 safety area (phase 2)	3,903,837	-	8,808,786
AIP - Runway rehabilitation 1C/19C	-	618,267	-
AIP - Improve runway 15/33 and 4/22 safety area (phase 1)	10,258,847	4,332,532	5,742,736
AIP - Reconstruction of south taxiway Y	<u>1,077,965</u>	<u>5,361,337</u>	<u>121,685</u>
Total Federal Aviation Administration Grants	30,276,684	23,312,136	39,384,293
Transportation Security Administration			
ARRA - EBB/WBB EDS in-line baggage project	32,424,389	46,877,806	20,942,585
SBB EDS in-line baggage project	<u>-</u>	<u>1,066,687</u>	<u>8,844,937</u>
Total Transportation Security Administration Grants	32,424,389	47,944,493	29,787,522
Federal Transit Administration			
FFGA - Dulles Metrorail Project (phase 1)	<u>42,657,535</u>	<u>71,283,634</u>	<u>-</u>
Internal Revenue Service			
Build America Bonds interest subsidy	<u>13,592,231</u>	<u>13,691,096</u>	<u>-</u>
Total Federal Grants	<u>118,950,840</u>	<u>156,231,359</u>	<u>69,171,815</u>
Commonwealth of Virginia Grant			
Department of Aviation - AeroTrain	2,000,000	2,000,000	-
Virginia Department of Transportation - Dulles Toll Road Subsidy	30,000,000	10,000,000	110,000,000
Virginia Department of Transportation - Dulles Metrorail Project (phase 2)	<u>33,877,021</u>	<u>-</u>	<u>266,122,979</u>
	65,877,021	12,000,000	376,122,979
Local Grant			
Fairfax County - Dulles Metrorail Project (phase 1)	4,281,631	41,205,048	-
Arlington County - Arlington County Police Firing Range Agreement	<u>210,000.00</u>	<u>-</u>	<u>6,790,000</u>
	4,491,630.74	41,205,048	6,790,000
Total Federal, State, and Local grants in support of capital programs	<u>\$ 189,319,492</u>	<u>\$ 209,436,407</u>	<u>\$ 452,084,794</u>

## 18. PASSENGER FACILITY CHARGES

As of December 31, 2014, the Federal Aviation Administration (FAA) has approved nine Passenger Facility Charge (PFC) applications for a total authority of \$3.5 billion for the Airports Authority's Aviation Enterprise Fund. Each PFC application is approved by individual airport. However, PFC fees may be imposed at one airport and used for approved projects at either airport. PFC activity for 2013 and 2014 was as follows:

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	Reagan National	Dulles International	Total
PFC Revenue 2013	\$ 40,497,585	\$ 38,559,329	\$ 79,056,914
PFC Revenue 2014	\$ 41,969,433	\$ 40,309,343	\$ 82,278,776
Total Applications	\$ 1,025,567,306	\$ 2,442,654,150	\$ 3,468,221,456
PFC Revenue Received Through 12/31/14	\$ 620,741,518	\$ 701,998,987	\$ 1,322,740,505

PFC collections totaling \$42.0 million and \$40.0 million in 2013 and 2014, respectively, were applied to debt service payments.

In accordance with the regulations, based on the approval date from the FAA and continuing through the PFC collection period, the FAA reduces the Airports Authority's share of entitlement grants by 75.0 percent.

## **19. RISK MANAGEMENT**

The Airports Authority is exposed to a variety of risks or losses related to operations (i.e., injuries to employees or to members of the public or damage to Airports Authority or public property). This exposure is managed through a combination of self-insured and insured arrangements.

Major insurance coverages include airport liability, workers' compensation, property, equipment breakdown, environmental impairment, public officials, employment practices, law enforcement, crime, fiduciary, business travel, cyber risk, and executive risk. The Airports Authority is self-insured for the first \$750,000 of each workers' compensation loss and from \$0 to \$1,000,000 (depending on type) of all other risk management/insurance losses. Claim payments did not exceed insurance coverage for each of the past three years.

Accruals are maintained to recognize the self-insured risk of loss and encompass all offices within the Airports Authority. The accruals are determined based on insurance claim practices and actuarial estimates for prior and current year claims. The appropriateness of the accruals is continually reviewed and updated by management on a quarterly basis.

The overall accrual for potential losses as of December 31, 2014 and December 31, 2013 was \$5.0 million and \$5.9 million, respectively. Changes in the claim liability accounts in fiscal years 2014, 2013 and 2012 were as follows:

Fiscal Year	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2012	\$5,075,237	\$1,956,312	\$1,937,989	\$5,093,560
2013	\$5,093,560	\$3,314,920	\$2,553,635	\$5,854,845
2014	\$5,854,845	\$2,079,980	\$2,848,163	\$5,086,662

## **20. OTHER COMMITMENTS AND CONTINGENCIES**

### **Grants**

Amounts received or receivable from grant agencies, principally the U.S. government, the Commonwealth and Fairfax County, are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including for amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Airports Authority expects such amounts, if any, to be immaterial.

### **Pollution Remediation**

The Airports Authority continually monitors its properties to identify polluted sites for which the Airports Authority would be named a responsible party. Identified pollution remediation obligations as of December 31, 2014 and 2013 were \$317 thousand and \$495 thousand, respectively. Routine pollution prevention, control, and monitoring costs are expensed as incurred. Pollution prevention, control, and monitoring expenses for the years ended December 31, 2014 and 2013 were \$5.0 million and \$5.2 million, respectively.

### **Rights-of-Way Purchases**

The Airports Authority acquires property interests for the Dulles Metrorail Project through negotiated settlement or through the Commonwealth of Virginia Department of Transportation's Commissioner of Highways power of eminent domain. The Airports Authority is responsible for all costs associated with such proceedings and for the payment of all compensation and damages for the properties acquired. As of December 31, 2014, the Airports Authority had not acquired any property interests through the power of eminent domain for which the final compensation and damages were not settled.

### **Northern Virginia Criminal Justice Training Academy**

The Airports Authority is a member of the Northern Virginia Criminal Justice Training Academy (the Academy), which provides criminal justice training to fourteen participating police and sheriff agencies from Northern Virginia. Academy members cannot withdraw from the Academy while any bonds of the Academy are issued and outstanding. As of June 30, 2013, the most recent period for which audited financials were available, the Academy had \$10.1 million in revenue bonds outstanding. Payments by the Airports Authority to the Academy for training services totaled \$266 thousand and \$261 thousand during the years ended December 31, 2014 and 2013, respectively.

## **21. LITIGATION**

In April 2011, two users of the Dulles Toll Road filed a lawsuit in federal district court against the Airports Authority claiming that the setting of tolls by the Airports Authority violates various rights and privileges they enjoy under the United States Constitution. The plaintiffs also sought to have the district court certify a class of all current and past users of the Dulles Toll Road since May 2005 and a refund to all class members of tolls paid since May 2005 in excess of the toll rates then in effect. In July 2011, in response to the Airports Authority's motion, the district court dismissed the plaintiffs' complaint. The court initially determined that plaintiffs lacked

“prudential” standing to bring any of their claims. The court then proceeded to address the claims on the merits. The court concluded, specifically as to each claim, that plaintiffs had failed, as a matter of law, to state a valid claim as to which any relief could be granted and, more generally, that the setting of tolls by the Airports Authority does not violate the federal constitution.

Following the trial court ruling, plaintiffs appealed the district court’s dismissal to the United States Court of Appeals for the Federal Circuit. In December 2012, the Federal Circuit determined that it lacked jurisdiction over the appeal and transferred it to the Court of Appeals for the Fourth Circuit.

In January 2014, the Fourth Circuit affirmed the trial court’s ruling and its dismissal of the plaintiffs’ complaint.

In June 2015, plaintiffs requested the United States Supreme Court to review the decisions of the two courts of appeal. The Airports Authority opposed that request. In January 2015, the Supreme Court invited the Department of Justice to submit any views the United States may have on the plaintiffs’ request for review. It is anticipated that the views of the United States will be submitted to the Court before June 2015, and that the Court will decide whether to accept this case for review in the early fall of 2015.

The Airports Authority is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Airports Authority’s legal counsel, the likely outcome in these matters will not have a material adverse effect on the financial condition of the Airports Authority.

## **22. SUBSEQUENT EVENTS**

On January 29, 2015, the Aviation Enterprise issued Series 2015A Refunding Bonds totaling \$163.8 million effectively extending the call option for the Series 2006A and 2006B Bonds totaling \$182.4 million.

The Dulles Corridor Enterprise completed loan draws on the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan with the US Department of Transportation totaling \$150.1 million in the 1<sup>st</sup> quarter of 2015. The Dulles Corridor Enterprise has incurred approximately \$2.3 million in additional expenditures related to Phase 1 of the Dulles Metrorail project as of February 28, 2015, which will be transferred to WMATA during 2<sup>nd</sup> quarter 2015.

In March 2015, the Airports Authority’s Board approved changes to the reporting relationship of the Office of Audit, to include both functional reporting to the Board of Directors and administrative reporting to the President and Chief Executive Officer. The prior Vice President for Audit retired in February 2015, and the Board is in the process of competitively recruiting for her replacement.

**REQUIRED SUPPLEMENTAL INFORMATION**

**SCHEDULE 1 – SCHEDULE OF FUNDING PROGRESS FOR DEFINED BENEFIT PENSION PLANS (unaudited)**

The following presents the funding progress from January 1, 2009 through December 31, 2014:

**Schedule of Funding Progress - General Employees Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ 92,271,170	\$ 87,564,793	\$ (4,706,377)	105.4%	\$ 69,012,906	(6.8%)
12/31/2010	\$ 100,170,793	\$ 94,407,358	\$ (5,763,435)	106.1%	\$ 69,900,547	(8.2%)
12/31/2011	\$ 105,761,262	\$ 103,975,917	\$ (1,785,346)	101.7%	\$ 73,704,863	(2.4%)
12/31/2012	\$ 112,173,461	\$ 122,314,229	\$ 10,140,768	91.7%	\$ 76,586,786	13.2%
12/31/2013	\$ 127,814,351	\$ 122,671,342	\$ (5,143,009)	104.2%	\$ 79,926,284	(6.4%)
12/31/2014	\$ 139,936,039	\$ 131,985,841	\$ (7,950,199)	106.0%	\$ 82,620,662	(9.6%)

**Schedule of Funding Progress - Police Officers & Firefighters Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ 49,077,816	\$ 49,958,724	\$ 880,908	98.2%	\$ 21,870,479	4.0%
12/31/2010	\$ 55,342,783	\$ 55,874,563	\$ 531,780	99.0%	\$ 23,749,024	2.2%
12/31/2011	\$ 60,485,488	\$ 60,807,856	\$ 322,368	99.5%	\$ 24,408,371	1.3%
12/31/2012	\$ 66,188,335	\$ 70,959,156	\$ 4,770,821	93.3%	\$ 24,946,801	19.1%
12/31/2013	\$ 76,187,986	\$ 73,837,238	\$ (2,350,748)	103.2%	\$ 24,978,683	(9.4%)
12/31/2014	\$ 84,064,762	\$ 80,823,789	\$ (3,240,973)	104.0%	\$ 25,617,129	(12.7%)

Expressing the actuarial value of assets available for benefits as a percentage of the AAL provides an indication of the Plans' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plans are becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement plan. Trends in assets in excess of AAL and annual covered payroll are both affected by inflation. Expressing the AAL in excess of assets as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the lower this percentage, the stronger the retirement plan. The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, the size or composition of the population covered by the Plans, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the AAL as a factor.

All assets of the Airports Authority pension plans are held in trust at the Bank of New York Mellon. A copy of the audited financial statements, plan documents, and required supplementary information for the Plans may be

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obtained by written request to: Metropolitan Washington Airports Authority, Attention: Benefits Department, 1 Aviation Circle, Washington, DC 20001-6000.

**SCHEDULE 2 – SCHEDULE OF FUNDING PROGRESS FOR POST-EMPLOYMENT BENEFITS (unaudited)**

The following presents the funding progress from January 1, 2009 through December 31, 2014.

**Schedule of Funding Progress - Medical Insurance**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$ 25,190,000	\$ 103,980,000	\$ 78,790,000	24.2%	\$ 73,960,000	106.5%
1/1/2010	\$ 31,420,000	\$ 116,870,000	\$ 85,450,000	26.9%	\$ 78,170,000	109.3%
1/1/2011	\$ 38,960,000	\$ 130,230,000	\$ 91,270,000	29.9%	\$ 92,170,000	99.0%
1/1/2012	\$ 47,710,000	\$ 122,470,000	\$ 74,760,000	39.0%	\$ 95,490,000	78.3%
1/1/2013	\$ 57,130,000	\$ 138,530,000	\$ 81,400,000	41.2%	\$ 105,430,000	77.2%
1/1/2014	\$ 69,730,000	\$ 160,580,000	\$ 90,850,000	43.4%	\$ 109,970,000	82.6%
1/1/2015	\$ 83,180,000	\$ 104,200,000	\$ 21,020,000	79.8%	\$ 107,560,000	19.5%

**Schedule of Funding Progress - Life Insurance**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$ 2,217,400	\$ 7,578,300	\$ 5,360,900	29.3%	\$ 73,961,700	7.2%
1/1/2010	\$ 2,765,800	\$ 8,161,500	\$ 5,395,700	33.9%	\$ 78,171,500	6.9%
1/1/2011	\$ 3,608,900	\$ 9,777,600	\$ 6,168,700	36.9%	\$ 92,169,900	6.7%
1/1/2012	\$ 4,324,200	\$ 11,035,700	\$ 6,711,500	39.2%	\$ 95,487,300	7.0%
1/1/2013	\$ 5,140,000	\$ 9,975,700	\$ 4,835,700	51.5%	\$ 105,429,000	4.6%
1/1/2014	\$ 6,539,000	\$ 10,689,800	\$ 4,150,800	61.2%	\$ 109,974,600	3.8%
1/1/2015	\$ 7,691,800	\$ 11,670,700	\$ 3,978,900	65.9%	\$ 107,563,400	3.7%



## STATISTICAL SECTION

This part of the Airports Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Airports Authority's overall financial health.

**Financial Trends: (S-1 through S-3):** These schedules contain trend information to help the reader understand how the Airports Authority's financial performance and well-being have changed over time.

**Revenue Capacity: (S-4 through S-12):** These schedules contain information to help the reader assess the factors affecting the Airports Authority's ability to generate airline and non-airline revenues.

**Debt Capacity: (S-13 through S-15):** These schedules present information to help the reader assess the affordability of the Airports Authority's current levels of outstanding debt and the Airports Authority's ability to issue additional debt in the future.

**Demographic and Economic Information: (S-16 through S-20):** These schedules offer demographic and economic indicators to help the reader understand the environment within which the Airports Authority's financial activities take place and to help make comparisons over time and with other airports.

**Operating Information: (S-21 through S-40):** These schedules contain information about the Airports Authority's operations and resources to help the reader understand how the Airports Authority's financial information relates to the services the Airports Authority provides and the activities it performs.

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**Exhibit S-1 – COMPONENTS OF NET POSITION**  
(Expressed in Thousands)

	2014	2013	2012 <sup>8</sup>	2011	2010	2009	2008 <sup>1</sup>	2007 <sup>1</sup>	2006 <sup>1</sup>	2005 <sup>1</sup>
NET POSITION AT YEAR END COMPOSED OF:										
Net investment in capital assets	\$ (1,206,194.3)	\$ 1,925,134.4	\$ 1,930,730.2	\$ 1,681,513.6	\$ 1,420,180.3	\$ 1,099,998.9	\$ 638,153.5	\$ 523,330.0	\$ 598,949.4	\$ 492,384.5
Restricted <sup>1</sup>	\$ 513,195.1	363,436.8	179,513.0	165,379.4	107,411.4	144,904.2	128,133.7	114,983.4	46,083.3	65,337.7
Unrestricted <sup>1</sup>	\$ 432,220.8	334,459.3	181,940.0	190,318.7	294,997.1	291,906.6	355,889.7	335,422.9	291,864.8	262,645.4
Cumulative prior period adjustment <sup>1,7,8</sup>	\$ -	-	-	(50,718.90)	-	-	(62,380.4)	(45,407.6)	-	-
<b>TOTAL NET POSITION</b>	<b>\$ (260,778.4)</b>	<b>\$ 2,623,030.5</b>	<b>\$ 2,292,183.2</b>	<b>\$ 1,986,492.8</b>	<b>\$ 1,822,588.8</b>	<b>\$ 1,536,809.7</b>	<b>\$ 1,059,796.5</b>	<b>\$ 928,328.7</b>	<b>\$ 936,897.5</b>	<b>\$ 820,367.6</b>

A summary of the restatements affecting years 2008 and prior is as follows:

	Years prior to 2009 (cumulative)	Years prior to 2008 (cumulative)
Total net position, as previously stated <sup>2</sup>	<u>\$ 1,117,891.8</u>	<u>\$ 1,002,968.8</u>
Decrease in net investment in capital assets <sup>3</sup>	11.4	(31,876.6)
Restricted	-	-
Increase in unrestricted <sup>4,5,6</sup>	4,273.7	2,644.1
Decrease due to cumulative prior period adjustment <sup>7</sup>	<u>(62,380.4)</u>	<u>(45,407.6)</u>
Cumulative decrease in net position, due to restatements	<u>(58,095.3)</u>	<u>(74,640.1)</u>
Net position, as restated	<u>\$ 1,059,796.5</u>	<u>\$ 928,328.7</u>

<sup>1</sup> Airports Authority records, restatements pertaining to investment income could not be specifically identified as pertaining to restricted or unrestricted investments or as to specific years in which the investment income was originally recognized and therefore those restatement amounts are shown in the aggregate.

<sup>2</sup> Total net position as stated in the Airport Authority's 2011 Comprehensive Annual Financial Report for the immediately preceding year.

<sup>3</sup> Capitalized interest expense for projects placed in service in prior years was reduced, resulting in reductions to accumulated depreciation.

<sup>4</sup> Investment income was increased for interest income on a note receivable. This interest income had previously been capitalized as construction in progress.

<sup>5</sup> Amortization of a bond premium was revised, resulting in a reduction of interest expense.

<sup>6</sup> Interest expense was increased for the interest costs incurred on the unspent bond proceeds of tax-exempt debt. These interest costs had previously been capitalized.

<sup>7</sup> Investment income was reduced as a result of correcting mark-to-market accruals for long-term investment valuations.

<sup>8</sup> Cumulative adjustment for 2011 relates to change in accounting principle with the implementation of GASB Statement No. 65. Please see Note 2 for more information.

Source: Airports Authority Records

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Exhibit S-2 – REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
(Expressed in Thousands)

	2014	2013	2012	2011 <sup>2</sup>	2010	2009	2008	2007 <sup>1</sup>	2006 <sup>1</sup>	2005 <sup>1</sup>
OPERATING REVENUES										
Concessions	\$ 253,486.1	\$ 236,254.0	\$ 227,719.9	\$ 227,600.0	\$ 230,973.6	\$ 217,461.2	\$ 223,710.7	\$ 217,486.8	\$ 199,011.3	\$ 198,691.2
Tolls	148,652.7	127,059.3	101,596.1	94,659.5	88,038.2	64,893.6	10,416.5	-	-	-
Rents	293,951.1	305,301.8	301,637.0	275,428.2	226,375.7	193,736.1	171,331.3	167,301.0	156,164.1	153,865.1
Design fees	-	-	-	-	-	-	20,363.2	-	-	-
Landing fees	118,863.5	128,386.8	112,282.6	110,255.7	101,637.9	96,934.6	82,289.6	78,682.5	73,375.4	76,359.1
Utility sales	12,524.3	12,143.7	11,704.7	11,979.6	12,464.9	13,227.2	13,348.6	11,778.8	11,249.0	10,934.6
Passenger fees	34,247.9	32,829.0	33,442.8	30,331.2	25,913.5	30,665.4	28,354.1	28,684.1	25,474.9	26,973.2
Other	9,103.9	8,108.5	8,169.3	8,381.2	6,509.1	6,428.9	11,547.4	6,542.9	5,893.9	10,398.5
TOTAL OPERATING REVENUES	870,829.5	850,083.1	796,551.4	758,635.4	691,912.9	623,347.0	561,361.4	510,476.1	471,168.6	477,221.7
OPERATING EXPENSES										
Materials, equipment, supplies, contract services and other <sup>2</sup>	225,612.6	228,982.4	215,571.2	209,352.0	203,460.1	173,143.4	176,288.7	182,096.1	151,009.8	142,107.4
Impairment loss/design costs	8,000.4	-	40,239.0	-	-	-	80,027.4	-	-	-
Salaries and related benefits	170,379.5	166,384.6	161,294.8	157,370.4	156,535.4	144,617.0	136,720.6	128,465.3	113,870.9	113,878.1
Utilities	26,444.5	26,342.1	27,445.5	26,779.2	24,565.1	28,209.6	25,402.3	21,134.3	20,359.2	21,493.9
Lease from U.S. Government	5,297.5	5,335.3	5,303.9	5,180.6	5,101.1	5,066.1	4,958.3	4,830.1	4,689.9	4,505.4
Depreciation and amortization <sup>1</sup>	242,367.3	243,653.2	257,296.1	215,291.9	219,060.3	185,914.1	164,852.8	142,029.5	133,106.4	132,424.5
TOTAL OPERATING EXPENSES <sup>1</sup>	678,101.8	670,697.6	707,150.5	613,974.1	608,722.0	536,950.2	588,250.1	478,555.3	423,036.2	414,409.3
OPERATING INCOME (LOSS) <sup>1</sup>	192,727.7	179,385.5	89,400.9	144,661.3	83,190.9	86,396.8	(26,888.7)	31,920.8	48,132.4	62,812.4
NON-OPERATING REVENUES (EXPENSES)										
Passenger facility charges, financing costs	-	-	-	-	-	(944.8)	(2,330.5)	(3,968.8)	(2,026.4)	(1,497.1)
Investment income <sup>2</sup>	16,677.9	10,138.4	14,539.6	35,615.8	27,787.0	13,617.0	21,850.1	41,237.5	45,035.2	20,194.5
Interest expense <sup>1</sup>	(266,110.4)	(238,369.6)	(229,471.5)	(240,011.8)	(240,220.4)	(154,780.8)	(142,622.1)	(110,249.5)	(96,999.8)	(103,561.3)
Federal, state and local grants	1,056.7	736.7	1,229.0	982.4	1,865.0	1,415.2	948.7	-	-	-
Fair value gain (loss) on swaps	(54,156.5)	81,963.0	6,422.5	(96,249.9)	(34,978.4)	103,731.4	(158,374.6)	(24,577.7)	(14,572.3)	1,205.8
Contributions to other governments	(3,045,602.6)	0.0	(313.8)	(1,297.9)	(10,086.1)	(650.2)	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES) <sup>1</sup>	(3,348,134.9)	(145,531.5)	(207,594.2)	(300,961.4)	(255,632.9)	(37,612.2)	(280,528.4)	(97,558.5)	(68,563.3)	(83,658.1)
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS <sup>1</sup>	(3,155,407.2)	33,854.0	(118,193.3)	(156,300.1)	(172,442.0)	48,784.6	(307,417.1)	(65,637.7)	(20,430.9)	(20,845.7)
CAPITAL CONTRIBUTIONS										
Passenger facility charges	82,278.8	79,056.9	83,263.6	78,626.9	80,088.4	78,520.8	78,455.2	82,858.8	81,489.7	88,315.3
Federal, state and local grants	189,319.5	209,436.4	336,552.4	287,116.1	377,482.7	346,729.8	92,941.5	32,317.1	54,239.5	11,738.8
Other capital property acquired	-	8,500.0	4,067.7	5,180.0	650.0	2,978.0	267,488.2	3,498.2	1,231.6	-
TOTAL CAPITAL CONTRIBUTIONS	271,598.3	296,993.3	423,883.7	370,923.0	458,221.1	428,228.6	438,884.9	118,674.1	136,960.8	100,054.1
Cumulative change in net position due to restatements <sup>1,2</sup>	-	-	-	(50,718.9)	-	-	-	(61,605.2)	-	-
<b>CHANGE IN NET POSITION<sup>1</sup></b>	<b>\$(2,883,808.9)</b>	<b>\$ 330,847.3</b>	<b>\$ 305,690.4</b>	<b>\$ 163,904.0</b>	<b>\$ 285,779.1</b>	<b>\$ 477,013.2</b>	<b>\$ 131,467.8</b>	<b>\$ (8,568.8)</b>	<b>\$ 116,529.9</b>	<b>\$ 79,208.4</b>

<sup>1</sup> Amounts for years prior to 2008 have not been revised due to restatements recorded during the Airports Authority's 2011 and 2010 fiscal years. The amount of these restatements to any one specific year prior to 2008 is not determinable based on existing Airports Authority records. A summary of the impact of these adjustments is as follows:

	Years prior to 2008 (cumulative)
Increases in operating expenses due to restatements	
Increase in materials, equipment, supplies, contract services and other	\$ 5,603.2
Increase in depreciation and amortization	24,485.5
Change in operating expenses due to restatements	30,088.7
Change in operating income (loss)	(30,088.7)
Decreases in non-operating revenues (expenses) due to restatements	
Decrease in investment income	(29,513.3)
Decrease in interest expense	(2,003.2)
Change in non-operating revenues (expenses) due to restatements	(31,516.5)
Change in gain (loss) before capital contributions	(61,605.2)
Cumulative change in net position due to restatements	\$ (61,605.2)

<sup>2</sup> Cumulative adjustment for 2011 relates to change in accounting principle with the implementation of GASB Statement No. 65.

Source: Airports Authority Records

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Exhibit S-3 – OPERATING EXPENSES BY BUSINESS UNIT**

(Expressed in Thousands)

	2014	2013	2012 <sup>5,6</sup>	2011 <sup>6</sup>	2010 <sup>6</sup>	2009	2008	2007	2006	2005
<b>REAGAN NATIONAL</b>										
Materials, equipment, supplies, contract services, and other	\$ 61,248.8	\$ 64,364.3	\$ 58,069.0	\$ 56,509.9	\$ 55,813.2	\$ 47,846.1	\$ 49,691.4	\$ 58,393.0	\$ 49,285.6	\$ 44,273.9
Salaries and related benefits	69,293.7	64,001.4	61,879.4	59,716.2	59,799.5	56,522.7	56,112.1	53,294.8	47,818.9	47,660.8
Utilities	9,009.0	8,678.7	8,933.9	8,345.5	8,060.0	9,360.5	8,687.4	7,623.1	7,083.2	6,977.5
Travel	349.8	339.1	357.3	539.1	397.7	319.4	524.8	629.2	598.1	521.5
Insurance	4,266.1	4,163.7	4,246.1	3,657.8	3,654.2	3,696.6	4,116.5	4,448.7	3,463.5	3,715.0
Loss (proceeds) from disposal of capital assets	(0.1)	29.5	0.6	(46.8)	(116.7)	(115.4)	(132.0)	(45.1)	(67.8)	65.6
Non-capitalized facility projects	914.9	934.6	2,499.3	1,788.7	1,982.1	929.1	635.1	1,926.3	1,535.9	1,699.9
Lease from U.S. Government	2,648.8	2,667.6	2,652.0	2,590.3	2,550.5	2,388.6	2,478.9	2,415.1	2,344.9	2,252.7
Depreciation and amortization	7,784.4	8,088.0	6,466.8	6,714.6	8,923.1	9,271.3	13,546.1	11,571.8	10,584.6	10,894.5
<b>Total Reagan National Expenses</b>	<b>155,515.4</b>	<b>153,266.9</b>	<b>145,104.4</b>	<b>139,815.3</b>	<b>141,063.6</b>	<b>130,218.9</b>	<b>135,660.3</b>	<b>140,256.9</b>	<b>122,646.9</b>	<b>118,061.4</b>
<b>DULLES INTERNATIONAL</b>										
Materials, equipment, supplies, contract services, and other	105,790.9	108,144.2	104,034.2	101,754.1	103,955.9	76,608.5	80,837.2	87,758.6	82,318.7	76,630.2
Salaries and related benefits	90,774.3	91,552.7	89,528.5	88,176.1	88,302.8	83,870.6	80,236.6	75,067.2	65,992.3	66,090.0
Utilities	16,949.2	17,216.1	18,166.7	17,993.1	16,078.9	18,562.0	16,475.0	13,301.3	13,091.7	14,321.1
Travel	285.1	376.5	410.5	541.0	458.4	358.3	583.2	670.1	647.8	517.0
Insurance	2,813.0	4,498.3	4,246.1	3,656.6	3,654.2	3,693.5	4,116.5	4,448.7	3,463.5	3,715.5
Loss (proceeds) from disposal of capital assets	(18.9)	41.4	72.3	(67.8)	(111.2)	(117.2)	84.3	78.4	(24.2)	129.0
Non-capitalized facility projects	855.2	785.0	2,383.2	819.3	1,205.6	(26.0)	504.6	1,583.4	740.6	601.5
Lease from U.S. Government	2,648.8	2,667.6	2,652.0	2,590.3	2,550.6	6,017.0	2,479.3	2,415.1	2,344.9	2,252.7
Depreciation and amortization	9,274.0	9,670.6	9,155.5	9,320.7	10,963.5	12,112.0	30,409.8	27,277.5	26,310.0	26,408.4
<b>Total Dulles International Expenses</b>	<b>229,371.6</b>	<b>234,952.4</b>	<b>230,649.0</b>	<b>224,783.4</b>	<b>227,058.7</b>	<b>201,078.7</b>	<b>215,726.5</b>	<b>212,600.3</b>	<b>194,885.3</b>	<b>190,665.4</b>
<b>DULLES TOLL ROAD</b>										
Materials, equipment, supplies, contract services, and other	19,262.9	19,162.4	16,766.6	18,188.7	19,415.6	22,089.6	9,424.5	-	-	-
Salaries and related benefits	6,770.2	7,219.0	6,985.1	6,900.1	6,421.3	2,484.8	58.2	-	-	-
Utilities	216.7	203.3	172.3	217.1	171.6	122.8	-	-	-	-
Travel	25.9	25.8	31.2	36.7	18.5	44.4	10.8	-	-	-
Insurance	483.8	357.3	587.2	597.4	551.5	1,069.3	177.2	-	-	-
Loss (proceeds) from disposal of capital assets	0.1	0.2	-	(2.7)	(6.2)	(0.7)	-	-	-	-
Non-capitalized facility projects	1,558.2	797.0	147.5	398.5	66.2	13.0	-	-	-	-
Depreciation and amortization	308.2	1,194.1	154.4	164.8	77.7	141.9	3.2	-	-	-
<b>Total Dulles Toll Road Expenses</b>	<b>28,626.0</b>	<b>28,959.1</b>	<b>24,844.3</b>	<b>26,500.6</b>	<b>26,716.2</b>	<b>25,965.1</b>	<b>9,673.9</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DULLES METRORAIL PROJECT</b>										
Materials, equipment, supplies, contract services, and other	9,718.2	1,509.5	1,957.0	1,790.4	1,238.9	1,255.1	415.6	-	-	-
Salaries and related benefits	3,383.4	3,478.0	2,778.1	2,398.0	1,839.6	1,586.6	154.5	-	-	-
Utilities	30.8	21.8	19.6	20.0	18.4	70.4	-	-	-	-
Travel	19.9	21.9	18.8	17.3	13.3	44.8	-	-	-	-
Insurance	-	0.4	(9.0)	1.6	5.2	16.6	-	-	-	-
Loss (proceeds) from disposal of capital assets	0.1	-	-	(1.4)	(2.9)	(4.2)	-	-	-	-
Non-capitalized facility projects	-	-	-	(4.4)	24.3	13.8	-	-	-	-
Depreciation and amortization	5,768.0	4,427.7	5,092.0	3,761.8	3,446.0	102.5	5.0	-	-	-
<b>Total Dulles Metrorail Project Expenses</b>	<b>18,920.4</b>	<b>9,459.3</b>	<b>9,856.5</b>	<b>7,983.3</b>	<b>6,582.8</b>	<b>3,085.6</b>	<b>575.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>WASHINGTON FLYER EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176.5</b>	<b>1,428.6</b>
<b>WASHINGTON FLYER MAGAZINE EXPENSES <sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TELECOMMUNICATIONS EXPENSES</b>	<b>5,102.1</b>	<b>4,949.2</b>	<b>5,193.9</b>	<b>4,613.6</b>	<b>4,243.3</b>	<b>5,128.8</b>	<b>5,606.8</b>	<b>5,361.9</b>	<b>5,441.5</b>	<b>5,558.6</b>
<b>FAA AIR TRAFFIC CONTROL TOWER EXPENSES <sup>2</sup></b>	<b>187.0</b>	<b>154.5</b>	<b>172.7</b>	<b>183.3</b>	<b>241.9</b>	<b>232.1</b>	<b>340.7</b>	<b>213.2</b>	<b>30.6</b>	<b>-</b>
<b>45025 AVIATION DRIVE EXPENSES <sup>3</sup></b>	<b>1,473.7</b>	<b>1,203.2</b>	<b>1,197.2</b>	<b>1,331.9</b>	<b>1,430.0</b>	<b>1,198.9</b>	<b>1,406.1</b>	<b>1,233.7</b>	<b>1,234.6</b>	<b>1,302.0</b>
<b>CONSTRUCTION PROGRAMS<sup>4</sup></b>										
Materials, equipment, supplies, contract services, and other	8,515.1	2,994.8	5,712.2	6,307.6	2,500.6	2,677.6	12,281.0	3,400.9	2,425.6	1,469.5
Loss (proceeds) from disposal of capital assets	8,000.4	-	42,013.0	82.0	5.9	8.4	84,776.6	12,708.7	-	-
Non-capitalized facility projects	3,780.0	15,116.3	6,610.8	7,676.2	3,866.7	3,707.4	1,960.3	242.4	652.2	1,606.9
Depreciation and amortization	218,601.8	219,641.9	235,796.5	194,697.0	195,012.2	163,648.7	120,242.7	102,537.3	95,543.0	94,316.9
<b>Total Construction Programs Expenses</b>	<b>238,897.3</b>	<b>237,753.0</b>	<b>290,132.5</b>	<b>208,762.8</b>	<b>201,385.4</b>	<b>170,042.1</b>	<b>226,614.2</b>	<b>118,889.3</b>	<b>98,620.8</b>	<b>97,393.3</b>
<b>TOTAL EXPENSES</b>	<b>\$ 678,093.5</b>	<b>\$ 670,697.6</b>	<b>\$ 707,150.5</b>	<b>\$ 613,974.2</b>	<b>\$ 608,721.9</b>	<b>\$ 536,950.2</b>	<b>\$ 588,250.0</b>	<b>\$ 478,555.3</b>	<b>\$ 423,036.2</b>	<b>\$ 414,409.3</b>

<sup>1</sup> The Airports Authority converted the Washington Flyer Magazine Program to a management contract in 2005. Separate reporting has been discontinued.

