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

DECEMBER 2012
DULLES CORRIDOR ENTERPRISE
REPORT OF THE FINANCIAL ADVISORS

The Airports Authority established the Dulles Corridor Enterprise 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 Enterprise Fund.

Action Items

No Action Items to Report

Informational Items

- ***Securitization of the Full Funding Grant Agreement (FFGA).*** A resolution authorizing the issuance of $200 million of Full Funding Grant Agreement (FFGA) Notes, Series 2012, was approved by the Board Finance Committee on November 14, 2012. The resolution, which also authorizes the appointment of the Trustee and Custodian and the execution of various transaction documents, including a Noteholder Agreement by and between the Airports Authority and Bank of America, N.A., will be considered by the full Board on December 12, 2012. If the resolution is approved, the FFGA Notes will be issued on December 17, 2012.

- ***Funding from the Commonwealth of Virginia.*** Staff and General Counsel continue to work with the Virginia Department of Transportation (VDOT) and the Virginia Department of Rail and Public Transportation to finalize an agreement regarding the $150 million of state transportation funding to be used to mitigate future DTR toll rate increases.

Relevant News Items

Dulles Greenway Toll Increase for 2013. On November 14, the owners of the Dulles Greenway toll facility filed a request with the Virginia State Corporation Commission for a 3.54 percent increase in tolls effective January 1, 2013. The maximum base toll authorized will increase by 14 cents, but the posted toll rate for 2-axle vehicles will be 10 cents higher (from $4.00 to $4.10) and the Congestion Management Toll (applicable only to weekday traffic in the peak period and direction) will increase from $4.80 to $4.90.

Pursuant to § 56-542 of the Code of Virginia, the Commission shall approve any request to increase tolls by a percentage that is equal to the greater of the increase in the consumer price index plus 1 percent (calculated to be 3.54 percent), real GDP growth (approximately 2.30 percent), or 2.8 percent.

- ***95 Express Lanes Project.*** During the week of November 15, both Standard & Poor's Ratings Services and Fitch Ratings assigned a “BBB-" investment grade credit rating to a $300 million senior secured Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the 95 Express Lanes Project.

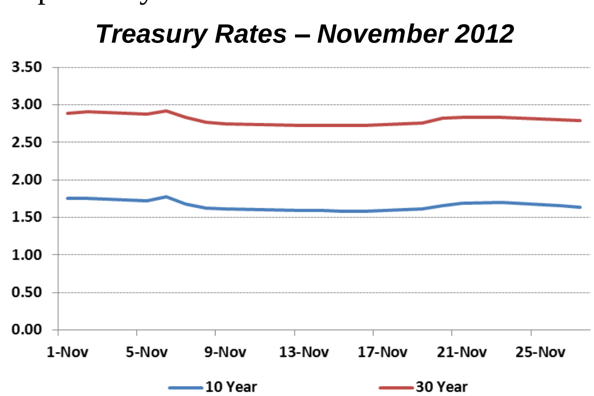
  Proceeds from the TIFIA loan will be used by a private concessionaire to fund approximately 33 percent of the cost to construct high occupancy toll (HOT) lanes along Interstate 95 within the existing high occupancy vehicle (HOV) corridor south of Washington, D.C. The TIFIA loan is structured so that no interest payments are required until seven years after financial close. In addition, the TIFIA loan agreement establishes mandatory debt service payments that range between 10 percent and 25 percent of the scheduled debt service payments prior to 2040.

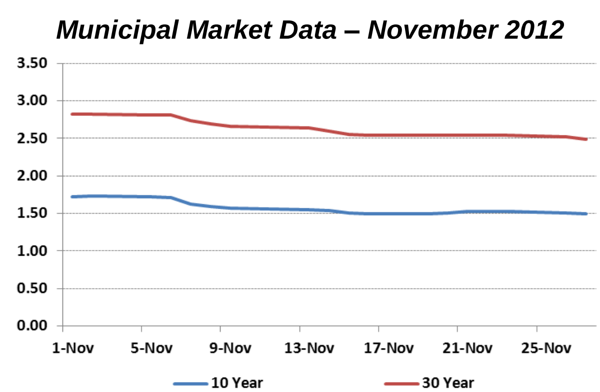
  Standard & Poor's believes a key project risk is the uncertainty around initial traffic and revenue levels when the 95 Express Lanes Project begins operations in about 2015. Their concerns include the ramp-up period associated with introduction of new toll facilities and the possibility of revenue leakage from unpaid violations (which is assumed to be equal to approximately 6 percent of total revenue in the initial years of operation).

- ***495 Express Lanes Project.*** The 495 Express Lanes opened to traffic on November 17, 2012. The 14-mile facility with two HOT lanes in each direction starts just north of the Dulles Toll Road exit on the Capital Beltway and goes south to the Springfield Interchange. The toll rate is expected to range from 20 cents per mile to $1.25 per mile depending on congestion. All drivers must have an E-ZPass to use the Express Lanes – there are no toll booths or options to pay cash. Drivers with three or more people in the car are not tolled if they have an E-ZPass Flex transponder set to HOV mode.

<u>Market Update (as of 11/28/2012)</u>

During November, particularly after the election, Municipal bond rates rapidly declined with the 30 year Municipal Market Data benchmark reaching a new, historical low of 2.40 percent on November 28. After some post-election jitters, the Treasury market recovered too, but not as dramatically. By month’s end the 30 year Treasury bond stood at 2.79 percent, exactly ten basis points lower than where it began the month. In the tax-exempt market, the Texas Turnpike sold $585.3 million First Tier Turnpike System Revenue Refunding Bonds, rated Baa1/NR/BBB+, with two term bonds in 2038 and 2041, which were priced to yield 2.60 percent and 2.63 percent, respectively.





2013 Toll Rate Comparison: Dulles Toll Road and Dulles Greenway

DULLES TOLL ROAD – Approved Rates (13.4 miles)

	2 Axles	3 Axles	4 Axles	5 Axles	6 or more Axles
Mainline Toll Plaza	$1.75	$3.50	$4.50	$5.25	$6.25
Ramps	$1.00	$2.00	$2.50	$3.00	$3.50
Cost per Mile	*$0.21*	*$0.41*	*$0.52*	*$0.62*	*$0.73*

DULLES GREENWAY – Proposed Rates (14.0 miles)

	2 Axles	3 Axles	4 Axles	5 Axles	6 or more Axles
Base Toll	$4.10	$8.25	$10.35	$12.40	$14.45
Congestion Management (Maximum Toll)	$4.90	$9.90	$12.40	$14.90	$17.30
Cost per Mile	*$0.35*	*$0.71*	*$0.89*	*$1.06*	*$1.24*

TABLE 1
Summary of Outstanding Bonds

SERIES [1]	2009A	2009B	2009C	2009D	2010A	2010B	2010D
DATED DATE	08/12/09	08/12/09	08/12/09	08/12/09	05/27/10	05/27/10	05/27/10
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
OUTSTANDING As of 12/01/12 [2]	$198,000,000	$254,546,770	$195,458,929	$400,000,000	$64,560,658	$161,813,950	$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%	6.50%	8.00% (5.20% net of subsidy)
CALL PROVISIONS [4]	10/01/19 at Par	Non-Callable	10/01/26 at Accreted Value	Any Business Day at Make-Whole Redemption Price	Non-Callable	10/01/28 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

1 Series 2010C was authorized but not issued.

2 Includes accrued interest on CABs and Convertible CABs to December 1, 2012.

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

4 The Make-Whole Redemption Price is the greater of (i) 100% 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) and "Aa3" (review for possible downgrade) by Moody's.