METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Report to the Finance Committee

Recommendation to Approve the Proposed Resolution Authorizing Issuance of Airport System Revenue and Refunding Bonds Series 2014A

May 2014

Proposed Resolution Authorizing Issuance of Airport System Revenue and Refunding Bonds

- Request that Finance Committee:
  - Approve and recommend to the Board of Directors the Proposed Resolution to:
    - Approve substantially completed bond documents
    - Authorize the Issuance of Airport System Revenue and Refunding Bonds, Series 2014A, in the amount not to exceed $625 million
    - Provide delegations to the Chairman or Vice Chairman and at least one of the Co-Chairmen of the Finance Committee regarding approval of final bond terms

Approval of Substantially Completed Documents

- Forty-fifth Supplemental Indenture
- Bond Purchase Agreement
- Preliminary Official Statement, including the Report of the Airport Consultant (Appendix A)
- Refunding Agreements for each series of refunded bonds

Authorize the Issuance of up to $625 million of Airport System Revenue and Refunding Bonds, Series 2014A

Series	Type of Bonds	Type of Refunding	Tax Status	Not to Exceed Par Amount (M)*
2014A	New Money	--	AMT	$125.0
2014A	Refunding	Current	AMT	$500.0
			Total	**$625.0**

Refunding Opportunities*

Assuming Current Rates and July 3, 2014 Delivery Date			
Refunded Series	**Par Refunded (M)**	**Net PV Savings (%)**	**Net PV Savings (M)**
2004B	$245.0	10.1%	$24.7
2004C-1	$31.3	12.8%	$4.0
2004C-2	$93.7	12.7%	$11.9
2004D	$112.3	9.1%	$10.3
Total	**$482.3**	**10.5%**	**$50.9**

** Rates as of May 12, 2014*

Delegations

- Par Amount of Series 2014A Bonds
- Interest Rate
- Maturity Dates
- Redemption Provisions
- Credit Enhancement, if any
- Purchase Price

Proposed Schedule

Next Steps	Target Date(s)
Finance Committee & Board Approval of Bond Resolution/Documents	May 21
Receive Ratings	May 22
Post Preliminary Official Statement	May 21-23*
Marketing Efforts / Investor Relations	May 22-30*
Price Bonds	June 2-3*
Closing	July 3

**Preliminary, subject to change*

Finance Committee Approve and Recommend to the Board of the Directors the Bond Authorizing Resolution

- Approve substantially completed bond documents
- Authorize the Issuance of Airport System Revenue and Refunding Bonds, Series 2014A, in the amount not to exceed $625 million
- Provide delegations to the Chairman or Vice Chairman and at least one of the Co-Chairmen of the Finance Committee regarding approval of final bond terms

Ronald Reagan Washington National Airport

Dulles Corridor Metrorail Project

Dulles Toll Road

Washington Dulles International Airport

METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

REPORT TO THE FINANCE COMMITTEE

RECOMMENDATION TO APPROVE THE PROPOSED RESOLUTION AUTHORIZING ISSUANCE OF AIRPORT SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2014A

MAY 2014

ACTION REQUESTED

That the Finance Committee approve and recommend to the Board of Directors (Board) the adoption of the proposed Authorizing Resolution for the issuance of up to $625 million of the Series 2014A Bonds.

In addition, the proposed Authorizing Resolution delegates authority to the Chairman or the Vice Chairman of the Board and at least one of the Co-Chairmen of the Finance Committee to negotiate the exact principal amount, interest rates, and certain other transaction details at the time the Series 2014A Bonds are being priced in the market.

DISCUSSION

New Money

Based on the Airports Authority's Capital Construction Program (CCP) cashflows, current funds on-hand (excluding available commercial paper) are expected to fund ongoing CCP capital expenditures through October 2014. Included in this transaction is an amount of not to exceed $125 million of new money which will provide funds to meet capital needs from through June 2015.

*Refunding Opportunitie*s

The Airports Authority has $482.4 million of Bonds that are currently callable in 2014, including $245 million of Series 2004B, $31.3 million of Series 2004C-1, $93.7 million of Series 2004C-2, and $112.3 million of Series 2004D Bonds, all subject to the Alternative Minimum Tax (AMT). The refunding analysis assumes the Series 2014A Bonds will be delivered July 3 as current refunding bonds.

The Bonds are callable at any time on or after October 1, 2014 at a redemption premium of 100 percent. In the current market, all of the outstanding maturities can be refunded for debt service savings of approximately $50.9 million, or 10.5 percent of the refunded par amount, which exceeds the Airports Authority's refunding thresholds.

Timing

The Series 2014A Bonds are tentatively scheduled to price on June 3, and will be delivered on July 3. Pricing may be accelerated or delayed depending on the degree of marketing required for the bonds and market conditions.

Draft Documents

1. Forty-fifth Supplemental Indenture
2. Bond Purchase Agreement
3. Preliminary Official Statement for Series 2014A Bonds (POS), including the Report of the Airport Consultant, Appendix A
4. Refunding Agreements for each series of refunded Bonds

RECOMMENDATION

That the Finance Committee approve and recommend that the Board of Directors adopt the proposed Authorizing Resolution that authorizes the issuance of up to $625 million of the Series 2014A Bonds, and approve related documents in substantially completed form. In addition, the proposed Authorizing Resolution delegates authority to the Chairman or the Vice Chairman of the Board and at least one of the Co-Chairmen of the Finance Committee to negotiate the exact principal amount, interest rates, and certain other transaction details at the time the Series 2014A Bonds are being priced in the market.

Prepared by:
Office of Finance
May 2014

PROPOSED RESOLUTION

Authorizing Issuance of
Airport System Revenue and Refunding Bonds, Series 2014A (AMT)

WHEREAS, The Metropolitan Washington Airports Authority (the "Airports Authority") desires to authorize the issuance of Airport System Revenue and Refunding Bonds, Series 2014A (AMT) (the "Series 2014A Bonds"), within the Airports Authority's Aviation Enterprise Fund, which may be issued in one or more series or subseries in an aggregate principal amount not to exceed $625,000,000 to finance and/or refinance a portion of the costs of certain capital improvement projects (the "Projects") at Ronald Reagan Washington National Airport and Washington Dulles International Airport (the "Airports") and for other purposes identified below;

WHEREAS, A public hearing has been held relating to the Projects to the extent required by Section 147 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, The Governor of Virginia and the Mayor of the District of Columbia have approved the issuance of the Series 2014A Bonds, to the extent that such bonds are subject to Section 147 of the Code;

WHEREAS, The Airports Authority has selected a syndicate of investment banking firms to serve as underwriters for the program of financing and refinancing the costs of certain capital improvements at the Airports and has appointed from the syndicate of investment banking firms Merrill Lynch, Pierce, Fenner & Smith Incorporated to serve as senior bookrunning manager (the "Managing Underwriter") and Citigroup Global Markets Inc. to serve as the co-senior managing underwriter for the Series 2014A Bonds;

WHEREAS, The Airports Authority desires to authorize the refunding of all or a portion of its outstanding Airport System Revenue Bonds, Series 2004B (the "Series 2004B Bonds"), of its outstanding Airport System Revenue Refunding Bonds, Series 2004C-1 (the "Series 2004C-1 Bonds"), of its outstanding Airport System Revenue Refunding Bonds, Series 2004C-2 (the "Series 2004C-2 Bonds"), and of its outstanding Airport System Revenue Refunding Bonds, Series 2004D (the "Series 2004D Bonds;" all or the portions of the Series 2004B Bonds, the Series 2004C-1 Bonds, the Series 2004C-2 Bonds and the Series 2004D Bonds to be refunded are the "Refunded Bonds");

WHEREAS, The Airports Authority desires that proceeds of the Series 2014A Bonds be used (1) for the current refunding of the Refunded Bonds, (2) to pay a portion of the cost of the Projects, (3) to fund a deposit to the common reserve account for the Series 2014A Bonds and other common reserve bonds, if necessary, (4) to pay capitalized interest on the Series 2014A Bonds and certain of the Airports Authority's outstanding bonds, and (5) to pay costs of issuance of the Series 2014A Bonds;

WHEREAS, The Airports Authority desires to set forth guidelines for determining the interest rate or rates, maturities, and other terms of the Series 2014A Bonds; and

WHEREAS, There has been presented to the Airports Authority the form of the following documents for execution in connection with the issuance of the Series 2014A Bonds, copies of which documents shall be filed in the records of the Airports Authority:

(a) the Forty-fifth Supplemental Indenture of Trust (the "Forty-fifth Supplemental Indenture"), between the Airports Authority and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the "Trustee"), relating to the issuance of the Series 2014A Bonds, which supplements the Amended and Restated Master Indenture of Trust, dated as of September 1, 2001, as amended (the "Master Indenture");

(b) the form of the Series 2014A Bonds, attached as Exhibit A to the Forty-fifth Supplemental Indenture;

(c) the form of the Bond Purchase Agreement relating to the Series 2014A Bonds (the "Purchase Contract"), between the Airports Authority and the Managing Underwriter and the other underwriting firms named therein (collectively, the "Underwriters");

(d) the Preliminary Official Statement relating to the public offering of the Series 2014A Bonds (the "Preliminary Official Statement;" the final Official Statement, in substantially the form of the Preliminary Official Statement and including the terms of the Series 2014A Bonds, is the "Official Statement"); and

(e) the Refunding Agreements between the Airports Authority and the Trustee relating to the refunding of the Refunded Bonds (collectively, the "Refunding Agreements"); now, therefore, be it

RESOLVED, That the Underwriters are authorized to distribute the Preliminary Official Statement to prospective purchasers of the Series 2014A Bonds;

2. That the Series 2014A Bonds shall be issued in book entry form, pursuant to the Master Indenture and the Forty-fifth Supplemental Indenture and sold to the Underwriters pursuant to the Purchase Contract, all upon the terms and conditions specified therein;

3. That the Chairman or Vice Chairman, and at least one of the Co-Chairmen of the Finance Committee are authorized until December 31, 2014, and directed to jointly determine, after the Series 2014A Bonds have been priced in the market, the following:

(a) the exact principal amount, series, and subseries designation of the Series 2014A Bonds, provided that the aggregate principal amount of the Series 2014A Bonds shall not exceed $625,000,000;

(b) the interest rate or rates of each series or subseries of the Series 2014A Bonds;

(c) the maturity or maturities of each series or subseries of the Series 2014A Bonds, including the amount and date of any mandatory sinking fund redemption for a maturity;

(d) the provisions for redemption of each series or subseries of the Series 2014A Bonds prior to maturity;

(e) the amount and extent of any credit facility for the Series 2014A Bonds and the provider thereof;

(f) the amount of the debt service reserve requirement, if any, and the provider of any debt service reserve fund surety bond for each series or subseries of the Series 2014A Bonds;

(g) the amount of the purchase price for each series or subseries of Series 2014A Bonds;

(h) the investment, if any, of the defeasance escrows under the Refunding Agreements; and

(i) the par amount of the Series 2004B Bonds, the Series 2004C-1 Bonds, the Series 2004C-2 Bonds and the Series 2004D Bonds, if any, to be refunded pursuant to the Refunding Agreements;

all in a manner to achieve the most favorable net effective interest rate while balancing the Airports Authority's exposure to interest rate and market risks on the entire long-term debt within the Airports Authority's Aviation Enterprise Fund, including the Series 2014A Bonds; provided, that the determinations made pursuant to this paragraph 3 shall comply with the following requirements: (i) the maximum term of the Series 2014A Bonds shall not exceed 32 years; (ii) no Series 2014A Bonds shall be subject to redemption at a redemption premium exceeding three percent (3%) of the principal amount thereof; (iii) the Underwriters' discount relating to the Series 2014A Bonds shall not exceed two percent (2%) of the principal amount thereof; (iv) the true interest cost of the Series 2014A Bonds shall not exceed six percent (6%) per annum; and (v) the Series 2014A Bonds shall be offered to the public at a price of not less than 95 percent (95%) and not more than 130 percent (130%) of the principal amount thereof, plus accrued interest, if any;

4. That the payment or redemption of the Refunded Bonds with a portion of the proceeds of the Series 2014A Bonds, together with any other funds of the Airports Authority, is authorized and directed in the manner and the amounts set forth in the respective Refunding Agreements;

5. That the Chairman or the Vice Chairman is authorized and directed to execute, by manual or facsimile signature, the Forty-fifth Supplemental Indenture, the Series 2014A Bonds, the Purchase Contract, the Official Statement, and the Refunding Agreements, all of which forms are hereby approved, with such changes, insertions, completions, and omissions as are necessary to reflect the bond principal amounts, the series or subseries designations, and other terms determined pursuant to paragraph 3 of this Resolution, and the execution of these documents by the Chairman or Vice Chairman shall constitute conclusive evidence of their approval by the Airports Authority;

6. That the Secretary or Assistant Secretary is authorized and directed to affix the Seal of the Airports Authority or a facsimile thereof on the Forty-fifth Supplemental Indenture, the Series 2014A Bonds and the Refunding Agreements, after their execution by the Chairman or Vice Chairman, to attest the same, by a manual or facsimile signature, and to deliver the Series 2014A Bonds to the Trustee for authentication upon the terms provided in the Master Indenture and the Forty-fifth Supplemental Indenture;

7. That the Chairman, the Vice Chairman, the President and Chief Executive Officer, and the Vice President for Finance and Chief Financial Officer are each authorized and directed, with respect to the Series 2014A Bonds, to execute one or more tax compliance certificates on behalf of the Airports Authority in implementation of the covenants and agreements set forth in the Forty-fifth Supplemental Indenture and to make any election permitted by the Internal Revenue Code of 1986, as amended, that is determined by such officer to be to the advantage of the Airports Authority; and the representations, agreements and elections set forth in the executed tax compliance certificates shall be deemed to be the representations, agreements and elections of the Airports Authority, as if the same were set forth in the Forty-fifth Supplemental Indenture;

8. That the President and Chief Executive Officer and the Vice President for Finance and Chief Financial Officer are each authorized and directed to execute, deliver and file any other certificates and instruments related to the issuance and sale of the Series 2014A Bonds, including Internal Revenue Service Form 8038, any reimbursement agreement relating to any debt service reserve fund surety bond, and any agreement for the investment of proceeds from the sale of the Series 2014A Bonds, and to take any further action as the officer may consider necessary or desirable in connection with the issuance and sale of the Series 2014A Bonds, the refunding of the Refunded Bonds, and any other actions undertaken to implement the determinations made pursuant to paragraph 3 of this Resolution;

9. That any authorization provided in this Resolution to execute a document shall include authorization to deliver the document to the other parties thereto; and

10. That any other acts of the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Vice President for Finance and Chief Financial Officer or any other officer of the Airports Authority that are in conformity with the purposes, intent and conditions of this Resolution and in furtherance of the execution, delivery and performance by the Airports Authority of the Forty-fifth Supplemental Indenture are hereby authorized, and the authorizations granted herein to any such officers of the Airports Authority shall apply equally to any person serving in such capacity on an interim or acting basis, except that the Airports Authority reserves unto itself the authority to appoint or remove any person or entity named, appointed or described in this Resolution or in the form of the Forty-fifth Supplemental Indenture presented to the Airports Authority who is to serve as underwriter, trustee, or provider of a credit facility, if any, or in a similar role relating to the Series 2014A Bonds or the Refunded Bonds.

For consideration by the Finance Committee and Board of Directors on May 21, 2014

FORTY-FIFTH SUPPLEMENTAL INDENTURE OF TRUST

BETWEEN

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

AND

MANUFACTURERS AND TRADERS TRUST COMPANY,
AS TRUSTEE

GOVERNING THE ISSUANCE OF AND SECURING

$____________ AIRPORT SYSTEM REVENUE AND REFUNDING BONDS,
SERIES 2014A (AMT)

DATED AS OF ____________ 1, 2014

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Exhibit A – Series 2014A Bond Form A-1
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THIS FORTY-FIFTH SUPPLEMENTAL INDENTURE OF TRUST dated as of ____________ 1, 2014, by and between the **METROPOLITAN WASHINGTON AIRPORTS AUTHORITY,** a public body politic and corporate created by the Commonwealth of Virginia and the District of Columbia (the **"Airports Authority"**), and **MANUFACTURERS AND TRADERS TRUST COMPANY** (successor to Allfirst Bank), a New York banking corporation with trust powers and having a corporate trust office in Baltimore, Maryland, as Trustee (the **"Trustee"**);

W I T N E S S E T H:

WHEREAS, pursuant to Va. Code Ann. § 5.1-152 *et seq.* (2001) (codifying Chapter 598 of the Acts of Virginia General Assembly of 1985, as amended), and D.C. Official Code Ann. § 9-901 *et seq.* (2001) (codifying the District of Columbia Regional Airports Authority Act of 1985, as amended) (together, the **"Acts"**), the Airports Authority is authorized and empowered to issue bonds, notes and other obligations to finance the cost of Authority Facilities as defined in the Acts, including the refunding of any obligations of the Airports Authority;

WHEREAS, the Airports Authority and the Trustee have entered into a 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 supplemented and amended (the **"Master Indenture"**);

WHEREAS, within the limitations of and in compliance with Articles II and IX of the Master Indenture, the Airports Authority is authorized to issue one or more Series of Bonds;

WHEREAS, the Airports Authority has determined to issue a Series of Bonds in the aggregate principal amount of $____________ (the **"Series 2014A Bonds"**), the proceeds of which shall be used to (i) finance the Cost of the Series 2014A Projects, (ii) pay capitalized interest on the Series 2014A Bonds and certain of the Airport Authority's outstanding Bonds, (iii) refund all of the Refunded Bonds (as defined herein), (iv) fund a deposit to the Common Reserve Account, and (v) pay costs of issuing the Series 2014A Bonds;

WHEREAS, the Master Indenture provides that, in connection with the issuance of a Series of Bonds, the Airports Authority shall execute and deliver to the Trustee a Supplemental Indenture governing the issuance of the Series of Bonds and setting forth the provisions thereof; and the Series 2014A Bonds when authenticated by the Trustee and issued by the Airports Authority shall constitute valid and binding revenue obligations of the Airports Authority, and this Forty-fifth Supplemental Indenture shall constitute a valid and binding instrument for the authorization of and security for the Series 2014A Bonds.

NOW, THEREFORE, THIS FORTY-FIFTH SUPPLEMENTAL INDENTURE WITNESSETH, that the Airports Authority does hereby covenant and agree with the Trustee and with the respective Holders, from time to time, of the Outstanding Series 2014A Bonds, as follows:

ARTICLE I
FORTY-FIFTH SUPPLEMENTAL INDENTURE

Section 101 Forty-fifth Supplemental Indenture.

This Forty-fifth Supplemental Indenture is authorized and executed by the Airports Authority and delivered to the Trustee pursuant to and in accordance with Articles II and IX of the Master Indenture. All covenants, conditions and agreements of the Master Indenture shall apply with full force and effect to the Series 2014A Bonds and to the Holders thereof, except as otherwise provided herein.

Section 102 Definitions.

Except as otherwise defined herein, terms defined in the Master Indenture are used in this Forty-fifth Supplemental Indenture with the meanings assigned to them in the Master Indenture. In addition, the following terms shall have the following meanings in this Forty-fifth Supplemental Indenture:

"Authenticating Agent" shall mean the Trustee.

"Authority Representative" shall mean the Chairman or 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 this Forty-fifth Supplemental Indenture.

"Bond Payment Date" shall mean each April 1 and October 1, commencing October 1, 2014, and each redemption date.

"Book-Entry System" shall mean the system maintained by the Securities Depository and described in Section 207 of this Forty-fifth Supplemental Indenture.

"Common Debt Service Reserve Requirement" shall mean an amount to be on deposit in the Common Reserve Account equal to the lesser of (i) 10% of the original par amount of the Series 2014A Bonds and any other Common Reserve Bonds; (ii) the Maximum Annual Debt Service on the Series 2014A Bonds and any other Common Reserve Bonds in any Fiscal Year; or (iii) 125% of the average Annual Debt Service for the Series 2014A 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 2014A Bonds or Common Reserve Bonds.

"Common Reserve Account" shall mean the account established for the Series 2014A Bonds and any other Common Reserve Bonds in the Debt Service Reserve Fund, as set forth in Section 401(c) of this Forty-fifth 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 2014A Bonds by amounts on deposit in the Common Reserve Account. As of the date of the issuance of the Series 2014A Bonds, the term Common Reserve Bonds shall include the (i) **[**Airport System Revenue Bonds, Series 2004B,**]** (ii) **[**Airport System Revenue Refunding Bonds, Series 2004C-1,**]** (iii) **[**Airport System Revenue Refunding Bonds, Series 2004C-2,**]** (iv) **[**Airport System Revenue Refunding Bonds, Series 2004D,**]** (v) Airport System Revenue Bonds, Series 2008A, (vi) Airport System Revenue Bonds, Series 2009B, (vii) Airport System Revenue Bonds, Series 2010A, (viii) Airport System Revenue Refunding Bonds, Series 2010B, (ix) Airport System Revenue Refunding Bonds, Series 2010F-1, (x) Airport System Revenue Refunding Bonds, Series 2011C, (xi) Airport System Revenue Refunding Bonds, Series 2011D, (xii) Airport System Revenue Refunding Bonds, Series 2012A, (xiii) Airport System Revenue Refunding Bonds, Series 2012B, (xiv) Airport System Revenue and Refunding Bonds, Series 2013A, (xv) Taxable Airport System Revenue Refunding Bonds, Series 2013B, (xvi) Airport System Revenue Refunding Bonds, Series 2013C, (xvii) Series 2014A Bonds, and (xviii) any future Series of Bonds designated by the Airports Authority as "Common Reserve Bonds".

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

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

"Forty-fifth Supplemental Indenture" shall mean this Forty-fifth Supplemental Indenture of Trust between the Airports Authority and the Trustee, which supplements the Master Indenture.

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

"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 supplemented and amended, between the Airports Authority and the Trustee.

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

"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 and 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.

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

"Refunded Bonds" shall mean collectively, the Refunded Series 2004B Bonds, the Refunded Series 2004C-1 Bonds, the Refunded Series 2004C-2 Bonds and the Refunded Series 2004D Bonds.

"Refunded Series 2004B Bonds" shall mean all of the Airports Authority's Airport System Revenue Bonds, Series 2004B, currently outstanding in the aggregate principal amount of $245,000,000.

"Refunded Series 2004C-1 Bonds" shall mean all of the Airports Authority's Airport System Revenue Refunding Bonds, Series 2004C-1, currently outstanding in the aggregate principal amount of $31,300,000.

"Refunded Series 2004C-2 Bonds" shall mean the Airports Authority's Airport System Revenue Refunding Bonds, Series 2004C-2, maturing or subject to mandatory sinking fund redemption October 1, 2015 through October 1, 2024, currently outstanding in the aggregate principal amount of $93,735,000.

"Refunded Series 2004D Bonds" shall mean the Airports Authority's System Revenue Refunding Bonds, Series 2004D, maturing October 1, 2015 through October 1, 2019, currently outstanding in the aggregate principal amount of $112,325,000.

"Securities Depository" shall mean DTC, or its nominee and the successors and assigns of such nominee, or any successor appointed under Section 207 of this Forty-fifth Supplemental Indenture.

"Series 2004B Refunding Agreement" shall mean the refunding agreement dated as of ____________ 1, 2014, between the Airports Authority and the Trustee relating to the Refunded Series 2004B Bonds.

"Series 2004C-1 Refunding Agreement" shall mean the refunding agreement dated as of ____________ 1, 2014, between the Airports Authority and the Trustee relating to the Refunded Series 2004C-1 Bonds.

"Series 2004C-2 Refunding Agreement" shall mean the refunding agreement dated as of ____________ 1, 2014, between the Airports Authority and the Trustee relating to the Refunded Series 2004C-2 Bonds.

"Series 2004D Refunding Agreement" shall mean the refunding agreement dated as of ____________ 1, 2014, between the Airports Authority and the Trustee relating to the Refunded Series 2004D Bonds.

"Series 2014A Bonds" shall mean the Airport System Revenue and Refunding Bonds, Series 2014A, authorized to be issued by Article II of this Forty-fifth Supplemental Indenture.

"Series 2014A Cost of Issuance Subaccount" shall mean the subaccount established for the Series 2014A Bonds in the Construction Fund, as set forth in Section 401(b)(i) of this Forty-fifth Supplemental Indenture.

"Series 2014A Custodian" shall mean Manufacturers and Traders Trust Company, or its successor, as custodian and bailee for the Trustee holding the Series 2014A Project Account and the Series 2014A Cost of Issuance Subaccount pursuant to provisions of Section 401 of the Master Indenture.

"Series 2014A Interest Account" shall mean the account established for the Series 2014A Bonds in the Bond Fund, as set forth in Section 401(a)(i) of this Forty-fifth Supplemental Indenture.

"Series 2014A Paying Agent" shall mean, with respect to the Series 2014A Bonds, the Trustee or such other paying agent appointed by the Trustee.

"Series 2014A Principal Account" shall mean the account established for the Series 2014A Bonds in the Bond Fund, as set forth in Section 401(a)(ii) of this Forty-fifth Supplemental Indenture.

"Series 2014A Project Account" shall mean the account established for the Series 2014A Bonds in the Construction Fund, as set forth in Section 401(b)(ii) of this Forty-fifth Supplemental Indenture.

"Series 2014A Projects" shall mean the projects described in Exhibit B hereto, as the same may be amended pursuant to Section 603 of this Forty-fifth Supplemental Indenture.

"Series 2014A Redemption Account" shall mean the account established for the Series 2014A Bonds in the Bond Fund, as set forth in Section 401(a)(iii) of this Forty-fifth Supplemental Indenture.

"Series 2014A Registrar" shall mean the keeper of the Register for the Series 2014A Bonds, which shall be the Trustee.

"Sinking Fund Redemption Date" shall mean, when used with respect to the Series 2014A Bonds, the respective dates specified in Section 302 of this Forty-fifth Supplemental Indenture.

"Tax Certificate" shall mean the Tax Compliance Certificate for the Series 2014A Bonds dated _____________ __, 2014 executed by the Airports Authority.

Section 103 Reference to Articles and Sections.

Unless otherwise indicated, all references herein to particular articles or sections are references to articles or sections of this Forty-fifth Supplemental Indenture.

ARTICLE II
DETAILS AND FORMS OF SERIES 2014A BONDS

Section 201 Series 2014A Bonds.

The Series 2014A Bonds shall be issued as a Series of Bonds pursuant to Articles II and IX of the Master Indenture in the aggregate principal amount of $____________ to provide funds to (i) finance the Cost of the Series 2014A Projects, (ii) pay capitalized interest on the Series 2014A Bonds and certain of the Airport Authority's outstanding bonds, (iii) refund all of the Refunded Bonds, (iv) fund a deposit to the Common Reserve Account, and (v) pay costs of issuing the Series 2014A Bonds.

Section 202 Details of Series 2014A Bonds.

The Series 2014A Bonds shall be designated "Metropolitan Washington Airports Authority Airport System Revenue and Refunding Bonds, Series 2014A" and shall bear the terms set forth herein and in the Master Indenture. The Series 2014A Bonds shall be dated the date of their delivery, shall be issued in denominations of $5,000 or integral multiples thereof, shall be numbered R-1 upward, shall bear interest at rates, payable semiannually on each April 1 and October 1, beginning October 1, 2014, and shall mature on October 1 in years and amounts, as follows:

Year (October 1)	Principal Amount	Interest Rate

$____________, ______% Term Bond due October 1, 20__

$____________, ______% Term Bond due October 1, 20__

Each Series 2014A Bond shall bear interest (i) from its date if such Series 2014A Bond is authenticated prior to the first Bond Payment Date, or (ii) otherwise from the interest payment date that is, or immediately precedes, the date on which such Series 2014A Bond is authenticated; *provided, however,* that if at the time of authentication of any Series 2014A Bond payment of interest is in default, such Series 2014A Bond shall bear interest from the date to which interest has been paid.

Section 203 General Terms.

The Series 2014A Bonds shall be issued in fully registered form as herein provided.

Interest on the Series 2014A Bonds shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and all such interest determinations and calculations shall be made by the Trustee.

If the principal of any Series 2014A Bond is not paid when due (whether at maturity, upon acceleration or call for redemption or otherwise), then the overdue principal shall continue to bear interest until paid at the rate applicable to such Series 2014A Bond.

The Series 2014A Bonds shall be payable, executed, authenticated, registrable, exchangeable and secured all as set forth in the Master Indenture and this Forty-fifth Supplemental Indenture.

Section 204 Medium and Place of Payment.

Interest on the Series 2014A Bonds shall be paid by check or draft of the Trustee, mailed to the registered owner as of the applicable Record Date at such owner's address as it appears on the Register or at such other address as is furnished to the Trustee in writing by such owner; *provided, however* that at the option of any Holder of at least $1,000,000 of any Series 2014A Bonds, payment will be made by wire transfer as directed by such Holder. No interest shall accrue on any payment mailed or wired on or before the Bond Payment Date to the most recent address shown on such Register or as directed by the Holder.

The principal of and premium, if any, on the Series 2014A Bonds are payable at the principal corporate trust office of the Trustee.

Section 205 Forms of Series 2014A Bonds.

The Series 2014A Bonds shall be in substantially the form set forth in Exhibit A hereto, with such alterations and variations in the arrangement of paragraphs and the text to be contained on the face and reverse of each Series 2014A Bond, and with such completions, omissions, insertions, and changes as may be required by the circumstances to conform to industry practice or as may otherwise be consistent with the Master Indenture and this Forty-fifth Supplemental Indenture. During any period that the Securities Depository or its nominee is the registered owner of the Series 2014A Bonds, such forms shall be changed as may be necessary or desirable to reflect such registered ownership.

Section 206 Delivery of Series 2014A Bonds.

The Trustee shall authenticate and deliver the Series 2014A Bonds when there have been filed with or delivered to it all items required by Sections 210 and 213 of the Master Indenture. Delivery of each of the Series 2014A Bonds shall be deemed to be simultaneous, and no Series of Bonds may be delivered unless all such Series 2014A Bonds are delivered.

Section 207 Book-Entry System.

All Series 2014A Bonds shall initially be registered in the name of Cede & Co., as nominee of DTC as Securities Depository for the Series 2014A Bonds in accordance with the terms of a letter of representations from the Airports Authority to DTC. The Series 2014A Bonds shall be registered upon subsequent transfer or exchange as provided in the Master Indenture.

A single certificate shall be issued and delivered to the Securities Depository for each maturity of the Series 2014A Bonds. The actual purchasers of the Series 2014A Bonds (the **"Beneficial Owners"**) will not receive physical delivery of Bond certificates except as provided herein. So long as there exists a Securities Depository as provided herein, all transfers of beneficial ownership interests in the Series 2014A Bonds shall be made by book-entry only, and no person purchasing, selling or otherwise transferring beneficial ownership interests in the Series 2014A Bonds will be permitted to receive, hold or deliver any Series 2014A Bond certificate. The Airports Authority and the Trustee shall treat the Securities Depository or its nominee as the sole and exclusive Series 2014A Bondholder for all purposes, including payments of principal of, premium, if any, and interest on the Series 2014A Bonds, notices and voting. With respect to the Series 2014A Bonds registered in the name of Cede & Co., the Airports Authority and the Trustee shall have no responsibility or obligation to any Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, the Airports Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Participant with respect to any beneficial ownership interest in the Series 2014A Bonds, (ii) the delivery to any Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Series 2014A Bonds, including any notice of redemption, (iii) the payment to any Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or any interest on, the Series 2014A Bonds, or (iv) any consent given or other action taken by DTC as owner of the Series 2014A Bonds. The Trustee shall pay the principal or redemption price of, and interest on, all Series 2014A Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Airports Authority's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid.

The Airports Authority and the Trustee agree, so long as DTC shall continue to serve as Securities Depository for the Series 2014A Bonds, to meet the requirements of DTC with respect to required notices and other provisions of the letter of representations.

The Trustee and the Airports Authority may conclusively rely upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System with respect to the Series 2014A Bonds and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of the Series 2014A Bonds beneficially owned by, the Beneficial Owners.

Whenever the Series 2014A Bonds remain Outstanding and the beneficial ownership thereof must be determined by the books of the Securities Depository, the requirements in the Master Indenture for holding, delivering, tendering or transferring the Series 2014A Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository with respect to such actions to produce the same effect. Any provision of the Master Indenture permitting or requiring delivery of the Series 2014A Bonds shall, while the Series 2014A Bonds are in the Book-Entry System, be satisfied by notation on the books of the Securities Depository in accordance with state law.

The Airports Authority may from time to time appoint a successor Securities Depository and enter into any agreement with such Securities Depository to establish procedures with respect to the Series 2014A Bonds not inconsistent with the provisions of this Forty-fifth Supplemental Indenture. Any successor Securities Depository shall be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Neither the Airports Authority nor the Trustee shall have any responsibility or obligation to any Securities Depository, any Participant in the Book-Entry System, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount (including premium) or redemption or purchase price of, or interest on, any Series 2014A Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2014A Bonds; or (v) any other action taken by the Securities Depository or any Participant in connection with the Series 2014A Bonds.

Series 2014A Bond certificates shall be delivered to and registered in the name of the Beneficial Owners only under the following circumstances:

(a) The Securities Depository determines to discontinue providing its services with respect to the Series 2014A Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving reasonable notice to the Airports Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(b) The Airports Authority determines not to continue the Book-Entry System through any Securities Depository.

If at any time the Securities Depository ceases to hold any Series 2014A Bonds, all references herein to the Securities Depository shall be of no further force or effect with respect to such Series 2014A Bonds. In such event, the Airports Authority shall issue and the Trustee shall transfer and exchange such Series 2014A Bond certificates as requested by DTC or Participants and confirmed by DTC of like principal amount, series and maturity, in authorized denominations to the identifiable Beneficial Owners in replacement of such Beneficial Owners' beneficial interests in the Series 2014A Bonds.

ARTICLE III
REDEMPTION OF SERIES 2014A BONDS

Section 301 Redemption Dates and Prices.

The Series 2014A Bonds may not be called for redemption by the Airports Authority except as provided herein and in Article III of the Master Indenture.

On and after October 1, 20__, the Series 2014A Bonds maturing on and after October 1, 20__ are subject to optional redemption prior to maturity by the Airports Authority, in whole or in part, by lot, at any time, at 100% of the principal amount of the Series 2014A Bonds to be redeemed plus interest accrued to the date fixed for redemption.

Section 302 Sinking Fund Redemption.

The $____________ Series 2014A Bonds term bond maturing October 1, 20__, is subject to mandatory sinking fund redemption in part, by lot, prior to maturity on October 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year	Principal Amount

*Final Maturity

The $____________ Series 2014A Bonds term bond maturing October 1, 20__, is subject to mandatory sinking fund redemption in part, by lot, prior to maturity on October 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year	Principal Amount

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45^{th}) day next preceding any such applicable Sinking Fund Redemption Date, the Airports Authority may: (i) cause to be paid to the Trustee for deposit in the Series 2014A Redemption Account such amount, or direct the Trustee to use moneys in the Series 2014A Principal Account and the Series 2014A Interest Account allocable to payments due on the applicable Series 2014A Bonds on such Sinking Fund Redemption Date in such amount, as the Airports Authority may determine, accompanied by a certificate signed by the Authority Representative directing the Trustee to apply such amount to the purchase of the applicable Series 2014A Bonds, and the Trustee shall use all reasonable efforts to expend such funds as nearly as may be practicable in the purchase of such Series 2014A Bonds, at a price not exceeding the principal amount thereof plus accrued interest to such Sinking Fund Redemption Date; or (ii) receive a credit against its sinking fund redemption obligation for the applicable Series 2014A Bonds which prior to such date have been purchased by the Airports Authority and presented to the Trustee for cancellation or redeemed (other than through the operation of the sinking fund) and canceled by the Trustee and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation. Any such purchase in lieu of redemption (as described above) shall occur no later than forty-five (45) days prior to the applicable Sinking Fund Redemption Date.

Each Series 2014A Bond so purchased, delivered or previously redeemed shall be credited by the Trustee as provided above at 100% of the principal amount thereof against the obligation of the Airports Authority on such Sinking Fund Redemption Date. Any excess over such obligation shall be credited in chronological order against applicable future sinking fund redemption obligations, or deposits with respect thereto, and the principal amount of such Series 2014A Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced. Any funds received by the Trustee pursuant to clause (i) of the preceding paragraph, but not expended as provided therein for the purchase of Series 2014A Bonds on or before said forty-fifth (45^{th}) day shall be retained in the Series 2014A Redemption Account and shall thereafter be used only for the purchase of Series 2014A Bonds, as a credit in chronological order, against future sinking fund obligations, or deposits with respect thereto as directed by the Airports Authority.

Section 303 Partial Redemption of Series 2014A Bonds.

Upon the selection and call for redemption of, and the surrender of, any Series 2014A Bond for redemption in part only, the Airports Authority shall cause to be executed and the Authenticating Agent shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the Airports Authority, a new Series 2014A Bond (of the same Series) of authorized denominations and like tenor, in an aggregate face amount equal to the unredeemed portion of the Series 2014A Bond surrendered.

Section 304 Effect of Call for Redemption.

On the date designated for redemption by notice given as herein provided, the Series 2014A Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2014A Bonds on such date. If, on the date fixed for redemption, moneys for payment of the redemption price and accrued interest are held by the Series 2014A Paying Agent as provided herein, interest on such Series 2014A Bonds so called for redemption shall cease to accrue, such Series 2014A Bonds shall cease to be entitled to any benefit or security hereunder, and under the Master Indenture, except for the right to receive payment from the moneys held by the Series 2014A Paying Agent and the amount of such Series 2014A Bonds so called for redemption shall be deemed paid and no longer Outstanding.

Section 305 Notice of Redemption.

(a) Notice of redemption of Series 2014A Bonds shall be given in the manner set forth in Section 303 of the Master Indenture, *provided however,* such notice of redemption may be provided by first-class mail to the Holders of the Series 2014A Bonds, and *provided further* that during any period that the Securities Depository or its nominee is the registered owner of the Series 2014A 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.

(b) If at the time of notice of any optional redemption of the Series 2014A Bonds there has not been deposited with the Trustee moneys available for payment sufficient to redeem all of the Series 2014A Bonds called for redemption, the notice shall 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.

ARTICLE IV
ACCOUNTS FOR SERIES 2014A BONDS;
PROCEEDS OF SERIES 2014A BONDS; AND FLOW OF FUNDS

Section 401 Accounts for Series 2014A Bonds.

With respect to the Series 2014A Bonds, there are hereby established the following accounts and subaccounts:

(a) Within the Bond Fund:

(i) Series 2014A Interest Account;

(ii) Series 2014A Principal Account; and

(iii) Series 2014A Redemption Account

(b) Within the Construction Fund:

(i) Series 2014A Cost of Issuance Subaccount;

(ii) Series 2014A Project Account; and

(c) Within the Debt Service Reserve Fund, the Common Reserve Account.

Section 402 Use of Proceeds.

(a) The proceeds of the sale of the Series 2014A Bonds of $____________ (which includes the original issue **[**premium**]** **[**discount**]** and less the underwriters' discount) shall be applied as follows:

(i) $____________ shall be delivered to the Trustee for the redemption of the Refunded Series 2004B Bonds in accordance with the Series 2004B Refunding Agreement.

(ii) $____________ shall be delivered to the Trustee for the redemption of the Refunded Series 2004C-1 Bonds in accordance with the Series 2004C-1 Refunding Agreement.

(iii) $____________ shall be delivered to the Trustee for the redemption of the Refunded Series 2004C-2 Bonds in accordance with the Series 2004C-2 Refunding Agreement.

(iv) $____________ shall be delivered to the Trustee for the redemption of the Refunded Series 2004D Bonds in accordance with the Series 2004D Refunding Agreement.

(v) $____________ shall be delivered to the Trustee to be deposited in the Common Reserve Account.

(vi) $____________ shall be delivered to the Series 2014A Custodian to be deposited in the Series 2014A Cost of Issuance Subaccount; *provided, however*, that to the extent any funds in the Series 2014A Cost of Issuance Subaccount are not used to pay costs of issuance for the Series 2014A Bonds such funds may be used by the Airports Authority for any legally permitted purpose under this Forty-fifth Supplemental Indenture; and *provided further, however*, that such amount may be subject to overnight investment by the Trustee.

(vii) The balance of $____________ shall be delivered to the Series 2014A Custodian to be deposited in the Series 2014A Project Account, of which $____________ represents capitalized interest on the Series 2014A Bonds and on certain previously issued Bonds. The foregoing amounts may be subject to overnight investment by the Trustee. Amounts in the Series 2014A Project Account shall be applied to the payment of Costs of the Series 2014A Projects in accordance with the requirements of the Master Indenture and this Forty-fifth Supplemental Indenture.

(b) The Trustee shall make the following deposits and transfers:

(i) **[**$____________ on deposit in the Series 2004B Interest Account in the Bond Fund shall be transferred to the Trustee in accordance with the Series 2004B Refunding Agreement.

(ii) $____________ on deposit in the Common Reserve Account in the Debt Service Reserve Fund shall be transferred to the Trustee in accordance with the Series 2004B Refunding Agreement.

(iii) $____________ on deposit in the Series 2004C-1 Interest Account in the Bond Fund shall be transferred to the Trustee in accordance with the Series 2004C-1 Refunding Agreement.

(iv) $____________ on deposit in the Common Reserve Account in the Debt Service Reserve Fund shall be transferred to the Trustee in accordance with the Series 2004C-1 Refunding Agreement.

(v) $____________ on deposit in the 2004C-2 Interest Account in the Bond Fund shall be transferred to the Trustee in accordance with the Series 2004C-2 Refunding Agreement.

(vi) $____________ on deposit in the Common Reserve Account in the Debt Service Reserve Fund shall be transferred to the Trustee in accordance with the Series 2004C-2 Refunding Agreement.

(vii) $____________ on deposit in the Series 2004D Interest Account in the Bond Fund shall be transferred to the Trustee in accordance with the Series 2004D Refunding Agreement.

(viii) $____________ on deposit in the Common Reserve Account in the Debt Service Reserve Fund shall be transferred to the Trustee in accordance with the Series 2004D Refunding Agreement.**]**

Section 403 Flow of Funds.

With respect to the Series 2014A Bonds:

(a) **Bond Fund.** Beginning on October 1, 20__, 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 2014A Bonds, whether at maturity or upon mandatory sinking fund payment, shall be deposited to the Series 2014A Principal Account. Beginning on ____________ 1, 2014, and on the first (1st) Business Day of each month thereafter, an amount equal to ____________ (_____) of the interest payment due on October 1, 2014, and thereafter beginning on October 1, 2014, and on the first (1st) Business Day of each month thereafter, an amount equal to one-sixth (1/6) of the interest payment due on the immediately following Bond Payment Date with respect to the Series 2014A Bonds shall be deposited to the Series 2014A Interest Account; *provided, however,* 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.

(b) **Debt Service Reserve Fund.** As provided in Section 514 of the Master Indenture, to the extent not needed to maintain the balance therein equal to the Common Debt

Service Reserve Requirement, earnings on a portion of the investments of the Common Reserve Account shall be transferred after each Bond Payment Date to the Revenue Fund.

(i) (A) Beginning on the first (1st) Business Day of each month after a withdrawal from the Common Reserve Account 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, (B) 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 (C) 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.

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

ARTICLE V
SECURITY FOR SERIES 2014A BONDS

Section 501 Security for Series 2014A Bonds.

The Series 2014A Bonds shall be issued pursuant to the Master Indenture and this Forty-fifth Supplemental Indenture and, together with the Airports Authority's obligations to any Credit Provider as set forth in any Credit Facility, shall be (a) equally and ratably secured with respect to Net Revenues under the Master Indenture and this Forty-fifth Supplemental Indenture with the Airports Authority's Outstanding (i) Airport System Revenue Variable Rate Bonds, Series 2003D, (ii) Airport System Revenue Refunding Bonds, Series 2004A, (iii) **[**Airport System Revenue Bonds, Series 2004B,**]** (iv) **[**Airport System Revenue Refunding Bonds, Series 2004C-1,**]** (v) **[**Airport System Revenue Refunding Bonds, Series 2004C-2,**]** (vi) **[**Airport System Revenue Refunding Bonds, Series 2004D,**]** (vii) Airport System Revenue Commercial Paper Notes, Series Two, (viii) Airport System Revenue Bonds, Series 2005A, (ix) Airport System Revenue Refunding Bonds, Series 2005B, (x) Taxable Airport System Revenue Bonds, Series 2005C, (xi) Airport System Revenue Refunding Bonds, Series 2005D, (xii) Airport System Revenue Bonds, Series 2006A, (xiii) Airport System Revenue Bonds, Series 2006B, (xiv) Airport System Revenue Refunding Bonds, Series 2006C, (xv) Airport System Revenue Refunding Bonds, Series 2007A, (xvi) Airport System Revenue Bonds, Series 2007B, (xvii) Airport System Revenue Bonds, Series 2008A, (xviii) Airport System Revenue Bonds, Series 2009B, (xix) Airport System Revenue Bonds, Series 2009C, (xx) Airport System Revenue Variable Rate Bonds, Series 2009D, (xxi) Airport System Revenue Bonds, Series 2010A, (xxii) Airport System Revenue Refunding Bonds, Series 2010B, (xxiii) Airport System Revenue

Variable Rate Refunding Bonds, Series 2010C, (xxiv) Airport System Revenue Variable Rate Bonds, Series 2010D, (xxv) Airport System Revenue Refunding Bonds, Series 2010F-1, (xxvi) Airport System Revenue and Refunding Variable Rate Bonds, Series 2011A, (xxvii) Airport System Revenue and Refunding Variable Rate Bonds, Series 2011B, (xxviii) Airport System Revenue Refunding Bonds, Series 2011C, (xxix) Airport System Revenue Refunding Bonds, Series 2011D, (xxx) Airport System Revenue Refunding Bonds, Series 2012A, (xxxi) Airport System Revenue Refunding Bonds, Series 2012B, (xxxii) Airport System Revenue and Refunding Bonds, Series 2013A, (xxxiii) Taxable Airport System Revenue Refunding Bonds, Series 2013B, (xxxiv) Airport System Revenue Refunding Bonds, Series 2013C, and (xxxv) any other Series of Bonds (or Credit Facilities, if any) issued pursuant to Article II and IX of the Master Indenture, without preference, priority or distinction of any Bonds over any other Bonds, and (b) secured with respect to certain Funds and Accounts in accordance with the provisions of this Forty-fifth Supplemental Indenture.

ARTICLE VI
TAX COVENANTS

Section 601 General Tax Covenants.

The Airports Authority covenants as follows with respect to the Series 2014A Bonds:

(a) The Airports Authority shall not (1) make any use of the proceeds of the Series 2014A Bonds, any funds reasonably expected to be used to pay the principal of or interest on the Series 2014A Bonds, or any other funds of the Airports Authority; (2) make or permit any use of Authority Facilities originally financed or refinanced with proceeds of the Series 2014A Bonds; or (3) take (or omit to take) any other action with respect to the Series 2014A Bonds, the proceeds thereof, or otherwise, if such use, action or omission would, under the Code, cause the interest on the Series 2014A Bonds to be included in gross income for federal income tax purposes.

(b) In particular, without limitation, the Airports Authority shall cause an amount not less than ninety-five percent (95%) of the proceeds of the Series 2014A Bonds and investment income therefrom to be allocated for federal income tax purposes to Qualified Costs of Facilities, taking into account Qualified Costs of Facilities originally financed or refinanced with proceeds of the Series 2014A Bonds, and agrees to make or to direct the Trustee to make any transfers necessary to satisfy such covenant.

(c) Also, in particular, without limitation, the Airports Authority shall not take (or omit to take) or permit or suffer any action to be taken, if the result of the same causes the Series 2014A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 602 Rebate.

The Airports Authority covenants as follows with respect to the Series 2014A Bonds:

(a) Except as otherwise expressly provided in the Code, the Airports Authority shall pay to the United States in accordance with the requirements of Section 148(f) of the Code an amount equal to the sum of (i) the excess of the amount earned on all nonpurpose investments allocable to the Series 2014A Bonds (other than investments attributable to such excess) over the amount that would have been earned if such nonpurpose investments were invested at a rate equal to the aggregate yield on the Series 2014A Bonds, plus (ii) any income attributable to such excess.

(b) Any amounts so paid shall be derived from the Net Revenues of the Airports or from such other legally available sources as the Airports Authority may determine; *provided, however,* that the application of Net Revenues for such purpose shall be subordinate in priority to the application of Net Revenues required by Section 511(b)(vii) of the Master Indenture.

(c) Notwithstanding any provision of this Section 602, if the Chief Financial Officer of the Airports Authority shall obtain an opinion or opinions of Bond Counsel to the effect that any action required under this Section 602 is no longer required or that some further action is required to maintain the exclusion from federal income tax of interest on the Series 2014A Bonds, the Airports Authority may rely conclusively on such opinion in complying with the requirements of this Section 602, and the covenants contained herein shall be deemed to be modified to that extent.

Section 603 Amendments of Series 2014A Projects.

The Airports Authority may amend the descriptions of the Series 2014A Projects attached as Exhibit B, at any time or from time to time by filing with the Trustee a copy of the amendment to such Exhibit B, accompanied by an opinion or opinions of Bond Counsel to the effect that such amendment will not cause the interest on the Series 2014A Bonds to be included in gross income for federal income tax purposes.

ARTICLE VII
MISCELLANEOUS

Section 701 Limitations of Rights.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Forty-fifth Supplemental Indenture for the Series 2014A Bonds is intended or shall be construed to give any person other than the parties hereto, the Holders of the Series 2014A Bonds, and any Series 2014A Paying Agent, Series 2014A Registrar, and Authenticating Agent any legal or equitable right, remedy or claim under or with respect to this Forty-fifth Supplemental Indenture or any covenants, conditions and provisions herein contained; this Forty-fifth Supplemental Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Series 2014A Bonds, any Series 2014A Paying Agent, Series 2014A Registrar, and Authenticating Agent as herein provided.

Section 702 Severability.

If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Series 2014A Bonds issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 703 Non-Presentment of Series 2014A Bonds.

Notwithstanding Section 214 of the Master Indenture to the contrary, if any Series 2014A Bond is not presented for payment of principal of, premium, if any, and interest on the Series 2014A Bonds within two (2) years after delivery of such funds to the Trustee, and absent knowledge of the Trustee of any continuing Event of Default, the moneys shall, upon request in writing by the Airports Authority, be paid to the Airports Authority free of any trust or lien and thereafter the Holder of such Series 2014A 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 any 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 2014A Bonds.

Section 704 Governing Law.

This Forty-fifth Supplemental Indenture and the Series 2014A Bonds are contracts made under the laws of the Commonwealth of Virginia and shall be governed and construed in accordance with such laws.

Section 705 Counterparts.

This Forty-fifth Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 706 Binding Effect.

This instrument shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns subject to the limitations contained herein.

Section 707 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 this Forty-fifth Supplemental Indenture.

IN WITNESS WHEREOF, the Airports Authority and the Trustee have caused this Forty-fifth Supplemental Indenture to be executed and delivered by their duly authorized officers, all as of the date first above written.

[SEAL]

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Attest:

____
Quince T. Brinkley, Jr.
Secretary

By: ________________________________
Frank M. Conner III
Chairman of the Board of Directors

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ________________________________
Assistant Vice President

EXHIBIT A

SERIES 2014A BOND FORM

CEDE & CO. HAS AN INTEREST HEREIN: UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE AIRPORTS AUTHORITY OR THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY OTHER PERSON IS WRONGFUL.

REGISTERED
RA-___ $________________

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

DISTRICT OF COLUMBIA

**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE AND REFUNDING BOND
SERIES 2014A**

MATURITY DATE	ANNUAL INTEREST RATE	DATED	CUSIP
October 1, 20__	_____%	__________, 2014	592646___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ____________________ DOLLARS

The Metropolitan Washington Airports Authority (the "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, for value received, hereby acknowledges itself obligated to, and promises to, pay, but only out of the sources provided for that purpose as hereinafter specified, and not otherwise, to the Registered Owner named above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above (unless this Bond will have been called for prior redemption, in which case on such redemption date) and to pay, solely from such sources, interest on the unpaid balance of said Principal Amount, semiannually on each April 1 and October 1, beginning October 1, 2014, and, to the extent permitted by law, interest on overdue installments of such interest, at the annual rate stated above. Interest shall be payable the date on which this Bond is authenticated (unless payment of interest hereon is in default, in which case this Bond shall bear interest from the date to which interest has been paid). Interest shall be payable by check or draft mailed to the registered owner at such address as it appears on the registration books kept by the Trustee on the fifteenth day of the calendar month immediately preceding each interest payment date; provided, however, that at the option of any Holder of at least $1,000,000 of Series 2014A Bonds (as defined below), payment will be made by wire transfer as directed by such Holder. Principal, premium, if any, and interest are payable in lawful money of the United States of America.

The Airports Authority has established a book-entry only system of registration for the Series 2014A Bonds (the "Book-Entry System"). Except as specifically provided otherwise in the Master Indenture, the Securities Depository (or its nominee) will be the Registered Owner of this Bond. By acceptance of a confirmation of purchase, delivery or transfer, the Beneficial Owner of this Bond shall be deemed to have agreed to this arrangement. The Securities Depository (or its nominee), as Registered Owner of this Bond, shall be treated as its owner for all purposes.

This Bond is one of an issue of bonds (the "Series 2014A Bonds") in the aggregate principal amount of $____________ authorized and issued to provide funds to finance and to refinance the cost of certain capital improvements to the Airports Authority's airport facilities for Ronald Reagan Washington National Airport located in Arlington County, Virginia, and Washington Dulles International Airport located in Fairfax and Loudoun Counties, Virginia, and for other authorized purposes, all pursuant to a bond authorizing resolution adopted by the Board of Directors of the Airports Authority on ____________ __, 2014, as supplemented by a Pricing Certificate dated ____________ __, 2014, executed by the Chairman of the Board of Directors (the "Chairman") and the Chairman of the Finance Committee of the Board of Directors, and the Amended and Restated Master Indenture of Trust dated as of September 1, 2001, as amended and supplemented (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-fifth Supplemental Indenture of Trust dated as of ____________ 1, 2014 (the "Forty-fifth Supplemental Indenture"), between the Airports Authority and the Trustee (the Master Indenture and the Forty-fifth Supplemental Indenture, together, the "Indenture"). Under the Indenture, the Airports Authority has reserved the right to issue bonds, notes and other obligations ("Additional Bonds") on a parity with the Airports Authority's Outstanding Bonds without limitation as to amount. Reference is hereby made to the Indenture for a description of the rights, limitations of rights, obligations, duties and immunities of the Airports Authority, the Trustee, and the Holders of the Series 2014A Bonds. Executed counterparts or certified copies of such instruments are on file at the principal corporate trust office of the Trustee.

The Series 2014A Bonds have been issued by the Airports Authority pursuant to and in accordance with 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 (D.C. Law 6-67), as amended, codified at D.C. Official Code Ann. § 9-901 et seq. (2001) (collectively, the "Acts"). By the Indenture and as authorized by the Acts, the Airports Authority has pledged certain "Net Revenues," as defined in the Indenture, to secure and provide a source of payment for the Airports Authority's Outstanding Bonds, and any Additional Bonds (collectively, the "Bonds"). All Bonds issued under the Indenture shall be equally and ratably secured by the pledge of and lien on Net Revenues created by the Indenture, without preference, priority or distinction.

The Series 2014A Bonds are limited obligations of the Airports Authority payable only from Net Revenues, proceeds received from the sale of the Series 2014A Bonds and such other revenues of the Airports Authority as may, under the Indenture, be available for such payment, including such amounts as may be on deposit in the funds, accounts, and subaccounts established under the Indenture in respect of the Series 2014A Bonds. Each Series 2014A Bond is and shall be equally and ratably secured, and shall have the same rights, liens and preferences as any other Series 2014A Bond.

THE SERIES 2014A BONDS SHALL NOT BE DEEMED TO CREATE OR CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA, ANY POLITICAL SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA, NOR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA, ANY POLITICAL SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA. THIS BOND SHALL BE A LIMITED OBLIGATION PAYABLE SOLELY FROM FUNDS PROVIDED THEREFOR FROM NET REVENUES OR OTHER SOURCES PROVIDED UNDER THE INDENTURE. THE ISSUANCE OF THE SERIES 2014A BONDS UNDER THE PROVISIONS OF THE ACTS AND THE UNDERTAKING OF THE COVENANTS, CONDITIONS AND AGREEMENTS CONTAINED IN THE INDENTURE SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA, ANY POLITICAL SUBDIVISION THEREOF, OR THE DISTRICT OF COLUMBIA TO THE PAYMENT THEREOF OR TO THE LEVY OR PLEDGE OF ANY FORM OF TAXATION WHATEVER THEREFOR. THE AIRPORTS AUTHORITY HAS NO TAXING POWER.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

This Bond will not become obligatory for any purpose or be entitled to any security or benefit under the Indenture or be valid until the Trustee, as Authenticating Agent, has executed the Certificate of Authentication appearing hereon and inserted the date of authentication hereon.

IN TESTIMONY WHEREOF, the Airports Authority has caused this Bond to be executed and attested by the manual or facsimile signature of its Chairman and by the manual or facsimile signature of its Secretary of the Airports Authority and its corporate seal, or a facsimile thereof, to be hereunto affixed, impressed, imprinted, engraved or otherwise reproduced; and this Bond to be authenticated by the manual signature of an authorized officer of the Trustee, without which authorization this Bond will not be valid nor entitled to the benefits of the Indenture, all as of the date stated above.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: ________________________________
Frank M. Conner III
Chairman of the Board of Directors

(SEAL)

Attest:

____
Quince T. Brinkley, Jr.
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Date of Authentication: ____________ __, 2014

The undersigned hereby certifies that this is one of the Series 2014A Bonds referred to in the within-mentioned Indenture.

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ________________________________
Authorized Officer

ADDITIONAL SERIES 2014A BONDS PROVISIONS

The Series 2014A Bonds may not be called for redemption by the Airports Authority except as provided herein and in the Indenture.

The Series 2014A Bonds maturing on and after October 1, 20__ are subject to optional redemption prior to maturity by the Airports Authority, on and after October 1, 20__, in whole or in part at any time, at 100% of the principal amount of the Series 2014A Bonds to be redeemed plus interest accrued to the date fixed for redemption.

The $____________ Series 2014A Bonds term bond maturing October 1, 20__, is subject to mandatory sinking fund redemption in part, by lot, prior to maturity on October 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year	Principal Amount

*Final Maturity

The $____________ Series 2014A Bonds term bond maturing October 1, 20__, is subject to mandatory sinking fund redemption in part, by lot, prior to maturity on October 1, in the years set forth below, at a redemption price equal to the principal amount of such term bond called for redemption:

Year	Principal Amount

*Final Maturity

The Forty-fifth Supplemental Indenture provides for a credit against the sinking fund obligation for the applicable Series 2014A Bonds to the extent the Series 2014A Bonds have been previously purchased by the Airports Authority and presented to the Trustee for cancellation or previously redeemed (other than pursuant to the above sinking fund requirements).

If less than all of the Series 2014A Bonds are called for redemption, the maturities to be redeemed or the method of their selection shall be determined by the Airports Authority. If less than all of the Series 2014A Bonds of a single maturity are to be redeemed, the Series 2014A Bonds to be redeemed shall be selected by lot in such manner as the Trustee in its discretion, subject to the requirements of the Securities Depository, may determine, each portion of $5,000 principal amount being counted as one Series 2014A Bonds for such purpose.

If any of the Series 2014A Bonds or portions thereof are called for redemption, the Trustee shall send notice of the call for redemption identifying the Series 2014A Bonds or portions thereof to be redeemed, by first-class mail not less than 30 nor more than 60 days prior to the redemption date to the registered owner of each Series 2014A Bond to be redeemed at his address as it appears on the registration books maintained by the Trustee. Provided funds for their redemption are on deposit at the place of payment on the redemption date, all Series 2014A Bonds or portions thereof so called for redemption shall cease to bear interest on such date, shall no longer be secured by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If a portion of this Series 2014A Bond shall be called for redemption, a new Series 2014A Bond in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

The registered owner of this Series 2014A Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture, or of any supplement thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Series 2014A Bonds are issuable as registered bonds in denominations of $5,000 and integral multiples thereof. Upon surrender of this Series 2014A Bond at the principal corporate trust office of the Trustee, as Registrar, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, as Registrar, the Airports Authority shall execute, and the Trustee, as Registrar, shall authenticate and deliver in exchange, a new Series 2014A Bond or Series 2014A Bonds in the manner and subject to the limitations and conditions provided in the Indenture, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner hereof or his duly authorized attorney or legal representative. Any such exchange shall be at the expense of the Airports Authority, except that the Trustee, as Registrar, may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Trustee shall treat the registered owner of this Series 2014A Bond as the person exclusively entitled to payment of principal of, premium, if any, and interest on the Series 2014A Bond and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the fifteenth day of the month immediately preceding the month in which each interest payment is to be made.

LEGAL OPINION

It is hereby certified that the following is a true and correct copy of the complete text of the final legal opinion of Squire Sanders (US) LLP, as bond counsel, relating to the issue of bonds of which this bond is one, and that a signed copy of such opinion, dated and issued as of the date of delivery of and payment for the bonds, is on file with the Trustee and with the undersigned.

____

Secretary,
Metropolitan Washington Airports Authority

[Copy of Opinion to be inserted here**]**

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

____

____

(Please print or typewrite name and address
including postal zip code of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

____

: :
: :
: :
____

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing ____, Attorney, to transfer said Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: __________________

____
(Signature of Registered Owner)
NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed

____

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

EXHIBIT B

SERIES 2014A PROJECTS

DCA800	Geographical Information System
DCA800	Public Safety, Airport Engineering, and Maintenance Relocation Study
DCA800	Runway 4-22 and 15-33 RSA Improvements Funding for Design
DCA800	Modify DFS System to Accommodate Surge Transients/Operating Characteristics
DCA800	Power Distribution Upgrades - Phase 1
DCA800	Color Digital Orthophotography
DCA800	Next Generation Public Safety Communications System
DCA890	Other Planning and Programming
DCA800	Enterprise Resource Program
DCA800	Environmental Impact Statement - Crosswind Runways Safety Area
DCA800	Noise Monitoring
DCA890	Parking Revenue Control System
DCA890	Restroom Modifications and Upgrades
DCA800	Route 233 & South Bound GWMP Ramp Bridges Rehabilitation
DCA800	Terminal B/C Improvements
DCA800	Terminal B/C Long Term Re-Development Program-Phase 1
DCA800	Terminal A Building Rehabilitation
DCA800	Terminal A Long Term Re-Development Program-Phase 1
DCA800	Hangar 6 Roof Replacement
DCA800	Campus Utility and Central Plan Improvements-Phase 1
DCA800	Police Range and Training Facility
DCA600	Consolidated Communication Center - Work on PSAP remains
DCA800	Runway Overlays: 1-19
DCA800	Hangar 7 Roof Replacement
DCA800	Taxiway and Taxilane Resurfacing Program
DCA800	Special Systems
IAD113	Contaminated Soils Removal/Disposal
IAD964	Sign System Rehabilitation
IAD900	Planning/Programming Studies - Utility Systems
IAD900	Planning/Programming Studies - Other
IAD149	Security Mezzanine & MT People Mover, Pkg.6 (Includes Haul Road)
IAD650	Comprehensive Airport Security Study
IAD932	Unallocated Expenditures - Airfield Pavement Panel Replacement
IAD957	Site Development for Commercial Hangars - Land Portion NOAA
IAD963	Contamined Soils Removal - Beyond Stages I and II
IAD	Restroom Rehab - Concourse C/D Rehab
IAD800	Gate B41/43 - Concourse Modifications for Airbus
IAD800	International Arrivals Bldg (IAB) Expansion
IAD800	Access Control&Monitoring Sys,CCTC&Video Monitoring Sys Integration
IAD800	Geographic Information System
IAD800	Future Runway 1C-19C, Future Taxiways W and W1
IAD800	Fourth Runway Maintenance Equipment

IAD800	Maintenance Equipment Storage Building
IAD800	Historic ATCT Facilities Life Safety Preservation Phase 1B
IAD800	Main Terminal Commissioning Phase 2
IAD800	Unmanned Exit Doors at Bag Claim Level MT Passenger Automatic
IAD800	High Temperature Hot Water Generator Replacement (Des)
IAD800	Comprehensive Electrical Utility Critical Rehabilitation - Phase 1
IAD800	Next Generation Public Safety Communications System
IAD800	Color Digital Orthophotography
IAD800	Special Systems
IAD800	Cargo Building Rehab - Phase 1
IAD800	Proposed Taxiways Improvements (Hangar Facility)
IAD800	Airfield Pavement Panel Replacement
IAD800	Hydrant Fuel Line Improvements
IAD800	Public Parking Rev Control Sys Repl
IAD800	Access Control & Alarm Monitoring Sys Ingegration
IAD800	Dedicated Fire System Surge Protection
IAD800	Other Planning & Programming
IAD800	Environmental Assess Western Airport Support Zone & Gen Aviation
IAD800	Police Range and Training Facility
IAD875	Hydrant Fueling Cathodic Protection System (Concourse A/B)
IAD	Cargo Building 7 Apron (GA Parking)
IAD	Restroom Rehab - Concourse C/D Rehab - FIS BHS Payment
IAD875	Radio Replacement - Next Gen Public Safety Communication Contingency
IAD800	Hydrant Fueling Cathodic Protection System (Concourse A/B)

Other projects described in the Plan which was the subject of the public hearing held on May 30, 2013, but only to the extent that the payment of the Costs of such Projects with proceeds of the Series 2014A Bonds is consistent with the Airports Authority's covenants provided in the Tax Certificate and in Article VI of the Indenture, as determined by the Airports Authority in consultation with Bond Counsel.

$______________
Metropolitan Washington Airports Authority
Airport System Revenue and Refunding Bonds, Series 2014A (AMT)

BOND PURCHASE AGREEMENT

June [3], 2014

Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, DC 20001-6000

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "*Representative*") acting on behalf of itself and on behalf of Citigroup Global Markets Inc. (the "*Co-Senior Manager*") and the underwriters who are the signatories hereto (collectively, the "*Underwriters*") hereby, jointly and severally, offers to enter into this Bond Purchase Agreement (the "*Purchase Agreement*") with you (the "*Airports Authority*") for the purchase by the Underwriters and sale by the Airports Authority of the Bonds described below which, upon the Airports Authority's acceptance of this offer, will be binding upon the Airports Authority and the Underwriters. This offer is made subject to acceptance by the Airports Authority at or prior to 5:00 P.M., Eastern Time, on the date hereof. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon both the Airports Authority and the Underwriters. If not so accepted, this Purchase Agreement will be subject to withdrawal by the Underwriters upon written notice delivered to the Chairman or President and Chief Executive Officer of the Airports Authority at any time prior to the acceptance hereof by the Airports Authority. *Terms used but not defined herein are defined in the Indenture identified below.*

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters hereby agree to purchase from the Airports Authority, and the Airports Authority hereby agrees to sell to the Underwriters, all (but not less than all) of the aggregate principal amount of the Airport System Revenue and Refunding Bonds, Series 2014A, in the principal amount of $_____________. (the "*Bonds*") and to purchase the Bonds at the aggregate purchase price of $____________.00, representing the aggregate principal amount of the Bonds plus original issue premium of $____________.00 and less an Underwriters' discount of $_____________.00 to be tendered on the date of payment for and delivery of the Bonds pursuant to Section 5 hereof (the "*Closing*").

Proceeds of the Bonds, along with other available funds, will be used to (i) pay a portion of the costs of certain capital projects at the Airports, (ii) pay capitalized interest on the Bonds and other Airports Authority Bonds, (iii) refund all or a portion of the Airports Authority's outstanding Airport System Revenue Bonds, Series 2004B, and Airport System Revenue Refunding Bonds, Series 2004C-1, Series 2004C-2 and Series 2004D (collectively, the "Refunded Bonds"), (iv) [fund a deposit to the Common Reserve Account in the Debt Service Reserve Fund to satisfy the debt service reserve requirement for the Bonds and any other Common Reserve Bonds,] and (v) pay costs of issuing the Bonds.

The Bonds have been authorized pursuant to Resolution 14-____ of the Airports Authority adopted by the Board of Directors on May 21, 2014 (the "*Bond Resolution*"). The Bonds shall be dated the date of delivery, and shall be issued and secured under and pursuant to, an Amended and Restated Master Indenture of Trust, dated as of September 1, 2001 (the "*Master Indenture"*) as amended, and as supplemented by the Forty-fifth Supplemental Indenture of Trust, dated as of July 1, 2014 (the "*Supplemental Indenture*" and together with the Master Indenture, the "*Indenture*") by and between the Airports Authority and Manufacturers and Traders Trust Company, as Trustee (the "*Trustee"*). The Bonds will be secured by and payable from Net Revenues, as defined in the Indenture, derived from the operation of the Airports Authority and by the proceeds of the Bonds deposited in certain funds and accounts held under the Indenture by the Trustee. The Bonds shall mature in the years, bear interest and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in the Indenture. The authorized denominations, Record Dates, Interest Payment Dates, Sinking Fund Payment Dates, and other details and particulars of the Bonds shall be as described in the Indenture and the final Official Statement (defined below) of the Airports Authority.

2. Public Offering. The Underwriters agree to make a bona fide public offering of the Bonds at prices not in excess of the initial offering prices set forth on the inside cover pages of the printed paper form of the Official Statement of the Airports Authority hereinafter identified. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices or yields set forth therein.

Delivered to the Airports Authority herewith is a corporate check or checks payable to its order in the amount of $____________.00 for the Bonds (the "*Good Faith check*"). The Airports Authority agrees to hold the Good Faith check uncashed until the Closing if this offer is accepted by the Airports Authority, and such Good Faith check shall be returned to the Representative on behalf of the Underwriters at the time of delivery of the Bonds, at which time the Underwriters shall pay the Airports Authority the entire purchase price of the Bonds. In the event the Airports Authority does not accept this offer, the Good Faith check shall be promptly returned to the Representative. In the event of the Airports Authority's failure to deliver the Bonds at the Closing, or if the Airports Authority shall be unable to satisfy the conditions of the obligations of the Underwriters set forth in this Purchase Agreement (unless waived by the Representative), or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Agreement, the Good Faith check shall be returned to the Representative and such return shall constitute a full release and discharge of all claims and rights hereunder of the Underwriters against the Airports Authority. In the event that the Underwriters fail (other than for a reason permitted herein) to accept delivery of and to pay for the Bonds at the Closing as herein provided, the Good Faith check shall be retained and cashed by the Airports Authority as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and, except as set forth in this Section and Sections 4 and 6 hereof, neither party shall have any further rights against the other hereunder. No interest shall be paid by the Airports Authority upon the principal amount of the Good Faith check.

3. Preliminary and final Official Statement. The Underwriters have distributed copies of the Preliminary Official Statement dated May [23], 2014, which together with the cover page and appendices thereto, is herein defined as the "*Preliminary Official Statement*". By its acceptance hereof, the Airports Authority hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and the Airports Authority represents that

such Preliminary Official Statement is deemed final as of its date under Rule15c2-12 ("*Rule 15c2-12*") promulgated by the U.S. Securities and Exchange Commission (the "*SEC*") under the Securities Exchange Act of 1934, as amended, except for Permitted Omissions (defined below). It is acknowledged by the Airports Authority that the Underwriters may deliver the Preliminary Official Statement and the final Official Statement (such Official Statement, including the cover page, the inside cover pages and all appendices attached thereto, together with such amendments or supplements thereto as are adopted by the Airports Authority in accordance herewith subsequent to the acceptance of this Purchase Agreement by the Airports Authority, being herein called the "*Official Statement*") electronically over the internet on the website of Wold Printing (www.onlinemunis.com) and in printed paper form. For purposes of this Purchase Agreement, the printed paper form of the Preliminary Official Statement and the Official Statement are deemed controlling. The Airports Authority hereby agrees to deliver or cause to be delivered to the Underwriters, within seven (7) business days of the date hereof or upon reasonable written notice from the Underwriters within sufficient time to accompany any confirmation requesting payments from any customers of the Underwriters, copies of the Official Statement related to the Bonds dated the date hereof (and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Airports Authority, Bond Counsel and the Underwriters) in such quantities as the Underwriters deem necessary to comply with paragraph (b) (4) of Rule 15c2-12 and Rules G-12, G-15 and G-32 of the Municipal Securities Rulemaking Board ("*MSRB*"). By execution thereof by the Chairman or Vice Chairman of the Airports Authority, the Airports Authority shall deem the Official Statement final as of its date within the meaning of Rule 15c2-12 in substantially the same form as the Preliminary Official Statement, subject only to such additions, deletions, revisions, and recent developments as shall have been consented to or accepted by the Underwriters. The Underwriters hereby agree to cooperate and assist in the preparation of the Official Statement. The Representative hereby agrees to deliver a copy of the Official Statement to the MSRB in an electronic format prescribed by the MSRB for its Electronic Municipal Market Access ("*EMMA*") website at www.emma.msrb.org on or before the date of the Closing. The Airports Authority authorizes the use by the Underwriters of copies of the Official Statement, the Bond Resolution and the Indenture, all in connection with the public offering and sale of the Bonds.

In order to assist the Underwriters with complying with Rule 15c2-12, the The Airports Authority will undertake, pursuant to the Disclosure Agreement (defined below), to provide certain financial and operating information and notices of the occurrence of certain events. A description of the Disclosure Agreement is set forth in the Official Statement.

4. <u>Representations</u>. The Airports Authority represents to and agrees with the Underwriters that:

(a) The Preliminary Official Statement and the Official Statement, as of their respective dates, shall be true and correct in all material respects and, do not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except in the case of the Preliminary Official Statement, for omissions permitted pursuant to Rule 15c2-12 relating to details of the offering such as offering prices, principal amounts, maturities, interest rates and other pricing information, credit ratings, delivery dates, redemption terms and prices, and other terms dependent on such matters, including without limitation, use of proceeds, credit enhancement, CUSIP numbers, amounts of reserve funds, and other information not known or reasonably ascertainable on the date of the Preliminary Official Statement (collectively, "*Permitted Omissions*"). In addition, any amendments or supplements to the Official Statement prepared and furnished by the Airports Authority pursuant to Section 8 hereof will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations contained in this Section 4(a) do not apply to any information in Part 1 of the Preliminary Official Statement and Part 1 of the Official Statement under the captions "THE SERIES 2014A BONDS – Book-Entry Only System," and "UNDERWRITING" and in APPENDIX D – "Book Entry Only System".

(b) The Airports Authority is a public body corporate and politic created by enactment of Chapter 598, Virginia Acts of Assembly, 1985, as amended and codified at Va. Code Sec. 5.1-152 through 178 (the "*Virginia Act"*), and the District of Columbia Regional Airports Authority Act of 1985, D.C. Law 6-67, as amended (the "*District Act"*), with the consent of Congress pursuant to the Metropolitan Washington Airports Act of 1986, Title VI of Public Law 99-591, as amended by P.L. 102-240 and P.L. 104-264 (the "*Federal Act*") with the powers and authority set forth in the Virginia Act and the District Act and with full legal right, power and authority, inter alia, to lease, operate, improve and maintain the Metropolitan Washington Airports (as defined in the Federal Act), to enter into this Purchase Agreement and the Indenture, to adopt the Bond Resolution and to issue, sell and deliver the Bonds to the Underwriters as provided herein and to carry out and perform its obligations under this Purchase Agreement, the Bond Resolution, the Indenture and the Bonds.

(c) The Agreement and Deed of Lease between the United States of America, acting by and through the Secretary of Transportation, and the Airports Authority, effective June 7, 1987, as amended to date (the "*Federal Lease*"), is in full force and effect, without amendment or supplement except as described in the Official Statement, all lease payments and other charges payable under the Federal Lease have been timely paid when due by the Airports Authority, the Airports Authority is not in default in the performance of any covenant, agreement or condition contained in the Federal Lease and no "Event of Default" has occurred and is subsisting thereunder.

(d) The Airports Authority has entered into an Airport Use Agreement and Premises Lease (the "*Airline Agreement"*) with each of the signatory airlines (each a "*Signatory Airline*") providing service at the Airports. The Airline Agreement constitutes a valid and binding obligation of the Airports Authority enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. To the best knowledge of the Airports Authority, the Airline Agreement has been executed and delivered by each respective Signatory Airline and, except as described in the Preliminary Official Statement and the Official Statement, is currently in full force and effect and no event of default except as described in the Preliminary Official Statement and the Official Statement by any Signatory Airline has occurred under the Airline Agreement.

(e) The execution and delivery of this Purchase Agreement and the adoption of the Bond Resolution do not, and the execution and delivery of the Bonds, the Supplemental Indenture and compliance with the provisions thereof and of this Purchase Agreement, the Bond Resolution, the Continuing Disclosure Agreement dated June 1, 2002, as supplemented and amended on June 1, 2009 and December 1, 2010, and as may be supplemented and amended thereafter (the "*Disclosure Agreement*"), by and between the Airports Authority and Digital Assurance Certification L.L.C., as dissemination agent for the Airports Authority (the "*Dissemination Agent*"), and the Airline Agreement under the circumstances contemplated thereby, will not, in any material respect, conflict with or constitute on the part of the Airports Authority a breach of or default under (i) the Master Indenture, (ii) the Federal Lease and (iii) any other agreement or instrument to which the Airports Authority is a party or (iv) any existing law, administrative regulation, court order or consent decree to which the Airports Authority is subject.

(f) With respect to the issuance of the Bonds, the Airports Authority has, in all material respects, complied with the Federal Lease, the Bond Resolution, the Indenture, the Disclosure

Agreement, the Airline Agreement, the Virginia Act, the District Act and the Federal Act.

(g) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Airports Authority of its obligations hereunder and under the Bond Resolution, the Indenture, the Bonds, the Disclosure Agreement, and the Airline Agreement have been obtained (other than approval of the Airport layout plan, building permits and other similar consents and approvals which may be required for the construction or operation of any facilities financed or refinanced with the proceeds of the Bonds); provided that the Airports Authority makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations. No consents and approvals are required under the Airline Agreement which would constitute a condition precedent to the performance by the Airports Authority of its obligations hereunder and under the Bond Resolution, the Indenture and the Bonds.

(h) The Bonds conform to the descriptions thereof contained in the Preliminary Official Statement (recognizing that the descriptions of the Bonds are incomplete as to the Permitted Omissions) and the Official Statement and, when duly issued and authenticated in accordance with the Bond Resolution and the Indenture and delivered to the Underwriters as provided herein, the Bonds will be the validly issued and outstanding limited obligations of the Airports Authority, entitled to the benefits of the Bond Resolution and the Indenture and payable from the sources therein specified.

(i) The Supplemental Indenture, when executed and delivered by the Airports Authority, will (assuming due authorization, execution and delivery by the Trustee) constitute a valid and binding obligation of the Airports Authority enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. No event that, with notice or lapse of time, could become an "Event of Default" under the Master Indenture has occurred and is continuing.

(j) Except as described in the Preliminary Official Statement and the Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Airports Authority or against any other party of which the Airports Authority has notice or, to the knowledge of the Airports Authority, threatened against the Airports Authority, (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds or the collection of Net Revenues pledged under the Indenture to secure the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of the Bonds, the Bond Resolution, the Indenture, the Airline Agreement, or this Purchase Agreement, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Airports Authority relating to the Airports or 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 Bonds or (iv) which, if adversely determined, could materially adversely affect the financial position of the Airports Authority or the transactions contemplated by the Preliminary Official Statement, the Official Statement, the Bond Resolution, the Indenture, the Federal Lease or this Purchase Agreement.

(k) The audited financial statements of the Airports Authority incorporated by reference in the Preliminary Official Statement and the Official Statement fairly present the financial positions and results of operations of the Airports Authority as of the dates and for the periods therein set forth, and the Airports Authority has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted therein. Since December 31, 2013, no material and adverse change has occurred in the financial position or results of operations of the Airports Authority and the Airports Authority has not incurred, since December 31, 2013, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement.

(l) Any certificates signed by any officer of the Airports Authority and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation of the Airports Authority as to the accuracy of the statements therein made.

(m) The Airports Authority has no reason to believe, after review, that the certifications, assumptions and conclusions in the Report of the Airport Consultant dated May [23], 2014 (the "*Report of the Airport Consultant*") prepared by LeighFisher (the "*Airport Consultant*") and included in the Preliminary Official Statement and in the Official Statement, are not reasonable. The Airports Authority believes that the capital construction program information, aviation activity data, and accounting and other financial documents furnished by the Airports Authority to the Airport Consultant in connection with the preparation of the Report of the Airport Consultant are accurate in all material respects. Further, the Airports Authority has no knowledge, after due inquiry, of any fact or circumstance that would have a material adverse effect on the assumptions, findings, projections or conclusions in the Report of the Airport Consultant that the Airports Authority has not disclosed to the Airport Consultant and the Underwriters.

(n) Except for the pledges of revenues made pursuant to the Master Indenture, the Airports Authority has not pledged or otherwise encumbered any of its revenue or funds that constitute Net Revenues under the Master Indenture.

(o) The Airports Authority has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Indenture.

(p) The Bonds conform to the description thereof contained in the Preliminary Official Statement and the Official Statement under the caption "THE SERIES 2014A BONDS"; and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "ESTIMATED SOURCES AND USES OF FUNDS" in Part I of the Official Statement.

(q) The Airports Authority will not, prior to the Closing, offer or issue any bonds, notes or other obligations for borrowed money payable from or secured by Net Revenues or incur any material liabilities, direct or contingent, except in the ordinary course of business, payable from or secured by Net Revenues without prior notice to the Representative.

(r) By all necessary official action of the Airports Authority prior to or concurrently with the acceptance hereof, the Airports Authority has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, distribution and use of the Preliminary Official Statement and the approval, execution, distribution and use of the Official Statement for use by the Underwriters in connection with the public offering of the Bonds and (iii) the consummation by it of all other transactions described in the Preliminary Official Statement, the Official Statement, this Purchase Agreement and the Indenture and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Airports Authority in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

(s) The Purchase Agreement and the Indenture, when duly executed and delivered, will constitute legal, valid and binding obligations of the Airports Authority, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights.

(t) Except as described in the Preliminary Official Statement and the Official Statement, the Airports Authority has not failed during the previous five years to comply, in all material respects, with any previous undertakings in a written continuing disclosure agreement under Rule 15c2-12.

