FRASCA & ASSOCIATES, L.L.C.   MERCATOR ADVISORS LLC

FEBRUARY 2013

DULLES CORRIDOR ENTERPRISE

REPORT OF THE FINANCIAL ADVISORS

The Airports Authority established the Dulles Corridor Enterprise (DCE) Fund to segregate the financial activity associated with the operation, maintenance and improvement of the Dulles Toll Road (DTR) and construction of the Dulles Corridor Metrorail Project (the Rail Project) from the financial operations of the Airports. This report provides an update on the status of capital financing activities and other issues related to the DCE Fund.

Action Items

No Action Items.

Informational Items

- ***Transportation Infrastructure Finance and Innovation Act (TIFIA) Program.*** The TIFIA Letter of Interest (LOI) submitted by the Airports Authority, Fairfax County, Loudoun County and the Commonwealth (the Funding Partners) is still under review by the U.S. Department of Transportation (USDOT).

  Over the past few weeks, Staff and the Financial Advisors have worked closely with the staff and advisors for the Counties to prepare additional information requested by USDOT that describes the anticipated structure of the TIFIA loans to be secured by DTR revenues, Fairfax County tax assessments, and appropriations from Loudoun County. A conference call with USDOT representatives was held on January 28 to review the information. Once the LOI review has been completed (assuming a positive outcome), USDOT will request more financial plan details, preliminary credit rating opinion letters and $100,000 to cover the cost of USDOT's financial and/or legal advisors. It is difficult to predict when an invitation to submit a TIFIA application might be extended.

  As of January 17, 2013, USDOT had received TIFIA LOIs from 28 project sponsors seeking credit assistance for capital projects with an aggregate estimated cost of $41.2 billion. A revised TIFIA application template reflecting recent legislative changes has not been posted yet.

- ***2013 Plan of Finance.*** Staff and the Financial Advisors continue to monitor conditions in the bond market, actual and projected capital expenditures for the Rail Project, and other considerations that will impact the timing for a potential DTR revenue bond transaction this year. The amount of debt that may be issued will depend on many factors, including the availability of additional state funding for the Rail Project, the status of the application for TIFIA credit assistance, and the construction draw schedule for the Phase 2 design-build contract.

- ***Dulles Toll Road Traffic and Revenue Study.*** CDM Smith began work on an update to the Comprehensive Traffic and Revenue Study for the DTR in June 2011. In April 2012, a Working Draft was submitted to the Airports Authority to facilitate the deliberations regarding proposed toll rate adjustments. After the regulatory process for establishing toll rates was completed in November 2012, CDM Smith incorporated the toll rate schedules approved for calendar years 2013 and 2014 and updated the assumed toll rates for multi-axle vehicles. The historical data in certain tables and figures was updated and a chapter was added to the Final Report that describes the sensitivity tests that were performed to show the potential impact of hypothetical changes in certain basic assumptions. There are no material changes to the forecasted annual transactions and revenue for the DTR.

Relevant News Items

- ***Dulles Greenway Toll Increase for 2013 and Regulatory Investigation.*** On January 16, 2013, the Virginia State Corporation Commission (SCC) issued a Final Order approving a 3.02 percent toll increase for the Dulles Greenway toll facility effective January 21, 2013. The toll rate for 2-axle vehicles had increased 10 cents, from \$4.00 to \$4.10, and the Congestion Management Toll (applicable only to weekday traffic in the peak period and direction) had increased from \$4.80 to \$4.90. The owners of the Dulles Greenway had requested approval in time to increase toll rates on January 1, 2013, but the decision was delayed because the SCC docketed the application to provide time for written public comment.

  On January 30, 2013, the SCC agreed to investigate the structure and level of toll rates on the Dulles Greenway in response to complaints from Virginia State Delegate David Ramadan about the data used to support prior toll rate increases, the traffic levels on certain local roads, and the rates imposed on multi-axle vehicles at the Route 606 interchange. As part of the investigation, SCC Staff and the owners of the Dulles Greenway were directed to address and define with specificity the standards the SCC should use to determine whether the current toll rates comply with applicable legal and regulatory requirements. A Hearing Examiner will schedule an evidentiary hearing in Richmond and a public hearing in Loudoun County on the matter.

