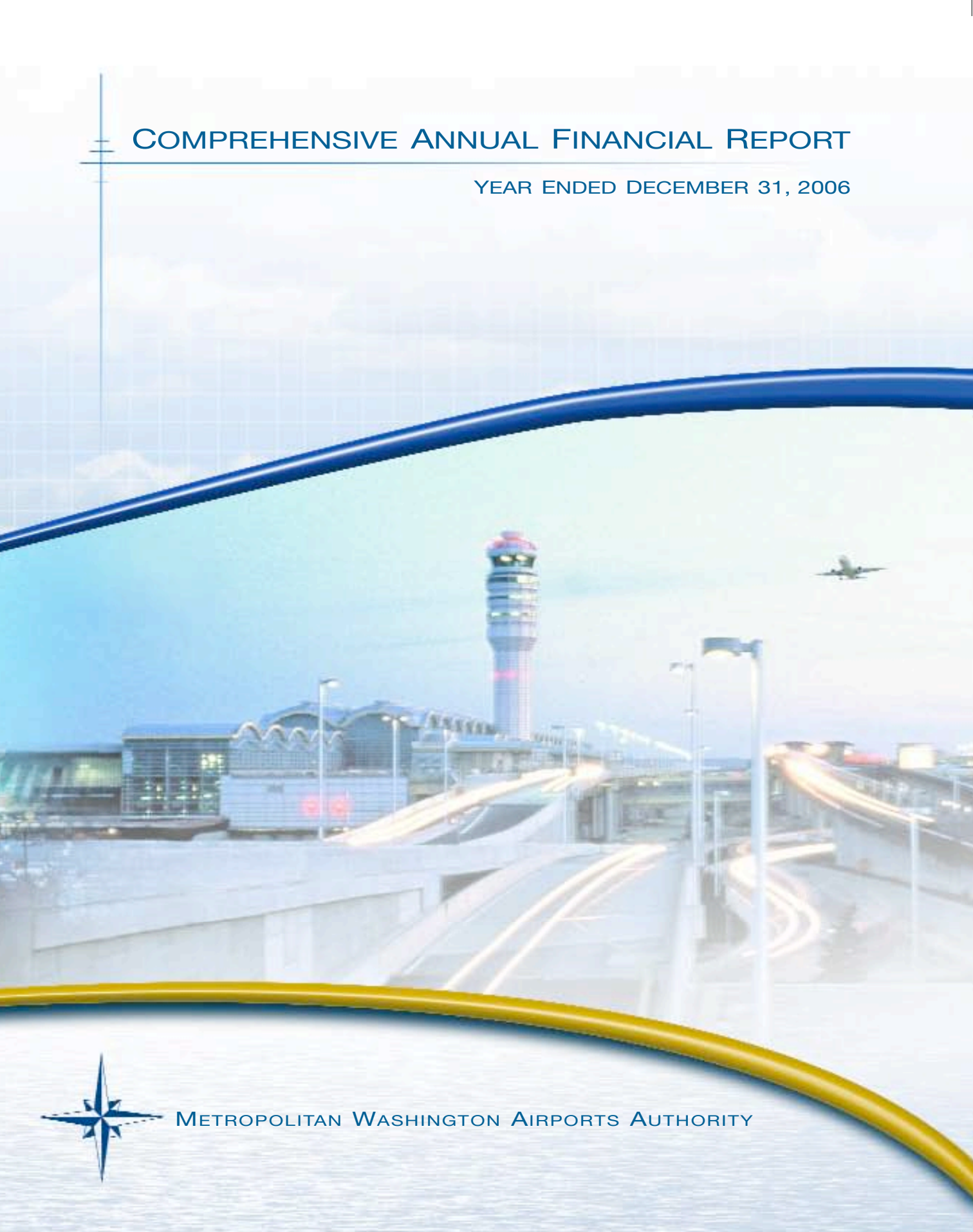


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2006



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2006**

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Lynn Hampton, CPA, Vice President for Finance and Chief Financial Officer  
Andrew T. Rountree, CPA, Deputy Chief Financial Officer  
Anne M. Field, CPA, Controller

<sup>1</sup> Appointed January 17, 2007

<sup>2</sup> Term expired November 23, 2006; served until January 17, 2007

<sup>3</sup> Appointed January 17, 2007

<sup>4</sup> Term expired November 23, 2006; served until January 17, 2007

**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY**  
**Comprehensive Annual Financial Report**  
**for the Year Ended December 31, 2006**

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**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY**  
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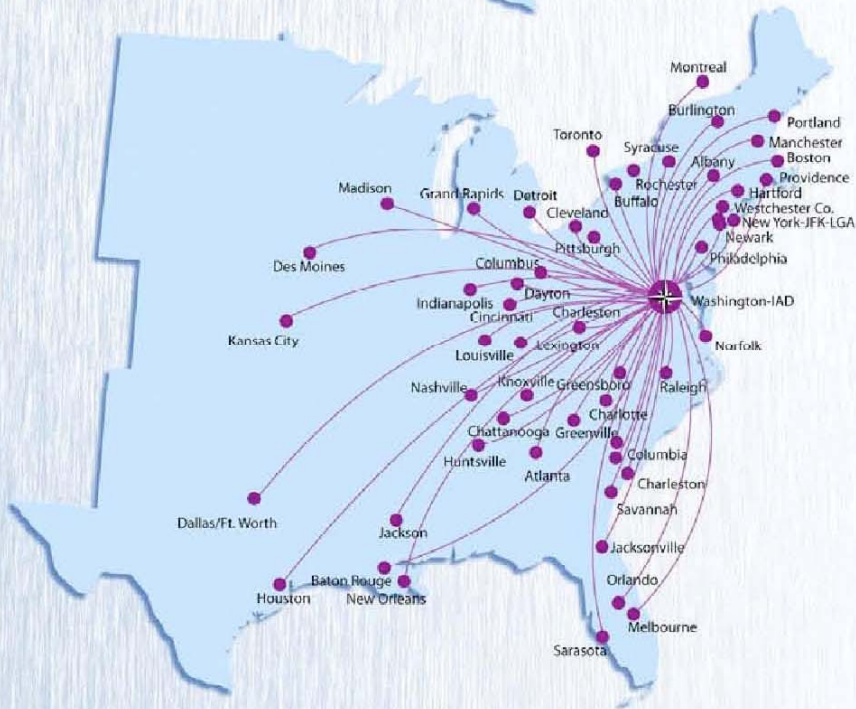
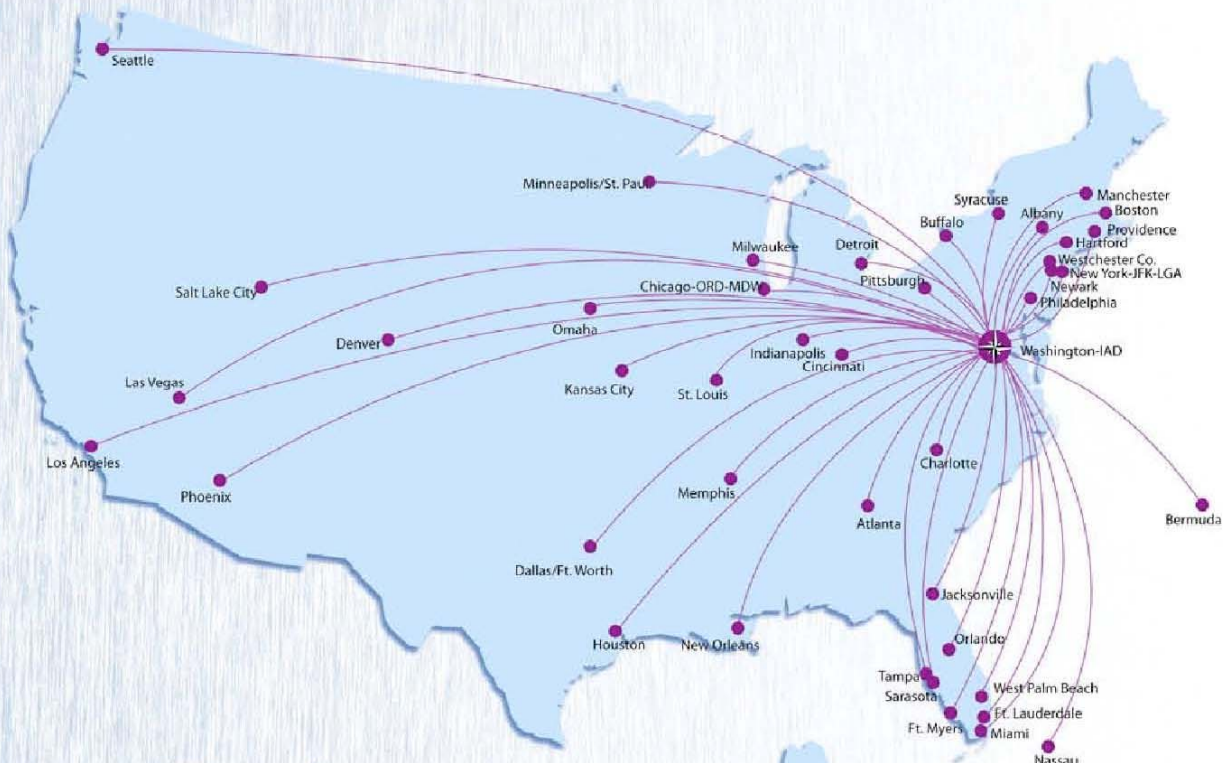
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## NORTH AMERICAN AIR SERVICE AT WASHINGTON NATIONAL

Cities served nonstop to/from National by Large Jets



## REGIONAL AIR SERVICE AT WASHINGTON NATIONAL

Cities served nonstop to/from National by Regional Jets/Turboprops

Source: OAG, February 22-28, 2007





March 30, 2007

To the Board of Directors and  
The President and Chief Executive Officer of the  
Metropolitan Washington Airports Authority

The Comprehensive Annual Financial Report (CAFR) of the Metropolitan Washington Airports Authority (the Airports Authority) for the year ended December 31, 2006, is submitted herewith. The Office of Finance prepared this report. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Airports Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Airports Authority's financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America. It includes disclosures necessary to enable the reader to gain an understanding of the Airports Authority's financial activities included within the CAFR. The report of the independent auditors on the financial statements is included on page 13.

This report was prepared following the guidelines recommended by the Government Finance Officer's Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement to those governments whose annual financial reports are judged to conform substantially with the high standards of public financial reporting, including accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board (GASB).

The management of the Airports Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Airports Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Airports Authority is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with general and specific laws and regulations related to the Airport Improvement Program (AIP) and the Aviation Safety and Capacity Expansion Act.

The objectives of an internal control structure are to provide management with reasonable assurance that the resources are safeguarded against waste, loss, and misuse, and reliable data are recorded, maintained, and fairly disclosed in reports. The Airports Authority's current internal controls provide a solid base of reliable financial records from which the financial statements are prepared. These accounting controls ensure that accounting data are reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

The Airports Authority's Office of Audit functions include oversight of the annual financial statement audit performed by 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 of Directors (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 operates under the direction of Valerie Holt, CPA, Vice President for Audit. This position has dual reporting responsibilities to the President and Chief Executive Officer and the Audit Committee of the Board. The Audit Committee of the Board has an important role in the oversight of the financial reporting to ensure the Airports Authority's financial reports are reliable, consistent and of high quality.

As required by the Acts of the District of Columbia and the Commonwealth of Virginia, a firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Airports Authority in accordance with auditing standards generally accepted in the United States of America and to meet the requirements of the Federal Single Audit Act of 1984 (pursuant to OMB Circular A-133). The Airports Authority selected the firms of PricewaterhouseCoopers LLP and Bert Smith and Company to perform these audit services. The opinion of the financial statements is presented in the financial section of this report. The Single Audit Report and its opinion are presented under separate cover. Each year, the firms meet with the Audit Committee of the Board to review the results of the audit.

The CAFR is divided into three sections. The Introductory Section contains this Transmittal Letter which includes a narrative of the Airports Authority's history and background and an organization chart listing the principal staff of the Airports Authority. The Financial Section begins with the Report of Independent Auditors and is followed by the required supplementary information, Management's Discussion and Analysis (MD&A) of the financial condition of the Airports Authority, and the Airports Authority's Financial Statements and Notes to the Financial Statements. The Statistical Section includes selected financial and operational information, generally presented on a multi-year basis.

The MD&A provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this Transmittal Letter and should be read in conjunction with it.

## **REPORTING ENTITY AND ITS SERVICES**

The Airports Authority is a public body politic and corporate, created with the consent of the Congress of the United States by an Act of the District of Columbia and an Act of the Commonwealth of Virginia for the purpose of operating, maintaining, and improving Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Washington Dulles), collectively, "the Airports". The Airports had historically been managed by the Federal Aviation Administration (FAA) of the United States Department of Transportation. Pursuant to an agreement and Deed of Lease, effective June 7, 1987, the Airports were transferred by the U. S. Government to the Airports Authority for an initial term of 50 years. On June 17, 2003, the Agreement and the Deed of Lease were extended 30 years to June 6, 2067.

The Airports Authority is an independent interstate agency. A 13-member Board presently governs the Airports Authority. Five members are appointed by the Governor of Virginia, three are appointed by the Mayor of the District of Columbia subject to confirmation by the Council of the District of Columbia, two are appointed by

the Governor of Maryland, and three are appointed by the President of the United States with the advice and consent of the Senate. Directors serve staggered, six-year overlapping terms without compensation. They establish the Airports Authority's policy and appoint the Chief Executive Officer. The Board annually elects a Chairman, Vice Chairman, and Secretary.

James E. Bennett became the President and Chief Executive Officer of the Airports Authority on May 3, 2003. In this position, Mr. Bennett plans and directs all programs and activities of the Airports Authority, focusing on the future and the development of long-term business strategies. Mr. Bennett was formerly the Executive Vice President and Chief Operating Officer of the Airports Authority.

Margaret McKeough became the Executive Vice President and Chief Operating Officer of the Airports Authority on April 1, 2004. In this position, Ms. McKeough plans and directs the operations of the Airports Authority, including airport management. Ms. McKeough was formerly the Vice President for Business Administration of the Airports Authority.

Christopher U. Browne became the Vice President and Airport Manager of Washington Dulles on April 2, 2005. He was the former Vice President and Airport Manager of Reagan National. Washington Dulles, which opened in 1962, is situated on 11,830 acres in Fairfax and Loudoun Counties, Virginia. Washington Dulles is 26 miles from downtown Washington, D.C., and is accessible via a 17-mile dedicated dual-laned Access Road and Interstate Route 66. Washington Dulles is the Airports Authority's international airport, served by 51 domestic and international airlines, providing a full range of domestic services with international service to Europe, Asia, South America, and Africa.

J. Paul Malandrino, Jr. assumed the position of Vice President and Airport Manager of Reagan National on July 24, 2006. Before joining the Airports Authority, he served as the Federal Security Director for the Baltimore-Washington International Thurgood Marshall Airport for four years. Prior to that time he served as the Manager of the Operations Department for Washington Dulles. Reagan National, which opened in 1941, is the oldest commercial airport serving the Washington, D.C. area and is located on 860 acres along the Potomac River in Arlington County, Virginia. Approximately three miles from downtown Washington, D.C., Reagan National is the Airports Authority's principal domestic airport served by 29 airlines.

The Airports Authority operates a two-airport system that provides domestic and international air service for the mid-Atlantic region. The Airports Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenue from concessions to fund operating expenses. The Airports Authority is not taxpayer-funded. The organization consists of 1,216 full and part-time employees in a structure that includes central administration, airports' management and operations, and public safety.

In February 1990, the Airports Authority entered into a long-term agreement with the major airlines serving Reagan National and Washington Dulles—the Airport Use Agreement and Premises Lease (the Agreement). The Agreement provides the financial stability necessary for the Airports Authority to operate the airports and access the capital markets to fund the Capital Construction Program (CCP). The Agreement is for a term of 25 years, subject to annual cancellation rights by the Airports Authority starting in 2004. In 2003, the Airports Authority began a review of the Agreement and entered into discussions with the airlines to determine if changes could be made to improve the operations of the Airports. These discussions continue. The Agreement continues a long history

of a close working relationship between the Airlines and the Airports Authority. The Agreement gives the Airlines interest in the positive financial performance of the Airports Authority by sharing in the net remaining revenues (NRR). (See Note L)

The Airports Authority's mission to develop the Airports is the driving force behind its continuing aggressive efforts of air service development. While the facility and service enhancement improvements at Reagan National and Washington Dulles are notable, the Airports Authority's goal to prepare the dual airport system for the world of tomorrow would not be fulfilled without a concentrated effort to attract airline service for new domestic and international destinations.

The Air Trade Area for the Airports Authority is a subset of the Washington-Baltimore Consolidated Metropolitan Statistical Area and is comprised of the District of Columbia, five Maryland counties, nine Virginia counties, six independent Virginia cities, and the West Virginia county of Jefferson. There are over 77 airlines serving the Airports providing 276,419 flights per year at Reagan National and 342,816 domestic flights per year and 36,755 international flights per year at Washington Dulles.

In addition to passenger traffic, Washington Dulles provides facilities for cargo transport. There are 489,556 square feet of cargo buildings at Washington Dulles, leased by eleven airlines and aviation support companies. Washington Dulles increased the occupancy of the cargo facilities to 94 percent in 2006, with only 29,724 square feet of vacancy. In 2006, total cargo weight at Washington Dulles increased by 15.8 percent to 350,825 tons of cargo. The cargo facilities at Washington Dulles are a major economic engine for the Washington Region. There is no significant cargo transportation at Reagan National.

### ***Capital Construction Program***

The Airports Authority initiated its Capital Construction Program (CCP) in 1988 to expand, modernize and maintain the Airports. Under the CCP, the Airports Authority has constructed and will continue to construct many of the principal elements of the Reagan National and Washington Dulles Master Plans. Major projects completed under the Master plan at Reagan National include, among others, two new main terminals connected to a Metrorail station, three parking garages and an airport traffic control tower. Major capital projects completed under the CCP at Washington Dulles include, among others, expansion and rehabilitation of the Main Terminal, construction of Concourse A and B, an international arrivals building and runway and road improvements.

In 2000, the Airports Authority approved an expansion of the CCP for Washington Dulles referred to as the Washington Dulles Development (*d<sup>2</sup>*) program expected to be completed in 2006. In the aftermath of the events of September 11, 2001 the Airports Authority reexamined the CCP and revised the expected completion date to 2011, delayed the start dates of several projects and deferred others. However, the growth in passenger enplanements at Washington Dulles in recent years, an additional \$2.1 billion of projects were added to the CCP and the program has been rescheduled to 2016. In total, the CCP is expected to cost \$7.0 billion.

The projects currently in the program at Washington Dulles include an automated people mover system (APM) to replace the existing mobile lounges which will move passengers between the Main Terminal and Concourses A, B and C, construction of the Tier 2 Concourse, construction of a 4th runway, a federal inspection

facility and a consolidated rental car facility. At Reagan National, projects include a consolidated communications center, renovation of Terminal A, and runway overlay projects.

### ***The Airports Authority's Internet Web Page***

The Airports Authority has an Internet web site offering a wide array of information to users, including financial information and operational statistics. Users can obtain direct access to the airlines serving the Airports, and flight arrival and departure information. The Airports Authority's CAFR, Budget, Master Indenture, Debt Service Review, airline rates and charges and aviation statistics are posted on the web site. Since September 11, 2001, the Airports Authority has posted monthly unaudited financial statements to include discussion of results, and other information for the Airports Authority's bondholders and other interested parties. The Airports Authority's financial information is available at [www.mwaa.com](http://www.mwaa.com).

### ***The Airports Authority's Budget***

The Airports Authority'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 generally accepted accounting principles (GAAP). The President and Chief Executive Officer submit the Airports Authority's annual budget to the Board for approval. Budgetary controls and evaluations are affected by comparing actual interim and annual results with the budget, noting the actual level of passenger activities. The Airports Authority conducts quarterly reviews to ensure compliance with the provisions of the annual operating budget approved by the Board. In keeping with the requirements of a proprietary fund, budgetary comparisons have not been included in the financial section of this report.

Operating revenues plus airline transfers reached 91.6% of budget expectations in 2006, while in 2005, operating revenues, airline transfers and federal compensation reached 102.9% of budget expectations. Operating expenses reached 91.2% of budget authorization in 2006, while in 2005, expenses reached 96.7% of budget authorization. The Airports Authority's 2006 budget reflected a 10.9% increase in revenues and a 6.1% increase in expenses.

	<u>Budget</u>	<u>Actual<sup>1</sup></u>	<u>As a Percentage of Budget</u>
2006 Revenues	\$464,279,000	\$425,051,849	91.6%
2006 Expenses	\$251,541,000	\$229,386,163	91.2%
2005 Revenues	\$418,684,000	\$431,015,951	102.9%
2005 Expenses	\$237,071,600	\$229,162,406	96.7%

<sup>1</sup> As defined in the Agreement. Revenues do not include transfers.

## **AIRPORTS AUTHORITY'S ECONOMIC CONDITION**

Many factors and events affect the air transportation industry, most of which the industry cannot control. For example, the general economic downturn in the latter part of 2000 and the resulting recession, the terrorist attacks of September 11, 2001, the conflicts in the Middle East, increased security requirements in air transportation,

the threat of future terrorist attacks, the outbreak of severe acute respiratory system (“SARS”), and significant increases in fuel prices have adversely affected the air transportation industry, including operations at the Airports over the past six years.

The year 2005 saw Northwest and Delta enter bankruptcy; U.S. Airways emerged from bankruptcy and merged with America West. Independence Air filed for bankruptcy protection on November 7, 2005, ceased operations on January 5, 2006 and liquidated under Chapter 7 of the U.S. Bankruptcy Code in 2006.

The Airports, however, supported by the Metropolitan Washington Statistical Area saw many positive developments in spite of the industry hardships. The beginning of the year as a result of the loss of Independence Air saw a downturn in passenger activity at Washington Dulles. Washington Dulles experienced a reduction in passenger traffic of 14.9% for the year significantly below the U.S. industry average rate of decline of 0.5%. However, with the addition of Southwest Airlines and other carriers at Washington Dulles during the year, monthly passenger activity had reached the prior year activity levels in November and December. Washington Dulles’ year-end international and transborder passenger traffic rate increase of 6.3% is ahead of the North America’s industry average growth rate of 5.5%.

Reagan National continues to experience record high passenger levels. For 2006, Reagan National set a new record of 18,550,785 passengers. This was an increase of 3.9% over the prior year, far outweighing the U.S. Industry average decline of 0.5%.

The fundamentals of the Greater Washington area economy remain strong. According to the Greater Washington Initiative 2006 Regional Report, the injection of federal money will buffer the region against future recessions and also boost particular sectors within the local economy, such as security-related technology, a growing priority for federal agencies.

As the fourth-largest metro area in the United States, the Washington Metropolitan area has emerged as one of the Nation’s major economic centers. It has emerged as a leading city, attracting business and talent from around the globe. In 2005, the Washington Metropolitan Area added nearly 72,000 jobs, second to Miami. Washington’s unemployment rate was 3.4%, significantly lower than the national average of 5.1%. Since 2000, the area has added more than 270,000 jobs. The area has more than 1.0 million residents with a bachelor’s degree, 0.5 million residents with a graduate degree and has a higher percentage of PhD’s (2.5%) than all major metro areas.

For nine consecutive years, the Washington Metropolitan area has led the nation with the most firms (including 50 in the 2005) in the Inc. 500 list of the fastest growing companies. Further, fifty-four local companies had a market capitalization of over \$1 billion in 2005. Fueled by the purchases of the federal government which reached \$52.6 billion in 2004, the area’s private sector employment is nearly eight times larger than the region’s federal employment, which represents 10.6% of the regional jobs. The Gross Regional Product reached \$433.7 billion in 2005. There were 63 venture capital deals, valued at \$625 million in the region. Venture capital investment in the first quarter of 2006 was up 17%.

The Metropolitan Washington area is one of the wealthiest regions among the nation’s large metro areas. The median household income was \$72,799 in 2005, up from \$64,613 in 2000. Population in the Metropolitan Washington area has consistently outpaced population growth in the United States. Over the last 10 years, the

population grew at an annual compounded rate of 1.7% compared to 1.1% for the United States. Within the region, the largest concentration of population is in the combined jurisdictions of Fairfax County, the cities of Fairfax and Falls Church, Virginia (19.81%); Montgomery County, Maryland (17.68%); and Prince George's County, Maryland (16.13%); and the District of Columbia (11.9%). The 2005 population of the area was 5.2 million. In addition, the minority population within the region is 43.7% of the total population, and is expected to reach nearly half of the total population by 2010.

#### **Average Annual Unemployment Rate**

<u>Year</u>	<u>Air Trade Area</u>	<u>United States</u>	<u>Year</u>	<u>Air Trade Area</u>	<u>United States</u>
1996	3.9%	5.4%	2001	3.4%	4.7%
1997	3.5%	4.9%	2002	4.0%	5.8%
1998	3.0%	4.5%	2003	3.8%	6.0%
1999	2.6%	4.2%	2004	3.6%	5.5%
2000	2.7%	4.0%	2005	3.4%	5.1%

Source: United States Department of Labor Bureau of Labor Statistics.

#### ***Long-Term Financial Planning***

The Airports Authority's long term financial planning includes the completion of certain approved capital expenditures, the accumulation of sufficient resources required to service the debt issued to finance these expenditures and to operate and maintain the airports. Under terms of the Agreement, fees and charges paid by the Airlines are used along with other income from the Airports to service the debt issued to finance the construction program. The Airlines pay operating and maintenance expenses, and debt service coverage equal to 125% of debt service (by airline cost center).

The Authority's CCP, as discussed earlier, is expected to be \$7.0 billion in years 2001-2016. It is anticipated that the major portion of the facilities development will be financed with the proceeds of bonds issued under the Master Indenture. The Airports Authority expects to issue a total of \$5.2 billion in bonds during this time frame. The Airports Authority also expects to use PFCs, federal and state grants, and the Authority's portion of NRR to finance a portion of these costs. The majority of the new scheduled construction activity will be at Washington Dulles.

The Washington region continues to benefit from a strong economy. In 2007, airline activity at both Airports is expected to grow over 2006. Enplanements at Reagan National are projected to grow 2.0%. Washington Dulles domestic enplanement growth rates are projected to increase 16.2% in 2007 over 2006, primarily based on a service expansion by United and the recent entry of Southwest into the market. Washington Dulles international enplanements are projected to grow 8.8%. The Federal Aviation Administration projection for 2007 is a 3.8% growth rate.

Since 1988, the Airports Authority has participated in the AIP, the federal government's airport grant program. The AIP provides funding for airport development, airport planning and noise compatibility programs from the Airport and Airway Trust Fund. The AIP also provides both entitlement and discretionary grants for eligible projects. The Airports Authority also receives grants from the Commonwealth of Virginia.

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

The Airports Authority applied for, and was granted, permission to begin collecting a \$3.00 PFC effective November 1993 at Reagan National and January 1994 at Washington Dulles. The Airports Authority applied for, and received in February 2001, the approval to increase the PFC collection from \$3.00 to \$4.50, effective May 2001. In accordance with the regulations, based on the approval date from the FAA and continuing through the PFC collection period, the Authority's share of AIP entitlement grants was reduced by 75%.

On December 20, 2005, the Airports Authority announced its proposal to operate the Dulles Toll road (DTR) and oversee the construction of the Metrorail extension. Under the proposal, the Airports Authority would issue bonds backed by revenue from the DTR which together with federal grants, PFCs and participation from Fairfax and Loudoun Counties, would fund the Metrorail extension. On March 24, 2006, the Commonwealth of Virginia and the Airports Authority entered into a Memorandum of Understanding (MOU) to begin negotiations for the transfer.

On December 29, 2006, the Airports Authority signed a Master Transfer Agreement and a Permit and Operating Agreement with the Virginia Department of Transportation (VDOT). The Agreements transfer the operation and maintenance responsibilities of the DTR, as well as rights to the DTR revenues, to the Airports Authority. In exchange, the Airports Authority will construct the Dulles Corridor Metrorail Project from the vicinity of West Falls Church to Route 772 in Loudoun County, and will make other improvements in the Dulles Corridor consistent with VDOT and regional plans. The transfer, which is expected to occur in calendar year 2007, will be effective upon the completion of certain conditions, among which is the award of a Final Design Grant for the Metrorail Project from the Federal Transit Administration (FTA). Upon transfer, the Airports Authority will delegate the operation of the DTR to VDOT on behalf of the Airports Authority until a Full Funding Grant Agreement for the Metrorail project is executed with the FTA. The term of the Agreement for the Airports Authority to operate and maintain the DTR is 50 years. The Airports Authority will be responsible for collecting tolls and setting toll rates following its regulatory process and with consultation of a Dulles Corridor Advisory Committee. The Airports Authority plans to establish a separate Dulles Corridor Enterprise Fund to account for the activity of the DTR and the Metrorail Project.

**OTHER INFORMATION*****Recognition of Awards and Achievement***

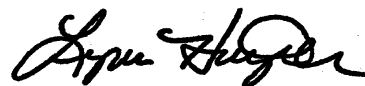
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airports Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2005. This was the seventeenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Airports Authority has also received the GFOA's Award for Distinguished Budget Presentation for many years since 1991.

***Acknowledgments***

In closing, I would like to thank the President and Chief Executive Officer and the Board of Directors for their leadership and support in planning and conducting the financial operations of the Airports Authority. Special thanks are directed to Anne M. Field, the Controller for the Airports Authority, for the preparation of the CAFR. Additional staff that deserve recognition for their efforts in completing the CAFR are Andrew Rountree, Mark Tune, Peggy Thompson L'Hommedieu, Teri Arnold, Nancy Edwards, David Tucker, Paula Simms, Kris Wenneson, Susan Abeles and Diane Lary as well as all the personnel within the Office of Finance.



Lynn Hampton, CPA  
Vice President and Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Metropolitan Washington Airports Authority, Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

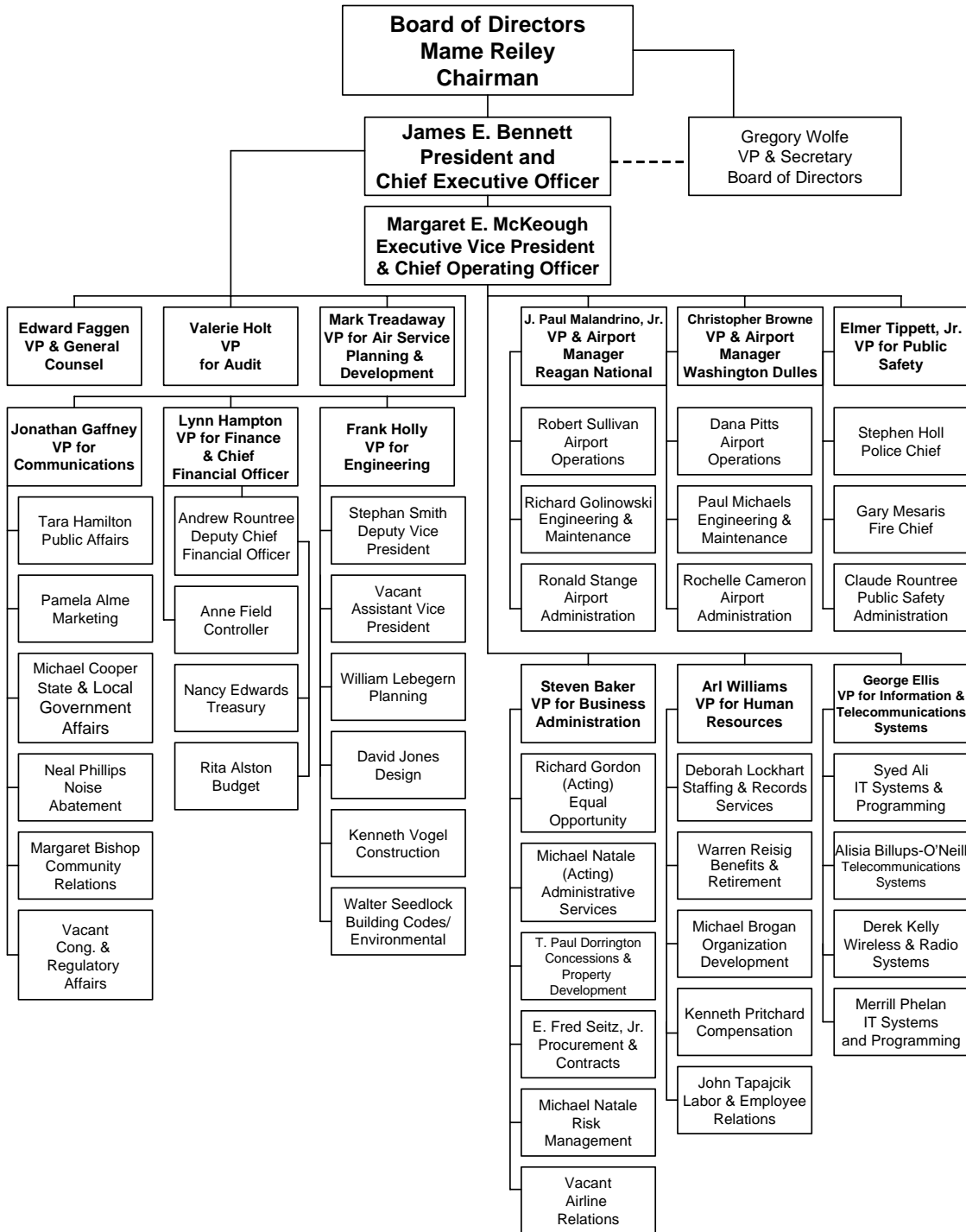
### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Washington Airports Authority for its comprehensive annual financial report for the year ended December 31, 2005.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

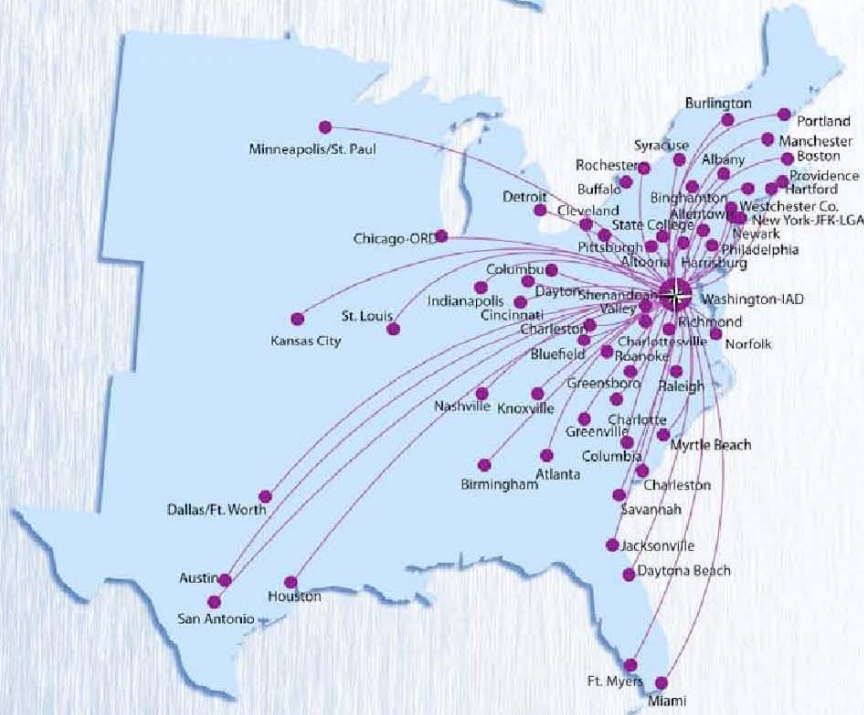
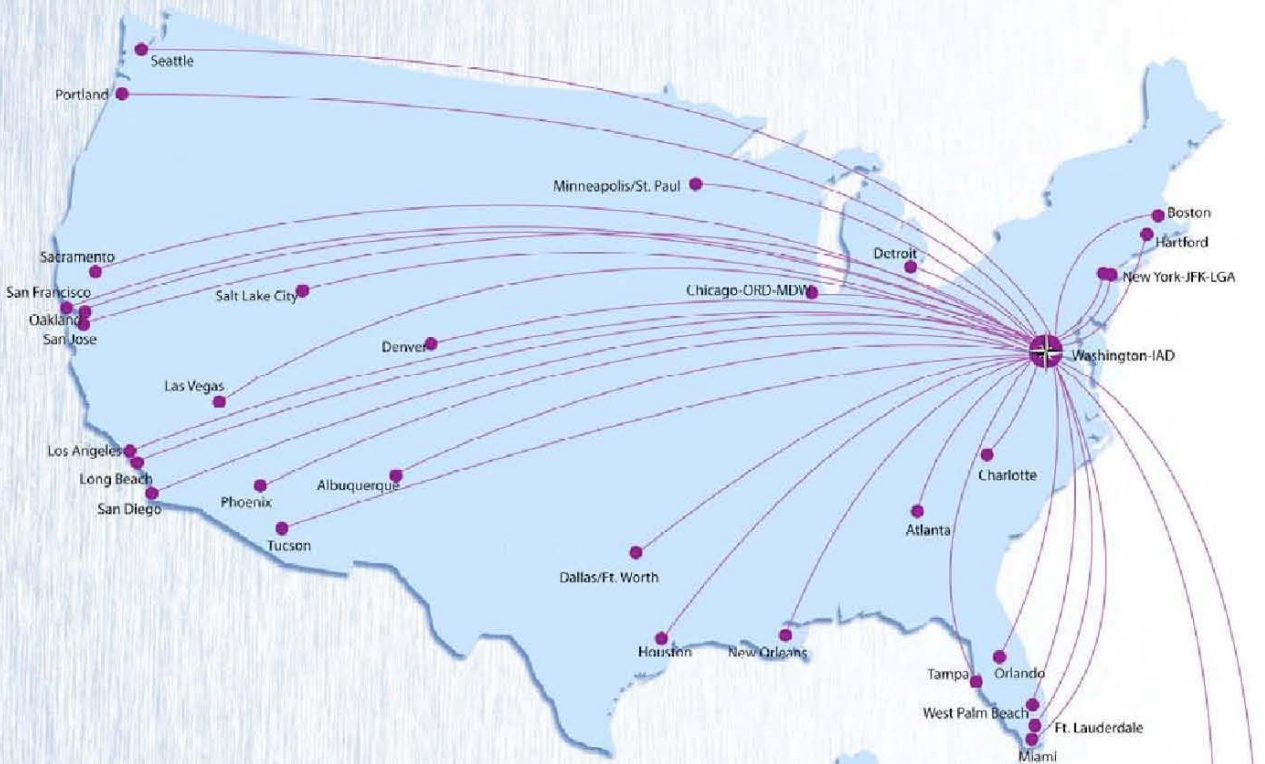
**Metropolitan Washington Airports Authority  
Organization Chart**



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## NORTH AMERICAN AIR SERVICE AT WASHINGTON DULLES

North American cities served nonstop by Large Jets to/from Washington Dulles



## REGIONAL AIR SERVICE AT WASHINGTON DULLES

North American cities served nonstop by Regional Jets and Turboprops to/from Washington Dulles



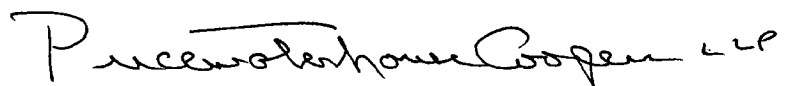
**Report of Independent Auditors**

To the Board of Directors  
of the Metropolitan Washington Airports Authority:

In our opinion, the accompanying statements of net assets and the related statements of revenues, expenses, and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Metropolitan Washington Airports Authority (the "Authority") as of December 31, 2006 and December 31, 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Management's Discussion and Analysis (MD&A) on pages 15 through 29 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Authority's statements of net assets and the related statements of revenues, expenses, and changes in net assets and cash flows, which collectively comprise the Authority's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.



March 30, 2007

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)****INTRODUCTION**

The following discussion and analysis of the financial performance and activity of the Metropolitan Washington Airports Authority (the Airports Authority) is to provide an introduction and understanding of the basic financial statements of the Airports Authority for the year ended December 31, 2006 with selected comparative information for the years ended December 31, 2005 and December 31, 2004. This discussion has been prepared by management, is unaudited and should be read in conjunction with the financial statements, and the notes thereto, which follow this section.

