

NEW ISSUE /BOOK-ENTRY ONLY

In the respective opinions of Co-Bond Counsel to the Airports Authority to be delivered upon the issuance of the Series 2012A-B Bonds, under existing law and assuming compliance by the Airports Authority with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2012A-B Bonds, with which the Airports Authority has certified, represented and covenanted its compliance, (i) interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2012A Bonds are held by a person who is a "substantial user" of the facilities financed or a "related" person, as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (ii) interest on the Series 2012B Bonds is excluded from gross income for federal income tax purposes and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, subject to certain exceptions, corporations. Also, in the respective opinions of Co-Bond Counsel to be delivered upon the issuance of the Series 2012A-B Bonds, under existing law, interest on the Series 2012A-B Bonds is exempt from income taxation by the Commonwealth of Virginia and is exempt from all taxation of the District of Columbia except estate, inheritance and gift taxes. See "TAX MATTERS" for a more detailed discussion.



\$291,035,000
Airport System Revenue
Refunding Bonds
Series 2012A
(AMT)

\$20,790,000
Airport System Revenue
Refunding Bonds
Series 2012B
(Non-AMT)

Dated: Date of Delivery

Due: October 1, in the years as shown herein

Interest on the Metropolitan Washington Airports Authority's (the "Airports Authority") Airport System Revenue Refunding Bonds, Series 2012A, in the principal amount of \$291,035,000 (the "Series 2012A Bonds") and Airport System Revenue Refunding Bonds, Series 2012B, in the principal amount of \$20,790,000 (the "Series 2012B Bonds" together with the Series 2012A Bonds, the "Series 2012A-B Bonds") will be payable on October 1, 2012, and semiannually thereafter on each April 1 and October 1. The Series 2012A-B Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple hereof. When issued, the Series 2012A-B Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal and interest will be made. Purchasers will acquire beneficial interests in the Series 2012A-B Bonds, in principal amounts shown on the inside cover pages hereof, in book-entry form only. DTC will remit such payments to its participants who will be responsible for remittance to beneficial owners. See "THE SERIES 2012A-B BONDS – Book-Entry Only System."

Proceeds of the Series 2012A Bonds, along with other available funds, will be used to (i) refund all of the Airports Authority's outstanding Airport System Revenue Bonds, Series 2001A, (ii) refund all of the Airports Authority's outstanding Airport System Revenue Bonds, Series 2002A, (iii) refund all of the Airports Authority's outstanding Airport System Revenue Refunding Bonds, Series 2002D, (iv) fund a deposit to the Common Reserve Account in the Debt Service Reserve Fund to satisfy a portion of the debt service reserve requirement for the Series 2012A-B Bonds and any other Common Reserve Bonds, and (v) pay costs of issuing the Series 2012A Bonds.

Proceeds of the Series 2012B Bonds, along with other available funds, will be used to (i) refund a portion of the Airports Authority's outstanding Airport System Revenue Refunding Bonds, Series 2003B, (ii) fund a deposit to the Common Reserve Account in the Debt Service Reserve Fund to satisfy a portion of the debt service requirement for the Series 2012A-B Bonds and any other Common Reserve Bonds, and (iii) pay costs of issuing the Series 2012B Bonds.

The Series 2012A-B Bonds will be issued under and secured by the Amended and Restated Master Indenture of Trust dated as of September 1, 2001, as amended (the "Master Indenture") and the Forty-third Supplemental Indenture of Trust dated as of July 1, 2012 (the "Forty-third Supplemental Indenture") and, together with the Master Indenture, the "Indenture"), each between the Airports Authority and Manufacturers and Traders Trust Company (formerly Allfirst Bank), as the trustee (the "Trustee"). Except to the extent payable from the proceeds of the Series 2012A-B Bonds and any other moneys available for such payment, the Series 2012A-B Bonds are payable from, and secured by a pledge of, Net Revenues of the Airports Authority, as described herein, which pledge is on a parity with the pledge of Net Revenues made to secure the Airports Authority's outstanding Bonds and other Bonds which may be issued in the future under the Indenture, as further supplemented. The Series 2012A-B Bonds will not be subject to acceleration upon an event of default or otherwise.

THE SERIES 2012A-B BONDS SHALL NOT CONSTITUTE A DEBT OF THE DISTRICT OF COLUMBIA OR OF THE COMMONWEALTH OF VIRGINIA OR OF ANY POLITICAL SUBDIVISION THEREOF NOR A PLEDGE OF THE FAITH AND CREDIT OF THE DISTRICT OF COLUMBIA OR OF THE COMMONWEALTH OF VIRGINIA OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2012A-B BONDS UNDER THE PROVISIONS OF THE DISTRICT ACT AND THE VIRGINIA ACT SHALL NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATE THE DISTRICT OF COLUMBIA OR THE COMMONWEALTH OF VIRGINIA OR OF ANY POLITICAL SUBDIVISION THEREOF TO ANY FORM OF TAXATION WHATSOEVER. THE AIRPORTS AUTHORITY HAS NO TAXING POWER.

The Series 2012A-B Bonds will mature on October 1 in the years and in the principal amounts, and will bear interest at the rates, as shown herein. The Series 2012A Bonds are subject to optional redemption prior to maturity, as more fully described herein. The Series 2012B Bonds are not subject to optional redemption prior to maturity.

The Series 2012A-B Bonds are offered when, as and if issued and received by the Underwriters. Legal matters with respect to the issuance of the Series 2012A-B Bonds are subject to the approval of Co-Bond Counsel to the Airports Authority, Hogan Lovells US LLP, Washington, D.C., and Lewis, Munday, Harrell & Chambliss, Washington, D.C. Certain legal matters will be passed upon for the Airports Authority by Philip G. Sunderland, Esquire, Vice President and General Counsel to the Airports Authority and for the Underwriters by their Co-Counsel Saul Ewing LLP, Washington, D.C. and McKenzie & Associates, Washington, D.C. It is expected that the Series 2012A-B Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about July 3, 2012.

This cover page contains certain information for quick reference only. It is not a summary of this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, paying particular attention to the matters discussed in Part II, "CERTAIN INVESTMENT CONSIDERATIONS."

Barclays

Loop Capital Markets

BofA Merrill Lynch

Citigroup

Davenport & Company LLC

Raymond James | Morgan Keegan

Siebert Brandford Shank & Co., L.L.C.

US Bancorp

Wells Fargo Securities

Metropolitan Washington Airports Authority

\$291,035,000
 Airport System Revenue Refunding Bonds
 Series 2012A
 (AMT)

<u>Year October 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†] No.</u>
2016	\$ 2,085,000	5.000%	1.440%	592646 3X9
2016	990,000	3.000	1.440	592646 3G6
2017	8,180,000	5.000	1.740	592646 3Y7
2017	2,000,000	3.000	1.740	592646 3H4
2018	10,465,000	5.000	2.030	592646 3Z4
2018	185,000	3.000	2.030	592646 3J0
2019	11,080,000	5.000	2.390	592646 4A8
2019	100,000	3.000	2.390	592646 3K7
2020	11,195,000	5.000	2.700	592646 4B6
2020	545,000	3.000	2.700	592646 3L5
2021	12,240,000	5.000	2.910	592646 4C4
2021	75,000	3.000	2.910	592646 3M3
2022	11,930,000	5.000	3.060	592646 4D2
2022	995,000	3.000	3.060	592646 3N1
2023	13,555,000	5.000	3.210*	592646 3P6
2024	14,230,000	5.000	3.350*	592646 3Q4
2025	14,945,000	5.000	3.450*	592646 3R2
2026	15,695,000	5.000	3.530*	592646 3S0
2027	16,475,000	5.000	3.610*	592646 4E0
2028	28,550,000	5.000	3.690*	592646 3T8
2029	29,970,000	5.000	3.760*	592646 3U5
2030	31,480,000	5.000	3.830*	592646 3V3
2031	33,045,000	5.000	3.880*	592646 3W1
2032	21,025,000	4.125	4.140	592646 4F7

* Priced to the par call date of October 1, 2022.

† Copyright 2007, American Bankers Association. The CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2012A Bonds and the Airports Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2012A Bonds.

Metropolitan Washington Airports Authority

\$20,790,000

Airport System Revenue Refunding Bonds
Series 2012B
(Non-AMT)

<u>Year</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†] No.</u>
2013	\$ 220,000	3.000%	0.400%	592646 4M2
2014	3,260,000	3.000	0.620	592646 4N0
2015	3,260,000	3.000	0.840	592646 4G5
2016	3,305,000	4.000	1.040	592646 4H3
2017	3,430,000	4.000	1.290	592646 4J9
2018	3,570,000	5.000	1.530	592646 4K6
2019	3,745,000	5.000	1.790	592646 4L4

[†] Copyright 2007, American Bankers Association. The CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2012B Bonds and the Airports Authority and the Underwriters do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2012B Bonds.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

1 Aviation Circle
Washington, D.C. 20001-6000
(703) 417-8700

MEMBERS OF THE AIRPORTS AUTHORITY

Michael A. Curto, *Chairman*
Honorable Thomas M. Davis III, *Vice Chairman*
Robert Clarke Brown
Richard S. Carter
Honorable William W. Cobey Jr.
Frank M. Conner III
Honorable H.R. Crawford
Shirley Robinson Hall
Dennis L. Martire
Michael L. O'Reilly
Warner H. Session
Todd A. Stottlemeyer

SENIOR MANAGEMENT

President and Chief Executive Officer.....	John E. Potter
Executive Vice President and Chief Operating Officer	Margaret E. McKeough
Vice President and Secretary	Quince T. Brinkley, Jr.
Vice President and General Counsel.....	Philip G. Sunderland
Vice President for Finance and Chief Financial Officer.....	Andrew T. Rountree
Vice President for Audit	Valerie Holt
Vice President for Engineering	Frank D. Holly, Jr.
Vice President for Communications	David Mould
Acting Vice President for Information Systems & Telecommunications.....	Syed Ali
Vice President for Business Administration	Steven C. Baker
Vice President for Air Service Planning & Development	Mark Treadaway
Vice President for Human Resources	Arl Williams
Vice President and Airport Manager - Reagan National Airport	J. Paul Malandrino, Jr.
Vice President and Airport Manager - Dulles International Airport	Christopher U. Browne
Vice President for Public Safety	Elmer H. Tippett, Jr.

AIRPORTS AUTHORITY CONSULTANTS

Co-Bond Counsel.....	Hogan Lovells US LLP Lewis, Munday, Harrell & Chambliss
Financial Advisor.....	Jefferies & Company, Inc.

This Official Statement is provided in connection with the issuance of the Series 2012A-B Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the Airports Authority and other sources which are believed to be reliable.

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

No dealer, broker, salesman or other person has been authorized by the Airports Authority, or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2012A-B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airports Authority since the date hereof.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2012A-B Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

The order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: www.MuniOS.com. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012A-B BONDS AT A LEVEL ABOVE THAT WHICH OTHERWISE MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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Part I
of the
OFFICIAL STATEMENT
relating to

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

\$291,035,000
Airport System Revenue
Refunding Bonds
Series 2012A
(AMT)

\$20,790,000
Airport System Revenue
Refunding Bonds
Series 2012B
(Non-AMT)

INTRODUCTION

This Official Statement is furnished in connection with the issuance of the Metropolitan Washington Airports Authority's (the "Airports Authority") Airport System Revenue Refunding Bonds, Series 2012A, to be issued in the principal amount of \$291,035,000 (the "Series 2012A Bonds") and Airport System Revenue Refunding Bonds, Series 2012B, to be issued in the principal amount of \$20,790,000 (the "Series 2012B Bonds" together with the Series 2012A Bonds, the "Series 2012A-B Bonds").

The Series 2012A-B Bonds will be issued under and secured by the Amended and Restated Master Indenture of Trust dated as of September 1, 2001, as previously supplemented and amended (the "Master Indenture"), and the Forty-third Supplemental Indenture of Trust dated as of July 1, 2012 (the "Forty-third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each between the Airports Authority and Manufacturers and Traders Trust Company, successor to Allfirst Bank, as the trustee (the "Trustee"). The Series 2012A-B Bonds, the Airports Authority's outstanding bonds previously issued under the Master Indenture, and any additional bonds to be issued under the Indenture, as may be further supplemented, are referred to collectively in this Official Statement as the "Bonds."

This Official Statement consists of the cover page, the inside cover pages, the table of contents, Part I, Part II and the appendices. Part I and Part II and all appendices should be read in their entirety. Part I of this Official Statement contains, among other things, information relating to the specific terms of the Series 2012A-B Bonds and the Airports Authority's financial information. Part II of this Official Statement contains certain provisions applicable to all Bonds, information regarding the Airports Authority, the Airport Use Agreement and Premises Lease (the "Airline Agreement"), the Airport Service Region and the Airports' activity, certain factors affecting the air transportation industry, the financial condition of certain airlines serving the Airports, the Airports Authority's capital construction program for Ronald Reagan Washington National Airport and Washington Dulles International Airport (the "Capital Construction Program" or the "CCP"), the plan of funding for the CCP and certain investment considerations.

Part I of this Official Statement should be read together with Part II of this Official Statement. Unless otherwise defined in Part I, all terms used herein shall have the same meanings set forth in APPENDIX A – "Definitions and Summary of Certain Provisions of the Indenture." Part II of this

Official Statement has not been updated since May 23, 2012 and provides information only as of such date.

The Airports Authority

The Airports Authority is a public body politic and corporate, created with the consent of the Congress of the United States by the District of Columbia Regional Airports Authority Act of 1985, as amended, codified at D.C. Official Code §9-901 et seq. (2001) (the “District Act”), and Chapter 598 of the Acts of Virginia General Assembly of 1985, as amended, codified at Va. Code §5.1-152 *et seq.* (2001) (the “Virginia Act” and, together with the District Act, the “Acts”). Pursuant to an Agreement and Deed of Lease effective June 7, 1987, as amended (the “Federal Lease”), the Airports Authority assumed operating responsibility for Ronald Reagan Washington National Airport (“Reagan National Airport”) and Washington Dulles International Airport (“Dulles International Airport” and, together with Reagan National Airport, the “Airports”) upon the transfer of an initial 50-year leasehold interest in the Airports from the United States federal government to the Airports Authority in accordance with the Metropolitan Washington Airports Act of 1986 (Title VI, P.L. 99-500, as reenacted in P.L. 99-591, effective October 18, 1986, as amended, codified at 49 U.S.C. §49101 *et seq.* (the “Federal Act”). The Federal Lease was amended in 2003 to extend its term to 2067. See Part II, “THE AIRPORTS AUTHORITY – Lease of the Airports to the Airports Authority.”

The members of the Airports Authority’s Board of Directors (the “Board”) are:

<u>Name</u>	<u>Appointing Authority</u>	<u>Term Expires</u>
Michael A. Curto, <i>Chairman</i>	Governor of Maryland	November 30, 2016
Honorable Thomas M. Davis III, <i>Vice Chairman</i>	Governor of Virginia	November 23, 2016
Robert Clarke Brown	President of the United States	November 22, 2011*
Richard S. Carter	Governor of Maryland	November 30, 2014
Honorable William W. Cobey Jr.	President of the United States	May 30, 2010*
Frank M. Conner III	Governor of Virginia	November 23, 2012
Honorable H.R. Crawford	Mayor of the District of Columbia	January 5, 2013
Shirley Robinson Hall	Mayor of the District of Columbia	January 5, 2015
Dennis L. Martire	Governor of Virginia	November 23, 2014
Michael L. O’Reilly	Governor of Virginia	November 23, 2012
Warner H. Session	Mayor of the District of Columbia	January 5, 2017
Todd A. Stottlemeyer	Governor of Virginia	November 23, 2014
Vacant**	President of the United States	

The Board operates through several committees including Finance, Audit-Legal, Executive and Governance, Business Administration, Strategic Planning and Development and Dulles Corridor. Primary oversight over financing activities is provided by the Finance and the Audit-Legal Committees. The Chairman of the Board’s Finance Committee is Frank M. Conner III and Finance Committee Members are Robert Clarke Brown, Richard S. Carter, Thomas M. Davis III, Shirley Robinson Hall, Warner H. Session, Todd A. Stottlemeyer and Michael A. Curto (ex officio). The Co-Chairs of the Board’s Audit-Legal Committee are Shirley Robinson Hall (Co-Chair-Audit) and Michael L. O’Reilly (Co-Chair-Legal) and

* The Board members whose terms have expired will continue to serve in their current capacity until they are reappointed or their replacements are appointed by the appropriate governing body. On November 20, 2011, the Federal Act was amended to, among other things, provide that members of the Board are not to continue to serve after expiration of their term. The same amendment has been made to the Virginia Act. A comparable amendment to the District Act has not been enacted as of the date of this Official Statement. See PART II, “THE AIRPORTS AUTHORITY.”

** The vacancy will be filled once the President of the United States makes an appointment with the advice and consent of the Senate.

Committee Members are William W. Cobey Jr., Frank M. Conner III, Dennis L. Martire, and Michael A. Curto (ex officio).

In November 2011, the Federal Act was amended to provide for an increase in the number of Board members from thirteen to seventeen; for an increase in the number of appointees by the Governor of Virginia, Governor of Maryland and the Mayor of the District of Columbia; and to provide that members of the Board are not to continue to serve after expiration of their term. In response to changes in the Federal Act, the General Assembly of Virginia passed a bill to make corresponding amendments to the Virginia Act. Comparable amendments to the District Act have not been enacted as of the date of this Official Statement. See Part II, “THE AIRPORTS AUTHORITY.”

The Airports

Reagan National Airport was opened for service in 1941. It is located on approximately 860 acres along the Potomac River in Arlington County, Virginia, approximately three miles from Washington, D.C. It has three interconnected terminal buildings, three runways and 44 aircraft gates. As of March 31, 2012, Reagan National Airport was served by 29 airlines, including 10 major/national airlines, 16 regional/commuter airlines, one cargo and two foreign flag carriers. During the first three months of 2012, total enplanements (including military and general aviation) at Reagan National Airport increased 3.2% compared to the first three months of 2011. US Airways and its regional affiliates accounted for 40.6% of enplanements at Reagan National Airport from January through March 2012. See Part II, “THE AIRPORTS AUTHORITY’S FACILITIES AND MASTER PLANS – Facilities at Reagan National Airport and Dulles International Airport” and “THE AIRPORT SERVICE REGION AND AIRPORTS ACTIVITY.”

Dulles International Airport was opened for service in 1962. It is located on approximately 11,830 acres (exclusive of the Dulles Access Highway) in Fairfax and Loudoun Counties, Virginia, approximately 26 miles west of Washington, D.C. In addition to a main terminal, it has four midfield concourses (A, B, C and D), four runways and approximately 123 aircraft gates. As of March 31, 2012, Dulles International Airport was served by 49 airlines, including 8 major/national airlines, 16 regional/commuter airlines, 22 foreign flag carriers and three all-cargo carriers. During the first three months of 2012, total enplanements (including military and general aviation) at Dulles International Airport increased by 0.5% compared to the first three months of 2011. United Airlines (“United”) maintains a domestic hub and an international gateway operation at Dulles International Airport. On October 1, 2010, United and Continental Airlines (“Continental”) completed the merger of the two airlines. The merged airline obtained a single operating certificate from the FAA in November 2011 and began operating under the name “United Airlines.” The combined airline accounted for 67.3% of domestic and international enplanements at Dulles International Airport from January through March 2012. See Part II, “THE AIRPORTS AUTHORITY’S FACILITIES AND MASTER PLANS – Facilities at Reagan National Airport and Dulles International Airport,” “THE AIRPORTS SERVICE REGION AND AIRPORTS ACTIVITY,” and “FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS.”

In May 2011, Delta Air Lines (“Delta”) and US Airways submitted a proposal to the Federal Aviation Administration (“FAA”) that was designed to satisfy FAA’s anti-competitive concerns with a previous slot-swap proposal submitted in 2009. In this May 2011 proposal, Delta agreed to an arrangement whereby it would give 42 of its slot pairs at Reagan National Airport to US Airways plus the rights to two daily flights to Sao Paulo, Brazil in 2015, and US Airways would give 132 of its slot pairs at New York-LaGuardia Airport (“LaGuardia”) to Delta. The two airlines also agreed to relinquish 16 LaGuardia slot pairs and eight Reagan National Airport slot pairs to new market entrants. The completion of the slot swap transaction of Delta and US Airways received government approval on July 21, 2011 on the condition that

the airlines complete the slot swap transaction in phases. On December 13, 2011, JetBlue Airlines purchased the eight Delta slot pairs at the Reagan National Airport.

Operation of the Dulles Toll Road and Construction of the Dulles Metrorail Extension

On November 1, 2008, the Virginia Department of Transportation (“VDOT”) transferred operational and financial control of the Dulles Toll Road (the “DTR”) from VDOT 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 (collectively, the “VDOT Agreements”), each entered into by and between VDOT and the Airports Authority. In exchange for the rights to the revenues from operation of the DTR and certain other revenues described in the VDOT Agreements (collectively, the “DTR Revenues”), the Airports Authority agreed to (i) operate and maintain the DTR, (ii) cause the design and construction of the extension of the Metrorail from the Falls Church station in Fairfax County, along the Dulles Corridor to Dulles International Airport and beyond into Loudoun County (the “Dulles Metrorail Extension Project”) and (iii) make other improvements in the Dulles Corridor consistent with VDOT and regional plans. The Airports Authority is solely responsible for setting toll rates and collecting tolls, and its rate setting mechanism is pursuant to its regulations and in consultation with the Dulles Corridor Advisory Committee.

The Airports Authority has established a Dulles Corridor Enterprise Fund, which accounts for the activity of the DTR and the Dulles Metrorail Extension Project separately from the activity of the Airports. The Airports Authority is constructing the Dulles Metrorail Extension Project in two phases. The cost of Phase 1, the construction of which is approximately 70% complete as of March 31, 2012, is estimated at \$2.905 billion. The cost of Phase 2, on which construction has not started, is currently estimated by the Airports Authority at \$2.7 billion based on a preliminary engineering estimate as of March 6, 2012. The Dulles Metrorail Extension Project is expected to be funded with a combination of toll road revenue bonds secured by a pledge of DTR Revenues, federal grants and contributions from local jurisdictions. The majority of the Airports Authority’s contribution of 4.1% of total project cost is expected to be funded by Passenger Facility Charges (“PFCs”) revenues. As of the date of this Official Statement, the Airports Authority has issued approximately \$1.3 billion of Dulles Toll Road Revenue Bonds, and expects to issue at least \$1.5 billion of additional Dulles Toll Road Revenue Bonds to complete the Dulles Metrorail Extension Project. The actual amount of additional Dulles Toll Road Revenue Bonds remains subject to the final development of Phase 2 costs and final determination of additional funding sources that may be available.

Use of the Series 2012A-B Bond Proceeds

Proceeds of the Series 2012A Bonds, along with other available funds, will be used to (i) refund all of the Airports Authority’s outstanding Airport System Revenue Bonds, Series 2001A, (ii) refund all of the Airports Authority’s outstanding Airport System Revenue Bonds, Series 2002A, (iii) refund all of the Airports Authority’s outstanding Airport System Revenue Refunding Bonds, Series 2002D, (iv) fund a deposit to the Common Reserve Account in the Debt Service Reserve Fund to satisfy a portion of the debt service reserve requirement for the Series 2012A-B Bonds and any other Common Reserve Bonds, and (v) pay costs of issuing the Series 2012A Bonds.

Proceeds of the Series 2012B Bonds, along with other available funds, will be used to (i) refund a portion of the Airports Authority’s outstanding Airport System Revenue Refunding Bonds, Series 2003B, (ii) fund a deposit to the Common Reserve Account in the Debt Service Reserve Fund to satisfy a portion of the debt service requirement for the Series 2012A-B Bonds and any other Common Reserve Bonds, and (iii) pay costs of issuing the Series 2012B Bonds.

Security and Source of Payment

The Series 2012A-B Bonds are secured on a parity with other Bonds issued under the Indenture by a pledge of the Net Revenues derived by the Airports Authority from the operation of the Airports, all as described in the Indenture. Upon the issuance of the Series 2012A-B Bonds, approximately \$5.2 billion aggregate principal amount of Bonds will be outstanding. In addition, the Airports Authority at any time can draw up to \$250 million of the Airport System Revenue Commercial Paper Notes, Series One (the “Series One CP Notes”) and up to \$21 million of the Airport System Revenue Commercial Paper Notes, Series Two (the “Series Two CP Notes”) and, together with the Series One CP Notes, the “CP Notes”) under the credit facilities it currently has in place. See “AIRPORTS AUTHORITY INDEBTEDNESS FOR THE AVIATION ENTERPRISE FUND – Outstanding Bonds of the Airports Authority for the Aviation Enterprise Fund” and “– Commercial Paper Program for the Aviation Enterprise Fund.” The principal sources of Net Revenues are the rates and charges generated under the Airline Agreement between the Airports Authority and airlines that have executed the Airline Agreement (the “Signatory Airlines”), fees received from non-signatory airlines using the Airports and payments under concession contracts at the Airports. For a description of the Airports Authority’s irrevocable commitment of designated PFCs revenue to pay Debt Service on certain Bonds, see Part II, “THE BONDS – Security and Source of Payment for the Bonds – Irrevocable Commitment of Certain Passenger Facility Charges.” See also Part II, “CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS.”

The Bonds do not constitute a debt of the District of Columbia or of the Commonwealth of Virginia or of any political subdivision thereof, or a pledge of the faith and credit of the District of Columbia or of the Commonwealth of Virginia or of any political subdivision thereof. The Airports Authority has no taxing power. See Part II, “THE BONDS – Security and Source of Payment for the Bonds – General,” and APPENDIX A – “Definitions and Summary of Certain Provisions of the Indenture” hereto.

Redemption of the Series 2012A-B Bonds

The Series 2012A Bonds are subject to optional redemption, prior to maturity, as described under “THE SERIES 2012A-B BONDS.” The Series 2012B Bonds are not subject to optional redemption, prior to maturity.

Certain Investment Considerations

The Series 2012A-B Bonds may not be suitable for all investors. Prospective purchasers of the Series 2012A-B Bonds should read this entire Official Statement and give careful consideration to certain factors affecting the air transportation industry and the Airports, including cost of aviation fuel, air transportation security concerns, national and global economic conditions, geopolitical risks, financial condition of airlines serving the Airports, regulations and restrictions affecting the Airports, cost and schedule of the CCP, expiration and possible termination of the Airline Agreement, limitations on Bondholders’ remedies, competition and other key factors impacting the Airports. See Part II, “FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS” and “CERTAIN INVESTMENT CONSIDERATIONS.”

The Airports Authority’s Capital Construction Program for the Airports

Under the CCP, the Airports Authority has constructed and will continue to construct many of the principal elements of the Reagan National Airport and Dulles International Airport Master Plans, as defined

herein, that are necessary for the operation and development of the Airports, and will renovate certain existing facilities. See Part II, “THE AIRPORTS AUTHORITY’S FACILITIES AND MASTER PLANS.”

As part of its periodic CCP review process, the Airports Authority from time to time makes adjustments to the scope, timing and size of the CCP. The projects included in the active portion of the CCP, all of which are scheduled for completion by the end of 2016 (except for the Dulles International Airport Metrorail station which is expected to be completed in 2017) are collectively referred to herein as the “2001-2016 CCP.” Due to a number of factors, including economic conditions and increases in the cost of aviation fuel and the impact of those factors on the financial condition of airlines, in September 2008, the Airports Authority deferred certain 2001-2016 CCP projects and revised the scope of other 2001-2016 CCP projects, resulting in a \$2.22 billion reduction in the cost of the 2001-2016 CCP. See Part II, “THE 2001-2016 CCP.”

Based on actual and projected expenditures through 2016, the 2001-2016 CCP currently is estimated to cost approximately \$5.1 billion (in inflated dollars). The Airports Authority expended approximately \$4.2 billion of the \$5.1 billion total estimated cost of the 2001-2016 CCP between January 2001 and March 2012. Most of the projects in the 2001-2016 CCP are expected to be completed by the end of 2014. All of the 2001-2016 CCP projects that require majority-in-interest (“MII”) approval from Signatory Airlines have received such approval. For a more detailed discussion of the CCP, the 2001-2016 CCP and sources of funding for the 2001-2016 CCP, see Part II, “THE 2001-2016 CCP” and “PLAN OF FUNDING FOR THE 2001-2016 CCP.”

Funding of the Capital Construction Program for the Airports

The Airline Agreement between the Airports Authority and each Signatory Airline defines capital expenditures and permits the Airports Authority to recover the costs of such capital expenditures within Airline Supported Areas (as defined in the Airline Agreement) from the rates and charges imposed under the Airline Agreement. Under the Airline Agreement, the Signatory Airlines are deemed to have consented to the funding of the capital projects under the CCP that require their consent unless an MII disapproves such capital projects. See APPENDIX B – “Summary of Certain Provisions of the Airport Use Agreement and Premises Lease.” Costs of capital projects not located in Airline Supported Areas are paid from other available Airports Authority funds.

The Airports Authority plans to finance the 2001-2016 CCP for the Airports, the cost of which is currently estimated at \$5.1 billion (in inflated dollars), with a combination of Bonds, CP Notes, PFC revenues, federal and state grants and other available Airports Authority funds. Approximately \$3.17 billion of the 2001-2016 CCP was funded with previously issued Bonds. The Airports Authority expects to issue in the fall of 2012 approximately \$173.2 million of Additional Bonds, which will generate approximately \$126.0 million of construction funds for the 2001-2016 CCP. The Airports Authority expects to fund the remainder of the costs of the 2001-2016 CCP with approximately \$608.6 million of grants and \$1.2 billion of PFC revenues. See “The Airports Authority’s Capital Construction Program for the Airports” and Part II, “PLAN OF FUNDING FOR THE 2001-2016 CCP.”

Recent Changes to Information in Part II of this Official Statement

Certain items referred to in Part II of this Official Statement have changed since May 23, 2012. Such changes include the recent appointment of David Mould as the new Vice President for Communications for the Airports Authority. In addition, the Airports Authority identified that ExpressJet, which is a United affiliate at Dulles International Airport, incorrectly reported its trans-border passenger activity as domestic in 2011. The calculation error was corrected by the Airports Authority, and, as such, the enplanement tables

entitled “Historical Enplanement Activity,” “Enplanement Market Share by Airline at Dulles International Airport – Domestic Enplanements,” and “Enplanement Market Share by Airline at Dulles International Airport – International Enplanements,” have been revised in Part II of this Official Statement.

Prospective Financial Information

The prospective financial information in this Official Statement has been prepared by, and is the responsibility of, the Airports Authority’s management. The prospective financial information was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission (the “SEC”) or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The Airports Authority and its management believe that the budget information (See “AIRPORTS AUTHORITY FINANCIAL INFORMATION – Aviation Enterprise Fund Fiscal Year 2012 Budget”) has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management’s knowledge and opinion, the Airports Authority’s expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the prospective financial information contained herein and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information and any other information derived therefrom included elsewhere in this Official Statement.

The PricewaterhouseCoopers LLP report included in the 2011 CAFR (as defined below) refers exclusively to the Airports Authority’s historical financial information. The PricewaterhouseCoopers LLP report does not cover any other information in this offering and should not be read to do so.

Changes from the Preliminary Official Statement

This Official Statement includes certain information that was not available for inclusion in the Preliminary Official Statement dated May 23, 2012, including par amounts, maturities, interest rates, yields, prices, debt service amounts, use of proceeds of the Series 2012A-B Bonds, CUSIP numbers, redemption terms and other information dependent on such matters and not known at the time of the Preliminary Official Statement.

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Series 2012A-B Bonds, the Airports Authority, the Airports and the CCP. Such descriptions do not purport to be comprehensive or definitive. **All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the Series 2012A-B Bonds are qualified in their entirety by reference to the forms of the Series 2012A-B Bonds included in the Forty-third Supplemental Indenture.**

A copy of the audited financial statements of the Airports Authority as of December 31, 2011, and December 31, 2010, and for the years then ended, which includes financial statements and management’s discussion and analysis thereof and footnotes thereto, is contained in the Airports Authority’s Comprehensive Annual Financial Report of 2011 (“2011 CAFR”) which was filed with the Municipal

Securities Rulemaking Board under its Electronic Municipal Market Access System (“EMMA”) and can also be found at www.metwashairports.com and www.dacbond.com and is hereby incorporated into this Official Statement by reference. Definitions and a summary of certain provisions of the Indenture are included in APPENDIX A. A summary of certain provisions of the Airline Agreement between the Airports Authority and the Signatory Airlines is included in APPENDIX B. A description of the book-entry system maintained by DTC is included in APPENDIX C. The proposed form of the opinions to be delivered to the Airports Authority by Co-Bond Counsel, Hogan Lovells US LLP and Lewis, Munday, Harrell & Chambliss, in connection with the issuance of the Series 2012A-B Bonds is included in APPENDIX D. The Airports Authority has executed a Continuing Disclosure Agreement (the “Disclosure Agreement”) with Digital Assurance Certification L.L.C. (“DAC”), the form of which is included in APPENDIX E, to assist the Underwriters in complying with the provisions of Rule 15c2-12 (“Rule 15c2-12”), promulgated by the SEC under the Securities Exchange Act of 1934, as amended, and as in effect as of the date hereof, by providing annual financial and operating data, and material event notices required by Rule 15c2-12. See Part II, “CONTINUING DISCLOSURE” and APPENDIX E – “Form of Continuing Disclosure Agreement.”

The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airports Authority or the Airports since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Airports Authority or the Underwriters and purchasers or owners of any of the Series 2012A-B Bonds.

Inquiries regarding information about the Airports Authority and its financial matters contained in this Official Statement may be directed to Andrew T. Rountree, Vice President for Finance and Chief Financial Officer, at (703) 417-8700, or email at bondholders.information@mwa.com. Certain financial information with respect to the Airports Authority, including the Master Indenture, also may be obtained through the Airports Authority’s website at www.metwashairports.com and through the website of DAC at www.dacbond.com. DAC serves as Disclosure Dissemination Agent for the Airports Authority. See Part II, “CONTINUING DISCLOSURE.”

THE SERIES 2012A-B BONDS

General

The Series 2012A-B Bonds are being issued in two separate Series under the Indenture. Each of the Series 2012A-B Bonds will be dated as of their date of delivery, which will be on or about July 3, 2012, will bear interest from that date, payable beginning on October 1, 2012, and semiannually thereafter on each April 1 and October 1 at the interest rates, and will mature on October 1 in the years, set forth on the inside cover pages of this Official Statement. The Series 2012A-B Bonds will be issued in denominations of \$5,000 or integral multiples thereof and will be subject to redemption prior to maturity as described below under “Redemption of the Series 2012A-B Bonds.”

Book-Entry Only System

The Series 2012A-B Bonds will be issued as fully registered bonds without coupons and are initially to be registered in the name of Cede & Co., as nominee for DTC as Securities Depository for the Series 2012A-B Bonds. For more information regarding the Book-Entry Only System, see Part II, “THE BONDS – Book-Entry Only System” and APPENDIX C – “Book-Entry Only System.”

NEITHER THE AIRPORTS AUTHORITY, THE UNDERWRITERS, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO., ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2012A-B BONDS; (iii) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF ANY SERIES 2012A-B BONDS; (iv) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO ANY SERIES 2012A-B BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2012A-B BONDS; OR (vi) ANY OTHER MATTER RELATING TO DTC OR THE BOOK-ENTRY ONLY SYSTEM.

Redemption of the Series 2012A Bonds

The Series 2012A Bonds maturing on and after October 1, 2023 are subject to optional redemption prior to maturity by the Airports Authority, on and after October 1, 2022, in whole or in part, by lot, at any time, at 100% of the principal amount of the Series 2012A Bonds to be redeemed plus interest accrued to the date fixed for redemption.

The Series 2012B Bonds are not subject to optional redemption prior to maturity by the Airports Authority.

For information regarding the method of selecting the Series 2012A Bonds for redemption and information regarding the notice of redemption, see Part II, “THE BONDS – Method of Selecting the Bonds for Redemption” and “THE BONDS – Notice of Redemption” as well as APPENDIX A – “Definitions and Summary of Certain Provisions of the Indenture.”

Security and Source of Payment

General

The Series 2012A-B Bonds are secured (i) on a parity with other Bonds issued by the Airports Authority under the Indenture by a pledge of Net Revenues derived by the Airports Authority from the operation of the Airports and (ii) by the Series 2012A-B Bond proceeds deposited in certain segregated funds held by the Trustee. No property of the Airports Authority is subject to any mortgage for the benefit of the owners of the Series 2012A-B Bonds. **The Series 2012A-B Bonds shall not constitute a debt of the District of Columbia or of the Commonwealth of Virginia or any political subdivision thereof or a pledge of the faith and credit of the District of Columbia or of the Commonwealth of Virginia or any political subdivision thereof. The Airports Authority has no taxing power.** For information regarding the Rate Covenant and other provisions of the Indenture, see Part II, “THE BONDS – Security and Source of Payment for the Bonds” and APPENDIX A – “Definitions and Summary of Certain Provisions of the Indenture.”

Debt Service Reserve Fund

Under the Indenture, the Airports Authority has covenanted to deposit, or cause to be deposited at closing, amounts sufficient to maintain the Common Reserve Account (herein referred to as the “Common

Reserve Account”) in the Debt Service Reserve Fund in an amount equal to the Common Debt Service Reserve Requirement for the Series 2012A-B Bonds and any other Common Reserve Bonds outstanding (the “Common Debt Service Reserve Requirement”). “Common Reserve Bonds” means any other Series of Bonds issued under the Indenture and designated in writing to the Trustee by an Airports Authority Representative as being secured by amounts on deposit in the Common Reserve Account on a parity with the Series 2012A-B Bonds and any other Common Reserve Bonds. The Common Debt Service Reserve Requirement will be recalculated and funded in connection with such written directions. The Common Debt Service Reserve Requirement means an amount equal to the lesser of (i) 10% of the stated principal amount of the Series 2012A-B Bonds and any other Common Reserve Bonds; (ii) the Maximum Annual Debt Service on the Series 2012A-B Bonds and any other Common Reserve Bonds in any Fiscal Year; or (iii) 125% of the average Annual Debt Service for the Series 2012A-B Bonds and any other Common Reserve Bonds. After the issuance of the Series 2012A-B Bonds, the Common Debt Service Reserve Requirement will be approximately \$154,662,578. To meet the Common Debt Service Reserve Requirement, the Airports Authority has combined funds from prior Debt Service Reserve Accounts for the refunded bonds with certain Series 2012A-B Bonds proceeds. See “Estimated Sources and Uses of Funds.”

Under conditions specified in the Indenture, the Airports Authority may fund the Debt Service Reserve Requirement for any Series of Bonds, including the Series 2012A-B Bonds, by delivering a letter of credit or other credit facility to the Trustee in substitution for, or in lieu of, moneys to be held in the Debt Service Reserve Fund for such Series. The Indenture requires that the provider of any such credit facility have a credit rating in one of the two highest rating categories by two Rating Agencies (as defined therein). In the event the Debt Service Reserve Requirement is satisfied with a letter of credit or other credit facility (rather than satisfying the requirement by a cash deposit), there will be no interest earnings on the account in the Debt Service Reserve Fund for such Series of Bonds. See the description under the heading “Debt Service Reserve Fund Deposit” in APPENDIX A – “Definitions and Summary of Certain Provisions of the Indenture.” Currently, no portion of the Common Debt Service Reserve Requirement is funded with a credit facility.

The Trustee is required to draw on the Common Reserve Account in the Debt Service Reserve Fund whenever the amount held in the Interest Account or the Principal Account for Common Reserve Bonds is insufficient to pay interest on or principal of the Common Reserve Bonds on the date such payments are due. To the extent not needed to maintain the balance therein equal to the Common Debt Service Reserve Requirement, earnings on investments of the Common Reserve Account in the Debt Service Reserve Fund shall be transferred after each Bond Payment Date to the Revenue Fund.

If the amount on deposit in the Common Reserve Account in the Debt Service Reserve Fund at any time is less than the Common Debt Service Reserve Requirement, such deficiency is required to be made up as set forth in Part II, “THE BONDS – Security and Source of Payment for the Bonds – Flow of Funds.”

Additional Bonds

Subject to certain terms and conditions, additional Bonds may be issued from time to time to finance the Airports Authority’s CCP and to refund certain Bonds and other indebtedness of the Airports Authority. Additional Bonds will be equally and ratably secured on a parity with the Series 2012A-B Bonds and other Bonds outstanding at the time of issuance. See Part II, “THE BONDS – Security and Source of Payment for the Bonds – Additional Bonds,” “PLAN OF FUNDING FOR THE 2001-2016 CCP” and APPENDIX A – “Definitions and Summary of Certain Provisions of the Indenture.”

Other Indebtedness

In addition to financing its CCP with the proceeds of Bonds, the Airports Authority is authorized under the Indenture to issue other debt to finance its capital needs. The Indenture permits the Airports Authority at any time to issue (a) bonds, notes or other obligations payable from and secured by revenues other than Revenues and Net Revenues, including, but not limited to, Special Facility Bonds, and (b) bonds, notes or other obligations payable from Net Revenues, including revenue anticipation notes, on a basis subordinate to the Bonds, including Subordinated Bonds. For a more detailed discussion on the Airports Authority's Subordinated Bonds, the commercial paper program, interest rate swaps, and Special Facility Bonds, see "AIRPORTS AUTHORITY INDEBTEDNESS FOR THE AVIATION ENTERPRISE FUND."

Events of Default and Remedies; No Acceleration or Cross Defaults

"Events of Default" and related remedies under the Indenture are described in the summary of certain provisions of the Indenture attached as APPENDIX A, in particular in the section "Defaults and Remedies." The occurrence of an Event of Default does not grant any right to accelerate payment of the Series 2012A-B Bonds to either the Trustee or the Holders of any Bonds. An Event of Default with respect to one Series of Bonds will not be an Event of Default with respect to any other Series unless such event or condition on its own constitutes an Event of Default with respect to such other Series. The Trustee is authorized to take certain actions upon the occurrence of an Event of Default, including initiating proceedings to enforce the obligations of the Airports Authority under the Indenture. Since (a) Net Revenues are Revenues net of all amounts needed to pay Operation and Maintenance Expenses, and (b) the Airports Authority is not subject to involuntary bankruptcy proceedings, the Airports Authority may continue collecting Revenues indefinitely and applying them to the operation of the Airports, even if an Event of Default has occurred and no payments are being made on the Series 2012A-B Bonds.

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Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of the proceeds of the Series 2012A-B Bonds and other available funds of the Airports Authority.

	<u>Series 2012A Bonds</u>	<u>Series 2012B Bonds</u>
<u>SOURCES:</u>		
Par Amount of Bonds	\$ 291,035,000.00	\$ 20,790,000.00
Net Premium	34,018,410.25	2,827,770.35
Airports Authority Funds ¹	<u>51,217,836.08</u>	<u>271,249.22</u>
Total Sources ²	<u><u>\$376,271,246.33</u></u>	<u><u>\$23,889,019.57</u></u>
<u>USES:</u>		
Deposit to the Redemption Account for the Series 2001A Bonds	\$69,506,930.65	—
Deposit to the Redemption Account for the Series 2002A Bonds	191,688,470.92	—
Deposit to the Redemption Account for the Series 2002D Bonds	91,447,763.12	—
Deposit to the Redemption Account for the Series 2003B Bonds	—	22,191,665.45
Deposit to the Common Reserve Account	21,080,492.23	1,531,668.97
Underwriters' Discount and Costs of Issuance	<u>2,547,589.41</u>	<u>165,685.15</u>
Total Uses ²	<u><u>\$376,271,246.33</u></u>	<u><u>\$23,889,019.57</u></u>

¹ Amounts from the refunded bonds' prior debt service accounts and debt service reserve accounts.

² Totals may not add due to rounding.

Refinancing Plan

A portion of the proceeds of the Series 2012A Bonds will be deposited into separate Redemption Accounts held by the Trustee to redeem all of the Series 2001A Bonds, Series 2002A Bonds and Series 2002D Bonds (such bonds being refunded referred to as the "Currently Refunded Bonds"). Pursuant to Refunding Agreements each dated as of July 1, 2012, relating to each Series of the Currently Refunded Bonds, the Trustee may use such amount, together with other funds of the Airports Authority, to purchase permitted investments that mature at such times and in such amounts as will be sufficient to pay the principal of, the redemption price and accrued interest, if any, on each Series of the Currently Refunded Bonds being redeemed on October 1, 2012. The sufficiency of such amounts will be verified by The Arbitrage Group, Inc., as verification agent (the "Verification Agent").

A portion of the proceeds of the Series 2012B Bonds will be deposited into a separate Redemption Account held by the Trustee to redeem a portion of the Series 2003B Bonds (such bonds being refunded referred to as the "Advance Refunded Bonds"). Pursuant to the Refunding Agreement dated as of July 1, 2012, relating to the Advance Refunded Bonds, the Trustee may use such amounts, together with other funds of the Airports Authority, to purchase permitted investments that mature at such times and in such amounts as will be sufficient to pay the principal of, the redemption price and accrued interest, if any, on such Series 2003B Bonds being redeemed on October 1, 2013. The sufficiency of such amounts will be verified by the Verification Agent. See "VERIFICATION AGENT" herein.

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DEBT SERVICE SCHEDULE

The following table sets forth (i) the actual debt service on the Series 2012A-B Bonds, (ii) actual debt service on approximately \$4.2 billion of outstanding fixed rate Bonds, (iii) the assumed debt service on outstanding variable rate debt consisting of approximately \$64.8 million of the outstanding Series 2003D Bonds, approximately \$132.5 million of the outstanding Series 2009D Bonds, approximately \$165.7 million of the outstanding Series 2010C Bonds, approximately \$167.4 million of the outstanding Series 2010D Bonds, approximately \$233.6 million of the outstanding Series 2011A Bonds, approximately \$207.6 million of the outstanding Series 2011B Bonds, and \$271 million of the CP Notes, which is the maximum amount of the CP Notes available to be drawn by the Airports Authority under the credit facilities it currently has in place[†]. Currently, the Airports Authority has outstanding \$38.5 million of the available \$271 million of authorized CP Notes.

Bond Year	Series 2012A-B Bonds				Outstanding Bonds Debt Service ¹	Debt Service on Maximum Available Series One and Series Two CP Notes ²	Total Debt Service
	Series 2012A		Series 2012B				
	Principal	Interest	Principal	Interest			
2012		\$ 3,488,218		\$ 204,686	\$ 375,697,745	\$ 17,088,300	\$ 396,478,948
2013		14,269,981	\$ 220,000	837,350	369,584,043	17,091,329	402,002,704
2014		14,269,981	3,260,000	830,750	367,433,925	17,089,662	402,884,317
2015		14,269,981	3,260,000	732,950	368,459,761	17,088,061	403,810,754
2016	\$ 3,075,000	14,269,981	3,305,000	635,150	368,289,727	17,091,055	406,665,913
2017	10,180,000	14,136,031	3,430,000	502,950	370,507,047	17,087,933	415,843,961
2018	10,650,000	13,667,031	3,570,000	365,750	372,395,290	17,088,459	417,736,529
2019	11,180,000	13,138,231	3,745,000	187,250	365,483,599	17,091,923	410,826,003
2020	11,740,000	12,581,231			369,405,114	17,092,617	410,818,961
2021	12,315,000	12,005,131			374,393,707	17,090,066	415,803,904
2022	12,925,000	11,390,881			354,244,484	17,088,799	395,649,164
2023	13,555,000	10,764,531			344,061,642	17,088,105	385,469,277
2024	14,230,000	10,086,781			342,991,092	17,092,275	384,400,148
2025	14,945,000	9,375,281			292,312,517	17,090,363	333,723,161
2026	15,695,000	8,628,031			293,113,209	17,091,896	334,528,135
2027	16,475,000	7,843,281			293,703,282	17,090,928	335,112,490
2028	28,550,000	7,019,531			269,816,056	17,091,749	322,477,336
2029	29,970,000	5,592,031			257,989,359	17,088,414	310,639,804
2030	31,480,000	4,093,531			270,875,420	17,090,213	323,539,164
2031	33,045,000	2,519,531			323,895,694	17,090,964	376,551,188
2032	21,025,000	867,281			323,040,030	17,089,720	362,022,031
2033					321,360,488	17,090,535	338,451,023
2034					299,230,630	17,092,228	316,322,857
2035					259,737,566	17,088,615	276,826,181
2036					153,610,804	17,088,750	170,699,554
2037					74,877,715	17,091,215	91,968,930
2038					74,911,109	17,089,591	92,000,699
2039					76,845,032	17,092,694	93,937,726
2040					16,474,550	17,088,870	33,563,420
2041					5,557,786	17,091,936	22,649,722
	<u>\$ 291,035,000</u>	<u>\$ 204,276,493</u>	<u>\$ 20,790,000</u>	<u>\$ 4,296,836</u>	<u>\$ 8,350,298,420</u>	<u>\$ 512,707,257</u>	<u>\$ 9,383,404,006</u>

[†] The above debt service excludes the debt service on the refunded Series 2001A Bonds, Series 2002A Bonds and Series 2002D Bonds.

¹ Interest on the \$51.66 million portion of the Series 2011A Bonds that refunded a portion of the Series 2002C Bonds, which are the subject of the Swap Agreement entered into on July 31, 2001 (the "2001 Swap Agreement"), has been calculated using a rate of 4.45%, representing the fixed rate payable by the Airports Authority pursuant to the 2001 Swap Agreement. Interest on the \$125 million portion of the Series 2011A Bonds has been calculated using a rate of 3.86%, representing the fixed rate payable by the Airports Authority pursuant to the Swap Agreement entered into on May 13, 2005 (the "2005 Wells Fargo Bank Swap Agreement"). Interest on the \$56.975 million portion of the Series 2011A Bonds that refunded the Series 2009A Bonds has been calculated using a rate of 4.10%, representing the fixed rate payable by the Airports Authority pursuant to the Swap Agreement entered into on June 15, 2006 (the "2006 JPMorgan/BofA Swap Agreement"). Interest on the \$117.64 million portion of the Series 2011B Bonds that refunded the remaining portion of the Series 2002C Bonds, which are not subject to the 2001 Swap Agreement, has been calculated using an assumed interest rate of 4%. Interest on the remaining \$90 million portion of the Series 2011B Bonds has been calculated using an assumed interest rate of 4%. Interest on the \$102.4 million portion of the Series 2010C

Bonds has been calculated using a rate of 4.10%, representing the fixed rate payable by the Airports Authority pursuant to the 2006 JPMorgan/BofA Swap Agreement. Interest on the remainder of the Series 2010C Bonds, which are not subject to the 2006 JPMorgan/BofA Swap Agreement, has been calculated using an assumed interest rate of 4%. Interest on the Series 2010D Bonds has been calculated using a rate of 4.11%, representing the fixed rate payable by the Airports Authority pursuant to an additional Swap Agreement entered into on June 15, 2006 (the "2006 Wells Fargo Bank Swap Agreement"). Interest on the Series 2009D Bonds has been calculated using a rate of 4.10%, representing the fixed rate payable by the Airports Authority pursuant to the 2006 JPMorgan/BofA Swap Agreement. Interest on the Series 2003D Bonds has been calculated using an assumed interest rate of 4%. For more information regarding the 2001 Swap Agreement, the 2005 Wells Fargo Bank Swap Agreement, the 2006 JPMorgan/BofA Swap Agreement, and the 2006 Wells Fargo Bank Swap Agreement see "AIRPORTS AUTHORITY INDEBTEDNESS FOR THE AVIATION ENTERPRISE – Interest Rate Swaps for the Aviation Enterprise."

² Notwithstanding the actual amount of the CP Notes outstanding as of the date of this Official Statement, for the purpose of debt service calculations it is assumed that \$271 million of the CP Notes are outstanding, which is the maximum amount the Airports Authority can draw from the credit facilities it currently has in place. Annual Debt Service on the CP Notes is determined by assuming (a) the CP Notes are to be amortized over a 30-year period beginning on the date of calculation, (b) level debt service, and (c) the interest rate is equal to the rate published by The Bond Buyer as the Bond Buyer 25 Revenue Bond Index which was 4.73% as of May 31, 2012.

Source: Airports Authority records and Jefferies & Company, Inc.

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AIRPORTS AUTHORITY INDEBTEDNESS FOR THE AVIATION ENTERPRISE FUND

Outstanding Bonds of the Airports Authority for the Aviation Enterprise Fund

The following table lists the Airports Authority's Bonds that will be outstanding as of July 3, 2012 assuming the issuance and delivery of the Series 2012A-B Bonds on such date. The table does not include the Series One CP Notes or the Series Two CP Notes in the total authorized aggregate amount of \$271 million.

