2013 ANNUAL REVIEW

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

POSITIONED *for the* FUTURE

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

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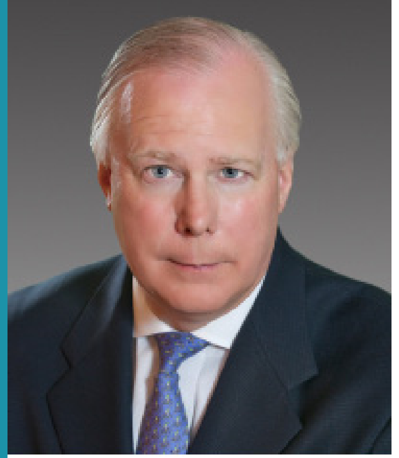
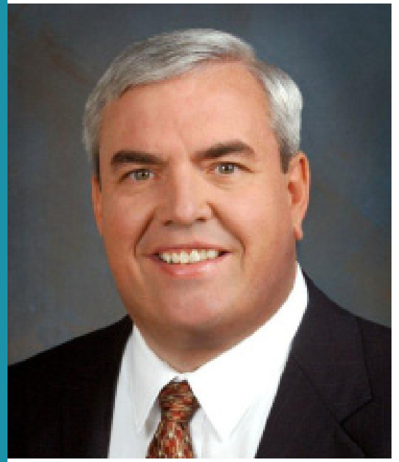
ABOUT THE AIRPORTS AUTHORITY

The Metropolitan Washington Airports Authority operates Washington Dulles International and Ronald Reagan Washington National airports. It operates the Dulles Toll Road and is the financial manager and builder of the Metrorail extension through the Dulles Corridor, known as the Silver Line.

The many accomplishments noted in this 2013 Annual Review reflect the hard work and dedication of the 1,500 men and women of the Airports Authority. Their commitment to service and pride in their work continue to serve the organization well – today and into the future.



Frank M. Conner III
Chairman



John E. Potter
President & CEO

MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT & CEO

For all of us at the Metropolitan Washington Airports Authority, 2013 was a year in which we met challenges head-on, embraced change and celebrated many successes. It was also a year marked by our continuing commitment to excellence in customer service, safety and fiscal responsibility.

The Airports Authority's operation of Washington Dulles International and Ronald Reagan Washington National airports and the Dulles Toll Road, along with the responsibility of financing and constructing the Dulles Metrorail Project (Silver Line), are the key business areas through which we serve the traveling public in the National Capital Region.

This responsibility for major transportation infrastructure such as roadways and airports, and large and complex projects such as the Silver Line, makes us keenly aware of our duty to uphold the highest standards of transparency and integrity in everything we do. All of us at the Airports Authority are committed to carrying out our mission in this manner.

Meeting Future Air Travel Needs

Dulles International and Reagan National form a unique airport system in the United States. Reagan National, because of its limited capacity, is governed by hourly flight limitations, known as the "slot rule," and is subject to restrictions on the number of flights beyond a 1,250-mile radius, known as the "perimeter rule." The slot and perimeter rules were established by Congress to create a complementary airport system, with Reagan National handling short-haul domestic flights and the larger Dulles International handling flights beyond the perimeter, including most international routes.

But several times over the past decade, Congress has relaxed the slot and perimeter rules, which, combined with airline consolidations and market forces, has shifted about 2 million domestic passengers from Dulles International to Reagan National. The result is that today we serve nearly the same number of passengers on the 12,000-acre Dulles International complex as on the 800 acres constituting Reagan National. Despite the decline in domestic traffic at Dulles International, we have grown international passenger traffic over the past three years from 6.55 million to 6.99 million. Our strategy is to grow domestic traffic at Dulles International to provide more U.S. connections for its growing international operations.

Maintaining the balance between the two airports, in accordance with their original designs, is imperative if we are to utilize our resources effectively and avoid overcapacity at Reagan National. We are aggressively reducing costs, increasing operating revenue and pursuing ways to grow airline service at Dulles International. These efforts include attracting new and additional service by international and low-cost domestic airlines. Frontier Airlines recently announced its arrival at Dulles International with 68 new weekly low-fare flights, estimated to add nearly 800,000 passengers per year. Over the past four years, we have refinanced more than $1.2 billion in aviation enterprise debt, resulting in $177.3 million in debt service savings (or $92.1 million in net present value debt service savings). We also are completely revamping our concessions program, bringing new vendors and greater revenue to both airports.

At Reagan National, we are upgrading and expanding facilities, including a major remodeling of Terminal A, to accommodate the growing passenger load resulting from the regulatory changes noted above and the expansion of operations by Southwest, Jet Blue and Virgin America. This increased air service stems from the divestiture of slots required by the Justice Department in the merger of American Airlines and US Airways.

Advancing the Metrorail Project

In 2013, we made great progress in building Phase 1 of the Silver Line extension of Washington's Metrorail public transit system. When complete, the Washington Metropolitan Area Transit Authority (WMATA) will own and operate the extension. The Silver Line is one of the largest, most complex transportation infrastructure projects in the country, and we are committed to ensuring that construction meets the highest safety, reliability and aesthetic standards.

Work on Phase 2, which will complete the project by extending Metrorail to Dulles International and beyond into Loudoun County, Virginia, began in 2013 with a significantly lower-than-projected price (by about $250 million). The winning bidder, Capital Rail Constructors – a joint venture of Clark Construction Group of Bethesda, Maryland, and Kiewit Infrastructure South Co. of Omaha, Nebraska – was awarded the contract for the major design-build portion of the final 11.4 miles of the project. We look forward to working with this construction team, WMATA, our partners in Fairfax and Loudoun counties, the Commonwealth of Virginia, and the federal government, all of whom have a financial stake in the project.

Strong Financial Position

The Airports Authority's financial position is strong. This is the result of sound financial planning and debt refinancing and revenue growth. As we move ahead, we will continue to seek financial benefits through refinancing long-term debt and effective management of operating expenses.

In addition, we have been approved for federal financing assistance on Phase 2 of the Metrorail Project through a low-interest Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. The loan to us and to Fairfax and Loudoun counties, totaling $1.9 billion, is the largest to date in the TIFIA program. We appreciate the support of all those who helped us obtain this important commitment, including Northern Virginia's congressional delegation; legislators and officials in Richmond, Virginia; U.S. Transportation Secretaries Ray LaHood and Anthony Foxx; and numerous local elected, business and community leaders.

With the expected TIFIA loan, a $300 million commitment from Virginia and a recently completed $422 million long-term bond financing, we will have completed the Plan of Finance for both phases of the Silver Line. This financing strategy should allow us to avoid increasing toll rates on the Dulles Toll Road, the primary vehicle for servicing the Silver Line debt, through 2018.

We are keenly aware of the burden on Dulles Toll Road users to pay the tolls that the project requires, and we are committed to lowering tolls in real-dollar terms over time through debt repayment and variable daytime pricing.

Positive Outcome in Toll Collection Litigation

In December, a federal court of appeals upheld the Airports Authority's ability to use Dulles Toll Road revenue to help finance the rail project as outlined in earlier government agreements that granted the Airports Authority responsibility for operating the Dulles Toll Road. A ruling against the Airports Authority in the lawsuit, which challenged the toll-setting authority in those agreements, would have been a major setback for the rail project.

Office of Inspector General Audit Response

Some of our most important accomplishments in 2013 were changes implemented in response to findings by the Department of Transportation's Office of Inspector General. The inspector general issued audit reports in 2012 identifying a number of operational and governance deficiencies at the Airports Authority and recommending improvements. As a result, we strengthened our travel and procurement policies, code of ethics, hiring and compensation practices, and corporate governance. We also continue to improve our internal controls and risk assessment processes. This will be a multiyear effort, but we are committed to achieving excellence in every aspect of our operations.

Recognizing that no organization can succeed without investing in its human capital, we place special emphasis on our people. We strengthened our leadership team as we welcomed four new vice presidents to head our Human Resources, Technology, Engineering and Public Safety offices. We are confident these talented individuals will provide all our staff with inspiration to excel.

An Engine for Economic Growth

The Airports Authority is vitally important to the regional economy. Our combined activities account for 4.5 percent of the National Capital Area's gross domestic product and support approximately 387,000 jobs, $15 billion in labor income and more than $3 billion in tax revenue. Because the Airports Authority has such a material economic impact on the region, it is imperative that we make our organization as effective and innovative as we can in promoting transportation and economic development. And we are committed to this effort.

Frank M. "Rusty" Conner III
Chairman

John E. Potter
President & Chief Executive Officer

AVIATION ENTERPRISE

In 2013, for the eighth straight year, the number of passengers traveling through the Airports Authority's Dulles International and Reagan National airports rose.