***Using the Financial Statements***

The Authority's financial report includes three financial statements: the Statements of Net Assets; the Statements of Revenues, Expenses and Changes in Net Assets; and the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by Governmental Accounting Standards Board (GASB) principles. In 2005, the Airports Authority implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3). In 2005, the Airports Authority early implemented GASB Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. A Voluntary Employee Beneficiary Association (VEBA) trust was established in February 2005 to account for retirees' post-employment benefits other than pensions, including retiree health insurance and retiree life insurance. Further in 2005, the Airports Authority early implemented GASB Statement No. 44, *Economic Conditions Reporting: The Statistical Section* (an amendment of NCGA Statement 1) and GASB Statement No. 47, *Accounting for Termination Benefits*.

The Statements of Net Assets depict the Authority's financial position as of a point in time, normally December 31, and include all assets and liabilities of the Airports Authority. The Statements of Net Assets demonstrate that the Authority's assets equal liabilities plus net assets. Net assets represent the residual interest in the Authority's assets after liabilities are deducted. Net assets are displayed in three components: invested in capital assets, net of related debt, restricted and unrestricted.

The Statements of Revenues, Expenses and Changes in Net Assets report total operating revenues, operating expenses, non-operating revenues and expenses, and other changes in net assets as of the end of a fiscal period; normally the year ended December 31. Revenues and expenses are categorized as either operating or non-operating based upon management's policy as established in accordance with definitions set forth by GASB. Significant recurring sources of the Authority's revenues, including Passenger Facility Charges (PFCs), investment income and federal, state and local grants are reported as non-operating revenues. The Authority's interest expense is reported as non-operating expense.

The Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, capital and related financing activities, and investing activities.

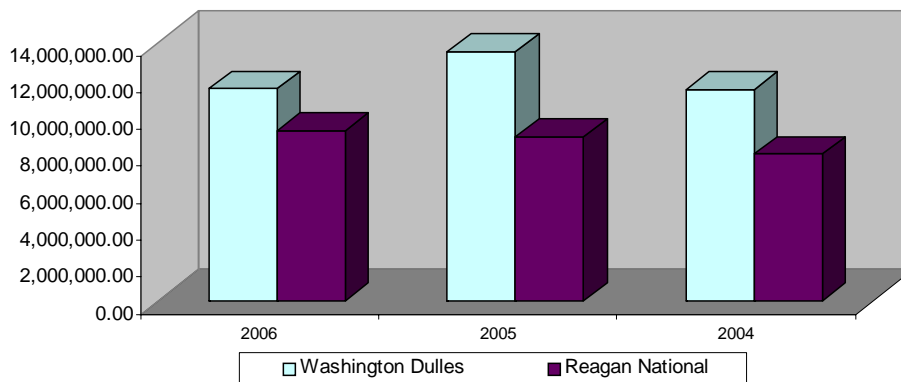
***The Authority's Activity Highlights***

The Airports Authority has activity-based revenues which, in part, include parking, rental car, landing fees, international arrival fees, and passenger conveyance fees. The terrorist attacks that occurred in New York, Pennsylvania, and Washington, D.C. on September 11, 2001, resulted in reduced airport activity immediately after the attacks and consequently had a significant effect on the financial performance of the Airports Authority. After two years of reduced enplanement activity, the monthly activity levels at Washington Dulles International Airport (Washington Dulles) and Ronald Reagan Washington National Airport (Reagan National) – (collectively, the Airports) began rebounding by year-end 2003. For the full year 2004, and again in 2005, passenger activity at the Airports exceeded passenger activity in all previous years. In 2006, Reagan National continued this trend and reported record high passenger levels. Washington Dulles, however, experienced reduced passenger activity in 2006. Independence Air, a new low-fare airline, began operations at Washington Dulles in June 2004, adding significant passenger and operations activity at the Airport. Independence Air ceased operating on January 5, 2006. Passenger activity for Washington Dulles began to rebound in the last quarter of 2006, due to the introduction of the low-cost carrier, Southwest Airlines. This section includes a discussion of activity in order to better understand its affect on the financial performance of the Airports Authority.

Enplanements at Reagan National for the 12 months of 2006 were 9,242,480, compared to 8,911,233 for the year 2005, resulting in an increase of 3.7%. After the events of September 11, 2001, general aviation activity of non-scheduled, privately owned aircraft was prohibited at Reagan National and the prohibition continued until it was lifted in part on October 18, 2005. General Aviation operations in 2006 were 3,172; an increase of 71 over 2005. Total enplanements at Washington Dulles for the 12 months of 2006 were 11,497,329 compared to 13,503,813 in 2005, resulting in a 14.9% decrease related to the ceased operations of Independence Air. International enplanements for the 12 months of 2006 were 2,594,861 compared to 2,448,994 in 2005, a 6.0% increase.

**Enplanements and Operations Activity for 2004 to 2006**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Enplanements</u>			
Washington Dulles Domestic	8,797,386	10,947,383	9,014,584
Washington Dulles International	2,594,861	2,448,994	2,309,602
Washington Dulles Non-Commercial	105,084	107,436	104,681
Reagan National Domestic	9,054,485	8,736,725	7,796,973
Reagan National Transborder	185,333	172,549	154,689
<u>Operations</u>			
Washington Dulles	379,571	509,652	469,634
Reagan National	276,419	276,056	268,556

**Total Enplanement Activity for 2004 to 2006**

In comparing the airports to the North American aviation industry, Reagan National exceeded domestic industry trends. In 2006, domestic passenger traffic at Reagan National exceeded the trends by 4.4%. Washington Dulles, as a result of the 2006 reduction in passenger traffic was below the domestic industry trend but continued to exceed the international industry trends. In 2006, domestic passenger traffic at Washington Dulles was significantly behind the industry trend by -14.4%. In 2006, international passenger traffic at Washington Dulles exceeded industry trends by 0.8%.

<u>Enplanements Growth</u>	<u>MWAA</u>	<u>North America</u>	<u>Difference</u>
Washington Dulles Domestic	(14.9)%	(0.5)%	(14.4)%
Washington Dulles International	6.3%	5.5%	0.8%
Reagan National	3.9%	(0.5)%	4.4%

At Reagan National, by year-end 2006, daily departures decreased to 464 from 482 departures and includes a decrease of 63 daily air carrier departures and an increase of 45 daily regional departures. At Washington Dulles,

by year-end 2006, daily domestic air carrier departures of 416 decreased from 462 in 2005. International weekly departures increased from 314 in 2005 to 351 in 2006.

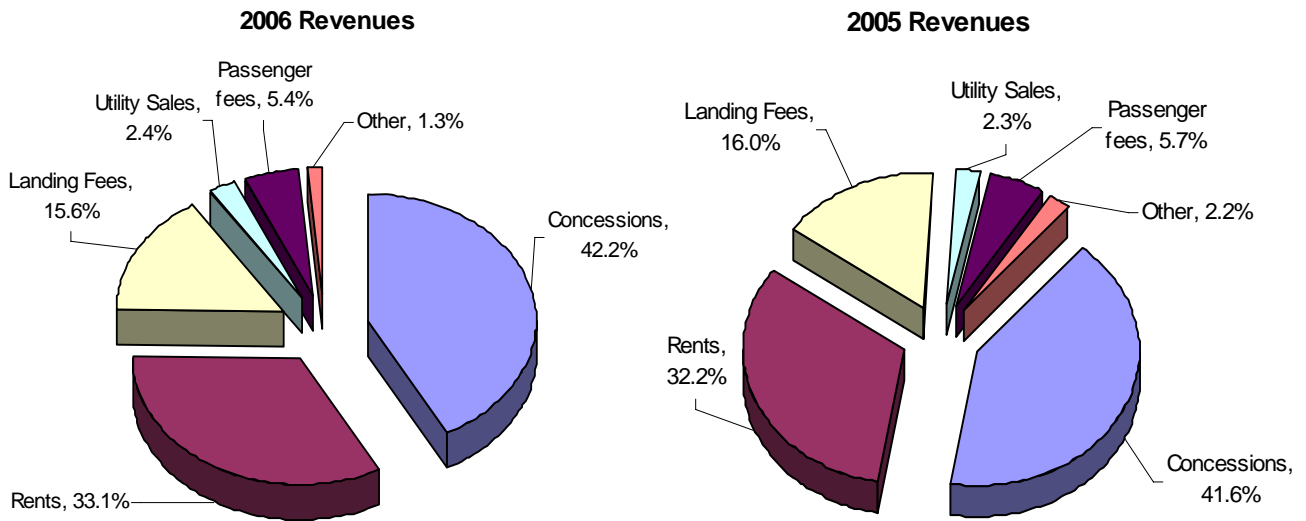
### ***Financial Highlights***

The overall financial results of 2006 reflect the reduction of passenger and airline activity at Washington Dulles and the increase and stabilization of passenger and airline activity at Reagan National. The majority of the operating revenues at the Airports are directly related to the number of passengers and aircraft operations. Operating revenues for 2006 were \$471.2 million, a decrease of \$6.1 million from operating revenues in 2005 but still the second highest year in Airports Authority history. This decline reflects the loss of Independence Air in the early part of 2006 at Washington Dulles. This decline was offset by the record passenger traffic levels seen at Reagan National. The Authority's revenues are primarily derived from rents and charges for the use of the Airport's facilities, including landing fees received from both signatory and non-signatory airlines using the Airports, and concession contracts at the Airports, including off-airport rental car operations. Concessions historically have accounted for a substantial portion of the Authority's revenues. The Airport Use Agreement and Premises Lease (the Agreement) requires the Signatory Airlines to pay actual costs while the majority of concessionaires pay a percentage of revenue or a minimum annual guarantee payment.

In 2006, airline revenues decreased, principally related to unchanged airline rates and charges as a result of controlled expenses at the Airports. Landing fees decreased \$3.0 million to \$73.4 million, or 3.9%. Rent revenue increased \$2.3 million, a 1.5% increase and passenger fees, including fees paid by the Transportation Security Administration (TSA) decreased slightly reflecting the final recovery of capital cost in the midfield international arrivals facility. Other revenues decreased \$4.5 million or 43.3% from 2005, resulting from the transfer of the Washington Flyer Bus operation to a concessionaire and elimination of Independence Air airline employee parking permits.

<u>Classifications</u>	<u>2006</u> Revenue Amount	<u>2005</u> Revenue Amount	Increase (Decrease) from 2005	Percent of Increase from 2005
Concessions	\$ 199,011,305	\$ 198,691,232	\$ 320,073	0.2%
Rents	156,164,079	153,865,079	2,299,000	1.5%
Landing fees	73,375,458	76,359,090	(2,983,632)	-3.9%
Utility sales	11,248,988	10,934,616	314,372	2.9%
Passenger fees	25,474,908	26,973,143	(1,498,235)	-5.6%
Other	<u>5,893,899</u>	<u>10,398,536</u>	<u>(4,504,637)</u>	-43.3%
Total	<u>\$471,168,637</u>	<u>\$477,221,696</u>	<u>\$ (6,053,059)</u>	-1.3%

The following is a graphic illustration of operating revenues by source for the years ended December 31, 2006 and 2005:



**Concession Revenue**

In 2006, concession revenue of \$199.0 million increased \$0.3 million or 0.2% from 2005, and as a percent of operating revenues, increased to 42.2% from 41.6% in 2005. Automobile parking revenue and rental car revenue represented 70.0% of concession revenue and 29.6% of operating revenues. The average daily occupancy of the new parking garages at Washington Dulles decreased from 64.2% in December of 2005 to 60.7% in December of 2006. There are 24,406 parking spaces at Washington Dulles: 2,516 hourly, 8,325 daily, 1,457 valet, and 12,108 economy. An overflow economy lot provides an additional 3,990 parking spaces during peak holiday periods. The parking garages at Reagan National had an average occupancy of 88.5%. There are 8,454 parking spaces at Reagan National: 455 hourly, 4,773 daily, 2,996 economy and 230 valet. Average occupancy for all public parking at Reagan National was 87.8%. Parking revenue decreased at Washington Dulles related to the decrease in passenger activity. Parking revenue at Reagan National increased, as a result of the increased passenger activity. Parking revenue in total for the Airports Authority decreased 3.84%. During 2006, a valet parking operation opened at Reagan National adding approximately 440 parking spaces to the airport availability. Food and beverage revenue increased 20.0% to \$12,755,501, resulting from significant new operations including Harry’s Bar and Grill, Vino Volo, Tequileria, Moe’s, Cosi and Tidewaterland. At Washington Dulles, a third fixed base operator was added to serve the growing general aviation market. Revenues from fixed base operations increased 39.2% to \$10.6 million.

The following table details concession revenues by major category for the past two years:

	Concession Revenues (in thousands)		Increase (Decrease) from 2005	Percent of Increase (Decrease) from 2005
	2006	2005		
Parking	\$ 109,067,495	\$ 113,417,802	\$ (4,350,307)	-3.84%
Rental cars	30,202,008	30,550,848	(348,840)	-1.14%
Food and beverage	12,755,501	10,626,038	2,129,463	20.04%
Newsstand and retail	10,519,806	10,582,645	(62,839)	-0.59%
Duty free	2,928,684	3,166,433	(237,749)	-7.51%
Display advertising	6,300,000	6,300,000	-	0.00%
Inflight caterers	5,666,632	5,468,402	198,230	3.63%
Fixed base operator	10,583,623	7,602,839	2,980,784	39.21%
All other	10,987,556	10,976,225	11,331	0.10%
Total	<u>\$ 199,011,305</u>	<u>\$ 198,691,232</u>	<u>\$ 320,073</u>	0.16%

### *Operating Expense*

Operating expenses for fiscal year ended December 31, 2006 were \$423.0 million, an increase of \$8.6 million or 2.1% over 2005. Depreciation and amortization expense of \$133.1 million, an increase of \$0.7 million over 2005, accounted for 31.5% of operating expenses. Depreciation and amortization expense increased only slightly, primarily as a result of the large number of projects on-going with extended completion dates beyond 2006. All operational expenses are carefully reviewed during the budget development and procurement processes.

Materials, equipment, supplies, contract services and other increased \$8.9 million from 2005. In late 2005, the Airports Authority announced its proposal to operate the Washington Dulles Roll Road. In 2006, the Airports Authority undertook the process of moving this proposal to completion. This included, among other expenses, costs incurred for legal services and other management support services. The Airports Authority incurred \$5.1 million in expenses in 2006 related to this project. In 2006, the Airports Authority began the process of implementing a new Enterprise Resource Planning system. The Airports Authority incurred \$2.4 million in 2006 in costs associated with planning for this system. In both cases, accounting principles require work associated with these projects to be expensed.

Salaries and related benefits in total were stable in 2006. Salaries increased by \$5.2 million reflecting the annual increase awarded to the Authority's employees in the 2006 budget and new positions. Benefits of \$26.6 million decreased \$5.2 million from 2005. The Airports Authority implemented GASB 43 and GASB 45 in 2005 and began funding an Employee Welfare Benefits Trust (Trust) in 2005. Annual OPEB cost is equal to the employer's annual required contribution to the plan, with certain adjustment if the employer has a net OPEB obligation for past under- or over- contributions. Based on the actuarial results of 2005, the Airports Authority has over funded the plan by \$2.5 million and has recorded a Net OPEB asset on the Statement of Net Assets for 2006. In addition, the calculated required contribution for 2006 was reduced \$1.5 million from 2005.

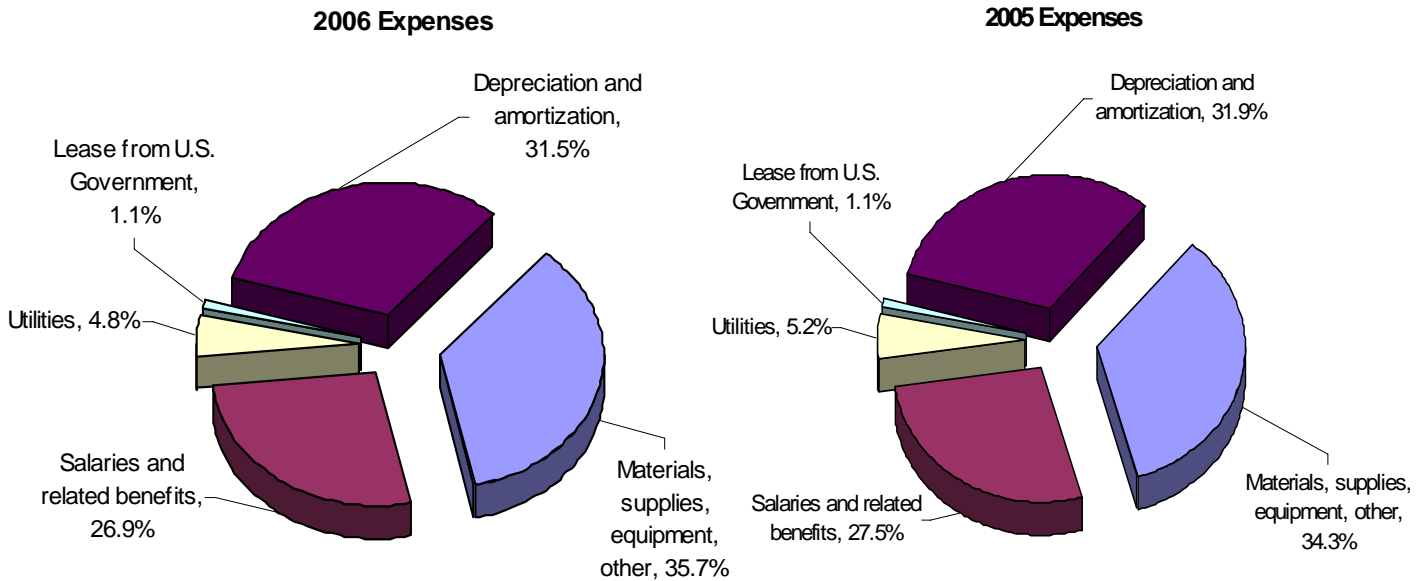
Increased claims in the insurance market since September 11, 2001, resulted in insurance quotes that were significantly higher than in prior years. The Airports Authority responded to the increase in insurance cost by negotiating higher retention levels while increasing related insurance reserves. General liability, property insurance,

and workers compensation insurance costs in 2006 and 2005 were \$5.8 million and \$5.4 million, respectively. The claims paid directly by the Airports Authority decreased slightly in 2006 to \$1.2 million from \$2.1 million in 2005.

The cost of providing utilities to the Airports decreased 5.3% in 2006, with electricity cost declining by 6.6%, water cost decreasing 10.7%, natural gas decreasing 2.3% and sewage cost decreasing 3.4%.

Expense Classification	2006	2005	Increase (Decrease) from 2005	Percent of Increase (Decrease) from 2005
Materials, supplies, equipment, contract services and other	\$ 151,009,792	\$ 142,107,372	\$ 8,902,420	6.3%
Salaries and related benefits	113,870,907	113,878,086	(7,179)	0.0%
Utilities	20,359,248	21,493,887	(1,134,639)	-5.3%
Lease from United States Government	4,689,858	4,505,435	184,423	4.1%
Depreciation and amortization	<u>133,106,378</u>	<u>132,424,537</u>	<u>681,841</u>	0.5%
<b>Total</b>	<b><u>\$423,036,183</u></b>	<b><u>\$414,409,317</u></b>	<b><u>\$ 8,626,866</u></b>	2.1%

The following is a graphic illustration of the total operating expenses by source for the years ended December 31, 2006 and 2005:



***Changes in Net Assets***

Fiscal year 2006 operating income was \$48.1 million, a decrease of \$14.7 million compared to 2005. The operating results of 2006 reflect the decrease in passenger traffic and the Authority's effort to control costs subsequent to the loss of Independence Air in early 2006.

In 2006, non-operating revenues of \$182.8 million were \$55.7 million higher than in 2005, principally because of increased interest income and increased grant revenue. The Airports Authority received a \$200.2 million letter of intent from the FAA as partial funding of the fourth runway at Washington Dulles. The first \$36.9 million award was received and expended in 2006.

In 2001, the Airports Authority began a risk management program to assist in managing the interest cost on outstanding and future debt. In August 2001, the Airports Authority entered into a swap transaction to assure that the interest on bonds issued to refund the Series 1992A Bonds would not exceed an interest rate of 5.0%. In May 2005, the Airports Authority entered into four interest rate swap transaction (2005 Swaps) to hedge against rising interest rates. In 2006, the Airports Authority amended the 2005 swap agreement with an effective date of October 1, 2006, and extended the effective date of the agreement to October 1, 2008. In June 2006, the Airports Authority entered into four interest rate swap transactions to hedge against rising interest rates. The following table shows certain details of the Swaps:

<u>Effective Date</u>	<u>Counter Party</u>	<u>Notional Amount</u>
October 1, 2007	Wachovia Bank	\$125 million
October 1, 2007	Bank of Montreal	\$75 million
October 1, 2008	Wachovia Bank	\$65 million
October 1, 2008	Bank of Montreal	\$35 million
October 1, 2009	Bank of America	\$110 million
October 1, 2009	Bear Stearns	\$190 million
October 1, 2010	Lehman Brothers	\$80 million
October 1, 2010	Wachovia Bank	\$170 million

The change in the market value of the swaps in 2006 was an unrealized loss of \$12.7 million, compared to an unrealized gain of \$6.1 million in 2005. The combined market value of the swaps on December 31, 2006 was a \$27.1 million loss. (See Note C)

In 2006, non-operating expenses of \$113.6 million increased by \$3.7 million from 2005, as a result of increased debt and an unrealized loss on the Authority's Swaps of \$12.7 million. (See Note J)

Capital contributions include PFCs, federal and state grants, and other capital property acquired. PFC revenue in 2006 was \$81.5 million; \$6.8 million lower than in 2005, and reflected the decreased passenger activity at the Airports. PFCs are imposed when an airline ticket is purchased and they do not mirror the enplanement activity of an airport. Federal and state grants of \$54.2 million were \$42.5 million higher than 2005 grant revenues, as a result of new awards in 2006 and the increase in previous awards plus continued activity on grant approved construction projects. Construction of the new runway began in the spring of 2006. Grants received in 2006 include

\$50.1 million in FAA Airport Improvement Program grants, and \$2.0 million in Virginia Aviation grants. PFCs and federal and state grants provide partial funding for certain capital construction projects. (See Note P)

The change in net assets is an indicator of whether the overall fiscal condition of the Airports Authority has improved or declined during the year. The change in net assets for the years ended December 31, 2006 and 2005 was an increase of \$116.5 million and an increase of \$79.2 million, respectively.

The following represents a summary of the Statements of Revenues, Expenses and Changes in Net Assets:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues			
Concessions	\$ 199,011,305	\$ 198,691,232	\$ 173,962,671
Rents	156,164,079	153,865,079	143,389,783
Landing fees	73,375,458	76,359,090	76,274,293
Utility sales	11,248,988	10,934,616	12,035,206
Passenger fees	25,474,908	26,973,143	29,474,743
Other	<u>5,893,899</u>	<u>10,398,536</u>	<u>7,149,375</u>
Total operating revenues	471,168,637	477,221,696	442,286,071
Operating expenses			
Material, equipment, supplies contract services, and others	151,009,792	142,107,372	130,127,540
Salaries and related benefits	113,870,907	113,878,086	98,858,597
Utilities	20,359,248	21,493,887	18,754,511
Lease from U.S. Government	4,689,858	4,505,435	4,375,347
Depreciation and amortization	<u>133,106,378</u>	<u>132,424,537</u>	<u>126,177,767</u>
Total operating expenses	423,036,183	414,409,317	378,293,762
Operating income	48,132,454	62,812,379	63,992,309
Non-operating revenues			
Investment income	45,035,158	20,194,481	10,385,775
Unrealized swap gain	<u>-</u>	<u>6,062,129</u>	<u>1,601,347</u>
Total non-operating revenues	45,035,158	26,256,610	11,987,122
Non-operating expenses			
Interest expense	(96,999,795)	(103,561,330)	(89,368,779)
Passenger facility charges, financing costs	(2,026,385)	(1,497,097)	(1,525,026)
Swap payments	(1,854,177)	(4,856,288)	(3,662,018)
Unrealized swap loss	<u>(12,718,126)</u>	<u>-</u>	<u>-</u>
Total non-operating expenses	(113,598,483)	(109,914,715)	(94,555,823)
Income (loss) before capital contributions	(20,430,871)	(20,845,726)	(18,576,392)
Capital contributions	<u>136,960,753</u>	<u>100,054,076</u>	<u>104,787,341</u>
Increase in net assets	<u>\$ 116,529,882</u>	<u>\$ 79,208,350</u>	<u>\$ 86,210,949</u>

*Statements of Net Assets*

The Statements of Net Assets present the financial position of the Airports Authority at the end of the fiscal year. The Statements include all assets and liabilities of the Airports Authority. Net assets are the difference between total assets and total liabilities and are an indicator of the current fiscal health of the Airports Authority. A summarized comparison of the Authority's assets, liabilities and net assets on December 31, 2006, 2005, and 2004 is as follows:

Assets	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current assets	\$ 810,642,733	\$ 678,298,711	\$ 510,421,819
Non-current assets			
Capital assets, net	4,018,568,661	3,443,263,293	2,997,283,774
Other non-current assets	<u>353,687,873</u>	<u>266,552,138</u>	<u>224,960,011</u>
Total Assets	<u>5,182,899,267</u>	<u>4,388,114,142</u>	<u>3,732,665,604</u>
 Liabilities			
Current liabilities	235,084,309	222,205,610	183,448,198
Non-current liabilities			
Long-term debt outstanding and other restricted	4,010,917,453	3,345,227,510	2,807,403,687
Other non-current liabilities, unrestricted	<u>-</u>	<u>313,399</u>	<u>654,446</u>
Total Liabilities	<u>4,246,001,762</u>	<u>3,567,746,519</u>	<u>2,991,506,331</u>
 Net Assets			
Invested in capital assets, net of debt	598,949,358	492,384,514	344,583,615
Restricted	46,083,312	65,337,686	170,526,342
Unrestricted	<u>291,864,835</u>	<u>262,645,423</u>	<u>226,049,316</u>
Total Net Assets	<u>\$ 936,897,505</u>	<u>\$ 820,367,623</u>	<u>\$ 741,159,273</u>

For the year-ended December 31, 2006, and in its nineteenth full year of operations, the Authority's financial position remained strong with total assets of \$5.2 billion and liabilities of \$4.3 billion. Current assets increased by \$132.3 million from 2005. Since September 11, 2001, the Airports Authority has maintained five months of its operating cash portfolio in securities that mature within six months to provide extra liquidity. At December 31, 2006, the Airports Authority had \$4.0 billion in capital assets (net of depreciation), an increase of \$575.3 million from December 31, 2005.

On September 14, 2005, Delta Airlines and Northwest Airlines filed for bankruptcy protection. The Authority's accounts receivable for the year-ended December 31, 2006, included \$1.4 million and \$240,665 in pre-petition debt owed to the Airports Authority by Delta and Northwest, respectively. The Airports Authority has not established a reserve for Delta, or Northwest pre-petition debt. (Delta, and Northwest are current on their post-bankruptcy obligations). The Authority's expectation regarding Delta and Northwest is influenced by the Authority's experience with other large airline bankruptcies. In the cases of Eastern Airlines, Pan American, TWA, and most recently US Airways, Independence Air and United, the airlines cured their defaults in order to assume and operate or assume and then transfer their leasehold assets to other carriers as part of their liquidation. Based upon its experience and its judgment of the posture of Delta and Northwest, the Airports Authority has concluded that reserves need not be established.

Current liabilities increased by \$12.9 million, principally from a \$5.2 million increase in unrestricted and restricted accounts payable related to increased construction activity and an increase of \$3.2 million in the current portion of bonds payable.

Net assets, which represent the residual interest in the Authority's assets after liabilities are deducted, were \$936.9 million on December 31, 2006, an increase of \$116.5 million from 2005 and a \$195.7 million increase from 2004. The account "Invested in Capital Assets, Net of Related Debt" increased by \$106.6 million to \$598.9 million because the increase in total liabilities related to the Capital Construction Program (CCP) did not exceed the increase in the assets in the CCP. This was caused by the increase in unspent construction proceeds at December 31, 2006, as compared to December 31, 2005. As of December 31, 2006, \$345.0 million in unspent proceeds were reclassified to "Restricted Assets" to offset the assets still available from the bond proceeds. The restricted and unrestricted remaining net assets are derived from the Airports Authority operations since the Authority's inception in 1987, as well as grant and PFC collections. The 2006 restricted net assets of \$46.1 million are subject to external restrictions on how they may be used under the Master Indenture of Trust (Master Indenture) and federal regulations. A debt service reserve of \$263.4 million, maintained in accounts held by the Authority's Trustee offset by the corresponding debt, is included in Restricted Net Assets. The remaining 2006 unrestricted assets of \$291.9 million, an increase of \$29.2 million from 2005, may be used to meet any of the Authority's ongoing operations, subject to approval by the Authority's Board of Directors.

### ***Capital Financing and Debt Management***

The Authority's long-term uninsured bonds are rated "AA-" by Fitch, "Aa3" by Moody's, and "AA-" by Standard & Poor's Rating Services (S&P). Moody's assigned the Airports Authority an "Aa3" rating with "Negative Outlook" on August 27, 2003, and then changed the outlook to "Stable" on April 14, 2004, to "Positive" on March 15, 2005, and back to "Stable" on January 4, 2006. Moody's affirmed the Authority's rating on November 3, 2006 and changed the outlook to "Positive." S&P assigned the Authority's debt an "A+" with a "Stable" outlook, effective February 28, 2002 and changed the outlook to "Positive" on March 15, 2005. On November 3, 2006, S&P upgraded the rating to "AA-" rating with a "Stable" outlook. Fitch assigned the Airports Authority a n "AA-" rating with "Stable Outlook" on August 25, 2003 and reaffirmed this rating on October 31, 2006.

As of December 31, 2006, the Airports Authority had \$3.5 billion outstanding Airport System Revenue Bonds, \$200 million in outstanding Commercial Paper Series Two, and \$400 million in PFC notes (See Note J). Of the \$3.5 billion in outstanding Senior Bonds, \$3.3 billion is insured and \$174.2 million is uninsured. The insured debt is rated "AAA" by S&P and Fitch and "Aaa" by Moody's. Additionally, S&P assigned the Airports Authority an overall Debt Derivative Profile rating of "1" on a scale of "1" to "4", with "1" representing the lowest risk and "4" representing the highest risk.

The Airports Authority is financing its construction program through a combination of revenues, entitlement, and discretionary grants received from the FAA, state grants, PFCs, and revenue bonds. Long-term debt is the principal source of funding for the CCP. The Airports Authority, through its Master Indenture, has agreed to maintain a debt service coverage of not less than 1.25. Debt service coverage is calculated based on a formula included in the Master Indenture and the Agreement with the Airlines. Historically, the Airports Authority has maintained a coverage ratio significantly higher than its requirement. During 2006 and 2005, the Authority's debt service coverage was 1.78 and 1.66, respectively.

During 2006, the Airports Authority issued three series of bonds: \$300.0 million Series 2006A Revenue Bonds in January 2006, \$400.0 million Series 2006B Revenue Bonds and \$37.9 Series 2006C Refunding Bonds in December 2006. The Series 2006A Revenues bonds were used to refund \$90.0 million of the Commercial Paper Series One and \$65.0 million of the Series Two Commercial Paper in addition to providing additional construction funds. The Series 2006B Revenue Bonds were used to finance ongoing capital construction needs while the 2006C Refunding Bonds refunded a portion of the 1998A Bonds and a portion of the 2002B bonds. The Airports Authority contracted to issue and deliver in September 2005, the 2007A Revenue Refunding Bonds. The 2007A Revenue Refunding Bonds, when issued, will refund certain maturities of the outstanding Series 1997B Bonds and the Airports Authority estimates that the net present value savings refunding will be \$6.9 million.

In August 2006, the Airports Authority issued \$179.0 million in Commercial Paper Series Two. This financing provided the Airports Authority funds for ongoing capital construction needs.

As of the year ended December 31, 2006 the Airports Authority had \$200 million CP Series Two, and \$400 million PFC Notes. Additionally, the Airports Authority had \$220 million authorized but not issued CP available for construction needs. As a result of these transactions, as well as principal payments of \$69.2 million, long-term debt outstanding increased by \$651.7 million and short-term CP Notes and PFC Notes outstanding of \$600.0 million increased \$14.0 million. Detailed information on the long-term debt of the Airports Authority can be found in the Notes to Financial Statements. (See Note K)

### ***Federal and State Grant Activity***

During 2005, the Airports Authority applied for approval to impose and use \$146.6 million in PFCs at Reagan National. The PFC Application is funding the 12-gate expansion at Washington Dulles and projects associated with the fourth runway. FAA approval of the application was received in March 2006.

The Airports Authority applied for a \$207.0 million Letter of Intent (LOI) with the FAA to issue grants to fund the fourth runway at Washington Dulles. On February 21, 2006, the Airports Authority received approval of a \$200.2 million LOI.

### ***Cash and Investment Management***

The Authority's cash and cash equivalents decreased \$122.0 million to \$260.0 million as of December 31, 2006, from \$382.0 million as of December 31, 2005, as a result of increased investments. Cash and cash equivalents with an original maturity of three months or less are considered highly liquid investments. Unrestricted investments increased by \$23.9 million from 2005 and restricted investments increased by \$303.4 million from 2005.

The following summary shows the major sources and use of cash:

	<u>2006</u>	<u>2005</u>
Cash received from operations	\$ 473,743,148	\$ 472,275,452
Cash expended from operations	<u>(296,036,365)</u>	<u>(285,713,779)</u>
Net cash provided by operations	<u>177,706,783</u>	<u>186,561,673</u>
Net cash provided (used) in capital and related financing activities	(18,190,471)	(12,403,499)
Net cash provided (used) by investing activities	<u>(281,510,000)</u>	<u>23,187,221</u>
Net cash provided (used) by capital financing and investing activities	<u>(299,700,471)</u>	<u>10,783,722</u>
Net increase (decrease) in cash and cash equivalents	(121,993,688)	197,345,395
Cash and cash equivalents, beginning of year	<u>382,015,425</u>	<u>184,670,030</u>
Cash and cash equivalents, end of year	<u>\$ 260,021,737</u>	<u>\$ 382,015,425</u>

Cash temporarily idle during 2006 was invested in demand deposits, certificates of deposit, commercial paper, United States Government and agency obligations, mutual funds, repurchase agreements collateralized by the United States Government or agency obligations, and other permitted investments as listed in the Master Indenture for the Authority's outstanding bonds. During 2006, the Authority's operating account average portfolio balance was \$253.8 million and the average yield on investments was 4.85%. The capital funds are held by an agent for the Trustee, but managed by the Airports Authority. For 2006, the capital funds had an average portfolio balance of \$280.0 million and an average yield of 4.64%.

Certain Airports Authority funds that will be used for bond requirements (See Note E) and capital projects are invested in long-term instruments. An annual cash flow projection for capital projects is developed for all bond proceeds and investments are matched to maximize investment income while ensuring cash is available for capital project expenses. All investments must be made following the investment policy that was adopted by the Authority's Board. An investment committee meets quarterly to review the portfolios for compliance with the investment policy. (See Note B)

### ***Capital Construction***

During 2006, the Airports Authority expended \$670.0 million in its ongoing CCP compared to an amended budget of \$713.2 million. The Airports Authority capitalized \$245.7 million in projects in 2006, including the new FAA tower at Washington Dulles and the Aero train maintenance facility and service tunnel. Projects that are continuing in 2007, and scheduled for completion in 2007, or beyond, include Concourse B 12-gate addition, fuel settling tank farm, Aero train system, fourth runway and associated taxiway and the international arrivals building. Average monthly capital construction spending in 2006 was approximately \$56.0 million. In 2006, the Airports Authority also purchased some additional land as part of the Fourth Runway project, and purchased a pre-existing hangar from one of its low-cost carriers that was discontinuing service. (See Note F)

***Contacting the Authority's Financial Management***

The financial report is designed to provide the Authority's Board, management, investors, creditors and customers with a general view of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. For additional information about this report, or for additional financial information, please contact Lynn Hampton, Vice President and Chief Financial Officer, 1 Aviation Circle, Washington, DC, 20001-6000, or e-mail [BondholdersInformation@mwaa.com](mailto:BondholdersInformation@mwaa.com).

**STATEMENTS OF NET ASSETS (continued)**  
*As of December 31*

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Unrestricted assets:		
Cash and cash equivalents	\$ 26,013,856	\$ 23,143,483
Investments	241,608,097	233,116,586
Accounts receivables, net	23,290,488	26,796,500
Inventory	3,637,337	3,432,469
Prepaid expenses and other current assets	<u>7,086,182</u>	<u>5,817,971</u>
Total unrestricted assets	<u>301,635,960</u>	<u>292,307,009</u>
Restricted assets:		
Cash and cash equivalents, restricted	219,855,164	324,714,977
Passenger facility charges, restricted cash	14,152,717	34,156,965
Accounts receivables, passenger facility charges and other, restricted	11,258,351	9,866,152
Investments, restricted	<u>263,740,541</u>	<u>17,253,608</u>
Total restricted assets	<u>509,006,773</u>	<u>385,991,702</u>
Total current assets	<u>810,642,733</u>	<u>678,298,711</u>
<b>Non-current assets</b>		
Capital assets:		
Land	118,144,707	105,349,826
Construction in progress	1,389,283,792	978,540,556
Buildings, systems and equipment	3,705,348,760	3,423,920,109
Less: accumulated depreciation	<u>(1,194,208,598)</u>	<u>(1,064,547,198)</u>
Capital assets, net	4,018,568,661	3,443,263,293
Long-term investments	29,973,880	14,582,506
Long-term investments, restricted	263,395,532	206,461,249
Other long-term assets	-	301,865
Net pension asset	4,955,615	1,628,205
Bond issuance costs, net	<u>55,362,846</u>	<u>43,578,313</u>
Total non-current assets	<u>4,372,256,534</u>	<u>3,709,815,431</u>
<b>Total assets</b>	<u><u>\$ 5,182,899,267</u></u>	<u><u>\$ 4,388,114,142</u></u>

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF NET ASSETS**

	<u>2006</u>	<u>2005</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Payable from unrestricted:		
Accounts payable and accrued expenses	\$ 44,359,480	\$ 45,519,623
Operating lease obligations	<u>341,140</u>	<u>341,140</u>
Total unrestricted	<u>44,700,620</u>	<u>45,860,763</u>
Current liabilities payable from restricted assets:		
Accounts payable and accrued expenses	76,770,235	70,383,936
Accrued interest payable	41,153,454	36,725,911
Bonds payable	<u>72,460,000</u>	<u>69,235,000</u>
Total restricted	<u>190,383,689</u>	<u>176,344,847</u>
Total current liabilities	<u>235,084,309</u>	<u>222,205,610</u>
<b>Non-current liabilities</b>		
Payable from unrestricted:		
Other liabilities	<u>-</u>	<u>313,399</u>
Payable from restricted:		
Passenger facility charge bank participation notes	400,000,000	400,000,000
Commercial paper notes	200,000,000	186,000,000
Bonds payable, net	<u>3,410,917,453</u>	<u>2,759,227,510</u>
Total restricted	<u>4,010,917,453</u>	<u>3,345,227,510</u>
Total non-current liabilities	<u>4,010,917,453</u>	<u>3,345,540,909</u>
<b>Total liabilities</b>	<u>4,246,001,762</u>	<u>3,567,746,519</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	598,949,358	492,384,514
Restricted	46,083,312	65,337,686
Unrestricted	<u>291,864,835</u>	<u>262,645,423</u>
<b>Total net assets</b>	<u>936,897,505</u>	<u>820,367,623</u>
<b>Total net assets and liabilities</b>	<u>\$5,182,899,267</u>	<u>\$4,388,114,142</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	<b>Years Ended</b>	
	<b><u>December 31, 2006</u></b>	<b><u>December 31, 2005</u></b>
<b>OPERATING REVENUES</b>		
Concessions	\$ 199,011,305	\$ 198,691,232
Rents	156,164,079	153,865,079
Landing fees	73,375,458	76,359,090
Utility sales	11,248,988	10,934,616
Passenger fees	25,474,908	26,973,143
Other	<u>5,893,899</u>	<u>10,398,536</u>
<b>Total operating revenues</b>	<b><u>471,168,637</u></b>	<b><u>477,221,696</u></b>
<b>OPERATING EXPENSES</b>		
Materials, equipment, supplies, contract services, and other	151,009,792	142,107,372
Salaries and related benefits	113,870,907	113,878,086
Utilities	20,359,248	21,493,887
Lease from U. S. Government	4,689,858	4,505,435
Depreciation and amortization	<u>133,106,378</u>	<u>132,424,537</u>
<b>Total operating expenses</b>	<b><u>423,036,183</u></b>	<b><u>414,409,317</u></b>
<b>OPERATING INCOME</b>	<b><u>48,132,454</u></b>	<b><u>62,812,379</u></b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Passenger facility charges, financing costs	(2,026,385)	(1,497,097)
Investment income	45,035,158	20,194,481
Interest expense	(96,999,795)	(103,561,330)
Swap payments	(1,854,177)	(4,856,288)
Unrealized swap gain (loss)	<u>(12,718,126)</u>	<u>6,062,129</u>
<b>Total non-operating revenues (expenses)</b>	<b><u>(68,563,325)</u></b>	<b><u>(83,658,105)</u></b>
<b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	<b><u>(20,430,871)</u></b>	<b><u>(20,845,726)</u></b>
<b>CAPITAL CONTRIBUTIONS</b>		
Passenger facility charges	81,489,704	88,315,311
Federal and state grants	54,239,498	11,738,765
Other capital property contributed	<u>1,231,551</u>	<u>-</u>
<b>Total capital contributions</b>	<b><u>136,960,753</u></b>	<b><u>100,054,076</u></b>
<b>NET ASSETS</b>		
Increase in net assets	116,529,882	79,208,350
<b>Total net assets, beginning of year</b>	<b><u>820,367,623</u></b>	<b><u>741,159,273</u></b>
<b>Total net assets, end of year</b>	<b><u>\$ 936,897,505</u></b>	<b><u>\$ 820,367,623</u></b>

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS (continued)**

	<b>Years Ended</b>	
	<b>December 31, 2006</b>	<b>December 31, 2005</b>
<b>NET CASH FROM OPERATING ACTIVITIES:</b>		
Operating cash receipts from customers	\$ 473,743,148	\$ 472,275,452
Cash payments to suppliers for goods and services	(181,950,447)	(169,470,007)
Cash payments to employees for services	<u>(114,085,918)</u>	<u>(116,243,772)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>177,706,783</u>	<u>186,561,673</u>
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from issuance of bonds	766,533,168	389,404,109
Proceeds from the issuance of commercial paper	14,000,000	36,000,000
Principal payments on bonds	(108,335,000)	(90,345,000)
Payments for capital expenditures and construction in progress	(639,942,164)	(514,947,551)
Proceeds from sale of capital assets	413,628	104,303
Payments of bond issuance costs	(11,713,387)	(6,938,663)
Interest paid on bonds	(157,739,940)	(138,720,992)
Government grants in aid of construction	53,394,785	15,088,672
Passenger facility charge receipts	80,947,807	90,487,112
Borrowing on passenger facility charge bank participation notes	-	212,300,000
Passenger facility charge expenses, interest, and other	<u>(15,749,368)</u>	<u>(4,835,489)</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(18,190,471)</u>	<u>(12,403,499)</u>
<b>NET CASH FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	22,737,455	6,955,892
(Increase) decrease in short term investments, net	(234,595,047)	44,305,688
Proceeds from long-term investment maturities	288,778,231	554,721,382
Purchase of long-term investments	<u>(358,430,639)</u>	<u>(582,795,740)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(281,510,000)</u>	<u>23,187,221</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(121,993,688)	197,345,395
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>382,015,425</u>	<u>184,670,030</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 260,021,737</u>	<u>\$ 382,015,425</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**

	<b>Years Ended</b>	
	<b><u>December 31, 2006</u></b>	<b><u>December 31, 2005</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 48,132,454	\$ 62,812,379
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	133,106,378	132,424,537
Increase (decrease) in allowance for doubtful accounts	107,611	(21,343)
(Gain) on sale of assets	(414,477)	(79,371)
Decrease (increase) in accounts receivable	2,746,982	(4,639,854)
Decrease (increase) in inventory	(204,868)	201,046
(Increase) in prepaid expenses and other current assets	(1,268,210)	(1,962,489)
Decrease (increase) in other long-term assets	(3,025,545)	(179,573)
(Decrease) in long-term liabilities	(313,399)	(341,047)
(Decrease) increase in accounts payable and accrued expenses	<u>(1,160,143)</u>	<u>(1,652,612)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 177,706,783</u></b>	<b><u>\$ 186,561,673</u></b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Unrealized gain	\$ 2,673,248	\$ 11,173,649
Other capital property acquired		
Equipment received by tenant and improvements	\$ 1,231,551	\$ -
Capital construction costs payable	\$ 76,984,070	\$ 69,850,299

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS****A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****Reporting Entity***

The Metropolitan Washington Airports Authority (the Airports Authority) is an independent interstate agency created by the Commonwealth of Virginia and the District of Columbia with the consent of the United States Congress. The Commonwealth of Virginia and the District of Columbia enacted essentially identical legislation creating the Airports Authority for the purpose of operating Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Washington Dulles)—collectively the Airports. The Airports Authority is governed by a Board of Directors (Board) with members from the Commonwealth of Virginia, the District of Columbia, the State of Maryland, and three members appointed by the President of the United States.