Series of Bonds	Originally Issued Par Amount	Outstanding as of July 3, 2012
2001A*	\$ 286,165,000	-
2002A*	222,085,000	-
2002B	27,915,000	\$ 650,000
2002D*	107,235,000	-
2003A	185,000,000	157,425,000
2003B*	44,135,000	5,725,000
2003C	52,565,000	36,275,000
2003D	150,000,000	64,825,000
2004A	13,600,000	13,540,000
2004B	250,000,000	245,000,000
2004C-1	97,730,000	31,300,000
2004C-2	111,545,000	94,090,000
2004D	218,855,000	168,070,000
2005A	320,000,000	263,685,000
2005B	19,775,000	18,120,000
2005C	30,000,000	30,000,000
2005D	11,450,000	7,650,000
2006A	300,000,000	245,000,000
2006B	400,000,000	375,320,000
2006C	37,865,000	36,180,000
2007A	164,460,000	134,495,000
2007B	530,000,000	432,805,000
2008A	250,000,000	229,965,000
2009B	236,825,000	231,435,000
2009C	314,435,000	304,285,000
2009D	136,825,000	132,505,000
2010A	348,400,000	344,575,000
2010B	229,005,000	217,720,000
2010C	170,000,000	165,695,000
2010D	170,000,000	167,390,000
2010F-1	61,820,000	61,820,000
2011A	233,635,000	233,635,000
2011B	207,640,000	207,640,000
2011C	185,390,000	185,390,000
2011D	10,385,000	10,385,000
2012A	291,035,000	291,035,000
2012B	20,790,000	20,790,000
Total		\$ 5,164,420,000

* All of the Series 2001A Bonds, the Series 2002A Bonds and the Series 2002D Bonds will be refunded with a portion of the Series 2012A Bond proceeds, and a portion of the Series 2003B Bonds will be refunded with a portion of the Series 2012B Bond proceeds.

Subordinated Bonds for the Aviation Enterprise Fund

Currently, there are no outstanding Subordinated Bonds. The Airports Authority, however, has the ability to issue additional debt on a subordinated basis to the Bonds. Under the Indenture, Subordinated Bonds are to be secured by a pledge of the Airports Authority's Net Revenues, which pledge is to be subordinated to the pledge of Net Revenues securing the Bonds.

Commercial Paper Program for the Aviation Enterprise Fund

The Airports Authority has authorized a commercial paper program in an aggregate principal amount not to exceed \$500 million outstanding at any time. The Airports Authority currently has in place two credit facilities allowing the Airports Authority to support the issuance of up to \$271 million in CP Notes at any given time.

The issuance of up to \$250 million of the Series One CP Notes is authorized pursuant to the Amended and Restated Eleventh Supplemental Indenture dated as of November 1, 2004, as further amended on March 1, 2005, March 1, 2007, January 1, 2010, and March 1, 2011, by and between the Airports Authority and the Trustee. The Series One CP Notes are structured as Short Term/Demand Obligations under the Indenture and secured by certain pledged funds including Net Revenues on a parity with other Bonds. They are further secured by an irrevocable direct pay letter of credit issued by JPMorgan Chase Bank, N.A. which expires in March 13, 2014. The Airports Authority's obligation to repay amounts drawn under such letter of credit is secured by a promissory note issued by the Airports Authority to JPMorgan Chase Bank, N.A. and is secured by and payable from Net Revenues and other pledged funds on a parity with the Series One CP Notes, the Series Two CP Notes and other Bonds. Currently, \$17.5 million of Series One CP Notes are outstanding and the Airports Authority can issue up to \$232.5 million of the Series One CP Notes.

The issuance of up to \$21 million of the Series Two CP Notes is authorized pursuant to the Twenty-second Supplemental Indenture dated as of January 1, 2005, as amended as of March 1, 2007 and as of October 1, 2009, by and between the Airports Authority and the Trustee. The Series Two CP Notes are structured as Short Term/Demand Obligations under the Indenture and are secured by certain pledged funds including Net Revenues on a parity with other Bonds. They are further secured by an irrevocable direct pay letter of credit issued by Landesbank Baden-Württemberg, acting through its New York Branch, ("LBBW"), which expires on December 29, 2015, but allows LBBW under certain circumstances to terminate the facility on the tenth anniversary of the agreement, beginning on January 12, 2015. The Airports Authority's obligation to repay amounts drawn under such letter of credit is secured by a promissory note issued by the Airports Authority to LBBW and is secured by and payable from Net Revenues and other pledged funds on a parity with the Series One CP Notes, the Series Two CP Notes and other Bonds. Currently, \$21 million of the Series Two CP Notes are outstanding.

Interest Rate Swaps for the Aviation Enterprise Fund

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 (i) were entered into in connection with the planned issuance of variable rate debt and represent floating-to-fixed rate agreements and (ii) 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. The chart below provides summary information with respect to the Airports Authority's current Swap Agreements.

Airports Authority's Current Swap Agreements

Trade Date	Swap Provider	Original Notional Amount	Outstanding Notional Amount ¹	Rate Paid by Counterparty	Nature of Swap	Rate Paid by Airports Authority	Effective Date
07/31/2001	Bank of America, N.A. ²	\$80,590,000	\$51,660,000	72% LIBOR	Refunding	4.445%	08/29/2002
06/15/2006	JPMorgan Chase Bank, N.A. ³	\$190,000,000	\$183,999,167	72% LIBOR	Hedge Future Borrowing	4.099%	10/01/2009
	Bank of America, N.A.	\$110,000,000	\$106,525,834				
06/15/2006	Wells Fargo Bank, National Association. ⁴	\$170,000,000	\$167,392,200	72% LIBOR	Hedge Future Borrowing	4.112%	10/01/2010
05/13/2005	Wells Fargo Bank, National Association ^{4,5}	\$125,000,000	\$125,000,000	72% LIBOR	Hedge Future Borrowing	3.862%	10/01/2011

¹ The outstanding notional amount as of May 1, 2012.

² On June 9, 2011, Merrill Lynch Capital Services, Inc. transferred its role by novation as the swap provider under this swap agreement to Bank of America, N.A.

³ On March 4, 2009, Bear Stearns Financial Products assigned its role as the swap provider under this swap agreement to JP Morgan Chase Bank, N.A.

⁴ On November 22, 2011, as successor of Wachovia Bank, Wells Fargo Bank, National Association, assumed the role as swap provider under this swap agreement.

⁵ On September 12, 2007, the Airports Authority (a) realized the market value of this swap and received \$1,255,000 from the swap provider, and (b) extended the start date of the swap from October 1, 2007, to October 1, 2011, with a new fixed swap rate of 3.86%.

Source: Airports Authority records.

The Board has adopted a policy governing the use of derivative products by the Airports Authority. A copy of the Board policy is available at www.metwashairports.com and www.dacbond.com. To manage its exposure to counterparty risk, the Airports Authority has entered into Swap Agreements only with counterparties having a rating of at least "A." Upon the issuance of the Series 2012A-B Bonds, approximately 19% of the Airports Authority's outstanding Bonds and CP Notes will be in a variable rate mode and 81% of the Airports Authority's debt will be conventional fixed rate. Of the variable rate debt of the Airports Authority, approximately 12% will be synthetic fixed rate and approximately 7% will be unhedged variable rate.

The Airports Authority's obligations under the Swap Agreements constitute Junior Lien Obligations of the Airports Authority secured by a pledge of the Airports Authority's Net Revenues that is subordinate to the pledge of Net Revenues securing the Bonds and any Subordinated Bonds issued in the future. If any Swap Agreement is terminated prior to its scheduled termination date, depending on market conditions at the time of the termination, the Airports Authority may be required to make a termination payment to the counterparty or may receive a termination payment from a counterparty. Termination payments owed by the Airports Authority under the Swap Agreements, if any, would be payable from funds subordinated to the payment of Bonds, CP Notes, Subordinated Bonds and Junior Lien Obligations.

In 2008, the Airports Authority implemented the Governmental Accounting Standards Board ("GASB") Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"). The Airports Authority's swap agreements described in the table above have been reviewed for hedge effectiveness pursuant to the requirements of GASB 53 and found not to be effective hedges under GASB 53. As required by GASB 53, the monthly change in the fair value of the swaps is recorded as investment

income or loss in the Statements of Revenues, Expenses and Changes in Net Assets. See “AIRPORTS AUTHORITY FINANCIAL INFORMATION” and the Airports Authority’s financial report as of, and for, the years ended December 31, 2011 and 2010 – Derivatives, which is contained in the Airports Authority’s 2011 CAFR which was filed with EMMA and can also be found at www.metwashairports.com and www.dacbond.com.

Special Facility Bonds

Special Facility Bonds are generally defined as any revenue bonds, notes or other obligations of the Airports Authority other than Bonds, Subordinated Bonds or Junior Lien Obligations, issued to finance any Special Facility, as defined in the Indenture, that are payable from and secured solely by the proceeds of such obligations and by rentals, payments and other charges payable by the obligor under the applicable Special Facility Agreement, as defined in the Indenture. As of the date of this Official Statement, no Special Facility Bonds of the Airports Authority are outstanding.

AIRPORTS AUTHORITY FINANCIAL INFORMATION

General

The Airports Authority’s financial report as of, and for, the years ended December 31, 2011 and December 31, 2010, is contained in the Airports Authority’s 2011 CAFR which was filed with EMMA and can also be found at www.metwashairports.com and www.dacbond.com, includes three financial statements: the Statements of Net Assets; the Statements of Revenues, Expenses and Changes in Net Assets; and the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB principles.

The Airports Authority’s financial statements for the year ended December 31, 2011 and December 31, 2010 include two Enterprise Funds. The Aviation Enterprise Fund encompasses the two Airports, Reagan National Airport and Dulles International Airport. The Dulles Corridor Enterprise Fund, which commenced November 1, 2008, encompasses the Dulles Toll Road and the Metrorail Extension Project. The Management’s Discussion provided in this Official Statement concerns only the Aviation Enterprise Fund. The Airports Authority’s most recent audited financial statement is contained in the 2011 CAFR which was filed with EMMA and can also be found at www.metwashairports.com and www.dacbond.com.

Aviation Enterprise Fund Fiscal Years Ended December 31, 2007 Through 2011

Historical Statements of Revenues, Expenses and Changes in Net Assets for the Aviation Enterprise Fund for the five Fiscal Years ended December 31, 2007 through 2011, are set forth on the following table. As discussed in the 2011 CAFR, the Airports Authority has restated its 2010, 2009 and prior years’ financial statements. These amounts were derived from the Airports Authority’s audited historical financial statements, adjusted for all years presented, for the effects of the restatements discussed in the 2011 CAFR.

HISTORICAL FINANCIAL RESULTS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
AVIATION ENTERPRISE FUND

	Fiscal Year Ended				
	12/31/2007 ¹	12/31/2008 ²	12/31/2009 ²	12/31/2010	12/31/2011
OPERATING REVENUES					
Concessions	\$217,486,823	\$223,710,732	\$217,461,176	\$230,973,498	\$227,599,995
Rents	167,301,027	171,331,285	193,736,080	226,375,685	275,428,113
Design fees	-	20,363,189	-	-	-
Landing fees	78,682,496	82,289,545	96,934,558	101,637,867	110,255,672
Utility sales	11,778,736	13,348,545	13,227,161	12,464,920	11,979,591
Passenger fees	28,684,113	28,354,142	30,665,358	25,913,521	30,331,231
Other	6,542,935	11,547,405	6,429,128	6,509,225	8,381,229
	<u>510,476,130</u>	<u>550,944,843</u>	<u>558,453,461</u>	<u>603,874,716</u>	<u>663,975,831</u>
OPERATING EXPENSES					
Materials, equipment, supplies, contract services, other	182,096,091	166,260,580	148,303,889	180,632,889	187,607,830
Impairment loss/design costs	-	80,027,390	-	-	-
Salaries and related benefits	128,465,267	136,508,033	140,545,604	148,274,437	148,072,307
Utilities	21,134,317	25,402,257	28,141,650	24,375,181	26,542,084
Lease from U.S. Government	4,830,121	4,958,280	5,066,069	5,101,119	5,180,558
Depreciation and amortization	142,029,601	164,844,750	184,798,166	215,536,523	211,365,393
	<u>478,555,397</u>	<u>578,001,290</u>	<u>506,855,378</u>	<u>573,920,149</u>	<u>578,768,172</u>
OPERATING INCOME (LOSS)	<u>31,920,733</u>	<u>(27,056,447)</u>	<u>51,598,083</u>	<u>29,954,567</u>	<u>85,207,659</u>
NON-OPERATING REVENUES (EXPENSES)					
Passenger facility charges, financing costs	(3,968,842)	(2,330,507)	(944,806)	-	-
Investment income	39,877,950	21,359,570	12,479,026	20,367,841	24,683,618
Interest expense	(110,249,539)	(142,622,034)	(143,365,937)	(209,147,708)	(221,951,744)
Federal, state and local grants	-	948,658	1,415,153	1,192,743	874,810
Fair value gains (loss) on swaps	(24,577,653)	(158,374,462)	103,731,481	(34,978,410)	(96,249,918)
	<u>(98,918,084)</u>	<u>(281,018,775)</u>	<u>(26,685,083)</u>	<u>(222,565,534)</u>	<u>(292,643,234)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(66,997,351)</u>	<u>(308,075,222)</u>	<u>24,913,000</u>	<u>(192,610,967)</u>	<u>(207,435,575)</u>
CAPITAL CONTRIBUTIONS					
Passenger facility charges	82,858,846	78,455,218	78,520,764	80,088,350	78,626,926
Federal and State grants	32,317,161	51,188,653	24,228,661	61,839,528	54,805,079
Other capital property contributed	3,498,173	-	2,977,990	650,000	5,180,000
	<u>118,674,180</u>	<u>129,643,871</u>	<u>105,727,415</u>	<u>142,577,878</u>	<u>138,612,005</u>
NET ASSETS					
Increase (decrease) in net assets	51,676,829	(178,431,351)	130,640,415	(50,033,089)	(68,823,570)
Total net assets, beginning of year	936,897,505	960,670,453	750,361,714	881,002,129	830,969,040
Restatement	(27,903,881)	(31,877,388)	-	-	-
Total net assets, end of year	<u>\$960,670,453</u>	<u>\$750,361,714</u>	<u>\$881,002,129</u>	<u>\$830,969,040</u>	<u>\$762,145,470</u>

¹ As discussed in the 2011 CAFR, the Airports Authority has restated its financial statements for years prior to 2011. Amounts for years prior to 2007 have been restated in total as of the beginning of the 2007 year.

² The Airports Authority's Comprehensive Annual Financial Report of 2010 ("2010 CAFR") restated its 2009 statements principally to correct the accounting for capitalized interest, depreciation and the classification of certain assets and liabilities. These corrections were reflected in the 2008 and 2009 results. Amounts for years prior to 2008 have been restated in total as of the beginning of the 2008 year.

Certain amounts were restated in total for the years prior to 2008. These amounts were summarized on the restatement line in the chart above. A summary of the restatement of operating expenses and non-operating expenses shown on the restatement line above for years prior to 2008 is as follows:

AVIATION ENTERPRISE FUND		
	Fiscal Year Ended	
	Years prior to 12/31/2007 (cumulative) ¹	Years prior to 12/31/2008 (cumulative) ²
Increases in operating expenses		
Materials, equipment, supplies, contract services and other	–	\$5,603,232
Depreciation and amortization	–	24,485,472
Total increase in operating expenses	–	30,088,704
Changes in non-operating revenues (expenses)		
Investment Income	(\$26,080,007)	214,521
Interest Expense	(1,823,874)	(2,003,205)
Total decrease in non-operating revenues (expenses)	(27,903,881)	(1,788,684)
Decrease in net assets, due to restatement	(\$27,903,881)	(\$31,877,388)

¹ As discussed in the 2011 CAFR, the Airports Authority has restated its financial statements for years prior to 2011. Amounts for years prior to 2007 have been restated in total as of the beginning of the 2007 year.

² As discussed in the 2010 CAFR, the Airports Authority has restated its financial statements for years prior to 2010. Amounts for years prior to 2008 have been restated in total as of the beginning of the 2008 year.

Source: Airports Authority records.

As discussed in the 2011 CAFR, the Airports Authority has restated its 2010, 2009, and prior years' financial statements principally to correct the accrual of mark-to-market valuations for long-term investments, to reclassify various long-term liabilities in the determination of net assets, to correct interest expense for tax-exempt proceeds, and to correct various other accruals. The cumulative effect of these adjustments for 2010 to the Airport Authority's financial statements taken as a whole is a decrease in the change in net assets for the year ended December 31, 2010 of \$3.2 million, or 1.1%. The cumulative effect of these adjustments for years prior to 2010 results in a decrease to total beginning net assets for the year 2010 of \$59.2 million, or 3.7%. The Airports Authority's management determined the need for these restatements, including corrections to mark-to-market valuations and to the proper determination of net assets. See Note 2 to the 2011 CAFR for additional discussion.

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As discussed in the 2011 CAFR, the 2010, 2009 and prior years' operating expenses, non-operating revenues and expenses, and changes in net assets have been restated as follows:

AVIATION ENTERPRISE FUND
(Numbers are expressed in thousands)

	Fiscal Year Ended				
	Years prior to 12/31/2007 (cumulative) ¹	12/31/2007	12/31/2008	12/31/2009	12/31/2010
Total net assets, as previously stated	\$936,897.5	\$1,002,968.8	\$808,457.0	\$940,166.9	\$887,052.9
Decrease in operating expenses					
Depreciation and amortization ²	—	(0.8)	(10.6)	(32.7)	(83.9)
Total decrease in operating expenses	—	(0.8)	(10.6)	(32.7)	(83.9)
Increase in operating income	—	0.8	10.6	32.7	83.9
Changes in non-operating revenues (expenses)					
Investment income ^{3,4}	(29,727.8)	(15,679.8)	(16,972.8)	(2,951.2)	(547.0)
Interest expense ⁵	1,823.9	1,284.6	1,165.2	1,849.1	3,544.1
Total increase (decrease) in non-operating revenues (expenses)	(27,903.9)	(14,395.2)	(15,807.6)	(1,102.1)	2,997.1
Increase (decrease) in net assets, due to restatement	(27,903.9)	(14,394.4)	(15,797.0)	(1,069.4)	3,081.0
Increase (decrease) in net assets, due to cumulative restatement of prior years	—	(27,903.9)	(42,298.3)	(58,095.3)	(59,164.7)
Net assets, as restated	\$908,993.6	\$960,670.5	\$750,361.7	\$881,002.1	\$830,969.0

¹ Amounts for years prior to 2007 have been restated in total as of the beginning of the 2007 year, rather than by individual year.

² Capitalized interest expense for projects placed in service in prior years was reduced, resulting in reductions to depreciation expense.

³ Investment income was reduced as a result of correction of mark-to-market accruals for long-term investment valuations.

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

⁵ Amortization of a bond premium was corrected, resulting in a reduction of interest expense.

Source: Airports Authority records.

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Management’s Discussion of Financial Information

The Aviation Enterprise Fund has activity-based revenues which include non-airline fees, such as parking and rental car fees and airline fees such as landing fees, international arrival fees and passenger conveyance fees. Many factors and events have negatively affected the air transportation industry in the past several years, in particular the general economic downturn which began in 2007 and the resulting contraction in the economy. In response to this, the Airports Authority has continued its effort to diversify its revenues, increase the number of carriers using the Airports and adhere to the principles of fiscal restraint.

The Aviation Enterprise Fund recorded \$664.0 million in operating revenues for 2011, which is an increase from 2010 of \$60.1 million. These revenues are primarily derived from rents and charges for the use of the Airports Authority’s facilities and concession contracts at the Airports. The Airline Agreement requires the Signatory Airlines to pay actual costs plus debt service coverage while the majority of concessionaires pay a percentage of revenue or a minimum annual guarantee (“MAG”) payment.

In 2011, airline revenues, which consist of terminal rents, landing fees, and passenger fees increased \$62.1 million, or 17.5%, from 2010. Terminal rent revenues increased \$49.1 million, or 21.7%, from 2010 to \$275.4 million. The key drivers of increased terminal rents in recent years include higher operating costs as a result of the expanded International Arrivals Building at Dulles International Airport and increases in debt service costs resulting from Terminal A improvements at Reagan National Airport and the Automated People Mover (“AeroTrain”) that was placed into service at Dulles International Airport in early 2010. In 2011, landing fees increased \$8.6 million, or 8.5%, from 2010 to \$110.3 million. Passenger fees, including passenger conveyance fee, international arrivals fees, and fees paid by the Transportation Security Administration (“TSA”) increased \$4.4 million, or 17.0%, from 2010 due to an increase in international traffic and corresponding International Arrivals Building fees at Dulles International Airport.

The following table provides details of concession revenues by major category for the five Fiscal Years 2007 through 2011.

TOTAL CONCESSION REVENUES BY MAJOR CATEGORY
AVIATION ENTERPRISE FUND

	Fiscal Year Ended				
	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Parking	\$116,528,833	\$115,105,856	\$107,721,718	\$110,150,990	\$108,936,324
Rental Cars	34,418,480	35,949,215	38,865,186	44,305,092	38,706,628
Terminal Concessions					
Food and beverage	14,985,742	15,860,110	15,626,929	16,474,539	17,274,882
Newsstand and retail	11,354,093	11,921,105	11,900,884	11,837,876	12,003,769
Duty free	3,422,389	3,810,294	2,881,047	3,200,337	4,009,278
Display advertising	7,356,054	7,737,054	8,243,796	11,652,665	12,061,771
In-flight catering	6,242,548	6,872,934	6,705,056	6,768,559	7,172,499
Ground Transportation	4,784,097	6,368,761	7,315,514	8,425,163	7,787,856
Fixed base operator	11,985,065	12,712,051	12,353,018	12,560,170	14,109,352
All other	6,409,522	7,373,352	5,848,028	5,598,107	5,537,636
Total	<u>\$217,486,823</u>	<u>\$223,710,732</u>	<u>\$217,461,176</u>	<u>\$230,973,498</u>	<u>\$227,599,995</u>

Source: Airports Authority records.

In 2011, the Aviation Enterprise Fund’s concession revenues totaled \$227.6 million, which was a decrease of \$3.4 million, or 1.5%, from 2010. Concession revenues accounted for 34.3% of total operating revenues, down 3.9% from 2010, as a result of the overall decline in concession revenues. Parking revenues

continued to rank as the Aviation Enterprise Fund's largest source of concession revenue in 2011, providing \$108.9 million in total revenues for the year. This was a decrease of \$1.2 million from 2010 but an increase of \$1.2 million from 2009. The decrease in parking revenues in 2011 was partially attributable to lower domestic passenger enplanements at Dulles International Airport. Rental car revenues decreased \$5.6 million, or 12.6%, from 2010. In July 2011, a new rental car contract was awarded at Reagan National Airport, which provided for lower MAG amounts than the previous contract. Food and beverage revenues totaled \$17.3 million in 2011, which represented an increase of \$0.8 million from 2010. Fixed Base Operator ("FBO") revenues of \$14.1 million in 2011 increased \$1.5 million, or 12.3%, from 2010. Higher MAGs accounted for nearly \$1.1 million of this increase. All other areas of 2011 concession revenues accounted for a combined net increase of \$1.1 million over 2010. These increases were largely attributable to steady increases in duty free and advertising revenues, which offset moderate declines in other concession revenues.

Concession revenues at Reagan National Airport decreased by \$5.0 million, or 5.1%, in 2011. Parking revenues increased \$1.2 million, or 2.7%, from 2010 at Reagan National Airport. Overall activity for public parking increased 0.5% in 2011 compared to 2010. Total exits for 2011 were 1.34 million compared to 1.33 million in 2010. There are 9,136 public parking spaces at Reagan National Airport, with 6,620 garage and 2,483 surface spaces, as well as 33 cell phone waiting area spaces and 3,200 tenant employee parking spaces.

Concession revenues at Dulles International Airport increased \$1.6 million, or 1.2%, from 2010. In 2011, parking revenues were \$64.1 million, a decrease of \$2.4 million, or 3.6%, from 2010. Overall activity for public parking decreased 2.3% in 2011 compared to 2010. Total exits for 2011 were 2.70 million compared to 2.76 million in 2010. There are 27,433 public parking spaces at Dulles International Airport, with 18,884 surface and 8,325 garage spaces, as well as 224 cell phone waiting area spaces and 6,529 tenant employee parking spaces. In 2011, display advertising and fixed base operator concession revenues increased \$1.2 million and \$1.3 million, respectively, which offset declines in parking.

The following table provides details of total operating expenses by major category for the five Fiscal Years ended December 31, 2007 through 2011.

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TOTAL OPERATING EXPENSES BY MAJOR CATEGORY
AVIATION ENTERPRISE FUND

	Fiscal Year Ended				
	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Materials, supplies, equipment, contract services and other	\$182,096,091	\$166,260,580	\$148,303,889	\$180,632,889	\$187,607,830
Impairment loss/design costs	—	80,027,390	—	—	—
Salaries and related benefits	128,465,267	136,508,033	140,545,604	148,274,437	148,072,307
Utilities	21,134,317	25,402,257	28,141,650	24,375,181	26,542,084
Lease from United States Government	4,830,121	4,958,280	5,066,069	5,101,119	5,180,558
Depreciation and amortization	142,029,601	164,844,750	184,798,166	215,536,523	211,365,393
Total	<u>\$478,555,397</u>	<u>\$578,001,290</u>	<u>\$506,855,378</u>	<u>\$573,920,149</u>	<u>\$578,786,172</u>

As discussed in the 2011 CAFR, the Airports Authority has restated its 2010, 2009, and prior years' operating expenses. See Note 2 to the 2011 CAFR.

AVIATION ENTERPRISE FUND
(Numbers are expressed in thousands)

	Fiscal Year Ended			
	12/31/2007	12/31/2008	12/31/2009	12/31/2010
Total expenses, as previously stated	<u>\$478,556.2</u>	<u>\$578,011.9</u>	<u>\$506,888.0</u>	<u>\$574,004.1</u>
Decrease in operating expenses				
Depreciation and amortization ¹	<u>(0.8)</u>	<u>(10.6)</u>	<u>(32.7)</u>	<u>(83.9)</u>
Total decrease in operating expenses	<u>(0.8)</u>	<u>(10.6)</u>	<u>(32.7)</u>	<u>(83.9)</u>
Expenses, as restated	<u>\$478,555.4</u>	<u>\$578,001.3</u>	<u>\$506,855.4</u>	<u>\$573,920.1</u>

¹ Capitalized interest expense for projects placed in service in prior years was reduced, resulting in reductions to depreciation expense.
Source: Airports Authority records.

Operating expenses for the Aviation Enterprise Fund for fiscal year ended December 31, 2011 were \$578.8 million, which is an increase of \$4.8 million or 0.8% over 2010.

Materials, equipment, supplies, contract services, and other expenses increased by \$7.0 million, or 3.9%, in 2011. This increase was largely a result of contractual spending related to the implementation of a new Enterprise Resource Planning ("ERP") System. Services expenses increased by \$7.1 million in 2011, with spending on IT services accounting for \$5.2 million of the increase. Project expenses were also higher in 2011 than in 2010, increasing from \$5.6 million to \$9.6 million as a result of higher non-capitalized project costs associated with the ERP implementation.

After three years of development, the Airports Authority implemented Oracle EBusiness Solutions as its new ERP System. In accordance with accounting principles as promulgated in GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets ("GASB 51"), the Airports Authority was in the developmental stage of the implementation program through early 2009 and expensed the costs through the Statements of Revenues, Expenses and Changes in Net Assets. From 2009 until the system was placed in service in June of 2011, applicable costs were capitalized. All related training and data conversion costs were expensed.

Salaries and related benefits expenses declined by approximately \$200 thousand compared to 2010. Regular full time pay for Airports Authority employees increased by \$3.0 million, or 3.2%, over 2010. In 2011, health insurance expenses increased by \$1.2 million to \$15.3 million. These increases were offset by a 24.8% reduction in overtime costs which fell by \$2.6 million as a result of lower snowfall, as well as a decline in Other Post Retirement Employee Benefits (“OPEB”) expenses, which decreased by \$1.5 million to \$6.8 million in 2011. The Aviation Enterprise Fund recorded OPEB expenses of \$6.8 million and \$8.3 million in 2011 and 2010, respectively. The contribution percentages to the Airports Authority’s retirement plans decreased to 7.4% in 2011 from 7.5% of eligible earnings in 2010 for the general plan and decreased to 14.7% in 2011 from 16.0% of eligible earnings in 2010 for the police and firefighter plan. The funded ratio as of the actuarial valuation date of December 31, 2010 was 106.1% for the general plan and 99.0% for the police and firefighters plan.

The Aviation Enterprise Fund’s utility expenditures for 2011 were \$26.5 million, an increase of \$2.2 million from 2010. The increase in utility expenses was driven principally by higher electricity rates, which resulted in a \$3.2 million increase in electricity expense. Spending on natural gas declined by \$800 thousand in 2011 due to a decrease in rates, and helped to mitigate the increase in electricity costs. In 2010, the Airports Authority joined an energy consortium, which helped reduce utility expenses.

Depreciation and amortization expense in 2011 was \$211.4 million. This was a decrease of \$4.2 million from 2010 and an increase of \$26.6 million from 2009. In January 2010, the AeroTrain became operational at Dulles International Airport, and in November 2010, the Airports Authority completed the second phase of the International Arrivals Building. At Reagan National Airport, the parking garage was expanded and runway and taxiway improvements were completed in 2010. In 2011, the Airports Authority completed the final phase of the International Arrivals Building expansion at Dulles International Airport and Runway 1/19 improvements at Reagan National Airport.

In 2011, the Aviation Enterprise Fund had operating income of \$85.2 million, which was a \$55.3 million increase from 2010. The results primarily reflect the increase in airline and other revenues, which outpaced the growth in expenses in 2010. When compared to 2010, total non-operating revenues increased \$4.0 million and non-operating expenses increased \$74.1 million. Non-operating revenues in 2011 were comprised of \$24.7 million investment income and \$0.9 million of Federal, state, and local grants. Non-operating expenses totaled \$318.2 million and were comprised of interest expense of \$222.0 million and a \$96.2 million fair value loss on swaps.

Capital contributions include PFCs, Federal, state, and local grants, and other capital property acquired. PFC revenues for 2011 were \$78.6 million, which was a decrease of \$1.5 million from 2010.

Federal, state, and local capital contribution grants totaled \$54.8 million in 2011 and included \$25.7 million in Airport Improvement Program (“AIP”) grants. This funding was granted primarily to reimburse the capital cost of rehabilitating Runway 1/19 at Reagan National Airport, improving the safety area of Runway 1/19, and constructing the fourth runway at Dulles International Airport. The Aviation Enterprise Fund also received American Recovery and Reinvestment Act (“ARRA”) grants of \$20.9 million for TSA surveillance closed circuit TV and in-line baggage electronic detection systems. TSA also provided \$6.3 million in funding for in-line baggage screening.

The change in net assets is an indicator of the overall fiscal condition of the Aviation Enterprise Fund. Net assets decreased in 2011 by \$68.8 million and \$50.0 million in 2010. The 2011 decrease includes the \$96.2 million fair value loss on swaps described above.

Unaudited Fiscal Year 2012 Results Through April 30, 2012

The unaudited Fiscal Year 2012 results through April 30, 2012 for the Aviation Enterprise Fund are set forth below. This information has been prepared by management of the Airports Authority.

FINANCIAL RESULTS STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS AVIATION ENTERPRISE FUND (Unaudited)

	Four Month Period Ended April 30, 2011	Four Month Period Ended April 30, 2012
OPERATING REVENUES		
Concessions	\$72,673,980	\$71,011,141
Rents	88,566,605	99,089,017
Landing fees	34,854,549	34,741,133
Utility sales	4,379,589	3,894,961
Passenger fees	8,938,518	8,912,607
Other	2,303,255	2,644,992
	211,716,497	220,293,850
OPERATING EXPENSES		
Materials, equipment, supplies, contract services, and other	59,128,214	59,541,558
Salaries and related benefits	50,228,671	49,861,235
Utilities	8,823,279	9,345,783
Lease from U.S. Government	1,715,500	1,759,000
Depreciation and amortization	71,563,767	79,674,647
	191,459,431	200,182,222
OPERATING INCOME	20,257,066	20,111,628
NON-OPERATING REVENUES (EXPENSES)		
Investment income	6,789,383	4,730,638
Interest expense	(72,703,465)	(72,181,810)
Federal, state and local grants	20,081	56,918
Unrealized swap gain (loss)	2,658,630	8,948,247
	(63,235,370)	(58,446,008)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(42,978,304)	(38,334,380)
CAPITAL CONTRIBUTIONS		
Passenger facility charges	27,879,819	27,765,443
Federal and State grants	8,138,750	6,395,391
Other capital property contributed	—	—
	36,018,569	34,160,834
NET ASSETS		
Increase (decrease) in net assets	(6,959,735)	(4,173,545)
Total net assets, beginning of period, restated	830,969,040	762,145,470
Total net assets, end of period	\$824,009,305	\$757,971,925

Totals may not add due to rounding.

The Aviation Enterprise Fund's financial results for the first four months of Fiscal Year 2012 reflect a 0.7% decrease in operating income. Operating revenue for the four months ended April 30, 2012, was \$220.3 million, an increase of \$8.6 million or 4.1% compared to the same period in 2011.

Capital contributions include PFCs, federal and state grants and other capital property acquired by the Aviation Enterprise Fund. For the four months ended April 30, 2012, PFC revenue of \$27.8 million was consistent with the same period in 2011.

Through April 2012, the Aviation Enterprise Fund's net assets decreased \$4.2 million reflecting operating income of \$20.1 million, a non-operating loss of \$58.4 million and capital contributions of \$34.2 million.

The following table provides details of unaudited concession revenues by major category for the four months ended April 30, 2011 and April 30, 2012.

TOTAL CONCESSION REVENUES BY MAJOR CATEGORY
AVIATION ENTERPRISE FUND
(Unaudited)

	Four Months Ended April 30, 2011	Four Months Ended April 30, 2012	Net Change
Parking	\$34,407,795	\$34,848,919	\$441,124
Rental Cars	13,729,914	10,630,100	(3,099,814)
Terminal Concessions			
Food and beverage	5,269,229	5,424,250	155,021
Newsstand and retail	3,669,658	3,868,212	198,554
Duty free	1,066,482	1,189,516	123,034
Display advertising	3,799,974	3,080,112	(719,862)
In-flight catering	2,170,827	2,318,907	148,080
Ground Transportation	2,745,676	2,769,524	23,848
Fixed base operator	4,828,787	4,938,377	109,590
All other	985,638	1,943,224	957,585
Total ¹	<u>\$72,673,980</u>	<u>\$71,011,141</u>	<u>(\$1,662,840)</u>

¹ Totals may not add due to rounding.

Source: Airports Authority records.

The Aviation Enterprise Fund's concession revenues through April 30, 2012 decreased \$1.7 million, or 2.3% compared to the same period in 2011. As a percentage of operating revenues, concession revenue decreased to 32.2% compared to 34.3% for the same period in 2011. In the first four months of 2012, parking revenues were the Aviation Enterprise Fund's largest source of concession revenue representing 49.1% of total concession revenues and 15.8% of operating revenues. For the four months ended April 30, 2012, parking revenue was \$34.8 million, an increase of 1.3% compared to the same period in 2011. Rental car revenues of \$10.6 million decreased \$3.1 million or 22.6% compared to the same period in 2011, largely due to the decreased MAG payments at Reagan National Airport.

For the four months ended April 30, 2012, food and beverage revenue at the Airports of \$5.4 million increased \$155,000 and newsstand and retail concession revenue increased \$199,000 compared to the same period in 2011. For the four months ended April 30, 2012, duty free revenue increased \$123,000, and display advertising decreased \$720,000 compared to the same period in 2011.

The following table provides details of unaudited operating expense by major category for the four months ended April 30, 2011 and April 30, 2012.

TOTAL OPERATING EXPENSES BY MAJOR CATEGORY AVIATION ENTERPRISE FUND
(Unaudited)

	Four Months Ended April 30, 2011	Four Months Ended April 30, 2012	Net Change
Materials, supplies, equipment, contract services and other	\$59,128,214	\$59,541,558	\$413,344
Salaries and related benefits	50,228,671	49,861,235	(367,436)
Utilities	8,823,279	9,345,783	522,504
Lease from United States Government	1,715,500	1,759,000	43,500
Depreciation and amortization	71,563,767	79,674,647	8,110,880
Total¹	\$191,459,431	\$200,182,222	\$8,722,791

¹ Totals may not add due to rounding.

Source: Airports Authority records.

Operating expenses through April 30, 2012 were \$200.2 million, which is an increase of \$8.7 million or 4.6%, compared to the same period in 2011. Materials, equipment, supplies, and other contract services increased \$413,000, or 0.7%, reflecting increases in contracted services.

For the four months ended April 30, 2012, depreciation increased \$8.1 million reflecting the addition of depreciable assets completed and placed in service. For the four months ended April 30, 2012, the Aviation Enterprise Fund utility expenditures were \$9.3 million, a \$523,000 increase compared to the same period in 2011. This is a result of higher electricity costs in 2012.

For the four months ended April 30, 2012, salaries and related benefits decreased \$367,000 compared to the same period in 2011 as a result of reduced overtime paid to employees in 2012 when compared to the first four months of 2011.

Through April 30, 2012, operating income was \$20.1 million, a decrease of \$145,000 from the same period in 2011. The change in operating results reflects the impact of a 4.1% increase in operating revenues, primarily as a result of higher rents, offset by an increase in operating expenses of 4.6%.

For the four months ended April 30, 2012, a non-operating loss of \$58.4 million before capital contributions resulted primarily from interest expense. This is a decrease in non-operating loss before capital contributions of \$4.6 million compared to the same period in 2011. For the four months ended April 30, 2012, non-operating revenues of \$4.8 million from investment income and grant revenue decreased by \$2.0 million compared to the same period in 2011. The decrease in investment income reflects changes in market fluctuations.

For the four months ended April 30, 2012, non-operating expenses consisting of interest expense decreased \$0.5 million, or 0.7%, compared to the same period in 2011 as a result of bond refunding and lower variable interest rates compared to the same period in 2011.

Net Remaining Revenue

Set forth in the table below is the calculation of Net Remaining Revenue (“NRR”) and debt service coverage for the four Fiscal Years ended December 31, 2008 through 2011.

NET REMAINING REVENUE SCHEDULE AND CALCULATION OF
DEBT SERVICE COVERAGE FOR AVIATION ENTERPRISE FUND
(Unaudited)

	Fiscal Year Ended			
	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Airline Revenues ¹				
Landing and Apron Fees	\$105,211,467	\$119,287,409	\$123,505,524	\$127,366,434
Rentals	221,785,366	238,165,641	260,190,931	313,181,534
Security & Other Fees	1,278,646	1,259,953	1,248,430	1,246,792
Other Rents	28,209,761	31,488,884	31,336,258	31,378,392
Utility Reimbursements	13,137,977	13,006,933	12,273,527	13,788,851
Concessions ²	185,709,063	182,860,164	193,991,938	189,801,882
Investment Earnings	23,574,302	15,851,520	16,991,234	18,614,744
Other	8,231,513	6,330,988	6,731,649	7,979,859
TOTAL REVENUES¹	587,138,095	608,251,492	646,269,491	703,358,489
O&M Expenses	265,135,432	267,174,359	298,054,824	304,529,128
Washington Ground Transportation	—	—	—	—
NET REVENUES	322,002,663	341,077,133	348,214,667	398,829,361
Debt Service on Bonds Issued under Master Indenture ³	204,496,363	229,060,179	237,068,089	290,663,193
TOTAL DEBT SERVICE	204,496,363	229,060,179	237,068,089	290,663,193
O&M Reserve Requirement Increment	2,298,301	357,000	5,794,000	1,236,000
Federal Lease Payment	4,958,280	5,066,069	5,101,118	5,180,558
NET REMAINING REVENUE⁴	\$110,249,719	\$106,593,885	\$100,251,460	\$101,749,610
DEBT SERVICE COVERAGE⁴	1.57x	1.49x	1.47x	1.37x

¹ Includes credit for Signatory Airlines' share of NRR from the prior year, which offsets the amount of rates and charges that are due from the Signatory Airlines in the respective fiscal year.

² Concession Revenue for Washington Ground Transportation is not included.

³ Reflects actual amount of debt service paid on outstanding Bonds and CP Notes in the respective fiscal year.

⁴ Calculations of NRR and coverage are made in conformance with provisions of the Indenture and the Airline Agreement and are not determined in accordance with GAAP.

Source: Airports Authority records.

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The Aviation Enterprise Fund Budget

The Aviation Enterprise Fund’s annual budget is a financial planning tool outlining the estimated revenues and expenses for the Airports at certain passenger levels. The budget is not prepared according to GAAP. The President and Chief Executive Officer submits the Aviation Enterprise Fund’s annual budget to the Board for approval. Budgetary controls and evaluations are affected by comparing actual interim and annual results with the budget, noting the actual level of passenger activities. The Airports Authority conducts quarterly reviews to ensure compliance with the provisions of the annual operating budget approved by the Board.

Operating revenues reached 98.9% of budget expectations in 2011, while in 2010, operating revenues reached 99.4% of budget expectations. Operating expenses reached 92.8% of budget authorization in 2011, while in 2010, expenses reached 93.9% of budget authorization. The Aviation Enterprise Fund’s 2011 budget reflected a 11.1% increase in revenues and a 2.3% increase in expenses, as compared to 2010.

	Budget	Actual	As a Percentage of Budget
2011 Revenues	\$629,559,500	\$622,548,625	98.9%
2011 Expenses	\$325,706,000	\$302,182,190	92.8%
2010 Revenues	\$566,638,000	\$563,033,390	99.4%
2010 Expenses	\$318,292,000	\$298,743,261	93.9%

Aviation Enterprise Fund Fiscal Year 2012 Budget

The prospective financial information in the section below has been prepared by, and is the responsibility of, the Airports Authority’s management. The prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The Airports Authority and its management believe that the budget information below has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management’s knowledge and opinion, the Airports Authority’s expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the prospective financial information contained herein and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information and any other information derived therefrom included elsewhere in this Official Statement.

The PricewaterhouseCoopers LLP report included in the 2011 CAFR refers exclusively to the Airports Authority’s historical financial information. The PricewaterhouseCoopers LLP report does not cover any other information in this offering and should not be read to do so.

The Aviation Enterprise Fund’s Budget, which includes the 2012 Operations and Maintenance Budget (“2012 O&M Budget”), the 2012 Capital, Operating and Maintenance Investment Program Budget, and the 2012 Capital Construction Program Budget, was approved by the Board in December 2011 (the

“2012 Budget”). The Airports Authority is committed to ensuring that adequate resources are available to efficiently and safely operate and maintain the Airports and believes that the 2012 Budget provides those resources.

The 2012 O&M Budget includes a 3.6% increase in operating revenues and a 2.0% increase in operating expenses (excluding debt service) over the 2011 O&M Budget. Budgeted revenues of \$652.2 million for 2012 reflect a \$22.7 million increase from 2011 budgeted revenues. Operating revenues received from the airlines are on a cost recovery basis.

Budgeted operating expenses for 2012 are \$332.7 million, a \$6.6 million or 2.0% increase over 2011 budgeted expenses of \$326.1 million (excluding debt service and O&M Reserve Requirement). The total budgeted expenses for 2012, including debt service but excluding O&M Reserve Requirement are \$654.0 million, which is a \$36.9 million or 6.0% increase over 2011 budgeted expenses of \$617.1 million.

In the 2012 Budget, NRR is estimated at \$92.8 million, a 0.3% increase over the 2011 budgeted amount. Under the Airline Agreement, NRR is allocated between the Aviation Enterprise Fund and the Signatory Airlines according to an established formula. The Signatory Airlines’ share of NRR in 2011 (transfers included in the budgeted 2012 operating revenues) was \$75.5 million and the Airports Authority’s share of NRR in 2011 was \$40.2 million. See Part II “CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS – Airport Use Agreement and Premises Lease.”

TAX MATTERS

The following discussion is a summary of the opinions of Co-Bond Counsel to the Airports Authority that are to be rendered on the tax status of interest on the Series 2012A-B Bonds and of certain federal income tax considerations that may be relevant to prospective purchasers of the Series 2012A-B Bonds. This summary is based on existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2012A-B Bonds, Co-Bond Counsel to the Airports Authority, Hogan Lovells US LLP, and Lewis, Munday, Harrell & Chambliss, will each provide opinions, expected to be in the proposed forms set forth in APPENDIX C hereto, to the effect that, under existing law, (i) interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2012A Bonds are held by a person who is a “substantial user” of the facilities financed or a “related person,” as those terms are used in Section 147(a) of the Code, but is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations, and (ii) interest on the Series 2012B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates and, except as provided in the following paragraph, corporations.

For corporations only, the Code requires that alternative minimum taxable income be increased by 75% of the excess (if any) of the corporation’s adjusted current earnings over its other alternative minimum taxable income. Adjusted current earnings include interest on the Series 2012B Bonds. An increase in a corporation’s alternative minimum taxable income could result in imposition of tax to the corporation under the corporate alternative minimum tax provisions of section 55 of the Code.

The foregoing opinions will assume compliance by the Airports Authority with certain requirements of the Code that must be met subsequent to the issuance of the Series 2012A-B Bonds. The Airports Authority will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2012A-B Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2012A-B Bonds.

Certain of the Series 2012A-B Bonds (the “Discount Bonds”) are being offered and sold to the public in their original public offering at an original issue discount. Generally, original issue discount is the excess of the stated redemption price at maturity of any Discount Bond over the issue price of the Discount Bond. Co-Bond Counsel have advised the Airports Authority and the Underwriters that, under existing laws and to the extent interest on any Discount Bond is excluded from gross income for federal income tax purposes, the original issue discount on any such Discount Bond that accrues during the period such person holds the Discount Bond will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder’s tax basis in any such Discount Bond. Purchasers of any Discount Bond should consult their tax advisors regarding the proper computation and accrual of original issue discount. In particular, purchasers of any Series 2012A Bonds should be aware that the accrual of original issue discount in each year may be treated as an item of tax preference in calculating any alternative minimum tax liability.

If a holder purchases a Series 2012A-B Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2012A-B Bond with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining term of the Series 2012A-B Bond, based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such Series 2012A-B Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2012A-B Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2012A-B Bond. Purchasers of the Series 2012A-B Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and the state and local tax consequences of owning such Series 2012A-B Bonds.

The opinions of Co-Bond Counsel also will provide to the effect that, under existing law, interest on the Series 2012A-B Bonds is exempt from income taxation by the Commonwealth of Virginia and is exempt from all taxation of the District of Columbia except estate, inheritance and gift taxes.

Other than the matters specifically referred to above, Co-Bond Counsel will express no opinions regarding the federal, state, local or other tax consequences of the purchase, ownership and disposition of the Series 2012A-B Bonds. Prospective purchasers of the Series 2012A-B Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2012A-B Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2012A-B Bonds or, in the case of financial institutions, a portion of a holder’s interest expense allocated to interest on the Series 2012A-B Bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2012A-B Bonds; (3) interest on the Series 2012A-B Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (4) passive interest income, including interest on the Series 2012A-B Bonds, may be subject to federal income taxation under Section 1375 of the

Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2012A-B Bonds.

The IRS has an ongoing program of auditing state and local government obligations, which may include randomly selected bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2012A-B Bonds will be audited. If an audit is commenced, under current IRS procedures the holders of the Series 2012A-B Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2012A-B Bonds could adversely affect their value and liquidity.

Co-Bond Counsel will render their opinions as of the issuance date, and will assume no obligation to update their opinions after the issuance date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Co-Bond Counsel are not binding in the courts on the IRS; rather, such opinions represent Co-Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. For example, the Obama Administration recently released a legislative proposal which, for tax years beginning on or after January 1, 2013, could result in additional federal income tax being imposed on certain holders of state or local obligations, including the Series 2012A-B Bonds, if enacted. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on state and local obligations such as the Series 2012A-B Bonds. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2012A-B Bonds, the exclusion of interest on the Series 2012A-B Bonds from gross income, alternative minimum taxable income, or any combination thereof from the date of issuance of the Series 2012A-B Bonds or any other date, or that such changes will not result in other adverse federal tax consequences.

Amendments to state (including District of Columbia) tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2012A-B Bonds, the exclusion of interest on the Series 2012A-B Bonds from state taxable income from the date of issuance of the Series 2012A-B Bonds or any other date, or that such changes will not result in other adverse state tax consequences.

Prospective purchasers of the Series 2012A-B Bonds should consult their own tax advisors as to the applicability and extent of federal, state, local or other tax consequences of the purchase, ownership and disposition of the Series 2012A-B Bonds, including the potential consequences of any pending or proposed legislation, in light of their particular tax situation.

LEGAL MATTERS

Certain legal matters relating to the issuance of the Series 2012A-B Bonds are subject to the approving opinions of Co-Bond Counsel to the Airports Authority, Hogan Lovells US LLP, Washington, D.C., and Lewis, Munday, Harrell & Chambliss, Washington, D.C., which will be furnished upon the issuance of the Series 2012A-B Bonds. The form of such opinions are set forth in APPENDIX D of this

Official Statement (the “Bond Opinion”). The Bond Opinion is limited to matters relating to the issuance of the Series 2012A-B Bonds and to the status of interest on the Series 2012A-B Bonds as described in “TAX MATTERS.” Hogan Lovells US LLP and Lewis, Munday, Harrell & Chambliss also serve as Co-Special Counsel to the Airports Authority to advise the Airports Authority in connection with the preparation of this Official Statement, and such firms will deliver opinions regarding certain matters to the Airports Authority and the Underwriters.

Certain legal matters were passed upon for the Airports Authority by Philip G. Sunderland, Esquire, Vice President and General Counsel of the Airports Authority, and for the Underwriters by their Co-Counsel Saul Ewing LLP, Washington, D.C. and McKenzie & Associates, Washington, D.C.

LITIGATION

The Airports Authority is involved in various claims and lawsuits arising in the ordinary course of business that are covered by insurance or that the Airports Authority does not believe to be material. The Airports Authority believes that any liability that is reasonably likely to be assessed against the Airports Authority as a result of pending claims and lawsuits which are not covered by insurance or reserves will not materially adversely affect the financial position of the Airports Authority. Except as described below, no litigation is pending or, to the knowledge of the Airports Authority, threatened against the Airports Authority (a) seeking to restrain or enjoin the issuance of the Series 2012A-B Bonds or the collection of Net Revenues pledged under the Indenture, or (b) in any way contesting or affecting any authority for the issuance of the Series 2012A-B Bonds, the validity or binding effect of the Series 2012A-B Bonds or the resolution of the Airports Authority authorizing and implementing the Series 2012A-B Bonds or the Indenture, or (c) in any way contesting the creation, existence, powers or jurisdiction of the Airports Authority, the validity or effect of the Federal Act, the Federal Lease, the Virginia Act or the District Act or any provision thereof, or the application of the proceeds of the Series 2012A-B Bonds.

In April 2011, two users of the Dulles Toll Road filed a lawsuit in federal district court in Virginia 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 and the Virginia Constitution. The claims presented by these plaintiffs asserted, in various ways, that the tolls established by the Airports Authority amount to “taxes” and that the levying of “taxes” by an unelected body, like the Airports Authority’s Board of Directors, violates numerous principles embedded in the federal and Virginia constitutions. 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. In addition to declaratory and injunctive relief, the plaintiffs sought a refund to 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 each of the claims on the merits. The court concluded, specifically as to each claim, that it failed, as a matter of law, to state a valid claim as to which the court could grant any relief, and, generally, that the setting of tolls by the Airports Authority does not violate the federal or Virginia constitution. Following the ruling, plaintiffs filed a notice of their intent to appeal the dismissal to the United States Court of Appeals for the Federal Circuit.

Briefing in the court of appeals has recently been completed. In their brief, plaintiffs/appellants have presented a new argument in support of their claim that the setting of tolls by the Airports Authority violates the United States Constitution. They have argued that the Airports Authority is a Federal entity exercising federal powers which must be under the control of the United States President in order for the United States

President to be able to carry out his Article II duty to “take care that the laws be faithfully executed.” The United States President, they further argue, does not control the Airports Authority since only three of the 13 members of its Board of Directors are presidential appointees. As a result, they argue, the composition of the Board of Directors prevents the United States President from performing his Article II “take care” duty, thereby effectively invalidating the Airports Authority. This argument, along with others presented by plaintiffs/appellants, has been thoroughly addressed and rebutted in the Airports Authority’s brief.

In August 2009, two organizations filed a lawsuit in federal district court in Virginia against the Airports Authority and various federal and state agencies, challenging in a number of ways the Airports Authority’s power to operate the Dulles Toll Road, to finance the Dulles Metrorail Extension Project with Dulles Toll Road revenues, to set tolls on the Dulles Toll Road, and to construct the Dulles Metrorail Extension Project. In April 2010, the district court dismissed all counts and ruled that the plaintiff organizations lacked standing to pursue any of the counts. The district court also ruled, as to each count in the complaint, that the plaintiffs had not set out a valid legal claim as to which any relief could be granted.