<sup>2</sup> FAA Air Traffic Control Tower was completed in 2006.

<sup>3</sup> 45025 Aviation Drive is inclusive of all expense classifications.

<sup>4</sup> Construction programs consists of the Aviation Enterprise Capital Construction Program and the Dulles Corridor Capital Improvement Program.

<sup>5</sup> Expenses for 2012 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 65.

<sup>6</sup> Certain amounts for 2010 through 2012 have been reclassified to be consistent with current year reporting.

Source: Airports Authority Records

# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Metropolitan Washington Airports Authority

### Exhibit S-4 – OPERATING REVENUES BY BUSINESS UNIT

(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>REAGAN NATIONAL</b>										
Airline:										
Rents	\$ 75,410.7	\$ 87,000.4	\$ 82,203.8	\$ 85,704.4	\$ 81,175.2	\$ 73,828.0	\$ 66,302.8	\$ 67,234.1	\$ 63,938.0	\$ 63,568.0
Landing fees	44,292.4	51,570.6	45,345.2	41,756.2	40,143.3	32,928.4	32,290.3	30,149.2	32,057.9	29,445.5
Total Airline Revenues	119,703.1	138,571.0	127,549.0	127,460.6	121,318.5	106,756.4	98,593.1	97,383.3	95,995.9	93,013.5
Non-Airline:										
Concessions:										
Parking	53,404.4	49,704.7	48,167.8	44,853.2	43,684.4	41,764.0	43,980.2	44,569.9	40,459.6	37,647.4
Rental cars	19,073.3	18,544.4	18,562.1	21,667.9	28,169.9	23,248.3	20,736.1	19,432.8	16,411.3	16,065.9
Terminal concessions:										
Food and beverage	10,089.3	9,411.2	8,567.9	7,927.0	7,563.4	7,109.1	7,117.4	6,801.0	6,359.5	4,906.5
News stands	3,411.9	3,477.4	3,119.1	3,044.2	2,932.1	2,733.6	2,731.8	2,558.1	2,228.8	1,951.2
Retail	1,821.6	2,479.8	2,427.6	2,432.4	2,362.3	2,474.8	2,531.5	2,564.3	2,601.7	2,763.8
Display advertising	5,381.2	5,546.4	4,786.8	5,083.1	5,835.3	4,121.5	4,105.4	3,715.3	3,072.0	3,150.0
Ground transportation <sup>1</sup>	6,058.8	5,230.7	4,955.9	4,807.7	4,621.0	3,745.3	3,183.1	3,373.40	-	-
Services	82.8	70.6	69.8	76.5	84.6	96.0	57.6	239.9	219.3	201.9
Inflight catering	1,612.5	1,108.8	855.1	779.3	701.1	719.9	752.0	766.5	784.3	785.5
Fixed base operator	1,569.0	1,025.8	1,217.7	1,039.3	780.3	739.8	282.1	205.5	134.9	0.0
Duty free	123.0	83.7	83.4	74.8	42.2	49.7	52.8	40.9	36.3	33.3
All other	1,189.8	1,019.9	678.0	570.6	549.2	674.7	320.2	321.5	3,521.6	3,720.1
Total Concessions	103,817.6	97,703.4	93,491.2	92,356.0	97,325.8	87,476.5	86,369.3	84,589.1	75,829.3	71,225.6
Rents	7,857.9	8,149.9	7,946.5	7,769.3	9,259.1	9,368.1	7,349.9	7,254.0	7,267.2	8,424.7
Security	916.4	284.7	719.3	853.1	854.7	866.3	878.3	888.3	898.1	854.8
Utility sales	2,547.6	2,337.1	2,187.4	2,218.6	2,271.8	2,401.6	2,240.1	1,990.1	1,886.5	1,939.9
Other	2,770.2	2,481.9	2,183.8	2,530.0	1,681.0	1,801.5	2,651.3	1,695.5	1,553.5	4,083.1
Total Non-Airline Revenue	117,909.7	110,957.0	106,528.2	105,727.0	111,392.4	101,913.9	99,488.9	96,417.0	87,434.6	86,528.1
Total Reagan National Revenues	237,612.8	249,528.0	234,077.2	233,187.6	232,710.9	208,670.3	198,082.0	193,800.3	183,430.5	179,541.6
<b>DULLES INTERNATIONAL</b>										
Airline:										
Rents	183,216.7	185,723.7	187,250.7	159,425.8	112,189.2	86,335.9	78,354.7	75,075.8	71,961.8	69,886.1
Landing fees	74,571.1	76,816.2	66,937.5	68,499.5	61,494.6	64,006.2	49,999.3	48,533.3	41,317.6	46,913.6
International Arrival Building fees	25,621.8	26,363.2	25,702.1	21,407.8	18,012.6	11,897.4	9,372.0	9,100.2	9,394.9	8,849.9
Passenger Fees	7,260.7	6,005.8	6,721.2	7,676.6	6,652.5	17,508.0	17,703.5	18,294.4	14,777.1	16,874.0
Design Fees	-	-	-	-	-	-	20,361.2	-	-	-
Total Airline Revenues	290,670.3	294,908.9	286,611.5	257,009.7	198,348.9	179,747.5	175,790.7	151,003.7	137,451.4	142,523.6
Non-Airline:										
Concessions:										
Parking	63,089.9	60,409.1	60,775.6	64,083.1	66,466.6	65,957.7	71,125.6	71,958.9	68,608.0	75,769.0
Rental cars	17,224.8	17,871.7	16,870.9	17,038.7	16,135.2	15,616.9	15,213.1	14,985.7	13,790.7	14,484.9
Terminal concessions:										
Food and beverage	10,423.8	9,581.3	9,443.2	9,347.9	8,911.2	8,517.8	8,742.7	8,184.7	6,396.0	5,719.5
News stands	3,867.1	3,657.1	4,007.9	3,957.5	4,026.3	4,130.1	4,081.0	3,555.7	3,259.8	3,328.1
Retail	2,521.4	3,200.3	2,683.5	2,569.8	2,517.2	2,562.4	2,576.8	2,676.1	2,429.6	2,539.7
Display advertising	3,914.3	4,694.5	5,878.5	6,978.7	5,817.4	4,122.3	4,119.8	3,640.7	3,228.0	3,150.0
Ground transportation <sup>1</sup>	6,584.2	4,540.1	3,891.9	2,980.1	3,804.2	3,570.3	3,185.6	1,410.60	-	-
Services	3,442.8	3,341.7	3,263.3	3,162.0	3,260.6	3,329.6	5,515.2	5,374.0	5,372.2	5,293.9
Inflight catering	10,475.1	8,896.5	7,070.0	6,393.2	6,067.5	5,985.2	6,120.9	5,476.0	4,882.3	4,682.9
Fixed base operator	15,706.8	14,516.7	14,249.5	13,070.1	11,779.8	11,613.1	12,430.0	11,779.6	10,448.7	7,602.8
Duty free	8,066.3	4,583.1	4,372.3	3,934.4	3,158.1	2,831.4	3,757.5	3,381.5	2,892.4	3,133.1
All other	4,352.0	3,258.6	1,722.1	1,728.5	1,703.6	1,747.7	473.3	474.2	1,843.5	1,464.1
Total Concessions	149,668.5	138,550.7	134,228.7	135,244.0	133,647.7	129,984.5	137,341.5	132,897.7	123,151.2	127,168.0
Rents	23,286.5	20,091.3	19,852.7	18,085.8	19,259.4	19,372.2	14,402.3	11,917.6	11,396.1	10,358.8
Security	448.9	175.2	300.2	393.7	393.7	393.7	400.4	401.2	404.8	394.4
Utility sales	6,051.7	5,738.2	5,456.5	5,624.9	5,832.8	6,474.3	6,565.6	5,298.8	5,462.4	5,322.2
Other	6,333.6	5,626.1	5,976.6	5,851.2	4,828.2	4,598.3	9,039.1	4,668.5	4,254.1	4,668.6
Total Non-Airline Revenues	185,789.2	170,181.5	165,814.7	165,199.6	163,961.8	160,823.0	30,407.4	155,183.8	144,668.6	147,912.0
Total Dulles International Revenues	476,459.5	465,090.4	452,426.2	422,209.3	362,310.7	340,570.5	343,539.6	306,187.5	282,120.0	290,435.6
<b>DULLES TOLL ROAD</b>										
Tolls	148,652.7	127,059.3	101,596.1	94,659.5	88,038.2	64,893.6	10,416.5	-	-	-
Other	0.0	0.5	7.7	-	-	-	-	-	-	-
Total Dulles Toll Road	148,652.7	127,059.8	101,603.8	94,659.5	88,038.2	64,893.6	10,416.5	-	-	-
<b>WASHINGTON FLYER</b>										
WASHINGTON FLYER MAGAZINE	-	-	-	-	-	-	-	-	118.5	2,007.0
TELECOMMUNICATIONS	-	-	-	-	-	-	-	-	-	4.7
FAA AIR TRAFFIC CONTROL TOWER	3,742.8	3,879.8	3,866.7	3,931.5	4,157.2	4,119.3	4,179.9	4,414.7	3,900.0	3,673.6
45025 AVIATION DRIVE <sup>2</sup>	3,711.7	3,709.2	3,701.0	3,696.1	3,686.0	3,717.9	3,698.9	3,582.4	-	-
45025 AVIATION DRIVE <sup>2</sup>	649.7	815.9	876.5	951.4	1,009.9	1,375.1	1,444.5	2,491.2	1,599.6	1,559.2
TOTAL REVENUES	\$ 870,829.2	\$ 850,083.1	\$ 796,551.4	\$ 758,635.5	\$ 691,912.9	\$ 623,347.0	\$ 561,361.4	\$ 510,476.1	\$ 471,168.6	\$ 477,221.7

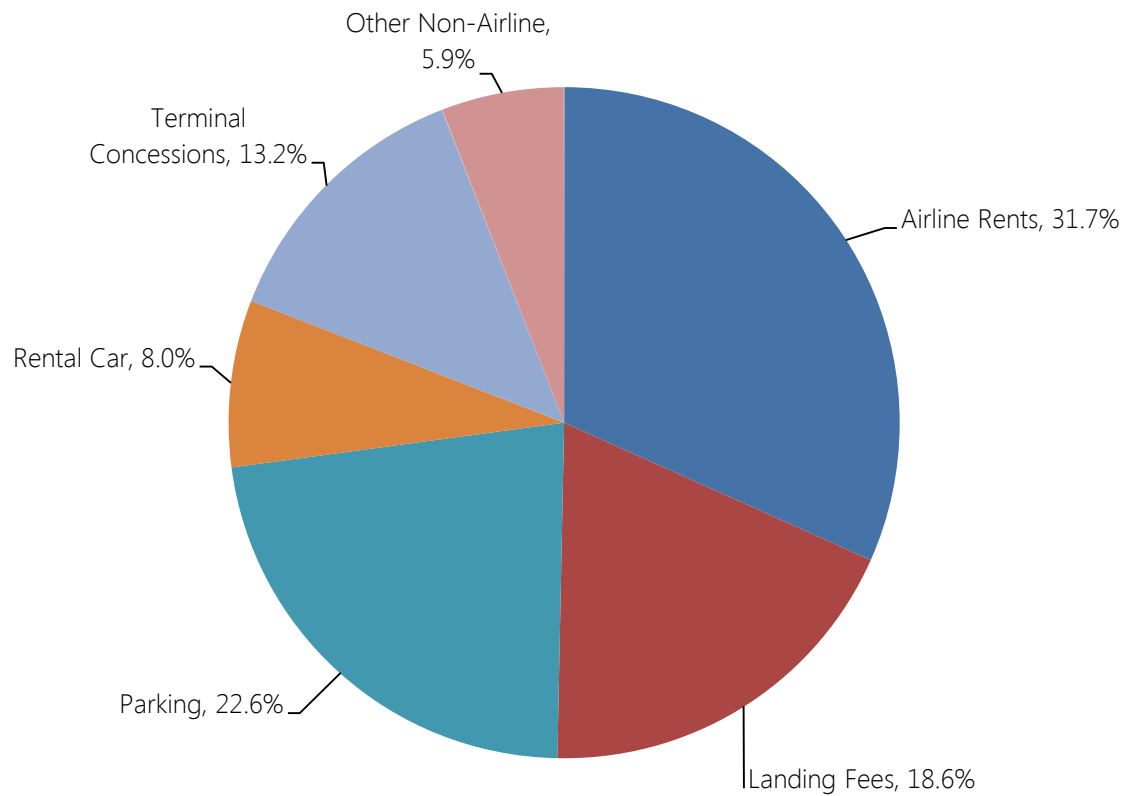
<sup>1</sup> Ground transportation was reported as other revenue in years prior to 2007.

<sup>2</sup> 45025 Aviation Drive revenues include rents and utilities.

Source: Airports Authority Records

**Exhibit S-5 – OPERATING REVENUES – REAGAN NATIONAL**

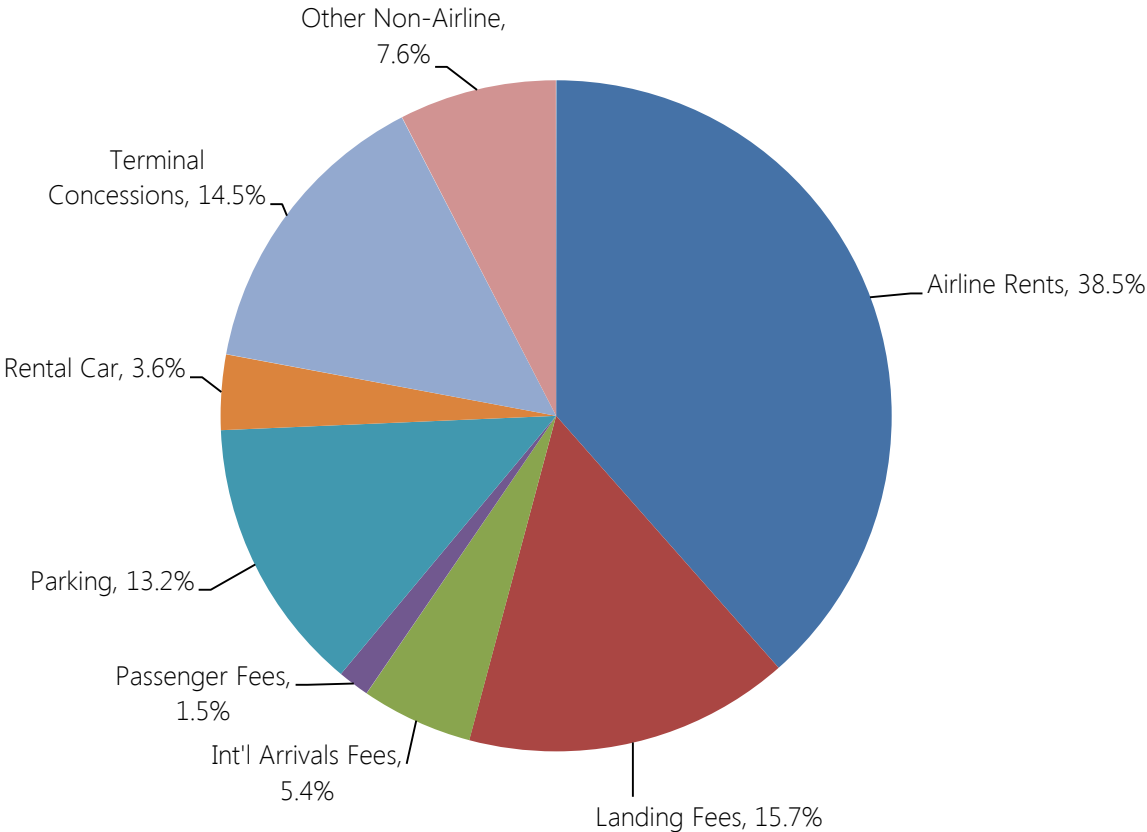
**2014**



Source: Airports Authority Records

Exhibit S-6 – OPERATING REVENUES – DULLES INTERNATIONAL

2014



Source: Airports Authority Records



**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Exhibit S-7 – RATES AND CHARGES**

**Reagan National Rates**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Signatory Airline Rates</b>										
Landing Fee	\$ 3.72	\$ 4.19	\$ 3.55	\$ 3.42	\$ 3.16	\$ 2.81	\$ 2.55	\$ 2.34	\$ 2.26	\$ 2.16
Signatory Airline Cost Per Enplanement	\$ 10.90	\$ 14.19	\$ 12.28	\$ 13.94	\$ 12.84	\$ 12.49	\$ 10.95	\$ 10.51	\$ 10.02	\$ 10.22
Terminal A - Average Rate	\$ 122.88	\$ 157.51	\$ 145.23	\$ 160.22	\$ 174.48	\$ 111.55	\$ 103.47	\$ 100.73	\$ 84.22	\$ 68.76
Terminal B & C - Average Rate	\$ 154.72	\$ 207.32	\$ 191.82	\$ 208.51	\$ 194.94	\$ 180.68	\$ 162.87	\$ 169.51	\$ 156.22	\$ 150.16
Type 6 - Covered/Unenclosed	\$ 5.30	\$ 5.13	\$ 5.57	\$ 5.55	\$ 5.42	\$ 5.35	\$ 6.00	\$ 5.85	\$ 5.68	\$ 5.49
Type 7 - Uncovered/Unenclosed	\$ 1.32	\$ 1.28	\$ 1.39	\$ 1.39	\$ 1.35	\$ 1.34	\$ 1.50	\$ 1.46	\$ 1.42	\$ 1.37
<b>Non-Signatory Airline Rates</b>										
General Aviation Landing Fees	\$ 4.01	\$ 4.30	\$ 3.86	\$ 3.59	\$ 3.52	\$ 2.93	\$ 2.89	\$ 2.82	\$ 2.66	\$ 2.40
Landing Fee	\$ 5.01	\$ 5.37	\$ 4.83	\$ 4.48	\$ 4.40	\$ 3.66	\$ 3.61	\$ 3.52	\$ 3.33	\$ 3.00
Terminal A	\$ 143.48	\$ 165.83	\$ 154.95	\$ 148.47	\$ 175.85	\$ 111.15	\$ 106.40	\$ 115.79	\$ 92.79	\$ 84.81
Terminal B & C	\$ 217.16	\$ 236.82	\$ 223.82	\$ 229.12	\$ 213.51	\$ 199.45	\$ 185.11	\$ 193.36	\$ 172.31	\$ 169.93
<b>Rental Car Customer Facility Charge</b>										
Customer Facility Charge (Per Rental Day)	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50

**Dulles International Rates**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Signatory Airline Rates</b>										
Landing Fee	\$ 4.59	\$ 4.23	\$ 3.72	\$ 3.50	\$ 3.44	\$ 3.14	\$ 2.60	\$ 2.37	\$ 2.06	\$ 2.00
Signatory Airline Cost Per Enplanement	\$ 26.39	\$ 27.29	\$ 25.84	\$ 20.25	\$ 17.16	\$ 14.21	\$ 13.11	\$ 12.11	\$ 11.57	\$ 10.40
Concourse C & D	\$ 81.65	\$ 87.07	\$ 91.69	\$ 74.24	\$ 57.12	\$ 38.37	\$ 29.14	\$ 31.43	\$ 29.48	\$ 29.32
Concourse B	\$ 158.30	\$ 167.33	\$ 178.71	\$ 140.80	\$ 78.53	\$ 62.18	\$ 55.94	\$ 70.48	\$ 61.39	\$ 69.94
Main Terminal	\$ 314.51	\$ 349.40	\$ 362.73	\$ 277.55	\$ 198.18	\$ 142.72	\$ 131.84	\$ 129.23	\$ 125.19	\$ 128.72
Concourse A	\$ 257.05	\$ 290.57	\$ 317.42	\$ 226.91	\$ 188.48	\$ 144.38	\$ 142.05	\$ 144.59	\$ 80.36	\$ 54.22
Z-Gates	\$ 147.46	\$ 139.17	\$ 149.29	\$ 153.12	\$ 172.95	\$ 57.82	\$ 81.33	\$ 258.65	\$ 177.24	\$ 173.82
Type 6 - Covered/Unenclosed	\$ 5.42	\$ 5.47	\$ 5.35	\$ 5.42	\$ 5.42	\$ 5.35	\$ 6.00	\$ 5.85	\$ 5.68	\$ 5.49
Type 7 - Uncovered/Unenclosed	\$ 1.35	\$ 1.37	\$ 1.34	\$ 1.36	\$ 1.35	\$ 1.34	\$ 1.50	\$ 1.46	\$ 1.42	\$ 1.37
Airside Operations Building	\$ 46.97	\$ 40.44	\$ 48.94	\$ 38.38	\$ 33.77	\$ 25.28	\$ 19.97	\$ 21.52	\$ 20.89	\$ 12.60
International Arrivals Building	\$ 8.64	\$ 8.76	\$ 8.31	\$ 6.59	\$ 6.55	\$ 4.10	\$ 3.53	\$ 3.61	\$ 4.09	\$ 4.50
Apron Operations Building	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Concourse C International Arrival Building	\$ 9.46	\$ 9.60	\$ 9.16	\$ 6.52	\$ 4.72	\$ 2.98	\$ 1.78	\$ 2.04	\$ 2.33	\$ 1.73
Passenger Conveyance	\$ 1.85	\$ 1.83	\$ 2.08	\$ 2.40	\$ 2.20	\$ 2.02	\$ 2.02	\$ 1.92	\$ 1.74	\$ 1.61
<b>Non-Signatory Airline Rates</b>										
General Aviation Landing Fee	\$ 4.96	\$ 4.75	\$ 4.15	\$ 4.23	\$ 4.09	\$ 4.32	\$ 3.54	\$ 3.20	\$ 2.90	\$ 2.71
Landing Fee	\$ 6.53	\$ 6.26	\$ 5.46	\$ 5.56	\$ 5.38	\$ 5.68	\$ 4.66	\$ 4.21	\$ 3.81	\$ 3.57
Concourse C & D	\$ 96.32	\$ 92.04	\$ 88.29	\$ 83.93	\$ 65.96	\$ 54.98	\$ 46.74	\$ 47.65	\$ 45.32	\$ 42.08
Concourse B	\$ 186.01	\$ 167.32	\$ 169.92	\$ 155.86	\$ 95.20	\$ 81.87	\$ 67.80	\$ 83.61	\$ 75.21	\$ 74.24
Main Terminal	\$ 386.24	\$ 401.15	\$ 405.23	\$ 333.25	\$ 253.13	\$ 210.52	\$ 202.98	\$ 193.65	\$ 179.29	\$ 174.62
International Arrivals Building	\$ 9.15	\$ 9.27	\$ 9.41	\$ 7.61	\$ 7.18	\$ 5.28	\$ 4.74	\$ 4.72	\$ 5.25	\$ 5.86
Concourse C International Arrival Building	\$ 9.55	\$ 9.03	\$ 9.89	\$ 8.40	\$ 7.71	\$ 4.80	\$ 3.43	\$ 3.81	\$ 4.31	\$ 4.31
Concourse A	\$ 292.12	\$ 297.90	\$ 336.02	\$ 270.24	\$ 226.58	\$ 195.45	\$ 185.13	\$ 145.13	\$ 103.08	\$ 72.46
Z-Gates	\$ 158.82	\$ 97.06	\$ 158.08	\$ 141.76	\$ 194.60	\$ 187.23	\$ 178.91	\$ 282.72	\$ 226.76	\$ 173.82

**Passenger Facility Charges**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Reagan National	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Dulles International	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50

**Dulles Toll Road Toll Rates**

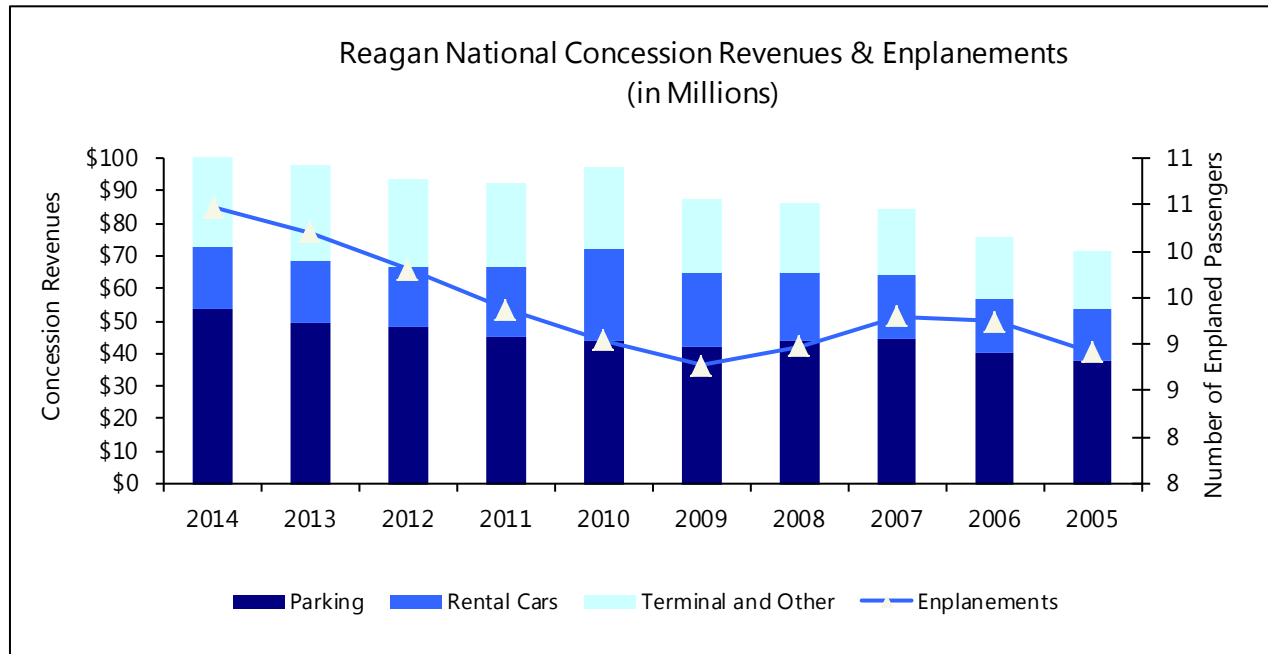
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Two-Axle Vehicles</b>										
Main Plaza	\$ 2.50	\$ 1.75	\$ 1.50	\$ 1.25	\$ 1.00	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
Ramp Plaza	\$ 1.00	\$ 1.00	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50

As discussed in Note 2 - Airport Use Agreement and Premises Lease (Use and Lease Agreement), airline rates and charges are calculated pursuant to the formulas set forth in the Use and Lease Agreement. The Use and Lease Agreement provides for the calculation of annual rates and charges, with rate adjustments at midyear, or any time revenues fall 5% or more below projections. The rates presented in the above tables are average rates, as calculated at the time of settlement.

Passenger Facility Charges (PFCs) were increased from \$3.00 to \$4.50 in May 2001 and have been flat at \$4.50 at both Airports for the last thirteen years. Although the rates shown are the amounts collected by the airlines on the Airport Authority's behalf, the Airports Authority records PFCs net of a handling fee which is retained by the airlines.

Source: Airports Authority Records

**Exhibit S-8 – CONCESSION REVENUES AND ENPLANEMENTS – REAGAN NATIONAL**

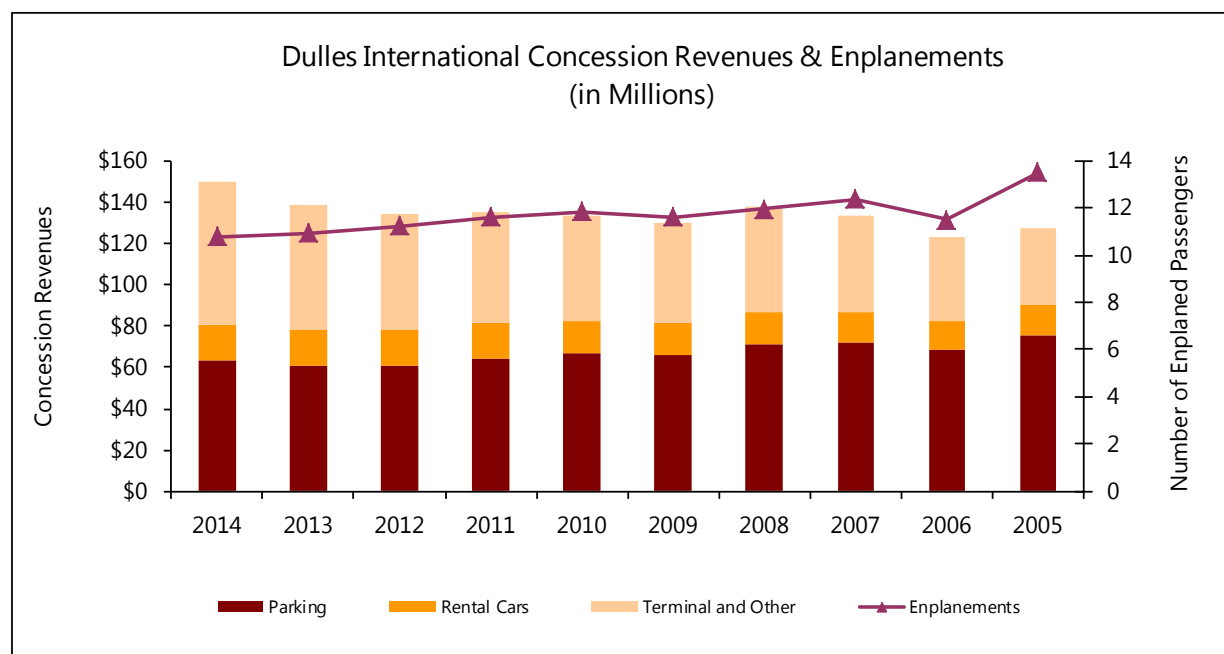


Annual enplanements include domestic and transborder passengers for both commercial and non-commercial (including military, general aviation, and charter) flights. Enplanements are a measurement of an airport's usage and are influenced by many factors including availability of air service, price of airfare, location of the airport, and macroeconomic factors. Enplanements at Reagan National set a new record in 2014.

Concession revenues make up the vast majority of the Airports Authority's non-airline revenues. The Airports Authority retains all risk related to the fluctuation of parking revenue, its largest concession revenue source. Parking revenue is highly dependent on passenger traffic and varies year to year. However, the majority of the Airports Authority's rental car and terminal concession contracts contain a fixed component as well as a variable component. In most cases, the Airports Authority is guaranteed a minimum payment by a tenant and then shares excess revenue with the tenant if sales exceed a predetermined amount. As passenger enplanements have increased over the past several years, so too have concession revenue. Parking revenue, for example, has increased 27.9 percent from 2009. Likewise, food and beverage revenue has increased 41.9 percent during the same period and advertising revenue has increased 30.6 percent. However, rental car revenue has declined because in June, 2011, the fixed component of the rental cars contract was renegotiated as part of a new contract.