On June 7, 1987, Reagan National's and Washington Dulles' properties were transferred to the Airports Authority under a long-term lease authorized by the Metropolitan Washington Airports Act of 1986, Title VI of Public Law 99-500 (See Note L). All personal property was transferred to the Airports Authority without condition. Prior to the transfer, the Airports were operated by the Federal Aviation Administration (FAA) of the United States Department of Transportation.

Only the accounts of the Airports Authority are included in the reporting entity. There are no U.S. government agency finances that should be considered for inclusion in the Authority's financial reporting entity.

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis. The Airports Authority reports as a Business Type Activity, as defined by the Governmental Accounting Standards Board (GASB). Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The Authority's activities are accounted for similar to those often found in the private sector using the flow of an economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net assets, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. Current assets include cash and amounts convertible to cash during the next normal operating cycle, or one year. Current liabilities include those obligations to be liquidated with current assets.

Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Capital, grants, financing or investing related transactions are reported as non-operating revenues. All expenses related to operating the Airports Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating.

***Net Assets***

Net assets represent the residual interest in the Authority's assets after liabilities are deducted and consists of three sections: Invested in capital assets, net of related debt; Restricted; and Unrestricted. Net assets invested in capital assets, net of related debt includes capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt attributable to acquisition. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. The Authority's restricted assets are expendable. All other net assets are unrestricted.

***Proprietary Accounting and Financial Reporting***

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Airports Authority follows all GASB pronouncements issued on, before, or after November 30, 1989, as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions and Accounting Research Bulletins issued on, before, or after November 30, 1989, unless they contradict GASB guidance.

***Budgeting Requirements***

The Authority's annual budgeting process is a financial planning tool used to establish the estimated revenues and expenditures for both Airports. The Authority's annual budget is not prepared in accordance with generally accepted accounting principles (GAAP). In keeping with the requirements of a proprietary fund, budget comparisons have not been included in the financial section of this report.

***Revenue Recognition***

Rentals and concession fees are generated from airlines, parking structures and lots, food, rental cars, fixed base operators, and other commercial tenants. Leases with the airlines are based on full cost recovery, through rates and charges as described below. Other leases are for terms from one to 15 years and generally require rentals based on the volume of business, with specified minimum rentals. Rental revenue is recognized over the life of the respective leases, and concession revenue is recognized partially based on reported concession revenue and partially based on minimum rental guarantee. Rental revenue and concession revenue are recognized as operating revenues on the Statements of Revenues, Expenses and Changes in Net Assets.

Landing fees are principally generated from scheduled airlines and non-scheduled commercial aviation and are based on the landed weight of aircraft. The scheduled airline fee structure is determined annually based on full cost recovery pursuant to an agreement between the Airports Authority and the Signatory Airlines. Landing fees are recognized as part of operating revenues when airline related facilities are utilized.

Several airlines represent concentrations of revenues for the Airports Authority. At Reagan National, US Airways, Delta Air Lines, and American Airlines comprise approximately 71.0% of annual airline revenues. At Washington Dulles, United, Delta Air Lines and American Airlines comprise approximately 65.6% of annual airline revenues. These airlines combined represent approximately 65.5% of the total annual airline

revenues for the Airports Authority. Actual airline revenues for 2006 represent approximately 48.3% of the Authority's total revenues.

### ***Cash and Cash Equivalents***

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, commercial paper, United States Government and agency obligations, mutual funds, and repurchase agreements collateralized by United States Government or agency obligations with an original maturity of three months or less, including restricted assets.

### ***Investments***

Investments with an original maturity greater than one year are recorded at their fair value with all investment income, including changes in the fair value of investments, reported as investment income in the financial statements. Investments with an original maturity of less than one year are carried at amortized cost which approximates fair value.

Investments consist of certificates of deposit, commercial paper, United States Government and agency obligations, interest rate swaps, and repurchase agreements collateralized by United States Government or agency obligations, with an original maturity greater than three months.

### ***Swaps***

The Airports Authority enters into interest rate swap agreements to modify interest rates on outstanding debt. The Swaps are recognized at fair value on the Statements of Net Assets in investments. Changes in the fair value of the Swaps are recorded as unrealized gains or losses on the Statements of Revenues, Expenses and Changes in Net Assets. In addition, net interest expenditures are also recorded in the Statements of Revenues, Expenses and Changes in Net Assets.

### ***Inventory and Prepaid Items***

Inventory consists of spare parts and is stated at the lower of cost or market value, using the first-in, first-out method. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

### ***Capital Assets***

Personal property, the ownership of which was transferred from the United States Government to the Airports Authority on June 7, 1987, is recorded at fair value at the date of transfer. Assets acquired subsequent to the transfer are stated at historical cost and include the expense of federal grants to construct and improve the facilities of the Airports Authority. The costs for property and facilities include net interest expense incurred from the date of issuance of the debt to finance construction until the completion of the capital project (See Notes F and J). Tenants have funded construction and improvements of airport facilities

from their own working capital. Under agreements with the Airports Authority, the property reverts to the Airports Authority upon termination or expiration of the Airport Use Agreement and Premises Lease (the Agreement). Terms range from 15 to 40 years. These assets obtained by the Airports Authority are recorded at fair market value as of date of transfer. Major improvements and replacements of property are capitalized. Maintenance, repairs, and minor improvements and replacements are expensed as incurred.

Provision for depreciation has been calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and corresponding capitalization thresholds are as follows:

		<u>Threshold</u>
Equipment	5-7 years	\$10,000
Motor Vehicles	3-5 years	10,000
Buildings	20-40 years	25,000
Systems and Structures	10-40 years	25,000

### ***Impaired Capital Assets***

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, capital assets that have potential for meeting the definition of impairment are identified and tested for impairment. Permanently impaired capital assets that will continue to be used by the Airports Authority are written down to the measured impaired value. The carrying amount of impaired capital assets that are idle are disclosed in the notes to the financial statements and impaired capital assets that are no longer used by the Airports Authority are reported at the lower of carrying value or fair value.

### ***Bond Issuance Costs***

Bond issuance costs represent expenses incurred in the process of issuing bonds and are amortized over the life of the related bond issue, using the interest method.

### ***Long-Term Debt Refundings***

The Airports Authority periodically refunds its debt. The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the life of the old or new debt, whichever is shorter. The amount deferred is reported as a deduction from the new debt liability.

### ***Compensated Absences***

The Airports Authority employees are granted paid vacation at rates of 13 to 30 days per year, depending on their length of employment and may accumulate up to a maximum of 30 days or 240 hours. Upon termination, employees are paid for any unused accumulated vacation. The accumulated vacation is recorded as a liability when earned and is reflected in accrued expenses. The calculation of the liability is based on the pay or salary rates in effect as of the end of the fiscal period, normally the year ended December 31. An additional amount has been accrued for the liability of salary related payments. Such salary related payments

include the employer's share of social security, medicare and unemployment taxes and the employer's contributions to the Airports Authority retirement and pension plans.

Balance as of December 31, 2005	\$ 5,961,954
Vacation used during the year	(5,938,283)
Vacation earned during the year	<u>6,221,658</u>
Balance as of December 31, 2006	<u>\$ 6,245,329</u>

The Airports Authority employees earn 13 days of sick leave per year. Unused sick leave for employees enrolled in the Authority's retirement plan is counted at retirement as additional time worked for calculation of the pension benefit.

#### ***Arbitrage - Rebate Liability***

The United States Treasury has issued regulations on calculating the rebate due to the United States Government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the Airports Authority temporarily invests the proceeds of tax exempt debt in securities with higher yields. The Airports Authority had no estimated liability on December 31, 2006 and no estimated liability on December 31, 2005.

#### ***Capital Contributions - Passenger Facility Charges (PFCs)***

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects that meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

The Airports Authority was granted permission to begin collecting a \$3.00 PFC effective November 1, 1993, at Reagan National and January 1, 1994, at Washington Dulles. The charges, less an administrative fee charged by the airlines for processing, are collected by the airlines and remitted on a monthly basis to the Airports Authority. Due to their restricted use, PFCs are categorized as non-operating revenues and are accounted for on the accrual basis. The Airports Authority applied for and received approval in February 2001, to increase the PFC collection from \$3.00 to \$4.50, effective May 2001.

#### ***Capital Contributions - Federal and State Grants***

The Airports Authority receives federal and state grants in support of its Capital Construction Program (CCP). The federal program provides funding for airport development, airport planning and noise compatibility programs from the Airport and Airways Trust Fund in the form of both entitlement and discretionary grants for eligible projects. The Commonwealth of Virginia also provides discretionary funds for capital programs.

Grants for capital asset acquisition, facility development, rehabilitation of facilities and long-term planning are reported in the Statements of Revenues, Expenses and Changes in Net Assets, after non-operating revenues and expenses as capital contributions.

### *Management Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Reclassifications*

Certain amounts in the 2005 financial statements have been reclassified to conform to the current year's presentation.

## **B. DEPOSITS AND INVESTMENTS**

### *Deposits*

The Authority's investment policy requires that deposits in excess of the federally insured amount be held at institutions with a LACE (Liquidity, Asset Quality, Capital and Earnings) Financial Institutions Rating service rating B or above. In the event a financial institution's rating falls below this level, the deposits are reduced to the federally insured amount. The Authority's practice is to sweep all demand deposits at the close of each business day into overnight repurchase agreements.

As of December 31, 2006 and 2005, the Airports Authority had various Certificates of Deposit in the amount of \$6,300,000 and \$5,400,000, respectively, that were not covered by insurance and were not collateralized with securities held by the pledging financial institutions. These Certificates of Deposit are held at institutions with a LACE Financial Institutions Rating service of B or above. These Certificates of Deposit are part of the Authority's Link Deposit Program whereby a portion of the reserves funds are deposited with banks that have an "outstanding" Community Reinvestment Act rating.

The Airports Authority maintains multiple imprest cash funds in certain departments at each airport. These amounts are not covered by insurance and are not collateralized. These funds totaled \$130,800 and \$123,900 as of December 31, 2006 and 2005, respectively. In addition, small deposits in the Authority's flexible spending account were not covered by insurance and not collateralized. These funds totaled \$2,859 as of December 31, 2006.

***Investments***

The Airports Authority had the following investments in its portfolio as of December 31, 2006:

<u>2006 Investments</u>	<u>Credit Rating<sup>1</sup></u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (years)</u>	<u>% of Portfolio</u>
U.S. Treasury Bonds/Notes		\$ 147,016,002	0.2117	18.27%
Fannie Mae	Aaa/AAA	183,466,729	0.3639	22.99%
Freddie Mac	Aaa/AAA	214,039,513	0.4358	26.73%
Federal Home Loan Bank	Aaa	48,937,774	1.3373	6.10%
Commercial Paper	A-1/P-1	34,788,907	0.3795	4.37%
MBIA Guaranteed Invest Contract <sup>2</sup>	Aa2/AA	36,274,390	27.4441	4.47%
FSA Guaranteed Invest Contract <sup>2</sup>	Aaa/AAA	25,849,890	28.7753	3.19%
Bank of America-Forward Purchase Agreement	AA2/AA-	7,716,000	6.6795	0.95%
Overnight Repurchase Agreements <sup>3</sup>	A-1/P-1	16,221,693	0.0110	2.00%
Debt Service Reserve Repurchase Agreements:				
Bank of America	AA2/AA-	16,333,690	16.7589	2.01%
Morgan Stanley	Aa3/AA-	<u>72,406,627</u>	29.3645	8.92%
		<u>\$ 803,051,215</u>	5.5022	100.00%

The Airports Authority had the following investments in its portfolio as of December 31, 2005:

<u>2005 Investments</u>	<u>Credit Rating<sup>1</sup></u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (years)</u>	<u>% of Portfolio</u>
U.S. Treasury Bonds/Notes		\$ 38,846,593	1.9863	5.82%
Fannie Mae	Aaa/AAA	248,657,544	0.4310	36.92%
Freddie Mac	Aaa/AAA	191,367,425	0.6520	28.26%
Farmer Mac	Aaaa/AAA	6,927,089	0.2466	1.03%
Federal Home Loan Bank	Aaa/AAA	77,832,581	1.4763	11.49%
Commercial Paper	P-1/A-1	6,199,822	0.1366	0.91%
MBIA Guaranteed Invest Contract <sup>2</sup>	Aa2/AA	36,274,390	28.4415	5.32%
FSA Guaranteed Invest Contract <sup>2</sup>	Aaa/AAA	25,849,890	29.7727	3.79%
Bank of America-Forward Purchase Agreement	AA2/AA-	7,716,000	7.6768	1.13%
Overnight Repurchase Agreements <sup>3</sup>	P-1/A-1	<u>36,315,711</u>	0.0110	5.33%
		<u>\$ 675,987,045</u>	3.3621	100.00%

<sup>1</sup> The ratings in this table are from Moody's and S&P, respectively.

<sup>2</sup> Underlying rating of the counterparties.

<sup>3</sup> Collateralized by Federal Agency Notes.

***Credit Risk***

Credit Risk is the risk that the Airports Authority will lose money because of the default of the security of the issuer or investment counterparty.

The primary objectives of the Authority's investment policy are the safety of capital, the liquidity of the portfolio and the yield of investments. Bond proceeds (See Note E) may be invested in securities as permitted in the bond indentures, otherwise, assets of the Airports Authority may be invested in United States Treasury securities; short-term obligations of the United States Government agencies; short term obligations of the Commonwealth of Virginia, the State of Maryland, and the District of Columbia; certificates of deposit with banks that have a LACE rating of "B" or better, or that are fully insured or collateralized; prime commercial paper rated A1 and P1 by Standard & Poor's Rating Services (S&P) and Moody's, respectively; prime bankers' acceptance notes; repurchase agreements whose underlying collateral consists of the foregoing; money market or mutual funds or other such securities or obligations that may be approved by the Finance Committee by modification of the Authority's policy.

The table above shows the fair value and the credit quality of the Authority's investment portfolio, by investment type as of December 31, 2006.

***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Airports Authority would not be able to recover the value of its deposits, investments or collateral securities that were in the possession of an outside party. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Airports Authority and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name.

The Authority's investment policy requires securities be insured or registered investments, or securities held by the Airports Authority or its agent in the Airports Authority's name. As of December 31, 2006 and 2005, all the Authority's securities are held by the Airports Authority or its agent in the Authority's name and are fully insured or registered investments.

Repurchase agreements and guaranteed investment contracts are required to be collateralized at 103% and require the collateral to be Authorized Investments as described in the Investment Policy and the Master Bond Indenture.

The Authority's forward purchase agreement is collateralized at 100% with securities delivered monthly. The collateral is required to be approved Airports Authority Investments as described in the Master Bond Indenture.

The fair value of the collateral for overnight repurchase agreements was \$16,439,552 on December 31, 2006. The fair value of the collateral for the guaranteed investment contracts was \$65,701,347 on December 31, 2006. The fair value of the collateral for the forward purchase agreements was \$7,716,000 on December 31, 2006. All the collateral for these contracts was held by the Authority's agent in the Authority's name.

The fair value of the collateral for the Debt Service Reserve repos was \$91,730,180 as of December 31, 2006.

### ***Interest Rate Risk***

The Authority's investment policy is designed to maximize investment earnings, while protecting the security of the principal and providing adequate liquidity. The overriding policy for investment decisions is to have funds available as needed for construction and general operating expenses. The Authority's investment committee meets quarterly and determines the investment horizon for each fund based on the current construction or operating needs and the prevailing market conditions. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value. The Airports Authority manages interest rate risk by managing the weighted average maturity of each portfolio type to best meet liquidity needs.

The Bank of America Forward Purchase Agreement pays a variable interest rate of 75.5 basis points over the BMA Municipal Swap Index yield and is reset weekly. The collateral is comprised of Federal Agency notes maturing monthly on the variable rate's (Series 2003D Bonds) interest payment date.

### ***Concentration of Credit Risk***

The Airports Authority as detailed above is limited to investments allowed by the bond indentures and the investment policy. However, the Investment Policy does not limit the aggregation of investments in any one type of security. There are providers of securities in which the Airports Authority has invested individually more than 5% of the total portfolio.

In accordance with the provisions of GASB Statement No. 31, *Accounting and Reporting For Certain Investments and For External Investments Pools*, investments with an original maturity greater than one year are recorded at their fair value with all investment income, including changes in the fair value of investments, reported as investment income in the financial statements. As permitted by GASB Statement No. 31, investments with an original maturity of less than one year are carried at amortized cost. Fair values are determined through quoted market prices.

The tables below present the Authority's investments in accordance with GASB Statement No. 31:

	<u>December 31, 2006</u>	
	<u>Cost</u>	<u>Carrying Value</u>
Securities with original maturity 1 year and over	\$245,330,597	\$245,015,309
Securities with original maturity less than 1 year	<u>566,064,693</u>	<u>558,035,905</u>
	<u>\$811,395,290</u>	<u>\$803,051,215</u>

	December 31, 2005	
	Cost	Carrying Value
Securities with original maturity 1 year and over	\$ 211,040,280	\$ 209,365,320
Securities with original maturity less than 1 year	<u>470,694,711</u>	<u>466,621,725</u>
	<u>\$ 681,734,991</u>	<u>\$ 675,987,045</u>

Change in carrying value from December 31, 2005 to December 31, 2006

Carrying value at December 31, 2006	\$ 803,051,215
Add: Proceeds from investments sold in 2006	1,599,540,223
Less: Cost of investments purchased in 2006	(1,711,213,018)
Less: Carrying value at December 31, 2005	<u>(675,987,045)</u>
Change in carrying value of investments	<u>\$ 15,391,374</u>

Change in carrying value from December 31, 2004 to December 31, 2005

Carrying value at December 31, 2005	\$ 675,987,045
Add: Proceeds from investments sold in 2005	1,031,570,829
Less: Cost of investments purchased in 2005	(1,176,994,571)
Less: Carrying value at December 31, 2004	<u>(525,451,783)</u>
Change in carrying value of investments	<u>\$ 5,111,520</u>

*Reconciliation to Comparative Statements of Net Assets*

A reconciliation of deposits and investments to the comparative statements of net assets is as follows:

	December 31,	
	2006	2005
Deposits	\$ 8,746,591	\$ 10,763,163
Money Market	239,941,980	160,679,166
Certificates of Deposit	7,000,000	6,000,000
Securities	<u>803,051,215</u>	<u>675,987,045</u>
	<u>\$1,058,739,786</u>	<u>\$ 853,429,374</u>
Cash and cash equivalents	\$ 26,013,856	\$ 23,143,483
Cash and cash equivalents, restricted	219,855,164	324,714,977
Passenger facility charges, restricted cash	14,152,717	34,156,965
Investments	241,608,097	233,116,586
Investments, restricted	263,740,541	17,253,608
Long-term investments	29,973,880	14,582,506
Long-term investments, restricted	<u>263,395,532</u>	<u>206,461,249</u>
	<u>\$1,058,739,786</u>	<u>\$ 853,429,374</u>

### C. INTEREST RATE SWAPS

During the year ended December 31, 2001, the Airports Authority entered into two forward starting interest rate swap agreements (the 2001 Swaps) to modify interest rates on future outstanding debt. In 2002, the 2001 Swaps were used to hedge \$241.8 million of the Series 2002C Bonds. Based on the swap agreement, the Airports Authority owes interest calculated at a fixed rate of 4.45% and 4.46% to the counter parties to the 2001 Swap, Lehman Brothers and Merrill Lynch. In return, the counter parties owe the Airports Authority interest based on a variable rate equal to 72% of LIBOR (London International Bank Offered Rate). Only the net difference in interest payments is actually exchanged with the counter parties. The Airports Authority continues to pay interest to the bondholders at the variable rate provided by the Bonds, and during the term of the swap agreement, the Airports Authority pays the difference between the fixed rate on the 2001 Swaps and 72% of LIBOR.

On May 13, 2005, the Airports Authority entered into forward floating-to-fixed interest rate swap agreements (collectively the "2005 Swaps") with Wachovia Bank, N.A. and Bank of Montreal. The 2005 Swaps that had an effective date of October 1, 2006 and notional amounts of \$65.0 million and \$35.0 million respectively, were amended on August 30, 2006. The Airports Authority amended the 2005 Swaps with Wachovia Bank and Bank of Montreal to provide protection against rising interest rates for a portion of the financings the Airports Authority expects to undertake in 2008. The 2005 Swaps now have an effective date of October 1, 2008 and notional amounts of \$65.0 million with Wachovia Bank, N.A. and \$35.0 million with Bank of Montreal. Based on the Swap agreements the Airports Authority owes interest calculated at a fixed rate of 3.84% to these counterparties of the 2008 Swaps. In return, the counterparties owe the Airports Authority interest based on a variable rate equal to 72.0% of the one month U.S. dollar LIBOR-BBA. Only the net difference in interest payments is actually exchanged with the counterparties. The 2005 Swaps that had an effective date of October 1, 2007 have notional amounts of \$125.0 million and \$75.0 million respectively. Based on the Swap agreement, the Airports Authority owes interest calculated at a fixed rate of 3.6% to the counterparties of the 2005 Swaps. In return, the counterparties owe the Airports Authority interest based on a variable rate equal to 72.0% of the one month U.S. dollar LIBOR-BBA. Only the net difference in interest payments is actually exchanged with the counterparties.

On July 11, 2006, the Airports Authority entered into forward floating-to-fixed interest rate swap agreements (collectively, the "2006 Swaps") with Bear Sterns Companies, Inc., Lehman Brothers, Wachovia Bank and Bank of America to provide protection against rising interest rates for a portion of the financings the Airports Authority expects to undertake in 2009 and 2010 to fund ongoing capital needs. The 2006 Swaps that have an effective date of October 1, 2009 have notional amounts of \$190.0 million and \$110.0 million with Bear Sterns and Bank of America, respectively. Based on the Swap agreement, the Airports Authority owes interest calculated at a fixed rate of 4.099% to the counterparties of the 2006 Swaps, Bear Sterns and Bank of America. In return, these counterparties owe the Airports Authority interest based on a variable rate equal to 72.0% of U.S. dollar LIBOR-BBA. Only the net difference in interest payments is actually exchanged with the counterparties. The 2006 Swaps that have an effective date of October 1, 2010 have notional amounts of \$170.0 million and \$80.0 million with Wachovia Bank and Lehman Brothers, respectively. Based on the Swap agreement, the Airports Authority owes interest calculated at a fixed rate of 4.112% to these counterparties of the 2006 Swaps, Wachovia Bank and Lehman Brothers. In return, these counterparties owe the Airports Authority interest based on a variable rate equal to 72.0% of U.S. dollar LIBOR-BBA. Only the net difference in interest payments is actually exchanged with the counterparties.

All of the Authority's interest rate swap agreements are recognized on the Statement of Net Assets in investments at fair value. Changes in the fair value of the Authority's interest rate swaps agreements are recorded as unrealized gains or losses on the Statement of Revenue, Expenses and Changes in Net Assets. In addition, net interest expenditures are recorded in the financial statements.

The fair value of the Authority's Swaps as of December 31, 2006 and 2005 are as follows:

	<u>December 31,</u>		<u>Net Change</u>
	<u>2006</u>	<u>2005</u>	<u>For 2006</u>
<b><u>2001 Swaps</u></b>			
Effective date October 1, 2002	\$ (11,294,622)	\$ (15,178,212)	\$ 3,883,590
<b><u>2005 Swaps</u></b>			
Effective date October 1, 2007	3,027,343	347,645	2,679,698
Effective date October 1, 2008	(1,056,748)	475,170	(1,531,918)
<b><u>2006 Swaps</u></b>			
Effective date October 1, 2009	(10,057,145)	-	(10,057,145)
Effective date October 1, 2010	(7,692,351)	-	(7,692,351)
	<u>\$ (27,073,523)</u>	<u>\$ (14,355,397)</u>	<u>\$ (12,718,126)</u>

#### **D. ACCOUNTS RECEIVABLE**

Trade accounts receivable consists of the following:

	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>
Trade accounts receivable	\$ 24,458,160	\$ 27,856,560
Less: allowance for doubtful accounts	(1,167,672)	(1,060,060)
	<u>\$ 23,290,488</u>	<u>\$ 26,796,500</u>

On November 7, 2005, Independence Air filed for bankruptcy protection and discontinued operations on January 5, 2006. The Authority's accounts receivable included \$996,401 in pre-petition debt. On January 31, 2006, Independence Air signed a court approved agreement to assume their lease for their gates in Concourse A at Washington Dulles and then immediately assign that lease over to United Airlines. United Airlines paid the Airports Authority a court approved amount which satisfied Independence Air's pre-petition debt.

On September 14, 2005, Delta and its affiliates and Northwest and its affiliates filed for bankruptcy and remained in bankruptcy throughout 2006. The Authority's accounts receivable included \$1.65 million in pre-petition debt for these airlines. Consistent with past experience, the Airports Authority has not established a reserve for this pre-petition debt. The airlines are current in their post-petition debt.

The Authority's accounts receivables are 67% trade receivables due from concessionaires and airlines. The remaining 33% are notes and other receivables such as interest receivable.

#### **E. RESTRICTED ASSETS**

The Master Indenture securing the Revenue Bonds of the Airports Authority, requires segregation of certain assets into restricted accounts. The Airports Authority has also included PFC assets in restricted assets. Restricted assets consist of the following:

	December 31,	
	2006	2005
Construction	\$ 425,520,628	\$ 287,390,839
Debt service reserve accounts	263,395,532	206,461,249
Interest accounts	37,955,267	35,586,688
Sinking fund accounts	20,119,810	18,991,058
Passenger facility charge accounts	14,152,717	34,156,965
Passenger facility charges and grant receivables	<u>11,258,351</u>	<u>9,866,152</u>
	<u>\$ 772,402,305</u>	<u>\$ 592,452,951</u>

The construction accounts include the funds available for the design and construction of capital improvements for the Airports. The debt service reserve accounts contain the maximum amount of required principal payments for the bonds scheduled to come due in one year. The debt service reserve accounts are revalued each year in October. Any amounts in excess of the debt service requirements are transferred to the applicable construction fund or taken into the revenue funds of the Airports Authority if the construction funds have been expended. If the debt service reserve is undervalued, the Airports Authority transfers funds into the accounts. The debt service reserve accounts were over funded by \$2,370,883 as of December 31, 2006 and \$660,820 as of December 31, 2005. The interest account contains the interest amounts required for the semi-annual interest payments. The sinking fund accounts represent the principal for the annual October bond payments. The PFC and grant receivables represent amounts collectable at the years ended December 31, 2006 and 2005.

**F. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the years ended December 31, 2006 and 2005 are as follows:

	Beginning Balance <u>January 1, 2006</u>	Transfers and Additions	Transfers and Deletions	Ending Balance <u>December 31, 2006</u>
Capital assets not being depreciated				
Construction in progress	\$ 978,540,556	\$ 665,451,285	\$ (254,708,049)	\$ 1,389,283,792
Land	<u>105,349,826</u>	<u>12,794,881</u>	<u>-</u>	<u>118,144,707</u>
Total capital asset not being depreciated	<u>1,083,890,382</u>	<u>678,246,166</u>	<u>(254,708,049)</u>	<u>1,507,428,499</u>
Other capital assets				
Equipment	48,752,599	5,147,237	(1,417,165)	52,482,671
Motor vehicles	81,288,656	10,487,233	(2,098,110)	89,677,779
Buildings	2,102,466,122	180,456,138	-	2,282,922,260
Systems and structures	<u>1,191,412,732</u>	<u>88,853,318</u>	<u>-</u>	<u>1,280,266,050</u>
Total other capital assets	<u>3,423,920,109</u>	<u>284,943,926</u>	<u>(3,515,275)</u>	<u>3,705,348,760</u>
Less accumulated depreciation:				
A/D equipment	39,923,443	3,302,112	(1,431,924)	41,793,631
A/D motor vehicles	70,566,848	3,826,112	(2,084,201)	72,308,759
A/D buildings	460,088,307	64,318,010	-	524,406,317
A/D systems & structures	<u>493,968,600</u>	<u>61,731,291</u>	<u>-</u>	<u>555,699,891</u>
Total accumulated depreciation	<u>1,064,547,198</u>	<u>133,177,525</u>	<u>(3,516,125)</u>	<u>1,194,208,598</u>
Other capital assets, net	<u>2,359,372,911</u>	<u>151,766,401</u>	<u>850</u>	<u>2,511,140,162</u>
Totals	<u>\$ 3,443,263,293</u>	<u>\$ 830,012,567</u>	<u>\$ (254,707,199)</u>	<u>\$ 4,018,568,661</u>
	Beginning Balance <u>January 1, 2005</u>	Transfers and Additions	Transfers and Deletions	Ending Balance <u>December 31, 2005</u>
Capital assets not being depreciated				
Construction in progress	\$ 746,007,372	\$ 511,225,411	\$ (278,692,227)	\$ 978,540,556
Land	<u>49,069,234</u>	<u>56,281,671</u>	<u>(1,079)</u>	<u>105,349,826</u>
Total capital asset not being depreciated	<u>795,076,606</u>	<u>567,507,082</u>	<u>(278,693,306)</u>	<u>1,083,890,382</u>
Other capital assets				
Equipment	46,516,905	2,992,694	(757,000)	48,752,599
Motor vehicles	80,150,658	2,975,437	(1,837,439)	81,288,656
Buildings	1,950,902,381	151,563,741	-	2,102,466,122
Systems and structures	<u>1,064,103,509</u>	<u>127,309,223</u>	<u>-</u>	<u>1,191,412,732</u>
Total other capital assets	<u>3,141,673,453</u>	<u>284,841,095</u>	<u>(2,594,439)</u>	<u>3,423,920,109</u>

Less accumulated depreciation:				
A/D equipment	37,273,293	3,444,705	(794,555)	39,923,443
A/D motor vehicles	67,260,515	5,081,285	(1,774,952)	70,566,848
A/D buildings	399,748,768	60,339,539	-	460,088,307
A/D systems & structures	<u>435,183,709</u>	<u>58,784,891</u>	<u>-</u>	<u>493,968,600</u>
Total accumulated depreciation	<u>939,466,285</u>	<u>127,650,420</u>	<u>(2,569,507)</u>	<u>1,064,547,198</u>
Other capital assets, net	<u>2,202,207,168</u>	<u>157,190,675</u>	<u>(24,932)</u>	<u>2,359,372,911</u>
Totals	<u>\$ 2,997,283,774</u>	<u>\$ 724,697,757</u>	<u>\$ (278,718,238)</u>	<u>\$ 3,443,263,293</u>

For the year ended December 31, 2006, interest costs of \$9,036,585 less interest earned of \$849,210 were capitalized as part of the cost of construction in progress. For the year ended December 31, 2005 interest costs of \$19,540,303 less interest earned of \$4,070,122 were capitalized as part of the cost of construction in progress. Depreciation and amortization expense for the years ended December 31, 2006 and 2005 was \$133,106,378 and \$132,424,537 respectively.

As of December 31, 2006, the Authority's construction in progress account includes only costs expended on work for projects that are in an active status.

The Airports Authority initiated its Capital Construction Program (CCP) in 1988 to expand, modernize and maintain the Airports. Under the CCP, the Airports Authority has constructed and will continue to construct many of the principal elements of the Reagan National and Washington Dulles Master Plans. Major projects completed under the Master plan at Reagan National include, among others, two new main terminals connected to a Metrorail station, three parking garages and an airport traffic control tower. Major capital projects completed under the CCP at Washington Dulles include, among others, expansion and rehabilitation of the Main Terminal, construction of Concourse A and B, and international arrivals building and runway and road improvements.

In 2000, the Airports Authority approved an expansion of the CCP for Washington Dulles referred to as the Washington Dulles Development (*d<sup>2</sup>*) program expected to be completed in 2006. In the aftermath of the events of September 11, 2001 the Airports Authority reexamined the CCP program and revised the expected completion date to 2011 and delayed the start dates of several projects and deferred some other projects. However, due to the growth in passenger enplanements at Washington Dulles in recent years the CCP program has been rescheduled to 2016 and an additional \$2.1 billion of projects were added. In total, the CCP program is expected to cost \$7.0 billion.

The projects currently in the program at Washington Dulles include an automated people mover system (APM) to replace the existing mobile lounges which will move passengers between the Main Terminal and Concourses A, B and C, construction of the Tier 2 Concourse, construction of a 4th runway, a federal inspection facility and a consolidated rental car facility. At Reagan National, projects include a south hangar line and runway overlay projects.

Of the remaining projects, design plans and costs are evaluated on a periodic basis and should it be determined that the projects will not go forward or the designs are no longer usable, the associated costs will be written off.

**G. ACCOUNTS PAYABLE**

The accounts payable and accrued expenses balance is 63.4% payable from restricted funds and 36.6% payable from the general operating fund. The restricted fund payables are primarily trade accounts payable related to the Authority's ongoing construction program. Building construction costs payable are \$77.0 million as of December 31, 2006 and \$69.9 million as of December 31, 2005. The unrestricted accounts payables and accrued expenses are 7.7% accrued salaries and benefits, 78.7% payables to vendors, 9.9% deferred revenue and expenses, with the remaining 3.7% reserves for insurance claims.

**H. PENSION PLANS AND DEFERRED COMPENSATION PLAN**

The Airports Authority participates in two United States Government pension plans: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). Each is considered a cost-sharing multiple employer public employee retirement system. Employees hired before December 31, 1983 are members of the CSRS unless they elected to transfer to FERS either before December 31, 1987 or during the special enrollment period from July 1, 1998, through December 31, 1998. In addition, the Airports Authority maintains single employer-defined benefit pension plans that cover all of its police and fire employees and its regular employees hired on or after June 7, 1987, excluding employees working less than 20 hours a week and other temporary employees.

***Government Pension Plans***

Under the CSRS, employees contribute 7.0% of their base pay (7.5% for firefighters) and the Airports Authority matches the employees' contributions. Retirement benefits are based on length of service and the average of the employee's three highest years of base pay. Employees can retire at age 55 with 30 years of service; age 60 with 20 years of service; or age 62 with five years of service. Firefighters can retire at age 50 with 20 years of firefighting service. Retirement annuities range from 7.5% of the average high three-year base pay to a maximum of 80.0% depending on years of service. Effective April 1, 1987, the CSRS added a Thrift Savings Plan where CSRS participants can now contribute up to 10.0% of their salary on a tax-deferred basis up to the statutory limit of \$15,000 in 2006. There are 53 regular employees and 7 police and firefighter employees currently enrolled in CSRS, as of December 31, 2006.

The FERS provides benefits from three different sources: a Basic Benefit Plan, Social Security, and the Thrift Savings Plan. The Basic Benefit Plan employees' deduction ranges from 0.8% of base pay for regular employees to 1.3% for firefighters. The Airports Authority contributes from 10.7% for regular employees to 23.3% for firefighters. There are 44 regular employees and 29 police and firefighter employees currently enrolled in the FERS, as of December 31, 2006.

Employees retiring under the FERS are entitled to annual maximum retirement benefits equal to 1.1% of the employee's highest three-year average salary for every year of service. Regular employees are eligible for retirement when they have 10 years of service and have reached the minimum retirement age (ranging from 55 to 57 years old), based on a birth date. Firefighters can retire at age 50 with 20 years of firefighting service or at any age with 25 years of service. These employees are entitled to an annual retirement benefit of 1.7% of the employee's highest three-year average salary for every year of service up to 20 years and 1.0%

for years of service over 20. FERS participants enrolled in the Thrift Savings Plan can now contribute up to 15.0% of their salary on a tax-deferred basis.

The Authority's base payroll for employees covered by the CSRS and the FERS for the year ended December 31, 2006 was \$10,372,603. The Authority's total base payroll for all employees was \$74,105,125 in 2006. Employee contributions for these federal pension plans were \$408,849 for 2006 and \$462,373 for 2005.

The employer contributions for these plans were \$1,227,053 for 2006 and \$1,307,589 for 2005. These contributions represent 100% of required contributions for each of the respective years.