Last year the two airports together served 42.4 million passengers, representing 35.4 million domestic and 7.0 million international passengers – a 0.3 percent increase compared with 2012 levels. Once again, traffic at Reagan National set a new record. Dulles International reported a new record in international traffic, but a decline in domestic activity.

In addition, the concessions programs at both airports are undergoing a major redevelopment of all stores and restaurants as we work to enhance passenger services at each airport. After months of careful planning, competitive solicitations for new and improved concessions moved forward for the first major concessions overhaul in several years. At both airports, the focus is on local and regional businesses while at Dulles International, given its role as a major gateway to the world, passengers will see more businesses that are global in nature. The plan is being executed in phases with the first of five phases being initiated in 2013 for both airports.

Over the coming months, Reagan National passengers will see new businesses such as Ben's Chili Bowl, TUMI luggage, SPANX and the return of the popular Legal Sea Foods restaurant. At Dulles International, KORS, Burberry, Estée Lauder, Bistro Atelier, be right burger (brb), Au Bon Pain, Firkin & Fox and Smash Burger are among the new stores and eateries. Luxury brands will soon be offered at each airport to better reflect the region's upscale consumer market. More passenger conveniences are also on the way with additional electrical outlets to power computers and other personal digital devices.

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Social Media and Connecting with Customers

Both airports embraced new ways to interact – in person and virtually – with their customers and communities in 2013. Upgraded free Wi-Fi networks at both Dulles International and Reagan National are a welcome enhancement for customers who appreciate the ability to stay connected. More than 23,000 people now follow the airports on social media platforms such as Twitter. The airports also launched a Web-based customer feedback system in September that generated more than 2,000 responses by year-end.

Special programs that engage with customers and provide opportunities for the public to take part in behind-the-scenes tours are popular at Dulles International and Reagan National. These programs, *Connect 2 Dulles* and *Inside DCA*, are generating goodwill while providing a deeper understanding of the complexity of our operations.

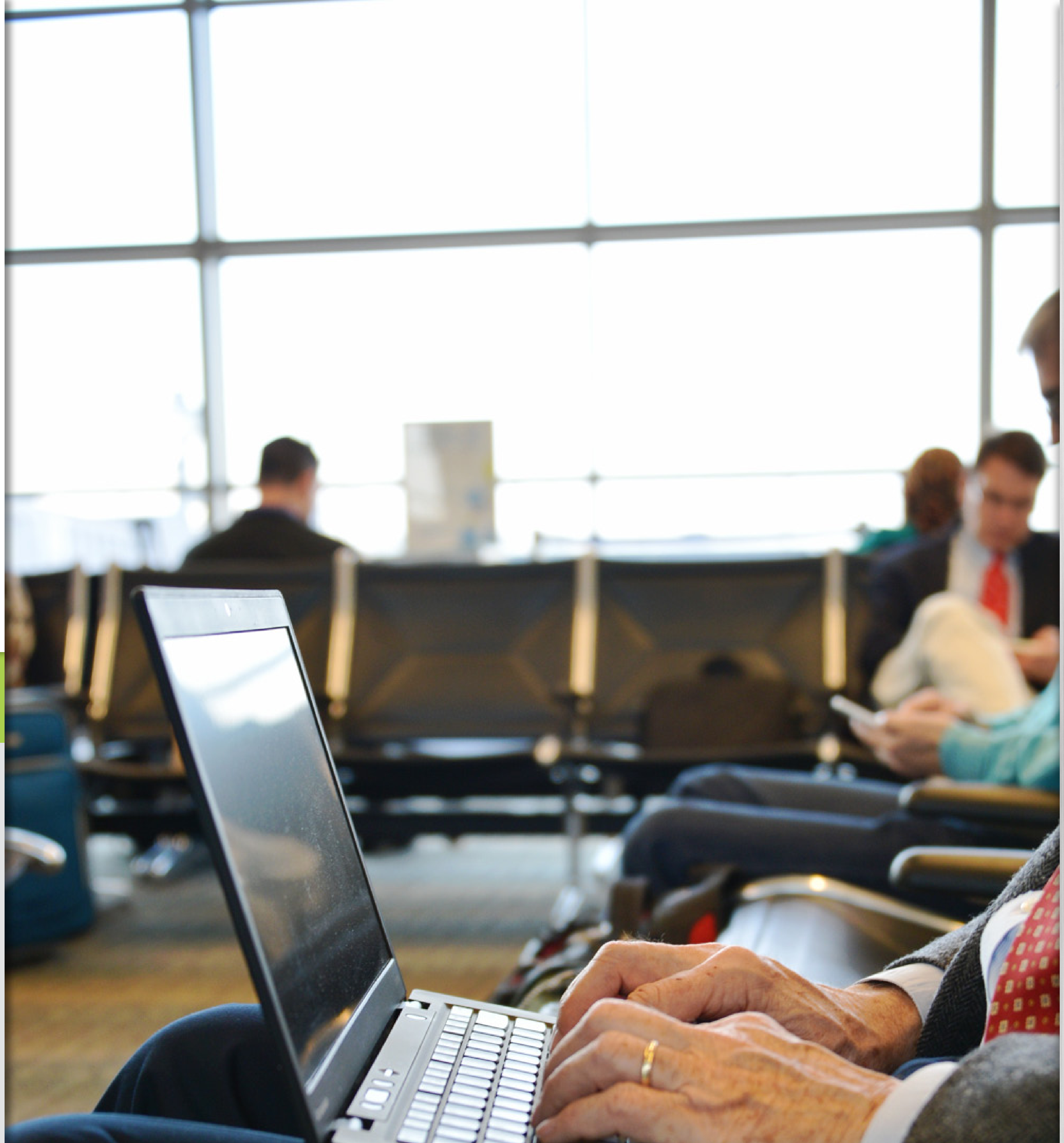
A Strong Commitment to the Region's Small-Business Community

The Airports Authority generated $340 million in non-federally assisted contracting activity for construction, goods and services. Local Disadvantaged Business Enterprises received $85 million, or 25 percent of the total.

The concessions programs at both Reagan National and Dulles International airports enjoyed another successful year. Gross receipts from airport concessions, excluding rental cars, totaled $317 million, with Airport Concession Disadvantaged Business Enterprises accounting for $112 million, or 35 percent of the total.

Inaugural Activities Bring Thousands to Washington

Thousands traveled by air to take part in the festivities surrounding President Barack Obama's inauguration for a second term in January 2013. Airports Authority staff at Dulles International welcomed hundreds of private aircraft carrying VIPs to the nation's capital. At Reagan National, the second-highest single-day number of passengers on record passed through security screening checkpoints the day following the inauguration. Outstanding teamwork and constant communication helped manage the huge volume of more than 36,000 people who departed during a seven-hour time period. Staff members talked with passengers in the queue lines, answered questions, gave directions, provided bottled water, handed out granola bars and assisted in loading and unloading security bins.



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Safety and Security: Always at the Forefront

In 2013, a number of new initiatives and improvements were implemented for the safety and security of aircraft and passengers at Dulles International and Reagan National.

Both airports held federally mandated emergency preparedness exercises that simulated major aircraft accidents to test our response capabilities. Coordinated by the Office of Public Safety and Airport Operations staff, the exercises involved hundreds of emergency response teams and volunteers from the surrounding communities.

During the past year, the Airports Authority's Fire/Rescue Department provided approximately 51,400 staff hours of in-service training designed to ensure that our personnel are prepared to respond to and mitigate emergency situations. Many of these training exercises were coordinated with the Airports Authority's Police, Engineering and Maintenance personnel in order to fine-tune interdepartmental response to emergencies. The department also developed its own two-week training program, compliant with new Virginia Department of Emergency Services guidelines, to ensure that new recruits are consistently evaluated. In addition, the Fire/Rescue Department conducted joint training with local authorities and personnel from local jurisdictions. These programs, held up to 10 times each year, help develop skills needed to address situations involving emergency medical, hazardous materials and aviation incidents.

The Airports Authority's Police Department continued to maintain a high level of cooperation with various police committees of the Washington region's Council of Governments, other law enforcement agencies and federal entities such as the Joint Terrorism Task Force, the Drug Enforcement Administration Task Force and the Structured Asset Task Force. Signal 9 Drills, which provide law enforcement and Airports Authority departments the ability to halt and channel vehicular traffic at the airports, provide valuable tests of our interdepartmental and multijurisdictional procedures. The department's Special Response Team trains on a regular basis and often conducts exercises with regional SWAT teams.

The Airports Authority conducted a successful program that focused on high-visibility patrols to prevent larcenies, baggage thefts and criminal activities. In addition, personnel from the Office of Public Safety coordinated response to an "active shooter training" for Airports Authority staff and tenants, and furthered their capabilities to respond to emergencies by hosting numerous Incident Command Tabletop Exercises focusing on real-world scenarios.