In May 2010, a panel of the United States Court of Appeals for the Fourth Circuit affirmed the district court’s dismissal of all counts. The panel concluded that the plaintiffs lacked “prudential” standing to bring all but one of counts; as to that count, in which plaintiffs claimed that the Airports Authority had violated the Virginia Freedom of Information Act, the panel affirmed the district court’s dismissal, ruling that the Airports Authority, as an interstate compact entity, is independent of Virginia and its local governments and is, therefore, not subject to Virginia’s Freedom of Information statute. In early May 2011, plaintiffs petitioned for a panel rehearing or a rehearing before the entire court of appeals; the petition was subsequently denied.

Other suits have been filed in the past and may be filed in the future against the Airports Authority making claims contesting the Airports Authority’s power to operate the Dulles Toll Road, to construct the Dulles Metrorail Extension Project and/or to charge tolls for use of the Dulles Toll Road. The Airports Authority is unable to predict the final result of any such lawsuits should they be filed. However, an adverse ruling in any of such suits would likely relate only to the Dulles Toll Road and the Airports Authority’s Dulles Corridor Enterprise Fund, and would be unlikely to have a negative impact on the Airports Authority’s Aviation Enterprise Fund, its operation of the Airports or its ability to generate Revenues and pay debt service on the Bonds. See “CERTAIN INVESTMENT CONSIDERATIONS” herein.

RATINGS

Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Rating Service, Inc. (“S&P”) assigned the Series 2012A-B Bonds the ratings of “AA-,” “Aa3” and “AA-,” respectively. Fitch assigned the Airports Authority an “AA-” rating with “Stable Outlook” on January 4, 2006. Fitch upgraded the Airports Authority’s rating on August 27, 2007, to an “AA” rating with “Stable Outlook.” Fitch changed the outlook to “Negative Outlook” on July 8, 2010. Fitch changed the Airports Authority’s rating on September 9, 2011 to an “AA-” rating with “Stable Outlook.” Fitch affirmed the Airports Authority’s rating with “Stable Outlook” on May 23, 2012. Moody’s assigned the Airports Authority an “Aa3” rating with “Stable Outlook” on January 4, 2006. Moody’s changed the outlook to “Positive” on November 3, 2006. Moody’s changed the outlook to “Negative” on June 30, 2010. Moody’s affirmed the Airports Authority’s rating with “Negative Outlook” on May 23, 2012. S&P assigned the Airports Authority an “A+” rating with “Positive” outlook on January 3, 2006. S&P upgraded the Airports Authority’s rating on November 3, 2006, to an “AA-” rating with “Stable Outlook”. S&P affirmed the Airports Authority’s rating with “Stable Outlook” on May 25, 2012. The Airports Authority furnished to such rating agencies the information contained in this Official Statement and certain other materials and

information about the Airports Authority. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions by the rating agencies.

A rating, including any related outlook with respect to potential changes in such ratings, reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Series 2012A-B Bonds. An explanation of the procedure and methodology used by each rating agency and the significance of such ratings may be obtained from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of such rating agencies if, in the judgment of any of them, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings is likely to have an adverse effect on the market price of the Series 2012A-B Bonds.

UNDERWRITING

The underwriters of the Series 2012A-B Bonds are listed on the cover of this Official Statement, for whom Barclays Capital Inc. acts as representative (the “Underwriters”), have agreed to purchase Series 2012A Bonds and the Series 2012B Bonds, at a price of \$323,528,843.69 and \$23,530,550.42, respectively (consisting of \$291,035,000 aggregate par amount of the Series 2012A Bonds, plus an original issue premium of \$34,018,410.25, less an underwriting discount of \$1,524,566.56 and consisting of \$20,790,000 aggregate par amount of the Series 2012B Bonds, plus an original issue premium of \$2,827,770.35, less an underwriting discount of \$87,219.93) pursuant to the Bond Purchase Agreement, entered into by and between the Airports Authority and the Underwriters (the “Bond Purchase Agreement”). The Underwriters will be obligated to purchase all of the Series 2012A-B Bonds if any Series 2012A-B Bonds are purchased. The Underwriters reserve the right to join with other underwriters in the offering of the Series 2012A-B Bonds. The obligations of the Underwriters to accept the delivery of the Series 2012A-B Bonds are subject to various conditions set forth in the Bond Purchase Agreement.

Loop Capital Markets LLC (“Loop Capital”) has entered into an agreement (the “Distribution Agreement”) with UBS Financial Services Inc. (“UBS”) for the retail distribution of certain municipal securities offerings, including the Series 2012A-B Bonds, at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital may share a portion of its underwriting compensation with respect to the Series 2012A-B Bonds with UBS.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts in connection with the Series 2012A-B Bonds.

Wells Fargo Bank, National Association (“WFBNA”), one of the underwriters of the Series 2012A-B Bonds, has entered into an agreement (the “Distribution Agreement”) with Wells Fargo Advisors, LLC (“WFA”) for the retail distribution of certain municipal securities offerings, including the Series 2012A-B Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Series 2012A-B Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

VERIFICATION AGENT

The Arbitrage Group, Inc., will verify from the information provided to them the mathematical accuracy of the computations contained in the provided schedules as of the delivery date of the Series 2012A-B Bonds to determine that the anticipated receipts from the securities and cash deposits to be held in escrow will be sufficient to pay, when due, the principal, interest and redemption premium, if any, with respect to the Currently Refunded Bonds and the Advance Refunded Bonds. The independent certified public accountants will express no opinion on the assumptions provided to them.

RELATIONSHIP OF PARTIES

In addition to serving as Co-Bond Counsel to the Airports Authority, Hogan Lovells US LLP serves as counsel to the Airports Authority on certain other matters. Manufacturers and Traders Trust Company (successor to Allfirst Bank) serves as the Trustee for the Bonds, the Series One CP Notes, the Series Two CP Notes and the Airports Authority's Dulles Toll Road Revenue Bonds, as trustee for the Airports Authority's pension plan and safe keeper of certain operating funds of the Airports Authority.

Barclays Bank PLC, the parent company of Barclays Capital Inc., provides a letter of credit to the Airports Authority to provide credit support for the Series 2010C Bonds and Barclays Capital Inc. serves as a remarketing agent for the Series 2010C Bonds. Bank of America, N.A. provides a letter of credit to the Airports Authority to provide credit support for the Series 2009D Bonds and Bank of America, N.A., serves as a remarketing agent for the Series 2009D Bonds. Merrill Lynch serves as the commercial paper dealer for the Series Two Notes. Citibank, N.A. is a direct purchaser of all the Series 2011B Bonds. Wells Fargo Bank, National Association, is a direct purchaser of a portion of the Series 2010D Bonds and the Series 2011A Bonds and, as successor to Wachovia Bank, N.A, provides a letter of credit to the Airports Authority to provide credit support for the Series 2003D-1 Bonds, and serves as swap provider for two of the Airports Authority's swap agreements. As successor to Wachovia Bank, N.A., Wells Fargo Securities also serves as a remarketing agent for the Series 2003D-1 Bonds.

MISCELLANEOUS

The Trustee has not participated in the preparation of this Official Statement and takes no responsibility for its content. All of the appendices are integral parts of this Official Statement and must be read together with Part I and Part II of this Official Statement. The description of the Indenture does not purport to be comprehensive or definitive, and prospective purchasers of the Series 2012A-B Bonds are referred to the Indenture for the complete terms thereof. Copies of the Indenture may be obtained from the Airports Authority. The text of the Master Indenture may be obtained from the Airports Authority's website at www.metwashairports.com and www.dacbond.com. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representation of fact. Historical data is presented for information purposes only and is not intended to be a projection of future results.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By /s/ Michael A. Curto
Michael A. Curto
Chairman

Part II

of the

OFFICIAL STATEMENT

relating to the

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

dated May 23, 2012

Part II of this Official Statement contains certain provisions applicable to all Bonds, including information regarding the Airports Authority, the Airline Agreement, the Airport Service Region and Airports activity, certain factors affecting the air transportation industry, the financial condition of certain airlines serving the Airports, the Airports Authority's CCP, the plan of funding for the CCP and certain investment considerations. Part II of this Official Statement should be read together with Part I of this Official Statement. Unless otherwise defined in Part II, all terms used herein shall have the same meanings set forth in APPENDIX A – "Definitions and Summary of Certain Provisions of the Indenture." **Part II of this Official Statement has not been updated since May 23, 2012 to reflect any changes occurring since said date.**

THE AIRPORTS AUTHORITY

General

The Airports Authority was created under the Virginia Act and the District Act, with the consent of the Congress of the United States, for the purpose of operating, maintaining and improving the Airports. In the Federal Act, Congress authorized the Secretary of Transportation (the "Secretary") to lease the Airports to the Airports Authority. The Airports Authority is a public body politic and corporate, and is independent of the District of Columbia, the Commonwealth of Virginia and the federal government. The Airports Authority has the powers and jurisdiction set forth in the Acts, including the authority: (a) to plan, establish, operate, develop, construct, enlarge, maintain, equip and protect the Airports; (b) to issue revenue bonds for any of the Airports Authority's purposes payable solely from the fees and revenues from the Airports pledged for their payment; (c) to fix, revise, charge and collect rates, fees, rentals and other charges for the use of the Airports; (d) to make covenants and to do such things as may be necessary, convenient or desirable in order to secure its bonds; and (e) to do all things necessary or convenient to carry out its express powers. The Airports Authority has no taxing power.

The Airports Authority also is empowered to adopt rules and regulations governing the use, maintenance and operation of its facilities. Regulations adopted by the Airports Authority governing aircraft

operations and maintenance, motor vehicle traffic and access to Airports Authority facilities have the force and effect of law. The Airports Authority also is empowered to acquire real property or interests therein for construction and operation of the Airports. It has the power of condemnation, in accordance with Title 25 of the Code of Virginia, for the acquisition of property interests for airport and landing field purposes. On June 7, 1987 (the “Lease Effective Date”), operating responsibility for the Airports was transferred to the Airports Authority by the federal government pursuant to the Federal Lease. The Federal Lease is discussed in more detail below under “Lease of the Airports to the Airports Authority.”

The Acts provide that the Airports Authority shall consist of a 13-member Board of Directors (the “Board”). Five members of the Board are appointed by the Governor of Virginia subject to confirmation by the Virginia General Assembly, three are appointed by the Mayor of the District of Columbia subject to confirmation by the Council of the District of Columbia, two are appointed by the Governor of Maryland, and three are appointed by the President of the United States with the advice and consent of the Senate. Directors serve staggered six-year terms and each continues to serve until a successor is appointed. For a listing of the current members of the Board, see Part I – “INTRODUCTION – The Airports Authority.”

In November 2011, the Federal Act was amended to provide for an increase in the number of Board members from thirteen to seventeen; for an increase in the number of the Governor of Virginia appointees from five to seven, the Governor of Maryland appointees from two to three, and the Mayor of the District of Columbia appointees from three to four; and to provide that members of the Board are not to continue to serve after expiration of their term. In response to changes in the Federal Act, the General Assembly of Virginia passed a bill to make corresponding amendments to the Virginia Act. Comparable amendments to the District Act have not been enacted as of the date of this Official Statement.

At the request of two members of the U.S. House of Representatives, the U.S. Department of Transportation Office of Inspector General (the “Inspector General”) has initiated a review on whether assumptions regarding Dulles Toll Road revenues in connection with the Dulles Metrorail Extension Project were reasonable along with a review of the governance and management of the Airports Authority. On May 15, 2012, the Inspector General issued an interim letter (the “Interim Letter”) that contained certain preliminary findings. With respect to the Dulles Metrorail Extension Project, the Interim Letter stated that the Airports Authority’s assumptions relating to Dulles Toll Road Revenues appear reasonable. With respect to the governance and management of the Airports Authority, the Interim Letter identified certain weaknesses in the Airports Authority’s internal policies and procedures relating to the Board of Directors’ travel, Board financial disclosures, and the transparency of Board decision making. The Interim Letter also identified certain weaknesses in the Airports Authority’s procurement policies and procedures which fall short of ensuring compliance with the Federal Act and the Federal Lease provision that contracts be awarded through the use of full and open competition to the maximum extent practicable. The Airports Authority has reviewed the Interim Letter and intends to address where necessary the Inspector General’s preliminary findings. It is expected a final report of the Inspector General will be released later this year.

Additionally, on April 27, 2012, a bill was introduced in the U.S. House of Representatives that would amend the Inspector General Act of 1978 to provide for the establishment of an Inspector General for the Airports Authority. As of the date of this Official Statement, the bill has been referred to both the House Committee on Oversight and Government Reform and the House Committee on Transportation and Infrastructure.

Senior Management

Airports Authority operations are conducted under the supervision of the Airports Authority staff. The current senior management of the Airports Authority includes:

JOHN E. POTTER. Mr. Potter is President and Chief Executive Officer of the Metropolitan Washington Airports Authority. Prior to assuming this position on June 22, 2011, Mr. Potter served as the Postmaster General of the United States for ten years where he worked to modernize management of the over 500,000 employee organization. Prior to serving as Postmaster General, Mr. Potter served in a number of positions at the United States Postal Service, including Manager of Washington–Baltimore–Northern Virginia Field Operations, Senior Vice President of Labor Relations, Senior Vice President of Operations Support, and Executive Vice President and Chief Operating Officer. Mr. Potter is a graduate of Fordham University (B.A., Economics, 1977) and Massachusetts Institute of Technology (M.S.M., Sloan Fellow, 1995).

MARGARET E. MCKEOUGH. Ms. McKeough is Executive Vice President and Chief Operating Officer of the Airports Authority. Prior to assuming this position on April 1, 2004, Ms. McKeough served as the Airports Authority's Vice President for Business Administration beginning in August 1998. Before joining the Airports Authority, Ms. McKeough was the Deputy Aviation Director for Business and Properties at Phoenix Sky Harbor International Airport and managed various business programs in the Phoenix Economic Development Department. Ms. McKeough is a graduate of Providence College (B.A., Political Science, 1983) and the University of Connecticut (M.P.A., 1985).

QUINCE T. BRINKLEY, JR. Mr. Brinkley is Vice President and Secretary of the Airports Authority. Prior to joining the Airports Authority in June 2008, Mr. Brinkley served as Vice President and Portfolio Manager with Wachovia Bank. Prior to that time, Mr. Brinkley was Northeast Regional Community Development Lending Manager with Freddie Mac for six years. He served as a Senior Airport Consultant with Unison Consulting Group, Inc. for five years and also has held a number of positions in the housing and development area. Mr. Brinkley is a graduate of Morehouse College (B.A., Finance, 1985) and University of North Carolina (M.P.A., 1994).

PHILIP G. SUNDERLAND. Mr. Sunderland is Vice President and General Counsel to the Airports Authority. Prior to assuming this position in April 2008, Mr. Sunderland served as the Secretary and Counsel to the Airports Authority beginning in June 2007. Before joining the Airports Authority, Mr. Sunderland was the chief of staff for Congressman James Moran (VA, 8th). Prior to his work on Capitol Hill, he had been the City Manager for five years and the City Attorney for 14 years for the City of Alexandria, Virginia. Mr. Sunderland has served on the boards of numerous non-profit organizations in Northern Virginia, was a member of a Virginia General Assembly task force that prepared a re-codification of the Local Government chapter of the Virginia Code, and has served as a teaching fellow at the Stanford Law School and the Chinese University of Hong Kong. He is a graduate of Dartmouth College (B.A., Economics, 1967) and the Stanford University Law School (J.D., 1972).

ANDREW T. ROUNTREE. Mr. Rountree became Vice President for Finance and Chief Financial Officer on December 2, 2010. Prior to then, Mr. Rountree was the Acting Vice President for Finance and Chief Financial Officer and the Deputy Chief Financial Officer. He joined the Airports Authority's Office of Finance in 2005. Prior to joining the Airports Authority, Mr. Rountree was the Director of Finance for the City of Richmond, Virginia in September 2000. While with the City of

Richmond, he served as Deputy Director for Finance from 1998 to 2000, and originally joined the City of Richmond in 1996 as the Chief of the License, Assessment, and Tax Audit. Mr. Rountree began his career with the Commonwealth of Virginia's Auditor of Public Accounts, the legislatively appointed auditor for Commonwealth of Virginia, and worked there until 1990 as Audit Director. He subsequently served as Assistant Controller for the Commonwealth of Virginia's Department of Information Technology until 1996. Mr. Rountree is a graduate of Virginia Commonwealth University (B.S., Economics, 1982) and is a Certified Public Accountant.

VALERIE HOLT. Ms. Holt is Vice President for Audit. Ms. Holt joined the Airports Authority in June 2001. She previously served as the Chief Financial Officer and the Controller for the District of Columbia and as a Director for the District of Columbia Financial Responsibility and Management Assistance Authority. She is a Certified Public Accountant with eight years of public accounting experience including employment with two "Big Four" firms. She holds undergraduate degrees from George Washington University (B.A., Accounting, 1984), Eastern Michigan University (B.S., Sociology, 1970) and a graduate degree from the University of Michigan (M.S.W., Social Work, 1972).

FRANK D. HOLLY, JR. Mr. Holly is Vice President for Engineering and is responsible for the Airports Authority's Capital Construction Program and Capital Improvements Program for the Airports, and is also responsible for development of the Dulles Metrorail Extension Project. He joined the Airports Authority in 1992. Mr. Holly served as an active duty officer in the Army Corps of Engineers before retiring in 1989 in the grade of Colonel. During his Army career, he was involved in managing large scale development programs in the U.S. and overseas. After military service, he joined the Chicago Department of Aviation as a Deputy Commissioner. He was directly responsible for managing the engineering and maintenance functions at Chicago O'Hare International Airport. He is a graduate of Hampton University (B.S., Architecture, 1960) and the University of Missouri-Rolla (M.S., Engineering Management, 1970).

MARK TREADAWAY. Mr. Treadaway is Vice President for Air Service Planning and Development and Acting Vice President for Communications. He joined the Airports Authority in 1992, holding several positions in marketing and air service development. Prior to joining the Airports Authority, he gained experience in strategic business planning and account management while employed at advertising agencies, Apple Computer, Inc. and as a founding partner of a marketing consultancy group. He is a graduate of the University of Texas (B.B.A., 1978) and American Graduate School of International Management (Thunderbird Campus) in Phoenix, Arizona, (M.B.A., 1980).

SYED ALI. Mr. Ali is Acting Vice President for Information Systems and Telecommunications. He joined the Airports Authority in 2006 as IT Operation and Services Manager, after 10 years with Society for Human Resources and Management and Electronic Data Systems in various IT positions. Mr. Ali is a graduate of George Mason University (B.S.E.C.E., 1998).

STEVEN C. BAKER. Mr. Baker is Vice President for Business Administration. Prior to joining the Airports Authority in October 2005, Mr. Baker served as Deputy Aviation Director of the Miami International Airport and Vice President of Portfolio Management for the Harold A. Dawson Company. Mr. Baker also served as Vice President of Aviation Resource Partners, Inc., Counsel for American Airlines, Inc., and Regional Administrator for United Airlines, Inc. He is a graduate of Cornell University (B.A., Economics, 1982), the University of Pennsylvania (M.B.A., 1986 and J.D. 1986).

ARL WILLIAMS. Mr. Williams is Vice President for Human Resources. Mr. Williams joined the Airports Authority in 1998, after serving as Director of Human Resources for the District of Columbia Courts. He served as Director of Human Resources for the National Center for State Courts, Deputy Director of Administration and subsequently Associate Director of Civil Rights for the U.S. Environmental Protection Agency, and Labor Relations Representative for Xerox Corporation. He is a graduate of the Benedictine College (B.A., Economics, 1966), Notre Dame Law School (J.D., 1969) and Duke University (M.B.A., 1979).

J. PAUL MALANDRINO, JR. Mr. Malandrino is Vice President and Airport Manager at Reagan National Airport. Mr. Malandrino was the Federal Security Director at Thurgood Marshall Baltimore/Washington International Airport for almost four years before assuming his current position in July 2006. Prior to that time, he served as Manager of the Operations Department at Dulles International Airport for more than six years. Mr. Malandrino retired from the U.S. Air Force in 1996, after spending 30 years on active duty. Mr. Malandrino is a graduate of The Citadel (B.A. History, 1965) and Golden Gate University (M.P.A., 1976).

CHRISTOPHER U. BROWNE. Mr. Browne is Vice President and Airport Manager at Dulles International Airport. He joined the Airports Authority staff in 1988 as an Operations Duty Officer and was promoted to the Manager of the Operations Division in 1995. He was subsequently promoted to Vice President and Airport Manager at Reagan National Airport in 1998, where he served until he assumed his current position in April 2005. Mr. Browne retired from the Navy in March 2000, after seven years of active duty and 13 years in the United States Naval Reserves, during which time he attained the rank of Commander. Mr. Browne is a graduate of Dartmouth College (B.A., History, 1980).

ELMER H. TIPPETT, JR. Mr. Tippet is Vice President for Public Safety. Mr. Tippet joined the Airports Authority in 1993, after serving as Superintendent of the Maryland State Police and Deputy Chief of Police for Prince George's County, Maryland. He is a graduate of the American University (B.S., Criminal Justice, 1977), the F.B.I. National Academy and the National Executive Institute.

Employees and Labor Relations

As of March 31, 2012, the Airports Authority employed approximately 1,424 full and part-time employees, of whom approximately 808 are represented by labor unions in five bargaining units. The Airports Authority is not subject to the National Labor Relations Act and also is outside the jurisdiction of the Federal Labor Relations Authority. As required by the Federal Lease, the Board adopted a Labor Code in November 1988 which became effective February 1, 1989. The Labor Code established an Employee Relations Council (the "ERC") consisting of nine members who are named to two-year terms by mutual agreement between the President and Chief Executive Officer of the Airports Authority and the labor organizations representing Airports Authority employees. The ERC is composed of three panels: the Impasse Panel, the Representation Matters Panel and the Unfair Labor Practices Panel. Through these panels, the ERC acts on petitions for exclusive representation, resolves negotiation disputes and investigates unfair labor practice allegations. Pursuant to the terms of the Virginia Act, Airports Authority employees are prohibited from striking.

Lease of the Airports to the Airports Authority

The Airports were transferred by the federal government to the Airports Authority on June 7, 1987, for an initial term of 50 years ending June 6, 2037. The term of the Federal Lease may be extended by

mutual agreement and execution of a written extension by the Secretary of Transportation and the Airports Authority. The Federal Lease was amended April 30, 2003, to extend the term to June 6, 2067. The Federal Lease 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). Since the transfer, the Airports Authority has acquired title to approximately 1,540 acres of land, as well as aviation easements over approximately 158 acres of land adjacent to Dulles International Airport for airport expansion. Included in the property acquired are 830 acres of land to accommodate the new runways at Dulles International Airport and other future development. All land acquired after the transfer is not subject to the Federal Lease except that, pursuant to the most recent amendments to the Federal Lease, any after-acquired land in the Airports Authority's possession upon expiration of the Federal Lease will revert to the federal government. The Federal Lease was amended in 1991 and 1998 to reflect changes in federal law eliminating the Airports Authority's Board of Review and increasing the number of federal appointees to the Board. The FAA Modernization and Reform Act of 2012 (the "2012 FAA Reauthorization Act") expanded the purposes for which the real property subject to the Federal Lease may be used to include any business activity that is consistent with the needs of aviation and has been approved by the Secretary. Prior to that amendment, the real property subject to the Federal Lease could be used only for aviation business or activities, activities necessary or appropriate to serve passengers or cargo in air commerce and nonprofit, public use facilities that are consistent with the needs of aviation.

Under the Federal Lease, the Airports Authority has full power and dominion over, and complete discretion in the operation and development of, the Airports and, subject to limited exceptions, has assumed all rights, liabilities and obligations of the FAA's Metropolitan Washington Airports organization. Pursuant to the Federal Lease, the Airports Authority adopted all existing labor agreements in effect on the Lease Effective Date, and provided for the transfer to the Airports Authority of employees who were employees of the FAA and the continuation of various employment benefits, including coverage of certain United States Civil Service retirement benefits. The Airports Authority has satisfied its legal requirement to fund the pension and other benefit obligations. For a detailed discussion of the Airports Authority pension plans, funding status of the pension plans, deferred compensation plan and other post-employment benefits, see Notes 9 and 10 to the 2011 CAFR which was filed with EMMA and can also be found at www.metwashairports.com and www.dacbond.com.

The Federal Lease provides for an annual base rental payable to the United States Treasury, which was initially \$3.0 million for the one-year period that commenced June 7, 1987. This amount is subject to annual adjustment for inflation and interest. The adjusted lease payment for the year ending June 6, 2012, is expected to be approximately \$5.2 million.

The Airports Authority is required to deposit funds into a reserve for rental payments on a monthly basis and to make rental payments in semiannual installments. Any interest earned on the deposited funds also is required to be paid to the United States. Payments under the Federal Lease are to be made by the Airports Authority from funds legally available for such purpose, after the Airports Authority has satisfied its contractual obligations in respect of debt service on its bonds and other indebtedness, and paid or set aside the amounts required for payment of the operating and maintenance expenses of the Airports. The Airports Authority has made all rental deposits and payments on a timely basis.

Under the Federal Lease, the Airports Authority may not use certain Revenues from one Airport for payment of operation and maintenance expenses at the other Airport. This restriction does not extend to debt service, amortization or depreciation expenses. The Federal Lease requires the Airports Authority to use the same basis in calculating general aviation landing fees at the Airports as is used in setting air carrier fees.

The Federal Lease imposes certain restrictions on the Airports Authority in the operation of the Airports. For example, the Airports Authority may not (a) increase or decrease the number of Instrument Flight Rule takeoffs and landings permitted at Reagan National Airport by the FAA's High Density Rule as in effect on October 18, 1986, which rule limits, with certain exceptions, the number of air carrier flights that can be scheduled to 37 per hour, and 11 regional air carrier flights and 12 general aviation flights scheduled per hour, (b) impose any limitation on the number of passengers taking off or landing at Reagan National Airport, or (c) change the hours of operation or the types of aircraft serving either of the Airports, except by regulation adopted after a public hearing. See "Regulations and Restrictions Affecting the Airports" below.

The Federal Lease requires the Airports Authority to maintain a risk financing plan for its casualty and property losses, covering such items as are customarily insured by enterprises of a similar nature. The Airports Authority's risk financing plan includes risk retention, risk transfer to commercial insurers or participation in group risk financing plans. The Airports Authority is required to consult with qualified actuaries and risk management consultants in developing its risk management plan. The Airports Authority has adopted a risk financing plan in accordance with the requirements of the Federal Lease. See "Insurance" below.

The following constitute "events of default" under the Federal Lease: (a) the failure of the Airports Authority to make rental payments for 30 days after their due date; (b) the continuation of the use of any of the leased property or any portion thereof for purposes other than airport purposes (for 30 days after notice of such use from the Secretary, unless good faith efforts to remedy the default have been commenced and are being diligently pursued); and (c) the continuation of a breach of any other provision of the Federal Lease (for 30 days after notice of the breach from the Secretary, unless good faith efforts to remedy such default have been commenced and are being diligently pursued). In the case of an event of default described in (a) or (c) above, the Secretary may request the United States Attorney General to bring an appropriate action to compel compliance with the Federal Lease by the Airports Authority. In the case of an event of default relating to a rental payment under the Federal Lease, the Secretary may assess penalties and interest at specified rates. In the case of an event of default described in (b) above, the Secretary is required to direct the Airports Authority to bring the use of Airport property into conformity with the Federal Lease and to retake that property if the Airports Authority does not comply within a reasonable period. The Federal Lease provides for its termination only following an event of default that is based on the Airports Authority using all of the leased property for purpose other than airport purposes.

Although the Airports Authority is not required to follow federal contracting statutes and regulations, under the terms of the Federal Lease, the Airports Authority is obligated to implement contracting procedures to achieve, to the maximum extent practicable, full and open competition. The Airports Authority has published a contracting manual that sets forth its procedures for full and open competition.

Regulations and Restrictions Affecting the Airports

The operations of the Airports Authority and its ability to generate revenues are affected by a variety of legislative, legal, contractual and practical restrictions. These include, without limitation, restrictions in the Federal Act, limitations imposed by the Federal Lease and provisions of the Airline Agreement. Both Airports are subject to the extensive federal regulations applicable to all airports and, following the September 11, 2001 attacks, the FAA instituted additional special operating restrictions for Reagan National Airport. The following summarizes some of the applicable regulations and restrictions.

Historical Operating Restrictions

Reagan National Airport is subject to federal statutory and regulatory restrictions that do not apply to most other airports in the United States. The FAA regulation known as the High Density Rule limits the number of air carrier, regional air carrier and general aviation flights that can be scheduled at Reagan National Airport. The High Density Rule has been in effect since 1969, and is intended to promote air traffic efficiency and relieve congestion. The maximum number of air carrier flights authorized is 37 per hour, with some exceptions. In addition to the air carrier flights, the regulation allows 11 regional air carrier flights and 12 general aviation operations per hour. Since September 11, 2001, general aviation activity has been severely curtailed at Reagan National Airport. Initially banned following September 11, general aviation was authorized to resume at Reagan National Airport on October 18, 2005, but subject to compliance with strict security requirements.

Under the Federal Act, nonstop flights to and from Reagan National Airport generally are limited to destinations no more than 1,250 miles away (the “Perimeter Rule”). Since 2000, Congress has authorized increases in flight activity at Reagan National Airport beyond flights authorized by the High Density Rule. The 2012 FAA Reauthorization Act increased daily round trips to points beyond the perimeter from 12 to 20. Of the eight additional slot pairs, four were awarded to existing air carriers serving Reagan National Airport and the remaining slot pairs are offered to new entrant air carriers or to limited existing airlines. Seven airlines submitted ten applications for these four slot pairs, and four of these airlines have been awarded a single slot pair. Although previous legislative changes to increase the number of flights at Reagan National Airport beyond the perimeter have had limited impact on Dulles International Airport, at this time the Airports Authority cannot predict the impact of these new changes to the Perimeter Rule on Dulles International Airport.

Additional Security Restrictions at Reagan National Airport

The terrorists’ attacks of September 11, 2001, led to a number of security restrictions on airports throughout the United States and especially at Reagan National Airport. Reagan National Airport was closed immediately after the attacks on September 11, 2001, and did not reopen until October 4, 2001, at which time a phased resumption of flight activity was permitted. Reagan National Airport was authorized to resume all operations on April 27, 2002, except for general aviation, which was prohibited until October 18, 2005. Although general aviation is now authorized at Reagan National Airport, it is subject to compliance with strict security requirements, including arrival from one of 22 “gateway” airports,¹ advanced screening and background checks of crews and passengers, TSA inspection of crews, passengers and property and the presence of armed officers on each flight. Resumption of general aviation at Reagan National Airport has had no material effect on traffic and revenues at Reagan National Airport.

Possible Future Restrictions on Reagan National Airport

For security reasons, the federal government could again restrict flights at or close Reagan National Airport for extended periods or permanently. If closure or similar restrictions were to occur, it would have a negative impact on enplanements at the Airports and, as a result, on Revenues. If this were to occur, the Airports Authority would expect to seek compensation from the federal government for the losses and damages incurred, as it did successfully when Reagan National Airport was closed as a result of the events of

¹ The FAA uses the term “gateway” airport to refer to 71 airports at which all inbound flights must complete TSA screening prior to landing at Reagan National Airport.

September 11, 2001. No assurances can be given, however, that any compensation would be forthcoming from the federal government.

Federal Funding Regulations

The FAA has the power to terminate the authority to impose PFCs if the Airports Authority's PFC revenues are not used for approved projects, if project implementation does not commence within the time periods specified in the FAA's regulations or if the Airports Authority otherwise violates FAA regulations. The Airports Authority's plan of funding for the 2001-2016 CCP is premised on certain assumptions with respect to the timing and amounts of the Airports Authority's PFC applications, and the availability of PFCs to fund PFC-eligible portions of certain projects in the 2001-2016 CCP. In the event that PFCs are lower than those expected, the Airports Authority may elect to delay certain projects or seek alternative sources of funding, including the possible issuance of additional Bonds. See "PLAN OF FUNDING FOR THE 2001-2016 CCP – Funding Source: PFCs."

The amendments to the Federal Act adopted as part of the 2012 FAA Reauthorization Act removed the Federal Act provision which required that, after February 17, 2012, the Secretary of Transportation may not approve an application of the Airports Authority (i) for an airport development grant under the AIP program, or (ii) to impose a PFC.

Noise Abatement Programs

Since 1993, the Airports Authority has had an aircraft noise compatibility program at Reagan National Airport that was approved by the FAA under 14 C.F.R. Part 150, the FAA program for addressing noise issues involving airports and neighboring communities ("Part 150"). The Airports Authority's program includes noise abatement flight corridors, nighttime noise limits, aircraft thrust management procedures and nighttime engine run-up limitations. In accordance with FAA requirements, in December 2004, the Airports Authority completed and delivered to the FAA a Part 150 review of its noise compatibility program for Reagan National Airport which, in light of changes in the type and number of aircraft operating at Reagan National Airport, proposed certain modifications to the program. The Airports Authority received FAA approval of the Part 150 review in January 2008.

The Airports Authority also has an aircraft noise compatibility program for Dulles International Airport. All runways at Dulles International Airport have buffers between the runway ends and the airport boundary. The Airports Authority worked in conjunction with the planning departments in Fairfax County and Loudoun County to provide for compatible land use in the vicinity of Dulles International Airport, specifically in those areas projected to be adversely affected by significant aircraft noise in the future. The original Part 150 program for Dulles International Airport was completed by the FAA in 1985. In 1993, the noise exposure analysis was updated to reflect the phase-out of older, noisier aircraft as mandated by Congress. Both counties have adopted land-use plans that provide for development compatible with the predicted noise exposure from the planned five runways at Dulles International Airport.

Risk Based Auditing

The functions of the Airports Authority's Office of Audit include coordination of the annual financial statement audit performed by independent external auditors, as well as internal audits of internal controls. The Office of Audit conducts internal audits to provide the Airports Authority's management and the Board with reasonable assurance that: (1) risks are being managed; (2) management and delivery capacity are being maintained; (3) adequate control is being exercised; and (4) appropriate results are being achieved. The

Office of Audit assesses organization-wide risk to evaluate the allocation of internal audit resources and to develop each annual audit plan in a manner that gives appropriate consideration to risks affecting the Airports Authority.

Insurance

The Airports Authority was required under the Federal Lease to have certain insurance in force on the Lease Effective Date and has obtained property and casualty policies, including airport liability insurance to protect its operations. Additionally, the Airports Authority created an Owner Controlled Wrap-Up Insurance Program (“OCWIP”) for CCP-related work performed at the Airports to provide builders’ risk, workers’ compensation, environmental, and general liability insurance to protect all enrolled contractors and their subcontractors of all tiers. The OCWIP is designed to reduce conflict among contractors and insurance providers, increase the liability protection for all participants, and reduce the total cost of the insurance for the improvements. The Airports Authority has acquired commercial insurance coverage for war risks, including terrorism, on selected liability insurance and property insurance policies. Each policy has specified limits and exclusions.

THE BONDS

Security and Source of Payment for the Bonds

General

Each Series of Bonds will be secured on a parity with other Series of Bonds issued by the Airports Authority under the Indenture by a pledge of Net Revenues under the terms set forth in the Indenture. In addition, certain series of the Bonds will be secured, respectively, by the Bond proceeds deposited in certain funds held by the Trustee, all as described in the Indenture. No property of the Airports Authority is subject to any mortgage for the benefit of the owners of the Bonds. Under the Indenture, Net Revenues means Revenues, plus transfers, if any, from the General Purpose Fund to the Revenue Fund, after provision is made for the payment of Operation and Maintenance Expenses. See APPENDIX A – “Definitions and Summary of Certain Provisions of the Indenture.”

Revenues are generally defined in the Indenture as all revenues of the Airports Authority received or accrued except (a) interest income on, and any profit realized from, the investment of moneys in any fund or account to the extent that such income or profit is not transferred to, or retained in, the Revenue Fund or the Bond Fund; (b) interest income on, and any profit realized from, the investment of moneys in any fund or account funded from the proceeds of Special Facility Bonds; (c) amounts received by the Airports Authority from, or in connection with, Special Facilities unless such funds are treated as Revenues by the Airports Authority; (d) the proceeds of any passenger facility charge or similar charge levied by, or on behalf of, the Airports Authority, including PFCs, unless such funds are treated as Revenues by the Airports Authority; (e) grants-in-aid, donations, and/or bequests; (f) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation awards; (h) the proceeds of any sale of land, buildings or equipment; and (i) any other amounts which are not deemed to be revenues in accordance with generally accepted accounting principles or which are restricted as to their use. Unless otherwise provided in a supplemental indenture, there also shall be excluded from the term “Revenues” (a) any Hedge Termination Payments received by the Airports Authority and (b) any Released Revenues in respect of which the Airports Authority has filed with the Trustee the request of an Airports Authority Representative, an Airport Consultant’s or an Airports Authority Representative’s certificate, an Opinion of Bond Counsel and the other documents contemplated in the definition of the term “Released

Revenues” set forth in the Indenture. The Airports Authority has completed the procedures necessary to treat the Airports Authority’s Dulles Toll Road Revenues (as described herein) as “Released Revenues” under the Indenture, thereby excluding Dulles Toll Road Revenues from Revenues and from the pledge and lien on the Net Revenues securing the Bonds. See Part I, “INTRODUCTION – Operation of the Dulles Toll Road and Construction of the Dulles Metrorail Extension.”

Under the Indenture, Operation and Maintenance Expenses generally means all expenses of the Airports Authority paid or accrued for the operation, maintenance, administration and ordinary current repairs of the Airports. Operation and Maintenance Expenses do not include (a) the principal of, premium, if any, or interest payable on any Bonds, Subordinated Bonds and Junior Lien Obligations; (b) any allowance for amortization or depreciation of the Airports; (c) any other expense for which (or to the extent to which) the Airports Authority is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; (d) any extraordinary items arising from the early extinguishment of debt; (e) rentals payable under the Federal Lease; and (f) any expense paid with amounts from the Emergency Repair and Rehabilitation Fund.

The Airports Authority is obligated to deposit all moneys from the Revenue Fund into the various funds and accounts created under the Indenture on a monthly basis. See “Flow of Funds” below. Amounts held by the Airports Authority in the Revenue Fund are not pledged to secure the Bonds.

Each of the Bonds is secured by a pledge of and lien on certain proceeds of the sale of such Series, and the earnings thereon, held in certain funds and accounts created under the Indenture. These funds and accounts include the Bond Fund and, with respect to each Series, the applicable account in the Debt Service Reserve Fund, held by the Trustee, and the applicable account in the Construction Fund, if any, held by a custodian on behalf of the Trustee.

The Bonds shall not constitute a debt of the District of Columbia or of the Commonwealth of Virginia or any political subdivision thereof nor a pledge of the faith and credit of the District of Columbia or of the Commonwealth of Virginia or any political subdivision thereof. Except to the extent payable from proceeds of the applicable Series of Bonds and investment earnings thereon, the Bonds shall be payable from Net Revenues of the Airports Authority pledged for such payment and certain funds established under the Indenture. The issuance of Bonds under the provisions of the Acts shall not directly, indirectly or contingently obligate the District of Columbia or the Commonwealth of Virginia or any political subdivision thereof to any form of taxation whatsoever. The Airports Authority has no taxing power.

Rate Covenant

Pursuant to the Indenture, the Airports Authority has covenanted that it will take all lawful measures to fix and adjust from time to time the fees and other charges for the use of the Airports, including services rendered by the Airports Authority, pursuant to the Airline Agreement or otherwise, calculated to be at least sufficient to produce Net Revenues to provide for the larger of either:

(a) The amounts needed for making the required deposits in each fiscal year to the Principal Accounts, the Interest Accounts, and the Redemption Accounts, the Debt Service Reserve Fund, the Subordinated Bond Funds, the Subordinated Reserve Funds, the Junior Lien Obligations Fund, the Federal Lease Fund and the Emergency Repair and Rehabilitation Fund; or

(b) An amount not less than 125% of the Annual Debt Service with respect to Bonds for such fiscal year.

The Airports Authority has covenanted that if, upon the receipt of the audit report for a fiscal year, the Net Revenues in such fiscal year are less than the amount specified above, the Airports Authority will require the Airport Consultant to make recommendations as to the revision of the Airports Authority's schedule of rentals, rates, fees and charges, and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Airports Authority, on the basis of such recommendations and other available information, will take all lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airports as may be necessary to produce the specified amount of Net Revenues in the fiscal year following the fiscal year covered by such audit report.

In the event that Net Revenues for any fiscal year are less than the amount specified, but the Airports Authority has promptly complied with these remedial requirements, there will be no Event of Default under the Indenture; provided, however, that if, after the Airports Authority has complied with these remedial requirements, Net Revenues are not sufficient to provide for the specified amount in the fiscal year in which such adjustments are required to be made (as evidenced by the audit report for such fiscal year), such failure will be an Event of Default under the Indenture. See APPENDIX A – “Definitions and Summary of Certain Provisions of the Indenture – Rate Covenant and Defaults and Remedies.”

The Airline Agreement provides a mechanism for setting rates and charges for use of the Airports and provides for the leasing of certain Airport facilities. The Airline Agreement will not be assigned or pledged to the Trustee as security for the Bonds. If for any reason the Airline Agreement is amended, expires or is terminated, the Airports Authority will set airline rates and charges in accordance with a successor agreement or regulations and resolutions of the Board that are consistent with FAA requirements that such rates and charges be reasonable, and in an amount sufficient to meet the rate covenant under the Indenture. See APPENDIX B – “Summary of Certain Provisions of the Airport Use Agreement and Premises Lease” and “CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS.”

Irrevocable Commitment of Certain Passenger Facility Charges

The definition of Revenues does not include, among other things, Passenger Facility Charges (“PFCs”), except to the extent PFCs are treated as Revenues by the Airports Authority, which has not occurred to date. However, the definition of Annual Debt Service provides that in any computation relating to the issuance of additional Bonds under Section 213 of the Master Indenture or in any computation required by the rate maintenance covenant under Section 604 of the Master Indenture, there shall be excluded from the computation of Annual Debt Service principal of and interest on Bonds for which funds have been irrevocably committed to make such payments. Pursuant to the Thirty-fifth Supplemental Indenture of Trust, dated as of July 1, 2009 (the “Thirty-fifth Supplemental Indenture”), the Airports Authority has irrevocably committed in each Fiscal Year through 2016 the greater of (i) \$35,000,000 of Designated Passenger Facility Charges; or (ii) 50% of the total amount of Designated Passenger Facility Charges, to be deposited into the PFC Debt Service Account of the PFC Fund to pay principal and/or interest on certain Bonds (“PFC Eligible Bonds”) issued to finance or refinance the Cost of certain Authority Facilities authorized to be financed with PFCs. Under the Thirty-fifth Supplemental Indenture, any Designated Passenger Facility Charges received by the Airports Authority in excess of such amount in any Fiscal Year are to be deposited in the PFC Project Account of the PFC Fund.

The term “Designated Passenger Facility Charges” is defined in the Thirty-fifth Supplemental Indenture to mean revenues received by the Airports Authority from the \$4.50 passenger facility charge

imposed by the Airports Authority at Dulles International Airport pursuant to 49 U.S.C. § 40117, in accordance with Title 14, Code of Federal Regulations, Part 158 (the “FAA Regulations”), and as approved by the Federal Aviation Administration by letters dated August 17, 2005, May 8, 2008, September 4, 2008 and March 6, 2009, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting PFC revenues at Dulles International Airport, as provided in the FAA Regulations. Such term does not include any other PFCs collected by the Airports Authority at either Reagan National Airport or Dulles International Airport.

The Thirty-fifth Supplemental Indenture may be amended, without the consent of the Holders of the Outstanding Bonds, for purposes of making changes relating to the definition of Designated Passenger Facility Charges or the amounts or Fiscal Years in which Designated Passenger Facility Charges are committed to pay debt service on PFC Eligible Bonds, including a reduction of the amount of Designated Passenger Facility Charges; provided that such amendment will not reasonably be expected to prevent the Airports Authority from complying with the rate maintenance covenant in Section 604 of the Master Indenture.

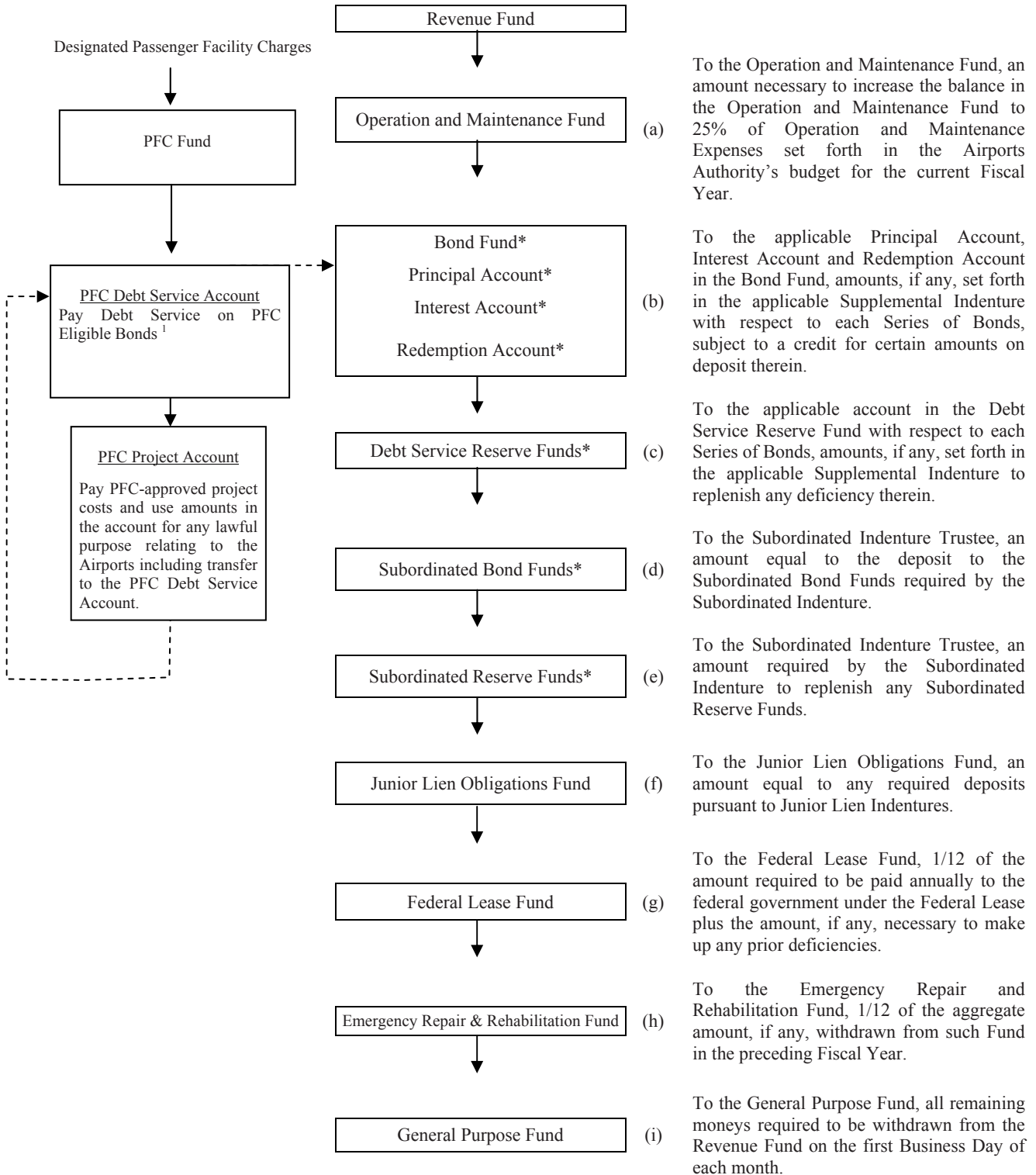
If the Airports Authority does not use the full amount of the irrevocably committed Designated Passenger Facility Charges to pay debt service on PFC Eligible Bonds in a Fiscal Year (i.e., there are more Designated Passenger Facility Charges than there is debt service due on PFC Eligible Bonds in such Fiscal Year), any unused portion of the irrevocable commitment may be transferred to the PFC Project Account of the PFC Fund. Amounts on deposit in the PFC Project Account may be applied by the Airports Authority to any lawful purpose relating to the Airports including (i) providing for the payment of the Cost of Authority Facilities authorized to be financed with PFCs, and/or (ii) transferring funds to the PFC Debt Service Account to pay principal and/or interest on PFC Eligible Bonds not otherwise paid. The Airports Authority currently expects to utilize the total amount of Designated Passenger Facility Charges to pay the debt service on the PFC Eligible Bonds. In addition, the Airports Authority currently expects to use an additional \$5 million of Designated Passenger Facility Charges from 2012 through 2016 to pay Annual Debt Service on the Airports Authority’s PFC Eligible Bonds, thereby further reducing Annual Debt Service in each such years. See “APPENDIX A” for detailed information regarding certain covenants and agreements the Airports Authority has made with respect to the use of PFCs.

Flow of Funds

The Airports Authority is required to deposit all Revenues upon receipt, and may deposit amounts from any available source, in the Revenue Fund. On the first Business Day of each month, (1) amounts in the Revenue Fund, excluding any transfers from the General Purpose Fund during the current fiscal year, and (2) 1/12 of the amount of any transfers from the General Purpose Fund during the current fiscal year, are to be withdrawn from the Revenue Fund and deposited or transferred in the following amounts and order of priority:

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FLOW OF FUNDS UNDER THE INDENTURE



Amounts in the Revenue Fund are not pledged to secure the Bonds. Amounts in the Operation and Maintenance Fund are required to be used by the Airports Authority to pay Operation and Maintenance Expenses and are not pledged to secure the Bonds. Amounts transferred to the Subordinated Indenture Trustee, if any, will be pledged to secure the Subordinated Bonds, if any, and will not be subject to the

pledge securing the Bonds. Amounts in the Junior Lien Obligations Fund secure the Junior Lien Obligations and are not pledged to secure the Bonds. Amounts deposited in the Federal Lease Fund are not and will not be pledged to secure the Bonds. Amounts in the Emergency Repair and Rehabilitation Fund may be used by the Airports Authority to pay the costs of emergency repairs and replacements to the Airports and are not pledged to secure the Bonds. Amounts in the General Purpose Fund will be available for use by the Airports Authority for any lawful purpose and are not pledged to secure the Bonds.

Additional Bonds

The Airports Authority has issued, and expects to issue in the future, additional Bonds. Under the Indenture, the Airports Authority is permitted to issue one or more Series of additional Bonds on a parity with the outstanding Bonds, if:

The Airports Authority has provided to the Trustee the following evidence indicating that, as of the date of issuance of such additional Bonds, the Airports Authority is in compliance with the rate covenant as evidenced by: (a) the Airports Authority's most recent audited financial statements, and the Airports Authority's unaudited statements for the period, if any, from the date of such audited statements through the most recently completed fiscal quarter, and (b) if applicable, evidence of compliance with the Indenture's requirement of remedial action (discussed under "Rate Covenant" above); and (c) either:

(i) an Airport Consultant has provided to the Trustee a certificate stating that, based upon reasonable assumptions, projected Net Revenues will be sufficient to satisfy the rate covenant (disregarding any Bonds that have been or will be paid or discharged immediately after the issuance of the additional Bonds proposed to be issued) for each of the next three full fiscal years following issuance of the additional Bonds, or each full fiscal year from issuance of the additional Bonds through two full fiscal years following completion of the Projects financed by the additional Bonds proposed to be issued, whichever is later; provided that, if Maximum Annual Debt Service with respect to all Bonds to be outstanding following the issuance of the proposed Bonds in any fiscal year is greater than 110% of Annual Debt Service for such Bonds in any of the test years, then the last fiscal year of the test must use such Maximum Annual Debt Service; provided further, that if capitalized interest on any Bonds and proposed additional Bonds is to be applied in the last fiscal year of the period described in this sentence, the Airport Consultant must extend the test through the first full fiscal year for which there is no longer capitalized interest, or

(ii) an Airports Authority Representative has provided to the Trustee a certificate stating that Net Revenues in the most recently completed fiscal year were not less than the larger of (1) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Redemption Accounts in the Bond Fund, the Debt Service Reserve Fund, the Subordinated Bond Fund, the Subordinated Reserve Fund, the Junior Lien Obligations Fund, the Federal Lease Fund, and the Emergency Repair and Rehabilitation Fund or (2) 125% of (a) Annual Debt Service on Bonds Outstanding in such fiscal year (disregarding any Bonds that have been paid or discharged, or will be paid or discharged immediately after the issuance of such additional Bonds proposed to be issued), plus (b) Maximum Annual Debt Service with respect to such additional Bonds proposed to be issued.