In March 2003, the United States Office of Personnel Management (OPM) notified the Airports Authority that they had completed the calculation of the cost of providing enhanced retirement benefits to the Authority's police officers under Public Law 106-554. Provisions of this law allowed the Authority's police officers that were employed while the Airports Authority was part of the United States Department of Transportation, to elect to be treated as "law enforcement officers" for purposes of retirement. OPM calculated that the past service cost with interest is \$2.9 million and according to the law, is payable in five annual installments with the first payment of \$646,493, which was made on May 31, 2003, the second payment of \$646,493, which was made on February 11, 2004, and the third payment of \$646,493, which was made on June 15, 2005. The fourth annual installment of \$646,493 was made on May 12, 2006. The final installment of \$646,493 will be due in early 2007.

The U.S. Office of Personnel Management administers both the CSRS and the FERS. Copies of the financial statements of these pension plans may be obtained from the United States OPM. Actuarial information for these federal pension plans is not available.

### ***The Airports Authority Pension Plans***

Effective January 1, 1989, the Airports Authority established a retirement benefits program for employees hired on or after June 7, 1987, which provides income in the event of retirement or death where a surviving spouse remains. Employee coverage and service credit was retroactive to June 7, 1987. The program includes the Airports Authority Retirement Plan (covering regular employees) and the Airports Authority Retirement Plan for Police Officers and Firefighters (the Plans), both single employer defined benefit plans. Any amendment to these plans must be approved by the Authority's Board. As of December 31, 2006, the number of employees participating in the Plans was:

<u>Current participants</u>	<u>Regular</u>	<u>Police/Fire</u>	<u>Total</u>
Vested	547	171	718
Non-vested	270	106	376
Retirees/disabled employees currently receiving benefits	115	8	123
Terminated vested participants	<u>182</u>	<u>52</u>	<u>234</u>
Total	<u>1,114</u>	<u>337</u>	<u>1,451</u>

The Airports Authority contributed 6.2% to the Regular Plan and 11.5% to the Police and Fire Plan in 2006. The Authority's base payroll in 2006 for the Regular Plan was approximately \$48.1 million and \$15.7 million

for the Police and Fire Plan. The Authority's base payroll in 2005 for the Regular Plan was approximately \$43.3 million and \$13.5 million for the Police and Fire Plan. In 2006, the Airports Authority contributed \$2,978,907 to the Regular Plan and \$1,803,848 to the Police and Fire Plan. In 2005, the Airports Authority contributed \$3,116,481 to the Regular Plan and \$1,775,171 to the Police and Fire Plan. Employees do not contribute to the Regular Plan.

The Plans provide retirement benefits as well as death benefits. Regular employees who retire at or after age 60 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.2% of final-average salary up to covered compensation and 1.6% of final-average salary which is above covered compensation for each year of credited service (maximum 30 years).

Final-average salary is the average of the employee's highest consecutive 78 pay periods in the most recent 260 pay periods, while covered compensation is the 35-year average of the Social Security Wage Bases ending with the year in which the participant attains Social Security normal retirement age. A pre-retirement surviving spouse benefit is payable in the event of death, equal to 50.0% of the benefit which would have been payable had the participant retired, provided the participant had at least five years of service. Benefits can be received as early as age 55 with five years of service with a 5.0% reduction for each year the participant is younger than age 60. Benefits are also adjusted to the lesser of one-half of the CPI or 4.0%.

The benefits to police officers and firefighters become payable at age 55 with five years of service or at any age with 25 years of service. Benefits are not reduced if retirement is at or after age 50. The benefit is 2.0% of the final average earnings for service up to 25 years, and 1.0% of the final average earnings for service between 25 and 30 years. Withdrawal, death, and cost of living benefits are similar to those available to regular employees. Police officers and firefighters are required to contribute 1.5% of base pay per year of participation, which is accumulated with a 5.0% interest rate and returned when a benefit is forfeited.

The Airports Authority contributes the remaining amounts necessary to fund the Plans using the entry age normal actuarial method in addition to an amount to amortize any unfunded liability.

### ***Contributions Required and Made***

The Authority's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Employer contributions are determined in accordance with the plan provisions and approved by the Authority's Board. Level percentages of payroll employer contribution rates are determined using the entry age actuarial funding method shown in dollars in the following table. Unfunded actuarial accrued liabilities are being amortized over a period of 30 years on an open basis.

***Annual Pension Cost and Net Pension Obligation***

The Authority's pension obligation (asset) for its General Employees and Police and Firefighters pension plans as of December 31, 2006, 2005, 2004 and for the years then ended, which are based on the then latest actuarial valuations available, are as follows:

	<u>2006</u>	
	<u>General Employees</u>	<u>Police and Firefighters</u>
Annual required contribution	\$ 3,204,841	\$ 1,821,394
Interest on net pension obligation (asset)	(138,467)	(4,229)
Adjustment to annual required contribution	<u>145,417</u>	<u>4,441</u>
Annual pension cost	3,211,791	1,821,606
Contributions made	<u>2,978,907</u>	<u>1,803,848</u>
Increase in net pension obligation (asset)	232,884	17,758
Net pension obligation (asset) beginning of year	<u>(1,846,233)</u>	<u>(576,382)</u>
Net pension obligation (asset) end of year	<u><u>\$ (1,613,349)</u></u>	<u><u>\$ (558,624)</u></u>

	<u>2005</u>	
	<u>General Employees</u>	<u>Police and Firefighters</u>
Annual required contribution	\$ 2,525,154	\$ 1,654,845
Interest on net pension obligation (asset)	(100,969)	(21,145)
Adjustment to annual required contribution	<u>106,037</u>	<u>22,206</u>
Annual pension cost	2,530,222	1,655,906
Contributions made	<u>3,030,185</u>	<u>1,950,353</u>
Increase in net pension obligation (asset)	(499,963)	(294,447)
Net pension obligation (asset) beginning of year	<u>(1,346,270)</u>	<u>(281,935)</u>
Net pension obligation (asset) end of year	<u><u>\$ (1,846,233)</u></u>	<u><u>\$ (576,382)</u></u>

	<u>2004</u>	
	<u>General Employees</u>	<u>Police and Firefighters</u>
Annual required contribution	\$ 2,755,413	\$ 1,723,233
Interest on net pension obligation (asset)	(107,114)	(24,173)
Adjustment to annual required contribution	<u>112,489</u>	<u>25,386</u>
Annual pension cost	2,760,788	1,724,446
Contributions made	<u>2,678,873</u>	<u>1,684,069</u>
Increase in net pension obligation (asset)	81,915	40,377
Net pension obligation (asset) beginning of year	<u>(1,428,185)</u>	<u>(322,312)</u>
Net pension obligation (asset) end of year	<u><u>\$ (1,346,270)</u></u>	<u><u>\$ (281,935)</u></u>

Four year trend information is as follows:

Year Ended	General Employees Retirement Plan			Police Officers and Firefighters Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations (Assets)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligations (Assets)
2003	\$2,599,489	91.2%	(\$1,428,185)	\$1,579,627	91.4%	(\$322,312)
2004	\$2,760,788	97.0%	(\$1,346,270)	\$1,724,446	97.7%	(\$281,935)
2005	\$2,530,222	119.8%	(\$1,846,233)	\$1,655,906	117.8%	(\$576,382)
2006	\$3,211,791	92.7%	(\$1,613,349)	\$1,821,606	99.0%	(\$558,624)

### ***Funding Status***

The actuarial accrued liability was determined from the then most recently available actuarial valuation of the Plans. Significant actuarial assumptions used in determining the actuarial accrued liability include: (a) a rate of return on the investment of the present and future assets of 7.5% per year compounded annually, (b) projected salary increases ranging from 5.5% to 9.5% based on years of service and anticipated inflation, (c) post-retirement benefit increases of 1.75% per year, (d) for inflation rate, CPI increases of 3.5% per year (e) amortization method of percentage of projected payroll, and (f) amortization period of 30 years, open. The actuarial value of assets is determined using fair market values with changes smoothed over a five-year period. A copy of the actuarial valuation and plan document may be obtained by written request to: MWAA, Benefits Department, 1 Aviation Circle, Washington, DC 20001-6000. There are no separate stand alone financial reports issued.

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>General Employees Retirement Plan</b>						
12/31/00	\$39,569,099	\$29,069,920	\$(10,499,179)	136.1%	\$34,926,769	(30.1)%
12/31/01	44,776,250	33,126,203	(11,650,047)	135.2%	37,458,710	(31.1)%
12/31/02	48,332,275	37,975,594	(10,356,681)	127.3%	39,377,221	(26.3)%
12/31/03	53,164,834	43,202,420	(9,962,414)	123.1%	41,524,933	(24.0)%
12/31/04	58,126,517	46,229,931	(11,896,586)	125.7%	43,199,684	(27.5)%
12/31/05	64,087,361	53,833,003	(10,254,358)	119.0%	48,218,773	(21.3)%
<b>Police Officers and Firefighters Retirement Plan</b>						
12/31/00	\$17,262,191	\$14,026,353	\$(3,235,838)	123.1%	\$ 8,882,707	(36.4)%
12/31/01	19,772,489	16,145,289	(3,627,200)	122.5%	9,705,378	(37.4)%
12/31/02	21,744,019	19,020,653	(2,723,366)	114.3%	11,487,047	(23.7)%
12/31/03	24,294,170	21,873,198	(2,420,972)	111.1%	12,679,387	(19.1)%
12/31/04	27,168,047	24,474,697	(2,693,350)	111.0%	14,298,016	(18.8)%
12/31/05	30,730,808	28,546,385	(2,184,423)	107.7%	15,462,439	(14.1)%

**Net Pension Obligation**

Calendar Year	General Employees Retirement Plan			Police Officers and Firefighters Retirement Plan		
	Annual Required Contribution	Actual Contribution	Percentage Contribution	Annual Required Contribution	Actual Contribution	Percentage Contribution
2001	2,321,148	2,602,499	112.1%	1,232,277	1,294,409	105.0%
2002	2,084,956	2,410,730	115.6%	1,280,205	1,356,150	105.9%
2003	2,593,255	2,370,976	91.4%	1,577,901	1,443,352	91.5%
2004	2,755,413	2,678,873	97.2%	1,723,233	1,684,069	97.7%
2005	2,525,154	3,030,185	119.7%	1,654,845	1,950,353	117.8%
2006	3,204,841	2,978,907	93.0%	1,821,394	1,803,848	99.0%

Expressing the actuarial value of assets available for benefits as a percentage of the actuarial accrued liability provides an indication of the Plan’s funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement plan. Trends in assets in excess of actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the actuarial accrued liability in excess of assets as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the lower this percentage, the stronger the retirement plan.

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, the size or composition of the population covered by the Plan, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the AAL as a factor.

Copies of financial statements of these pension plans may be obtained by contacting the Airports Authority at 1 Aviation Circle, Washington, DC 20001-6000.

### ***Deferred Compensation Plan***

Effective July 2, 1989, the Airports Authority offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is available to employees at termination, retirement, death, or an unforeseeable emergency.

Effective January 1, 1997, the Board voted to enter into a trust agreement with Allfirst Trust (now Manufacturers and Traders Trust Company) (M&T) for the assets of the Deferred Compensation Plan. All assets were transferred to Allfirst Trust during 1997 and accordingly, are not included in the Authority's assets and liabilities.

Investments are managed for participants by ICMARC under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participant. The investments are held in trust by M&T.

## **I. POSTEMPLOYMENT BENEFITS**

### ***The Airports Authority Plans***

In addition to pension benefits, the Airports Authority provides post employment benefits of health, dental and life insurance. The Metropolitan Washington Airports Authority Retired Employees Healthcare Plan (the Plan) is a single-employer defined benefit healthcare, dental and life insurance plan administered by the Airports Authority. The Plan provides medical, dental and life insurance benefits to eligible retirees and their spouses.

The Authority's Board initially provided the benefits package to meet requirements of the federal enabling legislation which created the Airports Authority in 1987. Through the budget approval process, the Airports Authority has continued to provide these benefits of insurance to retired employees under the Airports Authority group plans for health, dental and life insurance. The Airports Authority can establish and amend benefit provisions of the Plan. As of December 31, 2006, 304 retired employees were receiving life insurance benefits and 290 retired employees were receiving health insurance benefits under these Airports Authority programs.

In accordance with GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Airports Authority created in February 2005 an Employee Welfare Benefits Trust. This trust will provide a funding mechanism for retiree health, dental and life insurance coverage and other post employment benefits other than pensions. The Airports Authority began funding the trust and fully implemented GASB Statement No. 43 and GASB Statement No. 45 in 2005.

The contribution requirements of plan members and the Airports Authority for the health and dental insurance are established and may be amended by the management of the Airports Authority. The required contribution is based upon projected pay-as-you-go financing requirements and funding for future benefits. The Airports Authority pays 80% of the total health insurance premiums costs with the remainder paid by the retired employee. For the years ended December 31, 2006 and December 31, 2005 the Authority's health insurance costs for retired employees totaled \$2,718,957 and \$2,246,082, respectively.

Plan participants contributed \$525,879 million for fiscal year 2006 and \$464,848 million for fiscal year 2005, or 20 percent of the total premiums, through their required monthly contributions:

#### Monthly Contributions for Retirees Under 65 for 2006

<u>Provider Choices</u>	<u>Retiree Only</u>	<u>Retiree Plus Spouse</u>	<u>Retiree Plus Child(ren)</u>	<u>Family</u>
Care First BC/BS PPO	\$84.25	\$174.94	\$159.65	\$250.01
Kaiser Permanente Select HMO	\$69.73	\$146.43	\$132.49	\$209.19
Care First BC/BS Dental	\$17.46	\$36.31	\$33.17	\$52.03

#### Monthly Contributions for Retirees Over 65 for 2006

<u>Provider Choices</u>	<u>Retiree Only</u>	<u>One &gt; 65 One &lt; 65</u>	<u>Two Party Medicare</u>	<u>Family Medicare</u>
Care First BC/BS PPO	\$69.10	\$200.89	\$137.93	\$251.10
Kaiser Permanente Non-Senior Advantage	\$41.90	\$111.62	\$83.80	\$153.52
Care First BC/BS Dental	\$16.61	\$30.85	\$25.54	\$41.78

The Airports Authority pays 100% of the retired employee's reduced basic and supplemental life insurance. Basic life insurance coverage is reduced to 25% of the employee's life insurance in force at the time of retirement. Supplemental life insurance is a multiple of the basic life insurance (1 to 5 times) that the employee had selected prior to retirement. The supplemental life insurance is reduced at a rate of 2.0% each month so that at the end of 50 months, no supplemental life insurance coverage is in force. Of the 304 retired employees, 54 had supplemental insurance coverage as of December 31, 2006. For the year ended December 31, 2006 the life insurance costs for retired employees totaled \$338,104. Of the 266 retired employees, 45 had supplemental insurance coverage as of December 31, 2005. For the year ended December 31, 2005, the life insurance costs for retired employees totaled \$308,988.

***Annual Other Post Employment Cost and Obligation***

The Authority's obligations (assets) for its post employment benefit plans as of December 31, 2006, 2005 and for the years then ended, which are based on the then latest actuarial valuations available, are as follows:

<u>2006</u>	<u>Medical and Dental</u>	<u>Life Insurance</u>
Annual required contribution	\$ 7,400,000	\$ 709,500
Interest on net OPEB obligation (asset)	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	7,400,000	709,500
Contributions made	<u>7,400,000</u>	<u>631,182</u>
Increase in net OPEB obligation (asset)	-	78,318
Net OPEB obligation (asset) beginning of year	<u>(2,360,000)</u>	<u>(173,000)</u>
Net OPEB obligation (asset) end of year	<u><u>\$ (2,360,000)</u></u>	<u><u>\$ (94,682)</u></u>

<u>2005</u>	<u>Medical and Dental</u>	<u>Life Insurance</u>
Annual required contribution	\$ 6,390,000	\$ 680,000
Interest on net OPEB obligation (asset)	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	6,390,000	680,000
Contributions made	<u>8,750,000</u>	<u>853,000</u>
Increase in net OPEB obligation (asset)	(2,360,000)	(173,000)
Net OPEB obligation (asset) beginning of year	-	-
Net OPEB obligation (asset) end of year	<u><u>\$ (2,360,000)</u></u>	<u><u>\$ (173,000)</u></u>

***Funding Status***

The Airports Authority began funding the plan in 2005 and, in addition to funding insurance costs for retired employees (see above), contributed \$6,500,000 and \$5,200,000 for the years ended December 31, 2006 and 2005, respectively, to the Trust for medical and dental insurance. The Airports Authority also contributed approximately \$544 thousand and approximately \$300 thousand for the years ended December 31, 2006 and 2005, respectively, to the Trust for life insurance.

**Schedule of Funding Progress for Medical Insurance**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/01/05	0	\$65,790,000	\$65,790,000	0.0%	\$58,820,000	111.9%
1/01/06	\$6,500,000	\$76,080,000	\$69,580,000	8.5%	\$64,100,000	108.6%

### Schedule of Funding Progress for Life Insurance

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/01/05	0	\$5,380,500	\$5,380,500	0.0%	\$59,739,100	9.0%
1/01/06	\$554,100	\$5,941,900	\$5,387,800	9.3%	\$64,148,900	8.4%

### Net Other Post Employment Obligation – Medical & Dental

Calendar Year	Annual Required Contribution	Actual Contribution	Percentage Contribution
2005	\$6,390,000	\$8,750,000	136.9%
2006	\$7,400,000	\$7,400,000	100.0%

### Net Other Post Employment Obligation – Life Insurance

Calendar Year	Annual Required Contribution	Actual Contribution	Percentage Contribution
2005	\$680,000	\$853,000	125.4%
2006	\$709,500	\$631,182	89.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial value of future assets will be determined using fair market values.

In the January 1, 2006 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 13.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. The Life Insurance rate includes a 3.5% inflation assumption. The initial unfunded actuarial accrued liability is being amortized as a level dollar amount over a period of 30 years. A copy of the actuarial

valuation and plan document may be obtained by written request to: MWAA, Benefits Department, 1 Aviation Circle, Washington, DC 20001-6000. There are no separate stand alone financial reports issued.

#### **J. OTHER SHORT TERM LIABILITIES**

Other short term liabilities include amounts due to the Office of Personnel Management for the Authority's portion of the enhanced retirement benefits to Airports Authority police officers under Public Law 106-554. Under § 636(f) the Airports Authority must reimburse the Civil Service Retirement and Disability Fund and the Federal Employees' Retirement System for supplemental liability resulting from the enactment of the enhanced retirement provisions. The total estimated liability is \$3,148,656.

Total estimated liability	\$3,148,656
Less officer not contributing	(249,284)
Payment year 2003	(646,493)
Payment year 2004	(646,493)
Payment year 2005	<u>(646,493)</u>
Balance as of December 31, 2005	959,893
Payment year 2006	(646,493)
Plus liability of Officer who began contributions in 2006	<u>118,214</u>
Balance as of December 31, 2006	<u>\$ 431,614</u>

#### **K. CAPITAL DEBT**

##### ***Bond Anticipation Commercial Paper Notes***

The Airports Authority issued Bond Anticipation Commercial Paper Notes pursuant to Resolution No. 00-1 adopted by the Board of the Airports Authority on April 5, 2000, with a principal amount not to exceed \$250,000,000 outstanding at any time. In 2000, the Airports Authority sold the \$150,000,000 of Series A commercial paper. The Notes were issued to provide interim financing for authorized projects at Reagan National and Washington Dulles and to refund a portion of the Series 1990A senior bonds. The Notes were supported by a Liquidity Agreement between the Airports Authority and Westdeutsche Landesbank Girozentrale, New York Branch (WestLB), in the amount of \$150,000,000 dated April 1, 2000 that would have expired on April 18, 2005. The source of payment are proceeds of Notes sold, Take-Out Bonds, Construction Account funds, Liquidity Facility and other funds determined by the Airports Authority to be legally available.

The Notes were issued and remarketed under Commercial Paper Dealer Agreements between the Airports Authority, Merrill Lynch and M.R. Beal & Company. The Notes were variable rate based on the current market rate. On January 12, 2005 the Airports Authority issued Airport System Revenue Commercial Paper Notes, Series Two. The proceeds of this issue along with other Airports Authority funds were used to refund all \$150,000,000 of the outstanding Series A Bond Anticipation Notes.

*Commercial Paper Notes*

Resolution No. 01-6 was adopted by the Board on May 2, 2001, authorizing an additional \$250,000,000 of Commercial Paper Notes. With this resolution the Commercial Paper Notes were authorized to an amount not to exceed \$500,000,000. The Airports Authority currently has in place two credit facilities allowing the Airports Authority to draw up to \$420 million in Commercial Paper Notes at any given time.

The issuance of up to \$220 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, between the Airports Authority and the Trustee. The Series One CP Notes are structured as Short Term/Demand Obligations under the Indenture and collateralized by certain pledged funds including Net Revenues on parity with the Bonds. They are further collateralized by an irrevocable direct pay letter of credit issued by JP Morgan Chase Bank, which expires in March 2008. The Authority's obligation to repay amounts drawn under such letter of credit is collateralized by a promissory note issued by the Airports Authority to JPMorgan Chase Bank and is collateralized by and payable from Net Revenues and other pledged funds on a parity with the Series One CP Notes and the Bonds. Currently, none of the Series One CP Notes are outstanding.

On March 11, 2002, the Airports Authority issued Airport System Revenue Commercial Paper Notes, Series One, in the amount of \$100,000,000. All \$100,000,000 of the Notes were sold through Bear, Stearns & Co. Inc., on April 14, 2002. The Notes are issued to provide financing for authorized projects at Reagan National and Washington Dulles. The Notes were backed by a direct pay Letter of Credit between the Airports Authority and JP Morgan Chase Bank that would have expired on March 13, 2005, with provisions for extensions. In August 2002, the Airports Authority issued Series 2002D Refunding Bonds which were used to refund the Series One Notes. All \$100,000,000 of the Series One Notes were repaid as of November 11, 2002. The Airports Authority issued \$90,000,000 of Series One Commercial Paper on October 5, 2005. The proceeds are being used to provide interim financing for authorized projects at Reagan National and Washington Dulles airports.

In January 2006, the Airports Authority issued Series 2006A Revenue Bonds a portion of which were used to refund the Series One Notes. All \$90,000,000 of the Series One Notes were repaid as of January 30, 2006. The weighted average interest rate on the Notes at the time of repayment was 3.09%. With this repayment all \$220,000,000 of the Series One Notes will be available to provide interim financing for authorized projects at National and Dulles airports.

The issuance of up to \$200 million of the Series Two CP Notes, on January 12, 2005, is authorized pursuant to the Twenty-second Supplemental Indenture dated as of January 1, 2005, between the Airports Authority and the Trustee. The Series Two CP Notes are structured as Short Term/Demand Obligations under the Indenture and are collateralized by certain pledged funds including Net Revenues on parity with the Bonds. They are further collateralized by an irrevocable direct pay letter of credit issued on a several but not joint basis by WestLB AG, acting through its New York Branch, individually and as an agent, and Landesbank Baden-Württemberg, acting through its New York Branch (collectively, the "Banks"), which expires in December 2015, but allows the Banks under certain circumstances to terminate the facility every five years beginning on January 12, 2010. The Authority's obligation to repay amounts drawn under such letter of

credit is collateralized by a promissory note issued by the Airports Authority to the Banks and is collateralized by and payable from Net Revenues and other pledged funds on a parity with the Series Two CP Notes and the Bonds. Currently, \$200 million of Series Two CP Notes are outstanding.

In January 2005, \$141,000,000 was issued through Merrill Lynch and M.R. Beal & Company. The Notes were issued to refund the outstanding Bond Anticipation Commercial Paper Notes Series A. On March 14, 2005 the Airports Authority issued an additional \$59,000,000 of Series Two Commercial Paper Notes to provide interim financing for authorized projects at Reagan National and Washington Dulles. A portion of Series Two Notes, \$144,000,000 on April 13, 2005 and \$35,000,000 on May 25, 2005 were repaid by Series 2005A Airport System Revenue Bonds. Utilizing some of the capacity from the previous refundings the Airports Authority issued \$75,000,000 of Series Two Commercial Paper on August 3, 2005. The proceeds will be used to provide interim financing for authorized projects at Reagan National and Washington Dulles.

In January 2006, the Airports Authority issued Series 2006A Revenue Bonds a portion of which were used to refund \$75,000,000 of the Series Two Notes. The \$75,000,000 of the Series Two Notes were repaid as of January 30, 2006. The weighted average interest rate on the Notes at the time of repayment was 3.02%. Utilizing some of the capacity from the previous refundings the Airports Authority issued \$179,000,000 of Series Two Commercial Paper on August 17, 2006. The proceeds will be used to provide interim financing for authorized projects at National and Dulles.

All of the Authority's Commercial Paper Notes are rated "P-1" short-term by Moody's, "A-1+" short-term by S&P, and "F1+" short-term by Fitch.

***Changes in Commercial Paper Notes Balances***

Balance as of December 31, 2005	<u>\$ 186,000,000</u>
Commercial Paper Notes Issued	
Series TWO Commercial Paper Notes	179,000,000
Commercial Paper Notes Refunded	
Series ONE Commercial Paper Notes	(90,000,000)
Series TWO Commercial Paper Notes	<u>(75,000,000)</u>
	<u>(165,000,000)</u>
Balance as of December 31, 2006	<u>\$ 200,000,000</u>

***PFC Bank Participation Notes***

The Airports Authority issued Flexible Term PFC Revenue Notes (bank participation notes) of \$495,900,000 to finance PFC approved projects. The bank participation notes have various maturity dates and interest rates that vary from 1.39% to 2.10%. The bank participation notes require the Airports Authority to maintain a reserve account. The reserve account at December 31, 2006 and 2005 was \$3,260,274 and \$3,260,274, respectively, and is included in PFCs, cash, restricted on the Statements of Net Assets. The bank participation notes are backed by a Bank of America, N.A. letter of credit that expires on November 16, 2008. Bank participation notes outstanding at December 31, 2006 and 2005 were \$400,000,000 and \$400,000,000, respectively. Total interest cost for the years ended December 31, 2006 and 2005 were \$15,245,780 and \$4,834,032, respectively.

***Bonds Payable***

The Authority's long-term bonds issued and outstanding as of December 31, 2006 and 2005 were as follows:

<b>Airport System Senior Debt</b>	<b>Issue Date</b>	<b>Interest Rates</b>	<b>Maturing On October 1</b>	<b>Amount</b>	<b>Outstanding at December 31,</b>	
					<b>2006</b>	<b>2005</b>
Series 1997A Revenue Bonds Serial	05/15/97	4.900%	2007	\$ 1,235,000	\$ 1,235,000	\$ 2,415,000
Series 1997B Revenue Bonds Serial Term Term Term	05/15/97	5.000%-5.750% 5.500% 5.750% 5.500%	2007-2014 2016 2020 2023	\$ 60,680,000 19,735,000 46,590,000 42,350,000	\$ 169,355,000	\$ 175,240,000
Series 1998A* Revenue Bonds Serial	06/15/98	4.200%-4.250%	2007-2008	\$ 970,000	\$ 970,000	\$ 18,145,000
Series 1998B Revenue & Refunding Bonds Serial Term Term	06/15/98	4.400%-5.500% 5.000% 5.000%	2007-2014 2018 2028	\$ 83,885,000 56,040,000 85,660,000	\$ 225,585,000	\$ 233,860,000
Series 1999A Revenue Refunding Bonds Serial Term Term Term Serial Term	04/15/99	4.250%-4.500% 5.250% 5.250% 5.250% 5.000% 5.000%	2007-2010 2012 2014 2016 2017-2019 2027	\$ 6,140,000 3,510,000 3,885,000 4,300,000 7,320,000 66,180,000	\$ 91,335,000	\$ 92,720,000
Series 2001A Revenue Bonds Serial Term Term	04/01/01	4.000%-5.200% 5.500% 5.000%	2007-2022 2027 2031	\$127,980,000 67,190,000 67,820,000	\$ 262,990,000	\$ 268,100,000
Series 2001B Revenue Bonds Serial Term Term Term	04/01/01	3.800%-4.750% 5.000% 5.000% 5.000%	2007-2017 2021 2026 2031	\$ 3,805,000 1,920,000 3,005,000 3,830,000	\$ 12,560,000	\$ 12,830,000
Series 2002A Revenue Bonds Serial Term Term	06/04/02	3.750%-5.750% 5.125% 5.250%	2007-2022 2026 2032	\$ 94,355,000 38,780,000 75,075,000	\$ 208,210,000	\$ 211,905,000

***Bonds Payable (continued)***

<u>Airport System Senior Debt</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Maturing On October 1</u>	<u>Amount</u>	<u>Outstanding at December 31,</u>	
					<u>2006</u>	<u>2005</u>
Series 2002B* Revenue Bonds Serial	06/04/02	3.500%-4.300%	2007-2012	\$ 3,540,000	\$ 3,540,000	\$ 26,440,000
Series 2002C Refunding Bonds Term	08/28/02	Variable	2007-2021	\$ 228,485,000	\$ 228,485,000	\$ 238,750,000
Series 2002D Refunding Bonds Serial	08/28/02	3.250%-5.375%	2007-2020	\$ 38,285,000		
Term		5.000%	2023	12,270,000		
Term		5.000%	2032	49,685,000		
					\$ 100,240,000	\$ 102,215,000
Series 2003A Revenue & Refunding Bonds Serial	10/01/03	2.650%-5.500%	2007-2025	\$ 97,970,000		
Term		5.125%	2029	34,935,000		
Term		5.000%	2033	42,590,000		
					\$ 175,495,000	\$ 178,735,000
Series 2003B Refunding Bonds Serial	10/01/03	2.400%-5.250%	2007-2019	\$ 39,115,000	\$ 39,115,000	\$ 41,480,000
Series 2003C Revenue & Refunding Bonds Serial	10/01/03	3.600%-5.390%	2007-2015	\$ 21,125,000		
Term		5.740%	2019	12,935,000		
Term		6.000%	2023	12,880,000		
					\$ 46,940,000	\$ 48,850,000
Series 2003D Revenue Bonds Term	10/01/03	Variable	2007-2033	\$ 143,225,000	\$ 143,225,000	\$ 145,575,000
Series 2004A Refunding Bonds Term	08/26/04	3.750%	2014	\$ 80,000		
Serial		4.50%-5.000%	2015-2022	13,510,000		
					\$ 13,590,000	\$ 13,600,000
Series 2004B Revenue Bonds Serial	05/18/04	5.000%	2027	\$ 25,000,000		
Serial		5.050%	2028	7,330,000		
Term		5.000%	2034	217,670,000		
					\$ 250,000,000	\$ 250,000,000
Series 2004C-1 Refunding Bonds Serial	07/07/04	5.000%	2007-2008	\$ 27,875,000		
Serial		5.000%	2020-2021	56,900,000		
					\$ 84,775,000	\$ 97,730,000

***Bonds Payable (continued)***

<u>Airport System Senior Debt</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Maturing On October 1</u>	<u>Amount</u>	<u>Outstanding at December 31,</u>	
					<u>2006</u>	<u>2005</u>
Series 2004C-2 Revenue Bonds	08/12/04					
Term		5.000%	2022	\$ 32,885,000		
Serial		5.000%	2023-2024	66,690,000		
					<u>\$ 99,575,000</u>	\$ 99,660,000
Series 2004D Refunding Bonds	08/26/04					
Serial		2.500%-5.250%	2007-2019	\$ 218,005,000		
					<u>\$ 218,005,000</u>	\$ 218,435,000
Series 2005A Revenue Bonds	04/12/05					
Serial		3.000%-5.250%	2007-2020	\$ 141,095,000		
Term		4.750%	2035	22,290,000		
Term		5.000%	2035	149,740,000		
					<u>\$ 313,125,000</u>	\$ 320,000,000
Series 2005B Refunding Bonds	04/12/05					
Serial		3.500%-5.250%	2011-2020	\$ 19,775,000		
					<u>\$ 19,775,000</u>	\$ 19,775,000
Series 2005C Revenue Bonds	04/12/05					
Serial		5.590%	2025	\$ 8,315,000		
Serial		5.690%	2030	9,350,000		
Serial		5.730%	2035	12,335,000		
					<u>\$ 30,000,000</u>	\$ 30,000,000
Series 2005D Revenue Bonds	10/12/05					
Serial		5.000%	2008-2010	\$ 3,800,000		
Serial		5.000%	2021-2023	7,650,000		
					<u>\$ 11,450,000</u>	\$ 11,450,000
Series 2006A Revenue Bonds	01/25/06					
Serial		4.750%	2030	\$ 12,500,000		
Term		5.000%	2032	126,555,000		
Term		5.000%	2035	160,945,000		
					<u>\$ 300,000,000</u>	\$ -
Series 2006B Revenue Bonds	12/06/06					
Serial		4.550%	2031	\$ 59,020,000		
Serial		5.000%	2032	61,710,000		
Term		5.000%	2036	279,270,000		
					<u>\$ 400,000,000</u>	\$ -
Series 2006C Revenue Bonds	12/06/06					
Serial		3.750%-5.000%	2009-2026	\$ 26,270,000		
Term		4.375%	2032	11,595,000		
					<u>\$ 37,865,000</u>	\$ -
					<u>3,487,440,000</u>	<u>2,857,910,000</u>
Less unamortized discount/premium, net					<u>4,062,547</u>	<u>29,447,490</u>
					<u><u>\$ 3,483,377,453</u></u>	<u><u>\$ 2,828,462,510</u></u>

\* Portions of Series 1998A and 2002B Revenue Bonds were refunded on December 6, 2006, with fixed rate debt.

***Changes in Long Term Liability Balances***

Balance as of December 31, 2005			\$ 2,828,462,510
Bonds issued			
Series 2006A	Revenue Bonds	\$ 300,000,000	
Series 2006B	Revenue Bonds	400,000,000	
Series 2006C	Revenue Refunding Bonds	<u>37,865,000</u>	
			737,865,000
Bonds refunded			
Series 1998A	Revenue Bonds	(16,720,000)	
Series 2002B	Revenue Bonds	<u>(22,380,000)</u>	
			(39,100,000)
Principal payments			(69,235,000)
Change in unamortized discount/premium, net			<u>25,384,943</u>
Balance as of December 31, 2006			3,483,377,454
Balance as of December 31, 2006 - short-term			72,460,000
Balance as of December 31, 2006 - long-term			<u>3,410,917,453</u>
			<u>\$ 3,483,377,453</u>

***Senior Debt***

A Master Indenture was created in 1990 for the Airports Authority. The Master Indenture was amended effective September 1, 2001, to in part, change the definition of Annual Debt Service to accommodate the issuance of secured commercial paper, to permit the Airports Authority to release certain revenues from the definition of revenues, and to expand the list of permitted investments to include new, safe investment vehicles designed to increase the return on the Airports Authority investments. Under this amended Master Indenture, all bonds are collateralized by a pledge of Net Revenues of the Airports Authority which is "senior" to the "subordinated" pledge given by the Airports Authority in connection with the issuance of its bonds prior to 1990.

The Airports Authority refunds outstanding bonds when permitted, a savings can be achieved or when variable bonds are converted to fixed rate. Portions of the Series 1997C Bonds were used to retire the Authority's Series 1989A Subordinated Bonds. Portions of the Series 1998B Bonds were used to retire the Authority's Series 1988A Subordinated Bonds. The proceeds of the Series 1999A Bonds were used to refund the Authority's Series 1997C Senior Bonds. The proceeds of the Series 2002C Bonds were used to refund the outstanding Series 1992A Senior Bonds. Proceeds of the Series 2002D Bonds were used to repay the outstanding Series One Commercial Paper Notes. A portion of the Series 2003A Bonds were used to repay all of the Authority's Series B Bond Anticipation Commercial Paper Notes. Proceeds of the Series 2003B Bonds were used to refund a portion of the Authority's Series 1993A Bonds. Proceeds of the Series 2003C Bonds were used to refund all of the Authority's outstanding Series 1993B Bonds and provide reimbursement for the Vastera Office Building at Washington Dulles. Proceeds of the Series 2004A Bonds were used to refund the Authority's outstanding Airport System Revenue and Refunding Bonds, Series 1993A. Proceeds of the Series 2004C-1, Series 2004-2 and Series 2004D Bonds were used to refund the Authority's outstanding Airport System Revenue Bonds, Series 1994A.

During 2005 the Airports Authority issued \$320,000,000 of Airport System Revenue Bonds, Series 2005A, \$19,775,000 of Airport System Revenue Refunding Bonds, Series 2005B, \$30,000,000 of Taxable Airport System Revenue Bonds, Series 2005C and \$11,450,000 of Airport System Revenue Refunding Bonds, Series 2005D. The proceeds of Series 2005A Bonds, issued on April 12, 2005, together with other available funds (the Debt Service Interest Account and the Debt Service Principle Account of the refunded Commercial Paper) were used to refund a portion of the Authority's outstanding Airport System Revenue Commercial Paper Notes, Series Two and finance capital improvements at Reagan National and Washington Dulles. The outstanding Series Two Notes, \$144,000,000 were repaid on April 13, 2005 and \$35,000,000 were repaid on May 25, 2005. The commercial paper notes were repaid at par plus accrued interest. The proceeds of \$19,775,000 of the Series 2005B Bonds, issued April 12, 2005, together with other available funds (the Debt Service Interest Account of the refunded Bonds) were used to advance refund a portion of the Authority's outstanding Airport System Revenue Bonds, Series 1997A. The outstanding bonds maturing 2011 through 2020 of Series 1997A, \$19,210,000, will be refunded on October 1, 2007. The Authority's present value savings of this refunding was \$0.9 million. The Airports Authority will realize cash flow savings of \$870,344 with this transaction. The refunded Series 1993A Bonds in this series were scheduled to mature on October 1, 2011 through 2020 and were subject to optional redemption on October 1, 2007. The bonds were redeemed at a price of 101% plus accrued interest. The proceeds of \$30,000,000 of the Series 2005C Bonds, issued April 12, 2005, will be used to finance capital improvements at Reagan National and Washington Dulles. The proceeds of \$11,450,000 of the Series 2005D Bonds, issued October 12, 2005, together with other available funds (the Debt Service Interest Account and Debt Service Reserve Account of the refunded Bonds) were used to advance refund a portion of the Authority's outstanding Airport System Revenue Bonds, Series 1997A. The outstanding bonds maturing 2008 through 2010 and 2021 through 2023 of Series 1997A, \$12,100,000, will be refunded on October 1, 2007. The Authority's present value savings of this refunding was \$1.0 million. The Airports Authority will realize cash flow savings of \$609,892 with this transaction. The refunded Series 1997 Bonds were scheduled to mature on October 1, 2008 through 2010 and 2021 through 2023 and were subject to optional redemption on October 1, 2007. The bonds were redeemed at a price of 101% plus accrued interest.

The refunded Series 1998A Bonds in this series were scheduled to mature on October 1, 2009 through 2028 and were subject to optional redemption on October 1, 2008. The outstanding bonds maturing 2013 through 2032 of Series 2002B Bonds, \$22,380,000, were advanced refunded with the 2006C Bonds on December 6, 2006. The Authority's present value savings of this refunding was \$1.1 million. The Airports Authority will realize cash flow savings of \$2,194,400 with this transaction. The refunded Series 2002B Bonds were scheduled to mature on October 1, 2013 through 2032 were subject to optional redemption on October 1, 2013.

The Airports Authority reviews each bond sale to determine if there is value in providing investors municipal bond insurance. Insurance is provided in part by Financial Guaranty Insurance Company (FGIC), Municipal Bond Investors Assurance Corporation (MBIA), Financial Security Assurance (FSA), and XLCapital Assurance (XL). The following table details the Authority's outstanding debt noting insured and uninsured bonds.