Training for Emergency Response

Keeping passengers safe is of utmost importance to Airports Authority personnel and the many area fire, medical and police teams that offer mutual aid. Preparing for emergencies was the focus of personnel participating in the Triennial Disaster Drill in May and September. As of 2013, the mandatory drill, one of the largest emergency response exercises in the region, has been held 20 times at the airports.

WASHINGTON DULLES INTERNATIONAL AIRPORT

With 7 million international and 14.9 million domestic travelers choosing Dulles International, the airport hosted a total of 21.9 million passengers in 2013.

A 10th straight year of international passenger growth at Dulles International brought a record number of international travelers through the airport's gates. At the end of 2013, Dulles International was again the favorite choice of international passengers in the metropolitan Washington region, which includes the Washington, northern Virginia and Baltimore areas, with an 85 percent market share. At the same time, the airport's 2013 domestic passenger count reflected a third consecutive year of decline. The 4.6 percent increase in international passengers helped mitigate the 5.9 percent drop in domestic passengers, resulting in a 2.8 percent decrease in total passengers from the prior year.

Several airlines initiated or enhanced their operations, including:

- United Airlines: New service to San Salvador, El Salvador; additional weekly departures to Manchester, England, and Ottawa and Montreal, Canada; and new domestic service to Fayetteville, Arkansas, and Grand Rapids, Michigan
- British Airways: Added six weekly departures to London
- TACA: Added four weekly departures to San Salvador, El Salvador
- Emirates: Added larger aircraft that increased passenger traffic by nearly 25 percent
- Brussels Airlines: Added new service to Belgium
- Etihad Airways: Added new service to Abu Dhabi, U.A.E.

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The opening of two major aircraft maintenance facilities – a first at the airport – by United Airlines and Signature Flight Support add important new aircraft maintenance capabilities at Dulles International.

Staff completed ramp and taxiway connection work to facilitate the completion of a new wide-body aircraft maintenance hangar for United Airlines. Located on the northeastern portion of the airport, the 8-acre facility includes 103,000 square feet of hangar and shop space that can house two wide-body 777 aircraft or a combination of smaller planes, a 93,000-square-foot aircraft ramp that accommodates parking for one wide-body aircraft, and 12,500 square feet of parking and ground support equipment transportation lanes. The massive project also included improvements to Taxiway Z1. The move and the new lease with United were negotiated to facilitate the relocation of the existing United Ground Support Equipment facility that is scheduled to be demolished during the Silver Line's Phase 2 construction.

The opening of Signature Flight Support's new Technicair Embraer facility in April added service and maintenance for general aviation aircraft while enhancing the airport's market reach to service general aviation customers. With these two new facilities, Dulles International is well-poised to provide reliable service to both general aviation and jet aircraft.

Other noteworthy improvements at Dulles International:

- Work began on the rehabilitation of the historic Dulles Tower in June to prevent deterioration and meet the airport's commitment to the Virginia State Historic Preservation Office. The $6.8 million project is scheduled for completion in August 2014.
- Expedited service to passengers using the Transportation Security Administration's Pre-Check Program, Expedited Screening Program and Global Entry Program for registered international travelers resulted in shorter wait times. Dulles International now has among the highest percentages of TSA Pre-Check and Global Entry passengers in the country.

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NEW CONCESSIONS COMING TO DULLES: PHASE 1

THE FIRKIN & FOX
Forbes
ESTĒE LAUDER
STARBUCKS
TUMI
SWAROVSKI
WASHINGTONIAN
NBC4 WASHINGTON, D.C.
CARRABBA'S ITALIAN GRILL
luvnberry PREMIUM FROYO
PARADIES 1960 A FAMILY BUSINESS

Snow Removal Improvements

The addition of 17 new high-speed multifunction units to the airport's snow removal fleet and the implementation of shift changes ensured greater efficiencies in working the airfield to clear runways, taxiways and ramps during storms.

Community Events Draw Big Crowds, Raise Hundreds of Thousands for Charity

Dulles International played host to a number of events and sponsored several successful fundraising efforts in 2013.

- This year's annual Plane Pull raised a record-breaking $250,000 for Special Olympics and attracted a record 16,000 visitors. In addition to teams competing on foot to pull a giant aircraft across the finish line using no more than human energy, this year's event featured 2,000 entrants in a 5K race down an airport runway.
- Several *Discover Dulles* events were held throughout 2013 to showcase aviation accomplishments to the community, including the June landing of the Solar Impulse aircraft at Dulles International during its historic flight from San Francisco to New York. *Discover Dulles* gives selected customers the opportunity to go behind the scenes to see the inner workings of a major international airport and participate in special activities.
- Once again the airport supported the 13th annual United Way Loudoun Golf Tournament, raising $48,000 for the worthy cause and bringing the total raised for the charity to more than $500,000. In addition, over $77,000 was raised by Airports Authority employees through the annual workplace campaign for the United Way.

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RONALD REAGAN WASHINGTON NATIONAL AIRPORT

Reagan National's popularity among travelers resulted in a total of 20.4 million passengers in 2013, an increase of 3.8 percent from 2012 levels and the fourth straight year of passenger growth. The increase in passenger traffic at Reagan National exceeded the U.S. systemwide industry average domestic increase of 1.1 percent. The airport welcomed more than 292,000 flight arrivals and departures in 2013, a 1.5 percent increase in aircraft operations compared with 2012.

Five of the major airlines serving Reagan National – Southwest, JetBlue, US Airways, Delta and American – experienced passenger growth during 2013. US Airways and its regional affiliates, which designated the airport as a hub last year, continued to have the largest commercial passenger market share. The carrier served 45.3 percent of the airport's passengers in 2013.

During 2013, carriers added several new service enhancements and routes at Reagan National. These included:

- US Airways: new service to Myrtle Beach, South Carolina, and Wilmington, North Carolina; additional flights to Albany, Buffalo and Rochester, New York; Cincinnati; Ft. Lauderdale and Jacksonville, Florida; Manchester, New Hampshire; Memphis, Tennessee; Norfolk, Virginia; and Philadelphia
- Delta: added a daily departure to New York City's LaGuardia Airport
- American: added a daily departure to Miami
- Southwest: added service to Houston's Hobby Airport
- JetBlue: added seat capacity to its Ft. Lauderdale and Orlando, Florida, flights

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The addition of new slots in recent years, coupled with larger aircraft using those slots, is a key factor in Reagan's growth. One of the challenges facing the airport's facilities and operations is the increase in new flights, new destinations and new passengers that is expected to occur as a result of the American Airlines-US Airways merger and the completion of slot divestitures.

Keeping the airport in prime condition while accommodating passenger increases was a key focus during 2013. We are committed to maintaining an efficient airport experience that passengers have come to expect. Through teamwork and cross-departmental efforts, a number of physical enhancements were completed during the past year.

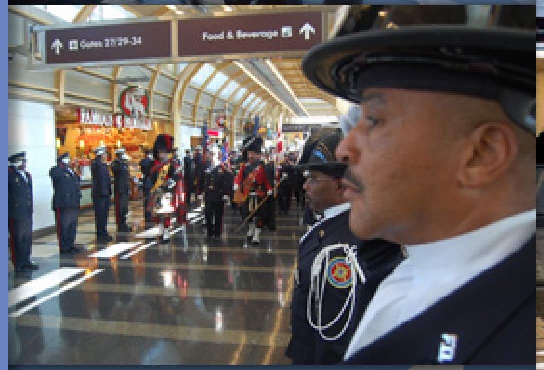
After four years of planning and construction, a $35 million renovation and expansion of Terminal A was completed. Full operations were maintained with minimal impact to passengers or air carriers during construction. The work improves the passenger experience and enhances flow through the terminal, which is more than 40 years old.

Passengers using Terminal A now enjoy:

- Improved curbside check-in
- New airline ticketing counters
- A new, enhanced information desk
- A unique floor-tile design that resembles a runway and a light-filled lobby

In addition, the expansion of the Terminal A security checkpoint allows passengers to be screened more quickly and efficiently, as a fifth TSA Pre-Check lane was added. With this expansion, all of Reagan National's security checkpoints now offer this convenience. In addition, one screening lane was added in the North Pier and two security lanes added in the South Pier of Terminal B/C to provide improved passenger throughput.

We completed the Runway 1-19 Safety Area Project, improvements to two crosswind runways and construction of a new boathouse. The federally mandated Safety Area Project was designed to capture an aircraft should it overshoot the airstrip and is required when there is less than 1,000 feet of available land off the end of the runway.



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NEW CONCESSIONS COMING TO REAGAN NATIONAL: PHASE 1

The airport's new concessions program aims to add more D.C.-based businesses, luxury brands, spas and spa amenities, and a dining concept in Terminal A that will feature local chefs.