5. Closing. At 9:00 A.M., Eastern Time, on July [2], 2014, or at such other time or date as the Underwriters and the Airports Authority may mutually agree upon as the date and time of the Closing, the Airports Authority will deliver or cause to be delivered to the Underwriters, at the offices of Squire Sanders (US) LLP, 1200 19th Street, NW, Suite 300, Washington, D.C. 20036, or at such other place as the Underwriters and the Airports Authority may mutually agree upon, the Bonds, through the facilities of The Depository Trust Company, New York, New York ("*DTC*"), duly executed and authenticated, and the other documents specified in Section 6. At the Closing, and upon satisfaction of the conditions herein specified, the Underwriters will accept the delivery of the Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Airports Authority. The Bonds shall be available as fully registered bonds through the facilities of DTC in the authorized denominations as specified by the Underwriters at the Closing. The Bonds shall be made available to the Underwriters at least one (1) business day before the Closing for purposes of inspection.

6. Conditions Precedent. The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Airports Authority contained herein and the performance by the Airports Authority of its obligations hereunder, both as of the date hereof and as of the date of the Closing.

The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(i) The representations of the Airports Authority contained herein shall be true, complete and correct on the date of acceptance hereof and on and as of the date of the Closing.

(ii) At the time of the Closing, the Official Statement, the Bond Resolution, the Indenture, the Disclosure Agreement, the Federal Lease and the Airline Agreement (except as otherwise described in the Official Statement) shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriters; and the Airports Authority shall have duly adopted and there shall be in full force and effect the Bond Resolution and such other resolutions of the Airports Authority as, in the opinion of Squire Sanders (US) LLP, bond counsel to the Airports Authority ("*Bond Counsel*"), shall be necessary in connection with the transactions contemplated hereby.

(iii) The Airports Authority shall have delivered to the Underwriters Official Statements by the time, and in the numbers, required by Section 3 of this Purchase Agreement.

(iv) The Airports Authority shall have delivered to the Underwriters at the time of the Airports Authority's acceptance hereof, a copy of the Disclosure Agreement.

(v) At or prior to the Closing, the Underwriters shall receive the following documents (in each case with any such changes as the Underwriters shall approve):

(1)(i) The approving and supplemental opinions, dated the date of the Closing, of Bond Counsel, addressed to the Underwriters and substantially in the forms attached as Appendix E to the Official Statement and attached hereto as **Exhibit A**-1, respectively, and (ii) the opinion of Squire Sanders (US) LLP, disclosure counsel to the Airports Authority ("*Disclosure Counsel*"), together with a reliance letter addressed to the Underwriters, each dated the date of the Closing, substantially in the form attached hereto as **Exhibit A-2**;

(2) The opinion of the Vice President and General Counsel of the Airports Authority, dated the date of the Closing and addressed to the Underwriters, substantially in the form attached hereto as **Exhibit B**;

(3) The opinion of Ballard Spahr LLP, counsel to the Trustee, dated the date of the Closing and addressed to the Underwriters, substantially in the form attached hereto as **Exhibit C**;

(4) The opinion of Patton Boggs LLP, counsel to the Underwriters, dated the date of the Closing and addressed to the Representative of the Underwriters, and covering such matters as the Underwriters may reasonably request;

(5) A certificate, dated the date of the Closing, signed by the Chairman or the Vice Chairman of the Airports Authority to the effect that (a) the representations and agreements of the Airports Authority contained herein are true and correct in all material respects as of the date of the Closing; (b) the Disclosure Agreement has been duly authorized and executed and is in full force and effect; (c) except as described in the Official Statement, no litigation is pending or, to his or her knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Net Revenues pledged under the Indenture to secure the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Bond Resolution, the Indenture, the Disclosure Agreement, the Airline Agreement, or this Purchase Agreement, (iii) in any way contesting the creation, existence or powers of the Airports Authority relating to the Airports or the validity or effect of the Federal Lease, the Federal Act, the Virginia Act or the District Act or any provision thereof or the application of the proceeds of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial position of the Airports Authority or the transactions contemplated by the Official Statement, the Bond Resolution, the Indenture, the Federal Lease, or this Purchase Agreement; and (d) to the best of his or her knowledge, no event affecting the Airports Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which should be disclosed therein in order to make the statements and information therein not misleading, in any material respect except no review has been made of information in Part I of the Official Statement under the captions "THE SERIES 2014A BONDS – Book-Entry Only System," "UNDERWRITING" and in APPENDIX D – "Book Entry Only System";

(6) Executed or certified copies of the Master Indenture, the Supplemental Indenture, the Bond Resolution and the Refunding Agreements;

(7) Evidence satisfactory to the Representative of the assignment of the following long-term ratings assigned to the Bonds by Moody's Investors Service, Inc. ("*Moody's*") of "[A1]," by Standard & Poor's Ratings Group ("*S&P*") of "[AA-]," and by Fitch Ratings, Inc. ("*Fitch*") of "[AA-]";

(8) Copies of the audited financial statements of the Airports Authority incorporated by reference into the Official Statement;

(9) A certificate, dated the date of the Closing, signed by the Vice President for Finance and Chief Financial Officer of the Airports Authority, in form and substance satisfactory to the Underwriters, to the effect that except as disclosed in the Official Statement, since December 31, 2013, no materially adverse change has occurred in the financial position or results of operations of the Airports Authority and the Airports Authority has not incurred, since December 31, 2013, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement, and as to certain other matters reasonably requested by Bond Counsel;

(10) A verification report issued by ____________________ (the "Verification Agent") as to the sufficiency of the amounts deposited with the Trustee pursuant to the Refunding Agreements to currently refund and defease the Refunded Bunds;

(11) A certificate addressing the Additional Bonds Test of Section 213 of the Master Indenture, dated the date of Closing, and executed by the Airport Consultant in form and substance satisfactory to the Underwriters;

(12) A fully executed copy of the Report of the Airport Consultant, as attached as Appendix A to the Official Statement and a letter from the Airport Consultant consenting to the inclusion of the Report of the Airport Consultant, substantially in the form attached hereto as **Exhibit D**;

(13) A certificate, dated the date of Closing, and executed by a duly authorized representative of Jefferies LLC as financial advisor to the Airports Authority, acceptable to the Underwriters, substantially in the form attached hereto as **Exhibit E**;

(14) Upon the request of the Representative and its counsel, the Airports Authority shall assist the Underwriters in obtaining from its auditors, Pricewaterhousecoopers LLP, letters or other evidence that they have performed certain Agreed Upon Procedures with respect to financial and other data included in the Preliminary Official Statement and the Official Statement as of their respective dates; and

(15) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, counsel for the Underwriters, Bond Counsel or Disclosure Counsel may reasonably request to evidence compliance by the Airports Authority with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Airports Authority herein contained and the due performance or satisfaction by the Airports Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Airports Authority and all conditions precedent to the issuance of additional Bonds pursuant to the Master Indenture shall have been fulfilled.

7. Termination by the Underwriters. The Underwriters shall have the right to terminate their respective obligations under this Purchase Agreement to purchase, accept delivery of and to pay for the Bonds if between the date hereof and the Closing:

(a) the market price or marketability at the initial offering prices set forth in the

Official Statement of the Bonds has been materially adversely affected, in the reasonable judgment of the Representative (evidenced by a written notice from the Representative to the Airports Authority terminating the obligation of the Underwriters to accept delivery of and to pay for the Bonds and stating the reason therefor which shall be a reason set forth in this Section 7(a)), by reason of any of the following:

(1) (x) Any legislation which is (A) enacted by or introduced in Congress, (B) favorably reported for passage to either House of the Congress of the United States by any Committee of such House to which such legislation has been referred for consideration, (C) recommended to the Congress for passage by the President of the United States or the Treasury Department, or (D) officially presented by any member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives for formal action by such Committee, or officially presented as an option for formal consideration by either such Committee, by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress, or by the occurrence of any other Congressional action, but only, however, if the occurrence of any of the foregoing events is generally accepted by the municipal bond market as potentially affecting the Federal tax status of the Airports Authority, its property or income or the interest on its bonds or notes (including the Bonds), or (y) any decision rendered by a court established under Article III of the Constitution of the United States or the Tax Court of the United States, or any final order, ruling, regulation or official statement issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon interests received by holders of the Bonds, or upon such revenues or other income of the general character expected to be received by the Airports Authority, or (z) any final order, ruling, regulation or official statement issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, or otherwise is or would be in violation of the Federal securities laws as amended and then in effect;

(2) Any outbreak of hostilities or other local, national or international calamity or crisis, or any escalation of existing hostilities or other local, national or international calamity or crisis, shall have occurred;

(3) The declaration of a general banking moratorium by Federal or District authorities, or the general suspension of trading on the New York Stock Exchange or other national securities exchange;

(4) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the net capital requirements of the Underwriters;

(5) The adoption of any amendment to the Federal Constitution or the Virginia Act, the District Act, any order or decision by any Federal or District court, or enactment by any Federal or District legislative body materially adversely affecting (i) the Airports Authority or (ii) the validity or enforceability of this Purchase Agreement, the Bonds, the Indenture, the Disclosure Agreement, the Tax Compliance Certificate of the Airports Authority

dated as of the Closing, the Bond Resolution and any instrument or agreement to which the Airports Authority is a party in connection herewith; or

(6) There shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Purchase Agreement has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Airports Authority's senior Aviation Enterprise, which action reflects a change or possible change, in the ratings accorded any such obligations of the Airports Authority (including any rating to be accorded the Bonds), or

(7) There shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial condition of the Airports Authority, except for changes which the Official Statement discloses are expected to occur; or

(b) if an event occurs, or information becomes known, which, in the reasonable judgment of the Representative makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading

If the Airports Authority shall be unable for any reason to satisfy the conditions of the Underwriters' obligations contained in section 6 of this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by section 7 of this Purchase Agreement whereupon this Purchase Agreement shall terminate and neither the Underwriters nor the Airports Authority shall have any further obligations or liability hereunder except as set forth in Expenses in paragraph 9 below.

8. Amendments to Official Statement. During the period commencing on the date of the Closing and ending twenty-five (25) days from the end of the underwriting period (the Closing is hereby assumed to be the end of the underwriting period, unless written notice to the contrary is given by the Representative to the Airports Authority on or before the Closing, but for not more than sixty (60) days after Closing), the Airports Authority shall advise the Representative if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or "potential customer." If any such event occurs and in the reasonable judgment of the Representative and the Airports Authority, an amendment or supplement to the Official Statement is appropriate, the Airports Authority shall, at its expense, forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) which will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser or "potential customer," not misleading.

9. Expenses. The Airports Authority will pay all costs of issuance of the Bonds including, but not limited to (a) the cost of preparation, posting, printing and delivery of the Official Statement, including the number of copies the Representative deems reasonable; (b) any cost of preparation of the Bonds; (c) the fees and disbursements of Bond Counsel and Disclosure Counsel; (d) the fees and

disbursements of any accountants, consultants, verification agents, financial advisors or additional legal counsel retained in connection with the issuance of the Bonds; (e) fees for Bond ratings and credit enhancement, if any; (f) the expenses (included in the expense component of the spread) of travel, meals, and lodging for Airports Authority representatives and its advisors to attend conferences with the rating agencies, investor meetings, and pricing meetings relating to the issuance of the Bonds; (g) all advertising expenses in connection with the public offering of the Bonds; (h) the costs of filing fees required by any of the Blue Sky laws; (i) CUSIP Service Bureau charges; and (j) all out-of-pocket and computer costs associated with the issuance of the Bonds. All expenses and costs of the Underwriters incurred under or pursuant to this Purchase Agreement, including without limitation, the cost of preparing this Purchase Agreement and other Underwriters' documents, travel expenses and the fees and expenses of counsel to the Underwriters shall be paid by the Underwriters (which may be included as an expense component of the Underwriter's discount).

10. Qualification of Securities. The Airports Authority will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Underwriters may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and to provide for the continuance of such qualification; provided, however, that the Airports Authority will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

11. No Advisory or Fiduciary Role. The Airports Authority acknowledges and agrees that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors, in an arm's length commercial transaction, between the Airports Authority and the Underwriters and the Underwriters have financial and other interests that differ from those of the Airports Authority; (ii) the Underwriters are acting solely as principals, and are not acting as a municipal advisor, financial advisor or fiduciary to the Airports Authority; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Airports Authority with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters or their affiliates have provided other services or are currently providing other services to the Airports Authority on other matters); (iii) the only obligations the Underwriters have to the Airports Authority with respect to the transactions contemplated hereby expressly are set forth in this Purchase Agreement; and (iv) the Airports Authority has consulted its own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

12. Notices. Any notice or other communication to be given to the Airports Authority under this Purchase Agreement may be given by delivering the same in writing to Metropolitan Washington Airports Authority, 1 Aviation Circle, Washington, DC 20001-6000, Attention: President and Chief Executive Officer, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 540 West Madison St, Suite 2800, Chicago, IL 60661, Attention: Nancy Clawson, Managing Director.

13. Benefit. This Purchase Agreement is made solely for the benefit of the Airports Authority and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Airports Authority contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the

Underwriters; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 7.

14. Approval. The approval of the Underwriters when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Representative and delivered to the Airports Authority.

15. Governing Law. This Purchase Agreement shall be governed by the laws of the Commonwealth of Virginia.

16. Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIGROUP GLOBAL MARKETS INC.
BARCLAYS CAPITAL INC.
DAVENPORT & COMPANY LLC
LOOP CAPITAL MARKETS LLC
RAYMOND JAMES & ASSOCIATES, INC.
SIEBERT BRANDFORD SHANK & CO., L.L.C.
U.S. BANCORP MUNICIPAL SECURITIES GROUP
WELLS FARGO BANK, NATIONAL ASSOCIATION

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Representative

By:________________________
Nancy Clawson
Managing Director

Approved and Agreed to:
June __, 2014

METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

By:________________________
Frank M. Connor III
Title: Chairman

[Signature page to Series 2014 Bond Purchase Agreement for the Metropolitan Washington Airports Authority]

SCHEDULE I

$____________
Metropolitan Washington Airports Authority
Airport System Revenue and Refunding Bonds, Series 2014A

Principal Amounts, Interest Rates and Prices:
The Series 2014A Bonds will bear interest at the rates, mature and have the prices, as follows:

Maturity Date October 1	Amount	Rate	Price

$_________ _____% Term Bond due October 1, 20__, priced at _______%

The Series 2014A Bonds shall be subject to optional and mandatory redemption as set forth in the Official Statement.

EXHIBIT A
to
BOND PURCHASE AGREEMENT

Supplemental Opinion of Bond Counsel to the Airports Authority

[Date of Closing]

[*to be replaced with Squire Sanders form of supplemental opinion*]

EXHIBIT A-2
to

BOND PURCHASE AGREEMENT

Opinion of Disclosure Counsel to the Airports Authority and Reliance Letter

[Date of Closing]

[to come]

EXHIBIT B
to
BOND PURCHASE AGREEMENT

Opinion of Vice President and General Counsel

[Date of Closing]

Manufacturers and Traders Trust Company, as Trustee
Baltimore, Maryland

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Representative of the Underwriters

$______________
Metropolitan Washington Airports Authority
Airport System Revenue and Refunding Bonds, Series 2014A

Ladies and Gentlemen:

This opinion is rendered pursuant to Section 6(v)(2) of the Bond Purchase Agreement, dated _________, 2014 (the "*Purchase Agreement"*), between the Metropolitan Washington Airports Authority (the "*Airports Authority*") and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "*Representative*"), on behalf of itself and the other underwriters signatory thereto and named in the Official Statement (as hereinafter defined), providing for the sale by the Airports Authority and the purchase by the Underwriters of the Airports Authority's $____________ Airport System Revenue and Refunding Bonds, Series 2014A (the "*Bonds*"), dated the date of delivery. Terms defined in the Purchase Agreement are used in this opinion as defined therein.

I am employed as Vice President and General Counsel of the Airports Authority and have acted as counsel to the Airports Authority in connection with the issuance and sale of the Bonds. In that capacity, I have examined, among other things, the following:

(a) Certificate of the Secretary to the Board as to the Appointment and Incumbency with respect to members of the Airports Authority;

(b) Certified copies of the By-laws and Regulations of the Airports Authority;

(c) The proceedings of the Airports Authority relating to the issuance and sale of the Bonds, including, without limitation, certified copies of Resolution No. 14-___ (the "*Bond Resolution*") approving the terms of the Bonds and the sale thereof pursuant to the Purchase Agreement;

(d) An executed counterpart of the Federal Lease, as amended;

(e) An executed counterpart of each of the Master Indenture, the Forty-fifth Supplemental Indenture, the Disclosure Agreement and the Purchase Agreement (the "*Bond Documents*");

(f) An executed counterpart of the Airline Agreement;

(g) The Preliminary Official Statement and the final Official Statement;

(h) The form of Bond for each of the Bonds; and

(i) Such other documents, proceedings, and records, as I deemed necessary or appropriate for the purpose of rendering this opinion.

I also have reviewed the District Act, the Virginia Act, the Federal Act, each as amended, and such other laws as I deemed necessary for the purpose of rendering this opinion.

Based on such examination and review, I am of the opinion that:

(1) The Airports Authority is a public body corporate and politic created by enactment of the Virginia Act and the District Act, with the consent of Congress pursuant to the Federal Act, as amended, with the powers and authority set forth in the Virginia Act and the District Act and with full legal right, power, and authority to own, operate, improve, and maintain the Metropolitan Washington Airports, to enter into the amended Federal Lease, the Bond Documents, and the Airline Agreement, to adopt the Bond Resolution, to issue, sell, and deliver the Bonds to the Underwriters pursuant to the Purchase Agreement and to carry out and perform its obligations under the Federal Lease, the Bond Documents, the Airline Agreement, and the Bonds.

(2) The Airports Authority is duly constituted in accordance with the Virginia Act and the District Act and the members thereof have been duly appointed and are validly serving.

(3) The Bond Resolution has been duly adopted by the Airports Authority and is in full force and effect.

(4) The Federal Lease has been duly authorized, executed, and delivered by the Airports Authority and constitutes the valid and binding obligation of the Airports Authority enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

(5) The Airline Agreement has been duly authorized, executed, and delivered by the Airports Authority and constitutes the valid and binding obligation of the Airports Authority enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and the performance by the Airports Authority under the Airline Agreement does not conflict with or constitute on the part of the Airports Authority a breach of or default under (i) the Indenture, (ii) the Federal Lease, (iii) any other agreement or instrument to which the Airports Authority is a party, or (iv) any existing law, administrative regulation,

court order, or consent decree to which the Airports Authority is subject. The Airline Agreement is in effect with respect to all of the Signatory Airlines.

(6) The execution and delivery of the Bond Documents and the adoption of the Bond Resolution, do not conflict with or constitute on the part of the Airports Authority a breach of or default under (i) the Indenture, (ii) the Federal Lease, (iii) any other agreement or instrument to which the Airports Authority is a party or (iv) any existing law, administrative regulation, court order, or consent decree to which the Airports Authority is subject.

(7) In connection with the issuance, sale, and delivery of the Bonds, the Airports Authority has complied in all respects with the amended Federal Lease, the Bond Resolution, the Bond Documents, the Airline Agreement, the Virginia Act, the District Act, and the Federal Act, each as amended.

(8) All approvals, consents, and orders of any governmental authority, board, agency, council, commission, or other body having jurisdiction which would constitute a condition precedent to the performance by the Airports Authority of its obligations under the Bond Resolution, the Bond Documents, the Bonds, and the Airline Agreement have been obtained (other than building permits and other similar consents and approvals which may be required for the construction or operation of any facilities financed or refinanced with the proceeds of the Bonds); provided that no opinion is expressed as to any approvals, consents, or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations. No consents and approvals are required under the Airline Agreement, which would constitute a condition precedent to the performance by the Airports Authority of its obligations under the Bond Resolution, the Bond Documents, and the Bonds.

(9) Each of the Bond Documents and the Bond Resolution constitutes the valid and binding obligation of the Airports Authority enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

(10) Except as described in the Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Airports Authority or against any other party of which the Airports Authority has notice or, to the knowledge of the Airports Authority, threatened against the Airports Authority, (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds or the collection of Net Revenues pledged under the Indenture to secure the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of the Bonds, the Bond Resolution, the Indenture, the Airline Agreement, or the Purchase Agreement, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Airports Authority or 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 Bonds or (iv) which, if adversely determined, could materially adversely affect the financial position of the Airports Authority or the transactions contemplated by the Official Statement, the Bond Resolution, the Indenture, the Federal Lease or the Purchase Agreement.

(11) The Preliminary Official Statement and the Official Statement and the distribution thereof have been approved by the Airports Authority and the execution and delivery of the Official Statement to the Underwriters has been authorized by the Airports Authority.

(12) The statements and information contained in Appendix C of the Preliminary Official Statement and the Official Statement constitute fair and accurate summaries of the material provisions of the Airline Agreement.

I have participated in the preparation of the Preliminary Official Statement and the Official Statement, and I have reviewed and discussed with members of the Airports Authority staff and others the information therein. On the basis thereof, I have no reason to believe that the information in Part I and Part II of the Preliminary Official Statement and the Official Statement, except information under the captions "THE SERIES 2014A BONDS – Book-Entry Only System," and "UNDERWRITING" and in APPENDIX D – "Book Entry Only System," (and except as to the financial statements and other statistical and financial data contained therein, as to which I express no opinion or belief), as of its date and as of the date hereof, contained or contains any untrue or misleading statement of a material fact, or omitted or omits to state any material fact, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

[to be signed by the Vice President and General Counsel]

EXHIBIT C
to
BOND PURCHASE AGREEMENT

Opinion of Ballard Spahr LLP as Trustee's and Escrow Agent's Counsel

[Date of Closing]

Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, DC 20001

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Representative of the Underwriters

Manufacturers and Traders Trust Company
Baltimore, MD

$_____________
Metropolitan Washington Airports Authority
Airport System Revenue and Refunding Bonds, Series 2014A

Dear Sirs:

This opinion is rendered pursuant to Section 6(v)(3) of the Bond Purchase Agreement, dated ____________, 2014 (the "Purchase Agreement"), between the Metropolitan Washington Airports Authority (the "Airports Authority") and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), on behalf of itself and the other underwriters signatory thereto and named in the Official Statement (as hereinafter defined), providing for the sale by the Airports Authority and the purchase by the Underwriters of the Airports Authority's $___________ Airport System Revenue and Refunding Bonds, Series 2014A (the "*Bonds*"), dated the date of delivery. Terms defined in the Purchase Agreement are used in this opinion as therein defined.

We have acted as counsel to Manufacturers and Traders Trust Company (the "Trustee") in its capacity as trustee under the Amended and Restated Master Indenture of Trust dated as of September 1, 2001, as amended, between the Airports Authority and the Trustee (the "Master Trust Indenture"), and the Forty-fifth Supplemental Indenture of Trust between the Airports Authority and the Trustee, dated as of _______, 2014 (the "Supplemental Indenture"; together with the Master Trust Indenture, the "Master Indenture"), in connection with the issuance and delivery of the Bonds. In that capacity, we have examined an executed counterpart of the Master Trust Indenture and the Supplemental Indenture. We also have examined certain other incidental affidavits, certificates and other documents executed by the Trustee and necessary as a basis for this opinion. We have made such investigation of fact and law and have examined originals or certified copies of such resolutions and other records of the Trustee, certificates of public officials, officers of the Trustee and other persons, and have examined such other documents, as we deemed necessary for the purposes of this opinion. As to matters of fact, we have relied upon such certificates and have assumed (without making any independent investigation of the facts) that the statements made therein are accurate and complete in all material respects. In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents purporting to be originals, and the conformity to the originals of all documents purporting to be copies thereof.

In rendering this opinion, we have assumed that (i) each other party that has executed or will execute a document, instrument or agreement to which the Trustee is a party, duly and validly executed and delivered each document, instrument or agreement to which such party is a signatory and that such party's obligations set forth therein are its legal, valid and binding obligations, enforceable in accordance with their respective terms, (ii) each person executing any document, instrument or agreement on behalf of any such party is duly authorized to do so, and (iii) each natural person executing any instrument, document or agreement referred to herein is legally competent to do so.

In our examination of documents for purposes of this opinion, we have assumed the authenticity of all documents submitted to us as originals and conformity to original documents submitted to us as certified or photostatic copies. We also have assumed the genuineness of all signatures on all documents submitted to us for examination.

Based on and subject to qualifications set forth below, it is our opinion that:

1. The Trustee is a banking corporation duly organized and validly existing under the laws of the State of New York and qualified under the laws of the Commonwealth of Virginia to carry out its duties and responsibilities as Trustee under the Master Trust Indenture.

2. The Trustee has duly accepted its appointment as Trustee under the Master Trust Indenture and as escrow agent under the Refunding Agreements.

3. The Trustee has duly authorized, executed and delivered the Master Trust Indenture and the Forty-fifth Supplemental Indenture. The Master Trust Indenture and the Forty-fifth Supplemental Indenture constitute the legal and valid obligations of and are binding on and enforceable against the Trustee in accordance with their terms, except that enforceability may be limited (i) by applicable federal or state bankruptcy, insolvency, reorganization, moratorium and similar laws or equitable principles relating to or affecting the rights of creditors or other obligees generally; (ii) by applicable principles of equity, whether such principles are applied by a court of equity or a court of law; and (iii) to the extent that remedies are sought with respect to a breach that a court concludes is not material or does not adversely affect the Airports Authority or the Holders of Bonds.

This opinion is rendered solely for your benefit in connection with the closing today of the transactions contemplated by the aforementioned documents. It may not be relied upon by you for any other purpose, nor may it be furnished to, used, circulated, quoted or relied upon by any other person for any other purpose, without our prior written consent in each instance.

Very truly yours,

[to be signed by "Ballard Spahr LLP"]

EXHIBIT D
to
PURCHASE AGREEMENT

Certificate of the Airport Consultant

July __, 2014

Mr. Frank M. Connor III
Chairman of the Board

Mr. John E. Potter
President and Chief Executive Officer

Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, D.C. 20001-6000

$________________
Metropolitan Washington Airports Authority
Airport System Revenue and Refunding Bonds, Series 2014A

Dear Mr. Connor and Mr. Potter:

We hereby consent to the inclusion of our Report of the Airport Consultant dated ________, 2014 as Appendix A in the Preliminary Official Statement dated ___________, 2014, and in the Official Statement dated ________, 2014, relating to the above-captioned bonds. We also consent to the references to our firm in the Preliminary Official Statement and the Official Statement under the headings: in Part I "INTRODUCTION -- Report of the Airport Consultant," in Part II "THE AIRPORTS SERVICE REGION AND AIRPORTS ACTIVITY," ", and Part II "REPORT OF THE AIRPORT CONSULTANT".

As stated in our report, we have no responsibility to update our report because of events and transactions occurring after the date of the report. For purposes of issuing this consent letter, we have reviewed our report and confirm our opinion that, on and as of the date of this letter, the assumptions underlying the projections provide a reasonable basis for the projections set out in the report.

Respectfully submitted,

EXHIBIT E
to
BOND PURCHASE AGREEMENT

Form of Certificate of Jefferies LLC

We have served as financial advisor to the Metropolitan Washington Airports Authority ("Airports Authority") in connection with the issuance by the Airports Authority's $____________ Airport System Revenue and Refunding Bonds, Series 2014A (the "*Bonds*"). In that capacity, we have performed certain calculations for the Airports Authority including, but not limited to, calculations regarding the size and structure of the Bonds. In addition, based on information provided to us by the Airports Authority, we have estimated that approximately $__ million of additional bonds will be required to finance the remaining costs of certain projects in the Capital Construction Program ("CCP") through 201_.

We also have provided the information included in the sections of Part I of the Official Statement relating to the Bonds entitled "ESTIMATED SOURCES AND USES OF FUNDS" and "DEBT SERVICE SCHEDULE".

It should be noted that the amount of additional bond financing actually required to finance the CCP noted above, after the issuance of the Bonds, could vary from our current estimate to the extent that actual experience differs from the assumptions used, particularly with respect to the amount or availability of additional grant revenues, the proceeds of Passenger Facility Charges, the cost of individual projects, the start and completion dates of individual projects, the extent to which inflation affects project costs and the interest rate on future issues of bonds. The variations in the amount of additional bond financing actually required compared to the amount in our current estimate could be significant.

This certificate is being delivered on the ___th day of __________ 2014.

JEFFERIES LLC

By:_________________________

Its:________________________

Draft dated May 13, 2014 for Board approval purposes. This draft is not to be relied upon by prospective purchasers for any reason.

Squire Sanders Draft 05-13-14

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED IN IT ARE SUBJECT TO COMPLETION AND AMENDMENT IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2014A Bonds offered hereby, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY ___, 2014

NEW ISSUE / BOOK-ENTRY ONLY

In the opinion of Bond Counsel to the Airports Authority, to be delivered upon the issuance of the Series 2014A Bonds, under existing law (i) assuming continuing compliance by the Airports Authority with certain covenants and the accuracy of certain representations, interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes, except interest on any Series 2014A Bond for any period during which that Series 2014A Bond is held by 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"), (ii) interest on the Series 2014A Bonds is an item of tax preference under Section 57 of the Code and therefore may be subject to the alternative minimum tax imposed on individuals and corporations under the Code, and (iii) interest on the Series 2014A 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.

[INSERT LOGO] **METROPOLITAN WASHINGTON AIRPORTS AUTHORITY**

$___________*

Airport System Revenue and
Refunding Bonds
Series 2014A
(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 and Refunding Bonds, Series 2014A (AMT), in the principal amount of $___________* (the "Series 2014A Bonds") will be payable on October 1, 2014, and semiannually thereafter on each April 1 and October 1. The Series 2014A Bonds are issuable only in fully registered form in denominations of $5,000 or any integral multiple hereof. When issued, the Series 2014A 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 2014A 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 2014A BONDS – Book-Entry Only System."

Proceeds of the Series 2014A Bonds, along with other available funds, will be used to (i) pay a portion of the costs of certain capital projects at the Airports, including capitalized interest, (ii) refund all or a portion of the Airports Authority's outstanding Airport System Revenue Bonds, Series 2004B and Airport System Revenue Refunding Bonds, Series 2004C-1, Series 2004C-2 and Series 2004D, (iii) **[**fund a deposit to the Common Reserve Account in the Debt Service Reserve Fund to satisfy the debt service reserve requirement for the Series 2014A Bonds and any other Common Reserve Bonds, and (iv)**]** pay costs of issuing the Series 2014A Bonds.

The Series 2014A 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-fifth Supplemental Indenture of Trust dated as of July 1, 2014 (the "Forty-fifth 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 2014A Bonds and any other moneys available for such payment, the Series 2014A 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 2014A Bonds will not be subject to acceleration upon an event of default or otherwise.

THE SERIES 2014A 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 2014A 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 ANY POLITICAL SUBDIVISION THEREOF TO ANY FORM OF TAXATION WHATSOEVER. THE AIRPORTS AUTHORITY HAS NO TAXING POWER.

The Series 2014A 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 2014A Bonds are subject to redemption prior to maturity, as more fully described herein.

The Series 2014A Bonds are offered when, as and if issued and received by the Underwriters. Legal matters with respect to the issuance of the Series 2014A Bonds are subject to the approval of Squire Sanders (US) LLP, Bond Counsel to the Airports Authority. 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 by Squire Sanders (US) LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Patton Boggs LLP and Hogan Lovells US LLP. It is expected that the Series 2014A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about July 3, 2014.

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."

BofA Merrill Lynch **Citigroup**

Barclays **Davenport & Company LLC** **Loop Capital Markets** **Raymond James**

Siebert Brandford Shank & Co., L.L.C. **US Bancorp** **Wells Fargo Securities**

_________, 2014

---

* Preliminary, subject to change.

165960/10/NEWYORK

Metropolitan Washington Airports Authority

$___________*
Airport System Revenue and Refunding Bonds
Series 2014A
(AMT)

Year October 1*	Principal Amount*	Interest Rate	Yield	CUSIP† No.

$_________* ____% Term Bond due October 1, 20__, priced to yield ___% CUSIP† No. __________

 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 2014A 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 2014A 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 2014A Bonds.

* Preliminary, subject to change.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

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

MEMBERS OF THE AIRPORTS AUTHORITY

Frank M. Conner III, *Chairman*
Warner H. Session, *Vice Chairman*
Earl Adams, Jr.
Richard S. Carter
Lynn Chapman
Michael A. Curto
The Honorable Thomas M. Davis III
Bruce A. Gates
Anthony H. Griffin
Shirley Robinson Hall
Barbara Lang
The Honorable Elaine McConnell
William Shaw McDermott
Caren Merrick
Nina Mitchell Wells
Joslyn N. Williams

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	Ginger S. Evans
Vice President for Communications	David Mould
Vice President for Technology	Goutam Kundu
Vice President for Business Administration	Steven C. Baker
Vice President for Air Service Planning & Development	Mark Treadaway
Vice President for Human Resources	Anthony Vegliante
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	Bryan Norwood

AIRPORTS AUTHORITY CONSULTANTS

Bond Counsel... Squire Sanders (US) LLP

Disclosure Counsel .... Squire Sanders (US) LLP

Financial Advisor.. Jefferies LLC

Airport Consultant .... LeighFisher
MAC Consulting, LLC

This Official Statement is provided in connection with the issuance of the Series 2014A 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 2014A 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 2014A 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: **onlinemunis.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 2014A 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

$__________*
Airport System Revenue and
Refunding Bonds
Series 2014A
(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 and Refunding Bonds, Series 2014A (AMT), to be issued in the principal amount of $__________* (the "Series 2014A Bonds").

The Series 2014A 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-fifth Supplemental Indenture of Trust dated as of July 1, 2014 (the "Forty-fifth 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 2014A 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 the Official Statement contains, among other things, information relating to the specific terms of the Series 2014A Bonds and certain financial information related to the Airports Authority. Part II of the 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.

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* Preliminary, subject to change.

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 B – "Definitions and Summary of Certain Provisions of the Indenture."

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 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, 44 loading bridge-equipped aircraft gates, and 14 parking positions for regional airline aircraft. As of April 2014, Reagan National Airport was served by eight mainline U.S. airlines, nine affiliated regional airlines, and two foreign flag airlines. During the first four months of 2014, total enplanements (excluding military and general aviation) at Reagan National Airport **[**in/de**]**creased **[**9.6%**]** compared with the same period of 2013.

On December 9, 2013, American Airlines and US Airways completed a merger. The merged airline, to be known as American Airlines, is expected to complete integration of its operations under a single operating certificate from the Federal Aviation Administration ("FAA") by the end of 2015. American Airlines and US Airways and their regional affiliates accounted for approximately 45.2% and 14.1%, respectively, of domestic enplanements at Reagan National Airport and approximately 2.3% and 4.8%, respectively, of domestic enplanements at Dulles International Airport, in 2013. Prior to completion of the merger and in response to a federal antitrust lawsuit filed by the United States, six state attorneys general and the District of Columbia, American Airlines and US Airways entered into a settlement agreement with the plaintiffs that required American Airlines and US Airways, among other concessions, to divest at least 104 air carrier slots, enough for 52 round-trip flights, at Reagan National Airport. As a result of the required divestiture, Southwest Airlines has gained 27 additional round trip flights, JetBlue has gained 20 additional round trip flights, and Virgin America has gained four additional round trip flights at Reagan National Airport. One slot pair has been returned to the FAA for reallocation. The slot divestiture and new service by the airlines purchasing the slots are anticipated to result in an increase in passenger activity at Reagan National Airport, but may result in a decrease in passenger activity at Dulles International Airport as some flights will be shifted to Reagan National Airport as new slots become available. See Part II, "THE AIRPORTS AUTHORITY'S FACILITIES AND MASTER PLANS – Facilities at Reagan National Airport and Dulles International Airport," "THE AIRPORT SERVICE

REGION AND AIRPORTS ACTIVITY," "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS," and "CERTAIN INVESTMENT CONSIDERATIONS – Airline Consolidations."

Dulles International Airport was opened for service in 1962. It is located on approximately 11,830 acres (exclusive of the Dulles International Airport 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, 82 loading bridge-equipped aircraft gates, and 32 parking positions for regional airline aircraft. As of April 2014, Dulles International Airport was served by six mainline U.S. airlines, 13 affiliated regional airlines, 23 foreign flag airlines, and **[**three**]** all-cargo carriers. During the first four months of 2014, total enplanements (excluding military and general aviation) at Dulles International Airport **[in/**de**]**creased by **[**5.8%**]** compared with the same period of 2013. United Airlines ("United") maintains a domestic hub and an international gateway operation at Dulles International Airport. United and its regional affiliates accounted for approximately 67.0% of enplanements at Dulles International Airport in 2013. 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," "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS," and "CERTAIN INVESTMENT CONSIDERATIONS – Airline Consolidations."

Use of the Series 2014A Bond Proceeds

Proceeds of the Series 2014A Bonds, along with other available funds, will be used to (i) pay a portion of the costs of certain capital projects at the Airports, including capitalized interest, (ii) refund all or a portion of the Airports Authority's outstanding Airport System Revenue Bonds, Series 2004B, and Airport System Revenue Refunding Bonds, Series 2004C-1, Series 2004C-2 and Series 2004D, (iii) **[**fund a deposit to the Common Reserve Account in the Debt Service Reserve Fund to satisfy the debt service reserve requirement for the Series 2014A Bonds and any other Common Reserve Bonds, and (iv)**]** pay costs of issuing the Series 2014A Bonds.

Security and Source of Payment

The Series 2014A 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 2014A Bonds and the defeasance of all or a portion of the Series 2004B, Series 2004C-1, Series 2004C-2 and Series 2004D Bonds (the "Currently Refunded Bonds"), approximately $____ billion aggregate principal amount of Bonds will be outstanding. In addition, the Airports Authority at any time can draw up to $200 million of the Airport System Revenue Commercial Paper Notes, Series Two ("CP Notes") under the credit facility 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 Airport Use Agreement and status of negotiations of that Agreement, see Part II, "CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS – Airport Use Agreement and Premises Lease." For a description of the Airports Authority's irrevocable commitment of designated Passenger Facility Charges ("PFCs") revenues 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."

The 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 2014A 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 any political subdivision thereof to any form of taxation whatsoever. The Airports Authority has no taxing power. See Part II, "THE BONDS – Security and Source of Payment for the Bonds – General," and APPENDIX B – "Definitions and Summary of Certain Provisions of the Indenture" hereto.

Redemption of the Series 2014A Bonds

The Series 2014A Bonds are subject to redemption prior to maturity as described under "THE SERIES 2014A BONDS – Redemption of the Series 2014A Bonds."

Certain Investment Considerations

The Series 2014A Bonds may not be suitable for all investors. Prospective purchasers of the Series 2014A 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 operational in 2018) are collectively referred to herein as the "2001-2016 CCP." See Part II, "THE 2001-2016 CCP."

None of the 2001-2016 CCP projects have been disapproved by a majority-in-interest ("MII") of the Signatory Airlines. Based on actual and projected expenditures through 2016, the 2001-2016 CCP currently is estimated to cost approximately $5.0 billion (including allowances for inflation). The Airports Authority expended approximately $4.4 billion of the $5.0 billion total estimated cost of the 2001-2016 CCP between January 2001 and December 2013. Most of the projects in the 2001-2016 CCP are expected to be completed by the end of 2016. 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 $5.0 billion (including allowances for inflation), with a combination of Bonds, CP Notes, PFC revenues, federal and state grants and other available Airports Authority funds. Approximately $3.1 billion of the 2001-2016 CCP was funded with previously issued Bonds. Along with a portion of the proceeds of the Series 2014A Bonds, the Airports Authority expects to fund the remainder of the costs of the 2001-2016 CCP with approximately $79.7 million from proceeds of additional Bonds, together with additional grants and additional PFC revenues. See "The Airports Authority's Capital Construction Program for the Airports" and Part II, "PLAN OF FUNDING FOR THE 2001-2016 CCP."

Report of the Airport Consultant

The Airports Authority retained LeighFisher to serve as the airport consultant (the "Airport Consultant") in connection with the issuance of the Series 2014A Bonds. The Airport Consultant, together with its subconsultant, MAC Consulting, LLC, prepared the Report of the Airport Consultant dated _________, 2014 (the "Report of the Airport Consultant"). The Report of the Airport Consultant is included in APPENDIX A. The Airport Consultant has provided its consent to include the Report of the Airport Consultant in "APPENDIX A" hereto. See Part II, "REPORT OF THE AIRPORT CONSULTANT" and APPENDIX A – "Report of the Airport Consultant."

Debt Service Coverage Forecast

The following table sets forth forecasts of the Airports Authority's Net Revenues and debt service coverage for the period from 2014 through 2018. The minimum debt service coverage required by the rate covenant set forth in the Indenture is 1.25x. Debt service coverage is calculated as the ratio of Net Revenues available annually to pay debt service to the Annual Debt Service requirement for the Bonds. See Part II, "THE BONDS – Security and Source of Payment for the Bonds – Rate Covenant." The Net Revenues of the Airports Authority are forecast to exceed the rate covenant requirement in each year of the forecast period. For information regarding the Airports Authority's actual Annual Debt Service requirements on outstanding debt, see "DEBT SERVICE SCHEDULE."

The forecasts are based on: assumptions regarding debt service on the Series 2014A Bonds; other Bonds to be outstanding following the issuance of the Series 2014A Bonds; additional Bonds that the Airports Authority plans to issue to complete the funding for the 2001-2016 CCP; and CP Notes. The forecasts take into account the Airports Authority's irrevocable commitment of $35 million of Designated Passenger Facility Charges (as such term is defined herein) in each year from 2014 through 2016 plus additional Designated Passenger Facility Charges of $5 million in 2014, $7.5 million in 2015, and $5 million in 2016 that the Airports Authority intends to commit to pay Annual Debt Service on the Bonds, thereby reducing Annual Debt Service by such combined amount in each year for the purpose of calculating debt service coverage during the forecast period. For purposes of the forecasts, it was further assumed that the Airports Authority will commit $41 million of additional Designated Passenger Facility Charges in 2017 and $42 million in 2018 to pay Annual Debt Service on the Bonds. See Part II, "THE BONDS – Security and Source of Payment for the Bonds – Irrevocable Commitment of Certain Passenger Facility Charges" and Part II, "PLAN OF FUNDING FOR THE 2001-2016 CCP – Funding Source: PFCs."

Forecast Debt Service Coverage
($000's)

Year	Net Revenues	Series 2014A Bonds Debt Service	Planned Additional Bonds Debt Service	Outstanding Bonds Debt Service	CP Notes Debt Service	LESS: Irrevocable PFC	LESS: Intended PFC	Net Bonds Debt Service	Debt Service Coverage Ratio
2014	$450,628	$5,777	$0	$358,092	$1,214	($35,000)	($5,000)	$325,082	1.39
2015	$463,695	$37,872	$142	$327,619	$1,214	($35,000)	($7,500)	$324,347	1.43
2016	$496,496	$51,701	$5,800	$341,377	$1,214	($35,000)	($5,000)	$360,093	1.38
2017	$508,858	$52,273	$7,753	$352,464	$1,214	$0	($41,000)	$372,705	1.37
2018	$517,469	$52,273	$7,752	$358,450	$1,214	$0	($42,000)	$377,690	1.37

Note: Totals may not add due to rounding.

Source: Report of the Airport Consultant.

The forecasts set forth in the Report of the Airport Consultant are based on assumptions as discussed in APPENDIX A – "Report of the Airport Consultant." The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions. The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of LeighFisher as the Airport Consultant and MAC Consulting, LLC, its subconsultant. As stated in the Report of the Airport Consultant, any forecast is subject to uncertainties; therefore, there will be differences between the forecast and actual results, and those differences may be material. See Part II, "CERTAIN INVESTMENT CONSIDERATIONS," "REPORT OF THE AIRPORT CONSULTANT" and APPENDIX A – "Report of the Airport Consultant" for a discussion of factors, data and information that may affect forecasts related to the air transportation industry and the Airports.

Prospective Financial Information

The Report of the Airport Consultant included in APPENDIX A of this Official Statement was prepared by the Airport Consultant and contains prospective financial information. Other prospective financial information included in this Official Statement, including summaries of prospective financial information from the Report of the Airport Consultant and budget information (See "AIRPORTS AUTHORITY FINANCIAL INFORMATION – Aviation Enterprise Fiscal Year 2014 Budget"), 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 2014 Budget") has been prepared on a reasonable basis, reflecting best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Airports Authority's expected course of action. The prospective financial information is subject to uncertainty, and such information should not be relied on as necessarily indicative of future results.

The PricewaterhouseCoopers LLP report included in the 2013 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.

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.

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Series 2014A 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 2014A Bonds are qualified in their entirety by reference to the forms of the Series 2014A Bonds included in the Forty-fifth Supplemental Indenture.**

A copy of the audited financial statements of the Airports Authority as of December 31, 2013, and December 31, 2012, 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 2013 ("2013 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.mwaa.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 B. A summary of certain provisions of the Airline Agreement between the Airports Authority and the Signatory Airlines is included in APPENDIX C. A description of the book-entry system maintained by DTC is included in APPENDIX D. The proposed form of the opinion to be delivered to the Airports Authority by Bond Counsel, Squire Sanders (US) LLP, in connection with the issuance of the Series 2014A Bonds is included in APPENDIX E. 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 F, 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 F – "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 2014A 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@mwaa.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.mwaa.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 2014A BONDS

General

The Series 2014A Bonds are being issued under the Indenture. The Series 2014A Bonds will be dated as of their date of delivery, which will be on or about July 3, 2014, will bear interest from that date, payable beginning on October 1, 2014, 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 page of this Official Statement. The Series 2014A 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 2014A Bonds."

Book-Entry Only System

The Series 2014A 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 2014A Bonds. For more information regarding the Book-Entry Only System, see Part II, "THE BONDS – Book-Entry Only System" and APPENDIX D – "Book-Entry Only System."

NONE OF THE AIRPORTS AUTHORITY, THE UNDERWRITERS, OR 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 2014A 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 2014A 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 2014A BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2014A BONDS; OR (vi) ANY OTHER MATTER RELATING TO DTC OR THE BOOK-ENTRY ONLY SYSTEM.

Redemption of the Series 2014A Bonds

The Series 2014A Bonds maturing on and after October 1, 20__ are subject to optional redemption prior to maturity by the Airports Authority, on and after October 1, 20__, in whole or in part, by lot, at any time, at 100% of the principal amount of the Series 2014A Bonds to be redeemed plus interest accrued to the date fixed for redemption.

The $__________ Series 2014A Bonds Term Bond maturing October 1, 20__, is subject to mandatory sinking fund redemption in part, by lot, prior to maturity on October 1, in the years set forth below (each a "Sinking Fund Redemption Date"), at a redemption price equal to the principal amount of such term bond called for redemption:

Year	Principal Amount
20__	$
20__	
20__*	

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any such applicable Sinking Fund Redemption Date, the Airports Authority may: (i) cause to be paid to the Trustee for deposit in the Series 2014A Redemption Account such amount, or direct the Trustee to use moneys in the Series 2014A Principal Account and the Series 2014A Interest Account allocable to payments due on the applicable Series 2014A Bonds on such Sinking Fund Redemption Date in such amount, as the Airports Authority may determine, accompanied by a certificate directing the Trustee to apply such amount to the purchase of the applicable Series 2014A Bonds, and the Trustee will use all reasonable efforts to expend such funds as nearly as may be practicable in the purchase of such Series 2014A Bonds, at a price not exceeding the principal amount thereof plus accrued interest to such Sinking Fund Redemption Date; or (ii) receive a credit against its sinking fund redemption obligation for the applicable Series 2014A Bonds which prior to such date have been purchased by the Airports Authority and presented to the Trustee for cancellation or redeemed (other than through the operation of the sinking fund) and canceled by the Trustee and, in either case, not theretofore applied as a credit against any sinking fund redemption obligation. Any such purchase in lieu of redemption (as described above) will occur no later than forty-five (45) days prior to the applicable Sinking Fund Redemption Date.

Each Series 2014A Bond so purchased, delivered or previously redeemed will be credited by the Trustee as provided above at 100% of the principal amount thereof against the obligation of the Airports Authority on such Sinking Fund Redemption Date. Any excess over such obligation will be credited in chronological order against applicable future sinking fund redemption obligations, or deposits with respect thereto, and the principal amount of such Series 2014A Bonds to be redeemed by operation of the sinking fund will be accordingly reduced. Any funds received by the Trustee pursuant to clause (i) of the preceding paragraph, but not expended as provided therein for the purchase of Series 2014A Bonds on or before said 45th day will be retained in the Series 2014A Redemption Account and will thereafter be used only for the purchase of Series 2014A Bonds, as a credit in chronological order, against future sinking fund obligations, or deposits with respect thereto as directed by the Airports Authority.

Method of Selecting the Bonds for Redemption

In the event that less than all of the outstanding Series 2014A Bonds 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 Series 2014A Bonds of a maturity are to be redeemed, the Series 2014A 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 Series 2014A 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 Series 2014A Bonds.

Notice of Redemption

Any notice of redemption of any Series 2014A Bonds must specify (a) the date fixed for redemption, (b) the principal amount of the Series 2014A 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 Series 2014A 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 Series 2014A Bonds which have been redeemed will cease to accrue, and (h) the designation, including Series, and the CUSIP and serial numbers of any Series 2014A Bonds to be redeemed and, if less than the face amount of any Series 2014A 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 Series 2014A 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 Series 2014A 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 Series 2014A 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 Series 2014A 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 Series 2014A Bonds there has not been deposited with the Trustee moneys available for payment pursuant to the Indenture and sufficient to redeem all of the Series 2014A 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.

Security and Source of Payment

General

The Series 2014A 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 2014A 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 2014A Bonds. **The Series 2014A 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 B – "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 2014A 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 2014A Bonds and any other Common Reserve Bonds. The Common Debt Service Reserve Requirement will be recalculated and funded in connection with such written designations. The Common Debt Service Reserve Requirement means an amount equal to the lesser of (i) 10% of the stated principal amount of the Series 2014A Bonds and any other Common Reserve Bonds; (ii) the Maximum Annual Debt Service on the Series 2014A Bonds and any other Common Reserve Bonds in any Fiscal Year; or (iii) 125% of the average Annual Debt Service for the Series 2014A Bonds and any other Common Reserve Bonds. After the issuance of the Series 2014A Bonds, the Common Debt Service Reserve Requirement will be $________________. As of __________, 2014, the term Common Reserve Bonds includes the following Series of outstanding Bonds of the Airports Authority: **[[**2004C-2**]**, **[**2004D**]**, Series 2008A, Series 2009B, Series 2010A, Series 2010B, Series 2010F-1, Series 2011C, Series 2011D, Series 2012A, Series 2012B, Series 2013A, Series 2013B and Series 2013C**]**. Each Series of the Currently Refunded Bonds is also secured by the Common Reserve Account. Amounts in the Common Reserve Account pertaining to the Currently Refunded Bonds will be maintained in the Common Reserve Account and will be used to satisfy **[**together with proceeds of the Series 2014A Bonds**]** the portion of the Common Debt Service Reserve Requirement allocable to the Series 2014A Bonds. 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 2014A 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 B – "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 2014A 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 B – "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 B, 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 2014A 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 2014A 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 2014A Bonds and other available funds of the Airports Authority.

SOURCES:	
Par Amount of Bonds	$__________
Premium	__________
Airports Authority Funds[1]	__________
Total Sources[2]	$__________
USES:	
Deposit to Construction Fund	
Costs of Construction	$__________
Capitalized Interest[3]	__________
Deposit to the Redemption Account for the Series 2004B Bonds	__________
Deposit to the Redemption Account for the Series 2004C-1 Bonds	__________
Deposit to the Redemption Account for the Series 2004C-2 Bonds	__________
Deposit to the Redemption Account for the Series 2004D Bonds	__________
Deposit to the Common Reserve Account	__________
Underwriters' Discount and Costs of Issuance	__________
Total Uses[2]	$__________

[1] Amounts from the refunded bonds' prior debt service accounts **[**and release of funds from the Common Reserve Account.**]**
[2] Totals may not add due to rounding.
[3] Includes capitalized interest payable on other Bonds of the Airports Authority allocable to facilities not yet placed in service.

REFINANCING PLAN

A portion of the proceeds of the Series 2014A Bonds will be deposited into separate Redemption Accounts held by the Trustee to redeem the Currently Refunded Bonds on October 1, 2014. Pursuant to Refunding Agreements each dated as of ___________, 2014, relating to each Series of the Currently Refunded Bonds, the Trustee will 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 redemption price and accrued interest, if any, on each Series of the Currently Refunded Bonds on October 1, 2014. The sufficiency of such amounts will be verified by ____________________, as verification agent.

	Currently Refunded Bonds	
Series	**Maturity Date (October 1)**	**Par Amount**
2004B	2027	$ 25,000,000
	2028	7,330,000
	2034	212,670,000
		245,000,000
2004C-1	2020	16,655,000
	2021	14,645,000
		31,300,000
2004C-2	2022	32,045,000
	2023	32,530,000
	2024	29,160,000
		93,735,000
2004D	2015	19,560,000
	2016	8,455,000
	2016	13,140,000
	2017	22,575,000
	2018	23,705,000
	2019	24,890,000
		112,325,000

DEBT SERVICE SCHEDULE

The following table sets forth (i) the debt service on the Series 2014A Bonds, (ii) the actual debt service on approximately $_____ billion of fixed rate Bonds to be outstanding immediately following the issuance of the Series 2014A Bonds and the defeasance of the Currently Refunded Bonds, and (iii) the assumed debt service on outstanding variable rate debt consisting of approximately $61.5 million of the outstanding Series 2003D Bonds, approximately $127.8 million of the outstanding Series 2009D Bonds, approximately $159.6 million of the outstanding Series 2010C Bonds, approximately $161.8 million of the outstanding Series 2010D Bonds, approximately $219.3 million of the outstanding Series 2011A Bonds, approximately $185.2 million of the outstanding Series 2011B Bonds, and $200 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 facility it currently has in place. Currently, the Airports Authority has outstanding $21 million of the available $200 million of authorized CP Notes.

Bond Year	Series 2014A Bonds		Outstanding Bonds Debt Service	Debt Service on Maximum Available CP Notes	Total Debt Service
	Principal	Interest			
2014	$	$			
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
Total*	$_________	$_________	$___________	$_________	$______

* Totals may not add due to rounding.

Source: Airports Authority records and Jefferies LLC.

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 upon the issuance of the Series 2014A Bonds. The table does not include the CP Notes in the total authorized aggregate amount of $200 million.

Series of Bonds	Originally Issued Par Amount	Total Bonds Outstanding as of _______, 2014*†
2003D	$ 150,000,000	$ 61,525,000
2004A	13,600,000	10,000
*2004B	250,000,000	245,000,000
*2004C-1	97,730,000	31,300,000
*2004C-2	111,545,000	93,860,000
*2004D	218,855,000	131,865,000
2005A	320,000,000	244,920,000
2005B	19,775,000	14,640,000
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	34,225,000
2007A	164,460,000	117,165,000
2007B	530,000,000	407,275,000
2008A	250,000,000	210,365,000
2009B	236,825,000	225,745,000
2009C	314,435,000	293,410,000
2009D	136,825,000	127,755,000
2010A	348,400,000	336,435,000
2010B	229,005,000	191,755,000
2010C	170,000,000	159,560,000
2010D	170,000,000	161,785,000
2010F1	61,820,000	61,820,000
2011A	233,635,000	219,340,000
2011B	207,640,000	185,195,000
2011C	185,390,000	171,060,000
2011D	10,385,000	9,635,000
2012A	291,035,000	291,035,000
2012B	20,790,000	20,570,000
2013A	207,205,000	207,205,000
2013B	27,405,000	27,405,000
2013C	11,005,000	11,005,000
Total	$5,767,080,000	$4,950,835,000

* The Airports Authority expects that all or a portion of the Series 2004B Bonds, Series 2004C-1 Bonds, the Series 2004C-2 Bonds and the Series 2004D Bonds will be currently refunded with a portion of the proceeds of the Series 2014A Bonds.

† This table will be updated upon the pricing of the Series 2014A Bonds.

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 one credit facility allowing the Airports Authority to support the issuance of up to $200 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. On March 14, 2014, the irrevocable direct pay letter of credit issued by JPMorgan Chase Bank, N.A. expired. The Series One CP Notes Program has been suspended and there are no plans at this time to procure a replacement letter of credit provider.

The issuance of up to $200 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, as of October 1, 2009, and March 6, 2014, 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 the Bonds. They are further secured by an irrevocable direct pay letter of credit issued by Sumitomo Mitsui Banking Corporation ("SMBC"), acting through its New York Branch, that expires on March 6, 2017. 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 SMBC and is secured by and payable from Net Revenues and other pledged funds on a parity with any Series One CP Notes that are issued, the Series Two CP Notes and the Bonds, including the Series 2014A Bonds. Currently, $21 million of the Series Two CP Notes are outstanding.

Credit Facilities Relating to Bonds

In addition to the letter of credit securing the Series Two CP Notes, the Airports Authority has approximately $287 million principal amount of variable rate Bonds outstanding that are secured by letters of credit. The chart below provides summary information with respect to the credit facilities relating to the Airports Authority's Series Two CP Notes and certain of its variable rate Bonds.

Airports Authority's Credit Facilities for Bonds

	Series Two CP Notes	Series 2009D Bonds	Series 2010C Bonds
Principal Amount[(1)]	$200,000,000	$127,755,000	$159,560,000
Expiration Date	March 6, 2017	December 2, 2017	September 23, 2015
Letter of Credit Provider	Sumitomo[(2)]	TD Bank[(3)]	Barclays[(4)]
Credit/Provider Ratings (Fitch/Moody's/S&P)			
Short-Term	F1/P-1/A1	F1+/P-1/A1	F1/P-1/A1
Long-Term	A-/Aa3/A+	AA-/Aa3/AA-	A/A2/A+

(1) The principal amount as of _________, 2014.
(2) Sumitomo Mitsui Banking Corporation.
(3) TD Bank, N.A.
(4) Barclays Bank PLC.

Direct Purchase Bonds

The Airports Authority has approximately $628 million principal amount of index floater variable rate Bonds outstanding that were purchased by banks. The chart below provides summary information with respect to those direct purchase Bonds.

Airports Authority's Direct Purchase Bonds

	Series 2003D-1 Bonds	Series 2010D Bonds	Series 2011A Bonds	Series 2011B Bonds
Principal Amount[(1)]	$61,525,000	$161,785,000	$219,340,000	$185,195,000
Mandatory Purchase Date	December 16, 2016	December 18, 2015	September 21, 2016	September 17, 2015
Purchaser	Banc of America[(2)]	Wells Fargo[(3)]	Wells Fargo[(3)]	Citi[(4)]

(1) The principal amount as of _________, 2014.
(2) Banc of America Preferred Funding Corporation.
(3) Wells Fargo Bank, National Association.
(4) Citibank, N.A.

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 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	Termination Date
07/31/2001	Bank of America, N.A.[2]	$80,590,000	$43,275,000	72% LIBOR	Refunding	4.445%	10/01/2021
06/15/2006	JPMorgan Chase Bank, N.A.[3] Bank of America, N.A.	$190,000,000 $110,000,000	$177,403,000 $102,707,000	72% LIBOR	Hedge Future Borrowing	4.099%	10/01/2039
06/15/2006	Wells Fargo Bank, National Association[4]	$170,000,000	$161,785,000	72% LIBOR	Hedge Future Borrowing	4.112%	10/01/2040
05/13/2005	Wells Fargo Bank, National Association[4,5]	$125,000,000	$121,920,000	72% LIBOR	Hedge Future Borrowing	3.862%	10/01/2039

[1] The outstanding notional amount as of _________, 2014.

[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 of Directors (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.mwaa.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 2014A Bonds and the defeasance of the Currently Refunded Bonds, approximately 19%* of the Airports Authority's outstanding Bonds and CP Notes will be in a variable rate mode (approximately 12%* will be synthetic fixed rate and approximately 7%* will be unhedged variable rate) and 81%* of the Airports Authority's debt will be conventional fixed rate.

The Airports Authority's regular hedge payments 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, including the Series 2014A 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, including the Series 2014A Bonds, CP Notes, Subordinated Bonds and Junior Lien Obligations.

* Preliminary, subject to change.

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, 2013 and 2012 – Derivatives, which is contained in the Airports Authority's 2013 CAFR which was filed with EMMA and can also be found at www.mwaa.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.

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AIRPORTS AUTHORITY CURRENT FINANCIAL INFORMATION

The unaudited Fiscal Year 2014 results through April 30, 2014 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 POSITION
AVIATION ENTERPRISE FUND
(Unaudited)

	Four Months Ended April 30, 2013	Four Months Ended April 30, 2014
OPERATING REVENUES		
Concessions	$	$
Rents		
Landing fees		
Utility sales		
Passenger fees		
Other		
OPERATING EXPENSES		
Materials, equipment, supplies, contract services, and other		
Salaries and related benefits		
Utilities		
Lease from U.S. Government		
Depreciation and amortization		
OPERATING INCOME		
NON-OPERATING REVENUES (EXPENSES)		
Investment income		
Interest expense		
Federal, state and local grants		
Unrealized swap gain (loss)		
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		
CAPITAL CONTRIBUTIONS		
Passenger facility charges		
Federal and State grants		
Other capital property contributed		
NET POSITION		
Increase (decrease) in net position		
Total net position, beginning of period		
Total net position, end of period	$	$

Totals may not add due to rounding.

The Aviation Enterprise Fund's financial results for the first four months of Fiscal Year 2014 reflect an $____ million, or ____%, increase in operating income, primarily due to increased rent revenues as a result of higher rates and charges, and improvements in non-airline revenues. Operating revenue for the four months ended April 30, 2014, was $_____ million, an increase of $____ million or ____% compared to the same period in 2013.

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, 2014, PFC revenue was $____ million, a decrease of $____ million, or _____%, compared to the same period in 2013.

Through April 30, 2014, the Aviation Enterprise Fund's net position increased $____ million reflecting operating income of $____ million, non-operating expenses of $____ million and capital contributions of $____ million.

The following table provides details of unaudited concession revenues by major category for the four months ended April 30, 2013 and April 30, 2014.

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

	Four Months Ended April 30, 2013	Four Months Ended April 30, 2014	Net Change
Parking	$		
Rental Cars			
Terminal Concessions			
Food and beverage			
Newsstand and retail			
Duty free			
Display advertising			
In-flight catering			
Ground Transportation			
Fixed base operator			
All other			
Total[1]	$		

[1] Totals may not add due to rounding.

Source: Airports Authority records.

The Aviation Enterprise Fund's concession revenues through April 30, 2014 increased $___ million, or ____% compared to the same period in 2013. As a percentage of operating revenues, concession revenue decreased to ____% compared to ____% for the same period in 2013. In the first four months of 2014, parking revenues were the Aviation Enterprise Fund's largest source of concession revenue representing _____% of total concession revenues and _____% of operating revenues. For the four months ended April 30, 2014, parking revenue was $____ million, an increase of ___% compared to the same period in 2013. Rental car revenues of $___ million increased $____ million or ____% compared to the same period in 2013.

For the four months ended April 30, 2014, food and beverage revenue at the Airports of $___ million increased $___ million and newsstand and retail concession revenue increased $___ million compared to the same period in 2013. For the four months ended April 30, 2014, duty free revenue increased $___ million, and display advertising decreased $___ million compared to the same period in 2013.

The following table provides details of unaudited operating expense by major category for the four months ended April 30, 2013 and April 30, 2014.

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

	Four Months Ended April 30, 2013	Four Months Ended April 30, 2014	Net Change
Materials, supplies, equipment, contract services and other	$		
Salaries and related benefits			
Utilities			
Lease from United States Government			
Depreciation and amortization			
Total[1]	$		

[1] Totals may not add due to rounding.

Source: Airports Authority records.

Operating expenses through April 30, 2014 were $____ million, which is a decrease of $___ million or ____%, compared to the same period in 2013. Materials, equipment, supplies, and other contract services decreased $____ million, or ___%, primarily due to decreases in materials, supplies and contracted services.

For the four months ended April 30, 2014, depreciation expense decreased $___ million. For the four months ended April 30, 2014, the Aviation Enterprise Fund utility expenditures were $___ million, a $___ million increase compared to the same period in 2013. **[**This is a result of higher electricity costs in 2014.**]**

For the four months ended April 30, 2014, salaries and related benefits increased $___ million compared to the same period in 2013 as a result of a ___% average pay increase.

Through April 30, 2014, operating income was $___ million, an increase of $___ million from the same period in 2013. The change in operating results reflects the impact of a ___% increase in operating revenues, primarily as a result of higher rents, landing fees and passenger fees, and lower materials, supplies and contracted services.

For the four months ended April 30, 2014, a non-operating loss of $___ million before capital contributions resulted primarily from interest expense. This is an increase in non-operating expenses before capital contributions of $___ million compared to the same period in 2013. For the four months ended April 30, 2014, non-operating revenues of $___ million from investment income and grant revenue decreased by $___ million compared to the same period in 2013. **[**The decrease in investment income reflects changes in market fluctuations.**]**

For the four months ended April 30, 2014, non-operating expenses consisting of interest expense decreased $___ million, or ___%, compared to the same period in 2013 **[**as a result of bond refunding and lower variable interest rates compared to the same period in 2013.**]**

TAX MATTERS

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) assuming compliance with certain covenants, interest on the Series 2014A Bonds is excluded from gross income for federal income tax purposes, except interest on any Series 2014A Bond for any period during which it is held by a "substantial user" or a "related person," as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) interest on the Series 2014A Bonds is an item of tax preference under Section 57 of the Code and therefore may be subject to the alternative minimum tax imposed on individuals and corporations under the Code; and (iii) interest on the Series 2014A 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. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2014A Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Airports Authority contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2014A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Airports Authority's certifications and representations or the continuing compliance with the Airports Authority's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2014A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Airports Authority may cause loss of such status and result in the interest on the Series 2014A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2014A Bonds. The Airports Authority has covenanted to take the actions required of it for the interest on the Series 2014A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2014A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2014A Bonds or the market value of the Series 2014A Bonds.

Interest on the Series 2014A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2014A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2014A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2014A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2014A Bonds ends with the issuance of the Series 2014A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Airports Authority or the owners of the Series 2014A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2014A Bonds, under current IRS procedures, the IRS will treat the Airports Authority as the taxpayer and the beneficial owners of the Series 2014A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2014A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2014A Bonds.

Prospective purchasers of the Series 2014A Bonds upon their original issuance at prices other than the respective prices indicated on the Cover of this Official Statement, and prospective purchasers of the Series 2014A Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2014A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2014A Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2014A Bonds or the market value or marketability of the Series 2014A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2014A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Series 2014A Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2014A Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2014A Bonds may be adversely affected and the ability of holders to sell their Series 2014A Bonds in the secondary market may be reduced. The

Series 2014A Bonds are not subject to special mandatory redemption, and the interest rates on the Series 2014A Bonds are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2014A Bonds (Discount Bonds) as indicated on the inside cover page may be offered and sold to the public at an original issue discount (OID). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the Cover who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2014A Bonds (Premium Bonds) as indicated on the inside cover page may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the Cover who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Bonds or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

LEGAL MATTERS

Certain legal matters relating to the issuance of the Series 2014A Bonds are subject to the approving opinion of Bond Counsel to the Airports Authority, Squire Sanders (US) LLP, which will be furnished upon the issuance of the Series 2014A Bonds. The form of such opinion is set forth in APPENDIX E of this Official Statement (the "Bond Opinion"). The Bond Opinion is limited to matters relating to the issuance of the Series 2014A Bonds and to the status of interest on the Series 2014A Bonds as described in "TAX MATTERS."

Certain legal matters will be passed upon for the Airports Authority by Philip G. Sunderland, Esquire, Vice President and General Counsel of the Airports Authority, and by Squire Sanders (US) LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Patton Boggs LLP and Hogan Lovells US LLP. The Underwriters retained Patton Boggs LLP as co-counsel based, in part, on the recommendation of the Airports Authority. Squire Sanders (US) LLP and Patton Boggs LLP currently are in discussions regarding a possible combination of the two law firms. Although no effective date has been determined as of the date of this Official Statement, if in fact the combination occurs, the effective date may be prior to the date of delivery of the Series 2014A Bonds and in such case Patton Boggs LLP will withdraw from its representation of the Underwriters.

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. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Airports Authority's legal counsel, the likely outcome in these matters that are not covered by insurance will not have a material adverse effect on the financial condition of the Airports Authority. 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 2014A 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 2014A Bonds, the validity or binding effect of the Series 2014A Bonds or the resolution of the Airports Authority authorizing and implementing the Series 2014A Bonds or the Indenture, or (c) except as described below relating to the Dulles Toll Road, 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 2014A Bonds.

In April 2011, two users of the Dulles Toll Road filed a lawsuit in federal district court against the Airports Authority claiming that the setting of tolls by the Airports Authority violates various rights and privileges they enjoy under the United States Constitution. The plaintiffs also sought to have the district court certify a class of all current and past users of the Dulles Toll Road since May 2005 and a refund to all class members of tolls paid since May 2005 in excess of the toll rates then in effect. In July 2011, in response to the Airports Authority's motion, the district court dismissed the plaintiffs' complaint. The court initially determined that plaintiffs lacked "prudential" standing to bring any of their claims. The court then proceeded to address the claims on the merits. The court concluded, specifically as to each claim, that plaintiffs had failed, as a matter of law, to state a valid claim as to which any relief could be granted and, more generally, that the setting of tolls by the Airports Authority does not violate the federal constitution.

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

On January 21, 2014, the Fourth Circuit affirmed the trial court's ruling and that court's dismissal of the plaintiffs' complaint. Plaintiffs have not sought a rehearing in the Fourth Circuit, and the time for petitioning the U.S. Supreme Court for a writ of certiorari expires in late June 2014.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Service, Inc. ("S&P") have assigned the Series 2014A Bonds the ratings of **[**"AA-," "A1" and "AA-,"**]** respectively. Fitch affirmed the Airports Authority's "AA-" rating with "Stable Outlook" on ______, 2014. Moody's affirmed the Airports Authority's "A1" rating with "Stable Outlook" on ____________, 2014. S&P affirmed the Airports Authority's "AA-" rating with "Stable Outlook" on _______, 2014. 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 2014A 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 2014A Bonds.

UNDERWRITING

The underwriters of the Series 2014A Bonds listed on the cover of this Official Statement, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, acts as representative (the "Underwriters"), have agreed to purchase the Series 2014A Bonds, at a price of $___________ (consisting of $___________ aggregate par amount of the Series 2014A Bonds, plus an original issue premium of $___________, less an underwriting discount of $_________) 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 2014A Bonds if any Series 2014A Bonds are purchased. The Underwriters reserve the right to join with other underwriters in the offering of the Series 2014A Bonds. The obligations of the Underwriters to accept the delivery of the Series 2014A Bonds are subject to various conditions set forth in the Bond Purchase Agreement.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Airports Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Airports Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc., an underwriter of the Series 2014A Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2014A Bonds.

VERIFICATION AGENT

__________________________, 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 2014A 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 and interest with respect to the Refunded Bonds. The independent certified public accountants will express no opinion on the assumptions provided to them.

RELATIONSHIP OF PARTIES

Manufacturers and Traders Trust Company (successor to Allfirst Bank) serves as the Trustee for the Bonds, the 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.

Wells Fargo Bank, National Association, is a direct purchaser of a portion of the Series 2010D Bonds and the Series 2011A Bonds and serves as swap provider for the Airports Authority's (2010 and 2011) swap agreements. 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. serves as swap provider for two of the Airports Authority's (2002 and 2009) swap agreements. Banc of America Preferred Funding Corporation is the direct purchaser of all of the Series 2003D-1 Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated serves as a remarketing agent for the Series 2009D Bonds and as the commercial paper dealer for the Series Two Notes. Citibank, N.A. is the direct purchaser of all the Series 2011B Bonds.

Mr. Michael A. Curto, a member of the Airports Authority's Board of Directors and Co-Chair of the Board's Finance Committee, is a partner at Patton Boggs LLP, which firm also serves as co-counsel to the Underwriters for the Series 2014A Bonds. As discussed under "LEGAL MATTERS" above, Squire Sanders (US) LLP, which is serving as Bond Counsel and Disclosure Counsel to the Airports Authority, and Patton Boggs LLP currently are in discussions regarding a possible combination of the two law firms.

CONTINUING DISCLOSURE

The Airports Authority has entered into a Continuing Disclosure Agreement (the “Disclosure Agreement”) with Digital Assurance Certification, L.L.C. (“DAC”) to assist the Underwriters in complying with the requirements of Rule 15c2-12 (the “Rule”) 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 will serve as the Airports Authority’s Disclosure Dissemination Agent for purposes of filing annual disclosure and any event notices required by the Rule with the MSRB for posting on EMMA. DAC also will provide certain Airports Authority financial information through DAC’s web site at http://www.dacbond.com. The form of the Disclosure Agreement is attached as APPENDIX F. The Airports Authority may amend the Disclosure Agreement in the future so long as such amendments are consistent with the Rule as then in effect.

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 2014A 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.

Except as described below, during the last five years, the Airports Authority has not failed to comply, in all material respects, with its continuing disclosure undertakings.

- In 2010, the Airports Authority failed to file with EMMA certain fiscal year 2009 financial information and operating data relating to the Airports Authority and the Dulles Toll Road required to be filed for the Dulles Toll Road Revenue Bonds. The Airports Authority did, in the official statement offering the Series 2010 Bonds, update, prior to the filing deadline, all of the information required to be updated by its continuing disclosure undertaking; however, it did not properly file the official statement with EMMA.

- In 2011, the Airports Authority filed certain material event notices shortly after the deadlines set forth in the applicable continuing disclosure undertakings.

- Between 2010 and 2012, the Airports Authority failed to file certain notices relating to changes in the underlying ratings of the Bonds and changes in the ratings of credit or liquidity providers securing certain series of Bonds.

The Airports Authority has put in place internal procedures intended to ensure that all required information is provided to the MSRB for posting on EMMA on a timely basis in accordance with its continuing disclosure undertakings. All annual financial statements, operating data and event notices posted on EMMA are current as of the date of this Official Statement.

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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 2014A 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.mwaa.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____________________________________
Frank M. Conner III
Chairman

Part II

of the

OFFICIAL STATEMENT

relating to the

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

dated ___________, 2014

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 B – "Definitions and Summary of Certain Provisions of the Indenture."

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."

Board of Directors

The Acts provide that the Airports Authority shall consist of a 17-member Board of Directors. Seven members of the Board are appointed by the Governor of Virginia subject to confirmation by the Virginia General Assembly, four are appointed by the Mayor of the District of Columbia subject to confirmation by the Council of the District of Columbia, three 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. Presently, one federal seat is vacant.[1] Directors serve staggered six-year terms without compensation and may be reappointed once.

The members of the Airports Authority's Board of Directors are:

Name	Appointing Authority	Term Expires
Frank M. Conner III, *Chairman*	Governor of Virginia	November 23, 2018[2]
Warner H. Session, *Vice Chairman*	Mayor of the District of Columbia	January 5, 2017
Earl Adams, Jr.	Governor of Maryland	October 10, 2018
Richard S. Carter	Governor of Maryland	November 30, 2014
Lynn Chapman	Governor of Virginia	October 11, 2018
Michael A. Curto[3]	Governor of Maryland	November 30, 2016
Honorable Thomas M. Davis III	Governor of Virginia	November 23, 2016
Bruce A. Gates	Governor of Virginia	November 23, 2014
Anthony H. Griffin	Governor of Virginia	November 23, 2018
Shirley Robinson Hall	Mayor of the District of Columbia	January 5, 2015
Barbara Lang	Mayor of the District of Columbia	October 2, 2018
Honorable Elaine McConnell	Governor of Virginia	November 23, 2014
William Shaw McDermott	President of the United States	November 22, 2017
Caren Merrick	Governor of Virginia	October 11, 2018
Nina Mitchell Wells	President of the United States	May 30, 2018
Joslyn N. Williams	Mayor of the District of Columbia	January 5, 2019
Vacant[1]	President of the United States	

The Board operates through several committees, including Business Administration, Dulles Corridor, Ethics Review, Executive and Governance, Finance, Human Resources, Nominations, Risk Management (formerly Audit – Legal) and Strategic Development. Primary oversight over financing activities is provided by the Finance and the Risk Management Committees. The Co-Chairs of the Board's Finance Committee are Michael A. Curto and Caren Merrick; Finance Committee Members are Earl Adams, Jr., Lynn Chapman, Warner H. Session, Nina Mitchell Wells and Frank M. Conner III (ex officio).

1 The President has nominated an individual for this seat who is awaiting confirmation by the U.S. Senate.
2 Second term.
3 Mr. Curto is a partner at Patton Boggs LLP, which firm also serves as co-counsel to the Underwriters for the Series 2014A Bonds. Mr. Curto is a Co-Chair of the Board's Finance Committee. As discussed in Part I, "LEGAL MATTERS", Squire Sanders (US) LLP, which is serving as Bond Counsel and Disclosure Counsel to the Airports Authority, and Patton Boggs LLP currently are in discussions regarding a possible combination of the two law firms.

The Co-Chairs of the Board's Risk Management Committee are Earl Adams, Jr. and Nina Mitchell Wells. Risk Management Committee Members are Anthony H. Griffin, Shirley Robinson Hall, Caren Merrick, and Frank M. Conner III (ex officio). Primary oversight over the Dulles Corridor Metrorail Project is provided by the Dulles Corridor Committee. The Co-Chairs of the Board's Dulles Corridor Committee are Thomas M. Davis III and Anthony H. Griffin; Dulles Corridor Committee Members are Richard S. Carter, Bruce A. Gates, Barbara Lang, Elaine McConnell, Shaw McDermott, Joslyn N. Williams and Frank M. Conner III (ex officio).

In 2011, 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") initiated a review of the governance and management of the Airports Authority and of the assumptions made by the Airports Authority regarding Dulles Toll Road revenues in connection with the Dulles Metrorail Extension Project.

On May 5, 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 "assumptions used in MWAA's estimation of toll road revenues appear reasonable." With respect to the Airports Authority's governance and management, the Interim Letter identified weaknesses in certain internal policies and practices of the Airports Authority.

On November 1, 2012, the Inspector General issued an audit report (the "2012 Audit Report") containing the results of the Inspector General's review. The 2012 Audit Report addressed Airports Authority policies and practices in the areas of procurement, human resources, employee ethics, and Board governance and transparency. Like the Interim Letter, the 2012 Audit Report identified certain weaknesses in these areas of Airports Authority activities; it also recommended a series of actions by the Airports Authority to address the weaknesses.

On January 16, 2014, the Inspector General issued an additional audit report (the "2014 Audit Report") that contained the results of the Inspector General's review of Airports Authority financial management controls relating to the existing Full Funding Grant Agreement described herein under "FINANCING PLAN FOR THE DULLES CORRIDOR – Dulles Metrorail Project – Phase 1 FTA Financial Contribution."

The Airports Authority has undertaken a wide range of actions implementing the recommendations set out in the 2012 Audit Report and addressing the weaknesses identified in the Interim Letter. In addition, the Airports Authority is working to address the actions recommended in the 2014 Audit Report. The Federal Transit Administration has agreed to oversee the Airports Authority's efforts relating to the 2014 report and has instructed the Airports Authority to have revised financial management procedures in place by September 30, 2014.

The Omnibus Appropriations Act of 2014, P.L. 113-76, authorizes the Inspector General, utilizing the authority conveyed to federal inspectors general in the Inspector General Act of 1978, to conduct additional audits and investigations of the Airports Authority during the federal 2014 fiscal year. The Airports Authority anticipates these additional audits taking place between April 1 and September 30, 2014.

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 POTTER. Mr. Potter is President and Chief Executive Officer of the Metropolitan Washington Airports Authority. Prior to assuming this position on July 11, 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 the Executive Vice President and Chief Operating Officer of the Airports Authority. Ms. McKeough previously served for more than five years as the Vice President for Business Administration of the Authority. Prior to joining the Airports Authority in August, 1998, 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 Real Estate Portfolio Manager with Wachovia Securities in Charlotte, North Carolina. 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, a bank examiner with the Federal Reserve Bank of Chicago and a commercial bank credit analyst with MBank Houston, and also has held a number of leadership positions in the housing and development area. Mr. Brinkley is a graduate of Morehouse College (B.A., Finance, 1985) and the 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 served as the Acting Vice President for Finance and Chief Financial Officer and was 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 appointed as the Director of Finance for the City of Richmond, Virginia in September 2000. While with the City of Richmond, he served as Deputy Director of Finance from 1998 to 2000. He 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's Auditor of Public Accounts, the legislatively appointed auditor for Commonwealth, and worked there until 1990 as

Audit Director. He subsequently served as Assistant Controller for the Commonwealth'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 Global Management 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).

GINGER EVANS. Ms. Evans is Vice President for Engineering and is responsible for the Airports Authority's Capital Construction Program and Capital Improvements Program for the Airports, and for development of the Dulles Metrorail Extension Project. She joined the Airports Authority in February 2014. Ms. Evans has managed large capital programs since 1986 when she was appointed Chief of New Airport Construction for Denver International Airport. Her projects include terminals, runways, and associated infrastructure in the US, Middle East, Canada, and Latin America. She is a graduate of Colorado State University (B.S., Civil Engineering, 1977 and M.S., Civil Engineering, 1979). On May 2, 2014, Ms. Evans became Acting Executive Director of the Dulles Metrorail Project.

GOUTAM KUNDU. Mr. Kundu is Vice President for Technology. He joined the Airports Authority in June 2013. Prior to joining the Airports Authority, Mr. Kundu held the executive positions of Chief Information Officer at the United States Mint; Vice President at NIIT Technologies, a global IT Service and software company; Chief Information Officer at the Washington Suburban Sanitary Commission; and Chief Technology Officer at Farm Bureau Insurance. He is a graduate of the University of Calcutta (B.S., Computer Engineering, 1993) and the Indiana University Kelley School of Business (M.B.A., 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 the Deputy General Manager of Hartsfield Jackson-Atlanta International Airport. Mr. Baker also worked with the Harold A. Dawson Real Estate Development Company as Vice President of Portfolio Management. Earlier in his career, Mr. Baker served as Vice President of Aviation Resource Partners, Inc., Real Estate Counsel for American Airlines, Inc., and Regional Administrator for United Airlines, Inc. He is a graduate of Cornell University (B.A., Economics, 1982), the Wharton School (M.B.A., Real Estate Finance) and the University of Pennsylvania School of Law (J.D. 1986).

MARK TREADAWAY. Mr. Treadaway is Vice President for Air Service Planning and Development. 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).

ANTHONY VEGLIANTE. Mr. Vegliante is Vice President for Human Resources. He joined the Airports Authority in May 2013. Prior to joining the Airports Authority, Mr. Vegliante was the Chief Human Resources Officer for the United States Postal Service. He managed the human resources function for more than 500,000 employees nationwide. Prior to that assignment Mr. Vegliante was the VP Labor Relations and participated in 20 national labor negotiations at the U.S. Postal Service, one of the largest employers in the country. In 2010, Mr. Vegliante was elected a fellow of the National Academy of Human Resources, the first public sector executive to receive the honor. He is a graduate of the University of Rhode Island (B.S., Economics, 1974), the University of Southern California Executive Management Program, the University of Bridgeport (M.S., Business Education, 1979), and the University of New Haven (M.S., Industrial Relations, 1997).