Bond Series	Principal Outstanding	Uninsured Bonds	Insured Bonds	Insurance Provider
1997A	\$ 1,235,000	\$ -	\$ 1,235,000	FGIC
1997B	169,355,000	134,505,000	34,850,000	FGIC
1998A	970,000	970,000	-	n/a
1998B	225,585,000	8,720,000	216,865,000	MBIA
1999A	91,335,000	-	91,335,000	FGIC
2001A	262,990,000	-	262,990,000	MBIA
2001B	12,560,000	-	12,560,000	MBIA
2002A	208,210,000	-	208,210,000	FGIC
2002B	3,540,000	-	3,540,000	FGIC
2002C	228,485,000	-	228,485,000	FSA
2002D	100,240,000	-	100,240,000	FSA
2003A	175,495,000	-	175,495,000	FGIC
2003B	39,115,000	7,420,000	31,695,000	FGIC
2003C	46,940,000	1,975,000	44,965,000	FGIC
2003D	143,225,000	-	143,225,000	XL
2004A	13,590,000	-	13,590,000	MBIA
2004B	250,000,000	-	250,000,000	FSA
2004C-1	84,775,000	-	84,775,000	FSA
2004C-2	99,575,000	-	99,575,000	FSA
2004D	218,005,000	20,570,000	197,435,000	MBIA
2005A	313,125,000	-	313,125,000	MBIA
2005B	19,775,000	-	19,775,000	MBIA
2005C	30,000,000	-	30,000,000	MBIA
2005D	11,450,000	-	11,450,000	Ambac
2006A	300,000,000	-	300,000,000	FSA
2006B	400,000,000	-	400,000,000	FGIC
2006C	37,865,000	-	37,865,000	FGIC
	<u>\$3,487,440,000</u>	<u>\$174,160,000</u>	<u>\$3,313,280,000</u>	

The following is a summary of the maturities and sinking fund requirements not including any unamortized discount or premium:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2007	\$ 72,460,000	\$ 170,184,957	\$ 242,644,957
2008	75,870,000	170,650,423	246,520,423
2009	79,330,000	166,238,853	245,568,853
2010	83,185,000	162,498,922	245,683,922
2011	87,560,000	158,465,556	246,025,556
2012 - 2016	507,300,000	724,027,934	1,231,327,934
2017 - 2021	614,990,000	583,857,256	1,298,847,256
2022 - 2026	457,035,000	438,043,681	895,078,681
2027-2031	659,165,000	325,080,381	984,245,381
Thereafter	<u>850,545,000</u>	<u>111,212,773</u>	<u>961,757,773</u>
	<u>\$ 3,487,440,000</u>	<u>\$ 3,010,260,735</u>	<u>\$ 6,497,700,735</u>

Total interest costs for the years ended December 31, 2006 and 2005 were \$153,983,954 and \$138,020,872, respectively. The current portion of the Authority's bonds payable, in the amount of \$72,460,000, is due on October 1, 2007.

#### ***2007A Forward Delivery Bonds***

The Airports Authority expects to issue and deliver \$164,460,000 Airport System Refunding Bonds, Series 2007A ("the Series 2007A Bonds") on or about July 3, 2007 (the "Series 2007A Issuance Date"). The Airports Authority anticipates that the Series 2007A Bonds will bear interest from their date of delivery and be payable beginning on October 1, 2007, and semiannually thereafter on each April 1 and October 1. A portion of the proceeds of the Series 2007A Bonds will be deposited into a Redemption Account held by the Trustee to legally defease a portion of the Authority's outstanding Airport System Revenue Bonds, Series 1997B Bonds. Issuance and delivery of the Series 2007A Bonds will be dependent upon the receipt of the opinion of Co-Bond Counsel and the receipt of certain other documents required by the Forward Delivery Bond Purchase Agreement dated September 15, 2005. In addition, satisfaction of certain other conditions is required, including issuance by Ambac Assurance Corporation of the Bond Issuance Policy with respect to the Series 2007A Bonds, and payment of the purchase price by the underwriters of the Series 2007A Bonds in accordance with such Forward Delivery Bond Purchase Agreement.

The Airports Authority assumes various risks associated with the Series 2007A Bonds. For instance, the Authority's Co-Bond Counsel could be prevented from rendering their opinions with respect to the Series 2007A Bonds as a result of changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies, or the failure of the Airports Authority to provide satisfactory closing documents. No assurance can be given that on the issuance date of the Series 2007A Bonds Issuance Date the rating assigned to the Series 2007A Bonds will be the same as the ratings currently assigned to the Series 2007A Bonds. The underwriters may terminate their obligations under the Forward Delivery Bond Purchase Agreement, without any liability, if at any time prior to the issuance date of the Series 2007A Bonds any of a number of events occur which materially and adversely affect the market

price or marketability of the Series 2007A Bonds or the ability of the underwriters to enforce contracts for sale of the Series 2007A Bonds.

### ***Special Facility Revenue Bonds***

In March 1991, the Airports Authority issued \$14,200,000 of Special Facility Revenue Bonds on behalf of Caterair International Corporation (Caterair). The bonds were issued to finance the construction of an Inflight Kitchen Facility at Reagan National.

The Special Facility Revenue Bonds and related costs are payable only with funds from Caterair. Since these bonds do not represent a claim on the Authority's assets, nor do they require the Airports Authority to incur future obligations, they have not been recorded in the Authority's financial statements.

## **L. AIRPORT USE AGREEMENT AND PREMISES LEASE**

In February 1990, the Airports Authority entered into a long-term agreement with the major airlines serving the Airports. The Agreement is for a term of 25 years, subject to cancellation rights by the Airports Authority after 15 years, and annually thereafter, at the option of the Airports Authority. The Agreement provides for the calculation of annual rates and charges, with rate adjustments at midyear, or any time revenues fall 5% or more below projections. The Agreement also provides for an annual "settlement" whereby the rates and charges are recalculated using audited financial data to determine any airline over/underpayment. For the year ended December 31, 2006, the settlement resulted in a charge to the airlines of \$3,950,370 which was reflected as a reduction in accounts payable and accrued expenses. For the year ended December 31, 2005, the settlement resulted in a credit to the airlines of \$73,530 which is reflected in accounts payable and accrued expenses.

Rates and charges are established to provide net revenues of at least 125% of debt service. Net remaining revenues (NRR) are defined as revenues less all operating and maintenance expenses, debt service, specified reserves, and other requirements. Subsequent to the final determination, NRR is allocated between the Airports Authority and the Airlines in accordance with the Agreement which shares NRR approximately 50/50 between the Airports Authority and the Airlines. The Authority's share of NRR is reflected in the Authority's Capital Fund as a reservation of retained earnings in the subsequent year, and is available for repair and rehabilitation projects or any other lawful purpose. The Airlines' share of NRR is recorded prospectively and reduces the subsequent year's rates and charges. All calculations are done in accordance with the Agreement.

In addition, the Agreement establishes an index amount at each Airport. When the transfer amount to the airlines reaches this level, the amount over the plateau is allocated 75% to the Airlines and 25% to the Airports Authority. For the years ended December 31, 2006 and 2005, at Washington Dulles, the transfer amount exceeded the plateau amount by \$40,324,380 and \$34,295,026, respectively. This amount was allocated accordingly and is included in the Airlines' and the Authority's share. For the years ended December 31, 2006 and 2005, at Reagan National, the transfer amount exceeded the plateau amount by \$6,382,149 and was less than the plateau amount by \$203,412, respectively. For the years ended December

31, 2006 and 2005, the Airlines' share of NRR was \$74,681,804 and \$61,131,417, respectively, and the Authority's share was \$45,112,197 and \$39,380,645, respectively.

## M. NET ASSETS

Net assets consists of the following:

### *Invested in Capital Assets Net of Related Debt consists of the following:*

	<u>2006</u>	<u>2005</u>
Long-term assets		
Capital assets		
Land	\$ 118,144,707	\$ 105,349,826
Construction in progress	1,389,283,792	978,540,556
Buildings, systems and equipment	3,705,348,760	3,423,920,109
Less: accumulated depreciation	<u>(1,194,208,598)</u>	<u>(1,064,547,198)</u>
Capital assets, net	4,018,568,661	3,443,263,293
Bond issuance costs, net	<u>55,362,846</u>	<u>43,578,313</u>
Total capital assets	<u>4,073,931,507</u>	<u>3,486,841,606</u>
Less: related liabilities		
Current portion bonds payable	72,460,000	69,235,000
PFC bank participation notes	400,000,000	400,000,000
Commercial paper notes	200,000,000	186,000,000
Bonds payable, net	<u>2,802,522,149</u>	<u>2,339,222,092</u>
Total liabilities	<u>3,474,982,149</u>	<u>2,994,457,092</u>
Invested in capital assets, net of related debt	<u>\$ 598,949,358</u>	<u>\$ 492,384,514</u>

### *Restricted assets consists of the following:*

	<u>2006</u>	<u>2005</u>
Restricted assets		
Cash and cash equivalents, restricted	\$ 219,855,164	\$ 324,714,977
Passenger facility charges, restricted	14,152,717	34,156,965
Accounts receivables, passenger facility charges and other, restricted	11,258,351	9,866,152
Long-term investments, restricted	263,395,532	206,461,249
Investments, restricted	<u>263,740,541</u>	<u>17,253,608</u>
Total assets	<u>772,402,305</u>	<u>592,452,951</u>
Less: liabilities from restricted assets		
Accounts payable and accrued expenses	76,770,235	70,383,936
Debt related to unspent bond proceeds	608,395,304	420,005,418
Accrued interest payable	<u>41,153,454</u>	<u>36,725,911</u>
Total liabilities	<u>726,318,993</u>	<u>527,115,265</u>
Restricted net assets	<u>\$ 46,083,312</u>	<u>\$ 65,337,686</u>

*Unrestricted assets consists of the following:*

	<u>2006</u>	<u>2005</u>
Current assets		
Cash and cash equivalents	\$ 26,013,856	\$ 23,143,483
Investments	241,608,097	233,116,586
Accounts receivables, net	23,290,488	26,796,500
Inventory	3,637,337	3,432,469
Prepaid expenses and other current assets	<u>7,086,182</u>	<u>5,817,971</u>
Total current assets	301,635,960	292,307,009
Long-term assets		
Long-term investments	29,973,880	14,582,506
Net pension asset	4,955,615	1,628,205
Other long-term assets	<u>-</u>	<u>301,865</u>
Total unrestricted assets	<u>336,565,455</u>	<u>308,819,585</u>
Less: current liabilities		
Accounts payable and accrued expenses	44,359,480	45,519,623
Operating lease obligations	<u>341,140</u>	<u>341,140</u>
Total current liabilities	44,700,620	45,860,763
Less: other liabilities	<u>-</u>	<u>313,399</u>
Total liabilities payable from unrestricted assets	<u>44,700,620</u>	<u>46,174,162</u>
Unrestricted net assets	<u>\$ 291,864,835</u>	<u>\$ 262,645,423</u>

**N. LEASE COMMITMENTS***Property Held for Lease*

The Airports Authority has entered into various operating leases with tenants for the use of space at the Authority's facilities including buildings, terminals, and customer service areas. The lease terms include a minimum fixed fee as well as contingent fees based on the tenants' volume of business. All the leases provide for a periodic review and redetermination of the rental amounts. Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year are:

<u>Year ending December 31,</u>	
2007	\$ 257,107,057
2008	264,490,692
2009	309,847,479
2010	346,742,869
2011	350,921,613
2012 and thereafter	<u>2,398,809,400</u>
Total minimum future rentals	<u>\$ 3,927,919,110</u>

The above amounts do not include contingent rentals and fees in excess of minimums, which amounted to \$28,896,815 for the year ended December 31, 2006. The portion of property associated with minimum rentals derived from operating leases was capitalized prior to June 7, 1987, and ownership was retained by the United States Government. Use of this property is provided to the Airports Authority under its operating lease with the United States Government. Accordingly, the cost of this property is not reflected in the financial statements of the Airports Authority.

On December 15, 2003, the operating period of the lease of land and provision for services to the Stephen F. Udvar-Hazy Center (Center) began. The lease agreement grants the Smithsonian Institute the right to occupy, develop, operate, control and use the Center premises located on land at Washington Dulles and obtain services from the Airports Authority for police, fire, emergency, and ambulance needs. This lease expires in 2054. The operating period was preceded by a construction period. Commencing with the operating period the Smithsonian Institute will pay the Airports Authority for the services provided. The lease provides for periodic reconciliation payments and updated payments for services provided.

#### *Property Leased from Others*

On June 7, 1987, the United States Government transferred Reagan National's and Washington Dulles' real properties to the Airports Authority under a 50-year lease, with extensions negotiable. The lease was amended effective June 17, 2003, to extend the term from 50 to 80 years, with an expiration date of June 6, 2067. Upon expiration of the lease, the Airports and facilities, including improvements, will be returned to the United States Government. The lease requires annual rental payments of \$3,000,000, with subsequent annual rental payments adjusted for inflation. The Airports Authority invests the monthly lease payments in Repurchase Agreements or Certificates of Deposit and makes semi-annual payments, including interest, to the United States Government. The 2006 payment to the United States Government, including the interest was \$4,737,277.

Minimum future rentals scheduled to be paid on the operating lease in effect on December 31, 2006, as calculated in 2006 dollars are:

<u>Year ending December 31,</u>	
2007	\$ 4,689,858
2008	4,689,858
2009	4,689,858
2010	4,689,858
2011	4,689,858
2012 and thereafter	<u>262,632,032</u>
Total minimum future rentals	<u>\$286,081,322</u>

Total rental expense for the years ended December 31, 2006 and 2005 were \$4,689,858 and \$4,505,435, respectively.

**O. OTHER COMMITMENTS AND CONTINGENCIES***Construction Commitments*

At December 31, 2006, the Airports Authority had outstanding commitments for capital expenditures in connection with its CCP in the amount of \$758.2 million. However, services have not been provided as of December 31, 2006, and accordingly no liability has been recorded in the financial statements. In connection with the CCP and Capital, Operating and Maintenance Investment Programs (COMIP), and normal operations of Reagan National and Washington Dulles, the Airports Authority recognizes the need to address environmental concerns and currently oversees a number of ongoing environmental projects. Management has estimated that the cost to continuously monitor and inspect these environmental concerns ranges between \$20 million and \$25 million, of which a portion is expected to be funded by the FAA. The Airports Authority has budgeted and expects to fund any remaining costs principally through the CCP.

**P. GOVERNMENT GRANTS***In Aid of Construction*

The Airports Authority receives, on a cost-reimbursement basis, grants from the United States government and the Commonwealth of Virginia for certain operating and capital construction programs. As a recipient of federal and state financial assistance, the Airports Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to these programs. Total federal and state grant expenditures for years ended December 31, 2006 and 2005 were \$55,874,620 and \$11,867,272, respectively. All grant expenditures are subject to financial and compliance audits by the grantors as well as during the Authority's annual OMB A-133 Single Audit process. The Airports Authority estimates that no material disallowances will result from any such audits.

In fiscal years 2006 and 2005, the Airports Authority received federal and state grants for operating and capital programs as summarized in the tables below:

*Operating Programs*

	<u>2006</u>	<u>2005</u>
Law Enforcement Officer Reimbursement Program	\$1,302,873	\$ –
Reagan National Explosives Detection Canine Team Program	700,305	483,400
State Homeland Security Program	599,194	–
Disaster Relief and Emergency Assistance	412,766	17,894
Homeland Security Grant Program	174,700	–
Drug Seizure Program (ICE)	79,552	51,265
Drug Seizure Program (DEA)	252,698	77,241
Arlington County Grant	8,025	31,620
Contract Baggage Handler Demonstration Program	239,623	–
Clean Cities Program	10,000	–

The Law Enforcement Officer Reimbursement Program offsets expenses incurred by the Authority's Public Safety personnel serving a support role to the Transportation Security Administration. Explosives detection funds are used to offset the expense of training and caring for canines used in explosives detection. Funds received from the State Homeland Security Program and Homeland Security Grant Program allow the Airports Authority to procure equipment and participate in training programs to prepare for and more effectively respond to events which may threaten public safety. Severe weather in the summer of 2006 damaged several facilities at Reagan National and Washington Dulles airports. Emergency repair and recovery costs were reimbursed by the Federal Emergency Management Agency. The Drug Enforcement Agency Drug Seizures Program, and the U.S. Customs Drug Seizures Program are collaborative efforts between the agencies and the Authority's police department wherein both entities share in the proceeds from the sale of confiscated items. The Authority's proceeds may only be used for certain types of expenses defined by the DEA and Customs. The Airports Authority also participated in a pilot program with the Transportation Security Administration designed to improve the effectiveness of the TSA's baggage screening process. Funds were also received for the acquisition of a natural gas station to fuel a portion of the Authority's vehicle fleet.

### ***Capital Program***

	<u>2006</u>	<u>2005</u>
Federal grants for construction	\$ 50,094,884	\$7,943,426
State grants for construction	2,000,000	1,706,332
State Homeland Security Program	-	1,556,094

The Airports Authority receives federal and state grants in support of its CCP. The federal programs, primarily through the Federal Aviation Administration's Airport Improvement Program, provide funding for airport development, airport planning and noise compatibility programs from the Airports and Airways Trust Funds in the form of entitlement and discretionary grants for eligible projects. The Commonwealth of Virginia also provides discretionary funds for capital programs.

Grants for capital asset acquisition, facility development, rehabilitation of facilities and long-term planning are reported in the Statements of Revenues, Expenses and Changes in Net Assets as Capital Contributions.

## **Q. LITIGATION**

The Airports Authority is a defendant in multiple suits arising from the September 11, 2001, terrorist hijacking and crash of an airplane into the Pentagon. In accordance with federal law, these suits have been consolidated into a single proceeding in the Southern District of New York. The Airports Authority is defending itself vigorously in this litigation against the allegations that it had a legal duty to prevent terrorists from hijacking American Airlines Flight 77 from Washington Dulles. Also, the Airports Authority believes that under Section 201 of the Aviation Security Act, the liability of the Airports Authority for all claims, whether compensatory or punitive, arising from the terrorist related aircraft crash of September 11, 2001, cannot be an amount greater than the liability insurance coverage maintained by the Airports Authority on the date of the event. The Airports Authority is not able to predict the outcome of such litigation or the extent to which such litigation may have a material impact on the financial condition of the Airports Authority.

Legal counsel has advised that, while a number of claims in the normal course of business are outstanding, there were no matters outstanding which could have a material adverse effect on the financial statements of the Airports Authority.

## R. PASSENGER FACILITY CHARGES

As described in Note A, PFCs are collected in accordance with the FAA regulations allowing airports to impose a \$4.50 PFC. For the years ended December 31, 2006 and 2005, the Airports Authority earned PFCs of \$37,231,040 and \$35,436,842 for Reagan National, respectively, and \$44,258,664 and \$52,878,469 for Washington Dulles, respectively. In accordance with the regulations, based on the approval date from the FAA and continuing through the PFC collection period, the Authority's share of entitlement grants will be reduced 75%.

## S. RISK MANAGEMENT

The Airports Authority is exposed to a variety of risks or losses related to operations (i.e., injuries to employees, injuries to members of the public or damage to their property, and damage to the Authority's property). Since 2002, the Airports Authority has maintained accruals to finance its self-insured risk of loss. The Airports Authority purchases commercial insurance for claims in excess of amounts provided by these accounts.

All offices within the Airports Authority are covered under these accounts. The accruals are determined by the Risk Management Department based on insurance claim practices and actuarial estimates for prior and current-year claims. The overall accrual for losses was \$4,478,933 and \$4,114,449 as of December 31, 2006 and 2005, respectively, and is included in the accounts payable and accrued expenses line item. This is based on the requirements of GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claim liability accounts in fiscal years 2006 and 2005 were:

Fiscal Year	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2005	\$3,814,673	\$1,793,168	\$1,493,392	\$4,114,449
2006	\$4,114,449	\$2,563,518	\$2,199,034	\$4,478,933

Settlements did not exceed insurance coverages for the past three years.

## T. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

***Cash and Short Term Investments***

The carrying amount approximates the fair value because of the short maturity of those instruments (See Note B).

***Long-Term Investments***

For securities held as long-term investments, fair value equals quoted market prices, if available. If a quoted market price is not available, fair value is estimated based upon quoted market prices for securities with similar characteristics. (See Note B)

***Long-Term Debt***

The fair value of the Authority's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Airports Authority for debt of the same remaining maturities.

The carrying value of the Authority's Bonds Payable and CP Notes Payable as of December 31, 2006, is \$3,687,535,000 with an estimated market value of \$3,900,966,317.

***Interest Rate SWAP***

The fair value of the interest rate swap is the estimated amount that the Airports Authority would pay (or receive) to terminate the swap agreements at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counter parties (See Note C).

**U. DULLES CORRIDOR PROPOSAL**

On December 20, 2005, the Airports Authority announced its proposal to operate the Dulles Toll Road (DTR) and oversee the construction of the Metrorail extension. Under the proposal, the Airports Authority would issue bonds backed by revenue from the DTR which together with federal grants, PFCs and participation from Fairfax and Loudoun Counties, would fund the Metrorail extension. On March 24, 2006, the Commonwealth of Virginia and the Airports Authority entered into a Memorandum of Understanding (MOU) to begin negotiations for the transfer of operational and maintenance responsibilities of the DTR.

On December 29, 2006, the Airports Authority signed a Master Transfer Agreement and a Permit and Operating Agreement with the Virginia Department of Transportation (VDOT). The Agreements transfer the operation and maintenance responsibilities of the DTR, as well as rights to the DTR revenues, to the Airports Authority. In exchange, the Airports Authority will construct the Dulles Corridor Metrorail Project from the vicinity of West Falls Church to Route 772 in Loudoun County, and will make other improvements in the Dulles Corridor consistent with VDOT and regional plans. The transfer, which is expected to occur in calendar year 2007, will be effective upon the completion of certain conditions, among which is the award of a Final Design Grant for the Metrorail Project from the Federal Transit Administration (FTA). Upon transfer, the Airports Authority will delegate the operation of the DTR to VDOT on behalf of the Airports

Authority until a Full Funding Grant Agreement for the Metrorail project is executed with the FTA. The term of the Agreement for the Airports Authority to operate and maintain the DTR is 50 years. The Airports Authority will be responsible for collecting tolls and setting toll rates following its regulatory process and with consultation of a Dulles Corridor Advisory Committee. The Airports Authority plans to establish a separate Dulles Corridor Enterprise Fund to account for the activity of the DTR and the Metrorail Project. Upon transfer, the Airports Authority will receive any existing cash reserves associated with the toll road, if any, and the Airports Authority will be obligated to pay to the Commonwealth of Virginia sufficient funds to cause existing debt of the Dulles Toll Road to be defeased. The amount required to defease existing Dulles Toll Road debt is expected to be between \$40 and \$50 million, depending upon the actual transfer date. The Airports Authority expects to enter into an interim financing instrument in the form of a note or line of credit on or about the transfer date for up to \$150 million to finance the defeasance of debt and to provide initial working capital. The interim debt would be supported by a pledge of Toll Road revenues.

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## INTERNATIONAL AIR SERVICE AT WASHINGTON DULLES

Nonstop and single plane cities served to/from Dulles



\*Note: Nonstop service to Beijing and Rome begins March 28 and April 1, 2007 respectively.

Source: OAG, February 22-28, 2007



**ANNUAL REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

Exhibit S-1

(Expressed in Thousands)

	2006	2005	2004	2003	2002	2001
<b>TOTAL REVENUES</b>						
<b>OPERATING REVENUES</b>						
Concessions	\$ 199,011,305	\$ 198,691,232	\$ 173,962,671	\$ 146,095,903	\$ 132,817,916	\$ 92,378,269
Rents	156,164,079	153,865,079	143,389,783	130,802,693	127,554,998	122,382,146
Landing fees	73,375,458	76,359,090	76,274,293	67,637,206	63,967,382	55,780,359
Utility sales	11,248,988	10,934,616	12,035,206	11,867,943	10,589,091	12,322,825
Passenger fees	25,474,908	26,973,143	29,474,743	27,878,919	27,521,305	24,445,948
Other	5,893,899	10,398,536	7,149,375	5,355,589	6,387,300	7,242,324
<b>TOTAL OPERATING REVENUES</b>	<b>471,168,637</b>	<b>477,221,696</b>	<b>442,286,071</b>	<b>389,638,253</b>	<b>368,837,992</b>	<b>314,551,871</b>
<b>NON-OPERATING REVENUES</b>						
Investment income	45,035,158	20,194,481	10,385,775	5,896,185	13,277,813	17,536,753
Unrealized swap income	-	6,062,129	1,601,347	5,572,334	-	-
Federal compensation	-	-	-	-	3,064,970	40,000,000
<b>TOTAL NON-OPERATING REVENUES</b>	<b>45,035,158</b>	<b>26,256,610</b>	<b>11,987,122</b>	<b>11,468,519</b>	<b>16,342,783</b>	<b>57,536,753</b>
<b>TOTAL REVENUES</b>	<b>516,203,795</b>	<b>503,478,306</b>	<b>454,273,193</b>	<b>401,106,772</b>	<b>385,180,775</b>	<b>372,088,624</b>
<b>TOTAL EXPENSES</b>						
<b>OPERATING EXPENSES</b>						
Materials, equipment, supplies, contract services and other	151,009,792	142,107,372	130,127,540	134,105,363	123,970,251	81,659,446
Salaries and related benefits	113,870,907	113,878,086	98,858,597	95,192,233	91,748,027	84,481,594
Utilities	20,359,248	21,493,887	18,754,511	16,754,386	15,657,374	17,568,654
Lease from U.S. Government	4,689,858	4,505,435	4,375,347	4,303,764	4,238,185	4,169,260
Depreciation and amortization	133,106,378	132,424,537	126,177,767	114,950,487	105,035,788	99,325,739
<b>TOTAL OPERATING EXPENSES</b>	<b>423,036,183</b>	<b>414,409,317</b>	<b>378,293,762</b>	<b>365,306,233</b>	<b>340,649,625</b>	<b>287,204,693</b>
<b>NON-OPERATING EXPENSES</b>						
Passenger facility charges, financing costs	2,026,385	1,497,097	1,525,026	1,137,715	2,029,218	4,537,821
Interest expense	96,999,795	103,561,330	89,368,779	95,610,127	98,256,099	93,132,374
Federal Compensation Transfer	-	-	-	-	279,370	1,651,663
Realized swap loss	1,854,177	4,856,288	3,662,018	-	-	-
Unrealized swap loss	12,718,126	-	-	-	26,024,249	1,566,958
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>113,598,483</b>	<b>109,914,715</b>	<b>94,555,823</b>	<b>96,747,842</b>	<b>126,588,936</b>	<b>100,888,816</b>
<b>TOTAL EXPENSES</b>	<b>536,634,666</b>	<b>524,324,032</b>	<b>472,849,585</b>	<b>462,054,075</b>	<b>467,238,561</b>	<b>388,093,509</b>
<b>CAPITAL CONTRIBUTIONS</b>						
Passenger facility charges	81,489,704	88,315,311	76,060,174	58,438,038	59,071,341	47,233,127
Federal and state grants	54,239,498	11,738,765	28,727,167	14,378,325	14,613,471	16,819,846
Other capital property acquired	1,231,551	-	-	6,044,900	-	237,237
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>136,960,753</b>	<b>100,054,076</b>	<b>104,787,341</b>	<b>78,861,263</b>	<b>73,684,812</b>	<b>64,290,210</b>
<b>INCREASE IN NET ASSETS</b>	<b>\$ 116,529,882</b>	<b>\$ 79,208,350</b>	<b>\$ 86,210,949</b>	<b>\$ 17,913,960</b>	<b>\$ (8,372,974)</b>	<b>\$ 48,285,325</b>
<b>NET ASSETS AT YEAR END COMPOSED OF:</b>						
Invested in capital assets, net of related debt	\$ 598,949,358	\$ 492,384,514	\$ 344,583,615	\$ 428,497,669	\$ 418,037,820	\$ 418,474,478
Restricted	46,083,312	65,337,686	170,526,342	36,158,318	34,646,503	44,033,502
Unrestricted	291,864,835	262,645,423	226,049,316	190,292,337	184,350,041	182,899,358
<b>TOTAL NET ASSETS</b>	<b>\$ 936,897,505</b>	<b>\$ 820,367,623</b>	<b>\$ 741,159,273</b>	<b>\$ 654,948,324</b>	<b>\$ 637,034,364</b>	<b>\$ 645,407,338</b>

Source: Authority's audited financial statements.

Note: The Authority implemented GASB Statements 34 and 35 beginning in 2000.

## OPERATING EXPENSES BY FUNCTION

Exhibit S-2

(Expressed in Thousands)

	CY 2006	CY 2005	CY 2004	CY 2003*	CY 2002*	CY 2001*	CY 2000*	CY 1999*	CY 1998	CY 1997	OCT. 1 1996- DEC. 31 1996
<b>NATIONAL</b>											
Materials, equipment, supplies, contract services, and other	\$49,285.6	\$44,273.9	\$43,028.1	\$42,379.1	\$41,932.7	\$38,775.9	\$39,825.9	\$39,163.7	\$23,498.0	\$18,760.7	\$3,589.4
Salaries and related benefits	47,818.9	47,660.8	41,725.6	40,221.7	38,727.9	35,314.3	33,439.0	32,105.9	30,302.1	29,304.6	7,289.3
Utilities	7,083.2	6,977.5	6,042.5	5,801.8	5,402.1	5,490.5	5,417.3	4,552.0	4,797.6	6,441.9	1,524.2
Travel	598.1	521.5	518.3	407.3	369.9	536.3	415.9	309.5	429.2	309.3	77.1
Insurance	3,463.5	3,715.0	3,790.6	3,936.5	2,718.5	1,558.8	1,550.1	1,860.3	1,961.3	2,067.6	452.7
Non-Cash expenses	(67.8)	65.6	78.0	50.3	(321.6)	646.0	(269.6)	193.7	(228.5)	(168.9)	78.3
Non-Capitalized facility projects	1,535.9	1,699.9	1,054.6	222.8	794.5	710.1	1,077.3	680.3	278.2	235.3	83.6
Lease from U.S. Government	2,344.9	2,252.7	2,187.7	2,151.9	2,119.1	2,084.6	2,029.2	2,039.1	2,040.6	2,000.9	494.2
Depreciation and amortization	10,584.6	10,894.5	13,154.6	11,110.8	11,080.6	10,710.3	9,349.4	8,323.8	7,345.9	5,423.9	1,245.6
<b>Total National Expenses</b>	<b>\$122,646.9</b>	<b>\$118,061.4</b>	<b>\$111,580.0</b>	<b>\$106,282.2</b>	<b>\$102,823.7</b>	<b>\$95,826.8</b>	<b>\$92,834.5</b>	<b>\$89,228.3</b>	<b>\$70,424.4</b>	<b>\$64,375.3</b>	<b>\$14,834.4</b>
<b>DULLES</b>											
Materials, equipment, supplies, contract services, and other	\$82,318.7	\$76,630.2	\$70,323.6	\$68,998.1	\$65,348.7	\$56,719.3	\$55,616.5	\$52,689.2	\$26,748.6	\$19,712.1	\$4,576.3
Salaries and related benefits	65,992.3	66,090.0	57,018.3	54,749.8	52,802.3	48,619.6	44,981.1	41,444.7	37,879.9	35,395.7	8,830.7
Utilities	13,091.7	14,321.1	12,223.2	10,756.8	10,061.6	11,895.2	10,734.9	7,938.1	8,390.9	9,052.1	1,928.8
Travel	647.8	517.0	485.8	371.3	316.1	523.0	385.8	313.8	402.3	308.6	75.9
Insurance	3,463.5	3,715.5	3,790.6	3,936.5	2,718.5	1,558.8	1,550.1	1,860.3	1,961.3	2,067.6	452.8
Non-Cash expenses	(24.2)	129.0	122.2	109.1	717.6	1,054.4	(333.4)	225.6	300.3	401.4	42.8
Non-Capitalized facility projects	740.6	601.5	556.0	630.1	102.8	182.5	302.6	321.5	122.1	90.2	47.1
Lease from U.S. Government	2,344.9	2,252.7	2,187.7	2,151.9	2,119.1	2,084.6	2,029.2	2,039.1	2,040.6	2,000.9	494.2
Depreciation and amortization	26,310.0	26,408.4	25,855.4	22,390.7	20,433.3	20,458.8	18,925.2	18,872.0	16,335.8	13,045.8	4,219.9
<b>Total Dulles Expenses</b>	<b>\$194,885.3</b>	<b>\$190,665.4</b>	<b>\$172,562.8</b>	<b>\$164,094.3</b>	<b>\$154,620.0</b>	<b>\$143,096.2</b>	<b>\$134,192.0</b>	<b>\$125,704.3</b>	<b>\$94,181.8</b>	<b>\$82,074.4</b>	<b>\$20,668.5</b>
<b>WASHINGTON FLYER</b>											
Materials, equipment, supplies, contract services, and other	\$125.4	\$1,114.4	\$1,034.8	\$1,088.9	\$1,208.1	\$3,480.3	\$4,108.8	\$4,185.9	\$4,076.0	\$4,066.5	\$1,027.2
Salaries and related benefits	1.7	43.3	30.7	162.1	139.2	442.0	470.1	518.4	489.8	476.9	122.3
Telecommunications	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	51.7	70.1	24.1
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	2.0
Insurance	34.0	111.8	92.3	23.9	42.9	131.7	194.1	279.4	135.8	231.7	70.7
Non-Cash expenses	(9.1)	0.1	(2.9)	0.1	217.7	(11.4)	(3.4)	(17.4)	(113.5)	2.8	0.6
Non-Capitalized facility projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.0
Depreciation	24.5	159.0	204.4	202.1	290.0	640.2	651.0	752.1	761.3	310.3	31.0
<b>Total Washington Flyer Expenses</b>	<b>\$176.5</b>	<b>\$1,428.6</b>	<b>\$1,359.7</b>	<b>\$1,477.1</b>	<b>\$1,897.9</b>	<b>\$4,682.8</b>	<b>\$5,420.6</b>	<b>\$5,720.6</b>	<b>\$5,401.1</b>	<b>\$5,158.9</b>	<b>\$1,277.9</b>
<b>WASHINGTON FLYER MAGAZINE<sup>1</sup></b>											
Materials, equipment, supplies, contract services, and other	\$0.0	\$0.0	\$351.8	\$905.1	\$969.6	\$1,546.6	\$1,784.4	\$1,890.3	\$1,084.4	\$997.0	\$213.2
Salaries and related benefits	0.0	0.0	0.0	0.0	0.0	26.8	31.0	120.9	406.5	427.0	93.3
Utilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	13.0	27.7	4.7
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	4.3	8.1	3.2
Insurance	0.0	0.0	0.0	0.0	0.0	7.7	26.0	0.0	0.0	0.0	0.0
Non-Cash expenses	0.0	0.0	0.2	0.7	(241.1)	(74.3)	140.8	64.0	46.2	88.7	21.1
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Washington Flyer Magazine Expenses</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$352.0</b>	<b>\$905.8</b>	<b>\$728.5</b>	<b>\$1,506.8</b>	<b>\$1,982.2</b>	<b>\$2,079.6</b>	<b>\$1,554.4</b>	<b>\$1,548.5</b>	<b>\$335.5</b>
<b>BOND FUNDS</b>											
Financing expenses	\$0.0	\$0.0	\$0.0	\$13.1	\$37.5	\$75.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Legal Fees	0.0	0.0	0.0	1,434.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials, Equipment, Supplies Contract services, and other	2,425.6	1,469.5	(568.0)	2,712.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Cash expenses	0.0	0.0	0.0	0.0	43.5	178.9	(1.0)	0.0	2,272.7	865.0	0.0
Non-Capitalized facility projects	652.2	1,606.9	190.8	269.6	0.0	0.0	0.0	0.0	0.0	22.9	0.0
Depreciation and amortization	95,543.0	94,316.9	86,345.2	80,628.8	72,613.9	66,895.3	64,398.7	60,794.3	57,688.6	44,605.3	9,717.0
<b>Total Bond Expenses</b>	<b>\$98,620.8</b>	<b>\$97,393.3</b>	<b>\$85,968.0</b>	<b>\$85,058.0</b>	<b>\$72,694.9</b>	<b>\$67,149.2</b>	<b>\$64,397.7</b>	<b>\$60,794.3</b>	<b>\$59,961.3</b>	<b>\$45,493.2</b>	<b>\$9,717.0</b>
<b>TELECOMMUNICATIONS</b>											
Telephone expenses	\$5,441.5	\$5,558.6	\$5,324.8	\$6,257.8	\$6,213.1	\$5,917.2	\$5,039.3	\$4,306.6	\$5,069.3	\$0.0	\$0.0
<b>Total Telecommunication Exp</b>	<b>\$5,441.5</b>	<b>\$5,558.6</b>	<b>\$5,324.8</b>	<b>\$6,257.8</b>	<b>\$6,213.1</b>	<b>\$5,917.2</b>	<b>\$5,039.3</b>	<b>\$4,306.6</b>	<b>\$5,069.3</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>FAA AIR TRAFFIC CONTROL TOWER<sup>3</sup></b>											
Air Traffic Control Tower Expenses	\$30.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Air Traffic Control Tower Exp.</b>	<b>\$30.6</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>VASTERA BUILDING<sup>2</sup></b>											
Vastera Building Expenses	\$1,234.6	\$1,302.0	\$1,146.5	\$1,231.1	\$1,671.5	\$1,288.8	\$871.3	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Vastera Building Exp</b>	<b>\$1,234.6</b>	<b>\$1,302.0</b>	<b>\$1,146.5</b>	<b>\$1,231.1</b>	<b>\$1,671.5</b>	<b>\$1,288.8</b>	<b>\$871.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>TOTAL EXPENSES</b>	<b>\$423,036.2</b>	<b>\$414,409.3</b>	<b>\$378,293.8</b>	<b>\$365,306.3</b>	<b>\$340,649.6</b>	<b>\$319,467.8</b>	<b>\$304,737.6</b>	<b>\$287,833.7</b>	<b>\$236,592.3</b>	<b>\$198,650.3</b>	<b>\$46,833.3</b>

<sup>1</sup> The Authority converted the Washington Flyer Magazine Program to a management contract in 2005. Separate reporting has been discontinued.

<sup>2</sup> Vastera Building is inclusive of all expense classifications.

<sup>3</sup> FAA Air Traffic Control Tower completed in 2006.

\* Concession management expenses included in Materials, equipment, supplies and contract services for years 2004, 2003, 2002, 2001, 2000 and 1999. (See Note T). All other years remain unchanged.