NBC4 WASHINGTON, D.C.
Ben's Chili Bowl
Brooks Brothers
STARBUCKS
vineyard vines martha's vineyard
LEGAL SEA FOODS RESTAURANT • OYSTER BAR — If it isn't fresh, it isn't Legal!
FIVE GUYS BURGERS and FRIES
LACOSTE
Forbes
Brighton
AMERICA!
AMERICAN TAP ROOM
CNBC NEWS
Hudson
WASHINGTONIAN
SPANX BY SARA BLAKELY
pinkberry

DULLES CORRIDOR ENTERPRISE

The Airports Authority's non-aviation lines of business – the Dulles Corridor Metrorail Project and the Dulles Toll Road – form the Dulles Corridor Enterprise. The construction of the new Metrorail Silver Line consists of two phases along a 23-mile route from Falls Church to the Ashburn area of Loudoun County in northern Virginia. The construction of the Silver Line plays a critical role in further developing the region's transportation infrastructure. The project also is spurring development throughout the Dulles Corridor, with major commercial and residential development projects underway along the path of the Silver Line, particularly around the project's new transit stations.

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DULLES CORRIDOR METRORAIL PROJECT

The Airports Authority made significant progress on Phase 1 of the Dulles Corridor Metrorail Project during 2013. This first phase of Metrorail's new Silver Line will connect to the Metro system's Orange Line between the East Falls Church and West Falls Church stations and run to the new Wiehle-Reston East Station in Fairfax County, Virginia, an 11.7-mile route that features five new stations in Fairfax County.

Dulles Transit Partners, the Phase 1 design-build contractor, completed 98 percent of the construction by the end of the year. Testing procedures were underway in anticipation of the 2014 transfer of the project from the Airports Authority to WMATA.

Additional Phase 1 highlights during the year included:

- The completion of the Wiehle-Reston East Station's 3,800-car, below-ground parking garage built by Comstock Holding Companies, a real estate development company. A joint venture with Fairfax County, the facility includes bicycle parking and transfers for the Fairfax Connector, Metrobus and new Washington Flyer Silver Line Express buses. Washington Flyer is part of a family of ground options endorsed by the Airports Authority for service to and from Dulles International.
- The continued expansion of the West Falls Church Railyard includes the construction of a service and inspection building and sound cover box that will ensure the facility meets Fairfax community noise limit regulations.
- Emergency training for Airports Authority Fire/Rescue and Police personnel who may be called upon to respond to incidents at the new Silver Line stations.
- Preparations for critical performance demonstration activities and systems testing; paving along Routes 7 and 123; land-scaping; and finish work at wayside facilities, including traction power stations, storm water ponds and train control rooms.

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Declaration of Substantial Completion for Phase 1

On April 24, 2014, the Airports Authority announced its concurrence with a Declaration of Substantial Completion for Phase 1 of the Silver Line Project to extend the Washington region's Metrorail public transit system. The concurrence affirms that the Phase 1 construction by Dulles Transit Partners, a construction consortium led by Bechtel Corp., satisfied the contract requirements applicable to the project's major functional elements.

"Achieving substantial completion is a significant milestone," said Airports Authority President and CEO Jack Potter. "We have conducted a thorough review of the contractor's submission and are satisfied that Phase 1 has met the contractual requirements that will allow the project to now move to the next steps in the process to begin passenger service. We appreciate the close cooperation among WMATA and our partners in moving this large and complex project forward."

During 2014, the construction focus will shift as work on Phase 2 intensifies. This 11.4-mile portion of the Silver Line will add six new stations along a route that includes a stop at Dulles International before it terminates at Route 772/Ryan Road in Loudoun County's Ashburn community.

In May 2013, the Airports Authority awarded a $1.2 billion contract for the Phase 2 "Package A," the major design-build portion of the project consisting of the rail line, stations and train control systems, to Capital Rail Constructors, a team led by Clark Construction Group of Bethesda, Maryland, and Kiewit Infrastructure South Co. of Omaha, Nebraska. A competitive selection process resulted in pricing well below the engineer's estimate, a noteworthy achievement that will help mitigate toll increases for drivers on the Dulles Toll Road. Cooperative agreements between the Airports Authority and its partners – WMATA, Fairfax County, Loudoun County, the Virginia Department of Transportation and the Dulles Greenway – were also finalized for Phase 2.

The fourth quarter of the year saw a number of preliminary initiatives underway in anticipation of the heavy construction expected in 2014. These included surveying work at Dulles International and in the medians of the Dulles Toll Road and the Dulles Greenway, a privately owned 14-mile toll road that connects Dulles International with Leesburg, Virginia. In those same areas, geological testing began in October and was 60 percent complete by year-end. In 2014, the Airports Authority will select teams to compete for the "Package B" contract to design and construct a railyard and maintenance facility located at the Route 606 Station at Dulles International.

Completion of both phases of the Silver Line Project will help enhance the long-term economic vitality of Dulles International and the entire Washington metropolitan region. When completed, the new rail service will provide service from Loudoun County to downtown Washington and suburban Maryland. Transfers will link area businesses with a broader employee base and provide convenient access to both Dulles International and Reagan National for area residents and travelers to the region.

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DULLES TOLL ROAD

For nearly three decades since its 1984 opening, the Dulles Toll Road has provided an essential transportation route for those traveling from the growing areas of Loudoun County, Dulles International and the Fairfax County cities of Reston, Herndon and Chantilly to downtown Washington, the Capital Beltway, Interstate 66 and the bustling Tysons Corner area.

In 2013, the opening of a new ramp to the Capital Beltway helped ease congestion for users of the Dulles Toll Road. Prior to the ramp's opening, traffic from both the Dulles Access Highway and the Dulles Toll Road merged to access the Capital Beltway. A major paving operation of the Dulles Toll Road's eastbound main line was completed in the fall of 2013.

The addition of more E-ZPass®-only lanes for drivers with prepaid electronic accounts helped reduce backups at the tollgates and reduce travel times for pass users. Additional cost efficiencies will be realized in the years ahead with the implementation of new electronic technologies.

Another customer enhancement was the introduction of a Dulles Toll Road Twitter account that uses social media to keep motorists informed about current road and traffic conditions and also helps the Airports Authority receive customer feedback. This initiative, which dovetails with social media platforms at Dulles International and Reagan National airports, is another way the Airports Authority is honoring its customer service commitment by embracing popular technology.

Toll revenue supports the operation of the Toll Road, construction of the Dulles Corridor Metrorail Project and Dulles Toll Road improvements such as noise walls for affected communities along the Dulles Corridor. The Airports Authority is financing the majority of the remaining debt to build Phase 2 of the Metrorail project with a low-interest-rate Transportation Infrastructure Finance and Innovation Act loan from the U.S. Department of Transportation. Thanks to the favorable interest rates the loan provides, as well as $300 million committed by the Commonwealth of Virginia, the Airports Authority should be able to hold tolls at current levels through 2018 and to limit future toll increases.

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Partnership Provides Valuable Input

The Airports Authority takes an active role in the Dulles Corridor Advisory Committee, a group that advises on issues related to the management, improvement and expansion of the Dulles Corridor. The Airports Authority consults with the Dulles Corridor Advisory Committee with respect to the frequency, timing and amount of new toll rates. Two representatives from the Airports Authority are among its eight members. The committee, which also includes members from Fairfax County, Loudoun County and the Commonwealth of Virginia, holds regular meetings throughout the year that are open to the public.

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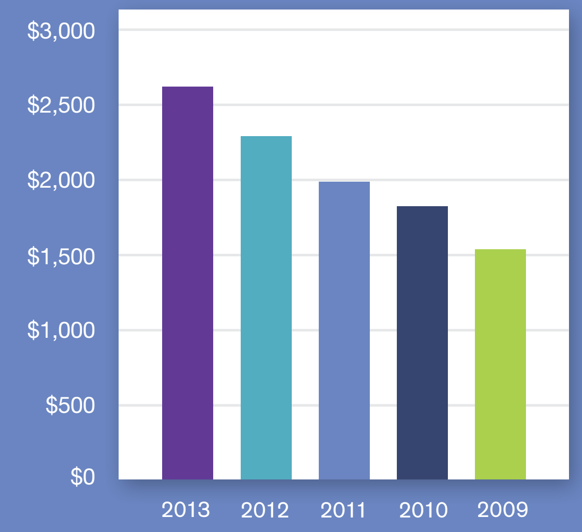
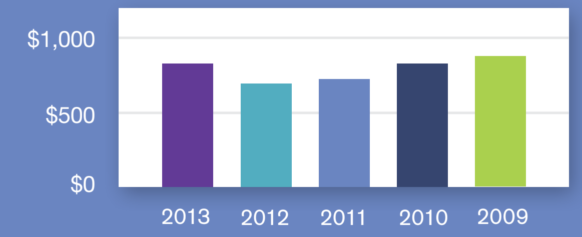
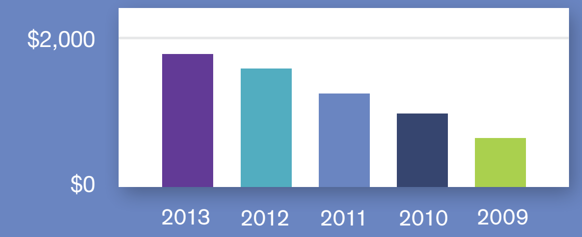
TOTAL NET POSITION
(in millions)



Aviation Enterprise Fund
(in millions)



Dulles Corridor Enterprise Fund
(in millions)



Introduction to Financial Information

This report presents selected financial information of the Airports Authority only. This report is not intended to be a Comprehensive Annual Financial Report (CAFR) presented in accordance with Generally Accepted Accounting Principles (GAAP). The financial data presented is derived from the 2013 CAFR and is consistent with GAAP. The Airports Authority has issued separately the 2013 CAFR, which is prepared in conformance with GAAP and includes more detailed financial information. A copy of the 2013 CAFR is available on the Airports Authority's website at http://www.mwaa.com/311.htm or may be obtained by contacting the Office of Finance at the Metropolitan Washington Airports Authority, 1 Aviation Circle, Washington, D.C. 20001-6000, 703.417.8700.