With respect to additional Bonds proposed to be issued to refund outstanding Bonds, the Airports Authority may issue such refunding Bonds if either the test described in (c) above is met, or if the Airports Authority has provided to the Trustee evidence that (a) the aggregate Annual Debt Service in each fiscal year with respect to all Bonds to be outstanding after issuance of such refunding Bonds will be less than the

aggregate Annual Debt Service in each such fiscal year through the last fiscal year in which Bonds are outstanding prior to the issuance of such refunding Bonds, and (b) the Maximum Annual Debt Service with respect to all Bonds to be outstanding after issuance of such refunding Bonds will not exceed the Maximum Annual Debt Service with respect to all Bonds outstanding immediately prior to such issuance.

Book-Entry Only System

The Bonds will be issued as fully registered bonds without coupons and are initially to be registered in the name of Cede & Co., as nominee for DTC as securities depository for the Bonds. Purchases by beneficial owners are to be made in book-entry form. If at any time the book-entry only system is discontinued for the Bonds, the Bonds will be exchangeable for other fully registered certificated Bonds of the same series in any authorized denominations, maturity and interest rate. See APPENDIX C – “Book-Entry Only System.” Interest will be payable by check or draft mailed to the Holder as of the Record Date. The Trustee may impose a charge sufficient to reimburse the Airports Authority or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange or any transfer of a Bond. The cost, if any, of preparing each new Bond issued upon such exchange or transfer, and any other expenses of the Airports Authority or the Trustee incurred in connection therewith, will be paid by the person requesting such exchange or transfer. At the request of any Holder of at least \$1,000,000 principal amount of the Bonds, payment of interest will be made by wire transfer as directed by such Holder. Payment of principal of the Bonds will be made upon presentation and surrender of such Bonds at the principal corporate trust office of the Trustee.

NEITHER THE AIRPORTS AUTHORITY, THE UNDERWRITERS, NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR ANY BENEFICIAL OWNER WITH RESPECT TO: (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO., ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS; (iii) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF ANY BONDS; (iv) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO ANY BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE BONDS; OR (vi) ANY OTHER MATTER RELATING TO DTC OR THE BOOK-ENTRY ONLY SYSTEM.

Method of Selecting the Bonds for Redemption

In the event that less than all of the outstanding Bonds of a Series are to be redeemed, the maturities to be redeemed and the method of their selection will be determined by the Airports Authority. In the event that less than all of any Bonds of a maturity are to be redeemed, the Bonds of such maturity to be redeemed will be selected by lot in such manner as the Trustee determines.

Upon the selection and call for redemption of, and the surrender of, any Bonds for redemption in part only, the Airports Authority will cause to be executed, authenticated and delivered to or upon the written order of the Holder thereof, at the expense of the Airports Authority, a new bond or bonds in fully registered form, of authorized denominations and like tenor, in an aggregate face amount equal to the unredeemed portion of the Bonds.

Notice of Redemption

Any notice of redemption of any Bonds must specify (a) the date fixed for redemption, (b) the principal amount of the Bonds or portions thereof to be redeemed, (c) the applicable redemption price, (d) the place or places of payment, (e) that payment of the principal amount and premium, if any, will be made upon presentation and surrender to the Trustee or Paying Agent, as applicable, of the Bonds to be redeemed, (f) that interest accrued to the date fixed for redemption will be paid as specified in such notice, (g) that on and after the redemption date, interest on the Bonds which have been redeemed will cease to accrue, and (h) the designation, including Series, and the CUSIP and serial numbers of any Bonds to be redeemed and, if less than the face amount of any Bond is to be redeemed, the principal amount to be redeemed.

Any notice of redemption will be sent by the Trustee not less than 30 nor more than 60 days prior to the date set for redemption by first class mail (a) at the address shown on the Register, to the Holder of each Bond to be redeemed in whole or in part, (b) to all organizations registered with the SEC as securities depositories, (c) to the Municipal Securities Rulemaking Board, and (d) to at least two information services of national recognition which disseminate redemption information with respect to tax-exempt securities. Failure to give any notice specified in (a), or any defect therein, will not affect the validity of any proceedings for the redemption of any Bonds with respect to which no such failure has occurred, and failure to give any notice specified in (b), (c) or (d) or any defect therein, will not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in (a) is correctly given. Notwithstanding the foregoing, during any period that the Securities Depository or its nominee is the registered owner of the Bonds, notices will be sent to such Securities Depository or its nominee. During such period, the Trustee shall not be responsible for mailing notices of redemption to anyone other than such Securities Depository or its nominee.

If at the time of notice of any optional redemption of the Bonds there has not been deposited with the Trustee moneys available for payment pursuant to the Indenture and sufficient to redeem all of the Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of sufficient moneys by not later than the redemption date, and if the deposit is not timely made the notice shall be of no effect.

THE AIRPORTS AUTHORITY'S FACILITIES AND MASTER PLANS

Facilities at Reagan National Airport and Dulles International Airport

Reagan National Airport

Reagan National Airport opened for service in 1941. It is located on approximately 860 acres of land along the Potomac River in Arlington County, Virginia, approximately three miles from Washington, D.C. Reagan National Airport's ability to grow is constrained to a significant extent by the High Density Rule and its physical location. Its proximity to Washington, D.C. also makes operations at Reagan National Airport subject to particularly restrictive federal legislation and regulation. See "THE AIRPORTS AUTHORITY – Regulations and Restrictions Affecting the Airports" and "CERTAIN INVESTMENT CONSIDERATIONS."

Reagan National Airport has three terminals. Terminal A is listed on the National Register of Historic Places and provides nine aircraft gates. The interconnected Terminals B and C have 35 aircraft gates and approximately one million square feet of floor space spread over three levels. Terminals B and C have direct connections to the Metrorail public transit system and public parking garages through two

enclosed pedestrian bridges. There are three runways at Reagan National Airport: 1/19 - 6,869 feet, the length of which is expected to be extended to 7,169 feet as a result of the runway safety area program project to be completed in 2012; 15/33 - 5,204 feet; and 4/22 - 4,911 feet. The runways and associated taxiways are capable of handling up to Group IV aircraft, which is equivalent to a Boeing 767-300 aircraft.

There are 9,103 public parking spaces at Reagan National Airport, with 6,620 garage and 2,483 surface spaces, as well as 3,200 employee parking spaces.

Dulles International Airport

Dulles International Airport opened for service in 1962. It is located on approximately 11,830 acres of land (exclusive of the Dulles Access Highway) in Fairfax and Loudoun Counties, Virginia, approximately 26 miles west of Washington, D.C. Dulles International Airport has a main terminal (the “Main Terminal”) and four midfield concourses (Concourses A, B, C and D) that may be reached via an AeroTrain system and/or mobile lounges that transport passengers from the Main Terminal. The Main Terminal at Dulles International Airport is eligible for listing on the National Register of Historic Places but is not on the register. The Dulles Access Highway, a limited-access highway that is subject to the Airports Authority’s jurisdiction under the Federal Lease, is the primary route to Dulles International Airport. Ground transportation to Dulles International Airport is provided via limousine and taxi services, which are provided by concessionaires, and bus transportation provided by the Airports Authority and the Washington Metropolitan Area Transit Authority. There are four runways: 1C/19C - 11,500 feet; 1R/19L - 11,500 feet; 12/30 - 10,500 feet; and 1L/19R - 9,400 feet. The runways and associated taxiways are capable of handling up to Group VI aircraft, which is equivalent to an Airbus A-380.

The Main Terminal has a total of 1.1 million square feet of floor space, four aircraft gates and the recently expanded International Arrivals Building with a total floor space of nearly 400,000 square feet that provides customs, agriculture and immigration service facilities and can serve up to 2,400 passengers an hour. Concourse A has 412,000 square feet of floor space with 8 to 13 aircraft gates, depending on the aircraft fleet mix, and 35 regional aircraft gates. Concourse B has 546,000 square feet of floor space and 23 to 28 aircraft gates, depending on the aircraft fleet mix, for international and domestic airlines. Concourses A and B are joined by a pedestrian bridge.

Concourses C and D opened individually but as passenger demand increased, more gates were constructed at both Concourses and the two Concourses eventually were joined. They now have a combined total of 608,627 square feet of floor space and 47 aircraft gates for both international and domestic airlines.

On June 6, 2011, regularly scheduled service for the Airbus A-380, the new 550 seat aircraft, began between Dulles International Airport and Paris-Charles de Gaulle Airport. To accommodate this aircraft, two gates were modified to support the boarding and unloading of passengers from the upper and lower decks. The current runway/taxiway system meets FAA design standards and no other construction work is expected to support the Airbus A-380.

There are 27,209 public parking spaces at Dulles International Airport, with 18,884 surface and 8,325 garage spaces, as well as 6,529 employee parking spaces. There also are six cargo buildings at Dulles International Airport, with a total of 483,957 square feet of cargo space.

In 2003, the Smithsonian opened the National Air and Space Museum Dulles Center at the Airport (the “Center”). The Airports Authority has title to, and is required to maintain, two roadways that were built by the Smithsonian and must allow Center patrons and invitees ingress to and egress from the Center.

United has commenced work on the design and construction of an aircraft maintenance hangar of sufficient size to accommodate two 767 or one 787 aircraft at Dulles International Airport on land it leases from the Airports Authority.

The Airports Authority's Master Plans

The Master Plan for each Airport establishes the framework for the CCP and may be amended from time to time by the Airports Authority. All major improvements to the Airports must be in accordance with the approved Master Plan for each Airport. The Master Plans adopted by the Airports Authority's Board include the Airports' Land Use Plans and the Airport Layout Plans (the "ALPs"). The ALPs have been approved by the FAA, and any future amendments also must be approved by the FAA. The ALPs are required by the FAA to show all existing and proposed improvements.

Reagan National Airport

The Master Plan for Reagan National Airport became effective on April 15, 1988, and has been amended periodically. All major elements of the Master Plan at Reagan National Airport have been completed with the exception of renovation of Terminal A.

Dulles International Airport

The Master Plan for Dulles International Airport was adopted and approved by the FAA prior to the Lease Effective Date and has been amended periodically. The Master Plan for Dulles International Airport includes the future construction of one additional runway, permanent midfield concourses and an expansion of the AeroTrain system, future mass transit along a right-of-way in the Dulles Access Highway corridor, expansion of automobile parking facilities, construction of additional roads on airport land and expansion of the capacity of the existing roads.

THE 2001-2016 CCP

Overview

The Capital Construction Program initiated by the Airports Authority in 1988 provides for planning, designing and constructing certain facilities at Reagan National Airport and Dulles International Airport as contemplated by the Master Plans. Between 1988 and 2000, major capital projects completed under the CCP at Reagan National Airport included, among others, two new main terminals, three parking garages and an airport traffic control tower. Major capital projects completed under the CCP at Dulles International Airport include expansion and rehabilitation of the Main Terminal and construction of Concourses A and B, an International Arrivals Building and runway, introduction of the AeroTrain system, and road improvements, among others.

In the aftermath of the events of September 11, 2001, and due to the deteriorating financial condition of many airlines, the Airports Authority began, and continues, to re-examine the CCP. As a result, since the spring of 2002, the Airports Authority has made additional adjustments to the CCP as part of its periodic CCP review process. To accommodate then-existing and expected growth in operations and passenger enplanements as well as to maintain and improve certain of its existing facilities, in the fall of 2006, the Airports Authority revised the scheduled completion date for the CCP from 2011 to 2016 and added \$2.1 billion (\$2.4 billion in inflated dollars) of projects to the CCP. The active portion of the CCP that is scheduled for completion by the end of 2016 is referred to as the "2001-2016 CCP." In 2006, the estimated total cost of the 2001-2016 CCP was \$7.06 billion.

Due to a number of factors, including economic conditions, increases in the cost of aviation fuel and their impact on the financial condition of airlines, in September 2008, the Airports Authority revised the scope, timing and size of certain 2001-2016 CCP projects, including deferring the construction of the Tier 2 Concourse and related facilities, the construction of the consolidated rental car facility and the expansion of the south utility service complex, resulting in a \$2.22 billion reduction in the cost of the 2001-2016 CCP. See “THE 2001-2016 CCP – Deferred Projects.”

The Airports Authority currently estimates the cost of the 2001-2016 CCP to be approximately \$5.1 billion (in inflated dollars). The Airports Authority expended approximately \$4.2 billion of the \$5.1 billion total estimated cost of the 2001-2016 CCP between 2001 and March 2012. The Airports Authority is nearing the completion of the 2001-2016 CCP.

Major projects completed at Reagan National Airport include the pedestrian tunnel from the parking garage to Terminal A, security enhancements and various improvements including historical Terminal A facade renovations, construction of additional decks to parking garages, electrical and life safety improvements and commercial curb upgrades. Major projects completed at Dulles International Airport include the new Runway 1L-19R, Daily Parking Garages 1 and 2, the Main Terminal rehabilitation, the Concourse B expansion, the south and east baggage basements, the airside and landside pedestrian tunnels, the air traffic control tower, construction of the Z-gates, the construction of the remote employee parking lot, the cargo building expansions, the completion of the AeroTrain system and the expansion of the International Arrivals Building. The Airports Authority expects most of the projects in the 2001-2016 CCP to be completed by the end of 2014.

The Airports Authority currently estimates the cost of the deferred CCP projects to be approximately \$2.2 billion (in 2008 dollars). The Airports Authority expects to reassess its capital needs on a regular basis and modify its construction schedule as necessary to accommodate passenger and aircraft activity, security needs and other factors, which could result in changes to the CCP.

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The 2001-2016 CCP includes the following project categories:

Summary of the 2001-2016 CCP¹

Description	Reagan National Airport Project Costs (2001-2016)	Dulles International Airport Project Costs (2001-2016)	Total Project Costs (2001-2016) ²
Airfield	\$111,906,298	\$ 748,018,367	\$ 859,924,665
Airport Buildings	239,306,466	1,386,122,125	1,625,428,590
Systems & Services	16,634,351	251,066,113	267,700,464
Ground Transportation	73,805,236	474,163,428	547,968,664
Aviation	288,110	155,345,344	155,633,454
Nonaviation	—	12,010,825	12,010,825
Passenger Conveyance	—	1,122,031,389	1,122,031,389
Maintenance	1,121,626	112,509,961	113,631,586
Public Safety	65,681,058	72,091,258	137,772,317
Administration	56,882,796	175,219,716	232,102,512
Tenant Equipment	1,455,053	9,135	1,464,188
TOTAL²	\$567,080,994	\$4,508,587,661	\$5,075,668,655

¹ The costs presented in this table represent expenditures to date and inflation of future expenditures at 3.0% per annum.

² Totals may not add due to rounding.

Source: Airports Authority records.

Reagan National Airport

The 2001-2016 CCP includes approximately \$567.1 million of projects at Reagan National Airport ranging from security enhancements in Terminals B and C, runway safety improvements and expansion of the Airports Authority office building, to the construction of a consolidated communications center, an airport rescue and firefighting facility and an additional parking deck on top of the existing Garages A and B/C. The Reagan National Airport runway safety area program involving several runways is underway with Runway 1/19 to be completed in 2012 and Runways 4/22 and 15/33 to be completed between 2012 and 2015.

Dulles International Airport

The 2001-2016 CCP includes approximately \$4.5 billion of projects at Dulles International Airport ranging from the rehabilitation and renovation of Concourses C and D, the mobile lounges, the AeroTrain system, the access highway, the existing runways and the Dulles International Airport police station, to the construction of gate additions to Concourse B, including two gates that can accommodate A-380 aircraft, the expansion of the Main Terminal and the International Arrivals Building, the construction of the Cargo Building 6 and the installation of security enhancements at the airport. The following is a brief summary of projects that are not yet completed at Dulles International Airport which are estimated to cost \$50 million or more:

- **North Area Road Improvements.** Growing passenger demand at Dulles International Airport has increased traffic on the landside access roads. This project provides a multi-year program of

widening, grade separation, interchange improvements and extensions on various sections of the Dulles International Airport roadway system.

- **Airfield Taxilanes and Aprons.** Construction of several airfield taxilanes, aprons, and aircraft hydrant fueling will provide better access to the runways and improve ground flow to the gates and aircraft hardstands.
- **Terminal Modifications for In-Line Baggage Screening.** In order to satisfy security requirements and to better accommodate in-line baggage screening equipment, certain modifications to the terminal buildings are under construction at Dulles International Airport. The Airports Authority has entered into an Other Transaction Agreement (“OTA”) with TSA to fund the design and construction of the remaining portion of the in-line baggage screening systems.
- **Metrorail Station.** The Dulles Metrorail Station is planned as the ninth of eleven stops on the Metrorail extension that will originate at the existing East Falls Church Metrorail Station in Falls Church, Virginia, and end at the proposed Route 772 Metrorail Station in Loudoun County, Virginia. The Metrorail extension will connect to the entire Metrorail system from the East Falls Church Station. The project is expected to be completed in 2017.

Deferred Projects

As a result of the Airports Authority’s periodic reviews of the CCP, the Airports Authority has deferred certain projects authorized as part of the CCP, but expects to reassess the CCP on a regular basis and make further adjustments based on passenger and airline activity, security considerations and other factors. Design work may continue on some of the deferred projects to ensure compatibility with on-going CCP projects and to permit construction of the deferred projects to proceed as soon as the Airports Authority determines that activity levels warrant their activation.

In September 2008, the Airports Authority deferred the construction of the Tier 2 Concourse and related facilities, the construction of the consolidated rental facility and the expansion of the south utility service complex. The cost of all deferred CCP projects, including those deferred by the Airports Authority in September 2008, is currently estimated at \$2.2 billion. The cost of the deferred projects is not included in the cost of the 2001-2016 CCP. The following is a brief description of deferred projects which are estimated to cost \$50 million or more:

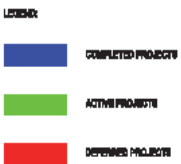
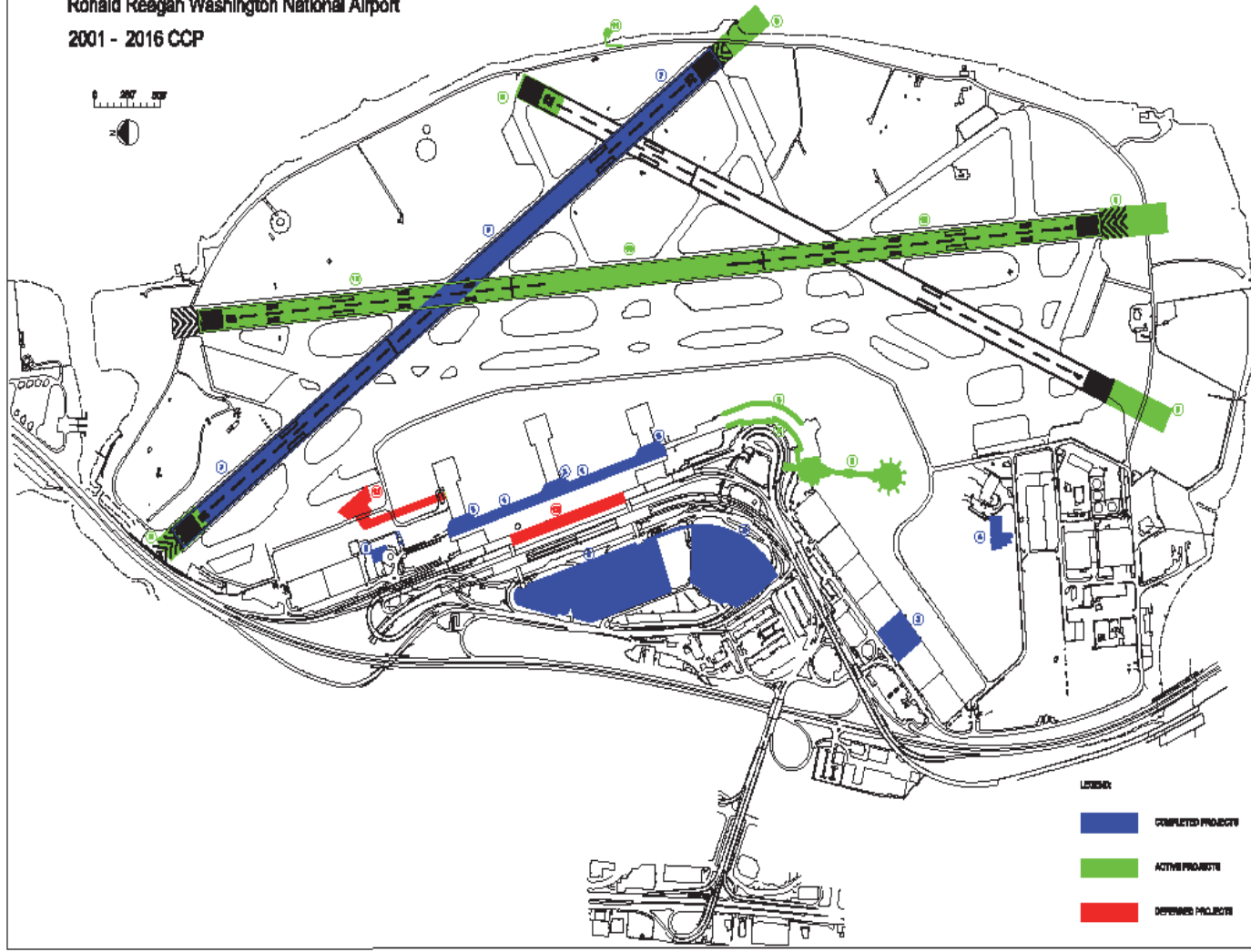
Reagan National Airport

- **Regional Commuter Terminal.** This project will include the construction of a new 10-gate terminal and a one-story building of approximately 30,000 square feet.
- **Terminal Modifications for In-Line Baggage Screening.** In order to satisfy security requirements and to better accommodate in-line baggage screening equipment, certain modifications to the terminal buildings are required at Reagan National Airport. The design portion of this project for Terminal B/C was completed in March 2008. The Airports Authority received notification from TSA that the in-line baggage system at Reagan National Airport was eligible for funding. The Airports Authority and TSA were in the process of negotiating an OTA but no agreement was reached and this project has since been deferred.

Dulles International Airport

- **Tier 2 Concourse and Related Facilities.** The Tier 2 Concourse is a 43-gate, two-level midfield concourse that is expected to replace the existing Concourses C and D and include a concourse federal inspection station, West AeroTrain system station, apron, sterile corridors, hydrant fueling and taxilane reconstruction. The project also includes the demolition of Concourses C and D. In May 2001, United and the Airports Authority agreed to commence the design and construction of the Tier 2 Concourse and related facilities. United was to be the principal tenant and pay rates and charges sufficient to finance the construction of the Tier 2 Concourse and related facilities. As part of the resolution of its bankruptcy proceedings in 2006, United and the Airports Authority agreed to cancel the agreement to construct the new concourse, and United agreed to reimburse the Airports Authority \$20.3 million for the expenses the Airports Authority incurred in designing the Tier 2 Concourse and related facilities. After emerging from bankruptcy, United resumed discussions with the Airports Authority regarding the development of the Tier 2 Concourse but no agreement was reached. In June 2008, the Airports Authority ceased all design work on the Tier 2 Concourse and related facilities. The Airports Authority may proceed with the redesign and construction of the Tier 2 Concourse if and when it deems the project necessary based on projected airline operations and passenger demand at Dulles International Airport.
- **International AeroTrain System.** In addition to the loop domestic AeroTrain system, plans call for the eventual development of an international AeroTrain system to transport arriving international passengers to the Main Terminal International Arrivals Building.
- **Pedestrian Tunnel Extension.** This project will extend the existing pedestrian tunnel with moving walkways from Concourse B to the Tier 2 Concourse.
- **South Utility System Expansion.** This project will develop a southern utility service complex which includes gas, electricity, water, heating/cooling and telecommunications to serve the Tier 2 Concourse through a utility tunnel. Planned work includes the construction of a new south utility building, utility tunnel, trunk lines and a south area electrical substation and distribution center.
- **Consolidated Rental Car Facility.** This project involves the design and construction of a consolidated rental car facility which includes parking decks, customer service areas and ready lot facilities.
- **Tier 3 Concourse.** The Tier 3 Concourse, when constructed, will have three piers with capacity to support 37 narrow body aircraft while maintaining flexibility to support A-380 aircraft as well as necessary ancillary facilities. Construction of the Tier 3 Concourse will not commence until the Airports Authority deems the construction necessary based on projected passenger demand levels at Dulles International Airport and it has received either MII approval from the Signatory Airlines or commitments to lease 80% or more of the leasable premises in the Tier 3 Concourse, as provided in the Airline Agreement.
- **Taxiway G.** This project provides for the design and construction of a new taxiway south of Tier 3 connecting the east and west runways.

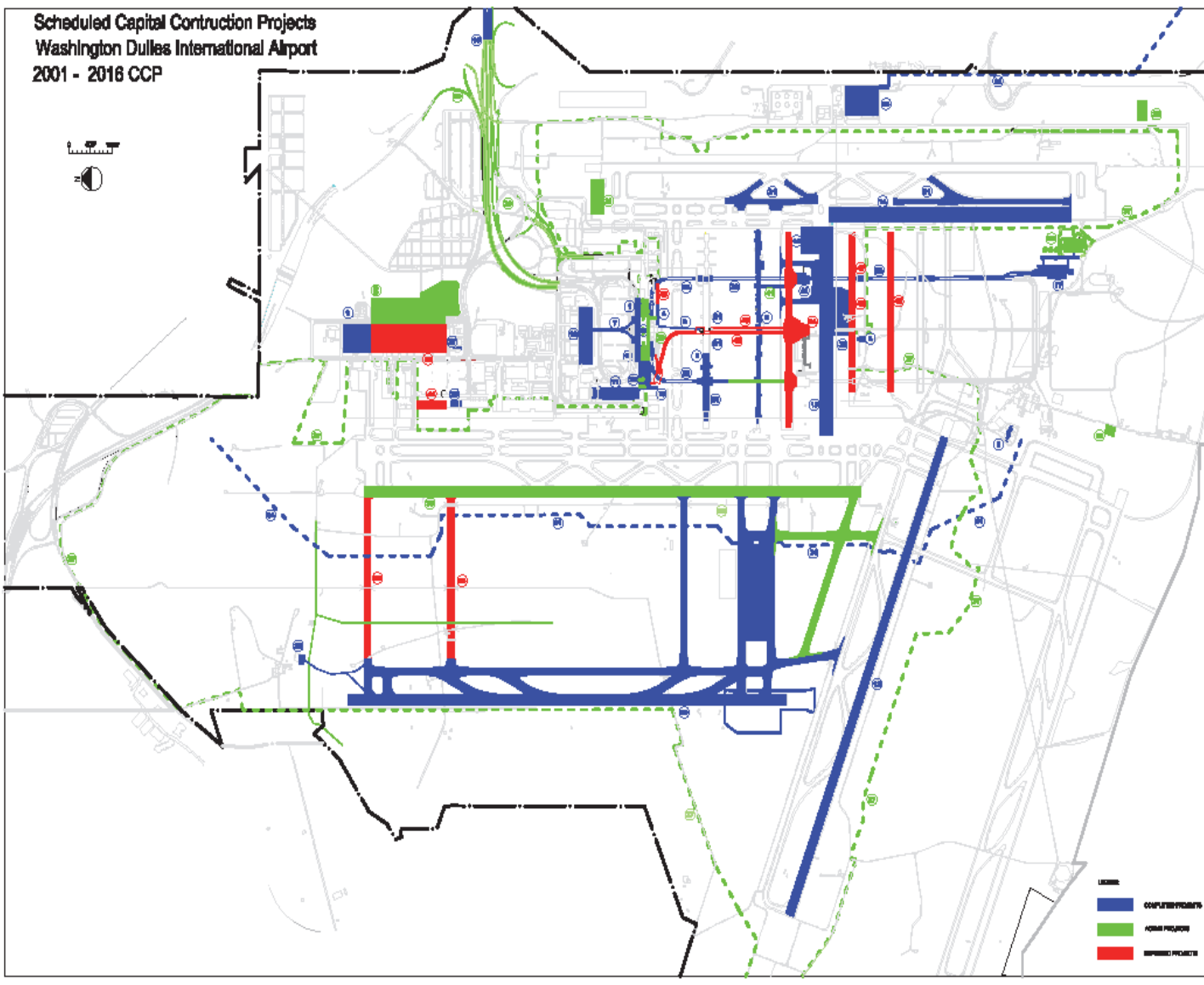
Scheduled Capital Construction Projects
 Ronald Reagan Washington National Airport
 2001 - 2016 CCP



- COMPLETED PROJECTS**
 - 1. Terminal B & C Security Enhancements
 - 2. Expansion of Security Screening Checkpoint
 - 3. Consolidated Communications Center
 - 4. Airport Revenue and Fire Fighting Facility
 - 5. Expansion of Parking Garages A, B & C
 - 6. Airside Office Building Expansion
 - 7. ROW 14th Overlay
- ACTIVE PROJECTS**
 - 8. Rehabilitation of Terminal A
 - 9. Runway Safety Area Improvement
 - 10. ROW 14th Overlay
 - 11. New Tower Support Facility
- DEFERRED PROJECTS**
 - 12. Intra-Baggage Screening
 - 13. Regional Operations Terminal

Capital Construction Projects at Reagan National Airport
 2001-2016 CCP

**Scheduled Capital Construction Projects
Washington Dulles International Airport
2001 - 2016 CCP**



- COMPLETED PROJECTS**
1. Main Terminal Rehabilitation
 2. Concourse B-4-Gate Addition
 3. Airport Traffic Control Tower
 4. Main Terminal Z Gate
 5. Concourse C & D Rehabilitation
 6. Altrair Rescue and Fire Fighting Facility (Station 502)
 7. Landside Pedestrian Walkback Tunnel
 8. Altrair Pedestrian Walkback Tunnel
 9. North Utility System Upgrade
 10. Daily Garage 1
 11. Daily Garage 2
 12. Runway 1200 Rehabilitation
 13. Taxiway F
 14. Taxiway J Extension
 15. Tier 2 Northwest Apron
 16. Access Highway Rehabilitation
 17. APH Vehicle Maintenance Facility
 18. Main Terminal Security/Miscellaneous APM Station
 19. Main Terminal Separation Joint Repairs
 20. Concourse B West Escalators
 21. Concourse Modification for A 350
 22. International Arrivals Building Expansion
 23. Cargo Building II Construction
 24. Altrair Rescue and Fire Fighting Station 304
 25. Dulles Police Station
 26. Domestic APM Station
 27. Fourth Runway and Associated Taxiway
 28. Tier 3 East Apron
 29. Jet Fuel Pipeline Extension & Related Facilities
 30. Shelton Brown Security Training
 31. Relocation of Airport Vehicle Maintenance Facility (Shop 1 Annex)
 32. Tier 2 Airfield Tiedown Aprons
- ACTIVE PROJECTS**
33. North Area Roads Improvements
 34. Airfield Trailways and Aprons (Airport Under)
 35. South Utility Expansion
 36. Reconstruction of Runway 1C/14C & Associated Taxiway
 37. Airport ACP Security Cameras
 38. Blue Lot Relocation
 39. Conveyor & Building Changes to Accommodate Intra Baggage Screening
- DEFERRED PROJECTS**
40. Tier 2 Concourse
 41. Consolidated Rental Car Facility
 42. International APM System
 43. Pedestrian Walkback Tunnel Extension
 44. Cargo Building 7 Design & Construction
 45. East Z Gates Phase II
 46. Tier 3 Concourse
 47. Tier 3 East Concourse APM Station
 48. Taxiway B

**Capital Construction Projects at Dulles International Airport
2001-2016 CCP**

Environmental Approvals

Portions of the 2001-2016 CCP require approval by the FAA to use federal grant funds and are subject to environmental review and approval as required by the National Environmental Policy Act (“NEPA”). The nature of the review depends on the potential for a project or a group of interrelated projects to produce a significant impact on the natural or human environment. The three levels of NEPA review are categorical exclusions, environmental assessments and environmental impact statements (“EIS”).

A categorical exclusion is a determination by the FAA that the action or project falls into a category of actions that the FAA has identified, based on its experience, as having minimal likelihood of causing a significant environmental impact. Examples include replacement of airfield paving and extension of a taxiway. No additional environmental consideration is required for a project that falls within this category unless there are extraordinary circumstances that would cause the project to be reviewed further. An example of an extraordinary circumstance might be when an action is highly controversial on environmental grounds, and there is no agreement on the effect of the proposed action on the environment.

An environmental assessment is a formal, detailed evaluation of environmental conditions to determine whether a proposed action is likely to have a significant environmental impact. It involves a consideration of alternative actions and the process includes an opportunity for public review and comment. The two outcomes of an environmental assessment are a “finding of no significant impact” or a decision that an EIS is required.

An EIS is prepared by the FAA when there is a federal action with a potentially significant impact on the environment. Public involvement is required to determine the scope of the environmental review and the issues and alternatives to be addressed. A draft EIS is published for public review and comment, including a public hearing. The FAA then prepares a final EIS and eventually makes a decision on the project.

Portions of the 2001-2016 CCP are categorically excluded from further environmental review. An environmental assessment and a finding of no significant impact has been completed and issued by the FAA for the Tier 2 Concourse and related projects, including the AeroTrain system, as well as the new air traffic control tower at Dulles International Airport.

The fourth and fifth runways at Dulles International Airport required a full EIS by the FAA. The EIS process commenced in 2002, and was completed in October 2005, when the FAA issued a Record of Decision that allows the Airports Authority to receive federal grant funds for the project. The construction of the runways and many related south area projects are expected to have an adverse impact on existing wetlands and streams at Dulles International Airport and, as a result, the Airports Authority has provided appropriate mitigation by purchasing wetland credits and stream impact mitigation credits for near-term construction and developing a long-range wetland mitigation program for future work. The Airports Authority placed the fourth runway in service in November 2008. The Airports Authority has obtained all environmental approvals required to construct the fifth runway. The EIS for the fifth runway expires in 2015.

PLAN OF FUNDING FOR THE 2001-2016 CCP

The cost of constructing the projects in the 2001-2016 CCP is expected to be approximately \$5.1 billion when adjusted for inflation. The 2001-2016 CCP does not include approximately \$2.22 billion of deferred CCP projects. See “2011-2016 CCP – Deferred Projects.” The Airports Authority plans to finance the 2001-2016 CCP projects with the proceeds of Bonds, CP Notes, federal and state grants, PFCs and other available Airports Authority funds. The following table sets forth estimated funding sources for the 2001-2016 CCP.

2001-2016 CCP Estimated Sources of Funding	
Proceeds from Prior Bonds ^{1, 2}	\$3,167,183,997
Future Bonds ^{2, 3}	125,975,579
Subtotal from Bonds	\$3,293,159,576
PFCs	\$1,173,901,910
Federal and State Grants	608,606,881
Total	\$5,075,668,367

¹ Includes only that portion of previously issued Bonds and CP Notes that funded construction costs in 2001 and thereafter.

² Includes assumed interest earnings on construction fund deposits.

³ Includes only that portion of future Bonds that will fund construction costs.

Source: Airports Authority records.

Funding Source: Bond Proceeds

The Airports Authority previously issued Bonds totaling approximately \$4.0 billion of which approximately \$3.2 billion was used to fund the 2001-2016 CCP, with the balance used to fund capitalized interest, reserve requirements and financing costs. Additional Bonds of approximately \$173 million are expected to be issued to fund approximately \$126 million of project costs to complete the 2001-2016 CCP (adjusted for inflation), excluding reserve requirements, capitalized interest and financing costs.

Funding Source: Federal and State Grants

The FAA’s AIP consists of entitlement funds and discretionary funds. Entitlement funds are distributed through grants by a formula currently based on the number of enplanements and the amount of landed weight of arriving cargo at individual airports. Discretionary funds are distributed through FAA LOIs which are based on the FAA’s assessment of national priorities. An LOI represents the FAA’s intention to obligate funds from future federal appropriations for the program. The AIP has been authorized through September 30, 2015. Between January 2001 and March 2012, the Airports Authority received approximately \$126.9 million in entitlement and discretionary grant funds. The Airports Authority to date has received LOI commitments totaling approximately \$202.5 million for 2001-2016 CCP projects at Dulles International Airport, including approximately \$200.5 million to finance a portion of the design and construction of the fourth runway and associated taxiways and the cost of the environmental study of Dulles International Airport. As of March 2012, approximately \$131.2 million of these LOI commitments had been allocated by the FAA.

In February 2004, the Airports Authority submitted to TSA an LOI request for \$231.1 million to finance building modifications to better accommodate the in-line baggage screening system at each Airport. In 2010, the Airports Authority revised the LOI request to \$357.3 million to reflect increased project cost estimates. As of March 2012, approximately \$173.9 million in LOI funds have been approved by TSA for the in-line baggage screening system at Dulles International Airport. As of March 2012, \$60.5 million has been expended. The in-line baggage screening system project at Reagan National Airport that was planned to be financed with the remaining LOI funds has been deferred.

The Commonwealth through the aviation portion of its Transportation Trust Fund provides grants to Virginia airport operators. As of March 31, 2012, the Airports Authority has received approximately \$27.5 million in state grants since 1998. The Airports Authority expects to receive an additional \$8 million between 2013 and 2016.

Revenues received by the Airports Authority pursuant to these federal and state grants are expressly excluded from the definition of “Revenues” under the Indenture and are not pledged to secure the Bonds.

Funding Source: PFCs

The Airports Authority began collecting a \$3.00 PFC in 1994 and increased the PFC to \$4.50 in May 2001. An airport must apply to the FAA for the authority to impose a PFC and to use the PFC moneys collected for specific FAA-approved projects. Since Reagan National Airport and Dulles International Airport collect a \$4.50 PFC, federal entitlement grant moneys that otherwise would have been received under the AIP have been reduced by 75%.

The Airports Authority has submitted and gained approval of five series of PFC applications, with associated amendments, covering both Airports in the amount of \$3.0 billion. As of December 31, 2011, the Airports Authority had collected \$499.0 million (including interest earned) under four of these applications at Reagan National Airport and \$579.2 million (including interest earned) under four of these applications at Dulles International Airport. The collection dates for approved PFC applications at Reagan National Airport will expire on March 1, 2015, and at Dulles International Airport on December 31, 2038. If the amounts authorized to be collected have not been collected by the expiration dates, it is expected that the authorization to collect the PFCs will be extended.

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The following table sets forth a summary of the Airports Authority's approved PFC applications.

PFC Application	Approval Date	Initial Approved Amount	Amended Approved Amount	Total Amount Collected as of December 31, 2011 ²
#1a - Reagan National Airport	August 1993	\$166,739,071	\$166,410,356	\$166,410,356 ¹
#1b - Dulles International Airport	October 1993	199,852,390	221,916,682	221,916,682 ¹
#2a - Reagan National Airport	May 2000	120,027,100	131,397,000	131,397,000 ¹
#2b - Dulles International Airport	May 2000	81,748,000	72,508,092	72,508,092 ¹
#3a - Reagan National Airport	July 2002	33,895,949	30,727,768	30,727,768
#3b - Dulles International Airport	September 2002	59,102,550	58,903,463	58,903,463
#4a - Dulles International Airport	August 2005	672,867,049	2,089,325,913	254,086,631
#4b - Reagan National Airport	March 2006	146,603,508	146,603,508	142,203,627
#5a - Reagan National Airport	April 2008	124,914,400	124,914,400	—
Total		<u>\$1,605,750,017</u>	<u>\$3,042,707,182</u>	<u>\$1,078,153,619³</u>

¹ PFC application Numbers 1 and 2 were originally for the collection of \$3.00 per enplaning passenger. In May 2001, the FAA approved amendments to PFC application Numbers 1 and 2, authorizing the Airports Authority to collect an additional \$1.50 PFC per enplaning passenger.

² Includes interest income earned on PFCs held by the Airports Authority and restricted for use on PFC projects.

³ The Airports Authority has irrevocably committed \$35 million of Designated Passenger Facility Charges per year to pay debt service on certain outstanding Bonds from 2010 through 2016, and it expects to use an additional \$5 million per year from 2012 through 2016 of Designated Passenger Facility Charges, principally due to FAA's approval of the Airports Authority's request to amend PFC application No. 4a to allow the Airports Authority, among other things, to use PFC revenues to pay the principal and interest on PFC Eligible Bonds used to fund certain PFC eligible CCP projects at Dulles International Airport.

Source: Airports Authority records.

The Airports Authority has made an irrevocable commitment to use \$35 million of Designated Passenger Facility Charges per year to pay debt service on the PFC Eligible Bonds from 2011 through 2016, and expects to use an additional \$5 million of Designated Passenger Facility Charges from fiscal years 2012 through 2016. See "THE BONDS – Security and Sources of Payment for the Bonds – Irrevocable Commitment of Certain Passenger Facility Charges."

The FAA is authorized to terminate the authority to impose PFCs if the Airports Authority's PFC revenues are not being used for FAA-approved projects, if project implementation does not commence within the time periods specified in the FAA's regulations or if the Airports Authority otherwise violates FAA regulations. The authority to impose a PFC also may be terminated if the Airports Authority violates certain informal and formal procedural safeguards which must be followed. The Secretary of Transportation may authorize an airport operator, including the Airports Authority, to use PFC revenues to finance non-approved projects if such use is necessary due to the financial need of an airport. See also "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS – Effect of Airline Bankruptcies – PFCs."

The calculation of Net Revenues pledged under the Indenture expressly excludes the proceeds of any PFC or similar charge levied by or on behalf of the Airports Authority unless the Airports Authority takes action to treat these funds as Revenues under the Indenture. The Airports Authority has not taken any such

actions and, therefore, any PFC or similar charge collected by the Airports Authority currently is not pledged to secure the Bonds.

The following table sets forth the annual collections of PFCs, plus interest income, from 1996 through 2011.

PFC Collections			
Calendar Year ¹	Reagan National Airport	Dulles International Airport	Total ²
1996	\$ 20,415,577	\$ 17,255,415	\$ 37,670,992
1997	19,922,714	16,080,610	36,003,324
1998	20,653,430	18,889,787	39,543,217
1999	19,024,173	24,096,445	43,120,618
2000	19,873,021	24,126,617	43,999,638
2001 ³	23,169,094	28,150,741	51,319,835
2002	25,050,752	31,582,074	56,632,826
2003	27,498,164	31,014,365	58,512,529
2004	29,824,841	42,162,043	71,986,884
2005	35,112,158	55,759,361	90,871,519
2006	38,918,474	43,240,383	82,158,857
2007	37,462,684	47,382,752	84,845,436
2008	35,528,816	45,717,340	81,246,056
2009	34,583,526	43,117,746	77,701,272
2010	35,755,355	43,751,837	79,507,192
2011	37,324,941	42,169,214	79,494,155
TOTAL ⁴	\$498,906,931	\$579,246,688	\$1,078,153,619

¹ The Airports Authority changed its fiscal year from an annual period ending September 30 to an annual period ending December 31, effective January 1, 1997.

² Represents actual annual PFC collections but does not include accruals.

³ The Airports Authority began collection of a \$4.50 PFC in May 2001.

⁴ Totals may not add due to rounding.

Source: Airports Authority records.

The 2012 FAA Reauthorization Act retained a cap on PFCs at \$4.50 per enplaning passenger through September 30, 2015. In addition it removed the restriction contained in the Federal Act which provided that after September 16, 2011, the Secretary of Transportation may not approve an application of the Airports Authority (i) for an airport development grant under the AIP program, or (ii) to impose a PFC.

CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS

Airport Use Agreement and Premises Lease

The Airports Authority has entered into the Airline Agreement, on substantially identical terms, with nearly all of the airlines providing service at Reagan National Airport and Dulles International Airport. The Airline 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 rates and charges are calculated using a methodology where the Airports Authority costs, including debt service and debt service coverage, are allocated to separate cost centers at each Airport and each Signatory Airline's

rates and charges are based on pro rata use of the facilities within these cost centers. Each Signatory Airline's payment includes its pro rata share of the Airports Authority's total requirements in the airline cost centers (including a component representing debt service plus debt service coverage), less transfers from the prior year. Airline fees pay for the cost centers of facilities utilized by air carriers. The Airports Authority's other revenues, principally concession revenue, pay for other cost centers such as roadways, parking areas and non-airline revenue generating portions of the terminal. See APPENDIX B – "Summary of Certain Provisions of the Airport Use Agreement and Premises Lease."

The Airline 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 Airline 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 Airline Agreement. The Indenture requires that there be 125% coverage on the debt service on the Bonds. Under the Airline Agreement, the Airports Authority sets its rates and charges at each Airport to recover its costs in the airline-supported cost centers. The Airports Authority recovers its capital costs at each Airport by charging 100% of debt service plus debt service coverage of 25% to satisfy the 125% debt service coverage covenant included in the Indenture. Under the Airline Agreement, in the event that the 125% debt service coverage is not met at an Airport, the rate adjustment will occur at that Airport where the coverage was not met. In the event that the Airports Authority is unable to adjust rates sufficiently at the Airport that failed to generate the required 125% debt service coverage, under the Airline 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. See APPENDIX B – "Summary of Certain Provisions of the Airport Use Agreement and Premises Lease."

An airline that files for bankruptcy has the right to reject its Airline Agreement with the Airports Authority. In the event the Airports Authority does not recover all of its costs pursuant to the Airline 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 its regulations, resolutions of the Board and FAA requirements that such rates and charges be reasonable and non-discriminatory. While the Airports Authority believes that its rate-making methodologies, including its allocation of costs for purposes of establishing rates and charges, are reasonable, no assurance can be given that challenges by an airline will not be made to the rates and charges established by the Airports Authority or its methods of allocating particular costs. See "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS – Effect of Airline Bankruptcies."

The Airline Agreement expires on September 30, 2014, unless the Airports Authority exercises its rights to terminate sooner. The Airports Authority decided not to exercise its early termination rights in 2012, but may exercise those rights in future years. Except in limited circumstances, the Signatory Airlines cannot terminate the Airline Agreement while Bonds are outstanding. A Signatory Airline does have a right to terminate the Airline Agreement if the Airports Authority determines to issue Bonds for a project in the airline-supported areas costing \$25 million or more that requires an MII approval of the Signatory Airlines and such approval is not obtained. If MII approval is not obtained, the Airports Authority must defer the issuance of Bonds for that project for one year. Thereafter, the Airports Authority may issue Bonds for the project. However, if an MII approval of the Signatory Airlines still is not obtained after one year has

elapsed, each Signatory Airline has 60 days to give the Airports Authority notice of intent to terminate its Airline Agreement in 180 days. Even if a Signatory Airline gives timely notice to the Airports Authority, the Airports Authority may elect not to issue Bonds, in which case the Signatory Airline's notice of intent to terminate will not be effective. Under the Airline Agreement, the Airports Authority is permitted to negotiate a new Airline Agreement prior to its expiration. The Airports Authority has commenced negotiations with the Signatory Airlines regarding the terms of a new agreement for the use and occupancy of facilities at the Airports and rates and charges to be paid by such airlines to the Airports Authority.

The Airline Agreement is not assigned or pledged to the Trustee as security for the Bonds. The Airline Agreement may be amended at any time without the consent of the Holders of the Bonds. If for any reason the Airline Agreement is amended, expires or is terminated, the Airports Authority will set airline rates and charges in accordance with a successor agreement or its regulations and resolutions of the Board, consistent with FAA requirements that such rates and charges be reasonable and in an amount sufficient to satisfy the rate covenant in the Indenture. See APPENDIX B – “Summary of Certain Provisions of the Airport Use Agreement and Premises Lease.” The Airline Agreement has been amended to exclude the DTR Revenues (as defined herein) from the definition of “Revenues” and 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 the Dulles Toll Road improvements or the Metrorail Extension Project. See Part I, “INTRODUCTION - Operation of the Dulles Toll Road and Construction of the Dulles Metrorail Extension.”

The Airline Agreement also provides that, in accordance with a formula, the Airports Authority will share its revenue, after certain expenses, referred to as Net Remaining Revenues (“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% 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% of an amount equal to depreciation. The remaining amount of NRR at each Airport is divided equally between the Airports Authority and the Signatory Airlines up to a plateau of \$8 million at Reagan National Airport and \$12 million at Dulles International Airport escalated by the U.S. Implicit Price Deflator Index from the base year of 1989 to the current year. The remainder is split with 25% allocated to the Airports Authority and 75% allocated to the Signatory Airlines. The Signatory Airlines' share of NRR 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.

Terminal Concession Agreements

The Airports Authority has agreements to lease space to certain concessionaires who provide food, beverages, specialty retail, newspapers and other sundry items to users of the Airports. The Airports Authority has a management contract with Westfield Concession Management, Inc. (“Westfield”) for the food and beverage and retail operations at Reagan National Airport that expires on December 31, 2012, but which can be terminated earlier upon 30 days written notice. Under this contract, Westfield sub-leases all food and beverage and retail facilities at Reagan National Airport. Westfield receives a fee from the Airports Authority for leasing and managing these facilities.

The Airports Authority has separate management contracts with Westfield for the food and beverage operations at Dulles International Airport and for retail facilities at Dulles International Airport that expire on December 31, 2012, but which can be terminated earlier upon 30 days written notice. Under both of these

contracts, Westfield sub-leases the food and beverage and retail facilities at Dulles International Airport and receives a fee from the Airports Authority for leasing and managing these facilities.

The Airports Authority has recently issued a Request for Proposals for Concession Management Services with a proposal due date in June 2012. This solicitation is seeking to award a new five-year contract for Concession Management Services to market, lease and manage the concessions program at both Airports. Once a new contract is in place, it is expected that the concessions program will be redeveloped with new news, gifts and specialty retail concepts at both Airports.

Concession contracts generally obligate the concessionaire to pay the higher of a percentage of gross revenues or a MAG to the Airports Authority. Typically these contracts extend for a period of three to five years, although some contracts extend for longer periods. The concession contracts are awarded on the basis of competitive procedures. Terminal concession revenue represented 19.9% of total concession revenue and 6.8% of total operating revenue in 2011. See table entitled "TOTAL CONCESSION REVENUES BY MAJOR CATEGORY" in Part I, and "AIRPORTS AUTHORITY FINANCIAL INFORMATION" in Part I.

Rental Car Facility Agreements

There currently are five on-airport rental car operators at Reagan National Airport: Avis, Budget, Enterprise, Hertz/Advantage, and Vanguard (Alamo/National). The Airports Authority receives the greater of a MAG payment or 10% of the gross receipts of each on-airport rental car operator as a concession fee. Each on-airport rental car operator at Reagan National Airport also currently assesses its customers and remits to the Airports Authority a daily customer contract fee of \$2.50 established by the Airports Authority to recover the debt service and other costs associated with the rental car facilities. The only off-airport rental car company is DTG Inc. (Dollar/Thrifty). DTG Inc. operates buses to transport its customers directly to the terminals and pays the Airports Authority 8% of the gross receipts generated from airport business. Alternatively, DTG Inc. (and any other off-airport rental car company) could operate its buses to a point away from the terminals where passengers would transfer to an airport shuttle bus to the terminals and pay 4% of the gross receipts generated from airport business in excess of \$300,000. Contracts with rental car operators at Reagan National Airport were awarded on June 1, 2011, and expire on May 31, 2016.

There currently are six on-airport rental car operators at Dulles International Airport: Avis, Budget, DTG Inc. (Dollar/Thrifty), Enterprise, Hertz, and Vanguard (Alamo/National). These companies operate under contracts that became effective on July 1, 2008, and expire on June 30, 2013. The Airports Authority receives the greater of a MAG payment or 10% of the gross receipts from each on-airport rental car operator as a concession fee. Under the contracts, the cumulative minimum guarantee for the five years of the contracts are approximately \$80 million. Each off-airport operator also pays a \$100 annual fee, plus 4% of gross receipts in excess of \$300,000. Currently, no off-airport rental car companies operate at Dulles International Airport.

Rental car revenue represented 17% of concession revenue in 2011, and 5.8% of total operating revenue in 2011. See table entitled "TOTAL CONCESSION REVENUES BY MAJOR CATEGORY" in Part I, and "AIRPORTS AUTHORITY FINANCIAL INFORMATION" in Part I.