Source: Office of Finance

**REVENUES BY SOURCE**  
(Expressed in Thousands)

Exhibit S-3

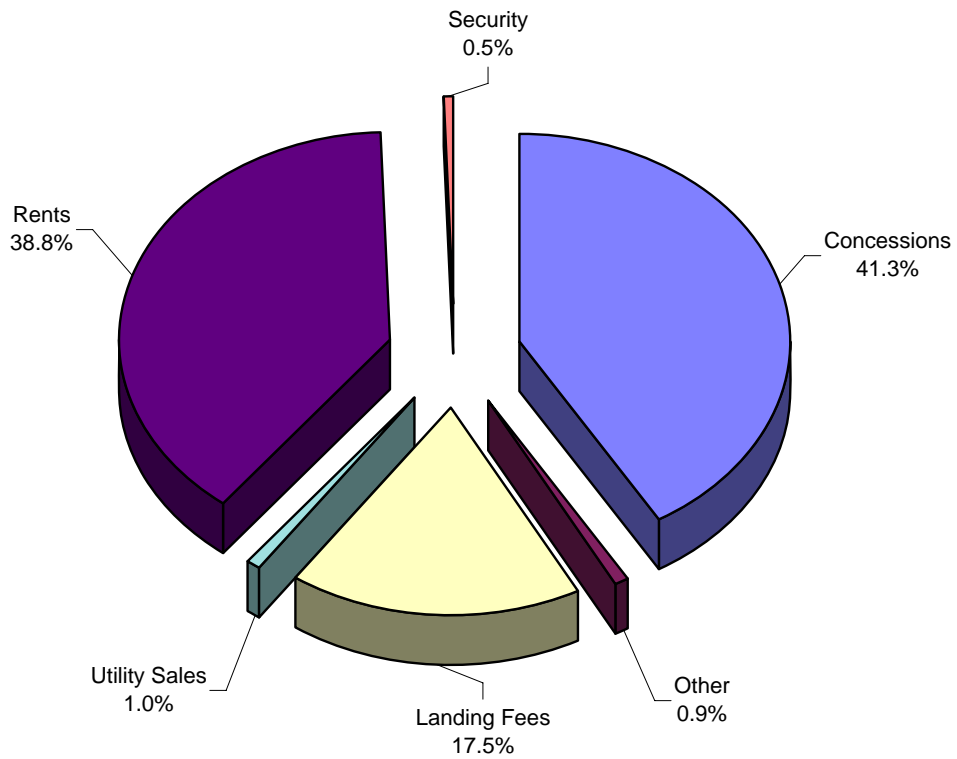
	CY 2006	CY 2005	CY 2004	CY 2003*	CY 2002*	CY 2001*	CY 2000*	CY 1999*	CY 1998	CY 1997	OCT. 1 1996- DEC. 31 1996
<b>NATIONAL</b>											
Airline:											
Rents	\$63,938.0	\$63,568.0	\$62,236.9	\$53,802.5	\$60,453.8	\$62,948.2	\$60,659.8	\$54,567.9	\$57,865.6	\$39,322.3	\$6,811.3
Landing fees	32,057.9	29,445.5	31,328.2	26,455.0	27,527.4	25,548.0	28,392.1	25,533.6	24,417.4	22,693.2	6,871.6
Passenger fees/Security	0.0	0.0	0.0	0.0	597.0	2,496.4	1,943.4	1,890.7	1,729.4	1,514.1	402.7
<b>Total Airline Revenues</b>	<b>\$95,995.9</b>	<b>\$93,013.5</b>	<b>\$93,565.1</b>	<b>\$80,257.5</b>	<b>\$88,578.2</b>	<b>\$90,992.6</b>	<b>\$90,995.3</b>	<b>\$81,992.2</b>	<b>\$84,012.4</b>	<b>\$63,529.6</b>	<b>\$14,085.6</b>
Non-Airline:											
Concessions:											
Parking	\$40,459.6	\$37,647.4	\$35,285.0	\$32,381.8	\$26,236.4	\$27,289.8	\$32,954.1	\$26,250.6	\$17,269.0	\$13,753.9	\$2,913.6
Rental cars	16,411.3	16,065.9	14,566.0	15,189.2	14,239.8	9,627.4	13,232.6	13,335.0	14,672.2	13,969.2	3,077.8
Terminal concessions											
Food and beverage	6,359.5	4,906.5	3,185.5	3,213.8	2,677.0	1,582.3	2,645.9	2,581.0	2,103.1	1,929.5	356.4
News stands	2,228.8	1,951.2	1,736.4	1,653.8	1,653.1	726.2	1,514.7	1,371.6	987.8	853.8	53.2
Retail	2,601.7	2,763.8	2,493.4	1,894.1	1,640.7	1,465.7	2,115.6	2,478.7	2,180.8	1,864.1	118.4
Display advertising	3,072.0	3,150.0	3,150.0	3,170.5	2,229.0	2,194.6	855.0	835.6	641.2	943.2	235.6
Services	219.3	201.9	192.3	208.9	216.5	53.4	337.4	259.2	120.1	1,047.6	366.9
Inflight catering	784.3	785.5	787.6	735.4	1,149.1	1,811.6	1,907.0	1,768.3	1,578.0	1,439.6	345.1
Fixed base operator	134.9	0.0	0.0	0.0	473.4	1,591.7	2,433.3	2,316.7	1,178.3	464.7	201.1
Duty free	36.3	33.3	19.7	0.0	0.1	2.8	6.2	7.2	36.0	412.0	144.2
All other	3,521.6	3,720.1	3,330.4	2,734.2	2,858.0	2,135.9	3,117.1	2,161.1	506.9	415.0	144.1
<b>Total Concessions</b>	<b>\$75,829.3</b>	<b>\$71,225.6</b>	<b>\$64,746.3</b>	<b>\$61,181.7</b>	<b>\$53,373.1</b>	<b>\$48,481.4</b>	<b>\$61,118.9</b>	<b>\$53,365.0</b>	<b>\$41,273.4</b>	<b>\$37,092.6</b>	<b>\$7,956.4</b>
Rents	7,267.2	8,424.7	9,055.5	6,570.7	4,588.1	3,308.4	7,219.3	11,700.5	6,816.5	7,322.3	1,690.2
Security	898.1	854.8	843.3	1,083.0	1,197.0	0.0	0.0	0.0	0.0	0.0	0.0
Utility sales	1,886.5	1,939.9	1,744.7	1,731.4	1,516.1	2,216.8	3,175.6	2,715.2	3,296.6	3,396.4	978.8
Other	1,553.5	4,083.1	1,650.5	694.1	1,273.1	1,235.0	1,679.9	1,717.3	541.1	685.5	408.9
<b>Total Non-Airline Revenue</b>	<b>\$87,434.6</b>	<b>\$86,528.1</b>	<b>\$78,040.3</b>	<b>\$71,260.9</b>	<b>\$61,947.4</b>	<b>\$55,241.6</b>	<b>\$73,193.7</b>	<b>\$69,498.0</b>	<b>\$51,927.6</b>	<b>\$48,496.8</b>	<b>\$11,034.3</b>
<b>Total National Revenues</b>	<b>\$183,430.5</b>	<b>\$179,541.6</b>	<b>\$171,605.4</b>	<b>\$151,518.4</b>	<b>\$150,525.6</b>	<b>\$146,234.2</b>	<b>\$164,189.0</b>	<b>\$151,490.2</b>	<b>\$135,940.0</b>	<b>\$112,026.4</b>	<b>\$25,119.9</b>
<b>DULLES</b>											
Airline:											
Rents	\$71,961.8	\$69,886.1	\$62,372.3	\$62,281.5	\$55,332.7	\$48,685.3	\$46,686.0	\$45,596.7	\$38,674.3	\$32,392.7	\$6,995.2
Landing fees	41,317.6	46,913.6	44,946.1	41,182.2	36,440.0	30,232.4	30,365.4	20,418.5	22,764.4	17,111.2	4,222.6
International Arrival Building fees	9,394.9	8,849.9	12,295.1	12,768.8	10,526.6	10,107.2	9,274.6	9,988.4	7,465.5	5,090.7	1,540.0
Passenger Fees	14,777.1	16,874.0	15,950.3	12,477.8	13,256.1	11,842.3	13,680.0	13,495.3	12,989.7	9,621.6	2,425.0
<b>Total Airline Revenues</b>	<b>\$137,451.4</b>	<b>\$142,523.6</b>	<b>\$135,563.8</b>	<b>\$128,710.3</b>	<b>\$115,555.4</b>	<b>\$100,867.2</b>	<b>\$100,006.0</b>	<b>\$89,498.9</b>	<b>\$81,893.9</b>	<b>\$64,216.2</b>	<b>\$15,182.8</b>
Non-Airline:											
Concessions:											
Parking	\$ 68,608.0	\$ 75,769.0	\$64,396.8	\$47,408.0	\$42,923.2	\$39,942.8	\$46,411.9	\$46,331.4	\$23,584.2	\$19,551.1	\$4,338.9
Rental cars	13,790.7	14,484.9	13,458.5	11,313.6	11,410.8	11,686.7	13,177.5	13,013.2	10,621.2	9,389.5	1,736.4
Terminal concessions											
Food and beverage	6,396.0	5,719.5	4,677.3	3,724.1	3,563.1	3,557.6	3,751.0	3,666.3	2,348.2	1,960.7	423.3
News stands	3,259.8	3,328.1	2,772.5	1,551.6	1,441.5	1,431.6	1,442.1	1,330.6	1,103.5	604.6	187.7
Retail	2,429.6	2,539.7	2,195.2	1,537.8	1,384.1	1,802.8	1,477.8	1,488.0	668.2	253.2	80.4
Display advertising	3,228.0	3,150.0	3,150.0	3,171.9	3,203.2	3,350.0	645.0	645.0	645.0	717.6	188.9
Services	5,372.2	5,293.9	4,682.8	4,195.0	3,867.1	4,073.3	4,058.9	4,249.7	2,325.5	2,022.5	679.1
Inflight catering	4,882.3	4,682.9	4,761.3	4,470.3	5,079.0	5,268.6	5,499.3	4,886.9	4,144.2	3,776.5	666.9
Fixed base operator	10,448.7	7,602.8	4,802.7	4,381.6	3,546.9	2,646.6	2,414.5	2,635.3	2,488.6	1,339.6	314.9
Duty free	2,892.4	3,133.1	2,700.0	2,016.9	1,732.3	1,916.6	2,455.2	2,830.9	2,534.0	2,104.7	695.2
All other	1,843.5	1,464.1	1,373.4	926.4	1,166.1	100.1	1,101.5	387.6	40.3	722.2	242.5
<b>Total Concessions</b>	<b>\$123,151.2</b>	<b>\$127,168.0</b>	<b>\$108,970.5</b>	<b>\$84,697.2</b>	<b>\$79,317.3</b>	<b>\$75,776.7</b>	<b>\$82,434.7</b>	<b>\$81,464.9</b>	<b>\$50,502.9</b>	<b>\$42,442.2</b>	<b>\$9,554.2</b>
Rents	\$11,396.1	\$10,358.8	8,066.0	6,117.7	4,888.4	4,943.6	3,987.5	5,772.4	4,393.6	3,451.6	845.2
Security	404.8	394.4	386.0	1,549.3	1,944.7	0.0	0.0	0.0	0.0	0.0	0.0
Utility sales	5,462.4	5,322.2	4,950.1	4,775.5	4,586.8	4,261.6	4,305.0	4,040.2	4,335.7	2,983.7	967.0
Other	4,254.1	4,668.6	3,884.3	2,980.6	3,058.9	2,606.0	3,299.5	854.7	1,434.7	1,074.2	349.2
<b>Total Non-Airline Revenues</b>	<b>\$144,668.6</b>	<b>\$147,912.0</b>	<b>\$126,256.9</b>	<b>\$100,120.3</b>	<b>\$93,796.1</b>	<b>\$87,587.9</b>	<b>\$94,026.7</b>	<b>\$92,132.2</b>	<b>\$60,666.9</b>	<b>\$49,951.7</b>	<b>\$11,715.6</b>
<b>Total Dulles Revenues</b>	<b>\$282,120.0</b>	<b>\$290,435.6</b>	<b>\$261,820.7</b>	<b>\$228,830.6</b>	<b>\$209,351.5</b>	<b>\$188,455.1</b>	<b>\$194,032.7</b>	<b>\$181,631.1</b>	<b>\$142,560.8</b>	<b>\$114,167.9</b>	<b>\$26,898.4</b>
<b>WASHINGTON FLYER</b>											
Ground Transportation:											
Rents	\$5.6	\$67.2	\$67.2	\$67.2	\$67.2	\$67.2	\$63.3	\$71.5	\$84.3	\$69.9	\$4.2
Concessions	30.8	297.6	245.9	217.0	127.5	383.3	500.0	478.9	281.7	129.0	0.0
Ground Transportation - other	82.1	1,642.2	1,262.6	958.8	1,081.6	2,250.4	3,431.8	3,788.2	4,464.4	4,751.8	1,205.4
<b>Total Ground Transportation</b>	<b>\$118.5</b>	<b>\$2,007.0</b>	<b>\$1,575.7</b>	<b>\$1,243.0</b>	<b>\$1,276.3</b>	<b>\$2,700.9</b>	<b>\$3,995.1</b>	<b>\$4,338.6</b>	<b>\$4,830.4</b>	<b>\$4,950.7</b>	<b>\$1,209.6</b>
Magazine											
Advertising - other	\$0.0	\$4.7	\$352.0	\$722.1	\$974.1	\$1,151.0	\$1,576.1	\$1,509.8	\$1,041.7	\$928.7	\$104.1
<b>Total Magazine Revenues</b>	<b>\$0.0</b>	<b>\$4.7</b>	<b>\$352.0</b>	<b>\$722.1</b>	<b>\$974.1</b>	<b>\$1,151.0</b>	<b>\$1,576.1</b>	<b>\$1,509.8</b>	<b>\$1,041.7</b>	<b>\$928.7</b>	<b>\$104.1</b>
<b>TELECOMMUNICATIONS</b>											
<b>Total Telephone Revenues</b>	<b>\$3,900.0</b>	<b>\$3,673.6</b>	<b>\$5,345.7</b>	<b>\$5,361.0</b>	<b>\$4,485.5</b>	<b>\$5,835.7</b>	<b>\$5,632.7</b>	<b>\$3,710.8</b>	<b>\$3,171.7</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>VASTERA BUILDING</b>											
<b>Total Vastera Bldg. Revenues<sup>1</sup></b>	<b>\$1,599.6</b>	<b>\$1,559.2</b>	<b>\$1,586.6</b>	<b>\$1,963.1</b>	<b>\$2,225.0</b>	<b>\$2,438.1</b>	<b>\$1,062.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>TOTAL REVENUES</b>	<b>\$471,168.6</b>	<b>\$477,221.7</b>	<b>\$442,286.1</b>	<b>\$389,638.2</b>	<b>\$368,838.0</b>	<b>\$346,815.0</b>	<b>\$370,488.5</b>	<b>\$342,680.5</b>	<b>\$287,544.6</b>	<b>\$232,073.7</b>	<b>\$53,332.0</b>

\* Concession Management expenses included as operating expenses for years 2003, 2002, 2001, 2000 and 1999. (See Note T)  
All other years remain unchanged.

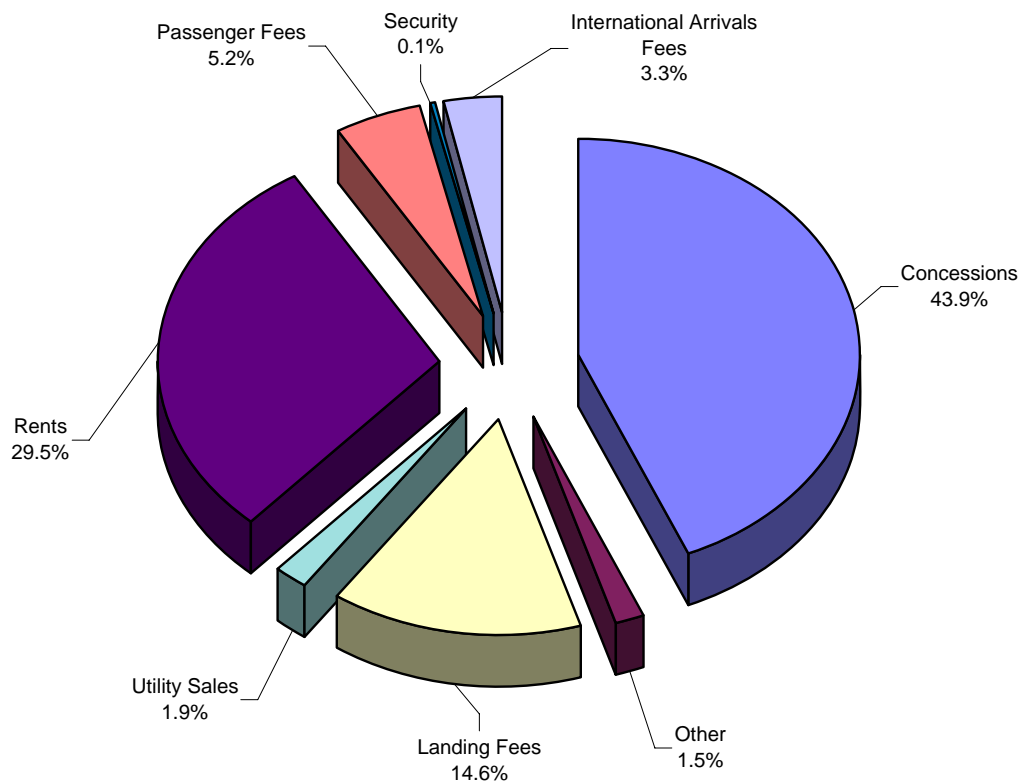
<sup>1</sup> Vastera Building revenues include rents and utilities.

Source: Office of Finance

### 2006 RONALD REAGAN WASHINGTON NATIONAL AIRPORT REVENUES



### 2006 WASHINGTON DULLES INTERNATIONAL AIRPORT REVENUES



**SCHEDULED AIRLINES RATES AND CHARGES**

Exhibit S-6

**Ronald Reagan Washington National Airport**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Signatory Airline Rates</b>										
Landing Fee	\$ 2.26	\$ 2.16	\$ 2.41	\$ 2.34	\$ 2.65	\$ 2.68	\$ 2.12	\$ 2.13	\$ 2.02	\$ 1.99
Signatory Airline Cost Per Enplanement	\$ 10.02	\$ 10.22	\$ 11.84	\$ 11.29	\$ 12.12	\$ 14.16	\$ 11.65	\$ 11.21	\$ 10.30	\$ 6.99
Terminal A - Average Rate	\$ 84.22	\$ 68.76	\$ 69.46	\$ 57.10	\$ 65.53	\$ 85.07	\$ 102.63	\$ 86.07	\$ 59.42	\$ 39.74
Terminal B & C - Average Rate	\$ 156.22	\$ 150.16	\$ 150.44	\$ 125.49	\$ 116.43	\$ 121.14	\$ 138.54	\$ 135.90	\$ 138.31	\$ 120.11
Type 6 - Covered/Unenclosed	\$ 5.68	\$ 5.49	\$ 5.21	\$ 5.09	\$ 5.32	\$ 5.28	\$ 5.15	\$ 5.02	\$ 5.07	\$ 5.07
Type 7 - Uncovered/Unenclosed	\$ 1.42	\$ 1.37	\$ 1.30	\$ 1.27	\$ 1.33	\$ 1.32	\$ 1.29	\$ 1.26	\$ 1.27	\$ 1.27
<b>NonSignatory Airline Rates</b>										
General Aviation Landing Fees	\$ 2.66	\$ 2.40	\$ 2.80	\$ 2.45	\$ 3.01	\$ 2.94	\$ 2.34	N/A	N/A	N/A
Landing Fees	\$ 3.33	\$ 3.00	\$ 2.80	\$ 2.45	\$ 3.01	\$ 2.94	\$ 2.34	\$ 2.48	\$ 2.24	\$ 1.95
Terminal A	\$ 92.79	\$ 84.81	\$ 92.93	\$ 76.79	\$ 95.00	\$ 96.47	\$ 85.20	\$ 100.18	\$ 93.44	\$ 61.90
Terminal B & C	\$ 172.31	\$ 169.93	\$ 167.07	\$ 154.56	\$ 162.83	\$ 158.83	\$ 155.67	\$ 150.35	\$ 136.18	\$ 122.63

**Washington Dulles International Airport**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Signatory Airline Rates</b>										
Landing Fee	\$ 2.06	\$ 2.00	\$ 2.52	\$ 2.82	\$ 2.39	\$ 1.78	\$ 1.45	\$ 1.00	\$ 1.30	\$ 1.14
Signatory Airline Cost Per Enplanement	\$ 11.57	\$ 10.40	\$ 12.34	\$ 13.30	\$ 12.81	\$ 11.30	\$ 8.48	\$ 8.83	\$ 9.66	\$ 10.29
Concourse C&D	\$ 29.48	\$ 29.32	\$ 35.39	\$ 33.27	\$ 31.01	\$ 30.93	\$ 22.61	\$ 20.98	\$ 20.18	\$ 25.66
Concourse B	\$ 61.39	\$ 69.94	\$ 65.24	\$ 62.53	\$ 60.32	\$ 61.04	\$ 45.23	\$ 49.37	\$ 50.68	N/A
Main Terminal	\$ 125.19	\$ 128.72	\$ 120.69	\$ 103.97	\$ 93.32	\$ 94.44	\$ 85.49	\$ 80.65	\$ 60.48	\$ 63.77
Concourse A	\$ 80.36	\$ 54.22	\$ 65.53	\$ 52.56	\$ 46.35	\$ 44.85	\$ 46.93	\$ 25.82	N/A	N/A
Z-Gates	\$ 177.24	\$ 173.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Type 6 - Covered/Unenclosed	\$ 5.68	\$ 5.49	\$ 5.21	\$ 5.09	\$ 5.32	\$ 5.28	\$ 5.15	\$ 5.02	\$ 5.07	\$ 5.07
Type 7 - Uncovered/Unenclosed	\$ 1.42	\$ 1.37	\$ 1.30	\$ 1.27	\$ 1.33	\$ 1.32	\$ 1.29	\$ 1.26	\$ 1.27	\$ 1.27
Airside Operations Building	\$ 20.89	\$ 12.60	\$ 10.11	\$ 14.34	\$ 14.16	\$ 16.62	\$ 12.37	\$ 8.31	\$ 10.84	\$ 18.06
International Arrivals Building	\$ 4.09	\$ 4.50	\$ 5.57	\$ 5.68	\$ 5.49	\$ 5.80	\$ 3.82	\$ 4.47	\$ 2.84	\$ 4.05
Apron Operations Building	N/A	N/A	\$ 15.25	\$ 10.90	\$ 14.39	\$ (1.66)	\$ 9.66	\$ 9.06	\$ 8.19	\$ 8.93
Concourse C International Arrival Building	\$ 2.33	\$ 1.73	\$ 6.53	\$ 6.79	\$ 6.30	\$ 5.55	\$ 5.69	\$ 4.35	\$ 5.44	N/A
Passenger Conveyance	\$ 1.37	\$ 1.34	\$ 1.32	\$ 1.29	\$ 1.38	\$ 1.39	\$ 1.39	\$ 1.44	\$ 1.55	\$ 1.15
<b>NonSignatory Airline Rates</b>										
General Aviation Landing Fees	\$ 2.90	\$ 2.71	\$ 2.43	\$ 3.05	\$ 2.53	\$ 2.16	\$ 1.90	N/A	N/A	N/A
Landing Fees	\$ 3.81	\$ 3.57	\$ 2.43	\$ 3.05	\$ 2.53	\$ 2.16	\$ 1.90	\$ 1.52	\$ 1.86	\$ 1.67
Concourse C&D	\$ 45.32	\$ 42.08	\$ 37.96	\$ 38.43	\$ 43.65	\$ 38.33	\$ 40.10	\$ 36.86	\$ 34.47	\$ 36.47
Concourse B	\$ 75.21	\$ 74.24	\$ 54.12	\$ 63.32	\$ 69.96	\$ 67.16	\$ 55.92	\$ 52.94	\$ 50.68	N/A
Main Terminal	\$ 179.29	\$ 174.62	\$ 138.24	\$ 128.58	\$ 128.72	\$ 121.67	\$ 113.54	\$ 111.14	\$ 91.44	\$ 80.10
International Arrivals Building	\$ 5.25	\$ 5.86	\$ 5.65	\$ 6.75	\$ 6.57	\$ 7.45	\$ 5.68	\$ 8.19	\$ 7.14	\$ 8.11
Concourse C International Arrival Building	\$ 4.31	\$ 4.31	\$ 7.33	\$ 9.05	\$ 6.64	\$ 6.53	\$ 6.91	\$ 5.95	\$ 5.44	N/A
Concourse A	\$ 103.08	\$ 72.46	\$ 73.69	\$ 64.23	\$ 47.68	\$ 44.89	\$ 44.18	\$ 25.82	N/A	N/A
Z-Gates	\$ 226.76	\$ 173.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Passenger Conveyance	\$ 1.74	\$ 1.61	\$ 1.54	\$ 1.73	\$ 1.86	\$ 1.61	\$ 1.63	\$ 1.63	\$ 2.02	\$ 1.61

Note\* Rates and Charges are calculated pursuant to the formulas set forth in the Airport Use Agreement and Premises Lease.

The agreement provides the calculation of the annual rates and charges, with rate adjustments at midyear, or any time revenues fall 5% or more below projections.

Note\* Rates as presented are average rates as calculated at settlement.

Source: Authority's rates and charges reports.

**RATIOS OF OUTSTANDING DEBT (continued)**

	2006	2005	2004	2003
<b>Outstanding Debt per Enplaned Passenger</b>				
Outstanding debt by type:				
General Airport Revenue Bonds (GARB)	\$ 3,483,377,453	\$ 2,828,462,510	\$ 2,528,738,687	\$ 2,327,168,578
Commercial Paper	200,000,000	186,000,000	-	-
Bond Anticipation Commercial Paper Notes	-	-	150,000,000	150,000,000
PFC Bank Participation Notes	400,000,000	400,000,000	187,700,000	187,700,000
<b>Total Outstanding Debt</b>	<b>4,083,377,453</b>	<b>3,414,462,510</b>	<b>2,866,438,687</b>	<b>2,664,868,578</b>
Enplaned Passengers	20,739,809	22,415,046	19,385,904	15,565,042
<b>Outstanding Debt per Enplaned Passenger</b>	<b>\$ 196.89</b>	<b>\$ 152.33</b>	<b>\$ 147.86</b>	<b>\$ 171.21</b>
<b>Debt Service Per Enplaned Passenger</b>				
Net Debt Service (1)	\$ 163,354,637	\$ 164,667,568	\$ 140,079,210	\$ 141,828,530
Enplaned Passengers	20,739,809	22,415,046	19,385,904	15,565,042
<b>Debt Service per Enplaned Passenger</b>	<b>\$ 7.88</b>	<b>\$ 7.35</b>	<b>\$ 7.23</b>	<b>\$ 9.11</b>
<b>Pledged Revenue Coverage - Flexible Term PFC Notes (Bank Participation Notes) (2)</b>				
Passenger Facility Revenues	\$ 81,489,704	\$ 88,315,311	\$ 76,060,174	\$ 58,438,038
Passenger Facility Interest Earnings	1,902,938	743,458	198,989	48,075
Net Available Revenues	\$ 83,392,642	\$ 89,058,769	\$ 76,259,163	\$ 58,486,113
Outstanding Bank Participation Notes	400,000,000	400,000,000	187,700,000	187,700,000
Total Available	495,900,000	495,900,000	252,900,000	252,900,000
10% of Outstanding	40,000,000	40,000,000	18,770,000	18,770,000
Loan Fees & Interest Expense	15,245,780	4,834,032	3,571,826	2,316,822
Total Debt Coverage Requirements	\$ 55,245,780	\$ 44,834,032	\$ 22,341,826	\$ 21,086,822
Debt Service Coverage	1.51	1.99	3.41	2.77
Less Passenger Facility Expenditures	\$ 181,693,023	\$ 241,850,339	\$ 33,883,482	\$ 67,871,550

(1) Debt Service paid from operating accounts. Net Debt Service does not include debt service paid from bond funds for capitalized interest and debt service paid from interest earnings.

(2) The Authority issued Flexible Term PFC Revenue Notes to finance PFC approved projects. The bank participation notes have various maturity dates and interest rates that vary from 1.39% to 2.10%.

Source: Office of Finance

## Exhibit S-7

2002	2001	2000	1999	1998	1997
\$ 2,016,923,324	\$ 1,695,065,930	\$ 1,439,881,951	\$ 1,668,553,357	\$ 1,701,084,134	\$ 1,542,062,143
-	-	-	-	-	-
250,000,000	206,000,000	190,000,000	-	-	-
170,200,000	170,200,000	170,200,000	162,600,000	153,100,000	150,400,000
2,437,123,324	2,071,265,930	1,800,081,951	1,831,153,357	1,854,184,134	1,692,462,143
15,061,353	15,599,674	17,973,986	17,459,321	15,839,281	14,821,425
\$ 161.81	\$ 132.78	\$ 100.15	\$ 104.88	\$ 117.06	\$ 114.19
\$ 135,250,234	\$ 122,585,407	\$ 123,179,914	\$ 115,181,177	\$ 95,932,778	\$ 69,294,828
15,061,353	15,599,674	17,973,986	17,459,321	15,839,281	14,821,425
\$ 8.98	\$ 7.86	\$ 6.85	\$ 6.60	\$ 6.06	\$ 4.68
\$ 59,071,341	\$ 47,233,127	\$ 48,367,121	\$ 42,609,759	\$ 39,649,263	\$ 36,348,558
215,471	378,474	458,998	152,481	101,323	62,396
\$ 59,286,812	\$ 47,611,601	\$ 48,826,119	\$ 42,762,240	\$ 39,750,586	\$ 36,410,954
170,200,000	170,200,000	170,200,000	162,600,000	153,100,000	150,400,000
252,900,000	252,900,000	252,900,000	252,900,000	155,000,000	155,000,000
17,020,000	17,020,000	17,020,000	16,260,000	15,310,000	15,040,000
3,186,897	6,167,172	7,933,004	6,800,065	6,436,800	5,148,921
\$ 20,206,897	\$ 23,187,172	\$ 24,953,004	\$ 23,060,065	\$ 21,746,800	\$ 20,188,921
2.93	2.05	1.96	1.85	1.83	1.80
\$ 68,222,443	\$ 41,949,627	\$ 42,228,527	\$ 19,227,303	\$ 25,048,450	\$ 77,976,093

**REVENUE BOND DEBT SERVICE COVERAGE (continued)**

	2006	2005	2004
<b>NET REVENUES</b>			
Airline Revenue	\$ 230,537,986	\$ 233,326,267	\$ 225,134,652
Non-Airline Revenue	199,896,655	200,409,975	178,783,727
Interest Income	27,735,256	14,337,950	8,356,729
Other Revenues & Prior Year Transfers	66,929,387	60,358,771	33,211,382
Total Revenues	525,099,284	508,432,963	445,486,490
LESS: Operating Expenses	(234,849,253)	(234,702,564)	(210,630,721)
Net Revenues	\$ 290,250,031	\$ 273,730,399	\$ 234,855,769
<b>DEBT SERVICE</b>			
1988A General Airport Subordinated Revenue Bonds	\$ -	\$ -	\$ -
1988C General Airport Subordinated Revenue Bonds	-	-	-
1988D General Airport Subordinated Revenue Bonds	-	-	-
1989A General Airport Subordinated Revenue Bonds	-	-	-
1990A Airport System Revenue Bonds	-	-	-
1992A Airport System Revenue Bonds	-	-	-
1993A Airport System Revenue & Refunding Bonds	-	-	1,993,757
1993B Airport System Revenue & Refunding Bonds	-	-	-
1994A Airport System Revenue Bonds	-	-	23,257,594
1997A Airport System Revenue Bonds	1,257,695	2,142,909	2,952,191
1997B Airport System Revenue Bonds	14,484,458	15,248,622	12,842,186
1997C Airport System Revenue & Refunding Bonds	-	-	-
1998A Airport System Revenue Bonds	1,287,357	1,322,236	1,318,158
1998B Airport System Revenue & Refunding Bonds	18,369,760	19,710,594	18,124,292
1999A Airport System Revenue & Refunding Bonds	5,855,002	5,946,837	5,841,298
2001A Airport System Revenue Bonds	13,623,715	13,976,834	6,905,090
2001B Airport System Revenue Bonds	316,128	366,495	451,143
2002A Airport System Revenue Bonds	7,794,227	6,320,872	5,615,081
2002B Airport System Revenue Bonds	611,720	789,395	1,085,449
2002C Airport System Revenue Variable Rate Refunding Bonds	19,442,226	19,758,330	19,934,028
2002D Airport System Revenue Refunding Bonds	4,884,026	2,596,248	2,994,667
2003A Airport System Revenue Refunding Bonds	5,886,411	10,185,205	9,433,874
2003B Airport System Revenue Refunding Bonds	4,012,211	4,050,272	2,603,708
2003C Taxable Airport System Revenue Refunding Bonds	3,275,036	3,295,935	3,330,846
2003D Airport System Revenue Variable Rate Bonds	3,366,517	3,230,574	2,656,903
2004A Airport System Revenue Refunding Bonds	629,037	561,894	223,643
2004B Airport System Revenue Bonds	1,482,108	4,819,952	2,535,517
2004C-1 Airport System Revenue Refunding Bonds	16,156,121	8,049,634	2,353,789
2004C-2 Airport System Revenue Refunding Bonds	4,992,470	14,346,612	5,161,229
2004D Airport System Revenue Refunding Bonds	11,219,448	11,183,139	3,885,524
2005A Airport System Revenue Bonds	12,701,790	9,863,398	-
2005B Airport System Revenue Bonds	852,675	618,617	-
2005C Taxable Airport System Revenue Bonds	1,677,884	1,647,078	-
2005D Airport System Revenue Bonds	553,486	138,752	-
Series A Bond Anticipation Commercial Paper Notes	6,910,355	427,742	4,579,243
Series B Bond Anticipation Commercial Paper Notes	-	-	-
Series One Airport System Revenue Commercial Paper Notes	-	764,384	-
Series Two Airport System Revenue Commercial Paper Notes	1,712,774	3,305,008	-
Net Debt Service	\$ 163,354,637	\$ 164,667,568	\$ 140,079,210
<b>DEBT SERVICE COVERAGE</b>	1.78	1.66	1.68

Note: Net Revenues are calculated in accordance with Authority Airport Use Agreement and Premises Lease. Debt Service does not include debt paid from bond funds for capitalized interest or debt service paid from interest earnings.

Source: Office of Finance



**AIRPORT INFORMATION**

Exhibit S-9

**Ronald Reagan Washington National Airport  
As of December 31, 2006**

<b>Location:</b>	3 miles south from downtown Washington D.C. along the Potomac River in Arlington County, VA		
<b>Acres:</b>	860 +/- acres		
<b>Airport Code:</b>	DCA		
<b>Runways:</b>	1/19	1,486,268	sq ft
	15/33	1,099,024	sq ft
	4/22	760,046	sq ft
<b>Terminal:</b>	Terminal A	59,488	sq ft
	Terminal B/C	370,613	sq ft
	Tenants	90,420	sq ft
	Public/Common	422,451	sq ft
	Mechanical	83,200	sq ft
	<b>Total Terminal Sq. Ft.</b>	<b>1,026,172</b>	sq ft
	Number of Passenger Gates:	35	
	Number of Loading Bridges:	35	
	Number of Concessionaires in Terminal:	82	
	Number of Rental Car Agencies in Garage A:	5	
<b>Apron:</b>	Commercial Airlines	9,527,820	sq ft
	Cargo Airlines	N/A	sq ft
	FBO	5,586,683	sq ft
	Exclusive Ramp Space	45,500	
	Common Use Ramp Space	475,430	
	<b>Total Apron Sq. Ft.</b>	<b>15,635,433</b>	
<b>Parking:</b>	Spaces Assigned:		
	Garage A	872	
	Valet	230	
	Garage B & C Daily	3,901	
	Garage B & C Hourly	455	
	Economy Lot	2,996	
	<b>Total Spaces</b>	<b>8,454</b>	
<b>Cargo:</b>	Air Cargo Building	47,000	sq ft
<b>International:</b>	N/A		
<b>Tower(s):</b>	TRACON 24 / 7 365		
<b>FBO's</b>	Signature Flight Support in Hanger 7		

Source: Office of Finance

**AIRPORT INFORMATION**

Exhibit S-10

**Washington Dulles International Airport****As of December 31, 2006**

<b>Location:</b>	26 miles west from downtown Washington D.C., Located in Fairfax and Loudoun Counties, VA		
<b>Acres:</b>	11,830 +/- Acres		
<b>Airport Code:</b>	IAD		
<b>Runways:</b>	12/30 1L/19R 1R/19L		
<b>Terminal:</b>	Signatory Airlines	901,100	sq ft
	Tenants / Concessions	129,094	sq ft
	Public/Common	966,825	sq ft
	Mechanical	254,361	sq ft
	<b>Total Terminal Sq. Ft.</b>	<b>2,251,380</b>	sq ft
	Number of Passenger Gates:	126	
	Number of Loading Bridges:	37	
	Number of Concessionaires in Terminal:	95	
	Number of Rental Car Agencies on Airport:	8	
<b>Airfield</b>	Runways	5,025,000	sq ft
	Taxiways	11,830,485	sq ft
	Ramps/Aprons	11,894,254	sq ft
	Shoulders & Blast Pads	8,290,194	sq ft
	<b>Total Airfield Sq. Ft.</b>	<b>37,039,933</b>	
<b>Parking:</b>	Spaces Assigned		
	Daily Garage 1	4,680	
	Daily Garage 2	3,645	
	Hourly Parking Lot	2,516	
	Economy	12,955	
	Valet	1,457	spaces
	<b>Total Parking Spaces</b>	<b>25,253</b>	
<b>Roadways</b>	Lane mileage	219	miles
<b>Cargo:</b>	Cargo 1 & 2	53,231	sq ft
	Cargo 3 & 4	59,287	sq ft
	Cargo 5	284,928	sq ft
	Cargo 6	117,736	sq ft
	<b>Total Cargo Sq. Ft.</b>	<b>515,182</b>	
<b>International:</b>	Customs/Immigration F.I.S. Facility		
<b>Tower(s):</b>	TRACON 24 / 7/ 365		
<b>FBO's</b>	Landmark Aviation Signature Flight Support		

## Notes:

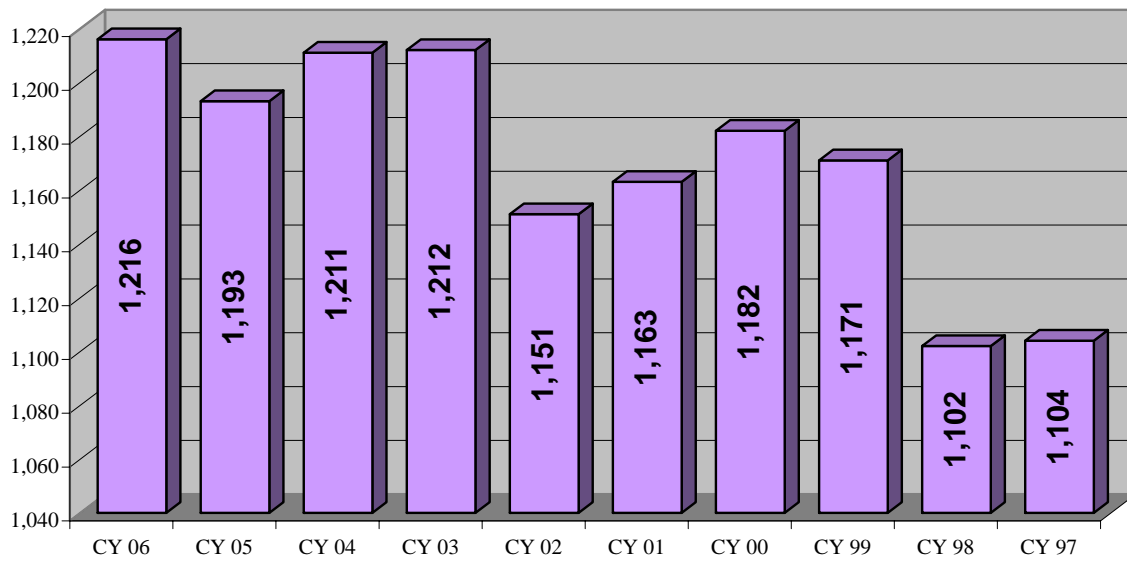
Passenger Gates - includes 62 commuter gates and 11 hard stand parking positions

Loading Bridges - includes 5 temporarily moved for construction

Concessionaires - includes food, retail, duty free, banking/currency exchange. Does not include ATMs, pay phones and dioramas.

Source: Office of Finance

## AIRPORTS AUTHORITY EMPLOYEE STRENGTH



**POPULATION TRENDS**

Exhibit S-12

**Metropolitan Statistical Area - Last Ten Years**

(Expressed in Thousands)

JURISDICTION	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
District of Columbia	581.5	553.5	528.8	570.9	571.8	572.1	570.2	565.2	567.7	572.4
Arlington County, VA	196.0	186.1	187.4	188.7	189.5	189.4	188.7	186.7	184.8	182.8
City of Alexandria, VA	135.3	128.2	128.7	129.8	130.4	128.3	125.7	122.1	119.9	118.2
<b>Central Jurisdictions</b>	<b>912.8</b>	<b>867.8</b>	<b>844.9</b>	<b>889.4</b>	<b>891.7</b>	<b>889.8</b>	<b>884.6</b>	<b>874.0</b>	<b>872.4</b>	<b>873.4</b>
Fairfax County, VA	1006.5	1003.2	996.8	992.4	986.3	969.7	955.6	936.9	924.2	906.9
Montgomery County, MD	927.6	921.7	915.1	906.0	893.1	873.3	862.4	847.6	835.4	824.8
Prince George's County, MD	846.1	843.0	836.4	827.7	817.3	801.5	795.1	789.0	780.7	774.0
City of Fairfax, VA	22.0	22.1	22.0	21.8	21.8	21.5	21.5	21.4	21.1	21.2
City of Falls Church, VA	10.8	11.0	10.6	10.6	10.5	10.4	10.2	9.9	9.6	9.6
<b>Inner Suburbs</b>	<b>2,813.0</b>	<b>2,801.0</b>	<b>2,780.9</b>	<b>2,758.5</b>	<b>2,729.0</b>	<b>2,676.4</b>	<b>2,644.8</b>	<b>2,604.8</b>	<b>2,571.0</b>	<b>2,536.5</b>
Prince William County, VA	348.6	336.6	323.9	310.8	297.6	280.8	272.7	263.9	256.9	251.9
Loudoun County, VA	255.5	239.2	221.1	203.8	190.1	169.6	158.1	146.1	135.4	125.0
Frederick County, MD	220.7	217.7	213.6	209.1	202.4	195.3	191.6	187.1	183.3	179.3
Charles County, MD	138.8	135.8	132.3	128.2	125.0	120.5	118.6	116.2	113.6	111.6
Stafford County, VA	117.9	114.8	110.2	104.3	98.4	92.4	89.4	86.3	83.0	82.0
Spotsylvania County, VA	116.5	111.9	107.7	102.6	96.7	90.4	87.2	83.6	80.3	77.4
Calvert County, MD	87.9	86.5	84.2	80.9	77.7	74.6	72.9	71.0	68.6	66.2
Fauquier County, VA	65.0	63.3	61.2	59.5	57.4	55.1	54.0	52.9	52.0	50.8
Manassas City, VA	37.6	37.6	37.1	36.6	35.9	35.1	34.6	33.7	33.0	32.6
Warren County, VA	35.6	34.4	33.8	33.1	32.2	31.6	31.1	30.5	30.3	30.1
Jefferson County, WVA	49.2	47.7	46.4	45.0	43.4	42.1	41.6	40.8	40.2	39.7
Fredericksburg City, VA	20.7	20.5	20.2	20.0	19.7	19.3	19.5	19.6	21.5	20.7
Clarke County, VA	14.2	13.9	13.4	13.2	13.1	12.7	12.5	12.4	12.5	12.3
Manassas Park City, VA	11.6	11.5	11.0	10.9	10.8	10.3	10.0	9.5	9.0	8.6
<b>Outer Suburbs</b>	<b>1,519.8</b>	<b>1,471.4</b>	<b>1,416.1</b>	<b>1,358.0</b>	<b>1,300.4</b>	<b>1,229.8</b>	<b>1,193.8</b>	<b>1,153.6</b>	<b>1,119.6</b>	<b>1,088.2</b>
<b>DC-MD-VA-WVA Metropolitan Statistical Area</b>	<b>5,245.6</b>	<b>5,140.2</b>	<b>5,041.9</b>	<b>5,005.9</b>	<b>4,921.1</b>	<b>4,796.0</b>	<b>4,723.2</b>	<b>4,632.4</b>	<b>4,563.0</b>	<b>4,498.1</b>

Prepared by the Office of Finance

Source: Years 1995-1999 - Time Series of Maryland Intercensal Population Estimates by County: April 1, 1990 through April 1, 2000.