This report is being submitted to the Government Finance Officers Association (GFOA) for consideration for the Award for Outstanding Achievement in Popular Annual Financial Reporting. The goal of the GFOA program is not to replace reports prepared in conformity with GAAP, but to supplement such reports so as to make the information they contain more readily accessible to a broader audience than that served by traditional financial reporting.

FINANCIAL SUMMARY

Combined Aviation Enterprise Fund and Dulles Corridor Enterprise Fund

Fiscal Years Ended December 31	2013	2012	2011	2010	2009
Operating Revenues					
Concessions	$ 236,254,054	$ 227,719,891	$ 227,599,995	$ 230,752,253	$ 217,461,176
Tolls	127,059,341	101,596,089	94,659,538	88,038,168	64,893,554
Rents	305,301,798	301,637,067	275,428,113	226,375,685	193,736,080
Landing fees	128,386,773	112,282,616	110,255,672	101,637,867	96,934,558
Utility sales	12,143,660	11,704,662	11,979,591	12,464,920	13,227,161
Passenger fees	32,828,954	33,442,803	30,331,231	25,913,522	30,665,358
Other	8,108,512	8,168,275	8,381,229	6,730,469	6,429,128
Total Operating Revenues	$ 850,083,092	$ 796,551,403	$ 758,635,369	$ 691,912,884	$ 623,347,015
Total Non-Operating Revenues	$ 92,838,111	$ 22,191,110	$ 36,598,182	$ 30,870,319	$ 118,669,664
Total Revenues	$ 942,921,203	$ 818,742,513	$ 795,233,551	$ 722,783,203	$ 742,016,679
Total Capital Contributions	$ 296,993,321	$ 423,883,696	$ 370,923,020	$ 458,221,068	$ 428,228,630
Operating Expenses					
Materials, equipment, supplies, contract services and other	$ 228,982,465	$ 215,571,233	$ 209,351,988	$ 203,460,878	$ 172,720,347
Impairment loss/design costs	—	40,239,036	—	—	—
Salaries and related benefits	166,384,626	161,294,754	157,370,451	156,534,497	144,210,330
Utilities	26,342,066	27,445,434	26,779,166	24,565,137	28,209,669
Lease from U.S. government	5,335,290	5,303,936	5,180,558	5,101,119	5,066,069
Depreciation and amortization	243,653,180	257,296,079	215,291,994	219,144,166	182,352,857
Total Operating Expenses	$ 670,697,627	$ 707,150,472	$ 613,974,157	$ 608,805,797	$ 532,559,272
Total Non-Operating Expenses	$ 238,369,605	$ 229,785,335	$ 337,559,564	$ 278,932,176	$ 144,510,068
Total Expenses	$ 909,067,232	$ 936,935,807	$ 951,533,721	$ 887,737,973	$ 677,069,340
Change in Net Position	$ 330,847,292	$ 305,690,402	$ 214,622,850	$ 285,779,141	$ 477,013,241
Cumulative Adjustment for GASB 65[1]	—	—	$ (50,718,891)	—	—
Total Net Position	$ 2,623,030,498	$ 2,292,183,206	$ 1,986,492,804	$ 1,822,588,845	$ 1,536,809,704

[1] The 2012 financial statements were revised as part of the implementation to conform to the 2013 accounting requirements for comparative purposes, and the opening net assets were adjusted to reflect the cumulative effect of the change impacting periods prior to 2012.

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Financial Highlights for the Fiscal Year Ended December 31, 2013

The presentation of the financial statements includes two enterprise funds. The Aviation Enterprise Fund encompasses the activity of Reagan National and Dulles International airports. The Dulles Corridor Enterprise Fund encompasses the Airports Authority's activity within the Dulles Corridor, including the Dulles Toll Road and the Dulles Corridor Metrorail Project.

The *Statements of Net Position* depict the Airports Authority's financial position as of a point in time, Dec. 31, and include all assets and liabilities of the Airports Authority. 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 Dec. 31.

Aviation Enterprise Fund

Operating Revenues

The Aviation Enterprise Fund recorded $723.0 million in operating revenues for 2013, an increase of $28.1 million from 2012. Aviation Enterprise Fund operating revenues increased $31.0 million between 2011 and 2012. Total operating revenues for each of the past three years is shown on the previous page. 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. In addition, the Airports Authority receives 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 (MAG).

Airline Revenues

Airlines that operate at Reagan National and Dulles International pay for the costs to operate the airports and to cover the Airports Authority's principal and interest payments on outstanding Aviation Enterprise Fund debt. When operating costs for the Aviation Enterprise Fund increase, there is a corresponding increase in the rates charged to the airlines. In 2013, airline revenue, which consisted of landing fees, terminal rents and passenger fees, totaled $466.5 million, an increase of $19.2 million, or 4.3 percent, from the prior year. In 2012, airline revenue totaled $447.4 million, an increase of $31.3 million, or 7.5 percent, compared to 2011.

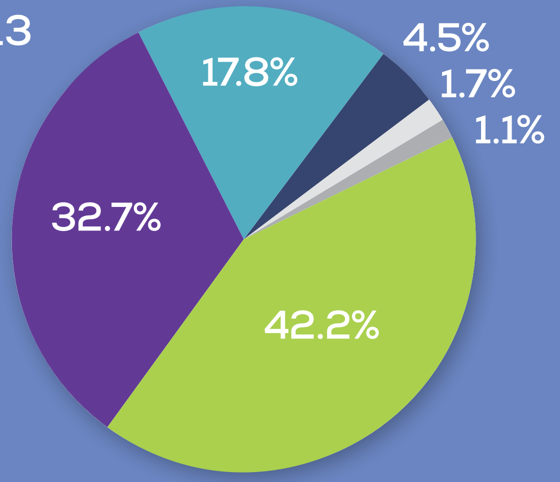
In 2013, rent revenues totaled $305.3 million, an increase of $3.7 million, or 1.2 percent, from 2012. Rent revenue increased $26.2 million, or 9.5 percent, from 2011. The key driver of increased terminal rents has been an increase in debt service costs resulting from the recent completion of large capital projects, including Terminal A improvements at Reagan National, the Automated People Mover or AeroTrain at Dulles International, and the expansion of the International Arrivals Building at Dulles International.

Landing fee revenues totaled $128.4 million in 2013, an increase of $16.1 million from 2012; in 2012, landing fee revenues increased $2.0 million from 2011 to $112.3 million. Landing fees at both airports increased in recent years. Signatory landing fees per 1,000 pounds at Reagan National increased to $4.19 in 2013 from $3.55 in 2012 and $3.42 in 2011. In 2013, signatory airline landing fees per 1,000 pounds at Dulles International increased to $4.23 from $3.72 in 2012 and $3.50 in 2011.