DAVID R. MOULD. Mr. Mould is Vice President for Communications, which includes public relations, media relations, employee communications, government relations, marketing, community relations and noise abatement programs. He joined the Airports Authority in 2012 after serving as chief of communications for two government agencies including NASA and the Tennessee Valley Authority and energy corporations including Southern Company and PG&E National Energy Group. He also has served as senior policy advisor to the U.S. Secretary of Energy and as a public affairs consultant and lobbyist in the energy and aerospace industries. He was a journalist for three newspapers and the United Press International news agency. He serves on the boards of the Washington School of Photography, Capital Arts Network and Washington ArtWorks, and is the author of history books on Charleston, S.C., and the Georgetown neighborhood of Washington D.C. He is a graduate of Emory University (M.B.A., 1998) and the University of Tennessee (B.S. Communications, 1980).

CHRISTOPHER U. BROWNE. Mr. Browne is Vice President and Airport Manager at Dulles International. 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 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).

J. PAUL MALANDRINO, JR. Mr. Malandrino is Vice President and Airport Manager at Reagan National. 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).

BRYAN NORWOOD. Mr. Norwood was appointed Vice President for Public Safety in April 2014. He began his law enforcement career as a police officer in New Haven, Connecticut, as a 1989 graduate of its police academy. After rising through the ranks to assistant chief in 2002, he was appointed chief of police in Bridgeport, Connecticut, in 2006 and chief of police in Richmond, Virginia, in 2008. Mr. Norwood also was a special agent for the U.S. Drug Enforcement Administration from 1998 to 1999. He was chairman of the Central Virginia Law Enforcement Chief Executive Association and is a member of the International Association of Chiefs of Police, the Virginia Association of Chiefs of Police, and the National Organization of Black Law Enforcement Executives. He is a graduate of Hampton University (B.A. in Psychology, 1988) and New Haven Police Academy (1989).

Employees and Labor Relations

As of April 2014, the Airports Authority employed approximately 1,507 full and part-time employees, 1,199 of which were employed in aviation functions, 49 of which were employed in Dulles Corridor (toll and rail), and 259 of which were employed in consolidated functions (including public safety). Of the total employees of the Airports Authority, approximately 804 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, and this was done in 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 an amendment 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 has been amended over the years to reflect changes in federal law eliminating the Airports Authority's Board of Review and increasing the number of 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, and public use facilities consistent with the needs of aviation. The Federal Lease has been amended to incorporate this provision of the 2012 FAA Reauthorization Act. In addition, that amendment provides that the Airports Authority will adopt, maintain and adhere to policies and procedures in the areas of "procurement and contracting, human resources (including hiring and adverse action), budget (as relates to federal funds), travel, ethics, governance, and transparency (including open meetings and executive sessions)" – areas addressed in the Audit Report of the Inspector General – that are "substantially similar to those of similar public entities and strive to reflect a standard of 'best practices.'" The amendment also provides that the Airports Authority will develop these policies and procedures in consultation with the U.S. Secretary of Transportation, or the Secretary's designee, and will obtain the concurrence of the same prior to adopting such policies and procedures.

Under the Federal Lease, the Airports Authority has full power and dominion over, and complete discretion in the operation and development of, the Airports. 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 these 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 7 and 8 to the 2013 CAFR which was filed with EMMA and can also be found at www.mwaa.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 ended June 5, 2013, was $5,345,404.21, and the adjusted lease payment for the year ending June 6, 2014, is expected to be approximately $5.3 million. The Airports Authority has made all rental payments on a timely basis.

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. However, 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 landing 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 noncompliant 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. It is only in this "event of default," where Airport property is used for non-airport purposes, that the Federal Lease, as to the property so used, may be terminated.

Although the Airports Authority is not required to follow federal contracting statutes and regulations, the Airports Authority is obligated under the terms of the Federal Lease 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, and has recently amended the manual to incorporate recommendations made by the Inspector General in the 2012 Audit Report.

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 by the High Density Rule is 37 per hour, with some exceptions. In addition to the air carrier flights, the rule 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 exceeding the number of and distance of flights authorized by the High Density Rule and the Perimeter Rule. The 2012 FAA Reauthorization Act increased the number of slot pairs (i.e., daily round trip flights) to points beyond the perimeter from 12 to 20. Of these eight additional slot pairs, four were awarded to existing air carriers serving Reagan National Airport. The remaining pairs were to be offered to new entrant air carries or to limited incumbent airlines; seven airlines submitted ten applications for these four pairs, and four of these airlines were awarded a single beyond-perimeter 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, the Airports Authority cannot predict the impact of future changes to the Perimeter Rule on Dulles International Airport.

On December 9, 2013, American Airlines and US Airways completed the merger of the two airlines. That merger was the subject of an antitrust lawsuit filed by the United States, the District of Columbia and various states. As part of the settlement of that lawsuit, American Airlines and US Airways were required, among other things, to divest 104 slots, enough for 52 round-trip flights, at Reagan National Airport. Of the 52 slot pairs divested, 27 were purchased by Southwest Airlines, 20 by JetBlue and four by Virgin America; one of the pairs has been returned to the FAA for reallocation. As a result of these divestitures, American Airlines and US Airways will eliminate (or reduce service to three or fewer days per week) year-round daily nonstop service to 17 destinations (accounting for 25 divested slot pairs) from Reagan National Airport. Five of those destinations are already served by other airlines. Although other airlines may add service to the destinations dropped by American Airlines and US Airways, the Airports Authority is not aware of any airline announcing its intent to do so at this time. Service reductions associated with the remaining 19 slot pairs to be divested have not yet been announced.

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, Transportation Security Administration ("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.

[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.

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 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 Airport Improvement Program ("AIP"), 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.

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 ("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 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 99% complete as of March 1, 2014, is estimated at $2.906 billion. The cost of Phase 2, on which construction has not started, is currently estimated by the Airports Authority at $2.778 billion. 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 PFCs. As of the date of this Part II 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 $1.7 billion of additional debt to complete the Dulles Metrorail Extension Project, including approximately $450 million Dulles Toll Road Second Senior Lien Revenue Refunding Bonds, Series 2014A by June 30, 2014. Additionally, the Airports Authority was invited by the Transportation Infrastructure Financing Innovative Act's ("TIFIA") Credit Program Office to apply for a loan, for which the application was submitted on March 26, 2014 in the amount of $1.277 billion. On April 30, 2014, the Secretary of Transportation provided the required three-day advance notification to Congress of the Department of Transportation's intent to approve the Airports Authority's loan application to help finance the Dulles Corridor Metrorail Project. With this approval, the Airports Authority expects to finalize and execute the loan agreement in the coming weeks. 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.

THE BONDS

Security and Source of Payment for the Bonds

General

The Series 2014A 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, the Series 2014A Bonds will be secured 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 B – "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 DTR Revenues (as described herein) as "Released Revenues" under the Indenture, thereby excluding DTR Revenues from Revenues and from the pledge and lien on the Net Revenues securing the Bonds. See "THE AIRPORTS AUTHORITY – 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.

The Series 2014A Bonds are secured by a pledge of and lien on certain proceeds of the sale of the Series 2014A Bonds and the earnings thereon, held in certain funds and accounts created under the Indenture. These funds and accounts include the Bond Fund and 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 Series 2014A 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 Series 2014A Bonds and investment earnings thereon, the Series 2014A 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 B – "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 C – "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 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.

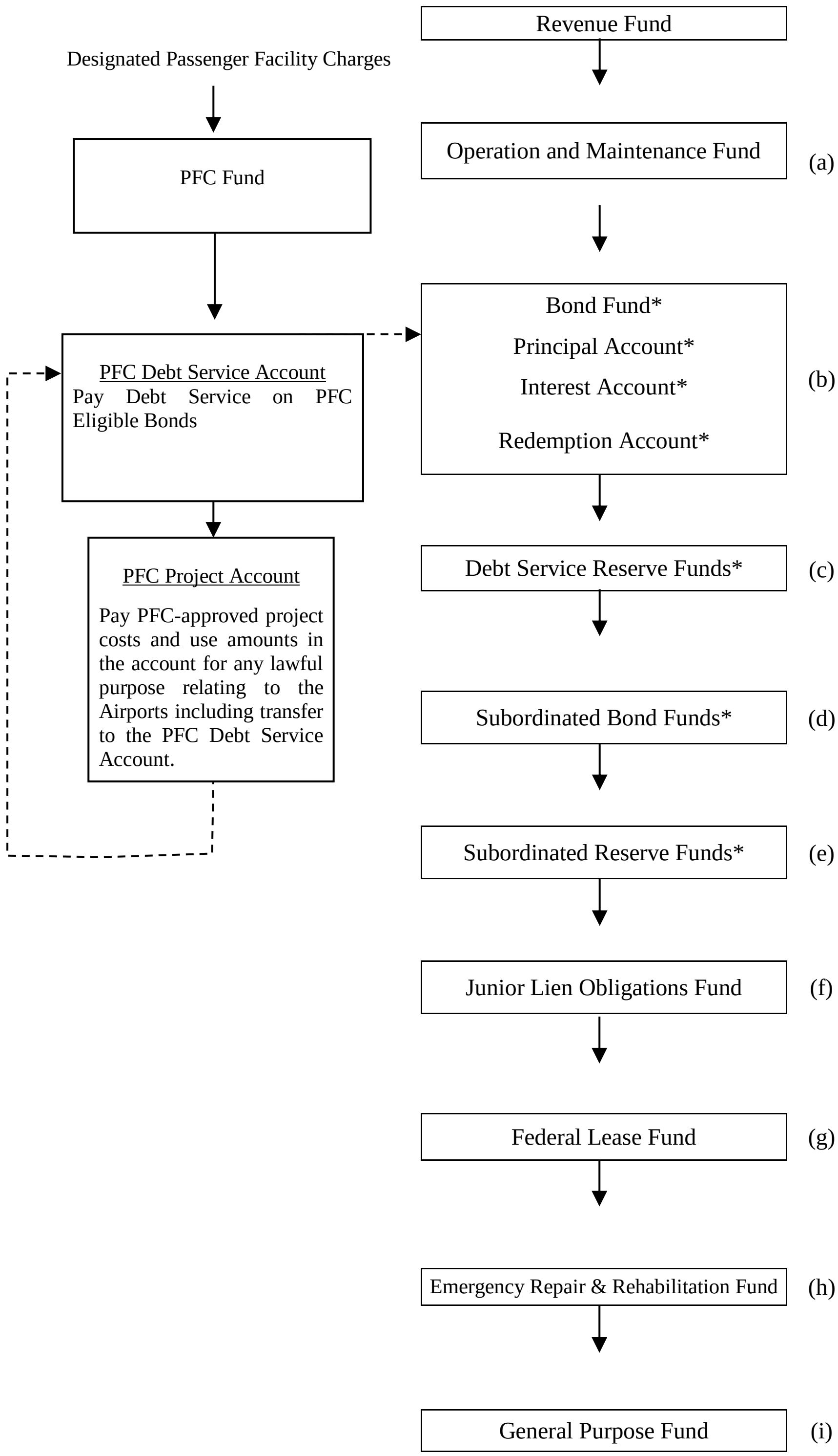
The Thirty-fifth Supplemental Indenture may be amended, without the consent of the Holders of the Outstanding Bonds, for purposes of making changes relating to the definition of Designated Passenger Facility Charges or the amounts or Fiscal Years in which Designated Passenger Facility Charges are committed 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 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. See "APPENDIX B" 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:

FLOW OF FUNDS UNDER THE INDENTURE



(a) To the Operation and Maintenance Fund, an amount necessary to increase the balance in the Operation and Maintenance Fund to 25% of Operation and Maintenance Expenses set forth in the Airports Authority's budget for the current Fiscal Year.

(b) To the applicable Principal Account, Interest Account and Redemption Account in the Bond Fund, amounts, if any, set forth in the applicable Supplemental Indenture with respect to each Series of Bonds, subject to a credit for certain amounts on deposit therein.

(c) To the applicable account in the Debt Service Reserve Fund with respect to each Series of Bonds, amounts, if any, set forth in the applicable Supplemental Indenture to replenish any deficiency therein.

(d) To the Subordinated Indenture Trustee, an amount equal to the deposit to the Subordinated Bond Funds required by the Subordinated Indenture.

(e) To the Subordinated Indenture Trustee, an amount required by the Subordinated Indenture to replenish any Subordinated Reserve Funds.

(f) To the Junior Lien Obligations Fund, an amount equal to any required deposits pursuant to Junior Lien Indentures.

(g) To the Federal Lease Fund, 1/12 of the amount required to be paid annually to the federal government under the Federal Lease plus the amount, if any, necessary to make up any prior deficiencies.

(h) To the Emergency Repair and Rehabilitation Fund, 1/12 of the aggregate amount, if any, withdrawn from such Fund in the preceding Fiscal Year.

(i) To the General Purpose Fund, all remaining moneys required to be withdrawn from the Revenue Fund on the first Business Day of each month.

* Funds or Accounts held by the Trustee.

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 Series 2014A 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 2014A 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 Series 2014A Bonds, the Series 2014A Bonds will be exchangeable for other fully registered certificated Series 2014A Bonds in any authorized denominations, maturity and interest rate. See APPENDIX D – "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 Series 2014A Bond. The cost, if any, of preparing each new Series 2014A 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 Series 2014A Bonds, payment of interest will be made by wire transfer as directed by such Holder. Payment of principal of the Series 2014A 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 SERIES 2014A 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 2014A 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 2014A BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2014A BONDS; OR (vi) ANY OTHER MATTER RELATING TO DTC OR THE BOOK-ENTRY ONLY SYSTEM.

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 – 7,169 feet, which was extended in 2012 from 6,869 feet as a result of the runway safety area program project; 15/33 - 5,204 feet; and 4/22 - 4,911 feet. Runway 1/19 and associated taxiways are capable of handling up to Group IV aircraft, such as a Boeing 767-300 aircraft. Runways 4/22 and 15/33 and associated taxiways are capable of handling up to Group III aircraft, such as the Airbus 319 or Boeing 737.

There are 9,037 public parking spaces at Reagan National Airport, with 6,576 garage spaces (including 8 electric car charging stations) and 2,461 surface spaces, as well as 33 cell phone waiting area spaces, and 3,000 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 International Airport 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 Automated People Mover ("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. 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, such as an Airbus A-380 aircraft.

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. Metrorail service to Dulles International Airport from Washington, D.C. is anticipated to become available by early 2019 when Phase 2 of the Dulles Metrorail Extension Project is completed.

The Main Terminal has a total of 1.1 million square feet of floor space, four loading bridge-equipped aircraft gates, referred to as the Z Gates, and the recently expanded International Arrivals Building with a total floor space of nearly 268,000 square feet that provides customs, agriculture and immigration service facilities and can serve up to 2,400 passengers an hour. Concourse A has 190,000 square feet of floor space with 11 loading bridge-equipped aircraft gates, and 32 parking positions for regional airline aircraft. Concourse B has 942,000 square feet of floor space and 21 loading bridge-equipped aircraft gates, for international and domestic airlines. Concourses A and B are joined by a pedestrian bridge.

Concourses C and D were constructed as separate buildings, 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 940,000 square feet of floor space and 49 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. Additional regularly scheduled service for the Airbus A-380 is scheduled to begin in the summer of 2014 between Dulles International Airport and London Heathrow Airport. The current runway/taxiway system meets FAA separation standards, and construction work on pavement widening related to the Airbus A-380 is not critical and has been permitted by the FAA to be deferred until other, rehabilitation-related work is required on any particular segment of the airfield.

There are 27,209 public parking spaces at Dulles International Airport, with 18,884 surface and 8,325 garage spaces (including 8 electric car charging stations), as well as 224 cell phone waiting area spaces, and 6,529 employee parking spaces. There also are six cargo buildings at Dulles International Airport, with a total of 555,000 square feet of cargo space.

In 2003, the Smithsonian opened the National Air and Space Museum Dulles Center (the "Center") at the Airport. 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 begun construction of an aircraft maintenance hangar of sufficient size to accommodate two Boeing 767, or one Boeing 787 or Airbus A-350 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 and the regional commuter terminal. The final concept for the renovation or replacement of Terminal A under the current Master Plan is under review. In the interim, the Airports Authority has embarked on a series of improvements to the security screening check point, outbound baggage handling system, ticket lobbies and baggage claim areas with the intent of extending the life of the existing facility while, at the same time, improving the level of customer service at Reagan National Airport.

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 a fifth runway, permanent midfield concourses and an expansion of the AeroTrain system, future Metrorail along a right-of-way in the Dulles International Airport 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.

The Airports Authority periodically re-examines the CCP and since 2002, has made adjustments to the CCP. 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 including allowances for inflation) of projects to the CCP. In 2006, the estimated total cost of the 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 CCP projects, including deferring the construction of the Tier 2 Concourse and related facilities at Dulles International Airport, the construction of the consolidated rental car facility and the expansion of the south utility service complex, resulting in a reduction in the cost of the CCP. See "THE 2001-2016 CCP – Deferred Projects." The active portion of the CCP that is scheduled for completion by the end of 2016 is referred to as the "2001-2016 CCP."

The Airports Authority currently estimates the cost of the 2001-2016 CCP to be approximately $5.0 billion (including allowances for inflation). The Airports Authority expended approximately $4.4 billion of the $5.0 billion total estimated cost of the 2001-2016 CCP between 2001 and December 2013. 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, Terminal A lobby and security screening checkpoint enhancements, construction of additional decks to parking garages, electrical and life safety improvements, commercial curb upgrades, and the Runway 1-19 Runway Safety Area project. 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 2016.

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.

The 2001-2016 CCP includes the following project categories:

Summary of the 2001-2016 CCP[1]

Description	Reagan National Airport Project Costs (2001-2016)	Dulles International Airport Project Costs (2001-2016)	Total Project Costs (2001-2016)[2]
Airfield	$193,696,783	$ 758,397,876	$ 952,094,658
Airport Buildings	125,195,456	1,345,685,628	1,470,881,084
Systems & Services	25,821,708	261,621,969	287,443,677
Ground Transportation	75,008,156	508,391,059	583,399,214
Aviation	4,730,086	158,562,422	163,292,508
Nonaviation	0	12,010,825	12,010,825
Passenger Conveyance	0	1,102,109,060	1,102,109,060
Maintenance	256,882	117,460,125	117,717,007
Public Safety	70,468,358	57,091,234	127,559,592
Administration	48,635,144	175,406,705	224,041,849
Tenant Equipment	1,455,053	8,843	1,463,896
TOTAL[2]	**$545,267,626**	**$4,496,745,745**	**$5,042,013,370**

[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 $545.3 million of projects at Reagan National Airport ranging from landside projects such as improvements in Terminal B and C, expansion of the Airports Authority office building, construction of the consolidated communications center, construction of additional parking decks on Garages A and B/C, Terminal A lobby and security screening enhancements to airside projects such as the runway safety improvements, construction of the airport rescue and firefighting facility, and the north area river rescue facility. The Reagan National Airport runway safety area program involving several runways is underway with Runway 1/19 completed in 2012, and Runways 15/33 and 4/22 to be completed in 2014 and 2015, respectively.

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:

- **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 construction of the Dulles Metrorail Station is expected to be completed in 2017, and service is expected to begin in 2018.

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.

The cost of all deferred CCP projects is currently estimated at $2.2 billion (in 2008 dollars). 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 10-14 gate terminal with loading bridges and a two-story building totaling approximately 80,000 square feet. The specific number of gates will depend on the fleet mix of regional and narrow body jets.

- **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.

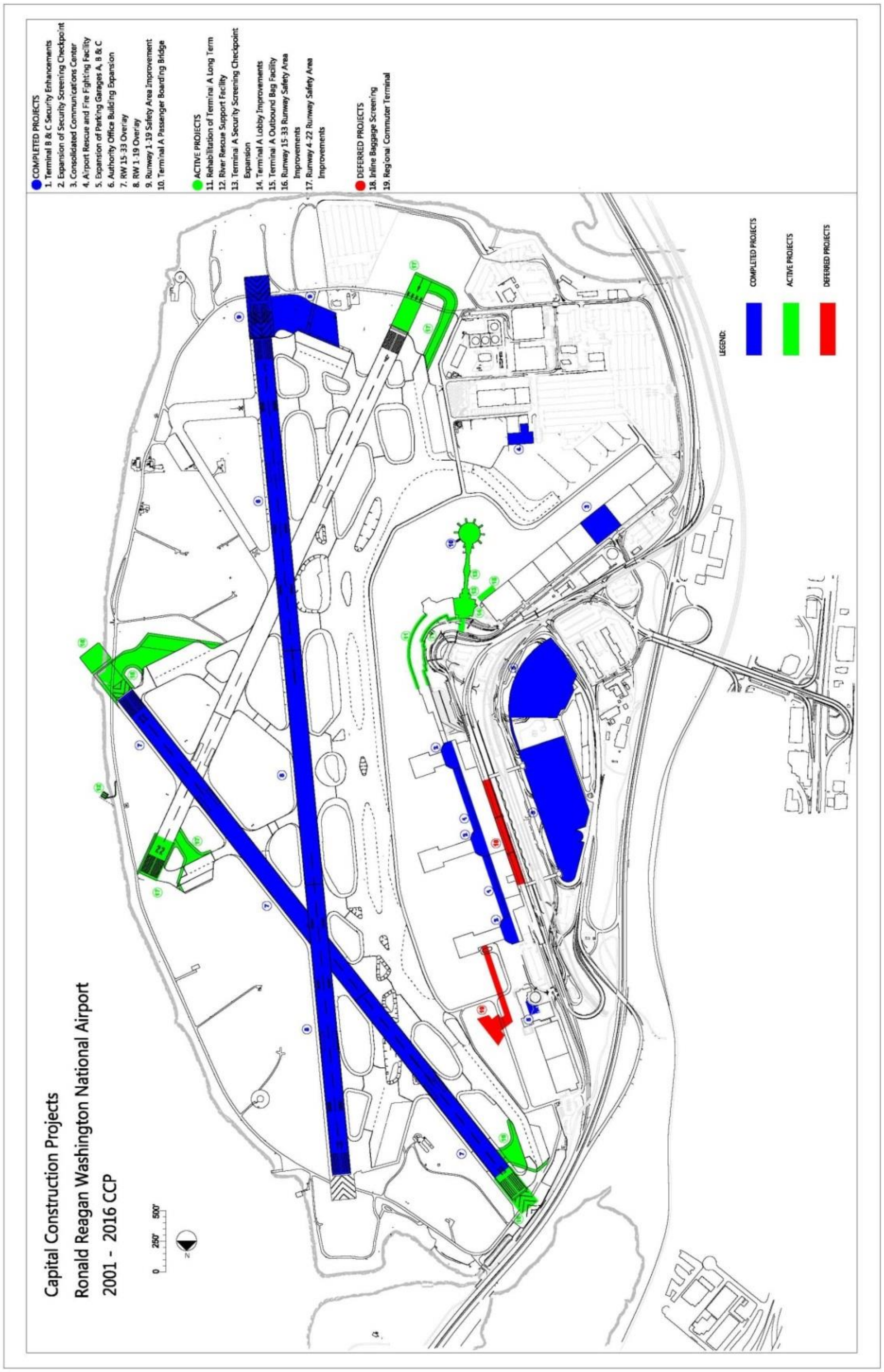
- **South Utility System Expansion.** This project will develop a southern utility service complex which includes gas, electricity, water, heating/cooling and telecommunications to serve the Tier 2 Concourse through a utility tunnel. Planned work includes the construction of a new south utility building, 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.

Capital Construction Projects at Reagan National Airport
2001-2016 CCP



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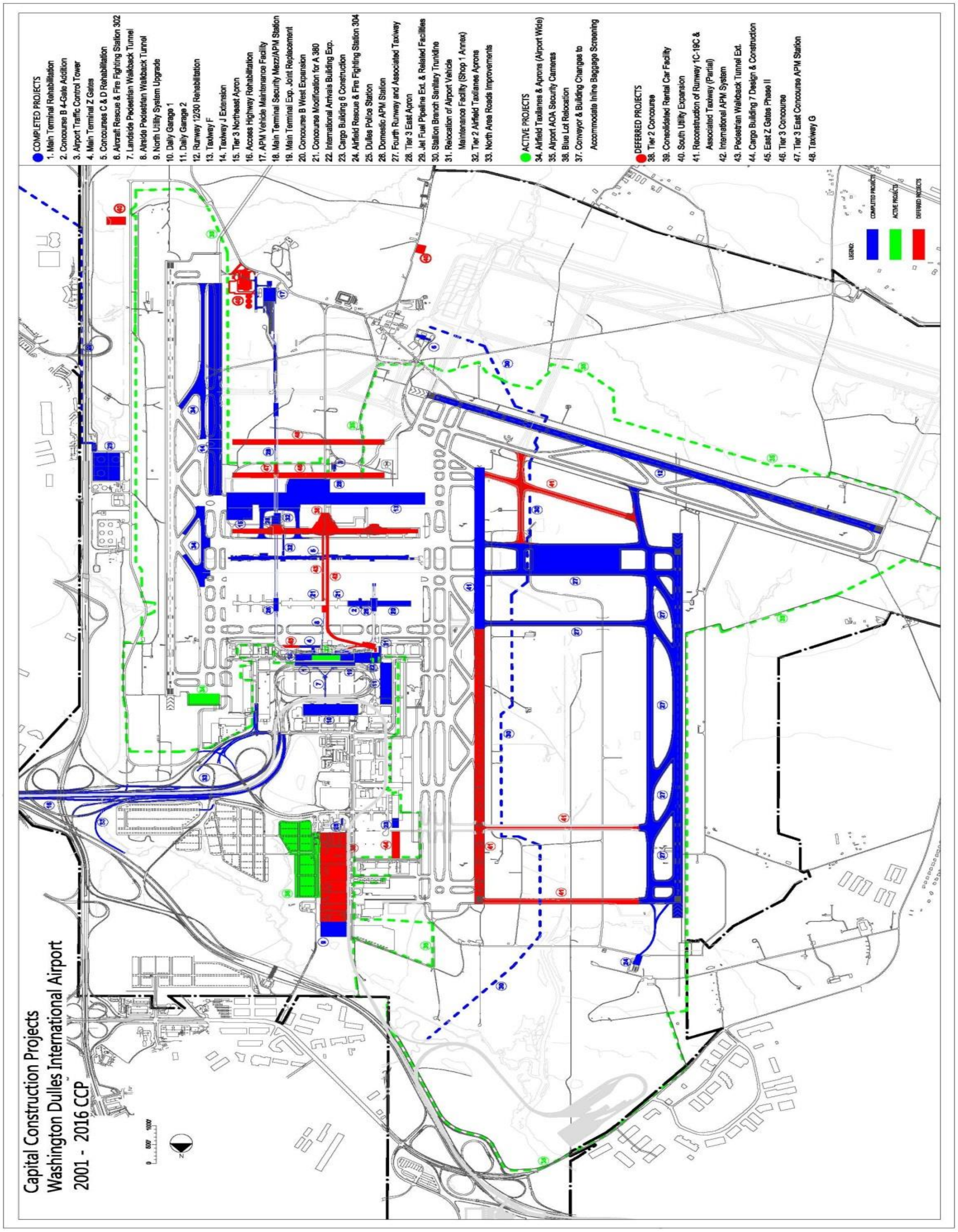
Capital Construction Projects at Dulles International Airport
2001-2016 CCP



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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.

The fourth and fifth runway projects 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 ("ROD") that allows the Airports Authority to receive federal grant funds for the project. The Airports Authority placed the fourth runway in service in November 2008. The fifth runway has been placed on hold. While it is in the Master Plan, the fifth runway is not part of the 2001-2016 CCP. The Airports Authority has obtained all environmental approvals for it; however, due to the age of the EIS, a written re-evaluation would be required by the FAA when, and if, the project moves forward.

The Dulles Corridor Metrorail Project required an EIS by the Federal Transit Administration ("FTA"), with the FAA as a cooperating agency. The EIS process was completed by November 2006 when the FTA issued two RODs that specified that a written re-evaluation of the continued adequacy, accuracy, and validity of the Final EIS would be required prior to the commencement of Phase 2 activities. The Phase 2 re-evaluation was completed, for which the FTA issued a Finding of No Significant Impact in December 2012.

PLAN OF FUNDING FOR THE 2001-2016 CCP

The cost of constructing the projects in the 2001-2016 CCP is expected to be approximately $5.0 billion when adjusted for inflation. The 2001-2016 CCP does not include approximately $2.2 billion (in 2008 dollars) 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]	$3,135,857,351
Series 2014A Bonds	112,081,385
Future Bonds[2, 3]	79,726,878
Subtotal from Bonds	$3,327,665,613
PFCs	$1,207,138,068
Federal and State Grants	507,209,689
Total	**$5,042,013,370**

[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 to fund approximately $3.1 billion of the 2001-2016 CCP, along with funding capitalized interest, reserve requirements and financing costs. The Series 2014A Bonds are expected to be issued to fund approximately $112.1 million of 2001-2016 CCP project costs (adjusted for inflation), excluding reserve requirements, capitalized interest and financing costs. After the issuance of the Series 2014A Bonds, additional Bonds of approximately $101.2 million are expected to be issued to fund approximately $79.7 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, 2016. Between January 2001 and December 2013, the Airports Authority received approximately $320.0 million in entitlement and discretionary grant funds. The Airports Authority to date has received LOI commitments totaling approximately $200.2 million for 2001-2016 CCP projects at Dulles International Airport to finance a portion of the design and construction of the fourth runway and associated taxiways and the cost of the EIS for Dulles International Airport. The FAA has allocated approximately $177.2 million of these LOI commitments through September 30, 2014.

In February 2004, the Airports Authority submitted to TSA a federal funding request for $231.1 million to finance building modifications to better accommodate the in-line baggage screening system at each Airport. In 2012, the Airports Authority decided not to pursue the in-line baggage screening project at Reagan National Airport due to TSA's decision to shift funding priorities. As of January 2014, approximately $196.0 million in LOI funds have been approved by TSA for the in-line baggage screening system at Dulles International Airport. Currently, approximately $171.1 million of this amount has been applied to the project, which represents the current costs allowable under the agreement with TSA. As of January 2014, $108.9 million of such grants had been received.

The Commonwealth through the aviation portion of its Transportation Trust Fund provides grants to Virginia airport operators on an annual basis. As of December 2013, the Airports Authority has received approximately $22.6 million in state grants since 1999. The Airports Authority expects to receive an additional $6 million ($2 million per year) between 2014 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, 2013, the Airports Authority had collected $579.0 million (including interest earned) under five of these applications at Reagan National Airport and $661.6 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. Under a pending application to the FAA, the Airports Authority has requested that the PFC collection period for Reagan National Airport be extended to May 2025.

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, 2013[1]
#1a – Reagan National Airport	August 1993	$166,739,071	$166,410,356	$166,410,356[2]
#1b – Dulles International Airport	October 1993	199,852,390	221,916,682	221,916,682[2]
#2a – Reagan National Airport	May 2000	120,027,100	131,397,000	131,397,000[2]
#2b – Dulles International Airport	May 2000	81,748,000	72,508,092	72,508,092[2]
#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	336,438,871[3]
#4b – Reagan National Airport	March 2006	146,603,508	146,603,508	146,603,508
#5 – Reagan National Airport	April 2008	124,914,400	124,914,400	75,739,969
Total		$1,605,750,017	$3,042,707,182	$1,240,645,709

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

[2] 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.

[3] The FAA has approved an amendment to PFC application Number 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 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 that 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, including the Series 2014A Bonds.

The following table sets forth the annual collections of PFCs, plus interest income, from 2004 through 2013.

PFC Collections

Calendar Year	Reagan National Airport	Dulles International Airport	Total[1]
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
2012	39,842,248	41,979,851	81,822,099
2013	40,299,744	40,370,183	80,669,927

[1] Represents actual annual PFC collections but does not include accruals.

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.

AIRPORTS AUTHORITY HISTORICAL FINANCIAL INFORMATION

General

The Airports Authority's financial report as of, and for, the years ended December 31, 2013 and December 31, 2012, is contained in the Airports Authority's 2013 CAFR, which was filed with EMMA and can also be found at www.mwaa.com and www.dacbond.com, and includes three financial statements: the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; 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, 2013 and December 31, 2012 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.

Aviation Enterprise Fund Fiscal Years Ended December 31, 2009 Through 2013

Historical Statements of Revenues, Expenses and Changes in Net Position for the Aviation Enterprise Fund for the five Fiscal Years ended December 31, 2009 through 2013, are set forth on the following table. As discussed in the Airports Authority's Comprehensive Annual Financial Report of 2011 ("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 POSITION
AVIATION ENTERPRISE FUND

	12/31/2009[1]	12/31/2010[1]	12/31/2011[2]	12/31/2012	12/31/2013
OPERATING REVENUES					
Concessions	$217,461,176	$230,973,498	$227,599,995	$227,719,891	$236,254,054
Rents	193,736,080	226,375,685	275,428,113	301,637,067	305,301,798
Design fees	–	–	–	–	–
Landing fees	96,934,558	101,637,867	110,255,672	112,282,616	128,386,773
Utility sales	13,227,161	12,464,920	11,979,591	11,704,662	12,143,660
Passenger fees	30,665,358	25,913,521	30,331,231	33,442,803	32,828,954
Other	6,429,128	6,509,225	8,381,229	8,160,525	8,108,012
	558,453,461	603,874,716	663,975,831	694,947,564	723,023,251
OPERATING EXPENSES					
Materials, equipment, supplies, contract services, other	148,303,889	180,632,889	187,607,830	194,967,615	205,964,686
Impairment loss/design costs	–	–	–	40,239,036	–
Salaries and related benefits	140,545,604	148,274,437	148,072,307	151,531,516	155,687,570
Utilities	28,141,650	24,375,181	26,542,084	27,253,512	26,116,991
Lease from U.S. Government	5,066,069	5,101,119	5,180,558	5,303,936	5,335,290
Depreciation and amortization	184,798,166	215,536,523	211,365,393	253,743,153	237,667,144
	506,855,378	573,920,149	578,768,172	673,038,768	630,771,681
OPERATING INCOME (LOSS)	51,598,083	29,954,567	85,207,659	21,908,796	92,251,570
NON-OPERATING REVENUES (EXPENSES)					
Passenger facility charges, financing costs	(944,806)	–	–	–	–
Investment income	12,479,026	20,367,841	24,683,618	13,356,837	11,992,454
Interest expense	(143,365,937)	(209,147,708)	(221,951,744)	(210,149,419)	(216,902,168)
Federal, state and local grants	1,415,153	1,192,743	874,810	1,222,205	736,767
Fair value gains (loss) on swaps	103,731,481	(34,978,410)	(96,249,918)	6,422,461	81,962,970
	(26,685,083)	(222,565,534)	(292,643,234)	(189,147,916)	(122,209,977)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	24,913,000	(192,610,967)	(207,435,575)	(167,239,120)	(29,958,407)
CAPITAL CONTRIBUTIONS					
Passenger facility charges	78,520,764	80,088,350	78,626,926	83,263,578	79,056,914
Federal and State grants	24,228,661	61,839,528	54,805,079	54,452,170	73,256,629
Other capital property contributed	2,977,990	650,000	5,180,000	–	8,500,000
	105,727,415	142,577,878	138,612,005	137,715,748	160,813,543
NET ASSETS					
Increase (decrease) in net assets	130,640,415	(50,033,089)	(68,823,570)	(29,523,372)	130,855,136
Total net assets, beginning of year	750,361,714	881,002,129	830,969,040	726,355,332	696,831,960
Cumulative effect of GASB 65 implementation	–	–	(35,790,138)	–	–
Total net assets, end of year	$881,002,129	$830,969,040	$726,355,332	$696,831,960	$827,687,096

1 As discussed in the 2011 CAFR, the Airports Authority restated its 2010, 2009 and prior years' statements principally to correct the accounting for capitalized interest, depreciation and the classification of certain assets and liabilities. These corrections are reflected in the 2010 and 2009 results.

2 As discussed in the Airports Authority's Comprehensive Annual Financial Report of 2013 ("2013 CAFR"), the Airports Authority implemented GASB 65 and revised its 2012 and prior years' statements to reflect the change in its method of accounting for bond issuance costs, excluding prepaid insurance costs, to recognize these bond issuance costs as an expense in the period incurred. The opening net assets for 2012 were adjusted to reflect the cumulative effect of the change impacting periods prior to 2012.

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. As demand for aviation is driven by economic activity, the aviation industry has been negatively affected by the most serious economic downturn in recent history. Uncertainty surrounding the U.S. and European economies has slowed economic recovery. In 2013, the Airports Authority budgeted minimal increases to airline rates and charges, maintained the ability to operate the Airports in a safe and secure manner, and met customer service standards, with the goal of sustaining the Airports Authority's long-term financial strength. Overall the Airport System's activity remained strong in the face of these economic changes.

The Aviation Enterprise Fund recorded $723.0 million in operating revenues for 2013, which is an increase from 2012 of $28.1 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 2013, airline revenues, which consist of terminal rents, landing fees, and passenger fees totaled $466.5 million. This was an increase of $19.2 million, or 4.3%, compared to 2012. In 2013, terminal rent revenues totaled $305.3 million, which was an increase of $3.7 million, or 1.2%, from 2012. The key driver of increased terminal rents has been an increase in debt service costs resulting from the recent completion of large capital projects, including Terminal A improvements at Reagan National Airport, the AeroTrain system that was placed into service at Dulles International Airport in early 2010, and the expansion of the International Arrivals Building at Dulles International Airport. Landing fee revenues totaled $128.4 million in 2013, which was an increase of $16.1 million, or 14.3%, from 2012. Signatory landing fees per 1,000 pounds at Reagan National increased to $4.19 in 2013 from $3.55 in 2012 and at Dulles International increased to $4.23 from $3.72 in 2012. Passenger fees, including passenger conveyance fees, international arrivals fees, and fees paid by the Transportation Security Administration ("TSA"), totaled $32.8 million in 2013 and decreased $614 thousand, or 1.8%, from 2012 due to reduced security fees.

The following table provides details of concession revenues by major category for the five Fiscal Years 2009 through 2013.

TOTAL CONCESSION REVENUES BY MAJOR CATEGORY
AVIATION ENTERPRISE FUND

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Parking	$107,721,718	$110,150,990	$108,936,324	$108,943,383	$110,113,780
Rental cars	38,865,186	44,305,092	38,706,628	35,433,032	36,416,084
Terminal concessions					
Food and beverage	15,626,929	16,474,539	17,274,882	18,011,106	18,992,489
Newsstand and retail	11,900,884	11,837,876	12,003,769	12,238,148	12,814,549
Duty free	2,881,047	3,200,337	4,009,278	4,455,682	4,666,805
Display advertising	8,243,796	11,652,665	12,061,771	10,665,291	10,240,914
In-flight catering	6,705,056	6,768,559	7,172,499	7,925,048	10,005,313
Ground transportation	7,315,514	8,425,163	8,401,055	8,595,780	9,770,802
Fixed base operator	12,353,018	12,560,170	14,109,352	15,467,248	15,542,501
All other	5,848,028	5,598,107	4,924,437	5,985,173	7,690,817
Total	$217,461,176	$230,973,498	$227,599,995	$227,719,891	$236,254,054

Source: Airports Authority records.

In 2013, the Aviation Enterprise Fund's concession revenues totaled $236.3 million, which was an increase of $8.5 million, or 3.7%, from 2012. Concession revenues accounted for 32.7% of total operating revenues in both 2013 and 2012. Parking revenues continued to rank as the Aviation Enterprise Fund's largest source of concession revenue in 2013, providing $110.1 million in total revenues for the year, an increase of $1.2 million, or 1.1% from 2012, due to higher passenger traffic and parking rate increases. Rental car revenues increased $1.0 million from 2012 to $36.4 million due to higher revenues in excess of the MAG. Food and beverage revenue increased $1.0 million from 2012, partly due to new food and beverage programs. Newsstand and retail revenues totaled $12.8 million, which were relatively flat compared to 2012. Fixed base operator revenues of $15.5 million remained consistent with 2012 revenues. Inflight catering revenues increased $2.1 million from 2012 due to increased international passenger traffic at Dulles International Airport and new contracts that provide a higher percentage of revenues. Ground transportation revenues increased $1.2 million from 2012 due to an additional shared ride service provider at both airports and a higher MAG at Dulles International Airport. All other areas of 2013 concession revenues accounted for a combined net increase of $1.5 million over 2012. This increase was largely attributable to a $1.6 million increase in foreign currency revenues due to a new contract that provides for a higher MAG partially offset by lower advertising revenues.

Concession revenues at Reagan National Airport increased by $4.2 million, or 4.5%, in 2013. Parking revenue increased $1.5 million, or 3.2%, from 2012 at Reagan National Airport. Overall activity for public parking decreased 4.8% in 2013 compared to 2012. Total exits for 2013 were 1.31 million compared to 1.37 million in 2012. There are 9,037 public parking spaces at Reagan National Airport, with 6,576 garage spaces (including 8 electric car charging stations) and 2,461 surface spaces, as well as 33 cell phone waiting area spaces, and 3,000 tenant employee parking spaces.

Concession revenues at Dulles International Airport increased by $4.3 million, or 3.2%, from 2012. In 2013, parking revenue was $60.4 million, a decrease of $0.4 million, or 0.6%, from 2012. Overall activity for public parking decreased 1.8% in 2013 compared to 2012. Total exits for 2013 were 2.56 million compared to 2.60 million in 2012. There are 27,209 public parking spaces at Dulles International Airport, with 18,884 surface and 8,325 garage spaces (including 8 electric car charging stations), as well as 224 cell phone waiting area spaces, and 6,529 tenant employee parking spaces.

Operating expenses for the Aviation Enterprise Fund for 2013 were $630.8 million, which is a decrease of $42.3 million or 6.3% from 2012. The primary reason for this decrease was a one-time $40.2 million expense for impairment that was charged in 2012 in accordance with GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries ("GASB 42") to write-off project costs for the discontinuation of the Tier 2 Concourse and related facilities at Dulles International Airport and the in-line baggage screening improvements at Reagan National Airport. A $19.9 million expense adjustment was also recorded in 2012 to reduce the balance of accumulated depreciation that had been recorded in 2011.

Materials, equipment, supplies, contract services, and other expenses increased by $11.0 million, or 5.6%, in 2013, primarily due to a $3.9 million increase in non-capitalized facility projects, a $3.1 million increase in snow and ice control supplies, and a $2.6 million increase in bond issuance costs, which are now expensed in accordance with GASB 65.

Salaries and related benefits expenses increased $4.2 million, or 2.7%, from 2012 to $155.7 million in 2013. Regular full time pay for Airports Authority employees increased by $2.5 million, or 2.5%, over 2012. Overtime costs increased $1.0 million, or 16.6%, to $7.3 million in 2013 due to snowstorms. In 2013, health insurance expenses increased by $1.7 million to $20.0 million. Other Post Retirement

Employee Benefits ("OPEB") expenses were $5.7 million in 2013, compared to $6.4 million in 2012. The contribution percentages to the Airports Authority's pension plans increased to 7.8% in 2013 from 7.2% of eligible earnings in 2012 for the general employee plan and decreased to 13.5% in 2013 from 14.0% of eligible earnings in 2012 for the Police and Firefighters' plan. The funded ratio as of the actuarial valuation date of December 31, 2013, was 104.2% for the General Employee plan and 103.2% for the Police and Firefighters' plan.

The Aviation Enterprise Fund's utility expenditures for 2013 were $26.1 million, a decrease of $1.1 million from 2012, or 4.2%. This decrease in utility expenses was a result of a reduction in natural gas usage and lower electricity rates compared to 2012.

Depreciation and amortization expense in 2013 was $237.7 million. This was a decrease of $16.1 million from 2012, because of the aforementioned $19.9 million reduction of accumulated depreciation in 2012, partially offset by a $3.3 million adjustment to the 2012 balance to reflect implementation of GASB 65. At Reagan National Airport, the Airports Authority completed runway 1/19 improvements as well as improvements to Terminal A. In 2012, the public safety communications center was upgraded to include additional functionality, the security systems were upgraded, and improvements were made to runways and taxiways. At Dulles International Airport in 2013, a passenger boarding bridge was installed in Concourse C/D, improvements were made to taxi lanes and taxiways, and improvements were made to the communication system and cargo building systems. In 2012, projects at Dulles International Airport included the first phase of building changes for in-line baggage screening and improvements to runways and cargo building systems.

In 2013, the Aviation Enterprise Fund had operating income of $92.3 million, which was a $70.3 million increase from 2012. Operating income in 2012 declined $63.3 million from 2011 as a result of one-time adjustments to depreciation and impairment expenses. When compared to 2012, total non-operating revenues increased $73.7 million and non-operating expenses increased $6.8 million in 2013. Non-operating revenues in 2013 were comprised of $82.0 million in fair value gains on swaps, and $737 thousand of federal, state, and local grants in support of operations. Non-operating expenses, which included interest expense, totaled $216.9 million. The $82.0 million fair value gain on swaps was a significant change from 2012, when the change in fair value on swaps was a gain of $6.4 million.

Capital contributions include PFCs, federal, state, and local grants, and other capital property acquired. PFC revenues for 2013 were $79.1 million, which was a decrease of $4.2 million from 2012.

Federal, state, and local grants in support of capital programs were $73.3 million in 2013, and $54.5 million in 2012. In 2013, the Airports Authority received $23.3 million in Airport Improvement Program ("AIP") grants primarily to reimburse the capital costs of constructing the fourth runway at Dulles International Airport, of reconstructing a portion of Taxiway Y at Dulles International Airport, and improving the safety areas for runways 15/33 and 4/22 at Reagan National Airport. The Airports Authority also received American Recovery and Reinvestment Act ("ARRA") grants of $46.9 million for the East/West in-line baggage electronic detection system. Additionally, the Airports Authority received $1.1 million from TSA for in-line baggage screening.

The change in net position is an indicator of the overall fiscal condition of the Aviation Enterprise Fund. Net position increased in 2013 by $130.9 million due in large part to higher operating income and increased fair value gain on swaps.

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, 2010 through 2013.

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

	12/31/2010	12/31/2011	12/31/2012	12/31/2013
Airline Revenues[1]				
Landing and Apron Fees	$123,505,524	$127,366,434	$126,828,986	$142,468,206
Rentals	260,190,931	313,181,534	344,380,174	348,698,777
Security & Other Fees	1,248,430	1,246,792	1,019,467	459,899
Other Rents	31,336,258	31,378,392	30,396,460	30,966,432
Utility Reimbursements	12,273,527	13,788,851	7,509,943	7,958,813
Concessions[2]	193,991,938	189,801,882	193,707,437	203,346,885
Investment Earnings	16,991,234	18,614,744	15,563,423	16,186,751
Other	6,731,649	7,979,859	8,155,914	8,071,202
TOTAL REVENUES[1]	646,269,491	703,358,489	727,561,804	758,156,965
O&M Expenses	298,054,824	304,529,128	307,361,481	323,155,858
NET REVENUES	348,214,667	398,829,361	420,200,323	435,001,107
Debt Service on Bonds Issued under Master Indenture[3]	237,068,089	290,663,193	312,026,356	309,828,340
TOTAL DEBT SERVICE	237,068,089	290,663,193	312,026,356	309,828,340
O&M Reserve Requirement Increment	5,794,000	1,236,000	1,238,000	61,000
Federal Lease Payment	5,101,118	5,180,558	5,303,936	5,335,290
NET REMAINING REVENUE[4]	$100,251,460	$101,749,610	$101,632,031	$119,776,476
DEBT SERVICE COVERAGE[4]	1.47x	1.37x	1.35x	1.40x

[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.

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 effected 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 surpassed budget expectations by 1.1% in 2013 compared to reaching 100.2% of budget expectations in 2012. Operating expenses were held to 96.7% of budget authorization in 2013, while in 2012 expenses were held to 93.4% of budget authorization. The Airports Authority's 2013 budget reflected a 3.7% increase in revenues and a 1.8% increase in expenses, as compared to the 2012 Budget.

	Budget	Actual[1]	As a Percentage of Budget
2013 Revenues	$676,131,000	$683,559,480	101.1%
2013 Expenses[2]	$338,208,000	$327,199,183	96.7%
2012 Revenues	$652,218,000	$653,786,834	100.2%
2012 Expenses[2]	$332,235,000	$310,355,654	93.4%

[1] Actual results are stated on a budgetary basis for comparative purposes, which are not consistent with GAAP.
[2] Does not include depreciation expense or debt service.

Aviation Enterprise Fund Fiscal Year 2014 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. The prospective financial information is subject to uncertainty, and such information should not be relied on as necessarily indicative of future results.

The PricewaterhouseCoopers LLP report included in the 2013 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.

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 Aviation Enterprise Fund's Budget, which includes the 2014 Operations and Maintenance Budget ("2014 O&M Budget"), the 2014 Capital, Operating and Maintenance Investment Program Budget, and the 2014 Capital Construction Program Budget, was approved by the Board in December 2013 (the "2014 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 2014 Budget provides those resources.

The 2014 O&M Budget includes a 0.3% decrease in operating revenues and a 2.9% decrease in operating expenses (excluding debt service) over the 2013 O&M Budget. Budgeted revenues of $743.3 million for 2014 reflect a $2.3 million decrease from 2013 budgeted revenues. Operating revenues received from the airlines are on a cost recovery basis.

Budgeted operating expenses for 2014 are $337.1 million, a $10.2 million or 2.9% decrease over 2013 budgeted expenses of $347.4 million (excluding debt service and O&M Reserve Requirement). The total budgeted expenses for 2014, including debt service but excluding O&M Reserve Requirement are $650.6 million, which is a $19.6 million or 2.9% decrease over 2013 budgeted expenses of $670.2 million.

In the 2014 Budget, the Airports Authority's share of Net Remaining Revenues ("NRR") is estimated at $105.6 million, a 21.8% increase from the 2013 Budget. 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 2013 (transfers included in the budgeted 2014 operating revenues) was $78.1 million and the Airports Authority's share of NRR in 2013 was $41.7 million. See Part II "CERTAIN AGREEMENTS FOR USE OF THE AIRPORTS – Airport Use Agreement and Premises Lease."

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 C – "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 C – "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 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. Such amendments, successor agreement or regulations could affect the calculation of future airline revenues. Such forecast Net Revenues are presented in the Report of the Airport Consultant, which are based on the assumed continuation of the provisions of the Airline Agreement. See APPENDIX A – "Report of the Airport Consultant' and APPENDIX C – "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 "THE AIRPORTS AUTHORITY - 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 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.

Current Negotiations of the Airport Use Agreement and Premises Lease

The Airline Agreement expires on September 30, 2014. The Airports Authority is in negotiations with the Signatory Airlines regarding a successor agreement. The Airports Authority has proposed to the airlines that the successor agreement provide for the continued calculation of airline rentals, fees and charges, through the end of calendar year 2014, under the terms of the current Airline Agreement, with the calculation of airline rentals, fees and charges to be effective on January 1, 2015, occurring under the successor agreement. The Airports Authority presently has no reason to believe that a successor agreement will differ from the current agreement in a manner that may be adverse, in any significant manner, to the Authority or to bondholders. **[**If the Airports Authority and the Signatory Airlines do not reach agreement by September 30, 2014 then the Airports Authority will set airline rates and charges in accordance with 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.**]**

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 MarketPlace Washington, LLC ("MarketPlace") for the food and beverage and retail operations at Reagan National Airport and Dulles International Airport that commenced on January 1, 2013 and expires on December 31, 2018. Under this contract, MarketPlace sub-leases all food and beverage and retail facilities at the Airports. MarketPlace receives a fee from the Airports Authority for leasing and managing these facilities.

Concession contracts generally obligate the concessionaire to pay the higher of a percentage of gross revenues or a MAG payment to the Airports Authority. Typically these contracts extend for a period of seven to 10 years. The concession contracts are awarded, in most cases on the basis of competitive procedures. Terminal concession revenue represented 22.9% of total concession revenue and 7.5% of total operating revenue in 2013. See table entitled "TOTAL CONCESSION REVENUES BY MAJOR CATEGORY" herein.

Parking Facility Agreements

The parking facilities at both Airports are operated for the Airports Authority by Five Star U-Street Parking under a management agreement with a base period that commenced in June 2010 and extended through June 2013. Both Airports exercised the first of two potential one-year option periods, which extended the agreement through June 2014, and will exercise the second option period, which will further extend the agreement through June 2015. Under the management agreement, all parking operating costs are reimbursed to the operator, who receives a fixed management fee (adjusted annually for inflation).

There are 9,037 public parking spaces at Reagan National Airport and 27,209 public parking spaces at Dulles International Airport. Parking revenue represented 46.6% of concession revenue in 2013 and

15.3% of total operating revenue in 2013. See table entitled "TOTAL CONCESSION REVENUES BY MAJOR CATEGORY" herein.

Rental Car Facility Agreements

There currently are five on-airport rental car operators at Reagan National Airport: Avis, Budget, Enterprise, Hertz, 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 off-airport rental car companies are DTG Inc. (Dollar/Thrifty) and Advantage. DTG Inc. and Advantage operate buses to transport customers directly to the terminals and pay the Airports Authority 8% of the gross receipts generated from airport business. Alternatively, DTG Inc. and Advantage (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 seven on-airport rental car operators at Dulles International Airport: Advantage, Avis, Budget, DTG Inc. (Dollar/Thrifty), Enterprise, Hertz, and Vanguard (Alamo/National). These companies operate under contracts that became effective on July 1, 2013, and expire on June 30, 2018. 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 $82 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 15.4% of concession revenue in 2013 and 5.1% of total operating revenue in 2013. See table entitled "TOTAL CONCESSION REVENUES BY MAJOR CATEGORY" herein.

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, Culpeper, Fairfax, Fauquier, Loudoun, Prince William, Rappahannock, 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. Department of Commerce, Bureau of Census, between 2000 and 2012 (the latest year for which data are available), population growth in the Airports service region increased an average of 1.6% annually, compared with a 0.9% average annual increase for the nation as a whole between 2000 and 2013). The Airports service region's per capita personal income in 2012 was 41% higher than the average for the United States as reported by the U.S. Census Bureau. Since 2000, the rate of unemployment in the Airports service region has been lower than the average for the United States, and in 2013, unemployment in the Airports service region was 5.4% compared with 7.4% for the nation according to the

U.S. Bureau of Labor Statistics. The Airports service region's economy is typically insulated from downturns by the economic activity generated by the federal government, although in 2013, implementation of the sequestration provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the "Budget Control Act") led to reductions in federal employment and spending.

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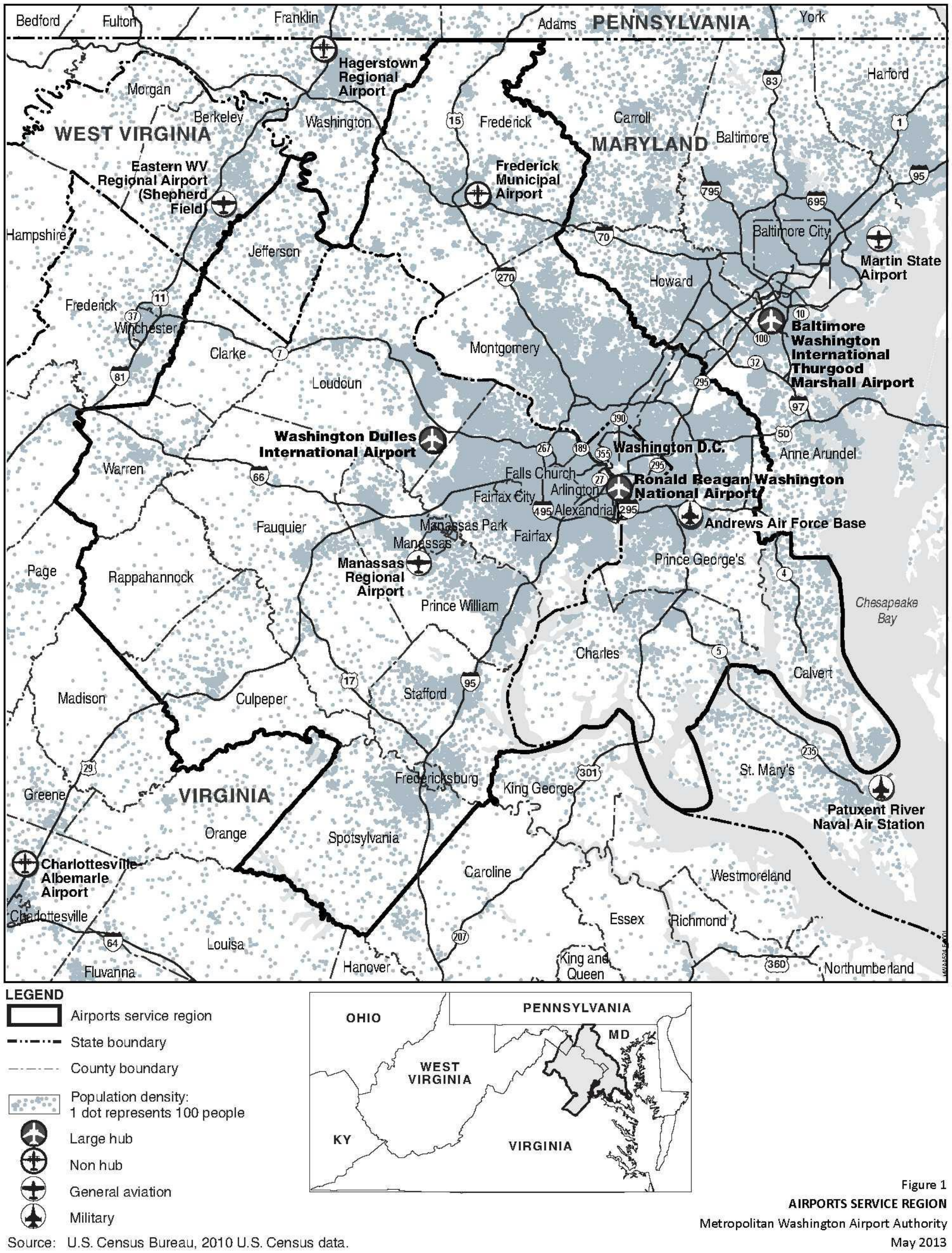
AIRPORTS SERVICE REGION



Source: Report of the Airport Consultant.

Airlines Serving the Airports

Listed below are scheduled airlines which served the Airports as of April, 2014:

REAGAN NATIONAL AIRPORT

U. S. MAINLINE AIRLINES

Alaska Airlines
American Airlines[1]
Delta Air Lines
Frontier Airlines
JetBlue Airways
Southwest Airlines[2]
Sun Country Airlines
United Airlines
US Airways[1]
Virgin America

FOREIGN FLAG AIRLINES

Air Canada
Air Canada Jazz (Regional)
Sky Regional Airlines (Regional)

REGIONAL AIRLINES

Air Wisconsin[3]
Endeavor Air[6]
Envoy[4]
ExpressJet[5]
Piedmont Airlines[3]
PSA Airlines[3]
Republic Airlines[3,4,5]
Shuttle America[5,6]
SkyWest Airlines[6]

DULLES INTERNATIONAL AIRPORT

U. S. MAINLINE AIRLINES

American Airlines[1]
Delta Air Lines
JetBlue Airways
Southwest Airlines[2]
United Airlines
Virgin America

FOREIGN FLAG AIRLINES

Aeroflot
Aeromexico
Air France
All Nippon Airways
Austrian Airlines
Avianca
British Airways
Brussels Airlines
Cayman Airlines
Copa Airlines
Emirates
Ethiopian Airlines
Etihad
Icelandair
KLM-Royal Dutch Airlines
Korean Air
Lufthansa German Airlines
Porter Airlines (Regional)
Qatar Airways
Saudi Arabian Airlines
Scandinavian Airlines System
South African Airways
Turkish Airlines
Virgin Atlantic Airways

REGIONALS AIRLINES

Chautauqua[6]
Commutair[5]
Endeavor Air[6]
ExpressJet[5,6]
GoJet[5,6]
Mesa Airlines[3,5]
PSA Airlines[3]
Republic Airlines[5]
Shuttle America[5]
Silver Airways[5]
SkyWest Airlines[5]
Sun Air International
Trans States[5]

ALL-CARGO CARRIERS

FedEx
Mountain Air Cargo
United Parcel Service

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1 US Airways and American Airlines completed a merger in December 2013. The combined airline expects to complete integration of its operations under the American Airlines name by the end of 2015
2 Southwest Airlines completed its purchase of AirTran Airways in May 2011. The combined airline expects to complete integration of its operations under the Southwest name by the end of 2014
3 Operates under a code sharing agreement with US Airways.
4 Operates under a code sharing agreement with American.
5 Operates under a code sharing agreement with United.
6 Operates under a code sharing agreement with Delta.

Source: 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 scheduled for June 2014, nonstop airline service is provided from Reagan National Airport to 83 U.S. destinations and five international destinations in Canada and the Bahamas. See "THE AIRPORTS AUTHORITY – Regulations and Restrictions Affecting the Airports."

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 scheduled for June 2014, nonstop airline service was provided from Dulles International Airport to 74 U.S. destinations and 47 international destinations.

Historical Enplanement Activity

The following table summarizes total commercial enplanements at Reagan National Airport and Dulles International Airport from 2001 through 2013. See "CERTAIN INVESTMENT CONSIDERATIONS."

	Reagan National Airport [1,2,3]		Dulles International Airport [1,2,3]					
	Total Enplanements	Annual Growth	Domestic Enplanements	Annual Growth	International Enplanements	Annual Growth	Annual Enplanements	Annual Growth
2001	6,564	-16.4%	6,959	-11.8%	1,961	-5.8%	8,920	-10.5%
2002	6,460	-1.6%	6,498	-6.6%	2,018	2.9%	8,515	-4.5%
2003[4]	7,102	9.9%	6,372	-1.9%	1,995	-1.1%	8,366	-1.7%
2004	7,952	12.0%	9,015	41.5%	2,310	15.8%	11,324	35.4%
2005	8,909	12.0%	10,947	21.4%	2,449	6.0%	13,396	18.3%
2006	9,240	3.7%	8,797	-19.6%	2,595	5.9%	11,392	-15.0%
2007	9,294	0.6%	9,313	5.9%	2,960	14.1%	12,274	7.7%
2008	8,978	-3.4%	8,743	-6.1%	3,115	5.2%	11,858	-3.4%
2009	8,767	-2.3%	8,430	-3.6%	3,117	0.1%	11,547	-2.6%
2010	9,036	3.1%	8,565	1.6%	3,177	1.9%	11,742	1.7%
2011	9,363	3.6%	8,261	-3.5%	3,257	2.5%	11,518	-1.9%
2012	9,788	4.5%	7,855	-4.9%	3,318	1.9%	11,173	-3.0%
2013	10,198	4.2%	7,397	-5.8%	3,464	4.4%	10,861	-2.8%
Annual Compounded Growth								
2001-2013		3.7%		0.5%		4.9%		1.7%

[1] Passengers in thousands.
[2] Excludes passengers enplaned on general aviation and military flights.
[3] Enplanement figures have been reconciled to the Airports Authority's records and may not match figures released in previous issues.
[4] 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 with 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 decreased in 2008 and 2009 during the economic recession, then increased in each of the five years to 2013. Enplanements at Reagan National Airport for 2013 were 10.2 million

Originating passengers accounted for 80.7% of enplaned passengers at Reagan National Airport in 2013. The top two airlines at Reagan National Airport (US Airways and Delta, along with their code-sharing affiliate carriers) enplaned 59.4% of all passengers in 2013. See "FINANCIAL CONDITION OF CERTAIN AIRLINES SERVING THE AIRPORTS - General - US Airways/American."

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 8.0% between 2007 and 2010. Between 2010 and 2013, passenger numbers decreased a further 7.5% as a result of capacity reductions by United and a transfer of air service by Delta, JetBlue, Southwest-AirTran, and Virgin America to Reagan National Airport. Total enplanements at Dulles International Airport for 2013 were 10.9 million

The decrease in domestic passenger traffic has been partially offset by an increase in international passenger traffic, which has increased every year since 2003 for a cumulative 10-year increase of 73.6%. Foreign flag airlines that have started service from Dulles International Airport since 2010 are Aeromexico, Brussels Airlines. Emirates Airline, Etihad Airways, Porter Airlines, and Turkish Airlines

Originating passengers accounted for 60.4% of enplaned passengers at Dulles International Airport in 2013. United accounted for 45.9% of international passengers at Dulles International Airport in 2013 and foreign-flag scheduled airlines accounted for the remaining 54.1%.

The following tables show passenger enplanements at Reagan National Airport and Dulles International Airport by airline between 2009 and 2013.

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ENPLANEMENT MARKET SHARE BY AIRLINE AT REAGAN WASHINGTON NATIONAL AIRPORT

	2009	Share	2010	Share	2011	Share	2012	Share	2013	Share
US Airways Carriers [1]	3,531,268	40.3%	3,683,312	40.8%	3,593,055	38.4%	4,141,568	42.3%	4,613,810	45.2%
US Airways [2]	1,965,778	22.4%	1,963,376	21.7%	1,862,504	19.9%	1,918,063	19.6%	2,016,790	19.8%
Republic (US Airways Express)	733,136	8.4%	907,075	10.0%	924,495	9.9%	1,146,469	11.7%	1,350,172	13.2%
Air Wisconsin (US Airways Express)	567,358	6.5%	446,339	4.9%	450,729	4.8%	585,528	6.0%	737,268	7.2%
PSA	168,781	1.9%	215,400	2.4%	203,834	2.2%	291,601	3.0%	404,206	4.0%
Chautauqua (US Airways Express)	77,766	0.9%	123,584	1.4%	125,817	1.3%	166,531	1.7%	54,559	0.5%
Piedmont	4,466	0.1%	12,223	0.1%	10,183	0.1%	32,433	0.3%	50,815	0.5%
Colgan Air (US Airways Express)	13,983	0.2%	15,315	0.2%	15,493	0.2%	943	0.0%		0.0%
Delta Carriers	1,834,606	20.9%	1,775,037	19.6%	2,035,965	21.7%	1,658,003	16.9%	1,462,961	14.3%
Delta	728,156	8.3%	1,253,421	13.9%	1,251,093	13.4%	1,269,557	13.0%	1,161,463	11.4%
Shuttle America (Delta Connection)	168,203	1.9%	164,543	1.8%	148,514	1.6%	146,677	1.5%	127,447	1.2%
Pinnacle (Delta Connection)	7,844	0.1%	21,038	0.2%	98,655	1.1%	116,780	1.2%	77,004	0.8%
Endeavor (Delta Connection)		0.0%		0.0%		0.0%		0.0%	65,165	0.6%
ExpressJet (Delta Connection)		0.0%		0.0%		0.0%	13,138	0.1%	31,220	0.3%
Compass (Delta Connection)		0.0%	20,568	0.2%	128,135	1.4%	4,982	0.1%	662	0.0%
Northwest	581,173	6.6%	28,371	0.3%		0.0%		0.0%		0.0%
Delta Shuttle	13,149	0.1%		0.0%		0.0%		0.0%		0.0%
SkyWest (Delta Connection)		0.0%		0.0%		0.0%	33	0.0%		0.0%
Pinnacle (Northwest Airlink)	47,431	0.5%	454	0.0%		0.0%		0.0%		0.0%
Freedom (Delta Connection)	44	0.0%	193	0.0%		0.0%		0.0%		0.0%
Mesaba Aviation (Northwest Airlink)	29,506	0.3%	4,944	0.1%		0.0%		0.0%		0.0%
Comair (Delta Connection)	250,061	2.9%	206,210	2.3%	147,478	1.6%	66,578	0.7%		0.0%
Chautauqua (Delta Connection)	6,065	0.1%	2,908	0.0%	46,182	0.5%	24,556	0.3%		0.0%
ASA (Delta Connection)	2,974	0.0%	31,273	0.3%	138,417	1.5%	15,072	0.2%		0.0%
Mesaba Aviation (Delta Connection)		0.0%	41,114	0.5%	77,491	0.8%	630	0.0%		0.0%
American Carriers [1]	1,475,242	16.8%	1,481,668	16.4%	1,421,418	15.2%	1,427,361	14.6%	1,441,580	14.1%
American	1,143,658	13.0%	1,188,767	13.2%	1,194,779	12.8%	1,139,174	11.6%	1,222,743	12.0%
American Eagle	331,584	3.8%	292,901	3.2%	226,639	2.4%	288,187	2.9%	215,162	2.1%
Republic (American Eagle)		0.0%		0.0%		0.0%		0.0%	3,675	0.0%
United Carriers [3]	964,618	11.0%	962,856	10.7%	891,793	9.5%	944,710	9.7%	933,618	9.2%
United	826,140	9.4%	823,893	9.1%	737,168	7.9%	785,605	8.0%	738,216	7.2%
ExpressJet (United Express)		0.0%		0.0%	-	0.0%	77,371	0.8%	59,002	0.6%
Shuttle America (United Express)		0.0%	10,495	0.1%	37,218	0.4%	18,444	0.2%	58,457	0.6%
Chautauqua (Continental Express)	32,401	0.4%	29,123	0.3%	14,513	0.2%	30,311	0.3%	43,142	0.4%
Republic (United Express)		0.0%		0.0%		0.0%		0.0%	30,446	0.3%
SkyWest (United Express)		0.0%		0.0%		0.0%	5,850	0.1%	4,355	0.0%
Colgan Air (United Express)		0.0%		0.0%		0.0%	3,969	0.0%		0.0%
Colgan Air (Continental Connection)	44,203	0.5%	44,085	0.5%	32,047	0.3%	8,876	0.1%		0.0%
Continental Express	61,874	0.7%	55,260	0.6%	62,234	0.7%	11,929	0.1%		0.0%
SkyWest (Continental Connection)		0.0%		0.0%	8,613	0.1%	2,355	0.0%		0.0%
JetBlue	27	0.0%	37,103	0.4%	240,077	2.6%	447,570	4.6%	611,949	6.0%
Southwest [4]	263,100	3.0%	381,746	4.2%	389,426	4.2%	425,870	4.4%	502,076	4.9%
Frontier Carriers	306,652	3.5%	331,680	3.7%	357,605	3.8%	323,292	3.3%	239,027	2.3%
Frontier	158,734	1.8%	204,339	2.3%	357,605	3.8%	323,292	3.3%	190,024	1.9%
Republic (Frontier)		0.0%		0.0%		0.0%		0.0%	49,003	0.5%
Republic (Midwest)		0.0%	116,838	1.3%		0.0%		0.0%		0.0%
Chautauqua (Midwest Connect)	50	0.0%		0.0%		0.0%		0.0%		0.0%
Republic (Midwest Connect)	147,868	1.7%	10,503	0.1%		0.0%		0.0%		0.0%
Alaska	144,317	1.6%	149,368	1.7%	155,454	1.7%	171,582	1.8%	205,297	2.0%
Air Canada Carriers	97,421	1.1%	108,677	1.2%	104,983	1.1%	104,056	1.1%	108,477	1.1%
Sky Regional (Air Canada)		0.0%		0.0%		0.0%		0.0%	44,481	0.4%
Air Canada Jazz	42,720	0.5%	45,512	0.5%	46,566	0.5%	45,577	0.5%	38,501	0.4%
Air Canada	54,701	0.6%	63,165	0.7%	58,417	0.6%	58,479	0.6%	25,495	0.3%
MN Airlines		0.0%		0.0%	26,374	0.3%	34,061	0.3%	40,894	0.4%
Virgin America		0.0%		0.0%		0.0%	11,236	0.1%	38,007	0.4%
Midwest	32,247	0.4%		0.0%		0.0%		0.0%		0.0%
Charter	199	0.0%	219	0.0%	123	0.0%		0.0%		0.0%
Spirit	117,546	1.3%	123,878	1.4%	146,539	1.6%	98,846	1.0%		0.0%
TOTAL [5, 6, 7]	8,767,243	100.0%	9,035,544	100.0%	9,362,812	100.0%	9,788,155	100.0%	10,197,696	100.0%

[1] US Airways and American Airlines completed a merger on December 9, 2013. The combined airline expects to complete integration of its operations under the American Airlines name by the end of 2015.
[2] Includes activity for US Airways Shuttle.
[3] As of October 1, 2001, United and Continental completed the merger of the two airlines. The combined airline operates under the name "United Airlines".
[4] As of May 2, 2011, Southwest Airlines completed its purchase of AirTran Airways. On March 1, 2012, the two airlines received approval for a single operating certificate from the FAA. Southwest Airlines will work toward full integration of AirTran by the end of 2014 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 in previous issues.
[7] The totals may not add due to rounding.

Source: Airports Authority records.

ENPLANEMENT MARKET SHARE BY AIRLINE AT DULLES INTERNATIONAL AIRPORT
Domestic Enplanements

	2009	Share	2010	Share	2011	Share	2012	Share	2013	Share
United Carriers [1]	5,870,425	69.6%	6,091,483	71.1%	5,974,011	72.3%	5,859,785	74.6%	5,683,825	76.8%
United	3,287,490	39.0%	3,431,381	40.1%	3,350,076	40.6%	3,210,565	40.9%	3,132,389	42.3%
ExpressJet (United Express)	62,152	0.7%	277,075	3.2%	523,817	6.3%	1,000,835	12.7%	940,398	12.7%
Mesa (United Express)	719,003	8.5%	549,219	6.4%	440,505	5.3%	471,395	6.0%	445,756	6.0%
Trans States (United Express)	566,386	6.7%	445,031	5.2%	349,374	4.2%	283,208	3.6%	295,704	4.0%
Commutair	30,694	0.4%	46,013	0.5%	360	0.0%	100,300	1.3%	211,757	2.9%
Republic (United Express)		0.0%		0.0%		0.0%	4,933	0.1%	206,860	2.8%
Shuttle America (United Express)	372,543	4.4%	308,225	3.6%	173,835	2.1%	160,431	2.0%	170,232	2.3%
GoJet (United Express)	352,162	4.2%	318,557	3.7%	165,390	2.0%	131,282	1.7%	134,874	1.8%
SkyWest (United Express)		0.0%	33,166	0.4%	67,254	0.8%	81,255	1.0%	98,604	1.3%
Silver (United Express)		0.0%		0.0%		0.0%	20,196	0.3%	46,710	0.6%
Chautauqua (United Express)	233,296	2.8%	748	0.0%		0.0%		0.0%	541	0.0%
ASA (United Express)		0.0%	413,277	4.8%	363,566	4.4%		0.0%		0.0%
Colgan Air (Continental Connection)		0.0%	2,104	0.0%	29,766	0.4%	17,651	0.2%		0.0%
Colgan Air (United Express)	221,228	2.6%	219,380	2.6%	450,143	5.4%	358,005	4.6%		0.0%
Continental Express	25,471	0.3%	47,307	0.6%	39,404	0.5%	12,810	0.2%		0.0%
SkyWest (Continental Connection)		0.0%		0.0%	20,521	0.2%	6,919	0.1%		0.0%
Delta Carriers	572,387	6.8%	526,553	6.1%	532,739	6.4%	542,816	6.9%	465,574	6.3%
Delta	296,772	3.5%	317,266	3.7%	324,660	3.9%	271,077	3.5%	231,202	3.1%
Pinnacle (Delta Connection)	30,379	0.4%	30,405	0.4%	70,130	0.8%	106,712	1.4%	57,697	0.8%
Compass (Delta Connection)		0.0%	69,150	0.8%	61,513	0.7%	69,443	0.9%	54,893	0.7%
Endeavor (Delta Connection)		0.0%		0.0%		0.0%		0.0%	41,178	0.6%
Chautauqua (Delta Connection)		0.0%	14,377	0.2%	18,158	0.2%	44,183	0.6%	33,182	0.4%
ExpressJet (Delta Connection)		0.0%		0.0%		0.0%	25,768	0.3%	30,938	0.4%
GoJet (Delta Connection)		0.0%		0.0%		0.0%	1,185	0.0%	9,330	0.1%
SkyWest (Delta Connection)	1,232	0.0%	1,132	0.0%	464	0.0%		0.0%	7,122	0.1%
Shuttle America (Delta Connection)	174	0.0%	82	0.0%	-	0.0%		0.0%	32	0.0%
Freedom (Delta Connection)	42,947	0.5%	20,814	0.2%		0.0%		0.0%		0.0%
Comair (Delta Connection)	21,805	0.3%	51,385	0.6%	38,642	0.5%	24,448	0.3%		0.0%
Mesaba Aviation (Northwest Airlink)	409	0.0%		0.0%		0.0%		0.0%		0.0%
Northwest	34,442	0.4%	448	0.0%		0.0%		0.0%		0.0%
Pinnacle (Northwest Airlink)	41,135	0.5%	3,789	0.0%		0.0%		0.0%		0.0%
ASA (Delta Connection)	18,032	0.2%	9,832	0.1%	7,676	0.1%		0.0%		0.0%
Compass (Northwest Airlink)	85,060	1.0%	5,657	0.1%		0.0%		0.0%		0.0%
Mesaba Aviation (Delta Connection)		0.0%	2,216	0.0%	11,496	0.1%		0.0%		0.0%
American Carriers [2]	428,341	5.1%	468,030	5.5%	427,886	5.2%	388,322	4.9%	356,889	4.8%
American	409,716	4.9%	464,266	5.4%	427,886	5.2%	388,322	4.9%	356,889	4.8%
Trans States (American Connection)	2,385	0.0%		0.0%		0.0%		0.0%		0.0%
Chautauqua (American Connection)	16,240	0.2%	3,764	0.0%		0.0%		0.0%		0.0%
Southwest [3]	498,193	5.9%	493,963	5.8%	419,412	5.1%	340,447	4.3%	289,823	3.9%
JetBlue	625,519	7.4%	576,039	6.7%	495,844	6.0%	321,138	4.1%	225,087	3.0%
Virgin America	237,796	2.8%	231,889	2.7%	235,983	2.9%	241,489	3.1%	191,220	2.6%
US Airways Carriers [2]	171,327	2.0%	151,496	1.8%	162,599	2.0%	150,677	1.9%	171,977	2.3%
Mesa (US Airways Express)	86,754	1.0%	86,547	1.0%	84,534	1.0%	98,349	1.3%	123,001	1.7%
PSA	42,999	0.5%	31,284	0.4%	33,959	0.4%	40,353	0.5%	44,931	0.6%
Republic (US Airways Express)	6,243	0.1%	621	0.0%	373	0.0%	534	0.0%	1,956	0.0%
Air Wisconsin (US Airways Express)	475	0.0%	6,924	0.1%	14,611	0.2%	8,923	0.1%	1,299	0.0%
US Airways	34,728	0.4%	22,629	0.3%	13,258	0.2%	-	0.0%	790	0.0%
Piedmont	128	0.0%	3,491	0.0%	2,601	0.0%	2,518	0.0%		0.0%
Chautauqua (US Airways Express)		0.0%		0.0%	71	0.0%		0.0%	-	0.0%
Mesaba Aviation (US Airways Express)		0.0%		0.0%	13,192	0.2%		0.0%		0.0%
Charter	10,326	0.1%	10,681	0.1%	12,678	0.2%	10,201	0.1%	8,455	0.1%
Sun Air International		0.0%		0.0%		0.0%	198	0.0%	2,980	0.0%
Republic Airways		0.0%		0.0%		0.0%		0.0%	803	0.0%
MN Airlines	15,194	0.2%	14,327	0.2%		0.0%		0.0%		0.0%
Aeroflot		0.0%	5	0.0%		0.0%		0.0%		0.0%
Frontier	112	0.0%	-	0.0%		0.0%	-	0.0%		0.0%
Korean Air		0.0%	181	0.0%		0.0%		0.0%		0.0%
Lufthansa		0.0%	178	0.0%		0.0%		0.0%		0.0%
TOTAL [4,5,6]	8,429,620	100.0%	8,564,825	100.0%	8,261,152	100.0%	7,855,073	100.0%	7,396,633	100.0%

[1] As of October 1, 2001, United and Continental completed the merger of the two airlines. The combined airline operates under the name "United Airlines".
[2] US Airways and American Airlines completed a merger on December 9, 2013. The combined airline expects to complete integration of its operations under the American Airlines name by the end of 2015.
[3] As of May 2, 2011, Southwest Airlines completed its purchase of AirTran Airways. On March 1, 2012, the two airlines received approval for a single operating certificate from the FAA. Southwest Airlines will work toward full integration of AirTran by the end of 2014 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

	2009	Share	2010	Share	2011	Share	2012	Share	2013	Share
United Carriers [1]	1,651,662	53.0%	1,635,332	51.5%	1,652,427	50.7%	1,603,209	48.3%	1,588,919	45.9%
Chautauqua (United Express)	114,906	3.7%	368	0.0%		0.0%		0.0%		0.0%
ExpressJet (United Express)		0.0%		0.0%	32,372	1.0%	110,063	3.3%	127,794	3.7%
GoJet (United Express)		0.0%	33,447	1.1%	25,838	0.8%	30,838	0.9%	27,412	0.8%
Republic (United Express)		0.0%		0.0%		0.0%		0.0%	2,321	0.1%
Shuttle America (United Express)	93,135	3.0%	68,332	2.2%	40,163	1.2%	23,406	0.7%	12,326	0.4%
SkyWest (United Express)		0.0%		0.0%	5,552	0.2%	10,927	0.3%	17,575	0.5%
Trans States (United Express)		0.0%	81,893	2.6%	63,806	2.0%		0.0%		0.0%
United	1,443,621	46.3%	1,451,292	45.7%	1,484,696	45.6%	1,427,975	43.0%	1,401,491	40.5%
Lufthansa	158,147	5.1%	176,179	5.5%	174,947	5.4%	186,521	5.6%	203,071	5.9%
British Airways	182,703	5.9%	173,211	5.5%	190,445	5.8%	192,722	5.8%	186,795	5.4%
Air France	181,787	5.8%	161,910	5.1%	173,618	5.3%	173,360	5.2%	172,083	5.0%
TACA	95,132	3.1%	98,844	3.1%	103,804	3.2%	99,160	3.0%	103,621	3.0%
Qatar Amiri Air	88,061	2.8%	103,078	3.2%	101,139	3.1%	99,028	3.0%	90,845	2.6%
Emirates		0.0%		0.0%		0.0%	23,829	0.7%	88,361	2.6%
KLM Royal Dutch	79,265	2.5%	74,878	2.4%	77,930	2.4%	89,613	2.7%	85,959	2.5%
Turkish		0.0%	5,370	0.2%	47,988	1.5%	74,594	2.2%	82,057	2.4%
Ethiopian	42,141	1.4%	56,373	1.8%	80,752	2.5%	74,103	2.2%	81,661	2.4%
Korean Air	72,814	2.3%	78,117	2.5%	83,112	2.6%	83,288	2.5%	77,363	2.2%
South African	73,221	2.3%	80,797	2.5%	78,859	2.4%	71,239	2.1%	74,339	2.1%
Virgin Atlantic	84,778	2.7%	76,417	2.4%	75,256	2.3%	75,165	2.3%	69,543	2.0%
SAS	66,085	2.1%	71,042	2.2%	65,797	2.0%	68,620	2.1%	68,163	2.0%
COPA	31,723	1.0%	31,200	1.0%	35,917	1.1%	41,608	1.3%	66,069	1.9%
Austrian	63,885	2.0%	60,401	1.9%	60,793	1.9%	65,325	2.0%	64,764	1.9%
All Nippon	60,949	2.0%	66,573	2.1%	62,994	1.9%	65,839	2.0%	62,315	1.8%
Saudi Arabian	23,044	0.7%	28,874	0.9%	35,634	1.1%	48,579	1.5%	61,076	1.8%
Etihad		0.0%		0.0%		0.0%		0.0%	53,774	1.6%
Avianca	23,502	0.8%	24,536	0.8%	24,383	0.7%	35,557	1.1%	37,327	1.1%
Icelandair		0.0%		0.0%	20,193	0.6%	30,028	0.9%	35,472	1.0%
Porter		0.0%		0.0%		0.0%	24,985	0.8%	33,025	1.0%
Aeromexico		0.0%	124	0.0%	74	0.0%	18,848	0.6%	30,439	0.9%
Aeroflot	7,301	0.2%	8,838	0.3%	8,490	0.3%	10,390	0.3%	19,902	0.6%
Brussels		0.0%		0.0%		0.0%		0.0%	19,031	0.5%
Charter	10,832	0.3%	10,224	0.3%	9,748	0.3%	7,011	0.2%	5,923	0.2%
Delta Carriers	5,539	0.2%	3,923	0.1%	4,199	0.1%	1,388	0.0%	1,414	0.0%
Delta	4,513	0.1%	3,923	0.1%	4,199	0.1%	1,388	0.0%	1,414	0.0%
Northwest	1,026	0.0%		0.0%		0.0%		0.0%		0.0%
Cayman	1,496	0.0%	637	0.0%	2,449	0.1%	2,138	0.1%	672	0.0%
Air India	1,055	0.0%	3,002	0.1%		0.0%		0.0%		0.0%
Iberia	36,193	1.2%	22,200	0.7%		0.0%		0.0%		0.0%
AeroSur		0.0%	233	0.0%	5,035	0.2%	2,649	0.1%		0.0%
OpenSkies		0.0%	4,888	0.2%	5,883	0.2%		0.0%		0.0%
Mexicana	1,853	0.1%	20,299	0.6%		0.0%		0.0%		0.0%
Aer Lingus	27,229	0.9%	54,628	1.7%	60,364	1.9%	49,023	1.5%		0.0%
Lan Chile	170	0.0%		0.0%		0.0%		0.0%		0.0%
JetBlue	3,125	0.1%	4,097	0.1%	3,951	0.1%		0.0%		0.0%
Air Canada Carriers	43,459	1.4%	41,010	1.3%	10,623	0.3%		0.0%		0.0%
Air Canada Jazz	43,459	1.4%	41,010	1.3%	10,623	0.3%		0.0%		0.0%
TOTAL [2, 3, 4]	3,117,151	100.0%	3,177,235	100.0%	3,256,804	100.0%	3,317,819	100.0%	3,463,983	100.0%

[1] As of October 1, 2001, 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.