Source: Years 2000-2005 - Population Estimates Program, US Census Bureau.

Source: Metropolitan Washington Council of Governments

**AIRCRAFT OPERATIONS BY AIRPORT**

Exhibit S-13

## Takeoff and Landing Operations

*Ronald Reagan Washington National Airport*

CALENDAR YEAR	MAJOR/NATIONALS	REGIONAL/COMMUTERS	GENERAL AVIATION	MILITARY	TOTAL
2006	157,536	115,087	3,172	624	276,419
2005	181,417	91,227	3,101	311	276,056
2004	154,432	111,333	2,546	245	268,556
2003	139,343	109,085	2,087	287	250,802
2002	139,259	73,078	2,255	1,099	215,691
2001	159,347	47,650	32,290	4,721	244,008
2000	188,285	59,695	44,592	5,307	297,879
1999	182,589	54,664	48,557	5,955	291,765
1998	185,926	56,274	49,290	5,603	297,093
1997	185,334	63,808	50,212	5,282	304,636

*Washington Dulles International Airport*

CALENDAR YEAR	MAJOR/NATIONALS	REGIONAL/COMMUTERS	GENERAL AVIATION	MILITARY	TOTAL
2006	132,265	178,372	67,954	980	379,571
2005	255,442	179,492	73,629	1,089	509,652
2004	281,663	111,669	74,689	1,614	469,635
2003	232,112	27,833	73,668	1,784	335,397
2002	262,063	26,957	81,732	1,884	372,636
2001	300,061	27,548	62,643	6,634	396,886
2000	336,467	52,847	59,417	7,705	456,436
1999	343,512	49,782	64,429	8,192	465,915
1998	283,157	25,754	65,842	7,431	382,184
1997	240,861	29,238	62,402	7,063	339,564

Prepared by the Office of Finance

Source: Office of Finance

**LANDED WEIGHTS**

(Expressed in Thousands of Pounds)

**Ronald Reagan Washington National Airport**

AIRLINE	CY 2006		CY 2005		CY 2004		CY 2003		CY 2002	
	Landed Weights	Share	Landed Weights	Share	Landed Weights <sup>3</sup>	Share <sup>3</sup>	Landed Weights <sup>3</sup>	Share <sup>3</sup>	Landed Weights <sup>3</sup>	Share <sup>3</sup>
US Airways	3,777,558	29.07%	4,437,393	34.66%	3,082,443	26.87%	3,059,815	28.24%	3,115,677	30.81%
Delta Airlines + Delta Shuttle	1,521,021	11.70%	1,510,590	11.80%	1,411,358	12.30%	1,489,855	13.75%	1,713,594	16.94%
American Airlines	1,288,058	9.91%	1,277,371	9.98%	1,156,215	10.08%	1,362,246	12.57%	1,311,095	12.96%
Northwest Airlines	875,902	6.74%	846,247	6.61%	842,286	7.34%	916,221	8.46%	779,922	7.71%
Air Wisconsin (US Airways Express)	724,223	5.57%	52,170	0.41%	-	-	-	-	-	-
Republic Airlines (US Airways Express)	692,821	5.33%	26,900	0.21%	-	-	-	-	-	-
United Airlines	685,035	5.27%	671,032	5.24%	846,889	7.38%	615,931	5.69%	628,511	6.21%
Continental Airlines	528,186	4.06%	506,448	3.96%	475,519	4.15%	481,828	4.45%	534,108	5.28%
American Eagle(Flagship)	425,382	3.27%	404,211	3.16%	361,779	3.15%	363,734	3.36%	231,222	2.29%
Midwest Express	303,872	2.34%	305,028	2.38%	355,080	3.10%	272,663	2.52%	286,368	2.83%
Comair	287,789	2.21%	291,534	2.28%	417,530	3.64%	473,666	4.37%	98,888	0.98%
America West Airlines	215,496	1.66%	224,186	1.75%	285,361	2.49%	172,147	1.59%	189,006	1.87%
PSA Airlines	208,700	1.61%	578,899	4.52%	302,035	2.63%	232,511	2.15%	185,006	1.83%
AirTran	199,552	1.54%	184,624	1.44%	182,535	1.59%	36,296	0.34%	-	-
American Trans Air	180,125	1.39%	204,921	1.60%	214,056	1.87%	158,894	1.47%	146,007	1.44%
Alaska Airlines	148,008	1.14%	142,538	1.11%	94,224	0.82%	46,770	0.43%	-	-
Spirit Airlines	143,724	1.11%	182,057	1.42%	125,013	1.09%	8,060	0.07%	-	-
Frontier Airlines	137,573	1.06%	137,474	1.07%	128,394	1.12%	47,815	0.44%	43,199	0.43%
Air Canada	124,919	0.96%	159,966	1.25%	145,756	1.27%	129,872	1.20%	136,149	1.35%
Continental Express	123,207	0.95%	116,228	0.91%	189,110	1.65%	113,036	1.04%	67,618	0.67%
Chautauqua (US Airways Express)	119,937	0.92%	213,123	1.66%	292,133	2.55%	156,538	1.44%	-	-
Pinnacle Airlines	80,464	0.62%	106,596	0.83%	37,404	0.33%	-	-	-	-
Air Canada Jazz	50,044	0.39%	-	-	-	-	-	-	-	-
Atlantic Southeast	43,851	0.34%	50,422	0.39%	89,497	0.78%	87,245	0.81%	5,684	0.06%
Mesaba Airlines	26,010	0.20%	50,065	0.39%	-	-	-	-	-	-
Colgan Air	25,734	0.20%	31,379	0.25%	105,417	0.92%	11,258	0.10%	-	-
Trans States Airlines	20,338	0.16%	32,507	0.25%	100,843	0.88%	4,595	0.04%	-	-
Piedmont Aviation	20,192	0.16%	11,597	0.09%	95,502	0.83%	177,332	1.64%	411,452	4.07%
Signature Flight Support (FBO)	5,181	0.04%	46,982	0.37%	41,747	0.36%	30,662	0.28%	21,578	0.21%
Allegheny Commuter	-	-	-	-	58,953	0.51%	152,042	1.40%	116,819	1.16%
Potomac Air, Inc.	-	-	-	-	-	-	-	-	-	-
Trans World Airlines	-	-	-	-	-	-	-	-	-	-
Other 1/	13,268	0.10%	-	-	34,720	-	233,075	2.15%	91,111	0.90%
<b>Total 2/</b>	<b>12,996,168</b>	<b>100.00%</b>	<b>12,802,488</b>	<b>100.00%</b>	<b>11,471,799</b>	<b>99.70%</b>	<b>10,834,104</b>	<b>100.00%</b>	<b>10,113,018</b>	<b>100.00%</b>

1/ Includes airlines no longer serving National or carriers with insignificant activity.

2/ Percentage may not add to 100 percent due to individual rounding.

3/ Prior year amounts have been adjusted for corrections or additional information.

Source: Office of Finance

CY 2001		CY 2000		CY 1999		FY 1998		FY 1997	
Landed Weights <sup>3</sup>	Share <sup>3</sup>	Landed Weights <sup>3</sup>	Share <sup>3</sup>	Landed Weights <sup>3</sup>	Share <sup>3</sup>	Landed Weights <sup>3</sup>	Share <sup>3</sup>	Landed Weights <sup>3</sup>	Share <sup>3</sup>
3,615,979	33.36%	3,952,238	31.87%	3,257,041	28.54%	3,539,036	30.06%	3,546,565	29.46%
2,191,172	20.22%	2,415,506	19.48%	2,346,724	20.56%	2,253,345	19.14%	2,290,648	19.03%
1,187,911	10.96%	1,449,620	11.69%	1,487,965	13.04%	1,512,085	12.84%	1,556,567	12.93%
741,852	6.84%	901,926	7.27%	898,284	7.87%	855,381	7.27%	928,769	7.71%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
598,303	5.52%	689,184	5.56%	727,179	6.37%	836,657	7.11%	880,094	7.31%
684,300	6.31%	852,278	6.87%	866,443	7.59%	865,589	7.35%	851,780	7.07%
127,751	1.18%	83,298	0.67%	71,832	0.63%	86,888	0.74%	87,476	0.73%
-	-	215,212	1.74%	175,712	1.54%	166,201	1.41%	166,793	1.39%
-	-	-	-	-	-	-	-	-	-
213,416	1.97%	125,394	1.01%	95,195	0.83%	110,890	0.94%	147,801	1.23%
58,305	0.54%	140,293	1.13%	141,752	1.24%	126,089	1.07%	121,451	1.01%
-	-	-	-	-	-	-	-	-	-
138,567	1.28%	156,211	1.26%	-	-	-	-	155	0.00%
4,642	0.04%	-	-	-	-	-	-	-	-
56,651	0.52%	12,848	0.10%	-	-	-	-	-	-
30,727	0.28%	10,260	0.08%	-	-	-	-	-	-
122,533	1.13%	171,101	1.38%	174,237	1.53%	169,863	1.44%	147,991	1.23%
10,110	0.09%	1,809	0.01%	11,735	0.10%	11,137	0.09%	11,017	0.09%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	171,101	1.38%	174,237	1.53%	169,863	1.44%	147,991	1.23%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
432	-	-	-	-	-	-	-	-	-
-	-	85,704	0.69%	76,476	0.67%	77,053	0.65%	80,432	0.67%
160,547	1.48%	352,055	2.84%	368,258	3.23%	368,369	3.13%	466,736	3.88%
466,035	4.30%	199,255	1.61%	73,130	0.64%	68,132	0.58%	15,571	0.13%
13,153	0.12%	19,425	0.16%	25,832	0.23%	64,546	0.55%	65,936	0.55%
-	-	-	-	-	-	-	-	-	-
290,335	2.68%	395,454	3.19%	431,724	3.78%	436,226	3.71%	445,878	3.70%
125,735	1.16%	-	-	9,386	0.08%	55,874	0.47%	80,038	0.66%
<b>10,838,455</b>	<b>100.00%</b>	<b>12,400,172</b>	<b>100.00%</b>	<b>11,413,142</b>	<b>100.00%</b>	<b>11,773,225</b>	<b>100.00%</b>	<b>12,039,688</b>	<b>100.00%</b>

**LANDED WEIGHTS**

(Expressed in Thousands of Pounds)

**Washington Dulles International Airport**

AIRLINE	2006		2005		2004		2003		2002	
	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share
United Airlines	7,048,694	37.76%	6,392,517	30.63%	6,557,152	34.22%	5,663,094	37.40%	6,127,511	36.96%
Mesa Airlines	1,847,801	9.90%	893,675	4.28%	347,739	1.81%	-	-	-	-
JetBlue Airways	794,112	4.25%	523,980	2.51%	484,930	2.53%	361,958	2.39%	244,420	1.47%
Landmark Aviation (FBO)	701,682	3.76%	551,161	2.64%	297,868	1.55%	352,416	2.33%	546,953	3.30%
Trans States Airlines	596,537	3.20%	678,031	3.25%	217,860	1.14%	-	-	-	-
American Airlines	557,241	2.98%	598,510	2.87%	587,805	3.07%	777,149	5.13%	1,017,507	6.14%
Delta Airlines	497,957	2.67%	530,760	2.54%	727,540	3.80%	759,207	5.01%	985,854	5.95%
Signature Flight Support (FBO)	477,555	2.56%	456,290	2.19%	419,380	2.19%	375,348	2.48%	382,530	2.31%
Shuttle America	475,885	2.55%	370,263	1.77%	173,781	0.91%	-	-	2,802	0.02%
Lufthansa	469,317	2.51%	409,835	1.96%	317,729	1.66%	310,526	2.05%	311,217	1.88%
British Airways	458,074	2.45%	28,512	0.14%	529,004	2.76%	515,279	3.40%	564,804	3.41%
Air France	413,269	2.21%	384,546	1.84%	321,257	1.68%	296,325	1.96%	268,292	1.62%
Federal Express	403,651	2.16%	401,655	1.92%	371,733	1.94%	410,858	2.71%	485,719	2.93%
AirTrans (Valujet)	267,592	1.43%	178,360	0.85%	184,808	0.96%	211,560	1.40%	214,929	1.30%
Northwest Airlines	267,526	1.43%	289,410	1.39%	308,611	1.61%	327,689	2.16%	479,618	2.89%
Colgan Airways (United Express)	207,564	1.11%	-	-	-	-	-	-	-	-
Chautauqua Airlines (United Express)	200,743	1.08%	-	-	-	-	-	-	-	-
Virgin Atlantic	190,860	1.02%	165,869	0.79%	212,812	1.11%	181,611	1.20%	189,107	1.14%
All Nippon	187,630	1.01%	168,917	0.81%	168,360	0.88%	169,440	1.12%	168,644	1.02%
Continental Express	178,176	0.95%	197,711	0.95%	190,639	0.99%	135,889	0.90%	118,366	0.71%
South African Airways	169,210	0.91%	64,125	0.31%	-	-	-	-	-	-
US Airways	159,723	0.86%	196,034	0.94%	185,961	0.97%	187,800	1.24%	249,267	1.50%
Austrian Airlines	143,320	0.77%	28,800	0.14%	145,155	0.76%	143,237	0.95%	146,469	0.88%
KLM Royal Dutch Airlines	132,227	0.71%	-	-	-	-	-	-	-	-
Southwest Airlines	130,534	0.70%	-	-	-	-	-	-	-	-
Scandinavian	125,820	0.67%	105,126	0.50%	111,950	0.58%	114,283	0.75%	114,878	0.69%
Korean Air	119,136	0.64%	111,384	0.53%	108,756	0.57%	99,716	0.66%	96,944	0.58%
America West	116,422	0.62%	146,936	0.70%	175,731	0.92%	126,018	0.83%	8,813	0.05%
Taca International	115,978	0.62%	107,680	0.52%	94,172	0.49%	88,868	0.59%	89,792	0.54%
GoJet Airlines	111,153	0.60%	-	-	-	-	-	-	-	-
Air Canada + Jazz	94,636	0.51%	94,946	0.45%	150,749	0.79%	166,472	1.10%	180,561	1.09%
Colgan Airways (US Airways Express)	85,596	0.46%	31,736	0.15%	38,262	0.20%	33,716	0.22%	66,624	0.40%
Saudi Arabian Airlines	84,109	0.45%	61,241	0.29%	73,470	0.38%	70,397	0.46%	77,214	0.47%
United Parcel Service	83,528	0.45%	78,162	0.37%	79,916	0.42%	79,890	0.53%	76,392	0.46%
Comair, Inc.	80,395	0.43%	190,435	0.91%	101,050	0.53%	120,943	0.80%	119,057	0.72%
Airborne Express	71,887	0.39%	101,567	0.49%	116,481	0.61%	115,109	0.76%	114,811	0.69%
American Eagle	66,712	0.36%	69,347	0.33%	69,164	0.36%	69,219	0.46%	54,241	0.33%
Alitalia Airlines	66,327	0.36%	112,171	0.54%	90,061	0.47%	-	-	-	-
Ethiopian Airlines	59,714	0.32%	53,966	0.26%	45,664	0.24%	40,874	0.27%	41,201	0.25%
Chautauqua Airlines, Inc. (Am. Connection)	56,932	0.30%	67,541	0.32%	28,445	0.15%	-	-	-	-
PSA Airlines	50,049	0.27%	30,738	0.15%	4,973	0.03%	-	-	-	-
Maxjet Airways	41,662	0.22%	-	-	-	-	-	-	-	-
Independence Air + Atlantic Coast	34,476	0.18%	3,802,412	18.22%	3,403,084	17.76%	2,035,844	13.45%	2,217,292	13.37%
Air Wisconsin (United Express)	30,108	0.16%	896,072	4.29%	840,831	4.39%	227,378	1.50%	57,340	0.35%
Other /1	197,713	1.06%	1,299,148	6.23%	878,149	4.58%	572,677	3.78%	760,278	4.59%
<b>TOTAL 2/</b>	<b>18,669,230</b>	<b>100.00%</b>	<b>20,869,569</b>	<b>100.00%</b>	<b>19,161,031</b>	<b>100.00%</b>	<b>15,140,790</b>	<b>100.00%</b>	<b>16,579,448</b>	<b>100.00%</b>

1/ Includes airlines no longer serving National or carriers with insignificant activity.

2/ Percentage may not add to 100 percent due to individual rounding.

3/ FLYi includes both Atlantic Coast and Independence Air.

Source: Office of Finance

2001		2000		1999		1998		1997	
Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share
7,019,527	40.38%	7,384,117	42.02%	7,280,373	41.92%	5,604,481	39.05%	5,026,791	40.32%
-	-	106,597	0.61%	17,245	0.10%	-	-	-	-
10,082	0.06%	-	-	-	-	-	-	-	-
347,870	2.00%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
858,456	4.94%	805,479	4.58%	806,544	4.64%	827,159	5.76%	826,114	6.63%
864,294	4.97%	838,037	4.77%	954,291	5.50%	1,011,874	7.05%	961,575	7.71%
246,438	1.42%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
375,212	2.16%	339,781	1.93%	224,334	1.29%	224,563	1.56%	212,679	1.71%
403,510	2.32%	426,999	2.43%	396,288	2.28%	403,397	2.81%	325,860	2.61%
252,435	1.45%	298,118	1.70%	248,597	1.43%	220,667	1.54%	216,790	1.74%
465,973	2.68%	482,391	2.75%	517,919	2.98%	548,681	3.82%	427,701	3.43%
235,026	1.35%	244,114	1.39%	334,026	1.92%	521,334	3.63%	376,101	3.02%
524,895	3.02%	474,675	2.70%	451,588	2.60%	386,365	2.69%	380,488	3.05%
-	-	58,181	0.33%	19,356	0.11%	24,369	0.17%	4,167	0.03%
-	-	12,262	0.07%	-	-	-	-	-	-
217,233	1.25%	222,620	1.27%	187,022	1.08%	149,672	1.04%	188,558	1.51%
197,512	1.14%	203,232	1.16%	197,392	1.14%	162,292	1.13%	121,836	0.98%
103,267	0.59%	100,403	0.57%	102,885	0.59%	133,675	0.93%	168,219	1.35%
-	-	-	-	-	-	-	-	-	-
508,258	2.92%	1,446,769	8.23%	2,054,387	11.83%	639,162	4.45%	539,267	4.33%
120,737	0.69%	99,507	0.57%	81,022	0.47%	95,985	0.67%	88,114	0.71%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
68,159	0.39%	-	-	-	-	-	-	-	-
80,003	0.46%	104,536	0.59%	122,056	0.70%	120,888	0.84%	122,056	0.98%
-	-	1,667	0.01%	41,109	0.24%	82,484	0.57%	49,558	0.40%
70,489	0.41%	52,878	0.30%	56,041	0.32%	107,483	0.75%	199,947	1.60%
-	-	-	-	-	-	-	-	-	-
217,438	1.25%	189,526	1.08%	120,821	0.70%	116,732	0.81%	98,381	0.79%
109,330	0.63%	58,181	0.33%	19,356	0.11%	24,369	0.17%	4,167	0.03%
89,230	0.51%	85,632	0.49%	96,405	0.56%	98,296	0.68%	73,722	0.59%
66,928	0.39%	58,705	0.33%	5,141	0.03%	55,871	0.39%	41,115	0.33%
76,563	0.44%	112,474	0.64%	-	-	-	-	-	-
111,900	0.64%	116,868	0.67%	128,035	0.74%	127,845	0.89%	92,476	0.74%
27,897	0.16%	-	-	14,165	0.08%	-	-	-	-
-	-	-	-	-	-	-	-	-	-
42,492	0.24%	44,353	0.25%	34,727	0.20%	18,969	0.13%	-	-
-	-	12,262	0.07%	-	-	-	-	-	-
2,188	0.01%	52,559	0.30%	58,538	0.34%	20,767	0.14%	23,100	0.19%
-	-	-	-	-	-	-	-	-	-
2,373,765	13.66%	2,251,159	12.81%	2,088,662	12.03%	1,743,644	12.15%	1,216,429	9.76%
-	-	-	-	-	-	-	-	-	-
1,295,142	7.45%	889,074	5.06%	707,932	4.08%	881,038	6.14%	680,814	5.46%
<b>17,382,246</b>	<b>100.00%</b>	<b>17,573,156</b>	<b>100.00%</b>	<b>17,366,257</b>	<b>100.00%</b>	<b>14,352,059</b>	<b>100.00%</b>	<b>12,466,024</b>	<b>100.00%</b>

**ENPLANEMENTS**

Exhibit S-16

**Ronald Reagan Washington National Airport****Domestic**

YEAR	NATIONAL COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS 1/	ANNUAL GROWTH
CY 2006	9,054,485	3.6%	661,984,208 3/	0.2%
CY 2005	8,736,725	12.0%	660,677,125	4.1%
CY 2004	7,797,382	11.9%	634,429,919	8.0%
CY 2003	6,970,957	9.7%	587,537,859	6.0%
CY 2002	6,356,238	-1.9%	554,048,767	-1.1%
CY 2001	6,480,154	-16.1%	560,381,846	-6.6%
CY 2000	7,726,093	4.6%	599,910,469	4.7%
CY 1999	7,388,163	-5.2%	573,211,943	3.5%
CY 1998	7,790,678	0.4%	553,643,042	2.7%
CY 1997	7,763,138	2.4%	538,890,916	3.2%

**Transborder/International**

YEAR	NATIONAL COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS 2/	ANNUAL GROWTH
CY 2006	185,333	7.4%	75,267,440 4/	5.2%
CY 2005	172,549	11.5%	71,514,726	6.7%
CY 2004	154,689	17.7%	66,994,192	8.8%
CY 2003	131,458	26.1%	61,551,268	-0.1%
CY 2002	104,213	25.0%	61,640,428	-3.3%
CY 2001	83,350	-35.5%	63,737,009	-9.3%
CY 2000	129,280	14.7%	70,247,880	7.5%
CY 1999	112,703	7.9%	65,341,137	6.0%
CY 1998	104,466	-8.3%	61,643,755	3.9%
CY 1997	113,949	-16.4%	59,324,682	6.6%

1/ Per Bureau of Transportation Statistics "Air Carriers: T-100 Domestic Market." This source replaces the FAA, which had been used as the source for this information in prior years.

2/ Per Bureau of Transportation Statistics "Air Carriers: T-100 International Market." This source replaces the FAA, which had been used as the source for this information in prior years.

3/ Based on January through November with estimate for December.

4/ Estimated based on actual information through August.

Prepared by the Office of Finance

Sources: Office of Finance, Bureau of Transportation Statistics

**ENPLANEMENTS**

Exhibit S-17

**Washington Dulles International Airport  
Domestic Activity**

YEAR	DULLES DOMESTIC COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS <sup>1/</sup>	ANNUAL GROWTH
CY 2006	8,797,384	-19.6%	661,984,208 <sup>3/</sup>	0.2%
CY 2005	10,947,383	21.4%	660,677,125	4.1%
CY 2004	9,014,584	41.5%	634,429,919	8.0%
CY 2003	6,371,646	-1.9%	587,537,859	6.0%
CY 2002	6,497,774	-6.6%	554,048,767	-1.1%
CY 2001	6,958,802	-11.8%	560,381,846	-6.6%
CY 2000	7,888,431	-1.0%	599,910,469	4.7%
CY 1999	7,967,779	28.7%	573,211,943	3.5%
CY 1998	6,188,759	16.4%	553,643,042	2.7%
CY 1997	5,318,459	6.3%	538,890,916	3.2%

**International Activity**

YEAR	DULLES DOMESTIC COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS <sup>2/</sup>	ANNUAL GROWTH
CY 2006	2,594,861	6.0%	75,267,440 <sup>4/</sup>	5.2%
CY 2005	2,448,994	6.0%	71,514,726	6.7%
CY 2004	2,309,572	15.8%	66,994,192	8.8%
CY 2003	1,994,840	-1.1%	61,551,268	-0.1%
CY 2002	2,017,724	2.9%	61,640,428	-3.3%
CY 2001	1,961,394	-5.8%	63,737,009	-9.3%
CY 2000	2,083,201	13.1%	70,247,880	7.5%
CY 1999	1,841,705	14.0%	65,341,137	6.0%
CY 1998	1,615,194	9.0%	61,643,755	3.9%
CY 1997	1,481,781	8.3%	59,324,682	6.6%

1/ Per Bureau of Transportation Statistics "Air Carriers: T-100 Domestic Market." This source replaces the FAA, which had been used as the source for this information in prior years.

2/ Per Bureau of Transportation Statistics "Air Carriers: T-100 International Market." This source replaces the FAA, which had been used as the source for this information in prior years.

3/ Based on January through November with estimate for December.

4/ Estimated based on actual information through August.

Prepared by the Office of Finance

Sources: MWAA Office of Finance, Bureau of Transportation Statistics

**ENPLANEMENT MARKET SHARE****Ronald Reagan Washington National Airport**

AIRLINE	CY 2006		CY 2005		CY 2004		CY 2003		CY 2002	
	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
<b>DOMESTIC</b>										
<b>AIR CARRIERS</b>										
US Airways+US Airways Shuttle	2,353,896	26.41%	2,715,964	30.48%	2,087,921	23.43%	1,895,630	26.68%	1,797,035	27.79%
American	1,132,839	12.71%	1,119,235	12.56%	921,936	10.35%	955,780	13.45%	921,433	14.25%
Delta+Delta Shuttle	1,073,406	12.05%	1,131,927	12.70%	1,095,415	12.29%	1,050,133	14.78%	1,139,754	17.63%
Northwest	666,028	7.47%	643,017	7.22%	622,144	6.98%	587,036	8.26%	522,216	8.08%
United	511,091	5.74%	462,300	5.19%	441,683	4.96%	398,713	5.61%	392,739	6.07%
Continental	378,298	4.25%	357,253	4.01%	309,128	3.47%	306,612	4.31%	326,253	5.05%
Midwest	207,345	2.33%	187,012	2.10%	166,059	1.86%	149,368	2.10%	142,933	2.21%
America West	175,333	1.97%	172,484	1.94%	153,659	1.72%	131,354	1.85%	122,745	1.90%
AirTran	172,293	1.93%	155,613	1.75%	138,707	1.56%	26,303	0.37%	-	-
ATA	151,274	1.70%	145,227	1.63%	165,032	1.85%	126,474	1.78%	121,712	1.88%
Alaska	130,596	1.47%	116,137	1.30%	77,325	0.87%	33,895	0.48%	32,149	0.50%
Frontier	123,223	1.38%	121,424	1.36%	72,757	0.82%	39,044	0.55%	36,058	0.56%
Spirit	104,988	1.18%	135,878	1.52%	110,303	1.24%	8,854	0.12%	-	-
Trans World	-	-	-	-	-	-	-	-	-	-
Other Air Carriers 1/	-	-	-	-	409	0.00%	-	-	19,798	0.31%
<b>REGIONALS</b>										
Republic (US Airways Express)	465,755	5.23%	14,032	0.16%	-	-	-	-	-	-
Air Wisconsin (US Airways Express)	460,008	5.16%	32,716	0.37%	-	-	-	-	-	-
American Eagle	280,129	3.14%	264,758	2.97%	215,408	2.42%	198,460	2.79%	133,539	2.07%
Comair (Delta Connection)	176,297	1.98%	158,060	1.77%	214,242	2.40%	243,627	3.43%	46,716	0.72%
PSA	152,515	1.71%	339,434	3.81%	191,904	2.15%	111,727	1.57%	128,069	1.98%
Continental Express	97,211	1.09%	90,506	1.02%	90,655	1.02%	90,836	1.28%	58,954	0.91%
Chautauqua (US Airways Express)	95,080	1.07%	150,719	1.69%	225,935	2.54%	115,102	1.62%	-	-
Pinnacle	55,563	0.62%	62,386	0.70%	10,455	0.12%	-	-	-	-
ASA (Delta Connection)	27,887	0.31%	35,904	0.40%	65,488	0.73%	54,430	0.77%	5,423	0.08%
Trans States (American Connection)	15,250	0.17%	25,230	0.28%	42,617	0.48%	3,622	0.05%	-	-
Mesaba (Northwest Airlink)	14,734	0.17%	25,724	0.29%	-	-	-	-	-	-
Colgan Airways (US Airways Exp.)	13,041	0.15%	-	-	-	-	-	-	-	-
Piedmont	11,584	0.13%	4,342	0.05%	47,334	0.53%	100,245	1.41%	189,691	2.93%
Liberty Express	6,849	0.08%	58,990	0.66%	265,276	2.98%	113,511	1.60%	122,977	1.90%
Allegheny	-	-	-	-	24,344	0.27%	86,410	1.22%	66,799	1.03%
Midway (US Airways Express)	-	-	-	-	-	-	110,303	1.55%	-	-
Other Regionals 1/	1,969	0.02%	10,453	0.12%	41,246	0.46%	33,488	0.47%	29,245	0.45%
<b>AIR CARRIER – CHARTERED</b>										
Other Charters 1/	3	0.00%	-	-	-	-	-	-	-	-
<b>GENERAL AVIATION</b>										
Other General Aviation 1/	536	0.01%	53	0.00%	-	-	-	-	-	-
<b>MILITARY</b>										
Other Military 1/	2,126	0.02%	1,906	0.02%	5,375	0.06%	3,940	0.06%	4,936	0.08%
<b>TOTAL</b>	<b>9,057,147</b>	<b>97.99%</b>	<b>8,738,684</b>	<b>94.55%</b>	<b>7,802,757</b>	<b>87.56%</b>	<b>6,974,897</b>	<b>98.15%</b>	<b>6,361,174</b>	<b>98.39%</b>
<b>TRANSBORDER/INTERNATIONAL</b>										
<b>AIR CARRIERS</b>										
Air Canada	76,107	0.85%	104,637	1.17%	94,135	1.06%	79,436	1.12%	83,654	1.29%
US Airways	48,559	0.54%	40,830	0.46%	37,625	0.42%	33,891	0.48%	11,481	0.18%
<b>REGIONALS</b>										
Other Regionals 1/	60,667	0.68%	27,082	0.30%	22,929	0.26%	18,131	0.26%	9,078	0.14%
<b>GENERAL AVIATION</b>										
Other General Aviation 1/	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>185,333</b>	<b>2.08%</b>	<b>172,549</b>	<b>1.94%</b>	<b>154,689</b>	<b>1.74%</b>	<b>131,458</b>	<b>1.85%</b>	<b>104,213</b>	<b>1.61%</b>
<b>GRAND TOTAL</b>	<b>9,242,480</b>	<b>100.00%</b>	<b>8,911,233</b>	<b>100.00%</b>	<b>7,957,446</b>	<b>100.00%</b>	<b>7,106,355</b>	<b>100.00%</b>	<b>6,465,387</b>	<b>100.00%</b>

1/ Includes airlines no longer serving National or airlines with insignificant activity.

Note: Prior years' schedules have been adjusted to include charter, general aviation and military passengers.

CY 2001		CY 2000		CY 1999		CY 1998		CY 1997	
Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
2,049,010	30.99%	2,569,040	32.37%	2,435,988	32.13%	2,813,779	35.28%	2,727,821	34.31%
771,529	11.67%	1,013,424	12.77%	995,915	13.14%	1,046,727	13.13%	1,070,476	13.47%
1,247,114	18.86%	1,458,645	18.38%	1,381,439	18.22%	1,347,212	16.89%	1,344,958	16.92%
480,359	7.27%	580,364	7.31%	574,881	7.58%	528,412	6.63%	595,703	7.49%
372,984	5.64%	411,947	5.19%	462,826	6.10%	528,282	6.62%	511,556	6.43%
409,712	6.20%	544,747	6.86%	571,279	7.53%	562,575	7.05%	536,822	6.75%
109,329	1.65%	105,799	1.33%	95,873	1.26%	88,573	1.11%	82,272	1.03%
122,536	1.85%	55,432	0.70%	35,442	0.47%	42,712	0.54%	72,975	0.92%
-	-	-	-	-	-	-	-	-	-
105,944	1.60%	99,549	1.25%	-	-	-	-	-	-
3,019	0.05%	-	-	-	-	-	-	-	-
24,879	0.38%	10,511	0.13%	-	-	-	-	-	-
46,762	0.71%	10,161	0.13%	-	-	-	-	-	-
173,781	2.63%	252,161	3.18%	268,939	3.55%	241,883	3.03%	244,878	3.08%
75,026	1.13%	71,088	0.90%	43,641	0.58%	61,901	0.78%	64,360	0.81%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
66,060	1.00%	70,044	0.88%	70,084	0.92%	74,830	0.94%	74,060	0.93%
-	-	22,759	0.29%	10,998	0.15%	-	-	-	-
34,511	0.52%	95,775	1.21%	102,252	1.35%	92,746	1.16%	80,315	1.01%
10,735	0.16%	1,593	0.02%	6,695	0.09%	8,119	0.10%	7,928	0.10%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
70,872	1.07%	164,970	2.08%	184,440	2.43%	209,232	2.62%	224,924	2.83%
227,204	3.44%	126,588	1.59%	86,262	1.14%	45,250	0.57%	8,795	0.11%
2,933	0.04%	5,058	0.06%	9,528	0.13%	34,841	0.44%	31,918	0.40%
-	-	-	-	-	-	-	-	-	-
72,429	1.10%	53,627	0.68%	49,906	0.66%	61,986	0.78%	81,518	1.03%
-	-	-	-	-	-	-	-	-	-
3,426	0.04%	2,811	0.03%	1,775	0.02%	1,618	0.02%	1,859	0.02%
-	-	-	-	-	-	-	-	-	-
46,433	0.70%	81,183	1.02%	81,203	1.07%	79,517	1.00%	72,702	0.91%
-	-	-	-	-	-	-	-	-	-
849	0.01%	-	-	-	-	-	-	-	-
<b>6,527,436</b>	<b>98.74%</b>	<b>7,807,276</b>	<b>98.37%</b>	<b>7,469,366</b>	<b>98.51%</b>	<b>7,870,195</b>	<b>98.69%</b>	<b>7,835,840</b>	<b>98.57%</b>
78,937	1.19%	108,709	1.37%	111,794	1.47%	104,466	1.31%	92,403	1.16%
-	0.00%	-	-	-	-	-	-	21,546	0.27%
4,413	0.07%	20,571	0.26%	909	0.01%	-	-	-	-
32	0.00%	-	-	-	-	-	-	-	-
<b>83,382</b>	<b>1.26%</b>	<b>129,280</b>	<b>1.63%</b>	<b>112,703</b>	<b>1.49%</b>	<b>104,466</b>	<b>1.31%</b>	<b>113,949</b>	<b>1.43%</b>
<b>6,610,818</b>	<b>100.00%</b>	<b>7,936,556</b>	<b>100.00%</b>	<b>7,582,069</b>	<b>100.00%</b>	<b>7,974,661</b>	<b>100.00%</b>	<b>7,949,789</b>	<b>100.00%</b>

**ENPLANEMENT MARKET SHARE****Washington Dulles International Airport**

AIRLINE	CY 2006		CY 2005		CY 2004		CY 2003		CY 2002	
	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
<b>DOMESTIC</b>										
<b>AIR CARRIERS</b>										
United	3,430,537	29.84%	3,131,653	23.19%	3,064,079	26.81%	2,459,604	29.08%	2,563,838	29.83%
JetBlue	666,704	5.80%	475,282	3.52%	444,592	3.89%	342,582	4.05%	219,135	2.55%
American	450,718	3.92%	471,771	3.49%	410,792	3.59%	438,793	5.19%	511,972	5.96%
Delta	384,682	3.35%	392,954	2.91%	474,913	4.16%	531,773	6.29%	665,661	7.74%
AirTran	199,898	1.74%	133,541	0.99%	129,738	1.14%	166,607	1.97%	153,497	1.79%
Northwest	196,249	1.71%	220,105	1.63%	204,563	1.79%	174,280	2.06%	189,204	2.20%
US Airways	101,772	0.89%	118,897	0.88%	97,310	0.85%	118,315	1.40%	125,972	1.47%
America West	86,614	0.75%	98,160	0.73%	120,987	1.06%	85,113	1.01%	5,551	0.06%
Southwest Airlines Co.	80,567	0.70%	-	-	-	-	-	-	-	-
Independence Air	22,050	0.19%	2,690,638	19.93%	1,221,575	10.69%	-	-	-	-
Continental	15,217	0.13%	26,260	0.19%	27,616	0.24%	39,506	0.47%	71,950	0.84%
Atlantic Coast	-	-	-	-	817,453	7.15%	1,500,700	17.74%	1,583,496	18.42%
Other Air Carriers 1/	31,500	0.27%	58,883	0.44%	95,279	0.83%	69,428	0.82%	94,664	1.10%
<b>REGIONALS</b>										
Mesa (United Express)	1,602,553	13.94%	730,191	5.41%	282,517	2.47%	-	-	-	-
Trans States (United Express)	498,796	4.34%	567,626	4.20%	288,287	2.52%	2,707	0.03%	-	-
Shuttle America (United Express)	266,414	2.32%	239,948	1.78%	110,075	0.96%	-	-	2,391	0.03%
Colgan Air (United Express)	142,528	1.24%	22,075	0.16%	-	-	-	-	-	-
Continental Express	134,477	1.17%	166,745	1.23%	153,109	1.34%	92,012	1.09%	69,276	0.81%
Chautauqua (United Express)	127,799	1.11%	389,987	2.89%	154,760	1.35%	-	-	-	-
Air Wisconsin (United Express)	16,899	0.15%	681,692	5.05%	641,015	5.61%	179,975	2.13%	49,376	0.57%
Other Regionals 1/	340,604	2.96%	329,999	2.44%	272,562	2.38%	163,327	1.93%	182,859	2.13%
<b>AIR CARRIER – CHARTERED</b>										
Other Charters 1/	806	0.01%	976	0.01%	3,362	0.03%	6,924	0.08%	8,932	-
<b>GENERAL AVIATION</b>										
Landmark Aviation	36,105	0.31%	43,772	0.32%	39,817	0.35%	40,184	0.48%	35,567	0.41%
Signature Flight Support	66,673	0.58%	59,748	0.44%	60,106	0.53%	48,106	0.57%	37,506	0.44%
<b>MILITARY</b>										
Other Military 1/	173	0.00%	573	0.00%	698	0.01%	903	0.01%	637	0.01%
<b>TOTAL</b>	<b>8,900,335</b>	<b>77.41%</b>	<b>11,051,476</b>	<b>81.84%</b>	<b>9,115,205</b>	<b>79.76%</b>	<b>6,460,839</b>	<b>76.38%</b>	<b>6,571,484</b>	<b>76.45%</b>
<b>TRANSBORDER/INTERNATIONAL</b>										
<b>AIR CARRIERS</b>										
United	1,105,952	9.62%	1,004,913	7.44%	932,830	8.16%	768,233	9.08%	801,230	9.32%
Lufthansa	215,272	1.87%	200,149	1.48%	163,817	1.43%	149,399	1.77%	153,186	1.78%
Air France	201,577	1.75%	190,865	1.41%	156,142	1.37%	139,751	1.65%	127,684	1.49%
British Airways	182,241	1.59%	189,991	1.41%	189,690	1.66%	187,934	2.22%	181,694	2.11%
Taca International	98,628	0.86%	90,554	0.67%	81,316	0.71%	72,989	0.86%	71,528	0.83%
Virgin Atlantic	83,992	0.73%	75,626	0.56%	92,282	0.81%	82,415	0.97%	91,551	1.07%
Austrian	78,879	0.69%	81,580	0.60%	82,215	0.72%	76,242	0.90%	74,721	0.87%
KLM Royal Dutch	77,105	0.67%	73,253	0.54%	70,856	0.62%	39,718	0.47%	-	-
All Nippon	70,047	0.61%	68,507	0.51%	68,744	0.60%	62,181	0.74%	65,680	0.76%
SAS	66,272	0.58%	74,016	0.55%	68,727	0.60%	58,086	0.69%	60,007	0.70%
South African Airways	58,492	0.51%	13,254	0.10%	-	-	-	-	-	-
Korean Air	56,776	0.49%	60,604	0.45%	58,695	0.51%	46,316	0.55%	45,177	0.53%
Air Canada	4,388	0.04%	69,791	0.52%	95,776	0.84%	95,265	1.13%	110,409	1.28%
Atlantic Coast	-	-	-	-	41,414	0.36%	73,145	0.86%	6,655	0.08%
Northwest	-	-	-	-	-	-	25,068	0.30%	77,183	0.90%
Other Air Carriers 1/	114,882	1.00%	155,970	1.16%	155,511	1.36%	118,098	1.40%	151,019	1.76%
<b>REGIONALS</b>										
Air Canada Jazz	63,833	0.56%	-	-	-	-	-	-	-	-
Air Wisconsin (United Express)	6,953	0.06%	81,885	0.61%	51,557	0.45%	-	-	-	-
Other Regionals 1/	109,298	0.95%	17,593	0.13%	-	-	-	-	-	-
<b>AIR CARRIER – CHARTERED</b>										
Other Charters 1/	274	0.00%	443	0.00%	-	-	-	-	-	-
<b>GENERAL AVIATION</b>										
Other General Aviation 1/	581	0.01%	1,696	0.01%	1,191	0.01%	1,003	0.01%	816	0.01%
<b>MILITARY</b>										
Other Military 1/	1,552	0.01%	1,647	0.01%	2,869	0.03%	2,005	0.02%	5,942	0.07%
<b>TOTAL</b>	<b>2,596,994</b>	<b>22.59%</b>	<b>2,452,337</b>	<b>18.16%</b>	<b>2,313,632</b>	<b>20.24%</b>	<b>1,997,848</b>	<b>23.62%</b>	<b>2,024,482</b>	<b>23.55%</b>
<b>GRAND TOTAL</b>	<b>11,497,329</b>	<b>100.00%</b>	<b>13,503,813</b>	<b>100.00%</b>	<b>11,428,837</b>	<b>100.00%</b>	<b>8,458,687</b>	<b>100.00%</b>	<b>8,595,966</b>	<b>100.00%</b>

1/ Includes airlines no longer serving Dulles or airlines with insignificant activity.