THE AIRPORTS SERVICE REGION AND AIRPORTS ACTIVITY

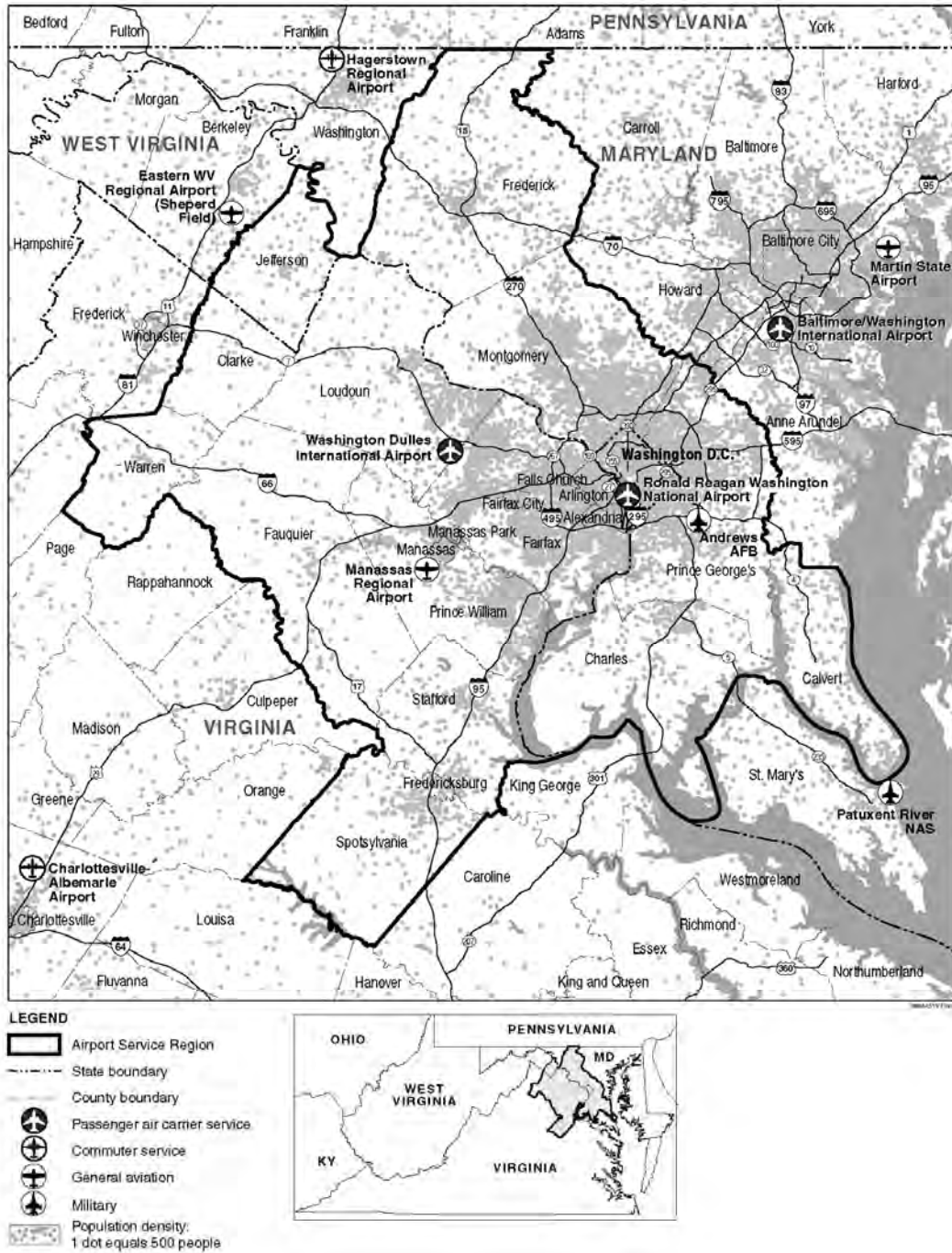
The Airports Service Region

The Airports service region includes the District of Columbia; the Maryland counties of Calvert, Charles, Frederick, Montgomery and Prince George's; the Virginia counties of Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford and Warren; the independent Virginia cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas and Manassas Park; and the West Virginia county of Jefferson.

According to the U.S. Census Bureau Population Division, population growth in the Airports service region has consistently outpaced population growth in the United States. The median household income of the Airports service region is 69% higher than the United States median household income, as reported in the U.S. Census Bureau's 2010 American Community Survey. As of December 2011, the Airports service region has the lowest unemployment rate among the 49 metropolitan areas in the nation with populations of greater than one million according to the U.S. Bureau of Labor Statistics. Activity generated by the federal government provides a foundation and economic stimulus to the Airports service region in both up and down cycles. According to the Greater Washington 2011-12 Regional Report, the federal government's procurement spending in the Airports service region totaled \$78.9 billion in 2010, up 4% from 2009.

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AIRPORTS SERVICE REGION



Source: Environmental Systems Research Institute, Inc. 2005 population estimates.

Airlines Serving the Airports

Listed below are scheduled airlines which served the Airports as of March 31, 2012:

REAGAN NATIONAL AIRPORT¹

MAJORS/NATIONALS

AirTran Airways⁹
Alaska Airlines
American Airlines
Delta Air Lines
Frontier Airlines
JetBlue Airways
MN Airlines
Spirit Airlines
United Airlines⁵
US Airways⁸

FOREIGN FLAG CARRIERS

Air Canada
Air Canada Jazz (Regional)

REGIONALS/COMMUTERS

Air Wisconsin^{6,8}
American Eagle³
Atlantic Southwest²
Chautauqua^{2,4,6}
Colgan Air⁴
Comair²
Compass²
Continental Express⁵
ExpressJet⁷
Mesaba Aviation²
Piedmont Airlines⁶
Pinnacle²
PSA⁶
Republic Airline^{6,8}
Shuttle America^{2,7}
SkyWest Airlines⁴

ALL CARGO CARRIERS

FedEx

DULLES INTERNATIONAL AIRPORT¹

MAJORS/NATIONALS

AirTran Airways⁹
American Airlines
Delta Air Lines⁸
Frontier
JetBlue Airways⁸
Southwest⁹
United Airlines^{5,8}
Virgin America

FOREIGN FLAG CARRIERS

Aer Lingus
Aeroflot
AeroSur
Air France
All Nippon Airways
Austrian Airlines
Avianca
British Airways
Cayman Airlines
COPA Airlines
Ethiopian Airlines
Grupo TACA
Icelandair
KLM-Royal Dutch Airlines
Korean Air
Lufthansa German Airlines
Qatar Amiri Air
Saudi Arabian Airlines
Scandinavian Airlines System
South African Airways
Turkish Airlines
Virgin Atlantic Airways

REGIONALS/COMMUTERS

Air Wisconsin⁶
Chautauqua²
Colgan Air⁴
Comair²
Compass²
Continental Express⁵
ExpressJet^{2,5}
Go-Jet^{7,8}
Mesa^{6,7}
PSA⁶
Piedmont⁶
Pinnacle²
Republic Express⁶
Shuttle America^{7,8}
SkyWest Airlines⁴
Trans States⁷

ALL-CARGO CARRIERS

FedEx
Mountain Air Cargo
United Parcel Service

¹ Reflects code sharing between major/national and regional carriers only and not agreements between and among major/national carriers. Chartered carriers enplaning fewer than 1,000 passengers or less than 300 metric tons of cargo are not shown on this table.

² Operates under a code sharing agreement with Delta.

³ Operates under a code sharing agreement with American.

⁴ Operated under a code sharing arrangement with Continental, which is now part of United.

⁵ On October 1, 2010, Continental became a wholly-owned subsidiary of United Continental Holdings, Inc. ("UCH") as a result of the merger of a subsidiary of UCH with and into Continental (United is also a wholly-owned subsidiary of UCH). The combined airline operates under the name "United Airlines".

⁶ Operates under a code sharing agreement with US Airways.

⁷ Operates under a code sharing agreement with United.

⁸ Provides domestic and international/transborder service.

⁹ As of May 2, 2011, Southwest completed its purchase of AirTran Airways. On March 1, 2012, the two airlines received approval for a single operating certificate from the FAA. Southwest will work toward full integration of AirTran in 2012 at which point it expects to operate under the Southwest brand.

Source: The Airports Authority records.

Airports Activity

Largely as a result of the Perimeter Rule, Reagan National Airport offers primarily short and medium haul passenger flights to destinations within 1,250 miles of Washington, D.C. See “THE AIRPORTS AUTHORITY – Regulations and Restrictions Affecting the Airports.” As of March 2012, nonstop service was provided from Reagan National Airport to 71 destinations, including 67 cities nationwide as well as international destinations such as Montreal, Ottawa and Toronto in Canada and Nassau, Bahamas.

Dulles International Airport serves primarily medium to long-haul markets, which is partly a function of the Perimeter Rule at Reagan National Airport. Since 1986, Dulles International Airport has served as a hub for United. As of March 2012, nonstop service was provided from Dulles International Airport to 81 cities nationwide and to 45 international nonstop destinations.

Historical Enplanement Activity

The following table summarizes total commercial enplanements at Reagan National Airport and Dulles International Airport from 2000 through 2011. Enplanements for 2001 must be considered in the context of the events of September 11, 2001. See “CERTAIN INVESTMENT CONSIDERATIONS.”

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	Reagan National Airport		Dulles International Airport					
	Total Enplanements	Annual Growth	Domestic Enplanements	Annual Growth	International Enplanements	Annual Growth	Annual Enplanements	Annual Growth
2000	7,855,373	4.7%	7,888,431	-1.0%	2,083,201	13.1%	9,971,632	1.7%
2001	6,563,504	-16.4%	6,958,802	-11.8%	1,961,394	-5.8%	8,920,196	-10.5%
2002	6,460,451	-1.6%	6,497,774	-6.6%	2,017,724	2.9%	8,515,498	-4.5%
2003 ³	7,102,415	9.9%	6,371,646	-1.9%	1,994,840	-1.1%	8,366,486	-1.7%
2004	7,952,071	12.0%	9,014,584	41.5%	2,309,572	15.8%	11,324,156	35.4%
2005	8,909,274	12.0%	10,947,383	21.4%	2,448,994	6.0%	13,396,377	18.3%
2006	9,239,818	3.7%	8,797,384	-19.6%	2,594,862	6.0%	11,392,245	-15.0%
2007	9,294,077	0.6%	9,313,161	5.9%	2,960,345	14.1%	12,273,506	7.7%
2008	8,977,831	-3.4%	8,742,530	-6.1%	3,115,417	5.2%	11,857,947	-3.4%
2009	8,767,243	-2.3%	8,429,620	-3.6%	3,117,151	0.1%	11,546,771	-2.6%
2010	9,035,544	3.1%	8,564,825	1.6%	3,177,235	1.9%	11,742,060	1.7%
2011	9,361,963	3.6%	8,259,787	-3.6%	3,256,804	2.5%	11,516,591	-1.9%
Annual Compounded Growth								
2000-2011		1.6%		0.4%		4.1%		1.3%

¹ Excludes passengers enplaned on general aviation and military flights.

² Enplanement figures have been reconciled to the Airports Authority's records and may not match figures released in previous issues.

³ Enplanements at Reagan National Airport include enplaned passengers for Midway, which were inadvertently deleted from the 2007 Comprehensive Annual Financial Report.

Source: Airports Authority records.

Historical Commercial Enplanements

Reagan National Airport

Reagan National Airport experienced little overall passenger traffic growth in the 1990s, in part due to the slot restrictions imposed by the High Density Rule. Between 1997 and 2000, enplanements at Reagan National Airport decreased at an annual compounded rate of 0.1%, fluctuating from an increase of 4.7% in 2000 to a decline of 5.0% in 1999. From January through August 2001, enplanements at Reagan National Airport increased by 7.9% compared to the same period in 2000, primarily as a result of the continuing shift of US Airways passengers to Reagan National Airport from Dulles International Airport and a significant increase in America West's enplanements after it received an exemption to the non-stop Perimeter Rule. Annual enplanements for 2001 decreased by 16.4% from 2000, as a result of the closure of Reagan National Airport from September 11, 2001, until October 4, 2001, and the Federal government's imposition of flight restrictions thereafter.

Enplanements began recovering at Reagan National Airport once flight restrictions were fully lifted in April 2002, and after 2002, Reagan National Airport experienced five successive years of traffic growth surpassing the 2000 enplanement level in 2004.

Enplanements at Reagan National Airport for 2011 were 9.4 million, compared to 9.0 million for the year 2010 and 8.8 million for the year 2009. The increase in enplanements was primarily attributable to new nonstop service that JetBlue and Delta began in November 2010 and continued into 2011. In 2010, JetBlue added air service from Reagan National Airport to Boston, Fort Lauderdale, and Orlando while Delta added air service to Hartford, Columbus, Jacksonville, Orlando, Miami, Tampa and St. Louis. In addition, in 2011, Sun Country Airlines added new nonstop service to Lansing, Michigan and Spirit Airlines added service to Myrtle Beach, South Carolina.

Origin and destination (“O&D”) traffic accounted for 83% of total enplanements at Reagan National Airport in 2011. The top two airlines at Reagan National Airport (US Airways and Delta, along with their code-sharing affiliate carriers) enplaned 60.4% of all passengers in 2011. American, United, and AirTran accounted for 27.1% of the total, and all other airlines together accounted for the remaining 11.3%.

There has been a significant shift in passenger traffic over the past nine years from flights operated by major airlines to flights operated by regional affiliates, as well as a gain in enplaned passengers by low cost carriers (“LCCs”). Between 2000 and 2010, the share of enplaned passengers carried by major carriers declined from 87.7% to 58.2%; the share carried by regional affiliates increased from 7.1% to 30.7% and the share carried by LCCs increased from 2.4% to 8.3%. Other domestic and foreign-flag airlines accounted for the remaining enplaned passengers in each period.

Dulles International Airport

Dulles International Airport experienced rapid growth in passenger enplanements during the 1990s. Between 1997 and 2000, domestic enplanements increased at an average annual rate of 14.0%, compared with an average annual rate of 3.2% for domestic enplanements nationwide. The adverse effects of the events of September 11, 2001 on travel demand contributed to an 11.8% decrease in domestic enplanements at Dulles International Airport in 2001. Further decreases occurred in 2002 (6.7%) and in 2003 (1.9%).

Domestic enplanements at Dulles International Airport increased 41.5% in 2004 and a further 21.4% in 2005, largely as a result of the start of service by Independence Air. Both connecting and originating passenger numbers increased as other airlines added service and reduced fares to compete with Independence Air. With the bankruptcy and subsequent cessation of service by Independence Air, passenger enplanements decreased 19.6% in 2006, before rebounding 5.9% in 2007. Largely as a result of the reduction in demand during the national economic recession, domestic passenger enplanement numbers decreased 7.3% between 2007 and 2010.

LCCs increased their share of domestic enplaned passengers at Dulles International Airport from 2.9% in 2000 to 16.4% in 2009. The increase is largely attributable to initiation of service at Dulles International Airport by JetBlue in 2001, Southwest in 2006, and Virgin America in 2007.

Between 1997 and 2000, international enplanements increased at an average annual rate of 12.0% at Dulles International Airport, compared with an average annual rate of 5.4% for international enplanements nationwide. In the aftermath of the events of September 11, 2001, international enplanements declined by 5.8% in 2001.

International enplanements at Dulles International Airport recovered after September 11, 2001, exceeding the 2000 number by 2004. Between 2004 and 2010, international enplanements at Dulles International Airport increased 37.6%, largely as a result of increased service by United.

Total enplanements at Dulles International Airport for 2011 were 11.6 million compared to 11.8 million in 2010 and 11.6 million in 2009. The decline in domestic enplanements in 2011 was partially attributable to the consolidated operations of United and Continental Airlines, as well as the transfer of select JetBlue air service to Reagan National Airport. In 2011, Dulles International Airport added Icelandair with service to Reykjavik. This increased international air service continued a positive trend from 2010, when Turkish Airlines began new nonstop service to Istanbul, AeroSur began weekly nonstop service to Bolivia, and Ethiopian Airlines expanded daily service to Addis Ababa. International enplanements of 3.3 million for 2011 represented a 2.5% and 4.5% increase over 2010 and 2009 international enplanements, respectively.

O&D traffic accounted for 60% of total enplanements at Dulles International Airport in 2011. United and United Express accounted for 54.2% of international passengers at Dulles International Airport in 2011, up from 40.8% in 2000. No other U.S. airline has a material international service presence at Dulles International Airport. Foreign-flag scheduled airlines accounted for 48% of the international enplaned passengers at Dulles International Airport in 2011.

The following tables show passenger enplanements at Reagan National Airport and Dulles International Airport by airline between 2007 and 2011.

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ENPLANEMENT MARKET SHARE BY AIRLINE AT REAGAN NATIONAL AIRPORT

Airline	2007	Share	2008	Share	2009	Share	2010	Share	2011	Share
<i>US Airways Carriers</i>	3,843,164	41.4%	3,708,948	41.3%	3,531,268	40.3%	3,683,312	40.8%	3,593,055	38.4%
US Airways ¹	2,296,405	24.7%	2,170,157	24.2%	1,965,778	22.4%	1,963,376	21.7%	1,862,504	19.9%
Republic (US Airways Express)	594,411	6.4%	630,563	7.0%	733,136	8.4%	907,075	10.0%	924,495	9.9%
Air Wisconsin (US Airways Express)	568,630	6.1%	670,067	7.5%	567,358	6.5%	446,339	4.9%	450,729	4.8%
PSA (US Airways Express)	139,087	1.5%	147,013	1.6%	168,781	1.9%	215,400	2.4%	203,834	2.2%
Chautauqua (US Airways Express)	70,677	0.8%	64,453	0.7%	77,766	0.9%	123,584	1.4%	125,817	1.3%
Colgan Air (US Airways Express)	13,867	0.1%	13,740	0.2%	13,983	0.2%	15,315	0.2%	15,493	0.2%
Piedmont (US Airways Express)	28,463	0.3%	12,856	0.1%	4,466	0.1%	12,223	0.1%	10,183	0.1%
America West	125,095	1.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Trans States (US Airways Express)	6,529	0.1%	99	0.0%	-	0.0%	-	0.0%	-	0.0%
<i>Delta Carriers</i>	1,948,275	21.0%	1,926,078	21.5%	1,834,606	20.9%	1,775,037	19.6%	2,062,339	22.0%
Delta	704,772	7.6%	726,473	8.1%	728,156	8.3%	1,253,421	13.9%	1,251,093	13.4%
Delta Shuttle	252,743	2.7%	206,552	2.3%	13,149	0.1%	-	0.0%	-	0.0%
Northwest	675,764	7.3%	669,821	7.5%	581,173	6.6%	28,371	0.3%	26,374	0.3%
Comair (Delta Connection)	179,534	1.9%	190,134	2.1%	250,061	2.9%	206,210	2.3%	147,478	1.6%
Shuttle America (Delta Connection)	27,201	0.3%	23,646	0.3%	168,203	1.9%	164,543	1.8%	148,514	1.6%
Pinnacle (Northwest Airlink)	59,895	0.6%	58,100	0.6%	47,431	0.5%	454	0.0%	-	0.0%
Mesaba Aviation (Delta Connection)	-	0.0%	-	0.0%	-	0.0%	41,114	0.5%	77,491	0.8%
Mesaba (Northwest Airlink)	9,895	0.1%	4,658	0.1%	29,506	0.3%	4,944	0.1%	-	0.0%
Compass (Delta Connection)	-	0.0%	-	0.0%	-	0.0%	20,568	0.2%	128,135	1.4%
Pinnacle (Delta Connection)	-	0.0%	7,051	0.1%	7,844	0.1%	21,038	0.2%	98,655	1.1%
Chautauqua (Delta Connection)	11,009	0.1%	9,881	0.1%	6,065	0.1%	2,908	0.0%	46,182	0.5%
Atlantic Southeast (Delta Connection)	26,268	0.3%	4,965	0.1%	2,974	0.0%	31,273	0.3%	138,417	1.5%
Freedom (Delta Connection)	1,194	0.0%	24,797	0.3%	44	0.0%	193	0.0%	-	0.0%
<i>American Carriers</i>	1,472,755	15.8%	1,427,507	15.9%	1,475,242	16.8%	1,481,668	16.4%	1,421,418	15.2%
American	1,214,058	13.1%	1,158,855	12.9%	1,143,658	13.0%	1,188,767	13.2%	1,194,779	12.8%
American Eagle	258,697	2.8%	268,652	3.0%	331,584	3.8%	292,901	3.2%	226,639	2.4%
<i>United Carriers²</i>	987,674	10.6%	957,303	10.7%	964,618	11.0%	962,856	10.7%	891,793	9.5%
United	519,311	5.6%	518,293	5.8%	522,673	6.0%	532,294	5.9%	468,066	5.0%
Shuttle America (United Express)	-	0.0%	-	0.0%	-	0.0%	10,495	0.1%	37,218	0.4%
Continental	373,191	4.0%	325,851	3.6%	303,467	3.5%	291,599	3.2%	269,102	2.9%
Continental Express	80,791	0.9%	58,935	0.7%	61,874	0.7%	55,260	0.6%	62,234	0.7%
Colgan Air (Continental Connection)	-	0.0%	19,678	0.2%	44,203	0.5%	44,085	0.5%	32,047	0.3%
Chautauqua (Continental Express)	14,381	0.2%	34,546	0.4%	32,401	0.4%	29,123	0.3%	14,513	0.2%
Skywest (Continental Connection)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	8,613	0.1%
AirTran Airways ³	213,397	2.3%	249,030	2.8%	263,100	3.0%	381,746	4.2%	388,577	4.2%
<i>Frontier Carriers</i>	128,498	1.4%	176,960	2.0%	306,652	3.5%	331,680	3.7%	357,605	3.8%
Frontier	128,498	1.4%	156,669	1.7%	158,734	1.8%	204,339	2.3%	357,605	3.8%
Republic (Midwest Connect)	-	0.0%	20,291	0.2%	147,868	1.7%	10,503	0.1%	-	0.0%
Chautauqua (Midwest Connect)	-	0.0%	-	0.0%	50	0.0%	-	0.0%	-	0.0%
Republic (Midwest)	-	0.0%	-	0.0%	-	0.0%	116,838	1.3%	-	0.0%
Midwest	204,583	2.2%	174,737	1.9%	32,247	0.4%	-	0.0%	-	0.0%
JetBlue	-	0.0%	-	0.0%	-	0.0%	37,103	0.4%	240,077	2.6%
Alaska	142,567	1.5%	146,589	1.6%	144,317	1.6%	149,368	1.7%	155,454	1.7%
Spirit	86,636	0.9%	106,483	1.2%	117,546	1.3%	123,878	1.4%	146,539	1.6%
<i>Air Canada Carriers</i>	107,151	1.2%	103,344	1.2%	97,421	1.1%	108,677	1.2%	104,983	1.1%
Air Canada	61,837	0.7%	65,031	0.7%	54,701	0.6%	63,165	0.7%	58,417	0.6%
Air Canada Jazz	45,314	0.5%	38,313	0.4%	42,720	0.5%	45,512	0.5%	46,566	0.5%
MN Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	26,374	0.3%
American TransAir	159,377	1.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Charters	-	0.0%	852	0.0%	226	0.0%	219	0.0%	123	0.0%
TOTAL^{4,5,6}	9,294,077	100.0%	8,977,831	100.0%	8,767,243	100.0%	9,035,544	100.0%	9,361,963	100.0%

¹ Includes activity for US Airways Shuttle.

² As of October 1, 2010, United and Continental completed the merger of the two airlines. The combined airline operates under the name "United Airlines".

³ As of May 2, 2011, Southwest completed its purchase of AirTran Airways. On March 1, 2012, the two airlines received approval for a single operating certificate from the FAA. Southwest will work toward full integration of AirTran in 2012 at which point it expects to operate under the Southwest brand.

⁴ Excludes military and general aviation passenger enplanements.

⁵ Enplanement data has been reconciled to the Airports Authority's records and may not match figures released in previous issues.

⁶ The totals may not add due to rounding.

Source: Airports Authority records.

ENPLANEMENT MARKET SHARE BY AIRLINE AT DULLES INTERNATIONAL AIRPORT

Domestic Enplanements

Airline	2007	Share	2008	Share	2009	Share	2010	Share	2011	Share
<i>United Carriers</i> ¹	6,481,191	69.6%	5,926,907	67.8%	5,870,425	69.6%	6,091,483	71.1%	5,972,646	72.3%
United ²	3,551,268	38.1%	3,312,845	37.9%	3,286,673	39.0%	3,430,680	40.1%	3,264,591	39.4%
Mesa (United Express)	1,279,241	13.7%	906,747	10.4%	719,003	8.5%	549,219	6.4%	440,505	5.3%
Tran States (United Express)	528,990	5.7%	545,487	6.2%	566,386	6.7%	445,031	5.2%	349,374	4.2%
ASA (United Express)	-	0.0%	-	0.0%	-	0.0%	413,277	4.8%	363,566	4.4%
Shuttle America (United Express)	375,942	4.0%	369,050	4.2%	372,543	4.4%	308,225	3.6%	173,835	2.1%
Go-Jet (United Express)	227,050	2.4%	249,456	2.9%	352,162	4.2%	318,557	3.7%	165,390	2.0%
Chautauqua (United Express)	230,741	2.5%	239,421	2.7%	233,296	2.8%	748	0.0%	-	0.0%
Colgan Air (United Express)	156,967	1.7%	203,456	2.3%	221,228	2.6%	219,380	2.6%	450,143	5.4%
ExpressJet (United Express)	-	0.0%	-	0.0%	62,152	0.7%	277,075	3.2%	523,817	6.3%
SkyWest (United Express)	-	0.0%	-	0.0%	-	0.0%	33,166	0.4%	67,254	0.8%
Commutair	6,623	0.1%	15,014	0.2%	30,694	0.4%	46,013	0.5%	360	0.0%
Continental Express	103,954	1.1%	79,287	0.9%	25,471	0.3%	47,307	0.6%	38,039	0.5%
SkyWest (Continental Connection)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	20,521	0.2%
Colgan Air (Continental Connection)	-	0.0%	2,336	0.0%	-	0.0%	2,104	0.0%	29,766	0.4%
Continental	20,415	0.2%	3,808	0.0%	817	0.0%	701	0.0%	85,485	1.0%
JetBlue	776,980	8.3%	730,989	8.4%	625,519	7.4%	576,039	6.7%	495,844	6.0%
<i>Delta Carriers</i>	686,751	7.4%	639,899	7.3%	572,387	6.8%	526,553	6.1%	532,739	6.4%
Delta	368,507	4.0%	333,445	3.8%	296,772	3.5%	317,266	3.7%	324,660	3.9%
Compass (Delta Connection)	-	0.0%	-	0.0%	-	0.0%	69,150	0.8%	61,513	0.7%
Compass (Northwest AirlinK)	9,955	0.1%	51,996	0.6%	85,060	1.0%	5,657	0.1%	-	0.0%
Freedom (Delta Connection)	15,983	0.2%	52,565	0.6%	42,947	0.5%	20,814	0.2%	-	0.0%
Pinnacle (Northwest AirlinK)	14,556	0.2%	19,955	0.2%	41,135	0.5%	3,789	0.0%	-	0.0%
Northwest	199,194	2.1%	114,489	1.3%	34,442	0.4%	448	0.0%	-	0.0%
Pinnacle (Delta Connection)	-	0.0%	11,589	0.1%	30,379	0.4%	30,405	0.4%	70,130	0.8%
Comair (Delta Connection)	67,413	0.7%	37,923	0.4%	21,805	0.3%	51,385	0.6%	38,642	0.5%
Chautauqua (Delta Connection)	-	0.0%	-	0.0%	-	0.0%	14,377	0.2%	18,158	0.2%
ASA (Delta Connection)	10,490	0.1%	16,296	0.2%	18,032	0.2%	9,832	0.1%	7,676	0.1%
Mesaba Aviation (Delta Connection)	-	0.0%	-	0.0%	-	0.0%	2,216	0.0%	11,496	0.1%
SkyWest (Delta Connection)	635	0.0%	-	0.0%	1,232	0.0%	1,132	0.0%	464	0.0%
Mesaba Aviation (Northwest AirlinK)	-	0.0%	-	0.0%	409	0.0%	-	0.0%	-	0.0%
Shuttle America (Delta Connection)	18	0.0%	1,641	0.0%	174	0.0%	82	0.0%	-	0.0%
<i>American Carriers</i>	507,372	5.4%	461,854	5.3%	428,341	5.1%	468,030	5.5%	427,886	5.2%
American	444,445	4.8%	435,623	5.0%	409,716	4.9%	464,266	5.4%	427,886	5.2%
Chautauqua (American Connection)	9,709	0.1%	4,635	0.1%	16,240	0.2%	3,764	0.0%	-	0.0%
Trans States (American Connection)	32,784	0.4%	21,596	0.2%	2,385	0.0%	-	0.0%	-	0.0%
American Eagle	20,434	0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<i>Southwest Airlines</i> ³	573,171	6.2%	576,190	6.6%	498,193	5.9%	493,963	5.8%	419,412	5.1%
Southwest Airlines	368,977	4.0%	396,298	4.5%	371,029	4.4%	374,282	4.4%	321,205	3.9%
AirTran Airways	204,194	2.2%	179,892	2.1%	127,164	1.5%	119,681	1.4%	98,207	1.2%
Virgin America	27,247	0.3%	194,248	2.2%	237,796	2.8%	231,889	2.7%	235,983	2.8%
<i>US Airways Carriers</i>	219,952	2.4%	181,884	2.1%	171,327	2.0%	151,496	1.8%	162,599	2.0%
Mesa (US Airways Express) ²	22,464	0.2%	50,061	0.6%	86,754	1.0%	86,547	1.0%	84,534	1.0%
PSA (US Airways Express)	23,553	0.3%	32,574	0.4%	42,999	0.5%	31,284	0.4%	33,959	0.4%
US Airways	109,878	1.2%	96,997	1.1%	34,728	0.4%	22,629	0.3%	13,258	0.2%
Mesaba Aviation (US Airways Express)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	13,192	0.2%
Colgan Air (US Airways Express)	24,730	0.3%	1,302	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic (US Airways Express)	105	0.0%	950	0.0%	6,243	0.1%	621	0.0%	373	0.0%
Air Wisconsin (US Airways Express)	-	0.0%	-	0.0%	475	0.0%	6,924	0.1%	14,611	0.2%
Piedmont (US Airways Express)	-	0.0%	-	0.0%	128	0.0%	3,491	0.0%	2,601	0.0%
Chautauqua (US Airways Express)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	71	0.0%
America West	39,222	0.4%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
MN Airlines	31,423	0.3%	20,661	0.2%	15,194	0.2%	14,327	0.2%	-	0.0%
Korean Air	-	0.0%	-	0.0%	-	0.0%	181	0.0%	-	0.0%
Lufthansa	-	0.0%	-	0.0%	-	0.0%	178	0.0%	-	0.0%
Aeroflot	-	0.0%	-	0.0%	-	0.0%	5	0.0%	-	0.0%
Charters	9,074	0.1%	9,898	0.1%	10,438	0.1%	10,681	0.1%	12,678	0.2%
TOTAL ^{4, 5, 6}	9,313,161	100.0%	8,742,530	100.0%	8,429,620	100.0%	8,564,825	100.0%	8,259,787	100.0%

¹ As of October 1, 2010, United and Continental completed the merger of the two airlines. The combined airline operates under the name "United Airlines".

² Includes activity for Ted in 2007 through 2008.

³ As of May 2, 2011, Southwest completed its purchase of AirTran Airways. On March 1, 2012, the two airlines received approval for a single operating certificate from the FAA. Southwest will work toward full integration of AirTran in 2012 at which point it expects to operate under the Southwest brand.

⁴ Excludes military and general aviation passenger enplanements.

⁵ Enplanement data has been reconciled to the Airports Authority's records and may not match figures released previously.

⁶ The totals may not add due to rounding.

Source: Airports Authority records.

ENPLANEMENT MARKET SHARE BY AIRLINE AT DULLES INTERNATIONAL AIRPORT

International Enplanements

Airline	2007	Share	2008	Share	2009	Share	2010	Share	2011	Share
<i>United Carriers¹</i>	1,494,713	50.5%	1,605,504	51.5%	1,651,662	53.0%	1,635,332	51.5%	1,652,427	50.7%
United	1,350,797	45.6%	1,401,537	45.0%	1,443,621	46.3%	1,451,292	45.7%	1,439,487	44.6%
Chautauqua (United Express)	69,523	2.3%	114,742	3.7%	114,906	3.7%	368	0.0%	-	0.0%
Shuttle America (United Express)	74,393	2.5%	89,225	2.9%	93,135	3.0%	68,332	2.2%	40,163	1.2%
ExpressJet (United Express)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	32,372	1.0%
Trans States (United Express)	-	0.0%	-	0.0%	-	0.0%	81,893	2.6%	63,806	2.0%
Go-Jet (United Express)	-	0.0%	-	0.0%	-	0.0%	33,447	1.1%	25,838	0.8%
Skywest (United Express)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,552	0.2%
Continental	-	0.0%	-	0.0%	-	0.0%	-	0.0%	45,209	1.4%
British Airways	173,361	5.9%	189,442	6.1%	182,703	5.9%	173,211	5.5%	190,445	5.9%
Air France	192,578	6.5%	176,064	5.7%	181,787	5.8%	161,910	5.1%	173,618	5.4%
Lufthansa	203,686	6.9%	173,440	5.6%	158,147	5.1%	176,179	5.5%	174,947	5.4%
TACA International	118,331	4.0%	101,867	3.3%	95,132	3.1%	98,844	3.1%	103,804	3.2%
Qatar Amiri Air	25,841	0.9%	85,231	2.7%	88,061	2.8%	103,078	3.2%	101,139	3.1%
Virgin Atlantic	104,319	3.5%	95,567	3.1%	84,778	2.7%	76,417	2.4%	75,256	2.3%
KLM Royal Dutch	83,033	2.8%	78,574	2.5%	79,265	2.5%	74,878	2.4%	77,930	2.4%
South African	87,604	3.0%	82,084	2.6%	73,221	2.3%	80,797	2.5%	78,859	2.4%
Korean Air	63,789	2.2%	57,850	1.9%	72,814	2.3%	78,117	2.5%	83,112	2.6%
SAS	66,251	2.2%	71,112	2.3%	66,085	2.1%	71,042	2.2%	65,797	2.0%
Austrian	80,054	2.7%	80,821	2.6%	63,885	2.0%	60,401	1.9%	60,793	1.9%
All Nippon	65,852	2.2%	62,932	2.0%	60,949	2.0%	66,573	2.1%	62,994	2.0%
<i>Air Canada Carriers</i>	66,902	2.3%	49,104	1.6%	43,459	1.4%	41,010	1.3%	10,623	0.3%
Air Canada	558	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Air Canada Jazz	66,344	2.2%	49,104	1.6%	43,459	1.4%	41,010	1.3%	10,623	0.3%
Ethiopian Airlines	41,977	1.4%	44,955	1.4%	42,141	1.4%	56,373	1.8%	80,752	2.5%
Iberia	27,758	0.9%	39,646	1.3%	36,193	1.2%	22,200	0.7%	-	0.0%
COPA	12,704	0.4%	30,063	1.0%	31,723	1.0%	31,200	1.0%	35,917	1.1%
Aer Lingus	15,571	0.5%	33,295	1.1%	27,229	0.9%	54,628	1.7%	60,364	1.9%
Avianca	-	0.0%	12,828	0.4%	23,502	0.8%	24,536	0.8%	24,383	0.8%
Saudi Arabian	16,476	0.6%	20,785	0.7%	23,044	0.7%	28,874	0.9%	35,634	1.1%
MaxJet	5,004	0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mexicana	-	0.0%	-	0.0%	1,853	0.1%	20,299	0.6%	-	0.0%
Lloyd Aereo Boliviano - LAB	1,045	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Aeroflot	7,356	0.2%	8,029	0.3%	7,301	0.2%	8,838	0.3%	8,490	0.3%
Turkish Airlines	-	0.0%	-	0.0%	-	0.0%	5,370	0.2%	47,988	1.5%
Icelandair	-	0.0%	-	0.0%	-	0.0%	-	0.0%	20,193	0.6%
OpenSkies	-	0.0%	-	0.0%	-	0.0%	4,888	0.2%	5,883	0.2%
JetBlue	-	0.0%	263	0.0%	3,125	0.1%	4,097	0.1%	3,951	0.1%
<i>Delta Carriers</i>	5,223	0.2%	10,719	0.3%	5,539	0.2%	3,923	0.1%	4,199	0.1%
Delta	5,223	0.2%	5,223	0.2%	4,513	0.1%	3,923	0.1%	4,199	0.1%
Northwest	-	0.0%	5,496	0.2%	1,026	0.0%	-	0.0%	-	0.0%
Air India	-	0.0%	-	0.0%	1,055	0.0%	3,002	0.1%	-	0.0%
Cayman	-	0.0%	499	0.0%	1,496	0.0%	637	0.0%	2,449	0.1%
AeroSur	-	0.0%	-	0.0%	-	0.0%	233	0.0%	5,035	0.2%
Charters	917	0.0%	4,743	0.2%	11,002	0.4%	10,348	0.3%	9,822	0.3%
TOTAL^{2,3,4}	2,960,345	100.0%	3,115,417	100.0%	3,117,151	100.0%	3,177,235	100.0%	3,256,804	100.0%

¹ As of October 1, 2010, United and Continental completed the merger of the two airlines. The combined airline operates under the name "United Airlines".

² Excludes military and general aviation passenger enplanements.

³ Enplanement data has been reconciled to the Airports Authority's records and may not match figures released previously.

⁴ The totals may not add due to rounding.

Source: Airports Authority records.

**COMBINED REAGAN NATIONAL AIRPORT AND DULLES INTERNATIONAL AIRPORT
ENPLANEMENT MARKET SHARE BY AIRLINE**

Airline	2007	Share	2008	Share	2009	Share	2010	Share	2011	Share
<i>United Carriers¹</i>	8,963,578	41.6%	8,489,714	40.7%	8,486,705	41.8%	8,689,671	41.8%	8,516,866	40.8%
United ²	5,421,376	25.1%	5,232,675	25.1%	5,252,967	25.9%	5,414,266	2.6%	5,172,144	2.1%
Mesa (United Express)	1,279,241	5.9%	906,747	4.4%	719,003	3.5%	549,219	2.6%	440,505	2.1%
Tran States (United Express)	528,990	2.5%	545,487	2.6%	566,386	2.8%	526,924	2.5%	413,180	2.0%
Shuttle America (United Express)	450,335	2.1%	458,275	2.2%	465,678	2.3%	387,052	1.9%	251,216	1.2%
Go-Jet (United Express)	227,050	1.1%	249,456	1.2%	352,162	1.7%	352,004	1.7%	191,228	0.9%
Chautauqua (United Express)	300,264	1.4%	354,163	1.7%	348,202	1.7%	1,116	0.0%	-	0.0%
Colgan Air (United Express)	156,967	0.7%	203,456	1.0%	221,228	1.1%	219,380	1.1%	450,143	2.2%
ExpressJet (United Express)	-	0.0%	-	0.0%	62,152	0.3%	277,075	1.3%	556,189	2.7%
ASA (United Express)	-	0.0%	-	0.0%	-	0.0%	413,277	2.0%	363,566	1.7%
SkyWest (United Express)	-	0.0%	-	0.0%	-	0.0%	33,166	0.2%	72,806	0.3%
Continental	393,606	1.8%	329,659	1.6%	304,284	1.5%	292,300	1.4%	399,796	1.9%
Continental Express	184,745	0.9%	138,222	0.7%	87,345	0.4%	102,567	0.5%	100,273	0.5%
Colgan Air (Continental Connection)	-	0.0%	22,014	0.1%	44,203	0.2%	46,189	0.2%	61,813	0.3%
SkyWest (Continental Connection)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	29,134	0.1%
Chautauqua (Continental Express)	14,381	0.1%	34,546	0.2%	32,401	0.2%	29,123	0.1%	14,513	0.1%
Commutair	6,623	0.0%	15,014	0.1%	30,694	0.2%	46,013	0.2%	360	0.0%
<i>US Airways Carriers</i>	4,063,116	18.8%	3,890,832	18.7%	3,702,595	18.2%	3,834,808	18.5%	3,755,654	18.0%
US Airways ³	2,406,283	11.2%	2,267,154	10.9%	2,000,506	9.8%	1,986,005	9.6%	1,875,762	9.0%
Republic (US Airways Express)	594,516	2.8%	631,513	3.0%	739,379	3.6%	907,696	4.4%	924,868	4.4%
Air Wisconsin (US Airways Express)	568,630	2.6%	670,067	3.2%	567,833	2.8%	453,263	2.2%	465,340	2.2%
Mesaba Aviation (US Airways Express)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	13,192	0.1%
PSA (US Airways Express)	162,640	0.8%	179,587	0.9%	211,780	1.0%	246,684	1.2%	237,793	1.1%
Mesa (US Airways Express) ³	22,464	0.1%	50,061	0.2%	86,754	0.4%	86,547	0.4%	84,534	0.4%
Chautauqua (US Airways Express)	70,677	0.3%	64,453	0.3%	77,766	0.4%	123,584	0.6%	125,888	0.6%
Colgan Air (US Airways Express)	38,597	0.2%	15,042	0.1%	13,983	0.1%	15,315	0.1%	15,493	0.1%
Piedmont (US Airways Express)	28,463	0.1%	12,856	0.1%	4,594	0.0%	15,714	0.1%	12,784	0.1%
America West	164,317	0.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Trans States (US Airways Express)	6,529	0.0%	99	0.0%	-	0.0%	-	0.0%	-	0.0%
<i>Delta Carriers</i>	2,639,992	12.2%	2,576,696	12.4%	2,412,532	11.9%	2,305,513	11.1%	2,572,903	12.3%
Delta	1,078,502	5.0%	1,065,141	5.1%	1,029,441	5.1%	1,574,610	7.6%	1,579,952	7.6%
Delta Shuttle	252,743	1.2%	206,552	1.0%	13,149	0.1%	-	0.0%	-	0.0%
Northwest	874,958	4.1%	789,806	3.8%	616,641	3.0%	28,819	0.1%	-	0.0%
Comair (Delta Connection)	246,947	1.1%	228,057	1.1%	271,866	1.3%	257,595	1.2%	186,120	0.9%
Shuttle America (Delta Connection)	27,219	0.1%	25,287	0.1%	168,377	0.8%	164,625	0.8%	148,514	0.7%
Pinnacle (Northwest Airlink)	74,451	0.3%	78,055	0.4%	88,566	0.4%	4,243	0.0%	-	0.0%
Compass (Northwest Airlink)	9,955	0.0%	51,996	0.2%	85,060	0.4%	5,657	0.0%	-	0.0%
Freedom (Delta Connection)	17,177	0.1%	77,362	0.4%	42,991	0.2%	21,007	0.1%	-	0.0%
Pinnacle (Delta Connection)	-	0.0%	18,640	0.1%	38,223	1.3%	51,443	1.2%	168,785	0.9%
Mesaba (Northwest Airlink)	9,895	0.0%	4,658	0.0%	29,915	0.1%	4,944	0.0%	-	0.0%
Atlantic Southeast (Delta Connection)	36,758	0.2%	21,261	0.1%	21,006	0.1%	41,105	0.2%	146,093	0.7%
Compass (Delta Connection)	-	0.0%	-	0.0%	-	0.0%	89,718	0.4%	189,648	0.9%
Mesaba Aviation (Delta Connection)	-	0.0%	-	0.0%	-	0.0%	43,330	0.2%	88,987	0.4%
Chautauqua (Delta Connection)	11,009	0.1%	9,881	0.0%	6,065	0.0%	17,285	0.1%	64,340	0.3%
SkyWest (Delta Connection)	378	0.0%	-	0.0%	1,232	0.0%	1,132	0.0%	464	0.0%
<i>American Carriers</i>	1,980,127	9.2%	1,889,361	9.1%	1,903,583	9.4%	1,949,698	9.4%	1,849,304	8.9%
American	1,658,503	7.7%	1,594,478	7.7%	1,553,374	7.6%	1,653,033	8.0%	1,622,665	7.8%
American Eagle	279,131	1.3%	268,652	1.3%	331,584	1.6%	292,901	1.4%	226,639	1.1%
Trans States (American Connection)	32,784	0.2%	21,596	0.1%	2,385	0.0%	-	0.0%	-	0.0%
Chautauqua (American -Connection)	9,709	0.0%	4,635	0.0%	16,240	0.1%	3,764	0.0%	-	0.0%
JetBlue	776,980	3.6%	731,252	3.5%	628,671	3.1%	617,239	3.0%	739,872	3.5%
<i>Southwest Airlines Carriers⁴</i>	786,568	3.6%	825,220	4.0%	761,293	3.7%	875,709	4.2%	807,989	3.9%
AirTran Airways	417,591	1.9%	428,922	2.1%	390,264	1.9%	501,427	2.4%	486,784	2.3%
Southwest Airlines	368,977	1.7%	396,298	1.9%	371,029	1.8%	374,282	1.8%	321,205	1.5%
Virgin America	27,247	0.1%	194,248	0.9%	237,796	1.2%	231,889	1.1%	235,983	1.1%
British Airways	173,361	0.8%	189,442	0.9%	182,703	0.9%	173,211	0.8%	190,445	0.9%
Air France	192,578	0.9%	176,064	0.8%	181,787	0.9%	161,910	0.8%	173,618	0.8%
<i>Frontier Carriers</i>	128,498	0.6%	176,960	0.8%	306,764	1.5%	331,680	1.6%	357,605	1.7%
Frontier	128,498	0.6%	156,669	0.1%	158,846	0.8%	204,339	1.0%	357,605	1.7%
Republic (Midwest Connect)	-	0.0%	20,291	0.1%	147,868	0.7%	10,503	0.1%	-	0.0%
Chautauqua (Midwest Connect)	-	0.0%	-	0.0%	50	0.0%	-	0.0%	-	0.0%
Republic (Midwest)	-	0.0%	-	0.0%	-	0.0%	116,838	0.6%	-	0.0%
Midwest	204,583	0.9%	174,737	0.8%	32,247	0.2%	-	0.0%	-	0.0%

**COMBINED REAGAN NATIONAL AIRPORT AND DULLES INTERNATIONAL AIRPORT
ENPLANEMENT MARKET SHARE BY AIRLINE**

Airline	2007	Share	2008	Share	2009	Share	2010	Share	2011	Share
Lufthansa	203,686	0.9%	173,440	0.8%	158,147	0.8%	176,357	0.8%	174,947	0.8%
Alaska	142,567	0.7%	146,589	0.7%	144,317	0.7%	149,368	0.7%	155,454	0.7%
Spirit	86,636	0.4%	106,483	0.5%	117,546	0.6%	123,878	0.6%	146,539	0.7%
TACA International	118,331	0.5%	101,867	0.5%	95,132	0.5%	98,844	0.5%	103,804	0.5%
Qatar Amiri Air	25,841	0.1%	85,231	0.4%	88,061	0.4%	103,078	0.5%	101,139	0.5%
<i>Air Canada Carriers</i>	<i>174,053</i>	<i>0.8%</i>	<i>152,448</i>	<i>0.7%</i>	<i>140,880</i>	<i>0.7%</i>	<i>149,687</i>	<i>0.7%</i>	<i>115,606</i>	<i>0.6%</i>
Air Canada	62,395	0.3%	65,031	0.3%	54,701	0.3%	63,165	0.3%	58,417	0.3%
Air Canada Jazz	111,658	0.5%	87,417	0.4%	86,179	0.4%	86,522	0.4%	57,189	0.3%
Virgin Atlantic	104,319	0.5%	95,567	0.5%	84,778	0.4%	76,417	0.4%	75,256	0.4%
KLM Royal Dutch	83,033	0.4%	78,574	0.4%	79,265	0.4%	74,878	0.4%	77,930	0.4%
South African	87,604	0.4%	82,084	0.4%	73,221	0.4%	80,797	0.4%	78,859	0.4%
Korean Air	63,789	0.3%	57,850	0.3%	72,814	0.4%	78,298	0.4%	83,112	0.4%
SAS	66,251	0.3%	71,112	0.3%	66,085	0.3%	71,042	0.3%	65,797	0.3%
Austrian	80,054	0.4%	80,821	0.4%	63,885	0.3%	60,401	0.3%	60,793	0.3%
All Nippon	65,852	0.3%	62,932	0.3%	60,949	0.3%	66,573	0.3%	62,994	0.3%
Ethiopian Airlines	41,977	0.2%	44,955	0.2%	42,141	0.2%	56,373	0.3%	80,752	0.4%
Iberia	27,758	0.1%	39,646	0.2%	36,193	0.2%	22,200	0.1%	-	0.0%
COPA	12,704	0.1%	30,063	0.1%	31,723	0.2%	31,200	0.2%	35,917	0.2%
Aer Lingus	15,571	0.1%	33,295	0.2%	27,229	0.1%	54,628	0.3%	60,364	0.3%
Avianca	-	0.0%	12,828	0.1%	23,502	0.1%	24,536	0.1%	24,383	0.1%
Saudi Arabian	16,476	0.1%	20,785	0.1%	23,044	0.1%	28,874	0.1%	35,634	0.2%
Mexicana	-	0.0%	-	0.0%	1,853	0.0%	20,299	0.1%	-	0.0%
MN Airlines	31,423	0.1%	20,661	0.1%	15,194	0.1%	14,327	0.1%	26,374	0.1%
Aeroflot	7,356	0.0%	8,029	0.0%	7,301	0.0%	8,843	0.0%	8,490	0.0%
MaxJet	5,004	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Lloyd Aereo Boliviano - LAB	1,045	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Turkish Airlines	-	0.0%	-	0.0%	-	0.0%	5,370	0.0%	47,988	0.2%
Icelandair	-	0.0%	-	0.0%	-	0.0%	-	0.0%	20,193	0.1%
OpenSkies	-	0.0%	-	0.0%	-	0.0%	4,888	0.0%	5,883	0.0%
Air India	-	0.0%	-	0.0%	1,055	0.0%	3,002	0.0%	-	0.0%
Cayman	-	0.0%	499	0.0%	1,496	0.0%	637	0.0%	2,449	0.0%
AeroSur	-	0.0%	-	0.0%	-	0.0%	233	0.0%	5,035	0.0%
American TransAir	159,377	0.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Charters	10,248	0.0%	15,493	0.1%	21,527	0.1%	21,248	0.1%	22,623	0.1%
TOTAL^{5,6,7}	21,567,583	100.0%	20,835,778	100.0%	20,314,014	100.0%	20,777,604	100.0%	20,878,554	100.0%

¹ As of October 1, 2010, United and Continental completed the merger of the two airlines. The combined airline operates under the name "United Airlines".

² Includes activity for Ted at Dulles International Airport in 2007 through 2008.

³ Includes activity for US Airways Shuttle.

⁴ As of May 2, 2011, Southwest completed its purchase of AirTran Airways. On March 1, 2012, the two airlines received approval for a single operating certificate from the FAA. Southwest will work toward full integration of AirTran in 2012 at which point it expects to operate under the Southwest brand.

⁵ Excludes military and general aviation passenger enplanements.

⁶ Enplanement data has been reconciled to the Airports Authority's records and may not match figures released previously.

⁷ The totals may not add due to rounding.

Source: Airports Authority records.

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Baltimore/Washington International Thurgood Marshall Airport

Portions of the Airports service region also are served by BWI, which is located northeast of Washington, D.C., approximately 30 miles from Reagan National Airport and 46 miles from Dulles International Airport. BWI is operated by the State of Maryland Department of Transportation. The Federal Lease and the Federal Act provide for the voluntary inclusion of BWI among the airports operated by the Airports Authority. At the time the Airports Authority was created, the State of Maryland declined to have BWI included in the Airports Authority.

According to information on BWI's website (which has not been independently verified by the Airports Authority or the Underwriters), enplaned passengers at BWI in 2011 numbered approximately 11.2 million. This represented a 2.0% increase in passenger traffic compared to 2010. International enplaned passengers at BWI in 2011 totaled approximately 272,500, 2.4% of all enplaned passengers at the airport. The five airlines with the largest number of enplaned passengers at BWI in 2011 were Southwest (55.7%), AirTran (14.9%), Delta (9.2%), US Airways (7.0%), and United (6.6%).

In a 2005 study, the Department of Transportation ("DOT") noted that in multi-airport regions, such as the Airports service region, O&D passenger traffic may be diverted to airports that have a strong low-cost presence, such as Southwest and AirTran at BWI. In 2011, 34.9% of passengers in the region were enplaned at BWI and 65.1% were enplaned at the Airports. Also affecting growth of the Airports is the inability of Reagan National Airport to accommodate any significant increase in passengers during peak periods because of physical constraints and slot restrictions. Between 2004 and 2011, the Airports Authority total share of enplaned passengers in the region has remained stable.

The following table details the shares of enplaned passengers (O&D and connecting) at Reagan National Airport, Dulles International Airport and BWI from 2004 through 2011:

SHARES OF ENPLANED PASSENGERS AT REGIONAL AIRPORTS								
Airport	2004	2005	2006	2007	2008	2009	2010	2011
Reagan National Airport	27.0%	27.7%	29.8%	29.0%	28.9%	28.5%	28.4%	29.3%
Dulles International Airport	38.5%	41.6%	36.8%	38.2%	38.1%	37.5%	37.0%	35.8%
BWI	34.5%	30.7%	33.4%	32.8%	33.0%	34.1%	34.6%	34.9%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Totals may not add due to rounding.

Source: Airports Authority records and Maryland Aviation Administration.

FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS

General

The Airports Authority derives a substantial portion of its operating revenues from airline landing and facility rental fees. The financial strength and stability of the airlines using the Airports, together with numerous other factors, influence the level of aviation activity at the Airports and revenues of the Airports Authority. Individual airline decisions regarding level of service, particularly hubbing activity at the Airports also affect enplanements. Since 2001, most domestic airlines have been downgraded by the rating

agencies, have declared bankruptcy under Chapter 11 of the U.S. Bankruptcy Code (“Chapter 11”), including United, US Airways, Delta, Northwest, ATA, Air Canada, Midway, American Airlines and Independence Air, and have implemented service reductions and layoffs of employees in response to reduced passenger demand and increased fuel and other operating costs. Several domestic airlines have merged, such as United and Continental, Delta and Northwest, and several ceased operations, such as Independence Air and ATA.