Source: Airports Authority Records

**Exhibit S-9 – CONCESSION REVENUES AND ENPLANEMENTS – DULLES INTERNATIONAL**

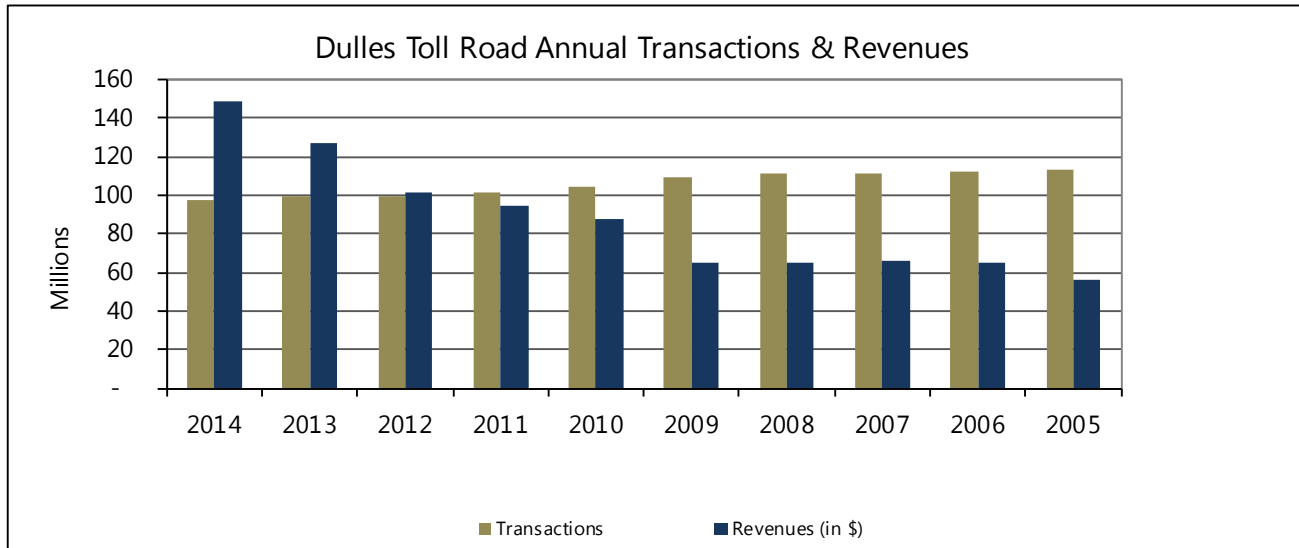


Annual enplanements include domestic and transborder passengers for both commercial and non-commercial (including military, general aviation, and charter) flights. Enplanements are a measurement of an airport's usage and are influenced by many factors including availability of air service, price of airfare, location of the airport, and macroeconomic variables. Enplanements at Dulles International fell in 2014 due to declining domestic enplanements. However, international enplanements set a new record in 2014. Enplanements grew rapidly in 2004 and 2005, largely due to Independence Air's operations but fell sharply after the airline ceased operations in 2006. Since 2006, total enplanements have declined only slightly.

Concession revenues, which are directly correlated with passenger enplanements, makes up the vast majority of the Airports Authority's non-airline revenues. The Airports Authority retains all risk related to the fluctuation of parking revenue, its largest concession revenue source. Parking revenue is highly dependent on passenger traffic and varies year to year. Since Independence Air ceased operations in 2006, parking revenue has declined 8.1 percent. However, the majority of the Airports Authority's rental car and terminal concession contracts contain a fixed component as well as a variable component. In most cases, the Airports Authority is guaranteed a minimum payment by a tenant and then shares excess revenue with the tenant if sales exceed a predetermined amount. This has helped the Airports Authority maintain strong concession revenue despite lower enplanement figures in recent years. Total concession revenue per enplaned passenger increased from \$10.71 in 2006 to \$13.91 in 2014, an 29.9 percent increase. Since 2006, rental car revenue increased 24.9 percent, food and beverage increased 63.0 percent, inflight catering increased 114.6 percent, display advertising increased 21.3 percent, and newsstand and retail increased a combined 12.3 percent.

Source: Airports Authority Records

**Exhibit S-10 – DULLES TOLL ROAD TRANSACTIONS AND REVENUES**



Annual transactions include the total number of transactions, which includes the number of revenue transactions (i.e., each recorded toll payment, whether mainline or ramp), non-revenue transactions (i.e., police, emergency vehicles, military vehicles, etc.), and violations (i.e., each transaction where the full toll amount was not collected at the time of the transaction, whether due to avoidance, electronic misreading, or otherwise, and where the amount was subsequently collected) processed in the calendar year ending December 31.

Transactions measure roadway usage and are impacted by toll rate increases. The first toll rate increase in the roadway's history became effective in May 2005 while the Dulles Toll Road was under the operation of Virginia Department of Transportation (VDOT). A second toll rate increase became effective in January 2010, a third in January 2011, a fourth in January 2012, a fifth in January 2013 and a sixth January 2014. The Dulles Toll Road was transferred to the Airports Authority on November 1, 2008.

The chart above includes VDOT data for years 2005-2008 and Airports Authority data for years 2008-2014.

\*Non-revenue transaction data is not available prior to 2009.

Source: Airports Authority Records, VDOT

**Exhibit S-11 – DULLES TOLL ROAD MONTHLY TRANSACTIONS AND REVENUES**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
January	7,533,849	7,919,077	8,022,521	7,824,547	8,299,024	8,466,696	9,207,781	9,198,057	9,109,306	9,196,216
February	6,897,287	7,409,382	7,889,749	7,764,687	6,657,821	8,416,445	8,709,460	8,023,545	8,422,303	8,786,162
March	7,813,556	7,979,292	8,687,041	9,018,150	9,349,797	9,310,414	9,351,455	9,686,308	9,941,362	10,111,654
April	8,366,358	8,596,720	8,181,616	8,483,334	9,199,462	9,337,263	9,585,976	9,246,736	9,120,164	9,948,766
May	8,677,032	8,773,942	8,717,049	8,835,657	9,115,093	9,360,939	9,578,599	9,856,502	9,779,415	9,906,511
June	8,475,065	8,388,250	8,726,637	8,949,690	9,389,948	9,630,452	9,385,082	9,581,354	9,756,929	9,872,015
July	8,425,436	8,437,968	8,418,491	8,375,850	9,011,255	9,508,324	9,478,858	9,338,507	9,192,347	9,251,263
August	8,074,295	8,550,839	8,700,231	8,681,495	9,016,174	9,298,209	9,158,359	9,698,127	9,706,925	9,698,296
September	8,175,388	8,293,200	8,113,485	8,476,912	8,748,923	9,173,068	9,185,049	9,087,941	9,066,103	9,228,605
October	8,670,164	8,713,861	8,428,482	8,724,624	9,140,399	9,573,659	9,731,826	9,903,111	9,692,059	9,483,395
November	7,504,223	7,944,233	8,161,592	8,169,587	8,420,491	8,710,278	8,482,508	9,030,545	8,976,611	9,041,300
December	7,894,372	7,669,453	7,844,178	8,230,422	8,337,797	8,546,869	8,943,949	8,634,873	8,959,341	8,959,171
Total	96,507,025	98,676,217	99,891,072	101,534,955	104,686,184	109,332,616	110,798,902	111,285,606	111,722,865	113,483,354

**DULLES TOLL ROAD REVENUES - MONTHLY**

	2014	2013	2012	2011	2010	2009	2008
January	11,628,573	10,053,324	8,178,917	7,252,137	6,943,140	4,985,174	5,447,177
February	10,649,396	9,443,886	8,054,220	7,207,088	5,527,103	4,966,879	5,155,941
March	12,024,127	10,204,385	8,819,788	8,357,690	7,926,739	5,480,864	5,529,627
April	12,881,743	10,830,020	8,398,229	7,899,087	7,758,412	5,525,242	5,672,881
May	13,288,581	11,411,164	8,900,082	8,222,220	7,682,533	5,557,699	5,668,517
June	13,173,845	10,787,616	8,884,182	8,395,804	7,881,709	5,731,147	5,553,988
July	12,991,259	10,820,010	8,579,991	7,897,235	7,576,203	5,708,503	5,527,081
August	12,548,064	11,114,413	8,824,605	8,107,776	7,615,869	5,517,772	5,304,363
September	12,777,532	10,778,250	8,255,318	7,918,571	7,374,258	5,483,727	5,439,259
October	13,127,022	11,503,339	8,549,445	8,145,202	7,673,235	5,697,597	5,765,472
November	11,523,551	10,339,310	8,235,967	7,665,907	7,191,951	5,183,999	5,034,561
December	12,039,048	9,774,124	7,915,344	7,590,822	6,887,014	5,054,951	5,381,936
Total	148,652,741	127,059,841	101,596,088	94,659,539	88,038,167	64,893,554	65,480,803

Notes:

- 1) Toll rates were adjusted in May 2005, January 2010, January 2011, January 2012, January 2013, and January 2014.
- 2) Transactions include cash and electronic transactions, violations, and non-revenue transactions (i.e., police, emergency vehicles, military vehicles, etc.).
- 3) Monthly revenue data prior to 2008 is not available.

Sources: VDOT for 2005-October 2008 data; Airports Authority Records for November 2008-2014

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**Exhibit S-12 – TOP 10 PAYORS**

PAYOR <sup>1</sup>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
United Airlines <sup>2</sup>	\$ 161,331,091	\$ 200,836,207	\$ 195,607,915	\$ 132,761,970	\$ 117,389,911	\$ 97,782,264	\$ 91,135,655	\$ 84,680,832	\$ 67,790,432	\$ 56,420,978
US Airways	39,492,497	56,417,666	42,523,675	43,538,638	39,941,628	38,060,252	36,106,513	36,461,505	33,401,313	35,626,226
Delta Airlines	31,051,104	35,998,400	37,438,965	31,832,207	24,763,314	17,974,561	15,845,321	15,585,066	15,311,064	17,962,266
American Airlines	20,480,216	28,574,259	26,924,185	25,628,008	22,380,542	20,472,606	19,362,364	19,237,901	18,470,865	18,058,028
Signature Flight Support	13,595,464	12,233,542	9,961,070	9,654,269	8,282,227	9,202,521	8,904,302	8,261,740	*	*
Southwest <sup>3</sup>	12,506,395	12,571,064	*	*	*	*	*	*	*	*
JetBlue Airways	11,283,876	11,108,347	11,318,923	10,399,704	*	*	*	*	*	*
Hertz Rent-A-Car	10,086,569	10,441,012	11,262,291	11,749,340	12,397,487	11,751,506	10,910,269	10,084,507	9,451,974	8,897,173
Lufthansa German Airline	9,841,438	*	*	*	*	*	*	*	*	*
JC Dedeaux/AK Media	9,430,087	10,262,622	10,804,427	11,969,794	11,751,277	8,245,804	8,364,731	*	*	7,155,910
British Airways	*	10,259,009	9,973,602	*	*	*	*	*	*	*
Landmark Aviation	*	*	9,890,712	10,093,319	*	*	8,319,844	8,624,059	8,566,513	*
Continental Airlines	*	*	*	9,984,056	8,267,352	8,161,420	*	8,286,042	7,669,611	7,875,267
Vanguard Car Rental USA	*	*	*	*	9,737,445	8,518,193	*	*	*	*
Avis Rent-A-Car	*	*	*	*	8,658,845	8,293,921	8,056,239	7,788,421	7,207,607	7,236,566
Northwest Airlines	*	*	*	*	*	*	8,218,269	8,173,164	7,932,314	7,531,302
Mesa Airlines	*	*	*	*	*	*	*	*	7,952,342	*
Atlantic Coast Airlines / Independence	*	*	*	*	*	*	*	*	*	22,306,764
<b>TOTAL <sup>4</sup></b>	<b>\$ 319,098,737</b>	<b>\$ 388,702,128</b>	<b>\$ 365,705,765</b>	<b>\$ 297,611,305</b>	<b>\$ 263,570,028</b>	<b>\$ 228,463,048</b>	<b>\$ 215,223,507</b>	<b>\$ 207,183,237</b>	<b>\$ 183,754,035</b>	<b>\$ 189,070,480</b>

\* Payor did not comprise top ten for the given year, and as such, revenue is not presented for comparative purposes.

<sup>1</sup> Payors are determined based on invoiced tenant. Amounts exclude payments made by payors on behalf of other tenants per agreements between tenants.

<sup>2</sup> United Airlines includes amounts from Continental Airlines in 2014 to reflect the combined operating certificate issued on November 30, 2011.

<sup>3</sup> Southwest includes amounts from AirTran in 2014 to reflect the combined operating certificate issued on March 1, 2012.

<sup>4</sup> Passenger facility charges and grants are excluded from amounts.

Source: Airports Authority Records



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**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**Exhibit S-13 – DEBT SERVICE COVERAGE – AVIATION ENTERPRISE FUND**

	2014	2013	2012 <sup>4</sup>	2011
<b>NET REVENUE:</b>				
Operating Revenue	\$ 722,176,805	\$ 723,023,251	\$ 694,947,564	\$ 663,975,831
Revenue Adjustments <sup>1</sup>	(32,095,870)	(26,773,503)	(28,946,572)	(22,231,153)
Prior Year Transfers <sup>2</sup>	78,096,697	61,907,217	61,560,812	61,613,810
Adjusted Revenue	768,177,632	758,156,965	727,561,804	703,358,488
Operating Expenses	629,677,399	630,771,681	673,038,768	578,768,172
Operating Expenses Adjustments <sup>3</sup>	(309,401,197)	(307,615,823)	(365,677,287)	(274,239,044)
Direct Operating Expenses	320,276,202	323,155,858	307,361,481	304,529,128
<b>Net Revenue Available for Debt Service</b>	<b>447,901,430</b>	<b>435,001,107</b>	<b>420,200,323</b>	<b>398,829,360</b>
<b>DEBT SERVICE</b>				
1990A Airport System Revenue Bonds	-	-	-	-
1992A Airport System Revenue Bonds	-	-	-	-
1993A Airport System Revenue & Refunding Bonds	-	-	-	-
1993B Airport System Revenue & Refunding Bonds	-	-	-	-
1994A Airport System Revenue Bonds	-	-	-	-
1997A Airport System Revenue Bonds	-	-	-	-
1997B Airport System Revenue Bonds	-	-	-	-
1997C Airport System Revenue & Refunding Bonds	-	-	-	-
1998A Airport System Revenue Bonds	-	-	-	-
1998B Airport System Revenue & Refunding Bonds	-	-	-	1,131,638
1999A Airport System Revenue & Refunding Bonds	-	-	-	-
2001A Airport System Revenue Bonds	-	-	1,977,993	13,958,418
2001B Airport System Revenue Bonds	-	-	-	664,264
2002A Airport System Revenue Bonds	-	-	7,032,131	10,176,763
2002B Airport System Revenue Bonds	-	-	508,463	678,816
2002C Airport System Revenue Variable Rate Refunding Bonds	-	-	-	12,988,294
2002D Airport System Revenue Refunding Bonds	-	-	4,036,507	6,539,153
2003A Airport System Revenue Refunding Bonds	-	6,187,091	11,868,132	10,759,464
2003B Airport System Revenue Refunding Bonds	-	2,277,598	3,650,225	4,090,647
2003C Taxable Airport System Revenue Refunding Bonds	-	1,956,023	3,348,217	3,351,651
2003D Airport System Revenue Variable Rate Bonds	1,735,804	1,844,695	1,399,066	1,047,095
2004A Airport System Revenue Refunding Bonds	7,782	445,207	662,965	663,340
2004B Airport System Revenue Bonds	7,002,346	12,008,736	11,895,492	11,074,530
2004C-1 Airport System Revenue Refunding Bonds	912,895	1,564,952	1,564,952	1,564,943
2004C-2 Airport System Revenue Refunding Bonds	2,832,309	4,818,603	4,815,468	4,814,541
2004D Airport System Revenue Refunding Bonds	18,643,472	26,075,389	26,084,526	26,087,988
2005A Airport System Revenue Bonds	19,838,515	20,963,081	18,197,721	19,311,222
2005B Airport System Revenue Bonds	2,516,115	2,513,890	2,514,469	2,517,176
2005C Taxable Airport System Revenue Bonds	1,703,571	1,703,568	1,703,566	1,703,567
2005D Airport System Revenue Bonds	382,489	382,489	382,488	382,489
2006A Airport System Revenue Bonds	11,201,123	11,114,293	11,366,225	9,012,953
2006B Airport System Revenue Bonds	16,567,503	17,898,654	15,874,849	14,347,548
2006C Airport System Revenue Refunding Bonds	2,778,070	2,947,158	2,440,111	2,259,501
2007A Airport System Revenue Bonds	15,085,864	15,060,629	15,108,005	15,102,592
2007B Airport System Revenue Bonds	30,196,961	31,674,272	28,308,735	26,508,630
2008A Airport System Revenue Bonds	19,765,600	20,404,277	21,072,490	12,508,425
2009A Airport System Revenue Bonds	-	-	-	926,568
2009B Airport System Revenue Bonds	14,294,086	12,979,995	13,007,178	11,812,024
2009C Airport System Revenue Bonds	-	-	-	747,333
2009D Airport System Revenue Bonds	-	-	-	-
2010A Airport System Revenue Bonds	20,453,504	17,350,621	15,766,681	13,840,460
2010B Airport System Revenue Refunding Bonds	23,301,847	23,294,136	23,327,344	22,718,966
2010C Airport System Revenue Variable Rate Refunding Bonds	6,208,429	2,946,520	2,686,266	3,646,635
2010D Airport System Revenue Variable Rate Bonds	9,223,171	10,443,465	10,593,189	10,159,919
2010F-1 Airport System Revenue Refunding Bonds	3,062,716	2,513,706	2,845,154	3,166,627
2011A Airport System Revenue and Refunding Bonds	17,396,150	16,247,272	13,551,233	2,628,205
2011B Airport System Revenue and Refunding Bonds	12,208,206	11,943,904	11,751,722	3,417,931
2011C Airport System Revenue Refunding Bonds	14,909,398	15,339,560	15,374,273	3,851,186
2011D Airport System Revenue Refunding Bonds	780,593	778,241	775,697	196,019
2012A Airport System Revenue Refunding Bonds	10,565,206	9,107,325	5,860,900	-
2012B Airport System Revenue Refunding Bonds	4,065,535	1,733,107	469,023	-
2013A Airport System Revenue Refunding Bonds	6,760,835	2,672,871	-	-
2013B Airport System Revenue Refunding Bonds	713,237	288,218	-	-
2013C Airport System Revenue Refunding Bonds	507,819	249,451	-	-
2014A Airport System Revenue Refunding Bonds	14,205,003	-	-	-
Series A Bond Anticipation Commercial Paper Notes	-	-	-	-
Series B Bond Anticipation Commercial Paper Notes	-	-	-	-
Series One Airport System Revenue Commercial Paper Notes	56,513	99,345	72,679	197,813
Series Two Airport System Revenue Commercial Paper Notes	-	-	132,223	107,862
<b>Net Debt Service</b>	<b>\$ 309,882,667</b>	<b>\$ 309,828,342</b>	<b>\$ 312,026,358</b>	<b>\$ 290,663,196</b>
<b>DEBT SERVICE COVERAGE</b>	<b>1.45</b>	<b>1.40</b>	<b>1.35</b>	<b>1.37</b>

The Aviation Enterprise Fund has three programs: Operating and Maintenance (O&M); Capital, Operating and Maintenance Investment Program (COMIP); and Capital Construction Program (CCP).

<sup>1</sup> Revenue adjustments are calculated in accordance with the Master Indenture of Trust to adjust for such items as non-Aviation or non-O&M related entities and funds, restricted revenue, and investment earnings.

<sup>2</sup> Transfers are the Signatory Airlines' share of Net Remaining Revenue as defined and calculated in accordance with the Use and Lease Agreement and transferred by the Airports Authority from the General Purpose Fund to the Airline Transfer Account.

<sup>3</sup> Operating expense adjustments are calculated in accordance with the Master Indenture of Trust to adjust for such items as non-Aviation or non-O&M related entities and funds, Federal lease, depreciation and amortization, and non-cash items.

<sup>4</sup> Operating Expenses for 2012 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 65.

For more information please refer to Note 2 - Airport Use Agreement and Premises Lease.

Sources: Master Indenture of Trust for Airport System Revenue Bonds, Use and Lease Agreement, and Airports Authority Records.



This Exhibit shows debt service coverage calculations for the Aviation Enterprise Fund as defined in the Master Indenture of Trust for Airport System Revenue Bonds. The Master Indenture of Trust includes a rate covenant provision specifying that the Airports Authority will fix and adjust fees and other charges for use of the Airports Authority, including services rendered by the Airports Authority pursuant to the Airline Use Agreement and Premises Lease calculated to be at least sufficient to produce net revenues to provide for the larger of the following: (i) amounts needed for making required deposits to various accounts in the fiscal year; or (ii) an amount not less than 125 percent of the annual debt service with respect to Airport Debt service coverage calculations for all years shown in this Exhibit exceed the minimum requirement as defined in the Master Indenture of Trust; more recent coverage levels reflect the completion of major projects in Dulles International's CCP. It is important to note that net revenue, revenue, and expenses are presented in this Exhibit in accordance with definitions found in the Master Indenture of Trust. Additionally, debt service does not include debt paid from bond funds for capitalized interest or debt service paid from interest earnings.

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**Exhibit S-14 – DEBT SERVICE COVERAGE – DULLES CORRIDOR ENTERPRISE FUND**

		2014	2013	2012 <sup>1</sup>	2011	2010
<b>NET REVENUE</b>						
Total Dulles Corridor Enterprise Fund Revenue		\$ 148,652,741	\$ 127,059,841	\$ 101,603,839	\$ 94,659,538	\$ 88,038,168
Less: Non Operating & Maintenance Program Revenue		-	-	(7,750)	-	-
Total Dulles Toll Road Gross Revenue		148,652,741	127,059,841	101,596,089	94,659,538	88,038,168
Add: Total Investment Income		3,142,751	(1,854,080)	1,182,797	10,932,190	7,419,127
Less: Non Operating & Maintenance Program Investment Income		(2,852,609)	1,993,621	(985,573)	(10,731,882)	(7,287,582)
Revenue		148,942,883	127,199,382	101,793,313	94,859,846	88,169,713
Total Dulles Corridor Enterprise Fund Operating Expenses		48,489,315	39,925,946	34,111,704	35,205,986	34,801,734
Less: Non Operating & Maintenance Program Operating Expenses		(21,689,595)	(12,950,640)	(9,463,606)	(9,877,753)	(8,476,815)
Total Dulles Toll Road Operating Expenses		26,799,720	26,975,306	24,648,098	25,328,233	26,324,919
Less: Operating & Maintenance Program Depreciation and Amortization		(417,498)	(473,942)	(273,686)	(319,822)	(178,113)
Operating Expenses		26,382,222	26,501,364	24,374,412	25,008,411	26,146,806
Total Dulles Corridor Enterprise Fund Interest Expense		63,532,479	21,467,437	19,322,104	18,060,020	31,072,729
Less: Non Operating & Maintenance Program Interest Expense		(63,531,144)	(19,923,877)	(14,338,842)	(18,050,020)	(31,072,113)
Interest Expense		1,335	1,543,560	4,983,262	10,000	616
<b>Net Revenue Available for Debt Service</b>		<b>\$ 122,559,326</b>	<b>\$ 99,154,458</b>	<b>\$ 72,435,639</b>	<b>\$ 69,841,435</b>	<b>\$ 62,022,291</b>
<b>DEBT SERVICE</b>						
<b>LIEN</b>						
2009A Dulles Toll Road Revenue Bonds (Current Interest Bonds)	First Senior	10,142,988	10,142,988	10,142,988	10,142,988	10,372,412
2009B Dulles Toll Road Revenue Bonds (Capital Appreciation Bonds)	Second Senior	6,765,000	9,227,500	7,445,000	1,601,250	-
2009C Dulles Toll Road Revenue Bonds (Convertible Capital Appreciation Bonds)	Second Senior	-	-	-	-	-
2009D Dulles Toll Road Revenue Bonds (Current Interest Bonds, Build America Bonds)	Second Senior	29,847,129	29,848,000	29,848,000	29,848,000	30,523,133
2009D Dulles Toll Road Revenue Bonds (35% Subsidy)	Second Senior	(9,694,630)	(9,992,364)	(10,446,800)	(10,446,800)	(10,683,097)
2010A Dulles Toll Road Revenue Bonds (Capital Appreciation Bonds)	Second Senior	-	-	-	-	-
2010B Dulles Toll Road Revenue Bonds (Convertible Capital Appreciation Bonds)	Second Senior	-	-	-	-	-
Commercial Paper Series One	Second Senior	190,383	271,115	90,536	4,808	-
2010D Dulles Toll Road Revenue Bonds (Current Interest Bonds)	Subordinate	12,000,000	12,000,000	12,000,000	12,000,000	7,133,333
2010D Dulles Toll Road Revenue Bonds (35% Subsidy)	Subordinate	(3,897,600)	(4,017,300)	(4,200,000)	(4,200,000)	(2,496,667)
2014A Dulles Toll Road Revenue Refunding Bonds (Current Interest Bonds)	Second Senior	12,828,533	-	-	-	-
<b>Net Debt Service</b>		<b>\$ 58,181,803</b>	<b>\$ 47,479,939</b>	<b>\$ 44,879,724</b>	<b>\$ 38,950,246</b>	<b>\$ 34,849,114</b>
<b>DEBT SERVICE COVERAGE BY LIEN</b>						
<b>LIEN REQUIREMENT</b>						
First Senior Lien	2.00	12.08	9.78	7.14	6.89	5.98
Second Senior Lien	1.35	3.07	3.38	1.95	2.24	2.05
Subordinate Lien	1.20	2.11	2.09	1.61	1.79	1.78

The Dulles Corridor Enterprise Fund has three programs: Operating and Maintenance, Renewal & Replacement, and the Capital Improvement Program. Debt service coverage for the Dulles Corridor Enterprise Fund is calculated according to the Master Indenture of Trust for Dulles Toll Road Revenue Bonds. As such, the calculation excludes non Operating & Maintenance Program activity.

The Airports Authority has covenanted in the Master Indenture that it will establish, charge, and collect Tolls for the privilege of traveling on the Dulles Toll Road at rates sufficient to meet the Operation and Maintenance Expenses and produce Net Revenues that are at least at the debt service levels set forth in the table above. If either (i) the annual budget adopted by the Airports Authority for any Fiscal Year is inadequate to meet the rate covenant for that year; or (ii) the audited financial statements regarding the Dulles Toll Road show that the Airports Authority did not satisfy the rate covenant for any Fiscal Year, then the Airports Authority is required to engage a Toll Road Consultant to conduct a study and take the actions recommended by the Toll Road Consultant.

Debt service coverage calculations for all years shown in this Exhibit exceed the minimum requirement as defined in the Master Indenture; coverage levels will reflect the issuance of additional bonds as work on the Dulles Metrorail Project continues.

<sup>1</sup> Operating Expenses for 2012 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 65.

Sources: Master Indenture of Trust for Dulles Toll Road Revenue Bonds and Airports Authority Records

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**Exhibit S-15 – DEBT SERVICE REQUIREMENTS BY ENTERPRISE FUND**

Aviation Enterprise Fund (\$ in thousands)

YEAR	TOTAL REVENUES <sup>1</sup>	DIRECT OPERATING EXPENSES <sup>2</sup>	NET REVENUES AVAILABLE FOR DEBT SERVICE	Principal	Interest	Total	Coverage
2014	\$ 768,177	\$ 320,276	\$ 447,901	\$ 126,102	\$ 183,781	\$ 309,883	1.45
2013	758,157	323,156	435,001	125,388	184,440	309,828	1.40
2012	727,562	307,361	420,201	121,601	190,425	312,026	1.35
2011	703,358	304,529	398,829	107,656	183,007	290,663	1.37
2010	641,063	292,849	348,214	87,883	149,185	237,068	1.47
2009	602,757	261,680	341,077	87,306	141,754	229,060	1.49
2008	581,514	259,511	322,003	83,360	121,136	204,496	1.57
2007	569,830	253,398	316,432	110,322	73,925	184,247	1.72
2006	519,600	229,350	290,250	68,137	95,218	163,355	1.78
2005	503,200	229,470	273,730	61,384	103,284	164,668	1.66

<sup>1</sup> Total revenues include prior year transfers, see Exhibit S-13.

<sup>2</sup> Operating expense adjustments are calculated in accordance with the Master Indenture of Trust to adjust for such items as non-Aviation or non-O&M related entities and funds, Federal lease, depreciation and amortization, and non-cash items.

Dulles Corridor Enterprise Fund (\$ in thousands)

YEAR	TOTAL REVENUES <sup>3</sup>	DIRECT OPERATING EXPENSES <sup>4</sup>	NET REVENUES AVAILABLE FOR DEBT SERVICE	Lien	Principal	Interest	Capital Appreciation	Total	Coverage
2014	\$ 148,943	\$ 26,384	\$ 122,559	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	12.08
				Second Senior	4,202	33,172	2,563	39,937	3.07
				Subordinate	-	8,102	-	8,102	2.11
2013	\$ 127,199	\$ 28,045	\$ 99,154	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	9.78
				Second Senior	9,042	20,127	185	29,354	3.38
				Subordinate	-	7,983	-	7,983	2.09
2012	\$ 101,793	\$ 29,358	\$ 72,436	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	7.14
				Second Senior	5,745	19,492	1,700	26,937	1.95
				Subordinate	-	7,800	-	7,800	1.61
2011	\$ 94,860	\$ 25,018	\$ 69,841	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	6.89
				Second Senior	-	19,406	1,601	21,007	2.24
				Subordinate	-	7,800	-	7,800	1.79
2010	\$ 88,170	\$ 26,147	\$ 62,022	First Senior	\$ -	\$ 10,372	\$ -	\$ 10,372	5.98
				Second Senior	-	19,840	-	19,840	2.05
				Subordinate	-	4,637	-	4,637	1.78
2009	\$ 64,910	\$ 25,823	\$ 39,087	First Senior	\$ -	\$ 3,687	\$ -	\$ 3,687	10.60
				Second Senior	-	7,052	-	7,052	3.64
				Subordinate	-	-	-	-	N/A

<sup>3</sup> Includes revenues and investment income from the Operating & Maintenance program; see Exhibit S-14.

<sup>4</sup> Includes operating expenses, less depreciation and amortization, and interest expense from the Operating & Maintenance program; see Exhibit S-14.