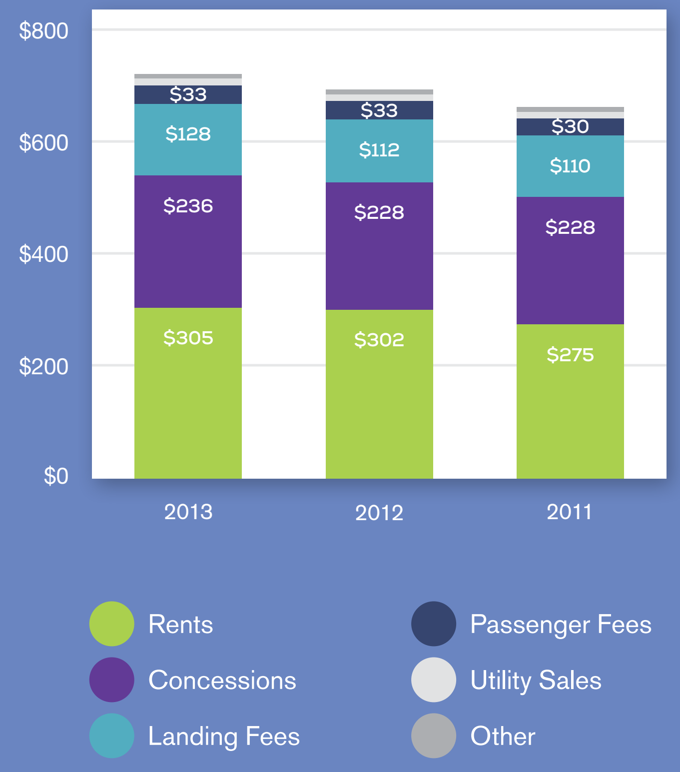
Passenger fees, including passenger conveyance, international arrivals fees and fees paid by the Transportation Security Administration (TSA), totaled $32.8 million in 2013 and decreased $614 thousand, or 1.8 percent, from 2012 due to reduced security fees. In 2012, passenger fees increased $3.1 million, or 10.3 percent, from 2011 as a result of increased international traffic and International Arrivals Building fees at Dulles International.

AVIATION ENTERPRISE FUND OPERATING REVENUES

2013



2011–2013 (in millions)



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Concession Revenues

The Airports Authority's concession revenues totaled $236.3 million in 2013, an increase of $8.5 million, or 3.7 percent, from 2012. Concession revenues accounted for 32.7 percent of total operating revenues in both 2013 and 2012, and 34.3 percent in 2011. The decreases in 2013 and 2012 were attributable to the aforementioned increases in airline revenues, which outpaced the growth in concession revenues over the same period. Parking revenues continued to rank as the Airports Authority's largest concession in 2013, providing $110.1 million in total revenues for the year, an increase of $1.2 million, or 1.1 percent, from 2012 on higher overall passenger traffic and parking rate increases. Parking revenues in 2012 were flat compared to 2011 at $108.9 million. In 2013, rental car revenues increased $1.0 million to $36.4 million due to higher revenues in excess of the MAG.

Food and beverage revenue totaled $19.0 million in 2013, which represented an increase of $1.0 million from 2012. Newsstand and retail revenue remained relatively flat at $12.8 million in 2013.

Fixed base operator revenues of $15.5 million in 2013 remained consistent with the prior year; increases in 2013 and 2012 were attributable to higher MAGs. Inflight catering revenues increased $2.1 million to $10.0 million in 2013 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 $1.2 million in 2013, 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 $1.5 million over 2012. This increase was largely attributable to a $1.6 million increase in foreign currency revenues due to a new contract that provides for a higher MAG, but was partially offset by lower advertising revenues.

Concession Revenues

Fiscal Years Ended December 31	2013	2012	2011
Parking	$ 110,113,780	$ 108,943,383	$ 108,936,324
Rental cars	36,416,084	35,433,032	38,706,628
Food and beverage	18,992,489	18,011,106	17,274,882
Fixed base operator	15,542,501	15,467,248	14,109,352
Newsstand and retail	12,814,549	12,238,148	12,003,769
Display advertising	10,240,914	10,665,291	12,061,771
Inflight caterers	10,005,313	7,925,048	7,172,499
Ground transportation	9,770,802	8,595,780	8,401,055
Duty free	4,666,805	4,455,682	4,009,278
All other	7,690,817	5,985,173	4,924,437
Total	$ $236,254,054	$ $227,719,891	$ $227,599,995

Operating Expenses

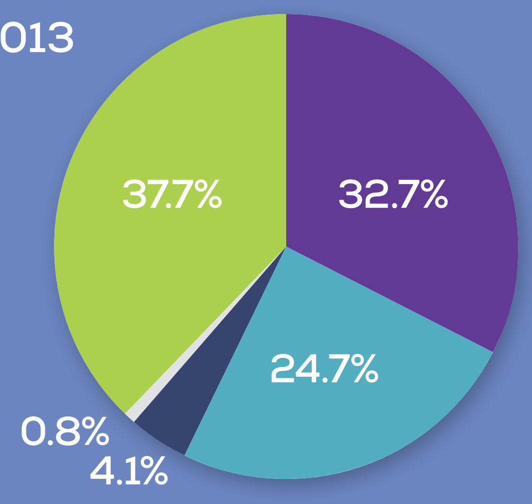
Operating expenses for the Aviation Enterprise Fund for the fiscal year ended Dec. 31, 2013, totaled $630.8 million, a decrease of $42.3 million, or 6.3 percent, from 2012. The primary reason for this decrease was a one-time expense of $40.2 million charged in 2012, made in accordance with GASB Statement 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.

Materials, equipment, supplies, contract services and other expenses increased $11.0 million, or 5.6 percent, to $206.0 million in 2013. The increase was primarily 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.

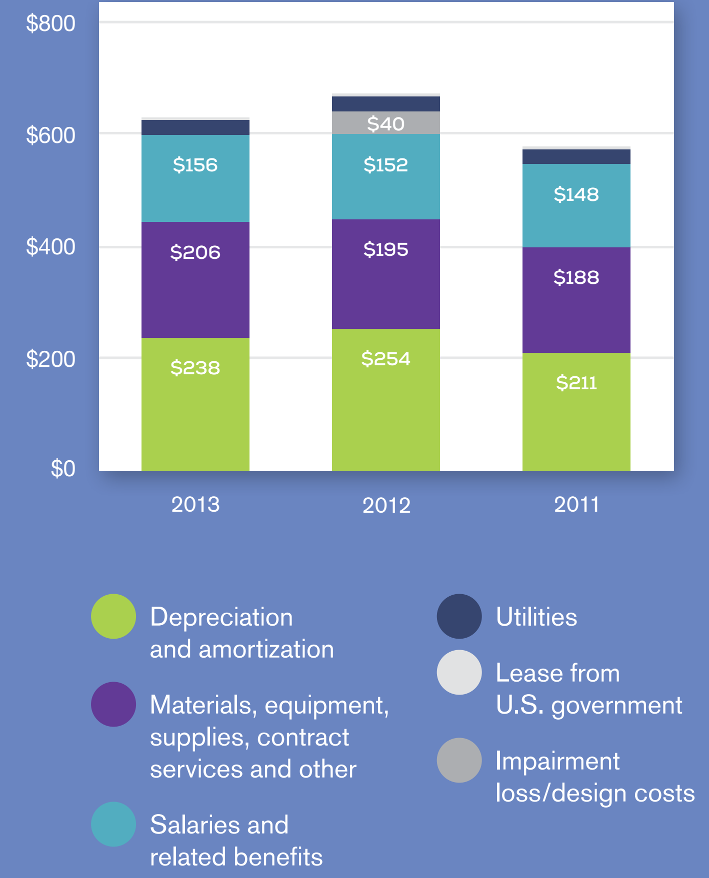
Salaries and related benefits expenses increased $4.2 million, or 2.7 percent, to $155.7 million in 2013. Regular full-time pay for Airports Authority employees increased $2.5 million, or 2.5 percent, over 2012. Overtime costs increased $1.0 million, or 16.6 percent, to $7.3 million in 2013 as a result of snowstorms. In 2013, the Airports Authority's health insurance expenses increased $1.7 million to $20.0 million. The Airports Authority continued funding its Other Post-Employment Benefits (OPEB) program and recorded $5.7 million in expenses for 2013 and $6.4 million in expenses for 2012. The contribution percentages to the Airports

AVIATION ENTERPRISE FUND OPERATING EXPENSES

2013



2011–2013 (in millions)



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Authority's pension plans increased to 7.8 percent in 2013, from 7.2 percent of eligible earnings in 2012 for the General Employee Plan, and decreased to 13.5 percent in 2013 from 14.0 percent of eligible earnings in 2012 for the Police and Firefighters' Plan. The funded ratio as of the actuarial valuation date of Dec. 31, 2013, was 104.2 percent for the General Employee Plan and 103.2 percent for the Police and Firefighters' Plan.

The Airports Authority's 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. Utility expenses for 2012 were $27.3 million, which was an increase of $711 thousand compared to 2011.

Depreciation and amortization expenses totaled $237.7 million in 2013. This was a decrease of $16.1 million from 2012, partially offset by a $3.3 million adjustment to the 2012 balance to reflect implementation of GASB 65. At Reagan National, the Airports Authority completed improvements to Runway 1-19 as well as 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. At Dulles International 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 at Dulles International 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 10 – Changes in Capital Assets in the 2013 CAFR.

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, $9.9, $9.7, and $8.5 million of Aviation Enterprise Fund operating expenses were allocated to the Dulles Corridor Enterprise Fund in 2013, 2012 and 2011, respectively.