165960/10/NEWYORK

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

	2009	Share	2010	Share	2011	Share	2012	Share	2013	Share
United Carriers	8,486,705	41.8%	8,689,671	41.8%	8,518,231	40.8%	8,407,704	40.1%	8,206,362	39.0%
United [1]	5,557,251	27.4%	5,706,566	27.5%	5,571,940	26.7%	5,424,145	25.9%	5,272,096	25.0%
ExpressJet (United Express)	62,152	0.3%	277,075	1.3%	556,189	2.7%	1,188,269	5.7%	1,127,194	5.4%
Mesa (United Express)	719,003	3.5%	549,219	2.6%	440,505	2.1%	471,395	2.2%	445,756	2.1%
Trans States (United Express)	566,386	2.8%	526,924	2.5%	413,180	2.0%	283,208	1.4%	295,704	1.4%
Shuttle America (United Express)	465,678	2.3%	387,052	1.9%	251,216	1.2%	202,281	1.0%	241,015	1.1%
Republic (United Express)		0.0%		0.0%		0.0%	4,933	0.0%	239,627	1.1%
Commutair	30,694	0.2%	46,013	0.2%	360	0.0%	100,300	0.5%	211,757	1.0%
GoJet (United Express)	352,162	1.7%	352,004	1.7%	191,228	0.9%	162,120	0.8%	162,286	0.8%
SkyWest (United Express)		0.0%	33,166	0.2%	72,806	0.3%	98,032	0.5%	120,534	0.6%
Silver (United Express)		0.0%		0.0%		0.0%	20,196	0.1%	46,710	0.2%
Chautauqua (Continental Express)	32,401	0.2%	29,123	0.1%	14,513	0.1%	30,311	0.1%	43,142	0.2%
Chautauqua (United Express)	348,202	1.7%	1,116	0.0%		0.0%		0.0%	541	0.0%
Continental Express	87,345	0.4%	102,567	0.5%	101,638	0.5%	24,739	0.1%		0.0%
Colgan Air (Continental Connection)	44,203	0.2%	46,189	0.2%	61,813	0.3%	26,527	0.1%		0.0%
Colgan Air (United Express)	221,228	1.1%	219,380	1.1%	450,143	2.2%	361,974	1.7%		0.0%
ASA (United Express)		0.0%	413,277	2.0%	363,566	1.7%		0.0%		0.0%
SkyWest (Continental Connection)		0.0%		0.0%	29,134	0.1%	9,274	0.0%		0.0%
US Airways Carriers [2]	3,702,595	18.2%	3,834,808	18.5%	3,755,654	18.0%	4,292,245	20.5%	4,785,787	22.7%
US Airways [3]	2,000,506	9.8%	1,986,005	9.6%	1,875,762	9.0%	1,918,063	9.2%	2,017,580	9.6%
Republic (US Airways Express)	739,379	3.6%	907,696	4.4%	924,868	4.4%	1,147,003	5.5%	1,352,128	6.4%
Air Wisconsin (US Airways Express)	567,833	2.8%	453,263	2.2%	465,340	2.2%	594,451	2.8%	738,567	3.5%
PSA	211,780	1.0%	246,684	1.2%	237,793	1.1%	331,954	1.6%	449,137	2.1%
Mesa (US Airways Express)	86,754	0.4%	86,547	0.4%	84,534	0.4%	98,349	0.5%	123,001	0.6%
Chautauqua (US Airways Express)	77,766	0.4%	123,584	0.6%	125,888	0.6%	166,531	0.8%	54,559	0.3%
Piedmont	4,594	0.0%	15,714	0.1%	12,784	0.1%	34,951	0.2%	50,815	0.2%
Colgan Air (US Airways Express)	13,983	0.1%	15,315	0.1%	15,493	0.1%	943	0.0%		0.0%
Mesaba Aviation (US Airways Express)		0.0%		0.0%	13,192	0.1%		0.0%		0.0%
Delta Carriers	2,412,532	11.9%	2,305,513	11.1%	2,572,903	12.3%	2,202,207	10.5%	1,929,949	9.2%
Delta	1,029,441	5.1%	1,574,610	7.6%	1,579,952	7.6%	1,542,022	7.4%	1,394,079	6.6%
Pinnacle (Delta Connection)	38,223	0.2%	51,443	0.2%	168,785	0.8%	223,492	1.1%	134,701	0.6%
Shuttle America (Delta Connection)	168,377	0.8%	164,625	0.8%	148,514	0.7%	146,677	0.7%	127,479	0.6%
Endeavor (Delta Connection)		0.0%		0.0%		0.0%		0.0%	106,343	0.5%
ExpressJet (Delta Connection)		0.0%		0.0%		0.0%	38,906	0.2%	62,158	0.3%
Compass (Delta Connection)		0.0%	89,718	0.4%	189,648	0.9%	74,425	0.4%	55,555	0.3%
Chautauqua (Delta Connection)	6,065	0.0%	17,285	0.1%	64,340	0.3%	68,739	0.3%	33,182	0.2%
GoJet (Delta Connection)		0.0%		0.0%		0.0%	1,185	0.0%	9,330	0.0%
SkyWest (Delta Connection)	1,232	0.0%	1,132	0.0%	464	0.0%	33	0.0%	7,122	0.0%
Comair (Delta Connection)	271,866	1.3%	257,595	1.2%	186,120	0.9%	91,026	0.4%		0.0%
Mesaba Aviation (Northwest Airlink)	29,915	0.1%	4,944	0.0%		0.0%		0.0%		0.0%
Freedom (Delta Connection)	42,991	0.2%	21,007	0.1%		0.0%		0.0%		0.0%
Pinnacle (Northwest Airlink)	88,566	0.4%	4,243	0.0%		0.0%		0.0%		0.0%
Northwest	616,641	3.0%	28,819	0.1%		0.0%		0.0%		0.0%
Compass (Northwest Airlink)	85,060	0.4%	5,657	0.0%		0.0%		0.0%		0.0%
Delta Shuttle	13,149	0.1%		0.0%		0.0%		0.0%		0.0%
ASA (Delta Connection)	21,006	0.1%	41,105	0.2%	146,093	0.7%	15,072	0.1%		0.0%
Mesaba Aviation (Delta Connection)		0.0%	43,330	0.2%	88,987	0.4%	630	0.0%		0.0%
American Carriers [2]	1,903,583	9.4%	1,949,698	9.4%	1,849,304	8.9%	1,815,683	8.7%	1,798,469	8.5%
American	1,553,374	7.6%	1,653,033	8.0%	1,622,665	7.8%	1,527,496	7.3%	1,579,632	7.5%
American Eagle	331,584	1.6%	292,901	1.4%	226,639	1.1%	288,187	1.4%	215,162	1.0%
Republic (American Eagle)		0.0%		0.0%		0.0%		0.0%	3,675	0.0%
Trans States (American Connection)	2,385	0.0%		0.0%		0.0%		0.0%		0.0%
Chautauqua (American Connection)	16,240	0.1%	3,764	0.0%		0.0%		0.0%		0.0%
JetBlue	628,671	3.1%	617,239	3.0%	739,872	3.5%	768,708	3.7%	837,036	4.0%
Southwest [4]	761,293	3.7%	875,709	4.2%	808,838	3.9%	766,317	3.7%	791,899	3.8%
Frontier	306,764	1.5%	331,680	1.6%	357,605	1.7%	323,292	1.5%	239,027	1.1%
Virgin America	237,796	1.2%	231,889	1.1%	235,983	1.1%	252,725	1.2%	229,227	1.1%
Alaska	144,317	0.7%	149,368	0.7%	155,454	0.7%	171,582	0.8%	205,297	1.0%
Lufthansa	158,147	0.8%	176,357	0.8%	174,947	0.8%	186,521	0.9%	203,071	1.0%
British Airways	182,703	0.9%	173,211	0.8%	190,445	0.9%	192,722	0.9%	186,795	0.9%
Air France	181,787	0.9%	161,910	0.8%	173,618	0.8%	173,360	0.8%	172,083	0.8%
Air Canada Carriers	140,880	0.7%	149,687	0.7%	115,606	0.6%	104,056	0.5%	108,477	0.5%
Sky Regional (Air Canada)		0.0%		0.0%		0.0%		0.0%	44,481	0.2%
Air Canada Jazz	86,179	0.4%	86,522	0.4%	57,189	0.3%	45,577	0.2%	38,501	0.2%
Air Canada	54,701	0.3%	63,165	0.3%	58,417	0.3%	58,479	0.3%	25,495	0.1%
TACA	95,132	0.5%	98,844	0.5%	103,804	0.5%	99,160	0.5%	103,621	0.5%
Qatar Amiri Air	88,061	0.4%	103,078	0.5%	101,139	0.5%	99,028	0.5%	90,845	0.4%
Emirates		0.0%		0.0%		0.0%	23,829	0.1%	88,361	0.4%

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

	2009	Share	2010	Share	2011	Share	2012	Share	2013	Share
KLM Royal Dutch	79,265	0.4%	74,878	0.4%	77,930	0.4%	89,613	0.4%	85,959	0.4%
Turkish		0.0%	5,370	0.0%	47,988	0.2%	74,594	0.4%	82,057	0.4%
Ethiopian	42,141	0.2%	56,373	0.3%	80,752	0.4%	74,103	0.4%	81,661	0.4%
Korean Air	72,814	0.4%	78,298	0.4%	83,112	0.4%	83,288	0.4%	77,363	0.4%
South African	73,221	0.4%	80,797	0.4%	78,859	0.4%	71,239	0.3%	74,339	0.4%
Virgin Atlantic	84,778	0.4%	76,417	0.4%	75,256	0.4%	75,165	0.4%	69,543	0.3%
SAS	66,085	0.3%	71,042	0.3%	65,797	0.3%	68,620	0.3%	68,163	0.3%
COPA	31,723	0.2%	31,200	0.2%	35,917	0.2%	41,608	0.2%	66,069	0.3%
Austrian	63,885	0.3%	60,401	0.3%	60,793	0.3%	65,325	0.3%	64,764	0.3%
All Nippon	60,949	0.3%	66,573	0.3%	62,994	0.3%	65,839	0.3%	62,315	0.3%
Saudi Arabian	23,044	0.1%	28,874	0.1%	35,634	0.2%	48,579	0.2%	61,076	0.3%
Etihad		0.0%		0.0%		0.0%		0.0%	53,774	0.3%
MN Airlines	15,194	0.1%	14,327	0.1%	26,374	0.1%	34,061	0.2%	40,894	0.2%
Avianca	23,502	0.1%	24,536	0.1%	24,383	0.1%	35,557	0.2%	37,327	0.2%
Icelandair		0.0%		0.0%	20,193	0.1%	30,028	0.1%	35,472	0.2%
Porter		0.0%		0.0%		0.0%	24,985	0.1%	33,025	0.2%
Aeromexico		0.0%	124	0.0%	74	0.0%	18,848	0.1%	30,439	0.1%
Aeroflot	7,301	0.0%	8,843	0.0%	8,490	0.0%	10,390	0.0%	19,902	0.1%
Brussels		0.0%		0.0%		0.0%		0.0%	19,031	0.1%
Charter	21,357	0.1%	21,124	0.1%	22,549	0.1%	17,212	0.1%	14,378	0.1%
Sun Air International		0.0%		0.0%		0.0%	198	0.0%	2,980	0.0%
Republic Airways		0.0%		0.0%		0.0%		0.0%	803	0.0%
Cayman	1,496	0.0%	637	0.0%	2,449	0.0%	2,138	0.0%	672	0.0%
Iberia	36,193	0.2%	22,200	0.1%		0.0%		0.0%		0.0%
Aer Lingus	27,229	0.1%	54,628	0.3%	60,364	0.3%	49,023	0.2%		0.0%
Midwest	32,247	0.2%		0.0%		0.0%		0.0%		0.0%
OpenSkies		0.0%	4,888	0.0%	5,883	0.0%		0.0%		0.0%
Mexicana	1,853	0.0%	20,299	0.1%		0.0%		0.0%		0.0%
Air India	1,055	0.0%	3,002	0.0%		0.0%		0.0%		0.0%
AeroSur		0.0%	233	0.0%	5,035	0.0%	2,649	0.0%		0.0%
Lan Chile	170	0.0%		0.0%		0.0%		0.0%		0.0%
Spirit	117,546	0.6%	123,878	0.6%	146,539	0.7%	98,846	0.5%		0.0%
TOTAL [5, 6, 7]	20,314,014	100.0%	20,777,604	100.0%	20,880,768	100.0%	20,961,047	100.0%	21,058,312	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] US Airways and American Airlines completed a merger on December 9, 2013. The combined airline expects to complete integration of its operations under the American Airlines name by the end of 2015.
[3] Includes activity for US Airways Shuttle.
[4] As of May 2, 2011, Southwest Airlines completed its purchase of AirTran Airways. On March 1, 2012, the two airlines received approval for a single operating certificate from the FAA. Southwest Airlines will work toward full integration of AirTran by the end of 2014 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 2013 numbered approximately 11.3 million. This represented a 0.9% decrease in passenger traffic compared with 2012. The five airlines with the largest number of enplaned passengers at BWI in 2013 were Southwest Airlines (70.8 %), Delta (9.4%), US Airways (5.8%), United (5.4%), and American (3.8%).

The following table details the shares of enplaned passengers at Reagan National Airport, Dulles International Airport and BWI from 2009 through 2013:

Airport	2009	2010	2011	2012	2013(1)
Reagan National Airport	28.4%	28.4%	29.1%	30.1%	31.3%
Dulles International Airport	37.2%	36.6%	35.5%	34.4%	33.7%
BWI	34.4%	35.0%	35.4%	35.4%	35.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Data are for the 12 months ended September 30, 2013, the most recent available.

Source: Report of the Airport Consultant.

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, American and US Airways, and several ceased operations, such as Independence Air and ATA.

US Airways/American

For the year ended December 31, 2013, US Airways, American Airlines and their regional affiliates represented approximately 60.1% of the revenues earned from airlines at Reagan National Airport. No other airline represented over 16.8% of such revenues at Reagan National Airport. Enplanements of US Airways, American Airlines and their regional affiliates at the Airports in 2013 represented 31.3% of the combined enplanements at both Airports.

According to information obtained from its filings with the SEC, US Airways reported a net income of $392 million in 2013, compared to a net income of $637 million in 2012; however, the 2013 results take into account the merger of US Airways with American Airlines as of December 9, 2013 and apply acquisition accounting from that date to the end of 2013. Accordingly, US Airways' financial statements after December 9, 2013 are not comparable to its financial statements prior to that date.

A merger of US Airways Group (parent of US Airways) and AMR Corporation (parent of American Airlines) to form a new parent company, American Airlines Group, was completed in December 2013. On August 13, 2013, the United States, six state attorneys general and the District of Columbia filed an antitrust lawsuit against US Airways and American Airlines with respect to the proposed merger. The plaintiffs and the airlines entered into a settlement agreement in November 2013 that required, among other concessions, that American Airlines and US Airways divest 104 air carrier slots, enough for 52 round-trip flights, at Reagan National Airport. The merger of the two airlines was completed on December 9, 2013. As a result of the required divestiture, Southwest Airlines has gained 27 additional round trip flights, JetBlue has gained 20 additional round trip flights and Virgin America has gained four additional round trip flights at Reagan National Airport. One slot pair has been returned to the FAA for reallocation. See "CERTAIN INVESTMENT CONSIDERATIONS—Airline Consolidations" herein.

United

For the year ended December 31, 2013, United and its regional affiliates represented approximately 11.0% of the revenues earned from airlines at Reagan National Airport, and approximately 56.4% of the revenues earned from airlines at Dulles International Airport. Enplanements by United and its regional affiliates at the Airports in 2013 represented 39.0% of the combined enplanements at both Airports. According to information obtained from its filings with the SEC, United reported a net income of $571 million in 2013, compared to a net loss of $723 million in 2012.

Delta

For the year ended December 31, 2013, Delta and its regional affiliates represented approximately 16.8% of the revenues earned from airlines at Reagan National Airport. Enplanements by Delta and its regional affiliates represented approximately 9.2% of the combined enplanements at both Airports. According to information obtained from its filings with the SEC, Delta reported a net income of $10.5 billion in 2013, compared to a net income of $1.0 billion in 2012.

Recent Bankruptcy of Airline Serving the Airports

In December 2013, Evergreen International Airlines, which is a cargo carrier and operates at Dulles International Airport filed for bankruptcy under Chapter 7. Evergreen's presence at Dulles was very limited and no future activity is expected from the airline. The Airports Authority's accounts receivable totaled

$9,354 in pre-petition debt for these airlines. The Airports Authority is monitoring the bankruptcy process. The Office of General Counsel is in the process of filing a proof of claim for pre-petition debt.

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 (www.sec.gov) 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 Series 2014A 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, (xvii) bankruptcy and insolvency laws, and (xviii) 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.

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. In December 2013, US Airways and American Airlines completed the merger of the two airlines.

US Airways and American Airlines accounted for approximately 45.2% and 14.1%, respectively, of domestic enplanements at Reagan National Airport and approximately 2.3% and 4.8%, respectively, of domestic enplanements at Dulles International Airport, in 2013. It is anticipated that the merger of US Airways and American Airlines will significantly increase passenger activity at Reagan National Airport due to the slot divestiture by American Airlines and new service by the airlines that purchased the slots. As a result, the merger and slot divestiture also is anticipated to have an adverse impact on the domestic traffic at Dulles International Airport as some flights will be shifted to Reagan National Airport as new slots become available.

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 2012, 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 2014. 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," and APPENDIX C – "Summary of Certain Provisions of the Airport Use Agreement and Premises Lease."

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 2014A BONDS – Events of Default and Remedies; No Acceleration or Cross Default."

Enforceability of Rights and Remedies and Bankruptcy

The rights and remedies available to the owners of the Series 2014A 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. See "—Airports Authority Insolvency" below.

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 2014A 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, litigation against the Airports Authority contesting its power to charge and collect tolls from users of the Dulles Toll Road has been resolved in favor of the Airports Authority.

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 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 in negotiations with the Signatory Airlines regarding a successor agreement. The Authority has proposed to the airlines that the successor agreement provide for the continued calculation of airline rentals, fees and charges, through the end of calendar year

2014, under the terms of the current Airline Agreement, with the calculation of airline rentals, fees and charges to be effective on January 1, 2015, occurring under the successor agreement. The Authority presently has no reason to believe that a successor agreement will differ from the current agreement in a manner that may be adverse, in any significant manner, to the Authority or to bondholders.

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 Airlines. 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 31.9% of all commercial enplanements at Dulles International Airport in 2013. 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, occurring domestically or internationally, might adversely affect such traffic in the future. See APPENDIX A – "Report of the Airport Consultant – Competing Airports Serving the Region."

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 Airlines, 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.

For more details on these and other "key factors" that could impact results of Airports Authority operations, see APPENDIX A – "Report of the Airport Consultant."

Forward Looking Statements

This Official Statement, and particularly the information contained in Part I under the captions "INTRODUCTION," and "THE SERIES 2014A 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," "REPORT OF THE AIRPORT CONSULTANT" and the Report of the Airport Consultant included as APPENDIX A to this Official Statement 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.

REPORT OF THE AIRPORT CONSULTANT

The Report of the Airport Consultant dated __________, 2014 is attached as APPENDIX A. The Report of the Airport Consultant was prepared by LeighFisher, in conjunction with its subconsultant, MAC Consulting, LLC. The Report of the Airport Consultant evaluates the ability of the Airports Authority to produce Net Revenues sufficient to meet the requirements of the rate covenant during the forecast period taking into account estimated Annual Debt Service requirements using assumptions as documented in the Report of the Airport Consultant. The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of LeighFisher as the Airport Consultant and its subconsultant. As stated in the Report of the Airport Consultant, any forecast is subject to uncertainties. Therefore, there will be differences between forecast and actual results, and those differences may be material. The Report of the Airport Consultant will not be updated to reflect the final pricing terms of the Series 2014A Bonds or other changes occurring after the date of the Report. The forecasts presented in the Report of the Airport Consultant are based on various assumptions that reflect the best information available to the Airports Authority and the knowledge and experience of the Airport Consultant as of the date of the Report. The Airports Authority's future operating and financial performance, however, will vary from the forecasts and such variances may be material. The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

Regulatory and other restrictions may adversely affect the ability of the Airports Authority to achieve the forecasts in the Report of the Airport Consultant. See "THE AIRPORTS AUTHORITY – Regulations and Restrictions Affecting the Airports." Other factors affecting the achievement of the forecasts include, without limitation, the Airports Authority's ability to incur debt at assumed interest rates, unexpected construction delays or cost increases (which may reflect special costs of the Airports Authority's projects as well as general increase in construction costs). Such forecasts also may be affected by the factors affecting the airline industry in general, and the numbers and types of passengers using the Airports.

FINANCIAL ADVISOR

Jefferies LLC (the "Financial Advisor") served as the financial advisor to the Airports Authority in connection with the issuance of the Series 2014A 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 2013 CAFR which was filed with EMMA and can also be found at www.mwaa.com and www.dacbond.com. The financial statements incorporated in this Official Statement by reference to the Airports Authority's 2013 CAFR as of and for the year ended December 31, 2013 have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report included therein.

PROSPECTIVE FINANCIAL INFORMATION

The Report of the Airport Consultant was prepared by the Airport Consultant and contains prospective financial information. Other prospective financial information included in this Official Statement, and budget information (See Part II, "AIRPORTS AUTHORITY FINANCIAL INFORMATION – Aviation Enterprise Fiscal Year 2014 Budget") including summaries of prospective financial information from the Report of the Airport Consultant, 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 2014 Budget") has been prepared on a reasonable basis, reflecting best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Airports Authority's expected course of action. The prospective financial information is subject to uncertainty, and such information should not be relied on as necessarily indicative of future results.

The PricewaterhouseCoopers LLP report included in the 2013 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.

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.

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

APPENDIX B

DEFINITIONS
AND
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX C

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.

APPENDIX D

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 2014A Bonds, payments of principal, premium, if any, and interest on the Series 2014A Bonds to DTC, its nominee, Participants, defined below, or Beneficial Owners, defined below, confirmation and transfer of beneficial ownership interests in the Series 2014A 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 2014A Bonds. The Series 2014A 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 2014A Bond will be issued for each maturity of the Series 2014A Bonds in the aggregate principal amount of such 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 2014A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2014A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014A 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 2014A 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 2014A Bonds, except in the event that use of the book-entry system for the Series 2014A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014A 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 2014A 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 2014A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014A 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 2014A 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 2014A 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 2014A 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 2014A 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 2014A 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 2014A 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 2014A Bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Series 2014A Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Series 2014A Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2014A 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 2014A 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 2014A BONDS; (iv) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2014A BONDS; OR (v) ANY OTHER MATTER.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

APPENDIX F

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: Paula Stuart

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

By: Paula Stuart

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 and Refunding Bonds, Series 2014A
Date of Issuance:	___________, 2014
Date of Official Statement:	___________, 2014
Underwriter(s):	_________________________________

CUSIP Numbers:

Series 2014A

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 and in the Report of the Airport Consultant which is included as Appendix A to 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.

Attachment A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

AIRPORT SYSTEM REVENUE AND REFUNDING BONDS
Series 2014A (AMT)

Prepared for

Metropolitan Washington Airports Authority

Prepared by

LeighFisher
Burlingame, California

May [23], 2014

This preliminary draft report is subject to change and is intended for discussion purposes only. It is not to be made available to parties other than those to whom it has been issued directly and should not be relied upon for securing financing or making investment decisions.

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May [23], 2014

Mr. Frank M. Conner III
Chairman of the Board of Directors

Mr. John E. Potter
President and Chief Executive Officer

Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, D.C. 20001-6000

Re: **Report of the Airport Consultant**
Metropolitan Washington Airports Authority
Airport System Revenue and Refunding Bonds, Series 2014A

Dear Mr. Conner and Mr. Potter:

LeighFisher, in conjunction with MAC Consulting, LLC, is pleased to submit this Report of the Airport Consultant in connection with the proposed issuance by the Metropolitan Washington Airports Authority (the Airports Authority) of Airport System Revenue and Refunding Bonds. This letter and the accompanying attachment and financial exhibits constitute our report.

The Airports Authority operates Ronald Reagan National Airport (Reagan National Airport or Reagan) and Washington Dulles International Airport (Dulles International Airport or Dulles) (collectively, the Airports) under the terms of an agreement and deed of lease with the federal government (the Federal Lease) that, as amended, extends to 2067.

The Airports Authority proposes to issue the Series 2014A Bonds as fixed-rate AMT Bonds to fund certain of the costs of capital improvements at the Airports and to refund certain outstanding Airport System Revenue Bonds, as follows:

- Approximate $120 million principal amount to fund the costs of capital improvements (referred to in this report as the 2014A New Money Bonds)
- Approximate $470 million principal amount to refund outstanding Series 2004B, 2004C-1, 2004C-2, and 2004D Bonds (referred to in this report as the 2014A Refunding Bonds).

The 2014A New Money Bonds and the 2014A Refunding Bonds are together referred to as the 2014A Bonds. The report also takes into account Bonds that the Airports Authority plans to issue in 2015 in the assumed principal amount of approximately

$101 million to fund certain of the costs of additional capital improvements, referred to as the 2015 Bonds.

Indenture

The proposed 2014A Bonds and planned 2015 Bonds are to be issued under the 2001 Amended and Restated Master Indenture of Trust securing Airport System Revenue Bonds, as supplemented and amended (the Indenture). Except as otherwise defined, capitalized terms in this report are used as defined in the Indenture.

Aviation Enterprise Fund

The Airports Authority operates and develops the Airports through the Aviation Enterprise Fund. The Airports Authority also oversees the operation and development of the Dulles Toll Road and the Dulles Corridor Metrorail Project through the Dulles Corridor Enterprise Fund. The Aviation Enterprise Fund and the Dulles Corridor Enterprise Fund are segregated. Under the Indenture, the Airports Authority may not use Net Revenues pledged for the payment of Airport System Revenue Bonds to pay the operating or debt service costs of the Dulles Toll Road or the Dulles Corridor Metrorail Project. Revenues from the operation of the Dulles Toll Road are Released Revenues under the Indenture and are excluded from the pledge of Net Revenues securing the Bonds. Only the financial operations of the Aviation Enterprise Fund are considered in this report.

Capital Construction Program

In 1998, the Airports Authority initiated a program of capital improvements (the Capital Construction Program or CCP) to expand, redevelop, and modernize the Airports consistent with their master plans. The Airports Authority evaluates the CCP from time to time in light of changes in aviation demand, financial conditions, and other circumstances and over the years has revised the scope, costs, and implementation schedule for CCP projects. Estimated project costs for the active portion of the CCP that is scheduled for completion through 2016 (the 2001-2016 CCP), including allowances for inflation, total $5.042 billion, $0.545 billion for projects at Reagan National Airport and $4.497 billion for projects at Dulles International Airport. Included in the costs of the 2001-2016 CCP for the purposes of this report is the Airports Authority's contribution to the construction of a Metrorail station serving the main terminal at Dulles, expected to be completed in 2017 and be operational in 2018.

Projects in the 2001-2016 CCP still to be completed at Reagan National Airport include runway safety area improvements, rehabilitation of Terminal A, and improvements to Terminal B/C.

Projects in the 2001-2016 CCP still to be completed at Dulles include aircraft parking aprons and taxilanes; rehabilitation of Concourses C and D; modifications to the main terminal building and baggage systems to accommodate in-line baggage screening equipment; modifications to Concourse B to allow A380 aircraft to be accommodated; public safety and security projects; and the Dulles Metrorail station.

The Airports Authority estimates that all projects to be funded in part from the proceeds of the proposed 2014A New Money Bonds and planned 2015 Bonds will be completed and placed in service by the end of 2016. The Dulles Metrorail station, to be funded from sources other than Bond proceeds, is scheduled to be completed in 2017 and be operational in 2018.

The Airports Authority is funding the 2001-2016 CCP with a combination of grants from the Federal Aviation Administration (FAA), the Commonwealth of Virginia, and the Transportation Security Administration (TSA); revenues derived from a $4.50 passenger facility charge imposed at the Airports (PFC Revenues); and Bond proceeds. The Airports Authority expects that the proceeds of the proposed 2014A Bonds and planned 2015 Bonds, together with other available sources of capital funds, will provide all funds needed to complete the 2001-2016 CCP.

Certain other projects in the Capital Construction Program as originally defined have been deferred. The Airports Authority has not committed to proceeding with any such deferred projects and it was assumed for the purposes of this report that no additional Bonds beyond those discussed in this report will be issued during the forecast period.

Security for the Bonds

Under the Indenture, Bonds are secured by a pledge of Net Revenues defined as all Revenues of the Airports Authority's Aviation Enterprise Fund plus transfers, if any, from the General Purpose Fund to the Revenue Fund, after provision is made for the payment of Operation and Maintenance (O&M) Expenses. PFC Revenues are excluded from Revenues under the Indenture, unless specifically so designated, and are not pledged to secure Bonds. The Airports Authority has not designated any PFC Revenues as Revenues, although, as discussed in the following section, it has committed certain Designated Passenger Facility Charges to the payment of Bond debt service.

Mr. Frank M. Conner III
Mr. John E. Potter
May [23], 2014

Rate Covenant

In Section 604(a) (the Rate Covenant) of the Indenture, the Airports Authority covenants that it will 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, so as to produce Net Revenues at least sufficient to provide for the larger of either:

(i) The amounts needed for making the required deposits in the Fiscal Year to the Principal Accounts, the Interest Accounts, 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

(ii) 125% of Annual Debt Service with respect to Bonds for such Fiscal Year.

The Airports Authority's Fiscal Year is the calendar year ending December 31.

For purposes of demonstrating compliance with the Rate Covenant, Annual Debt Service is defined in the Indenture to exclude the payment of 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 any such funds in an escrow account or any such funds constituting capitalized interest.

Pursuant to the Thirty-fifth Supplemental Indenture, certain Designated Passenger Facility Charges received from the imposition of the $4.50 PFC at Dulles International Airport are irrevocably committed to the payment of debt service on PFC Eligible Bonds through 2016. The Airports Authority intends to commit certain additional PFC Revenues to the payment of such debt service. For purposes of demonstrating compliance with the Rate Covenant, for the forecasts in this report, Annual Debt Service is reduced by all such irrevocably committed PFC Revenues as well as the PFC Revenues that the Airports Authority intends to commit.

Airline Agreement

The Airports Authority and airlines accounting for approximately 97% of the passengers and landed weight at the Airports (the Signatory Airlines) have entered into agreements (collectively the Airline Agreement) that provide for the use and occupancy of the Airports and establish the methodologies for calculating the terminal rentals, landing fees, and other fees and charges payable by the Signatory Airlines. Certain capitalized terms in this report are used as defined in the Airline Agreement.

Mr. Frank M. Conner III
Mr. John E. Potter
May [23], 2014

Airlines to ensure that projected Net Revenues at the Airports are not less than required to meet the 125% debt service coverage requirement of the Rate Covenant.

The Airline Agreement expires on September 30, 2014. The Airports Authority is in the process of negotiating with the Signatory Airlines the provisions of a successor agreement. For purposes of this report, it was assumed that the provisions of such successor agreement or agreements relating to the calculation of airline rentals, fees, and charges will be the same as those of the Airline Agreement and will apply through the forecast period. It was further assumed that the Signatory Airlines will pay all amounts required under the Airline Agreement or successor agreement(s). No payments under the extraordinary coverage protection provision are forecast to be required.

The Signatory Airlines have consented to the funding plan for the 2001-2016 CCP through the majority-in-interest (MII) review and approval process established in the Airline Agreement, thereby allowing debt service requirements and O&M Expenses allocable to airline cost centers to be recovered through Signatory Airline rentals, fees, and charges as provided for in the Airline Agreement.

Scope of Report

The purpose of this report is to evaluate the ability of the Airports Authority to produce Net Revenues sufficient to meet the requirements of the Rate Covenant taking into account the estimated debt service requirements of outstanding Bonds, the proposed 2014A Bonds, the planned 2015 Bonds, and Commercial Paper Notes expected to be outstanding. The report covers a forecast period through 2018, two years after the expected completion of the projects to be funded by the proposed 2014A New Money Bonds and the planned 2015 Bonds.

In preparing the report, we analyzed:

- Future airline traffic demand at the Airports, giving consideration to the demographic and economic characteristics of the Airports service region, historical trends in airline service and traffic, the roles of the Airports in airline route systems, constraints on aircraft operations at Reagan National Airport, and other key factors that may affect future traffic.

- Estimated sources and uses of funds for the 2001-2016 CCP and associated Bond debt service requirements.

- Historical and forecast PFC Revenues and the use of such PFC Revenues to pay project costs and Bond debt service.

- Historical relationships among revenues, expenses, and airline traffic at the Airports.
- Budgeted and year-to-date revenues and expenses for 2014, expected staffing requirements, the facilities being constructed under the 2001-2016 CCP, and other factors that may affect future revenues and expenses.
- The Airports Authority's policies and agreements relating to airline use and occupancy of the Airports, including the calculation of airline rentals, fees, and charges under the Airline Agreement.
- The Airports Authority's policies and contractual agreements relating to the operation of other services and concessions, including public parking, rental car concessions, terminal concessions, and the leasing of buildings and grounds.

We also identified key factors upon which the future financial results of the Airports Authority depend, formulated assumptions about those factors, and on the basis of those assumptions, assembled the financial forecasts presented in the exhibits at the end of the report. Historical financial data and estimates of project costs, project financing, and annual debt service requirements were provided by the sources noted in the report.

Forecast Airline Payments per Passenger

Exhibits E-4 and E-5 present forecast terminal rentals, landing fees, and other fees and charges payable by the Signatory Airlines under the Airline Agreement. The exhibits also present forecast Signatory Airline payments expressed per enplaned passenger.

Forecast Debt Service Coverage

As shown in the following tabulation and Exhibit G-1, the Net Revenues of the Airports Authority are forecast to be sufficient to meet the requirements of the Rate Covenant and to exceed the required 125% debt service coverage in each year of the forecast period.

FORECAST DEBT SERVICE COVERAGE

	in thousands		
Year	Net Revenues [A]	Annual Debt Service *(a)* [B]	Debt service coverage [A/B]
2014	$	$	
2015	[TO COME – SEE EXHIBIT G-1]		
2016			
2017			
2018			

(a) Net of Designated Passenger Facility Charges that the Airports Authority has irrevocably committed or intends to commit to the payment of debt service on PFC-Eligible Bonds.

Assumptions Underlying the Financial Forecasts

The financial forecasts presented in this report are based on information and assumptions that were provided by or reviewed with and agreed to by Airports Authority management as being appropriate for the report's purpose. The forecasts reflect management's expected course of action during the forecast period and in management's judgment, present fairly the expected financial results of the Airports Authority. Those key factors and assumptions that are significant to the forecasts are set forth in the report, which should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any financial forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences may be material. Accordingly, neither LeighFisher nor MAC Consulting, LLC, makes any warranty with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in the report. We have no responsibility to update the report for events and circumstances occurring after the date of the report.

*   *   *   *   *

We appreciate the opportunity to serve as Airport Consultant for the Airports Authority's proposed financing.

Respectfully submitted,

Attachment A

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

AIRPORT SYSTEM REVENUE AND REFUNDING BONDS
Series 2014A (AMT)

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AIRPORT FACILITIES

REAGAN NATIONAL AIRPORT

Reagan National Airport, opened in 1941, is located on approximately 860 acres along the Potomac River in Arlington County, Virginia, approximately 3 miles south of central Washington, D.C. Roadway access is provided via the George Washington Memorial Parkway and Route 1 through the Crystal City area of Arlington, Virginia. Access is also provided by the Metrorail rapid transit system via a station adjacent to the airport's passenger terminals.

Reagan has three runways. Runway 1-19 (7,169 feet long) is the primary air carrier runway, capable of accommodating up to Airplane Design Group (ADG) IV (B-767 and similar) aircraft. Runway 15-33 (5,204 feet long) and Runway 4-22 (4,911 feet long) are used primarily by smaller aircraft.

Passenger Terminals

The passenger terminals at Reagan provide 44 loading bridge-equipped aircraft gates and associated passenger check-in, security screening, baggage claim, and other functions in approximately 1.2 million square feet of space. Terminal A, which dates from the opening of the airport, is listed on the National Register of Historic Places and provides approximately 210,000 square feet of space and nine aircraft gates. Terminal B/C, opened in 1997, provides approximately 990,000 square feet of space and 35 aircraft gates on three piers, with security screening areas at the entrance to each pier. In addition, 14 hardstand positions are provided for regional airline aircraft. Table 1 shows the distribution and use of gates by airline. As discussed in the later section, "Slot Transfers Resulting from Department of Justice Settlement," the Airports Authority will reassign some gates in 2014.

The Airports Authority provides approximately 9,070 public automobile parking spaces at Reagan, 6,580 in parking garages, 2,460 in surface lots, and 30 in a cell phone waiting area. An additional 3,000 spaces are provided in lots for employee parking. Direct connections from Terminal B/C to the airport's Metrorail station and the public parking garages are provided through two enclosed pedestrian bridges. Connections from Terminal A to the Metrorail station and the public parking garages are provided via shuttle bus service and an underground walkway.

DULLES INTERNATIONAL AIRPORT

Dulles International Airport, opened in 1962, is located on approximately 11,830 acres of land in Fairfax and Loudoun counties, Virginia, approximately 26 miles west of central Washington, D.C.

Table 1
GATE DISTRIBUTION AND USE BY AIRLINE
Reagan Washington National Airport
June 2014

	Terminal			Average daily departures		Average daily departing seats	
	A	B/C	Total	Departures	Per gate	Seats	Per departure
US Airways							
Mainline *(a)*		18	18	122.8	6.8	12,402	101
Express		14 *(b)*	14	104.2	7.4	5,131	49
		32	32	227.0	7.1	17,533	77
Other airlines							
Air Canada	1		1	7.9	7.9	485	62
American		5	5	49.5	9.9	5,136	104
Delta *(c)*		7	7	53.4	7.6	6,468	121
Frontier	2		2	3.0	1.5	480	162
JetBlue	3		3	19.5	6.5	2,300	118
Southwest-AirTran *(d)*	3		3	18.7	6.2	2480	133
United		5	5	34.5	0.6	3,407	99
Total gates	9	49	58	413.5	7.1	38,289	93

Notes: Departures and departing seats include those by regional affiliate airlines. Numbers may not add to totals shown because of rounding.

(a) Certain US Airways Express flights are accommodated at US Airways mainline gates. US Airways Express flights operated by Republic Airlines with E-170 and E-175 aircraft are included for calculations. Virgin America operates from a US Airways gate; Virgin America departures (average 1.0 per day) are included.
(b) Hardstand positions for small regional airline aircraft, not equipped with loading bridges.
(c) Alaska Airlines subleases a gate from Delta; Alaska departures (average 4.0 per day) are included.
(d) Sun Country Airlines operates from a Southwest-AirTran gate; Sun Country departures (average 1.0 per day) are included.

Sources: Airports Authority records (gate assignments as of March 2014) and OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

The Dulles Access Highway, a limited-access highway under the jurisdiction of the Airports Authority, is the primary access route to the airport. The Airports Authority provides bus service between Dulles and the West Falls Church Metrorail station. The Washington Metropolitan Area Transit Authority provides bus service between Dulles and the Rosslyn (Arlington, Virginia) and L'Enfant Plaza (Washington, D.C.) Metrorail stations. Direct Metrorail Silver Line service to a station at the airport is expected to begin in 2018.

Dulles has four runways: Runway 1L-19R (9,400 feet long), Runway 1C-19C (11,500 feet long), Runway 1R-19L (11,500 feet long), and Runway 12-30 (10,500 feet long). All runways are capable of accommodating operations by ADG VI (A380) aircraft. Most aircraft operations at the airport are conducted in parallel flow on the three north-south Runways 1-19. Crosswind Runway 12-30 is used primarily for departures to the west and arrivals from the east during periods of high winds.

Passenger Terminals

The passenger terminal complex at Dulles consists of the Eero Saarinen-designed main terminal and four midfield concourses. All passenger check-in, security screening, international passenger processing, and baggage claim functions are accommodated at the main terminal. The main terminal also provides four loading bridge-equipped aircraft gates, referred to as the Z Gates. The main terminal, International Arrivals Building (IAB), and midfield Concourses A, B, C, and D collectively encompass approximately 3.7 million square feet of space. For a typical aircraft fleet mix, the main terminal and four concourses provide 114 aircraft gates. Of these, 82 are equipped with loading bridges and 32 provide ground loading for regional airline aircraft.

The security mezzanine adjoins the main terminal station for the underground AeroTrain automated people-mover system. The AeroTrain system has four stations, one located at the main terminal (integrated with the security mezzanine), two serving Concourses A and B, and one serving Concourse C. The Concourse C station is located at the site of a future midfield concourse, which will eventually replace Concourses C and D. Passengers access Concourse C from the AeroTrain station via an underground walkway. During peak periods, the AeroTrain system operates with headways of approximately 2.5 minutes and achieves travel times of approximately 2.0 minutes between stations.

Before the opening of the AeroTrain system, passengers were transported between the main terminal and all concourses by mobile lounges. Until future extension of the AeroTrain system, Concourse D and the international arrivals building (IAB) at the main terminal will continue to be served by mobile lounges. An underground moving walkway also provides access between the main terminal and Concourses A and B.

The IAB accommodates the federal inspection services (customs, immigration, and agriculture inspection) conducted by U.S. Customs and Border Protection (CBP) for most international arriving passengers. The IAB, which is connected to the main terminal, was expanded and upgraded as part of the 2001-2016 CCP has a processing capacity of approximately 2,400 passengers per hour.

Concourse A and B, which are connected, together provide approximately 1,130,000 square feet of floor space. Concourse A is leased to United and provides 32 parking positions for regional airline aircraft. Concourse B accommodates all airlines other than United and provides 32 loading bridge-equipped gates, 23 of which are served by a sterile corridor to accommodate arriving international passengers.

Concourses C and D, which are connected, together provide approximately 880,000 square feet of floor space and 46 loading bridge-equipped gates, all of which are leased to United. Of the 46 gates, 12 are served by a sterile corridor to a CBP facility, referred to as the midfield CBP, that provides federal inspection services for passengers arriving on United and other Star Alliance airlines who are connecting to domestic flights. The midfield CBP facility has a processing capacity of approximately 1,200 passengers per hour.

Table 2 shows the distribution and use of the gates at Dulles by airline.

United leases, on a preferential basis, all 32 regional airline gates at Concourse A and 40 of the 46 gates at Concourses C and D. The Airports Authority has the right under the Airline Agreement to reallocate preferential-use gates and associated holdrooms every three years if needed to provide adequate facilities for all airlines operating or desiring to operate at the airport. The Airports Authority may also require a Signatory Airline to accommodate another airline at its preferential-use gates.

The Airports Authority manages and assigns six gates on Concourse D (now assigned to United), all 32 gates on Concourse B, and the four Z Gates under an application and permit process whereby the gates are operated on a common-use basis in accordance with established policies and procedures. The Airports Authority may cancel a permit on 30-days advance written notice. A Signatory Airline may cancel a permit on 60-days advance written notice.

The Airports Authority provides approximately 27,430 public automobile parking spaces at Dulles, 18,880 in surface lots, 8,330 in two parking garages, and 220 in a cell phone waiting area. An additional 6,530 spaces are provided in lots for employee parking. An underground walkway with moving sidewalks connects one garage to the main terminal and a covered walkway connects the other garage to the main terminal. The garages and remote surface parking lots are served by courtesy shuttle buses.

Table 2

GATE DISTRIBUTION AND USE BY AIRLINE

Washington Dulles International Airport

June 2014

	Concourse						Average daily departures		Average daily departing seats	
	A *(a)*	B *(b)*	C	D	Z	Total	Departures	Per gate	Seats	Per departure
United *(c)*										
Mainline *(d)*			16	22		38	92.0	2.4	15,462	168
Express	32		6	2		40	187.0	4.7	9,790	52
Subtotal	32		22	24		78	279.0	3.6	25,252	91
Other airlines *(e)*										
American		2				2	8.5	4.3	1,249	147
Delta		4				5	17.5	4.4	1,626	93
JetBlue		1				1	7.7	7.7	873	113
Southwest		2				2	6.8	3.4	1,007	148
Sun Air International *(f)*		1				1	7.7	7.7	46	6
US Airways					1	1	7.8	7.8	591	76
Virgin America		1				1	4.8	4.8	720	149
Foreign-flag airlines		15				15	33.0	2.2	7,586	230
Subtotal		26			1	27	93.8	3.5	13,699	146
Gates in use	32	26	22	24	1	105				
Gates not in use		6			3	9				
Total gates	32	32	22	24	4	114	372.8	3.3	38,950	104

Notes: Departures and departing seats include those by regional affiliate airlines. Numbers may not add to totals shown because of rounding.

(a) Hardstand positions for regional airline aircraft, not equipped with loading bridges.
(b) Eleven gates at the east end of the concourse are designated as A gates on airport signage.
(c) All gates are leased on a preferential-use basis except for four common-use gates on Concourse D.
(d) Certain United Express flights are accommodated at United mainline gates. United Express flights operated by Shuttle America with E-170 aircraft are included for calculations.
(e) All gates are operated on a common-use basis under a permit process.
(f) Sun Air International operates from a gate assigned to Delta.

Sources: Airports Authority records (gate assignments as of March 2014) and OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

BASIS FOR AIRLINE PASSENGER DEMAND

AIRPORTS SERVICE REGION

Reagan National Airport and Dulles International Airport serve the greater Washington, D.C. area, home of the nation's capital. The Airports service region, as defined for purposes of this report, is the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) encompassing the District of Columbia; the Maryland counties of Calvert, Charles, Frederick, Montgomery, and Prince George's; the Virginia counties of Arlington, Clarke, Culpeper, Fairfax, Fauquier, Loudoun, Prince William, Rappahannock, 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. Figure 1 shows a map of the Airports service region.

Portions of the Airports service region are also served by Baltimore/Washington International Thurgood Marshall Airport (Baltimore/Washington Airport or BWI), located approximately 30 miles northeast of Washington, D.C. and operated by the Maryland Aviation Administration. Information on competing airline service at Reagan, Dulles, and BWI are discussed in the later section "Competing Airports Serving the Region."

DEMOGRAPHIC AND ECONOMIC PROFILE

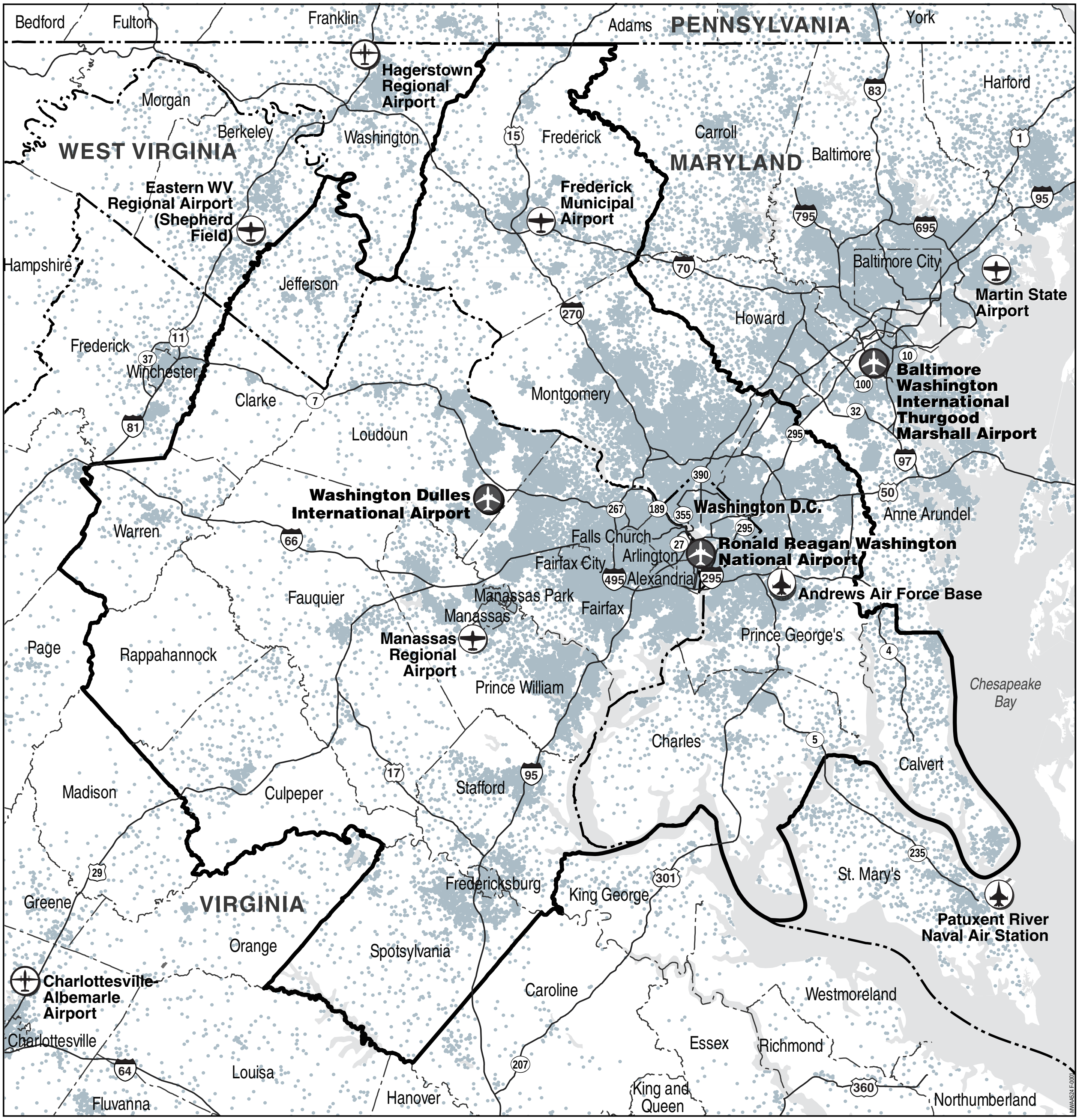
The demographic and economic factors that most strongly influence airline passenger demand at the Airports are the population, employment, and per capita income of the Airports service region, one of the nation's largest metropolitan areas. Its residents are on average wealthier and better educated than those of the nation as a whole, resulting in high rates of air travel to and from the Airports. In addition, tourism and business-related travel have a strong role in generating visitors to the region.

Historical Socioeconomic Data

Table 3 shows data on historical population, per capita income, nonagricultural employment, and unemployment rates for the Airports service region and the nation.

Population. Between 2000 and 2012, the population of the Airports service region increased an average of 1.6% annually, compared with a 0.9% average annual increase for the nation as a whole. In 2012, the Airports service region was the seventh most populous metropolitan area in the nation.

Per Capita Income. The Airports service region's per capita personal income in 2012 ($62,647) was 41% higher than the national average ($44,376). Since 2000, per capita personal income in the Airports service region has increased at a faster rate than the national average.



LEGEND

- Airports service region
- State boundary
- County boundary
- Population density: 1 dot represents 100 people
- Large hub
- Non hub
- General aviation
- Military

Source: U.S. Census Bureau, 2010 U.S. Census data.

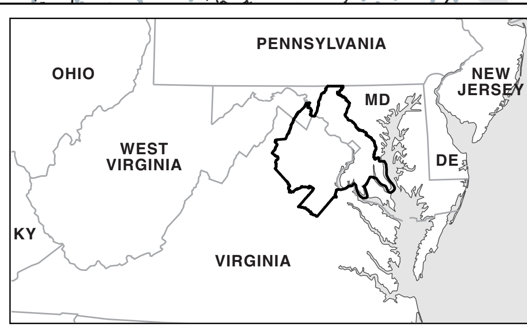


Figure 1
AIRPORTS SEVICE REGION
Metropolitan Washington Airport Authority
March 2014

Table 3
HISTORICAL SOCIOECONOMIC DATA

	Population (thousands)		Per capita personal income (2013 dollars)		Nonagricultural employment (thousands)		Unemployment rate	
	Airports service region	United States	Airports service region	United States	Airports service region	United States	Airports service region	United States
1990	4,173	249,623	$47,190	$34,496	2,251	109,527	3.3%	5.6%
2000	4,863	282,162	55,791	41,016	2,679	132,019	2.8	4.0
2005	5,274	295,517	61,296	42,808	2,917	134,005	3.5	5.1
2006	5,319	298,380	63,066	44,057	2,967	136,398	3.1	4.6
2007	5,373	301,231	63,902	44,721	2,990	137,936	3.0	4.6
2008	5,445	304,094	63,380	44,224	3,003	137,170	3.8	5.8
2009	5,548	306,772	62,164	42,736	2,954	131,233	6.3	9.3
2010	5,666	309,326	62,202	42,908	2,965	130,275	6.5	9.6
2011	5,771	311,588	63,002	43,806	3,008	131,842	6.1	8.9
2012	5,860	313,914	62,647	44,376	3,040	134,104	5.6	8.1
2013	n.a.	316,524	n.a.	43,735	3,079	136,368	5.4	7.4
	Average annual percent increase (decrease)							
1990-2000	1.5%	1.2%	1.7%	1.7%	1.8%	1.9%		
2000-2013	1.6 *(a)*	0.9	1.0 *(a)*	0.5	1.1	0.2		

Airports service region = The District of Columbia and 23 counties and independent cities in the Washington-Arlington-Alexandria MSA as currently defined (see Figure 1).

Notes: Population numbers are estimated as of July 1 each year. Calculated percentages may not match those shown because of rounding.

n.a. = not available.

(a) Average annual percent increase through 2000-2012.

Sources: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed February 2014.
U.S. Department of Commerce, Bureau of Economic Analysis website, www.bea.gov, accessed February 2014.
U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed March 2014.

Nonagricultural Employment. Between 2000 and 2013, nonagricultural employment in the Airports service region increased an average of 1.1% annually, compared with a 0.2% average annual increase for the nation as a whole. By 2011, employment in the Airports service region was 3.0% above its 2007 (pre-recession) level, while employment nationwide was still 1.1% below its pre-recession level.

Unemployment Rates. Since 2000, the rate of unemployment has been lower for the Airports service region than for the nation. In 2013, unemployment in the region was 5.4% compared with 7.4% for the nation.

Table 4 shows that, between 2007 and 2012, the population of the Airports service region increased 9.1%, making it the second fastest growing MSA of the nation's 20 most populous MSAs.

Table 4
POPULATION IN MOST POPULOUS U.S. METROPOLITAN STATISTICAL AREAS

Metropolitan Statistical Area	Population (millions) 2007	2012	Average annual percent increase (decrease)
Houston-The Woodlands-Sugar Land	5,597,674	6,177,035	10.4%
Washington Airports service region	**5,372,905**	**5,860,342**	**9.1**
Dallas-Fort Worth-Arlington	6,156,652	6,700,991	8.8
Riverside-San Bernardino-Ontario	4,048,913	4,350,096	7.4
Seattle-Tacoma-Bellevue	3,307,360	3,552,157	7.4
Minneapolis-St. Paul-Bloomington	3,204,196	3,422,264	6.8
San Diego-Carlsbad	2,975,656	3,177,063	6.8
San Francisco-Oakland-Hayward	4,202,186	4,455,560	6.0
Miami-Fort Lauderdale-West Palm Beach	5,465,183	5,762,717	5.4
New York-Newark-Jersey City	18,901,167	19,831,858	4.9
Tampa-St. Petersburg-Clearwater	2,711,222	2,842,878	4.9
Phoenix-Mesa-Scottsdale	4,175,595	4,329,534	3.7
Atlanta-Sandy Springs-Roswell	5,267,527	5,457,831	3.6
Baltimore-Columbia-Towson	2,669,702	2,753,149	3.1
Boston-Cambridge-Newton	4,503,921	4,640,802	3.0
Los Angeles-Long Beach-Anaheim	12,692,603	13,052,921	2.8
Philadelphia-Camden-Wilmington	5,912,678	6,018,800	1.8
Chicago-Naperville-Elgin	9,451,936	9,522,434	0.7
St. Louis	2,806,368	2,795,794	(0.4)
Detroit-Warren-Dearborn	4,456,582	4,292,060	(3.7)

Airports service region = The 23 counties and independent cities (plus the District of Columbia) in the Washington-Arlington-Alexandria MSA as currently defined (see Figure 1).

Notes: Population numbers are estimates as of July 1 of each year. Calculated percentages may not match those shown because of rounding.

Source: U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed February 2014.

As shown in Table 5, between 2007 and 2012, nonagricultural employment in the Airports service region increased 3.7%, the sixth largest increase among the nation's 20 most populous MSAs.

Table 5
NONAGRICULTURAL EMPLOYMENT IN MOST POPULOUS U.S. METROPOLITAN STATISTICAL AREAS

Metropolitan Statistical Area	Employment (thousands) 2007	2014	Average annual increase (decrease)
Houston-The Woodlands-Sugar Land	2,475	2,805	13.3%
Dallas-Fort Worth-Arlington	2,860	3,101	8.5
Seattle-Tacoma-Bellevue	1,692	1,783	5.4
San Francisco-Oakland-Hayward	2,000	2,106	5.3
Boston-Cambridge-Newton	2,437	2,531	3.9
Washington Airports service region	**2,942**	**3,052**	**3.7**
New York-Newark-Jersey City	8,394	8,594	2.4
San Diego-Carlsbad	1,289	1,315	2.0
Baltimore-Columbia-Towson	1,291	1,311	1.6
Minneapolis-St. Paul-Bloomington	1,767	1,781	0.8
Los Angeles-Long Beach-Anaheim	5,579	5,591	0.2
Atlanta-Sandy Springs-Roswell	2,422	2,410	(0.5)
Miami-Fort Lauderdale-West Palm Beach	2,411	2,383	(1.2)
Riverside-San Bernardino-Ontario	1,263	1,240	(1.8)
Chicago-Naperville-Elgin	4,452	4,369	(1.9)
Philadelphia-Camden-Wilmington	2,765	2,711	(2.0)
St. Louis	1,328	1,295	(2.5)
Phoenix-Mesa-Scottsdale	1,886	1,831	(2.9)
Tampa-St. Petersburg-Clearwater	1,232	1,184	(3.9)
Detroit-Warren-Dearborn	1,936	1,828	(5.5)

Notes: Population numbers are estimates as of January 1 of each year. Calculated percentages may not match those shown because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed March 2014.

The Airports service region is home to much of the federal government and many of its employees and contractors. According to the Center for Regional Analysis at George Mason University, the economic activity generated by the federal government reduced the effects of the 2008-2009 national economic recession on the region's economy.* However, beginning in late 2011, implementation of the

*George Mason University, Center for Regional Analysis, *The Post-Federally Dependent Washington Area Economy*, January 16, 2014.

spending reduction provisions of the Budget Control Act of 2011 (popularly known as "sequestration") reduced federal employment and spending. Federal procurement spending in the Airports service region decreased from approximately $82.5 billion in 2010 to $75.6 billion in 2012, and the share of Gross Regional Product accounted for by the federal government sector (wages and salaries, procurement, and other activity) decreased from 40% in 2010 to 37% in 2012.*

The workforce in the Airports service region is well-educated, with approximately 31% holding an associate's or bachelor's degree and an additional 23% holding a graduate or professional degree, more than the national averages of 26% and 11%, respectively.** This well-educated resident population is a key strength of the region's economy and is reflected in its high per capita income.

The Greater Washington Initiative, an organization that assists firms in expanding their businesses in the Airports service region, reports that the region has the highest per capita ratio of "knowledge workers" in the nation. Knowledge workers are those engaged in professional services, information technology, education, and research. Many of the region's knowledge workers provide professional services to the federal government, either directly or through contracted services.

In recent years, companies such as CSC, Volkswagen Group of America, Hilton Worldwide, SAIC, and Northrop Grumman have located their U.S. headquarters in the region. According to the Greater Washington Initiative, twenty *Fortune* 500 companies are headquartered in the region. In 2011, those twenty companies had combined revenues of approximately $500 billion.***

Approximately 1,000 institutions in the region engage in international business, including approximately 180 embassies, the World Bank, the International Monetary Fund, the Inter-American Development Bank, the Export-Import Bank, approximately 400 international associations, and approximately 350 law firms with international practices.****

Employment by Industry Sector

Table 6 shows shares of employment by industry sector in the Airports service region and the United States. Relative to the national average, employment in the Airports service region is disproportionately concentrated in the government and professional and business services sectors. Between 2007 and 2013, employment in these two sectors increased at higher rates in the Airports service region than in the nation such that, by 2013, they together accounted for 46% of employment in the

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*George Mason University, Center for Regional Analysis, Washington Region and Northern Virginia Economic Outlook for 2013 and Beyond, May 14, 2013.

**U.S. Department of Commerce, Bureau of the Census, *2012 American Community Survey*.

***Greater Washington Initiative, *Greater Washington 2013 Regional Report.*

****Greater Washington Initiative, *Greater Washington 2011-2012 Regional Report.*

region, compared with 30% in the nation. According to Bureau of Labor Statistics data, the federal government accounts for approximately 371,000 employees in the MSA, or, 12% of the MSA's total nonagricultural workforce.

Table 6
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR

	Share of total 2013		Average annual percent increase (decrease) 2007-2013	
Industry sector	Airports service region	United States	Airports service region	United States
Professional and business services	23.0%	13.6%	0.8%	0.6%
Government	22.5	16.0	1.1	(0.3)
Trade, transportation, utilities	12.7	19.0	(0.6)	(0.5)
Education and health services	12.5	15.5	2.7	2.1
Leisure and hospitality	9.5	10.4	2.4	1.0
Other services	6.0	4.0	0.5	(0.1)
Financial activities	5.0	5.8	(0.6)	(1.0)
Natural resources, mining, construction	4.7	4.9	(4.2)	(3.6)
Information	2.5	2.0	(3.4)	(2.0)
Manufacturing	1.6	8.8	(4.2)	(2.4)
Total	100.0%	100.0%	0.5%	(0.2)%

Note: Columns may not add to 100% because of rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed February 2013.

Table 7 shows the top 25 private-sector employers in the region. Of these 25 employers, nine are on the Fortune 500 list of largest U.S. companies, and 10 are government contractors or providers of professional, business, or technical services. Many of the companies listed are involved in national and international operations that rely on airline travel.

Table 7
LARGEST PRIVATE SECTOR EMPLOYERS
Washington, D.C. Metro area
July 2013

Rank	Company	Employment	Type of business
1	Inova Health System	15,200	Health care
2	MedStar Health	14,300	Health care
3	Lockheed Martin Corp. *(a)*	14,000	Aerospace, defense, and technology
4	Marriott International Inc. *(a)*	13,900	Hospitality
5	Booz Allen Hamilton Inc. *(a)*	13,900	Business consulting and technology
6	Northrop Grumman Corp. *(a)*	13,300	Aerospace, defense, and technology
7	Giant Food LLC	11,200	Retail grocer
8	Verizon Communications Inc. *(a)*	11,000	Telecommunications
9	General Dynamics Corp. *(a)*	8,100	Aerospace, defense, and technology
10	Deloitte LLP	7,700	Professional services
11	Safeway Inc. *(a)*	7,400	Retail grocer
12	Hilton Worldwide Inc.	7,200	Hospitality
13	CACI International Inc.	6,700	Professional services
14	Wal-Mart Stores Inc. *(a)*	6,500	Retail
15	Georgetown University	6,300	Higher education
16	Leidos Holdings Inc.	6,200	Technology, engineering
17	George Washington University	6,200	Higher education
18	Children's National Medical Center	5,800	Health care
19	Adventist HealthCare	5,600	Health care
20	Kaiser Foundation Health Plan of the Mid-Atlantic States	5,600	Health care
21	BAE Systems Inc.	5,400	Aerospace, defense, and technology
22	Accenture PLC	4,400	Business consulting and technology
22	Capital One Financial Corp. *(a)*	4,400	Credit services
24	American University	4,200	Higher education
25	The Mitre Corp.	3,700	Government systems, engineering and research

Note: The Washington, D.C. Metro area as defined by the Washington Business Journal is similar to the Airports service region, but excludes Culpeper and Rappahannock counties in Virginia.

(a) Ranked in 2013 Fortune 500 list of largest U.S. companies (based on 2012 revenue).

Source: Greater Washington Business Journal, 2014 Book of Lists.

Tourism and Conventions

Washington, D.C., attracted 16.8 million domestic visitors and 1.7 million international visitors in 2012, according to Destination DC, a nonprofit organization that promotes tourism. Among domestic visitors, approximately 55% are tourists or other leisure travelers and 45% are traveling on business. In 2012, visitors to

Washington, D.C., spent $6.2 billion, of which $1.7 billion was accounted for by international visitors. According to the U.S. Department of Commerce, Office of Travel and Tourism Industries, among U.S. metropolitan areas in 2012, the Airports service region ranked eighth by numbers of international visitors.

The Walter E. Washington Convention Center, located in downtown Washington, D.C., contains approximately 700,000 square feet of meeting and exhibit space. There are 4,635 hotel rooms within one mile of the convention center. The Washington, D.C. Marriott Marquis, adjacent to the Convention Center, is scheduled to open in May 2014 with 1,175 rooms and 105,000 square feet of meeting space. The Airports service region is also home to the Gaylord National Resort & Convention Center. Located on the Potomac River in Prince George's County, Maryland, the Gaylord features approximately 2,000 guest rooms and 470,000 square feet of meeting and convention space.*

ECONOMIC OUTLOOK

Outlook for the U.S. Economy

Between the fourth quarter of 2007 and the second quarter of 2009, the U.S. economy, as measured by real gross domestic product (GDP), contracted 4.1%. National GDP growth resumed in the second half of 2009, but economic growth since then has not been strong enough to replace the jobs lost during the 2008-2009 recession.

Continued U.S. economic growth will depend on, among other factors, recovery in the housing market, the effectiveness of monetary stimulus, the health of the financial and credit markets, the strength of the U.S. dollar versus other currencies, energy prices, the ability of the federal government to reduce historically high fiscal deficits, inflation remaining within the range targeted by the Federal Reserve, and the economic health of U.S. trading partners.

The Congressional Budget Office (CBO) forecasts GDP growth of 3.1% in 2014, compared with 2.1% in 2013. Thereafter, the CBO projects GDP growth of 3.4% in 2015 and 2016, 2.7% in 2016, and 2.2% thereafter.

Outlook for the Economy of the Airports Service Region

The economic outlook for the Airports service region generally depends on the same factors as those for the nation, although changes in federal spending will have a greater effect on economic growth and employment. The Center for Regional Analysis at George Mason University projects that, as a result of decreased federal spending, between 2013 and 2018, federal employment in the Airports service region will decrease by 22,500 jobs. Offsetting this decrease, professional and business services employment is projected to increase by 145,000 jobs. The Center projects

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*Gaylord Hotels, www.marriott.com/hotels/travel/wasgn-gaylord-national, accessed February 2014.

growth in Gross Regional Product of 2.6% in 2014, 3.6% in 2015, and an average of 3.3% per year between 2015 and 2018.

Table 8 shows socioeconomic forecasts for the Airports service region and the nation as developed by the Metropolitan Washington Council of Governments, an independent, nonprofit regional planning organization. Growth in population and employment in the region is forecast to exceed national rates.

Table 8
SOCIOECONOMIC FORECASTS

	Average annual percent increase (decrease)		
	Historical	Forecast	
	2000-2012	2010-2015	2015-2020
Airports service region *(a)*			
Population	1.6%	1.3%	1.1%
Nonagricultural employment	1.1	1.2	1.6
	Historical	Forecast	
	2000-2013	2013-2022	
United States			
Population	0.9%	0.8%	
Nonagricultural employment	0.2	1.3	

(a) Percentages shown are for Metropolitan Washington Council of Governments member jurisdictions, which collectively are similar to the Airports service region, but exclude the counties of Culpeper, Rappahannock, and Warren in Virginia.

Sources:
Population:
Historical—U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed February 2014.
Forecast—Metropolitan Washington Council of Governments website, *Round 8.2 Cooperative Forecasting: Population and Household Forecasts to 2040 by Traffic Analysis Zone*, www.mwcog.org, accessed February 2014.
U.S. Department of Commerce, Bureau of the Census website, www.census.gov, accessed February 2014.
Nonagricultural employment:
Historical—U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed March 2014.
Forecast—Metropolitan Washington Council of Governments, *Round 8.2 Cooperative Forecasting: Employment Forecasts to 2040 by Traffic Analysis Zone*, www.mwcog.org, accessed February 2014.
U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed February 2014.

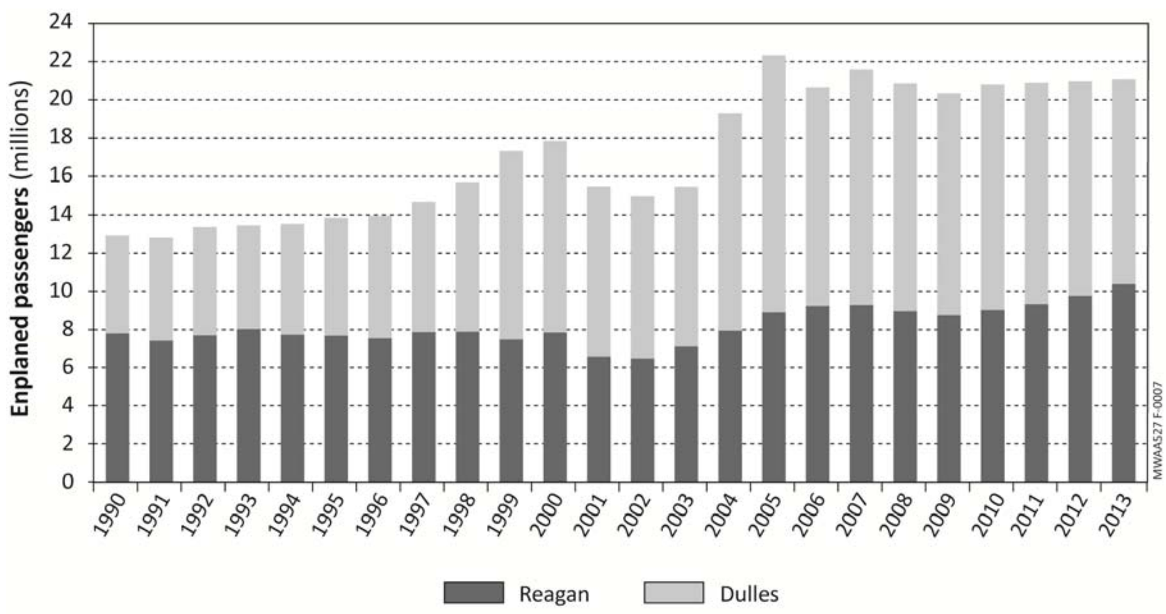
AIRLINE TRAFFIC ANALYSIS

HISTORICAL PASSENGER TRAFFIC AT THE AIRPORTS

Figure 2 and Table 9 provide historical data on numbers of enplaned passengers at the two Airports.*

Over the long term since 1990, Dulles has accommodated most of the increase in passengers for the two-Airports system, but since 2005 all the increase has been at Reagan, partially offsetting a decrease at Dulles. In 2005, Reagan accounted for 40% of the two-Airports total of 22.3 million enplaned passengers. In 2013, Reagan's share was 48% of the two-Airports total of 21.1 million enplaned passengers.

Figure 2
HISTORICAL ENPLANED PASSENGERS
Reagan National and Dulles International Airports



Source: Metropolitan Washington Airports Authority records.

*Throughout this report, enplaned passenger numbers obtained from Airports Authority reports include nonrevenue passengers, while enplaned passenger numbers obtained from U.S. DOT reports exclude such passengers. Throughout, passengers on general aviation and military flights are excluded.

This preliminary draft report is subject to change and is intended for discussion purposes only. It is not to be made available to parties other than those to whom it has been issued directly and should not be relied upon for securing financing or making investment decisions.

(4/30/14)

Table 9

ENPLANED PASSENGER TRENDS

Reagan National and Dulles International Airports

(enplaned passengers in thousands)

	Reagan			Dulles			Airports total		
Year	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total
2000	7,726	129	7,855	7,888	2,083	9,972	15,615	2,212	17,827
2001	6,480	83	6,564	6,959	1,961	8,920	13,439	2,045	15,484
2002	6,356	104	6,460	6,498	2,018	8,515	12,854	2,122	14,976
2003	6,971	131	7,102	6,372	1,995	8,366	13,343	2,126	15,469
2004	7,797	155	7,952	9,015	2,310	11,324	16,812	2,464	19,276
2005	8,737	173	8,909	10,947	2,449	13,396	19,684	2,622	22,306
2006	9,054	185	9,240	8,797	2,595	11,392	17,852	2,780	20,632
2007	9,146	149	9,294	9,313	2,960	12,274	18,459	3,109	21,568
2008	8,836	141	8,978	8,743	3,115	11,858	17,579	3,257	20,836
2009	8,634	133	8,767	8,430	3,117	11,547	17,064	3,250	20,314
2010	8,891	144	9,036	8,565	3,177	11,742	17,456	3,322	20,778
2011	9,237	126	9,363	8,261	3,257	11,518	17,498	3,383	20,881
2012	9,607	181	9,788	7,855	3,318	11,173	17,462	3,499	20,961
2013	9,994	204	10,198	7,397	3,464	10,861	17,390	3,668	21,058
	Average annual percent increase (decrease)								
2000-2013	2.0%	3.6%	2.0%	(0.5%)	4.0%	0.7%	0.8%	4.0%	1.3%
	Annual percent increase (decrease)								
2000-2001	(16.1%)	(35.5%)	(16.4%)	(11.8%)	(5.8%)	(10.5%)	(13.9%)	(7.6%)	(13.1%)
2001-2002	(1.9)	25.0	(1.6)	(6.6)	2.9	(4.5)	(4.4)	3.8	(3.3)
2002-2003	9.7	26.1	9.9	(1.9)	(1.1)	(1.7)	3.8	0.2	3.3
2003-2004	11.9	17.7	12.0	41.5	15.8	35.4	26.0	15.9	24.6
2004-2005	12.0	11.5	12.0	21.4	6.0	18.3	17.1	6.4	15.7
2005-2006	3.6	7.4	3.7	(19.6)	5.9	(15.0)	(9.3)	6.0	(7.5)
2006-2007	1.0	(19.9)	0.6	5.9	14.1	7.7	3.4	11.8	4.5
2007-2008	(3.4)	(4.8)	(3.4)	(6.1)	5.2	(3.4)	(4.8)	4.8	(3.4)
2008-2009	(2.3)	(5.8)	(2.3)	(3.6)	0.1	(2.6)	(2.9)	(0.2)	(2.5)
2009-2010	3.0	8.3	3.1	1.6	1.9	1.7	2.3	2.2	2.3
2010-2011	3.9	(12.7)	3.6	(3.5)	2.5	(1.9)	0.2	1.8	0.5
2011-2012	4.0	43.9	4.5	(4.9)	1.9	(3.0)	(0.2)	3.4	0.4
2012-2013	4.0	12.5	4.2	(5.8)	4.4	(2.8)	(0.4)	4.8	0.5
	Share of Airports total								
2000			44.1%			55.9%			100.0%
2007			43.1			56.9			100.0
2013			48.4			51.6			100.0

Notes: Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

Sources: Metropolitan Washington Airports Authority records.

Airline Shares of Passengers at the Airports

Figure 3 shows airline shares of enplaned passengers at the Airports.* United, the largest airline by passengers at Dulles, and the merged US Airways-American, the largest airline at Reagan, together enplaned 70.2% of passengers at the Airports in 2013. (The later Tables 23, 32, and 33 provide detail on historical airline shares of passengers.)

Ranking Among Other Airports

Table 10 shows the 30 largest U.S. airports ranked by passengers. By this measure, in 2013, Dulles ranked 23rd and Reagan ranked 24th. Reagan was among only seven airports that experienced more than a 20% increase in numbers of enplaned passengers over the 2000-2013 period.

Table 11 shows the 30 largest U.S. airports ranked by enplaned originating passengers. By this measure, in 2013, Reagan ranked 20th and Dulles ranked 26th.

Table 12 shows the 30 largest U.S. airports ranked by connecting passengers. By this measure, in 2013, Dulles ranked 18th and Reagan ranked 22nd.

Table 13 shows the 30 largest U.S. gateway airports ranked by international passengers. Increased international service at Dulles has resulted in increased numbers of international passengers since 2000. In 2013, Dulles ranked 9th among U.S. gateway airports, up from 12th in 2000. Reagan has limited international service only to airports where passengers preclear CBP procedures for flights to the United States (mainly Canada).

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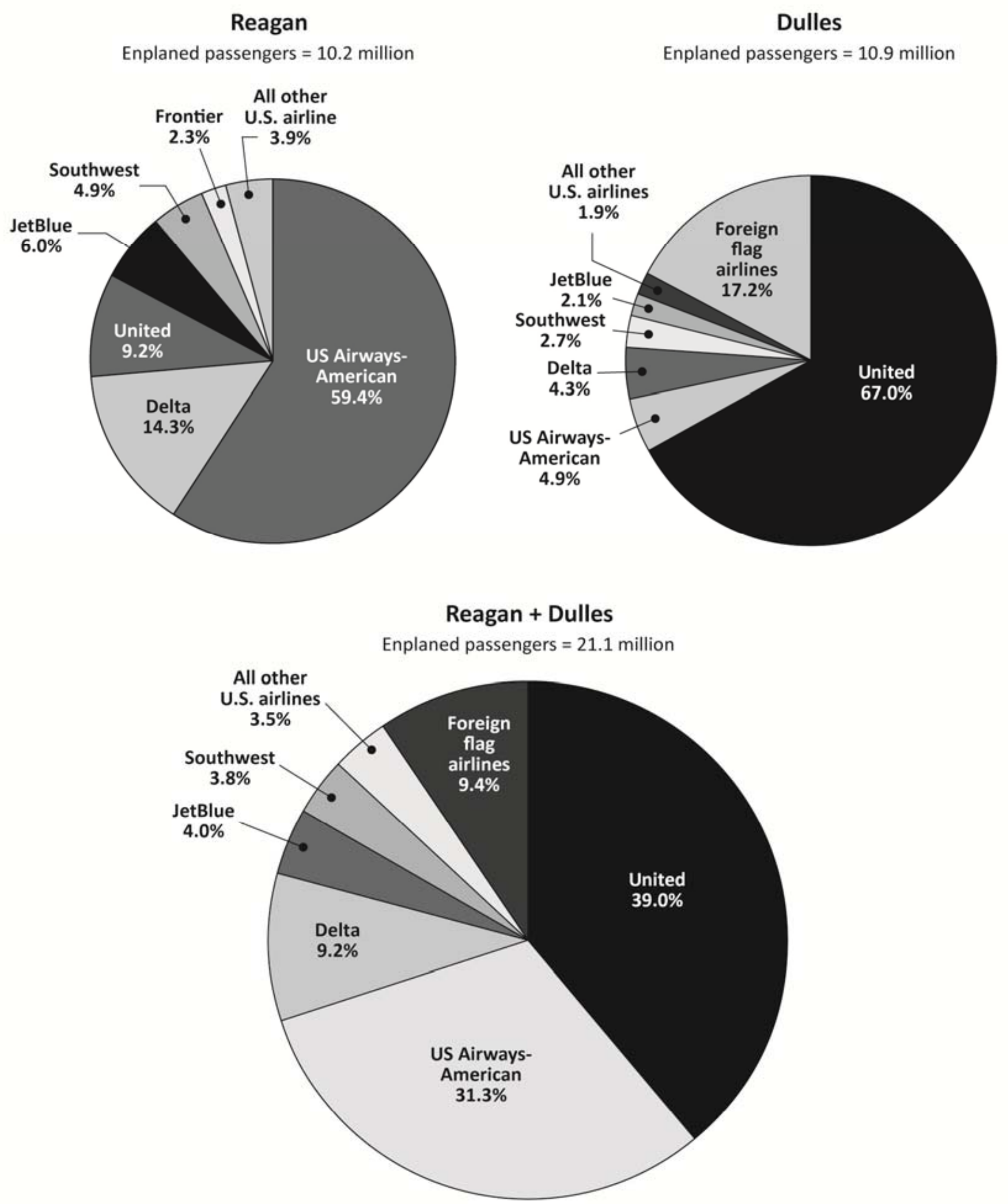
*In all discussions of airline service and passenger traffic by airline in this report, unless otherwise noted, data for merged airlines are accounted for with the surviving airline (i.e., America West Airlines, Trans World Airlines, and US Airways with American; Northwest Airlines with Delta; Continental Airlines with United; Midwest Airlines with Frontier Airlines; and AirTran Airways with Southwest).