US Airways

For the year ended December 31, 2011, US Airways and its regional affiliates represented approximately 35.6% of the revenues earned from airlines at Reagan National Airport. No other airline represented over 25.2% of such revenues at Reagan National Airport. Enplanements of US Airways and its regional affiliates at the Airports in 2011 represented 18% of the combined enplanements at both Airports.

According to information obtained from its filings with the SEC, US Airways reported net income of \$71 million in 2011, compared to a net income of \$502 million in 2010.

Recently, US Airways reached agreements with three unions that represent almost 55,000 American Airlines employees outlining what their collective bargaining agreements would look like if US Airways were to merge with American Airlines (which filed for bankruptcy protection under Chapter 11). On April 20, 2012, the Chairman and Chief Executive Officer of US Airways released an employee letter describing the above agreements and the benefits of potential merger with American Airlines. The probability of a merger and any impact of such merger on the Airports Authority are uncertain at this time.

United/Continental

For the year ended December 31, 2011, United, Continental and their regional affiliates represented approximately 13.1% of the revenues earned from airlines at Reagan National Airport, and approximately 57.0% of the revenues earned from airlines at Dulles International Airport. Enplanements by United, Continental and their regional affiliates at the Airports in 2011 represented 40.8% of the combined enplanements at both Airports.

On October 1, 2010, Continental became a wholly-owned subsidiary of United Continental Holdings, Inc. (“UCH”) as a result of the merger of a subsidiary of UCH with and into Continental (United is also a wholly-owned subsidiary of UCH). The combined airline obtained a single operating certificate from the FAA in November 2011 and began operating under the name “United Airlines.” In early March 2012, the merged airline moved to a single passenger service system that enables the airline to operate from one technological platform, including its sales and reservation system. According to information obtained from its filings with the SEC, UCH reported net income of \$840 million in 2011, compared to a net income of \$253 million in 2010.

Delta

For the year ended December 31, 2011, Delta and its regional affiliates represented approximately 25.2% of the revenues earned from airlines at Reagan National Airport. Enplanements by Delta and its regional affiliates represented approximately 12.3% of the combined enplanements at both Airports. Delta filed for bankruptcy protection on September 14, 2005. The airline continued to operate at the Airports during its reorganization. Delta emerged from bankruptcy protection in April of 2007 and in October of 2008, Delta acquired Northwest, and the merged airline operates under the Delta name and brand.

According to information obtained from its filings with the SEC, Delta reported net income of \$854 million in 2011, compared to a net income of \$593 million in 2010.

Other Airlines Serving the Airports

Several other airlines operating at the Airports have experienced financial difficulties during the past several years. Between 2004 and 2008, MaxJet, MN Airlines, doing business as Sun Country Airlines, and Gemini Air Cargo, each filed for bankruptcy, and except for MN Airlines, all of them ceased operations. Approximately \$159,000 owed by these airlines to the Airports Authority was written off by the Airports Authority in 2010. Frontier filed for bankruptcy protection in April 2008, was acquired by Republic Airways Holdings Inc. in October 2009 and emerged from bankruptcy in that same month under new ownership. Frontier has agreed to assume its lease and to pay the Airports Authority approximately \$80,000 for its pre- and post-petition debt.

During 2010, Mesa Air Group, Sky King Airlines and Mexicana Airlines filed for bankruptcy protection owing the Airports Authority \$116,454.06, \$4,781.44, and \$357,531.86, respectively. Approximately, \$357,209 owed by Mexicana Airlines to the Airports Authority was written off by the Airports Authority in 2011.

On November 29, 2011, American Airlines, together with its parent, AMR Corporation and American Eagle (collectively, "AMR"), filed for bankruptcy protection under Chapter 11 which permits AMR to continue its operations while developing a plan of reorganization. The Airports Authority's accounts receivable includes \$723,665 in pre-petition debt and \$28,456 in post-petition debt for this airline. See discussion under "US Airways" above regarding US Airways' interest in the merger with American Airlines.

On April 1, 2012, Pinnacle Airlines, together with its subsidiaries Colgan Air and Mesaba Aviation (collectively, "Pinnacle"), filed for bankruptcy protection under Chapter 11 which permits Pinnacle to continue operations while developing a plan of reorganization. The Airports Authority's accounts receivable includes \$812,857 in pre-petition debt and \$42,273 in post-petition debt for these airlines.

The Airports Authority cannot predict the duration or extent of reductions and disruptions in air travel or the extent of any adverse impact on Revenues, PFC collections, passenger enplanements, operations or the financial condition of the Airports Authority that such disruptions and reductions may cause, or whether these and other factors will result in more airline bankruptcies. All airlines that have filed for reorganization under the U.S. bankruptcy laws in the past have remitted all material payments due to the Airports Authority under the Airline Agreements. The Airports Authority is not able to predict how long any airline in bankruptcy protection would continue operating at the Airports or whether any airline will liquidate or substantially restructure its operations. Bankruptcies, liquidations or major restructurings of airlines could occur in the future. Further, the Airports Authority cannot predict or give any assurance that the airlines serving the Airports will continue to pay or to make timely payment of their obligations under the Airline Agreement.

PFCs

Pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508), the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181), the VISION 100-Century of Aviation Reauthorization Act, P.L. 108-176, the Federal Aviation Administration Extension Act of 2008,

P.L. 110-330 and the FAA Modernization and Reform Act of 2012, P.L. 112-95 (collectively, the “PFC Acts”), the FAA has approved the Airports Authority’s applications to require airlines to collect and remit to the Airports Authority a \$4.50 PFC for each enplaning revenue passenger at the Airports. See “PLAN OF FUNDING FOR THE 2001-2016 CCP – Funding Source: PFCs.”

The PFC Acts provide that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Airports Authority) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds on financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC revenue in a separate account for the benefit of the airport and cannot grant a third party any security or other interest in PFC revenue. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. PFCs collected by those airlines are required by the bankruptcy court to be placed in accounts separate from other airline revenue accounts and be paid to airports monthly in accordance with the PFC regulations. However, the Airports Authority cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay the Airports Authority in full for the PFCs owed by such airline. The Airports Authority has recovered all of its PFCs from each of the airlines that filed for Chapter 11 bankruptcy protection. PFCs are not pledged to the repayment of the Bonds. On August 1, 2009, however, the Airports Authority irrevocably committed \$35 million of Designated Passenger Facility Charges per year to pay Annual Debt Service on the Bonds until 2016. See “PLAN OF FUNDING FOR THE 2001-2016 CCP – Funding Source: PFCs.”

Information Concerning the Airlines

Certain of the airlines (or their respective parent corporations) are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the SEC. Certain information, including financial information, concerning such airlines (or their respective parent corporations) is disclosed in reports and statements filed with the SEC. Such reports and statements can be inspected and copies obtained at prescribed rates at the SEC’s principal offices at 100 F Street, N.E., Washington, D.C. 20549, and should be available for inspection and copying at the SEC’s regional offices located at 233 Broadway, New York, New York 10279, and 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661. The public may obtain information on the hours of operation of the Public Reference Room by calling the SEC at 1-800-SEC-0380. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Some of the airlines are required to file periodic reports of financial and operating statistics with the DOT. Such reports can be inspected at the Office of Aviation Information Management, Data Requirements and Public Reports Division, Research and Special Programs Administration, DOT, 400 Seventh Street, S.W., Washington, D.C. 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments or foreign corporations file limited information only with the DOT.

The Airports Authority has no responsibility for the completeness or accuracy of information available from the DOT or SEC, including, but not limited to, updates of information on the SEC's Internet site or links to other Internet sites accessed through the SEC's site.

CERTAIN INVESTMENT CONSIDERATIONS

The Bonds may not be suitable for all investors. Prospective purchasers of the Bonds should give careful consideration to the information set forth in this Official Statement, including, in particular, the matters referred to in the following summary.

General

The Revenues of the Airports Authority are affected substantially by the economic health of the air transportation industry and the airlines serving the Airports. Certain factors that may materially affect the Airport Service Region, the Airports and the airlines include, but are not limited to (i) the availability and cost of aviation fuel and other necessary supplies, (ii) national and international economic conditions and currency fluctuations, (iii) the financial health and viability of the airline industry, (iv) air carrier service and route networks, (v) the population growth and the economic health of the region and the nation, (vi) changes in demand for air travel, (vii) service and cost competition, (viii) levels of air fares, (ix) fixed costs and capital requirements, (x) the cost and availability of financing, (xi) the capacity of the national air traffic control system, (xii) the capacity of the Airports and the capacity of competing airports, (xiii) national and international disasters and hostilities, (xiv) the cost and availability of employees, (xv) labor relations within the airline industry, (xvi) regulation by the federal government including the effect of the High Density and Perimeter rules on Reagan National Airport, (xvii) environmental risks and regulations, noise abatement concerns and regulations, (xviii) bankruptcy and insolvency laws, and (xix) safety concerns arising from international conflicts and the possibility of additional terrorist attacks and other risks. Several of these factors, including increased fuel, labor, equipment and other costs, slow or negative traffic growth in certain areas, increased competition among air carriers, bankruptcies, consolidation and mergers among air carriers, costs of compliance with new security regulations and requirements, threat of possible future terrorist attacks and increases in the requirements for and the cost of debt capital, reduced profits and caused significant losses for all but a few air carriers in the early 2000s. By early 2007, all major airlines serving the Airports that had been in bankruptcy emerged from bankruptcy protection and started reporting profits. In 2008, however, a number of airlines (including some that served the Airports) ceased operations and/or filed for bankruptcy protection unable to sustain increased costs due to record aviation fuel prices and other financial pressures. In 2011, American Airlines filed for Chapter 11 bankruptcy. See "THE AIRPORTS SERVICE REGION AND AIRPORTS ACTIVITY" and "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS."

Airline Consolidations

In response to competitive pressures, the U.S. airline industry continues to consolidate. In October 2008, Delta and Northwest merged. In June 2009, Republic Airways Holdings, Inc. acquired Midwest Airline and in October 2009 it acquired Frontier Airline. In October 2010, United and Continental completed the merger of the two airlines. In May 2011, Southwest Airlines completed its acquisition of AirTran Airways.

United operates a connecting hub at Dulles International Airport and, collectively with Continental and regional affiliates, accounted for approximately 72.4% of domestic enplanements at that airport in 2011. Prior to the merger, Continental's primary connecting hubs were Newark International Airport and George

Bush Intercontinental Airport/Houston (Intercontinental) and United's primary hubs were Dulles International Airport, Chicago O'Hare International Airport and Denver International Airport. Traffic at Dulles International Airport will depend in part on the merged airline's routing decisions, and as such the Airports Authority cannot predict what impact, if any, the merger could have on the traffic at Dulles International Airport.

Further airline consolidation is possible and could change airline service patterns, particularly at the connecting hub airports of the merged airlines. The Airports Authority cannot predict what impact, if any, such consolidations will have on airline traffic at the Airports. See "Competition" under this caption for additional discussion on the effect of airline consolidation on the Airports.

Airlines Serving the Airports

The Airports Authority derives a substantial portion of its operating revenues from landing, facility rental and concession fees. The financial strength and stability of the airlines using the Airports, together with numerous other factors, influence the level of aviation activity and revenues at the Airports. In addition, individual airline decisions regarding level of service, particularly hubbing activity at the Airports and aircraft size such as use of regional jets, can affect total enplanements.

In 2002 through 2011, several airlines (including some that served the Airports) ceased operations and/or filed for bankruptcy protection. See "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS." No assurances can be given that the airlines now serving the Airports will continue operations or maintain their current levels of activity at the Airports. If one or more airlines were to discontinue operations at the Airports, the activity accounted for by such airlines would not necessarily be replaced by other carriers. See "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS."

Cost of Aviation Fuel

Airline earnings are significantly affected by the price of aviation fuel. According to the Air Transport Association, fuel is the largest single cost component for most airline operations, and therefore an important and uncertain determinant of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but there have been significant increases and fluctuations in the price of fuel.

Any increase in fuel prices causes an increase in airline operating costs. According to the Air Transport Association, a one-dollar per barrel increase in the price of crude oil equates to approximately \$445 million in annual additional expense for U.S. airlines. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries' policy, increased demand for fuel caused by rapid growth of economies such as China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. In recent years, the cost of aviation fuel has risen sharply in response both to political instability abroad as well as increased demand for petroleum products around the world. Oil prices reached an all-time record high of \$145.29 per barrel in July 2008, but have since declined. Significant fluctuations and prolonged increases in the cost of aviation fuel have had an adverse impact on air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel as well as to increase airfares and institute fuel, checked baggage and other extra surcharges, all of which may decrease demand for air travel.

Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. Following significant and dramatic changes which occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak growth. As a result of concerns about the U.S. government's ability to resolve long-term deficits, S&P in August 2011 downgraded the credit rating of the U.S. sovereign debt from AAA to AA+. It is not known at this time whether the high national unemployment rate, or the slow rate of national and global economic growth will persist beyond 2012. There can be no assurances that the prolonged weak economic conditions, the U.S. federal government's credit rating downgrade, or other national and international fiscal concerns will not have an adverse effect on the air transportation industry.

Geopolitical Risks

As a result of the conflicts in the Middle East and related terrorist threats immediately following the events of September 11, 2001, airlines significantly reduced the number of transatlantic flights and consequently, airline revenues and cash flow were adversely affected. Although passenger traffic in the last five years has exceeded the pre-September 11, 2001, levels, uncertainty associated with war, unrest in the Middle East, reduction of economic activities in Europe, and the threats of future terrorist attacks may have an adverse impact on air travel in the future.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred in the Middle East) and terrorist attacks, may influence passenger travel behavior and air travel demand. These concerns intensified in the aftermath of the events of September 11, 2001. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against future terrorist incidents and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screening of passengers, baggage, and cargo, and deployment of new screening technologies.

Public health concerns have also affected air travel demand from time to time. In 2003 concerns about the spread of severe acute respiratory syndrome ("SARS") led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia.

Aviation Security Requirements and Related Costs

The airlines and the federal government were primarily responsible for, and bore most of the capital costs associated with, implementing the new security measures. The Airports are currently in compliance

with all federally mandated security requirements. If additional financial assistance becomes available from TSA, the Airports Authority may perform certain additional building modifications to better accommodate in-line baggage screening equipment. See “THE 2001-2016 CCP.”

The Airports Authority cannot predict the effect of any future government-required security measures on passenger activity at the Airports. Nor can the Airports Authority predict how the government will staff security screening functions or the effect on passenger activity of government decisions regarding its staffing levels.

Certain Factors Affecting the Airports

Enplanements at the Airports, collections of PFCs and the receipt of Revenues were negatively affected by security restrictions on the Airports and the financial condition of the air transportation industry following the terrorist attacks of September 11, 2001, and the Airports Authority, like many airport operators, experienced increased operating costs due to compliance with federally mandated and other security and operating changes. Given the proximity of the Airports to Washington, D.C., the FAA or the Department of Homeland Security may require further enhanced security measures and impose additional restrictions on the Airports, which may negatively affect future Airports Authority performance. The Airports Authority cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001, the possibility of increased security restrictions, the likelihood of future air transportation disruptions or the impact on the Airports or the airlines from such incidents or disruptions. See “THE AIRPORTS AUTHORITY – Regulations and Restrictions Affecting the Airports – Possible Future Restrictions on Reagan National Airport,” “THE AIR TRADE AND AIRPORTS ACTIVITY – Airlines Serving the Airports,” and “FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS.”

Regulations and Restrictions Affecting the Airports

The operations of the Airports Authority and its ability to generate revenues are affected by a variety of legislative, legal, contractual, statutory, regulatory and practical restrictions, including restrictions in the Federal Act, limitations imposed by the Federal Lease, provisions of the Airline Agreement, the PFC Acts’ regulations such as the High Density and Perimeter Rules that affect Reagan National Airport and extensive federal legislation and regulations applicable to all airports. It is not possible to predict whether future restrictions or limitations on the Airports’ operation will be imposed, whether future legislation or regulation will affect anticipated federal funding or PFC collection, whether additional requirements will be funded by the federal government or require funding by the Airports Authority, or whether such restrictions, legislation or regulations would adversely affect Net Revenues. For a description of these restrictions and regulations, see “THE AIRPORTS AUTHORITY – Regulations and Restrictions Affecting the Airports.”

Effect of Bankruptcy on the Airline Agreement

In the event of bankruptcy proceedings involving one or more of the Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Airline Agreement. In the event of assumption, the debtor airline is required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of the Airline Agreement by any Signatory Airline gives rise to an unsecured claim of the Airports Authority for damages, the amount of which may be limited by the U.S. Bankruptcy Code. The amounts unpaid as a result of a rejection of the Airline Agreement by a Signatory Airline in bankruptcy can be passed on to the remaining Signatory Airlines under the Airline Agreement. If the bankruptcy of one or

more Signatory Airlines were to occur, however, there can be no assurance that the remaining Signatory Airlines would be able, individually or collectively, to meet their obligations under the Airline Agreement. See “CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS – Airport Use Agreement and Premises Lease,” “FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS – Effect of Airline Bankruptcies” and APPENDIX B – “Summary of Certain Provisions of the Airport Use Agreement and Premises Lease.”

Enforceability of Rights and Remedies and Bankruptcy

The rights and remedies available to the owners of the Series 2012A-B Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial enforcement actions which are often subject to discretion and delay. Currently, the Airports Authority is not authorized by either of the Acts to file for bankruptcy.

Availability of Designated Passenger Facility Charges

In addition to the use of Net Revenues, the Airports Authority has irrevocably committed to use the greater of (i) \$35,000,000 or (ii) 50% of the total amount of Designated Passenger Facility Charges between Fiscal Years 2011 and 2016, respectively, to pay a portion of the Annual Debt Service on PFC Eligible Bonds. See “THE BONDS – Security and Source of Payment for the Bonds – Irrevocable Commitment of Certain Passenger Facility Charges” above.

The amount of Designated Passenger Facility Charges received by the Airports Authority in future years will vary based upon the actual number of PFC-eligible passenger enplanements at Dulles International Airport. No assurance can be given that any level of enplanements will be realized. Additionally, the FAA may terminate the Airports Authority’s authority to impose PFCs, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the PFC Regulations, or (b) the Airports Authority otherwise violates the PFC Act or the PFC Regulations. The Airports Authority’s authority to impose a PFC may also be terminated if the Airports Authority violates certain provisions of the Airport Noise and Capacity Act of 1990 (the “ANCA”) and its regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Airports Authority’s authority to impose a PFC would not be summarily terminated. No assurance can be given that the Airports Authority’s authority to impose a PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airports Authority or that the Airports Authority will not seek to decrease the amount of PFCs to be collected, provided such decrease does not violate the Airports Authority’s covenant in the Indenture. A shortfall in PFC revenues may cause the Airports Authority to increase rates and charges at the Airports to meet the debt service requirements on the Bonds that the Airports Authority plans to pay from Designated Passenger Facility Charges, and/or require the Airports Authority to identify other sources of funding for its capital program, including issuing additional Bonds.

Airports Authority Insolvency

The Series 2012A-B Bonds are not secured by or payable from the revenues derived from the Dulles Toll Road or other assets of the Airports Authority accounted for under the Dulles Corridor Enterprise Fund. Nevertheless, the Airports Authority could become insolvent in connection with activities related to the Dulles Toll Road and the Dulles Metrorail Extension Project, even though the Airports are operating at a profit. If this were to occur, an Event of Default under the Indenture could occur even though the Revenues

of the Airports may be adequate to meet the rate covenant under the Indenture. A creditor who has a judgment against the Airports Authority as a result of activities related to the Dulles Toll Road or the Dulles Metrorail Extension Project may not be restricted to claims against the revenues of, or other assets accounted for by, the Dulles Corridor Enterprise Fund. Any attempt to levy against Airports Authority facilities used in operation of the Airports or Revenues derived from such operations may cause an Event of Default under the Indenture. As described under the “LITIGATION” section in Part I of this Official Statement, certain lawsuits have been instituted against the Airports Authority and others from time to time contesting its power to operate the Dulles Toll Road and to charge and collect tolls for its use.

Similarly, the Airports Authority could become insolvent in connection with its operations and maintenance of the Airports. Attempts to levy against Airports Authority facilities used in operation of the Airports or Revenues derived from such operations may also cause an Event of Default to occur.

Expiration and Possible Termination of Airline Agreement

Pursuant to the Airline Agreement, each Signatory Airline has agreed to pay the rates and charges for its use of the Airports. The Airline Agreement will expire on September 30, 2014, which is prior to the completion of the 2001-2016 CCP. Under the Airline Agreement, the Airports Authority has an annual right to terminate the Airline Agreement on 180 days’ notice effective each September 30. Under certain limited conditions, a Signatory Airline may terminate the Airline Agreement. See “CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS – Airport Use Agreement and Premises Lease.” The Airports Authority is permitted to renegotiate the Airline Agreement prior to its expiration. The Airports Authority has commenced negotiations with the Signatory Airlines regarding the terms of a new agreement for the use and occupancy of facilities at the Airports and rates and charges to be paid by such airlines to the Airports Authority.

Limitations on Bondholders’ Remedies

The occurrence of an Event of Default under the Indenture does not grant a right to either the Trustee or the Bondholders to accelerate payment of the Bonds. As a result, the Airports Authority may be able to continue indefinitely collecting Revenues and applying them to the operation of the Airports even if an Event of Default has occurred and no payments are being made on the Bonds. See Part I “THE SERIES 2012A-B BONDS – Events of Default and Remedies; No Acceleration or Cross Default.”

Cost and Schedule of Capital Construction Program

The costs and the schedule of the projects included in the CCP depend on various sources of funding, including additional Bonds, CP Notes, PFCs, and federal grants, and are subject to a number of uncertainties. The ability of the Airports Authority to complete the 2001-2016 CCP may be adversely affected by various factors including: (i) estimating errors, (ii) design and engineering errors, (iii) changes to the scope of the projects, (iv) delays in contract awards, (v) material, and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation, (xi) environmental issues, and (xii) additional security improvements and associated costs mandated by the federal government. A delay in the completion of certain projects under the 2001-2016 CCP could delay the collection of revenues in respect of such projects, increase costs for such projects, and cause the rescheduling of other projects. In addition, any of the deferred projects could be implemented at any time adding to the cost of the 2001-2016 CCP. The Airports Authority’s ability to increase capacity at Dulles International Airport, which may be necessary to efficiently accommodate any increases in aircraft operations and enplaned passengers, is dependent upon completion of certain projects in the 2001-2016 CCP.

There can be no assurance that the cost of construction of the 2001-2016 CCP projects will not exceed the currently estimated dollar amount or that the completion of the projects will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to issue additional Bonds and could result in increased costs per enplaned passenger to the airlines, which could place the Airports at a competitive disadvantage relative to lower-cost airports. See “THE 2001-2016 CCP.”

Competition

The Airports compete with other U.S. airports for both domestic and international passengers. Portions of the Airports service region are served by BWI. BWI experienced rapid growth in enplanements from 1991 through 2003, primarily due to the increasing presence of low-cost carriers at BWI, in particular Southwest. Among the three airports serving the Airport Service Region, BWI moved from enplaning the fewest passengers in the Airports Service Region in 1991 to enplaning the most passengers in 2003. Since 2004, BWI’s share of enplaned passengers in the Airports service region has remained stable at approximately 34%. The Airports Authority cannot predict, however, whether this trend will continue long-term. With the expected continued moderate growth of low-cost carriers and proposed improvements in transportation to and from the region, BWI will likely continue to be a competitor for the region’s domestic traffic. See “THE AIRPORTS SERVICE REGION AND AIRPORTS ACTIVITY – Baltimore/Washington International Thurgood Marshall Airport.”

International passengers made up 28.1% of all enplanements at Dulles International Airport in 2011. Among east coast airports, only the New York area airports offer more service across the Atlantic. International traffic may be more susceptible to fluctuation and disruption based on political instability, terrorist activities, currency fluctuations, and other factors that cannot be predicted or controlled by the airlines or the Airports Authority. The Airports Authority cannot predict whether the level of international traffic will continue at its current level or continue to grow at Dulles International Airport, nor can it predict what events, in addition to the merger of United and Continental, occurring domestically or internationally might adversely affect such traffic in the future.

The Airports Authority also may continue to experience increases in its operating costs due to compliance with federally mandated and other security and operating changes that are unique to the Airports. Such increased costs may increase the cost per enplaned passenger to the airlines, which could result in the Airports being put at a competitive disadvantage relative to other airports and transportation modes. See “THE AIRPORTS SERVICE REGION AND AIRPORTS ACTIVITY.”

Travel Substitutes

Teleconference, video-conference and web-based meetings continue to improve in quality and price and are considered a satisfactory alternative to some face-to-face business meetings.

Other Key Factors

Capacity limitations of the national air traffic control system, the Airports and at competing airports could be factors that might affect future activity at the Airports. In the past, demands on the air traffic control system have caused operational restrictions that have affected airline schedules and passenger traffic and caused significant delays. The FAA has made certain improvements to the computer, radar and communications equipment of the air traffic control system in recent years, but no assurances can be given that future increases in airline and passenger activity would not again adversely affect airline operations. The 2012 FAA Reauthorization Act contains numerous provisions aimed at accelerating the implementation of

Next Generation Air Transport System (“NextGen”). NextGen is designed to modernize the National Airspace System from a ground-based system of air traffic control to a satellite-based system of air traffic management in order to enhance the use of airspace and runways.

Future growth of air traffic at Reagan National Airport will be constrained to a significant extent by the High Density Rule and its physical location. Existing terminal and airfield capacity at Dulles International Airport are believed to be sufficient to accommodate near term future growth in airline traffic.

BWI is the primary airport in the Airport Service Region that competes with the Airports. BWI has no airfield, landside or access constraints that would inhibit growth in either domestic or international markets. In recent years, certain low cost carriers, particularly Southwest, have developed hubs and expanded rapidly at BWI. No assurances can be given that other airlines will not commence or expand activities at BWI to the detriment of airline activity at either or both of the Airports.

Forward Looking Statements

This Official Statement, and particularly the information contained in Part I under the captions “INTRODUCTION,” and “THE SERIES 2012A-B BONDS,” and in Part II under the captions “THE BONDS,” “THE AIRPORTS AUTHORITY’S FACILITIES AND MASTER PLANS,” “PLAN OF FUNDING FOR THE 2001-2016 CCP,” contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Among the factors that may cause forecast revenues and expenditures to be materially different from those anticipated are an inability to incur debt at assumed rates, construction delays, increases in construction costs, general economic downturns, factors affecting the airline industry in general, federal legislation and/or regulations, and regulatory and other restrictions, including but not limited to those that may affect the ability to undertake the timing or the costs of certain projects. Any forecast is subject to such uncertainties. Therefore, there will be differences between forecast and actual results, and those differences may be material.

CONTINUING DISCLOSURE

The Airports Authority has entered into the Disclosure Agreement with DAC meeting the requirements of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended. The Disclosure Agreement requires the Airports Authority to file with DAC (i) certain annual financial information and operating data and (ii) certain event notices. Under the Disclosure Agreement, DAC serves as the Airports Authority’s Disclosure Dissemination Agent for purposes of filing annual disclosure and event notices required by the Rule 15c2-12. DAC also will provide certain financial information of the Airports Authority through DAC’s web site at www.dacbond.com. The form of the Disclosure Agreement is attached as APPENDIX E. The Disclosure Agreement was also amended in accordance with the changes to Rule 15c2-12 promulgated by the SEC, as of July 1, 2009 and December 1, 2010. See also APPENDIX E for such amendments.

The Disclosure Agreement requires the Airports Authority to provide limited information at specified times. While the Airports Authority expects to provide substantial additional information, as it has in the past, it is not legally obligated to do so. A default by the Airports Authority under the Disclosure Agreement is not an Event of Default with respect to the Series 2012A-B Bonds. The Disclosure Agreement permits

any bondholder to seek specific performance of the Airports Authority's obligations thereunder after 30 days prior written qualifying notice to the Airports Authority and 30 days to cure, but no assurance can be given as to the outcome of any such proceeding. In connection with the issuance of its outstanding Bonds, the Airports Authority has never failed to comply in all material respects with any previous undertakings with regard to the Rule 15c2-12 to provide certain annual financial information and material event notices.

FINANCIAL ADVISOR

Jefferies & Company, Inc. (the "Financial Advisor") served as the financial advisor to the Airports Authority in connection with the issuance of the Series 2012A-B Bonds. The Financial Advisor has prepared the debt issuance plan for funding a portion of the 2001-2016 CCP based on information provided by the Airports Authority. In addition, it has assisted in the preparation of this Official Statement. The Financial Advisor has not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement.

INDEPENDENT ACCOUNTANTS

A copy of the Airports Authority's most recent audited financial statement is contained in its 2011 CAFR which was filed with EMMA and can also be found at www.metwashairports.com and www.dacbond.com. The financial statements incorporated in this Official Statement by reference to the Airports Authority's 2011 CAFR as of and for the year ended December 31, 2011 have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report included therein.

PROSPECTIVE FINANCIAL INFORMATION

The prospective financial information in this Official Statement has been prepared by, and is the responsibility of, the Airports Authority's management. The prospective financial information was not prepared with a view toward compliance with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The Airports Authority and its management believe that the budget information (See "AIRPORTS AUTHORITY FINANCIAL INFORMATION – Aviation Enterprise Fund Fiscal Year 2012 Budget") has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Airports Authority's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the prospective financial information contained herein and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers LLP assumes no responsibility for and denies any association with the prospective financial information and any other information derived therefrom included elsewhere in this Official Statement.

The PricewaterhouseCoopers LLP report included in the 2011 CAFR refers exclusively to the Airports Authority's historical financial information. The PricewaterhouseCoopers LLP report does not cover any other information in this offering and should not be read to do so.

APPENDIX A

**DEFINITIONS
AND
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

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DEFINITIONS

The following are definitions of certain terms used in the Official Statement (except as otherwise set forth therein), a summary of certain provisions of the Indenture.

"Account" shall mean any account or subaccount created in any Fund created under the Master Indenture or under a Supplemental Indenture.

"Accreted Value" shall mean (a) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Supplemental Indenture as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (b) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Bonds plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bonds or Original Issue Discount Bonds.

"Acts" shall mean, collectively, Chapter 598 of the Acts of Virginia General Assembly of 1985, as amended, and the District of Columbia Regional Airports Authority Act of 1985 (D.C. Law 6-67), as amended.

"Airport Consultant" shall mean a firm or firms of national recognition experienced in the field of planning the development, operation and management of airports and aviation facilities, selected and employed by the Airports Authority from time to time.

"Airports" shall mean Ronald Reagan Washington National Airport, located in Arlington County, Virginia, Washington Dulles International Airport, located in Fairfax County and Loudoun County, Virginia, and any other airport over which the Airports Authority assumes ownership or operating responsibility and that the Airports Authority designates as a part of the Airports under the Master Indenture; provided, however, that the requirements set forth in the Master Indenture for the issuance of additional Bonds shall be satisfied on the date designated by the Airports Authority for inclusion of such designated airport, assuming the issuance of additional Bonds in an amount equal to the aggregate principal of any indebtedness then outstanding, issued or incurred or otherwise payable from the revenues of such airport if such indebtedness is intended to be secured on a parity basis with the Bonds by the pledge of Net Revenues under the Master Indenture (including revenues of such designated airport).

"Airports Authority" shall mean the Metropolitan Washington Airports Authority, a public body politic and corporate created by the Commonwealth of Virginia and the District of Columbia with the consent of the Congress of the United States of America.

"Annual Debt Service" shall mean the amount of payments required to be made for principal of and interest on all Bonds, including mandatory sinking fund redemptions and Regularly Scheduled Hedge Payments to be made by the Airports Authority, and Airports Authority payments pursuant to Reimbursement Agreements with Credit Providers to reimburse such Credit Providers for debt service payments made, and to pay credit enhancement or liquidity support fees, in each case to the extent secured by the Indenture, scheduled to come due within a specified Fiscal Year, computed as follows:

(a) In determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds (other than Short-Term/Demand Obligations) in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds or Original Issue Discount Bonds maturing or scheduled for redemption in such year; and in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at such fixed rate and on the required funding dates.

(b) Except for any historical period for which the actual rate or rates are determinable and except as otherwise provided in the Master Indenture, Bonds that bear interest at a variable rate shall be deemed to bear interest at a fixed annual rate equal to (i) the average of the daily rates of such indebtedness during the 365 consecutive days (or any lesser period such indebtedness has been Outstanding) next preceding the date of computation; or (ii) with respect to any Bonds bearing interest at a variable rate which are being issued on the date of computation, the initial rate of such indebtedness upon such issuance.

(c) Any Bonds that bear interest at a variable rate and with respect to which there exists a Hedge Facility that obligates the Airports Authority to pay a fixed interest rate or a different variable interest rate shall (for the period during which such Hedge Facility is reasonably expected to remain in effect) be deemed to bear interest at the effective fixed annual rate or different variable rate thereon as a result of such Hedge Facility. In the case of any Bonds that bear interest at a fixed rate and with respect to which there exists a Hedge Facility that obligates the Airports Authority to pay a floating rate, Annual Debt Service shall (for the period during which such Hedge Facility is reasonably expected to remain in effect) be deemed to include the interest payable on such Bonds, less the fixed amounts received by the Airports Authority under the Hedge Facility, plus the amount of the floating payments (using the convention described in (b) above) to be made by the Airports Authority under the Hedge Facility.

(d) If all or any portion of an Outstanding Series of Bonds constitute Balloon Maturities, unissued Program Bonds or Short-Term/Demand Obligations, then, for purposes of determining Annual Debt Service, each maturity that constitutes a Balloon Maturity, unissued Program Bonds or Short-Term/Demand Obligations shall, unless otherwise provided in the Supplemental Indenture pursuant to which such Bonds are authorized or unless provision (e) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Maturity, unissued Program Bonds or Short-Term/Demand Obligations were issued, and extending not later than 30 years from the date such Balloon Maturity, unissued Program Bonds or Short-Term/Demand Obligations were originally issued; the interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index designated by an Authority Representative, taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Bonds only a portion of which constitutes Balloon Maturities, unissued Program Bonds or Short-Term/Demand Obligations, the remaining portion shall be treated as described in (a) above or such other provision of this definition as shall be applicable,

and with respect to that portion of a Series that constitutes Balloon Maturities, all funding requirements of principal and interest becoming due in any year other than the stated maturity of the balloon indebtedness shall be treated as described in (a) above or such other provision of this definition as shall be applicable.

(e) Any maturity of Bonds that constitutes a Balloon Maturity as described in provision (d) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Annual Debt Service is made, shall be assumed to become due and payable on the stated maturity date, and provision (d) above shall not apply thereto, unless there is delivered to the entity making the calculation of Annual Debt Service a certificate of an Authority Representative stating (i) that the Airports Authority intends to refinance such maturity, (ii) the probable terms of such refinancing and (iii) that the debt capacity of the Airports Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Maturity shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Annual Debt Service; provided that such assumption shall not result in an interest rate lower than that which would be assumed under provision (d) above and shall be amortized over a term of not more than 30 years from the expected date of refinancing.

(f) In any computation relating to the issuance of additional Bonds or the rate covenant required by the Master Indenture, there shall be excluded from the computation of Annual Debt Service principal of and interest on indebtedness for which funds are, or are reasonably expected to be, available for and which are irrevocably committed to make such payments, including without limitation any such funds in an escrow account or any such funds constituting capitalized interest held in any fund or account created by the Indenture.

"Authenticating Agent" shall mean the Trustee.

"Authority Facilities" shall have the same definition as such term has from time to time in the Acts.

"Authority Representative" shall mean the Chairman or the Vice Chairman of the Board of Directors, the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Vice President and General Counsel, the Vice President for Finance and Chief Financial Officer, or the Manager of Treasury of the Airports Authority, or other representative of the Airports Authority designated as authorized to give directions to the Trustee under the Forty-third Supplemental Indenture.

"Balloon Maturities" shall mean, with respect to any Series of Bonds 50% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series, which matures on such date or within such Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Commercial paper, bond anticipation notes or other Short-Term/Demand Obligations shall not be Balloon Maturities.

"Bond" or **"Bonds"** shall mean, for purposes of this summary, any bonds or any other evidences of indebtedness for borrowed money issued from time to time pursuant to the Master Indenture and the Supplemental Indentures. The term "Bond" or "Bonds" shall include notes, bond anticipation notes, commercial paper and other Short-Term/Demand Obligations, Regularly Scheduled Hedge Payments,

and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein, in each case to the extent secured by the Indenture; provided that Hedge Termination Payments to be made by the Airports Authority shall not be secured by the Indenture on a parity with the Bonds. The terms "Bond" and "Bonds" shall not include Subordinated Bonds or Junior Lien Obligations.

"Bond Authorizing Resolution" shall mean the resolution adopted by the Airports Authority on May 16, 2012, authorizing the issuance of the Series 2012A-B Bonds under the Indenture, authorizing the execution and delivery on behalf of the Airports Authority of the Forty-third Supplemental Indenture and other related agreements and approving, or duly delegating the authority to approve on behalf of the Airports Authority, the terms and details of the Series 2012A-B Bonds.

"Bond Counsel" shall mean an attorney or firm or firms of attorneys of national recognition, selected or employed by the Airports Authority and acceptable to the Trustee, experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Fund" shall mean the Metropolitan Washington Airports Authority Bond Fund created pursuant to the Master Indenture.

"Bond Payment Date" shall mean each April 1 and October 1, commencing October 1, 2012, and each redemption date.

"Book-Entry System" shall mean the system maintained by the Securities Depository as described in the Forty-third Supplemental Indenture.

"Business Day" shall mean any day of the week other than Saturday, Sunday or a day which shall be, in the Commonwealth of Virginia, the State of New York or in the jurisdiction in which the Corporate Trust Office of the Trustee or the principal office of the Series 2012A-B Registrar is located, a legal holiday or a day on which banking corporations are authorized or obligated by law or executive order to close.

"Capital Appreciation Bonds" shall mean Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Indenture and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and from and after such conversion date shall no longer be Capital Appreciation Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including applicable Treasury Regulations, rulings and procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

"Common Debt Service Reserve Requirement" shall mean the amount to be deposited in the Common Reserve Account as provided in the Forty-third Supplemental Indenture, and such amount shall always be equal to the lesser of (i) 10% of the original par amount of the Series 2012A-B Bonds and any other Common Reserve Bonds; (ii) the Maximum Annual Debt Service on the Series 2012A-B Bonds and any other Common Reserve Bonds in any Fiscal Year; or (iii) 125% of the average Annual Debt Service for the Series 2012A-B Bonds and any other Common Reserve Bonds; provided that such

amount may be recalculated at any time and that such amount shall be recalculated (a) upon the designation by the Airports Authority of any Common Reserve Bonds and (b) in connection with the redemption or purchase and cancellation of any Series 2012A-B Bonds or Common Reserve Bonds.

"Common Reserve Account" shall mean the account established for the Series 2012A-B Bonds and any other Common Reserve Bonds in the Debt Service Reserve Fund of the Forty-third Supplemental Indenture.

"Common Reserve Bonds" shall mean the Bonds of any other Series issued under the Master Indenture and designated in writing to the Trustee by an Authority Representative as being secured on a parity with the Series 2012A-B Bonds by amounts on deposit in the Common Reserve Account.

"Construction Fund" shall mean the Metropolitan Washington Airports Authority Construction Fund created pursuant to the Master Indenture.

"Corporate Trust Office" shall mean the office of the Trustee at which its principal corporate trust business is conducted, which at the date hereof is located in Baltimore, Maryland.

"Cost" when used with respect to Authority Facilities, shall have the same definition as such term has in the Acts.

"Credit Facility" or **"Credit Facilities"** shall mean, with respect to a Series of Bonds, the letter of credit, line of credit, municipal bond insurance, surety policy, or other form of credit enhancement and/or liquidity support, if any, for such Series of Bonds, provided for in the applicable Supplemental Indenture, including any alternate Credit Facility with respect to such Series of Bonds delivered in accordance with provisions of the Supplemental Indenture providing for the issuance of such Series of Bonds.

"Credit Provider" shall mean, with respect to a Series of Bonds, the provider of a Credit Facility, including municipal bond insurance, letter of credit, or liquidity support, if any, for such Series of Bonds specified in the applicable Supplemental Indenture.

"Debt Service Reserve Fund" shall mean the Metropolitan Washington Airports Authority Debt Service Reserve Fund created pursuant to the Master Indenture.

"DTC" shall mean The Depository Trust Company, New York, New York.

"Emergency Repair and Rehabilitation Fund" shall mean the Metropolitan Washington Airports Authority Emergency Repair and Rehabilitation Fund created pursuant to the Master Indenture.

"Event of Default" shall mean any one or more of the events set forth in the Master Indenture.

"Exempt Facilities" shall mean airports and functionally related and subordinate facilities within the meaning of and qualifying under Section 142 of the Code.

"Federal Lease" shall mean the Agreement and Deed of Lease, dated March 2, 1987, between the United States of America, acting through the Secretary of Transportation, and the Airports Authority, as the same may be amended or supplemented.

"Federal Lease Fund" shall mean the Metropolitan Washington Airports Authority Federal Lease Fund created pursuant to the Master Indenture.

"Fiscal Year" shall mean the fiscal year of the Airports Authority ending as of December 31 of each year or such other date as may be designated from time to time in writing by the Airports Authority to the Trustee.

"Fitch" shall mean Fitch Ratings, Inc. and its successors, if any, and if such corporation shall no longer perform the functions of a securities rating agency, "Fitch" shall mean any other nationally recognized Rating Agency designated by an Authority Representative.

"Forty-third Supplemental Indenture" shall mean the Forty-third Supplemental Indenture of Trust dated as of July 1, 2012, between the Airports Authority and the Trustee relating to the Series 2012A-B Bonds, which supplements the Master Indenture.

"Fund" shall mean any fund created under the Master Indenture or under a Supplemental Indenture.

"General Purpose Fund" shall mean the Metropolitan Washington Airports Authority General Purpose Fund created pursuant to the Master Indenture.

"Government Certificates" shall mean (in the case of governmental obligations) evidences of ownership of proportionate interest in future interest or principal payments of Government Obligations, including depository receipts thereof. Investments in such proportionate interest must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Government Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (c) the underlying Government Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated. "Government Certificates" shall also mean any other type of security or obligation that the Rating Agencies then maintaining ratings on any Bonds to be defeased have determined are permitted defeasance securities and qualify the Bonds to be defeased thereby for a rating in the highest category, or are otherwise acceptable to, each of the Rating Agencies.

"Government Obligations" shall mean direct and general obligations of, or obligations the timely payment of principal and interest on which are unconditionally guaranteed by, the United States of America.

"Hedge Facility" shall mean any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate payable with respect to any Bonds, and which (a) is designated in writing to the Trustee by an Authority Representative as a Hedge Facility to relate to all or part of one or more Series of Bonds; (b) is with a Qualified Hedge Provider or an entity that has been a Qualified Hedge Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Maximum Annual Debt Service is being made; and (c) has a term not greater than the term of the designated Bonds or a specified date for mandatory tender or redemption of such designated Bonds.

"Hedge Termination Payment" shall mean an amount payable by the Airports Authority or a Qualified Hedge Provider, in accordance with a Hedge Facility, to compensate the other party to the

Hedge Facility for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Hedge Facility.

"Holder" or "Bondholder" shall mean the registered owner of any Bond; provided that with respect to any Series of Bonds which is insured by a bond insurance policy, the term "Holder" or "Bondholder" for purposes of all consents, directions, and notices provided for in the Indenture and any applicable Supplemental Indenture, shall mean the issuer of such bond insurance policy as long as such policy issuer has not defaulted under its policy; provided further that unless it is actually the beneficial owner of the Bonds in respect of which consent is requested, the policy issuer shall not have the power to act on behalf of the registered owners of any Bonds to consent to changes that (a) extend the stated maturity of or time for paying the interest on such Bonds, (b) reduce the principal amount of, purchase price for, or redemption premium or rate of interest payable on such Bonds, or (c) result in a privilege or priority of any Bond over any other Bond. A Qualified Hedge Provider shall only be considered a Bondholder to the extent specified in a Supplemental Indenture.

"Indenture" shall mean the Master Indenture as amended, supplemented, and restated from time to time in accordance with its terms.

"Interest Account" shall mean the Account of that name in the Bond Fund created pursuant to the Master Indenture.

"Junior Lien Indenture" shall mean the indenture or other documents of the Airports Authority providing for the issuance of and securing Junior Lien Obligations.

"Junior Lien Obligations" shall mean the Airports Authority's bonds, or other indebtedness or obligations subordinate to the Bonds and the Subordinated Bonds, but such term shall not include the Federal Lease or Special Facility Bonds. The term "Junior Lien Obligations" shall include notes, bond anticipation notes, commercial paper and other Short-Term/Demand Obligations, Regularly Scheduled Hedge Payments, Hedge Termination Payments, and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein, in each case to the extent secured by a Junior Lien Indenture.

"Junior Lien Obligations Fund" shall mean the Metropolitan Washington Airports Authority Junior Lien Obligations Fund created pursuant to the Master Indenture for the purpose of providing all deposits and payments required by any Junior Lien Indenture, including reserves for debt service on Junior Lien Obligations.

"Master Indenture" shall mean the Master Indenture of Trust dated as of February 1, 1990, as amended and restated by the Amended and Restated Master Indenture of Trust dated as of September 1, 2001, as amended, between the Authority and the Trustee.

"Maximum Annual Debt Service" shall mean the maximum Annual Debt Service with respect to any specified indebtedness for any Fiscal Year during the term of such indebtedness.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Moody's" shall mean any other nationally recognized rating agency designated by an Authority Representative.

"Net Revenues" shall mean Revenues, plus transfers, if any, from the General Purpose Fund to the Revenue Fund, after provision is made for the payment of Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" shall mean for any period, all expenses of the Airports Authority paid or accrued for the operation, maintenance, administration, and ordinary current repairs of the Airports. Operation and Maintenance Expenses shall not include: (a) the principal of, premium, if any, or interest payable on any Bonds, Subordinated Bonds and Junior Lien Obligations; (b) any allowance for amortization or depreciation of the Airports; (c) any other expense for which (or to the extent to which) the Airports Authority is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; (d) any extraordinary items arising from the early extinguishment of debt; (e) rentals payable under the Federal Lease; and (f) any expense paid with amounts from the Emergency Repair and Rehabilitation Fund.

"Operation and Maintenance Fund" shall mean the Metropolitan Washington Airports Authority Operation and Maintenance Fund created pursuant to the Master Indenture.

"Opinion of Bond Counsel" shall mean a written opinion of Bond Counsel.

"Original Issue Discount Bonds" shall mean Bonds which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Bonds by the Supplemental Indenture under which such Bonds are issued.

"Outstanding" when used with reference to a Series of Bonds, shall mean, as of any date of determination, all Bonds of such Series theretofore authenticated and delivered except: (a) Bonds of such Series theretofore cancelled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds of such Series which are deemed paid and no longer Outstanding as provided in the Master Indenture; (c) Bonds of such Series in lieu of which other Bonds of such Series have been issued pursuant to the provisions of the Master Indenture relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Bond is held by a bona fide purchaser; (d) after any tender date as may be provided for in the applicable Supplemental Indenture, any Bond of such Series held by a Bondholder who has given a tender notice or was required to tender such Bond in accordance with the provisions of the applicable Supplemental Indenture and which was not so tendered and for which sufficient funds for the payment of the purchase price of which have been deposited with the Trustee or the Paying Agent, if any, or any tender agent appointed under such Supplemental Indenture; and (e) for purposes of any consent or other action to be taken under the Indenture by the Holders of a specified percentage of principal amount of Bonds of a Series or all Series, Bonds held by or for the account of the Airports Authority.

"Participant" shall mean one of the entities which deposit securities, directly or indirectly, in the Book-Entry System of the Securities Depository.

"Payment of a Series of Bonds" shall mean payment in full of all principal of, premium, if any, and interest on a Series of Bonds.

"Permitted Investments" shall mean and include any of the following, if and to the extent the same are at the time legal for the investment of the Airports Authority's money:

- (a) Government Obligations and Government Certificates.

(b) Obligations issued or guaranteed by any of the following:

- (i) Federal Home Loan Bank System;
- (ii) Export-Import Bank of the United States;
- (iii) Federal Financing Bank;
- (iv) Government National Mortgage Association;
- (v) Farmers Home Administration;
- (vi) Federal Home Loan Mortgage Corporation;
- (vii) Federal Housing Administration;
- (viii) Private Export Funding Corp;
- (ix) Federal National Mortgage Association; and
- (x) Federal Farm Credit Bank;

or any indebtedness issued or guaranteed by any instrumentality or agency of the United States of America.

(c) Pre-refunded municipal obligations rated at the time of purchase in the highest rating category by, or otherwise acceptable to, the Rating Agencies and meeting the following conditions:

(i) such obligations are (A) not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their calling and redemption and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to interest, principal, and premium payments of such obligations;

(iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations or Government Certificates serving as security for the obligations are held by an escrow agent or trustee; and

(v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.

(d) Direct and general long-term obligations of any state of the United States of America or the District of Columbia (a "State"), to the payment of which the full faith and credit of such State is pledged and that at the time of purchase are rated in either of the two highest rating categories by, or are otherwise acceptable to, the Rating Agencies.

(e) Direct and general short-term obligations of any State, to the payment of which the full faith and credit of such State is pledged and that at the time of purchase are rated in the highest rating category by, or are otherwise acceptable to, the Rating Agencies.

(f) Interest-bearing demand or time deposits with, or interests in money market portfolios rated AAA-m by Standard & Poor's issued by, state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such deposits or

interests must be (i) continuously and fully insured by FDIC, (ii) if they have a maturity of one year or less, with or issued by banks that at the time of purchase are rated in one of the two highest short term rating categories by, or are otherwise acceptable to, the Rating Agencies, (iii) if they have a maturity longer than one year, with or issued by banks that at the time of purchase are rated in one of the two highest rating categories by, or are otherwise acceptable to, the Rating Agencies, or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party should have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral is to be free from all other third party liens.

(g) Eurodollar time deposits issued by a bank with a deposit rating at the time of purchase in one of the top two short-term deposit rating categories by, or otherwise acceptable to, the Rating Agencies.

(h) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest rating categories by, or is otherwise acceptable to, the Rating Agencies.

(i) Repurchase agreements, (i) the maturities of which are 30 days or less or (ii) the maturities of which are longer than 30 days and not longer than one year provided the collateral subject to such agreements are marked to market daily, entered into with financial institutions such as banks or trust companies organized under State law or national banking associations, insurance companies, or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, or with a dealer or parent holding company that is rated at the time of purchase investment grade by, or otherwise acceptable to, the Rating Agencies. The repurchase agreement should be in respect of Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition. The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

(A) the third party (who shall not be the provider of the collateral) has possession of the repurchase agreement securities and the Government Obligations and Government Certificates;

(B) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately; and

(C) the third party having possession of the securities has a perfected, first priority security interest in the securities.

(j) Prime commercial paper of a corporation, finance company or banking institution at the time of purchase rated in the highest short-term rating category by, or otherwise acceptable to, the Rating Agencies.

(k) Public housing bonds issued by public agencies. Such bonds must be: fully secured by a pledge of annual contributions under a contract with the United States of America; temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or state or public agency or municipality obligations at the time of purchase rated in the highest credit rating category by, or otherwise acceptable to, the Rating Agencies.

(l) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that at the time of purchase has been rated in the highest rating category by, or is otherwise acceptable to, the Rating Agencies.

(m) Money market accounts of any state or federal bank, or bank whose holding parent company is rated at the time of purchase in one of the top two short-term or long-term rating categories by, or is otherwise acceptable to, the Rating Agencies.

(n) Investment agreements, the issuer of which is at the time of purchase rated in one of the two highest rating categories by, or is otherwise acceptable to, the Rating Agencies.

(o) Any debt or fixed income security, the issuer of which is rated at the time of purchase in the highest rating category by, or is otherwise acceptable to, the Rating Agencies.

(p) Investment agreements or guaranteed investment contracts that are fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

(q) Any other type of investment consistent with Airports Authority policy in which an Authority Representative directs the Trustee to invest and there is delivered to the Trustee a certificate of an Authority Representative stating that each of the Rating Agencies has been informed of the proposal to invest in such investment and each Rating Agency has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any of the Bonds.

"Principal Account" shall mean the Account of that name in the Bond Fund created pursuant to the Master Indenture.

"Program" shall mean a financing program identified in a Supplemental Indenture, including but not limited to a bond anticipation note or commercial paper program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Airports Authority and the items required under the Master Indenture have been filed with the Trustee, (b) wherein the Airports Authority has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an authorized amount, and (c) the authorized amount of which has met the additional bonds test set forth in the Master Indenture and the Outstanding amount of which may vary from time to time, but not exceed the authorized amount.