Source: Airports Authority Records

**Exhibit S-16 – AIRPORT INFORMATION**

Ronald Reagan Washington National Airport		
Location:	Three miles south from downtown Washington, D.C. along the Potomac River in Arlington County, VA	
Acres:	860 +/- acres	
Airport Code:	DCA	
Runways:	1/19	7,169 feet
	15/33	5,204 feet
	4/22	4,911 feet
Aircraft Capability:	Group IV - Boeing 767-300	
Terminal:	Terminal A	244,484 square feet
	Terminal B/C	994,030 square feet
	Total Terminal Space	1,238,514 square feet
	Number of Passenger Gates	44
	Number of Hardstand Positions	14
	Total Aircraft Positions	58
Parking:	Garage Parking	6,703 spaces
	Electric Car Charging Stations	8 spaces
	Surface Parking	2,752 spaces
	Cell Phone Waiting Area Parking	33 spaces
	Total Public Parking	9,488 spaces
	Tenant Employee Parking	3,000 spaces
	Total Parking	12,488 spaces
Cargo:	Number of Cargo Buildings	1
	Cargo Space	47,882 square feet
International:	No facilities	
Tower:	TRACON - Vint Hill, VA - Operating 24 Hours/Day 7 Days/Week	
Fixed Base Operators:	Signature Flight Support	
Intermodal Access:	George Washington Parkway, VA State Route 233	
	Washington DC Metrorail System - Blue and Yellow Lines	
	Virginia Railway Express	

Data as of December 31, 2014

Source: Airports Authority Records

**Exhibit S-16 – AIRPORT INFORMATION (*continued*)**

Washington Dulles International Airport		
Location:	Twenty-six miles west from downtown Washington, D.C., located in Fairfax and Loudoun Counties, VA	
Acres:	11,830 +/- acres	
Airport Code:	IAD	
Runways:	1C/19C	11,500 feet
	1R/19L	11,500 feet
	12/30	10,500 feet
	1L/19R	9,400 feet
Aircraft Capability:	Group VI - Airbus A-380	
Terminal:	Main Terminal	1,319,888 square feet
	Concourse A	189,852 square feet
	Concourse B	942,775 square feet
	Concourse C/D	891,940 square feet
	Concourse C International Arrivals Building	57,000 square feet
	Z Gates	19,037 square feet
	International Arrivals Building	268,000 square feet
	Airside Operations Building	11,415 square feet
	Total Terminal Space	3,699,907 square feet
	Number of Passenger Gates	125
Parking:	Maximum Aircraft Positions	165
	Garage Parking	8,325 spaces
	Electric Car Charging Stations	8 spaces
	Surface Parking	15,357 spaces
	Cell Phone Waiting Area Parking	224 spaces
	Total Public Parking	23,906 spaces
	Tenant Employee Parking	6,529 spaces
Cargo:	Total Parking	30,435 spaces
International:	Number of Cargo Buildings	6
	Cargo Space	554,734 square feet
International:	Customs/Immigration Federal Inspection Facility	
Tower:	TRACON - Vint Hill, VA - Operating 24 Hours/Day 7 Days/Week	
Fixed Base Operators:	Landmark Aviation	
	Signature Flight Support	
Intermodal Access:	Dulles Access Highway, VA State Routes 267 and 28	
	Washington Flyer Bus Service from Wiehle-Reston East Metrorail Station	
	Metro Bus 5A - D.C. - Dulles Line	

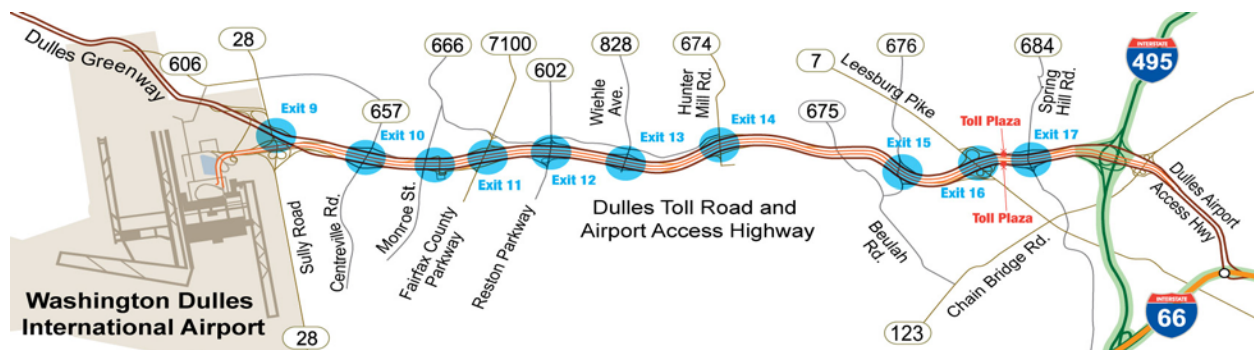
Data as of December 31, 2014

Source: Airports Authority Records

**Exhibit S-17 – DULLES TOLL ROAD INFORMATION**

**Dulles Toll Road**

Location:	Eight-lane limited access highway that is situated on Virginia State Route 267. The Dulles Toll Road's eastern terminus is inside the Capital Beltway (Interstate 495) and the western terminus is the Dulles Greenway.	
Roadway Length:	13.43 miles	
Year of Construction:	1984	
Toll Collection Plazas:	Mainline: 1 Exit Ramp: 19	
Toll Collection Methods:	Cash and Electronic Toll Collection (E-ZPass)	
Number of Toll Collection Lanes:	59	
E-ZPass Only Collection Lanes:	20 * with 8 more lanes to be converted by July 2015	
Intersecting Roadways:	Chain Bridge Road (SR 123) Capital Beltway (I-495) Spring Hill Road (SR 684) Leesburg Pike (SR 7) Trap Road Hunter Mill Road (SR 674)	Wiehle Ave. (SR 828) Reston Parkway (SR 602) Fairfax County Parkway (SR 7100) Monroe Street Centreville Road (SR 657) Sully Road (SR 28)
Parallel Roadways:	Interstate 66 US Route 29 US Route 50	Leesburg Pike (SR 7) State Route 236

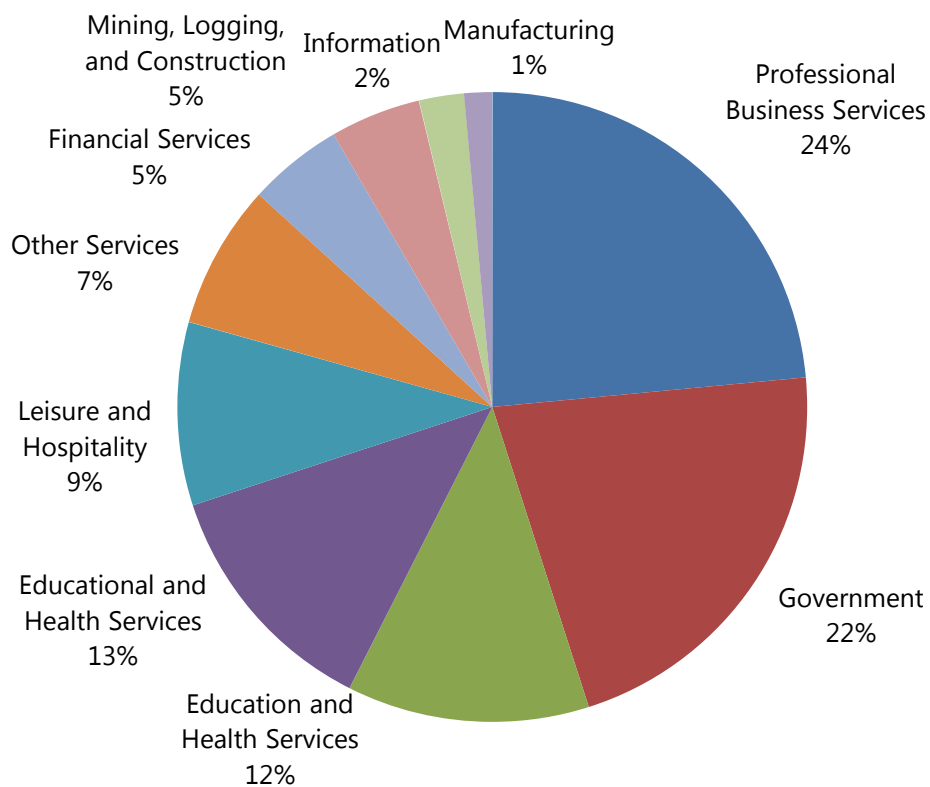


Data as of December 31, 2014  
Source: Airports Authority Records

**Exhibit S-18 – EMPLOYMENT BY INDUSTRY**

Industry	Annual Average Numbers of Employees (in thousands)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Professional Business Services	748.1	708.4	694.9	688.7	680.3	674.1	681.8	675.1	664.5	646.4
Government	685.6	696.9	695.7	691.2	687.6	674.9	659.8	646.6	640.5	632.1
Trade, Transportation and Utilities	395.5	405.8	376.4	378.8	377.2	377.6	397.9	404.8	404.7	406.5
Educational and Health Services	397.1	390.6	381.9	368.7	357.1	349.4	338.6	328.5	317.5	309.1
Leisure and Hospitality	298.9	293.6	275.3	267.6	259.9	258.1	261.8	254.3	249.4	245.2
Other Services	235.6	185.8	183.1	182.6	182.0	183.7	184.7	180.6	176.7	165.9
Financial Services	154.6	157.0	149.9	145.7	146.5	148.1	154.3	159.4	161.5	160.4
Mining, Logging, and Construction	147.9	140.1	145.5	141.5	139.9	148.7	172.4	184.9	191.5	186.6
Information	73.7	75.6	79.7	80.5	80.3	83.5	91.0	93.9	96.9	99.8
Manufacturing	45.4	47.3	49.6	50.3	52.1	55.4	60.8	62.2	63.7	65.4
DC-VA-MD-WV - Metropolitan Statistical Area	3,182.3	3,101.1	3,032.0	2,995.6	2,962.9	2,953.5	3,003.1	2,990.3	2,966.9	2,917.4

### Air Trade Area Employment by Sector - 2014



Source: U.S. Department of Labor, Bureau of Labor Statistics (Preliminary December 2014 data)

**Exhibit S-19 – MAJOR PRIVATE EMPLOYERS**

**Fortune 500 Companies (By Revenue) Headquartered in the Air Trade Area**

Employer	Fortune 500 Rank		2014 Revenue (in \$ Billions)	State	Industry
	2014	2013			
Fannie Mae	13	12	\$ 125,696	DC	Financial Services
Freddie Mac	32	31	81,221	VA	Financial Services
Lockheed Martin Corp.	59	59	45,358	MD	Aerospace & Defense
General Dynamics Corp.	99	98	31,218	VA	Aerospace & Defense
Northrop Grumman	122	120	24,661	VA	Aerospace & Defense
Capital One Financial Corp.	124	127	24,176	VA	Financial Services
AES Corp.	174	153	16,580	VA	Energy
Computer Sciences	185	176	15,388	VA	Information Technology
Marriott International Inc.	219	230	12,784	MD	Hospitality & Travel
Hilton Worldwide Holdings Inc.*	289		9,735	VA	Hospitality
NII Holdings Inc.	495	421	4,978	VA	Telecommunications
Booz Allen Hamilton	443	436	5,758	VA	Professional Services
Discovery Communications Inc.	460	531	5,535	MD	Mass Media & Entertainment
Gannett Co.	481	467	5,161	VA	Media / Data
Host Hotels & Resorts Inc.	477	469	5,270	MD	Hospitality & Travel
			<u>\$ 413,519</u>		

Fifteen Washington-area companies were on the Fortune 500 list of the country's largest companies by revenue in 2014.

\* Did not make the list in 2013.

**Major Private-Sector Employers of Metro-Area Employees**

Employer	Number of Metro-Area Employees	Industry
MedStar Health	15,099	Health Care
Booz Allen Hamilton	14,000	Professional Services
Inova Health System	13,945	Health Care
Marriott International Inc.	13,830	Hospitality & Travel
Northrop Grumman Corp.	13,500	Aerospace & Defense
Giant Food LLC	11,063	Food & Drug Stores
Verizon Communications	11,000	Telecommunications
Lockheed Martin Corp.	10,000	Aerospace & Defense
Deloitte LLP	7,832	Professional Services
General Dynamics	7,775	Aerospace & Defense
Safeway Inc.	7,295	Food & Drug Stores
Hilton Worldwide Inc.	7,020	Hospitality & Travel
Kaiser Foundation Health Plan	6,600	Health Care
Adventist Healthcare	6,236	Health Care
Leidos Holdings Inc.	6,000	Technology
Children's National Medical Center	5,861	Health Care
Capital One Financial Corp.	4,700	Financial Services
BAE Systems Inc.	4,300	Aerospace & Defense
Wal-Mart Stores Inc.	3,445	Retail

Source: Washington Business Journal 2014 Book of Lists



**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**Exhibit S-20 – POPULATION TRENDS**

<b>Annual Estimates of the Resident Population (in Thousands)</b>										
<b>JURISDICTION</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
District of Columbia	646.4	632.3	619.0	605.0	592.2	580.2	574.4	570.7	567.1	567.8
Arlington County, VA	224.9	221.1	216.1	209.3	217.2	210.1	203.9	200.7	199.8	198.0
City of Alexandria, VA	148.9	146.3	144.1	140.8	149.8	144.6	140.3	138.2	137.6	136.6
<b>Central Jurisdictions</b>	<b>1,020.2</b>	<b>999.7</b>	<b>979.2</b>	<b>955.1</b>	<b>959.2</b>	<b>934.9</b>	<b>918.6</b>	<b>909.6</b>	<b>904.5</b>	<b>902.4</b>
Fairfax County, VA	1,130.9	1,118.6	1,104.3	1,086.6	1,036.4	1,018.3	1,004.4	997.9	1,001.2	995.8
Montgomery County, MD	1,016.7	1,004.7	991.6	976.0	970.6	953.5	941.5	935.0	928.9	921.1
Prince George's County, MD	890.1	881.1	874.0	865.7	832.2	828.7	930.8	835.1	839.0	834.9
City of Fairfax, VA	24.0	23.5	22.9	22.6	24.6	24.0	23.3	22.8	22.0	22.1
City of Falls Church, VA	13.5	13.2	12.8	12.5	12.0	11.4	11.1	11.0	10.9	10.7
<b>Inner Suburbs</b>	<b>3,075.2</b>	<b>3,041.1</b>	<b>3,005.7</b>	<b>2,963.4</b>	<b>2,875.8</b>	<b>2,835.9</b>	<b>2,911.1</b>	<b>2,801.8</b>	<b>2,802.0</b>	<b>2,784.6</b>
Prince William County, VA	438.6	430.3	419.5	406.5	376.8	364.3	358.7	351.1	344.1	332.3
Loudoun County, VA	349.7	336.9	326.3	315.5	300.5	289.8	277.2	265.0	253.2	237.0
Frederick County, MD	241.4	239.6	237.3	234.2	227.4	226.1	224.6	221.6	219.1	216.1
Charles County, MD	152.9	150.6	149.2	147.1	142.0	141.2	140.4	139.1	136.9	134.3
Stafford County, VA	136.8	134.4	132.2	129.9	123.3	121.5	120.2	117.9	116.1	112.7
Spotsylvania County, VA	127.3	125.7	124.5	122.9	120.7	119.9	118.8	117.6	114.7	110.4
Calvert County, MD	90.5	89.6	89.3	88.9	89.2	88.6	88.1	87.6	86.7	85.3
Fauquier County, VA	67.2	66.5	66.1	65.4	67.9	67.2	66.4	65.7	64.3	62.6
Jefferson County, WV	55.1	54.5	54.3	53.7	53.0	52.1	51.2	49.9	48.6	47.1
Warren County, VA	38.7	38.1	37.7	37.5	36.8	36.9	36.5	35.9	35.1	34.2
Manassas City, VA	41.7	40.6	39.3	38.3	36.5	34.7	34.8	35.5	36.3	36.5
Fredericksburg City, VA	28.1	27.3	25.9	24.4	23.3	22.8	22.5	22.1	21.4	21.3
Clarke County, VA	14.3	14.3	14.2	14.1	14.5	14.5	14.3	14.2	14.0	13.6
Manassas Park City, VA	16.1	15.8	15.5	14.4	12.1	11.4	11.5	11.5	11.6	11.3
<b>Outer Suburbs</b>	<b>1,798.5</b>	<b>1,764.2</b>	<b>1,731.3</b>	<b>1,692.7</b>	<b>1,624.0</b>	<b>1,591.0</b>	<b>1,565.2</b>	<b>1,534.7</b>	<b>1,502.1</b>	<b>1,454.7</b>
<b>DC-MD-VA-WV</b>										
<b>Metropolitan Statistical Area</b>	<b>5,893.9</b>	<b>5,805.0</b>	<b>5,716.3</b>	<b>5,611.2</b>	<b>5,459.0</b>	<b>5,361.8</b>	<b>5,394.9</b>	<b>5,246.1</b>	<b>5,208.6</b>	<b>5,141.7</b>
<b>Personal Income (Millions)</b>	\$ 362,515	\$ 358,420	\$ 347,746	\$ 326,704	\$ 312,522	\$ 314,078	\$ 306,840	\$ 286,316	\$ 267,660	\$ 249,079
<b>Per Capital Income</b>	\$ 61,507	\$ 61,743	\$ 60,834	\$ 58,223	\$ 57,249	\$ 58,577	\$ 56,876	\$ 54,577	\$ 51,388	\$ 48,443

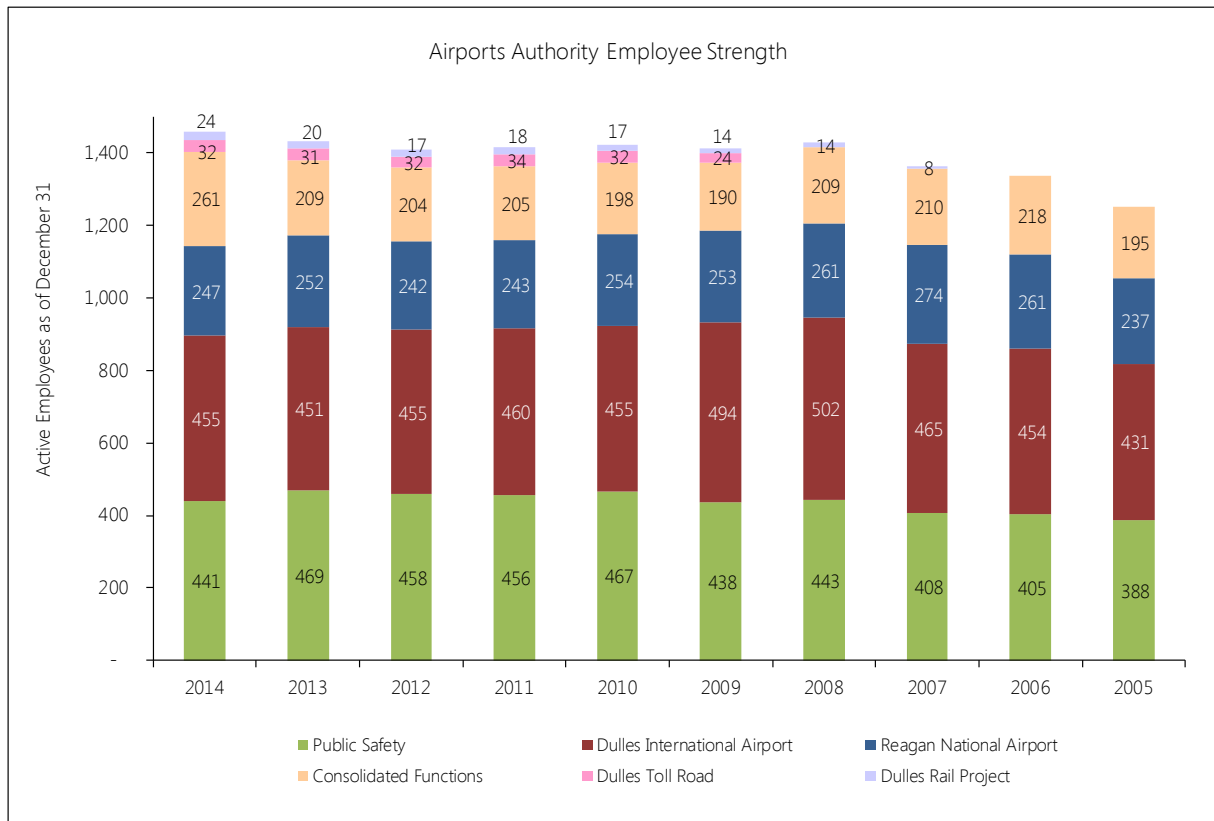
The DC-MD-VA-WVA Metropolitan Statistical Area is the Air Trade Area for the Airports Authority. Ronald Reagan Washington National Airport is located in Arlington County, VA and Washington Dulles International Airport is located in Fairfax and Loudoun Counties, VA. The Dulles Toll Road is located in Fairfax County, VA.

The U.S. Census Bureau produces the estimates of each county's population, starting with the revised population estimate for the prior year. The Census Bureau then adds or subtracts the demographic components of population change (e.g., births, deaths, net migration) calculated for that period. Resident population estimates are revised annually, therefore, results above may not agree to estimates presented in prior years.

The U.S. Bureau of Economic Analysis uses wages from the Bureau of Labor Statistics Quarterly Census of Employment and Wages for all four quarters to estimate annual metropolitan area personal income.

Source: U.S. Census Bureau, Population Division, Release Date: July 2013; U.S. Bureau of Economic Analysis, Release Date: April 2014

**Exhibit S-21 – AIRPORTS AUTHORITY EMPLOYEE STRENGTH**



Employee Strength represents the number of active employees as of the last pay period of the fiscal year. It does not include members of the Student Employment Program, which offers full-time, part-time, and seasonal employment opportunities to full and part-time students.

The Office of Public Safety has primary responsibility for assuring public safety and security at the Airports and the Dulles Toll Road. It includes the Police Department, the Fire Department, and the Public Safety Administration Department.

Consolidated Functions includes the Board Office, Executive Office, Office of Communications, Office of Finance, Office of Engineering, Office of Air Service Planning & Development, General Counsel, Office of Audit, Office of Business Administration, Office of Human Resources, and Office of Information & Telecommunications Systems. Consolidated Functions support both Airports, the Dulles Toll Road, the Dulles Metrorail Project, and Public Safety.

From November 1, 2008 to September 30, 2009, the operations of the Dulles Toll Road were contracted to Virginia Department of Transportation (VDOT). On October 1, 2009, VDOT employees of the Dulles Toll Road became Airports Authority employees.

Although the Dulles Rail Project was not an Airports Authority responsibility until November 1, 2008, the Airports Authority commenced hiring employees specifically for this function in 2007.

Source: Airports Authority Records

**Exhibit S-22 – AIRCRAFT OPERATIONS (TAKEOFFS AND LANDINGS) BY AIRPORT**

Reagan National

Year	Major / Nationals	Regional	General Aviation	Military	Total
2014	127,250	149,343	3,740	2,847	283,180
2013	124,643	160,603	5,057	2,353	292,656
2012	125,720	154,448	6,441	1,567	288,176
2011	125,834	150,084	5,236	616	281,770
2010	124,205	140,972	4,788	1,132	271,097
2009	121,446	144,165	5,261	1,274	272,146
2008	140,564	130,541	4,914	1,279	277,298
2007	146,614	123,024	5,272	523	275,433
2006	157,536	115,087	3,172	624	276,419
2005	181,417	91,227	3,101	311	276,056

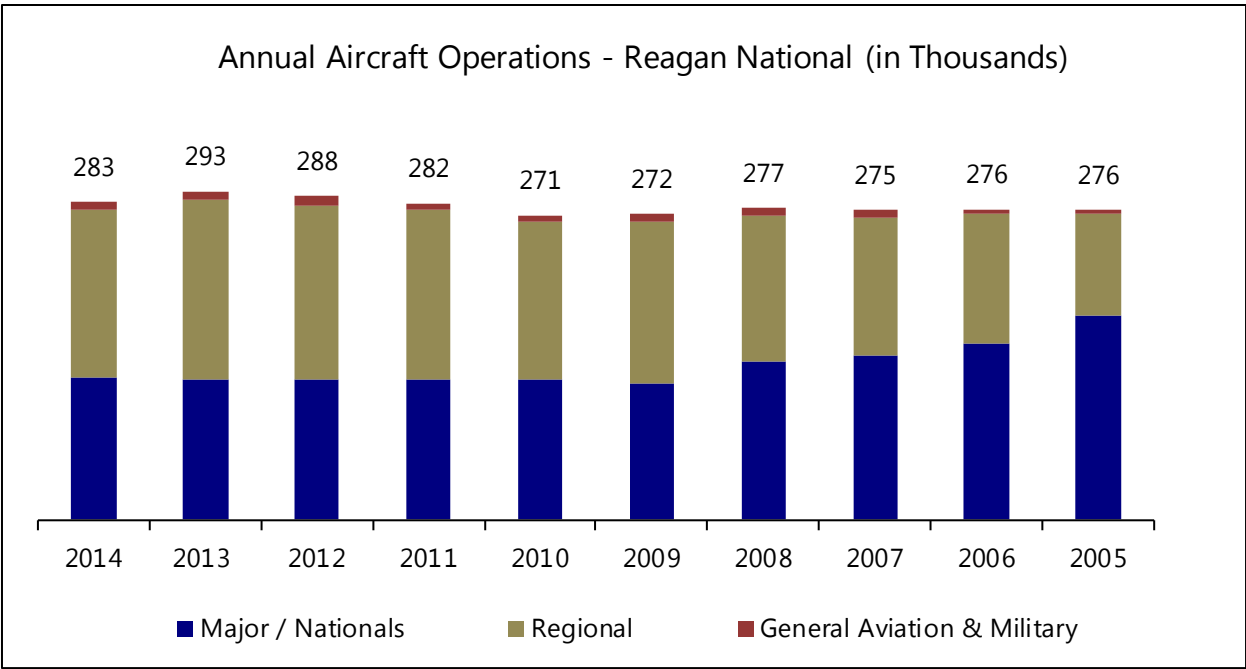
Dulles International

Year	Major / Nationals	Regional	General Aviation	Military	Total
2014	107,477	142,400	38,965	540	289,382
2013	109,825	155,789	41,218	984	307,816
2012	114,138	154,647	42,540	753	312,078
2011	123,767	156,431	46,846	451	327,495
2010	125,011	163,042	47,845	633	336,531
2009	125,531	166,046	48,221	569	340,367
2008	136,052	168,608	54,808	824	360,292
2007	141,428	176,150	64,549	816	382,943
2006	132,265	178,372	67,954	980	379,571
2005	255,442	179,492	73,629	1,089	509,652

Source: Airports Authority Records

Exhibit S-23 – AIRCRAFT OPERATIONS BY AIRPORT – REAGAN NATIONAL

This Exhibit depicts the Airport’s total operations, defined as take-offs and landings, across the top of the chart, with each year’s respective component operations by carrier type shown in bar graph format.



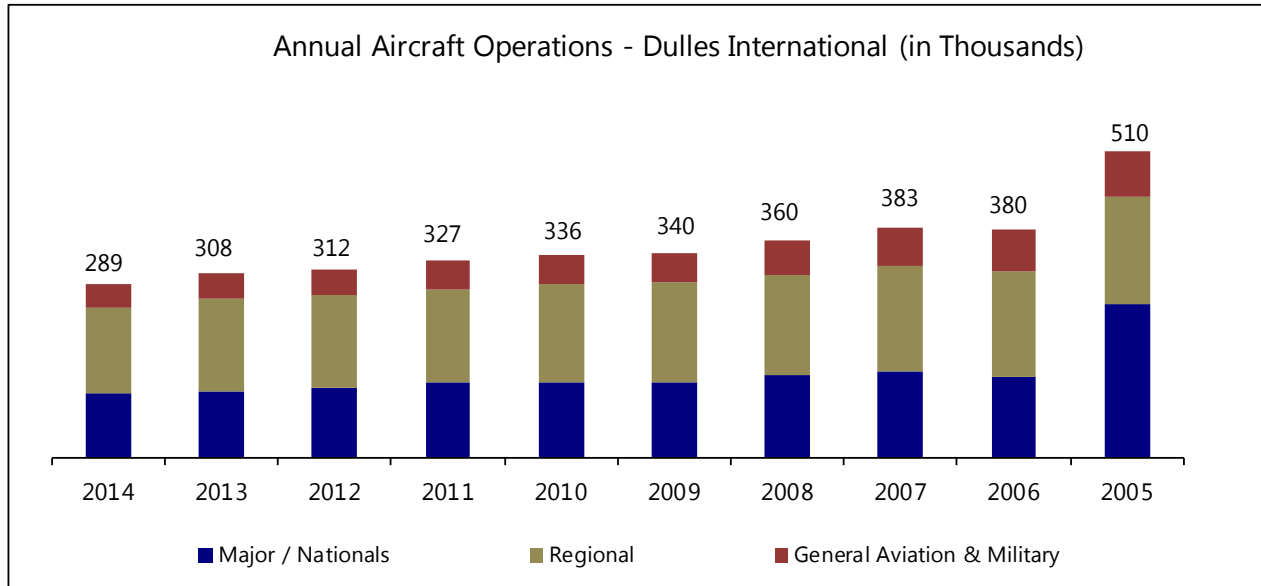
Several factors affect the activity levels at Reagan National, including its proximity to downtown Washington, the FAA’s High Density Rule, which imposes limits on the number of flights, and the Perimeter Rule, which generally limits non-stop flights to a radius of 1,250 statute miles. In addition, the Airports Authority’s noise abatement program includes limitations on certain aircraft operations after 9:59pm and before 7:00am.

Other factors that affect the operations at the Airport include economic conditions, the decline in high-yield air travel, and air carriers reducing capacity and replacing narrow-body aircraft with regional jets.

In 2014, there were 283,180 operations, compared to an average of 278,980 from 2005 through 2013. The increase was driven by a 2012 slot transaction between Delta and US Airways, which created new service by US Airways and JetBlue. In addition, four new slots were authorized by the passage of a FAA Reauthorization Bill in 2012, which added new service and a new airline, Virgin America, at Reagan National.

Source: Airports Authority Records

**Exhibit S-24 – AIRCRAFT OPERATIONS BY AIRPORT – DULLES INTERNATIONAL**



The number of flight operations at Dulles International had been increasing until Independence Air declared bankruptcy in 2006. This was the primary factor underlying a sizeable reduction in passenger flight operations. Since 2008, flight operations have declined 19.7 percent due to a decrease in domestic traffic as a result of airline industry consolidations and repositioning of air service to Reagan National. In 2014, total aircraft operations declined by 5.98 percent from 2013 levels to 289,382.

Other factors that affect the operations at the Airport include economic conditions, the decline in high-yield air travel, and air carriers reducing capacity and replacing narrow-body aircraft with regional jets.

Source: Airports Authority Records

**Exhibit S-25 – COMMERCIAL PASSENGER ENPLANEMENTS**

Year	Reagan National: Domestic Passenger Enplanements	Annual Growth	Dulles International: Domestic Passenger Enplanements	Annual Growth	Industry: Domestic Passenger Enplanements	Annual Growth
2014	10,258,632	2.7%	7,152,388	-3.3%	480,588,729	2.7%
2013	9,993,676	4.0%	7,396,633	-5.8%	467,885,283	1.1%
2012	9,606,805	4.0%	7,855,073	-4.9%	462,600,676	0.5%
2011	9,236,748	3.9%	8,261,152	-3.5%	460,091,034	1.5%
2010	8,891,204	3.0%	8,564,825	1.6%	453,172,772	0.8%
2009	8,634,011	-2.3%	8,429,620	-3.6%	449,388,803	-7.4%
2008	8,836,467	-3.4%	8,742,530	-6.1%	485,280,460	-0.7%
2007	9,145,554	1.0%	9,313,161	5.9%	488,545,689	1.0%
2006	9,054,485	3.6%	8,797,384	-19.6%	483,757,968	-1.3%
2005	8,736,725	12.0%	10,947,383	21.4%	490,230,172	1.6%

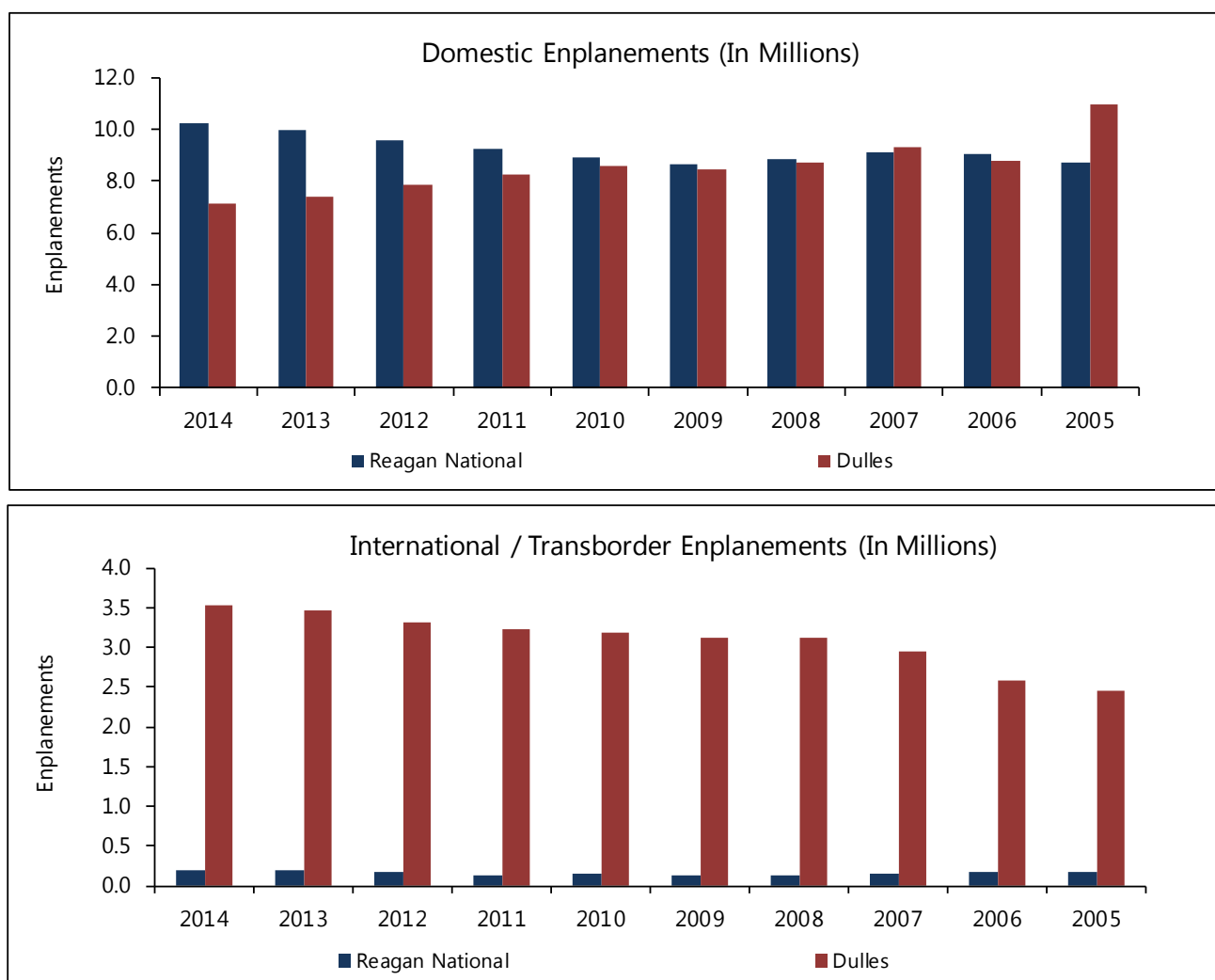
Year	Reagan National: International/ Transborder Passenger Enplanements	Annual Growth	Dulles International: International/ Transborder Passenger Enplanements	Annual Growth	Industry: International/ Transborder Passenger Enplanements	Annual Growth
2014	199,721	-2.1%	3,527,036	1.8%	83,372,386	2.9%
2013	204,020	12.5%	3,463,983	4.4%	81,009,988	4.9%
2012	181,350	43.9%	3,317,819	1.9%	77,198,460	2.0%
2011	126,064	-12.7%	3,256,804	2.5%	75,692,629	1.4%
2010	144,340	8.3%	3,177,235	1.9%	74,645,512	7.6%
2009	133,232	-5.8%	3,117,151	0.1%	69,399,251	-3.5%
2008	141,364	-4.8%	3,115,417	5.2%	71,926,015	2.8%
2007	148,523	-19.9%	2,960,345	14.1%	69,984,263	4.4%
2006	185,333	7.4%	2,594,682	5.9%	67,052,683	5.5%
2005	172,549	11.5%	2,448,994	6.0%	63,577,739	9.4%

Prior years' comparative information may be adjusted for additional information or to conform with current year presentation.