Figure 3
AIRLINE SHARES OF ENPLANED PASSENGERS
Reagan National and Dulles International Airports
2013



Notes: Percentages may not add to 100% because of rounding. The area of each of the circles is proportional to the number of enplaned passengers.

Source: Metropolitan Washington Airports Authority records.

MWAA527 F-0008

Table 10

ENPLANED PASSENGERS AT TOP-RANKING U.S. AIRPORTS

Calendar years, except 2013

2013 Rank	City (airport)	Enplaned passengers (millions) 2000	2007	2013 *(a)*	2013 as % of 2000	Increase (decrease) 2000-2013 (millions)
1	Atlanta	39.2	43.1	45.3	115.6%	6.1
2	Los Angeles (International)	32.1	30.1	32.0	99.4	(0.2)
3	Chicago (O'Hare)	33.7	36.5	31.9	94.9	(1.7)
4	Dallas/Fort Worth	28.2	28.4	28.9	102.7	0.8
5	Denver	18.3	24.1	25.5	139.1	7.2
6	New York (Kennedy)	16.1	23.4	24.7	153.9	8.7
7	San Francisco	19.5	17.3	21.4	109.8	1.9
8	Charlotte	11.4	16.6	21.0	183.8	9.6
9	Las Vegas	16.4	22.4	19.8	121.0	3.4
10	Phoenix (Sky Harbor)	18.1	20.8	19.5	107.9	1.4
11	Miami	16.5	16.2	19.2	116.8	2.8
12	Houston (Bush)	16.3	20.8	18.8	115.3	2.5
13	Newark	17.2	18.2	17.2	100.0	0.0
14	Orlando (International)	14.7	17.6	16.9	115.2	2.2
15	Seattle	13.8	15.4	16.5	119.6	2.7
16	Minneapolis-St. Paul	16.8	17.0	16.2	96.4	(0.6)
17	Detroit	17.2	17.5	15.6	90.9	(1.6)
18	Philadelphia	12.3	15.7	14.7	119.8	2.4
19	Boston	13.6	13.8	14.6	106.8	0.9
20	New York (LaGuardia)	12.7	12.5	13.2	104.3	0.5
21	Fort Lauderdale	7.8	11.1	11.5	148.1	3.7
22	Baltimore	9.6	10.4	11.0	114.0	1.3
23	**Washington DC (Dulles)**	**10.0**	**12.3**	**10.9**	**109.1**	**0.9**
24	**Washington DC (Reagan)**	**7.9**	**9.3**	**10.2**	**129.7**	**2.3**
25	Chicago (Midway)	7.1	9.1	9.8	137.7	2.7
26	Salt Lake City	9.5	10.6	9.6	101.1	0.1
27	Honolulu	10.6	10.3	9.5	89.8	(1.1)
28	San Diego	7.9	9.1	8.8	111.8	0.9
29	Tampa	8.0	9.3	8.3	103.7	0.3
30	Portland, Oregon	6.8	7.3	7.3	108.7	0.6
	Total—top 30 airports				113.0%	

Notes: Airports shown are the top 30 U.S. airports ranked by number of passengers for 2013. Percentages were calculated using unrounded numbers.

(a) Data are for the 12 months ended September 30, 2013, the most recent available.

Sources: Metropolitan Washington Airports Authority (for Reagan and Dulles); U.S. DOT, Schedules T100 and298C T1 (for all other airports).

Table 11

ORIGINATING PASSENGERS AT TOP-RANKING U.S. AIRPORTS

Calendar years, except 2013

2013 Rank	City (airport)	Originating passengers (millions) 2000	2007	2013 *(a)*	2013 as % of 2000	Increase (decrease) 2000-2013 (millions)
1	Los Angeles (International)	24.0	23.3	24.3	101.4%	0.3
2	New York (Kennedy)	12.9	18.8	19.9	154.3	7.0
3	Las Vegas	14.1	18.5	16.7	118.7	2.6
4	San Francisco	15.1	12.7	16.7	110.5	1.6
5	Chicago (O'Hare)	16.4	17.7	16.2	98.8	(0.2)
6	Orlando (International)	13.8	16.6	16.1	117.1	2.4
7	Atlanta	15.3	15.1	14.4	94.1	(0.9)
8	Denver	9.8	13.0	14.0	143.5	4.3
9	Boston	12.6	13.1	13.8	109.3	1.2
10	Newark	13.3	13.9	12.0	89.6	(1.4)
11	Seattle	10.4	11.6	11.9	114.4	1.5
12	New York (LaGuardia)	11.8	11.6	11.9	100.6	0.1
13	Dallas/Fort Worth	11.5	12.3	11.8	102.3	0.3
14	Miami	10.0	9.4	11.0	110.0	1.0
15	Phoenix (Sky Harbor)	11.2	12.8	11.0	97.9	(0.2)
16	Fort Lauderdale	7.6	10.4	10.5	139.1	3.0
17	Minneapolis-St. Paul	8.2	8.7	8.5	104.3	0.4
18	San Diego	7.6	8.8	8.3	110.1	0.8
19	Philadelphia	7.8	9.8	8.3	106.6	0.5
20	**Washington DC (Reagan)**	**7.0**	**7.7**	**8.2**	**118.1**	**1.3**
21	Houston (Bush)	6.8	9.0	8.2	121.1	1.4
22	Baltimore	8.2	8.5	8.0	96.8	(0.3)
23	Detroit	8.4	9.0	7.7	91.9	(0.7)
24	Tampa	7.5	8.7	7.7	103.7	0.3
25	Honolulu	8.6	8.4	7.6	88.9	(1.0)
26	**Washington DC (Dulles)**	**7.0**	**7.8**	**6.5**	**92.9**	**(0.5)**
27	Portland, Oregon	5.7	6.2	6.2	108.8	0.5
28	Chicago (Midway)	5.8	6.5	6.1	104.7	0.3
29	Salt Lake City	5.0	5.7	5.2	104.8	0.2
30	Charlotte	3.0	4.8	5.1	170.6	2.1
	Total—top 30 airports				109.1%	

Notes: Airports shown are the top 30 U.S. airports ranked by originating passengers for 2013.
Percentages were calculated using unrounded numbers.
Includes a very small number of passengers on foreign-flag airlines making connections between international flights.

(a) Data are for the 12 months ended September 30, 2013, the most recent available.

Sources: U.S. DOT, Schedules T100 and 298C T1; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Table 12
CONNECTING PASSENGERS AT TOP-RANKING U.S. AIRPORTS
Calendar years, except 2013

2013 Rank	City (airport)	Connecting passengers (millions) 2000	2007	2013 *(a)*	2013 as % of 2000	Increase (decrease) 2000-2013 (millions)
1	Atlanta	24.0	28.1	31.0	129.2%	7.0
2	Dallas/Fort Worth	16.7	16.1	17.2	102.9	0.5
3	Charlotte	8.4	11.8	15.9	188.6	7.5
4	Chicago (O'Hare)	17.2	18.8	15.7	91.2	(1.5)
5	Denver	8.5	11.1	11.4	134.1	2.9
6	Houston (Bush)	9.6	11.7	10.6	111.1	1.1
7	Phoenix (Sky Harbor)	6.9	8.0	8.5	124.3	1.7
8	Miami	6.4	6.8	8.2	127.4	1.8
9	Detroit	8.8	8.5	7.9	90.0	(0.9)
10	Minneapolis-St. Paul	8.6	8.3	7.7	88.9	(1.0)
11	Los Angeles (International)	8.2	6.8	7.7	93.6	(0.5)
12	Philadelphia	4.5	5.9	6.4	142.5	1.9
13	Newark	3.8	4.3	5.2	135.8	1.4
14	New York (Kennedy)	3.2	4.6	4.9	152.2	1.7
15	San Francisco	4.4	4.5	4.8	107.5	0.3
16	Seattle	3.4	3.8	4.6	135.6	1.2
17	Salt Lake City	4.6	4.9	4.4	97.2	(0.1)
18	**Washington DC (Dulles)**	**2.9**	**4.5**	**4.3**	**148.1**	**1.4**
19	Chicago (Midway)	1.3	2.7	3.7	286.9	2.4
20	Las Vegas	2.3	3.9	3.1	135.5	0.8
21	Baltimore	1.4	1.9	3.0	213.1	1.6
22	**Washington DC (Reagan)**	**0.9**	**1.6**	**1.9**	**222.2**	**1.1**
23	Honolulu	2.0	1.9	1.9	94.0	(**0.1**)
24	Houston (Hobby)	1.1	1.1	1.6	152.6	**0.6**
25	Cleveland	1.9	1.3	1.3	70.0	(0.6)
26	New York (LaGuardia)	0.8	1.0	1.3	154.9	0.5
27	St. Louis	9.5	1.4	1.2	12.3	(8.3)
28	Portland, Oregon	1.1	1.1	1.2	108.3	0.1
29	Dallas (Love)	0.7	1.0	1.2	165.7	0.5
30	Fort Lauderdale	0.2	0.7	1.0	444.0	0.8
	Total—top 30 airports				114.7%	

Notes: Airports shown are the top 30 U.S. airports ranked by number of connecting passengers for 2013.
Percentages were calculated using unrounded numbers.
Excludes a small number of passengers on foreign-flag airlines making connections between international flights.

(a) Data are for the 12 months ended September 30, 2013, the most recent available.

Source: U.S. DOT, Schedules T100 and 298C T1.

Table 13
INTERNATIONAL PASSENGERS AT TOP-RANKING U.S. AIRPORTS
Calendar years, except 2013

2013 Rank	City (airport)	Enplaned international passengers (millions) 2000	2007	2013 *(a)*	2013 as % of 2000	Increase (decrease) 2000-2013 (millions)
1	New York (Kennedy)	9.02	10.71	12.80	141.9%	3.78
2	Miami	7.99	7.76	10.06	125.9	2.07
3	Los Angeles (International)	8.16	8.33	8.48	103.9	0.32
4	Newark	4.40	5.28	5.55	126.0	1.14
5	Chicago (O'Hare)	4.96	5.67	5.26	106.0	0.30
6	Atlanta	3.11	4.46	4.89	157.2	1.78
7	San Francisco	3.95	4.25	4.65	117.7	0.70
8	Houston (Bush)	2.67	3.79	4.31	161.7	1.65
9	**Washington DC (Dulles)**	**2.08**	**2.96**	**3.43**	**164.6**	**1.35**
10	Dallas/Fort Worth	2.42	2.51	3.15	130.2	0.73
11	Honolulu	2.49	1.79	2.34	93.9	(0.15)
12	Boston	2.13	1.92	2.02	94.6	(0.12)
13	Orlando (International)	1.22	1.10	1.94	159.5	0.72
14	Philadelphia	1.28	1.79	1.92	150.0	0.64
15	Fort Lauderdale	0.70	1.44	1.79	256.1	1.09
16	Seattle	1.11	1.27	1.67	150.3	0.56
17	Detroit	1.92	1.89	1.60	83.1	(0.32)
18	Charlotte	0.47	1.04	1.50	315.3	1.02
19	Las Vegas	0.51	1.12	1.44	281.9	0.93
20	Minneapolis-St. Paul	1.44	1.26	1.13	78.4	(0.31)
21	Phoenix (Sky Harbor)	0.49	0.87	1.09	223.1	0.60
22	Denver	0.63	1.10	0.93	147.7	0.30
23	New York (LaGuardia)	0.69	0.63	0.83	119.8	0.14
24	Baltimore	0.29	0.26	0.33	112.9	0.04
25	San Diego	0.15	0.15	0.30	203.1	0.15
26	Tampa	0.20	0.18	0.25	128.8	0.06
27	Chicago (Midway)	0.00	0.06	0.25	n.c.	0.25
28	San Antonio	0.10	0.10	0.24	234.6	0.14
29	Portland, Oregon	0.24	0.31	0.23	97.1	(0.01)
30	Santa Ana	0.00	0.00	0.20	n.c.	0.20
	Total—top 30 airports				130.5%	

Notes: n.c. = not calculated.
Airports shown are the top 30 U.S. airports (excluding airports in Puerto Rico, the islands of the Pacific Trust, and the U.S. Virgin Islands) ranked by international passengers for 2013.
Percentages were calculated using unrounded numbers.

(a) Data are for the 12 months ended September 30, 2013, the most recent available.

Source: U.S. DOT, Schedules T100 and 298C T1.

COMPETING AIRPORTS SERVING THE REGION

Reagan National Airport and Dulles International Airport face regional competition for domestic traffic from Baltimore/Washington Airport and competition for international traffic from other major eastern U.S. gateway airports, such as Boston Logan, Philadelphia, New York Kennedy, Newark Liberty, and Hartsfield-Jackson Atlanta international airports. Table 14 provides data on airline service at the three airports serving the greater Washington-Baltimore region. Table 15 and Figure 4 provide historical data on numbers of passengers at the three airports.

Competition from Baltimore/Washington Airport

BWI is located about 30 miles northeast of downtown Washington, D.C., and is accessible from Washington, D.C., by interstate highway, rail, and bus service. Of the domestic originating passengers served by the three airports during 2013, BWI accounted for about 40%, Reagan for 40%, and Dulles for 20%. As shown in Figure 4, since 2007, enplaned passengers have increased 5.2% at BWI and 8.8% at Reagan, in contrast to a 10.3% decrease at Dulles and a 3.5% decrease nationwide.

As shown in Table 14, as scheduled for June 2014, airlines provide nonstop service from BWI to 62 U.S. airports, 58 of them with service by low-cost carriers (LCCs)*, mainly Southwest, and 60 of them with large jets.** By comparison, airlines provide nonstop service from Reagan to 83 U.S. airports, 16 of them with service by LCCs and 32 with large jets. Airlines provide nonstop service from Dulles to 74 U.S. airports, 6 of them with service by LCCs and 20 with large jets. Between 2007 and 2014, the numbers of flights and seats offered by LCCs at BWI and Reagan have increased, while at Dulles they have decreased. (As discussed in the later section "Slot Transfers Resulting from Department of Justice Settlement," the transfer of landing and takeoff slots will allow further increases in LCC service at Reagan.)

Airfares at BWI have historically been lower than airfares at either Reagan or Dulles. Based on fare data for the 12 months ended September 2013, domestic originating passengers at BWI paid an average fare of $153 for a one-way trip averaging 1,037 miles, compared with $183 at Reagan for a trip averaging 994 miles, and $226 at Dulles for a trip averaging 1,509 miles.

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*For purposes of this report, the following airlines are considered to be low-cost carriers: Allegiant Air, Frontier Airlines, JetBlue Airways, Southwest Airlines-AirTran Airways, Spirit Airlines, Sun Country Airlines, and Virgin America, as well as the defunct ATA, Independence Air, Midway Airlines, and National Airlines.

**For purposes of this report, jet aircraft are categorized as either large jets (100 or more seats) or regional jets (fewer than 100 seats).

Table 14
DOMESTIC AIRLINE SERVICE AT REGIONAL AIRPORTS
Reagan National, Dulles International, and Baltimore/Washington Airports
June of years noted

	Number of destinations served nonstop *(a)*			Average daily aircraft departures			Average daily departing seats		
	2007	2014	Change	2007	2014	Change	2007	2014	Change
By airport									
Reagan	65	83	18	374	397	22	36,062	37,082	1,019
Dulles	73	74	1	381	304	(77)	33,483	24,650	(8,832)
BWI	57	62	5	334	301	(33)	41,424	40,897	(527)
By airline type									
Low-cost carriers									
Reagan	5	16	11	14	40	26	1,946	5,195	3,249
Dulles	12	6	(6)	43	19	(24)	5,511	2,600	(2,911)
BWI	49	58	9	217	218	1	29,011	31,510	2,499
All other airlines									
Reagan	65	79	14	360	356	(4)	34,116	31,887	(2,229)
Dulles	73	74	1	338	285	(53)	27,972	22,050	(5,921)
BWI	25	18	(7)	116	83	(34)	12,413	9,387	(3,026)
By aircraft type									
Large jet									
Reagan	38	32	(6)	205	164	(41)	27,221	22,938	(4,283)
Dulles	27	20	(7)	135	88	(47)	20,385	13,144	(7,241)
BWI	55	60	5	281	264	(18)	38,878	38,676	(203)
Regional jet									
Reagan	47	63	16	163	226	62	8,624	13,896	5,272
Dulles	49	48	(1)	213	160	(53)	12,121	9,196	(2,926)
BWI	10	7	(3)	41	28	(12)	2,131	1,804	(327)
Turboprop									
Reagan	3	5	2	6	7	1	217	247	30
Dulles	11	23	12	33	56	24	977	2,311	1,335
BWI	4	3	(1)	11	8	(3)	414	417	3

(a) Some destinations are served by more than one airport and some airports are served by more than one airline type or aircraft type. Includes only destinations with an average of at least 4 flights per week. Southwest and AirTran were counted as one airline in 2014.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Southwest began service at BWI in 1993 and by 1999 had displaced US Airways as the largest airline serving BWI as measured by enplaned passengers. As scheduled for June 2014, BWI is the third-ranked airport in the Southwest system as measured by departing seats. As scheduled, Southwest's departing seats at BWI will be 4.7%

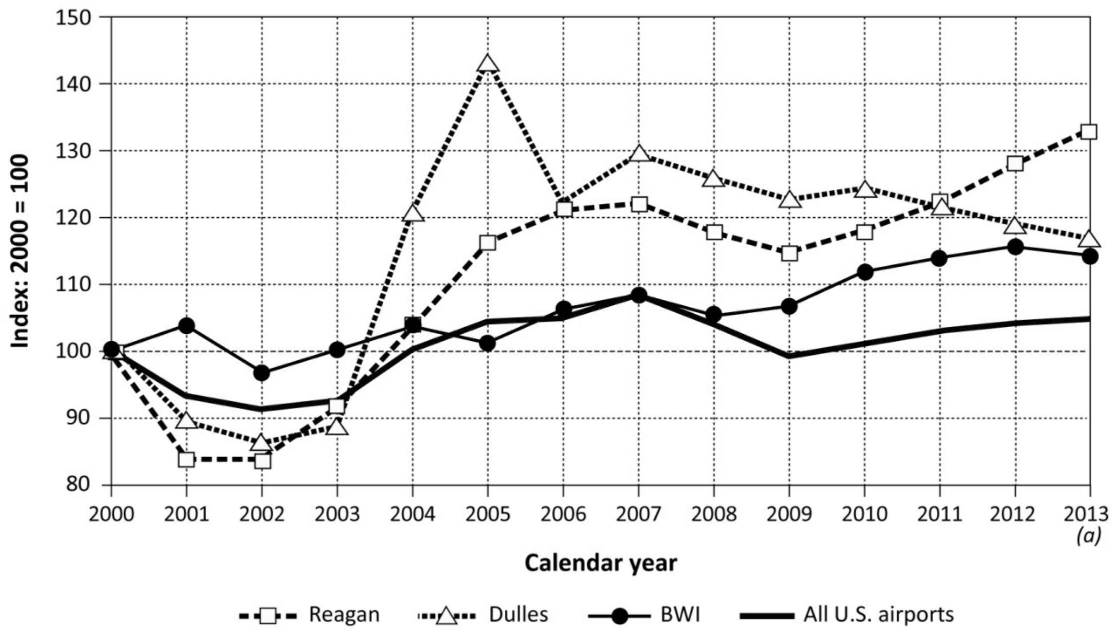
lower in June 2014 than in June 2013. This decrease is greater than the airline's planned 1.7% capacity reduction systemwide and is due, in part, to the elimination of duplicative service by AirTran Airways. Southwest began service at Dulles in 2006 and at Reagan in 2011 as a result of its merger with AirTran.

Figure 4

HISTORICAL TRENDS IN ENPLANED PASSENGERS AT REGIONAL AIRPORTS

Reagan National, Dulles International, Baltimore/Washington Airports, and all U.S. Airports

(for calendar years)



(a) Data are for the 12 months ended September 30, 2013, the most recent available.

Sources: U.S. DOT, Schedules T100 and 298C T1.

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Table 15

ENPLANED PASSENGERS AT REGIONAL AIRPORTS

Reagan National, Dulles International, Baltimore/Washington Airports, and all U.S. Airports

Average daily enplaned passengers

Year	Reagan	Dulles	BWI	All U.S. airports	Annual percent increase (decrease) Reagan	Dulles	BWI	All U.S. airports	Share of three-airport region total Reagan	Dulles	BWI
2000	20,233	24,804	26,351	1,917,675					28.3%	34.7%	36.9%
2005	23,627	35,702	26,793	2,013,241					27.4	41.5	31.1
2006	24,581	30,268	28,084	2,019,325	4.0%	(15.2%)	4.8%	0.3%	29.6	36.5	33.9
2007	24,762	32,290	28,616	2,085,328	0.7	6.7	1.9	3.3	28.9	37.7	33.4
2008	23,783	31,207	27,767	2,003,550	(4.0)	(3.4)	(3.0)	(3.9)	28.7	37.7	33.6
2009	23,260	30,487	28,204	1,906,021	(2.2)	(2.3)	1.6	(4.9)	28.4	37.2	34.4
2010	23,935	30,893	29,573	1,949,442	2.9	1.3	4.9	2.3	28.4	36.6	35.0
2011	24,801	30,250	30,157	1,983,341	3.6	(2.1)	2.0	1.7	29.1	35.5	35.4
2012	25,852	29,529	30,396	1,998,134	4.2	(2.4)	0.8	0.7	30.1	34.4	35.4
2013 *(a)*	26,937	28,970	30,118	2,011,419	4.2	(1.9)	(0.9)	0.7	31.3	33.7	35.0

Average daily domestic originating passengers

Year	Reagan	Dulles	BWI	All U.S. airports	Annual percent increase (decrease) Reagan	Dulles	BWI	All U.S. airports	Share of three-airport region total Reagan	Dulles	BWI
2000	16,688	12,811	21,257	1,181,244					32.9%	25.2%	41.9%
2005	18,881	18,006	20,877	1,256,234					32.7	31.2	36.1
2006	18,923	13,959	21,578	1,264,615	0.2%	(22.5%)	3.4%	0.7%	34.7	25.6	39.6
2007	18,868	14,604	21,922	1,303,738	(0.3)	4.6	1.6	3.1	34.1	26.4	39.6
2008	17,424	13,285	21,385	1,233,517	(7.6)	(9.0)	(2.4)	(5.4)	33.4	25.5	41.1
2009	17,334	12,400	21,512	1,162,878	(0.5)	(6.7)	0.6	(5.7)	33.8	24.2	42.0
2010	17,903	12,239	21,481	1,172,619	3.3	(1.3)	(0.1)	0.8	34.7	23.7	41.6
2011	18,784	11,644	21,256	1,191,904	4.9	(4.9)	(1.0)	1.6	36.3	22.5	41.1
2012	19,515	10,689	20,702	1,195,206	3.9	(8.2)	(2.6)	0.3	38.3	21.0	40.7
2013 *(a)*	20,169	10,385	20,263	1,201,533	3.4	(2.8)	(2.1)	0.5	39.7	20.4	39.9

(a) Data are for the 12 months ended September 30, 2013, the most recent available.

Sources: U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedules T100 and 298C T1; U.S. DOT, Schedule T100 and 298C T1.

Competition from Other International Gateway Airports

The large number of international flights provided by United and foreign flag airlines at Dulles makes it the preferred airport for international travel to and from the region served by the three airports. As shown in Table 16, as scheduled for June 2014, Dulles ranks 4th in transatlantic service among U.S. international gateway airports. BWI provides CBP facilities for the processing of arriving international passengers, but accommodates only a limited international airline service, ranking 24th on Table 13.

Table 16
TRANSATLANTIC AIRLINE SERVICE
AT TOP U.S. INTERNATIONAL GATEWAY AIRPORTS
June of years noted

		Average daily scheduled aircraft departures			Average daily scheduled departing seats		
Rank	Airport	2007	2014	Increase (decrease) 2007-2014	2007	2014	Increase (decrease) 2007-2014
1	New York (Kennedy)	101	112	11	26,348	31,048	4,701
2	Newark	63	54	(10)	13,375	11,567	(1,808)
3	Chicago (O'Hare)	42	44	2	11,018	11,363	344
4	**Washington (Dulles)**	**31**	**37**	**6**	**8,312**	**9,437**	**1,125**
5	Los Angeles	21	24	3	6,188	7,962	1,774
6	Atlanta	33	29	(4)	8,094	7,263	(831)
7	Boston	23	26	3	5,797	6,916	1,120
8	Philadelphia	23	25	2	5,299	6,023	724
9	Miami	13	20	6	3,756	5,545	1,789
10	San Francisco	11	17	6	3,893	5,460	1,567
11	Houston (Bush)	11	16	5	2,890	4,430	1,540
12	Detroit	13	11	(2)	3,415	3,016	(399)
13	Charlotte	3	12	9	764	2,846	2,083
14	Dallas/Fort Worth	7	10	3	1,673	2,496	823
15	Seattle	4	9	5	1,054	2,369	1,315

Notes: Airports shown are the top U.S. airports as ranked by scheduled departing transatlantic seats (service to destinations in the U.K., Europe, the Middle East, and Africa). Charter flights are excluded. Changes were calculated using unrounded numbers.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

HISTORICAL AIRLINE SERVICE AND TRAFFIC AT REAGAN

Trends in airline service, passenger traffic, and airfares at Reagan National Airport are discussed in the following sections.

Perimeter and High Density Rules

By federal statute, nonstop flights from Reagan are generally limited to destinations not more than 1,250 statute miles away. This "Perimeter Rule" was amended in 2000, and again in 2003, to allow a total of 12 daily round-trip nonstop flights between Reagan and points beyond the 1,250-mile perimeter. Following the enactment of federal legislation in February 2012 (the FAA Modernization and Reform Act of 2012), eight additional "beyond-perimeter" daily nonstop roundtrip flights were authorized, four for new entrant or limited incumbent airlines and four for incumbent airlines.

The "High Density Rule," which has been in effect since 1969, limits the number of airline, regional airline, and general aviation flights that may be scheduled each hour at Reagan. Federal legislation enacted in 2000 (the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, commonly referred to as AIR-21) phased out the High Density Rule at New York Kennedy, New York LaGuardia, and Chicago O'Hare, but not at Reagan.

Authorizations from the FAA for aircraft landings and takeoffs are referred to as "slots." A pair of slots is required for an airline to operate the arrival and subsequent departure of a flight. Essentially all authorized slots are held by incumbent airlines, and, although the U.S. DOT has favored LCCs in awarding newly authorized slots in the past, the opportunities for LCCs to increase service have been limited. As discussed in the following section, additional slots are being made available to LCCs in connection with the approval of the merger of US Airways and American.

Slot Transfers Resulting from Department of Justice Settlement

As a condition of its approval of the US Airways-American merger (discussed in the following section), the Department of Justice required the merged airline to divest 52 pairs of slots and up to five gates at Reagan. Of the 52 slot-pairs, Southwest purchased rights to 28, one of which (for Sunday-only service) it relinquished; JetBlue purchased 20, eight of which it had already been leasing from American; and Virgin America purchased four.

After the slot transfers, Southwest will have 44 slot-pairs, JetBlue 30, and Virgin America five, allowing a combined total of 79 daily departures by the three airlines. To allow the airlines to provide increased service, the Airports Authority will lease three of the five divested gates to Southwest (providing it and its AirTran subsidiary with six gates in Terminal A), one of the five gates to JetBlue (providing it with four gates in Terminal B/C), and one of the five gates to Virgin America (providing it with one gate in Terminal B/C).

Among the top 20 passenger markets from Reagan (as listed in the later Table 18), increased LCC service resulting from the slot transfers has been announced to Chicago (Midway), Dallas (Love), Houston (Hobby), St. Louis, and Tampa. Other, smaller markets gaining LCC service are Akron-Canton, Charleston, South Carolina, Hartford, Indianapolis, Nashville, Nassau, Bahamas, and New Orleans.

US Airways-American has announced it will discontinue service (or reduce service to three or fewer days per week) to 17 airports (accounting for 25 divested slot-pairs). Of the 17 airports losing service, 11 are small airports (categorized as small hubs or nonhubs by the FAA) with service currently provided only by US Airways-American; one is a large hub (San Diego) that currently has beyond-perimeter service by US Airways-American that is being transferred to Los Angeles; three are medium or large hub U.S. airports with service by another airline (Detroit, Minneapolis-St. Paul, and Omaha, all served by Delta); and two are international airports with service by another airline (Montreal, Air Canada Express, and Nassau, JetBlue effective June 2014). The service reductions associated with the remaining 19 slot-pairs to be divested by US Airways-American have yet to be announced.

US Airways-American Merger

In 2013, US Airways accounted for 45.2% of enplaned passengers at Reagan National Airport and American for 14.1%. In February 2013, US Airways and American, which was operating under Chapter 11 bankruptcy protection, announced an agreement under which the two airlines would combine in an all-stock transaction to form the world's largest airline as measured by available seat-miles. The merger was subject to approval by, among others, the bankruptcy court (through its approval of the reorganization plan) and the U.S. Department of Justice (through its review under the Hart-Scott-Rodino Antitrust Improvements Act).

In August 2013, the Department of Justice filed a lawsuit seeking to block the merger on the grounds that it would reduce competition and lead to higher airfares. A settlement of the lawsuit was announced in November 2013. Under the settlement agreement, the Department of Justice required the combined airline, among other concessions, to relinquish slots at Reagan, as discussed in the preceding section.

The settlement agreement paved the way for American to emerge from bankruptcy and complete the merger with US Airways in December 2013. The integration of the airline under a single operating certificate is expected to be completed by the end of 2015.*

When the integration is complete, the combined airline will operate as American Airlines, be headquartered in Fort Worth, and account for approximately 25% of U.S. airline seat-mile capacity and 6% of worldwide airline seat-mile capacity (based

*Although US Airways and American will operate separately during the integration period, for purposes of this report, the combined airline is sometimes discussed as a single airline and referred to as US Airways-American.

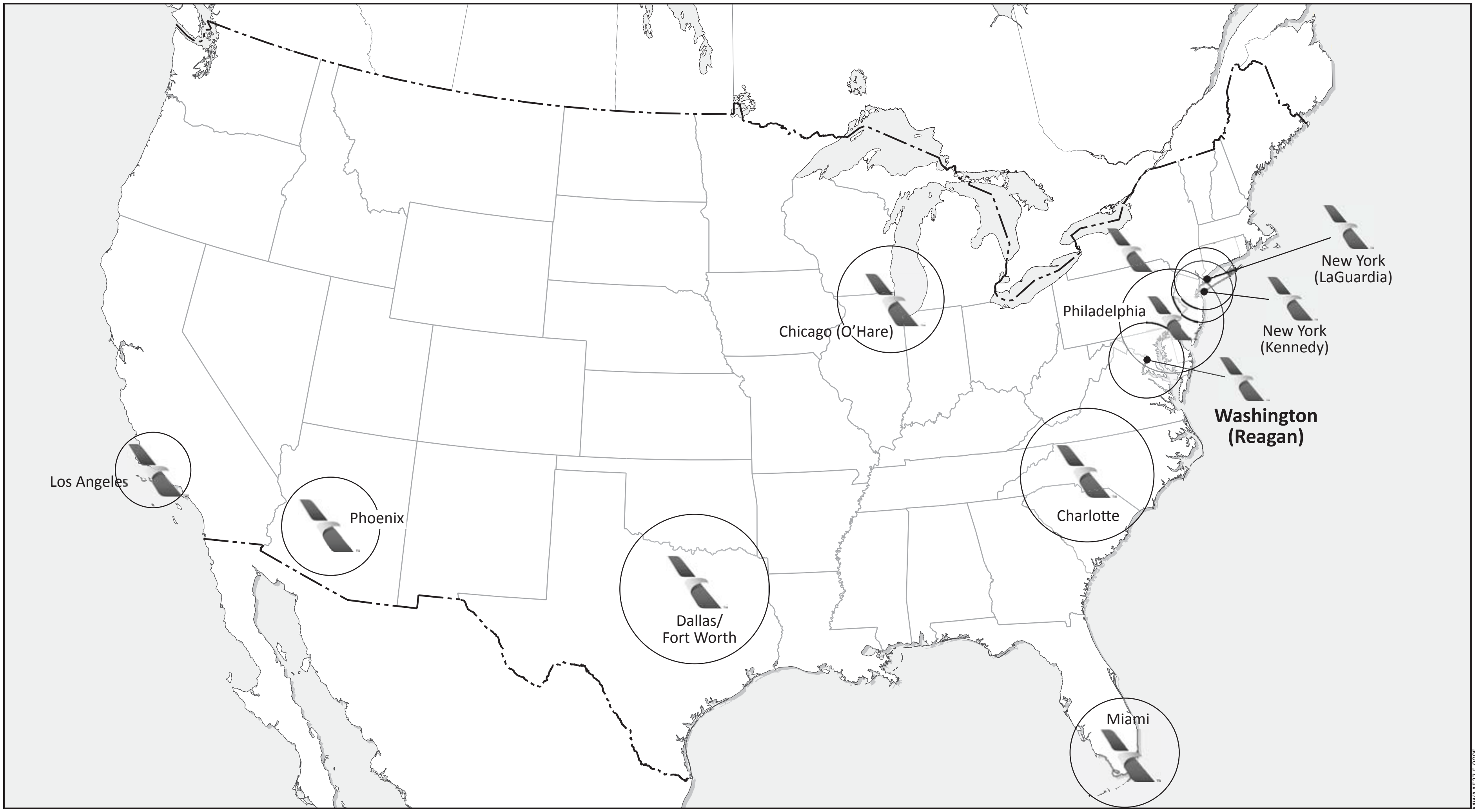
on 2013 schedules). The combined airline is a member of the Oneworld alliance. (US Airways was formerly a member of the Star Alliance).

As shown in Table 17, as scheduled for June 2014, Reagan ranks seventh by departing seats on domestic flights among airports in the combined US Airways-American route network. Figure 5 presents a graphic representation of seat capacity for the combined airline at its 10 top U.S. airports.

Table 17
DEPARTURES AND DEPARTING SEATS ON US AIRWAYS-AMERICAN
Top U.S. airports
June 2014

Seats Rank	City-airport	Average daily scheduled Departures	Average daily scheduled Departing seats
Domestic			
1	Dallas/Fort Worth	722	79,202
2	Charlotte	627	64,972
3	Chicago (O'Hare)	467	40,822
4	Philadelphia	415	35,492
5	Phoenix (Sky Harbor)	280	35,150
6	Miami	199	26,649
7	**Washington (Reagan)**	**269**	**22,141**
	Percent of total	4.5%	3.8%
8	Los Angeles	178	21,219
9	New York (LaGuardia)	144	14,361
10	Boston	104	12,727
	All other markets	2,601	235,221
	Total—All markets	6,005	587,956
International			
1	Miami	134	21,144
2	Dallas/Fort Worth	73	10,547
3	Philadelphia	50	7,542
4	Charlotte	43	7,207
5	New York (Kennedy)	28	5,003
6	Chicago (O'Hare)	28	4,043
7	Phoenix (Sky Harbor)	20	2,410
8	Los Angeles	8	1,604
9	New York (LaGuardia)	12	704
10	**Washington (Reagan)**	**7**	**431**
	Percent of total	1.6%	0.7%
	All other markets	5	803
	Total—All markets	408	61,437

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.



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Notes: The area of the circle for each airport is proportional to the number of scheduled seats on all departing flights at the airport in June 2014. Airports shown are the 10 busiest system airports for US Airways and American combined as ranked by scheduled departing seats on domestic and international flights of American, American Eagle, American Connection, US Airways, and US Airways Express in June 2014.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Figure 5

SEAT CAPACITY PROVIDED BY AMERICAN-US AIRWAYS AT ITS LARGEST U.S. AIRPORTS

June 2014

Figure 6 shows the domestic destinations with daily nonstop service from Reagan as scheduled for June 2014. The 1,250-mile perimeter is shown for reference. The constraints of the High Density Rule have dissuaded incumbent airlines from reducing their flights at Reagan because any such reductions would place those airlines at risk of losing slots.

Airline Service

Table 18 presents data on nonstop airline service from Reagan to the top 20 domestic originating passenger markets as scheduled for June. Between 2000 and 2014, the number of aircraft departures from the airport increased 10.9%, while the number of seats decreased 2.5%. The New York market has seen the largest reduction in airline service since 2000, partly as a result of competition with Amtrak rail service. The later Table 22 provides data on fares in the air service markets.

Table 19 provides detail on airline service by aircraft type and shows the increased use of smaller regional jet aircraft. (Increases in the number of passengers enplaned since 2000 is the result of higher load factors.)

As scheduled for June 2014, nonstop service is provided from Reagan to all of the top 20 domestic originating markets; 15 of these were served nonstop by more than one airline (or affiliated regional airline).*

CBP does not provide facilities at the airport for the inspection of arriving international flights, so international service is offered only to and from those locations (Canada, the Bahamas, and Bermuda) that allow for the preclearance of inbound passengers at their point of departure.

*Regional airlines operating at Reagan as code-sharing affiliates of the mainline airlines as of April 2014 were Air Canada Jazz (operating as Air Canada Express), Air Wisconsin (US Airways Express), Endeavor Air (Delta Connection), Envoy Air (American Eagle), ExpressJet (United Express), Piedmont Airlines (US Airways Express), PSA Airlines (US Airways Express), Republic Airlines (American Eagle, United Express, and US Airways Express), Shuttle America (Delta Express and United Express), Sky Regional Airlines (Air Canada Express), and Sky West Airlines (United Express).

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○ Destinations with service by only 1 airline

● Destinations with service by 2 or more airlines

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Figure 6

U.S. CITIES WITH DAILY SCHEDULED NONSTOP PASSENGER AIRLINE SERVICE

Reagan National Airport

June 2014

Table 18

AIRLINE SERVICE IN TOP DOMESTIC ORIGINATING PASSENGER MARKETS

Reagan National Airport

June of years noted

Rank *(a)*	City market *Airport*	Airlines providing nonstop service *(b)* 2014	Average daily scheduled: Aircraft departures 2000	Aircraft departures 2007	Aircraft departures 2014	Departing seats 2000	Departing seats 2007	Departing seats 2014
1	Boston	B6,US	22	26	24	2,728	2,162	2,777
2	Chicago	AA,UA	29	24	21	4,072	3,231	2,461
	O'Hare	*AA,UA*	*26*	*20*	*21*	*3,424*	*2,633*	*2,461*
	Midway	*--*	*3*	*4*	*--*	*648*	*597*	*--*
3	Orlando	B6,US	2	6	10	226	730	1,321
4	Atlanta	DL,WN	19	22	20	2,514	2,774	2,929
5	New York	AA,DL,UA,US	74	50	42	7,051	4,819	3,463
	LaGuardia	*DL,US*	*31*	*33*	*26*	*4,628*	*3,666*	*2,533*
	Kennedy	*AA,DL*	*34*	*9*	*9*	*1,303*	*410*	*560*
	Newark	*UA*	*9*	*8*	*7*	*1,120*	*743*	*370*
6	Fort Lauderdale	B6,US	2	6	6	223	866	848
7	Los Angeles *(c)*	AS,AA	--	1	3	--	157	457
8	Dallas/Fort Worth *(d)*	AA	14	13	10	2,044	1,679	1,490
9	Miami	AA	10	8	9	1,411	1,184	1,315
10	Tampa	B6,US	2	5	6	275	622	737
11	Denver	F9,UA	--	4	4	--	555	633
12	Houston	UA,WN	8	8	9	893	978	1,204
	Bush	*UA*	*8*	*8*	*7*	*893*	*978*	*918*
	Hobby	*WN*	*--*	*--*	*2*	*--*	*--*	*286*
13	Minneapolis/St. Paul	DL,SY,US	7	7	9	1,092	970	1,214
14	San Francisco *(e)*	UA,VX	--	--	2	--	--	299
15	Seattle	AS	--	2	2	--	314	314
16	Detroit	DL,US	9	11	11	1,189	1,352	1,125
17	Milwaukee	WN	4	4	4	413	326	472
18	St. Louis	AA,WN	7	4	5	1,108	481	467
19	Kansas City	US,WN	2	6	4	318	456	306
20	New Orleans	US	2	3	5	248	245	357
	Total—top 20 markets		212	208	206	25,804	23,898	24,189
	Other markets		146	166	191	12,242	12,164	12,892
	Total—all markets		358	374	397	38,045	36,062	37,082

Note: Columns may not add to totals shown because of rounding.

(a) Top 20 city markets ranked by domestic originating passengers for the 12 months ended September 2013.
(b) Airlines operating scheduled passenger service. Legend: AA=American, AS=Alaska, B6=JetBlue, DL=Delta, F9=Frontier, SY=Sun Country, UA=United, US=US Airways, WN=Southwest-AirTran, VX=Virgin America.
(c) Service provided to Los Angeles International Airport.
(d) Service provided to Dallas/Fort Worth International Airport.
(e) Service provided to San Francisco International Airport.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Table 19

DOMESTIC SCHEDULED AIRLINE SERVICE BY AIRCRAFT TYPE

Reagan National Airport

June of years noted

	2000	2007	2014	Increase (decrease) 2000-2007	Increase (decrease) 2007-2014
Cities served nonstop *(a)*					
Large jet	47	38	32	(9)	(6)
Regional jet	9	46	63	37	17
Jet overall	49	64	81	15	17
Turboprop	14	3	5	(11)	2
Total cities served nonstop *(a)*	59	65	83	6	18
Average daily aircraft departures					
Large jet	269	205	164	(64)	(41)
Regional jet	22	163	226	142	62
Jet overall	291	368	390	77	22
Turboprop	67	6	7	(61)	0
Total aircraft departures	358	374	397	17	22
Percent of total					
Large jet	75.3%	54.8%	41.5%		
Regional jet	6.0	43.6	56.9		
Jet overall	81.4%	98.4%	98.4%		
Turboprop	18.6%	1.6%	1.6%		
Average daily departing seats					
Large jet	34,747	27,221	22,938	(7,526)	(4,283)
Regional jet	1,077	8,624	13,896	7,547	5,272
Jet overall	35,823	35,845	36,834	22	989
Turboprop	2,222	217	247	(2,005)	30
Total departing seats	38,045	36,062	37,082	(1,983)	1,019
Percent of total					
Large jet	91.3%	75.5%	61.9%		
Regional jet	2.8	23.9	37.5		
Jet overall	94.2%	99.4%	99.3%		
Turboprop	5.8%	0.6%	0.7%		
Average seats per departure					
Large jet	129	133	139	4	7
Regional jet	50	53	62	3	9
Jet overall	123	97	94	(26)	(3)
Turboprop	33	36	38	3	2
Total seats per departure	106	96	93	(10)	(3)

Notes: Columns may not add to totals shown because of rounding.
Changes were calculated using unrounded numbers.

(a) Some cities are served by more than one airport and some airports are served by more than one airline type or aircraft type. Includes only cities with an average of at least 4 flights per week.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

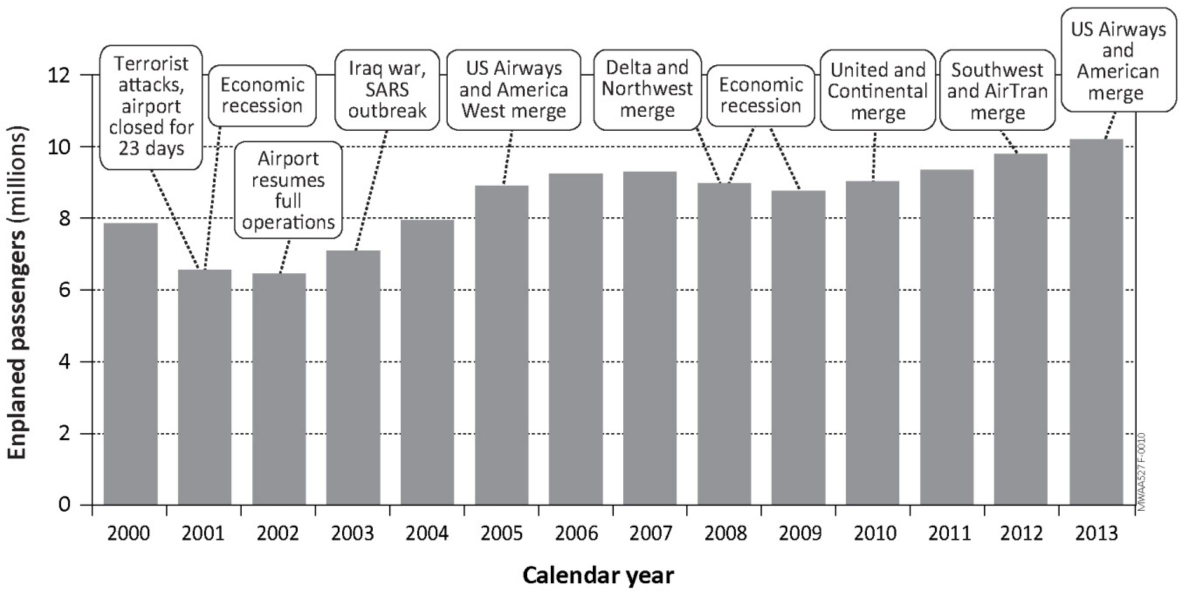
Enplaned Passengers

After the 2001 economic recession and the September 2001 terrorist attacks, which resulted in decreased passenger traffic in 2001 and 2002, Reagan National Airport experienced five consecutive years of increases in passenger numbers, followed by decreases during the economic recession in 2008 and 2009. Passenger numbers then increased between 2009 and 2013, reaching a record high of 10.2 million enplaned passengers in 2013. Figure 7 shows historical enplaned passenger numbers at Reagan.

Figure 7

HISTORICAL ENPLANED PASSENGERS IN RELATION TO EXTERNAL EVENTS

Reagan National Airport



Source for passenger data: Metropolitan Washington Airports Authority.

Table 20 shows historical numbers of enplaned passengers at Reagan National Airport by originating and connecting components. Originating passengers accounted for 80.7% of enplaned passengers at the airport in 2013, with the remaining 19.3% connecting between flights. The originating percentage has decreased from 92.2% in 2000 as US Airways has provided more connecting service. The Airports Authority's 2010 passenger survey (the most recent available) indicated that 48% of originating passengers were traveling for business and 52% were traveling for leisure.

Table 20

HISTORICAL ENPLANED PASSENGERS BY COMPONENT

Reagan National Airport

(passengers in thousands)

	Originating passengers				Connecting passengers			
	Scheduled		Domestic charter and		Domestic-			Total enplaned
Year	Domestic	International *(a)*	nonrevenue *(b)*	Total	to-domestic	Gateway *(c)*	Total	passengers
2000	6,108	578	294	6,979	843	33	876	7,855
2001	5,204	447	249	5,901	645	18	663	6,564
2002	5,218	466	273	5,957	479	24	503	6,460
2003	5,531	512	247	6,290	767	46	812	7,102
2004	6,134	555	256	6,946	940	66	1,006	7,952
2005	6,892	583	210	7,684	1,150	75	1,225	8,909
2006	6,907	606	179	7,691	1,455	93	1,548	9,240
2007	6,886	619	183	7,688	1,548	58	1,606	9,294
2008	6,377	629	220	7,226	1,687	64	1,751	8,978
2009	6,327	644	202	7,173	1,542	52	1,595	8,767
2010	6,534	662	257	7,454	1,525	56	1,581	9,036
2011	6,856	630	268	7,755	1,548	60	1,608	9,363
2012	7,142	626	277	8,045	1,628	115	1,743	9,788
2013	7,358	595	276	8,229	1,830	138	1,968	10,198

Table 20 *(page 2 of 2)*

HISTORICAL ENPLANED PASSENGERS BY COMPONENT

Reagan National Airport

(passengers in thousands)

	Originating passengers				Connecting passengers			
	Scheduled		Domestic charter and		Domestic- to-			Total enplaned
Year	Domestic	International *(a)*	nonrevenue *(b)*	Total	domestic	Gateway *(c)*	Total	passengers
	Average annual percent increase (decrease)							
2000-2013	1.4%	0.2%	(0.5%)	1.3%	6.1%	11.6%	6.4%	2.0%
	Annual percent increase (decrease)							
2000-2001	(14.8%)	(22.6%)	(15.1%)	(15.5%)	(23.5%)	(45.1%)	(24.3%)	(16.4%)
2001-2002	0.3	4.2	9.7	1.0	(25.7)	31.4	(24.1)	(1.6)
2002-2003	6.0	9.8	(9.7)	5.6	60.0	91.1	61.5	9.9
2003-2004	10.9	8.4	3.7	10.4	22.7	43.9	23.9	12.0
2004-2005	12.3	5.1	(18.2)	10.6	22.3	13.6	21.7	12.0
2005-2006	0.2	3.9	(14.8)	0.1	26.5	24.6	26.4	3.7
2006-2007	(0.3)	2.2	2.5	(0.0)	6.4	(37.9)	3.7	0.6
2007-2008	(7.4)	1.6	20.2	(6.0)	9.0	10.9	9.1	(3.4)
2008-2009	(0.8)	2.4	(8.3)	(0.7)	(8.6)	(18.6)	(9.0)	(2.3)
2009-2010	3.3	2.9	27.5	3.9	(1.1)	7.1	(0.8)	3.1
2010-2011	4.9	(4.9)	4.3	4.0	1.5	6.8	1.7	3.6
2011-2012	4.2	(0.7)	3.1	3.7	5.2	92.2	8.4	4.5
2012-2013	3.0	(4.9)	(0.1)	2.3	12.4	20.3	12.9	4.2
				Share of Airport total				
2000				88.8%			11.2%	100.0%
2007				82.7			17.3	100.0
2013				80.7			19.3	100.0

Notes: Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Includes originating passengers who boarded domestic flights at Reagan bound for international destinations via other gateway airports.

(b) Includes passengers on domestic nonscheduled (charter) flights and domestic nonrevenue passengers.

(c) Gateway connections are passengers connecting from domestic flights to international flights, and vice versa.

Sources: Metropolitan Washington Airports Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

As shown in Table 21, for the year ended September 30, 2013, the combined US Airways-American accounted for 52.2% of originating passengers and 89.6% of connecting passengers at Reagan. Connecting passengers accounted for 28.8% of the combined airline's enplaned passengers.

Table 21
ENPLANED PASSENGERS BY AIRLINE GROUP
Reagan National Airport
12 Months ended September 30, 2013

	Average daily enplaned passengers			Distribution by airline		
	US Airways-American	All other airlines	Total	US Airways-American	All other airlines	Total
By sector						
Domestic	16,303	11,050	27,353	98.3%	97.4%	98.0%
International	277	290	567	1.7	2.6	2.0
By type of passenger						
Originating – resident *(a)*	6,040	4,763	10,803	36.4%	42.0%	38.7%
Originating – visitor *(b)*	5,760	6,023	11,783	34.7	53.1	42.2
Originating subtotal	11,800	10,786	22,586	71.2%	95.1%	80.9%
Connecting	4,781	554	5,334	28.8	4.9	19.1
Total passengers	16,581	11,340	27,921	100.0%	100.0%	100.0%
Share of total						
Originating	52.2%	47.8%	100.0%			
Connecting	89.6	10.4	100.0			
Total passengers	59.4	40.6	100.0			

Notes: Rows and columns may not add to totals shown because of rounding.
Percentages were calculated using unrounded numbers.

(a) Originating-resident passengers are defined as those passengers whose flight itineraries began at Reagan.

(b) Originating-visitor passengers are defined as those passengers whose flight itineraries began at airports other than Reagan.

Sources: Metropolitan Washington Airports Authority records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Domestic Airfares

The data presented in Table 22 for Reagan National Airport's top 20 domestic originating markets point to the influence of competition-driven changes in average airfares on changes in passenger numbers. For Reagan's top 20 domestic markets taken together, between 2000 and 2007, average airfares decreased 5.7% while passenger numbers increased 17.5%; between 2007 and 2013, average airfares increased 9.3% while passenger numbers increased 6.8%.

Competitive effects have given rise to differing results for individual city markets. For example, passenger numbers to Boston, Orlando, Fort Lauderdale, Los Angeles, and Tampa have increased, largely because of increased fare competition from LCCs. In contrast, increased airfares and decreased passenger numbers in the New York market have resulted from competition from surface modes of transportation, primarily Amtrak's Acela Express high-speed passenger rail service, and LCC service from BWI. Between 2000 and 2013, in the New York market, average airfares from Reagan increased 68.9% while the number of originating passengers decreased 69.3%.

The average airfares shown in Table 22, as reported by the airlines to the U.S. DOT, exclude ancillary charges, such as those for checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes that have become widespread in the airline industry since 2006. As a result, the average airfares shown understate the amount actually paid by airline passengers for their travel, particularly for 2013. Ancillary charges that were previously included in the ticket price vary by airline and are not all separately reported to the U.S. DOT, but they have been estimated by industry analysts to amount to an effective average surcharge on domestic airfares of approximately 5% of ticket fare revenues.

Table 22

PASSENGERS AND AIRFARES IN TOP 20 DOMESTIC ORIGINATING CITY MARKETS

Reagan National Airport

		Average daily domestic originating passengers						Average one-way fare *(a)*				
					As percent of total	Percent increase (decrease)					Percent increase (decrease)	
Rank	City market	2000	2007	2013 *(b)*	2013	2000-2007	2007-2013	2000	2007	2013 *(b)*	2000-2007	2007-2013
1	Boston	1,038	985	1,499	7.4%	(5.1%)	52.2%	$137.94	$180.29	$127.36	30.7%	(29.4%)
2	Chicago *(c)*	917	1,354	1,325	6.6	47.6	(2.2)	169.74	120.64	148.80	(28.9)	23.3
3	Orlando	222	480	984	4.9	116.1	105.3	125.79	128.09	112.89	1.8	(11.9)
4	Atlanta	571	1,078	983	4.9	88.7	(8.8)	197.66	154.18	155.47	(22.0)	0.8
5	New York *(d)*	2,712	1,606	833	4.1	(40.8)	(48.1)	117.25	141.69	198.03	20.8	39.8
6	Fort Lauderdale	239	540	723	3.6	126.0	33.9	116.13	109.19	116.08	(6.0)	6.3
7	Los Angeles *(e)*	390	441	581	2.9	12.9	31.8	219.68	196.97	225.42	(10.3)	14.4
8	Dallas/Fort Worth *(f)*	558	604	567	2.8	8.2	(6.1)	243.63	196.78	248.25	(19.2)	26.2
9	Miami	333	507	550	2.7	52.3	8.6	166.56	129.31	145.19	(22.4)	12.3
10	Tampa	247	358	523	2.6	44.9	46.0	130.75	138.89	133.19	6.2	(4.1)
11	Denver	222	431	509	2.5	93.7	18.2	142.21	165.90	197.35	16.7	19.0
12	Houston *(g)*	336	441	471	2.3	31.1	6.9	257.51	217.09	244.27	(15.7)	12.5
13	Minneapolis/St. Paul	300	386	446	2.2	28.6	15.6	238.98	182.94	208.56	(23.4)	14.0
14	San Francisco *(h)*	319	293	437	2.2	(8.0)	49.2	231.41	207.70	244.38	(10.2)	17.7
15	Seattle	172	299	331	1.6	74.1	10.7	212.52	227.39	256.21	7.0	12.7
16	Detroit	267	541	290	1.4	102.6	(46.5)	199.08	92.92	194.81	(53.3)	109.6
17	Milwaukee	190	198	282	1.4	4.2	42.8	154.19	142.24	116.44	(7.8)	(18.1)
18	St. Louis	183	294	279	1.4	60.3	(5.2)	221.18	173.44	182.28	(21.6)	5.1
19	Kansas City	232	325	270	1.3	40.4	(16.8)	175.35	160.09	153.31	(8.7)	(4.2)
20	New Orleans	229	217	261	1.3	(5.1)	20.1	147.35	190.32	214.45	29.2	12.7
	Average—top 20 markets	9,679	11,377	12,145	60.1%	17.5%	6.8%	$164.55	$155.18	$169.61	(5.7%)	9.3%
	All other markets	7,010	7,491	8,070	39.9	6.9	7.7	175.88	189.35	199.34	7.7	5.3
	Average—all markets	16,688	18,868	20,215	100.0%	13.1%	7.1%	$169.31	$168.74	$181.48	(0.3%)	7.5%

Notes: Columns may not add to totals shown because of rounding. Percentages shown were calculated using unrounded numbers.

(a) Average one-way fares shown are net of taxes, fees, PFCs, and many ancillary fees charged by the airlines.
(b) Data are for the 12 months ended September 30, 2013, the most recent available.
(c) Market includes O'Hare and Midway airports.
(d) Market includes Kennedy, LaGuardia, and Newark airports.
(e) Market includes Los Angeles, Burbank, Long Beach, Ontario, and Orange County airports.
(f) Market includes Dallas/Fort Worth airport and Love Field.
(g) Market includes Bush and Hobby airports.
(h) Market includes San Francisco, Oakland, and San Jose airports.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Airline Shares of Enplaned Passengers

Table 23 shows that US Airways and American together enplaned 59.4% of Reagan's passengers in 2013. Second-ranked Delta enplaned 14.3% of passengers.

Between 2000 and 2013, the share of passengers enplaned at Reagan by the legacy airlines decreased from 87.7% to 50.4%, the share of the regional airlines increased from 7.1% to 33.4%, and the LCC share increased from 2.4% to 13.6%. As discussed in the later section "Forecast Passengers for Reagan," it is expected that the legacy share will decrease and the LCC share will increase in 2014 and 2015 as a result of the divestiture of slots by US Airways-American.

Table 23
AIRLINE SHARES OF ENPLANED PASSENGERS
Reagan National Airport

	Average daily enplaned passengers			Airline share of total		
Airline	2000	2007	2013	2000	2007	2013
US Airways-American	12,080	14,564	16,590	56.3%	57.2%	59.4%
US Airways	*8,318*	*10,529*	*12,641*	*38.8*	*41.4*	*45.2*
American	*3,762*	*4,035*	*3,950*	*17.5*	*15.8*	*14.1*
Delta	5,633	5,338	4,008	26.2	21.0	14.3
United	2,618	2,706	2,558	12.2	10.6	9.2
JetBlue	--	--	1,677	--	--	6.0
Southwest/AirTran	--	585	1,376	--	2.3	4.9
AirTran	--	*585*	*928*			
Southwest	--	--	*448*			
Frontier/Midwest	333	913	655	1.6	3.6	2.3
Frontier	*29*	*352*	*655*			
Midwest	*304*	*561*	--			
Alaska	--	391	562	--	1.5	2.0
Air Canada	297	294	297	1.4	1.2	1.1
All other	502	674	216	2.3	2.6	0.8
Total	21,463	25,463	27,939	100.0%	100.0%	100.0%
By type of airline						
Legacy airline	18,814	16,880	14,080	87.7%	66.3%	50.4%
Affiliated regional airline	1,533	5,727	9,332	7.1	22.5	33.4
Low-cost carrier	523	1,611	3,789	2.4	6.3	13.6
Other airline	594	1,245	738	2.8	4.9	2.6

Notes: Columns may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

Source: Metropolitan Washington Airports Authority records.

Cargo

Because Reagan National Airport is land-constrained and lacks the space necessary to accommodate all-cargo aircraft operations, all-cargo airlines serving the Airports service region operate only at Dulles International Airport. FedEx served Reagan between 2008 and 2012 but ceased service at the airport in 2012, and now all cargo at Reagan is carried in the belly compartments of passenger aircraft. The shift from large jets to regional jets that has occurred among the passenger airlines serving Reagan has resulted in reduced belly cargo capacity.

In 2013, approximately 2,100 tons of air cargo were handled at Reagan versus 278,000 tons at Dulles. US Airways-American accounted for 51% of air cargo tonnage handled at Reagan, followed by Frontier with about 17%.

Aircraft Operations

The number of operations (landings and takeoffs) by commercial passenger aircraft at Reagan increased an average of 1.1% per year between 2000 and 2013, less than the average increase in the number of enplaned passengers (2.0% per year) over the same period. The average passenger load factor increased from 59% in 2000 to 77% in 2013 and the average number of seats per aircraft decreased from 107 in 2000 to 93 in 2013.

HISTORICAL AIRLINE SERVICE AND TRAFFIC AT DULLES

Unlike Reagan National Airport, Dulles International Airport is not subject to the High Density Rule or the Perimeter Rule, and the capacity of its airside and landside facilities will not constrain the expansion of airline service until well beyond the forecast period covered by this report.

Airline Service

United operates a connecting hub at Dulles. As shown in Table 24, Dulles ranks sixth in United's U.S. airport system by departing seats as scheduled for June 2014. Between 2007 and 2014, United reduced its number of scheduled seats at Dulles by 14.1%, compared with 21.1% systemwide.

Figure 8 presents data on United's seat capacity at its 10 top U.S. airports graphically.

Table 24

SCHEDULED DEPARTING SEATS ON UNITED

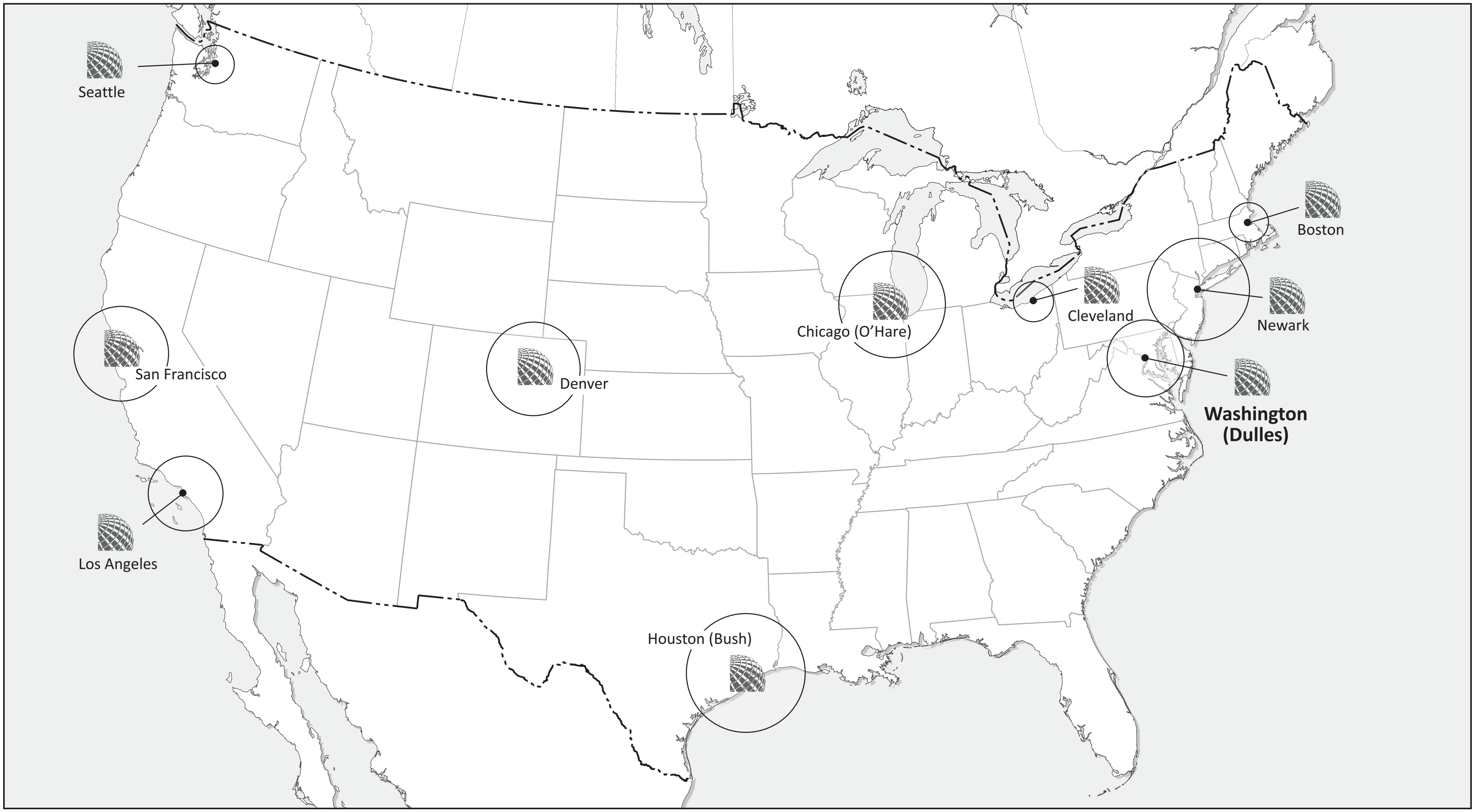
Top U.S. Airports in the United Airlines system

June of years noted

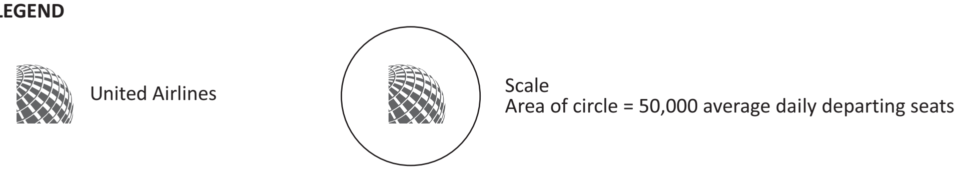
2014 Rank	Airport	Average daily departing seats 2000	2007	2014	Percent increase (decrease) 2000-2007	2007-2014
Domestic						
1	Chicago (O'Hare)	71,458	59,590	46,225	(16.6%)	(22.4%)
2	Houston (Bush)	47,595	53,645	42,049	12.7	(21.6)
3	Denver	56,668	45,192	32,363	(20.3)	(28.4)
4	San Francisco	39,371	26,307	28,874	(33.2)	9.8
5	Newark	37,574	34,082	28,148	(9.3)	(17.4)
6	Los Angeles	38,467	23,245	19,135	(39.6)	(17.7)
7	**Dulles**	**23,660**	**22,461**	**18,519**	**(5.1)**	**(17.6)**
8	Cleveland	17,913	14,513	6,001	(19.0)	(58.7)
9	Boston	10,605	7,187	5,985	(32.2)	(16.7)
10	Seattle	11,201	7,187	5,585	(35.8)	(22.3)
	All other	228,229	199,543	144,047	(12.6)	(27.8)
	Total—U.S. system	582,742	492,953	376,931	(15.4%)	(23.5%)
International						
1	Newark	9,916	13,730	13,660	38.5%	(0.5%)
2	Houston (Bush)	8,053	11,878	13,444	47.5	13.2
3	Chicago (O'Hare)	5,160	7,621	8,162	47.7	7.1
4	San Francisco	5,136	6,148	6,403	19.7	4.1
5	**Dulles**	**3,270**	**5,850**	**5,796**	**78.9**	**(0.9)**
6	Denver	987	1,549	2,123	56.9	37.1
7	Los Angeles	3,481	1,816	1,959	(47.8)	7.9
8	Guam	2,030	1,893	1,903	(6.8)	0.5
9	Honolulu	372	1,007	440	170.6	(56.3)
10	Cleveland	572	488	83	(14.7)	(83.1)
	All other	4,765	1,645	124	(65.5)	(92.4)
	Total—U.S. system	43,743	53,624	54,097	22.6%	0.9%
Total						
1	Houston (Bush)	55,648	65,523	55,493	17.7%	(15.3%)
2	Chicago (O'Hare)	76,618	67,211	54,387	(12.3)	(19.1)
3	Newark	47,490	47,812	41,808	0.7	(12.6)
4	San Francisco	44,507	32,455	35,277	(27.1)	8.7
5	Denver	57,655	46,741	34,486	(18.9)	(26.2)
6	**Dulles**	**26,930**	**28,311**	**24,315**	**5.1**	**(14.1)**
7	Los Angeles	41,949	25,060	21,094	(40.3)	(15.8)
8	Cleveland	18,485	15,002	6,084	(18.8)	(59.4)
9	Boston	10,811	7,187	5,985	(33.5)	(16.7)
10	Las Vegas	11,673	7,515	5,585	(35.6)	(25.7)
	All other	234,719	203,760	146,515	(13.2)	(28.1)
	Total—U.S. system	626,485	546,577	431,028	(12.8%)	(21.1%)

Note: Percentages were calculated using unrounded numbers.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.



LEGEND



Notes: The area of the circle for each airport is proportional to the number of scheduled seats on all departing flights at the airport in June 2014. Airports shown are the 10 busiest system airports for United as ranked by scheduled departing seats on domestic and international flights in June 2014.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Figure 8

SEAT CAPACITY PROVIDED BY UNITED AIRLINES AT ITS LARGEST U.S. AIRPORTS

Metropolitan Washington Airport Authority

June 2014

Table 25 shows United's historical domestic seat capacity at Dulles as distributed between United mainline and United Express operations. United's regional affiliates operating as United Express accounted for a much increased share of the airline's capacity at Dulles between 1990 (14%) and 2005 (48%). United Express then accounted for between 46% and 48% of the airline's seat capacity each year between 2005 and 2013. Advance published flight schedules indicate that United's domestic seat capacity at Dulles in 2014 will be 6.3% lower than in 2013 and that United Express will account for 53% of the capacity.

Table 25
HISTORICAL DOMESTIC SERVICE BY UNITED
Dulles International Airport

	Average daily scheduled departing seats			Distribution	
	United	United Express	Total	United	United Express
1990	14,600	2,428	17,028	85.7%	14.3%
2000	14,790	7,691	22,482	65.8	34.2
2005	10,762	9,825	20,587	52.3	47.7
2006	11,806	9,943	21,750	54.3	45.7
2007	12,199	10,123	22,323	54.6	45.4
2008	11,297	9,866	21,163	53.4	46.6
2009	11,094	9,767	20,861	53.2	46.8
2010	11,419	9,690	21,109	54.1	45.9
2011	11,009	9,747	20,756	53.0	47.0
2012	10,266	9,415	19,681	52.2	47.8
2013	9,809	9,138	18,947	51.8	48.2
2014	8,407	9,345	17,752	47.4	52.6

Notes: 2014 seats are estimated based on advance schedule filings.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Domestic Airline Service. Figure 9 shows the domestic destinations with daily nonstop service from Dulles as scheduled for June 2014.

Table 26 presents data on nonstop airline service from Dulles to the top 20 domestic originating passenger markets. As scheduled for June 2014, United (or affiliated United Express regional airlines) provided nonstop service to all of the top 20 markets; 10 of the top 20 were served nonstop by two or three airlines (or affiliated regional airlines); and six were served nonstop by LCCs (JetBlue, Southwest, or Virgin America).*

Domestic seat capacity for all airlines at Dulles decreased 34% between 2000 and 2014. In the intervening years, the seat capacity offered by LCCs fluctuated. Between 2004 and 2005, departing seats on LCCs increased 80% with the establishment of Independence Air's hub at the airport, only to decrease 70% in 2006 following that airline's demise. Between 2006 and 2008, LCC seat capacity at Dulles increased 54% as Southwest and Virgin America began service. Then, between 2008 and 2013, LCC seat capacity at Dulles decreased 56% as LCCs increased service at Reagan and BWI.

Table 27 provides detail on airline service at Dulles by aircraft type and shows the increase in regional jet service. As scheduled for June 2014, regional jets account for 53% of aircraft departures and 37% of departing seats. Turboprop operations, which accounted for 46% of aircraft departures in June 2000, accounted for 19% of departures in June 2014. Changes in the mix of aircraft types serving Dulles resulted in an increase in the average number of seats per domestic departure from 70 in 2000 to 88 in 2007, then a decrease to 81 in 2014.

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*Regional airlines operating at Dulles as code-sharing affiliates of the mainline airlines as of April 2014 were Chautauqua Airlines (operating as Delta Connection), CommutAir (United Express), Endeavor Air (Delta Connection), ExpressJet (Delta Connection and United Express), GoJet Airlines (Delta Connection and United Express), Mesa Airlines (United Express), PSA Airlines (US Airways Express), Republic Airlines (United Express), Shuttle America (United Express), Silver Airways (United Express), Sky West Airlines (United Express), and Trans States Airlines (United Express).

LEGEND

○ Destinations with service by only 1 airline

● Destinations with service by 2 or more airlines

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Figure 9

U.S. CITIES WITH DAILY SCHEDULED NONSTOP PASSENGER AIRLINE SERVICE

Dulles International Airport

June 2014

Table 26

AIRLINE SERVICE IN TOP DOMESTIC ORIGINATING PASSENGER MARKETS

Dulles International Airport

June of years noted

Rank *(a)*	City market *Airport*	Airlines providing nonstop jet service *(b)* 2014	Average daily scheduled Aircraft departures 2000	2007	2014	Departing seats 2000	2007	2014
1	Los Angeles	AA,B6,UA,VX	11	15	13	1,986	2,567	2,070
	Los Angeles	*AA,UA,VX*	*11*	*11*	*12*	*1,986*	*1,967*	*1,920*
	Long Beach	*B6*	--	*4*	*1*	--	*600*	*150*
2	San Francisco	B6,UA,VX	11	12	13	1,870	2,059	2,096
	San Francisco	*UA,VX*	*9*	*8*	*12*	*1,600*	*1,469*	*1,946*
	Oakland	*B6*	--	*3*	*1*	--	*467*	*150*
	San Jose	--	*2*	*1*	--	*270*	*122*	--
3	Chicago	UA,WN	14	15	12	2,334	2,333	1,582
	O'Hare	*UA*	*10*	*9*	*7*	*1,805*	*1,438*	*857*
	Midway	*WN*	*5*	*7*	*5*	*529*	*895*	*725*
4	Denver	UA,WN	8	8	9	1,687	1,598	1,444
5	Boston	B6,UA	26	13	8	2,807	1,387	889
6	Atlanta	DL,UA	21	18	11	2,833	2,120	1,195
7	New York	B6,DL,UA	53	31	20	2,654	1,920	1,104
	Kennedy	*B6,DL,UA*	*9*	*13*	*9*	*222*	*951*	*537*
	LaGuardia	*UA*	*22*	*6*	*5*	*1,602*	*467*	*256*
	Newark	*UA*	*22*	*12*	*6*	*829*	*502*	*311*
8	Orlando	UA	15	13	4	1,907	1,829	558
9	Dallas/Fort Worth *(c)*	AA,UA	12	8	8	1,516	933	855
10	San Diego	UA	3	4	3	443	612	446
11	Seattle	UA	4	3	3	604	486	446
12	Las Vegas	UA	2	5	2	260	785	334
13	Tampa	UA	5	5	3	648	768	417
14	Houston *(d)*	UA	3	6	6	294	337	591
15	Honolulu	UA	--	--	1	--	--	242
16	Miami	AA,UA	7	4	3	937	332	354
17	Minneapolis-St. Paul	DL,UA	6	5	5	716	517	407
18	St. Louis	UA	4	7	4	464	386	204
19	Portland, OR	UA	1	1	1	179	159	142
20	Phoenix	UA	1	2	1	178	262	138
	Total—top 20 markets		206	177	130	24,317	21,391	15,514
	Other markets		323	203	174	12,836	12,091	9,136
	Total—all markets		529	381	304	37,153	33,483	24,650

Note: Columns may not add to totals shown because of rounding.

(a) Top 20 city markets ranked by domestic originating passengers for the 12 months ended September 2013.
(b) Airlines operating scheduled passenger service.
Legend: AA=American, B6=JetBlue, DL=Delta, UA=United, VX=Virgin America, WN=Southwest-AirTran.
(c) Service provided to Dallas/Fort Worth International Airport in all years shown and Love Field in 2000.
(d) Service provided to George Bush Intercontinental Airport.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Table 27
DOMESTIC SCHEDULED AIRLINE SERVICE BY AIRCRAFT TYPE
Dulles International Airport
June of years noted

	2000	2007	2014	Increase (decrease) 2000-2007	Increase (decrease) 2007-2014
Cities served nonstop *(a)*					
Large jet	35	27	20	(8)	(7)
Regional jet	20	49	48	29	(1)
Jet overall	52	64	61	12	(3)
Turboprop	38	11	23	(27)	12
Total cities served nonstop *(a)*	77	73	74	(4)	1
Average daily aircraft departures					
Large jet	201	135	88	(66)	(47)
Regional jet	84	213	160	129	(53)
Jet overall	285	348	248	63	(100)
Turboprop	245	33	56	(212)	24
Total aircraft departures	529	381	304	(149)	(76)
Percent of total					
Large jet	37.9%	35.5%	28.8%		
Regional jet	15.9	56.0	52.6		
Jet overall	53.8%	91.5%	81.4%		
Turboprop	46.2%	8.5%	18.6%		
Average daily departing seats					
Large jet	26,877	20,385	13,144	(6,493)	(7,241)
Regional jet	4,213	12,121	9,196	7,908	(2,926)
Jet overall	31,091	32,506	22,339	1,416	(10,167)
Turboprop	6,063	977	2,311	(5,086)	1,335
Total departing seats	37,153	33,483	24,650	(3,671)	(8,832)
Percent of total					
Large jet	72.3%	60.9%	53.3%		
Regional jet	11.3	36.2	37.3		
Jet overall	83.7%	97.1%	90.6%		
Turboprop	16.3%	2.9%	9.4%		
Average seats per departure					
Large jet	134	151	150	17	(1)
Regional jet	50	57	58	7	1
Jet overall	109	93	90	(16)	(3)
Turboprop	25	30	41	5	11
Total seats per departure	70	88	81	18	(7)

Notes: Columns may not add to totals shown because of rounding. Changes were calculated using unrounded numbers.

(a) Some cities are served by more than one airport and some airports are served by more than one airline type or aircraft type. Includes only cities with an average of at least 4 flights per week.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

International Airline Service. Table 28 shows that the average number of international departing seats at Dulles, as scheduled for June, increased 62% between 2000 and 2014. This increase is evidence of the demand for international airline travel to and from the Airports service region and an increase in connecting service. The increase in airline service to Latin America was largely the result of United beginning service to Buenos Aires and Sao Paulo from Dulles in 2002 (Buenos Aires service ended in 2012) as well as the addition of service by Copa Airlines (Panama City, 2007), Avianca (Bogota, 2008), and AeroMexico (Mexico City, 2012). The doubling of capacity to Asia between 2000 and 2007 was primarily the result of United's introduction of nonstop service from Dulles to Tokyo (2006) and Beijing (2007). The increase in capacity to the Middle East and Africa between 2007 and 2014 is the result of service increases by United as well as Emirates Airline, Ethiopian Airlines, Etihad Airways, Qatar Airways, Saudi Arabian Airlines, and Turkish Airlines. The decrease in seat capacity to European destinations between 2007 and 2014 is largely the result of service reductions by United.

Table 28
INTERNATIONAL AIRLINE SERVICE
Dulles International Airport
June of years noted

	Number of airports served			Number of airlines			Average daily departing seats		
	2000	2007	2014	2000	2007	2014	2000	2007	2014
By airline flag									
U.S.	8	24	31	2	3	1	3,551	5,932	5,796
Foreign	19	18	26	15	16	24	4,714	5,809	7,592
By destination world area									
Europe	11	13	16	11	12	11	6,632	7,805	6,928
Middle East and Africa	1	3	9	1	3	8	60	507	2,509
Latin America and Caribbean *(a)*	4	10	14	3	3	4	390	1,239	1,838
Asia	2	3	3	2	3	4	580	1,236	1,182
Canada	5	5	5	1	2	2	603	954	932
By aircraft type									
Large jet	19	29	42	17	18	24	7,755	10,884	12,541
Regional jet	4	5	4	1	2	1	510	857	625
Turboprop	--	--	2	--	--	2	--	--	222
Total all destinations	23	34	47	17	19	25	8,265	11,741	13,888

(a) Includes Mexico, Central America, South America, and the Caribbean.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed May 2014.

Figure 10 shows the international destinations with daily nonstop (or direct, single-plane) service from Dulles as scheduled for June 2014. United and 24 foreign-flag airlines operate such service to 50 destinations on five continents.