- ***Interstate 95 Corridor Improvement Program.*** The Virginia Department of Transportation (VDOT) has extended the public comment period from January 11, 2013, to February 15, 2013, on its proposal to collect tolls on Interstate 95 at a location south of Petersburg between mile markers 20 and 24 in Sussex County. Fees would also be collected at the exit and entrance ramps before and after the new tolling plaza.

  If the project receives required environmental approvals, toll collection could begin as early as 2015. Projected net toll revenue assuming a mainline toll of \$4.00 for 2-axle vehicles, with higher rates for multi-axle vehicles, is approximately \$1.14 billion over 25 years. VDOT is considering a variety of potential discount plans for E-ZPass account holders in local zip codes.

- ***Tysons Transportation Funding.*** On January 8, 2013, the Fairfax County Board of Supervisors (Board) approved new funding mechanisms to help pay for an estimated \$3.1

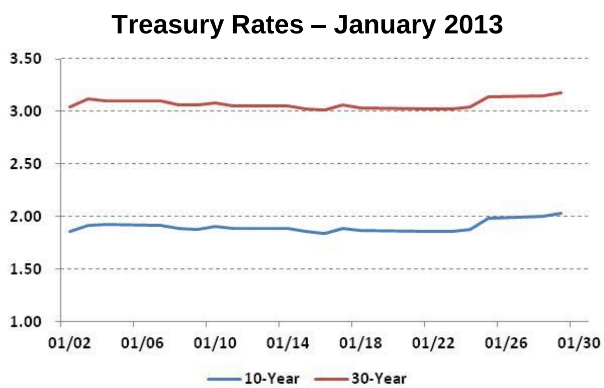
billion in new roads and public transit needed over the next 40 years in Tysons. A tax increase of 7 to 9 cents per $100 of assessed value on 6,000 commercial and residential property owners in a newly-created service district is expected to generate $253 million.

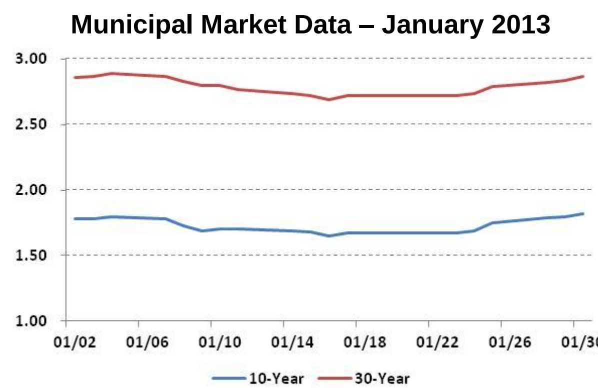
The Fairfax Board also authorized two new transportation funds for Tysons that could generate over $550 million for a new, local street grid and construction of roads and ramps across the area. Developers will contribute $6.44 per square foot of commercial development and $1,000 per residential unit for the Grid of Streets Transportation Fund and $5.63 per square foot of commercial development and $1,000 per residential unit for the Tysons-Wide Transportation Fund.

Fairfax County is expected to contribute approximately $1.73 billion of county funds for Metro access projects, expanded transit service, and projects in the area surrounding Tysons.

Market Update

At 2.84 percent, 30 year Municipal Market Data (MMD) is approximately 40 basis points above its historic low reached on November 29, 2012. Treasuries (10 and 30 year) were flat for most of the month but yields increased in the final week of January. We are coming into a period of time (February through April) when cash inflows to the municipal market are at a cyclical low point. However, the supply of municipal debt is relatively light and remains below the level of investor demand.





The Pennsylvania Turnpike Commission (PTC) issued $176 million of variable rate turnpike revenue bonds that were rated Aa3 (negative outlook), A+ (stable outlook), and A+ (stable outlook) by Moody’s, Standard & Poor’s and Fitch. The PTC bonds were issued on parity with approximately $3 billion of existing senior lien turnpike revenue bonds. The interest rate on the final maturity due in December 2018 will be reset every week at SIFMA (a weekly index rate set by the Securities Industry and Financial Markets Association) plus 68 basis points.