Excludes general aviation and military enplanements.

Source: Airports Authority Records, Airlines for America (A4A) Monthly Traffic Report- Revenue Enplanements

**Exhibit S-25 – COMMERCIAL PASSENGER ENPLANEMENTS (continued)**



Commercial enplanements at Reagan National increased 2.7 percent in 2014 to an all-time high of nearly 10.3 million. The increase marked the fifth straight year of enplanement growth at Reagan National after declines in 2008 and 2009. The increase is due to new service made available in 2012 because of additional slots authorized by the FAA and an increased presence of low cost carriers. International traffic accounted for approximately 2 percent of Reagan National's total enplanements in 2014.

Total commercial enplanements at Dulles International declined 3.3 percent in 2014. The decrease was driven by a 5.8 percent decline in domestic commercial enplanements due primarily to a transfer of air service to Reagan National by select carriers in 2012. Despite the decline in domestic enplanements, Dulles International set an all-time record for international enplanements beginning in 2013 with nearly 3.5 million. The increase of 4.4 percent was higher than the industry average of 3.5 percent in 2013. International enplanements at Dulles International have been increasing since 2003 and now account for approximately 33 percent of the airport's enplanements.

Sources: Airports Authority Records, Airlines for America Monthly Passenger Traffic Report - Revenue Enplanements

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**Exhibit S-26 – MARKET SHARE BY LANDED WEIGHT – REAGAN NATIONAL**  
(Expressed in Thousands of Pounds)

Airlines <sup>1</sup>	2014		2013		2012		2011	
	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share
US Airways	2,528,041	19.56%	2,726,557	20.74%	2,664,898	20.80%	2,698,821	21.34%
Republic (US Airways Express)	1,714,801	13.27%	1,772,876	13.48%	1,550,131	12.10%	1,261,456	9.97%
Delta	1,347,547	10.42%	1,398,371	10.64%	1,567,782	12.24%	1,639,911	12.97%
American	1,337,039	10.34%	1,413,537	10.75%	1,241,473	9.69%	1,338,976	10.59%
Air Wisconsin (US Airways Express)	1,014,636	7.85%	959,881	7.30%	823,675	6.43%	646,438	5.11%
JetBlue	831,771	6.43%	733,485	5.58%	532,902	4.16%	301,954	2.39%
Southwest	799,870	6.19%	181,298	1.38%	46,242	0.36%	0	0.00%
United	799,485	6.18%	938,342	7.14%	647,716	5.06%	593,033	4.69%
Shuttle America (Delta Connection)	331,520	2.56%	262,585	2.00%	313,146	2.44%	315,279	2.49%
PSA	325,395	2.52%	511,885	3.89%	390,287	3.05%	287,884	2.28%
AirTran	248,840	1.93%	436,336	3.32%	458,032	3.58%	471,904	3.73%
Alaska	207,389	1.60%	209,664	1.59%	174,242	1.36%	156,081	1.23%
Endeavor (Delta Connection)	186,956	1.45%	95,464	0.73%	0	0.00%	0	0.00%
Frontier	150,181	1.16%	193,827	1.47%	356,844	2.79%	412,373	3.26%
Envoy Air (American Eagle)	129,558	1.00%	0	0.00%	0	0.00%	0	0.00%
ExpressJet (United Express)	115,361	0.89%	77,454	0.59%	93,609	0.73%	44	0.00%
Sky Regional (Air Canada)	107,112	0.83%	61,689	0.47%	0	0.00%	0	0.00%
American Eagle	103,385	0.80%	289,451	2.20%	386,106	3.01%	325,040	2.57%
Shuttle America (United Express)	91,330	0.71%	78,820	0.60%	26,610	0.21%	49,388	0.39%
MN Airlines	88,602	0.69%	61,158	0.47%	46,324	0.36%	37,719	0.30%
Virgin America	81,090	0.63%	49,368	0.38%	19,440	0.15%	0	0.00%
Air Canada Jazz	64,145	0.50%	66,988	0.51%	88,639	0.69%	83,063	0.66%
Republic (American Eagle)	63,039	0.49%	4,722	0.04%	0	0.00%	0	0.00%
SkyWest (United Express)	61,192	0.47%	6,162	0.05%	7,285	0.06%	0	0.00%
Signature	58,613	0.45%	46,858	0.36%	47,838	0.37%	34,392	0.27%
Piedmont	56,545	0.44%	67,902	0.52%	47,869	0.37%	19,882	0.16%
Republic (United Express)	49,724	0.38%	45,756	0.35%	0	0.00%	0	0.00%
Chautauqua (Continental Express)	10,212	0.08%	52,080	0.40%	38,081	0.30%	20,253	0.16%
Republic (Frontier)	8,816	0.07%	59,440	0.45%	0	0.00%	0	0.00%
ExpressJet (Delta Connection)	7,393	0.06%	50,043	0.38%	18,434	0.14%	0	0.00%
Chautauqua (Delta Connection)	6,127	0.05%	0	0.00%	0	0.00%	0	0.00%
Other Charters	292	0.00%	292	0.00%	0	0.00%	0	0.00%
Miami Air International	292	0.00%	0	0.00%	0	0.00%	0	0.00%
Air Canada	231	0.00%	42,359	0.32%	100,187	0.78%	99,605	0.79%
SkyWest (Delta Connection)	47	0.00%	0	0.00%	0	0.00%	0	0.00%
Pinnacle (Delta Connection)	0	0.00%	99,985	0.76%	172,595	1.35%	151,669	1.20%
Continental	0	0.00%	83,129	0.63%	397,026	3.10%	357,921	2.83%
Chautauqua (US Airways Express)	0	0.00%	68,291	0.52%	209,852	1.64%	174,153	1.38%
Compass (Delta Connection)	0	0.00%	1,128	0.01%	6,005	0.05%	174,447	1.38%
Midwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Delta Shuttle	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	338,424	2.64%	996,961	7.88%
GRAND TOTAL	12,926,577	100.00%	13,147,183	100.00%	12,811,694	100.00%	12,648,647	100.00%

<sup>1</sup> Prior years' comparative information has been modified as necessary based on revisions from carriers.

<sup>2</sup> Includes airlines no longer serving Reagan National or carriers with insignificant activity.

Source: Airports Authority Records



**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

2010		2009		2008		2007		2006		2005	
Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share
2,867,196	23.70%	2,956,848	24.50%	3,349,614	26.40%	3,429,981	26.97%	3,777,558	29.07%	4,437,393	34.58%
1,209,393	10.00%	985,480	8.17%	886,321	6.99%	856,710	6.74%	692,821	5.33%	26,900	0.21%
1,594,441	13.18%	888,197	7.36%	874,708	6.90%	836,226	6.57%	955,899	7.36%	984,462	7.67%
1,328,912	10.99%	1,322,046	10.95%	1,316,961	10.38%	1,330,575	10.46%	1,288,058	9.91%	1,277,371	9.95%
651,796	5.39%	804,969	6.67%	951,797	7.50%	819,586	6.44%	724,223	5.57%	52,170	0.41%
48,306	0.40%	97	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
688,696	5.69%	727,557	6.03%	702,636	5.54%	682,154	5.36%	685,035	5.27%	671,032	5.23%
317,956	2.63%	354,390	2.94%	49,609	0.39%	51,703	0.41%	1,663	0.01%	0	0.00%
298,624	2.47%	243,601	2.02%	222,845	1.76%	196,901	1.55%	208,700	1.61%	578,899	4.51%
445,400	3.68%	324,784	2.69%	305,608	2.41%	245,672	1.93%	199,552	1.54%	184,624	1.44%
154,756	1.28%	156,469	1.30%	157,074	1.24%	155,172	1.22%	148,008	1.14%	142,538	1.11%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
211,315	1.75%	154,449	1.28%	153,061	1.21%	141,070	1.11%	137,573	1.06%	137,474	1.07%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
426,097	3.52%	464,512	3.85%	420,394	3.31%	396,591	3.12%	425,382	3.27%	404,211	3.15%
14,824	0.12%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	292	0.00%	146	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
80,913	0.67%	79,314	0.66%	68,770	0.54%	64,479	0.51%	50,044	0.39%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
20,669	0.17%	13,811	0.11%	10,402	0.08%	13,741	0.11%	5,181	0.04%	46,982	0.37%
19,216	0.16%	7,348	0.06%	19,578	0.15%	44,670	0.35%	20,192	0.16%	11,597	0.09%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
35,614	0.29%	43,460	0.36%	39,940	0.31%	15,713	0.12%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
100,936	0.83%	94,097	0.78%	112,319	0.89%	109,403	0.86%	124,919	0.96%	159,966	1.25%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
32,618	0.27%	11,925	0.10%	8,159	0.06%	0	0.00%	0	0.00%	0	0.00%
357,161	2.95%	386,058	3.20%	479,057	3.78%	534,727	4.20%	528,186	4.06%	506,448	3.95%
161,346	1.33%	101,169	0.84%	88,233	0.70%	91,790	0.72%	119,936	0.92%	213,123	1.66%
23,686	0.20%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	47,500	0.39%	275,464	2.17%	302,760	2.38%	303,872	2.34%	305,028	2.38%
0	0.00%	38,870	0.32%	537,550	4.24%	543,986	4.28%	565,122	4.35%	526,128	4.10%
48,416	0.40%	802,592	6.65%	884,805	6.97%	872,401	6.86%	875,902	6.74%	876,247	6.83%
957,178	7.91%	1,058,819	8.77%	770,749	6.08%	983,755	7.73%	1,158,342	8.91%	1,289,895	10.05%
12,095,465	100.00%	12,068,654	100.00%	12,685,800	100.00%	12,719,766	100.00%	12,996,168	100.00%	12,832,488	100.00%

## 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

### Metropolitan Washington Airports Authority

#### Exhibit S-27 – MARKET SHARE BY LANDED WEIGHT – DULLES INTERNATIONAL

(Expressed in Thousands of Pounds)

Airlines <sup>1</sup>	2014		2013		2012		2011		2010	
	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share
United	6,027,022	36.06%	6,526,204	37.81%	6,839,902	38.38%	7,337,040	39.39%	7,651,068	40.38%
ExpressJet (United Express)	1,116,466	6.68%	1,207,473	7.00%	1,230,184	6.90%	627,505	3.37%	310,706	1.64%
Mesa (United Express)	577,406	3.45%	532,382	3.08%	569,902	3.20%	552,268	2.97%	682,887	3.60%
Signature	569,271	3.41%	487,886	2.83%	515,984	2.90%	536,921	2.88%	541,417	2.86%
British Airways	480,525	2.88%	444,618	2.58%	462,992	2.60%	466,634	2.51%	421,788	2.23%
Lufthansa	434,196	2.60%	430,518	2.49%	426,173	2.39%	413,765	2.22%	398,763	2.10%
American	402,712	2.41%	455,130	2.64%	448,902	2.52%	496,227	2.66%	551,836	2.91%
Federal Express	384,891	2.30%	386,618	2.24%	374,069	2.10%	358,709	1.93%	364,829	1.93%
Landmark Aviation	368,178	2.20%	400,398	2.32%	458,406	2.57%	492,519	2.64%	470,478	2.48%
Delta	336,728	2.01%	289,322	1.68%	333,098	1.87%	416,675	2.24%	394,850	2.08%
Air France	329,899	1.97%	347,847	2.02%	370,643	2.08%	375,826	2.02%	371,939	1.96%
Commutair	313,298	1.87%	271,850	1.58%	124,773	0.70%	552	0.00%	76,797	0.41%
Southwest	308,878	1.85%	330,986	1.92%	343,746	1.93%	353,714	1.90%	412,040	2.17%
Trans States (United Express)	304,013	1.82%	323,457	1.87%	302,694	1.70%	459,444	2.47%	593,941	3.13%
Republic (United Express)	284,828	1.70%	233,430	1.35%	5,704	0.03%	0	0.00%	0	0.00%
Virgin America	220,872	1.32%	242,958	1.41%	308,352	1.73%	284,629	1.53%	284,136	1.50%
JetBlue	219,508	1.31%	273,038	1.58%	370,273	2.08%	599,679	3.22%	693,865	3.66%
Emirates	202,339	1.21%	283,181	1.64%	84,621	0.47%	0	0.00%	0	0.00%
All Nippon	202,210	1.21%	202,116	1.17%	202,764	1.14%	202,210	1.09%	196,664	1.04%
Saudi Arabian	202,020	1.21%	171,892	1.00%	139,024	0.78%	99,610	0.53%	78,036	0.41%
Qatar Amiri Air	201,786	1.21%	201,291	1.13%	201,724	1.13%	201,233	1.08%	201,786	1.07%
Etihad	201,052	1.20%	153,451	0.89%	0	0.00%	0	0.00%	0	0.00%
Korean Air	191,212	1.14%	172,036	1.00%	194,428	1.09%	185,572	1.00%	168,652	0.89%
Frontier	168,686	1.01%	0	0.00%	371	0.00%	277	0.00%	0	0.00%
Ethiopian Airlines	163,800	0.98%	158,347	0.92%	151,159	0.85%	157,814	0.85%	93,882	0.50%
KLM Royal Dutch	150,448	0.90%	163,523	0.95%	164,600	0.92%	146,405	0.79%	149,875	0.79%
South African	149,598	0.90%	159,308	0.92%	154,659	0.87%	163,975	0.88%	172,680	0.91%
TACA International	148,980	0.89%	127,440	0.74%	116,560	0.65%	116,870	0.63%	102,634	0.54%
Mesa (US Airways Express)	142,680	0.85%	139,356	0.81%	118,456	0.66%	98,931	0.53%	106,653	0.56%
Virgin Atlantic	138,570	0.83%	139,203	0.81%	175,518	0.98%	174,018	0.93%	161,212	0.85%
Turkish Airlines	138,418	0.83%	141,376	0.82%	140,315	0.79%	98,474	0.53%	12,207	0.06%
GoJet (United Express)	137,752	0.82%	205,824	1.19%	212,926	1.19%	258,486	1.39%	478,839	2.52%
SAS	136,369	0.82%	132,108	0.77%	137,725	0.77%	135,797	0.73%	129,120	0.68%
Austrian	131,564	0.79%	106,353	0.62%	107,200	0.60%	108,354	0.58%	107,575	0.57%
Shuttle America (United Express)	117,435	0.70%	249,476	1.45%	254,316	1.43%	317,730	1.71%	541,385	2.86%
SkyWest (United Express)	103,062	0.62%	143,715	0.83%	116,781	0.66%	98,088	0.53%	44,220	0.23%
Brussels	98,811	0.59%	52,278	0.30%	0	0.00%	0	0.00%	0	0.00%
COFA	96,725	0.58%	94,542	0.55%	51,771	0.29%	48,878	0.26%	42,839	0.23%
United Parcel Service	90,665	0.54%	87,538	0.51%	84,212	0.47%	86,071	0.46%	83,869	0.44%
Silver (United Express)	75,354	0.45%	102,828	0.60%	38,960	0.22%	0	0.00%	0	0.00%
Air China	61,765	0.37%	0	0	0	0.00%	0	0.00%	0	0.00%
Porter	54,896	0.33%	57,119	0.33%	49,771	0.28%	0	0.00%	0	0.00%
Aeroflot	53,972	0.32%	38,102	0.22%	19,277	0.11%	16,574	0.09%	16,121	0.09%
PSA	51,453	0.31%	50,409	0.29%	44,719	0.25%	36,781	0.20%	33,381	0.18%
Endeavor (Delta Connection)	50,550	0.30%	48,739	0.28%	0	0.00%	0	0.00%	0	0.00%
Avianca	49,574	0.30%	49,736	0.29%	49,452	0.28%	35,108	0.19%	35,635	0.19%
Icelandair	46,620	0.28%	48,510	0.28%	40,320	0.23%	28,350	0.15%	0	0.00%
Aeromexico	45,784	0.27%	43,446	0.25%	28,016	0.16%	274	0.00%	255	0.00%
Chautauqua (Delta Connection)	44,506	0.27%	49,442	0.29%	49,825	0.28%	27,420	0.15%	17,062	0.09%
ExpressJet (Delta Connection)	44,008	0.26%	38,343	0.22%	30,983	0.17%	0	0.00%	0	0.00%
Silver Airways	26,078	0.16%	0	0	0	0.00%	0	0.00%	0	0.00%
GoJet (Delta Connection)	22,512	0.13%	18,961	0.11%	2,420	0.01%	0	0.00%	0	0.00%
Omni Air International	22,353	0.13%	0	0	0	0.00%	0	0.00%	0	0.00%
Sun Air International	18,921	0.11%	16,996	0.10%	1,141	0.01%	0	0.00%	0	0.00%
North American	15,328	0.09%	34,807	0.20%	15,966	0.09%	0	0.00%	255	0.00%
SkyWest (Delta Connection)	8,648	0.05%	8,712	0.05%	0	0.00%	585	0.00%	1,276	0.01%
Compass (Delta Connection)	6,293	0.04%	73,481	0.43%	86,038	0.48%	78,481	0.42%	87,689	0.46%
Kalitta Air	4,498	0.03%	1,305	0.01%	2,932	0.02%	1,260	0.01%	0	0.00%
MN Airlines	3,358	0.02%	4,380	0.03%	3,796	0.02%	3,650	0.02%	21,500	0.11%
Atlas Air	2,294	0.01%	6,336	0.04%	320	0.00%	4,554	0.02%	0	0.00%
Mountain Air Cargo	1,767	0.01%	2,654	0.02%	2,169	0.01%	1,722	0.01%	1,857	0.01%
Elite Airways	1,457	0.01%	0	0	0	0.00%	0	0.00%	0	0.00%
Republic Airways Caesar	1,358	0.01%	2,041	0.01%	0	0.00%	0	0.00%	0	0.00%
Republic (US Airways Express)	1,261	0.01%	2,825	0.02%	586	0.00%	1,103	0.01%	1,028	0.01%
Air Wisconsin (US Airways Express)	1,175	0.01%	2,632	0.02%	9,729	0.05%	16,356	0.09%	8,977	0.05%
Volga-Dnepr	1,069	0.01%	926	0.01%	4,707	0.03%	0	0.00%	0	0.00%
US Airways	1,053	0.01%	1,873	0.01%	457	0.00%	21,823	0.12%	33,782	0.18%
Other Charters	438	0.00%	997	0.01%	2,916	0.02%	5,695	0.03%	6,427	0.03%
Chautauqua - CHT	383	0.00%	0	0.00%	418	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	292	0.00%	5,407	0.03%	460,755	2.59%	1,244,787	6.68%	1,214,438	6.41%
Shuttle America (Delta Connection)	150	0.00%	72	0.00%	0	0.00%	225	0.00%	225	0.00%
Allegiant Air	140	0.00%	279	0.00%	1,395	0.01%	103	0.00%	1,280	0.01%
Piedmont	33	0.00%	0	0.00%	8,306	0.05%	6,780	0.04%	6,455	0.03%
Pinnacle (Delta Connection)	0	0.00%	69,665	0.40%	132,312	0.74%	88,861	0.48%	36,062	0.19%
Antonov	0	0.00%	3,655	0.02%	0	0.00%	0	0.00%	0	0.00%
Evergreen International	0	0.00%	1,541	0.01%	3,780	0.02%	630	0.00%	0	0.00%
Cayman	0	0.00%	1,516	0.01%	4,081	0.02%	4,314	0.02%	1,049	0.01%
Chautauqua (United Express)	0	0.00%	979	0.01%	0	0.00%	0	0.00%	1,191	0.01%
ABX Air	0	0.00%	566	0.00%	0	0.00%	0	0.00%	0	0.00%
Air Transport International	0	0.00%	556	0.00%	1,650	0.01%	0	0.00%	1,041	0.01%
World Airways	0	0.00%	420	0.00%	0	0.00%	0	0.00%	0	0.00%
Royal Jordanian	0	0.00%	273	0.00%	0	0.00%	0	0.00%	0	0.00%
Air Canada	0	0.00%	172	0.00%	75	0.00%	210	0.00%	0	0.00%
Xtra Airways	0	0.00%	124	0.00%	0	0.00%	0	0.00%	0	0.00%
Chautauqua (US Airways Express)	0	0.00%	43	0.00%	0	0.00%	425	0.00%	0	0.00%
Colgan Air (United Express)	0	0.00%	0	0.00%	430,281	2.41%	528,851	2.84%	327,123	1.73%
GRAND TOTAL	16,712,214	100.00%	17,259,337	100.00%	17,822,480	100.00%	18,625,822	100.00%	18,945,577	100.00%

<sup>1</sup> Prior years' comparative information has been modified as necessary based on revisions from carriers.

<sup>2</sup> Includes airlines no longer serving Dulles International or carriers with insignificant activity.

Source: Airports Authority Records

# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Metropolitan Washington Airports Authority

2009		2008		2007		2006		2005	
Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share
7,544,840	40.11%	7,435,550	38.09%	7,606,298	37.89%	7,048,694	37.76%	6,392,517	31.32%
74,112	0.39%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
900,587	4.79%	1,126,123	5.77%	1,520,846	7.58%	1,847,801	9.90%	893,675	4.38%
525,464	2.79%	462,871	2.37%	538,636	2.68%	477,555	2.56%	0	0
467,295	2.48%	492,144	2.52%	438,467	2.18%	458,074	2.45%	28,512	0.14%
336,077	1.79%	384,825	1.97%	443,982	2.21%	469,317	2.51%	409,835	2.01%
501,613	2.67%	535,928	2.75%	544,803	2.71%	557,241	2.98%	598,510	2.93%
358,267	1.90%	411,650	2.11%	421,845	2.10%	403,651	2.16%	401,655	1.97%
403,491	2.14%	501,128	2.57%	650,364	3.24%	701,682	3.76%	551,161	2.70%
386,054	2.05%	441,899	2.26%	481,132	2.40%	497,957	2.67%	530,760	2.60%
375,681	2.00%	387,484	1.98%	398,061	1.98%	413,269	2.21%	384,546	1.88%
49,542	0.26%	26,190	0.13%	9,899	0.05%	0	0.00%	0	0.00%
455,344	2.42%	475,884	2.44%	518,676	2.58%	130,534	0.70%	0	0.00%
652,276	3.47%	628,832	3.22%	603,260	3.01%	596,537	3.20%	678,031	3.32%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
286,088	1.52%	257,399	1.32%	45,361	0.23%	0	0.00%	0	0.00%
786,663	4.18%	927,826	4.75%	952,941	4.75%	794,112	4.25%	523,980	2.57%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
186,018	0.99%	202,764	1.04%	202,794	1.01%	187,630	1.01%	168,917	0.83%
67,978	0.36%	68,455	0.35%	74,359	0.37%	84,109	0.45%	61,241	0.30%
201,786	1.07%	202,791	1.04%	96,778	0.48%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
167,900	0.89%	118,508	0.61%	137,824	0.69%	119,136	0.64%	111,384	0.55%
269	0.00%	0	0.00%	134	0.00%	0	0.00%	4,169	0.02%
74,084	0.39%	76,639	0.39%	79,513	0.40%	59,714	0.32%	53,966	0.26%
146,952	0.78%	147,041	0.75%	149,854	0.75%	132,227	0.71%	0	0.00%
182,118	0.97%	197,826	1.01%	203,850	1.02%	169,210	0.91%	64,125	0.31%
100,162	0.53%	118,736	0.61%	146,944	0.73%	115,978	0.62%	107,680	0.53%
104,585	0.56%	62,622	0.32%	33,149	0.17%	16,137	0.09%	22,380	0.11%
193,267	1.03%	252,265	1.29%	245,771	1.22%	190,860	1.02%	165,869	0.81%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
471,144	2.50%	343,308	1.76%	306,123	1.53%	111,153	0.60%	0	0.00%
124,007	0.66%	128,077	0.66%	126,229	0.63%	125,820	0.67%	105,126	0.51%
107,368	0.57%	142,221	0.73%	137,908	0.69%	143,320	0.77%	28,800	0.14%
675,158	3.59%	676,463	3.47%	629,476	3.14%	475,885	2.55%	370,263	1.81%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
43,710	0.23%	41,137	0.21%	20,930	0.10%	0	0.00%	0	0.00%
68,755	0.37%	86,359	0.44%	85,884	0.43%	83,528	0.45%	78,162	0.38%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
15,724	0.08%	15,724	0.08%	15,960	0.08%	21,168	0.11%	21,168	0.10%
48,098	0.26%	38,205	0.20%	27,732	0.14%	50,049	0.27%	30,738	0.15%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
36,178	0.19%	19,875	0.10%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	279	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	43	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	420	0.00%	2,320	0.01%
1,875	0.01%	0	0.00%	1,050	0.01%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	630	0.00%	0	0.00%	0	0.00%	0	0.00%
22,078	0.12%	30,700	0.16%	61,320	0.31%	28,470	0.15%	584	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,718	0.01%	570	0.00%	9	0.00%	51	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	4	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
9,356	0.05%	2,013	0.01%	506	0.00%	145	0.00%	72	0.00%
752	0.00%	282	0.00%	517	0.00%	893	0.00%	5,264	0.03%
0	0.00%	0	0.00%	0	0.00%	726	0.00%	4,356	0.02%
46,683	0.25%	126,347	0.65%	164,131	0.82%	159,723	0.86%	196,034	0.96%
10,058	0.05%	6,133	0.03%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0
837,386	4.45%	1,083,604	5.55%	1,329,677	6.62%	1,505,835	8.07%	7,321,739	35.87%
222	0.00%	2,025	0.01%	72	0.00%	289	0.00%	0	0.00%
279	0.00%	1,559	0.01%	0	0.00%	0	0.00%	0	0.00%
237	0.00%	0	0.00%	41	0.00%	0	0.00%	68	0.00%
35,475	0.19%	14,640	0.07%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	726	0.00%	726	0.00%
630	0.00%	0	0.00%	1,260	0.01%	1,260	0.01%	0	0.00%
3,265	0.02%	700	0.00%	0	0.00%	0	0.00%	0	0.00%
392,004	2.08%	401,533	2.06%	335,329	1.67%	200,743	1.08%	0	0.00%
1,360	0.01%	70,006	0.36%	71,670	0.36%	71,887	0.39%	0	0.00%
550	0.00%	825	0.00%	550	0.00%	1,325	0.01%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
76	0.00%	134	0.00%	730	0.00%	6,548	0.04%	94,946	0.47%
0	0.00%	146	0.00%	496	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
329,603	1.75%	345,987	1.77%	210,455	1.05%	207,564	1.11%	0	0
18,812,262	100.00%	19,522,626	100.00%	20,073,596	100.00%	18,669,232	100.00%	20,413,279	100.00%

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Exhibit S-28 – MARKET SHARE BY PASSENGER ENPLANEMENTS – REAGAN NATIONAL**

Airlines <sup>1</sup>	2014		2013		2012		2011	
	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
<b>Domestic</b>								
US Airways	1,842,640	17.60%	2,000,543	19.60%	1,902,549	19.41%	1,850,864	19.75%
American	1,326,519	12.67%	1,222,743	11.98%	1,139,174	11.62%	1,194,779	12.75%
Delta	1,218,088	11.63%	1,161,463	11.38%	1,269,557	12.95%	1,251,093	13.35%
JetBlue	698,337	6.67%	611,949	5.99%	447,570	4.57%	240,077	2.56%
United	621,019	5.93%	676,651	6.63%	486,460	4.96%	468,066	4.99%
Southwest	602,534	5.75%	163,459	1.60%	42,037	0.43%	0	0.00%
Alaska	211,710	2.02%	205,297	2.01%	171,582	1.75%	155,454	1.66%
AirTran	210,417	2.01%	338,617	3.32%	383,833	3.92%	389,426	4.15%
Frontier	159,684	1.52%	190,024	1.86%	323,292	3.30%	357,605	3.82%
Virgin America	59,215	0.57%	38,007	0.37%	11,236	0.11%	0	0.00%
MN Airlines	53,266	0.51%	40,894	0.40%	34,061	0.35%	26,374	0.28%
Continental	0	0.00%	61,565	0.60%	299,145	3.05%	269,102	2.87%
Northwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Midwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Delta Shuttle	0	0.00%	0	0.00%	0	0.00%	0	0.00%
ATA	0	0.00%	0	0.00%	0	0.00%	0	0.00%
America West	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	98,846	1.01%	146,539	1.56%
<b>Regionals</b>								
Republic (US Airways Express)	1,329,831	12.70%	1,337,540	13.10%	1,131,600	11.55%	915,726	9.77%
Air Wisconsin (US Airways Express)	783,471	7.48%	670,604	6.57%	538,617	5.50%	450,057	4.80%
PSA	267,293	2.55%	404,206	3.96%	291,601	2.98%	203,834	2.17%
Shuttle America (Delta Connection)	171,477	1.64%	127,447	1.25%	146,677	1.50%	148,514	1.58%
Endeavor (Delta Connection)	144,621	1.38%	65,165	0.64%	0	0.00%	0	0.00%
Envoy Air (American Eagle)	102,619	0.98%	0	0.00%	0	0.00%	0	0.00%
ExpressJet (United Express)	97,213	0.93%	59,002	0.58%	77,371	0.79%	0	0.00%
American Eagle	82,675	0.79%	215,162	2.11%	288,187	2.94%	226,639	2.42%
Shuttle America (United Express)	69,776	0.67%	58,457	0.57%	18,444	0.19%	37,218	0.40%
SkyWest (United Express)	53,543	0.51%	4,355	0.04%	5,850	0.06%	0	0.00%
Republic (American Eagle)	50,020	0.48%	3,675	0.04%	0	0.00%	0	0.00%
Piedmont	39,852	0.38%	50,815	0.50%	32,433	0.33%	10,183	0.11%
Republic (United Express)	38,742	0.37%	30,446	0.30%	0	0.00%	0	0.00%
Chautauqua (Continental Express)	7,448	0.07%	43,142	0.42%	30,311	0.31%	14,513	0.15%
ExpressJet (Delta Connection)	7,303	0.07%	31,220	0.31%	13,138	0.13%	0	0.00%
Republic (Frontier)	5,600	0.05%	49,003	0.48%	0	0.00%	0	0.00%
Chautauqua (Delta Connection)	3,670	0.04%	0	0.00%	24,556	0.25%	46,182	0.49%
SkyWest (Delta Connection)	49	0.00%	0	0.00%	33	0.00%	0	0.00%
Pinnacle (Delta Connection)	0	0.00%	77,004	0.75%	116,780	1.19%	98,655	1.05%
Chautauqua (US Airways Express)	0	0.00%	54,559	0.53%	166,531	1.70%	125,817	1.34%
Compass (Delta Connection)	0	0.00%	662	0.01%	4,982	0.05%	128,135	1.37%
Comair (Delta Connection)	0	0.00%	0	0.00%	66,578	0.68%	147,478	1.57%
ASA (Delta Connection)	0	0.00%	0	0.00%	15,072	0.15%	138,417	1.48%
Continental Express	0	0.00%	0	0.00%	11,929	0.12%	62,234	0.66%
Colgan Air (Continental Connection)	0	0.00%	0	0.00%	8,876	0.09%	32,047	0.34%
Colgan Air (United Express)	0	0.00%	0	0.00%	3,969	0.04%	0	0.00%
SkyWest (Continental Connection)	0	0.00%	0	0.00%	2,355	0.02%	8,613	0.09%
Colgan Air (US Airways Express)	0	0.00%	0	0.00%	943	0.01%	15,493	0.17%
Mesaba Aviation (Delta Connection)	0	0.00%	0	0.00%	630	0.01%	77,491	0.83%
Republic (Midwest Connect)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mesaba Aviation (Northwest Airlink)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Pinnacle (Northwest Airlink)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Freedom (Delta Connection)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Chautauqua (Midwest Connect)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mesa (US Airways Express)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Trans States (American Connection)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Trans States (US Airways Express)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
ACA/DL Connection	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Allegheny	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Chautauqua (American Connection)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Charters</b>	0	0.00%	0	0.00%	0	0.00%	123	0.00%
<b>General Aviation</b>	9,555	0.09%	7,586	0.07%	6,693	0.07%	5,235	0.06%
<b>Military</b>	3,572	0.03%	3,749	0.04%	5,917	0.06%	5,163	0.06%
<b>TOTAL DOMESTIC</b>	<b>10,271,759</b>	<b>98.09%</b>	<b>10,005,011</b>	<b>98.00%</b>	<b>9,619,415</b>	<b>98.15%</b>	<b>9,247,146</b>	<b>98.66%</b>
<b>Transborder / International</b>								
JetBlue	13,598	0.13%	0	0.00%	0	0.00%	0	0.00%
Air Canada	183	0.00%	25,495	0.25%	58,479	0.60%	58,417	0.62%
<b>Regionals</b>								
Skv Regional (Air Canada)	77,706	0.74%	44,481	0.44%	0	0.00%	0	0.00%
Air Wisconsin (US Airways Express)	46,516	0.44%	66,664	0.65%	46,911	0.48%	672	0.01%
Air Canada Jazz	41,755	0.40%	38,501	0.38%	45,577	0.47%	46,566	0.50%
US Airways	15,086	0.14%	16,247	0.16%	15,514	0.16%	11,640	0.12%
Republic (US Airways Express)	4,877	0.05%	12,632	0.12%	14,869	0.15%	8,769	0.09%
Chautauqua (US Airways Express)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Piedmont	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mesa (US Airways Express)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
PSA	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>TOTAL TRANSBORDER/INTERNATIONAL</b>	<b>199,721</b>	<b>1.91%</b>	<b>204,020</b>	<b>2.00%</b>	<b>181,350</b>	<b>1.85%</b>	<b>126,064</b>	<b>1.34%</b>
<b>GRAND TOTAL</b>	<b>10,471,480</b>	<b>100.00%</b>	<b>10,209,031</b>	<b>100.00%</b>	<b>9,800,765</b>	<b>100.00%</b>	<b>9,373,210</b>	<b>100.00%</b>

<sup>1</sup> Prior years' comparative information has been modified as necessary based on revisions from carriers.