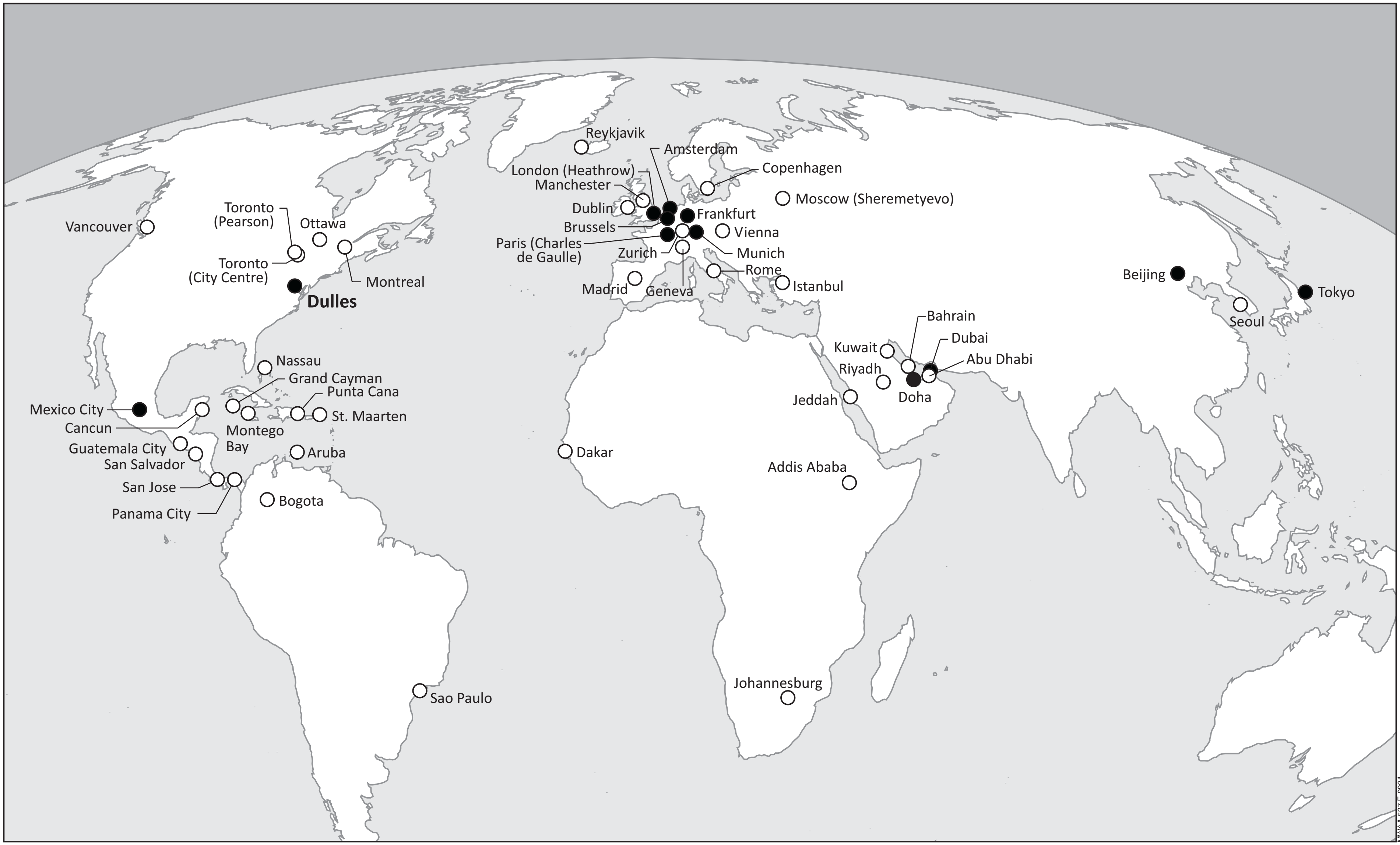
Table 29 shows the historical international seat capacity provided by United at Dulles through 2013 and an estimate of seat capacity for 2014 based on advance schedule filings. Between 2010 and 2014, United will have reduced international capacity by 24%, mostly to European destinations. Between 2010 and 2014 (as scheduled for June), United reduced its transatlantic seat capacity from Dulles by 26%, with the reduction all attributable to the use of smaller-capacity aircraft, rather than reduced numbers of departures. Over the same period, United also reduced transatlantic seat capacity from Newark, by 14%.

Table 29
HISTORICAL INTERNATIONAL SERVICE BY UNITED
Dulles International Airport

	Average daily scheduled departing seats			Distribution	
	United	United Express	Total	United	United Express
1990	322	--	322	100.0%	0.0%
2000	3,138	--	3,138	100.0	0.0
2005	3,685	371	4,056	91.1	8.9
2006	4,158	456	4,614	90.1	9.9
2007	5,277	564	5,841	90.3	9.7
2008	5,752	722	6,474	88.8	11.2
2009	6,183	662	6,844	90.3	9.7
2010	6,240	686	6,926	90.1	9.9
2011	5,971	617	6,589	90.6	9.4
2012	4,974	665	5,639	88.2	11.8
2013	4,724	664	5,387	87.7	12.3
2014	4,645	622	5,267	88.2	11.8

Notes: 2014 seats are estimated based on advance schedule filings.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.



LEGEND

○ Destinations with nonstop (or direct single-plane) service by one airline

● Destinations with service by two or more airlines

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.

Figure 10

INTERNATIONAL CITIES WITH SCHEDULED NONSTOP PASSENGER AIRLINE SERVICE

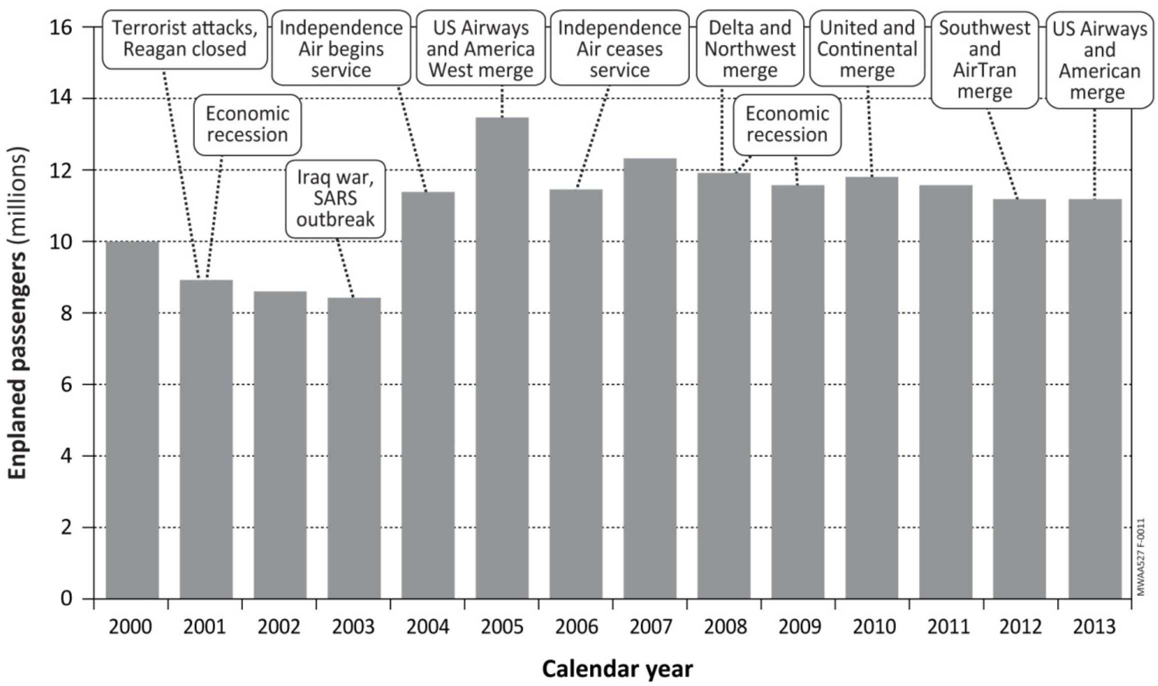
Dulles International Airport

June 2014

Enplaned Passengers

Figure 11 shows historical enplaned passenger numbers at Dulles International Airport.

Figure 11
HISTORICAL ENPLANED PASSENGERS IN RELATION TO EXTERNAL EVENTS
Dulles International Airport



Source for passenger data: Metropolitan Washington Airports Authority.

Table 30 shows historical enplaned passenger numbers at Dulles by originating and connecting components.

Numbers of passengers at Dulles fluctuated between 2000 and 2007, particularly during 2004-2006 period of operation of the Independence Air hub. Between 2007 and 2013, the number of enplaned passengers decreased an average of 2.0% per year, with the decrease attributable to decreases in both originating passengers (-2.9% per year average) and connecting passengers (-0.6% per year average). Increased numbers of international passengers (+2.7% per year average) were more than offset by decreased numbers of domestic passengers (-3.8% per year average). Over the entire 13-year period between 2000 and 2013, the number of connecting passengers increased an average of 3.0% per year, while the number of originating passengers decreased an average of 0.6% per year.

Table 30

HISTORICAL ENPLANED PASSENGERS BY COMPONENT

Dulles International Airport

(enplaned passengers in thousands)

	Originating passengers				Connecting passengers			
	Scheduled		Domestic charter and					Total enplaned
Year	Domestic	International *(a)*	nonrevenue *(b)*	Total	Domestic-to-domestic	Gateway *(c)*	Total	passengers
2000	4,689	1,673	686	7,048	1,592	1,331	2,924	9,972
2001	3,970	1,669	662	6,302	1,463	1,156	2,618	8,920
2002	3,859	1,691	530	6,080	1,169	1,266	2,435	8,515
2003	4,064	1,661	190	5,915	1,288	1,164	2,452	8,366
2004	5,899	1,908	198	8,005	1,912	1,408	3,320	11,324
2005	6,572	2,007	98	8,678	3,177	1,542	4,719	13,396
2006	5,095	2,034	155	7,284	2,308	1,800	4,108	11,392
2007	5,331	2,236	247	7,813	2,399	2,062	4,460	12,274
2008	4,862	2,318	129	7,309	2,364	2,185	4,549	11,858
2009	4,526	2,274	91	6,891	2,425	2,230	4,656	11,547
2010	4,467	2,339	163	6,969	2,460	2,312	4,773	11,742
2011	4,250	2,422	151	6,823	2,401	2,293	4,694	11,518
2012	3,912	2,497	175	6,584	2,372	2,217	4,589	11,173
2013	3,770	2,637	149	6,556	2,108	2,197	4,305	10,861
	Average annual percent increase (decrease)							
2000-2013	(1.7%)	3.6%	(11.1%)	(0.6%)	2.2%	3.9%	3.0%	0.7%

This preliminary draft report is subject to change and is intended for discussion purposes only. It is not to be made available to parties other than those to whom it has been issued directly and should not be relied upon for securing financing or making investment decisions.

(4/30/14)

Table 30 *(page 2 of 2)*

HISTORICAL ENPLANED PASSENGERS BY COMPONENT

Dulles International Airport

(enplaned passengers in thousands)

	Originating passengers				Connecting passengers			
	Scheduled							
Year	Domestic	International *(a)*	Domestic charter and nonrevenue *(b)*	Total	Domestic-to-domestic	Gateway *(c)*	Total	Total enplaned passengers
	Annual percent increase (decrease)							
2000-2001	(15.3%)	(0.2%)	n.c.	(10.6%)	(8.1%)	(13.2%)	(10.4%)	(10.5%)
2001-2002	(2.8)	1.3	n.c.	(3.5)	(20.1)	9.5	(7.0)	(4.5)
2002-2003	5.3	(1.8)	n.c.	(2.7)	10.1	(8.1)	0.7	(1.7)
2003-2004	45.1	14.9	n.c.	35.3	48.5	20.9	35.4	35.4
2004-2005	11.4	5.2	n.c.	8.4	66.2	9.5	42.1	18.3
2005-2006	(22.5)	1.3	n.c.	(16.1)	(27.3)	16.7	(12.9)	(15.0)
2006-2007	4.6	9.9	n.c.	7.3	3.9	14.5	8.6	7.7
2007-2008	(8.8)	3.7	n.c.	(6.5)	(1.4)	6.0	2.0	(3.4)
2008-2009	(6.9)	(1.9)	n.c.	(5.7)	2.6	2.1	2.3	(2.6)
2009-2010	(1.3)	2.9	n.c.	1.1	1.5	3.7	2.5	1.7
2010-2011	(4.9)	3.5	(7.1)	(2.1)	(2.4)	(0.8)	(1.6)	(1.9)
2011-2012	(8.0)	3.1	14.9	(3.5)	(1.2)	(3.3)	(2.2)	(3.0)
2012-2013	(3.6)	5.6	(14.4)	(0.4)	(11.1)	(0.9)	(6.2)	(2.8)
				Share of Airport total				
2000				70.7%			29.3%	100.0%
2007				63.7			36.3	100.0
2013				60.4			39.6	100.0

n.c. = not calculated.

Notes: Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Includes originating passengers who boarded domestic flights at Dulles bound for international destinations via other gateway airports, passengers on international charter flights, and international nonrevenue passengers.

(b) Includes passengers on domestic nonscheduled (charter) flights and domestic nonrevenue passengers.

(c) Gateway connections are passengers connecting from domestic flights to international flights, and vice versa.

Sources: Metropolitan Washington Airports Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

The Airports Authority's 2010 passenger survey (the most recent available) indicated that 44% of Dulles originating passengers were traveling for business and 55.9% were traveling for leisure.

As shown in Table 31, in 2013, United accounted for 67.2% of enplaned passengers and 89.6% of connecting passengers. Connecting passengers accounted for 53.1% of the airline's enplaned passengers.

Table 31
ENPLANED PASSENGERS BY AIRLINE GROUP
Dulles International Airport
(12 months ended September 30, 2013)

	Average daily enplaned passengers			Distribution by airline		
	United Airlines	All other airlines	Total	United Airlines	All other airlines	Total
By sector						
Domestic	15,634	4,773	20,408	78.1%	48.8%	68.5%
International	4,380	5,015	9,395	21.9	51.2	31.5
By type of passenger						
Originating – resident *(a)*	5,612	5,517	11,129	28.0%	56.4%	37.3%
Originating – visitor *(b)*	3,769	3,039	6,808	18.8	31.0	22.8
Originating subtotal	9,381	8,556	17,937	46.9%	87.4%	60.2%
Connecting	10,633	1,233	11,865	53.1	12.6	39.8
Total passengers	20,014	9,789	29,803	100.0%	100.0%	100.0%
Share of total						
Originating	52.3%	47.7%	100.0%			
Connecting	89.6	10.4	100.0			
Total passengers	67.2	32.8	100.0			

Note: Rows and columns may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Originating-resident passengers are defined as those passengers whose flight itineraries began at Dulles.

(b) Originating-visitor passengers are defined as those passengers whose flight itineraries began at airports other than Dulles.

Sources: Metropolitan Washington Airports Authority records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Domestic Airfares

Table 32 presents data on domestic originating passengers and average airfares for the top 20 domestic originating passenger markets from Dulles. West Coast cities rank higher at Dulles than at Reagan (as shown in the earlier Table 22) because of the Perimeter Rule's effect of restricting long-haul flights from Reagan. For Dulles's top 20 domestic markets taken together, between 2000 and 2007, average airfares decreased 17.1% while passenger numbers increased 14.0%; between 2007 and 2013, average airfares increased 26.2% while passenger numbers decreased 25.1%.

The influence of airfares on passenger numbers is apparent in particular markets, such as Los Angeles and San Francisco, where airfares have decreased, largely as a result of LCC competition, and passenger numbers have increased. As noted in the earlier discussion of Table 22, the reported airfare data presented in Table 32 do not include ancillary charges such as those for checked baggage and preferred seating.

Airline Shares of Domestic Enplaned Passengers

As shown in Table 33, United and United Express together enplaned 76.8% of domestic passengers at Dulles in 2013.

LCCs increased their share of domestic enplaned passengers at Dulles from 2.9% in 2000 to 15.1% in 2007, an increase attributable to the start of service by JetBlue in 2001, Southwest in 2006, and Virgin America in 2007. By 2013, the LCCs' share of domestic enplaned passengers had decreased to 9.6%, as Southwest and JetBlue reduced service at Dulles and increased service at Reagan and BWI.

Airline Shares of International Enplaned Passengers

Between 2000 and 2013, the number of international enplaned passengers at Dulles increased an average of 4.0% per year, compared with a decrease of 0.5% for domestic enplaned passengers. Passengers enplaning on international flights accounted for 31.9% of all enplaned passengers at the airport in 2013.

As shown in Table 34, United and United Express together accounted for 45.9% of international enplaned passengers at Dulles in 2013, down from 50.5% in 2007. Foreign-flag airlines accounted for virtually all of the remaining 54.1% in 2013. Among foreign-flag airlines, those from Europe accounted for approximately 27%, those from Africa, and the Middle East for 15%, followed by airlines from the Caribbean and Latin America (7%), Asia (4%), and Canada (1%).

Dulles is one of two main international gateway airports on the East Coast for United and other members of the Star Alliance; the other is Newark Liberty. The Star Alliance has 27 member airlines, 11 of which serve Dulles. Dulles serves as a connecting gateway for Star Alliance flights to and from Europe (operated by United, Austrian Airlines, Brussels Airlines, Lufthansa, and SAS); Canada (United); Asia (United and ANA); Latin America (United, Avianca, and Copa Airlines); and the Middle East and Africa (United, Ethiopian Airlines, South African Airways, and Turkish Airlines).

Table 32

PASSENGERS AND AIRFARES IN TOP 20 DOMESTIC ORIGINATING CITY MARKETS

Dulles International Airport

		Average daily domestic enplaned originating passengers						Average one-way fare *(a)*				
					As percent of total	Percent increase (decrease)					Percent increase (decrease)	
2013 Rank	City market	2000	2007	2013 *(b)*	2013	2000-2007	2007-2013	2000	2007	2013 *(b)*	2000-2007	2007-2013
1	Los Angeles *(c)*	908	1,455	1,320	12.7%	60.2%	(9.3%)	$315.56	$226.27	$247.94	(28.3%)	9.6%
2	San Francisco *(d)*	801	1,237	1,281	12.3	54.3	3.6	465.98	276.11	270.07	(40.7)	(2.2)
3	Chicago *(e)*	484	709	589	5.7	46.2	(16.9)	165.72	113.58	147.99	(31.5)	30.3
4	Denver	532	504	474	4.5	(5.2)	(6.1)	282.69	225.59	243.92	(20.2)	8.1
5	Boston	789	709	391	3.8	(10.0)	(44.8)	113.30	105.13	121.09	(7.2)	15.2
6	Atlanta	1,177	599	345	3.3	(49.1)	(42.5)	119.41	136.27	160.24	14.1	17.6
7	New York *(f)*	644	485	320	3.1	(24.7)	(34.1)	109.95	99.82	130.20	(9.2)	30.4
8	Orlando	784	831	305	2.9	5.9	(63.3)	103.55	99.16	147.50	(4.2)	48.7
9	Dallas/Fort Worth *(g)*	477	355	296	2.8	(25.6)	(16.7)	246.64	188.66	248.80	(23.5)	31.9
10	San Diego	215	430	264	2.5	99.8	(38.7)	365.87	232.74	337.42	(36.4)	45.0
11	Seattle	226	257	263	2.5	13.8	2.4	383.57	288.73	291.25	(24.7)	0.9
12	Las Vegas	113	553	237	2.3	390.9	(57.1)	274.47	155.19	268.72	(43.5)	73.2
13	Tampa	292	387	202	1.9	32.7	(47.8)	114.29	105.37	143.29	(7.8)	36.0
14	Houston *(h)*	135	168	172	1.6	23.7	2.5	243.80	188.85	257.44	(22.5)	36.3
15	Honolulu	90	103	156	1.5	14.7	51.2	334.15	400.05	426.14	19.7	6.5
16	Miami	265	146	149	1.4	(45.0)	2.2	124.40	126.66	143.43	1.8	13.2
17	Minneapolis-St. Paul	324	330	141	1.4	2.0	(57.2)	158.17	127.07	220.00	(19.7)	73.1
18	St. Louis	89	184	134	1.3	106.3	(27.0)	219.31	137.60	173.77	(37.3)	26.3
19	Portland, OR	82	122	123	1.2	49.8	0.7	319.45	244.10	260.57	(23.6)	6.7
20	Phoenix	101	159	121	1.2	58.2	(24.3)	313.73	215.51	259.07	(31.3)	20.2
	Average—top 20 markets	8,529	9,724	7,282	69.9%	14.0%	(25.1%)	$216.27	$179.23	$226.15	(17.1%)	26.2%
	All other markets	4,282	4,880	3,133	30.1	14.0	(35.8)	169.05	166.87	221.73	(1.3)	32.9
	Average—all markets	12,811	14,604	10,415	100.0%	14.0%	(28.7%)	$200.49	$175.10	$224.82	(12.7%)	28.4%

Notes: Columns may not add to totals shown because of rounding. Percentages shown were calculated using unrounded numbers.

(a) Average one-way fares shown are net of taxes, fees, PFCs, and many ancillary fees charged by the airlines.

(b) Data are for the 12 months ended September 30, 2013, the most recent available.

(c) Market includes Los Angeles, Burbank, Long Beach, Ontario, and Orange County airports.

(d) Market includes San Francisco, Oakland, and San Jose airports.

(e) Market includes O'Hare and Midway airports.

(f) Market includes Kennedy, LaGuardia, and Newark airports.

(g) Market includes Dallas/Fort Worth Airport and Love Field.

(h) Market includes Bush and Hobby airports.

Source: U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.

Table 33
AIRLINE SHARES OF DOMESTIC ENPLANED PASSENGERS
Dulles International Airport

Airline	Average daily enplaned passengers			Airline share of total		
	2000	2007	2013	2000	2007	2013
United	14,141	17,757	15,572	65.6%	69.6%	76.8%
US Airways-American	4,046	1,993	1,449	18.8	7.8	7.2
American	*1,494*	*1,390*	*978*			
US Airways	*2,552*	*603*	*471*			
Delta	2,551	1,882	1,276	11.8	7.4	6.3
Southwest/AirTran	533	1,570	794	2.5	6.2	3.9
Southwest	--	*1,011*	*794*			
AirTran	*533*	*559*	--			
JetBlue	--	2,129	617	--	8.3	3.0
Virgin America	--	75	524	--	0.3	2.6
All other	185	111	34	1.3	0.4	0.2
Total	21,553	25,516	20,265	100.0%	100.0%	100.0%
By type of airline						
Legacy airline	15,329	12,967	10,195	71.1%	50.8%	50.3%
Affiliated regional airline	5,411	8,664	8,104	25.1	34.0	40.0
Low-cost carrier	630	3,863	1,946	2.9	15.1	9.6
Other airlines	182	22	20	0.8	0.1	0.1

Notes: "0.0" represents a percentage less than 0.05%.
Columns may not add to totals shown because of rounding.
Percentages were calculated using unrounded numbers.

Source: Metropolitan Washington Airports Authority records.

Table 34

AIRLINE SHARES OF INTERNATIONAL ENPLANED PASSENGERS

Dulles International Airport

Airline	Average daily enplaned passengers 2000	2007	2013	Airline share of total 2000	2007	2013
United *(a)*	2,323	4,095	4,353	40.8%	50.5%	45.9%
Lufthansa *(a)*	455	558	556	8.0	6.9	5.9
British Airways	526	475	512	9.2	5.9	5.4
Air France	340	528	471	6.0	6.5	5.0
Avianca *(a)*	117	324	386	2.0	4.0	4.1
Qatar Airways	--	71	249	--	0.9	2.6
Emirates	--	--	242	--	--	2.6
KLM	--	227	236	--	2.8	2.5
Turkish *(a)*	--	--	225	--	--	2.4
Ethiopian *(a)*	23	115	224	0.4	1.4	2.4
Korean Air	137	175	212	2.4	2.2	2.2
South African *(a)*	--	240	204	--	3.0	2.1
Virgin Atlantic	314	286	191	5.5	3.5	2.0
SAS *(a)*	--	182	187	--	2.2	2.0
COPA *(a)*	--	35	181	--	0.4	1.9
Austrian *(a)*	130	219	177	2.3	2.7	1.9
All Nippon *(a)*	212	180	171	3.7	2.2	1.8
All other	1,115	401	714	19.6	4.9	7.5
Total	5,692	8,111	9,490	100.0%	100.0%	100.0%
By alliance						
Star Alliance	3,742	6,132	6,716	65.7%	75.6%	70.8%
SkyTeam Alliance	766	1,009	1,228	13.5	12.4	12.9
Oneworld Alliance	526	622	761	9.2	7.7	8.0
Unaligned airlines	657	348	786	11.6	4.3	8.3

Notes: Columns may not add to totals shown because of rounding.
Percentages were calculated using unrounded numbers.
In 2013, "All other" included Saudi Arabian, Etihad, Icelandair, Porter, Aeromexico, Aeroflot, Brussels, North American, Delta, Cayman, and various charter airlines.

(a) Member of Star Alliance.

Source: Metropolitan Washington Airports Authority records.

International Passengers by World Region

Passengers to Europe accounted for 53% of international enplaned passengers at Dulles in 2013, a decrease from 88% of international passengers in 2000. Over the 13 years, passenger numbers to Europe increased at an average rate of 0.1% per year, while the number of passengers bound for other world areas increased (from a small base) at an average of 15.6% per year. Table 35 presents trends in the number of passengers enplaned on international flights at Dulles to the five major world regions.

Table 35
INTERNATIONAL ENPLANED PASSENGERS BY WORLD REGION
Dulles International Airport

Year	Europe	Middle East and Africa	Latin America and Caribbean *(a)*	Asia	Canada	Total all destinations
	Average daily enplaned passengers					
2000	4,699	8	276	322	47	5,352
2005	4,803	36	893	333	461	6,527
2006	4,875	182	1,076	365	553	7,051
2007	5,085	402	1,041	724	628	7,880
2008	4,984	831	1,074	710	584	8,183
2009	4,959	944	1,039	708	538	8,188
2010	4,797	1,179	1,095	761	559	8,391
2011	4,947	1,439	1,071	741	464	8,662
2012	4,949	1,491	1,048	802	555	8,846
2013*(b)*	4,789	1,741	1,187	776	617	9,110
	Average annual percent increase (decrease)					
2000-2007	1.1%	75.9%	20.9%	12.2%	44.6%	5.7%
2007-2013	(1.0)	27.6	2.2	1.2	(0.3)	2.4
2000-2013	0.1	51.7	11.9	7.0	21.8	4.2

Notes: Rows may not add to totals shown because of rounding.
Percentages were calculated using unrounded numbers.
Enplaned passengers are originating and connecting passengers on scheduled and nonscheduled international flights. Excluded are passengers who board domestic flights to U.S. gateway airports where they connect to international flights.

(a) Mexico, Central America, South America, and the Caribbean.
(b) Data are for the 12 months ended September 30, 2013, the most recent available

Source: U.S. DOT, Schedule T100.

Cargo

Dulles International Airport is an important cargo airport, ranking 12th among U.S. airports in terms of international cargo weight for the 12 months ended August 31, 2013, according to data filed by the airlines with the U.S. DOT.

As shown in Table 36, between 2000 and 2013, domestic cargo weight at Dulles decreased 61%, while international cargo weight (virtually all carried by the passenger airlines) increased 13%, for a combined decrease of 34%. In 2013, 90% of the cargo weight carried by the passenger airlines was international cargo, up from 54% in 2000. Much of the decrease in cargo weight is the result of post-September 2001 security restrictions on the carriage of freight and mail on passenger aircraft.

Cargo activity at Dulles is dominated by United and FedEx, which together handled 52% of the cargo weight at in 2013. Third-ranking Lufthansa accounted for 6%.

Aircraft Operations

The number of commercial operations (landings and takeoffs by passenger and all-cargo aircraft) at Dulles decreased an average of 2.9% per year between 2000 and 2013, compared with an average increase of 0.7% per year in the number of enplaned passengers over the same period.

Between 2000 and 2013, the average number of seats per aircraft departure at Dulles increased from 85 to 103, while the average enplaned passenger load factor increased from 62% to 81%.

The number of all-cargo aircraft operations at Dulles in 2013 was less than half the number in 2000. The average landed weight per aircraft for all-cargo aircraft operating at Dulles increased 27% over the same period, with the net result that all-cargo aircraft landed weight in 2013 was 38% lower than in 2000.

Table 36

HISTORICAL AIR CARGO WEIGHT

Dulles International Airport

(millions of pounds)

	Domestic			International			Total		
Year	Passenger	All-cargo	Total	Passenger	All-cargo	Total	Passenger	All-cargo	Total
2000	262.5	268.8	531.3	310.6	--	310.6	573.1	268.8	842.0
2001	199.2	251.9	451.1	272.4	0.1	272.5	471.6	252.0	723.6
2002	166.3	247.3	413.7	299.0	--	299.0	465.3	247.3	712.7
2003	143.1	210.9	354.0	271.3	0.2	271.5	414.4	211.1	625.5
2004	124.2	238.5	362.7	316.2	0.2	316.3	440.3	238.7	679.0
2005	103.7	238.2	341.8	319.3	0.5	319.7	422.9	238.6	661.6
2006	110.3	229.0	339.3	431.6	0.4	432.0	541.9	229.4	771.3
2007	116.0	237.6	353.6	433.7	0.6	434.3	549.8	238.1	787.9
2008	103.6	208.3	311.9	420.0	0.1	420.2	523.6	208.4	732.0
2009	94.2	176.7	270.9	372.5	0.3	372.8	466.8	177.0	643.7
2010	114.4	175.0	289.4	441.1	0.1	441.2	555.6	175.0	730.6
2011	86.3	175.8	262.1	403.0	0.8	403.8	489.3	176.6	665.9
2012	67.2	177.8	245.1	342.7	1.3	344.0	409.9	179.1	589.0
2013	39.7	166.5	206.2	348.7	1.7	350.4	388.4	168.2	556.6
	Average annual percent change								
2000-2007	(11.0%)	(1.7%)	(5.7%)	4.9%	n.a.	4.9%	(0.6%)	(1.7%)	(0.9%)
2007-2013	(16.4)	(5.8)	(8.6)	(3.6)	20.3	(3.5)	(5.6)	(5.6)	(5.6)
2000-2013	(13.5)	(3.6)	(7.0)	0.9	n.a.	0.9	(2.9)	(3.5)	(3.1)
	Annual percent change								
2012-2013	(41.0%)	(6.4%)	(15.9%)	1.8%	31.5%	1.9%	(5.2%)	(6.1%)	(5.5%)
	Share of airport total								
2000	31.2%	31.9%	63.1%	36.9%	--	36.9%	68.1%	31.9%	100.0%
2007	14.7	30.2	44.9	55.0	0.1	55.1	69.8	30.2	100.0
2013	7.1	29.9	37.0	62.6	0.3	63.0	69.8	30.2	100.0

n.a. = not applicable.

Notes: Sum of enplaned and deplaned freight and mail. Excludes air cargo carried on military and general aviation flights. Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

Source: Metropolitan Washington Airports Authority records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

In addition to the population and economy of the Airports service region, as discussed earlier, key factors that will affect future airline traffic at the Airports include:

- Economic and political conditions
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system
- Capacity of the Airports

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 1990-1991, 2001, and 2008-2009 and associated high unemployment reduced discretionary income and contributed to reduced airline travel demand in those years.

With the globalization of business and the increased importance of international trade and tourism, the state of the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities all influence passenger traffic at major U.S. airports. Sustained future increases in passenger traffic at the Airports will depend on stable international conditions as well as national and global economic growth.

Financial Health of the Airline Industry

The number of passengers using the Airports will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly United and US Airways-American, to make the necessary investments to provide service.

The 1990-1991 recession, coupled with increased operating costs and security concerns during the Gulf War, generated then-record financial losses in the airline industry. Those losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations. Eastern Air Lines and Pan American World Airways ceased operations in 1991.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry again experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately $61 billion.

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreements with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. US Airways twice filed for bankruptcy protection, in August 2002 and September 2004, and emerged in September 2005 following its merger with America West Airlines. United Airlines filed for bankruptcy protection in December 2002 and emerged in February 2006. American avoided filing for bankruptcy protection in 2003 only after obtaining labor cost concessions from its employees. Independence Air filed for bankruptcy protection in November 2005 and ended operations in January 2006. Northwest filed for bankruptcy protection in September 2005, emerged in May 2007, and subsequently merged with Delta.

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, recording net income of approximately $23 billion, but beginning in mid-2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. In 2008 and 2009, the U.S. passenger airline industry recorded net losses of approximately $27 billion. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes and hubs, laying off employees, reducing employee compensation, reducing other nonfuel expenses, increasing airfares, and imposing ancillary fees and charges. Between 2007 and 2009, the U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10%.

In 2010 through 2013, the U.S. passenger airline industry as a whole recorded net income of approximately $8 billion, in spite of sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. Over the four years 2009 to 2013, the airlines collectively increased domestic seat-mile capacity by an average of just 1.0% per year.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares, and stable fuel prices. Consolidation of the airline industry has resulted in four airlines (American, Delta, Southwest, and United) now accounting for approximately 90% of domestic capacity. Such consolidation is expected by airline industry analysts to contribute to industry profitability. However, any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines would drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide.

Airline Service and Routes

The Airports serve as gateways to the Airports service region and as connecting hubs. The number of origin and destination passengers at the Airports depends on the intrinsic attractiveness of the Airports service region as a business and leisure destination, the propensity of its residents to travel, and the airline fares and service provided at the Airports and at other airports. The number of connecting passengers, on the other hand, depends entirely on the airline service provided.

The large airlines have developed hub-and-spoke systems that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been or is being drastically reduced at many former connecting hub airports, including those serving St. Louis (American 2003-2005), Dallas-Fort Worth (Delta 2005), Pittsburgh (US Airways 2006-2008), Las Vegas (US Airways 2007-2010), Cincinnati (Delta 2009-2011), Memphis (Delta 2011-2013), and Cleveland (United 2014).

As discussed in earlier sections, Dulles International Airport serves as a primary connecting hub and international gateway for United Airlines, while Reagan National Airport serves as a secondary connecting airport for US Airways-American. As a result, much of the connecting passenger traffic at the Airports results from the route networks and flight schedules of United and, to a lesser extent, US Airways-American, rather than the economy of the Airports service region. If United were to reduce connecting service at Dulles, such service would not necessarily be replaced by other airlines, although reductions in service by any airline would create business opportunities for others. Given the slot constraints at Reagan, any reduction in seat capacity devoted by US Airways-American to connecting passengers would likely be offset to some extent by increased use of such capacity for originating passengers. The potential effects on passenger traffic of a reduction in connecting airline service at the Airports are discussed in the later section "Stress Test Forecasts."

Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airports, will depend, in part, on the level of airfares.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for U.S. airlines decreased from 16.1 cents to 13.8 cents per passenger-mile. In 2006 through 2008, as airlines reduced capacity and were able to sustain fare increases, the average domestic yield increased to 15.9 cents per passenger-mile. In 2009, yields again decreased, but, beginning in 2010, as airline travel demand increased and seat capacity was restricted, yields increased to 17.5 cents per passenger-mile in 2013. Beginning in 2006, ancillary charges have been introduced by most airlines for services such as checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes, thereby increasing the effective price of airline travel more than these yield figures indicate.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American completed an acquisition of failing Trans World Airlines. In September 2005, US Airways and America West Airlines merged. In October 2009, Republic Airways Holdings completed purchases of Frontier and Midwest airlines. In December 2009, Delta and Northwest completed their merger. In October 2010, United and Continental airlines completed their merger and have now integrated most operations. In May 2011, Southwest completed its acquisition of AirTran, and expects to integrate operations in 2014.

In December 2013, American and US Airways completed their merger to create the world's largest airline as measured by seat-mile capacity. Management of the merged airline has stated its intention to maintain all hubs in the combined system. As discussed in the earlier section, "Transfer of Slots Resulting from Department of Justice Settlement," as a condition of the approval of the merger, the airline is being required to divest landing and takeoff slots and gates at Reagan to permit increased service by competing airlines.

Alliances, joint ventures, and other business arrangements provide airlines with many of the advantages of mergers; all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on designated routes.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the growing economies of China, India, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Fuel prices fell sharply in the second half of 2008 as demand declined worldwide, but increased in 2010 and 2011 as global demand increased. In 2011 and 2012, political instability and conflicts in North Africa and the Middle East contributed to volatility in fuel prices. Average fuel prices decreased overall between 2011 and 2013, partly as a result of increased supply from U.S. domestic production. At the end of 2013, average aviation fuel prices were approximately 2.5 times the prices prevailing in 2003.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies.

Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Aviation Safety and Security Concerns

Concerns about the safety of air travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the September 2001 attacks 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 changing threats 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 Transportation Security Administration (TSA), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies.

Public health and safety concerns have also affected airline 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. In April 2010, airspace and airports in much of Europe were closed for several days because of the threat to flight safety related to the ash cloud from the eruption of a volcano in Iceland. In March 2011, airline travel to and from Japan decreased following a destructive earthquake and tsunami.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health and safety concerns, and international hostilities. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airports will depend primarily on economic, not safety or security, factors.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased as a result of reduced numbers of aircraft operations, but, as airline travel increases in the future, flight delays and restrictions may be expected.

Capacity of the Airports

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airports will depend on the provision of capacity to accommodate aircraft flights and passengers. At Reagan National Airport, flights and passenger numbers will be constrained by the availability of airport facilities and the restrictions imposed by the High Density Rule and the Perimeter Rule. At Dulles International Airport, existing terminal and airfield facilities have the capacity to accommodate growth in airline traffic well beyond the forecast period.

AIRLINE TRAFFIC FORECASTS

Forecasts of airline traffic at the Airports through 2018 were developed on the basis of the economic outlook for the Airports service region, trends in historical airline traffic, and key factors likely to affect future traffic, all as discussed earlier in this report. Forecasts for the Airports included in the FAA's *Terminal Area Forecast* (TAF), issued in February 2014, were also reviewed.

In developing the forecasts in this report, it was assumed that, over the long term, airline traffic at the Airports will increase as a function of growth in the economy of the Airports service region and continued airline service. It was assumed that airline service at the Airports will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airports, charges for the use of aviation facilities, or, except for the Perimeter and High Density Rules at Reagan National Airport, government policies or actions that restrict growth.

The traffic forecasts for both Airports were developed on the basis of the assumptions that:

1. The U.S. economy will experience slow growth during the remainder of 2014. Beginning in 2015 and through the forecast period, the U.S. economy will grow at a sustained rate of approximately 2.5% per year, a lower rate of GDP growth than projected by the Congressional Budget Office as described in the earlier section "Economic Outlook."

2. The economy of the region will grow at approximately the same rate as the U.S. economy as a whole.

3. The airlines serving the Airports will be financially viable and provide the seat capacity required to accommodate additional passenger demand.

4. Competition among airlines serving the major markets at each of the Airports will ensure the continued availability of competitive airfares.

5. A generally stable international political environment and enhanced passenger and baggage screening procedures will maintain airline traveler confidence in aviation security without imposing unreasonable inconvenience.

6. There will be no material disruption of airline service or passenger travel behavior as a result of international hostilities or terrorist acts or threats.

7. The respective roles of Reagan National Airport, Dulles International Airport, and Baltimore/Washington Airport in accommodating domestic and international airline service will be generally unchanged.

Forecast Passengers for Reagan

Year-to-date and advance schedule filings by the airlines indicate a 2.9% decrease in the number of departing seats at Reagan between the first half of 2013 and the first half of 2014 (compared with an estimated nationwide increase of 0.8%). On the basis of year-to-date passenger traffic reports, advance airline schedules, and the estimated effect of slot transfers (net increase in seat capacity mainly in the fourth quarter of 2014), the number of enplaned passengers at the airport is forecast to be 10.45 million for the entire 2014, up 2.5% from the number in 2013.

It was assumed that, by the end of 2014, landing and takeoff slots will be transferred from US Airways-American to Southwest, JetBlue, and Virgin America consistent with the provisions discussed in the earlier section "Slot Transfers Resulting from Department of Justice Settlement" and operated with flights using narrowbody aircraft with an average of approximately 130 seats. It was further assumed that the reduced service by US Airways-American will be flights previously operated by smaller aircraft with an average of approximately 55 seats.

As a result of the slot transfers and associated reassignment of gates, it is estimated that the share of passengers enplaned by US Airways-American in 2015 at Reagan will be approximately 49%, a reduction from a combined 59% in 2013. It is estimated that the combined share enplaned by the LCCs Frontier, JetBlue, Southwest, and Virgin America in 2015 will be approximately 24%, an increase from 14% in 2013.

In forecasting enplaned passengers at Reagan from 2015 through 2018, it was assumed that:

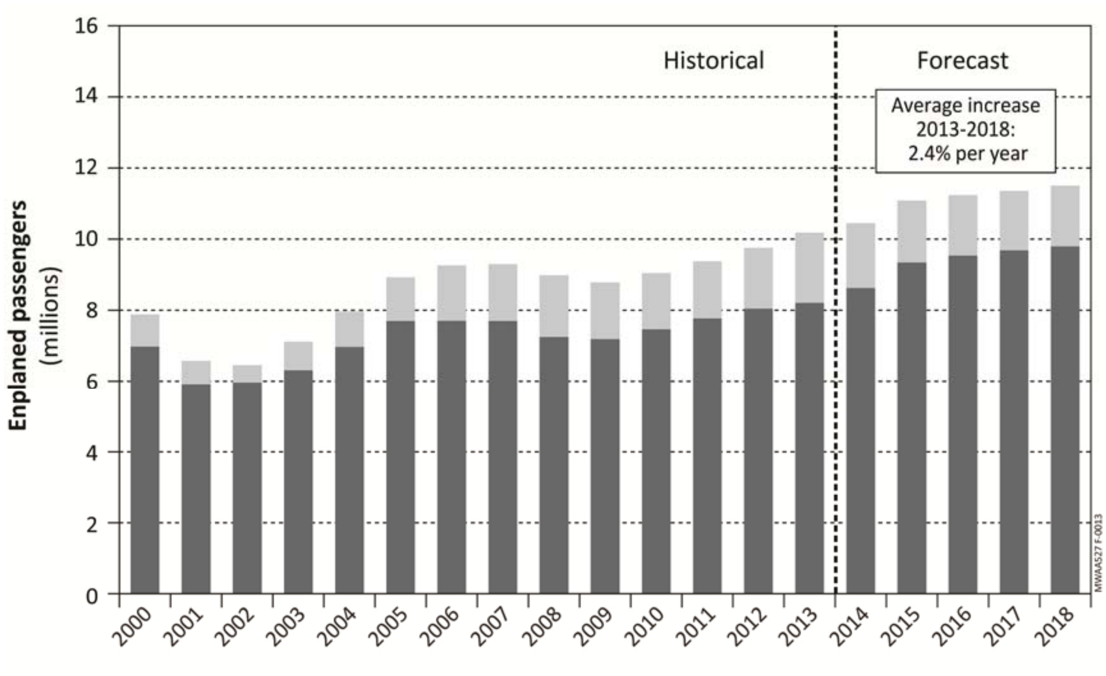
- The merged US Airways-American will continue to operate the airport as a secondary connecting point in its route network.
- Any future changes to the High Density and Perimeter rules will result in no material increase or decrease in the number of landing and takeoff slots or the average size of aircraft accommodated.
- Passenger load factors and aircraft seating capacity will increase only slightly.

Between 2014 and 2015, the number of enplaned passengers is forecast to increase 6.2%, mainly as a result of the slot transfers, then, between 2015 and 2018, increase at an average of 1.2% per year, essentially the same as the average rate for the airport forecast by the FAA in the TAF (1.0% per year).

The number of enplaned passengers at Reagan is forecast to be 11.50 million in 2018, an increase of 13% from 2013. Connecting passengers are forecast to account for a smaller share of enplaned passengers in 2018 (15%) than they did in 2013 (19%). Figure 12 presents the forecasts of enplaned passengers graphically. Table 37 presents historical and forecast enplaned passengers at the airport by originating and connecting components, and provides domestic and international subtotals.

Figure 12
HISTORICAL AND FORECAST ENPLANED PASSENGERS
Reagan National Airport

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.



Sources: Historical: Metropolitan Washington Airports Authority records.
Forecast: LeighFisher, March 2014.

Forecast Aircraft Operations and Landed Weight for Reagan

Table 38 shows forecasts of aircraft operations and landed weight at Reagan National Airport, which were derived from the passenger forecasts using assumed trends in average seat occupancy, aircraft seat capacity, and aircraft size.

Between 2013 and 2018, average aircraft seating capacity and passenger load factors at Reagan were assumed to increase, with the result that the number of aircraft operations is forecast to increase an average of 0.8% per year and landed weight is forecast to increase an average of 2.2% per year.

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Table 37

HISTORICAL AND FORECAST ENPLANED PASSENGERS

Reagan National Airport

(passengers in thousands)

The forecasts presented in this table were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Passengers enplaned on domestic flights					Passengers enplaned on international flights				
		Connecting from:								
Year	Originating (a)	Domestic flights	International flights	Connecting total	Total	Originating (b)	Connecting from domestic flights	Total	Total originating passengers	Total enplaned passengers
Historical										
2000	6,867	843	16	859	7,726	112	17	129	6,979	7,855
2005	7,547	1,150	40	1,190	8,737	138	35	173	7,684	8,909
2006	7,553	1,455	47	1,502	9,054	139	47	185	7,691	9,240
2007	7,565	1,548	32	1,580	9,146	123	26	149	7,688	9,294
2008	7,114	1,687	35	1,723	8,836	112	29	141	7,226	8,978
2009	7,063	1,542	28	1,571	8,634	109	24	133	7,173	8,767
2010	7,339	1,525	27	1,552	8,891	116	29	144	7,454	9,036
2011	7,657	1,548	32	1,580	9,237	98	28	126	7,755	9,363
2012	7,920	1,628	59	1,687	9,607	125	56	181	8,045	9,788
2013	8,096	1,830	68	1,898	9,994	133	71	204	8,229	10,198
Forecast										
2014	8,502	1,684	70	1,753	10,255	122	73	195	8,624	10,450
2015	9,229	1,599	71	1,671	10,900	125	75	200	9,355	11,100
2016	9,421	1,551	73	1,624	11,045	129	76	205	9,549	11,250
2017	9,547	1,544	75	1,618	11,165	132	78	210	9,679	11,375
2018	9,666	1,544	76	1,620	11,285	136	79	215	9,801	11,500

Table 37 *(page 2 of 2)*

HISTORICAL AND FORECAST ENPLANED PASSENGERS

Reagan National Airport

(passengers in thousands)

	Passengers enplaned on domestic flights					Passengers enplaned on international flights				
		Connecting from:								
Year	Originating *(a)*	Domestic flights	International flights	Connecting total	Total	Originating *(b)*	Connecting from domestic flights	Total	Total originating passengers	Total enplaned passengers
	Average annual percent increase (decrease)									
Historical										
2000-2013	1.3%	6.1%	11.6%	6.3%	2.0%	1.3%	11.6%	3.6%	1.3%	2.0%
Forecast										
2013-2014	5.0%	(8.0%)	3.0%	(7.6%)	2.6%	(8.4%)	3.0%	(4.4%)	4.8%	2.5%
2014-2015	8.6	(5.0)	2.4	(4.7)	6.3	2.6	2.5	2.6	8.5	6.2
2015-2016	2.1	(3.0)	2.2	(2.8)	1.3	2.6	2.3	2.5	2.1	1.4
2016-2017	1.3	(0.5)	2.1	(0.4)	1.1	2.7	2.0	2.4	1.4	1.1
2017-2018	1.2	--	2.0	0.1	1.1	2.6	2.1	2.4	1.3	1.1
2013-2018	3.6	(3.3)	2.3	(3.1)	2.5	0.3	2.4	1.1	3.6	2.4

Notes: Excludes passengers enplaned on general aviation and military flights. Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Category includes domestic originating passengers, international originating passengers that boarded domestic flights at Reagan National Airport bound for international destinations via other U.S. gateway airports, passengers on nonscheduled (charter) flights, and nonrevenue passengers.

(b) Category includes international originating passengers on scheduled flights, along with small numbers of passengers on charter flights, nonrevenue passengers, and international-to-international connections.

Sources: Historical: Metropolitan Washington Airports Authority records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.
Forecast: LeighFisher, March 2014.

Table 38

HISTORICAL AND FORECAST AIRCRAFT DEPARTURES AND LANDED WEIGHT

Reagan National Airport

(passengers in thousands)

The forecasts presented in this table were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

					Aircraft departures			Average landed weight per departure (pounds)		Total landed weight (millions of pounds)		
Year	Enplaned passengers	Load factor *(a)*	Departing seats	Average seats per departure	Passenger	All-cargo	Total	Passenger	All-cargo	Passenger	All-cargo	Total
Historical												
2000	7,855	59.1%	13,293	107.2	123,990	--	123,990	100,009	--	12,400	--	12,400
2005	8,909	68.1%	13,078	95.9	136,322	--	136,322	94,134	--	12,832	--	12,832
2006	9,240	70.4	13,124	96.3	136,312	--	136,312	95,342	--	12,996	--	12,996
2007	9,294	72.0	12,900	95.7	134,819	--	134,819	94,347	--	12,720	--	12,720
2008	8,978	69.9	12,853	94.9	135,468	85	135,553	93,520	198,000	12,669	17	12,686
2009	8,767	71.1	12,330	93.0	132,608	198	132,806	90,715	198,000	12,029	39	12,069
2010	9,036	72.6	12,438	94.0	132,390	199	132,589	91,065	198,000	12,056	39	12,095
2011	9,363	72.2	12,964	94.1	137,758	201	137,959	91,529	198,000	12,609	40	12,649
2012	9,788	75.2	13,010	93.0	139,886	198	140,084	91,306	198,000	12,772	39	12,812
2013	10,198	76.9	13,254	92.9	142,619	--	142,619	92,184	--	13,147	--	13,147
Forecast												
2014	10,450	77.1%	13,548	95.0	142,600	--	142,600	94,236	--	13,438	--	13,438
2015	11,100	76.8	14,454	99.0	146,000	--	146,000	98,203	--	14,338	--	14,338
2016	11,250	77.1	14,590	99.3	147,000	--	147,000	98,451	--	14,472	--	14,472
2017	11,375	77.3	14,709	99.5	147,800	--	147,800	98,699	--	14,588	--	14,588
2018	11,500	77.6	14,816	99.8	148,500	--	148,500	98,947	--	14,694	--	14,694

Table 38 *(page 2 of 2)*
HISTORICAL AND FORECAST AIRCRAFT DEPARTURES AND LANDED WEIGHT
Reagan National Airport
(passengers in thousands)

Year	Enplaned passengers	Load factor *(a)*	Departing seats	Average seats per departure	Aircraft departures: Passenger	Aircraft departures: All-cargo	Aircraft departures: Total	Average landed weight per departure (pounds): Passenger	Average landed weight per departure (pounds): All-cargo	Total landed weight (millions of pounds): Passenger	Total landed weight (millions of pounds): All-cargo	Total landed weight (millions of pounds): Total
	Average annual percent increase (decrease)											
Historical												
2000-2013	2.0%		(0.0)		1.1%	n.a.	1.1%	(0.0)	n.a.	0.5%	n.a.	0.5%
Forecast												
2013-2014	2.5%		2.2%		(0.0)	n.a.	(0.0)	2.2%	n.a.	2.2%	n.a.	2.2%
2014-2018	2.4		2.3		1.0	n.a.	1.0	1.2	n.a.	2.3	n.a.	2.3
2013-2018	2.4		2.3		0.8	n.a.	0.8	1.4	n.a.	2.2	n.a.	2.2

n.a. = not available.

Notes: Includes a small amount of landed weight on general aviation and military flights. Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Load factor calculation based on enplaned passengers (excluding “through” passengers).

Sources: Historical: Metropolitan Washington Airports Authority; U.S. DOT, Schedule T100; OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.
Forecast: LeighFisher, March 2014.

Forecast Passengers for Dulles

Year-to-date and advance schedule filings by the airlines indicate a 3.4% decrease in the number of departing seats at Dulles between the first half of 2013 and the first half of 2014 (compared with an estimated nationwide increase of 0.8%). The number of departing seats on United shows a 4.8% decrease.

On the basis of year-to-date passenger traffic reports and advance airline schedules, the number of enplaned passengers at Dulles for the entire year 2014 is forecast to be 10.55 million, down 2.8% from the number enplaned in 2013.

In forecasting enplaned passengers at Dulles between 2014 and 2018, it was assumed that:

- United will continue to operate a domestic hub and international gateway at the airport.

- The expansion of LCC service at Reagan resulting from the transfer of US Airways-American slots will result in a reduction in LCC service at Dulles.

- The role of Dulles as the primary provider of domestic long-haul and international airline service for the region served by the Airports and BWI will be unchanged.

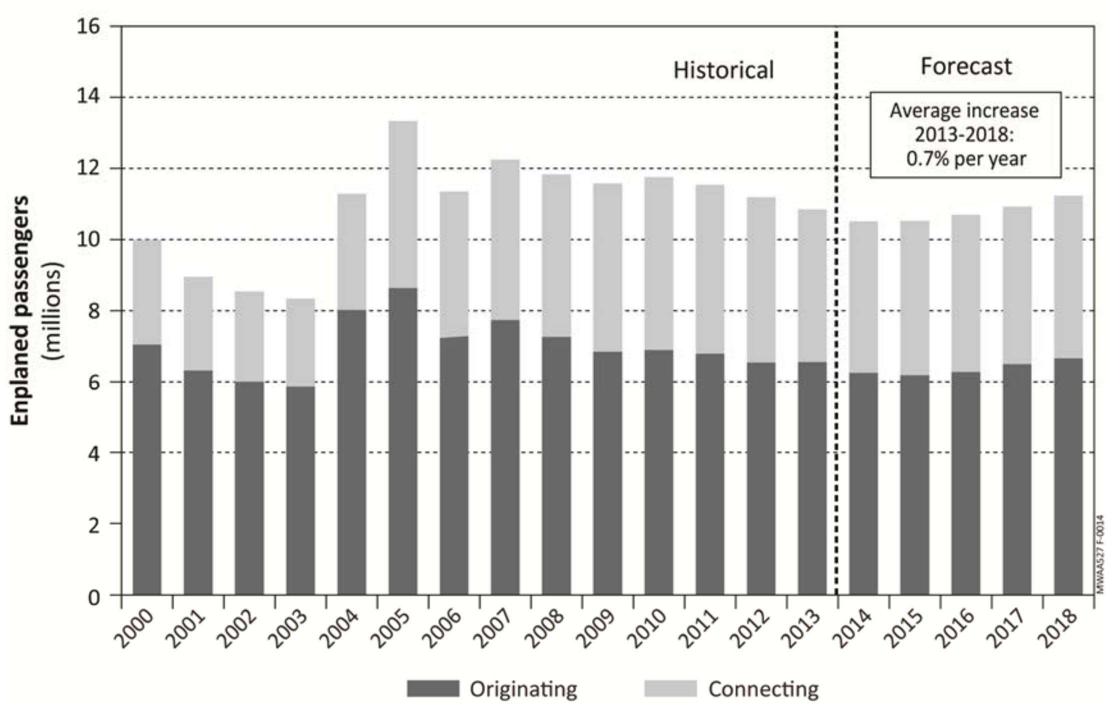
- No change will occur to the competitive position of the airport relative to competing U.S. airports as a gateway for international passengers.

In the long term it is expected that most of the increase in domestic passenger demand generated by economic growth in the Airports service region will be accommodated at Dulles. This increase in demand is expected partly because capacity constraints and operating restrictions at Reagan will limit future increases in passenger numbers at that airport and partly because much of the increase in the population of the region is forecast to occur in the outer Virginia suburbs for which Dulles is more easily accessible. Between 2016 and 2018, the number of enplaned passengers is forecast to increase an average of 2.5% per year, lower than the average rate for the airport forecast by the FAA in the TAF (3.0% per year).

The number of enplaned passengers at Dulles is forecast to be 11.25 million in 2018, an increase of 4% from 2013. Connecting passengers are forecast to account for a slightly larger share of total enplaned passengers in 2018 as connecting international passengers make up an increased share of all passengers. Figure 13 presents the enplaned passenger forecasts graphically. Table 39 presents historical and forecast enplaned passengers at Dulles by originating and connecting components and provides domestic and international subtotals. Between 2013 and 2018, the number of international passengers is forecast to increase 16%, compared with a decrease of 2% for domestic passengers. The share of passengers at Dulles enplaning on international flights is forecast to increase from 32% in 2013 to 36% in 2018. Table 40 presents historical and forecast aircraft departures and landed weight.

Figure 13
HISTORICAL AND FORECAST ENPLANED PASSENGERS
Dulles International Airport

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.



Sources: Historical: Metropolitan Washington Airports Authority records.
Forecast: LeighFisher, March 2014.

Forecast Aircraft Operations and Landed Weight for Dulles

The forecasts of aircraft operations and landed weight at Dulles shown in Table 40 were derived from the passenger forecasts using assumed trends in average seat occupancy, aircraft seat capacity, and aircraft size.

Between 2013 and 2018, average aircraft seating capacity and passenger load factors at Dulles were assumed to increase slightly with the result that the number of aircraft operations is forecast to increase an average of 0.1% per year and landed weight is forecast to increase an average of 0.1% per year.

Table 39
HISTORICAL AND FORECAST ENPLANED PASSENGERS
Dulles International Airport
(passengers in thousands)

The forecasts presented in this table were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Passengers enplaned on domestic flights					Passengers enplaned on international flights				
		Connecting from:								
Year	Originating *(a) (b)*	Domestic flights *(a)*	International flights	Connecting total	Total	Originating *(c)*	Connecting from domestic flights	Total	Total originating passengers	Total enplaned passengers
Historical										
2000	5,640	1,592	656	2,249	7,888	1,408	675	2,083	7,048	9,972
2005	7,003	3,177	768	3,944	10,947	1,675	774	2,449	8,678	13,396
2006	5,590	2,308	899	3,208	8,797	1,694	901	2,595	7,284	11,392
2007	5,895	2,399	1,019	3,418	9,313	1,918	1,042	2,960	7,813	12,274
2008	5,298	2,364	1,081	3,445	8,743	2,011	1,104	3,115	7,309	11,858
2009	4,892	2,425	1,113	3,538	8,430	1,999	1,118	3,117	6,891	11,547
2010	4,947	2,460	1,158	3,618	8,565	2,023	1,155	3,177	6,969	11,742
2011	4,712	2,401	1,148	3,550	8,261	2,112	1,145	3,257	6,823	11,518
2012	4,382	2,372	1,102	3,473	7,855	2,202	1,116	3,318	6,584	11,174
2013	4,185	2,108	1,103	3,211	7,397	2,370	1,094	3,464	6,556	10,861
Forecast										
2014	3,912	2,024	1,114	3,138	7,050	2,395	1,105	3,500	6,307	10,550
2015	3,757	2,038	1,136	3,174	6,931	2,492	1,127	3,619	6,249	10,550
2016	3,748	2,052	1,159	3,211	6,959	2,592	1,149	3,741	6,339	10,700
2017	3,820	2,073	1,186	3,259	7,079	2,695	1,176	3,871	6,516	10,950
2018	3,913	2,108	1,218	3,326	7,239	2,804	1,207	4,011	6,717	11,250

Table 39 *(page 2 of 2)*

HISTORICAL AND FORECAST ENPLANED PASSENGERS

Dulles International Airport

(passengers in thousands)

	Passengers enplaned on domestic flights					Passengers enplaned on international flights				
		Connecting from:								
Year	Originating *(a) (b)*	Domestic flights *(a)*	International flights	Connecting total	Total	Originating *(c)*	Connecting from domestic flights	Total	Total originating passengers	Total enplaned passengers
	Average annual percent increase (decrease)									
Historical										
2000-2013	(2.3%)	2.2%	4.1%	2.8%	(0.5%)	4.1%	3.8%	4.0%	(0.6%)	0.7%
Forecast										
2013-2014	(6.5%)	(4.0%)	1.0%	(2.3%)	(4.7%)	1.1%	1.0%	1.0%	(3.8%)	(2.9%)
2014-2015	(4.0)	0.7	2.0	1.2	(1.7)	4.0	2.0	3.4	(0.9)	--
2015-2016	(0.2)	0.7	2.0	1.2	0.4	4.0	2.0	3.4	1.4	1.4
2016-2017	1.9	1.0	2.3	1.5	1.7	4.0	2.3	3.5	2.8	2.3
2017-2018	2.4	1.7	2.7	2.1	2.3	4.0	2.7	3.6	3.1	2.7
2013-2018	(1.3)	(0.0)	2.0	0.7	(0.4)	3.4	2.0	3.0	0.5	0.7

Notes: Excludes passengers enplaned on general aviation and military flights. Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Domestic originating passengers be overstated and domestic-to-domestic connections understated in 2005 because of Independence Air reporting irregularities.

(b) Category includes domestic originating passengers, international originating passengers that boarded domestic flights at Dulles International Airport bound for international destinations via other U.S. gateway airports, passengers on nonscheduled (charter) flights, and nonrevenue passengers.

(c) Category includes international originating passengers on scheduled flights, along with small numbers of passengers on charter flights, nonrevenue passengers, and international-to-international connections, if any.

Sources: Historical: Metropolitan Washington Airports Authority records; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.
Forecast: LeighFisher, March 2014.

Table 40

HISTORICAL AND FORECAST AIRCRAFT DEPARTURES AND LANDED WEIGHT

Dulles International Airport

(passengers in thousands)

The forecasts presented in this table were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

				Average	Aircraft departures			Average landed weight per departure (pounds)		Total landed weight (millions of pounds)		
Year	Enplaned passengers	Load factor *(a)*	Departing seats	seats per departure	Passenger	All-cargo	Total	Passenger	All-cargo	Passenger	All-cargo	Total
Historical												
2000	9,972	61.7%	16,168	84.6	191,093	3,564	194,657	87,817	222,230	16,781	792	17,573
2005*(b)*	13,396	75.8%	17,679	82.1	215,239	2,228	217,467	91,766	296,944	19,752	662	20,413
2006	11,392	77.1	14,771	96.4	153,265	2,054	155,319	118,134	274,304	18,106	563	18,669
2007	12,274	78.2	15,688	100.1	156,678	2,111	158,789	124,377	277,839	19,487	587	20,074
2008	11,858	76.5	15,507	103.2	150,239	2,091	152,330	126,138	273,438	18,951	572	19,523
2009	11,547	77.9	14,825	102.9	144,136	1,653	145,789	127,521	261,368	18,380	432	18,812
2010	11,742	79.9	14,702	103.3	142,289	1,738	144,027	129,975	259,837	18,494	452	18,945
2011	11,518	80.0	14,400	104.0	138,399	1,699	140,098	131,312	266,225	18,174	452	18,625
2012	11,173	80.7	13,845	104.4	132,666	1,727	134,393	130,801	271,966	17,353	470	17,820
2013	10,861	80.7	13,466	102.7	131,063	1,737	132,800	127,899	282,833	16,763	491	17,255
Forecast												
2014	10,550	81.3%	12,971	102.0	127,200	1,750	128,950	126,973	283,000	16,151	495	16,645
2015	10,550	82.3	12,816	102.0	125,700	1,775	127,475	126,973	283,500	15,961	503	16,465
2016	10,700	82.6	12,954	102.3	126,700	1,800	128,500	127,284	284,000	16,127	511	16,640
2017	10,950	82.9	13,207	102.5	128,800	1,825	130,625	127,596	284,500	16,434	519	16,954
2018	11,250	83.3	13,498	102.8	131,400	1,850	133,250	127,907	285,000	16,807	527	17,334

Table 40 *(page 2 of 2)*

HISTORICAL AND FORECAST AIRCRAFT DEPARTURES AND LANDED WEIGHT

Dulles International Airport

(passengers in thousands)

Year	Enplaned passengers	Load factor *(a)*	Departing seats	Average seats per departure	Aircraft departures: Passenger	Aircraft departures: All-cargo	Aircraft departures: Total	Average landed weight per departure (pounds): Passenger	Average landed weight per departure (pounds): All-cargo	Total landed weight (millions of pounds): Passenger	Total landed weight (millions of pounds): All-cargo	Total landed weight (millions of pounds): Total
	Average annual percent increase (decrease)											
Historical												
2000-2013	0.7%		(1.4%)		(2.9%)	(5.4%)	(2.9%)	2.9%	1.9%	(0.0%)	(3.6%)	(0.1%)
Forecast												
2013-2014	(2.9%)		(3.7%)		(3.0%)	0.8%	(2.9%)	(0.7%)	0.1%	(3.6%)	0.8%	(3.5%)
2014-2015	--		(1.2)		(1.2)	1.4	(1.1)	--	0.2	(1.2)	1.6	(1.1)
2015-2016	1.4		1.1		0.8	1.4	0.8	0.2	0.2	1.0	1.6	1.1
2016-2017	2.3		2.0		1.7	1.4	1.7	0.2	0.2	1.9	1.6	1.9
2017-2018	2.7		2.2		2.0	1.4	2.0	0.2	0.2	2.3	1.5	2.2
2013-2018	0.7		0.0		0.1	1.3	0.1	0.0	0.2	0.1	1.4	0.1

n.a. = not available.

Notes: Includes a small amount of landed weight on general aviation and military flights. Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

(a) Load factor calculation based on enplaned passengers (excluding "through" passengers).
(b) The elevated levels of passenger activity in 2005 were due to Independence Air.

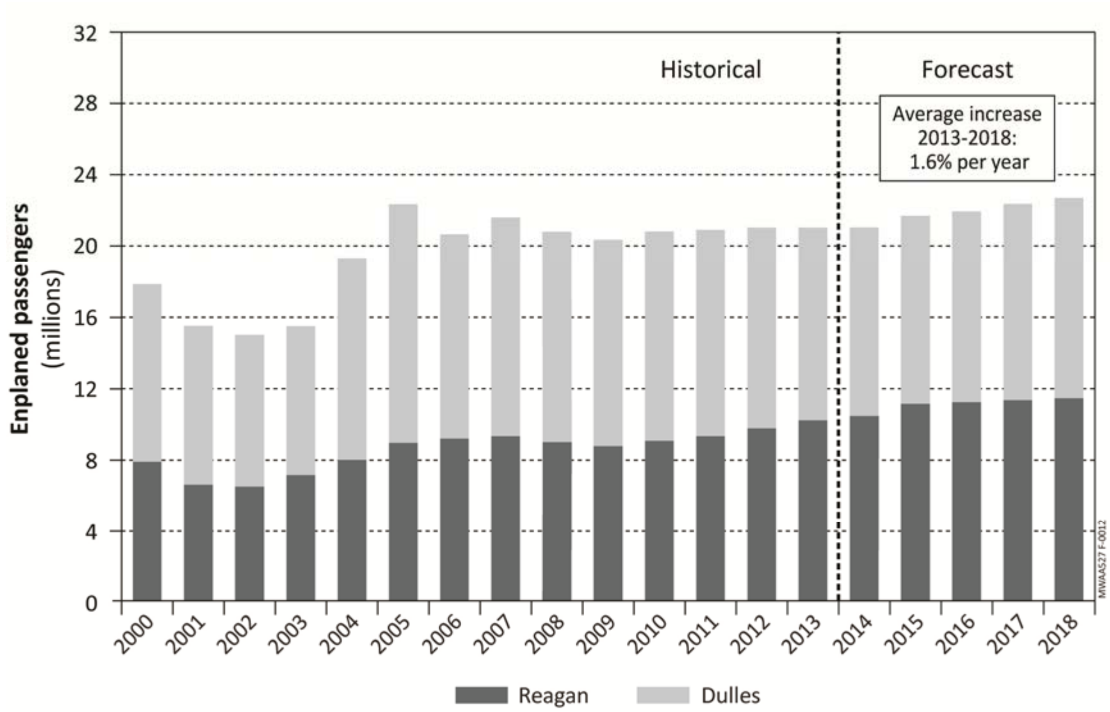
Sources Historical: Metropolitan Washington Airports Authority; U.S. DOT, Schedule T100; OAG Aviation Worldwide Ltd, OAG Analyser database, accessed March 2014.
Forecast: LeighFisher, March 2014.

Forecast Passengers for Both Airports

Figure 14 shows that the combined number of enplaned passengers at Reagan and Dulles is forecast to increase an average of 1.6% per year between 2013 and 2018. Largely as a result of the slot transfers at Reagan, the net traffic growth for the two-Airports system between 2013 and 2016 is forecast to occur at that airport. Beginning in 2017, most passenger growth for the two-Airports system is forecast to occur at Dulles.

Figure 14
HISTORICAL AND FORECAST ENPLANED PASSENGERS
Reagan National and Dulles International Airports

This forecast was prepared on the basis of the information and assumptions given in the text. The achievement of any forecast is dependent upon the occurrence of future events which cannot be assured. Therefore, the actual results may vary from the forecast, and the variance could be material.



Sources: Historical: Metropolitan Washington Airports Authority records.
Forecast: LeighFisher, March 2014.

Stress Test Forecasts

Stress test forecasts of enplaned passengers were developed to provide the basis for conducting a test of the Airports Authority's financial results to hypothetical reductions in passenger numbers, such as could occur under conditions of weak economic growth or recession, restricted seat capacity, high airfares, and reduced connecting airline service such as could result from changes in airline network strategies.

For Reagan, the number of enplaned passengers for the stress test in 2018 is forecast to be 8.7 million, compared with 11.5 million for the base forecast. In 2018, the number of enplaned passengers forecast for the stress test is 24% lower than for the base forecast—21% lower for originating passengers and 41% lower for connecting passengers. Originating passengers account for approximately 88% of the 2018 total for the stress test forecast, compared with 85% for the base forecast.

For Dulles, the number of enplaned passengers for the stress test for 2018 is forecast to be 8.5 million, compared with 11.3 million for the base forecast. In 2018, the number of enplaned passengers forecast for the stress test is 24% lower than for the base forecast—11% lower for originating passengers and 45% lower for connecting passengers. Originating passengers account for approximately 71% of the 2018 total for the stress test forecast, compared with 60% for the baseline forecast.

Table 41 presents the stress test forecasts relative to the base forecasts. Figure 15 and Figure 16 depict the stress test forecasts graphically for Reagan and Dulles, respectively. As shown in Figure 15, for Reagan, stress test passenger numbers forecast for 2018 are close to the numbers in 2009, the low point after the 2008-2009 economic recession. For Dulles, stress test passenger numbers forecast for 2018 are close to the numbers in 2003, the low point after the 2001 economic recession.

Table 41

BASE CASE AND STRESS TEST PASSENGER FORECASTS

Reagan National and Dulles International Airports

(passengers in thousands)

The forecasts presented in this table were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Actual						Forecast				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reagan											
Base case											
Enplaned passengers	8,978	8,767	9,036	9,363	9,788	10,198	10,450	11,100	11,250	11,375	11,500
Originating passengers	7,226	7,173	7,454	7,755	8,045	8,229	8,624	9,355	9,549	9,679	9,801
Connecting passengers	1,751	1,595	1,581	1,608	1,743	1,968	1,826	1,745	1,701	1,696	1,699
Stress test											
Enplaned passengers							10,450	9,530	8,700	8,700	8,700
Originating passengers							8,624	8,150	7,700	7,700	7,700
Connecting passengers							1,826	1,380	1,000	1,000	1,000
Percent reduction from Base											
Enplaned passengers							--	(14.1%)	(22.7%)	(23.5%)	(24.3%)
Originating passengers							--	(12.9)	(19.4)	(20.4)	(21.4)
Connecting passengers							--	(20.9)	(41.2)	(41.0)	(41.1)

Table 41 *(page 2 of 2)*

BASE CASE AND STRESS TEST PASSENGER FORECASTS

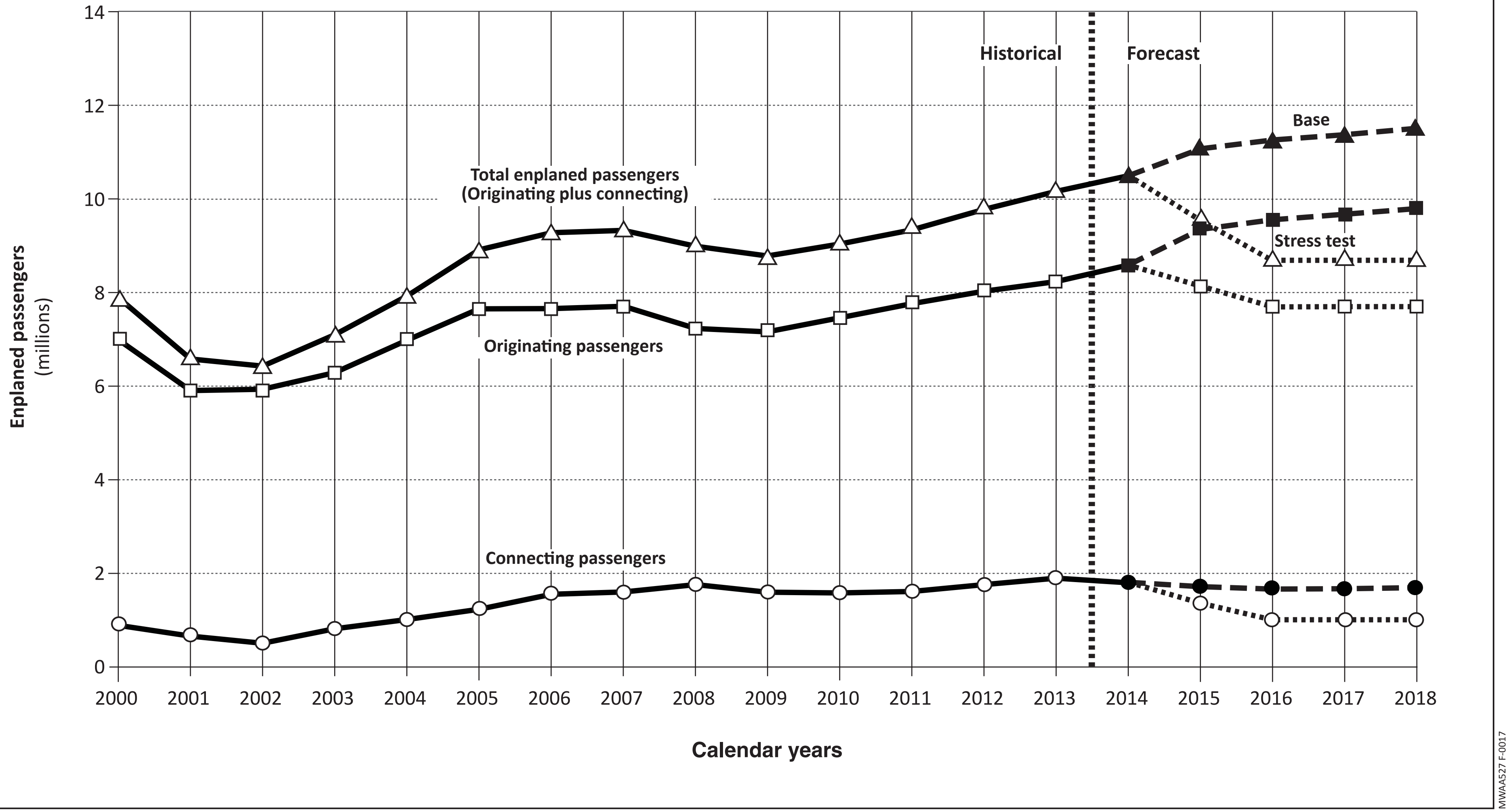
Reagan National and Dulles International Airports

(passengers in thousands)

	Actual						Forecast				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dulles											
Base case											
Enplaned passengers	11,858	11,547	11,742	11,518	11,173	10,861	10,550	10,550	10,700	10,950	11,250
Originating passengers	7,309	6,891	6,969	6,823	6,584	6,556	6,307	6,249	6,339	6,516	6,717
Connecting passengers	4,549	4,656	4,773	4,694	4,589	4,305	4,243	4,301	4,361	4,434	4,533
Stress test											
Enplaned passengers							10,550	9,497	8,500	8,500	8,500
Originating passengers							6,307	6,147	6,000	6,000	6,000
Connecting passengers							4,243	3,350	2,500	2,500	2,500
Percent reduction from Base											
Enplaned passengers							--	(10.0%)	(20.6%)	(22.4%)	(24.4%)
Originating passengers							--	(1.6)	(5.4)	(7.9)	(10.7)
Connecting passengers							--	(22.1)	(42.7)	(43.6)	(44.9)

Notes: Rows may not add to totals shown because of rounding. Percentages were calculated using unrounded numbers.

Sources: Historical: Metropolitan Washington Airports Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.
Forecast: LeighFisher, March 2014.



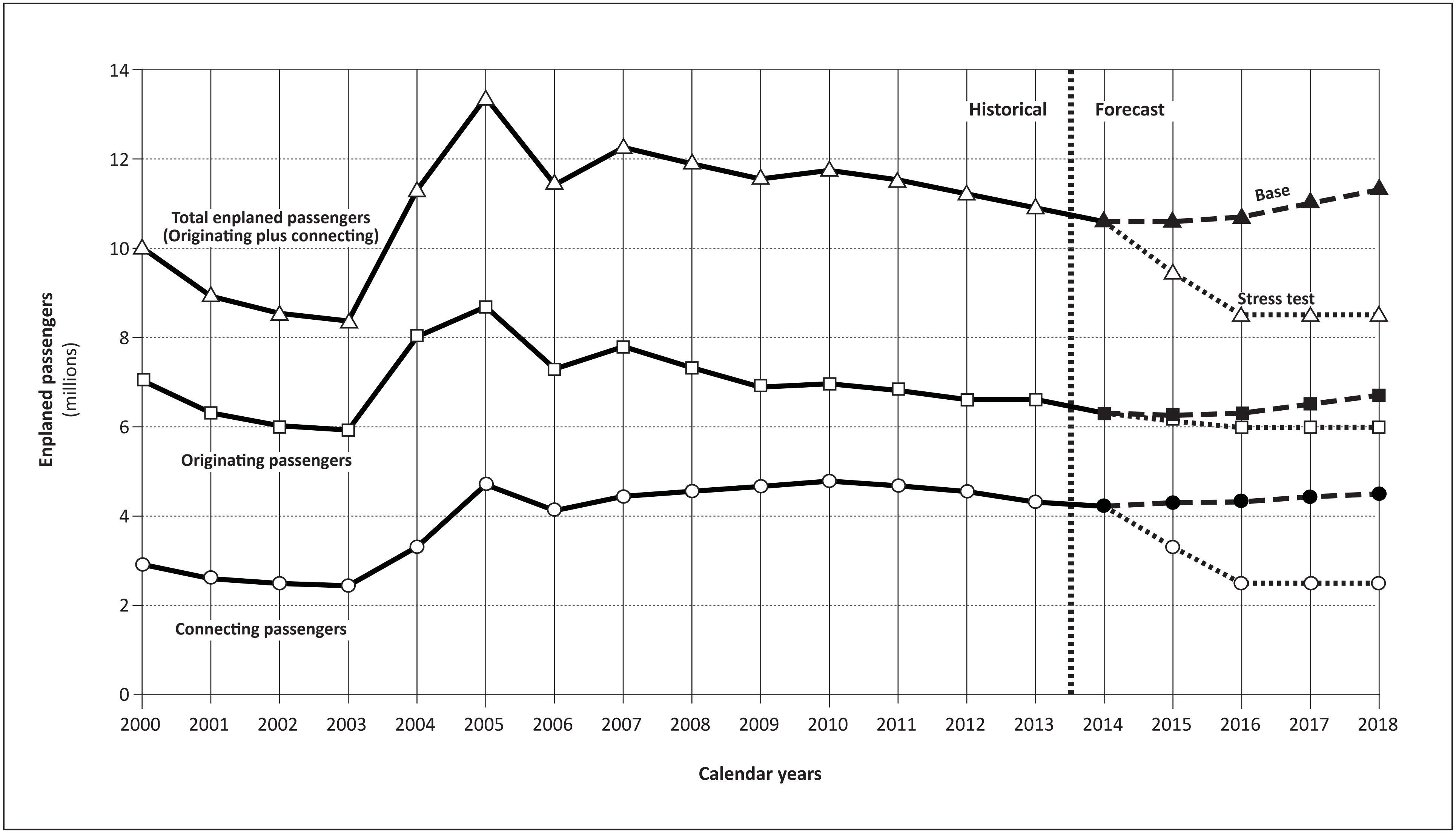
The forecasts presented in this figure were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Sources: Historical—Metropolitan Washington Airports Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.
Forecast—LeighFisher, March 2014.

Figure 15

BASE AND STRESS TEST FORECASTS OF ENPLANED PASSENGERS

Reagan National Airport



The forecasts presented in this figure were prepared using the information and assumptions described in the accompanying text. Inevitably, some of the assumptions will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Sources: Historical—Metropolitan Washington Airports Authority; U.S. DOT, *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1.
Forecast—LeighFisher, March 2014.

Figure 16

BASE AND STRESS TEST FORECASTS OF ENPLANED PASSENGERS

Dulles International Airport

FINANCIAL ANALYSIS

FRAMEWORK FOR AIRPORTS AUTHORITY'S FINANCIAL OPERATIONS

The Airports Authority operates the Airports through the Aviation Enterprise Fund with a staff of approximately 1,200, including airport police and fire employees. The financial operations of the Aviation Enterprise Fund are accounted for separately for each of the two Airports. Consolidated functions provided for the Airports Enterprise and the Dulles Corridor Enterprise account for approximately 260 additional staff positions.

Indenture

The financial operations of the Aviation Enterprise Fund are governed in large part by the Indenture authorizing the issuance of Airport System Revenue Bonds. As described in the letter at the beginning of this report, the Airports Authority covenants in the Rate Covenant of the Indenture that it will fix and adjust fees and charges for the use of the Airports so as to ensure that all funding requirements of the Indenture are met and that Net Revenues are at least 125% of Annual Debt Service.

The Indenture also prescribes the application of Revenues and Designated Passenger Facility Charges to the funds and accounts established under the Indenture, as described in the later sections "Application of Revenues" and "Application of Designated Passenger Facility Charges."

Airline Agreement

The Airports Authority and airlines accounting for most of the passengers and landed weight at the Airports have entered into agreements that provide, among other things, for the use and occupancy of the Airports; the methodologies for calculating Signatory Airline rentals, fees, and charges according to cost-recovery principles; and the majority-in-interest (MII) rights of the Signatory Airlines to approve certain capital expenditures.*

The Airline Agreement provides that the Airports Authority may adjust airline rates to include Extraordinary Coverage Protection Payments to ensure that Net Revenues at each of the Airports are projected to be not less than 125% of the sum of Debt Service on Bonds and Subordinated Bonds, so ensuring that the 125% debt service coverage requirement of the Rate Covenant is met. The Airline Agreement

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*MII is defined in the Airline Agreement to mean, for each of the two Airports, for the Airfield Cost Center, 50% in number of Signatory Airlines and Signatory Cargo Carriers accounting for 60% of the landed weight of such airlines, and for other Signatory Airline Supported Areas, 50% of Signatory Airlines accounting for 60% of terminal rentals, fees, and charges.

has been amended to exclude revenues from the Dulles Toll Road from the definition of Revenues.

The Airports Authority shares Net Remaining Revenues (NRR) each year with the Signatory Airlines according to an allocation methodology set out in the Airline Agreement, as summarized in the later section, "Sharing of Net Remaining Revenues." In 2010 through 2013, the annual amount of NRR averaged approximately $106 million, shared approximately 38% to the Airports Authority and 62% to the Signatory Airlines. The historical and forecast amounts of NRR and its sharing is shown in Exhibit F-1 and discussed in the later section "Sharing of Net Remaining Revenues."

The Airports Authority's share of NRR is deposited into the General Purpose Fund and, at the beginning of the next year, transferred into the Capital Fund. Amounts in the Capital Fund may be used at the discretion of the Airports Authority to pay the costs of the Capital Construction Program, other capital improvements, major maintenance and repair projects, equipment acquisitions, and other improvements and operating initiatives.

The Signatory Airlines' share of NRR is deposited into the General Purpose Fund and, at the beginning of the next year, deposited into the Airline Transfer Account and used to reduce rentals, fees, and charges in such year.

The Airline Agreement expires on September 30, 2014. For purposes of this report, it was assumed that the provisions of successor agreement(s) relating to the calculation of rentals, fees, and charges and the sharing of NRR will be the same as those of the Airline Agreement and that the Signatory Airlines will pay all such rentals, fees, and charges through the forecast period.