OUTSTANDING DULLES CORRIDOR ENTERPRISE DEBT

Short-Term Notes and Loans

As of February 1, 2013, the Airports Authority has issued $149,550,000 of Dulles Toll Road Second Senior Lien Commercial Paper Notes, Series One, leaving up to $150,450,000 of additional liquidity available.

Program	Authorized Amount	Letter of Credit Provider	Dated Date	Expiration Date
Commercial Paper Series One	*Up to $300 Million*	*JP Morgan*	*August 1, 2011*	*August 11, 2014*

On December 17, 2012, the Airports Authority issued $200 million of fixed rate notes secured by the remaining Federal funding anticipated to be received pursuant to a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration for Phase 1 of the Rail Project.

Program	Amount Issued	Lender	Dated Date	Scheduled Final Maturity
FFGA Notes, Series 2012	*$200 Million*	*Bank of America*	*December 1, 2012*	*December 1, 2016*

Dulles Toll Road Revenue Bonds

The total par amount of outstanding Dulles Toll Road Revenue Bonds as of February 1, 2013 is $1,305,906,518.[1] The table on the following page provides details on each bond issue.

Refunding Opportunities

There are no currently callable bonds outstanding. The Series 2009A First Senior Current Interest Bonds may be refunded in advance of the 2019 call date. Under current market conditions, a refunding transaction would not generate any debt service savings due to significant negative arbitrage in the required refunding escrow.

[1] The par amount does not include approximately $123 million of accreted value on outstanding capital appreciation bonds and convertible capital appreciation bonds. Interest on those securities is not paid currently. It accretes from the date of issuance and is compounded semi-annually on each April 1 and October 1 until the maturity date, or if applicable, the conversion date, whereupon interest will be payable semi-annually.

TABLE 1
Summary of Outstanding Dulles Toll Road Revenue Bonds

SERIES [2]	2009A	2009B	2009C	2009D	2010A	2010B	2010D
DATED DATE	8/12/2009	8/12/2009	8/12/2009	8/12/2009	5/27/2010	5/27/2010	5/27/2010
ORIGINALLY ISSUED PAR AMOUNT	$198,000,000	$207,056,689	$158,234,960	$400,000,000	$54,813,219	$137,801,650	$150,000,000
AMT OUTSTANDING as of 2/1/2013	**$198,000,000**	**$252,931,641**	**$197,681,801**	**$400,000,000**	**$65,310,304**	**$163,653,974**	**$150,000,000**
LIEN	First Senior	Second Senior	Second Senior	Second Senior	Second Senior	Second Senior	Subordinate
STRUCTURE	Tax-Exempt Current Interest Bonds	Tax-Exempt CABs	Tax-Exempt Convertible CABs	Taxable Build America Bonds	Tax-Exempt CABs	Tax-Exempt Convertible CABs	Taxable Build America Bonds
PRINCIPAL AMORTIZATION	2030-2044	2012-2040	2038-2041	2045-2046	2029-2037	2040-2044	2042-2047
YIELDS [3]	5.18% to 5.375%	3.50% to 7.91%	6.50%	7.462% (4.85% net of subsidy)	6.625%	6.500%	8.00% (5.20% net of subsidy)
CALL PROVISIONS [4]	October 1, 2019 at Par	Non-Callable	October 1, 2026 at Accreted Value	Any Business Day at Make-Whole Redemption Price	Non-Callable	October 1, 2028 at Accreted Value	Any Business Day at Make-Whole Redemption Price
MOODY'S RATING	A2	Baa1	Baa1	Baa1	Baa1	Baa1	Baa2
S&P RATING	A	BBB+	BBB+	BBB+	BBB+	BBB+	BBB
CREDIT ENHANCEMENT [5]	None	$188,266,435 Assured Guaranty	$158,234,960 Assured Guaranty	None	None	None	None

[2] Series 2010C was authorized but not issued.

[3] The all-in interest cost for the Series 2009 and 2010 bond issues is 6.044 percent and 6.154 percent, respectively, which results in an overall average cost of capital to date of 6.073 percent.

[4] The Make-Whole Redemption Price is the greater of (i) 100 percent of the principal amount of the Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted Treasury Rate plus 50 basis points, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.

[5] Bonds insured by Assured Guaranty are rated “AA-” (stable outlook) by S&P and “Aa3” (review for possible downgrade) by Moody’s.