<sup>2</sup> Includes airlines no longer serving Reagan National or carriers with insignificant activity.

Source: Airports Authority Records

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

2010		2009		2008		2007		2006		2005	
Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
1,927,713	21.32%	1,929,992	22.00%	2,132,137	23.74%	2,255,033	24.25%	2,353,896	25.47%	2,715,964	30.48%
1,188,767	13.15%	1,143,658	13.04%	1,158,855	12.90%	1,214,058	13.06%	1,132,839	12.26%	1,119,235	12.56%
1,253,421	13.86%	728,156	8.30%	726,473	8.09%	704,772	7.58%	761,946	8.24%	834,287	9.36%
37,103	0.41%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
532,294	5.89%	522,673	5.96%	518,293	5.77%	519,311	5.59%	511,091	5.53%	462,300	5.19%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
149,368	1.65%	144,317	1.65%	146,589	1.63%	142,567	1.53%	130,596	1.41%	116,137	1.30%
381,746	4.22%	263,100	3.00%	249,030	2.77%	213,397	2.30%	172,293	1.86%	155,613	1.75%
204,339	2.26%	158,734	1.81%	156,669	1.74%	128,498	1.38%	123,223	1.33%	121,424	1.36%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
291,599	3.22%	303,467	3.46%	325,851	3.63%	373,191	4.01%	378,298	4.09%	357,253	4.01%
28,371	0.31%	581,173	6.63%	669,821	7.46%	675,764	7.27%	666,028	7.21%	643,017	7.22%
0	0.00%	32,247	0.37%	174,737	1.95%	204,583	2.20%	207,345	2.24%	187,012	2.10%
0	0.00%	13,149	0.15%	206,552	2.30%	252,743	2.72%	311,460	3.37%	297,640	3.34%
0	0.00%	0	0.00%	0	0.00%	159,377	1.71%	151,274	1.64%	145,227	1.63%
0	0.00%	0	0.00%	0	0.00%	125,095	1.35%	175,333	1.90%	172,484	1.94%
240,716	2.66%	117,546	1.34%	106,483	1.19%	86,636	0.93%	104,988	1.14%	135,878	1.52%
907,075	10.03%	733,136	8.36%	630,563	7.02%	594,411	6.39%	465,755	5.04%	14,032	0.16%
446,339	4.94%	567,358	6.47%	670,067	7.46%	568,630	6.12%	460,008	4.98%	32,716	0.37%
215,400	2.38%	168,781	1.92%	147,013	1.64%	139,087	1.50%	152,515	1.65%	339,434	3.81%
164,543	1.82%	168,203	1.92%	23,646	0.26%	27,201	0.29%	269	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
292,901	3.24%	331,584	3.78%	268,652	2.99%	258,697	2.78%	280,129	3.03%	264,758	2.97%
10,495	0.12%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
12,223	0.14%	4,466	0.05%	12,856	0.14%	28,463	0.31%	11,584	0.13%	4,342	0.05%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
29,123	0.32%	32,401	0.37%	34,546	0.38%	14,381	0.15%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
2,908	0.03%	6,065	0.07%	9,881	0.11%	11,009	0.12%	1,700	0.02%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
21,038	0.23%	7,844	0.09%	7,051	0.08%	0	0.00%	0	0.00%	0	0.00%
123,584	1.37%	77,766	0.89%	64,453	0.72%	70,677	0.76%	95,080	1.03%	150,719	1.69%
20,568	0.23%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
206,210	2.28%	250,061	2.85%	190,134	2.12%	179,534	1.93%	176,297	1.91%	158,060	1.77%
31,273	0.35%	2,974	0.03%	4,965	0.06%	26,268	0.28%	27,887	0.30%	35,904	0.40%
55,260	0.61%	61,874	0.71%	58,935	0.66%	80,791	0.87%	97,211	1.05%	90,506	1.02%
44,085	0.49%	44,203	0.50%	19,678	0.22%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
15,315	0.17%	13,983	0.16%	13,740	0.15%	13,867	0.15%	13,041	0.14%	10,242	0.11%
41,114	0.45%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
10,503	0.12%	147,868	1.69%	20,291	0.23%	0	0.00%	0	0.00%	0	0.00%
4,944	0.05%	29,506	0.34%	4,658	0.05%	9,895	0.11%	14,734	0.16%	25,724	0.29%
454	0.01%	47,431	0.54%	58,100	0.65%	59,895	0.64%	55,563	0.60%	62,386	0.70%
193	0.00%	44	0.00%	24,797	0.28%	1,194	0.01%	0	0.00%	0	0.00%
0	0.00%	50	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	6,849	0.07%	58,990	0.66%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	15,250	0.16%	25,230	0.28%
0	0.00%	0	0.00%	99	0.00%	6,529	0.07%	0	0.00%	211	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
219	0.00%	201	0.00%	852	0.01%	0	0.00%	3	0.00%	0	0.00%
3,062	0.03%	1,656	0.02%	1,516	0.02%	1,136	0.01%	536	0.01%	53	0.00%
3,449	0.04%	2,995	0.03%	2,833	0.03%	3,094	0.03%	2,126	0.02%	1,906	0.02%
8,897,715	98.40%	8,638,662	98.48%	8,840,816	98.43%	9,149,784	98.40%	9,057,147	97.99%	8,738,684	98.06%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
63,165	0.70%	54,726	0.62%	65,031	0.72%	61,837	0.67%	76,107	0.82%	104,637	1.17%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	23,915	0.26%	0	0.00%
45,512	0.50%	42,720	0.49%	38,313	0.43%	45,314	0.49%	36,001	0.39%	0	0.00%
35,663	0.39%	35,786	0.41%	38,020	0.42%	41,372	0.44%	48,559	0.53%	40,830	0.46%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	5,872	0.07%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	751	0.01%	21,210	0.24%
144,340	1.60%	133,232	1.52%	141,364	1.57%	148,523	1.60%	185,333	2.01%	172,549	1.94%
9,042,055	100.00%	8,771,894	100.00%	8,982,180	100.00%	9,298,307	100.00%	9,242,480	100.00%	8,911,233	100.00%

# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Metropolitan Washington Airports Authority

### Exhibit S-29 – MARKET SHARE BY PASSENGER ENPLANEMENTS – DULLES INTERNATIONAL

Airlines <sup>1</sup>	2014		2013		2012		2011		2010	
	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
<b>Domestic</b>										
United	2,866,519	26.65%	3,132,389	28.64%	3,112,021	27.67%	3,264,591	28.17%	3,430,680	29.04%
American	353,899	3.29%	356,889	3.26%	388,322	3.45%	427,886	3.69%	464,266	3.93%
Delta	277,699	2.58%	231,202	2.11%	271,077	2.41%	324,660	2.80%	317,266	2.69%
Southwest	269,534	2.51%	289,823	2.65%	308,414	2.74%	321,205	2.77%	374,282	3.17%
Virgin America	187,422	1.74%	191,220	1.75%	241,489	2.15%	235,983	2.04%	231,889	1.96%
JetBlue	182,980	1.70%	225,087	2.06%	321,138	2.85%	495,844	4.28%	576,039	4.88%
Frontier	159,044	1.48%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Silver Airways	9,722	0.09%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Elite Airways	373	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lufthansa	74	0.00%	0	0.00%	0	0.00%	0	0.00%	178	0.00%
US Airways	0	0.00%	790	0.01%	0	0.00%	13,258	0.11%	22,629	0.19%
Other <sup>2</sup>	0	0.00%	0	0.00%	130,577	0.00%	183,692	1.58%	135,343	1.15%
<b>Regionals</b>										
ExpressJet (United Express)	916,552	8.52%	940,398	8.60%	1,000,835	8.90%	523,817	4.52%	277,075	2.35%
Mesa (United Express)	489,167	4.55%	445,756	4.08%	471,395	4.19%	440,505	3.80%	549,219	4.65%
Trans States (United Express)	285,561	2.65%	295,704	2.70%	283,208	2.52%	349,374	3.01%	445,031	3.77%
Commutair	266,623	2.48%	211,757	1.94%	100,300	0.89%	360	0.00%	46,013	0.39%
Republic (United Express)	244,988	2.28%	206,860	1.89%	4,933	0.04%	0	0.00%	0	0.00%
Mesa (US Airways Express)	127,943	1.19%	123,001	1.11%	98,349	0.87%	84,534	0.73%	86,547	0.73%
GoJet (United Express)	106,350	0.99%	134,874	1.23%	131,282	1.17%	165,390	1.43%	318,557	2.70%
Shuttle America (United Express)	88,341	0.82%	170,232	1.56%	160,431	1.43%	173,835	1.50%	308,225	2.61%
SkyWest (United Express)	73,950	0.69%	98,604	0.90%	81,255	0.72%	67,254	0.58%	33,166	0.28%
PSA	45,716	0.42%	44,931	0.41%	40,353	0.36%	33,959	0.29%	31,284	0.26%
Chautauqua (Delta Connection)	44,239	0.41%	33,182	0.30%	44,183	0.39%	18,158	0.16%	14,377	0.12%
Endeavor (Delta Connection)	43,532	0.40%	41,178	0.38%	0	0.00%	0	0.00%	0	0.00%
ExpressJet (Delta Connection)	38,011	0.35%	30,938	0.28%	25,768	0.23%	0	0.00%	0	0.00%
Silver (United Express)	33,641	0.31%	46,710	0.43%	20,196	0.18%	0	0.00%	0	0.00%
GoJet (Delta Connection)	16,512	0.15%	9,330	0.09%	1,185	0.01%	0	0.00%	0	0.00%
SkyWest (Delta Connection)	7,621	0.07%	7,122	0.07%	0	0.00%	464	0.00%	1,132	0.01%
Compass (Delta Connection)	4,865	0.05%	54,893	0.50%	69,443	0.62%	61,513	0.53%	69,150	0.59%
Sun Air International	3,431	0.03%	2,980	0.03%	198	0.00%	0	0.00%	0	0.00%
Republic (US Airways Express)	842	0.01%	1,956	0.02%	534	0.00%	373	0.00%	621	0.01%
Air Wisconsin (US Airways Express)	236	0.00%	1,299	0.01%	8,923	0.08%	14,611	0.13%	6,924	0.06%
Other <sup>2</sup>	82	0.00%	573	0.01%	422,351	3.75%	977,078	8.43%	783,846	6.63%
Pinnacle (Delta Connection)	0	0.00%	57,697	0.53%	106,712	0.95%	70,130	0.61%	30,405	0.26%
<b>Charters</b>	6,869	0.06%	9,258	0.08%	10,201	0.09%	12,678	0.11%	10,681	0.09%
<b>General Aviation</b>	76,012	0.71%	73,340	0.67%	73,610	0.65%	70,590	0.61%	72,164	0.61%
<b>Military</b>	29	0.00%	114	0.00%	121	0.00%	447	0.00%	133	0.00%
<b>TOTAL DOMESTIC</b>	<b>7,228,379</b>	<b>67.20%</b>	<b>7,470,087</b>	<b>68.31%</b>	<b>7,928,804</b>	<b>70.49%</b>	<b>8,332,189</b>	<b>71.89%</b>	<b>8,637,122</b>	<b>73.10%</b>
<b>Transborder/International</b>										
United	1,372,404	12.76%	1,401,491	12.82%	1,372,383	12.20%	1,439,487	12.42%	1,451,292	12.28%
Lufthansa	199,170	1.85%	203,071	1.86%	186,521	1.66%	174,947	1.51%	176,179	1.49%
British Airways	193,323	1.80%	186,795	1.71%	192,722	1.71%	190,445	1.64%	173,211	1.47%
Air France	158,830	1.48%	172,083	1.57%	173,360	1.54%	173,618	1.50%	161,910	1.37%
TACA International	124,034	1.15%	103,621	0.95%	99,160	0.88%	103,804	0.90%	98,844	0.84%
Emirates	97,732	0.91%	88,361	0.81%	23,829	0.21%	0	0.00%	0	0.00%
Qatar Amiri Air	95,529	0.89%	90,845	0.83%	99,028	0.88%	101,139	0.87%	103,078	0.87%
Turkish Airlines	90,259	0.84%	82,057	0.75%	74,594	0.66%	47,988	0.41%	5,370	0.05%
Ethiopian Airlines	88,607	0.82%	81,661	0.75%	74,103	0.66%	80,752	0.70%	56,373	0.48%
KLM Royal Dutch	82,057	0.76%	85,959	0.79%	89,613	0.80%	77,930	0.67%	74,878	0.63%
Korean Air	78,109	0.73%	77,363	0.71%	83,288	0.74%	83,112	0.72%	78,117	0.66%
Etihad	76,432	0.71%	53,774	0.49%	0	0.00%	0	0.00%	0	0.00%
Austrian	75,777	0.70%	64,764	0.59%	65,325	0.58%	60,793	0.52%	60,401	0.51%
Saudi Arabian	72,016	0.67%	61,076	0.56%	48,579	0.43%	35,634	0.31%	28,874	0.24%
COPA	71,150	0.66%	66,069	0.60%	41,608	0.37%	35,917	0.31%	31,200	0.26%
SAS	69,814	0.65%	68,163	0.62%	68,620	0.61%	65,797	0.57%	71,042	0.60%
South African	67,721	0.63%	74,339	0.68%	71,239	0.63%	78,859	0.68%	80,797	0.68%
Virgin Atlantic	66,775	0.62%	69,543	0.64%	75,165	0.67%	75,256	0.65%	76,417	0.65%
All Nippon	64,128	0.60%	62,315	0.57%	65,839	0.59%	62,994	0.54%	66,573	0.56%
Icelandair	39,379	0.37%	35,472	0.32%	30,028	0.27%	20,193	0.17%	0	0.00%
Avianca	38,543	0.36%	37,327	0.34%	35,557	0.32%	24,383	0.21%	24,536	0.21%
Brussels	34,072	0.32%	19,031	0.17%	0	0.00%	0	0.00%	0	0.00%
Aeromexico	33,387	0.31%	30,439	0.28%	18,848	0.17%	0	0.00%	0	0.00%
Air China	22,240	0.21%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Aeroflot	21,515	0.20%	19,902	0.18%	10,390	0.09%	8,490	0.07%	8,838	0.07%
Delta	1,931	0.02%	1,414	0.01%	1,388	0.01%	4,199	0.04%	3,923	0.03%
Frontier	804	0.01%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	672	0.01%	109,402	0.97%	122,891	1.06%	109,984	0.93%
<b>Regionals</b>										
ExpressJet (United Express)	109,533	1.02%	127,794	1.17%	110,063	0.98%	32,372	0.28%	0	0.00%
Porter	38,152	0.35%	33,025	0.30%	24,985	0.22%	0	0.00%	0	0.00%
SkyWest (United Express)	14,474	0.13%	17,575	0.16%	10,927	0.10%	5,552	0.05%	0	0.00%
Republic (United Express)	11,093	0.10%	2,321	0.02%	0	0.00%	0	0.00%	0	0.00%
GoJet (United Express)	9,940	0.09%	27,412	0.25%	30,838	0.27%	25,838	0.22%	33,447	0.28%
Shuttle America (United Express)	2,771	0.03%	12,326	0.11%	23,406	0.21%	40,163	0.35%	68,332	0.58%
PSA	10	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	0	0.00%	74,429	0.64%	123,271	1.04%
<b>Charters</b>	5,325	0.05%	5,923	0.05%	7,011	0.06%	9,822	0.08%	10,348	0.09%
<b>General Aviation</b>	1,361	0.01%	1,530	0.01%	2,009	0.02%	1,047	0.01%	377	0.00%
<b>Military</b>	258	0.00%	464	0.00%	186	0.00%	513	0.00%	444	0.00%
<b>TOTAL TRANSBORDER/INTERNATIONAL</b>	<b>3,528,655</b>	<b>32.80%</b>	<b>3,465,977</b>	<b>31.69%</b>	<b>3,320,014</b>	<b>29.51%</b>	<b>3,258,364</b>	<b>28.11%</b>	<b>3,178,056</b>	<b>26.90%</b>
<b>GRAND TOTAL</b>	<b>10,757,034</b>	<b>100.00%</b>	<b>10,936,064</b>	<b>100.00%</b>	<b>11,248,818</b>	<b>100.00%</b>	<b>11,590,553</b>	<b>100.00%</b>	<b>11,815,178</b>	<b>100.00%</b>

<sup>1</sup> Prior years' comparative information has been modified as necessary based on revisions from carriers.

<sup>2</sup> Includes airlines no longer serving Dulles International or carriers with insignificant activity.

# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Metropolitan Washington Airports Authority

2009		2008		2007		2006		2005	
Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
3,286,673	28.30%	3,312,845	27.73%	3,551,268	28.68%	3,430,537	29.84%	3,131,653	23.19%
409,716	3.53%	435,623	3.65%	444,445	3.59%	450,718	3.92%	471,771	3.49%
296,772	2.56%	333,445	2.79%	368,507	2.98%	384,682	3.35%	392,954	2.91%
371,029	3.19%	396,298	3.32%	368,977	2.98%	80,567	0.70%	0	0.00%
237,796	2.05%	194,248	1.63%	27,247	0.22%	0	0.00%	0	0.00%
625,519	5.39%	730,989	6.12%	776,980	6.27%	666,704	5.80%	475,282	3.52%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	2,661	0.02%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
34,728	0.30%	96,997	0.81%	109,878	0.89%	101,772	0.89%	118,897	0.88%
177,617	1.53%	318,850	2.67%	494,448	3.68%	547,680	3.72%	3,205,797	23.74%
62,152	0.54%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
719,003	6.19%	906,747	7.59%	1,279,241	10.33%	1,602,553	13.94%	730,191	5.41%
566,386	4.88%	545,487	4.57%	528,990	4.27%	498,796	4.34%	567,626	4.20%
30,694	0.26%	15,014	0.13%	6,623	0.05%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
86,754	0.75%	50,061	0.42%	22,464	0.18%	9,128	0.08%	15,509	0.11%
352,162	3.03%	249,456	2.09%	227,050	1.83%	77,833	0.68%	0	0.00%
372,543	3.21%	369,050	3.09%	375,942	3.04%	266,414	2.32%	239,948	1.78%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
42,999	0.37%	32,574	0.27%	23,553	0.19%	37,924	0.33%	20,372	0.15%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,232	0.01%	0	0.00%	635	0.01%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
6,243	0.05%	950	0.01%	105	0.00%	0	0.00%	0	0.00%
475	0.00%	0	0.00%	0	0.00%	218	0.00%	2,338	0.02%
708,310	6.10%	732,409	6.13%	697,734	5.63%	637,204	5.54%	1,552,279	11.50%
30,379	0.26%	11,589	0.10%	0	0.00%	0	0.00%	0	0.00%
10,438	0.09%	9,898	0.08%	9,074	0.07%	4,654	0.04%	20,105	0.15%
66,831	0.58%	84,997	0.71%	108,059	0.87%	102,778	0.89%	103,520	0.77%
36	0.00%	314	0.00%	0	0.00%	173	0.00%	573	0.00%
8,496,487	73.16%	8,827,841	73.90%	9,421,220	76.08%	8,900,335	77.41%	11,051,476	81.84%
1,443,621	12.43%	1,401,537	11.73%	1,350,797	10.91%	1,105,952	9.62%	1,004,913	7.44%
158,147	1.36%	173,440	1.45%	203,686	1.64%	215,272	1.87%	200,149	1.48%
182,703	1.57%	189,442	1.59%	173,361	1.40%	182,241	1.59%	189,991	1.41%
181,787	1.57%	176,064	1.47%	192,578	1.56%	201,577	1.75%	190,865	1.41%
95,132	0.82%	101,867	0.85%	118,331	0.96%	98,628	0.86%	90,554	0.67%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
88,061	0.76%	85,231	0.71%	25,841	0.21%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
42,141	0.36%	44,955	0.38%	41,977	0.34%	34,300	0.30%	29,812	0.22%
79,265	0.68%	78,574	0.66%	83,033	0.67%	76,926	0.67%	73,253	0.54%
72,814	0.63%	57,850	0.48%	63,789	0.52%	56,776	0.49%	60,604	0.45%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
63,885	0.55%	80,821	0.68%	80,054	0.65%	78,879	0.69%	81,580	0.60%
23,044	0.20%	20,785	0.17%	16,476	0.13%	10,740	0.09%	8,028	0.06%
31,723	0.27%	30,063	0.25%	12,704	0.10%	0	0.00%	0	0.00%
66,085	0.57%	71,112	0.60%	66,251	0.54%	66,272	0.58%	74,016	0.55%
73,221	0.63%	82,084	0.69%	87,604	0.71%	58,492	0.51%	13,254	0.10%
84,778	0.73%	95,567	0.80%	104,319	0.84%	83,992	0.73%	75,626	0.56%
60,949	0.52%	62,932	0.53%	65,852	0.53%	70,047	0.61%	68,507	0.51%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
23,502	0.20%	12,828	0.11%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
7,301	0.06%	8,029	0.07%	7,356	0.06%	8,238	0.07%	7,614	0.06%
4,513	0.04%	5,223	0.04%	5,223	0.04%	2,811	0.02%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
71,977	0.62%	79,199	0.66%	49,936	0.40%	61,663	0.54%	177,206	1.31%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
93,135	0.80%	89,225	0.75%	74,393	0.60%	56,105	0.49%	11,099	0.08%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
158,365	1.36%	163,846	1.37%	135,867	1.10%	123,979	1.08%	88,379	0.65%
11,002	0.09%	4,743	0.04%	917	0.01%	1,792	0.02%	3,544	0.03%
167	0.00%	63	0.00%	448	0.00%	581	0.01%	1,696	0.01%
523	0.00%	1,540	0.01%	803	0.01%	1,552	0.01%	1,647	0.01%
3,117,841	26.84%	3,117,020	26.10%	2,961,596	23.92%	2,596,815	22.59%	2,452,337	18.16%
11,614,328	100.00%	11,944,861	100.00%	12,382,816	100.00%	11,497,150	100.00%	13,503,813	100.00%



# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Metropolitan Washington Airports Authority

### Exhibit S-30 –MARKET SHARE BY PASSENGER ENPLANEMENTS - BOTH AIRPORTS

Airlines <sup>1</sup>	2014		2013		2012		2011		2010	
	Passenger Enplanement	Market Share	Passenger Enplanement	Market Share	Passenger Enplanement	Market Share	Passenger Enplanement	Market Share	Passenger Enplanement	Market Share
<b>Domestic</b>										
United	3,487,538	16.43%	3,809,040	18.01%	3,598,481	17.10%	3,732,657	17.81%	3,962,974	19.00%
US Airways	1,842,640	8.68%	2,001,333	9.46%	1,902,549	9.04%	1,864,122	8.89%	1,950,342	9.35%
American	1,680,418	7.92%	1,579,632	7.47%	1,527,496	7.26%	1,622,665	7.74%	1,653,033	7.93%
Delta	1,495,787	7.05%	1,392,665	6.59%	1,540,634	7.32%	1,575,753	7.52%	1,570,687	7.53%
JetBlue	881,317	4.15%	837,036	3.96%	768,708	3.65%	735,921	3.51%	613,142	2.94%
Southwest	872,068	4.11%	453,282	2.14%	350,451	1.66%	321,205	1.53%	374,282	1.79%
Frontier	318,728	1.50%	190,024	0.90%	323,292	1.54%	357,605	1.71%	204,339	0.98%
Virgin America	246,637	1.16%	229,227	1.08%	252,725	1.20%	235,983	1.13%	231,889	1.11%
Alaska	211,710	1.00%	205,297	0.97%	171,582	0.82%	155,454	0.74%	149,368	0.72%
AirTran	210,417	0.99%	338,617	1.60%	415,866	1.98%	487,633	2.33%	501,427	2.40%
MN Airlines	53,266	0.25%	40,894	0.19%	34,061	0.16%	26,374	0.13%	14,327	0.07%
Silver Airways	9,722	0.05%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Elite Airways	373	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Lufthansa	74	0.00%	0	0.00%	0	0.00%	0	0.00%	178	0.00%
Other <sup>2</sup>	0	0.00%	61,565	0.29%	496,535	2.34%	501,126	2.36%	562,021	2.65%
<b>Regionals</b>										
Republic (US Airways Express)	1,330,673	6.27%	1,339,496	6.33%	1,132,134	5.38%	916,099	4.37%	907,696	4.35%
ExpressJet (United Express)	1,013,765	4.78%	999,400	4.73%	1,078,206	5.12%	523,817	2.50%	277,075	1.33%
Air Wisconsin (US Airways Express)	783,707	3.69%	671,903	3.18%	547,540	2.60%	464,668	2.22%	453,263	2.17%
Mesa (United Express)	489,167	2.30%	445,756	2.11%	471,395	2.24%	440,505	2.10%	549,219	2.63%
PSA	313,009	1.47%	449,137	2.12%	331,954	1.58%	237,793	1.13%	246,684	1.18%
Trans States (United Express)	285,561	1.35%	295,704	1.40%	283,208	1.35%	349,374	1.67%	445,031	2.13%
Republic (United Express)	283,730	1.34%	237,306	1.12%	4,933	0.02%	0	0.00%	0	0.00%
Commutair	266,629	1.26%	211,757	1.00%	100,300	0.48%	360	0.00%	46,013	0.22%
Endeavor (Delta Connection)	188,153	0.89%	106,343	0.50%	0	0.00%	0	0.00%	0	0.00%
Shuttle America (Delta Connection)	171,559	0.81%	127,479	0.60%	146,677	0.70%	148,514	0.71%	164,625	0.79%
Shuttle America (United Express)	158,117	0.74%	228,689	1.08%	178,875	0.85%	211,053	1.01%	318,720	1.53%
Mesa (US Airways Express)	127,943	0.60%	123,001	0.58%	98,349	0.47%	84,534	0.40%	86,547	0.41%
SkyWest (United Express)	127,493	0.60%	102,959	0.49%	87,105	0.41%	67,254	0.32%	33,166	0.16%
GoJet (United Express)	106,350	0.50%	134,874	0.64%	131,282	0.62%	165,390	0.79%	318,557	1.53%
Envoy Air (American Eagle)	102,619	0.48%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
American Eagle	82,675	0.39%	215,162	1.02%	288,187	1.37%	226,639	1.08%	292,901	1.40%
Republic (American Eagle)	50,020	0.24%	3,675	0.02%	0	0.00%	0	0.00%	0	0.00%
Chautauqua (Delta Connection)	47,909	0.23%	33,182	0.16%	68,739	0.33%	64,340	0.31%	17,285	0.08%
ExpressJet (Delta Connection)	45,314	0.21%	62,158	0.29%	38,906	0.18%	0	0.00%	0	0.00%
Piedmont	39,852	0.19%	50,815	0.24%	34,951	0.17%	12,784	0.06%	15,714	0.08%
Silver (United Express)	33,641	0.16%	46,710	0.22%	20,196	0.10%	0	0.00%	0	0.00%
GoJet (Delta Connection)	16,512	0.08%	9,330	0.04%	1,185	0.01%	0	0.00%	0	0.00%
SkyWest (Delta Connection)	7,670	0.04%	7,122	0.03%	33	0.00%	464	0.00%	1,132	0.01%
Chautauqua (Continental Express)	7,448	0.04%	43,142	0.20%	30,311	0.14%	14,513	0.07%	29,123	0.14%
Republic (Frontier)	5,600	0.03%	49,003	0.23%	0	0.00%	0	0.00%	0	0.00%
Compass (Delta Connection)	4,865	0.02%	55,555	0.26%	74,425	0.35%	189,648	0.90%	89,718	0.43%
Sun Air International	3,431	0.02%	2,980	0.01%	198	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	189,801	0.89%	920,208	4.33%	1,750,852	8.25%	1,364,651	6.43%
<b>Chartered</b>	6,869	0.03%	9,258	0.04%	10,201	0.05%	12,801	0.06%	10,900	0.05%
<b>General Aviation</b>	85,567	0.40%	80,926	0.38%	80,303	0.38%	75,825	0.36%	75,226	0.35%
<b>Military</b>	3,603	0.02%	3,863	0.02%	6,608	0.03%	5,610	0.03%	3,582	0.02%
<b>TOTAL DOMESTIC</b>	<b>17,500,138</b>	<b>82.44%</b>	<b>17,475,098</b>	<b>82.64%</b>	<b>17,548,219</b>	<b>83.37%</b>	<b>17,579,335</b>	<b>83.86%</b>	<b>17,534,837</b>	<b>84.07%</b>
<b>Transborder / International</b>										
United	1,372,404	6.46%	1,401,491	6.63%	1,372,383	6.52%	1,439,487	6.87%	1,451,292	6.96%
Lufthansa	199,170	0.94%	203,071	0.96%	186,521	0.89%	174,947	0.83%	176,179	0.84%
British Airways	193,329	0.91%	186,795	0.88%	192,722	0.92%	190,445	0.91%	173,211	0.83%
Air France	158,830	0.75%	172,083	0.81%	173,360	0.82%	173,618	0.83%	161,910	0.78%
TACA International	124,034	0.58%	103,621	0.49%	99,160	0.47%	103,804	0.50%	98,844	0.47%
Emirates	97,732	0.46%	88,361	0.42%	23,829	0.11%	0	0.00%	0	0.00%
Qatar Amiri Air	95,529	0.45%	90,845	0.43%	99,028	0.47%	101,139	0.48%	103,078	0.49%
Turkish Airlines	90,259	0.43%	82,057	0.39%	74,594	0.35%	47,988	0.23%	5,370	0.03%
Ethiopian Airlines	88,607	0.42%	81,661	0.39%	74,103	0.35%	80,752	0.39%	56,373	0.27%
KLM Royal Dutch	82,057	0.39%	85,959	0.41%	89,613	0.43%	77,930	0.37%	74,878	0.36%
Korean Air	78,109	0.37%	77,363	0.37%	83,288	0.40%	83,112	0.40%	78,117	0.37%
Etihaad	76,432	0.36%	53,774	0.25%	0	0.00%	0	0.00%	0	0.00%
Austrian	75,777	0.36%	64,764	0.31%	65,325	0.31%	60,793	0.29%	60,401	0.29%
Saudi Arabian	72,016	0.34%	61,076	0.29%	48,579	0.23%	35,634	0.17%	28,874	0.14%
COPA	71,150	0.34%	66,069	0.31%	41,608	0.20%	35,917	0.17%	31,200	0.15%
SAS	69,814	0.33%	68,163	0.32%	68,620	0.32%	65,797	0.31%	71,942	0.34%
South African	67,721	0.32%	74,339	0.35%	71,239	0.34%	78,859	0.38%	80,797	0.39%
Virgin Atlantic	66,775	0.31%	69,543	0.33%	75,165	0.36%	75,256	0.36%	76,417	0.37%
All Nippon	64,128	0.30%	62,315	0.29%	65,839	0.31%	62,994	0.30%	66,573	0.32%
Icelandair	39,379	0.19%	35,472	0.17%	30,028	0.14%	20,193	0.10%	0	0.00%
Avianca	38,543	0.18%	37,327	0.18%	35,557	0.17%	24,383	0.12%	24,536	0.12%
Brussels	34,072	0.16%	19,031	0.09%	0	0.00%	0	0.00%	0	0.00%
Aeromexico	33,387	0.16%	30,439	0.14%	18,848	0.09%	0	0.00%	0	0.00%
Air China	22,240	0.10%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Aeroflot	21,515	0.10%	19,902	0.09%	10,390	0.05%	8,490	0.04%	8,838	0.04%
US Airways	15,086	0.07%	16,247	0.08%	15,514	0.07%	11,640	0.06%	35,663	0.17%
JetBlue	13,598	0.06%	0	0.00%	0	0.00%	3,951	0.02%	4,097	0.02%
Delta	1,931	0.01%	1,414	0.01%	1,388	0.01%	4,199	0.02%	3,923	0.02%
Other <sup>2</sup>	987	0.00%	26,167	0.12%	167,881	0.79%	177,357	0.84%	169,052	0.80%
<b>Regionals</b>										
ExpressJet (United Express)	109,533	0.52%	127,794	0.60%	110,063	0.52%	32,372	0.15%	0	0.00%
Sky Regional (Air Canada)	77,706	0.37%	44,481	0.21%	0	0.00%	0	0.00%	0	0.00%
Air Wisconsin (US Airways Express)	46,516	0.22%	66,664	0.32%	46,911	0.22%	672	0.00%	0	0.00%
Air Canada Jazz	41,755	0.20%	38,501	0.18%	45,577	0.22%	57,189	0.27%	86,522	0.41%
Porter	38,152	0.18%	33,025	0.16%	24,985	0.12%	0	0.00%	0	0.00%
SkyWest (United Express)	14,474	0.07%	17,575	0.08%	10,927	0.05%	5,552	0.03%	0	0.00%
Republic (United Express)	11,093	0.05%	2,321	0.01%	0	0.00%	0	0.00%	0	0.00%
GoJet (United Express)	9,940	0.05%	27,412	0.13%	30,838	0.15%	25,838	0.12%	33,447	0.16%
Republic (US Airways Express)	4,877	0.02%	12,632	0.06%	14,869	0.07%	8,769	0.04%	0	0.00%
Shuttle America (United Express)	2,771	0.01%	12,326	0.06%	23,406	0.11%	40,163	0.19%	68,332	0.33%
PSA	10	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	0	0.00%	63,806	0.30%	82,261	0.39%
<b>Chartered</b>	5,325	0.03%	5,923	0.03%	7,011	0.03%	9,822	0.05%	10,348	0.05%
<b>General Aviation</b>	1,361	0.01%	1,530	0.01%	2,009	0.01%	1,047	0.00%	377	0.00%
<b>Military</b>	258	0.00%	464	0.00%	186	0.00%	513	0.00%	444	0.00%
<b>TOTAL TRANSBORDER INTERNATIONAL</b>	<b>3,728,376</b>	<b>17.56%</b>	<b>3,669,997</b>	<b>17.36%</b>	<b>3,501,364</b>	<b>16.63%</b>	<b>3,384,428</b>	<b>16.14%</b>	<b>3,322,396</b>	<b>15.93%</b>
<b>GRAND TOTAL</b>	<b>21,228,514</b>	<b>100.00%</b>	<b>21,145,095</b>	<b>100.00%</b>	<b>21,049,583</b>	<b>100.00%</b>	<b>20,963,763</b>	<b>100.00%</b>	<b>20,857,233</b>	<b>100.00%</b>

<sup>1</sup> Prior years' comparative information has been modified as necessary based on revisions from carriers.