Capital, Operating and Maintenance Investment Program

The Airports Authority's Capital, Operating and Maintenance Investment Program (COMIP) provides for various maintenance projects, repairs, equipment acquisitions, improvements, and planning studies as well as the cost of the snow removal program and certain operating initiatives. For 2014, the Airports Authority budgeted $35.2 million for new COMIP authorization to be funded from the Capital Fund. In the financial forecasts, it was assumed that the Airports Authority's share of NRR transferred to the Capital Fund will be adequate to fund all required COMIP costs.

CAPITAL CONSTRUCTION PROGRAM

The major projects in the 2001-2016 Capital Construction Program that are to be funded in part from the proceeds of the proposed 2014A New Money Bonds and planned 2015 Bonds are listed in Exhibit A. Exhibit A also presents estimated project costs and sources of funding. Each of the sources of funding is discussed in the following sections.

Commercial Paper Notes

Exhibit A shows the estimated permanent sources of funding for the 2001-2016 CCP. Certain of these amounts will require interim funding pending the receipt of permanent funding. The Airports Authority has authorized a commercial paper program to provide such interim funding in an aggregate principal amount not to exceed $500 million at any time. The payment of principal and interest on Commercial Paper Notes is secured by Net Revenues and any other pledged funds on a parity with outstanding Bonds.

The Airports Authority has in place a credit facility allowing draws of up to $200 million of Commercial Paper Notes (Series Two). As of May 1, 2014, $21 million of Commercial Paper Notes was outstanding. The Airports Authority does not plan to refund any of the outstanding Commercial Paper Notes with the proceeds of the 2014A Bonds.

Federal and State Grants

The Airports Authority is eligible to receive grants-in-aid from the FAA under the Airport Improvement Program (AIP) for up to 75% of the costs of eligible projects. Certain of these grants are to be received as “entitlement” grants, the annual amount of which is calculated on the basis of the number of enplaned passengers and the amount of landed weight of all-cargo aircraft at the Airports. Other, “discretionary” grants are awarded on the basis of the FAA’s determination of the priorities for projects at the Airports and at other airports nationwide. In 2009 through 2013, the Airports Authority received an annual average of approximately $26.7 million of AIP entitlement and discretionary grants. The AIP grant program is subject to periodic reauthorization and appropriation by Congress.

The FAA issues letters of intent (LOIs) for multi-year grants, expressing the FAA’s intention to obligate funds from future federal budget appropriations. The Airports Authority has received LOI commitments totaling $211.8 million for projects in the 2001-2016 CCP at Dulles, including $200.2 million to fund design and construction of Runway 1L-19R and associated taxiways. Through December 2013, $164.2 million in such LOI funds had been received.

The Transportation Security Administration (TSA) has determined that $171.1 million of the costs of in-line baggage screening equipment and systems at Dulles International Airport are eligible for reimbursement from TSA grants. Through January 2014, $108.9 million of such grants had been received.

The Commonwealth of Virginia provides grants to Virginia airport operators. In 2009 through 2013, the Airports Authority received an annual average of approximately $2.0 million in such state grants and expects to receive similar amounts at least through 2016.

Passenger Facility Charge (PFC) Revenues

The Airports Authority has received approval from the FAA to impose and use a PFC per eligible enplaned passenger at both Airports. Beginning November 1993 at Reagan National Airport, and January 1994 at Dulles International Airport, the PFC was $3.00. Effective May 2001, the PFC was increased to $4.50 at both Airports. Under approvals received from the FAA, the Airports Authority is authorized to impose a PFC and to use up to $3.043 billion of PFC Revenues on approved projects including Runway 1L-19R, the expansion of the IAB, the extension of Concourse B, the construction of the AeroTrain system, and the Dulles Metrorail station. In March 2009, the FAA approved the use of PFC Revenues to pay certain of the principal and interest on Bonds used to fund the AeroTrain and related projects. The approved PFC collection periods extend to March 2015 for Reagan and December 2038 for Dulles. Table 42 shows the Airport's approved PFC collection and use authority as of December 2013. Under a pending application to the FAA, the Airports Authority has requested that the PFC collection period for Reagan be extended to May 2025.

Exhibits F-2 and F-3 present historical and forecast sources of PFC Revenues at the Airports. PFC Revenues derived from the imposition of the $4.50 PFC at Dulles (but not at Reagan) are defined as Designated Passenger Facility Charges. As discussed in the later section "Application of Designated Passenger Facility Charges," the Airports Authority has committed or intends to commit certain of such Designated Passenger Facility Charges to pay PFC Eligible Bond debt service.

As shown in Exhibits F-2 and F-3, PFC Revenues are forecast to be sufficient to pay debt service on PFC Eligible Bonds and provide pay-as-you-go funding, including $233.0 million for the PFC-eligible portion of the costs of the Dulles Metrorail station. The Airports Authority's contribution to the costs of the Dulles Metrorail station is to be made from PFC Revenues collected at Reagan National Airport. Certain of the pay-as-you-go funding is expected to require interim financing through the issuance of Commercial Paper Notes repayable from PFC Revenues.

Table 42
PFC COLLECTION AND USE AUTHORITY
Metropolitan Washington Airports Authority
(as of December 31, 2013)
(dollars in thousands)

PFC Application	Reagan National	Dulles International	Total
1	$166,410	$ 221,917	$ 388,327
2	131,397	72,508	203,905
3	30,728,	58,903	89,631
4	146,604	2,089,326	2,235,929
6	124,914	--	124,914
Total PFC collection and use authority			$3,042,707
Less: PFC collections through December 31, 2013			1,240,647
Remaining collection authority as of December 31, 2013			$1,802,060

Note: Rows and columns may not add to totals shown because of rounding.

Source: Metropolitan Washington Airports Authority.

Airport System Revenue Bonds

Exhibit B presents the estimated sources and uses of the proposed 2014A Bonds and the planned 2015 Bonds as provided by Jefferies LLC, the Airports Authority's financial advisor.

The 2014A New Money Bonds are being issued as fixed-rate AMT Bonds to (1) pay certain of the costs of the 2001-2016 CCP, (2) provide for capitalized interest on the 2014A New Money Bonds and prior Bonds issued to fund the 2001-2016 CCP, (3) fund a deposit to the Common Reserve Account of the Debt Service Reserve Fund, and (4) pay costs of issuance.

The 2014A Refunding Bonds are being issued as fixed-rate AMT Bonds to (1) along with other available funds, currently refund the approximately $482.4 million principal amount of outstanding 2004B, 2004C-1, 2004C-2, and 2004D Bonds, (2) fund a deposit to the Common Reserve Account of the Debt Service Reserve Fund, and (3) pay costs of issuance.

The planned 2015 Bonds are assumed to be issued in July 2015 as fixed-rate AMT bonds to (1) pay the costs of completing the 2001-2016 CCP, (2) provide for capitalized interest on the planned 2015 Bonds and prior Bonds issued to fund the the 2001-2016 CCP, (3) fund a deposit to the Common Reserve Account of the Debt Service Reserve Fund, and (4) pay costs of issuance.

The Airports Authority may issue additional Refunding Bonds during the forecast period to achieve debt service savings. However, no such issuance of Refunding Bonds was assumed for this report.

ANNUAL DEBT SERVICE

Exhibit C-1 presents historical and forecast Annual Debt Service. Forecast amounts are as estimated using the following assumptions as provided by Jefferies LLC, the Airports Authority's financial advisor:

Commercial Paper Notes:

- Principal amount of $21.000 million, amortization over 30 years with level annual payments of principal and interest, interest rate of 4.00%

Outstanding Variable-Rate Bonds Subject to Floating-to-Fixed Interest Rate Swaps:

- Principal amount of $43.275 million of 2011A Bonds subject to the 2002 Swap Agreement, interest rate of 4.45%
- Principal amounts of $127.755 million of 2009D Bonds, $98.210 million of 2010C Bonds, and $54.145 million of 2011A Bonds subject to the 2009 Swap Agreements, interest rate of 4.10%
- Principal amount of $161.785 million of 2010D Bonds subject to the 2010 Swap Agreements, interest rate of 4.11%
- Principal amount of $121.920 million of 2011A Bonds subject to the 2011 Swap Agreements, interest rate of 3.86%

Outstanding Unhedged Variable-Rate Bonds:

- Principal amount of $61.525 million of 2003D Bonds, interest rate of 4.00%
- Principal amount of $61.350 million of 2010C Bonds, interest rate of 4.00%
- Principal amount of $185.195 million of 2011B Bonds, interest rate of 4.00%

Proposed 2014A AMT Fixed-Rate Bonds:

- Principal amount of $589.895 million, amortization 2015 through 2044, interest rate of 4.65%

Planned 2015 Fixed-Rate Bonds:

- Principal amount of $101.230 million, amortization over 30 years with level annual payments of principal and interest, interest rate of 6.50%

OPERATION AND MAINTENANCE EXPENSES

Exhibit D-1 presents historical and forecast Operation and Maintenance (O&M) Expenses for the Airports Authority's Aviation Enterprise. O&M Expenses include all expenses of the Airports Authority paid or accrued for the operation, maintenance, administration, and ordinary current repairs of the Airports. Such expenses include those directly attributable to the Airports and an allocable portion of expenses for consolidated functions. O&M Expenses do not include, among other things, rentals payable under the Federal Lease or operating expenses of the Dulles Corridor Enterprise. Exhibits D-2 and D-3 present the O&M Expenses for Reagan and Dulles, respectively.

O&M Expenses were estimated for 2014 from budgeted amounts. Taking the 2014 estimates as a base, O&M Expenses were forecast taking into account assumed increases in costs as a result of inflation and forecast increases in passenger numbers, planned facility development, and other assumptions. In particular, it was assumed that:

1. The unit cost of salaries, wages, and employee fringe benefits for life and health insurance and retirement benefits will increase 3.0% per year and there will be no overall increase in staffing.

2. The cost of utilities, services, materials, and supplies will also increase at 3.0% per year.

3. Expenses to operate and maintain the AeroTrain system will also increase 3.0% per year through and beyond the period of the current maintenance contract (which expires in 2015).

4. Other Airport facilities to be developed under the CCP and opened in 2014 through 2016, including the in-line baggage screening systems at Dulles, will not have a material incremental effect on operating and maintenance expenses.

Revenues

Exhibit E-1 presents historical and forecast Revenues of the Aviation Enterprise. Revenues of the Airports Authority are derived primarily from rentals, fees, and charges paid for the use and occupancy of the Airports, including landing fees, terminal rents, passenger conveyance fees (for the AeroTrain and mobile lounges), and other charges payable by Signatory Airlines under the Airline Agreement, public parking revenues, rental car revenues, and fees paid by concessionaires. Table 43 summarizes 2013 Revenues according to major category. Further detail for each of Reagan and Dulles is shown in Exhibits E-2 and E-3, respectively.

Table 43
REVENUE SUMMARY FOR FY 2013
Metropolitan Washington Airports Authority
(dollars in thousands)

	Reagan National Airport		Dulles International Airport		Aviation Enterprise Total	
	Amount	% of Total	Amount	% of Total	Amount	% of total
Airline revenues						
Terminal rents and user fees	$ 85,180	35.6%	$183,324	40.1%	$268,504	38.6%
Landing and apron fees	51,571	21.6	76,816	16.8	128,387	18.4
International Arrival Building fees	--	0.0	26,363	5.8	26,363	3.8
Passenger conveyance fees	--	0.0	6,006	1.3	6,006	0.9
	$136,750	57.2%	$292,509	64.0%	$429,260	61.7%
Concessions						
Landside concession revenues *(a)*	$ 58,139	24.3%	$ 65,186	14.3%	$ 123,325	17.7%
In-terminal concession revenues	21,952	9.2	32,555	7.1	54,506	7.8
Airside concession revenues	2,135	0.9	23,381	5.1	25,515	3.7
	$ 82,226	34.4%	$121,121	26.5%	$203,347	29.2%
Other operating revenues	14,711	6.2%	32,745	7.2%	47,456	6.8%
Investment earnings	5,372	2.2%	10,815	2.4%	16,187	2.3%
Total	$239,059	100.0%	$457,191	100.0%	$696,250	100.0%

Note: Columns and rows may not add to totals shown because of rounding.

(a) Includes public automobile parking stated net of expenses and management fees.

Source: Metropolitan Washington Airports Authority.

Individual components of Revenues, shown for Reagan in Exhibit E-2 and for Dulles in Exhibit E-3, were forecast taking into account historical results through 2013, budgeted amounts for 2014, allowances for unit price inflation at 2.0% per year, planned facility development, and the provisions of the Airline Agreement and other leases and agreements with tenants and users of the Airports.

Revenues from sources related to passengers, such as parking and terminal concessions, and from sources related to aircraft activity, such as landing fees, were forecast to change in part as a function of the traffic forecasts shown in Tables 37 through 40 in the earlier section "Airline Traffic Forecasts."

AIRLINE REVENUES

Signatory Airline Rentals, Fees, and Charges

Exhibits E-4 and E-5 show, for Reagan and Dulles respectively, historical and forecast rentals, fees, and charges payable by the Signatory Airlines under the provisions of the Airline Agreement. The Airports Authority calculates and adjusts such rentals, fees, and charges annually, but may adjust them at mid-year or at any other time in the event the Indenture requires such an adjustment. Exhibits E-4 and E-5 also show aggregate Signatory Airline payments per enplaned passenger. The differences between the airline payments shown in Exhibits E-4 and E-5 and the airline revenues shown in Exhibits E-1 and E-2, respectively, are accounted for by payments made by nonsignatory airlines.

Signatory Airline rentals, fees, and charges are calculated for each of the Airports from the Total Requirement as allocable to the Cost Centers and Sub-Centers within the Airline Supported Areas listed on Exhibits E-4 and E-5.* The Total Requirement of each such Cost Center and Sub-Center is the sum of allocable O&M Expenses, deposits into funds and accounts required under the Indenture, Capital Charges (including Debt Service), Debt Service Coverage, Federal Lease payments, and the requirements of the Indirect Cost Centers (Maintenance, Public Safety, Systems and Services, and Administration). The Airline Agreement defines Debt Service Coverage as an amount equal to 25% of the portion of Debt Service attributable to Senior Bonds and Subordinated Bonds plus such other amounts as may be established by any financing agreement or arrangement with respect to other indebtedness.

In total, the rentals, fees, and charges paid by the Signatory Airlines recover their pro rata share of the Total Requirements of the Airline Supported Areas net of the Signatory Airline share of Net Remaining Revenues. Revenues of the Airports Authority from other (nonairline) sources cover the Total Requirements of the Non-Aviation Cost Centers including the allocable portion of the requirements of the Indirect Cost Centers and the unrecovered portion of the Total Requirements of the Airline Supported Areas.

Under the Airline Agreement, if Revenues are not projected to be sufficient at either or both of the Airports to produce Net Revenues of at least 125% of the sum of Debt Service on Bonds and Subordinated Bonds, then the Airports Authority may adjust the Total Requirements in Airline Supported Areas, at either or both Airports, by requiring Extraordinary Coverage Protection Payments to ensure that the 125% coverage requirement of the Rate Covenant is met. No such Extraordinary Coverage Protection Payments are forecast to be required.

CONCESSION REVENUES

Public Parking

Table 44 shows the number of public parking spaces and parking rates at the Airports. At Reagan, parking rates were last increased effective February 1, 2013, when the rate for Hourly parking was increased from $4 per hour to $5 per hour (with no change in the $36 maximum rate per day), the maximum rate for Daily

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*Certain capitalized terms in this section of the report are as defined in the Airline Agreement.

parking was increased from $20 per day to $22 per day, and the maximum rate for Economy parking was increased from $12 per day to $14 per day. At Dulles, parking rates were last increased effective January 14, 2013, when the rate for Hourly parking was increased from $4 per hour to $5 per hour (with no change in the $36 maximum rate per day).

Table 44
AIRPORT PUBLIC PARKING FACILITIES
Metropolitan Washington Airports Authority
(as of March 2014)

	Number of spaces	Parking rates
Reagan National		
Garage A	1,397	
Garage B/C	5,179	
Hourly		$5 per hour, $36 per day
Daily		$5 per hour, $22 per day
Economy	2,461	$3 per hour, $14 per day
Total	9,037	
Dulles International		
Hourly Lot	1,923	$5 per hour, $36 per day
Daily Garage 1	4,680	$4 per half-hour, $17 per day
Daily Garage 2	3,645	$4 per half-hour, $17 per day
Economy	16,131	$5 per hour, $10 per day
Valet	830	$35 first day, $25 additional days
Total	27,209	

Source: Metropolitan Washington Airports Authority.

The parking facilities at both Airports are operated for the Airports Authority by Five Star U-Street Parking under a management agreement with a base period that commenced in June 2010 and, with the first of two one-year options having been exercised, extends through June 2014. The Airports Authority plans to exercise the second option, which will extend the agreement through June 2015. Under the management agreement, all parking operating costs are reimbursed to the operator, who receives a fixed management fee (adjusted annually for inflation). The parking revenues shown in Exhibits E-1, E-2, and E-3 are the net revenues received by the Airports Authority (gross receipts less operating expenses and management fees).

In 2013, net parking revenues were $34.0 million at Reagan National Airport, equivalent to $4.13 per originating passenger, and $43.2 million at Dulles International Airport, equivalent to $6.59 per originating passenger. There is little competition from off-airport operators at either Airport.

Parking revenues were forecast assuming that:

1. Parking rates will not be increased during the forecast period.
2. The limited supply of parking spaces at Reagan will constrain the number of parking transactions that can be accommodated, and parking revenues will increase at an average rate less than the forecast rate of increase in originating passengers.
3. The supply of parking spaces at Dulles will be adequate to allow parking transactions to increase in proportion to forecast increases in originating passengers.
4. Parking facilities will continue to be operated under management agreements with financial terms substantially the same as the current agreement.

Rental Cars

As of March 2014, on-Airport rental car companies provided service at the Airports as follows:

Reagan National Airport	Dulles International Airport
Avis *(a)*	Advantage
Budget *(a)*	Avis *(a)*
Enterprise *(c)*	Budget *(a)*
Hertz *(b)*	Dollar/Thrifty *(b)*
Alamo/National *(c)*	Enterprise *(c)*
	Hertz
	Alamo/National *(c)*

(a) Operates as a subsidiary of Avis Budget Group
(b) Operates as a subsidiary of Hertz Global Holdings, Inc.
(c) Operates as a subsidiary of Enterprise Holdings, Inc.

The rental car companies operate at the Airports under the terms of competitively bid concession agreements. At Reagan, the rental car concession agreements became effective in June 2011 and expire in May 2016. At Dulles, the agreements became effective in July 2013 and expire in June 2018. Under the concession agreements for both airports, the rental car companies pay the greater of a minimum annual guarantee or 10% of their gross receipts. Beginning in 2012, rental car revenues include certain site rentals. The agreements provide for a waiver of the minimum annual guarantee under specified conditions of drastically reduced passenger traffic or other disruptions to business.

At Reagan, off-airport rental car companies pay a privilege fee of 8% of gross receipts. As of March 2014, Dollar/Thrifty and Advantage operated off-airport. At Dulles, off-airport rental car companies pay a $100 annual fee plus 4% of gross receipts in excess of $300,000. As of March 2014, no off-airport rental car companies provided service at Dulles.

In 2013, revenues received by the Airports Authority from rental car operations at Reagan totaled $18.9 million, $2.30 per originating passenger. At Dulles, rental car revenues in 2013 were $17.9 million, $2.73 per originating passenger. Rental car revenues were forecast to increase in proportion to the forecast increase in originating passengers and with inflation.

The Airports Authority imposes a customer contract fee of $2.50 per rental day on on-airport rental car transactions at Reagan. Revenues from the customer contract fee are used to pay debt service on bonds issued to fund the construction of rental car facilities at the airport. The adequacy of such customer contract fee revenues to meet the debt service requirements of the bonds was not evaluated in this report.

Food and Beverage

At Reagan, approximately 40 food and beverage outlets occupy 39,000 square feet of terminal space. In 2013, gross revenues from food and beverage concessions totaled $59.4 million, $5.82 per enplaned passenger. Net revenues received by the Airports Authority were $9.4 million, equivalent to 15.9% of gross revenues.

At Dulles, approximately 50 food and beverage outlets occupy 52,500 square feet of terminal space. In 2013, gross revenues from food and beverage concessions were $69.5 million, $6.40 per enplaned passenger. Net revenues received by the Airports Authority were $9.6 million, equivalent to 13.8% of gross revenues.

Marketplace Washington, LLC, manages the food and beverage programs at both Airports under a master developer agreement that commenced in January 2013 and expires in December 2018. Under the agreement, Marketplace develops and manages the food and beverage programs at the Airports, but does not operate any of the concession facilities. Marketplace negotiates contracts with each concessionaire using a standard lease that has been approved by the Airports Authority. These contracts generally obligate the concessionaire to pay a minimum annual guarantee plus a negotiated percentage of gross revenues. Marketplace collects all rents and fees from the concessionaires and retains a portion of gross rental payments as its management fee. Minimum annual guaranteed amounts of $2.5 million are payable to the Airports Authority under the Marketplace agreement in the initial years of the agreement.

Marketplace is overseeing the redevelopment of food, beverage, newsstand, and retail concessions at both Airports under a program that began in early 2014 and is scheduled to be completed in mid-2016. The closure of outlets during construction is expected to reduce concession sales. At both Reagan and Dulles, food and beverage revenues per enplaned passenger were forecast to be lower in 2014 through 2016 than they would be assuming increases with price inflation. Beginning in 2017, food and beverage revenues per enplaned passenger were then forecast to be increased to reflect both the completion of construction and improved concession offerings.

Newsstand and Retail

At Reagan, approximately 40 newsstand and retail outlets occupy 25,000 square feet of terminal space. In 2013, gross revenues for newsstand and retail concessions were $35.2 million, $3.45 per enplaned passenger. Net revenues received by the Airports Authority were $6.0 million, equivalent to 16.9% of gross revenues.

At Dulles, approximately 50 newsstand and retail outlets occupy 33,900 square feet of terminal space. In 2013, gross revenues for newsstand and retail concessions were $37.7 million, $3.47 per enplaned passenger. Net revenues received by the Airports Authority were $6.9 million, equivalent to 18.2% of gross revenues.

Marketplace manages the newsstand and retail programs at both Airports under the master developer agreement.

As with food and beverage, newsstand and retail revenues were forecast to be lower in 2014 through 2016 during construction, then higher beginning in 2017 as a result of improved concession offerings. The same percentage changes in per-passenger revenues assumed for food and beverage were assumed for newsstand and retail.

Duty Free

Duty free concessions at Reagan and Dulles (which accounts for substantially all duty free revenues) are managed and operated by Dulles Duty Free. At Dulles, duty free outlets are located in Concourses B, C, and D. In 2013, gross duty free revenues were $22.8 million, $6.57 per enplaned international passenger. Net duty free revenues received by the Airports Authority from Dulles were $4.6 million, equivalent to 20.1% of gross revenues.

Duty free revenues were forecast to increase from budgeted 2014 amounts as a function of forecast increases in international enplaned passenger numbers and price inflation.

Fixed Based Operations

At Reagan, Signature Flight Support provides fixed base operator services to business and general aviation under an agreement that expires in November 2023. Signature pays the greater of a minimum annual guarantee ($1.0 million) or a percentage of gross revenues for various categories of goods and services. At Dulles, two fixed based operators, Landmark and Signature Flight Support, serve business and general aviation. The Landmark agreement expires in August 2015 and the Signature agreement expires in October 2017. Landmark and Signature pay the greater of a minimum annual guarantee ($6.7 million and $4.8 million, respectively) or a percentage of gross revenues. Revenues from fixed base operations were forecast to increase from 2014 budgeted amounts with price inflation.

In-Flight Kitchen

The in-flight kitchen concession at Reagan is operated by LSG Sky Chefs under a contract that expired in July 2013 and is being renegotiated. During the negotiations, Sky Chefs pays the Airports Authority a minimum annual guarantee of 10% of gross receipts for on-airport sales and 2% of gross receipts for off-airport sales. Two in-flight kitchen concessions at Dulles are operated by Gate Gourmet International and LSG Sky Chefs under contracts that expire in July 2015. The contracts are substantially the same, with each operator paying the Airports Authority 8% of gross revenues for on-airport sales and 2% for off-airport sales. Revenues were forecast to increase from budgeted 2014 amounts in proportion to the increase in enplaned passenger numbers and with price inflation.

OTHER OPERATING REVENUES

Other operating revenues are derived from rentals, TSA security fees, utility reimbursements, and miscellaneous other sources. Some building rentals are based on market rates and some, including certain hangars and cargo buildings, are based on cost-recovery rates. Revenues from TSA security fees include the reimbursements of the costs of police coverage of passenger screening activities. Revenues from utilities include reimbursements for metered and billed utility services.

INVESTMENT EARNINGS

Investment earnings included in Revenues are derived from amounts in funds and accounts other than the Construction Fund and the PFC Fund. Interest income was forecast assuming increased fund balances associated with the issuance of the proposed 2014A and planned 2015 Bonds and an average interest rate of 2%.

APPLICATION OF REVENUES

Exhibit F-1 shows the forecast application of Revenues. Under the Indenture, all Revenues (together with any other available funds, including transfers from the General Purpose Fund) are applied in the following priority:

- Pay Operation and Maintenance Expenses

- Deposit to the Operation and Maintenance Fund any amounts necessary to maintain a reserve balance of 25% of budgeted O&M Expenses.

- Deposit to the Bond Fund Principal and Interest Accounts amounts required to pay Bond principal and interest.

- Deposit to the Bond Fund Redemption Account amounts required to redeem Bonds. (No such payments are forecast to be required.)

- Deposit to the Debt Service Reserve Fund any amounts necessary to maintain required debt service reserves. (No such payments are forecast to be required.)

- Pay any required debt service on Subordinated Bonds. (No Subordinated Bonds are outstanding or expected to be issued and no such debt service payments are forecast to be required.)

- Replenish any required Subordinated Bond Reserve Funds. (No such payments are forecast to be required.)

- Pay any required debt service on Junior Lien Obligations. (No such payments are forecast to be required.)

- Make annual payments required under the Federal Lease.

- Replenish any amounts withdrawn from the Emergency Repair and Rehabilitation Fund in the preceding year. (No such payments are forecast to be required.)

- Deposit all remaining amounts into the General Purpose Fund.

Amounts in the General Purpose Fund are not pledged to Bondholders and are available for use by the Airports Authority for any legal purpose, provided that any moneys required to be transferred to the Revenue Fund, including those to be transferred under the provisions of the Airline Agreement, are not to be applied for any other purpose.

Any termination payments under Swap Agreements are payable from funds subordinated to Bonds, Commercial Paper Notes, Subordinated Bonds, and Junior Lien Obligations. (No such payments are forecast to be required.)

SHARING OF NET REMAINING REVENUES

Exhibit F-1 shows the forecast calculation of Net Remaining Revenues and its allocation between the Airports Authority (transfer to the Capital Fund) and the Signatory Airlines (transfer to the Airline Transfer Account).

- The Signatory Airlines first receive an amount equal to coverage at 25% on Bond debt service allocable to the Tenant Equipment cost centers (approximately $0.6 million at Reagan and $0.3 million at Dulles in 2013).

- The remaining amount of NRR for each Airport is split 50%-50% up to a "plateau" amount, which is increased annually with an inflation index. The plateau amounts for 2013 were $10.3 million at Reagan and $15.4 million at Dulles.

- The remaining amount of NRR above the plateau amount is split 25% to the Airports Authority and 75% to the Signatory Airlines.

APPLICATION OF DESIGNATED PASSENGER FACILITY CHARGES

Exhibits F-2 and F-3 show historical and forecast PFC Revenues (not taking into account potential investment earnings) and the use of such PFC Revenues to pay debt service on PFC Eligible Bonds and project costs pay-as-you-go. Pursuant to the Thirty-fifth Supplemental Indenture, Designated Passenger Facility Charges derived from the $4.50 PFC at Dulles (and not designated as Revenues) are deposited into the PFC Fund for use in the following priority:

- To the PFC Debt Service Account in each year 2009 through 2016, an amount equal to the greater of $35.0 million or 50% of the total amount of Designated Passenger Facility Charges received by the Airports Authority in each year. Such amounts are irrevocably committed to the payment of Debt Service on PFC Eligible Bonds.

- To the PFC Project Account, all remaining amounts. Such amounts may be applied to any approved PFC-eligible purpose, including transfer to the PFC Debt Service Account to pay Debt Service on PFC Eligible Bonds or to pay approved PFC-eligible costs pay-as-you-go. The Airports Authority used $42.0 million to pay Bond debt service in 2013 and intends to commit the amounts shown in Exhibit F-3 in 2014 through 2018.

DEBT SERVICE COVERAGE

Exhibit G-1 shows historical and forecast coverage of Bond debt service by Net Revenues for the Aviation Enterprise. Exhibits G-2 and G-3 present historical and forecast debt service coverage for Reagan National Airport and Dulles International Airport, respectively. The amount of transfers from the General Purpose Fund is assumed to be the entire amount of the Signatory Airlines' share of NRR per the Airline Agreement.

Exhibit G-1 also shows the calculation of the sufficiency of forecast Net Revenue to meet the requirements of the Rate Covenant, which requires that Net Revenues be sufficient to provide for the larger of the Indenture Section 6.04(a)(i) requirement or the Indenture Section 6.04(a)(ii) requirement. Net Revenues are forecast to be sufficient to meet the requirements of the Rate Covenant each year of the forecast period.

STRESS TEST FINANCIAL PROJECTIONS

Exhibits H-1 through H-3 summarize the forecast financial results as shown in earlier exhibits and discussed in the preceding sections. Revenues and expenses were forecast assuming the base forecasts of enplaned passengers shown in Tables 37 through 40 in the earlier section "Airline Traffic Forecasts."

As discussed in the earlier section, "Stress Test Forecasts," and presented in the earlier Table 41 and Figures 15 and 16, passenger forecasts were prepared to reflect hypothetical future reductions in numbers of both originating and connecting passengers. Exhibits H-1 through H-3 summarize projected financial results assuming the stress test passenger forecasts.

For the stress test financial projections, the 2001-2016 CCP was assumed to be implemented to the same schedule as for the base case financial forecasts, notwithstanding the reduced passenger traffic, and to be funded with the same amounts of Bond proceeds and other funds.

Other assumptions underlying the stress test projections are the same as those for the base case forecasts, except revenues related to passenger numbers, such as PFC Revenues, concession revenues, parking revenues, and rental car revenues, were projected to be lower. O&M Expenses were assumed to be the same for the stress test as for the base case.

Under the stress test, Bond debt service coverage ratios are projected to exceed the 125% requirement of the Rate Covenant. Extraordinary Coverage Protection Payments from the Signatory Airlines would be required at Dulles, but not at Reagan. Annual PFC Revenues and balances in the PFC Fund would be reduced, but PFC Revenues would still be sufficient to pay PFC Eligible Bond debt service from Designated Passenger Facility Charges in an amount equaling the irrevocably committed $35 million through 2016. PFC Revenues would also be sufficient to provide pay-as-you-go funding for the future projects as shown in Exhibits F-2 and F-3, albeit with a need for increased interim financing. As shown in Exhibits H-2 and H-3, required airline payments per passenger at the Airports would increase relative to those for the base forecasts.

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Exhibit A

2001-2016 CAPITAL CONSTRUCTION PROGRAM
Metropolitan Washington Airports Authority
(dollars in thousands)

		Sources of funds						
	Project costs	FAA Grants	TSA Grants	Virginia State Grants	Pay-as-you-go PFC Revenues	Prior Bonds	Proposed 2014A New Money Bonds	Planned 2015 Bonds
Reagan National Airport								
Completed projects	$ 308,617	$ 71,042	$ -	$ 4,777	$ 24,682	$ 208,116	$ -	$ -
Projects in progress								
Terminal modifications for in-line baggage screening	10,845	-	-	-	-	10,845	-	-
Runway safety area improvements	100,010	39,318	-	-	-	19,440	13,290	27,962
Terminal A rehabilitation	49,081	-	-	-	3,362	31,499	6,162	8,058
Terminal B/C improvements	6,524	-	-	-	-	2,067	3,752	704
Other projects in progress	70,191	3,500	-	-	-	25,320	24,478	16,893
Subtotal projects in progress	$ 236,651	$ 42,818	$ -	$ -	$ 3,362	$ 89,172	$ 47,682	$ 53,617
Total 2001-2016 CCP for Reagan National Airport	$ 545,268	$ 113,860	$ -	$ 4,777	$ 28,044	$ 297,288	$ 47,682	$ 53,617
Dulles International Airport								
Completed projects	$ 3,604,189	$ 169,258	$ -	$ 24,315	$ 821,750	$2,588,865	$ -	$ -
Projects in progress								
Terminal modifications for in-line baggage screening	$ 237,814	$ -	$ 171,107	$ -	$ -	$ 66,707	$ -	$ -
Contribution to Dulles Metrorail station	233,041	-	-	-	233,041	-	-	-
International Arrivals Building expansion	147,119	-	-	-	124,303	22,348	467	-
Public Safety projects	37,931	3,500	-	-	-	14,691	11,080	8,660
Enterprise resource program	24,980	-	-	-	-	24,980	-	-
Airfield pavement replacement	23,154	6,189	-	-	-	4,683	10,604	1,678
Concourses C & D rehabilitation	30,467	-	-	-	-	24,014	3,542	2,911
Concourse B expansion and modifications for AeroTrain	4,648	-	-	-	-	4,648	-	-
Concourse B gate modifications for A380	9,249	-	-	-	-	7,960	1,289	-
Other Airfield projects	36,469	14,204	-	-	-	20,632	1,629	5
Other projects in progress	107,684	-	-	-	-	59,041	35,788	12,856
Subtotal projects in progress	$ 892,557	$ 23,893	$ 171,107	$ -	$ 357,345	$ 249,704	$ 64,399	$ 26,110
Total 2001-2016 CCP for Dulles International Airport	$ 4,496,746	$ 193,151	$ 171,107	$ 24,315	$ 1,179,094	$ 2,838,569	$ 64,399	$ 26,110
Total 2001-2016 CCP	$ 5,042,013	$ 307,011	$ 171,107	$ 29,092	$ 1,207,138	$ 3,135,857	$ 112,081	$ 79,727

Source: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.

Exhibit B

SOURCES AND USES OF BOND FUNDS
Metropolitan Washington Airports Authority
(dollars in thousands)

	Proposed 2014A New Money Bonds	Proposed 2014A Refunding Bonds	Subtotal Proposed 2014A Bonds	Planned 2015 Bonds
Airports Authority				
Sources of funds				
Par amount of Bonds	$ 119,515	$ 470,380	$ 589,895	$ 101,230
Original issue premium (discount)	476	20,606	21,082	-
Bond Fund	-	6,140	6,140	-
Debt Service Reserve Fund	-	-	-	-
Total sources	$ 119,991	$ 497,126	$ 617,117	$ 101,230
Uses of funds				
Construction Fund	$ 112,081	$ -	$ 112,081	$ 79,727
Capitalized interest - current series	3,264	-	3,264	3,416
Capitalized interest - prior series	2,997	-	2,997	8,828
Refunding escrow	-	494,348	494,348	-
Debt Service Reserve Fund	776	-	776	7,754
Costs of issuance	872	2,778	3,650	1,506
Total uses	$ 119,991	$ 497,126	$ 617,117	$ 101,230

Source: Jefferies LLC, April 14, 2014 (based on information provided by the Metropolitan Washington Airports Authorit
Columns may not add to totals shown because of rounding.

Exhibit C-1

ANNUAL DEBT SERVICE
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Airports Authority									
Series of Bonds									
Commercial Paper	$ 1,149	$ 314	$ 253	$ 144	$ 1,214	$ 1,214	$ 1,214	$ 1,214	$ 1,214
1998B	12,254	1,132	-	-	-	-	-	-	-
1999A	3,498	-	-	-	-	-	-	-	-
2001A-B	19,779	15,970	2,033	-	-	-	-	-	-
2002A-B & D	14,710	21,707	26,742	-	-	-	-	-	-
2002C	21,238	21,367	-	-	-	-	-	-	-
2003A-D	19,077	21,186	20,857	12,872	4,617	4,640	4,666	4,674	4,703
2004A-D	47,776	45,975	45,720	45,733	38,670	-	-	-	-
2005A-D	24,324	29,497	24,903	27,749	26,687	23,501	27,100	27,100	27,102
2006A-C	32,581	34,487	34,272	36,972	33,400	33,508	33,617	33,610	33,619
2007A-B	51,820	48,024	50,540	54,546	48,441	48,794	49,216	49,263	49,322
2008A	14,330	13,538	23,098	22,494	21,935	17,578	22,422	22,481	17,086
2009A-D	40,919	28,722	29,759	31,711	44,143	45,387	44,996	47,115	49,350
2010A-D & F1	13,608	50,748	52,898	54,743	64,613	73,927	68,140	68,150	73,113
2011A-D	2,016	8,811	40,961	50,418	48,361	51,908	56,274	56,508	56,481
2012A-B	-	-	-	10,483	18,336	18,246	21,285	28,249	28,253
2013A-C	-	-	-	3,964	8,889	10,131	13,661	15,313	19,422
Total Outstanding	$ 319,081	$ 341,478	$ 352,037	$ 351,828	$ 359,305	$ 328,834	$ 342,591	$ 353,679	$ 359,665
Proposed 2014A New Money	$ -	$ -	$ -	$ -	$ 204	$ 2,409	$ 7,324	$ 7,893	$ 7,893
Proposed 2014A Refunding	-	-	-	-	5,573	35,463	44,377	44,379	44,381
Total Proposed 2014 Bonds	$ -	$ -	$ -	$ -	$ 5,777	$ 37,872	$ 51,701	$ 52,273	$ 52,273
Planned 2015	$ -	$ -	$ -	$ -	$ -	$ 142	$ 5,800	$ 7,753	$ 7,752
Subtotal	$ 319,081	$ 341,478	$ 352,037	$ 351,828	$ 365,082	$ 366,847	$ 400,093	$ 413,705	$ 419,690
Less: Irrevocable PFC commitment	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ -	$ -
Less: Intended PFC commitment	(47,013)	(15,815)	(5,010)	(7,000)	(5,000)	(7,500)	(5,000)	(41,000)	(42,000)
Total Annual Debt Service	$ 237,068	$ 290,663	$ 312,026	$ 309,828	$ 325,082	$ 324,347	$ 360,093	$ 372,705	$ 377,690

Source: Jefferies LLC, April 14, 2014 (based on information provided by the Metropolitan Washington Airports Authority).
Columns may not add to totals shown because of rounding.

Exhibit C-2

ANNUAL DEBT SERVICE BY COST CENTER
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reagan National Airport									
Airfield	$ 8,580	$ 7,506	$ 7,648	$ 8,143	$ 8,284	$ 8,139	$ 9,791	$ 12,864	$ 13,391
Terminal A	2,784	2,415	2,605	2,707	3,115	3,024	4,168	4,206	4,324
Terminals B & C	34,590	33,915	32,921	30,127	29,798	25,870	30,189	30,341	30,341
Tenant Equipment	2,035	2,043	2,402	2,218	2,548	2,473	2,807	2,838	2,934
Subtotal Airline Supported Areas	$ 47,990	$ 45,879	$ 45,577	$ 43,195	$ 43,745	$ 39,506	$ 46,955	$ 50,249	$ 50,991
Ground Transportation	$ 16,058	$ 13,854	$ 13,857	$ 17,837	$ 18,035	$ 17,836	$ 20,122	$ 21,031	$ 21,383
Aviation	5,057	3,944	3,533	4,008	3,770	3,547	3,932	3,940	3,942
Nonaviation	-	-	-	-	-	-	-	-	-
Subtotal Nonairline Supported Areas	$ 21,114	$ 17,798	$ 17,390	$ 21,845	$ 21,806	$ 21,383	$ 24,054	$ 24,971	$ 25,325
Maintenance	$ 1,015	$ 806	$ 808	$ 734	$ 1,111	$ 1,070	$ 1,116	$ 1,131	$ 1,161
Public Safety	3,705	3,530	3,077	3,270	3,142	3,373	4,738	4,907	5,000
Administration	2,387	2,648	4,222	4,173	4,188	4,892	4,783	4,799	5,028
Systems & Services	10,025	6,377	6,144	6,404	6,170	5,582	7,241	7,266	7,285
Subtotal Indirect Cost Centers	$ 17,132	$ 13,361	$ 14,250	$ 14,581	$ 14,612	$ 14,917	$ 17,878	$ 18,103	$ 18,475
Total Reagan National Airport	$ 86,236	$ 77,038	$ 77,217	$ 79,622	$ 80,162	$ 75,806	$ 88,888	$ 93,323	$ 94,790
Allocation of Indirect Cost Centers									
Airline Supported Areas	$ 11,481	$ 10,199	$ 11,265	$ 12,502	$ 12,526	$ 12,767	$ 15,340	$ 15,532	$ 15,847
Nonairline Supported Areas	5,651	3,161	2,986	2,080	2,085	2,150	2,539	2,570	2,628
	$ 17,132	$ 13,361	$ 14,250	$ 14,581	$ 14,612	$ 14,917	$ 17,878	$ 18,103	$ 18,475

Source: Jefferies LLC, April 14, 2014 (based on information provided by the Metropolitan Washington Airports Authority).
Columns may not add to totals shown because of rounding.

Exhibit C-3

ANNUAL DEBT SERVICE BY COST CENTER
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dulles International Airport									
Airfield	$ 28,061	$ 34,345	$ 34,909	$ 39,835	$ 40,728	$ 42,017	$ 44,210	$ 45,143	$ 45,263
Concourses C & D	2,774	4,941	4,477	5,484	6,531	6,796	7,108	7,235	7,395
Concourse B	1,153	5,473	8,308	6,935	7,320	7,318	7,614	8,028	8,051
Main Terminal	39,572	51,646	53,076	52,591	56,726	59,316	69,907	71,555	73,589
Airside Operations Building	61	-	-	-	-	-	-	-	-
International Arrivals Building	6,245	5,387	10,436	12,688	13,797	14,306	13,882	14,069	14,487
Concourse C IAB	323	651	627	655	764	763	763	763	763
Concourse A	429	368	389	413	370	379	394	396	396
Z Gates	893	823	962	546	745	633	765	792	757
Passenger Conveyance	7,708	32,451	38,593	37,010	40,833	39,098	41,807	42,483	42,524
Tenant Equipment	1,110	858	961	1,017	1,036	929	1,035	1,035	1,035
Subtotal Airline Supported Areas	$ 88,329	$ 136,943	$ 152,739	$ 157,172	$ 168,851	$ 171,555	$ 187,484	$ 191,500	$ 194,260
Ground Transportation	$ 20,009	$ 19,732	$ 18,032	$ 17,343	$ 17,875	$ 17,681	$ 19,804	$ 21,324	$ 21,526
Aviation	11,913	13,127	13,364	13,443	13,285	13,074	13,716	13,934	13,785
Nonaviation	1,482	991	972	658	211	211	866	1,151	1,150
Cargo	1,162	1,398	1,369	1,422	1,646	1,662	1,844	1,880	1,870
Subtotal Nonairline Supported Areas	$ 34,566	$ 35,248	$ 33,736	$ 32,867	$ 33,017	$ 32,628	$ 36,231	$ 38,288	$ 38,331
Maintenance	$ 974	$ 4,438	$ 7,872	$ 7,123	$ 7,103	$ 6,847	$ 7,354	$ 7,561	$ 7,443
Public Safety	2,543	2,321	2,023	2,225	2,450	2,526	4,117	4,375	4,460
Administration	8,980	16,032	18,666	13,073	15,020	16,389	16,591	17,186	17,704
Systems & Services	15,441	18,645	19,773	17,746	18,479	18,597	19,428	20,472	20,702
Subtotal Indirect Cost Centers	$ 27,937	$ 41,434	$ 48,334	$ 40,167	$ 43,053	$ 44,358	$ 47,490	$ 49,593	$ 50,310
Total Dulles International Airport	$ 150,832	$ 213,625	$ 234,809	$ 230,206	$ 244,920	$ 248,541	$ 271,205	$ 279,382	$ 282,901
Allocation of Indirect Cost Centers									
Airline Supported Areas	$ 17,255	$ 24,020	$ 30,235	$ 25,992	$ 27,867	$ 28,753	$ 30,740	$ 32,055	$ 32,511
Nonairline Supported Areas	10,682	17,414	18,099	14,175	15,185	15,605	16,750	17,538	17,798
	$ 27,937	$ 41,434	$ 48,334	$ 40,167	$ 43,053	$ 44,358	$ 47,490	$ 49,593	$ 50,310

Source: Jefferies LLC, April 14, 2014 (based on information provided by the Metropolitan Washington Airports Authority).
Columns may not add to totals shown because of rounding.

Exhibit D-1

OPERATION AND MAINTENANCE EXPENSES

Metropolitan Washington Airports Authority

For Fiscal Years ending December 31

(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Airports Authority	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personnel expenses	$ 147,639	$ 147,453	$ 150,821	$ 155,032	$ 162,127	$ 166,994	$ 172,003	$ 177,166	$ 182,482
Utilities	23,709	26,150	26,533	25,261	28,685	29,546	30,433	31,346	32,286
Services	92,188	101,454	105,423	113,288	108,083	111,324	114,665	118,105	121,651
Supplies and materials	16,968	14,517	13,772	18,342	18,431	18,986	19,554	20,140	20,743
Miscellaneous	12,250	9,009	10,707	10,968	12,694	13,074	13,466	13,869	14,283
Equipment and facility expense	94	-	105	265	1,696	-	-	-	-
Total Airports (a)	$ 292,849	$ 298,584	$ 307,361	$ 323,156	$ 331,717	$ 339,924	$ 350,121	$ 360,626	$ 371,445
Annual percent change		2.0%	2.9%	5.1%	2.6%	2.5%	3.0%	3.0%	3.0%

Source for historical data: Metropolitan Washington Airports Authority.

Columns may not add to totals shown because of rounding.

(a) The total is exclusive of the Federal Lease Payment.

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Exhibit D-2

OPERATION AND MAINTENANCE EXPENSES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Reagan National Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Summary by Account									
Personnel expenses	$ 63,355	$ 63,476	$ 65,914	$ 67,802	$ 71,664	$ 73,816	$ 76,030	$ 78,313	$ 80,662
Utilities	7,865	8,363	8,888	8,590	9,866	10,162	10,467	10,781	11,104
Services	29,471	36,941	36,189	41,922	36,757	37,859	38,996	40,165	41,370
Supplies and materials	5,116	6,055	4,637	5,513	5,879	6,057	6,238	6,425	6,616
Miscellaneous	6,777	5,893	6,414	6,522	8,485	8,739	9,001	9,271	9,549
Equipment and facility expense	38	-	53	265	1,696	-	-	-	-
Total	$ 112,622	$ 120,728	$ 122,095	$ 130,614	$ 134,346	$ 136,633	$ 140,732	$ 144,955	$ 149,301
Summary by Cost Center									
Airfield	$ 7,765	$ 9,076	$ 9,065	$ 11,188	$ 12,636	$ 12,604	$ 12,982	$ 13,371	$ 13,772
Terminal A	3,417	3,562	3,653	4,111	4,547	4,272	4,401	4,533	4,669
Terminals B & C	11,484	11,262	12,655	15,155	14,507	14,857	15,302	15,761	16,233
Subtotal Airline Supported Areas	$ 22,666	$ 23,899	$ 25,373	$ 30,453	$ 31,691	$ 31,733	$ 32,685	$ 33,665	$ 34,674
Ground Transportation	$ 6,681	$ 5,817	$ 6,273	$ 5,465	$ 5,244	$ 5,400	$ 5,561	$ 5,728	$ 5,900
Aviation	1,879	1,206	1,367	1,521	1,586	1,635	1,684	1,735	1,786
Nonaviation	7	8	7	6	5	6	6	6	6
Subtotal Nonairline Supported Areas	$ 8,567	$ 7,032	$ 7,646	$ 6,992	$ 6,835	$ 7,041	$ 7,251	$ 7,469	$ 7,692
Maintenance	$ 10,018	$ 9,907	$ 9,856	$ 10,684	$ 10,851	$ 11,022	$ 11,353	$ 11,694	$ 12,044
Public Safety	21,362	20,657	22,678	23,085	25,153	25,467	26,231	27,018	27,830
Administration	39,204	47,679	45,189	47,690	46,532	47,723	49,155	50,630	52,148
Systems & Services	10,806	11,554	11,353	11,709	13,283	13,647	14,057	14,479	14,913
Subtotal Indirect Cost Centers	$ 81,389	$ 89,798	$ 89,076	$ 93,168	$ 95,820	$ 97,859	$ 100,796	$ 103,821	$ 106,935
Total	$ 112,622	$ 120,728	$ 122,095	$ 130,614	$ 134,346	$ 136,633	$ 140,732	$ 144,955	$ 149,301
Annual percent change		7.2%	1.1%	7.0%	2.9%	1.7%	3.0%	3.0%	3.0%
Allocation of Indirect Cost Centers									
Airline Supported Areas	$ 55,254	$ 68,218	$ 68,411	$ 78,714	$ 81,210	$ 82,933	$ 85,422	$ 87,985	$ 90,626
Nonairline Supported Areas	26,135	21,580	20,664	14,455	14,610	14,926	15,374	15,836	16,309
	$ 81,389	$ 89,798	$ 89,076	$ 93,168	$ 95,820	$ 97,859	$ 100,796	$ 103,821	$ 106,935

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.

Exhibit D-3

OPERATION AND MAINTENANCE EXPENSES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Dulles International Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Summary by Account									
Personnel expenses	$ 84,285	$ 83,977	$ 84,908	$ 87,230	$ 90,463	$ 93,178	$ 95,973	$ 98,853	$ 101,820
Utilities	15,844	17,787	17,644	16,671	18,819	19,384	19,966	20,565	21,182
Services	62,717	64,513	69,233	71,366	71,327	73,465	75,669	77,940	80,281
Supplies and materials	11,852	8,462	9,135	12,829	12,552	12,929	13,316	13,715	14,127
Miscellaneous	5,473	3,116	4,293	4,446	4,210	4,335	4,465	4,598	4,734
Equipment and facility expense	56	-	53	-	-	-	-	-	-
Total	$ 180,226	$ 177,856	$ 185,266	$ 192,542	$ 197,371	$ 203,291	$ 209,389	$ 215,671	$ 222,144
Summary by Cost Center									
Airfield	$ 14,804	$ 11,875	$ 8,421	$ 11,774	$ 17,168	$ 17,683	$ 18,213	$ 18,759	$ 19,321
Concourses C & D	4,574	4,454	4,951	5,631	5,339	5,499	5,664	5,833	6,008
Concourse B	7,556	7,056	7,585	7,754	7,247	7,464	7,688	7,919	8,157
Main Terminal	12,255	12,557	16,893	14,925	13,829	14,244	14,671	15,112	15,565
Airside Operations Building	3	1	1	1	83	85	88	91	94
International Arrivals Building	1,715	2,042	2,327	2,489	2,246	2,312	2,381	2,452	2,526
Concourse C IAB	295	288	320	364	341	352	363	374	385
Concourse A	1,800	1,693	1,725	1,683	1,601	1,648	1,697	1,749	1,802
Z Gates	239	137	117	106	100	103	106	109	112
Passenger Conveyance	27,664	30,712	32,307	31,785	30,184	31,090	32,023	32,984	33,974
Subtotal Airline Supported Areas	$ 70,904	$ 70,814	$ 74,647	$ 76,511	$ 78,136	$ 80,480	$ 82,894	$ 85,382	$ 87,944
Ground Transportation	$ 12,296	$ 9,258	$ 9,187	$ 12,697	$ 12,950	$ 13,339	$ 13,739	$ 14,151	$ 14,575
Aviation	493	559	631	503	547	564	581	599	618
Nonaviation	142	228	410	218	(970)	(999)	(1,029)	(1,060)	(1,092)
Cargo	544	638	667	486	532	548	564	581	598
Subtotal Nonairline Supported Areas	$ 13,475	$ 10,684	$ 10,895	$ 13,904	$ 13,059	$ 13,452	$ 13,855	$ 14,271	$ 14,699
Maintenance	$ 15,704	$ 17,135	$ 16,314	$ 19,009	$ 19,870	$ 20,465	$ 21,078	$ 21,710	$ 22,361
Public Safety	24,689	23,769	24,611	24,443	25,330	26,089	26,872	27,678	28,509
Administration	37,282	34,743	38,048	38,828	39,140	40,314	41,524	42,770	44,054
Systems & Services	18,172	20,710	20,752	19,847	21,837	22,491	23,166	23,860	24,577
Subtotal Indirect Cost Centers	$ 95,848	$ 96,357	$ 99,724	$ 102,127	$ 106,176	$ 109,359	$ 112,640	$ 116,018	$ 119,501
Total	$ 180,226	$ 177,856	$ 185,266	$ 192,542	$ 197,371	$ 203,291	$ 209,389	$ 215,671	$ 222,144
Annual percent change		-1.3%	4.2%	3.9%	2.5%	3.0%	3.0%	3.0%	3.0%

Exhibit D-3 (page 2 of 2)

OPERATION AND MAINTENANCE EXPENSES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

Dulles International Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Allocation of Indirect Cost Centers									
Airline Supported Areas	$ 67,726	$ 59,534	$ 63,835	$ 68,617	$ 71,381	$ 73,519	$ 75,613	$ 77,881	$ 80,219
Nonairline Supported Areas	28,121	36,823	35,890	33,510	34,795	35,840	37,027	38,137	39,282
	$ 95,848	$ 96,357	$ 99,724	$ 102,127	$ 106,176	$ 109,359	$ 112,640	$ 116,018	$ 119,501

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.

Exhibit E-1

REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Airports Authority	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Airline revenues									
Terminal rents and user fees	$ 191,545	$ 239,594	$ 264,942	$ 268,504	$ 267,258	$ 269,835	$ 288,446	$ 294,875	$ 303,024
Landing and apron fees	101,638	110,256	112,283	128,387	140,594	144,182	148,271	156,449	159,303
International Arrival Building fees	18,013	21,408	25,702	26,363	27,200	28,262	27,754	28,943	29,898
Passenger conveyance fees	6,653	7,677	6,721	6,006	8,125	9,604	11,392	11,883	12,247
Total airline revenues	$ 317,848	$ 378,934	$ 409,648	$ 429,260	$ 443,178	$ 451,883	$ 475,863	$ 492,149	$ 504,473
Annual percent change		19.2%	8.1%	4.8%	3.2%	2.0%	5.3%	3.4%	2.5%
Concession revenues									
Landside concession revenues									
Net public automobile parking (a)	$ 73,391	$ 74,163	$ 74,931	$ 77,171	$ 73,934	$ 76,456	$ 77,420	$ 78,698	$ 80,101
Rental car	44,305	35,682	35,433	36,791	36,527	40,111	41,650	43,323	45,099
Ground transportation	8,067	8,401	8,596	9,364	9,327	10,203	10,597	11,017	11,461
Subtotal	$ 125,763	$ 118,246	$ 118,960	$ 123,325	$ 119,788	$ 126,770	$ 129,667	$ 133,038	$ 136,661
Originating passengers	14,424	14,578	14,628	14,785	14,931	15,604	15,889	16,195	16,518
Revenue per originating passenger	$ 8.72	$ 8.11	$ 8.13	$ 8.34	$ 8.02	$ 8.12	$ 8.16	$ 8.21	$ 8.27
In-terminal concession revenues									
Food and beverage	$ 16,475	$ 17,275	$ 18,011	$ 18,992	$ 19,156	$ 19,571	$ 21,106	$ 22,813	$ 23,679
Newsstand and retail	11,838	12,004	12,238	12,815	10,885	13,156	14,196	15,357	15,951
Duty free	3,200	4,009	4,456	4,667	5,409	5,081	5,353	5,645	5,964
Display advertising	11,653	12,062	10,665	10,241	12,600	12,852	13,110	13,372	13,640
Other concessions	5,956	4,924	5,985	7,791	7,969	8,137	8,336	8,574	8,836
Subtotal	$ 49,122	$ 50,274	$ 51,355	$ 54,506	$ 56,019	$ 58,797	$ 62,101	$ 65,761	$ 68,070
Enplaned passengers	20,778	20,881	20,960	21,058	21,000	21,650	21,950	22,325	22,750
Revenue per enplaned passenger	$ 2.36	$ 2.41	$ 2.45	$ 2.59	$ 2.67	$ 2.72	$ 2.83	$ 2.95	$ 2.99
Airside concession revenues									
Fixed base operator	$ 12,560	$ 14,109	$ 15,467	$ 15,543	$ 12,487	$ 12,737	$ 12,991	$ 13,251	$ 13,516
Inflight kitchen	6,769	7,172	7,925	9,973	8,531	8,751	9,053	9,438	9,875
Subtotal	$ 19,329	$ 21,282	$ 23,392	$ 25,515	$ 21,018	$ 21,488	$ 22,044	$ 22,689	$ 23,391
Total concession revenues	$ 194,213	$ 189,802	$ 193,707	$ 203,347	$ 196,825	$ 207,055	$ 213,812	$ 221,488	$ 228,122
Annual percent change		-2.3%	2.1%	5.0%	-3.2%	5.2%	3.3%	3.6%	3.0%

Exhibit E-1 (page 2 of 2)

REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

Airports Authority	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other operating revenues									
Land and building rentals	$ 30,338	$ 31,378	$ 30,396	$ 30,966	$ 31,368	$ 31,367	$ 33,193	$ 34,054	$ 34,467
TSA rentals	1,248	1,247	1,019	460	175	179	183	187	191
Utility reimbursements	8,105	7,843	7,510	7,959	7,668	7,821	7,977	8,135	8,296
Other revenues	6,471	7,980	8,156	8,071	8,094	8,256	8,421	8,590	8,762
Total other operating revenues	$ 46,162	$ 48,448	$ 47,082	$ 47,456	$ 47,305	$ 47,623	$ 49,774	$ 50,966	$ 51,716
Annual percent change		5.0%	-2.8%	0.8%	-0.3%	0.7%	4.5%	2.4%	1.5%
Investment earnings									
Debt Service Reserve Fund	$ 15,680	$ 17,499	$ 14,743	$ 13,155	$ 14,615	$ 14,786	$ 14,786	$ 14,786	$ 14,786
Bond funds	262	186	85	773	66	57	57	57	57
Unrestricted funds	1,048	930	736	2,259	2,259	3,317	3,399	3,501	3,607
Total investment earnings	$ 16,991	$ 18,615	$ 15,563	$ 16,187	$ 16,940	$ 18,160	$ 18,242	$ 18,344	$ 18,450
Annual percent change		9.6%	-16.4%	4.0%	4.7%	7.2%	0.5%	0.6%	0.6%
Total Revenues	$ 575,215	$ 635,799	$ 666,001	$ 696,250	$ 704,248	$ 724,721	$ 757,691	$ 782,947	$ 802,761
Annual percent change		10.5%	4.8%	4.5%	1.1%	2.9%	4.5%	3.3%	2.5%

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) Revenues are stated net of expenses and fees under parking management contract.

Exhibit E-2

REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Reagan National Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Airline revenues									
Terminal rents and user fees	$ 80,656	$ 83,634	$ 80,202	$ 85,180	$ 83,559	$ 78,432	$ 84,576	$ 85,531	$ 87,427
Landing fees	40,143	41,756	45,345	51,571	52,615	52,072	54,256	59,381	60,497
Total airline revenues	$ 120,799	$ 125,390	$ 125,547	$ 136,750	$ 136,173	$ 130,505	$ 138,831	$ 144,912	$ 147,924
Annual percent change		3.8%	0.1%	8.9%	-0.4%	-4.2%	6.4%	4.4%	2.1%
Concession revenues									
Landside concession revenues									
Net public automobile parking (a)	$ 27,672	$ 29,749	$ 32,795	$ 33,997	$ 33,977	$ 35,221	$ 35,608	$ 35,715	$ 35,786
Rental car	28,170	18,644	18,562	18,919	18,040	22,381	23,299	24,091	24,886
Ground transportation	4,609	4,538	4,956	5,223	5,507	6,095	6,345	6,561	6,778
Subtotal	$ 60,451	$ 52,931	$ 56,314	$ 58,139	$ 57,524	$ 63,697	$ 65,252	$ 66,367	$ 67,450
Originating passengers	7,454	7,755	8,045	8,229	8,624	9,355	9,549	9,679	9,801
Revenue per originating passenger	$ 8.11	$ 6.83	$ 7.00	$ 7.06	$ 6.67	$ 6.81	$ 6.83	$ 6.86	$ 6.88
In-terminal concession revenues									
Food and beverage	$ 7,563	$ 7,927	$ 8,568	$ 9,411	$ 9,474	$ 10,229	$ 11,057	$ 11,919	$ 12,289
Newsstand and retail	5,294	5,476	5,547	5,957	4,856	6,475	7,000	7,545	7,779
Duty free	42	75	83	84	92	99	102	105	108
Display advertising	5,835	5,083	4,787	5,546	6,300	6,426	6,555	6,686	6,820
Other concessions	762	916	747	953	886	927	947	968	989
Subtotal	$ 19,497	$ 19,478	$ 19,732	$ 21,952	$ 21,608	$ 24,156	$ 25,661	$ 27,223	$ 27,985
Enplaned passengers	9,036	9,363	9,788	10,198	10,450	11,100	11,250	11,375	11,500
Revenue per enplaned passenger	$ 2.16	$ 2.08	$ 2.02	$ 2.15	$ 2.07	$ 2.18	$ 2.28	$ 2.39	$ 2.43
Airside concession revenues									
Fixed base operator	$ 780	$ 1,039	$ 1,218	$ 1,026	$ 1,000	$ 1,020	$ 1,040	$ 1,061	$ 1,082
Inflight kitchen	701	779	855	1,109	781	846	875	902	930
Subtotal	$ 1,481	$ 1,819	$ 2,073	$ 2,135	$ 1,781	$ 1,866	$ 1,915	$ 1,963	$ 2,012
Total concession revenues	$ 81,430	$ 74,227	$ 78,119	$ 82,226	$ 80,913	$ 89,719	$ 92,828	$ 95,553	$ 97,447
Annual percent change		-8.8%	5.2%	5.3%	-1.6%	10.9%	3.5%	2.9%	2.0%

Exhibit E-2 (page 2 of 2)

REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

Reagan National Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other operating revenues									
Land and building rentals	$ 9,779	$ 9,840	$ 9,948	$ 9,970	$ 10,284	$ 10,210	$ 10,895	$ 11,122	$ 11,347
TSA rentals	855	853	719	169	-	-	-	-	-
Utility reimbursements	2,272	2,219	2,187	2,337	2,182	2,227	2,272	2,317	2,363
Other revenues	1,547	2,287	2,281	2,235	2,405	2,453	2,502	2,553	2,604
Total other operating revenues	$ 14,452	$ 15,198	$ 15,136	$ 14,711	$ 14,871	$ 14,890	$ 15,669	$ 15,992	$ 16,314
Annual percent change		5.2%	-0.4%	-2.8%	1.1%	0.1%	5.2%	2.1%	2.0%
Investment earnings									
Debt Service Reserve Fund	$ 5,074	$ 4,094	$ 2,661	$ 4,291	$ 4,554	$ 3,210	$ 4,600	$ 5,051	$ 5,055
Bond funds	112	35	12	167	9	15	27	31	31
Unrestricted funds	403	376	292	913	915	1,343	1,366	1,407	1,450
Total investment earnings	$ 5,589	$ 4,505	$ 2,965	$ 5,372	$ 5,479	$ 4,568	$ 5,993	$ 6,489	$ 6,536
Annual percent change		-19.4%	-34.2%	81.2%	2.0%	-16.6%	31.2%	8.3%	0.7%
Total Revenues	$ 222,270	$ 219,320	$ 221,767	$ 239,059	$ 237,436	$ 239,682	$ 253,322	$ 262,946	$ 268,221
Annual percent change		-1.3%	1.1%	7.8%	-0.7%	0.9%	5.7%	3.8%	2.0%

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) Revenues are stated net of expenses and fees under parking management contract.

Exhibit E-3

REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Dulles International Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Airline revenues									
Terminal rents and user fees	$ 110,889	$ 155,960	$ 184,740	$ 183,324	$ 183,699	$ 191,402	$ 203,871	$ 209,344	$ 215,598
Landing and apron fees	61,495	68,499	66,937	76,816	87,979	92,110	94,015	97,068	98,806
International Arrival Building fees	18,013	21,408	25,702	26,363	27,200	28,262	27,754	28,943	29,898
Passenger conveyance fees	6,653	7,677	6,721	6,006	8,125	9,604	11,392	11,883	12,247
Total airline revenues	$ 197,049	$ 253,544	$ 284,101	$ 292,509	$ 307,004	$ 321,378	$ 337,032	$ 347,238	$ 356,549
Annual percent change		28.7%	12.1%	3.0%	5.0%	4.7%	4.9%	3.0%	2.7%
Concession revenues									
Landside concession revenues									
Net public automobile parking (a)	$ 45,719	$ 44,414	$ 42,136	$ 43,173	$ 39,957	$ 41,235	$ 41,812	$ 42,983	$ 44,315
Rental car	16,135	17,039	16,871	17,872	18,487	17,730	18,351	19,232	20,213
Ground transportation	3,458	3,863	3,639	4,141	3,819	4,108	4,252	4,456	4,683
Subtotal	$ 65,312	$ 65,315	$ 62,646	$ 65,186	$ 62,263	$ 63,073	$ 64,415	$ 66,671	$ 69,211
Originating passengers	6,969	6,823	6,583	6,556	6,307	6,249	6,339	6,516	6,717
Revenue per originating passenger	$ 9.37	$ 9.57	$ 9.52	$ 9.94	$ 9.87	$ 10.09	$ 10.16	$ 10.23	$ 10.30
In-terminal concession revenues									
Food and beverage	$ 8,911	$ 9,348	$ 9,443	$ 9,581	$ 9,682	$ 9,342	$ 10,049	$ 10,894	$ 11,390
Newsstand and retail	6,544	6,527	6,691	6,857	6,029	6,681	7,196	7,812	8,172
Duty free	3,158	3,934	4,372	4,583	5,318	4,982	5,251	5,540	5,856
Display advertising	5,817	6,979	5,879	4,695	6,300	6,426	6,555	6,686	6,820
Other concessions	5,194	4,008	5,238	6,838	7,083	7,210	7,389	7,606	7,847
Subtotal	$ 29,624	$ 30,796	$ 31,623	$ 32,555	$ 34,412	$ 34,641	$ 36,440	$ 38,538	$ 40,085
Enplaned passengers	11,742	11,518	11,172	10,861	10,550	10,550	10,700	10,950	11,250
Revenue per enplaned passenger	$ 2.52	$ 2.67	$ 2.83	$ 3.00	$ 3.26	$ 3.28	$ 3.41	$ 3.52	$ 3.56
Airside concession revenues									
Fixed base operator	$ 11,780	$ 13,070	$ 14,250	$ 14,517	$ 11,487	$ 11,717	$ 11,951	$ 12,190	$ 12,434
Inflight kitchen	6,067	6,393	7,070	8,864	7,750	7,905	8,178	8,536	8,945
Subtotal	$ 17,847	$ 19,463	$ 21,319	$ 23,381	$ 19,237	$ 19,622	$ 20,129	$ 20,726	$ 21,379
Total concession revenues	$ 112,783	$ 115,575	$ 115,589	$ 121,121	$ 115,912	$ 117,336	$ 120,984	$ 125,935	$ 130,675
Annual percent change		2.5%	0.0%	4.8%	-4.3%	1.2%	3.1%	4.1%	3.8%

Exhibit E-3 (page 2 of 2)

REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

Dulles International Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other operating revenues									
Land and building rentals	$ 20,559	$ 21,539	$ 20,449	$ 20,996	$ 21,084	$ 21,157	$ 22,298	$ 22,932	$ 23,120
TSA rentals	394	394	300	291	175	179	183	187	191
Utility reimbursements	5,833	5,625	5,323	5,622	5,486	5,594	5,705	5,818	5,933
Other revenues	4,925	5,693	5,874	5,836	5,689	5,803	5,919	6,037	6,158
Total other operating revenues	$ 31,710	$ 33,250	$ 31,946	$ 32,745	$ 32,434	$ 32,733	$ 34,105	$ 34,974	$ 35,402
Annual percent change		4.9%	-3.9%	2.5%	-0.9%	0.9%	4.2%	2.5%	1.2%
Investment earnings									
Debt Service Reserve Fund	$ 10,607	$ 13,405	$ 12,082	$ 8,864	$ 10,061	$ 11,576	$ 10,186	$ 9,735	$ 9,731
Bond funds	151	151	73	605	57	42	30	26	26
Unrestricted funds	645	554	444	1,346	1,344	1,974	2,033	2,094	2,157
Total investment earnings	$ 11,403	$ 14,110	$ 12,599	$ 10,815	$ 11,461	$ 13,592	$ 12,249	$ 11,855	$ 11,914
Annual percent change		23.7%	-10.7%	-14.2%	6.0%	18.6%	-9.9%	-3.2%	0.5%
Total Revenues	$ 352,945	$ 416,479	$ 444,234	$ 457,191	$ 466,812	$ 485,039	$ 504,370	$ 520,001	$ 534,540
Annual percent change		18.0%	6.7%	2.9%	2.1%	3.9%	4.0%	3.1%	2.8%

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) Revenues are stated net of expenses and fees under parking management contract.

Exhibit E-4

SIGNATORY AIRLINE RENTALS, FEES, AND CHARGES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reagan National Airport									
Allocated requirements of Airline Supported Areas									
Direct Operation and Maintenance Expenses (a)	$ 22,666	$ 23,899	$ 25,373	$ 30,453	$ 31,691	$ 31,733	$ 32,685	$ 33,665	$ 34,674
Indirect Operation and Maintenance Expenses (a)	55,254	68,218	68,411	78,714	81,210	82,933	85,422	87,985	90,626
O&M Reserve requirement	1,536	380	377	21	485	294	574	591	608
Direct Debt Service (b)	47,990	45,879	45,577	43,195	43,745	39,506	46,955	50,249	50,991
Indirect Debt Service (b)	11,481	10,199	11,265	12,502	12,526	12,767	15,340	15,532	15,847
Debt Service coverage	14,868	14,020	14,210	13,924	14,068	13,068	15,574	16,445	16,709
Amortization of COMIP Expenditures	3,435	2,966	2,851	2,744	3,073	2,907	2,788	2,441	2,337
Federal Lease payments	2,110	2,366	2,440	2,675	2,734	2,816	2,900	2,988	3,077
Total Requirement	$ 159,340	$ 167,928	$ 170,506	$ 184,227	$ 189,531	$ 186,024	$ 202,239	$ 209,897	$ 214,868
Less: Utility and TSA reimburements	$ 2,812	$ 2,702	$ 2,582	$ 2,122	$ 1,902	$ 1,932	$ 1,962	$ 1,992	$ 2,023
Net Requirement	$ 156,527	$ 165,227	$ 167,923	$ 182,105	$ 187,630	$ 184,092	$ 200,277	$ 207,905	$ 212,845
Signatory Airline Share of Net Requirement	$ 131,346	$ 139,556	$ 142,125	$ 154,968	$ 161,454	$ 158,755	$ 172,517	$ 179,653	$ 184,017
Less: Transfer of prior year Signatory Airline share of Net Remaining Revenues (c)	$ 10,607	$ 14,307	$ 16,691	$ 18,376	$ 25,489	$ 28,448	$ 33,896	$ 34,967	$ 36,323
Net Requirement	$ 120,739	$ 125,249	$ 125,435	$ 136,592	$ 135,965	$ 130,307	$ 138,621	$ 144,687	$ 147,693
Less: Payments by Signatory Cargo Carriers	$ 131	$ 128	$ 139	$ -	$ -	$ -	$ -	$ -	$ -
Passenger Signatory Airline payments	$ 120,609	$ 125,121	$ 125,296	$ 136,592	$ 135,965	$ 130,307	$ 138,621	$ 144,687	$ 147,693
Signatory enplaned passengers	8,924	9,359	9,794	9,699	9,928	10,545	10,688	10,807	10,926
Passenger Signatory Airline payments per passenger	$ 13.52	$ 13.37	$ 12.79	$ 14.08	$ 13.70	$ 12.36	$ 12.97	$ 13.39	$ 13.52

Columns may not add to totals shown because of rounding.
(a) See Exhibit D-2.
(b) See Exhibit C-2.
(c) See Exhibit F-1.

Exhibit E-5

SIGNATORY AIRLINE RENTALS, FEES, AND CHARGES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dulles International Airport									
Allocated requirements of Airline Supported Areas									
Direct Operation and Maintenance Expenses (a)	$ 70,904	$ 70,814	$ 74,647	$ 76,511	$ 78,136	$ 80,480	$ 82,894	$ 85,382	$ 87,944
Indirect Operation and Maintenance Expenses (a)	67,726	59,534	63,835	68,617	71,381	73,519	75,613	77,881	80,219
O&M Reserve requirement	2,591	498	518	26	606	747	751	793	817
Direct Debt Service (b)	88,329	136,943	152,739	157,172	168,851	171,555	187,484	191,500	194,260
Indirect Debt Service (b)	17,255	24,020	30,235	25,992	27,867	28,753	30,740	32,055	32,511
Debt Service coverage	26,396	40,241	45,743	45,791	49,180	50,077	54,556	55,889	56,693
Amortization of COMIP Expenditures	7,601	6,949	6,852	6,775	7,523	11,379	7,348	6,521	6,283
Federal Lease payments	1,483	1,401	1,471	1,504	1,549	1,596	1,643	1,692	1,743
Total Requirement	$ 282,284	$ 340,401	$ 376,040	$ 382,387	$ 405,093	$ 418,106	$ 441,030	$ 451,713	$ 460,470
Less: Utility and TSA reimburements	$ 950	$ 809	$ 936	$ 1,017	$ 776	$ 791	$ 806	$ 821	$ 836
Net Requirement	$ 281,335	$ 339,592	$ 375,105	$ 381,370	$ 404,317	$ 417,315	$ 440,224	$ 450,892	$ 459,634
Signatory Airline Share of Net Requirement	$247,907	$296,262	$325,008	$331,424	$353,723	$365,643	$385,744	$392,457	$400,053
Less: Transfer of prior year Signatory Airline share of Net Remaining Revenues (c)	$ 55,242	$ 47,307	$ 44,870	$ 43,531	$ 52,607	$ 50,450	$ 55,030	$ 51,570	$ 49,830
Net Requirement	$ 192,665	$ 248,955	$ 280,137	$ 287,893	$ 301,115	$ 315,193	$ 330,715	$ 340,887	$ 350,223
Less: Payments by Signatory Cargo Carriers	$ 1,343	$ 1,794	$ 1,666	$ 2,003	$ 2,276	$ 2,383	$ 2,431	$ 2,517	$ 2,566
Passenger Signatory Airline payments	$ 191,322	$ 247,161	$ 278,471	$ 285,890	$ 298,840	$ 312,811	$ 328,284	$ 338,371	$ 347,657
Signatory enplaned passengers	11,668	11,391	11,134	10,796	10,477	10,477	10,626	10,874	11,172
Passenger Signatory Airline payments per passenger	$ 16.40	$ 21.70	$ 25.01	$ 26.48	$ 28.52	$ 29.86	$ 30.89	$ 31.12	$ 31.12

Columns may not add to totals shown because of rounding.
(a) See Exhibit D-3.
(b) See Exhibit C-3.
(c) See Exhibit F-1.

Exhibit F-1

APPLICATION OF REVENUES AND ALLOCATION OF NET REMAINING REVENUES

Metropolitan Washington Airports Authority

For Fiscal Years ending December 31

(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues (a)	$ 575,215	$ 635,799	$ 666,001	$ 696,250	$ 704,248	$ 724,721	$ 757,691	$ 782,947	$ 802,761
Application of Revenues (b)									
O&M Expenses (c)	$ 292,849	$ 298,584	$ 307,361	$ 323,156	$ 331,717	$ 339,924	$ 350,121	$ 360,626	$ 371,445
Required deposits to:									
Operation and Maintenance Fund (d)	5,794	1,236	1,238	61	1,427	1,368	1,700	1,751	1,803
Principal and Interest Accounts (e)	237,068	290,663	312,026	309,828	325,082	324,347	360,093	372,705	377,690
Redemption Accounts	-	-	-	-	-	-	-	-	-
Debt Service Reserve Funds	-	-	-	-	-	-	-	-	-
Subordinated Bond Funds	-	-	-	-	-	-	-	-	-
Subordinated Reserve Funds	-	-	-	-	-	-	-	-	-
Junior Lien Obligations Fund	-	-	-	-	-	-	-	-	-
Federal Lease Fund	5,101	5,181	5,304	5,335	5,429	5,592	5,760	5,933	6,111
Emergency Repair and Rehabilitation Fund	-	-	-	-	-	-	-	-	-
General Purpose Fund	34,403	40,135	40,071	57,869	40,593	53,489	40,018	41,933	45,711
Total Application of Revenues	$ 575,215	$ 635,799	$ 666,001	$ 696,250	$ 704,248	$ 724,721	$ 757,691	$ 782,947	$ 802,761

APPLICATION OF REVENUES AND ALLOCATION OF NET REMAINING REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Calculation of Net Remaining Revenues (f)									
Deposit to General Purpose Fund	$ 34,403	$ 40,135	$ 40,071	$ 57,869	$ 40,593	$ 53,489	$ 40,018	$ 41,933	$ 45,711
Transfer from Airline Transfer Account (g)	65,849	61,614	61,561	61,907	78,097	78,898	88,926	86,536	86,153
Net Remaining Revenues	$ 100,252	$ 101,749	$ 101,632	$ 119,776	$ 118,690	$ 132,387	$ 128,944	$ 128,469	$ 131,864
Allocation of Net Remaining Revenues (f)									
Authority share (transfer to Capital Fund)	$ 38,638	$ 40,188	$ 39,725	$ 41,680	$ 39,792	$ 43,461	$ 42,408	$ 42,316	$ 43,286
Signatory Airline share (transfer to Airline Transfer Account)	61,614	61,561	61,907	78,097	78,898	88,926	86,536	86,153	88,578
	$ 100,252	$ 101,749	$ 101,632	$ 119,776	$ 118,690	$ 132,387	$ 128,944	$ 128,469	$ 131,864
Signatory Airline share of Net Remaining Revenues									
Reagan National Airport	$ 14,307	$ 16,691	$ 18,376	$ 25,489	$ 28,448	$ 33,896	$ 34,967	$ 36,323	$ 36,767
Dulles International Airport	47,307	44,870	43,531	52,607	50,450	55,030	51,570	49,830	51,811
	$ 61,614	$ 61,561	$ 61,907	$ 78,097	$ 78,898	$ 88,926	$ 86,536	$ 86,153	$ 88,578

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) See Exhibit E-1.
(b) Application per the Indenture.
(c) See Exhibit D-1.
(d) Annual O&M Reserve increment.
(e) Annual Debt Service is shown as a proxy for deposits to Principal and Interest Accounts. See Exhibit C-1.
(f) Calculation and allocation per the Airline Agreement.
(g) Signatory Airline share of prior year's Net Remaining Revenues.

Exhibit F-2

SOURCES AND USES OF PFC REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Reagan National Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Enplaned passengers	9,036	9,363	9,788	10,198	10,450	11,100	11,250	11,375	11,500
Percent PFC-eligible	91%	90%	92%	90%	90%	90%	90%	90%	90%
Net PFC amount (a)	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC Revenues	$ 36,155	$ 36,994	$ 39,624	$ 40,498	$ 41,500	$ 44,081	$ 44,677	$ 45,173	$ 45,669
PFC Fund balance beginning balance		$ 8,066	$ 14,079	$ 25,582	$ 38,840	$ 58,579	$ 84,660	$ -	$ -
PFC Revenues		36,994	39,624	40,498	41,500	44,081	44,677	45,173	45,669
Interim financing (b)		-	-	-	-	-	80,704	(45,173)	(35,531)
Uses of PFC Revenues									
Pay-as-you-go expenditures									
Approved projects (c)		30,981	28,121	27,239	16,760	-	-	-	-
Dulles Metrorail station (c)		-	-	-	5,000	18,000	210,041	-	-
PFC Fund balance ending balance	$ 8,066	$ 14,079	$ 25,582	$ 38,840	$ 58,579	$ 84,660	$ -	$ -	$ 10,138

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) PFC of $4.50 less airline collection fee of $0.11.
(b) Commercial Paper Notes to be repaid from PFC Revenues in 2017 and 2018.
(c) Projects at Dulles International Airport to be funded with PFC Revenues from Reagan National Airport.

Exhibit F-3

SOURCES AND USES OF PFC REVENUES
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Dulles International Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Enplaned passengers	11,742	11,518	11,172	10,861	10,550	10,550	10,700	10,950	11,250
Percent PFC-eligible	85%	82%	89%	81%	85%	85%	85%	85%	85%
Net PFC amount (a)	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC Revenues	$ 43,934	$ 41,633	$ 43,640	$ 38,559	$ 39,531	$ 39,531	$ 40,094	$ 41,030	$ 42,154
PFC Fund balance beginning balance		$ 12,921	$ 3,739	$ 7,368	$ 3,928	$ 3,459	$ 491	$ 584	$ 614
PFC Revenues		41,633	43,640	38,559	39,531	39,531	40,094	41,030	42,154
Uses of PFC Revenues									
Debt Service of PFC Eligible Bonds									
Irrevocable commitment		35,000	35,000	35,000	35,000	35,000	35,000	-	-
Intended commitment		15,815	5,010	7,000	5,000	7,500	5,000	41,000	42,000
PFC Fund balance ending balance	$ 12,921	$ 3,739	$ 7,368	$ 3,928	$ 3,459	$ 491	$ 584	$ 614	$ 769

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) PFC of $4.50 less airline collection fee of $0.11.