Aviation Enterprise Fund – Operating Revenues

Fiscal Years Ended December 31	2013	2012	2011
Operating Revenues			
Rents	$ 305,301,798	$ 301,637,067	$ 275,428,113
Concessions	236,254,054	227,719,891	227,599,995
Landing fees	128,386,773	112,282,616	110,255,672
Passenger fees	32,828,954	33,442,803	30,331,231
Utility sales	12,143,660	11,704,662	11,979,591
Other	8,108,012	8,160,525	8,381,229
Total Operating Revenues	$ 723,023,251	$ 694,947,564	$ 663,975,831

Aviation Enterprise Fund – Operating Expenses

Fiscal Years Ended December 31	2013	2012	2011
Operating Expenses			
Materials, equipment, supplies, contract services and other	$ 205,964,686	$ 194,967,615	$ 187,607,830
Salaries and related benefits	155,687,570	151,531,516	148,072,307
Impairment loss/design costs	—	40,239,036	—
Utilities	26,116,991	27,253,512	26,542,084
Lease from U.S. government	5,335,290	5,303,936	5,180,558
Depreciation and amortization	237,667,144	253,743,153	211,365,393
Total Operating Expenses	$ 630,771,681	$ 673,038,768	$ 578,768,172

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Net Position

Operating income was $92.3 million in 2013, a $70.3 million increase from 2012, when operating income totaled $21.9 million. Operating income in 2012 declined $63.3 million from 2011 as a result of one-time adjustments to depreciation and impairment expenses.

When compared to 2012, total non-operating revenues increased $73.7 million and non-operating expenses increased $6.8 million. Non-operating revenue in 2013 was comprised of $12.0 million in investment income primarily as a result of interest earned on debt service reserve funds, $82.0 million in fair value gains on swaps and $737 thousand 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 outstanding bonds and notes payable, totaled $216.9 million. The $82.0 million fair value gain on swaps was a significant change from 2012 and 2011, when the change in fair value on swaps was a gain of $6.4 million and a loss of $96.2 million, respectively. Please refer to Note 14–Derivatives in the 2013 CAFR for more information on the swap portfolio.

Capital contributions include Passenger Facility Charges (PFCs) and other capital property acquired. PFC revenue for 2013 was $79.1 million, a decrease of $4.2 million from 2012. PFC revenue in 2012 totaled $83.3 million and increased $4.6 million from 2011.

Federal, state and local grants in support of capital programs were $73.3 million in 2013, $54.5 million in 2012 and $54.8 million in 2011. In 2013, the Airports Authority received $23.3 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 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 $46.9 million for the East/West in-line baggage electronic detection system. Additionally, the Airports Authority received $1.1 million from TSA for in-line baggage screening. Please refer to Note 18 – 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 increased in 2013 by $130.9 million, due in large part to higher operating income and increased 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. Net position decreased $68.8 million in 2011 due to the $96.2 million fair value loss on swaps.

The Aviation Enterprise Fund closed 2013 with total net position of $827.7 million.

Aviation Enterprise Fund Change in Net Position

Fiscal Years Ended December 31	2013	2012	2011
Operating Income			
Operating revenues	$ 723,023,251	$ 694,947,564	$ 663,975,831
Operating expenses	630,771,681	673,038,768	578,768,172
Total Operating Income	92,251,570	21,908,796	85,207,659
Non-Operating Revenues			
Investment income	11,992,454	13,356,837	24,683,618
Federal, state and local grants	736,767	1,222,205	874,810
Fair value gains on swaps	81,962,970	6,422,461	—
Total Non-Operating Revenues	94,692,191	21,001,503	25,558,428
Non-Operating Expenses			
Interest expense	(216,902,168)	(210,149,419)	(221,951,744)
Fair value losses on swaps	—	—	(96,249,918)
Total Non-Operating Expenses	(216,902,168)	(210,149,419)	(318,201,662)
Income/(loss) before capital contributions	(29,958,407)	(167,239,120)	(207,435,575)
Capital Contributions	160,813,543	137,715,748	138,612,005
Change in Net Position	$ 130,855,136	$ (29,523,372)	$ (68,823,570)

Source: Statements of Revenues, Expenses and Changes in Net Position

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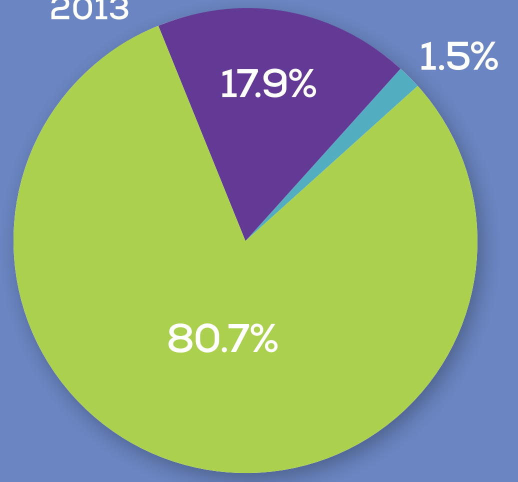
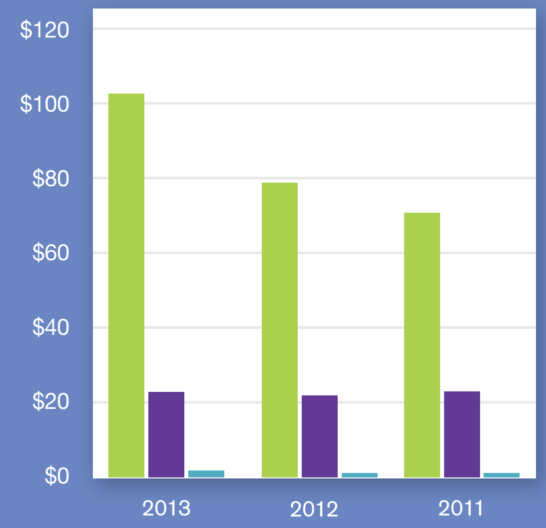
DULLES CORRIDOR ENTERPRISE FUND OPERATING REVENUES

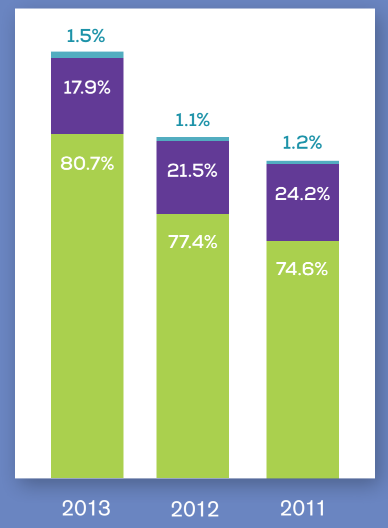
2013



2011–2013 (in millions)



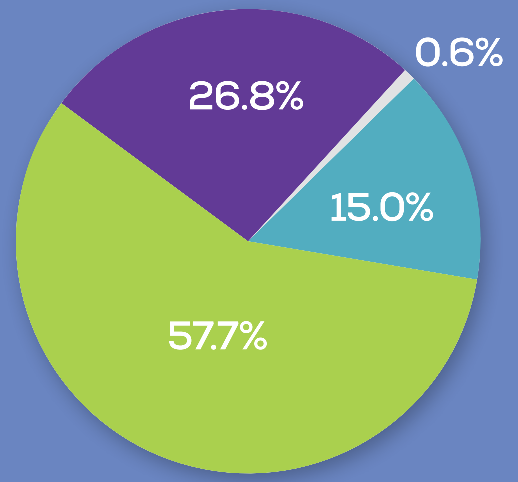
2011–2013



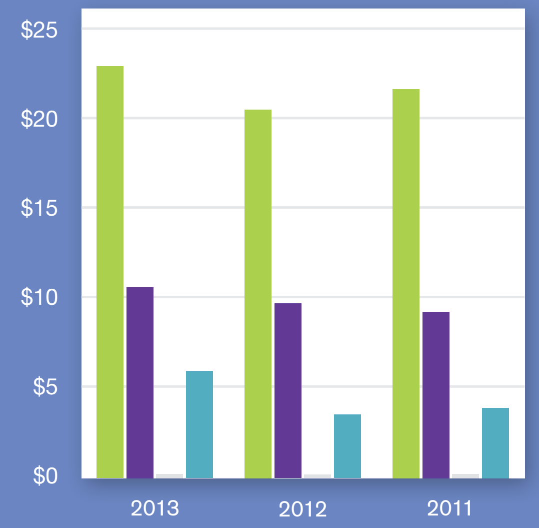
Electronic toll collection revenues Cash revenues Violation revenues

DULLES CORRIDOR ENTERPRISE FUND OPERATING EXPENSES

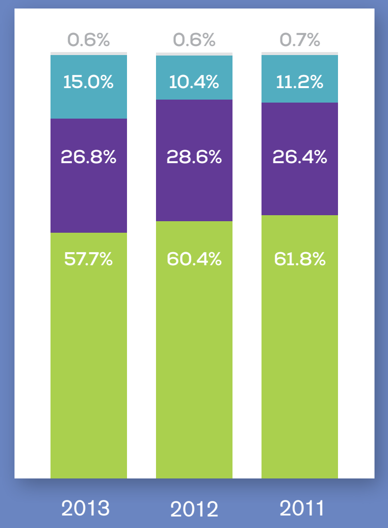
2013



2011–2013 (in millions)



2011–2013



Materials, equipment, supplies, contract services and other Salaries and related benefits Depreciation and amortization Utilities

Dulles Corridor Enterprise Fund

Operating Revenues

For the year ended Dec. 31, 2013, the Airports Authority recorded toll revenues of $127.1 million, which consisted of electronic toll collections (E-ZPass) of $102.5 million, cash collections of $22.7 million and violations revenue of $1.8 million. Overall toll collection revenue increased $25.5 million from 2012, largely driven by a $23.9 million increase in E-ZPass revenues. Toll revenues increased $6.9 million from 2011 to 2012. In 2013, E-ZPass revenue comprised 80.7 percent of toll revenues in 2013, up from 77.4 percent in 2012 and 74.6 percent in 2011. Overall increases in total operating revenue for 2013, 2012 and 2011 were driven by successive toll rate increases that went into effect on Jan. 1 of each of the past three years.