<sup>2</sup> Includes airlines no longer serving Reagan National or carriers with insignificant activity.

Source: Airports Authority Records



# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Metropolitan Washington Airports Authority

2009		2008		2007		2006		2005	
Passenger Enplanement	Market Share	Passenger Enplanement	Market Share	Passenger Enplanement	Market Share	Passenger Enplanement	Market Share	Passenger Enplanement	Market Share
3,809,346	18.69%	3,831,138	18.31%	4,070,579	18.77%	3,941,628	19.01%	3,593,953	16.03%
1,964,720	9.64%	2,229,134	10.65%	2,364,911	10.91%	2,455,668	11.84%	2,834,861	12.65%
1,553,374	7.62%	1,594,478	7.62%	1,658,503	7.65%	1,583,557	7.64%	1,591,006	7.10%
1,024,928	5.03%	1,059,918	5.06%	1,073,279	4.95%	1,146,628	5.53%	1,227,241	5.48%
625,519	3.07%	730,989	3.49%	776,980	3.58%	666,704	3.21%	475,282	2.12%
371,029	1.82%	396,298	1.89%	368,977	1.70%	80,567	0.39%	0	0.00%
158,734	0.78%	156,669	0.75%	128,498	0.59%	123,223	0.59%	124,085	0.55%
237,796	1.17%	194,248	0.93%	27,247	0.13%	0	0.00%	0	0.00%
144,317	0.71%	146,589	0.70%	142,567	0.66%	142,017	0.68%	153,230	0.68%
390,264	1.91%	428,922	2.05%	417,591	1.93%	372,191	1.79%	289,154	1.29%
15,194	0.07%	20,661	0.10%	31,423	0.14%	16,231	0.08%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,082,841	5.10%	1,601,741	7.55%	2,136,220	10.06%	2,314,856	10.90%	4,973,674	23.43%
739,379	3.63%	631,513	3.02%	594,516	2.74%	465,755	2.25%	14,032	0.06%
62,152	0.30%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
567,833	2.79%	670,067	3.20%	568,630	2.62%	460,226	2.22%	35,054	0.16%
719,003	3.53%	906,747	4.33%	1,279,241	5.90%	1,602,553	7.73%	730,191	3.26%
211,780	1.04%	179,587	0.86%	162,640	0.75%	190,439	0.92%	359,806	1.61%
566,386	2.78%	545,487	2.61%	528,990	2.44%	498,796	2.41%	567,626	2.53%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
30,694	0.15%	15,014	0.07%	6,623	0.03%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
168,377	0.83%	25,287	0.12%	27,219	0.13%	335	0.00%	0	0.00%
372,543	1.83%	369,050	1.76%	375,942	1.73%	266,414	1.28%	239,948	1.07%
86,754	0.43%	50,061	0.24%	22,464	0.10%	15,977	0.08%	74,499	0.33%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
352,162	1.73%	249,456	1.19%	227,050	1.05%	77,833	0.38%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
331,584	1.63%	268,652	1.28%	279,131	1.29%	337,618	1.63%	331,024	1.48%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
6,065	0.03%	9,881	0.05%	11,009	0.05%	1,700	0.01%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
4,594	0.02%	12,856	0.06%	28,463	0.13%	11,584	0.06%	4,342	0.02%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,232	0.01%	0	0.00%	635	0.00%	0	0.00%	0	0.00%
32,401	0.16%	34,546	0.17%	14,381	0.07%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,421,991	6.70%	1,209,258	5.70%	1,125,932	5.30%	1,074,712	5.06%	2,044,995	9.63%
10,639	0.05%	10,750	0.05%	9,074	0.04%	4,657	0.02%	20,105	0.09%
68,487	0.32%	86,513	0.41%	109,195	0.51%	103,314	0.49%	103,573	0.49%
3,031	0.01%	3,147	0.01%	3,094	0.01%	2,299	0.01%	2,479	0.01%
17,135,149	84.05%	17,668,657	84.43%	18,571,004	85.66%	17,957,482	86.59%	19,790,160	88.29%
1,443,621	7.08%	1,401,537	6.70%	1,350,797	6.23%	1,105,952	5.33%	1,004,913	4.48%
158,147	0.78%	173,440	0.83%	203,686	0.94%	215,272	1.04%	200,149	0.89%
182,703	0.90%	189,442	0.91%	173,361	0.80%	182,241	0.88%	189,991	0.85%
181,787	0.89%	176,064	0.84%	192,578	0.89%	201,577	0.97%	190,865	0.85%
95,132	0.47%	101,867	0.49%	118,331	0.55%	98,628	0.48%	90,554	0.40%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
88,061	0.43%	85,231	0.41%	25,841	0.12%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
42,141	0.21%	44,955	0.21%	41,977	0.19%	34,300	0.17%	29,812	0.13%
79,265	0.39%	78,574	0.38%	83,033	0.38%	76,926	0.37%	73,253	0.33%
72,814	0.36%	57,850	0.28%	63,789	0.29%	56,776	0.27%	60,604	0.27%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
63,885	0.31%	80,821	0.39%	80,054	0.37%	78,879	0.38%	81,580	0.36%
23,044	0.11%	20,785	0.10%	16,476	0.08%	10,740	0.05%	8,028	0.04%
31,723	0.16%	30,063	0.14%	12,704	0.06%	0	0.00%	0	0.00%
66,085	0.32%	71,112	0.34%	66,251	0.31%	66,272	0.32%	74,016	0.33%
73,221	0.36%	82,084	0.39%	87,604	0.40%	58,492	0.28%	13,254	0.06%
84,778	0.42%	95,567	0.46%	104,319	0.48%	83,992	0.40%	75,626	0.34%
60,949	0.30%	62,932	0.30%	65,852	0.30%	70,047	0.34%	68,507	0.31%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
23,502	0.12%	12,828	0.06%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
7,301	0.04%	8,029	0.04%	7,356	0.03%	8,238	0.04%	7,614	0.03%
35,786	0.18%	38,020	0.18%	41,372	0.19%	48,559	0.23%	40,830	0.18%
3,125	0.02%	263	0.00%	0	0.00%	0	0.00%	0	0.00%
4,513	0.02%	5,223	0.02%	5,223	0.02%	2,811	0.01%	0	0.00%
123,553	0.58%	143,967	0.68%	111,773	0.53%	137,770	0.65%	281,843	1.33%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	23,915	0.12%	0	0.00%
86,179	0.42%	87,417	0.42%	111,658	0.52%	99,834	0.48%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
93,135	0.46%	89,225	0.43%	74,393	0.34%	56,105	0.27%	11,099	0.05%
0	0.00%	0	0.00%	0	0.00%	751	0.00%	21,210	0.09%
114,906	0.54%	114,742	0.54%	69,523	0.33%	60,146	0.28%	94,251	0.44%
11,027	0.05%	4,743	0.02%	917	0.00%	1,792	0.01%	3,544	0.02%
167	0.00%	63	0.00%	448	0.00%	581	0.00%	1,696	0.01%
523	0.00%	1,540	0.01%	803	0.00%	1,552	0.01%	1,647	0.01%
3,251,073	15.95%	3,258,384	15.57%	3,110,119	14.34%	2,782,148	13.41%	2,624,886	11.71%
20,386,222	100.00%	20,927,041	100.00%	21,681,123	100.00%	20,739,630	100.00%	22,415,046	100.00%

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Exhibit S-31 – MARKET SHARE BY ENPLANED CARGO WEIGHT – REAGAN NATIONAL**

(Expressed in Pounds)

Airlines <sup>1</sup>	2014		2013		2012		2011		2010	
	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
<b>Domestic</b>										
US Airways	1,313,813	43.93%	399,430	16.06%	714,094	17.70%	543,956	14.98%	618,598	17.51%
American	741,760	24.80%	613,811	24.68%	987,384	24.47%	1,115,895	30.74%	347,170	9.83%
Delta	340,027	11.37%	360,095	14.48%	429,637	10.65%	344,901	9.50%	286,798	8.12%
United	93,875	3.14%	78,564	3.16%	3,468	0.09%	10,406	0.29%	18,691	0.53%
Southwest	57,682	1.93%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Alaska	36,729	1.23%	79,491	3.20%	47,177	1.17%	50,987	1.40%	113,101	3.20%
MN Airlines	2,307	0.08%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Frontier	0	0.00%	502,027	20.19%	690,220	17.11%	428,095	11.79%	863,751	24.45%
Continental	0	0.00%	8,998	0.36%	133,778	3.32%	95,266	2.62%	157,450	4.46%
Federal Express	0	0.00%	0	0.00%	809,428	20.06%	779,768	21.48%	910,324	25.77%
Republic (Midwest)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	28,589	0.81%
Northwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%	21,974	0.62%
Midwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Air Canada	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
ATA	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
AirTran	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
America West	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Delta Shuttle	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Spirit	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Regional</b>										
PSA	196,549	6.57%	272,804	10.97%	96,824	2.40%	135,206	3.72%	82,369	2.33%
Air Wisconsin (US Airways Express)	196,073	6.56%	159,049	6.40%	112,633	2.79%	124,420	3.43%	73,300	2.07%
Piedmont	7,492	0.25%	3,442	0.14%	1,543	0.04%	139	0.00%	348	0.01%
American Eagle	1,773	0.06%	6,005	0.24%	7,862	0.19%	0	0.00%	0	0.00%
Envoy Air (American Eagle)	1,766	0.06%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
SkyWest (Continental Connection)	0	0.00%	0	0.00%	14	0.00%	525	0.01%	0	0.00%
Chautauqua (Continental Express)	0	0.00%	0	0.00%	0	0.00%	340	0.01%	1,758	0.05%
Continental Express	0	0.00%	0	0.00%	0	0.00%	334	0.01%	5,848	0.17%
Republic (Midwest Connect)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	2,116	0.06%
Mesaba Aviation (Northwest Airlink)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	14	0.00%
Pinnacle (Northwest Airlink)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>TOTAL DOMESTIC</b>	<b>2,989,846</b>	<b>99.96%</b>	<b>2,483,716</b>	<b>99.88%</b>	<b>4,034,062</b>	<b>99.98%</b>	<b>3,630,238</b>	<b>100.00%</b>	<b>3,532,199</b>	<b>99.98%</b>
<b>Air Carrier - Chartered</b>	<b>0</b>	<b>0.00%</b>	<b>240</b>	<b>0.01%</b>	<b>25</b>	<b>0.01%</b>	<b>66</b>	<b>0.00%</b>	<b>592</b>	<b>0.02%</b>
<b>Regional</b>	<b>1,117</b>	<b>0.04%</b>	<b>2,651</b>	<b>0.11%</b>	<b>601</b>	<b>0.01%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL TRANSBORDER/INTERNATIONAL</b>	<b>1,117</b>	<b>100.00%</b>	<b>2,891</b>	<b>0.12%</b>	<b>626</b>	<b>0.02%</b>	<b>66</b>	<b>0.00%</b>	<b>592</b>	<b>0.02%</b>
<b>GRAND TOTAL</b>	<b>2,990,963</b>	<b>100.00%</b>	<b>2,486,607</b>	<b>100.00%</b>	<b>4,034,688</b>	<b>100.01%</b>	<b>3,630,304</b>	<b>100.00%</b>	<b>3,532,791</b>	<b>100.00%</b>

<sup>1</sup> Prior years' comparative information has been modified as necessary based on revisions from carriers.

<sup>2</sup> Includes airlines no longer serving Reagan National or carriers with insignificant activity.

Source: Airports Authority Records

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

2009		2008		2007		2006		2005	
Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
554,872	20.61%	642,775	31.43%	1,661,112	60.57%	1,210,445	40.61%	1,037,946	34.03%
438,101	16.27%	357,360	17.47%	2,628	0.10%	4,457	0.15%	92,242	3.02%
156,417	5.81%	95,744	4.68%	107,764	3.93%	140,659	4.72%	263,842	8.65%
16,191	0.60%	17,874	0.87%	17,631	0.64%	20,069	0.67%	76,329	2.50%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
97,411	3.62%	106,397	5.20%	106,366	3.88%	120,052	4.03%	43,616	1.43%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
499,669	18.56%	19,694	0.96%	2,856	0.10%	0	0	0	0
110,081	4.09%	156,508	7.65%	163,807	5.97%	246,489	8.27%	300,118	9.84%
549,860	20.42%	313,462	15.33%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
85,523	3.18%	83,748	4.09%	69,039	2.52%	24,575	0.82%	24,992	0.82%
11,783	0.44%	102,453	5.01%	146,642	5.35%	172,537	5.79%	143,100	4.69%
53	0.00%	152	0.01%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	215,872	7.87%	371,210	12.45%	589,871	19.34%
0	0.00%	0	0.00%	7,500	0.27%	28,539	0.96%	21,234	0.70%
0	0.00%	0	0.00%	86,448	3.15%	287,846	9.66%	284,665	9.33%
0	0.00%	0	0.00%	0	0.00%	882	0.03%	781	0.03%
0	0.00%	0	0.00%	0	0.00%	1,210	0.04%	8,791	0.29%
56,727	2.11%	23,795	1.16%	27,467	1.00%	56,658	1.90%	67,526	2.21%
63,295	2.35%	43,548	2.13%	25,796	0.94%	138,487	4.65%	23,281	0.76%
412	0.02%	481	0.02%	2,032	0.07%	1,849	0.06%	1,089	0.04%
0	0.00%	0	0.00%	0	0.00%	45,960	1.54%	52	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,969	0.07%	7,191	0.35%	3,333	0.12%	0	0.00%	0	0.00%
8,900	0.33%	20,167	0.99%	35,974	1.31%	60,917	2.04%	43,763	1.43%
39,083	1.45%	9,538	0.47%	0	0.00%	0	0.00%	0	0.00%
345	0.01%	4	0.00%	154	0.01%	0	0.00%	0	0.00%
1,901	0.07%	4,445	0.22%	4,608	0.17%	1,298	0.04%	0	0.00%
0	0.00%	64	0.00%	2,262	0.08%	14,671	0.49%	10,541	0.35%
2,692,593	99.99%	2,005,400	98.05%	2,689,291	98.06%	2,948,810	98.93%	3,033,779	99.46%
200	0.01%	39,907	1.95%	53,277	1.94%	28,872	0.97%	15,756	0.52%
0	0.00%	0	0.00%	0	0.00%	3,141	0.11%	656	0.02%
200	0.01%	39,907	1.95%	53,277	1.94%	32,013	1.08%	16,412	0.54%
2,692,793	100.00%	2,045,307	100.00%	2,742,568	100.00%	2,980,823	100.00%	3,050,191	100.00%

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

**Exhibit S-32 – MARKET SHARE BY ENPLANED CARGO WEIGHT – DULLES INTERNATIONAL**  
(Expressed in Pounds)

Airlines <sup>1</sup>	2014		2013		2012		2011		2010	
	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
<b>Domestic</b>										
Federal Express	72,447,956	28.39%	73,530,300	30.84%	73,713,462	28.54%	74,823,743	24.94%	76,889,656	23.12%
United	16,255,607	6.37%	16,431,907	6.89%	27,840,466	10.78%	34,373,835	11.46%	45,511,042	13.68%
United Parcel Service	14,099,929	5.53%	11,766,223	4.94%	14,242,032	5.51%	12,291,618	4.10%	10,519,509	3.16%
American	428,054	0.17%	637,883	0.27%	686,611	0.27%	793,807	0.26%	1,091,210	0.33%
Delta	387,046	0.15%	498,208	0.21%	482,352	0.19%	556,270	0.19%	539,498	0.16%
Southwest	250,770	0.10%	402,705	0.17%	417,056	0.16%	423,510	0.14%	316,218	0.10%
JetBlue	2,884	0.00%	13,203	0.01%	21,821	0.01%	209,458	0.07%	386,739	0.12%
ABX Air	0	0.00%	53,761	0.02%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	238	0.00%	367,558	0.14%	1,886,777	0.63%	2,909,366	0.87%
<b>Regionals</b>										
PSA	29,492	0.01%	36,011	0.02%	43,336	0.02%	27,339	0.01%	47,596	0.01%
Air Wisconsin (US Airways Express)	586	0.00%	2,020	0.00%	3,186	0.00%	6,846	0.00%	10,311	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	2,700	0.00%	1,133	0.00%	2,357	0.00%
<b>Air Carrier -- Chartered</b>										
Atlas Air	156,679	0.06%	113,459	0.05%	0	0.00%	106,560	0.04%	0	0.00%
Mountain Air Cargo	14,037	0.01%	194,559	0.08%	606	0.00%	0	0.00%	121,943	0.04%
Antonov	0	0.00%	189,597	0.08%	0	0.00%	0	0.00%	0	0.00%
Kalitta Air	0	0.00%	100,797	0.04%	0	0.00%	0	0.00%	0	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	244,204	0.09%	0	0.00%	0	0.00%
<b>Military</b>										
			0	0.00%	0	0.00%	4,914	0.00%	0	0.00%
<b>TOTAL DOMESTIC</b>	<b>104,073,040</b>	<b>40.79%</b>	<b>103,970,871</b>	<b>43.61%</b>	<b>118,065,390</b>	<b>45.71%</b>	<b>125,505,810</b>	<b>41.84%</b>	<b>138,345,445</b>	<b>41.60%</b>
<b>Transborder/International</b>										
United	46,312,782	18.15%	39,792,569	16.69%	54,935,397	21.27%	82,974,260	27.66%	99,578,299	29.94%
British Airways	11,437,529	4.48%	11,043,749	4.63%	11,882,801	4.60%	12,424,127	4.14%	13,277,122	3.99%
Qatar Amiri Air	11,186,323	4.38%	11,323,975	4.75%	11,776,045	4.56%	12,548,060	4.18%	13,088,631	3.94%
All Nippon	10,681,518	4.19%	9,298,822	3.90%	9,405,747	3.64%	9,915,876	3.31%	8,964,621	2.70%
Emirates	10,480,296	4.11%	8,872,668	3.72%	1,580,157	0.61%	0	0.00%	0	0.00%
Lufthansa	9,170,198	3.59%	9,340,958	3.92%	10,004,312	3.87%	8,568,118	2.86%	10,568,050	3.18%
Ethiad	6,942,708	2.72%	5,177,633	2.17%	0	0.00%	0	0.00%	0	0.00%
Virgin Atlantic	5,724,746	2.24%	6,344,117	2.66%	6,523,720	2.53%	7,601,676	2.53%	8,028,698	2.41%
Saudi Arabian	5,565,253	2.18%	4,529,444	1.90%	3,170,035	1.23%	906,596	0.30%	1,423,270	0.43%
KLM Royal Dutch	5,211,000	2.04%	3,789,649	1.59%	3,794,531	1.47%	4,721,047	1.57%	3,388,973	1.02%
South African	4,877,420	1.91%	5,693,550	2.39%	6,395,193	2.48%	6,367,193	2.12%	6,655,220	2.00%
Turkish Airlines	4,545,279	1.78%	3,526,170	1.48%	2,945,046	1.14%	1,095,562	0.37%	6,036	0.00%
SAS	3,480,356	1.36%	3,087,444	1.30%	3,612,476	1.40%	5,458,393	1.82%	7,756,339	2.33%
Air France	2,974,938	1.17%	3,168,263	1.33%	4,945,166	1.91%	10,212,850	3.40%	11,019,582	3.31%
Korean Air	2,875,631	1.13%	2,361,651	0.99%	2,013,681	0.78%	1,037,363	0.35%	681,332	0.20%
Austrian	2,849,635	1.12%	2,460,646	1.03%	2,728,674	1.06%	4,210,682	1.40%	5,083,851	1.53%
Brussels	1,808,041	0.71%	836,244	0.35%	0	0.00%	0	0.00%	0	0.00%
Air China	1,745,056	0.68%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Ethiopian Airlines	1,437,085	0.56%	842,637	0.35%	970,498	0.38%	964,461	0.32%	763,721	0.23%
United Parcel Service	354,267	0.14%	17,255	0.01%	0	0.00%	0	0.00%	0	0.00%
COPA	329,706	0.13%	330,540	0.14%	46,626	0.02%	67,203	0.02%	44,164	0.01%
TACA International	118,846	0.05%	169,785	0.07%	235,572	0.09%	391,626	0.13%	387,763	0.12%
Avianca	83,401	0.03%	26,663	0.01%	8,537	0.00%	943	0.00%	3,346	0.00%
Aeroflot	46,948	0.02%	46,005	0.02%	80,482	0.03%	26,752	0.01%	0	0.00%
Icelandair	39,063	0.02%	24,881	0.01%	12,059	0.00%	12,399	0.00%	0	0.00%
Other <sup>2</sup>			0	0.00%	919,927	0.36%	3,242,232	1.08%	2,455,297	0.74%
<b>Regionals</b>										
Air Wisconsin (United Express)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>All Cargo Charters</b>										
Kalitta Air	176,819	0.07%	0	0	243,033	0.09%	126,706	0.04%	0	0
Volga-Dnepr	78,000	0.03%	421,672	0.18%	91,424	0.04%	0	0.00%	0	0.00%
Atlas Air	16,707	0.01%	308,556	0.13%	0	0.00%	563,216	0.19%	0	0.00%
Antonov	0	0.00%	283,514	0.12%	0	0.00%	0	0.00%	0	0.00%
Evergreen International	0	0.00%	258,128	0.11%	760,523	0.29%	225,024	0.08%	0	0.00%
Air Transport International	0	0.00%	15,900	0.01%	156,240	0.06%	0	0.00%	14,698	0.00%
Other <sup>2</sup>	0	0.00%	0	0.00%	20,463	0.01%	0	0.00%	0	0.00%
<b>Military</b>										
	526,543	0.21%	1,027,722	0.43%	969,170	0.38%	802,239	0.27%	1,031,532	0.31%
<b>TOTAL TRANSBORDER/INTERNATIONAL</b>	<b>151,076,094</b>	<b>59.21%</b>	<b>134,420,810</b>	<b>56.39%</b>	<b>140,227,535</b>	<b>54.29%</b>	<b>174,464,604</b>	<b>58.16%</b>	<b>194,220,545</b>	<b>58.40%</b>
<b>GRAND TOTAL</b>	<b>255,149,134</b>	<b>100.00%</b>	<b>238,391,681</b>	<b>100.00%</b>	<b>258,292,925</b>	<b>100.00%</b>	<b>299,970,414</b>	<b>100.00%</b>	<b>332,565,990</b>	<b>100.00%</b>

<sup>1</sup> Prior years' comparative information has been modified as necessary based on revisions from carriers.

<sup>2</sup> Includes airlines no longer serving Dulles International or carriers with insignificant activity.

Source: Airports Authority Records

**2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Metropolitan Washington Airports Authority**

2009		2008		2007		2006		2005	
Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
83,793,859	26.97%	82,766,364	23.66%	90,637,340	25.35%	84,999,063	24.86%	89,954,132	29.61%
38,771,925	12.48%	40,833,059	11.67%	47,996,696	13.43%	44,757,206	13.09%	42,347,957	13.94%
8,304,813	2.67%	8,582,825	2.45%	9,522,514	2.66%	9,210,600	2.69%	8,522,281	2.81%
1,289,901	0.42%	2,264,649	0.65%	1,486,544	0.42%	1,709,804	0.50%	1,441,953	0.47%
399,477	0.13%	420,072	0.12%	547,443	0.15%	732,947	0.21%	1,415,717	0.47%
271,671	0.09%	560,639	0.16%	585,535	0.16%	100,030	0.03%	0	0.00%
455,711	0.15%	678,715	0.19%	138,833	0.04%	85,449	0.02%	123,565	0.04%
119,843	0.04%	11,811,662	3.38%	13,330,418	3.73%	11,161,815	3.27%	10,135,209	3.34%
2,197,557	0.71%	1,224,394	0.35%	2,730,567	0.76%	3,280,850	0.96%	5,313,174	1.75%
29,119	0.01%	20,189	0.01%	13,075	0.00%	15,524	0.00%	1,299	0.00%
16	0.00%	0	0.00%	0	0.00%	700	0.00%	0	0.00%
9,670	0.00%	1,189,723	0.34%	42,194	0.01%	75,399	0.02%	243,264	0.08%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
8,117	0.00%	0	0.00%	2,734	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	31,635	0.01%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	200	0.00%
135,651,679	43.67%	150,383,926	43.00%	167,033,893	46.72%	156,129,387	45.67%	159,498,751	52.51%
85,576,244	27.55%	94,114,032	26.91%	96,960,774	27.12%	106,822,333	31.25%	64,727,512	21.31%
14,530,288	4.68%	14,539,614	4.16%	12,824,088	3.59%	11,246,501	3.29%	11,563,749	3.81%
12,546,842	4.04%	12,987,692	3.71%	5,196,251	1.45%	0	0.00%	0	0.00%
7,120,220	2.29%	10,093,321	2.89%	12,112,144	3.39%	9,251,189	2.71%	6,663,410	2.19%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
16,741,822	5.39%	19,296,508	5.52%	21,636,118	6.05%	20,128,114	5.89%	17,550,693	5.78%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
6,908,136	2.22%	9,891,243	2.83%	8,941,718	2.50%	7,924,997	2.32%	6,585,176	2.17%
619,146	0.20%	697,661	0.20%	680,012	0.19%	631,037	0.18%	648,639	0.21%
4,164,994	1.34%	5,766,904	1.65%	5,498,164	1.54%	4,679,652	1.37%	4,137,455	1.36%
4,687,739	1.51%	3,797,528	1.09%	1,156,830	0.32%	3,342,760	0.98%	612,131	0.20%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
5,502,209	1.77%	6,208,829	1.78%	7,262,647	2.03%	6,616,384	1.94%	7,375,992	2.43%
6,913,773	2.23%	8,659,903	2.48%	6,331,689	1.77%	5,570,291	1.63%	9,209,885	3.03%
631,640	0.20%	348,966	0.10%	288,372	0.08%	315,087	0.09%	313,519	0.10%
5,371,312	1.73%	7,344,158	2.10%	7,459,761	2.09%	4,930,035	1.44%	5,752,394	1.89%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
571,426	0.18%	722,967	0.21%	316,427	0.09%	109,308	0.03%	121,825	0.04%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
46,304	0.01%	10,013	0.00%	1,387	0.00%	0	0.00%	0	0.00%
452,220	0.15%	624,461	0.18%	644,573	0.18%	859,922	0.25%	669,909	0.22%
15,656	0.01%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
7,193	0.00%	77,707	0.02%	97,483	0.03%	180,476	0.05%	439,147	0.14%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,347,021	0.43%	2,518,677	0.72%	1,165,864	0.33%	1,564,238	0.46%	6,106,756	2.01%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	38	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	38,771	0.01%
0	0.00%	0	0.00%	0	0.00%	169,400	0.05%	407,034	0.13%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	123,200	0.04%	0	0.00%
220,000	0.07%	0	0.00%	202,783	0.06%	152,764	0.04%	0	0.00%
59,055	0.02%	62,189	0.02%	54,930	0.02%	57,459	0.02%	0	0.00%
0	0.00%	50,000	0.01%	345,000	0.10%	0	0.00%	35,663	0.01%
950,429	0.31%	1,569,418	0.45%	1,304,371	0.36%	1,054,151	0.31%	1,318,272	0.43%
174,983,669	56.33%	199,381,791	57.00%	190,481,386	53.28%	185,729,298	54.33%	144,277,970	47.49%
310,635,348	100.00%	349,765,717	100.00%	357,515,279	100.00%	341,858,685	100.00%	303,776,721	100.00%

## 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

### Metropolitan Washington Airports Authority

#### Exhibit S-33 – PASSENGER FACILITY CHARGES BY AIRPORT

##### Reagan National

Airlines <sup>1</sup>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
US Airways	\$ 16,699,046	\$ 18,492,628	\$ 16,878,970	\$ 14,199,404	\$ 14,582,062	\$ 13,934,880	\$ 14,476,818	\$ 14,351,176	\$ 12,086,972	\$ 12,625,267
American Airlines	6,607,691	5,294,318	5,226,296	5,215,581	5,558,325	5,435,374	5,253,701	5,534,500	5,394,631	5,427,137
Delta Airlines	5,906,588	5,478,172	6,344,119	7,567,947	7,079,513	5,081,996	4,636,630	4,676,954	4,967,091	5,179,372
United Airlines	3,735,844	3,819,294	3,699,333	2,527,462	2,557,228	2,467,198	2,506,485	2,573,881	2,705,570	2,656,152
Southwest Airlines	3,212,031	1,942,504	184,328	-	-	-	-	-	-	-
JetBlue Airways	3,029,943	2,567,433	1,931,568	1,062,230	206,786	-	-	-	-	-
Alaska Airlines	743,296	686,373	607,491	547,900	480,340	432,464	437,198	465,254	425,640	413,946
Frontier Airlines	711,404	1,040,644	1,404,603	1,579,634	809,107	628,660	625,194	535,577	514,022	504,049
Air Canada	477,086	445,550	423,968	365,562	345,315	331,797	361,106	334,925	359,440	354,705
MN Airlines	232,969	179,845	155,292	124,509	-	764	145	-	-	-
Virgin America	-	164,828	51,681	-	-	-	-	-	-	-
AirTran Airlines	-	78,338	1,650,696	1,638,033	1,632,888	1,156,620	1,075,203	854,421	814,715	695,644
Spirit Airlines	-	(803)	428,264	641,203	553,306	540,296	487,386	396,793	453,489	581,274
Continental Airlines	-	-	260,462	1,270,792	1,622,627	1,775,593	1,750,203	1,806,768	1,856,835	1,687,362
Midwest Airlines	-	-	-	-	551,920	769,813	798,789	855,607	892,721	792,860
Northwest Airlines	-	-	-	-	59,807	2,055,181	2,775,098	2,956,332	2,926,818	2,907,962
ATA	-	-	-	-	-	-	238	451,217	551,933	652,466
America West Airlines	-	-	-	-	-	-	-	854,244	2,901,072	728,576
Midwest Express Airlines	-	-	-	-	-	-	-	-	-	-
Other Airlines <sup>2</sup>	400,249	118,143	121,122	149,341	202,841	110,126	92,348	97,162	173,311	142,142
Adjustments <sup>3</sup>	213,285	190,319	255,702	104,376	(87,424)	191,848	(238,756)	98,581	206,780	87,928
TOTAL	\$ 41,969,432	\$ 40,497,586	\$ 39,623,895	\$ 36,993,974	\$ 36,154,641	\$ 34,912,610	\$ 35,037,786	\$ 36,843,392	\$ 37,231,040	\$ 35,436,842