Exhibit G-1

DEBT SERVICE COVERAGE
AND RATE COVENANT REQUIREMENT
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Airports Authority		Historical				Estimated	Forecast			
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Service Coverage										
Revenues (a)		$ 575,215	$ 635,799	$ 666,001	$ 696,250	$ 704,248	$ 724,721	$ 757,691	$ 782,947	$ 802,761
Transfer from General Purpose Fund (b)		65,849	61,614	61,561	61,907	78,097	78,898	88,926	86,536	86,153
		$ 641,063	$ 697,413	$ 727,562	$ 758,157	$ 782,345	$ 803,619	$ 846,617	$ 869,484	$ 888,914
Less: Operation and Maintenance Expenses (c)		292,849	298,584	307,361	323,156	331,717	339,924	350,121	360,626	371,445
Net Revenues	[A]	$ 348,215	$ 398,829	$ 420,200	$ 435,001	$ 450,628	$ 463,695	$ 496,496	$ 508,858	$ 517,469
Bond Debt Service		$ 319,081	$ 341,478	$ 352,037	$ 351,828	$ 365,082	$ 366,847	$ 400,093	$ 413,705	$ 419,690
Less: Irrevocable PFC commitment		(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	-	-
Less: Intended PFC commitment		(47,013)	(15,815)	(5,010)	(7,000)	(5,000)	(7,500)	(5,000)	(41,000)	(42,000)
Total Annual Debt Service (d)	[B]	$ 237,068	$ 290,663	$ 312,026	$ 309,828	$ 325,082	$ 324,347	$ 360,093	$ 372,705	$ 377,690
Debt service coverage ratio	[A/B]	1.47	1.37	1.35	1.40	1.39	1.43	1.38	1.37	1.37

Exhibit G-1 (page 2 of 2)

DEBT SERVICE COVERAGE
AND RATE COVENANT REQUIREMENT
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

Airports Authority		Historical				Estimated	Forecast			
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Rate Covenant Requirement										
Section 6.04(a)(i) requirement										
Required deposits to:										
Principal and Interest Accounts (e)		$ 237,068	$ 290,663	$ 312,026	$ 309,828	$ 325,082	$ 324,347	$ 360,093	$ 372,705	$ 377,690
Redemption Accounts		-	-	-	-	-	-	-	-	-
Debt Service Reserve Funds		-	-	-	-	-	-	-	-	-
Subordinated Bond Funds		-	-	-	-	-	-	-	-	-
Subordinated Reserve Funds		-	-	-	-	-	-	-	-	-
Junior Lien Obligations Fund		-	-	-	-	-	-	-	-	-
Federal Lease Fund		5,101	5,181	5,304	5,335	5,429	5,592	5,760	5,933	6,111
Emergency Repair and Rehabilitation Fund		-	-	-	-	-	-	-	-	-
Total Section 6.04(a)(i) requirement	[C]	$ 242,169	$ 295,844	$ 317,330	$ 315,164	$ 330,511	$ 329,939	$ 365,853	$ 378,638	$ 383,801
Section 6.04(a)(i) requirement										
Annual Debt Service	[D]	$ 237,068	$ 290,663	$ 312,026	$ 309,828	$ 325,082	$ 324,347	$ 360,093	$ 372,705	$ 377,690
Coverage factor	[E]	125%	125%	125%	125%	125%	125%	125%	125%	125%
Total Section 6.04(a)(i) requirement (F = D x E)	[F]	$ 296,335	$ 363,329	$ 390,033	$ 387,285	$ 406,353	$ 405,434	$ 450,116	$ 465,881	$ 472,113
Rate Covenant Requirement										
(equal to the greater of [C] or [F])	[G]	$ 296,335	$ 363,329	$ 390,033	$ 387,285	$ 406,353	$ 405,434	$ 450,116	$ 465,881	$ 472,113
Result must not be less than zero	[A-G]	$ 51,880	$ 35,500	$ 30,167	$ 47,716	$ 44,275	$ 58,260	$ 46,380	$ 42,977	$ 45,356

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) See Exhibit E-1.
(b) Airline Transfer Account deposit from prior year. See Exhibit F-1.
(c) See Exhibit D-1.
(d) See Exhibit C-1.
(e) Annual debt service is used as a proxy for deposits to the Principal and Interest Accounts.

Exhibit G-2

DEBT SERVICE COVERAGE
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Reagan National Airport		Historical				Estimated	Forecast			
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues (a)		$ 222,270	$ 219,320	$ 221,767	$ 239,059	$ 237,436	$ 239,682	$ 253,322	$ 262,946	$ 268,221
Transfer from General Purpose Fund (b)		10,607	14,307	16,691	18,376	25,489	28,448	33,896	34,967	36,323
		$ 232,876	$ 233,627	$ 238,457	$ 257,435	$ 262,926	$ 268,130	$ 287,218	$ 297,913	$ 304,544
Less: Operation and Maintenance Expenses (c)		112,622	120,728	122,095	130,614	134,346	136,633	140,732	144,955	149,301
Net Revenues	[A]	$ 120,254	$ 112,899	$ 116,362	$ 126,821	$ 128,579	$ 131,497	$ 146,486	$ 152,958	$ 155,243
Bond Debt Service		$ 86,236	$ 77,038	$ 77,217	$ 79,622	$ 80,162	$ 75,806	$ 88,888	$ 93,323	$ 94,790
Less: Irrevocable PFC commitment		-	-	-	-	-	-	-	-	-
Less: Intended PFC commitment		-	-	-	-	-	-	-	-	-
Total Annual Debt Service (d)	[B]	$ 86,236	$ 77,038	$ 77,217	$ 79,622	$ 80,162	$ 75,806	$ 88,888	$ 93,323	$ 94,790
Debt service coverage ratio	[A/B]	1.39	1.47	1.51	1.59	1.60	1.73	1.65	1.64	1.64

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) See Exhibit E-2.
(b) Airline Transfer Account deposit from prior year.
(c) See Exhibit D-2.
(d) See Exhibit C-2.

Exhibit G-3

DEBT SERVICE COVERAGE
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Dulles International Airport		Historical				Estimated	Forecast			
		2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues (a)		$ 352,945	$ 416,479	$ 444,234	$ 457,191	$ 466,812	$ 485,039	$ 504,370	$ 520,001	$ 534,540
Transfer from General Purpose Fund (b)		55,242	47,307	44,870	43,531	52,607	50,450	55,030	51,570	49,830
		$ 408,187	$ 463,786	$ 489,104	$ 500,722	$ 519,419	$ 535,488	$ 559,399	$ 571,571	$ 584,370
Less: Operation and Maintenance Expenses (c)		180,226	177,856	185,266	192,542	197,371	203,291	209,389	215,671	222,144
Net Revenues	[A]	$ 227,961	$ 285,930	$ 303,838	$ 308,180	$ 322,049	$ 332,197	$ 350,010	$ 355,900	$ 362,226
Bond Debt Service		$ 232,845	$ 264,440	$ 274,819	$ 272,206	$ 284,920	$ 291,041	$ 311,205	$ 320,382	$ 324,901
Less: Irrevocable PFC commitment		(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	-	-
Less: Intended PFC commitment		(47,013)	(15,815)	(5,010)	(7,000)	(5,000)	(7,500)	(5,000)	(41,000)	(42,000)
Total Annual Debt Service (d)	[B]	$ 150,832	$ 213,625	$ 234,809	$ 230,206	$ 244,920	$ 248,541	$ 271,205	$ 279,382	$ 282,901
Debt service coverage ratio	[A/B]	1.51	1.34	1.29	1.34	1.31	1.34	1.29	1.27	1.28

Source for historical data: Metropolitan Washington Airports Authority.
Columns may not add to totals shown because of rounding.
(a) See Exhibit E-3.
(b) Airline Transfer Account deposit from prior year.
(c) See Exhibit D-3.
(d) See Exhibit C-3.

Exhibit H-1

SUMMARY OF FINANCIAL FORECASTS
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Airports Authority	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Base Case									
Total Revenues	$ 575,215	$ 635,799	$ 666,001	$ 696,250	$ 704,248	$ 724,721	$ 757,691	$ 782,947	$ 802,761
Plus: Transfer from General Purpose Fund (b)	65,849	61,614	61,561	61,907	78,097	78,898	88,926	86,536	86,153
Less: Operation and Maintenance Expenses	(292,849)	(298,584)	(307,361)	(323,156)	(331,717)	(339,924)	(350,121)	(360,626)	(371,445)
Net Revenues	$ 348,215	$ 398,829	$ 420,200	$ 435,001	$ 450,628	$ 463,695	$ 496,496	$ 508,858	$ 517,469
Bond Debt Service	$ 319,081	$ 341,478	$ 352,037	$ 351,828	$ 365,082	$ 366,847	$ 400,093	$ 413,705	$ 419,690
Less: Commitment of PFC Revenues	(82,013)	(50,815)	(40,010)	(42,000)	(40,000)	(42,500)	(40,000)	(41,000)	(42,000)
Total Annual Debt Service	$ 237,068	$ 290,663	$ 312,026	$ 309,828	$ 325,082	$ 324,347	$ 360,093	$ 372,705	$ 377,690
Debt service coverage ratio	1.47	1.37	1.35	1.40	1.39	1.43	1.38	1.37	1.37
PFC Revenues	$ 80,088	$ 78,627	$ 83,264	$ 79,057	$ 81,031	$ 83,612	$ 84,770	$ 86,203	$ 87,824
PFC Fund balance	$ 20,987	$ 17,818	$ 32,950	$ 42,767	$ 62,039	$ 85,151	$ 584	$ 614	$ 10,907
Stress Test									
Total Revenues	$ 575,215	$ 635,799	$ 666,001	$ 696,250	$ 704,248	$ 715,601	$ 746,719	$ 787,502	$ 803,793
Plus: Transfer from General Purpose Fund (b)	65,849	61,614	61,561	61,907	78,097	78,898	76,616	65,466	67,284
Less: Operation and Maintenance Expenses	(292,849)	(298,584)	(307,361)	(323,156)	(331,717)	(339,924)	(350,121)	(360,626)	(371,445)
Net Revenues	$ 348,215	$ 398,829	$ 420,200	$ 435,001	$ 450,628	$ 454,575	$ 473,214	$ 492,342	$ 499,632
Bond Debt Service	$ 319,081	$ 341,478	$ 352,037	$ 351,828	$ 365,082	$ 366,847	$ 400,093	$ 413,705	$ 419,690
Less: Commitment of PFC Revenues	(82,013)	(50,815)	(40,010)	(42,000)	(40,000)	(35,000)	(35,000)	(32,000)	(32,000)
Total Annual Debt Service	$ 237,068	$ 290,663	$ 312,026	$ 309,828	$ 325,082	$ 331,847	$ 365,093	$ 381,705	$ 387,690
Debt service coverage ratio	1.47	1.37	1.35	1.40	1.39	1.37	1.30	1.29	1.29
PFC Revenues	$ 80,088	$ 78,627	$ 83,264	$ 79,057	$ 81,031	$ 73,432	$ 66,400	$ 66,400	$ 66,400
PFC Fund balance	$ 20,987	$ 17,818	$ 32,950	$ 42,767	$ 62,039	$ 82,470	$ 895	$ 745	$ 595

Source: See preceding exhibits and accompanying text.
Columns may not add to totals shown because of rounding.

Exhibit H-2

SUMMARY OF FINANCIAL FORECASTS
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Reagan National Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Base Case									
Airline revenues	$ 120,799	$ 125,390	$ 125,547	$ 136,750	$ 136,173	$ 130,505	$ 138,831	$ 144,912	$ 147,924
Concession revenues	81,430	74,227	78,119	82,226	80,913	89,719	92,828	95,553	97,447
Other operating revenues	20,041	19,703	18,101	20,083	20,350	19,458	21,662	22,481	22,850
Total Revenues	$ 222,270	$ 219,320	$ 221,767	$ 239,059	$ 237,436	$ 239,682	$ 253,322	$ 262,946	$ 268,221
Plus: Transfer from General Purpose Fund (b)	$ 10,607	$ 14,307	$ 16,691	$ 18,376	$ 25,489	$ 28,448	$ 33,896	$ 34,967	$ 36,323
Less: Operation and Maintenance Expenses	(112,622)	(120,728)	(122,095)	(130,614)	(134,346)	(136,633)	(140,732)	(144,955)	(149,301)
Net Revenues	$ 120,254	$ 112,899	$ 116,362	$ 126,821	$ 128,579	$ 131,497	$ 146,486	$ 152,958	$ 155,243
Bond Debt Service	$ 86,236	$ 77,038	$ 77,217	$ 79,622	$ 80,162	$ 75,806	$ 88,888	$ 93,323	$ 94,790
Debt service coverage ratio	1.39	1.47	1.51	1.59	1.60	1.73	1.65	1.64	1.64
Signatory enplaned passengers	8,924	9,359	9,794	9,699	9,928	10,545	10,688	10,807	10,926
Passenger Signatory Airline payments per passenger	$ 13.52	$ 13.37	$ 12.79	$ 14.08	$ 13.70	$ 12.36	$ 12.97	$ 13.39	$ 13.52
Stress Test									
Airline revenues	$ 120,799	$ 125,390	$ 125,547	$ 136,750	$ 136,173	$ 130,506	$ 147,919	$ 158,697	$ 163,132
Concession revenues	81,430	74,227	78,119	82,226	80,913	77,555	74,404	75,282	76,177
Other operating revenues	20,041	19,703	18,101	20,083	20,350	19,409	21,630	22,426	22,788
Extraordinary coverage protection payments	-	-	-	-	-	-	-	-	-
Total Revenues	$ 222,270	$ 219,320	$ 221,767	$ 239,059	$ 237,436	$ 227,470	$ 243,953	$ 256,405	$ 262,097
Plus: Transfer from General Purpose Fund (b)	$ 10,607	$ 14,307	$ 16,691	$ 18,376	$ 25,489	$ 28,448	$ 24,737	$ 21,071	$ 20,996
Less: Operation and Maintenance Expenses	(112,622)	(120,728)	(122,095)	(130,614)	(134,346)	(136,633)	(140,732)	(144,955)	(149,301)
Net Revenues	$ 120,254	$ 112,899	$ 116,362	$ 126,821	$ 128,579	$ 119,285	$ 127,958	$ 132,521	$ 133,792
Bond Debt Service	$ 86,236	$ 77,038	$ 77,217	$ 79,622	$ 80,162	$ 75,806	$ 88,888	$ 93,323	$ 94,790
Debt service coverage ratio	1.39	1.47	1.51	1.59	1.60	1.57	1.44	1.42	1.41
Signatory enplaned passengers	8,924	9,359	9,794	9,699	9,928	9,054	8,265	8,265	8,265
Passenger Signatory Airline payments per passenger	$ 13.52	$ 13.37	$ 12.79	$ 14.08	$ 13.70	$ 14.39	$ 17.86	$ 19.17	$ 19.70

Source: See preceding exhibits and accompanying text.
Columns may not add to totals shown because of rounding.

Exhibit H-3

SUMMARY OF FINANCIAL FORECASTS
Metropolitan Washington Airports Authority
For Fiscal Years ending December 31
(dollars and passengers in thousands)

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airports Authority management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

Dulles International Airport	Historical				Estimated	Forecast			
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Base Case									
Airline revenues	$ 197,049	$ 253,544	$ 284,101	$ 292,509	$ 307,004	$ 321,378	$ 337,032	$ 347,238	$ 356,549
Concession revenues	112,783	115,575	115,589	121,121	115,912	117,336	120,984	125,935	130,675
Other operating revenues	43,113	47,360	44,545	43,560	43,896	46,325	46,354	46,829	47,316
Total Revenues	$ 352,945	$ 416,479	$ 444,234	$ 457,191	$ 466,812	$ 485,039	$ 504,370	$ 520,001	$ 534,540
Plus: Transfer from General Purpose Fund (b)	55,242	47,307	44,870	43,531	52,607	50,450	55,030	51,570	49,830
Less: Operation and Maintenance Expenses	(180,226)	(177,856)	(185,266)	(192,542)	(197,371)	(203,291)	(209,389)	(215,671)	(222,144)
Net Revenues	$ 227,961	$ 285,930	$ 303,838	$ 308,180	$ 322,049	$ 332,197	$ 350,010	$ 355,900	$ 362,226
Bond Debt Service	$ 232,845	$ 264,440	$ 274,819	$ 272,206	$ 284,920	$ 291,041	$ 311,205	$ 320,382	$ 324,901
Less: Commitment of PFC Revenues	(82,013)	(50,815)	(40,010)	(42,000)	(40,000)	(42,500)	(40,000)	(41,000)	(42,000)
Total Annual Debt Service	$ 150,832	$ 213,625	$ 234,809	$ 230,206	$ 244,920	$ 248,541	$ 271,205	$ 279,382	$ 282,901
Debt service coverage ratio	1.51	1.34	1.29	1.34	1.31	1.34	1.29	1.27	1.28
Signatory enplaned passengers	11,668	11,391	11,134	10,796	10,477	10,477	10,626	10,874	11,172
Passenger Signatory Airline payments per passenger	$ 16.40	$ 21.70	$ 25.01	$ 26.48	$ 28.52	$ 29.86	$ 30.89	$ 31.12	$ 31.12
Stress Test									
Airline revenues	$ 197,049	$ 253,544	$ 284,101	$ 292,509	$ 307,004	$ 328,881	$ 345,062	$ 363,045	$ 369,945
Concession revenues	112,783	115,575	115,589	121,121	115,912	112,878	109,754	111,172	112,621
Other operating revenues	43,113	47,360	44,545	43,560	43,896	46,372	46,383	46,881	47,375
Extraordinary coverage protection payments	-	-	-	-	-	-	1,567	9,999	11,755
Total Revenues	$ 352,945	$ 416,479	$ 444,234	$ 457,191	$ 466,812	$ 488,131	$ 502,766	$ 531,097	$ 541,696
Plus: Transfer from General Purpose Fund (b)	55,242	47,307	44,870	43,531	52,607	50,450	51,879	44,395	46,288
Less: Operation and Maintenance Expenses	(180,226)	(177,856)	(185,266)	(192,542)	(197,371)	(203,291)	(209,389)	(215,671)	(222,144)
Net Revenues	$ 227,961	$ 285,930	$ 303,838	$ 308,180	$ 322,049	$ 335,289	$ 345,256	$ 359,821	$ 365,840
Bond Debt Service	$ 232,845	$ 264,440	$ 274,819	$ 272,206	$ 284,920	$ 291,041	$ 311,205	$ 320,382	$ 324,901
Less: Commitment of PFC Revenues	(82,013)	(50,815)	(40,010)	(42,000)	(40,000)	(35,000)	(35,000)	(32,000)	(32,000)
Total Annual Debt Service	$ 150,832	$ 213,625	$ 234,809	$ 230,206	$ 244,920	$ 256,041	$ 276,205	$ 288,382	$ 292,901
Debt service coverage ratio	1.51	1.34	1.29	1.34	1.31	1.31	1.25	1.25	1.25
Signatory enplaned passengers	11,668	11,391	11,134	10,796	10,477	9,431	8,441	8,441	8,441
Passenger Signatory Airline payments per passenger	$ 16.40	$ 21.70	$ 25.01	$ 26.48	$ 28.52	$ 33.92	$ 39.89	$ 42.96	$ 43.96

Source: See preceding exhibits and accompanying text.
Columns may not add to totals shown because of rounding.

REFUNDING AGREEMENT

Dated as of ___________, 2014

By and Between

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

and

MANUFACTURERS AND TRADERS TRUST COMPANY, Trustee

Relating to the Current Refunding of
Metropolitan Washington Airports Authority
Airport System Revenue Bonds, Series 2004B

REFUNDING AGREEMENT

This **REFUNDING AGREEMENT** dated as of __________, 2014 (this "***Refunding Agreement***"), by and between the METROPOLITAN WASHINGTON AIRPORTS AUTHORITY (the "***Airports Authority***") and MANUFACTURERS AND TRADERS TRUST COMPANY (successor to Allfirst Bank), a New York banking corporation with trust powers, as Trustee for the owners of the Bonds described below (the "***Trustee***").

BACKGROUND

A. Pursuant to a 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 and supplemented, the "***Master Indenture***") and the Eighteenth Supplemental Indenture of Trust dated as of May 1, 2004 (the "***Prior Supplemental Indenture***") (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture"***), each between the Airports Authority and the Trustee, the Airports Authority issued its Airport System Revenue Bonds, Series 2004B (the "***Series 2004B Bonds***") for the purpose of financing certain capital projects at the Airports.

B. Pursuant to the Master Indenture and a Forty-fifth Supplemental Indenture of Trust dated as of __________, 2014 (the "***Forty-fifth Supplemental Indenture***") between the Airports Authority and the Trustee, the Airports Authority has authorized its Airport System Revenue and Refunding Bonds, Series 2014A (the "***Series 2014A Bonds***"), a portion of the proceeds of which will be used to pay the cost of currently refunding all of the outstanding Series 2004B Bonds in the aggregate principal amount of $245,000,000, as identified in **Schedule 1** to **Exhibit A** hereto (the "***Refunded Bonds***"), by redeeming the Refunded Bonds on October 1, 2014 (the "***Redemption Date***"), at the redemption price (the "***Redemption Price***") shown on **Schedule 1** to **Exhibit A**, plus accrued interest due thereon.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound hereby, covenant, agree and certify as follows:

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

1. **<u>Deposit with Trustee</u>.** The Airports Authority hereby directs the Trustee to transfer the amounts of (a) $_________ from the proceeds of the Series 2014A Bonds (including an original issue premium), (b) $_________ from the Series 2004B Interest Account in the Bond Fund, and (c) [$__________ from the Common Reserve Account in the Debt Service Reserve Fund] to the Series 2004B Redemption Account in the Bond Fund in respect of the Refunded Bonds, which account was established pursuant to the Prior Supplemental Indenture (the "***Redemption Account***"). The Airports Authority hereby directs the Trustee to apply the amounts in the Redemption Account first to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date and then to pay the current interest due on the Redemption Date with respect to such Refunded Bonds.

2. **Application of Moneys Deposited with Trustee.** The Trustee acknowledges the Airports Authority's directions regarding the deposit of the proceeds of the Series 2014A Bonds and other available funds in the Redemption Account pursuant to Section 1002 of the Master Indenture and irrevocably agrees to use all such amounts, plus any earnings thereon, to the extent needed to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date, and interest due thereon, as provided in this Refunding Agreement.

3. **Notice of Refunding of Refunded Bonds.** The Trustee hereby acknowledges receipt of directions from the Airports Authority in the form attached hereto as **Exhibit A** to call the Refunded Bonds on the Redemption Date. In accordance with such instructions, the Trustee (i) by __________, 2014, will cause notice of the defeasance of the Refunded Bonds and the redemption of the Refunded Bonds to be given, and (ii) by September 1, 2014, but not before August 2, 2014, will cause notice of the redemption of the Refunded Bonds to be given, all in accordance with the requirements of Sections 1002 and 303 of the Master Indenture and the Prior Supplemental Indenture by sending both notices (a) to DTC or its nominee and to any other registered owners of the Refunded Bonds, (b) to all organizations registered with the Securities and Exchange Commission as securities depositories, and (c) to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board; and (ii) confirms that it will cause both notices to be given to Assured Guaranty Municipal Corp., successor to Financial Security Assurance, Inc., in accordance with the Prior Supplemental Indenture. In addition, the Trustee will provide copies of both notices to Standard & Poor's Ratings Services, Moody's Investors Service Inc., Fitch Ratings, Inc. and The Bond Buyer. A copy of the notice of defeasance and redemption is attached hereto as **Exhibit B** and a copy of the notice of redemption is attached hereto as **Exhibit C**. Any costs associated with publishing such notices will be borne by the Airports Authority.

4. **Investment or Deposit of Redemption Account.** The moneys received by the Trustee under Section 1 of this Refunding Agreement will be deposited in the Redemption Account.

The Trustee shall invest moneys on deposit in the Redemption Account in noncallable Government Obligations, noncallable Government Certificates or pre-refunded municipal obligations in accordance with Sections 1002 and 1003 of the Master Indenture, and as limited by Section 709 of the Prior Supplemental Indenture, as specified in **Exhibit A** hereto.

The interest and income received from such investments, any interest paid by the Trustee or any other depository, and any profit or loss resulting from the sale of any such investment shall be credited to or borne by the Redemption Account.

Based on the report dated __________, 2014 of ________________, which verifies the sufficiency of the moneys on deposit in the Redemption Account to effect the redemption and defeasance of the Refunded Bonds (the "***Verification Report***"), the Airports Authority represents that the amounts to be deposited in the Redemption Account, together with earnings thereon, will be sufficient to pay the Redemption Price on the Refunded Bonds, and to pay current interest due on such Refunded Bonds on the Redemption Date.

5. **Payment of Trustee's Fees and Expenses.** The Trustee agrees that it shall submit a statement to the Airports Authority for payment of its fees and expenses for services rendered or costs incurred by the Trustee under this Refunding Agreement, the Prior Supplemental Indenture, or otherwise relating to the Refunded Bonds, and further agrees that it shall have no claim or lien whatsoever on any of the moneys deposited in the Redemption Account for the payment of any such fees and expenses. The Airports Authority agrees to pay such statement promptly upon presentation by the Trustee.

6. **Trustee's Covenant to Defease and Release Obligations with Respect to Refunded Bonds.** The Trustee hereby acknowledges: (a) receipt of all moneys required to be deposited into the Redemption Account, and the investment thereof, as provided in this Refunding Agreement; (b) receipt of the documents required under Article X of the Master Indenture; (c) in reliance on the Verification Report, that the moneys deposited in the Redemption Account, plus the earnings thereon, will provide sufficient moneys to pay the Redemption Price on the Refunded Bonds on the Redemption Date and current interest accrued and due on such Refunded Bonds on the Redemption Date in accordance with this Refunding Agreement and the Prior Supplemental Indenture; and (d) in reliance on the opinion of Bond Counsel, that upon such deposit and investment the Refunded Bonds shall no longer be deemed to be Outstanding under the Indenture, pursuant to Section 1002 of the Master Indenture. The Trustee hereby agrees that, upon the deposit in the Redemption Account of all moneys and investments required by this Refunding Agreement, the Trustee's right, title and interest in the Indenture in respect of the Refunded Bonds, excluding any moneys held under this Refunding Agreement, will cease and the Trustee will thereupon release the Indenture in respect of the Refunded Bonds, pursuant to Section 1001 of the Master Indenture, and shall execute the form of release attached as **Exhibit D** and such other documents to evidence such release as may be reasonably requested by the Airports Authority.

Notwithstanding the foregoing, the parties further acknowledge and agree that the release of the Indenture in respect of the Refunded Bonds shall not terminate the powers and rights granted to the Trustee under the Indenture with respect to, but only with respect to, the payment, registration and transfer of the Refunded Bonds and the replacement of Refunded Bonds which have been lost, destroyed, mutilated or stolen or which for any other reason the Trustee deems a replacement to be necessary.

7. **Return of Excess Moneys.** After having reserved, in trust, funds sufficient for the payment of the Redemption Price of, and accrued interest due in respect of, the Refunded Bonds, the Trustee shall, pursuant to Section 517 of the Master Indenture, after October 1, 2014, transfer to the Airports Authority all excess moneys deposited in the Redemption Account. The Trustee shall return to the Airports Authority all unclaimed moneys, if any, in accordance with Section 1003 of the Master Indenture.

8. **Trustee's Obligations Unconditional.** The Trustee agrees that its obligations under this Refunding Agreement are absolute and unconditional, notwithstanding any failure by the Airports Authority to pay when due any fees or expenses relating to the Refunded Bonds or the Series 2014A Bonds.

9. Rights and Duties of Trustee. The Trustee's rights, duties and obligations under this Refunding Agreement shall be as set forth in Article VIII of the Master Indenture. Such provisions are hereby incorporated by reference.

10. No Recourse. No recourse shall be had for any claim based on this Refunding Agreement against any member, officer or employee, past, present or future, of the Airports Authority or of any successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.

11. Termination. This Refunding Agreement shall terminate when all deposits, transfers, payments and other acts required to be made or taken by the Trustee under the provisions hereof shall have been made or taken.

12. Severability. If any one or more of the covenants or agreements provided in this Refunding Agreement to be performed on the part of the Airports Authority or the Trustee should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Refunding Agreement.

13. Successors and Assigns. All of the covenants, promises and agreements hereunder of the Airports Authority shall be binding upon, and inure to the benefit of, its successors and assigns. All of the covenants, promises and agreements hereunder of the Trustee shall be binding upon, and inure to the benefit of, its successor trustee under the Prior Supplemental Indenture.

14. Governing Law. This Refunding Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Virginia.

15. Headings. Any headings preceding the text of the several sections hereof shall be solely for convenience of reference and shall not constitute a part of this Refunding Agreement, nor shall they affect its meaning, construction or effect.

16. Counterparts. This Refunding Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Refunding Agreement to be executed by their duly authorized officers as of the date first above written.

[SEAL]

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

ATTEST:

By: ___________________________________
Secretary

By: ___________________________________
Chairman

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ___________________________________
Authorized Officer

<u>Exhibit A</u>

[MWAA LETTERHEAD]

____________, 2014

Manufacturers and Traders Trust Company, Trustee
25 South Charles Street
11th Floor
Baltimore, Maryland 21201

Attention: Mr. Kevin Ebert

**RE: Metropolitan Washington Airports Authority
Airport System Revenue Bonds, Series 2004B**

Dear Mr. Ebert:

The above-referenced bonds (the ***"Series 2004B Bonds")*** were issued pursuant to 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 and supplemented, the ***"Master Indenture")*** and the Eighteenth Supplemental Indenture of Trust dated as of May 1, 2004 (the ***"Prior Supplemental Indenture")***, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")*** (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture")***. The Airports Authority has determined to refund and redeem the outstanding Series 2004B Bonds as shown on **Schedule 1** attached hereto (the ***"Refunded Bonds")***. The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date")***, at the redemption price (the ***"Redemption Price")*** shown on **Schedule 1,** with a portion of the proceeds of its proposed Airport System Revenue and Refunding Bonds, Series 2014A (the ***"Series 2014A Bonds")***, other available funds, and the earnings thereon.

Pursuant to Section 301 of the Master Indenture and Section 301 of the Prior Supplemental Indenture, the Airports Authority hereby irrevocably directs the Trustee to call $245,000,000 aggregate principal amount of the Refunded Bonds for optional redemption on the Redemption Date at the Redemption Price shown on **Schedule 1** hereto, plus interest accrued thereon to the Redemption Date.

Moneys deposited with the Trustee for such purpose shall be invested as shown on **Schedule 2** hereto.

Any notice of redemption published or otherwise given to DTC or its nominee or other registered owners of the Refunded Bonds and to Moody's Investors Service Inc., Standard & Poor's Rating Services, Fitch Ratings, Inc., and <u>The Bond Buyer</u> must be made in accordance with Section 303 of the Master Indenture and Section 305 of the Prior Supplemental Indenture,

with a copy to Assured Guaranty Municipal Corp., successor to Financial Security Assurance, Inc., pursuant to Section 702 of the Prior Supplemental Indenture.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By:__________________________________
Chairman

Schedule 1

Metropolitan Washington Airports Authority
Airport System Revenue Bonds, Series 2004B
to be Redeemed October 1, 2014

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2027	$ 25,000,000	100%	592646 KS1
2028	7,330,000	100	592646 KT9

$212,670,000 Term Bonds due October 1, 2034, Redemption Price: 100%, CUSIP: 592646 KU6

Schedule 2

Metropolitan Washington Airports Authority
Airport System Revenue Bonds, Series 2004B
Escrow Investments

Type of Security	Interest Rate	Maturity Date	Par Amount	Cost	Accrued Interest	Total Escrow Funds
	___%	__/__/14	$_________	$________	$_______	$_________

<u>Exhibit B</u>

<u>[FORM OF DEFEASANCE AND REDEMPTION NOTICE]</u>
NOTICE OF DEFEASANCE AND REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE BONDS
SERIES 2004B
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Eighteenth Supplemental Indenture of Trust dated as of May 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to defease all of the above-referenced Bonds, currently outstanding in the aggregate principal amount of $245,000,000 (the ***"Refunded Bonds")***. The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2027	$25,000,000	100%	592646 KS1
2028	7,330,000	100	592646 KT9

$212,670,000 Term Bonds due October 1, 2034, Redemption Price: 100%, CUSIP: 592646 KU6

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue and from and after __________, 2014, the Refunded Bonds will have been defeased in accordance with Article X of the Master Indenture.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of such Refunded Bonds. Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: ________________, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

<u>Exhibit C</u>

<u>[FORM OF REDEMPTION NOTICE]</u>
NOTICE OF REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE BONDS
SERIES 2004B
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Eighteenth Supplemental Indenture of Trust dated as of May 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to redeem the following amounts of its above referenced Bonds (the ***"Refunded Bonds")*** on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2027	$25,000,000	100%	592646 KS1
2028	7,330,000	100	592646 KT9

$212,670,000 Term Bonds due October 1, 2034, Redemption Price: 100%, CUSIP: 592646 KU6

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: _______________, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

Exhibit D

MANUFACTURERS AND TRADERS TRUST COMPANY

RECEIPT AND RELEASE OF INDENTURE AND COLLATERAL DOCUMENTS

KNOW ALL PERSONS BY THESE PRESENTS, that Manufacturers and Traders Trust Company (successor to Allfirst Bank), successor Trustee under a certain 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 and supplemented, the ***"Master Indenture")*** and the Eighteenth Supplemental Indenture of Trust dated as of May 1, 2004 (the ***"Prior Supplemental Indenture")*** (collectively, the ***"Indenture")***, between Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and the Trustee, DOES HEREBY ACKNOWLEDGE that it has received moneys sufficient for the payment upon redemption on October 1, 2014 (including the payment of accrued interest thereon), of the aggregate principal amount of the Series 2004B Bonds issued and Outstanding under the Prior Supplemental Indenture and identified in the Refunding Agreement dated as of ________, 2014, between the Trustee and the Airports Authority (the ***"Refunded Bonds")***, together with all other sums payable and documents required thereunder, if any; and in consideration thereof, DOES HEREBY RELEASE, CANCEL AND DISCHARGE the lien of said Indenture in respect of the Refunded Bonds and hereby assigns unto the Airports Authority, its successors and assigns, all of the right, title and interest of Manufacturers and Traders Trust Company, as such Trustee thereunder in and to all the past, present and future "Net Revenues" payable to the Trustee under the Indenture in respect of the Refunded Bonds (other than the sums described above) and certain collateral documents and the moneys payable thereunder in respect of the Refunded Bonds.

IN WITNESS WHEREOF, Manufacturers and Traders Trust Company has caused this instrument to be executed and delivered on its behalf by its duly authorized officer, and its corporate seal to be hereunto affixed, all as of the _____ day of ________, 2014.

Manufacturers and Traders Trust Company, Trustee

[SEAL]

By: ________________________________

Authorized Officer

REFUNDING AGREEMENT

Dated as of ___________, 2014

By and Between

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

and

MANUFACTURERS AND TRADERS TRUST COMPANY, Trustee

**Relating to the Current Refunding of
Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-1**

REFUNDING AGREEMENT

This **REFUNDING AGREEMENT** dated as of __________, 2014 (this "***Refunding Agreement***"), by and between the METROPOLITAN WASHINGTON AIRPORTS AUTHORITY (the "***Airports Authority***") and MANUFACTURERS AND TRADERS TRUST COMPANY (successor to Allfirst Bank), a New York banking corporation with trust powers, as Trustee for the owners of the Bonds described below (the "***Trustee***").

BACKGROUND

A. Pursuant to a 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 and supplemented, the "***Master Indenture***") and the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2004 (the "***Prior Supplemental Indenture***") (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture"***), each between the Airports Authority and the Trustee, the Airports Authority issued its Airport System Revenue Refunding Bonds, Series 2004C-1 (the "***Series 2004C-1 Bonds***") for the purpose of refunding a portion of the Airports Authority's Airport System Revenue Bonds, Series 1994A.

B. Pursuant to the Master Indenture and a Forty-fifth Supplemental Indenture of Trust dated as of __________, 2014 (the "***Forty-fifth Supplemental Indenture***") between the Airports Authority and the Trustee, the Airports Authority has authorized its Airport System Revenue and Refunding Bonds, Series 2014A (the "***Series 2014A Bonds***"), a portion of the proceeds of which will be used to pay the cost of currently refunding all of the outstanding Series 2004C-1 Bonds in the aggregate principal amount of $31,300,000, as identified in **Schedule 1** to **Exhibit A** hereto (the "***Refunded Bonds***"), by redeeming the Refunded Bonds on October 1, 2014 (the "***Redemption Date***"), at the redemption price (the "***Redemption Price***") shown on **Schedule 1** to **Exhibit A**, plus accrued interest due thereon.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound hereby, covenant, agree and certify as follows:

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

1. **<u>Deposit with Trustee</u>.** The Airports Authority hereby directs the Trustee to transfer the amounts of (a) $_________ from the proceeds of the Series 2014A Bonds (including an original issue premium), (b) $_________ from the Series 2004C-1 Interest Account in the Bond Fund, and (c) [$__________ from the Common Reserve Account in the Debt Service Reserve Fund] to the Series 2004C-1 Redemption Account in the Bond Fund in respect of the Refunded Bonds, which account was established pursuant to the Prior Supplemental Indenture (the "***Redemption Account***"). The Airports Authority hereby directs the Trustee to apply the amounts in the Redemption Account first to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date and then to pay the current interest due on the Redemption Date with respect to such Refunded Bonds.

2. **Application of Moneys Deposited with Trustee.** The Trustee acknowledges the Airports Authority's directions regarding the deposit of the proceeds of the Series 2014A Bonds and other available funds in the Redemption Account pursuant to Section 1002 of the Master Indenture and irrevocably agrees to use all such amounts, plus any earnings thereon, to the extent needed to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date, and interest due thereon, as provided in this Refunding Agreement.

3. **Notice of Refunding of Refunded Bonds.** The Trustee hereby acknowledges receipt of directions from the Airports Authority in the form attached hereto as **Exhibit A** to call the Refunded Bonds on the Redemption Date. In accordance with such instructions, the Trustee (i) by __________, 2014, will cause notice of the defeasance of the Refunded Bonds and the redemption of the Refunded Bonds to be given, and (ii) by September 1, 2014, but not before August 2, 2014, will cause notice of the redemption of the Refunded Bonds to be given, all in accordance with the requirements of Sections 1002 and 303 of the Master Indenture and the Prior Supplemental Indenture by sending both notices (a) to DTC or its nominee and to any other registered owners of the Refunded Bonds, (b) to all organizations registered with the Securities and Exchange Commission as securities depositories, and (c) to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board; and (ii) confirms that it will cause both notices to be given to Assured Guaranty Municipal Corp., successor to Financial Security Assurance, Inc., in accordance with the Prior Supplemental Indenture. In addition, the Trustee will provide copies of both notices to Standard & Poor's Ratings Services, Moody's Investors Service Inc., Fitch Ratings, Inc. and The Bond Buyer. A copy of the notice of defeasance and redemption is attached hereto as **Exhibit B** and a copy of the notice of redemption is attached hereto as **Exhibit C**. Any costs associated with publishing such notices will be borne by the Airports Authority.

4. **Investment or Deposit of Redemption Account.** The moneys received by the Trustee under Section 1 of this Refunding Agreement will be deposited in the Redemption Account.

The Trustee shall invest moneys on deposit in the Redemption Account in noncallable Government Obligations, noncallable Government Certificates or pre-refunded municipal obligations in accordance with Sections 1002 and 1003 of the Master Indenture, and as limited by Section 709 of the Prior Supplemental Indenture, as specified in **Exhibit A** hereto.

The interest and income received from such investments, any interest paid by the Trustee or any other depository, and any profit or loss resulting from the sale of any such investment shall be credited to or borne by the Redemption Account.

Based on the report dated __________, 2014 of ________________, which verifies the sufficiency of the moneys on deposit in the Redemption Account to effect the redemption and defeasance of the Refunded Bonds (the "***Verification Report***"), the Airports Authority represents that the amounts to be deposited in the Redemption Account, together with earnings thereon, will be sufficient to pay the Redemption Price on the Refunded Bonds, and to pay current interest due on such Refunded Bonds on the Redemption Date.

5. **<u>Payment of Trustee's Fees and Expenses</u>.** The Trustee agrees that it shall submit a statement to the Airports Authority for payment of its fees and expenses for services rendered or costs incurred by the Trustee under this Refunding Agreement, the Prior Supplemental Indenture, or otherwise relating to the Refunded Bonds, and further agrees that it shall have no claim or lien whatsoever on any of the moneys deposited in the Redemption Account for the payment of any such fees and expenses. The Airports Authority agrees to pay such statement promptly upon presentation by the Trustee.

6. **<u>Trustee's Covenant to Defease and Release Obligations with Respect to Refunded Bonds</u>.** The Trustee hereby acknowledges: (a) receipt of all moneys required to be deposited into the Redemption Account, and the investment thereof, as provided in this Refunding Agreement; (b) receipt of the documents required under Article X of the Master Indenture; (c) in reliance on the Verification Report, that the moneys deposited in the Redemption Account, plus the earnings thereon, will provide sufficient moneys to pay the Redemption Price on the Refunded Bonds on the Redemption Date and current interest accrued and due on such Refunded Bonds on the Redemption Date in accordance with this Refunding Agreement and the Prior Supplemental Indenture; and (d) in reliance on the opinion of Bond Counsel, that upon such deposit and investment the Refunded Bonds shall no longer be deemed to be Outstanding under the Indenture, pursuant to Section 1002 of the Master Indenture. The Trustee hereby agrees that, upon the deposit in the Redemption Account of all moneys and investments required by this Refunding Agreement, the Trustee's right, title and interest in the Indenture in respect of the Refunded Bonds, excluding any moneys held under this Refunding Agreement, will cease and the Trustee will thereupon release the Indenture in respect of the Refunded Bonds, pursuant to Section 1001 of the Master Indenture, and shall execute the form of release attached as **Exhibit D** and such other documents to evidence such release as may be reasonably requested by the Airports Authority.

Notwithstanding the foregoing, the parties further acknowledge and agree that the release of the Indenture in respect of the Refunded Bonds shall not terminate the powers and rights granted to the Trustee under the Indenture with respect to, but only with respect to, the payment, registration and transfer of the Refunded Bonds and the replacement of Refunded Bonds which have been lost, destroyed, mutilated or stolen or which for any other reason the Trustee deems a replacement to be necessary.

7. **<u>Return of Excess Moneys</u>.** After having reserved, in trust, funds sufficient for the payment of the Redemption Price of, and accrued interest due in respect of, the Refunded Bonds, the Trustee shall, pursuant to Section 517 of the Master Indenture, after October 1, 2014, transfer to the Airports Authority all excess moneys deposited in the Redemption Account. The Trustee shall return to the Airports Authority all unclaimed moneys, if any, in accordance with Section 1003 of the Master Indenture.

8. **<u>Trustee's Obligations Unconditional</u>.** The Trustee agrees that its obligations under this Refunding Agreement are absolute and unconditional, notwithstanding any failure by the Airports Authority to pay when due any fees or expenses relating to the Refunded Bonds or the Series 2014A Bonds.

9. **<u>Rights and Duties of Trustee</u>.** The Trustee's rights, duties and obligations under this Refunding Agreement shall be as set forth in Article VIII of the Master Indenture. Such provisions are hereby incorporated by reference.

10. **<u>No Recourse</u>. No recourse shall be had for any claim based on this Refunding Agreement against any member, officer or employee, past, present or future, of the Airports Authority or of any successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.**

11. **<u>Termination</u>.** This Refunding Agreement shall terminate when all deposits, transfers, payments and other acts required to be made or taken by the Trustee under the provisions hereof shall have been made or taken.

12. **<u>Severability</u>.** If any one or more of the covenants or agreements provided in this Refunding Agreement to be performed on the part of the Airports Authority or the Trustee should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Refunding Agreement.

13. **<u>Successors and Assigns</u>.** All of the covenants, promises and agreements hereunder of the Airports Authority shall be binding upon, and inure to the benefit of, its successors and assigns. All of the covenants, promises and agreements hereunder of the Trustee shall be binding upon, and inure to the benefit of, its successor trustee under the Prior Supplemental Indenture.

14. **<u>Governing Law</u>. This Refunding Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Virginia.**

15. **<u>Headings</u>.** Any headings preceding the text of the several sections hereof shall be solely for convenience of reference and shall not constitute a part of this Refunding Agreement, nor shall they affect its meaning, construction or effect.

16. **<u>Counterparts</u>.** This Refunding Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Refunding Agreement to be executed by their duly authorized officers as of the date first above written.

[SEAL]

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

ATTEST:

By: ___________________________________
Secretary

By: ___________________________________
Chairman

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ___________________________________
Authorized Officer

<u>**Exhibit A**</u>

[MWAA LETTERHEAD]

____________, 2014

Manufacturers and Traders Trust Company, Trustee
25 South Charles Street
11th Floor
Baltimore, Maryland 21201

Attention: Mr. Kevin Ebert

**RE: Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-1**

Dear Mr. Ebert:

The above-referenced bonds (the ***"Series 2004C-1 Bonds"****)* were issued pursuant to 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 and supplemented, the ***"Master Indenture"****)* and the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2004 (the ***"Prior Supplemental Indenture"****),* between the Metropolitan Washington Airports Authority (the ***"Airports Authority"****)* and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee"****)* (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture"****).* The Airports Authority has determined to refund and redeem the outstanding Series 2004C-1 Bonds as shown on **Schedule 1** attached hereto (the ***"Refunded Bonds"****).* The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date"****),* at the redemption price (the ***"Redemption Price"****)* shown on **Schedule 1,** with a portion of the proceeds of its proposed Airport System Revenue and Refunding Bonds, Series 2014A (the ***"Series 2014A Bonds"****),* other available funds, and the earnings thereon.

Pursuant to Section 301 of the Master Indenture and Section 301 of the Prior Supplemental Indenture, the Airports Authority hereby irrevocably directs the Trustee to call $31,300,000 aggregate principal amount of the Refunded Bonds for optional redemption on the Redemption Date at the Redemption Price shown on **Schedule 1** hereto, plus interest accrued thereon to the Redemption Date.

Moneys deposited with the Trustee for such purpose shall be invested as shown on **Schedule 2** hereto.

Any notice of redemption published or otherwise given to DTC or its nominee or other registered owners of the Refunded Bonds and to Moody's Investors Service Inc., Standard & Poor's Rating Services, Fitch Ratings, Inc., and <u>The Bond Buyer</u> must be made in accordance with Section 303 of the Master Indenture and Section 305 of the Prior Supplemental Indenture,

with a copy to Assured Guaranty Municipal Corp., successor to Financial Security Assurance, Inc., pursuant to Section 702 of the Prior Supplemental Indenture.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By:__________________________________
Chairman

Schedule 1

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-1
<u>to be Redeemed October 1, 2014</u>

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2020	$16,655,000	100%	592646 KY8
2021	14,645,000	100	592646 KZ5

Schedule 2

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-1
Escrow Investments

Type of Security	Interest Rate	Maturity Date	Par Amount	Cost	Accrued Interest	Total Escrow Funds
	___%	__/__/14	$_________	$________	$_______	$_________

<u>Exhibit B</u>

<u>[FORM OF DEFEASANCE AND REDEMPTION NOTICE]</u>
NOTICE OF DEFEASANCE AND REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2004C-1
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to defease all of the above-referenced Bonds, currently outstanding in the aggregate principal amount of $31,300,000 (the ***"Refunded Bonds")***. The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2020	$16,655,000	100%	592646 KY8
2021	14,645,000	100	592646 KZ5

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue and from and after **_________**, 2014, the Refunded Bonds will have been defeased in accordance with Article X of the Master Indenture.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of such Refunded Bonds. Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: **______________**, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

Exhibit C

[FORM OF REDEMPTION NOTICE]
NOTICE OF REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2004C-1
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to redeem the following amounts of its above referenced Bonds (the ***"Refunded Bonds")*** on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2020	$16,655,000	100%	592646 KY8
2021	14,645,000	100	592646 KZ5

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: _______________, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

<u>Exhibit D</u>

MANUFACTURERS AND TRADERS TRUST COMPANY

**RECEIPT AND RELEASE OF INDENTURE
AND COLLATERAL DOCUMENTS**

KNOW ALL PERSONS BY THESE PRESENTS, that Manufacturers and Traders Trust Company (successor to Allfirst Bank), successor Trustee under a certain 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 and supplemented, the ***"Master Indenture")*** and the Nineteenth Supplemental Indenture of Trust dated as of July 1, 2004 (the ***"Prior Supplemental Indenture")*** (collectively, the ***"Indenture")***, between Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and the Trustee, DOES HEREBY ACKNOWLEDGE that it has received moneys sufficient for the payment upon redemption on October 1, 2014 (including the payment of accrued interest thereon), of the aggregate principal amount of the Series 2004C-1 Bonds issued and Outstanding under the Prior Supplemental Indenture and identified in the Refunding Agreement dated as of ________, 2014, between the Trustee and the Airports Authority (the ***"Refunded Bonds")***, together with all other sums payable and documents required thereunder, if any; and in consideration thereof, DOES HEREBY RELEASE, CANCEL AND DISCHARGE the lien of said Indenture in respect of the Refunded Bonds and hereby assigns unto the Airports Authority, its successors and assigns, all of the right, title and interest of Manufacturers and Traders Trust Company, as such Trustee thereunder in and to all the past, present and future "Net Revenues" payable to the Trustee under the Indenture in respect of the Refunded Bonds (other than the sums described above) and certain collateral documents and the moneys payable thereunder in respect of the Refunded Bonds.

IN WITNESS WHEREOF, Manufacturers and Traders Trust Company has caused this instrument to be executed and delivered on its behalf by its duly authorized officer, and its corporate seal to be hereunto affixed, all as of the _____ day of ________, 2014.

Manufacturers and Traders Trust Company, Trustee

[SEAL]

By: ________________________________
Authorized Officer

REFUNDING AGREEMENT

Dated as of ___________, 2014

By and Between

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

and

MANUFACTURERS AND TRADERS TRUST COMPANY, Trustee

Relating to the Current Refunding of
Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-2

REFUNDING AGREEMENT

This **REFUNDING AGREEMENT** dated as of **__________**, 2014 (this "***Refunding Agreement***"), by and between the METROPOLITAN WASHINGTON AIRPORTS AUTHORITY (the "***Airports Authority***") and MANUFACTURERS AND TRADERS TRUST COMPANY (successor to Allfirst Bank), a New York banking corporation with trust powers, as Trustee for the owners of the Bonds described below (the "***Trustee***").

BACKGROUND

A. Pursuant to a 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 and supplemented, the "***Master Indenture***") and the Twentieth Supplemental Indenture of Trust dated as of August 1, 2004 (the "***Prior Supplemental Indenture***") (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture"***), each between the Airports Authority and the Trustee, the Airports Authority issued its Airport System Revenue Refunding Bonds, Series 2004C-2 (the "***Series 2004C-2 Bonds***") for the purpose of refunding a portion of the Airports Authority's Airport System Revenue Bonds, Series 1994A.

B. Pursuant to the Master Indenture and a Forty-fifth Supplemental Indenture of Trust dated as of **__________**, 2014 (the "***Forty-fifth Supplemental Indenture***") between the Airports Authority and the Trustee, the Airports Authority has authorized its Airport System Revenue and Refunding Bonds, Series 2014A (the "***Series 2014A Bonds***"), a portion of the proceeds of which will be used to pay the cost of currently refunding all of the outstanding Series 2004C-2 Bonds maturing or subject to mandatory sinking fund redemption October 1, 2015 through October 1, 2024 in the aggregate principal amount of $93,735,000, as identified in **Schedule 1** to **Exhibit A** hereto (the "***Refunded Bonds***"), by redeeming the Refunded Bonds on October 1, 2014 (the "***Redemption Date***"), at the redemption price (the "***Redemption Price***") shown on **Schedule 1** to **Exhibit A**, plus accrued interest due thereon.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound hereby, covenant, agree and certify as follows:

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

1. **Deposit with Trustee.** The Airports Authority hereby directs the Trustee to transfer the amounts of (a) $**_________** from the proceeds of the Series 2014A Bonds (including an original issue premium), (b) $**_________** from the Series 2004C-2 Interest Account in the Bond Fund, and (c) [$**__________** from the Common Reserve Account in the Debt Service Reserve Fund] to the Series 2004C-2 Redemption Account in the Bond Fund in respect of the Refunded Bonds, which account was established pursuant to the Prior Supplemental Indenture (the "***Redemption Account***"). The Airports Authority hereby directs the Trustee to apply the amounts in the Redemption Account first to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date and then to pay the current interest due on the Redemption Date with respect to such Refunded Bonds.

2. **Application of Moneys Deposited with Trustee.** The Trustee acknowledges the Airports Authority's directions regarding the deposit of the proceeds of the Series 2014A Bonds and other available funds in the Redemption Account pursuant to Section 1002 of the Master Indenture and irrevocably agrees to use all such amounts, plus any earnings thereon, to the extent needed to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date, and interest due thereon, as provided in this Refunding Agreement.

3. **Notice of Refunding of Refunded Bonds.** The Trustee hereby acknowledges receipt of directions from the Airports Authority in the form attached hereto as **Exhibit A** to call the Refunded Bonds on the Redemption Date. In accordance with such instructions, the Trustee (i) by __________, 2014, will cause notice of the defeasance of the Refunded Bonds and the redemption of the Refunded Bonds to be given, and (ii) by September 1, 2014, but not before August 2, 2014, will cause notice of the redemption of the Refunded Bonds to be given, all in accordance with the requirements of Sections 1002 and 303 of the Master Indenture and the Prior Supplemental Indenture by sending both notices (a) to DTC or its nominee and to any other registered owners of the Refunded Bonds, (b) to all organizations registered with the Securities and Exchange Commission as securities depositories, and (c) to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board; and (ii) confirms that it will cause both notices to be given to Assured Guaranty Municipal Corp., successor to Financial Security Assurance, Inc., in accordance with the Prior Supplemental Indenture. In addition, the Trustee will provide copies of both notices to Standard & Poor's Ratings Services, Moody's Investors Service Inc., Fitch Ratings, Inc. and The Bond Buyer. A copy of the notice of defeasance and redemption is attached hereto as **Exhibit B** and a copy of the notice of redemption is attached hereto as **Exhibit C**. Any costs associated with publishing such notices will be borne by the Airports Authority.

4. **Investment or Deposit of Redemption Account.** The moneys received by the Trustee under Section 1 of this Refunding Agreement will be deposited in the Redemption Account.

The Trustee shall invest moneys on deposit in the Redemption Account in noncallable Government Obligations, noncallable Government Certificates or pre-refunded municipal obligations in accordance with Sections 1002 and 1003 of the Master Indenture, and as limited by Section 709 of the Prior Supplemental Indenture, as specified in **Exhibit A** hereto.

The interest and income received from such investments, any interest paid by the Trustee or any other depository, and any profit or loss resulting from the sale of any such investment shall be credited to or borne by the Redemption Account.

Based on the report dated __________, 2014 of ________________, which verifies the sufficiency of the moneys on deposit in the Redemption Account to effect the redemption and defeasance of the Refunded Bonds (the "***Verification Report***"), the Airports Authority represents that the amounts to be deposited in the Redemption Account, together with earnings thereon, will be sufficient to pay the Redemption Price on the Refunded Bonds, and to pay current interest due on such Refunded Bonds on the Redemption Date.

5. **Payment of Trustee's Fees and Expenses.** The Trustee agrees that it shall submit a statement to the Airports Authority for payment of its fees and expenses for services rendered or costs incurred by the Trustee under this Refunding Agreement, the Prior Supplemental Indenture, or otherwise relating to the Refunded Bonds, and further agrees that it shall have no claim or lien whatsoever on any of the moneys deposited in the Redemption Account for the payment of any such fees and expenses. The Airports Authority agrees to pay such statement promptly upon presentation by the Trustee.

6. **Trustee's Covenant to Defease and Release Obligations with Respect to Refunded Bonds.** The Trustee hereby acknowledges: (a) receipt of all moneys required to be deposited into the Redemption Account, and the investment thereof, as provided in this Refunding Agreement; (b) receipt of the documents required under Article X of the Master Indenture; (c) in reliance on the Verification Report, that the moneys deposited in the Redemption Account, plus the earnings thereon, will provide sufficient moneys to pay the Redemption Price on the Refunded Bonds on the Redemption Date and current interest accrued and due on such Refunded Bonds on the Redemption Date in accordance with this Refunding Agreement and the Prior Supplemental Indenture; and (d) in reliance on the opinion of Bond Counsel, that upon such deposit and investment the Refunded Bonds shall no longer be deemed to be Outstanding under the Indenture, pursuant to Section 1002 of the Master Indenture. The Trustee hereby agrees that, upon the deposit in the Redemption Account of all moneys and investments required by this Refunding Agreement, the Trustee's right, title and interest in the Indenture in respect of the Refunded Bonds, excluding any moneys held under this Refunding Agreement, will cease and the Trustee will thereupon release the Indenture in respect of the Refunded Bonds, pursuant to Section 1001 of the Master Indenture, and shall execute the form of release attached as **Exhibit D** and such other documents to evidence such release as may be reasonably requested by the Airports Authority.

Notwithstanding the foregoing, the parties further acknowledge and agree that the release of the Indenture in respect of the Refunded Bonds shall not terminate the powers and rights granted to the Trustee under the Indenture with respect to, but only with respect to, the payment, registration and transfer of the Refunded Bonds and the replacement of Refunded Bonds which have been lost, destroyed, mutilated or stolen or which for any other reason the Trustee deems a replacement to be necessary.

7. **Return of Excess Moneys.** After having reserved, in trust, funds sufficient for the payment of the Redemption Price of, and accrued interest due in respect of, the Refunded Bonds, the Trustee shall, pursuant to Section 517 of the Master Indenture, after October 1, 2014, transfer to the Airports Authority all excess moneys deposited in the Redemption Account. The Trustee shall return to the Airports Authority all unclaimed moneys, if any, in accordance with Section 1003 of the Master Indenture.

8. **Trustee's Obligations Unconditional.** The Trustee agrees that its obligations under this Refunding Agreement are absolute and unconditional, notwithstanding any failure by the Airports Authority to pay when due any fees or expenses relating to the Refunded Bonds or the Series 2014A Bonds.

9. Rights and Duties of Trustee. The Trustee's rights, duties and obligations under this Refunding Agreement shall be as set forth in Article VIII of the Master Indenture. Such provisions are hereby incorporated by reference.

10. No Recourse. No recourse shall be had for any claim based on this Refunding Agreement against any member, officer or employee, past, present or future, of the Airports Authority or of any successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.

11. Termination. This Refunding Agreement shall terminate when all deposits, transfers, payments and other acts required to be made or taken by the Trustee under the provisions hereof shall have been made or taken.

12. Severability. If any one or more of the covenants or agreements provided in this Refunding Agreement to be performed on the part of the Airports Authority or the Trustee should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Refunding Agreement.

13. Successors and Assigns. All of the covenants, promises and agreements hereunder of the Airports Authority shall be binding upon, and inure to the benefit of, its successors and assigns. All of the covenants, promises and agreements hereunder of the Trustee shall be binding upon, and inure to the benefit of, its successor trustee under the Prior Supplemental Indenture.

14. Governing Law. This Refunding Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Virginia.

15. Headings. Any headings preceding the text of the several sections hereof shall be solely for convenience of reference and shall not constitute a part of this Refunding Agreement, nor shall they affect its meaning, construction or effect.

16. Counterparts. This Refunding Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Refunding Agreement to be executed by their duly authorized officers as of the date first above written.

[SEAL]

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

ATTEST:

By: ___________________________________
Secretary

By: ___________________________________
Chairman

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ___________________________________
Authorized Officer

<u>Exhibit A</u>

[MWAA LETTERHEAD]

____________, 2014

Manufacturers and Traders Trust Company, Trustee
25 South Charles Street
11th Floor
Baltimore, Maryland 21201

Attention: Mr. Kevin Ebert

RE: Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-2

Dear Mr. Ebert:

The above-referenced bonds (the ***"Series 2004C-2 Bonds")*** were issued pursuant to 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 and supplemented, the ***"Master Indenture")*** and the Twentieth Supplemental Indenture of Trust dated as of August 1, 2004 (the ***"Prior Supplemental Indenture")***, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")*** (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture").*** The Airports Authority has determined to refund and redeem the outstanding Series 2004C-2 Bonds maturing or subject to mandatory sinking fund redemption October 1, 2015 through October 1, 2024 as shown on **Schedule 1** attached hereto (the ***"Refunded Bonds")***. The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date")***, at the redemption price (the ***"Redemption Price")*** shown on **Schedule 1,** with a portion of the proceeds of its proposed Airport System Revenue and Refunding Bonds, Series 2014A (the ***"Series 2014A Bonds")***, other available funds, and the earnings thereon.

Pursuant to Section 301 of the Master Indenture and Section 301 of the Prior Supplemental Indenture, the Airports Authority hereby irrevocably directs the Trustee to call $93,735,000 aggregate principal amount of the Refunded Bonds for optional redemption on the Redemption Date at the Redemption Price shown on **Schedule 1** hereto, plus interest accrued thereon to the Redemption Date.

Moneys deposited with the Trustee for such purpose shall be invested as shown on **Schedule 2** hereto.

Any notice of redemption published or otherwise given to DTC or its nominee or other registered owners of the Refunded Bonds and to Moody's Investors Service Inc., Standard & Poor's Rating Services, Fitch Ratings, Inc., and <u>The Bond Buyer</u> must be made in accordance with Section 303 of the Master Indenture and Section 305 of the Prior Supplemental Indenture,

with a copy to Assured Guaranty Municipal Corp., successor to Financial Security Assurance, Inc., pursuant to Section 702 of the Prior Supplemental Indenture.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By:__________________________________
Chairman

Schedule 1

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-2
to be Redeemed October 1, 2014

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2023	$32,530,000	100%	592646 LC5
2024	29,160,000	100	592646 LD3

$32,045,000* Term Bonds due October 1, 2022, Redemption Price: 100%, CUSIP: 592646 LB7

* This amount excludes the mandatory sinking fund redemption requirement of $125,000 on October 1, 2014.

Schedule 2

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004C-2
Escrow Investments

Type of Security	Interest Rate	Maturity Date	Par Amount	Cost	Accrued Interest	Total Escrow Funds
	___%	__/__/14	$_________	$________	$_______	$_________

<u>Exhibit B</u>

<u>[FORM OF DEFEASANCE AND REDEMPTION NOTICE]</u>
NOTICE OF DEFEASANCE AND REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2004C-2
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Twentieth Supplemental Indenture of Trust dated as of August 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to defease all of the above-referenced Bonds maturing or subject to mandatory sinking fund redemption October 1, 2015 through October 1, 2024, currently outstanding in the aggregate principal amount of $93,735,000 (the ***"Refunded Bonds")***. The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2023	$32,530,000	100%	592646 LC5
2024	29,160,000	100	592646 LD3

$32,045,000* Term Bonds due October 1, 2022, Redemption Price: 100%, CUSIP: 592646 LB7

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue and from and after **_________**, 2014, the Refunded Bonds will have been defeased in accordance with Article X of the Master Indenture.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of such Refunded Bonds. Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

* This amount excludes the mandatory sinking fund redemption requirement of $125,000 on October 1, 2014.

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: _______________, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

<u>Exhibit C</u>

<u>[FORM OF REDEMPTION NOTICE]</u>
NOTICE OF REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2004C-2
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Twentieth Supplemental Indenture of Trust dated as of August 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to redeem the following amounts of its above referenced Bonds maturing or subject to mandatory sinking fund redemption October 1, 2015 through October 1, 2024 (the ***"Refunded Bonds")*** on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2023	$32,530,000	100%	592646 LC5
2024	29,160,000	100	592646 LD3

$32,045,000* Term Bonds due October 1, 2022, Redemption Price: 100%, CUSIP: 592646 LB7

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

* This amount excludes the mandatory sinking fund redemption requirement of $125,000 on October 1, 2014.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: _______________, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

Exhibit D

MANUFACTURERS AND TRADERS TRUST COMPANY

RECEIPT AND RELEASE OF INDENTURE AND COLLATERAL DOCUMENTS

KNOW ALL PERSONS BY THESE PRESENTS, that Manufacturers and Traders Trust Company (successor to Allfirst Bank), successor Trustee under a certain 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 and supplemented, the ***"Master Indenture")*** and the Twentieth Supplemental Indenture of Trust dated as of August 1, 2004 (the ***"Prior Supplemental Indenture")*** (collectively, the ***"Indenture")***, between Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and the Trustee, DOES HEREBY ACKNOWLEDGE that it has received moneys sufficient for the payment upon redemption on October 1, 2014 (including the payment of accrued interest thereon), of the aggregate principal amount of the Series 2004C-2 Bonds maturing or subject to mandatory sinking fund redemption October 1, 2015 through October 1, 2024, issued and Outstanding under the Prior Supplemental Indenture and identified in the Refunding Agreement dated as of ________, 2014, between the Trustee and the Airports Authority (the ***"Refunded Bonds")***, together with all other sums payable and documents required thereunder, if any; and in consideration thereof, DOES HEREBY RELEASE, CANCEL AND DISCHARGE the lien of said Indenture in respect of the Refunded Bonds and hereby assigns unto the Airports Authority, its successors and assigns, all of the right, title and interest of Manufacturers and Traders Trust Company, as such Trustee thereunder in and to all the past, present and future "Net Revenues" payable to the Trustee under the Indenture in respect of the Refunded Bonds (other than the sums described above) and certain collateral documents and the moneys payable thereunder in respect of the Refunded Bonds.

IN WITNESS WHEREOF, Manufacturers and Traders Trust Company has caused this instrument to be executed and delivered on its behalf by its duly authorized officer, and its corporate seal to be hereunto affixed, all as of the _____ day of ________, 2014.

Manufacturers and Traders Trust Company, Trustee

[SEAL]

By: ________________________________

Authorized Officer

REFUNDING AGREEMENT

Dated as of ___________, 2014

By and Between

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

and

MANUFACTURERS AND TRADERS TRUST COMPANY, Trustee

Relating to the Current Refunding of
Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004D

REFUNDING AGREEMENT

This **REFUNDING AGREEMENT** dated as of **__________**, 2014 (this "***Refunding Agreement***"), by and between the METROPOLITAN WASHINGTON AIRPORTS AUTHORITY (the "***Airports Authority***") and MANUFACTURERS AND TRADERS TRUST COMPANY (successor to Allfirst Bank), a New York banking corporation with trust powers, as Trustee for the owners of the Bonds described below (the "***Trustee***").

BACKGROUND

A. Pursuant to a 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 and supplemented, the "***Master Indenture***") and the Twenty-first Supplemental Indenture of Trust dated as of August 1, 2004 (the "***Prior Supplemental Indenture***") (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture"***), each between the Airports Authority and the Trustee, the Airports Authority issued its Airport System Revenue Refunding Bonds, Series 2004D (the "***Series 2004D Bonds***") for the purpose of refunding a portion of the Airports Authority's Airport System Revenue Bonds, Series 1994A and funding termination payments for the 2004 Swap Agreements.

B. Pursuant to the Master Indenture and a Forty-fifth Supplemental Indenture of Trust dated as of **__________**, 2014 (the "***Forty-fifth Supplemental Indenture***") between the Airports Authority and the Trustee, the Airports Authority has authorized its Airport System Revenue and Refunding Bonds, Series 2014A (the "***Series 2014A Bonds***"), a portion of the proceeds of which will be used to pay the cost of currently refunding all of the outstanding Series 2004D Bonds maturing October 1, 2015 through October 1, 2019 in the aggregate principal amount of $112,325,000, as identified in **Schedule 1** to **Exhibit A** hereto (the "***Refunded Bonds***"), by redeeming the Refunded Bonds on October 1, 2014 (the "***Redemption Date***"), at the redemption price (the "***Redemption Price***") shown on **Schedule 1** to **Exhibit A**, plus accrued interest due thereon.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound hereby, covenant, agree and certify as follows:

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

1. **<u>Deposit with Trustee</u>.** The Airports Authority hereby directs the Trustee to transfer the amounts of (a) $**_________** from the proceeds of the Series 2014A Bonds (including an original issue premium), (b) $**_________** from the Series 2004D Interest Account in the Bond Fund, and (c) [$**__________** from the Common Reserve Account in the Debt Service Reserve Fund] to the Series 2004D Redemption Account in the Bond Fund in respect of the Refunded Bonds, which account was established pursuant to the Prior Supplemental Indenture (the "***Redemption Account***"). The Airports Authority hereby directs the Trustee to apply the amounts in the Redemption Account first to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date and then to pay the current interest due on the Redemption Date with respect to such Refunded Bonds.

2. **<u>Application of Moneys Deposited with Trustee</u>.** The Trustee acknowledges the Airports Authority's directions regarding the deposit of the proceeds of the Series 2014A Bonds and other available funds in the Redemption Account pursuant to Section 1002 of the Master Indenture and irrevocably agrees to use all such amounts, plus any earnings thereon, to the extent needed to pay the Redemption Price of the Refunded Bonds to be redeemed on the Redemption Date, and interest due thereon, as provided in this Refunding Agreement.

3. **<u>Notice of Refunding of Refunded Bonds</u>.** The Trustee hereby acknowledges receipt of directions from the Airports Authority in the form attached hereto as **Exhibit A** to call the Refunded Bonds on the Redemption Date. In accordance with such instructions, the Trustee (i) by __________, 2014, will cause notice of the defeasance of the Refunded Bonds and the redemption of the Refunded Bonds to be given, and (ii) by September 1, 2014, but not before August 2, 2014, will cause notice of the redemption of the Refunded Bonds to be given, all in accordance with the requirements of Sections 1002 and 303 of the Master Indenture and the Prior Supplemental Indenture by sending both notices (a) to DTC or its nominee and to any other registered owners of the Refunded Bonds, (b) to all organizations registered with the Securities and Exchange Commission as securities depositories, and (c) to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board; and (ii) confirms that it will cause both notices to be given to MBIA Insurance Corporation, in accordance with the Prior Supplemental Indenture. In addition, the Trustee will provide copies of both notices to Standard & Poor's Ratings Services, Moody's Investors Service Inc., Fitch Ratings, Inc. and <u>The Bond Buyer</u>. A copy of the notice of defeasance and redemption is attached hereto as **Exhibit B** and a copy of the notice of redemption is attached hereto as **Exhibit C**. Any costs associated with publishing such notices will be borne by the Airports Authority.

4. **<u>Investment or Deposit of Redemption Account</u>.** The moneys received by the Trustee under Section 1 of this Refunding Agreement will be deposited in the Redemption Account.

The Trustee shall invest moneys on deposit in the Redemption Account in noncallable Government Obligations, noncallable Government Certificates or pre-refunded municipal obligations in accordance with Sections 1002 and 1003 of the Master Indenture, and as limited by Section 709 of the Prior Supplemental Indenture, as specified in **Exhibit A** hereto.

The interest and income received from such investments, any interest paid by the Trustee or any other depository, and any profit or loss resulting from the sale of any such investment shall be credited to or borne by the Redemption Account.

Based on the report dated __________, 2014 of ________________, which verifies the sufficiency of the moneys on deposit in the Redemption Account to effect the redemption and defeasance of the Refunded Bonds (the "***Verification Report***"), the Airports Authority represents that the amounts to be deposited in the Redemption Account, together with earnings thereon, will be sufficient to pay the Redemption Price on the Refunded Bonds, and to pay current interest due on such Refunded Bonds on the Redemption Date.

5. **Payment of Trustee's Fees and Expenses.** The Trustee agrees that it shall submit a statement to the Airports Authority for payment of its fees and expenses for services rendered or costs incurred by the Trustee under this Refunding Agreement, the Prior Supplemental Indenture, or otherwise relating to the Refunded Bonds, and further agrees that it shall have no claim or lien whatsoever on any of the moneys deposited in the Redemption Account for the payment of any such fees and expenses. The Airports Authority agrees to pay such statement promptly upon presentation by the Trustee.

6. **Trustee's Covenant to Defease and Release Obligations with Respect to Refunded Bonds.** The Trustee hereby acknowledges: (a) receipt of all moneys required to be deposited into the Redemption Account, and the investment thereof, as provided in this Refunding Agreement; (b) receipt of the documents required under Article X of the Master Indenture; (c) in reliance on the Verification Report, that the moneys deposited in the Redemption Account, plus the earnings thereon, will provide sufficient moneys to pay the Redemption Price on the Refunded Bonds on the Redemption Date and current interest accrued and due on such Refunded Bonds on the Redemption Date in accordance with this Refunding Agreement and the Prior Supplemental Indenture; and (d) in reliance on the opinion of Bond Counsel, that upon such deposit and investment the Refunded Bonds shall no longer be deemed to be Outstanding under the Indenture, pursuant to Section 1002 of the Master Indenture. The Trustee hereby agrees that, upon the deposit in the Redemption Account of all moneys and investments required by this Refunding Agreement, the Trustee's right, title and interest in the Indenture in respect of the Refunded Bonds, excluding any moneys held under this Refunding Agreement, will cease and the Trustee will thereupon release the Indenture in respect of the Refunded Bonds, pursuant to Section 1001 of the Master Indenture, and shall execute the form of release attached as **Exhibit D** and such other documents to evidence such release as may be reasonably requested by the Airports Authority.

Notwithstanding the foregoing, the parties further acknowledge and agree that the release of the Indenture in respect of the Refunded Bonds shall not terminate the powers and rights granted to the Trustee under the Indenture with respect to, but only with respect to, the payment, registration and transfer of the Refunded Bonds and the replacement of Refunded Bonds which have been lost, destroyed, mutilated or stolen or which for any other reason the Trustee deems a replacement to be necessary.

7. **Return of Excess Moneys.** After having reserved, in trust, funds sufficient for the payment of the Redemption Price of, and accrued interest due in respect of, the Refunded Bonds, the Trustee shall, pursuant to Section 517 of the Master Indenture, after October 1, 2014, transfer to the Airports Authority all excess moneys deposited in the Redemption Account. The Trustee shall return to the Airports Authority all unclaimed moneys, if any, in accordance with Section 1003 of the Master Indenture.

8. **Trustee's Obligations Unconditional.** The Trustee agrees that its obligations under this Refunding Agreement are absolute and unconditional, notwithstanding any failure by the Airports Authority to pay when due any fees or expenses relating to the Refunded Bonds or the Series 2014A Bonds.

9. Rights and Duties of Trustee. The Trustee's rights, duties and obligations under this Refunding Agreement shall be as set forth in Article VIII of the Master Indenture. Such provisions are hereby incorporated by reference.

10. No Recourse. No recourse shall be had for any claim based on this Refunding Agreement against any member, officer or employee, past, present or future, of the Airports Authority or of any successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.

11. Termination. This Refunding Agreement shall terminate when all deposits, transfers, payments and other acts required to be made or taken by the Trustee under the provisions hereof shall have been made or taken.

12. Severability. If any one or more of the covenants or agreements provided in this Refunding Agreement to be performed on the part of the Airports Authority or the Trustee should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Refunding Agreement.

13. Successors and Assigns. All of the covenants, promises and agreements hereunder of the Airports Authority shall be binding upon, and inure to the benefit of, its successors and assigns. All of the covenants, promises and agreements hereunder of the Trustee shall be binding upon, and inure to the benefit of, its successor trustee under the Prior Supplemental Indenture.

14. Governing Law. This Refunding Agreement shall be governed by and construed in accordance with the law of the Commonwealth of Virginia.

15. Headings. Any headings preceding the text of the several sections hereof shall be solely for convenience of reference and shall not constitute a part of this Refunding Agreement, nor shall they affect its meaning, construction or effect.

16. Counterparts. This Refunding Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Refunding Agreement to be executed by their duly authorized officers as of the date first above written.

[SEAL]

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

ATTEST:

By: ___________________________________
Secretary

By: ___________________________________
Chairman

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ___________________________________
Authorized Officer

<u>**Exhibit A**</u>

[MWAA LETTERHEAD]

____________, 2014

Manufacturers and Traders Trust Company, Trustee
25 South Charles Street
11th Floor
Baltimore, Maryland 21201

Attention: Mr. Kevin Ebert

RE: Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004D

Dear Mr. Ebert:

The above-referenced bonds (the ***"Series 2004D Bonds")*** were issued pursuant to 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 and supplemented, the ***"Master Indenture")*** and the Twenty-first Supplemental Indenture of Trust dated as of August 1, 2004 (the ***"Prior Supplemental Indenture")***, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")*** (the Master Indenture and the Prior Supplemental Indenture may sometimes be referred to hereinafter collectively as the ***"Indenture")***. The Airports Authority has determined to refund and redeem the outstanding Series 2004D Bonds maturing October 1, 2015 through October 1, 2019 as shown on **Schedule 1** attached hereto (the ***"Refunded Bonds")***. The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date")***, at the redemption price (the ***"Redemption Price")*** shown on **Schedule 1,** with a portion of the proceeds of its proposed Airport System Revenue and Refunding Bonds, Series 2014A (the ***"Series 2014A Bonds")***, other available funds, and the earnings thereon.

Pursuant to Section 301 of the Master Indenture and Section 301 of the Prior Supplemental Indenture, the Airports Authority hereby irrevocably directs the Trustee to call $112,325,000 aggregate principal amount of the Refunded Bonds for optional redemption on the Redemption Date at the Redemption Price shown on **Schedule 1** hereto, plus interest accrued thereon to the Redemption Date.

Moneys deposited with the Trustee for such purpose shall be invested as shown on **Schedule 2** hereto.

Any notice of redemption published or otherwise given to DTC or its nominee or other registered owners of the Refunded Bonds and to Moody's Investors Service Inc., Standard & Poor's Rating Services, Fitch Ratings, Inc., and <u>The Bond Buyer</u> must be made in accordance with Section 303 of the Master Indenture and Section 305 of the Prior Supplemental Indenture,

with a copy to MBIA Insurance Corporation, pursuant to Section 702 of the Prior Supplemental Indenture.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By:__________________________________
Chairman

Schedule 1

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004D
to be Redeemed October 1, 2014

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2015	$19,560,000	100%	592646 LZ4
2016	8,455,000	100	592646 MA8
2016	13,140,000	100	592646 MB6
2017	22,575,000	100	592646 MC4
2018	23,705,000	100	592646 MD2
2019	24,890,000	100	592646 ME0

Schedule 2

Metropolitan Washington Airports Authority
Airport System Revenue Refunding Bonds, Series 2004D
Escrow Investments

Type of Security	Interest Rate	Maturity Date	Par Amount	Cost	Accrued Interest	Total Escrow Funds
	___%	__/__/14	$_________	$________	$_______	$_________

<u>Exhibit B</u>

<u>[FORM OF DEFEASANCE AND REDEMPTION NOTICE]</u>
NOTICE OF DEFEASANCE AND REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2004D
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Twenty-first Supplemental Indenture of Trust dated as of August 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to defease all of the above-referenced Bonds maturing October 1, 2015 through October 1, 2019, currently outstanding in the aggregate principal amount of $112,325,000 (the ***"Refunded Bonds")***. The Refunded Bonds will be redeemed on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2015	$19,560,000	100%	592646 LZ4
2016	8,455,000	100	592646 MA8
2016	13,140,000	100	592646 MB6
2017	22,575,000	100	592646 MC4
2018	23,705,000	100	592646 MD2
2019	24,890,000	100	592646 ME0

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue and from and after **_________**, 2014, the Refunded Bonds will have been defeased in accordance with Article X of the Master Indenture.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of such Refunded Bonds. Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: ______________, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

<u>Exhibit C</u>

<u>[FORM OF REDEMPTION NOTICE]</u>
NOTICE OF REDEMPTION
TO THE HOLDERS OF METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
AIRPORT SYSTEM REVENUE REFUNDING BONDS
SERIES 2004D
CUSIP: 592646

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of 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 and supplemented, the ***"Master Indenture")*** and the Twenty-first Supplemental Indenture of Trust dated as of August 1, 2004, between the Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and Manufacturers and Traders Trust Company (successor to Allfirst Bank), as Trustee (the ***"Trustee")***, the undersigned has elected to redeem the following amounts of its above referenced Bonds maturing October 1, 2015 through October 1, 2019 (the ***"Refunded Bonds")*** on October 1, 2014 (the ***"Redemption Date")*** at the redemption price shown below (the ***"Redemption Price")***, together with current interest accrued to the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Maturity Date (October 1)	Principal Amount	Redemption Price	CUSIP
2015	$19,560,000	100%	592646 LZ4
2016	8,455,000	100	592646 MA8
2016	13,140,000	100	592646 MB6
2017	22,575,000	100	592646 MC4
2018	23,705,000	100	592646 MD2
2019	24,890,000	100	592646 ME0

From and after October 1, 2014, interest on the Refunded Bonds shall cease to accrue.

The Redemption Price on the Refunded Bonds, and accrued interest thereon, will become due and payable on the Redemption Date, upon presentation and surrender of the Refunded Bonds.

Refunded Bonds may be presented in person or by mail at the principal office of **MANUFACTURERS AND TRADERS TRUST COMPANY, Corporate Trust Operations, One M&T Plaza, 8th Floor, Buffalo, NY 14203.**

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003, paying agents making payment of principal on municipal securities will be obligated to withhold 28% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above-described securities will avoid such withholdings by providing a certified taxpayer identification number on Form W-9 when presenting securities for payment.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

By: Manufacturers and Traders Trust Company,
as Trustee

Dated: _______________, 2014

Neither the Airports Authority nor the Trustee are responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the Redemption Notice or any Bond. They are included solely for convenience of the Holders.

Exhibit D

MANUFACTURERS AND TRADERS TRUST COMPANY

RECEIPT AND RELEASE OF INDENTURE AND COLLATERAL DOCUMENTS

KNOW ALL PERSONS BY THESE PRESENTS, that Manufacturers and Traders Trust Company (successor to Allfirst Bank), successor Trustee under a certain 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 and supplemented, the ***"Master Indenture")*** and the Twenty-first Supplemental Indenture of Trust dated as of August 1, 2004 (the ***"Prior Supplemental Indenture")*** (collectively, the ***"Indenture")***, between Metropolitan Washington Airports Authority (the ***"Airports Authority")*** and the Trustee, DOES HEREBY ACKNOWLEDGE that it has received moneys sufficient for the payment upon redemption on October 1, 2014 (including the payment of accrued interest thereon), of the aggregate principal amount of the Series 2004D Bonds maturing October 1, 2015 through October 1, 2019 issued and Outstanding under the Prior Supplemental Indenture and identified in the Refunding Agreement dated as of ________, 2014, between the Trustee and the Airports Authority (the ***"Refunded Bonds")***, together with all other sums payable and documents required thereunder, if any; and in consideration thereof, DOES HEREBY RELEASE, CANCEL AND DISCHARGE the lien of said Indenture in respect of the Refunded Bonds and hereby assigns unto the Airports Authority, its successors and assigns, all of the right, title and interest of Manufacturers and Traders Trust Company, as such Trustee thereunder in and to all the past, present and future "Net Revenues" payable to the Trustee under the Indenture in respect of the Refunded Bonds (other than the sums described above) and certain collateral documents and the moneys payable thereunder in respect of the Refunded Bonds.

IN WITNESS WHEREOF, Manufacturers and Traders Trust Company has caused this instrument to be executed and delivered on its behalf by its duly authorized officer, and its corporate seal to be hereunto affixed, all as of the _____ day of ________, 2014.

Manufacturers and Traders Trust Company, Trustee

[SEAL]

By: ________________________________

Authorized Officer