Operating Expenses

For the years ended Dec. 31, 2013 and 2012, the Dulles Corridor Enterprise Fund recorded $39.9 million and $34.1 million in operating expenses, respectively. Operating expenses were primarily comprised of materials, supplies, equipment, contract services and other, which totaled $23.0 million in 2013, an increase of $2.4 million from 2012. This expense category included $6.0 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. Snow removal costs increased $687 thousand to $927 thousand as a result of an increased amount of snowfall in 2013. In 2012, materials, supplies, equipment, contract services and other totaled $20.6 million, which included $5.5 million in electronic toll collection fees paid to the third-party processor of E-ZPass transactions and $5.4 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 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 $2.4 million to $6.0 million in 2013. The same line item decreased $374 thousand from $3.9 million in 2011 to $3.6 million in 2012. 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 increased $934 thousand from $9.8 million in 2012 to $10.7 million in 2013. The increase was due to a $774 thousand increase in allocated salaries and benefits expense associated with Metrorail Phase 2.

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Dulles Corridor Enterprise Fund – Operating Revenues

Fiscal Years Ended December 31	2013	2012	2011
Operating Revenues			
Electronic toll collection	$ 102,478,081	$ 78,613,469	$ 70,634,124
Cash revenues	22,735,432	21,892,705	22,905,593
Violation revenues	1,845,828	1,089,915	1,119,821
Other	500	7,750	—
Total Operating Revenues	$ 127,059,841	$ 101,603,839	$ 94,659,538

Dulles Corridor Enterprise Fund – Operating Expenses

Fiscal Years Ended December 31	2013	2012	2011
Operating Expenses			
Materials, equipment, supplies, contract services and other	$ 23,017,779	$ 20,603,618	$21,744,158
Salaries and related benefits	10,697,056	9,763,238	9,298,144
Utilities	225,075	191,922	237,082
Depreciation and amortization	5,986,036	3,552,926	3,926,601
Total Operating Expenses	$ 39,925,946	$ 34,111,704	$35,205,985

Dulles Corridor Enterprise Fund Change in Net Position

Fiscal Years Ended December 31	2013	2012	2011
Operating Income			
Operating revenues	$ 127,059,841	$ 101,603,839	$ 94,659,538
Operating expenses	39,925,946	34,111,704	35,205,985
Total operating income	87,133,895	67,492,135	59,453,553
Non-Operating Revenues (Expenses)			
Investment income (loss)	(1,854,080)	1,182,797	10,932,190
Federal, state and local grants	—	6,810	107,564
Interest expense	(21,467,437)	(19,322,104)	(18,060,020)
Contributions to other governments	—	(313,812)	(1,297,882)
Total non-operating revenues (expenses)	(21,467,437)	(19,635,916)	(19,357,902)
Income/(loss) before capital contributions	63,812,378	49,045,826	51,135,405
Capital Contributions	136,179,778	286,167,948	232,311,015
Change in Net Position	$ 199,992,156	$ 335,213,774	$ 283,446,420

Source: Statements of Revenues, Expenses and Changes in Net Position

Net Position

The increase in net position for the Dulles Corridor Enterprise Fund totaled $200.0 million, $335.2 million and $283.4 million for the years ended Dec. 31, 2013, 2012 and 2011, respectively. Total operating income for the Dulles Corridor Enterprise Fund was $87.1 million, $67.5 million in 2012 and $59.5 million in 2011. The 29.1 percent increase in total operating income over 2012 was largely driven by toll rate increases that became effective Jan. 1, 2013, while the 13.5 percent increase in total operating income from 2011 to 2012 was the result of toll rate increases that became effective Jan. 1, 2012.

Total non-operating expenses increased from $18.4 million in 2012 to $23.3 million in 2013, primarily as a result of higher interest expense and investment losses. Interest expenses totaled $21.5 million, a $2.2 million increase from 2012, as a result of increased borrowings. Interest and investment earnings were offset by unrealized losses for a net investment loss of $1.9 million in 2013. For the years ended Dec. 31, 2012 and 2011, the Dulles Corridor Enterprise Fund had investment income of $1.2 million and $10.9 million, respectively.

Government grants in support of capital programs for the Dulles Corridor Enterprise Fund totaled $136.2 million for the fiscal year ending Dec. 31, 2013, and $282.1 million for the fiscal year ending Dec. 31, 2012. Federal grants included $85.0 million related to the Dulles Metrorail Project, while local government contributions totaled $51.2 million. Please refer to Note 18 – Government Grants in the 2013 CAFR for further information on grant activity. In addition, the Dulles Corridor Enterprise Fund recorded other contributed capital property of $4.1 million in 2012.

The Dulles Corridor Enterprise Fund closed 2013 with total net position of $1,795.3 million.

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CURRENT DIRECTORS

CHAIRMAN
(Effective Jan. 1, 2014)
Frank M. Conner III (VA)
Reappointed Nov. 24, 2012

VICE CHAIRMAN
(Effective Jan. 1, 2014)
Warner H. Session (DC)
Appointed March 15, 2011

Earl Adams Jr. (MD)
Appointed Oct. 11, 2012

Richard S. Carter (MD)
Appointed March 15, 2011

Lynn Chapman (VA)
Appointed Oct. 12, 2012

Michael A. Curto (MD)
Chairman, 2013
Appointed Jan. 10, 2011

The Honorable Thomas M. Davis III (VA)
Vice Chairman, 2013
Appointed Nov. 24, 2010

Bruce A. Gates (VA)
Appointed May 17, 2013

Anthony H. Griffin (VA)
Appointed Nov. 24, 2012

Shirley Robinson Hall (DC)
Appointed March 15, 2011

Barbara Lang (DC)
Appointed Oct. 2, 2012

The Honorable Elaine McConnell (VA)
Appointed Oct. 18, 2012

William Shaw McDermott (US)
Appointed Jan. 16, 2013

Caren Merrick (VA)
Appointed Oct. 12, 2012

Nina Mitchell Wells (US)
Appointed Jan. 16, 2013

Joslyn N. Williams (DC)
Appointed Jan. 11, 2013

FORMER DIRECTORS

The Honorable H.R. Crawford (DC)
Term Expired Jan. 5, 2013

Todd A. Stottlemyer (VA)
Resigned Effective May 17, 2013

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MANAGEMENT

John E. Potter
President and Chief Executive Officer

Margaret E. McKeough
Executive Vice President and Chief Operating Officer

Quince T. Brinkley, Jr.
Vice President and Secretary

Syed Ali
Acting Vice President for Information and Telecommunications Systems (through June 2, 2013)

Steven C. Baker
Vice President for Business Administration

Christopher U. Browne
Vice President and Airport Manager Washington Dulles International

Ginger Evans
Vice President for Engineering (eff. Feb. 10, 2014)

Frank D. Holly, Jr.
Vice President for Engineering (ret. Jan. 4, 2014)

Valerie Holt
Vice President for Audit

Goutam Kundu
Vice President for Information and Telecommunications Systems (eff. June 3, 2013)

J. Paul Malandrino, Jr.
Vice President and Airport Manager Ronald Reagan Washington National

David Mould
Vice President for Communications

Bryan Norwood
Vice President of Public Safety (eff. April 21, 2014)

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

Philip Sunderland
Vice President and General Counsel

Elmer H. Tippett, Jr.
Vice President for Public Safety (ret. Jan. 4, 2014)

Mark Treadaway
Vice President for Air Service Planning and Development

Anthony Vegliante
Vice President for Human Resources (eff. May 20, 2013)

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AIRPORTS AUTHORITY

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