##### Dulles International

Airlines <sup>1</sup>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
United Airlines	\$ 24,402,180	\$ 24,604,350	\$ 24,700,284	\$ 21,972,484	\$ 24,381,322	\$ 24,188,764	\$ 24,105,856	\$ 27,004,434	\$ 25,902,234	\$ 24,377,946
Delta Airlines	2,040,765	2,153,258	2,439,923	2,304,143	2,450,430	1,977,246	1,907,178	1,952,085	1,928,007	2,196,748
American Airlines	1,559,167	1,481,683	1,593,514	1,642,789	1,720,637	1,686,082	1,695,527	1,943,558	2,094,490	2,372,467
Lufthansa German Airline	1,229,411	1,236,194	1,201,882	1,124,200	1,139,039	1,256,257	1,299,418	973,447	1,130,727	1,168,401
Southwest Airlines	1,035,401	1,104,271	1,199,309	1,239,318	1,482,116	1,491,052	1,591,622	1,499,638	465,784	-
US Airways	843,164	1,078,679	1,104,201	1,093,620	1,300,499	1,309,668	1,288,635	1,522,274	2,069,268	1,571,054
Frontier Airlines	790,824	-	-	-	-	-	-	-	-	-
Virgin America	770,746	812,956	963,648	1,041,615	989,353	1,059,457	867,813	185,561	-	-
JetBlue Airways	736,431	908,827	1,305,838	2,089,605	2,525,215	2,579,607	3,055,512	3,272,345	2,840,661	2,091,638
British Airways	699,874	713,751	700,319	724,845	742,379	753,116	794,545	740,442	763,123	788,243
Air France	525,386	503,992	500,175	599,476	585,248	622,599	593,256	640,047	673,672	595,872
Qatar Amiri Air	441,928	395,144	184,973	150,770	252,403	414,570	216,286	74,841	-	-
Emirates Airlines	419,587	373,409	104,192	20,907	17,064	27,909	14,074	-	-	-
Ethiopian Airlines	376,385	362,772	323,696	344,725	236,732	174,015	191,196	175,408	141,155	129,938
Turkish Airlines	358,358	392,329	354,787	260,776	40,923	10,346	3,130	-	-	-
Scandinavian Airlines	337,647	341,059	316,627	316,801	315,402	300,074	301,378	303,343	275,317	283,535
Korean Air Lines	314,216	309,673	324,763	327,978	354,164	286,737	226,761	246,580	216,256	223,869
South African Airways	305,219	346,621	340,190	409,934	648,930	473,554	490,495	519,315	368,339	59,444
C.O.P.A. Airlines	277,810	261,791	176,825	145,920	118,460	127,525	130,023	-	-	-
All Nippon Airways	265,740	270,708	286,997	252,669	280,246	263,481	246,599	255,203	266,327	261,000
Air Canada	257,116	284,267	288,612	273,518	326,640	306,503	373,935	335,333	332,483	327,522
Austrian Airlines	256,538	230,402	257,879	251,019	268,722	304,465	258,781	341,175	359,218	417,492
Virgin Atlantic Airways	238,967	290,313	301,247	269,760	295,854	345,970	389,053	345,685	332,503	276,262
Taca International Airlines	205,893	452,372	428,416	449,430	436,273	452,951	416,958	533,730	427,165	407,021
KLM Royal Dutch Airlines	176,034	175,920	191,619	172,065	159,763	169,051	170,780	-	-	-
Icelandair	172,804	141,165	129,839	90,368	-	-	-	-	-	-
Porter Airlines	160,581	82,694	108,854	-	-	-	-	-	-	-
Saudi Arabian Airlines	106,036	125,313	84,628	67,387	54,985	49,097	31,657	-	-	-
Air China	79,696	-	-	-	-	-	-	-	-	-
Alaska Airlines	9,906	13,568	11,998	11,284	30,905	31,546	34,970	21,156	49,074	171,266
Continental Airlines	-	-	962,291	3,098,744	1,260,003	536,166	435,936	619,562	661,516	837,418
AirTran Airlines	-	-	133,723	413,359	530,408	538,680	755,506	891,901	861,884	624,016
Northwest Airlines	-	-	-	-	31,630	676,823	903,702	1,093,729	1,060,255	1,102,369
America West Airlines	-	-	-	-	-	-	-	63,575	373,922	401,961
Independence Air	-	-	-	-	-	-	-	-	(202,588)	11,236,855
Other Airlines <sup>2</sup>	1,239,765	869,251	633,181	723,154	620,257	776,177	841,324	802,431	587,360	557,482
Adjustments <sup>3</sup>	(324,232)	(1,757,404)	1,985,253	(249,711)	337,707	418,666	(214,475)	(341,344)	280,511	398,649
TOTAL	\$ 40,309,343	\$ 38,559,328	\$ 43,639,683	\$ 41,632,952	\$ 43,933,709	\$ 43,608,154	\$ 43,417,431	\$ 46,015,454	\$ 44,258,663	\$ 52,878,468

Passenger facility charges (PFCs) are collected by the airlines and remitted on a monthly basis to the Airports Authority. The Airports Authority accounts for PFCs on an accrual basis, based on the month the charges were collected by the airlines. These schedules reflect the amounts of PFCs submitted by carriers to the Airports Authority based on the airlines' year of collection.

<sup>1</sup> Previous years comparative information has been modified as necessary based on revisions from carriers. Carrier information is based on each year presented.

<sup>2</sup> Other Airlines includes PFCs applicable for carriers that do not operate at Reagan National or Dulles International.

<sup>3</sup> Adjustments include estimates of receivables due from carriers for PFCs not yet remitted as of year-end, less estimates carried forward from the prior year.

Source: Airports Authority Records

**Exhibit S-34 – TOP 30 PASSENGER ORIGINATION AND DESTINATION MARKETS IN 2014 – REAGAN NATIONAL**

Domestic				International		
Destination Airport	State	Trip Length*	Total O&D	Destination Airport	Country	Total O&D
Boston, Logan	MA	SH	1,114,391	Toronto, Pearson	Canada	128,908
Chicago, O'Hare	IL	MH	837,736	Nassau	Bahamas	55,109
Atlanta	GA	SH	733,856	Montreal, Dorval	Canada	43,810
Orlando	FL	MH	638,113	Lima	Peru	43,635
New York, LaGuardia	NY	SH	433,408	Cancun	Mexico	37,136
Fort Lauderdale	FL	MH	424,728	Santo Domingo	Dominican Rep	31,515
Miami	FL	MH	415,713	Ottawa	Canada	28,755
Tampa	FL	MH	400,955	Punta Cana	Dominican Rep	25,517
Denver	CO	MH	384,296	Port au Prince	Haiti	24,987
Dallas/Fort Worth	TX	MH	384,154	Montego Bay	Jamaica	24,709
Los Angeles	CA	LH	344,482	San Jose	Costa Rica	23,559
Minneapolis/St. Paul	MN	MH	335,355	Buenos Aires	Argentina	22,808
Houston, Bush	TX	MH	307,035	Tel Aviv-yafo	Israel	22,143
San Francisco	CA	LH	285,539	Guatemala City	Guatemala	21,304
Seattle	WA	LH	266,032	Bogota	Colombia	20,915
St. Louis	MO	MH	229,196	Kingston	Jamaica	17,655
Detroit	MI	SH	229,024	Vancouver	Canada	17,641
Milwaukee	WI	MH	209,560	Santiago	Chile	16,690
New Orleans	LA	MH	208,148	Mexico City	Mexico	16,184
Kansas City	MO	MH	191,509	Bermuda	Bermuda	16,065
Phoenix	AZ	LH	177,975	Beijing	China	15,841
San Diego	CA	LH	174,131	Shanghai	China	15,620
Hartford	CT	SH	160,173	Port of Spain	Trinidad and Tobago	15,382
West Palm Beach	FL	MH	157,127	Puerto Plata	Dominican Rep	14,332
Indianapolis	IN	SH	152,510	Providenciales	Turks and Caicos	13,628
Salt Lake City	UT	LH	151,889	Hong Kong	China	13,471
Austin	TX	MH	150,522	St Maarten	St Maarten (Dutch)	13,061
Fort Myers	FL	MH	149,936	Tokyo	Japan	12,926
Jacksonville	FL	MH	147,321	Madrid	Spain	12,906
Las Vegas	NV	LH	143,491	Managua	Nicaragua	12,742

**\*Note**

SH Short Haul = 0 to 600 miles  
MH Medium Haul = 601 - 1,800 miles  
LH Long Haul = over 1,800 miles

Domestic Source: U.S. DOT DB1B, Year Ending 3Q2014, via Diio online portal.

International Source: FMg database, 12 months ending December of 2014, via Diio online portal.

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**Exhibit S-35 – TOP 30 PASSENGER ORIGINATION AND DESTINATION MARKETS IN 2014 – DULLES INTERNATIONAL**

Domestic				International		
Destination Airport	State	Trip Length*	Total O&D	Destination Airport	Country	Total O&D
Los Angeles	CA	LH	817,501	London Heathrow	United Kingdom	446,010
San Francisco	CA	LH	797,849	Paris, CDG	France	187,567
Denver	CO	MH	362,894	San Salvador	El Salvador	171,592
Boston, Logan	MA	SH	279,582	Beijing	China	125,877
Atlanta	GA	SH	239,525	Seoul	South Korea	107,057
Orlando	FL	MH	228,241	Frankfurt	Germany	98,197
Chicago, O'Hare	IL	SH	224,815	Cancun	Mexico	95,559
Dallas/Fort Worth	TX	MH	197,014	Dubai	United Arab Emirates	85,331
Seattle	WA	LH	195,669	Mexico City	Mexico	84,119
San Diego	CA	LH	175,458	Istanbul	Turkey	81,206
Chicago, Midway	IL	SH	173,778	Rome, FCO	Italy	80,610
Tampa	FL	MH	162,892	Tokyo	Japan	80,586
Las Vegas	NV	LH	133,774	Amsterdam	Netherlands	80,095
Houston, Bush	TX	MH	127,417	Delhi	India	73,012
New York, JFK	NY	SH	109,139	Jeddah	Saudi Arabia	72,678
Miami	FL	MH	103,649	Toronto, Pearson	Canada	68,983
Minneapolis/St. Paul	MN	MH	99,812	Brussels	Belgium	65,262
Honolulu/Oahu	HI	LH	98,402	Lima	Peru	64,287
Phoenix	AZ	LH	94,205	Addis Ababa	Ethiopia	61,786
Austin	TX	MH	88,127	Riyadh	Saudi Arabia	61,377
Portland	OR	LH	84,780	Hyderabad	India	56,264
Charlotte	NC	SH	82,612	Guatemala City	Guatemala	51,980
St. Louis	MO	MH	76,629	Copenhagen	Denmark	50,766
Kansas City	MO	MH	76,435	Mumbai	India	50,514
Detroit	MI	SH	73,608	Johannesburg	South Africa	46,461
Sacramento	CA	LH	71,918	Toronto	Canada	46,435
San Antonio	TX	MH	69,743	Geneva	Switzerland	46,209
Long Beach	CA	LH	64,134	Tel Aviv	Israel	44,894
Nashville	TN	SH	53,850	Munich	Germany	43,628
Fort Lauderdale	FL	MH	53,615	Sao Paulo	Brazil	42,364

**\*Note**

SH Short Haul = 0 to 600 miles

MH Medium Haul = 601 - 1,800 miles

LH Long Haul = over 1,800 miles

Domestic Source: U.S. DOT DB1B, Year Ending 3Q2014, via Diio online portal.

International Source: FMg database, 12 months ending December of 2014, via Diio online portal.



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**Exhibit S-36 – TOP 10 PASSENGER ORIGIN AND DESTINATION MARKETS – REAGAN NATIONAL**

The following tables depict the top ten passenger origin and destination (O&D) markets for Reagan National for the past ten years. O&D data is used to determine air traffic patterns, air carrier market shares, and passenger flows. Primarily serving as a short-haul airport, Reagan National offers nonstop service to destinations no further than a 1,250 mile perimeter from Washington, D.C. as part of the federally-instituted Perimeter Rule. The federal government has granted exceptions to this rule, allowing daily flights to the following cities beyond the perimeter: Austin; Denver; Las Vegas; Los Angeles; Phoenix; Portland, Ore.; Salt Lake City; San Diego; San Francisco; and Seattle.

2014		2013		2012		2011	
Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers
Boston, MA	1,114,391	Boston, MA	1,069,152	Boston, MA	1,093,167	Boston, MA	1,062,304
Chicago, O'Hare	837,736	Chicago, O'Hare	951,598	Chicago, O'Hare	898,736	Chicago, O'Hare	823,075
Atlanta, GA	733,856	Atlanta, GA	729,708	Atlanta, GA	733,268	Atlanta, GA	720,492
Orlando, FL	638,113	Orlando, FL	707,530	Orlando, FL	631,824	Orlando, FL	629,383
New York, LaGuardia	433,408	Fort Lauderdale, FL	525,531	Fort Lauderdale, FL	606,321	Ft. Lauderdale, FL	525,349
Fort Lauderdale, FL	424,728	New York, LaGuardia	420,595	New York, LaGuardia	421,678	Dallas/Ft. Worth, TX	449,700
Miami, FL	415,713	Miami, FL	405,488	Miami, FL	416,186	Miami, FL	443,140
Tampa, FL	400,955	Dallas/Fort Worth, TX	397,671	Dallas/Fort Worth, TX	393,588	New York, LaGuardia	439,776
Denver, CO	384,296	Tampa, FL	375,039	Denver, CO	377,562	Minneapolis/St. Paul, MN	347,230
Dallas/Fort Worth, TX	384,154	Denver, CO	366,288	Minneapolis/St. Paul, MN	341,532	Denver, CO	320,162

2010		2009		2008		2007	
Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers
Chicago, O'Hare	822,180	Chicago, O'Hare	787,160	Atlanta, GA	787,360	New York, LaGuardia	988,930
Atlanta, GA	764,100	Atlanta, GA	781,140	Chicago, O'Hare	783,330	Atlanta, GA	790,320
Boston, MA	647,120	Boston, MA	609,470	New York, LaGuardia	754,970	Chicago, O'Hare	775,600
New York, LaGuardia	536,050	New York, LaGuardia	593,990	Boston, MA	675,980	Boston, MA	707,840
Orlando, FL	508,730	Dallas/Ft. Worth, TX	473,360	Dallas/Ft. Worth, TX	447,430	Dallas/Ft. Worth, TX	438,900
Dallas/Ft. Worth, TX	474,090	Ft. Lauderdale, FL	411,630	Ft. Lauderdale, FL	396,270	Detroit, MI	394,760
Ft. Lauderdale, FL	466,320	Orlando, FL	372,820	Detroit, MI	386,830	Ft. Lauderdale, FL	392,810
Miami, FL	341,290	Miami, FL	332,230	Miami, FL	343,690	Miami, FL	372,930
Denver, CO	316,990	Denver, CO	324,950	Denver, CO	342,290	Orlando, FL	350,710
Minneapolis/St. Paul, MN	316,560	Minneapolis/St. Paul, MN	322,460	Orlando, FL	327,740	Denver, CO	314,810

2006		2005	
Destination Airport	Passengers	Destination Airport	Passengers
New York, LaGuardia	1,172,490	New York, LaGuardia	1,147,930
Atlanta, GA	812,650	Atlanta, GA	799,300
Chicago, O'Hare	752,350	Chicago, O'Hare	779,730
Boston, MA	634,750	Boston, MA	720,680
Dallas/Ft. Worth, TX	423,070	Dallas/Ft. Worth, TX	429,530
Detroit, MI	416,330	Detroit, MI	390,590
Miami, FL	357,280	Ft. Lauderdale, FL	384,840
Orlando, FL	347,590	Denver, CO	341,060
Ft. Lauderdale, FL	342,040	Minneapolis/St. Paul, MN	323,900
Houston, TX	329,010	Houston, TX	318,170

Data reported for current year reflects year-ending estimates as of the 3rd Quarter in the calendar year. Prior year results have been adjusted to reflect actual annual traffic.

Sources: U.S. DOT, DB1B database, via Diio online portal.

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**Exhibit S-37 – TOP 10 PASSENGER ORIGIN AND DESTINATION MARKETS – DULLES INTERNATIONAL**

The following tables depict the top ten passenger origin and destination (O&D) markets for Dulles International for the past ten years. O&D data is used to determine air traffic patterns, air carrier market shares, and passenger flows. Dulles International is a major East Coast gateway for domestic and international travelers as well as cargo activities.

2014	
Destination Airport	Passengers
Los Angeles, CA	817,501
San Francisco, CA	797,849
London, Heathrow	446,010
Denver, CO	362,894
Boston, MA	279,582
Atlanta, GA	239,525
Orlando, FL	228,241
Chicago O'Hare, IL	224,815
Dallas/Fort Worth, TX	197,014
Seattle, WA	195,669

2013	
Destination Airport	Passengers
San Francisco, CA	816,226
Los Angeles, CA	800,348
London, Heathrow	449,105
Denver, CO	345,656
Boston, MA	270,671
Atlanta, GA	258,172
Chicago, O'Hare	235,935
Orlando, FL	216,727
Dallas/Fort Worth, TX	209,242
Chicago, Midway	194,091

2012	
Destination Airport	Passengers
San Francisco, CA	809,011
Los Angeles, CA	783,746
London, Heathrow	443,884
Denver, CO	320,618
Orlando, FL	294,857
Boston, MA	286,648
Atlanta, GA	280,054
Chicago, O'Hare	221,420
Chicago, Midway	199,100
San Diego, CA	194,227

2011	
Destination Airport	Passengers
Los Angeles, CA	847,849
San Francisco, CA	816,038
London, Heathrow	453,425
Orlando, FL	380,408
Boston, MA	357,608
Denver, CO	343,269
Atlanta, GA	302,268
Las Vegas, NV	232,506
San Diego, CA	221,891
Dallas/Fort Worth, TX	220,654

2010	
Destination Airport	Passengers
Los Angeles, CA	881,620
San Francisco, CA	826,940
Boston, MA	525,960
Orlando, FL	457,270
London, Heathrow	432,084
Denver, CO	341,530
Atlanta, GA	313,950
Las Vegas, NV	262,030
San Diego, CA	236,010
Dallas/Ft. Worth, TX	230,750

2009	
Destination Airport	Passengers
Los Angeles, CA	921,510
San Francisco, CA	769,920
Orlando, FL	482,230
Boston, MA	473,860
London, Heathrow	419,032
Atlanta, GA	346,200
Denver, CO	320,320
Las Vegas, NV	258,860
San Diego, CA	242,610
Dallas/Ft. Worth, TX	229,300

2008	
Destination Airport	Passengers
Los Angeles, CA	863,790
San Francisco, CA	649,480
Orlando, FL	588,200
Boston, MA	497,590
London, Heathrow	444,938
Atlanta, GA	375,670
Denver, CO	364,690
Las Vegas, NV	313,100
San Diego, CA	290,200
Tampa, FL	261,810

2007	
Destination Airport	Passengers
Los Angeles, CA	697,880
Orlando, FL	606,640
Boston, MA	521,060
San Francisco, CA	511,210
London, Heathrow	447,149
Atlanta, GA	441,950
Las Vegas, NV	405,550
Denver, CO	368,530
San Diego, CA	315,210
Oakland, CA	306,270

2006	
Destination Airport	Passengers
Los Angeles, CA	660,780
Boston, MA	612,590
Orlando, FL	496,890
Atlanta, GA	476,330
London, Heathrow	456,853
San Francisco, CA	417,340
Denver, CO	364,960
Las Vegas, NV	341,860
Oakland, CA	331,910
Chicago, O'Hare	324,000

2005	
Destination Airport	Passengers
Los Angeles, CA	729,040
Atlanta, GA	619,240
Orlando, FL	563,380
San Francisco, CA	492,590
Boston, MA	460,710
Chicago, O'Hare	441,730
Oakland, CA	363,730
Denver, CO	362,470
Las Vegas, NV	339,420
Long Beach, CA	338,840

Domestic Source: U.S. DOT, DB1B database, via Diio online portal.

International Source: FMg database, via Diio online portal

**Exhibit S-38 – AIRLINE TENANTS – BOTH AIRPORTS**

As of December 31, 2014

Reagan National		Dulles International	
Signatory Airlines		Signatory Airlines	Non-Signatory Airlines
Air Canada Jazz		Air China	Aeroflot
Air Wisconsin Airlines Corp.		Air France	Aeromexico
Alaska Airlines		All Nippon Airways	Elite Airways
American Airlines		American Airlines	North American Airlines
American Eagle		Austrian Airlines	Pacific Wings
Chautauqua Airlines		Avianca Airlines	(DBA Sun Air International)
Delta Airlines		British Airways	
Endeavor Air, Inc.		Brussels Airlines	
ExpressJet Airlines		Chautauqua Airlines	
Frontier Airlines		CommutAir	
Jet Blue Airways Corp		Compass Airlines	
Piedmont Airlines		COPA Airlines	
PSA Airlines		Delta Airlines	
Republic Airlines		Emirates Airlines	
Shuttle America		Endeavor Air, Inc.	
Sky Regional Airlines		Ethiopian Airlines	
SkyWest Airlines		Etihad Airways	
Southwest Airlines (including AirTran Airways, Inc.)		ExpressJet Airlines	
MN Airlines (DBA Sun Country Airlines)		Federal Express	
United Airlines		Frontier Airlines	
US Airways, Inc.		GoJet Airlines	
Virgin America, Inc.		Icelandair	
		Jet Blue Airways Corp	
		KLM Royal Dutch Airlines	
		Korean Air	
		Lufthansa German Airlines	
		Mesa Airlines	
		Mountain Air Cargo	
		Porter Airlines	
		PSA Airlines	
		Qatar Airways	
		Republic Airlines	
		Saudi Arabian Airlines	
		Scandinavian Airlines	
		Shuttle America	
		Silver Airways	
		Skywest Airlines	
		South African Airways	
		Southwest Airlines	
		TACA International Airlines	
		Trans States Airlines, Inc.	
		Turkish Airlines	
		United Airlines	
		United Parcel Service	
		Virgin America, Inc.	
		Virgin Atlantic Airways Ltd.	

Signatory airlines are those that have signed the Airports Authority Use Agreement and Premises Lease. Signatory status is available to all airlines providing scheduled service and offers benefits such as lower fees, sharing of Airports Authority revenue, and the right to lease space. Additional detail is provided in Note 2 - Airport Use Agreement and Premises Lease.

Source: Airports Authority Records, airlines with regular operations during December, 2014

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**Exhibit S-39 – NON-AIRLINE TENANTS – REAGAN NATIONAL**

As of December 31, 2014

Reagan National		
<p><b><u>Retail</u></b></p> <p>Accessorize  Air Biz  Airport Wireless America!  As Kindred Spirits  Better Vision Group  BluWire Dulles, LLC  Brighton  Brooks Brothers  Capital Image  Fine Leather Works  Heritage Booksellers  I Relax and Massage  Johnston &amp; Murphy  Lacoste  Landau  MacTrade  Pen &amp; Prose  Regal Bijoux  See the World  Spanx  Sunglass Hut International  The Bead Factory  Touch of Color  Vineyard Vines</p> <p><b><u>Newsstands</u></b></p> <p>CNBC News  Forbes  Hudson News  NBC4  Washingtonian</p> <p><b><u>Duty Free</u></b></p> <p>Dulles Duty Free LLC.</p> <p><b><u>Foreign Currency</u></b></p> <p>ICE Currency Services</p> <p><b><u>Fixed Based Operators</u></b></p> <p>Signature Flight Support</p> <p><b><u>Parking Managed by:</u></b></p> <p>Five Star U Street Metropolitan  Washington Airport Parking</p> <p><b><u>Inflight Kitchens</u></b></p> <p>LSG SkyChefs</p>	<p><b><u>Food and Beverage</u></b></p> <p>American Tap Room  Auntie Anne's Pretzels  Ben's Chili Bowl  California Tortilla  Cibo Bistro &amp; Wine Bar  Cibo Express Gourmet  Cinnabon  Cosi  DCA Bistro  Dunkin Donuts  Einstein Bros Bagels  Famous Famiglia  Five Guys  Fuddruckers  Gallery Bar  Gordon Biersch  Jet Rock Bar &amp; Grill  Legal Sea Foods  Matsutaki Sushi  May Vending Company  McDonald's  Meridian Deli  National Airport Grill  Pinkberry  Potbelly Sandwich Works  Primo Cappuccino  Qdoba  Sam and Harry's  Starbucks  Taste of Cibo  Taste of Tagliere  Taste of World Bean  Tidewater Landing</p> <p><b><u>Advertising</u></b></p> <p>JCDeceaux Airport, Inc.</p> <p><b><u>Services</u></b></p> <p>AC Holdings, Inc.(CNN)  C&amp;P Shoeshine  Capital One Bank  Kiko's Shoeshine  Pacific Telemanagement Services  Smarte Carte Inc.  VIP Shoeshine</p> <p><b><u>Rental Cars</u></b></p> <p>Advantage Rent A Car  Avis Rent -A-Car Systems  Budget Rent-A-Car  DTG Operations  Enterprise Leasing  Hertz Rent-A-Car  Vanguard Car Rental</p>	<p><b><u>Ground Transportation</u></b></p> <p>Challenger Transportation, Inc.  (Supreme Airport Shuttle)  Hotel Shuttles  Standard Parking (Shuttle Bus Operations)  Technical and Professional Services  Washington Shuttle, Inc. (Super Shuttle)</p> <p><b><u>Commercial Aviation Services</u></b></p> <p>ABM Janitorial Services-Northeast, Inc.  Aircraft Service International Group, Inc.  Airline Tech Reps (STS Line Maintenance)  Airport Terminal Services  Airway Cleaners, LLC.  Allied Aviation Fueling of National Airport  Avdyne AeroServices, LLC  Contego Systems DCA, LLC  DAL Global Services, LLC  Elite Line Services, LLC  Eulen America  First Transit, Inc.  G2 Secure Staff, LLC  Huntleigh USA Corporation  Menzies Aviation(USA), Inc.  PrimeFlight Aviation Services, Inc.  Readyjet, Inc.  Worldwide Flight Services, Inc</p> <p><b><u>Fixed Based Operators</u></b></p> <p>Signature Flight Support</p> <p><b><u>Other Airport Tenants</u></b></p> <p>Aeronautical Radio, Inc.  Air General  Airport Terminal Services  American Airlines Federal Credit Union  Anton Enterprises, Inc.  Drug Enforcement Administration  Eastern Industrial Maintenance, Inc.  Federal Aviation Administration  Federal Bureau of Investigation  Federal Express Corporation  First Transit, Inc.  Flight Services and Systems  G2 Secure Staff, LLC.  General Services Administration  Gulf Coast Real Estate Consultants  Huntleigh USA Corporation  Jet Aircraft Maintenance  Luggage Services and Logistics, LLC  Marketplace Development  Menzies Aviation Group, Inc.  MorphoTrust USA  Nextel Communications of the Mid-Atlantic  Riva Networks, Inc  Siemens Governments Services, Inc.  Transportation Security Administration  University of District of Columbia  US Coast Guard Air Station  Worldwide Flight Services International</p>

Source: Airports Authority Records

**Exhibit S-40 – NON-AIRLINE TENANTS – DULLES INTERNATIONAL**

As of December 31, 2014

<b>Dulles International</b>		
<p><b><u>Retail</u></b></p> <p>Airport Wireless  America!  Appalachian Spring  Brookstone  Capital City Ink  Clear Lens  Estee Lauder  Flag World  Hudson Books  InMotion Entertainment  I Relax-n-Massage  iTravel 2  Landau  L'Occitane  Mac Trade  MaMa's Organic Herbs  Massage Bar  Santa's Chimney  See's Candy  Solstice  Spirit of America  Stellar Books  Swarovski  Techshowcase  Travel Comfort by Clouds  Tumi  Washington Gift  Zoom Systems-Best Buy</p> <p><b><u>Newsstands</u></b></p> <p>Concourse Concession Services  DC Express  Faber, Coe  Forbes  Fox News Channel  Hudson News  NBC4  News Connection  News Exchange  News Express  Stellar News  Washington Informer  Washingtonian</p> <p><b><u>Duty Free</u></b></p> <p>Dulles Duty Free, LLC</p> <p><b><u>Services</u></b></p> <p>AC Holdings, Inc.(CNN)  Capital One Bank  Exxon Gas Station  Marriott Hotel at Dulles  Pacific Telemanagement Services  Pena Shoeshine  Professional Leather Care  Smarte Carte, Inc.</p> <p><b><u>Foreign Currency</u></b></p> <p>International Currency Exchange</p> <p><b><u>Parking Managed by:</u></b></p> <p>Five Star U Street Metropolitan  Washington Airport Parking</p> <p><b><u>Parking Shuttle Managed by:</u></b></p> <p>Standard Parking Corporation</p>	<p><b><u>Food &amp; Beverage</u></b></p> <p>Au Bon Pain  Auntie Anne's Pretzels  Be Right Burger  Bistro Atelier  California Tortilla  Capitol Grounds  Chipotle Mexican Grill  Cinnabon  City Wok  Cosi  Dulles Gourmet Market  Dulles Gourmet To Go  Dunkin Donuts  Firkin and the Fox  Five Guys  Fuddruckers  Great American Bagel Bakery  Green Leaf's &amp; Bananas  Luv'nBerry  Matsutaki Sushi  Max &amp; Erma's  Moe's Grill &amp; Bar  Old Dominion Bar  Potbelly Sandwich Works  Seattle's Best  Starbucks  Subway  Urban Market  Villa Pizza  Vino Volo</p> <p><b><u>Advertising</u></b></p> <p>JCDeceaux Airport, Inc.</p> <p><b><u>Rental Cars</u></b></p> <p>Avis Rent-A-Car Systems  Budget Rent-A-Car  DTG Operations  Enterprise Leasing  Hertz Rent-A-Car  Simply Wheelz, LLC.(Advantage Rent A Car)  Vanguard Car Rental USA</p> <p><b><u>In-flight Kitchens</u></b></p> <p>Gate Gourmet International  Sky Chefs, Inc.</p> <p><b><u>Fixed Based Operators</u></b></p> <p>Landmark Aviation  Signature Flight Support</p> <p><b><u>Ground Transportation</u></b></p> <p>Capital Executive Limousine  Challenger Transportation  (Supreme Airport Shuttle)  Dulles Airport Taxi  Hotel Shuttles  Regency Cab  Technical and Professional Services, Inc.  Veolia Transportation, Inc.  Washington Shuttle, Inc. (Super Shuttle)</p>	<p><b><u>Commercial Aviation Services</u></b></p> <p>Air General  Air Serv Corporation  Aircraft Services Int'l  Airway Cleaners LLC  AvDyne Aero Services, LLC.  Cargo Airport Services  Delta Airline Global Services  Eulen America  FlightCheck Comm. Aviation Services  G2 Secure Staff  Global Aviation Services, LLC.  Ground Services International, Inc.  Huntleigh Corporation  National Aviation Services  Quickflight, Inc.  Swissport Fueling, Inc.  Swissport USA, Inc.  Tug Technologies Corporation  U.S. Aviation Services  Worldwide Flight Services, Inc.</p> <p><b><u>Other Airport Tenants</u></b></p> <p>A to Z Duty Free, LLC  AECOM Technology Corporation  Airline Tariff Publishing Company  Airschott, Inc.  AMB/AFCO Cargo IAD, LLC  Aviation Facilities Company  Dulles East- MWA  Federal Aviation Administration  Federal Republic of Germany  General Services Administration  Globe Air Cargo, Inc.  Gulf Coast Real Estate Consultants, LLC  Host International, Inc.  IAD Fuels, LLC  John S. Connor, Inc.  Landon Aviation Limited Partnership  Livingston International Tech. Services Corp.  Marketplace Development  Nextel Communications of the Mid-Atlantic  Parsons Management Corporation  Platinum Air Cargo USA, LLC.  Pollo Real  Qwest  The Smithsonian Institution  Timco Line Care, LLC  Transportation Security Administration  U.S. Fish and Wildlife Service  U.S. Postal Service  UPS Supply Chain Solutions  V-Dulles West, LLC.  Velsor  Verizon South, Inc.</p>

Source: Airports Authority Records

# 2014 Comprehensive Annual Financial Report



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY  
[WWW.MWAA.COM](http://WWW.MWAA.COM)