"Qualified Costs of Facilities" shall mean the Costs of Exempt Facilities which (a) will be charged to the Airports' capital account for federal income tax purposes or which would be so chargeable either with a proper election under the Code or but for a proper election to deduct such amount, and (b) were incurred and paid, or are to be incurred or paid, after the date on which the Airports Authority adopted a resolution or took some other official action toward the issuance of obligations to finance such Costs.

"Qualified Hedge Provider" shall mean a financial institution whose senior long-term debt obligations, or whose obligations under any Hedge Facility are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "A1," in the case of Moody's and "A+," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% (or such lower percentage as shall be acceptable to the Rating Agencies) of the "notional amount" as defined in the Hedge Facility, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

"Rating Agency" or **"Rating Agencies"** shall mean Moody's or Standard & Poor's or Fitch or all of them and, if any such credit rating agency is no longer issuing applicable credit ratings, any other nationally recognized successor rating agency designated by the Airports Authority with the approval of the Trustee; provided that any such rating agency shall, at the time in question, be maintaining a rating on such Series of Bonds at the request of the Airports Authority.

"Rebate Amount" shall mean the amount, if any, determined pursuant to Section 148(f) of the Code to be paid to the United States of America with respect to the Series 2012A-B Bonds, as described in the Forty-third Supplemental Indenture.

"Record Date" shall mean shall mean the fifteenth (15th) day (regardless of whether a Business Day) of the calendar month immediately preceding a Bond Payment Date.

"Redemption Account" shall mean the Account of that name in the Bond Fund created pursuant to the Master Indenture.

"Register" shall mean, with respect to the Series 2012A-B Bonds, the registration books of the Airports Authority kept to evidence the registration and registration of transfer of the Series 2012A-B Bonds.

"Regularly Scheduled Hedge Payments" shall mean the regularly scheduled payments under the terms of a Hedge Facility which are due absent any termination, default or dispute in connection with such Hedge Facility.

"Reimbursement Agreement" shall mean, with respect to a Series of Bonds, any agreement or agreements in each case between a Credit Provider or Credit Providers and the Airports Authority under or pursuant to which a Credit Facility for such Series of Bonds is issued, and any agreement that replaces such original agreement that sets forth the obligations of the Airports Authority to such Credit Provider or Credit Providers and the obligations of such Credit Provider or Credit Providers to the Airports Authority.

"Released Revenues" shall mean Revenues of the Airports Authority in respect of which the Trustee has received the following:

(a) a request of an Authority Representative describing such Revenues and requesting that such Revenues be excluded from the pledge and lien of the Master Indenture on Net Revenues;

(b) either (i) an Airport Consultant's certificate to the effect that, based upon reasonable assumptions, projected Net Revenues after the Revenues covered by the Authority Representative's request are excluded, calculated in accordance with the additional Bonds test set forth in the Master Indenture for each of the three full Fiscal Years following the Fiscal Year in which such certificate is delivered, will not be less than the larger of (A) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Redemption Accounts, the Debt Service Reserve Fund, the Subordinated Bond Funds, the Subordinated Reserve Funds, the Junior Lien Obligations Fund, the Federal Lease Fund, and the Emergency Repair and Rehabilitation Fund or (B) an amount not less than 150% of the average Annual Debt Service for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such Revenues (disregarding any Bonds that have been or will be paid or discharged); or

(ii) an Authority Representative's certificate to the effect that Net Revenues in the two most recently completed Fiscal Years, after the Revenues covered by the Authority Representative's request are excluded, were not less than the larger of (A) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Redemption Accounts, the Debt Service Reserve Fund, the Subordinated Bond Funds, the Subordinated Reserve Funds, the Junior Lien Obligations Fund, the Federal Lease Fund, and the Emergency Repair and Rehabilitation Fund or (B) 135% of (1) average Annual Debt Service on all Bonds Outstanding in each such Fiscal Year (disregarding any Bonds that have been paid or discharged), plus (2) average Annual Debt Service with respect to any additional Bonds issued since the completion of such Fiscal Year or proposed to be issued at the time such certificate is delivered;

(c) an Opinion of Bond Counsel to the effect that (i) the conditions set forth in the Master Indenture to the release of such Revenues have been met and (ii) the exclusion of such Revenues from the pledge and lien of the Master Indenture will not, in and of itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax;

(d) written confirmation from each of the Rating Agencies to the effect that the exclusion of such Revenues from the pledge and lien of the Master Indenture will not cause a withdrawal of or reduction in any unenhanced rating then assigned to the Bonds; and

(e) evidence that notice of the proposed Released Revenues was given to all current Credit Providers in respect of any Bonds at least 15 days prior to the proposed effective date of the release of such Revenues.

Upon the Trustee's receipt of such documents, the Revenues described in the Authority Representative's request shall be excluded from the pledge and lien of the Indenture, and the Trustee shall take all reasonable steps requested by the Authority Representative to evidence or confirm the release of such pledge and lien on the Released Revenues.

"Revenue Fund" shall mean the Metropolitan Washington Airports Authority Revenue Fund created pursuant to the Master Indenture.

"Revenues" shall mean all revenues of the Airports Authority received or accrued except (a) interest income on, and any profit realized from, the investment of moneys in any fund or account to the extent that such income or profit is not transferred to, or retained in, the Revenue Fund or the Bond Fund; (b) interest income on, and any profit realized from, the investment of moneys in any fund or account funded from the proceeds of Special Facility Bonds; (c) amounts received by the Airports Authority from, or in connection with, Special Facilities, unless such funds are treated as Revenues by the Airports Authority; (d) the proceeds of any passenger facility charge or similar charge levied by, or on behalf of, the Airports Authority, unless such funds are treated as Revenues by the Airports Authority; (e) grants-in-aid, donations, and/or bequests; (f) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (g) the proceeds of any condemnation awards; (h) the proceeds of any sale of land, buildings or equipment; and (i) any other amounts which are not deemed to be revenues in accordance with generally accepted accounting principles or which are restricted as to their use. Unless otherwise provided in a Supplemental Indenture, there shall also be excluded from the term "Revenues" (a) any Hedge Termination Payments received by the Airports Authority and (b) any Released Revenues in respect of which the Airports Authority has filed with the Trustee the request of Authority Representative, Airport Consultant's or Authority Representative's certificate, Opinion of Bond Counsel and the other documents contemplated in the definition of the term "Released Revenues."

"Securities Depository" shall mean DTC, or its nominees and the successors and assigns of such nominee, or any successor appointed under the Forty-third Supplemental Indenture.

"Series 2001A Bonds" shall mean all of the Airports Authority's Outstanding Airport System Revenue Bonds, Series 2001A currently outstanding in the aggregate principal amount of \$67,820,000.

"Series 2001A Refunding Agreement" shall mean the refunding agreement dated as of July 1, 2012, between the Airports Authority and the Trustee relating to the Series 2001A Bonds.

"Series 2002A Bonds" shall mean all of the Airports Authority's Outstanding Airport System Revenue Bonds, Series 2002A currently outstanding in the aggregate principal amount of \$186,750,000.

"Series 2002A Refunding Agreement" shall mean the refunding agreement dated as of July 1, 2012, between the Airports Authority and the Trustee relating to the Series 2002A Bonds.

"Series 2002D Bonds" shall mean all of the Airports Authority's Outstanding Airport System Revenue Refunding Bonds, Series 2002D currently outstanding in the aggregate principal amount of \$89,195,000.

"Series 2002D Refunding Agreement" shall mean the refunding agreement dated as of July 1, 2012, between the Airports Authority and the Trustee relating to the Series 2002D Bonds.

"Series 2003B Bonds" shall mean \$20,645,000 of the Airports Authority's Outstanding Airport System Revenue Refunding Bonds, Series 2003B maturing October 1, 2014 through October 1, 2016 and October 1, 2019.

"Series 2003B Refunding Agreement" shall mean the refunding agreement dated as of July 1, 2012, between the Airports Authority and the Trustee relating to the Series 2003B Bonds.

"Series 2012A Bonds" shall mean the Airport System Revenue Refunding Bonds, Series 2012A, authorized to be issued pursuant to the Master Indenture and the Forty-third Supplemental Indenture.

"Series 2012A Cost of Issuance Subaccount" shall mean the account established for the Series 2012A Bonds in the Construction Fund, as set forth in the Forty-third Supplemental Indenture.

"Series 2012A Interest Account" shall mean the account established for the Series 2012A Bonds in the Bond Fund, as set forth in the Forty-third Supplemental Indenture.

"Series 2012A Principal Account" shall mean the account established for the Series 2012A Bonds in the Bond Fund, as set forth in the Forty-third Supplemental Indenture.

"Series 2012A Redemption Account" shall mean the account established for the Series 2012A Bonds in the Bond Fund, as set forth in the Forty-third Supplemental Indenture.

"Series 2012A-B Bonds" shall mean collectively the Series 2012A Bonds and the Series 2012B Bonds.

"Series 2012A-B Custodian" shall mean Manufacturers and Traders Trust Company, or its successor, as custodian and bailee for the Trustee holding the Series 2012A Cost of Issuance Account and the Series 2012B Cost of Issuance Account pursuant to provisions of the Master Indenture.

"Series 2012A-B Paying Agent" shall mean, for all purposes of the Indenture with respect to the Series 2012A-B Bonds, the Trustee or such other paying agent appointed by the Trustee.

"Series 2012A-B Registrar" shall mean the keeper of the Register, which shall be the Trustee.

"Series 2012B Bonds" shall mean the Airport System Revenue Refunding Bonds, Series 2012B, authorized to be issued pursuant to the Master Indenture and the Forty-third Supplemental Indenture.

"Series 2012B Cost of Issuance Subaccount" shall mean the account established for the Series 2012B Bonds in the Construction Fund, as set forth in the Forty-third Supplemental Indenture.

"Series 2012B Interest Account" shall mean the account established for the Series 2012B Bonds in the Bond Fund, as set forth in the Forty-third Supplemental Indenture.

"Series 2012B Principal Account" shall mean the account established for the Series 2012B Bonds in the Bond Fund, as set forth in the Forty-third Supplemental Indenture.

"Series 2012B Redemption Account" shall mean the account established for the Series 2012B Bonds in the Bond Fund, as set forth in the Forty-third Supplemental Indenture.

"Series of Bonds" or **"Bonds of a Series"** or **"Series"** shall mean a series of Bonds issued pursuant to the Master Indenture and a Supplemental Indenture.

"Short-Term/Demand Obligations" shall mean each Series of Bonds issued pursuant to the Master Indenture, the payment of principal of which is either (a) payable on demand by or at the option of the Holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Annual Debt Service, or (b) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term either (i) through the issuance of additional Short-Term/Demand Obligations pursuant to a commercial paper, auction Bond or other similar Program, or (ii) through the issuance of long-term Bonds pursuant to a bond anticipation note or similar Program.

"Special Facility" shall mean any facility, improvement, structure, equipment or assets acquired or constructed on any land or in or on any structure or building at the Airports, the cost of construction and acquisition of which are paid for (a) by the obligor under a Special Facility Agreement, or (b) from the proceeds of Special Facility Bonds, or (c) both.

"Special Facility Agreement" shall mean an agreement entered into by the Airports Authority and one or more other parties, relating to the design, construction, and/or financing of any facility, improvement, structure, equipment, or assets acquired or constructed on any land or in or on any structure or building at the Airports, all or a portion of the payments under which (a) are intended to be excluded from Revenues and (b) may be pledged to the payment of revenue bonds, notes, or other obligations of the Airports Authority other than Bonds, Subordinated Bonds, or Junior Lien Obligations.

"Special Facility Bonds" shall mean any revenue bonds, notes, or other obligations of the Airports Authority other than Bonds, Subordinated Bonds or Junior Lien Obligations, issued to finance any facility, improvement, structure, equipment or assets acquired or constructed on any land or in or on any structure or building at the Airports, the payment of principal of, premium, if any, and interest on which are payable from and secured by the proceeds thereof and rentals, payments, and other charges payable by the obligor under a Special Facility Agreement.

"Standard & Poor's" or **"S&P"** shall mean Standard & Poor's Ratings Group, a corporation organized and existing under the laws of the State of New York, and its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, Standard & Poor's shall mean any other nationally recognized securities rating agency designated by an Authority Representative.

"Subordinated Bond Funds" shall mean the bond funds created pursuant to the Subordinated Indenture with respect to each series of Subordinated Bonds, held by the Subordinated Indenture Trustee, in which amounts are held to pay debt service on such series of Subordinated Bonds.

"Subordinated Bond" or **"Subordinated Bonds"** shall mean the Airports Authority's general airport subordinated revenue bonds or other obligations secured by the Subordinated Indenture. The term "Subordinated Bond" or "Subordinated Bonds" shall include notes, bond anticipation notes, commercial paper and other Short-Term/Demand Obligations, Regularly Scheduled Hedge Payments, Hedge Termination Payments, and other securities, contracts or obligations incurred through lease, installment purchase or other agreements or certificates of participation therein, in each case to the extent secured by the Subordinated Indenture.

"Subordinated Indenture" shall mean the Master Indenture of Trust relating to the Subordinated Bonds, dated as of March 1, 1988, between the Airports Authority and the Subordinated Indenture Trustee, as supplemented and amended.

"Subordinated Indenture Trustee" shall mean The National Bank of Washington, or its successor as trustee, under the Subordinated Indenture.

"Subordinated Reserve Funds" shall mean the debt service reserve funds created pursuant to the Subordinated Indenture with respect to certain series of Subordinated Bonds, held by the trustee under the Subordinated Indenture.

"Supplemental Indenture" shall mean an indenture supplementing or modifying the provisions of the Master Indenture entered into by the Airports Authority and the Trustee in accordance with the Master Indenture.

"Trustee" shall mean Manufacturers and Traders Trust Company (successor by merger to Allfirst Bank), and any successor to its duties under the Master Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following, in addition to certain information provided under the heading "INTRODUCTION" and "THE SERIES 2012A-B BONDS" in Part I of the Official Statement, and "THE BONDS" in Part II of the Official Statement is a summary of certain provisions of the Master Indenture and the Forty-third Supplemental Indenture. This summary does not purport to be complete or definitive and reference is made to the Master Indenture and the Forty-third Supplemental Indenture for a complete recital of the terms of such documents. During the offering period for the Series 2012A-B Bonds, copies of the Master Indenture and the Forty-third Supplemental Indenture may be obtained from the Airports Authority.

General

The Master Indenture and the Forty-third Supplemental Indenture constitute an assignment by the Airports Authority to the Trustee, in trust, to secure payment of the Bonds, of the Airports Authority's interest in Net Revenues and sets forth the conditions of such assignments. The Master Indenture and the Forty-third Supplemental Indenture also provide for the issuance of the Series 2012A-B Bonds, define the terms thereof and determine the duties of the Trustee and the rights of the Bondholders.

Security for Bonds, Including Series 2012A-B Bonds

The Series 2012A-B Bonds are issued pursuant to and secured by the Master Indenture and the Forty-third Supplemental Indenture. All Bonds, including the Series 2012A-B Bonds, issued under the Master Indenture and at any time Outstanding shall be equally and ratably secured with all other Outstanding Bonds with the same right, lien and preference with respect to Net Revenues, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds. All Bonds of a particular Series shall in all respects be equally and ratably secured and shall have the same right, lien and preference established for the benefit of such Series of Bonds under the Master Indenture, including, without limitation, rights in any related Series Account in the Construction Fund, the Bond Fund or the Debt Service Reserve Fund. No mortgage, lien or security interest in the Airports or operating property of the Airports Authority has been pledged to secure the Bonds.

No Pledge of Certain Revenues

In addition to certain other revenues of the Airports Authority not pledged under the Master Indenture, revenues of the Dulles Corridor Enterprise Fund established by Resolution No. 07-16 of the Airports Authority are not pledged to the payment of the Airports Authority's obligations under the Master Indenture or the Forty-third Supplemental Indenture.

Revenues and Funds

Creation of Funds and Accounts. Pursuant to the Master Indenture and the Forty-third Supplemental Indenture, the following Funds, Accounts, and Subaccounts are established:

(a) Construction Fund, to be held by the Series 2012A-B Custodian, which shall contain with respect to the Series 2012A Bonds, the Series 2012A Cost of Issuance Subaccount; and with respect to the Series 2012B Bonds, the Series 2012B Cost of Issuance Subaccount.

(b) Revenue Fund, to be held by the Airports Authority.

(c) Operation and Maintenance Fund, to be held by the Airports Authority.

(d) Bond Fund, to be held by the Trustee, which shall contain the following Accounts with respect to the Series 2012A-B Bonds:

(i) Series 2012A Interest Account;

(ii) Series 2012A Principal Account;

(iii) Series 2012A Redemption Account;

(iv) Series 2012B Interest Account;

(v) Series 2012B Principal Account; and

(vi) Series 2012B Redemption Account

(e) Debt Service Reserve Fund, to be held by the Trustee, which shall contain a Common Reserve Account established with respect to the Series 2012A-B Bonds and any other Common Reserve Bonds.

(f) Junior Lien Obligation Fund, to be held by the Airports Authority.

(g) Emergency Repair and Rehabilitation Fund, to be held by the Airports Authority.

(h) Federal Lease Fund, to be held by the Airports Authority.

(i) General Purpose Fund, to be held by the Airports Authority.

Amounts in the Revenue Fund are not pledged to secure Holders of the Bonds. Amounts in the Operation and Maintenance Fund are required to be used by the Airports Authority to pay Operation and Maintenance Expenses and are not pledged to secure Holders of the Bonds. Amounts in the Emergency Repair and Rehabilitation Fund may be used by the Airports Authority to pay the costs of emergency repairs and replacements to the Airports and are not pledged to secure Holders of the Bonds. Amounts in the General Purpose Fund will be available for use by the Airports Authority for any lawful purpose and are not pledged to secure Holders of the Bonds.

Application of Series 2012A Bond Proceeds. There will be deposited, paid or transferred to (a) the Common Reserve Account in the Debt Service Reserve Fund, a deposit to satisfy a portion of the Common Debt Service Reserve Requirement, (b) the Trustee amounts, as set forth in the Series 2001A Refunding Agreement, for redemption of the Series 2001A Bonds, (c) the Trustee amounts, as set forth

in the Series 2002A Refunding Agreement, for redemption of the Series 2002A Bonds, (d) the Trustee amounts, as set forth in the Series 2002D Refunding Agreement, for redemption of the Series 2002D Bonds, and (e) the Series 2012A Cost of Issuance Subaccount, moneys to pay costs associated with the issuance of the Series 2012A Bonds.

Application of Series 2012B Bond Proceeds. There will be deposited, paid or transferred to (a) the Common Reserve Account in the Debt Service Reserve Fund, a deposit to satisfy a portion of the Common Debt Service Reserve Requirement, (b) the Trustee amounts, as set forth in the Series 2003B Refunding Agreement, for redemption of the Series 2003B Bonds, and (c) the Series 2012B Cost of Issuance Subaccount, moneys to pay costs associated with the issuance of the Series 2012B Bonds.

Flow of Funds

The Indenture provides that on the first Business Day of each month (a) amounts in the Revenue Fund, excluding any transfers from the General Purpose Fund during the current Fiscal Year, and (b) 1/12 of the amount of any transfers from the General Purpose Fund for the current Fiscal Year, shall be withdrawn from the Revenue Fund and deposited or transferred as set forth under the heading, "THE BONDS—Security and Source of Payment for the Bonds—Flow of Funds" in Part II of the Official Statement.

Required Deposits

Moneys are required to be deposited with respect to the Series 2012A-B Bonds as described below. The Supplemental Indenture setting forth the terms of any additional Series of Bonds may require deposits to the applicable debt service and debt service reserve accounts and subaccounts with respect to such Series of Bonds, and, if such Series of Bonds is subject to mandatory purchase at the option of the Bondholder, will require deposits to a purchase fund for such Series of Bonds.

Debt Service Deposits. (a) So long as any Series 2012A Bonds are Outstanding, the Forty-third Supplemental Indenture requires that payments be made to the Trustee for the purposes of debt service payments on Series 2012A Bonds in the following manner:

Interest Account. Beginning on August 1, 2012, and on the first (1st) Business Day of each month thereafter, an amount equal to one-half (1/2) of the interest payment due on the first (1st) Business Day of October, 2012, and thereafter beginning on the first (1st) Business Day of October 1, 2012, and on the first (1st) Business Day of each month thereafter, an amount equal to one-sixth (1/6) of the next interest payment due after such date with respect to the Series 2012A Bonds shall be deposited to the Series 2012A Interest Account, provided the Airports Authority shall be entitled to a credit immediately before each Bond Payment Date for interest earned on the monthly deposits made by the Airports Authority.

Principal Account. Beginning on October 1, 2015, and on the first (1st) Business Day of each month thereafter, an amount equal to one-twelfth (1/12) of the next principal payment due after such date with respect to the Series 2012A Bonds shall be deposited to the Series 2012A Principal Account.

(b) So long as any Series 2012B Bonds are Outstanding, the Forty-third Supplemental Indenture requires that payments be made to the Trustee for the purposes of debt service payments on Series 2012B Bonds in the following manner:

Interest Account. Beginning on August 1, 2012, and on the first (1st) Business Day of each month thereafter, an amount equal to one-half (1/2) of the interest payment due on the first (1st) Business Day of October, 2012, and thereafter beginning on the first (1st) Business Day of October 1, 2012, and on the first (1st) Business Day of each month thereafter, an amount equal to one-sixth (1/6) of the next interest payment due after such date with respect to the Series 2012B Bonds shall be deposited to the Series 2012B Interest Account, provided the Airports Authority shall be entitled to a credit immediately before each Bond Payment Date for interest earned on the monthly deposits made by the Airports Authority.

Principal Account. Beginning on October 1, 2012, and on the first (1st) Business Day of each month thereafter, an amount equal to one-twelfth (1/12) of the next principal payment due after such date with respect to the Series 2012B Bonds shall be deposited to the Series 2012B Principal Account.

Debt Service Reserve Fund Deposit. The Forty-third Supplemental Indenture provides that any other Series of Bonds may be secured with amounts on deposit in the Common Reserve Account if the Trustee receives from an Authority Representative written directions to include such additional Bonds as “Common Reserve Bonds” on a parity with the Series 2012A-B Bonds and the Common Debt Service Reserve Requirement shall be recalculated in connection with such written direction. Upon issuance of the Series 2012A-B Bonds, no bond proceeds will be deposited into the Common Reserve Account. The Airports Authority will satisfy the Common Debt Service Reserve Requirement relating to the issuance of the Series 2012A-B Bonds by combining proceeds of the Series 2012A-B Bonds with moneys from the debt service reserve funds established for the Refunded Bonds.

Beginning on the first (1st) Business Day of each month after a withdrawal from the Common Reserve Account in the Debt Service Reserve Fund to pay interest on the immediately preceding Bond Payment Date, and on the first (1st) Business Day of each month thereafter except April and October, an amount equal to one-fifth (1/5) of any deficiency resulting from such payment shall be deposited to the Common Reserve Account, (A) beginning on the first (1st) Business Day of each month after a withdrawal from the Common Reserve Account to pay principal on the immediately preceding Bond Payment Date, and the first (1st) Business Day of each month thereafter except each October, an amount equal to one-eleventh (1/11) of any deficiency resulting from a payment on the immediately preceding Bond Payment Date shall be deposited in the Common Reserve Account, and (B) beginning on the first (1st) Business Day of each month except each January, an amount equal to one-eleventh (1/11) of the amount necessary to cure any deficiency in the Common Reserve Account determined by the valuation pursuant to Section 514(b) of the Master Indenture, as of the beginning of the current Fiscal Year resulting from a change in market valuation of assets shall be deposited to the Common Reserve Account. See "THE SERIES 2012A-B BONDS—Security and Source of Payment—Debt Service Reserve Fund" in Part I of the Official Statement.

Subject to the requirements of Section 506 of the Master Indenture and upon instructions from the Authority Representative, the Trustee may substitute a Credit Facility in lieu of cash or investments, or cash and investments in lieu of Credit Facility in order to satisfy the Common Debt Service Reserve Requirement.

Computation and Payment of Rebate Amount

Except with respect to earnings on Funds and Accounts that qualify for an exemption provided by the Code, the Airports Authority will compute and pay any Rebate Amount required by the Code with respect to the Series 2012A-B Bonds.

No payment shall be made if the Airports Authority delivers to the Trustee an Opinion of Bond Counsel to the effect that such payment is not required under the Code to prevent the Series 2012A-B Bonds from being "arbitrage bonds" within the meaning of Section 148 of the Code.

Investment of Moneys

Moneys in all Funds and Accounts shall be invested as soon as practicable upon receipt in Permitted Investments, as directed by the Airports Authority or as selected by the Trustee in the absence of direction by the Airports Authority; provided that the maturity date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) dates on which moneys in the Funds and Accounts for which the investments were made will be required for the purposes thereof and provided further that in the absence of direction from the Airports Authority the Trustee shall select Permitted Investments in accordance with prudent investment standards.

Additional Bonds

The Airports Authority has issued, and expects to issue in the future, additional Bonds. Under the Indenture, the Airports Authority is permitted to issue one or more Series of additional Bonds on a parity with the outstanding Bonds, if:

The Airports Authority has provided to the Trustee the following evidence indicating that, as of the date of issuance of such additional Bonds, the Airports Authority is in compliance with the rate covenant established by the Indenture (the "Rate Covenant") (discussed under "Rate Covenant" below) as evidenced by: (a) the Airports Authority's most recent audited financial statements, and the Airports Authority's unaudited statements for the period, if any, from the date of such audited statements through the most recently completed Fiscal Year quarter, and (b) if applicable, evidence of compliance with the Indenture's requirement of remedial action (discussed under "Rate Covenant" below); and either

(i) an Airport Consultant has provided to the Trustee a certificate stating that, based upon reasonable assumptions, projected Net Revenues will be sufficient to satisfy the Rate Covenant (disregarding any Bonds that have been or will be paid or discharged immediately after the issuance of the additional Bonds proposed to be issued) for each of the next three full Fiscal Years following issuance of the additional Bonds, or each full Fiscal Year from issuance of the additional Bonds through two full Fiscal Years following completion of the Projects financed by the additional Bonds proposed to be issued, whichever is later; provided that, if Maximum Annual Debt Service with respect to all Bonds to be Outstanding following the issuance of the proposed additional Bonds in any Fiscal Year is greater than 110% of Annual Debt Service for such Bonds in any of the test years, then the last Fiscal Year of the test must use such Maximum Annual Debt Service; provided further, that if capitalized interest on any Bonds and proposed additional Bonds is to be applied in the last Fiscal Year of the period described in this sentence, the Airport Consultant shall extend the test through the first full Fiscal Year for which there is no longer capitalized interest, or

(ii) an Authority Representative has provided to the Trustee a certificate stating that Net Revenues in the most recently completed Fiscal Year were not less than the larger of (1) the amounts needed for making the required deposits to the Principal Accounts, the Interest Accounts, and the Redemption Accounts, the Debt Service Reserve Fund, the Subordinated Bond Funds, the Subordinated Reserve Funds, the Junior Lien Obligations Fund, the Federal Lease Fund, and the Emergency Repair and Rehabilitation Fund or (2) 125% of (a) Annual Debt Service on Bonds Outstanding in such Fiscal Year (disregarding any Bonds that have been paid or discharged or will be paid or discharged immediately after the issuance of such additional Bonds proposed to be issued), plus (b) Maximum Annual Debt Service with respect to such additional Bonds proposed to be issued.

With respect to additional Bonds proposed to be issued to refund Outstanding Bonds, the Airports Authority may issue such refunding Bonds if the test described above is met, or if the Airports Authority has provided to the Trustee evidence that (a) the aggregate Annual Debt Service in each Fiscal Year with respect to all Bonds to be Outstanding after issuance of such refunding Bonds will be less than the aggregate Annual Debt Service in each such Fiscal Year through the last Fiscal Year in which Bonds are Outstanding prior to the issuance of such refunding Bonds, and (b) the Maximum Annual Debt Service with respect to all Bonds to be Outstanding after issuance of such refunding Bonds will not exceed the Maximum Annual Debt Service with respect to all Bonds outstanding immediately prior to such issuance.

The issuance of the refunding Series 2012A-B Bonds will be in compliance with the paragraph above.

General Covenants of the Airports Authority

The covenants set forth below apply to the Series 2012A-B Bonds and to any other Series of Bonds issued under the Master Indenture.

Payment of Principal and Interest. The Airports Authority covenants to promptly pay or cause to be paid from Net Revenues (except to the extent payable from bond proceeds or other limited sources of payment specified in the Master Indenture) the principal of, premium, if any, and interest on each Bond, as and when due.

Pledge of Net Revenues. As security for the payment of the principal of, and interest and any premium on, the Bonds, the Airports Authority has granted to the Trustee a pledge of and lien on Net Revenues, as and when received by the Airports Authority, from and after the date of the Master Indenture without any physical delivery thereof or further act.

The Airports Authority has covenanted and agreed that it will not create any pledge, lien or encumbrance upon, or permit any pledge, lien or encumbrance to be created on, Revenues or Net Revenues except for a pledge, lien or encumbrance subordinate to the pledge and lien granted by the Master Indenture for the benefit of the Bonds and the pledge and lien granted by the Subordinated Indenture for the benefit of the Subordinated Bonds. The Airports Authority has previously issued Subordinated Bonds secured by a pledge of Net Revenues that is subordinated to the pledge of Net Revenues securing the Bonds as to moneys that have not been transferred by the Trustee to the Subordinated Indenture Trustee. See "AUTHORITY INDEBTEDNESS–Subordinated Bonds" in Part I of the Official Statement.

In addition to Bonds issued under the Master Indenture, the Airports Authority may issue, at any time and from time to time, in one or more series (a) Special Facility Bonds, (b) other bonds, notes or other

obligations payable solely from and secured solely by revenues other than Revenues and Net Revenues, and (c) bonds, notes or other obligations payable from Net Revenues on a basis subordinate to the Bonds (including the Series 2012A-B Bonds) and the Subordinated Bonds.

Management of Airports. The Airports Authority has covenanted not to take, or allow any person to take, any action which would cause the Federal Aviation Administration (the "FAA"), or any successor to the powers and authority of the FAA to suspend or revoke the Airports' operating certificates. The Airports Authority will comply with all valid acts, including the Acts, rules, regulations, orders and directives of any governmental, legislative, executive, administrative or judicial body applicable to the Airports and with the Federal Lease, unless the same shall be contested in good faith, all to the end that the Airports will remain in operation at all times.

Operation and Maintenance of Airports. The Airports Authority has covenanted that it will operate and maintain the Airports as a revenue producing enterprise in accordance with the Federal Lease and the Acts. The Airports Authority will make such repairs to the Airports as shall be necessary or appropriate in the prudent management thereof. The Airports Authority has covenanted that it will operate and maintain the Airports in a manner which will entitle it at all times to charge and collect fees, charges and rentals in accordance with airport use agreements, if any, or as otherwise permitted by law, and shall take all reasonable measures permitted by law to enforce prompt payment to it of such fees, charges and rentals when and as due.

Insurance. The Airports Authority has covenanted that it will at all times (a) carry insurance, or cause insurance to be carried, with a responsible insurance company or companies authorized and qualified under the laws of any state of the United States of America to assume the risk thereof, covering such properties of the Airports as are customarily insured, and against loss or damage from such causes as are customarily insured against, by enterprises engaged in a similar type of business, or (b) have adopted and maintain a risk financing plan for property and casualty losses in accordance with the Federal Lease.

Financial Records and Statements. The Airports Authority has covenanted to have an annual audit made by independent certified public accountants of recognized standing and shall within 120 days after the end of each of its Fiscal Years furnish to the Trustee copies of the balance sheet of the Airports Authority as of the end of such Fiscal Year and complete audited financial statements of the Airports Authority for such Fiscal Year, all in reasonable detail.

Rate Covenant

Pursuant to the Indenture, the Airports Authority has covenanted that it will take all lawful measures to fix and adjust from time to time the fees and other charges for the use of the Airports, including services rendered by the Airports Authority, pursuant to airport use agreements or otherwise, calculated to be at least sufficient to produce Net Revenues to provide for the larger of either:

- (a) The amounts needed for making the required deposits in each Fiscal Year to the Principal Accounts, the Interest Accounts, and the Redemption Accounts, the Debt Service Reserve Fund, the Subordinated Bond Funds, the Subordinated Reserve Funds, the Junior Lien Obligations Fund, the Federal Lease Fund and the Emergency Repair and Rehabilitation Fund; or
- (b) An amount not less than 125% of the Annual Debt Service with respect to Bonds for such Fiscal Year.

Provided that any computation required above shall exclude from Net Revenues any capital gain resulting from any sales or revaluation of Permitted Investments.

The Airports Authority has covenanted that if, upon the receipt of the audit report for a Fiscal Year, the Net Revenues in such Fiscal Year are less than the amount specified above, the Airports Authority will require the Airport Consultant to make recommendations as to the revision of the Airports Authority's schedule of rentals, rates, fees and charges, and upon receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Airports Authority, on the basis of such recommendations and other available information, will take all lawful measures to revise the schedule of rentals, rates, fees and charges for the use of the Airports as may be necessary to produce the specified amount of Net Revenues in the Fiscal Year following the Fiscal Year covered by such audit report.

In the event that Net Revenues for any Fiscal Year are less than the amount specified above, but the Airports Authority has promptly taken in the next Fiscal Year all available lawful measures to review the schedule of rentals, rates, fees and charges for the use of the Airports to comply with these remedial requirements, there will be no Event of Default under the Indenture; provided, however, that if, after the Airports Authority has complied with these remedial requirements, Net Revenues are not sufficient to provide for the specified amount in the Fiscal Year in which such adjustments are required to be made (as evidenced by the audit report for such Fiscal Year), such failure will be an Event of Default under the Indenture.

Tax Covenants

The Airports Authority has covenanted to comply with certain tax covenants with respect to the tax exemption of the Series 2012A-B Bonds, including, among other matters, the use, expenditure and investment of proceeds and the rebate of certain "arbitrage profit" to the United States Treasury. See "TAX MATTERS" in Part I of the Official Statement.

The Airports Authority has covenanted not to (a) make any use of the proceeds of the Series 2012A-B Bonds, any funds reasonably expected to be used to pay the principal of or interest on the Series 2012A-B Bonds, or any other funds of the Airports Authority; (b) make or permit any use of Authority Facilities originally financed or refinanced with proceeds of the Refunded Bonds; or (c) take (or omit to take) any other action with respect to the Series 2012A-B Bonds, the proceeds thereof, or otherwise, if such use, action or omission would, under the Code, cause the interest on the Series 2012A-B Bonds to be included in gross income for federal income tax purposes.

Default and Remedies

Events of Default. The Master Indenture provides that an Event of Default with respect to one Series of Bonds shall not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds. Each of the following is defined as an "Event of Default" with respect to each Series of Bonds under the Master Indenture:

(a) If payment by the Airports Authority in respect of any installment of interest on any Bond of such Series shall not be made in full when the same becomes due and payable;

(b) If payment by the Airports Authority in respect of the principal of any Bond of such Series shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;

(c) If payment of the purchase price of any Bond of such Series tendered for optional or mandatory tender for purchase, if provided for in the Supplemental Indenture providing for the issuance of such Series, shall not be paid in full as and when due in accordance therewith;

(d) If the Airports Authority shall fail to observe or perform any covenant or agreement on its part under the Master Indenture (other than the Rate Covenant) for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Airports Authority by the Trustee, or to the Airports Authority and the Trustee by the Holders of at least 25% in aggregate principal amount of Bonds of a Series then Outstanding. If the breach of covenant or agreement is one which cannot be completely remedied within 60 days after written notice has been given, it shall not be an Event of Default with respect to such Series as long as the Airports Authority has taken active steps within the 60 days after written notice has been given to remedy the failure and is diligently pursuing such remedy;

(e) If the Airports Authority is required under the Rate Covenant to take measures to revise the schedule of rentals, rates, fees and charges for the use of the Airports and Net Revenues in the Fiscal Year in which such adjustments are made are less than the amount specified in the Rate Covenant contained in the Master Indenture (See "THE BONDS—Security and Source of Payment for the Bonds—Rate Covenant") in Part II of the Official Statement; and

(f) If the Airports Authority shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition, answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Airports Authority or of any substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

No Acceleration or Cross Default. There shall be no rights of acceleration with respect to any Bonds, including the Series 2012A-B Bonds. An Event of Default with respect to one Series of Bonds shall not cause an Event of Default with respect to any other Series of Bonds unless such event or condition on its own constitutes an Event of Default with respect to such other Series of Bonds.

Remedies and Enforcement of Remedies. The Master Indenture provides that upon the occurrence and continuance of any Event of Default with respect to a Series of Bonds, the Trustee may, or, upon the written request of the Holders of not less than 25% in an aggregate principal amount of such Series of Bonds, together with indemnification of the Trustee to its satisfaction therefor shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Master Indenture and under the Acts and such Bonds by such suits, actions, injunction, mandamus or other proceedings, as the Trustee, being advised by counsel, shall deem expedient.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in aggregate principal amount of a Series of Bonds, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be

advised shall be necessary or expedient (a) to prevent any impairment of the security under the Master Indenture by any acts or omissions to act which may be unlawful or in violation thereof, or (b) to preserve or protect the interests of the Holders of such Series of Bonds, provided that such request is in accordance with law and the provisions of the Master Indenture, and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Holders of Bonds of each Series not making such request.

The remedies provided for in the Master Indenture with respect to reaching Funds or Accounts thereunder shall be limited to the Funds or Accounts thereunder pledged to the applicable Series of Bonds with respect to which an Event of Default exists.

Application of Revenues and Other Moneys After Default. The Master Indenture provides that during the continuance of an Event of Default with respect to any Series of Bonds, all moneys received by the Trustee with respect to such Series of Bonds pursuant to any right given or action taken under the provisions of the Master Indenture shall, after payment of the costs and expenses of the proceedings which resulted in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be applied according to the accrued debt service deposits or payments with respect to each such Series as follows:

(a) Unless the principal amounts of all such Outstanding Bonds shall have become due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on such Bonds in the order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal amounts of any Bonds which shall have become due (other than Bonds of such Series previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Master Indenture), whether at maturity or by proceedings for redemption or otherwise or upon the tender of any Bond pursuant to the terms of the Supplemental Indenture providing for the issuance of such Bonds, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds of such Series due on any date, then to the payment thereof ratably, according to the principal amounts due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal amounts of all Outstanding Bonds shall have become due and payable, to the payment of the principal amounts and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever moneys are to be applied by the Trustee as described in (a) and (b) above, such moneys shall be applied on the date fixed by the Trustee and, upon such date, interest on the principal amounts to be paid on such dates shall cease to accrue if so paid.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Bondholders or any Credit Provider under the Master Indenture is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Indenture or existing at law or in equity or by statute (including the Acts) on or after the date of the Master Indenture.

Remedies Vested in the Trustee. All rights of action (including the right to file proof of claims) under the Master Indenture or under any of the Bonds of any Series may be enforced by the Trustee without the possession of any of the Bonds of such Series or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee may be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Holders of the applicable Series of Bonds. Subject to the provisions of the Master Indenture, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds of such Series.

Control of Proceedings. If an Event of Default with respect to a Series of Bonds shall have occurred and be continuing, the Master Indenture provides that the Holders of a majority in aggregate principal amount of Bonds of such Series then Outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken with respect to funds or assets solely securing such Series of Bonds in connection with the enforcement of the terms and conditions thereof, provided that such direction is in accordance with law and the provisions of the Master Indenture (including indemnity to the Trustee as provided in the Master Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Bondholders of each Series of Bonds not joining in such direction, and provided further, that nothing in this section shall impair the right of the Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

If an Event of Default with respect to all Series of Bonds shall have occurred and be continuing, the Holders of a majority in aggregate principal amount of all Bonds then Outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken with respect to Net Revenues or other assets securing all Bonds in connection with the enforcement of the terms and conditions of the Master Indenture, provided that such direction is in accordance with law and the provisions of the Master Indenture (including indemnity to the Trustee as provided in the Master Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of Bondholders not joining in such direction and provided further that nothing shall impair the right of the Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Individual Bondholder Action Restricted. No Holder of any Bond of any Series shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Master Indenture or for the execution of any trust thereunder or for any remedy thereunder unless:

(i) an Event of Default has occurred (A) under paragraph (a), (b) or (c) of "Events of Default" of which the Trustee is deemed to have notice, or (B) under paragraph (d), (e) or (f) of "Events of Default" of which the Trustee has actual knowledge or as to which the Trustee has been notified in writing;

(ii) the Holders of at least 25% in aggregate principal amount of the applicable Series of Bonds then Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceeding in its own name;

(iii) such Bondholders shall have offered the Trustee indemnity as provided in the Master Indenture;

(iv) the Trustee shall have failed or refused to exercise the powers granted under the Master Indenture or to institute such action, suit or proceeding in its own name for a period of 60 days after receipt by it of such request and offer of indemnity; and

(v) during such 60-day period, no direction inconsistent with such written request has been delivered to the Trustee by the Holders of a majority in aggregate principal amount of the applicable Series of Bonds then Outstanding as provided in the Master Indenture.

No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Master Indenture or to enforce any right thereunder except in the manner provided therein and for the equal benefit of the Holders of all Bonds Outstanding of all affected Series.

Nothing contained in the Master Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (i) to receive payment of the principal of or interest on such Bond on or after the due date thereof, or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of the Master Indenture on the moneys, funds and properties pledged under the Master Indenture for the equal and ratable benefit of all Holders of Bonds of such Series.

Waiver of Event of Default. No delay or omission of the Trustee, of any Holder of Bonds or, if provided by Supplemental Indenture, any Credit Provider to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by the Master Indenture to the Trustee, the Holders of Bonds and, if provided by Supplemental Indenture, any Credit Provider may be exercised from time to time and as often as may be deemed expedient by them.

The Trustee with the consent of the Credit Providers, if provided by Supplemental Indenture (provided, however, that such Credit Provider's consent may be required only in connection with an Event of Default on a Series of Bonds with respect to which such Credit Provider is providing a Credit Facility) may waive any Event of Default with respect to the Bonds, which, in the Trustee's opinion, shall have been remedied at any time, regardless of whether any suit, action or proceeding has been instituted before the entry of final judgment or decree in any suit, action or proceeding instituted by the Trustee under the provisions of the Master Indenture, or before the completion of the enforcement of any other remedy under the Master Indenture.

Notwithstanding anything contained in the Master Indenture to the contrary, the Trustee, upon the written request of the applicable Credit Provider, if any, or Holders of at least a majority of the aggregate principal amount of Bonds of a Series then Outstanding, with respect to an Event of Default affecting only such Series (or a majority of the aggregate principal amount of all Bonds then Outstanding, with respect to an Event of Default affecting all Series of Bonds) shall waive any Event of Default under the Master Indenture and its consequences, provided, however, that, a default in the payment of the principal amount of, premium, if any, or interest on any Bond, when the same shall become due and payable by the terms thereof

or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds of such Series at the time Outstanding to which an Event of Default applies and the consent of the Credit Provider, if any.

In case of any waiver by the Trustee of an Event of Default under the Master Indenture, the Airports Authority, the Trustee, the Credit Provider, if any, and the Bondholders shall be restored to their former positions and rights under the Master Indenture, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to any one for waiving or refraining any Event of Default in accordance with the Master Indenture.

The Trustee

Trustee Not Required to Take Action Unless Indemnified. Except as expressly required in the Master Indenture, the Trustee shall not be required to institute any proceeding in which it may be a defendant or to take any action to enforce its rights and expose it to liability, or be deemed liable for failure to take such action, unless and until the Trustee shall have been indemnified against all reasonable costs, liability and damages.

Right to Deal in Bonds and Take Other Actions. The Trustee may in good faith buy, sell or hold and deal in any Bonds of any Series, including the Series 2012A-B Bonds, as if it were not such Trustee and may commence or join any action which a Holder is entitled to take with like effect as if the Trustee were not the Trustee.

Trustee's Fees and Expenses. If the Airports Authority fails to properly pay any reasonable fees, costs or expenses of the Trustee incurred in the performance of its duties, the Trustee may reimburse itself from any surplus moneys on hand in any Fund or Account held by it except any amounts in the Bond Fund.

Removal and Resignation of Trustee. The Trustee may resign at any time. Written notice of such resignation shall be given to the Airports Authority and such resignation shall take effect upon the appointment and qualification of a successor Trustee. In addition, the Trustee may be removed at any time by the Airports Authority but only for cause by Supplemental Indenture so long as (a) no Event of Default shall have occurred and be continuing, and (b) the Airports Authority determines, in such Supplemental Indenture, that the removal of the Trustee shall not have an adverse effect upon the rights or interests of the Bondholders. In the event of the resignation or removal of the Trustee or in the event of the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the Airports Authority shall be entitled to appoint a successor Trustee.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Bondholders. The Airports Authority and the Trustee may, without the consent of or notice to any of the Holders enter into one or more Supplemental Indentures for one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising thereunder which shall not materially adversely affect the interests of the Holders;

(c) To grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon them;

(d) To secure additional revenues or provide additional security or reserves for payment of the Bonds;

(e) To preserve the excludability of interest on the Bonds from gross income for purposes of federal income taxes or to change the tax covenants set forth in the Master Indenture or any Supplemental Indenture pursuant to an Opinion of Bond Counsel that such action will not adversely affect such excludability;

(f) To provide for the issuance of a Series of Bonds under the Master Indenture;

(g) To remove the Trustee in accordance with the Master Indenture; and

(h) To add requirements the compliance with which is required by a Rating Agency in connection with issuing a rating with respect to a Series of Bonds.

(i) To accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued or of a Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate bond anticipation notes, commercial paper, auction Bonds, Hedge Facilities, Short-Term/Demand Obligations and other variable rate or adjustable rate Bonds, Capital Appreciation Bonds, Original Issue Discount Bonds and other discounted or compound interest Bonds or other forms of indebtedness which the Airports Authority from time to time deems appropriate to incur;

(j) To accommodate the use of a Credit Facility for specific Bonds or a specific Series of Bonds; and

(k) To comply with the requirements of the Code as are necessary, in the Opinion of Bond Counsel, to prevent the federal income taxation of the interest on any of the Bonds, including, without limitation, the segregation of Revenues into different funds.

Supplemental Indentures Requiring Consent of Bondholders. The Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding may consent to or approve, from time to time, which consent to or approval shall be in writing and shall not be withheld unreasonably, the execution by the Airports Authority and the Trustee of such Supplemental Indentures as shall be deemed necessary and desirable by the Airports Authority for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture; provided, that if any Supplemental Indenture modifying, altering, amending, adding to or rescinding any of the terms and provisions of the Indenture contains provisions which affect the rights and interests of less than all Series of Bonds and the section of the Master Indenture relating to Supplemental Indentures not requiring consent of Holders is inapplicable, then such Supplemental Indenture shall require the consent only of the Holders of a majority in Outstanding principal amount of the Series of Bonds so affected; and provided further, that nothing shall permit or be construed as permitting a Supplemental Indenture that would:

(a) extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond, without the consent of the Holder of such Bond;

(b) prefer or give a priority to any Bond over any other Bond, without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority; or

(c) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplemental Indenture, without the consent of the Holders of all Bonds then Outstanding.

If the Holders of the required principal amount or number of the Bonds Outstanding shall have consented to and approved the execution of a Supplemental Indenture as provided in the Master Indenture, no Holder of any Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or to the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Airports Authority from executing the same or from taking any action pursuant to the provisions thereof.

Satisfaction and Discharge

If payment of all principal of, premium, if any, and interest on a Series of Bonds in accordance with the terms of such Bonds is made, or is provided for as described below, and if all other sums payable by the Airports Authority under the Master Indenture with respect to such Series of Bonds shall be paid or provided for then the liens, estates and security interests granted thereby shall cease with respect to such Series of Bonds, provided that the rebate provisions, if any, of the related Supplemental Indenture shall survive so long as there is any amount due to the federal government pursuant to such Supplemental Indenture.

Payment of a Series of Bonds, including the Series 2012A-B Bonds, may be provided for by the deposit with the Trustee of moneys, noncallable Government Obligations, noncallable Government Certificates or pre-refunded municipal obligations (as described in paragraph (c) of the definition of Permitted Investments in the Master Indenture) or any combination thereof. The moneys and the maturing principal and interest income on such Government Obligations, noncallable Government Certificates, or pre-refunded municipal obligations, if any, shall be sufficient and available to pay, when due, the principal of, whether at maturity or upon fixed redemption dates, premium, if any, and interest on such Bonds. The moneys, Government Obligations, noncallable Government Certificates and pre-refunded municipal obligations shall be held by the Trustee irrevocably in trust for the Holders of such Bonds solely for the purpose of paying the principal or redemption price of, including premium, if any, and interest on such Bonds as the same shall mature or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Trustee as to the dates upon which any such bonds are to be redeemed prior to their respective maturities.

If payment of any of the Series 2012A-B Bonds is so provided for, the Trustee shall mail a notice so stating to each Holder of such Series 2012A-B Bonds.

Bonds, the payment of which has been provided for, shall no longer be deemed Outstanding under the Master Indenture. The obligation of the Airports Authority in respect of such Bonds shall nevertheless continue but the Holders thereof shall thereafter be entitled to payment only from the moneys, Government

Obligations, Government Certificates, and pre-refunded municipal obligations deposited with the Trustee to provide for the payment of such a series of Bonds.

No Bond may be so provided for if, as a result thereof or of any other action in connection with which the provision for payment of such Bond is made, the interest payable on any Bond with respect to which an Opinion of Bond Counsel has been rendered that such interest is excluded from gross income for federal income tax purpose is made subject to federal income taxes. The Trustee shall receive and may rely upon an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Bonds.

Non-Presentation of Series 2012A-B Bonds

If any Series 2012A-B Bond is not presented for payment of principal of, premium, if any, and interest on the Series 2012A-B Bonds within two (2) years after delivery of such funds to the Trustee and absent knowledge by the Trustee of any continuing Event of Default, the moneys shall, upon request by the Airports Authority, be paid to the Airports Authority free of any trust or lien and thereafter the Holder of such Series 2012A-B Bond shall look only to the General Purpose Fund of the Airports Authority and then only to the extent of the amounts so received by the Airports Authority without interest thereon. Prior to the transfer of any moneys, the Trustee shall give notice of such transfer to each affected Holder and publish such notice in a newspaper of general circulation in the Washington, D.C. metropolitan area. The Trustee shall have no further responsibility with respect to such moneys or payment of principal of, premium, if any, and interest on the Series 2012A-B Bonds.

Governing Law

The Master Indenture, the Forty-third Supplemental Indenture and the Series 2012A-B Bonds shall be governed and construed in accordance with the laws of the Commonwealth of Virginia.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AIRPORT USE AGREEMENT AND PREMISES LEASE

The following is a summary of certain provisions of the Airport Use Agreement and Premises Lease (the "Airline Agreement"), to which reference is made for a complete statement of its provisions and contents. The Airline Agreement signed by each of the Signatory Airlines is substantially identical except for provisions relating to the Premises and assigned Aircraft Parking Positions for each Signatory Airline. The Airline Agreement governs both Airports. An airline may become a Signatory Airline at one or both of the Airports.

DEFINITIONS

Certain words and terms used in this summary are defined in the Airline Agreement and have the same meanings in this summary, except as defined otherwise in the Official Statement. Some, but not all, of the definitions in the Airline Agreement are set forth below. Certain of these definitions have been abbreviated or modified for purposes of this summary.

"Additional Projects" shall mean capital expenditures for construction, acquisitions, and improvements related to the Airports, other than small capital items includable as O&M Expenses in accordance with Airports Authority policy and other than those Projects included in the Capital Development Program.

"Airfield Net Requirement" shall mean at each Airport the Total Requirement attributable to the Airfield Cost Center, less (i) Aircraft Parking Position Charges and Dulles International Jet Apron Fees, if any; (ii) direct utility or other reimbursements attributable or allocable to the Airfield Cost Center; and (iii) Transfers, if any, allocable to the Airfield Cost Center.

"Airline Supported Area" shall mean for each Airport the Airfield, Terminal and Equipment Cost Centers at that Airport and at Dulles International shall also include the International Arrivals Building ("IAB"), the Airside Operations Building ("AOB"), and the Passenger Conveyance System Cost Centers.

"Bonds" shall mean Senior Bonds, Subordinated Bonds, and other Indebtedness.

"Capital Development Program" shall mean the construction, acquisition and improvements to the Airports, as more particularly described in Exhibits N-1 and D-1 attached to the Airline Agreements, including the Dulles International Stage II Development Plan.

"Capital Charges" shall mean (i) Debt Service, (ii) Depreciation Requirements and (iii) Amortization Requirements.

