

Mr. Anthony Vegliante
Senior Vice President,
Human Resources and Administrative Services
Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, DC 20001

Dear Mr. Vegliante:

The Executive and Governance Committee met on November 17, 2021. The Committee was briefed on executive compensation matters by the Board's compensation consultant, Peter Kennedy from PRM Consulting Group.

Peter presented the Committee with compensation statistics on Chief Executive Officers and Corporate Secretaries and proposed compensation adjustments for these MWAA positions for the Committee's consideration.

The Committee discussed the compensation proposals and reached a consensus to award the President and Chief Executive Officer (CEO) a salary increase of 5.6% to make up for the CEO's decision to forgo a salary increase in 2020. With MWAA staff receiving a 1.5% increase in 2020, and an expected average increase of 4% in 2021, the Committee derived the 2021 increase for the CEO as the product of the 1.5% 2020 average staff increase and the 4.0% 2021 projected average staff increase to account for the effect of compounding over the two-year period. The salary increase brings the CEO's salary to \$531,239 for 2022.

The Committee also awarded the CEO a performance-based bonus of \$150,977, which equates to 30% of the CEO's 2021 base salary of \$503,258.

The Chief Executive Officer has earned his 2021 retention payout of \$90,000. The Committee further agreed that the retention payment for 2022 should be increased to \$100,000, payable if the Chief Executive Officer is employed with the Metropolitan Washington Airports Authority as of December 31, 2022.

The Committee also discussed the compensation of the Corporate Secretary and agreed to increase the Corporate Secretary's salary by 4% to \$268,320 for 2022.

Sincerely,

William E. Sudow
Chairman
Board of Directors

Each year, the Executive and Governance Committee of the Airports Authority's Board of Directors reviews the chief executive officer's compensation through a performance-based comparative process guided by an independent executive compensation consultant.

The process begins with a performance review of the chief executive measured against Board-established goals and metrics. The consultant undertakes a comparative analysis of the compensation received by the chief executives of organizations similar in complexity to the Airports Authority that are in the greater Washington, DC, metropolitan area and nationwide. The consultant also examines compensation data from a wide variety of published sources to capture statistics on the base salaries and total cash compensation of chief executives in four categories of enterprises: non-profit and for-profit organizations; airports and airport-related businesses; and transportation authorities.

Based upon its review of the chief executive's performance during the year and the competitive compensation analysis and data presented by the consultant, the Committee determines the adjustments, if any, to be made to the chief executive's compensation for the upcoming year.

The Committee's performance and competitive compensation review of the chief executive officer toward the end of 2021 led to the following conclusions:

- First, that the chief executive officer had met or well exceeded his 2021 performance goals.
- Second, after 2020, a year in which the financial impacts of the global pandemic resulted in no base salary adjustment or performance bonus for the chief executive officer, the Committee determined that a base salary adjustment and performance bonus was appropriate.
- Third, that the chief executive's 2021 total cash compensation remained below the average median level of total cash compensation received by chief executives in the four enterprise categories.

Based on these conclusions, the Committee determined the chief executive's base salary should be increased to \$531,239 and that the chief executive should receive a performance bonus in the amount of \$150,977. The Committee also decided to maintain a retention incentive of \$100,000 if the chief executive remains with the Airports Authority until the end of 2022.

The chief executive officer's 2022 compensation modification memo describing changes to the officer's compensation is attached.