“Common Use Premises” shall mean those areas at the Airport which two or more Scheduled Air Carriers are authorized to use, as shown on Exhibits N-B and D-B attached to the Airline Agreement. For purposes of calculating rentals, fees, and charges under the Airline Agreement, such common Use Premises shall be deemed Rentable Space; provided, however, no leasehold interests shall accrue to or be acquired by any authorized user thereof.

“Cost Centers” shall mean those areas of functional activities established by the Airports Authority at each Airport, as set forth in Exhibits N-E and D-E attached to the Airline Agreement, and as may be amended by the Airports Authority.

“Debt Service” shall mean, as of any date of calculation for any Rate Period, the amounts required pursuant to the terms of any Indenture to be collected during said period for the payment of Bonds, plus fees and amounts payable to providers of any form of credit enhancement used in connection with Bonds.

“Debt Service Coverage” shall mean, as of any date of calculation for any period, an amount equal to twenty-five percent (25%) of the portion of Debt Service attributable to Senior Bonds or Subordinated Bonds, plus such other amounts as may be established by any financing agreement or arrangements with respect to Other Indebtedness.

“Dulles International Stage II Development (or “Dulles Stage II”) shall mean specific Projects identified as such in Exhibit D-1 to the Airline Agreement, which Projects shall generally include the initial New Midfield Concourse(s), Passenger Conveyances, and other related improvements at Dulles International.

“Equipment” shall mean that equipment and devices owned by the Airports Authority and leased to the Airline, which may include but shall not be limited to, baggage make-up and baggage claim conveyors and devices, loading bridges, 400 Hz, and preconditioned air units.

“Extraordinary Coverage Protection Payments” shall mean those payments, if any, required by the Signatory Airlines if Revenues plus Transfers less Operating and Maintenance Expenses at each Airport are projected to be less than one hundred twenty-five percent (125%) of the sum of Debt Service on Senior Bonds and Debt Service on Subordinated Bonds at each Airport.

“Federal Lease” shall mean the Agreement and Deed of Lease, dated March 2, 1987, between the United States of America, acting through the Secretary of Transportation, and the Airports Authority, as the same may be amended or supplemented.

“Fiscal Year” shall mean the annual accounting period for the Airports Authority for its general accounting purposes which, at the time of entering into the Airline Agreement, is the period of twelve consecutive months beginning with the first day of October of any year.

“Indenture” shall mean the Senior Indenture, Subordinated Indenture, or Other Indenture, including amendments, supplements, and successors thereto.

“Majority-in-Interest” shall mean, at each Airport, for the Airfield Cost Center, fifty percent (50%) in number of all Signatory Airlines and Signatory Cargo Carriers at such Airport which together landed more than sixty percent (60%) of Signatory Airlines’ and Signatory Cargo Carriers” landed weight at that Airport during the most recent six (6) full month period for which the statistics are available, and for the Airline Supported Areas (excluding the Airfield Cost Center), fifty percent (50%) in number of Signatory Airlines at such Airport which together were obligated to pay more than sixty percent (60%) of the sum of Terminal Rentals, Common Use Charges, IAB Charges, AOB Rentals, Passenger Conveyance Charges, and Equipment Charges at such Airport during the most recent six (6) full month period for which statistics are available.

“Operation and Maintenance Expenses” or “O&M Expenses” shall mean for any period all expenses of the Airports Authority paid or accrued for the operation, maintenance, administration, and ordinary current repairs of the Airports. Operations and Maintenance Expenses shall not include (i) the principal of, premium, if any, or interest payable on any Bonds; (ii) any allowance for amortization or depreciation of the Airports; (iii) any other expense for which (or to the extent to which) the Airports Authority is or will be paid or reimbursed from or through any source that is not included or includable as Revenues; (iv) any extraordinary items arising from the early extinguishment of debt; (v) rentals payable under the Federal Lease; and (vi) any expense paid with amounts from the Emergency R&R Fund.

“Original Cost Estimate” shall mean for one or more or all of the Projects in the Capital Development Program (as the context shall determine) the amount specified for such Project in Exhibits N-1 and D-1 to the Airline Agreement.

“Passenger Conveyances” shall mean the Dulles International mobile lounges, buses, or other ground transportation devices, including any underground people mover systems provided by the Airports Authority at Dulles International for the movement of passengers and other persons (i) between aircraft, on the one hand, and the Dulles International Main Terminal or the IAB, on the other, (ii) between and among the Existing or New Midfield Concourse and the Dulles International Main Terminal, and (iii) between and among the Dulles International Main Terminal and IAB at Dulles International.

“Permanent Premises” shall mean those Premises designated as such in Exhibits N-B and D-B to the Airline Agreement.

“Plateau Amount” shall mean, at Reagan National, the amount of eight million dollars (\$8,000,000) in Fiscal Year 1990, and at Dulles International the amount of twelve million dollars (\$12,000,000) in Fiscal Year 1990. Both amounts shall be subject to annual escalation in accordance with changes in the U.S. Implicit Price Deflator Index. The base date for such adjustment shall be the index for October 1, 1989.

“Premises” shall mean areas at the Airports, whether Permanent Premises or Temporary Airline Premises, leased by the Airline pursuant to Article 6 of the Airline Agreement. Premises shall include Exclusive, Preferential, and Joint Use Premises.

“Revenues” shall mean all revenues of the Airports Authority received or accrued except (i) interest income on, and any profit realized from, the investment of moneys in any fund or account to the extent that such income or profit is not transferred to, or retained in, the Revenue Fund or the Bond Fund created by the

Senior Indenture or the Bond Funds created by the Subordinated Indenture; (ii) interest income on, and any profit realized from, the investment of moneys in any fund or account funded from the proceeds of Special Facility Bonds; (iii) amounts received by the Airports Authority from, or in connection with, Special Facilities, unless such funds are treated as Revenues by the Airports Authority; (iv) the proceeds of any passenger facility charge or similar charge levied by, or on behalf of, the Airports Authority, unless such funds are treated as Revenues by the Airports Authority; (v) grants-in-aid, donations, and/or bequests; (vi) insurance proceeds which are not deemed to be revenues in accordance with generally accepted accounting principles; (vii) the proceeds of any condemnation awards; (viii) the proceeds of any sale of land, buildings or equipment; and (ix) any other amounts which are not deemed to be revenues in accordance with generally accepted accounting principles or which are restricted as to their use.

“**Senior Bonds**” shall mean any bonds or other financing instrument or obligation issued pursuant to the Senior Indenture.

“**Senior Indenture**” shall mean the Master Indenture of Trust dated as of February 1, 1990, securing the Airports Authority’s Airport System Revenue Bonds, as such may be amended or supplemented.

“**Special Facility**” shall mean any facility, improvement, structure, equipment, or assets acquired or constructed on any land or in or on any structure or building at the Airports, the cost of construction and acquisition of which are paid for (i) by the obligor under the Special Facility Agreement, or (ii) from the proceeds of Special Facility Bonds, or (iii) both.

“**Sub-Center(s)**” shall mean either a Terminal or Equipment Sub-Center.

“**Subordinated Bonds**” shall mean any bonds or other financing instrument or obligation issued pursuant to the Subordinated Indenture.

“**Subordinated Indenture**” shall mean the Master Indenture of Trust dated March 1, 1988, securing the Airports Authority’s General Airport Subordinated Revenue Bonds, as such may be supplemented or amended.

“**Temporary Airline Premises**” or “**TAP**” shall mean areas of the Airports that are temporarily occupied by the Airline pursuant to Article 5 of the Airline Agreement during the course of the Capital Development Program.

“**Terminal Sub-Centers**” shall mean those individual facilities at each Airport that are included in the Terminal Cost Center at that Airport, and described in Exhibits N-E and D-E of the Airline Agreement. At Reagan National, Terminal Sub-Centers shall mean the Main Terminal (which shall also include the Existing North Terminal), the Interim Hangar 11 Terminal, and the New North Terminal. At Dulles International, Terminal Sub-Centers shall mean the Dulles International Main Terminal, the existing Midfield Concourses, and the New Midfield Concourses.

“Terminal Sub-Center Net Requirement” shall mean, for each Terminal Sub-Center at each Airport, the Total Requirement attributable or allocable to each such Terminal Sub-Center, less direct utility or other reimbursements attributable or allocable to said Terminal Sub-Center.

“Total Requirement” shall mean, with respect to any Direct Cost Center or Terminal or Equipment Sub-Center, that portion of the sum of (i) O&M Expenses; (ii) required deposits under the Senior Indenture to maintain the O&M Reserve; (iii) Capital Charges; (iv) Debt Service Coverage; (v) required deposits to any Debt Service Reserve Fund; (vi) Federal Lease payment; (vii) Dulles Rate Credit Amortization Requirements (at Dulles International only); (viii) required deposits to the Emergency R&R Fund; and (ix) Extraordinary Coverage Protection Payments, if any, properly attributable or allocable to each said Direct Cost Center or Sub-Center.

“Transfers” shall mean the amounts to be transferred by the Airports Authority to reduce Signatory Airline rentals, fees, and charges as set forth in Section 9.05 of the Airline Agreement.

TERM

With the exception of certain surviving agreements, all prior agreements between the Airports Authority and the Airlines expired on December 31, 1989. The Airline Agreement for each Signatory Airline becomes effective as of January 1, 1990, provided that the Airline had executed the Airline Agreement by February 28, 1990. If executed after February 28, 1990, the Airline Agreement is effective for that Signatory Airline upon execution by such Signatory Airline and the Airports Authority. The Airline Agreement expires on September 30, 2014 unless the Airports Authority exercises its unilateral right, exercisable on December 31, 2004, or on September 30 of any year thereafter on 180 days’ notice to the Signatory Airlines. In addition, each Signatory Airline may terminate its Airline Agreement commencing in Fiscal Year 2005, in the event that the Airports Authority proceeds to issue Bonds for a project after an MII disapproval of the project the estimated cost of which exceeds \$25,000,000. After such MII disapproval the Airports Authority must defer the Bond issue for such project for one year. Thereafter, the Airports Authority may proceed with the project, but if the MII approval has still not been obtained each Signatory Airline has the right for 60 days from notification by the Airports Authority of its intent to proceed with the project to terminate the Agreement upon 180 days’ notice to the Airports Authority. (See “Additional Projects”).

COST CENTERS

The Airline Agreement divides each of the Airports into areas (the “Cost Centers”) which are described both in terms of geographic location and function. The Airline Agreement establishes separate Cost Centers for Reagan National and Dulles International. The Cost Centers at each Airport are divided into two groups: the Direct Cost Centers (Airfield, Terminal, Equipment, Ground Transportation, Aviation and Non- Aviation, and, at Dulles International only, International Arrivals Building (“IAB”), Airside Operations Buildings (“AOB”), Cargo and Passenger Conveyance System) and the Indirect Cost Centers (Maintenance, Public Safety, Systems and Services, and Administrative). In addition, there are Sub-Centers created with the Terminal and Equipment Cost Centers. The Direct Cost Centers and Sub-Centers are used to account for both costs and revenues. The Indirect Cost Centers primarily serve to accumulate certain costs which are in turn allocated to the Direct Cost Centers and Sub-Centers.

The Signatory Airlines pay rentals, fees and charges based on their lease of Premises in, and usage of, those Direct Centers and Sub-Centers which are within the Airline Supported Areas. The Airline Supported Areas at Reagan National are the Airfield, Terminal and Equipment Cost Centers. At Dulles International they are the Airfield, Terminal, Equipment, AOB, IAB and Passenger Conveyance System Cost Centers. The Total Requirement for each of the Direct Cost Centers and Sub-Centers in the Airline Supported Areas is determined by allocating to it Operation and Maintenance Expenses, deposits into certain funds and reserves required under any Indenture, allocation of the Total Requirements of the Indirect Cost Centers, Capital Charges (including Debt Service), Debt Service Coverage, Federal Lease payments, and Extraordinary Coverage Protection Payments, if any. The Cost Centers at Dulles International also have certain additional amortization requirements allocated to them.

REVENUE-SHARING; CALCULATION OF TRANSFERS

The Airports Authority and the Signatory Airlines have agreed to share in the Net Remaining Revenue of the Airports each Fiscal Year. The Airports Authority's share of Net Remaining Revenue is deposited into the Airports Authority Capital Fund. The Signatory Airlines' share of Net Remaining Revenue ("Transfers") is deposited into an Airline Transfer Account in the Revenue Fund and used to reduce rentals, fees and charges in the following Fiscal Year. This reduction is accomplished by allocating Transfers to the various Cost Centers and Sub-Centers in the Airlines Supported Areas.

At the end of each Fiscal Year, the amount of Net Remaining Revenue for each Airport is determined by taking total Revenues (plus Transfers, if any, from the previous Fiscal Year) and subtracting from that amount various costs and expenses, including O&M Expenses, Debt Service, Federal Lease payments, various reserve and fund deposit requirements, but excluding Debt Service Coverage. The amount of Net Remaining Revenue so determined for each Airport is allocated between the Airports Authority and Signatory Airlines as follows:

- (1) an amount equal to 100% of the depreciation on certain assets and equipment is allocated to the Airports Authority;
- (2) an amount equal to 100% of the Debt Service Coverage on Subordinated Bonds included in the calculation of rentals, fees, and charges and collected from the Signatory Airlines, and 100% of the Debt Service Coverage on Bonds issued to fund Equipment, is allocated to the Signatory Airlines;
- (3) the remainder is allocated 50% to the Airports Authority, 50% to the Signatory Airlines until the Airports Authority's share reaches the Plateau Amount (\$8,000,000 at Reagan National, and \$12,000,000 at Dulles International, in each case stated in 1990 dollars and escalated for inflation thereafter)
- (4) the remainder in any Fiscal Year in which the Plateau Amount is reached, is allocated 75% to the Signatory Airlines, 25% to the Airports Authority at the Airport at which the Plateau Amount has been reached.

AIRLINE RENTALS, FEES AND CHARGES

Terminal Rentals for Premises are charged to each of the Signatory Airlines on a square footage basis. The Terminal Sub-Center Net Requirement for the Signatory Airlines' share of each Terminal Sub-Center is determined. This amount is reduced by Transfers allocable to such Sub-Center to determine the adjusted requirement. An average Signatory Airline rental rate per square foot is determined for each Terminal Sub-Center by dividing the adjusted requirement so determined by total square footage of Signatory Airlines' Premises in that Sub-Center. This average rental rate is then weighted for the various types of Signatory Airline rentable space within each Terminal Sub-Center.

Landing Fees are charged to the Signatory Airlines on the basis of landed weight of aircraft. The Airfield Net Requirement for each Airport is determined by subtracting Transfers and certain other Revenues allocable to the Airfield from the Total Requirement of the Airfield. The Landing Fee rate is calculated by dividing each Airport's Airfield Net Requirement by the total landed weight of aircraft of all air transportation companies and general aviation operating at that Airport. Each Signatory Airline pays Landing Fees which are determined as the product of the appropriate Airport's Landing Fee rate and such Signatory Airline's total landed weight. Each Signatory Airline also pays Common Use Charges (or, if the Signatory Airline is a commuter airline and its number of Enplaning Passengers is below a certain threshold, Low Volume Common Use Fees), Equipment Charges, Passenger Security Reimbursements, and, at Dulles International, International Arrivals Building Charges, Airside Operations Buildings Rentals, Passenger Conveyance Charges and, commencing January 1, 1992, Ramp Area Charges.

COMMITMENT TO PAY AIRPORT FEES AND CHARGES

The Airports Authority shall include in the calculation of rentals, fees and charges Extraordinary Coverage Protection Payments if and to the extent necessary to ensure that total Revenues of each Airport, plus Transfers from the previous year, less Operation and Maintenance Expenses at that Airport, are at least equal to 125% of the Debt Service on Senior Bonds and Subordinated Bonds at that Airport.

MAJORITY-IN-INTEREST APPROVAL PROCEDURES

The Airports Authority shall initiate the Majority-in-Interest approval process by delivering the request for approval to the Signatory Airlines at the appropriate Airport for the appropriate cost center. The request will be deemed to have been approved unless the Airports Authority receives, within thirty (30) days, written notice of disapproval from the Signatory Airlines representing a Majority-in-Interest at such Airport for such cost center.

BILLING OF AIRPORT FEES AND CHARGES

Approximately sixty days prior to the end of each Fiscal Year, the Airports Authority is required to notify the Signatory Airlines of the estimated rates for rentals, fees and charges for the next ensuing Fiscal Year. Such rates are based on estimates of the activity at each Airport and on the estimated costs of operating each Airport. Terminal Rentals, Common Use Charges, Equipment Charges, Passenger Conveyance Charges, Aircraft Parking Position Charges, Passenger Security Reimbursement and Air side Operations

Building Rentals are due and payable in advance, without demand or invoice, on the first calendar day of each month. Payment for Landing Fees, Low Volume Common Use Fees, Dulles International Jet Apron Fees, and International Arrivals Building Charges for each month are due and payable on the tenth calendar day of the next month without demand or invoice.

Payment for all other fees and charges under the Airline Agreement are due within twenty days of the date of the Airports Authority's invoice for such fees and charges. The Airports Authority is required to make an annual adjustment to Signatory Airlines' rentals, fees and charges, effective on the first day of each Fiscal Year. The Airports Authority is authorized, but not required, to make a mid-year adjustment to the Signatory Airlines' rentals, fees and charges if warranted by revised estimates of activity and costs, and the impact of the prior Fiscal Year audits, at the Airports. The Airports Authority may also adjust Signatory Airlines' rentals, fees, and charges at any time under certain circumstances, including when it is projected that total rentals, fees and charges at their current rates would vary by more than five percent from the total rentals, fees and charges that would be payable if rates were based on more current financial and activity data then available. The rental, fees and charges payable by the Signatory Airlines may also be recalculated and increased as appropriate as Projects in the Capital Development Program are completed and as their costs become allocable to the Airline Supported Areas.

GRANT OF RIGHTS; OBLIGATIONS OF AIRPORTS AUTHORITY AND SIGNATORY AIRLINES

Each Signatory Airline is granted the right to operate its air transportation business at each Airport at which it is Signatory Airline and to perform all operations and functions incidental, necessary or proper thereto. The Airports Authority has agreed not to grant to any airline any rates or terms and conditions at the Airports more favorable to such airline than those granted or available to a Signatory Airline, unless the more favorable rates and conditions are offered to the Signatory Airlines. This grant includes the right to use, subject to certain restrictions, the Signatory Airline's leased Premises and Equipment, the Common Use Premises and certain other support facilities at the Airports. Each of the Signatory Airlines and the Airports Authority have certain specified obligations with respect to the maintenance and operation of the Airports. The Airports Authority has certain specified insurance obligations with respect to the Airports, and each Signatory Airline has certain public liability and property insurance obligations.

LEASE OF PREMISES; ACCOMMODATION PROVISIONS

Premises at each Airport are leased to the Signatory Airlines on an exclusive, joint or preferential use basis. Initially, the Airports Authority will lease Temporary Airline Premises to the Signatory Airlines. As the Capital Development Program is completed, the Airports Authority will begin to lease Permanent Premises to the Signatory Airlines. The Airports Authority will have the right to periodically reallocate space in the Terminal area in accordance with a utilization study conducted by the Airports Authority. In addition, the Airports Authority has the right to require accommodation by a Signatory Airline of another airline on the Signatory Airline's Premises in order to meet the needs of expanding airlines and new entrants.

SUBLEASE AND ASSIGNMENT

All subleases and assignments of leased Premises, and handling agreements, must be approved by the Airports Authority. No sublease, voluntary assignment or handling agreement relieves a Signatory Airline from primary liability for the payment of rentals, fees and charges.

NO ABATEMENT OR SUSPENSION OF PAYMENTS

The Airline Agreement provides that the Signatory Airlines shall not abate, suspend, postpone, set-off or discontinue any payments of Airport rentals, fees and charges which they are obligated to pay thereunder if such abatement would interfere with the Airports Authority's ability to meet the rate covenant or any additional bonds test under the Indenture.

CAPITAL DEVELOPMENT PROGRAM

The Airline Agreement contains as exhibits thereto a list of those Projects which are a part of the Capital Development Program approved by the Signatory Airlines. Subject to the provisions with respect to the Dulles International Stage II Development Plan, the Airports Authority must issue Bonds to fund the Capital Development Program and, to the extent Bond proceeds are available, has covenanted to build the Projects of the Capital Development Program. So long as the cost of the Capital Development Program does not exceed the Original Cost Estimate, adjusted for inflation and airline approved scope changes, plus an agreed upon contingency (25% at Reagan National; 20% at Dulles International), no further Signatory Airline approvals are required. If the cost exceeds that amount, certain cost control measures apply, and, under certain circumstances, Signatory Airline approvals may be required.

DULLES INTERNATIONAL STAGE II DEVELOPMENT PLAN

The Airports Authority may undertake the construction of the Dulles International Stage II Development Plan if (1) the cost of the New Midfield Concourse(s) is to be financed as a Special Facility, (2) if Signatory Airlines at Dulles International accounting for at least 50% of Dulles International Enplaning Passengers during the most recent 12-month period have agreed to lease at least 66.67% of the airline leasable premises in the New Midfield Concourse(s) or (3) if approved by a Majority-in-Interest of Signatory Airlines at Dulles International. If none of these conditions applies, design of Dulles International Stage II may nevertheless commence once there are at least 8,000,000 Enplaning Passengers at Dulles International in the most recent 12-month period; construction may commence once there are at least 9,500,000 Enplaning Passengers at Dulles International in such period. In any event, design and construction may commence on January 1, 2000. Under certain circumstances, certain cost control measures also apply to the Dulles International Stage II Development Plan.

ADDITIONAL PROJECTS

The Airports Authority may build projects at the Airports in addition to the Capital Development Program ("Additional Projects") from funds in the Airports Authority Capital Fund or from the proceeds of Bonds. Except as described in the following sentence, Additional Projects are not subject to Signatory

Airline approval. Additional Projects which are in Airline Supported Areas and which are to be funded from the proceeds of Bonds may be undertaken by the Airports Authority only if: (1) such projects fall within certain specified types of projects (e.g., safety projects, replacement of airport capacity projects, government required projects, fully Federal funded Airfield projects); or (2) such projects have been approved by a Majority-in-Interest of the Signatory Airlines; or (3) during Fiscal Years 1995 through 1999, Bonds issued for such projects, together with Bonds previously issued for Additional Projects in Airline Supported Areas, do not exceed \$100,000,000 (unescalated) at each Airport; (4) during Fiscal Years 2000 through 2004, any such project in excess of \$25,000,000 (unescalated) which has been disapproved by a Majority-in-Interest has been deferred for one year; (5) during Fiscal Years 2005 through 2014, any such project in excess of \$25,000,000 (escalated from 2001) which has been disapproved by a Majority-in-Interest has been deferred for one year; if Bonds are thereafter to be issued for any such project each Signatory Airline will have a 60 day option to terminate its Airline Agreement upon 180 days written notice to the Airports Authority.

DULLES TOLL ROAD AND RAIL SYSTEM TO DULLES AIRPORT

The Airline Agreement provides, that unless and until additional costs are agreed upon in writing by the Majority-in-Interest of the Signatory Airlines at Dulles for the Airport Cost Center, the aggregate of all capital costs of any Rail System to Dulles which the Airports Authority may pay from Revenues is \$10,000,000, and that all such costs are to be allocated to the Dulles ground transportation cost center. Further, the agreement provides that no operation and maintenance costs associated with any Rail System to Dulles may be paid from Revenues (other than from the Airports Authority's share of Net Remaining Revenues in the Airports Authority's Capital Fund), unless otherwise agreed to in writing by the Majority-in-Interest of Signatory Airlines at Dulles for the Airport Cost Center.

The Airline Agreement also provides (i) that each Airline disclaims any right to share in the revenue of the Dulles Toll Road, (ii) that any expenditure by the Airports Authority of Dulles Toll Road revenue, or other funds not constituting Revenues, to operate, maintain and improve the Dulles Toll Road and to design and construct the Rail System to Dulles will not be a Project or an Additional Project within the Airline Supported Areas, will not require any approval by the Airline, and may not be recovered through rentals, fees and charges of an Airline, and (iii) that no Airline will be responsible to the Airports Authority or to any holder of Dulles Toll Road Revenue Bonds for the payment of principal and interest on any such bonds.

DEFAULT BY SIGNATORY AIRLINES

The following, among others, are defined as Events of Default: (1) the failure of a Signatory Airline to pay any rentals, fees or charges when due or after the expiration of any applicable grace period; (2) the dissolution, receivership, insolvency or bankruptcy of a Signatory Airline; (3) the discontinuance by a Signatory Airline of its air transportation business at the Airports; (4) the failure by a Signatory Airline to cure its default in the performance of any material covenant or provision in the Airline Agreement upon thirty days of receipt of notice of such failure or, if impossible to cure within such time, the failure to diligently pursue steps to cure within a reasonable period of time; (5) the failure of a Signatory Airline to cease any unauthorized business, practice, or act within thirty days of receipt of notice from the Airports Authority to do so; or (6) the taking of any appropriate judicial or governmental action which substantially limits or prohibits a Signatory Airline's operations at the Airports for a period of thirty days.

SUBORDINATION TO INDENTURE

The Airline Agreement and all rights granted to the Signatory Airlines under it are expressly subordinated and subject to the lien and provisions of the pledges made by the Airports Authority in any prior Indenture, or any Indenture executed by the Airports Authority after the Airline Agreement, to issue Bonds.

TERMINATION

The Airports Authority may terminate a Signatory Airline's Agreement upon the happening of certain Events of Default, and the expiration of any cure period as described in the Airline Agreement. So long as Bonds are outstanding, a Signatory Airline has no right to terminate its Airline Agreement other than as described under "Term" and "Additional Projects" above.

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the Series 2012A-B Bonds, payments of principal, premium, if any, and interest on the Series 2012A-B Bonds to DTC, its nominee, Participants, defined below, or Beneficial Owners, defined below, confirmation and transfer of beneficial ownership interests in the Series 2012A-B Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC, and neither the Airports Authority, the Trustee, nor the Underwriters make any representation as to the accuracy of such information.

General. The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Series 2012A-B Bonds. The Series 2012A-B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012A-B Bond will be issued for each series of the Series 2012A-B Bonds in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2012A-B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2012A-B Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012A-B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership

interests in the Series 2012A-B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2012A-B Bonds, except in the event that use of the book-entry system for the Series 2012A-B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012A-B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012A-B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012A-B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012A-B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2012A-B Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012A-B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Airports Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012A-B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2012A-B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Airports Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Airports Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by the authorized representative of DTC) is the responsibility of the Airports Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012A-B Bonds at any time by giving reasonable notice to the Airports Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2012A-B Bond certificates are required to be printed and delivered. The Airports Authority may decide to discontinue use of the system of

book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2012A-B Bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Series 2012A-B Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Series 2012A-B Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2012A-B Bonds.

NEITHER THE AIRPORTS AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2012A-B BONDS UNDER THE INDENTURE; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE SERIES 2012A-B BONDS; (iv) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2012A-B BONDS; OR (v) ANY OTHER MATTER.

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APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

Hogan Lovells US LLP

Washington, D.C.

and

Lewis, Munday, Harrell and Chambliss

Washington, D.C.

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds
Series 2012A – \$291,035,000

We have acted as Bond Counsel to the Metropolitan Washington Airports Authority (the “Airports Authority”) in connection with the issuance of its Airport System Revenue Refunding Bonds, Series 2012A, in the aggregate principal amount of \$291,035,000 (the “Series 2012A Bonds”). The Series 2012A Bonds are authorized and issued pursuant to Resolution No. 12-14, adopted by the Board of Directors of the Airports Authority (the “Board of Directors”) on May 16, 2012, (the “Resolution”), and as supplemented by a Pricing Certificate dated June 6, 2012 (the “Pricing Certificate”), executed by the Chairman of the Board of Directors and the Chairman of the Finance Committee of the Board of Directors (the Resolution and the Pricing Certificate together, the “Authorizing Resolution”), and are issued under and secured by the Amended and Restated Master Indenture of Trust dated as of September 1, 2001, as amended (the “Master Indenture”), between the Airports Authority and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as trustee (the “Trustee”), as supplemented by the Forty-third Supplemental Indenture of Trust dated as of July 1, 2012 (the “Forty-third Supplemental Indenture”), between the Airports Authority and the Trustee (the Master Indenture and the Forty-third Supplemental Indenture, together, the “Indenture”). *All capitalized terms used and not defined herein shall have the same meanings set forth in the Indenture.*

The Series 2012A Bonds are being issued as fully registered bonds, dated the date of delivery, and are being issued in denominations of \$5,000 each or any integral multiple thereof. The Series 2012A Bonds mature, bear interest, are payable and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the Indenture. The Series 2012A Bonds do not constitute a debt or financial obligation, nor a pledge of the faith and credit or taxing power, of the District of Columbia or the Commonwealth of Virginia or any political subdivision thereof. The Airports Authority has no taxing power.

In our capacity as Bond Counsel, we have examined Va. Code Ann. § 5.1-152 et seq. (2001) (codifying Chapter 598 of the Acts of Virginia General Assembly of 1985, as amended) and the District of Columbia Regional Airports Authority Act of 1985, as amended, codified at D.C. Official Code. Ann. § 9-901 et seq. (2001) (together the “Acts”), the Metropolitan Washington Airports Act of 1986 (Title VI of Public Law 99-500 as re-enacted in Public Law 99-591, effective October 18, 1986, as amended) codified at 49 U.S.C. § 49101 et. seq. (the

“Federal Act”), a form of the Series 2012A Bonds, and such other documents, records of the Airports Authority and other instruments as we deem necessary to form an appropriate basis for us to render this opinion, including original counterparts or certified copies of the Authorizing Resolution, the Indenture, a certified transcript of the record of proceedings of the Board of Directors preliminary to and in the authorization of the Series 2012A Bonds, and certificates of the Airports Authority (including specifically a tax certificate and the Pricing Certificate) and others delivered in connection with the issuance of the Series 2012A Bonds. As to questions of fact material to our opinion, we have relied upon representations of the Airports Authority and other parties contained in the Indenture, such certified proceedings, certificates and other instruments, without undertaking to verify the same by independent investigation. We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents, and the conformity with original documents of copies submitted to us.

We have not been engaged and have not undertaken to consider the adequacy of the Net Revenues or other financial resources of the Airports Authority, its ability to provide for payment of the Series 2012A Bonds, or the accuracy, completeness, or sufficiency of the Official Statement dated June 6, 2012, or other offering material relating to the Series 2012A Bonds, and we express no opinion herein relating to such matters.

Based upon, subject to and limited by the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Airports Authority validly exists as a public body politic and corporate under the Acts, with the power under the Acts to execute and deliver the Indenture and to issue the Series 2012A Bonds.

2. The Series 2012A Bonds have been duly authorized, executed and delivered by the Airports Authority and are valid and binding limited obligations of the Airports Authority, payable solely from the Net Revenues and other sources provided therefor in the Indenture.

3. The Indenture has been duly authorized, executed and delivered by the Airports Authority and, assuming due authorization, execution and delivery by the Trustee of the Forty-third Supplemental Indenture, constitutes a valid and binding obligation of the Airports Authority, enforceable against the Airports Authority.

4. Pursuant to the Acts, the Indenture creates a lien on the Net Revenues of the Airports Authority for the benefit of the Series 2012A Bonds, on a parity with the lien thereon of Bonds heretofore or hereafter issued by the Airports Authority under the Indenture.

5. The interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes, except for any period during which such Series 2012A Bonds are held by a person who is a “substantial user” of the facilities financed or a “related person,” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). It should be noted, however, that interest on the Series 2012A Bonds will be treated as an item of tax preference in calculating the federal alternative minimum tax liability imposed on

individuals, trusts, estates, and corporations. The opinion set forth in the first sentence of this paragraph assumes compliance by the Airports Authority with certain requirements of the Code that must be met subsequent to the issuance of the Series 2012A Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Airports Authority has covenanted to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2012A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012A Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2012A Bonds.

6. The interest on the Series 2012A Bonds is exempt from all income taxation by the Commonwealth of Virginia and from all taxation by the District of Columbia, except estate, inheritance and gift taxes. We express no opinion herein regarding other Commonwealth of Virginia, District of Columbia, or other state or local tax consequences arising with respect to the Series 2012A Bonds.

It is to be understood that the rights of the owners of the Series 2012A Bonds and the enforceability of the Series 2012A Bonds and the Indenture may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the Commonwealth of Virginia and its governmental bodies of the police power inherent in the sovereignty of the Commonwealth of Virginia, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Indenture are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the Airports Authority to pay the principal of, premium, if any, and interest on, the Series 2012A Bonds from the Net Revenues of the Airports Authority.

This opinion is issued as of the date hereof, and we assume no obligation to (i) monitor or advise you or any other person of any changes in the foregoing subsequent to the delivery hereof; (ii) update, revise, supplement or withdraw this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, regulation, or governmental agency guidance, or the interpretation of any of the foregoing, that may hereafter occur, or for any other reason whatsoever; or (iii) review any legal matters incident to the authorization, issuance, and validity of the Series 2012A Bonds, the exemption from federal or state income tax of the Series 2012A Bonds, or the purposes to which the proceeds of the Series 2012A Bonds are to be applied, after the date hereof.

FORM OF OPINION OF CO-BOND COUNSEL
Hogan Lovells US LLP
Washington, D.C.

and

Lewis, Munday, Harrell and Chambliss
Washington, D.C.

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds
Series 2012B – \$20,790,000

We have acted as Bond Counsel to the Metropolitan Washington Airports Authority (the “Airports Authority”) in connection with the issuance of its Airport System Revenue Refunding Bonds, Series 2012B, in the aggregate principal amount of \$20,790,000 (the “Series 2012B Bonds”). The Series 2012B Bonds are authorized and issued pursuant to Resolution No. 12-14, adopted by the Board of Directors of the Airports Authority (the “Board of Directors”) on May 16, 2012, (the “Resolution”), and as supplemented by a Pricing Certificate dated June 6, 2012 (the “Pricing Certificate”), executed by the Chairman of the Board of Directors and the Chairman of the Finance Committee of the Board of Directors (the Resolution and the Pricing Certificate together, the “Authorizing Resolution”), and are issued under and secured by the Amended and Restated Master Indenture of Trust dated as of September 1, 2001, as amended (the “Master Indenture”), between the Airports Authority and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as trustee (the “Trustee”), as supplemented by the Forty-third Supplemental Indenture of Trust dated as of July 1, 2012 (the “Forty-third Supplemental Indenture”), between the Airports Authority and the Trustee (the Master Indenture and the Forty-third Supplemental Indenture, together, the “Indenture”). *All capitalized terms used and not defined herein shall have the same meanings set forth in the Indenture.*

The Series 2012B Bonds are being issued as fully registered bonds, dated the date of delivery, and are being issued in denominations of \$5,000 each or any integral multiple thereof. The Series 2012B Bonds mature, bear interest, are payable and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth therein and in the Indenture. The Series 2012B Bonds do not constitute a debt or financial obligation, nor a pledge of the faith and credit or taxing power, of the District of Columbia or the Commonwealth of Virginia or any political subdivision thereof. The Airports Authority has no taxing power.

In our capacity as Bond Counsel, we have examined Va. Code Ann. § 5.1-152 et seq. (2001) (codifying Chapter 598 of the Acts of Virginia General Assembly of 1985, as amended) and the District of Columbia Regional Airports Authority Act of 1985, as amended, codified at D.C. Official Code. Ann. § 9-901 et seq. (2001) (together the “Acts”), the Metropolitan Washington Airports Act of 1986 (Title VI of Public Law 99-500 as re-enacted in Public Law 99-591, effective October 18, 1986, as amended) codified at 49 U.S.C. § 49101 et. seq. (the “Federal Act”), a form of the Series 2012B Bonds, and such other documents, records of the Airports Authority and other instruments as we deem necessary to form an appropriate basis for

us to render this opinion, including original counterparts or certified copies of the Authorizing Resolution, the Indenture, a certified transcript of the record of proceedings of the Board of Directors preliminary to and in the authorization of the Series 2012B Bonds, and certificates of the Airports Authority (including specifically a tax certificate and the Pricing Certificate) and others delivered in connection with the issuance of the Series 2012B Bonds. As to questions of fact material to our opinion, we have relied upon representations of the Airports Authority and other parties contained in the Indenture, such certified proceedings, certificates and other instruments, without undertaking to verify the same by independent investigation. We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents, and the conformity with original documents of copies submitted to us.

We have not been engaged and have not undertaken to consider the adequacy of the Net Revenues or other financial resources of the Airports Authority, its ability to provide for payment of the Series 2012B Bonds, or the accuracy, completeness, or sufficiency of the Official Statement dated June 6, 2012, or other offering material relating to the Series 2012B Bonds, and we express no opinion herein relating to such matters.

Based upon, subject to and limited by the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Airports Authority validly exists as a public body politic and corporate under the Acts, with the power under the Acts to execute and deliver the Indenture and to issue the Series 2012B Bonds.

2. The Series 2012B Bonds have been duly authorized, executed and delivered by the Airports Authority and are valid and binding limited obligations of the Airports Authority, payable solely from the Net Revenues and other sources provided therefor in the Indenture.

3. The Indenture has been duly authorized, executed and delivered by the Airports Authority and, assuming due authorization, execution and delivery by the Trustee of the Forty-third Supplemental Indenture, constitutes a valid and binding obligation of the Airports Authority, enforceable against the Airports Authority.

4. Pursuant to the Acts, the Indenture creates a lien on the Net Revenues of the Airports Authority for the benefit of the Series 2012B Bonds, on a parity with the lien thereon of Bonds heretofore or hereafter issued by the Airports Authority under the Indenture.

5. The interest on the Series 2012B Bonds is excluded from gross income for federal income tax purposes, and is not included in the computation of the federal alternative minimum tax imposed on individuals, trusts, estates, and, except as provided in the following sentences, corporations. For corporations only, interest on the Series 2012B Bonds is taken into account in determining adjusted current earnings for purposes of the adjustment to alternative minimum taxable income used in computing the alternative minimum tax on corporations (as defined for alternative minimum tax purposes). The opinion set forth in the first sentence of this paragraph assumes compliance by the Airports Authority with certain requirements of the Internal Revenue

Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2012B Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Airports Authority has covenanted to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2012B Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012B Bonds. We express no opinion herein regarding other federal tax consequences arising with respect to the Series 2012B Bonds.

6. The interest on the Series 2012B Bonds is exempt from all income taxation by the Commonwealth of Virginia and from all taxation by the District of Columbia, except estate, inheritance and gift taxes. We express no opinion herein regarding other Commonwealth of Virginia, District of Columbia, or other state or local tax consequences arising with respect to the Series 2012B Bonds.

It is to be understood that the rights of the owners of the Series 2012B Bonds and the enforceability of the Series 2012B Bonds and the Indenture may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the Commonwealth of Virginia and its governmental bodies of the police power inherent in the sovereignty of the Commonwealth of Virginia, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Indenture are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the Airports Authority to pay the principal of, premium, if any, and interest on, the Series 2012B Bonds from the Net Revenues of the Airports Authority.

This opinion is issued as of the date hereof, and we assume no obligation to (i) monitor or advise you or any other person of any changes in the foregoing subsequent to the delivery hereof; (ii) update, revise, supplement or withdraw this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, regulation, or governmental agency guidance, or the interpretation of any of the foregoing, that may hereafter occur, or for any other reason whatsoever; or (iii) review any legal matters incident to the authorization, issuance, and validity of the Series 2012B Bonds, the exemption from federal or state income tax of the Series 2012B Bonds, or the purposes to which the proceeds of the Series 2012B Bonds are to be applied, after the date hereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT, AS AMENDED

NOTICE OF AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT

and

SECOND AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT

Effective Date: December 1, 2010

This NOTICE OF SECOND AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT is provided pursuant to Section 12 of the Continuing Disclosure Agreement dated as of June 1, 2002 executed and delivered by the Metropolitan Washington Airports Authority (the "Issuer") and Digital Assurance Certification, L.L.C. (the "Disclosure Dissemination Agent"), as amended by the Amendment to Continuing Disclosure Agreement dated as of June 1, 2009 (the "Disclosure Agreement"). As provided in Section 12 of the Disclosure Agreement, the Disclosure Agreement will be amended as provided below as of December 1, 2010 unless you provide written objection to us within 20 days of the delivery of this notice.

SECOND AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT

1. Section 2(e)(iv) of the Disclosure Agreement is deleted in its entirety and replaced with the following:

"upon receipt, promptly electronically file the text of the disclosure of the following events with the MSRB through its Electronic Municipal Market Access System and the State Depository (if any):

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Tender offers;"
13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;""

2. Section 4(a) of the Disclosure Agreement is deleted in its entirety and replaced with the following:

"(a)The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

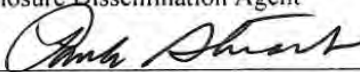
1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material;"
9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Tender offers;"
13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;""

3. Section 4(c) of the Disclosure Agreement is deleted in its entirety and replaced with the following:

"(c) The Issuer shall instruct the Disclosure Dissemination Agent to report the occurrence of a Notice Event within ten (10) business days of the occurrence of such event. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the State Depository (if any) and the MSRB."

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By:  _____

Name: Paula Stuart

Title: CEO

NOTICE OF AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT

and

AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT

DATED: June 1, 2009

This NOTICE OF AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT is provided to you pursuant to Section 12 of the Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of June 1, 2002 executed and delivered by the Metropolitan Washington Airports Authority (the “Issuer”) and Digital Assurance Certification, L.L.C. (the “Disclosure Dissemination Agent”). As provided in Section 12 of the Disclosure Agreement, the Disclosure Agreement will be amended as provided below as of June 1, 2009 unless you provide written objection to us within 10 days of the dated date stated above.

AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT

The Disclosure Agreement is amended as follows:

1. Amendments to Section 1. Definitions.

(a) The following definition shall be added:

“Effective Date” means July 1, 2009, or such later date as the Securities and Exchange Commission shall state as the effective date for the amendments to the Rule pursuant to Release No. 34-59062 (Dec. 5, 2008).

(b) The first two sentences of the term “National Repository” are amended to read:

“National Repository” means, prior to the Effective Date, any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, and thereafter the MSRB. Prior to the Effective Date, the list of National Repositories maintained by the United States Securities and Exchange Commission shall be conclusive for purposes of determining National Repositories.

2. Date Amendments to take Effect.

The amendments to the Disclosure Agreement provided in this notice shall take effect June 1, 2009.

The Disclosure Dissemination Agent has caused this Amendment to Continuing Disclosure Agreement to be executed, on the date first written above, by an officer duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

A handwritten signature in cursive script that reads "Paula Stuart". The signature is written in black ink on a white background.

By:

Name: Paula Stuart

Title: Chief Executive Officer

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of June 1, 2002, is executed and delivered by Metropolitan Washington Airports Authority (the “Issuer”), and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders and Underwriters (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report of the Issuer, as described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the Repositories.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer, for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, as supplemented from time to time by the Issuer.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Report or Notice Event notice required to be submitted to the Repositories under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” or “DAC” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means the Annual Financial Information, the Audited Financial Statements (if any), the Notice Event notices, and the Voluntary Reports.

“Issue” means the Bonds offered in the corresponding Official Statement listed in Exhibit A.

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“National Repository” means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The list of National Repositories maintained by the United States Securities and Exchange Commission shall be conclusive for purposes of determining National Repositories. Currently, the following are National Repositories:

1. DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701 (phone)
(201) 947-0107 (fax)
Email: nrmsir@dpcdata.com
2. Interactive Data
Attn: Repository
100 Williams Street
New York, New York 10038
(212) 771-6999 (phone)
(212) 771-7390 (fax for secondary market information)
(212) 771-7391 (fax for primary market information)
Email: NRMSIR@FTID.com
3. Bloomberg Municipal Repositories
P.O. Box 840
Princeton, New Jersey 08542-0840
(609) 279-3225 (phone)
(609) 279-5962 (fax)
Email: Munis@Bloomberg.com
4. Standard & Poor’s J.J. Kenny Repository
55 Water Street
45th Floor
New York, New York 10041
(212) 438-4595 (phone)
(212) 438-3975 (fax)
Email: nrmsir_repository@sandp.com

“Obligated Person” has the meaning provided in the Rule, including the Issuer and each person identified as such for an Issue in Exhibit A or in any Annual Report. The term shall include, unless otherwise provided by the Rule, each airline or other entity using the airport facilities of the Issuer under a lease or use agreement

extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues (as defined in the Master Trust Indenture pursuant to which the Bonds are issued) of the Issuer for each of the two prior fiscal years of the Issuer.

“Official Statement” means that Official Statement prepared by the Issuer in connection with each respective issue of Bonds, as listed on Exhibit A.

“Repository” means the MSRB, each National Repository and the State Depository (if any).

“State Depository” means any public or private depository or entity designated by the Commonwealth of Virginia, as a state information depository (if any) for the purpose of the Rule. The list of state information depositories maintained by the United States Securities and Exchange Commission shall be conclusive as to the existence of a State Depository.

“Underwriters” means the underwriters of any Issue, as listed in Exhibit A.

“Voluntary Report” means the information provided to the Disclosure Dissemination Agent by the Issuer pursuant to Section 7.

SECTION 2. Provision of Annual Reports.

(a) The 150th day after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2002 and each anniversary thereof is the Annual Filing Date. The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than one (1) business day prior to the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to each National Repository and the State Depository (if any). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of an Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which shall be by facsimile and e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than one (1) business day prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Notice Event as described in Section 4(a)(12) has occurred and to immediately send a notice to the MSRB and the State Depository (if any) in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 12:00 noon on the first business day following the Annual Filing Date for the Annual Report, a Notice Event described in Section 4(a)(12) shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB and the State Depository (if any) in substantially the form attached as Exhibit B.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certificate for filing with each National Repository and the State Depository (if any).

(e) The Disclosure Dissemination Agent shall:

- (i) determine the name and address of each Repository each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) with each National Repository, and the State Depository, (if any);
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with each National Repository, and the State Depository (if any);
- (iv) upon receipt, promptly file the text of each disclosure to be made with the MSRB and the State Depository (if any) together with a completed copy of the MSRB Material Event Notice Cover Sheet in the form attached as Exhibit C, describing the event by checking the box indicated below when filing pursuant to the Section of this Disclosure Agreement indicated below:
 1. “Principal and interest payment delinquencies,” pursuant to Sections 4(c) and 4(a)(1);
 2. “Non-Payment related defaults,” pursuant to Sections 4(c) and 4(a)(2);
 3. “Unscheduled draws on debt service reserves reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(3);
 4. “Unscheduled draws on credit enhancements reflecting financial difficulties,” pursuant to Sections 4(c) and 4(a)(4);
 5. “Substitution of credit or liquidity providers, or their failure to perform,” pursuant to Sections 4(c) and 4(a)(5);
 6. “Adverse tax opinions or events affecting the tax-exempt status of the security,” pursuant to Sections 4(c) and 4(a)(6);
 7. “Modifications to rights of securities holders,” pursuant to Sections 4(c) and 4(a)(7);
 8. “Bond calls,” pursuant to Sections 4(c) and 4(a)(8);
 9. “Defeasances,” pursuant to Sections 4(c) and 4(a)(9);
 10. “Release, substitution, or sale of property securing repayment of the securities,” pursuant to Sections 4(c) and 4(a)(10);
 11. “Ratings changes,” pursuant to Sections 4(c) and 4(a)(11);
 12. “Failure to provide annual financial information as required,” pursuant to Section 2(b)(ii) or Section 2(c), together with a completed copy of Exhibit B to this Disclosure Agreement; and

13. “Other material event notice (specify),” pursuant to Section 7 of this Disclosure Agreement, together with the summary description provided by the Disclosure Representative.

(v) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, and the Repositories, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including information of the types provided in the Official Statement under the headings for each Issue described in Exhibit A.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles will be included in each Annual Report or otherwise provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an Obligated Person, which have been previously filed with each of the National Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events, if material, with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bondholders;
8. Bond calls;

9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and
11. Rating changes on the Bonds.

(a) The Issuer shall promptly notify the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c). Such notice shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. No such notice shall be deemed an official notice unless given or authorized by the Disclosure Representative; and no such notice of Notice Events described in (a)(8) above need be given any earlier than notice, if any, of the underlying event is given to the Holders of Bonds under the Master Indenture.

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within five business days of receipt of such notice, instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c), together with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information.

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the State Depository (if any) and the MSRB.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, notices of Notice Events, and Voluntary Reports filed pursuant to Section 7(a), the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The failure by the Disclosure Dissemination Agent to advise the Issuer that state and federal laws, including securities laws and disclosure obligations thereunder, may apply to the Issuer shall not constitute a breach by the Disclosure Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Reports.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file information with the Repositories, from time to time pursuant to a Certification of the Disclosure Representative accompanying such information (a “Voluntary Report”).

(b) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Voluntary Report or Notice Event notice.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to an issue of Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds of such issue, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC’s services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities for compliance with disclosure requirements pursuant to the Rule performed by the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders and Underwriters of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days’ prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. If the Issuer fails to comply with any provision of this Disclosure Agreement, any Holder or Underwriter may take action in the Circuit Court of Arlington, Virginia to seek specific performance by court order to compel the Issuer to comply with its obligations under this Disclosure Agreement; provided that any Holder or Underwriter seeking to require compliance with this Disclosure Agreement shall first provide to the Disclosure Representative at least 30 days’ prior written notice of the Issuer’s failure, giving reasonable details of such failure, following which notice the Issuer shall have 30 days to comply. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default with respect to any Bonds or under any other document relating to any Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at

the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

THE ISSUER AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING (IF THE ISSUER IS FIRST GIVEN THE REASONABLE OPPORTUNITY TO DEFEND THE DISCLOSURE DISSEMINATION AGENT AGAINST THE SAME USING COUNSEL REASONABLY ACCEPTABLE TO DAC,) THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OR ITS FAILURE TO COMPLY WITH THE TERMS OF THIS DISCLOSURE AGREEMENT OR THE TERMS OF ITS ENGAGEMENT LETTER WITH THE ISSUER, DATED AS OF JUNE 1, 2002, AS THE SAME MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and neither of them shall incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from

time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 20 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent, the Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the Commonwealth of Virginia (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY, as Issuer

By: _____
Norman M. Glasgow, Jr.
Chairman

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Metropolitan Washington Airports Authority
Obligated Person(s): None
Name of Bond Issue: Airport System Revenue Refunding Bonds, Series 2012A
Airport System Revenue Refunding Bonds, Series 2012B

Date of Issuance: July 3, 2012
Date of Official Statement: June 6, 2012
Underwriter(s): Barclays Capital Inc., et al.

CUSIP Numbers:

Series 2012A

5926463X9
5926463G6
5926463Y7
5926463H4
5926463Z4
5926463J0
5926464A8
5926463K7
5926464B6
5926463L5
5926464C4
5926463M3
5926464D2
5926463N1
5926463P6
5926463Q4
5926463R2
5926463S0
5926464E0
5926463T8
5926463U5
5926463V3
5926463W1
5926464F7

Series 2012B

5926464M2
5926464N0
5926464G5
5926464H3
5926464J9
5926464K6
5926464L4

Content of Annual Reports: Each Annual Report shall contain financial information or operating data with respect to the Issuer and the Airports (“Annual Financial Information”), including information substantially similar to the types set forth in the Official Statement under the following captions or in the following appendices: “AIRPORTS AUTHORITY FINANCIAL INFORMATION” in Part I of the Official Statement and “THE AIRPORT SERVICE REGION AND AIRPORTS ACTIVITY — Airports Activity,” and “Historical Enplanement Activity” in Part II of the Official Statement. Annual Financial Information may but is not required to, include Audited Financial Statements and may be provided by delivery of the Issuer’s Comprehensive Annual Financial Report or in any other format deemed convenient by the Issuer.

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Issuer _____

Name of Bond Issue: _____

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement, dated as of _____, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

cc: Issuer

EXHIBIT C

MATERIAL EVENT NOTICE COVER SHEET

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board and the State Information Depository, if applicable, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates:

Number of pages of attached material event notice: _____

Description of Material Events Notice (Check One):

- 1. ___ Principal and interest payment delinquencies
- 2. ___ Non-Payment related defaults
- 3. ___ Unscheduled draws on debt service reserves reflecting financial difficulties
- 4. ___ Unscheduled draws on credit enhancements reflecting financial difficulties
- 5. ___ Substitution of credit or liquidity providers, or their failure to perform
- 6. ___ Adverse tax opinions or events affecting the tax-exempt status of the security
- 7. ___ Modifications to rights of securities holders
- 8. ___ Bond calls
- 9. ___ Defeasances
- 10. ___ Release, substitution, or sale of property securing repayment of the securities
- 11. ___ Rating changes
- 12. ___ Failure to provide annual financial information as required
- 13. ___ Other material event notice (specify) _____

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please print the material event notice attached to this cover sheet in 10-point type or larger. The cover sheet and notice may be faxed to the MSRB at (703) 683-1930 or sent to CDINet, Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314. Contact the MSRB at (703) 797-6600 with questions regarding this form or the dissemination of this notice.

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