Note: Prior years' schedules have been adjusted to include passengers from charters, general aviation and military.

CY 2001		CY 2000		CY 1999		CY 1998		CY 1997	
Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
3,065,872	34.11%	3,392,374	33.80%	3,262,281	33.03%	2,451,367	31.17%	2,251,346	32.76%
8,948	0.10%	-	-	-	-	-	-	-	-
433,586	4.82%	461,054	4.59%	449,534	4.55%	472,059	6.00%	463,455	6.74%
604,116	6.72%	639,591	6.37%	668,321	6.77%	693,946	8.82%	591,023	8.60%
190,661	2.12%	195,219	1.94%	204,057	2.07%	343,519	4.37%	250,144	3.64%
235,265	2.62%	207,152	2.06%	182,022	1.84%	140,604	1.79%	142,323	2.07%
303,648	3.38%	757,791	7.55%	1,164,790	11.79%	444,029	5.65%	391,558	5.70%
-	-	321	0.00%	15,836	0.16%	42,332	0.54%	24,660	0.36%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
89,553	1.00%	66,623	0.66%	47,708	0.48%	48,769	0.62%	40,770	0.59%
1,602,357	17.83%	1,592,006	15.86%	1,493,213	15.12%	1,242,590	15.80%	796,682	11.59%
173,616	1.93%	187,787	1.87%	143,667	1.45%	120,576	1.53%	195,699	2.85%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
66,287	0.74%	63,648	0.63%	67,391	0.68%	82,380	1.05%	88,422	1.29%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
184,893	2.06%	324,865	3.24%	268,959	2.72%	106,516	1.35%	82,377	1.20%
-	-	-	-	-	-	72	0.00%	-	-
32,134	0.36%	25,293	0.25%	23,758	0.24%	22,158	0.28%	25,782	0.38%
19,840	0.22%	17,595	0.18%	16,099	0.16%	17,423	0.22%	18,644	0.27%
470	0.01%	370	0.00%	77	0.00%	27	0.00%	33	0.00%
<b>7,011,246</b>	<b>78.00%</b>	<b>7,931,689</b>	<b>79.02%</b>	<b>8,007,713</b>	<b>81.07%</b>	<b>6,228,367</b>	<b>79.19%</b>	<b>5,362,918</b>	<b>78.04%</b>
739,139	8.22%	850,389	8.47%	866,108	8.77%	737,107	9.37%	681,268	9.91%
174,875	1.95%	166,574	1.66%	122,189	1.24%	116,014	1.48%	114,357	1.66%
119,792	1.33%	124,421	1.24%	107,560	1.09%	91,166	1.16%	99,787	1.45%
155,961	1.74%	192,643	1.92%	186,970	1.89%	183,516	2.33%	156,157	2.27%
57,470	0.64%	42,694	0.43%	41,880	0.42%	42,397	0.54%	33,612	0.49%
105,259	1.17%	115,034	1.15%	96,554	0.98%	76,742	0.98%	85,573	1.25%
58,962	0.66%	47,454	0.47%	48,481	0.49%	53,094	0.68%	44,551	0.65%
-	-	-	-	-	-	-	-	-	-
59,254	0.66%	77,451	0.77%	66,969	0.68%	55,261	0.70%	44,249	0.64%
31,423	0.35%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
37,840	0.42%	50,041	0.50%	27,179	0.28%	22,431	0.29%	21,956	0.32%
126,224	1.40%	114,982	1.15%	84,121	0.85%	65,844	0.84%	9,332	0.14%
-	-	-	-	-	-	-	-	-	-
72,763	0.81%	81,650	0.81%	84,592	0.86%	76,783	0.98%	80,178	1.17%
222,432	2.47%	219,868	2.19%	109,102	1.10%	94,839	1.21%	58,514	0.85%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	52,247	0.76%
-	-	-	-	-	-	-	-	-	-
1,523	0.02%	1,024	0.01%	636	0.01%	558	0.01%	282	0.00%
14,693	0.16%	21,516	0.21%	27,198	0.28%	20,501	0.26%	26,655	0.39%
<b>1,977,610</b>	<b>22.00%</b>	<b>2,105,741</b>	<b>20.98%</b>	<b>1,869,539</b>	<b>18.93%</b>	<b>1,636,253</b>	<b>20.81%</b>	<b>1,508,718</b>	<b>21.96%</b>
<b>8,988,856</b>	<b>100.00%</b>	<b>10,037,430</b>	<b>100.00%</b>	<b>9,877,252</b>	<b>100.00%</b>	<b>7,864,620</b>	<b>100.00%</b>	<b>6,871,636</b>	<b>100.00%</b>

**CARGO MARKET SHARE ENPLANED**

(Expressed in Pounds)

**Ronald Reagan Washington National Airport**

AIRLINE	CY 2006		CY 2005		CY 2004		CY 2003		CY 2002	
	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
<b>DOMESTIC</b>										
<b>AIR CARRIERS</b>										
US Airways + US Airways Shuttle	1,210,445	40.61%	1,037,946	34.03%	1,727,285	38.02%	1,832,745	39.64%	1,607,082	36.22%
ATA	371,210	12.45%	589,871	19.34%	225,601	4.97%	87,735	1.90%	807	0.02%
America West	287,846	9.66%	284,665	9.33%	381,530	8.40%	499,521	10.80%	443,313	9.99%
Continental	246,489	8.27%	300,118	9.84%	487,743	10.74%	437,175	9.46%	663,111	14.94%
Midwest	172,537	5.79%	143,100	4.69%	277,948	6.12%	300,996	6.51%	426,727	9.62%
Delta+Delta Shuttle	141,541	4.75%	264,623	8.68%	275,700	6.07%	379,496	8.21%	143,774	3.24%
Alaska	120,052	4.03%	43,616	1.43%	752	0.02%	22,764	0.49%	20,476	0.46%
AirTran	28,539	0.96%	21,234	0.70%	-	-	-	-	-	-
Northwest	24,575	0.82%	24,992	0.82%	41,723	0.92%	239,483	5.18%	331,498	7.47%
United	20,069	0.67%	76,329	2.50%	172,457	3.80%	221,887	4.80%	146,663	3.31%
American	4,457	0.15%	92,242	3.02%	744,151	16.38%	289,789	6.27%	399,616	9.01%
Spirit	1,210	0.04%	8,791	0.29%	32,198	0.71%	3,052	0.07%	-	-
Frontier	-	-	-	-	1,371	0.03%	36,318	0.79%	6,199	0.14%
Midway	-	-	-	-	-	-	-	-	1,772	0.04%
National	-	-	-	-	-	-	-	-	-	-
Trans World	-	-	-	-	-	-	-	-	-	-
<b>REGIONALS</b>										
Air Wisconsin (US Airways Express)	138,487	4.65%	23,281	0.76%	-	-	-	-	-	-
Continental Express	60,917	2.04%	43,763	1.43%	30,235	0.67%	18,279	0.40%	22,775	0.51%
PSA	56,658	1.90%	67,526	2.21%	30,539	0.67%	20,245	0.44%	21,742	0.49%
American Eagle	45,960	1.54%	52	0.00%	789	0.02%	2,800	0.06%	1,627	0.04%
Republic (US Airways Express)	12,545	0.42%	901	0.03%	-	-	-	-	-	-
Chautauqua (Delta Connection)	2,000	0.07%	-	-	-	-	-	-	-	-
Piedmont	1,849	0.06%	1,089	0.04%	13,044	0.29%	54,940	1.19%	66,069	1.49%
Pinnacle Airlines	1,298	0.04%	-	-	-	-	-	-	-	-
Chautauqua (US Airways Express)	126	0.00%	1,028	0.03%	16,677	0.37%	28,477	0.62%	-	-
Comair (Delta Connection)	-	-	7,082	0.23%	32,909	0.72%	56,881	1.23%	87	0.00%
ASA (Delta Connection)	-	-	1,530	0.05%	40,939	0.90%	38,554	0.83%	-	-
Allegheny	-	-	-	-	6,021	0.13%	31,054	0.67%	8,927	0.20%
US Airways Express (Midway)	-	-	-	-	-	-	11,004	0.24%	-	-
Chautauqua Airlines	-	-	-	-	-	-	2,616	0.06%	8,850	0.20%
Skyway Airlines	-	-	-	-	-	-	314	0.01%	465	0.01%
Mesa (America West Express)	-	-	-	-	-	-	-	-	58,562	1.32%
Potomac Air	-	-	-	-	-	-	-	-	-	-
Liberty Express	-	-	-	-	-	-	-	-	-	-
Business Express	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,948,810</b>	<b>98.93%</b>	<b>3,033,779</b>	<b>99.46%</b>	<b>4,539,612</b>	<b>99.93%</b>	<b>4,616,125</b>	<b>99.84%</b>	<b>4,380,142</b>	<b>98.71%</b>
<b>TRANSBORDER/INTERNATIONAL</b>										
<b>AIR CARRIERS</b>										
US Airways	27,321	0.92%	12,198	0.40%	2,876	0.06%	6,682	0.14%	55,983	1.26%
Air Canada	1,551	0.05%	3,558	0.12%	462	0.01%	708	0.02%	1,326	0.03%
<b>REGIONALS</b>										
Air Wisconsin (US Airways Express)	3,100	0.10%	-	-	-	-	-	-	-	-
PSA	41	0.00%	656	0.02%	64	0.00%	1	0.00%	-	-
US Airways Express (Midway)	-	-	-	-	-	-	4	0.00%	-	-
<b>TOTAL</b>	<b>32,013</b>	<b>1.07%</b>	<b>16,412</b>	<b>0.54%</b>	<b>3,402</b>	<b>0.07%</b>	<b>7,395</b>	<b>0.16%</b>	<b>57,309</b>	<b>1.29%</b>
<b>GRAND TOTAL</b>	<b>2,980,823</b>	<b>100.00%</b>	<b>3,050,191</b>	<b>100.00%</b>	<b>4,543,014</b>	<b>100.00%</b>	<b>4,623,520</b>	<b>100.00%</b>	<b>4,437,451</b>	<b>100.00%</b>

1/ Includes airlines no longer serving National or airlines with insignificant activity.

Note: Prior years' comparative information has been corrected for omitted and/or erroneous information.

CY 2001		CY 2000		CY 1999		CY 1998		CY 1997	
Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
8,306,573	24.78%	13,348,951	26.99%	13,900,674	28.40%	17,687,888	30.64%	18,419,473	30.03%
561,322	1.67%	527,952	1.07%	-	-	-	-	-	-
1,059,059	3.16%	571,123	1.15%	235,044	0.48%	624,255	1.08%	889,130	1.45%
3,054,482	9.11%	4,247,501	8.59%	4,626,236	9.45%	4,840,915	8.39%	5,186,862	8.46%
1,202,290	3.59%	1,326,932	2.68%	1,446,392	2.95%	2,147,757	3.72%	2,145,325	3.50%
3,905,915	11.65%	7,200,187	14.56%	8,100,191	16.55%	8,876,752	15.38%	7,841,267	12.78%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
4,717,567	14.07%	7,312,454	14.79%	6,928,705	14.15%	7,876,111	13.64%	10,006,025	16.31%
2,559,076	7.63%	3,902,016	7.89%	3,759,316	7.68%	4,235,067	7.34%	4,083,807	6.66%
5,278,460	15.75%	7,621,476	15.41%	7,199,838	14.71%	7,909,600	13.70%	8,090,434	13.19%
2,319	0.01%	2,454	0.00%	-	-	-	-	-	-
37,684	0.11%	54,064	0.11%	-	-	-	-	-	-
16,331	0.05%	86,034	0.17%	113,819	0.23%	579,763	1.00%	138,239	0.23%
339,724	1.01%	153,174	0.31%	-	-	-	-	-	-
2,352,248	7.02%	2,861,483	5.79%	2,359,544	4.82%	2,500,830	4.33%	3,230,088	5.27%
-	-	-	-	-	-	-	-	-	-
4,179	0.01%	1,868	0.00%	451	0.00%	-	-	-	-
12,634	0.04%	48,357	0.10%	38,543	0.08%	81,942	0.14%	36,292	0.06%
-	-	2,725	0.01%	4,456	0.01%	7,175	0.01%	6,999	0.01%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
51,767	0.15%	171,159	0.35%	205,141	0.42%	240,043	0.42%	473,644	0.77%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	337	0.00%	78	0.00%	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,027	0.00%	1,704	0.00%	3,787	0.01%	4,873	0.01%	14,005	0.02%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
23,317	0.07%	3,326	0.01%	-	-	-	-	-	-
4,693	0.01%	3,689	0.01%	23,673	0.05%	2,510	0.00%	-	-
32,270	0.10%	-	-	-	-	-	-	-	-
-	-	-	-	5,097	0.01%	16,676	0.03%	1,522	0.00%
-	-	-	-	12	0.00%	3,194	0.01%	1,402	0.00%
<b>33,522,937</b>	<b>100.00%</b>	<b>49,448,966</b>	<b>100.00%</b>	<b>48,950,997</b>	<b>100.00%</b>	<b>57,635,351</b>	<b>99.84%</b>	<b>60,564,514</b>	<b>98.73%</b>
-	-	-	-	-	-	-	-	772,182	1.26%
1,100	0.00%	771	0.00%	208	0.00%	89,643	0.16%	3,795	0.01%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>1,100</b>	<b>0.00%</b>	<b>771</b>	<b>0.00%</b>	<b>208</b>	<b>0.00%</b>	<b>89,643</b>	<b>0.16%</b>	<b>775,977</b>	<b>1.27%</b>
<b>33,524,037</b>	<b>100.00%</b>	<b>49,449,737</b>	<b>100.00%</b>	<b>48,951,205</b>	<b>100.00%</b>	<b>57,724,994</b>	<b>100.00%</b>	<b>61,340,491</b>	<b>100.00%</b>

**CARGO MARKET SHARE ENPLANED**

(Expressed in Pounds)

**Washington Dulles International Airport**

AIRLINE	CY 2006		CY 2005		CY 2004		CY 2003		CY 2002	
	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
<b>DOMESTIC</b>										
<b>AIR CARRIERS</b>										
Federal Express	84,999,063	24.86%	89,954,132	29.61%	85,571,561	28.33%	72,467,555	26.61%	90,967,737	29.79%
United	44,757,206	13.09%	42,347,957	13.94%	55,671,032	18.43%	62,396,831	22.92%	72,840,463	23.85%
Airborne Express	11,161,815	3.27%	10,135,209	3.34%	10,007,380	3.31%	8,749,084	3.21%	9,150,502	3.00%
United Parcel Service	9,210,600	2.69%	8,522,281	2.81%	7,394,010	2.45%	7,347,070	2.70%	6,192,586	2.03%
Continental	2,484,266	0.73%	2,893,214	0.95%	3,181,635	1.05%	2,811,793	1.03%	3,498,512	1.15%
American	1,709,804	0.50%	1,441,953	0.47%	2,677,255	0.89%	4,106,286	1.51%	4,643,111	1.52%
Delta	732,947	0.21%	1,415,717	0.47%	2,514,816	0.83%	2,557,510	0.94%	2,774,213	0.91%
America West	510,124	0.15%	390,576	0.13%	492,484	0.16%	291,963	0.11%	10,674	0.00%
Northwest	139,315	0.04%	168,907	0.06%	184,783	0.06%	641,324	0.24%	1,487,143	0.49%
US Airways	99,377	0.03%	83,805	0.03%	128,821	0.04%	146,319	0.05%	159,500	0.05%
AirTran Airlines	6,705	0.00%	-	-	-	-	-	-	-	-
DHL Airways	-	-	1,738,533	0.57%	4,394,872	1.45%	1,317,691	0.48%	-	-
Emery Worldwide	-	-	-	-	-	-	-	-	1,600	0.00%
Mountain Air Cargo	-	-	-	-	-	-	-	-	-	-
Trans World	-	-	-	-	-	-	-	-	-	-
Other 1/	226,542	0.07%	161,704	0.05%	391,174	0.13%	513,319	0.19%	168,426	0.06%
<b>ALL-CARGO CHARTERS</b>										
Other 1/	-	-	-	-	95,280	0.03%	-	-	-	-
<b>REGIONALS</b>										
Other 1/	91,623	0.03%	244,563	0.08%	224,694	0.07%	90,263	0.03%	93,862	0.03%
<b>MILITARY</b>										
Other 1/	-	-	200	0.00%	1,050	0.00%	-	-	1,500	0.00%
<b>TOTAL</b>	<b>156,129,387</b>	<b>45.67%</b>	<b>159,498,751</b>	<b>52.51%</b>	<b>172,930,847</b>	<b>57.25%</b>	<b>163,437,008</b>	<b>60.02%</b>	<b>191,989,829</b>	<b>62.86%</b>
<b>TRANSBORDER/INTERNATIONAL</b>										
<b>AIR CARRIERS</b>										
United	106,822,333	31.25%	64,727,512	21.31%	50,470,602	16.71%	39,940,381	14.67%	42,985,025	14.07%
Lufthansa	20,128,114	5.89%	17,550,693	5.78%	14,632,524	4.84%	12,251,601	4.50%	10,364,929	3.39%
British Airways	11,246,501	3.29%	11,563,749	3.81%	10,578,872	3.50%	10,758,490	3.95%	9,074,725	2.97%
All Nippon	9,251,189	2.71%	6,663,410	2.19%	6,707,108	2.22%	7,236,405	2.66%	8,318,691	2.72%
Virgin Atlantic	7,924,997	2.32%	6,585,176	2.17%	7,404,359	2.45%	6,485,883	2.38%	7,531,089	2.47%
SAS	6,616,384	1.94%	7,375,992	2.43%	6,035,730	2.00%	4,338,814	1.59%	4,874,136	1.60%
Air France	5,570,291	1.63%	9,209,885	3.03%	8,210,094	2.72%	5,032,086	1.85%	5,552,156	1.82%
Austrian	4,930,035	1.44%	5,752,394	1.89%	7,593,452	2.51%	6,593,887	2.42%	5,926,046	1.94%
KLM Royal Dutch	4,679,652	1.37%	4,137,455	1.36%	3,599,933	1.19%	1,287,174	0.47%	-	-
South African	3,342,760	0.98%	612,131	0.20%	-	-	-	-	-	-
Alitalia	1,535,749	0.45%	3,552,226	1.17%	2,556,490	0.85%	-	-	-	-
Taca International	859,922	0.25%	669,909	0.22%	873,307	0.29%	913,388	0.34%	905,820	0.30%
Saudi Arabian	631,037	0.18%	648,639	0.21%	875,122	0.29%	886,750	0.33%	1,225,157	0.40%
Korean Air	315,087	0.09%	313,519	0.10%	208,699	0.07%	468,292	0.17%	672,406	0.22%
Aeroflot	180,476	0.05%	439,147	0.14%	1,027,717	0.34%	874,555	0.32%	525,752	0.17%
Ethiopian Airlines	109,308	0.03%	121,825	0.04%	116,894	0.04%	112,949	0.04%	172,870	0.06%
bmi british midland	-	-	2,502,224	0.82%	6,395,026	2.12%	1,949,612	0.72%	3,015,126	0.99%
Air Canada	-	-	25,385	0.01%	30,738	0.01%	123,219	0.05%	79,789	0.03%
Swiss + Swiss Air	-	-	-	-	-	-	5,889,946	2.16%	6,919,291	2.27%
Northwest	-	-	-	-	-	-	1,340,944	0.49%	3,042,907	1.00%
Swiss Air Transport	-	-	-	-	-	-	-	-	-	-
Sabena	-	-	-	-	-	-	-	-	-	-
Spanair	-	-	-	-	-	-	-	-	-	-
Other 1/	531,312	0.16%	508,389	0.17%	186,963	0.06%	285,919	0.11%	19,258	0.01%
<b>REGIONALS</b>										
Other 1/	-	-	38	0.00%	140	0.00%	-	-	-	-
<b>MILITARY</b>										
Other 1/	1,054,151	0.31%	1,318,272	0.43%	1,650,338	0.55%	2,088,322	0.77%	2,213,341	0.72%
<b>TOTAL</b>	<b>185,729,298</b>	<b>54.33%</b>	<b>144,277,970</b>	<b>47.49%</b>	<b>129,154,108</b>	<b>42.75%</b>	<b>108,858,617</b>	<b>39.98%</b>	<b>113,418,514</b>	<b>37.14%</b>
<b>GRAND TOTAL</b>	<b>341,858,685</b>	<b>100.00%</b>	<b>303,776,721</b>	<b>100.00%</b>	<b>302,084,955</b>	<b>100.00%</b>	<b>272,295,625</b>	<b>100.00%</b>	<b>305,408,343</b>	<b>100.00%</b>

1/ Includes airlines no longer serving National or carriers with insignificant activity.

Note: Prior years' comparative information may have been adjusted for revisions and/or corrections to previously reported enplanement information.

Prepared by the Office of Finance

Source: Office of Air Service Development

CY 2001		CY 2000		CY 1999		CY 1998		CY 1997	
Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
88,358,150	26.80%	91,583,330	23.43%	90,136,461	23.70%	93,270,356	23.90%	78,194,811	20.21%
81,358,395	24.67%	109,265,864	27.95%	111,121,495	29.21%	116,328,506	29.81%	128,079,471	33.10%
9,941,637	3.01%	11,066,441	2.83%	12,033,717	3.16%	11,515,092	2.95%	9,673,211	2.50%
5,974,164	1.81%	7,401,171	1.89%	6,403,285	1.68%	5,921,373	1.52%	4,697,438	1.21%
3,271,626	0.99%	4,597,958	1.18%	4,361,175	1.15%	5,518,200	1.41%	3,784,584	0.98%
6,992,499	2.12%	12,123,012	3.10%	13,606,248	3.58%	14,335,222	3.67%	15,314,212	3.96%
2,577,754	0.78%	2,547,541	0.65%	3,255,877	0.86%	6,560,333	1.68%	6,484,383	1.68%
-	-	3,350	0.00%	85,452	0.02%	806,871	0.21%	680,464	0.18%
1,483,469	0.45%	1,403,491	0.36%	2,254,044	0.59%	1,903,569	0.49%	1,728,771	0.45%
469,911	0.14%	877,779	0.22%	1,196,697	0.31%	1,938,734	0.50%	2,079,372	0.54%
-	-	50,161	0.01%	473,157	0.12%	661,928	0.17%	870,277	0.22%
-	-	-	-	-	-	-	-	-	-
8,248	0.00%	76,844	0.02%	76,368	0.02%	993,510	0.25%	3,117,529	0.81%
10,319,760	3.13%	16,957,159	4.34%	17,866,435	4.70%	10,139,665	2.60%	4,524,438	1.17%
666,631	0.20%	1,562,073	0.40%	1,398,551	0.37%	1,388,380	0.36%	1,552,073	0.40%
355,031	0.11%	1,022,699	0.26%	131,958	0.03%	91,510	0.02%	898,686	0.23%
-	-	36,192	0.01%	44,454	0.01%	31,650	0.01%	9,726	0.00%
209,186	0.06%	383,186	0.10%	183,600	0.05%	287,778	0.07%	328,834	0.08%
-	-	-	-	-	-	-	-	-	-
<b>211,986,461</b>	<b>64.29%</b>	<b>260,958,251</b>	<b>66.75%</b>	<b>264,628,974</b>	<b>69.57%</b>	<b>271,692,677</b>	<b>69.62%</b>	<b>262,018,280</b>	<b>67.72%</b>
42,534,428	12.90%	52,268,673	13.37%	50,440,079	13.26%	52,070,537	13.34%	58,308,192	15.07%
12,650,701	3.84%	12,760,821	3.26%	8,286,771	2.18%	7,320,791	1.88%	8,929,602	2.31%
10,258,786	3.11%	16,391,775	4.19%	12,596,636	3.31%	17,888,716	4.58%	15,994,118	4.13%
8,235,468	2.50%	9,533,827	2.44%	8,981,294	2.36%	8,166,266	2.09%	7,281,914	1.88%
8,130,042	2.47%	9,283,100	2.37%	10,319,735	2.71%	8,929,461	2.29%	9,116,767	2.36%
2,397,403	0.73%	-	-	-	-	-	-	-	-
5,858,226	1.78%	5,187,814	1.33%	5,909,117	1.55%	5,757,639	1.48%	8,532,199	2.21%
4,704,800	1.43%	1,795,376	0.46%	-	-	-	-	601,079	0.16%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
940,378	0.29%	926,524	0.24%	847,477	0.22%	996,678	0.26%	800,962	0.21%
1,672,694	0.51%	954,181	0.24%	1,342,072	0.35%	1,154,359	0.30%	1,466,118	0.38%
257,662	0.08%	386,414	0.10%	922,158	0.24%	772,920	0.20%	892,027	0.23%
546,684	0.17%	245,341	0.06%	150,249	0.04%	215,381	0.06%	149,533	0.04%
226,948	0.07%	259,152	0.07%	204,779	0.05%	220,411	0.06%	-	-
1,377,792	0.42%	-	-	-	-	-	-	-	-
43,395	0.01%	76,599	0.02%	70,321	0.02%	447,059	0.11%	337,052	0.09%
5,230,183	1.59%	5,145,354	1.32%	5,309,308	1.40%	5,588,629	1.43%	5,212,118	1.35%
3,355,483	1.02%	2,835,503	0.73%	2,466,950	0.65%	2,461,898	0.63%	3,974,719	1.03%
-	-	-	-	-	-	-	-	-	-
3,477,123	1.05%	4,549,426	1.16%	568,829	0.15%	-	-	-	-
2,690,300	0.82%	5,056,162	1.29%	4,108,794	1.08%	4,319,526	1.11%	411,123	0.11%
131,034	0.04%	53,687	0.01%	94,857	0.02%	418,523	0.11%	1,065,183	0.28%
-	-	-	-	-	-	-	-	-	-
-	0.00%	-	-	-	-	-	-	-	-
3,049,885	0.92%	2,269,449	0.58%	3,128,554	0.82%	1,840,376	0.47%	1,845,213	0.48%
<b>117,769,415</b>	<b>35.71%</b>	<b>129,979,178</b>	<b>33.25%</b>	<b>115,747,980</b>	<b>30.43%</b>	<b>118,569,170</b>	<b>30.38%</b>	<b>124,917,919</b>	<b>32.28%</b>
<b>329,755,876</b>	<b>100.00%</b>	<b>390,937,429</b>	<b>100.00%</b>	<b>380,376,954</b>	<b>100.00%</b>	<b>390,261,847</b>	<b>100.00%</b>	<b>386,936,199</b>	<b>100.00%</b>

**PASSENGER FACILITY CHARGES**

Exhibit S-22

**Ronald Reagan Washington National Airport**

AIRLINE	CY 2006	Share	CY 2005	Share	CY 2004	Share	CY 2003	Share	CY 2002	Share
US Airways	\$ 12,293,134	33.11%	\$ 12,611,969	35.77%	\$ 10,503,641	34.10%	\$ 9,952,854	36.03%	\$ 9,412,375	37.33%
American	5,387,724	14.51%	5,390,637	15.29%	4,375,254	14.20%	4,258,802	15.42%	3,885,077	15.41%
Delta	4,967,730	13.38%	5,193,167	14.73%	5,209,141	16.91%	5,040,580	18.25%	4,453,360	17.66%
Northwest	2,923,558	7.88%	2,899,846	8.22%	2,465,069	8.00%	2,267,920	8.21%	1,950,022	7.73%
United Airlines	2,710,191	7.30%	2,677,538	7.59%	2,616,829	8.49%	2,028,592	7.34%	1,662,783	6.59%
America West	2,645,956	7.13%	720,901	2.04%	645,104	2.09%	598,967	2.17%	580,062	2.30%
Continental	1,858,115	5.01%	1,657,310	4.70%	1,464,417	4.75%	1,443,269	5.22%	1,366,170	5.42%
Midwest Airlines	891,378	2.40%	777,722	2.21%	685,642	2.23%	295,228	1.07%	-	-
AirTran Airlines	816,632	2.20%	686,459	1.95%	615,315	2.00%	108,693	0.39%	-	-
ATA	555,053	1.50%	566,707	1.61%	427,487	1.39%	-	-	-	-
Frontier	516,187	1.39%	503,562	1.43%	303,045	0.98%	165,064	0.60%	149,225	0.59%
Spirit Airlines	454,959	1.23%	584,899	1.66%	481,408	1.56%	42,664	0.15%	365	0.00%
Alaska Airlines	427,518	1.15%	416,792	1.18%	296,442	0.96%	135,181	0.49%	119,738	0.47%
Air Canada	359,588	0.97%	354,922	1.01%	292,456	0.95%	251,533	0.91%	248,983	0.99%
American Trans Air	-	-	-	-	298,811	0.97%	549,887	1.99%	530,996	2.11%
Midwest Express Airlines	-	-	-	-	-	-	371,564	1.35%	592,832	2.35%
Other	316,736	0.85%	217,255	0.62%	124,826	0.41%	114,300	0.41%	264,467	1.05%
<b>TOTAL 1/</b>	<b>\$ 37,124,459</b>	<b>100.00%</b>	<b>\$ 35,259,686</b>	<b>100.00%</b>	<b>\$ 30,804,888</b>	<b>100.00%</b>	<b>\$ 27,625,098</b>	<b>100.00%</b>	<b>\$ 25,216,455</b>	<b>100.00%</b>

**Washington Dulles International Airport**

AIRLINE	CY 2006	Share	CY 2005	Share	CY 2004	Share	CY 2003	Share	CY 2002	Share
United	\$ 25,928,103	58.53%	\$ 24,225,971	45.48%	\$ 24,953,913	57.33%	\$ 16,620,394	55.11%	\$ 18,829,384	56.21%
JetBlue	2,773,837	6.26%	2,094,125	3.93%	1,949,480	4.48%	1,578,953	5.24%	994,902	2.97%
American	2,108,794	4.76%	2,372,139	4.45%	1,964,577	4.51%	1,825,554	6.05%	2,198,347	6.56%
US Airways	1,992,984	4.50%	1,639,190	3.08%	1,588,412	3.65%	703,995	2.33%	798,239	2.38%
Delta	1,923,784	4.34%	2,261,250	4.25%	2,473,274	5.68%	2,391,578	7.93%	3,325,873	9.93%
Lufthansa	1,128,186	2.55%	1,174,349	2.20%	1,063,212	2.44%	862,049	2.86%	967,186	2.89%
Northwest	1,054,020	2.38%	1,121,238	2.11%	1,075,361	2.47%	796,116	2.64%	1,024,875	3.06%
AirTran (Valujet)	958,097	2.16%	603,928	1.13%	586,399	1.35%	757,141	2.51%	801,013	2.39%
British Airways	772,562	1.74%	800,384	1.50%	811,730	1.86%	777,962	2.58%	859,368	2.57%
Air France	681,780	1.54%	587,189	1.10%	404,770	0.93%	404,383	1.34%	452,155	1.35%
Continental	669,337	1.51%	837,364	1.57%	813,813	1.87%	503,137	1.67%	635,401	1.90%
Taca International	426,955	0.96%	412,371	0.77%	372,168	0.85%	301,398	1.00%	409,614	1.22%
Austrian Airlines	421,037	0.95%	375,781	0.71%	384,484	0.88%	352,009	1.17%	331,885	0.99%
Southwest Airlines	373,269	0.84%	-	-	-	-	-	-	-	-
America West	362,324	0.82%	402,562	0.76%	522,655	1.20%	421,309	1.40%	29,534	0.09%
South African Airways	346,705	0.78%	54,945	0.10%	5,315	0.01%	6,727	0.02%	6,148	0.02%
Virgin Atlantic	334,720	0.76%	253,470	0.48%	321,481	0.74%	230,746	0.77%	274,728	0.82%
Air Canada	326,301	0.74%	331,041	0.62%	344,102	0.79%	345,372	1.15%	319,615	0.95%
Scandinavian	271,546	0.61%	284,176	0.53%	308,706	0.71%	244,422	0.81%	242,159	0.72%
All Nippon	269,619	0.61%	262,819	0.49%	282,924	0.65%	186,932	0.62%	294,227	0.88%
Korean Airlines	211,370	0.48%	223,794	0.42%	224,540	0.52%	180,881	0.60%	175,324	0.52%
Independence Air	90,026	0.20%	11,769,490	22.10%	1,899,055	4.36%	-	-	-	-
Alaska Airlines	57,625	0.13%	167,628	0.31%	167,221	0.38%	219,560	0.73%	174,086	0.52%
Other	817,546	1.85%	1,009,178	1.89%	1,011,779	2.32%	448,991	1.49%	351,785	1.05%
<b>TOTAL 1/</b>	<b>\$ 44,300,528</b>	<b>100.00%</b>	<b>\$ 53,264,383</b>	<b>100.00%</b>	<b>\$ 43,529,372</b>	<b>100.00%</b>	<b>\$ 30,159,610</b>	<b>100.00%</b>	<b>\$ 33,495,849</b>	<b>100.00%</b>

1/ Percentage may not add to 100 percent due to individual rounding.

Prepared by the Office of Finance

Source: Office of Finance

**PRIMARY ORIENTATION AND DESTINATION  
PASSENGER MARKETS**

Exhibit S-23

*Ronald Reagan Washington National Airport*

	<u>Trip Length*</u>	<u>Total O&amp;D Passengers</u>
New York, NY	SH	1,161,550
Atlanta, GA	SH	833,470
Chicago, IL	MH	793,900
Boston, MA	SH	693,810
Dallas/Ft. Worth, TX	MH	449,890
Detroit, MI	SH	399,000
Fort Lauderdale, FL	MH	384,380
Denver, CO	MH	333,580
Houston, TX	MH	333,180
Orlando, FL	MH	332,030
Minneapolis/St. Paul, MN	MH	325,950
Miami, FL	MH	324,910
Kansas City, MO	MH	246,480
Tampa, FL	MH	243,920
St. Louis, MO	MH	193,970
Seattle/Tacoma, WA	LH	188,600
Los Angeles, CA	LH	185,920
Chicago, IL	MH	183,200
Indianapolis, IN	SH	178,280
Las Vegas, NV	LH	175,590
Phoenix, AZ	LH	172,980
Milwaukee, WI	MH	166,140
Raleigh/Durham, NC	SH	162,420
Providence, RI	SH	140,170
San Diego, CA	LH	135,350
West Palm Beach, FL	MH	132,060
Columbus, OH	SH	131,450
New Orleans, LA	MH	123,530
Omaha, NE	MH	123,240
Jacksonville, FL	MH	122,340
Newark, NJ	SH	122,240

## Note\*

- SH Short Haul = 0 to 600 miles
- MH Medium Haul = 601 - 1,800 miles
- LH Long Haul = over 1,801 miles

Traffic Source: Year Ending 1Q2006 U.S. DOT O&amp;D Survey

Schedule Source: November 2006 OAG Schedule

## PRIMARY ORINATION AND DESTINATION PASSENGER MARKETS

Exhibit S-24

### *Washington Dulles International Airport*

	<u>Trip Length*</u>	<u>Total O&amp;D Passengers</u>
Los Angeles, CA	LH	708,170
Atlanta, GA	SH	603,340
Orlando, FL	MH	531,330
Boston, MA	SH	521,020
San Francisco, CA	LH	497,300
Chicago, IL	MH	412,430
Denver, CO	MH	364,220
Oakland, CA	LH	353,390
Las Vegas, NV	LH	340,360
San Diego, CA	LH	339,990
Long Beach, CA	LH	337,860
Tampa, FL	MH	302,800
Fort Lauderdale, FL	MH	299,320
Seattle/Tacoma, WA	LH	281,550
Dallas/Ft. Worth, TX	MH	249,040
Charlotte, NC	SH	208,020
Detroit, MI	SH	205,280
Newark, NJ	SH	192,620
Jacksonville, FL	MH	156,660
New York, NY (LGA)	SH	140,820
Hartford, CT	SH	140,150
Sacramento, CA	LH	139,140
Miami, FL	MH	134,330
Pittsburgh, PA	SH	121,740
New York, NY (JFK)	SH	120,690
San Juan, PR	MH	120,650
Phoenix, AZ	LH	118,910
Raleigh/Durham, NC	SH	116,560
Minneapolis/St. Paul, MN	MH	113,890
Providence, RI	SH	112,420
Columbus, OH	SH	112,380

#### Note\*

- SH Short Haul = 0 to 600 miles
- MH Medium Haul = 601 - 1,800 miles
- LH Long Haul = over 1,801 miles

Traffic Source: Year Ending 1Q2006 U.S. DOT O&D Survey  
 Schedule Source: November 2006 OAG Schedule

## MAJOR PRIVATE EMPLOYERS IN PRIMARY AIR TRADE AREA

Exhibit S-25

Employer	City	State	Regional Employees	Industry
Northrop Grumman	Arlington	VA	20,600	Defense
Verizon Communications	Reston	VA	16,000	Communications
Science Applications International Corp.	Landover	MD	15,810	Technology
Lockheed Martin Corp.	Bethesda	MD	15,700	Defense
Inova Health System	Fairfax	VA	14,910	Health Care
Marriott International Inc.	Bethesda	MD	14,700	Hospitality
Computer Sciences Corporation	Arlington	VA	14,000	Information Technology
MedStar Health	Washington	DC	13,000	Health Care
Booz Allen Hamilton	McLean	VA	10,640	Information Technology
IBM	Gaithersburg	MD	7,820	Information Technology
L-3 Communications Titan Group	Reston	VA	7,500	Defense
The Washington Post Co.	Washington	DC	6,520	Publishing
General Dynamics	Falls Church	VA	6,000	Defense
BAE Systems	Rockville	MD	5,560	Defense
Sprint Nextel	Reston	VA	5,500	Communications
America Online	Dulles	VA	5,200	Communications
CACI International Inc.	Arlington	VA	5,090	Information Technology
Sunrise Senior Living, Inc.	McLean	VA	4,700	Senior Living Provider
Freddie Mac	McLean	VA	4,530	Financial
Fannie Mae	Washington	DC	4,530	Financial

Source: Greater Washington Initiative, 2006 Regional Report

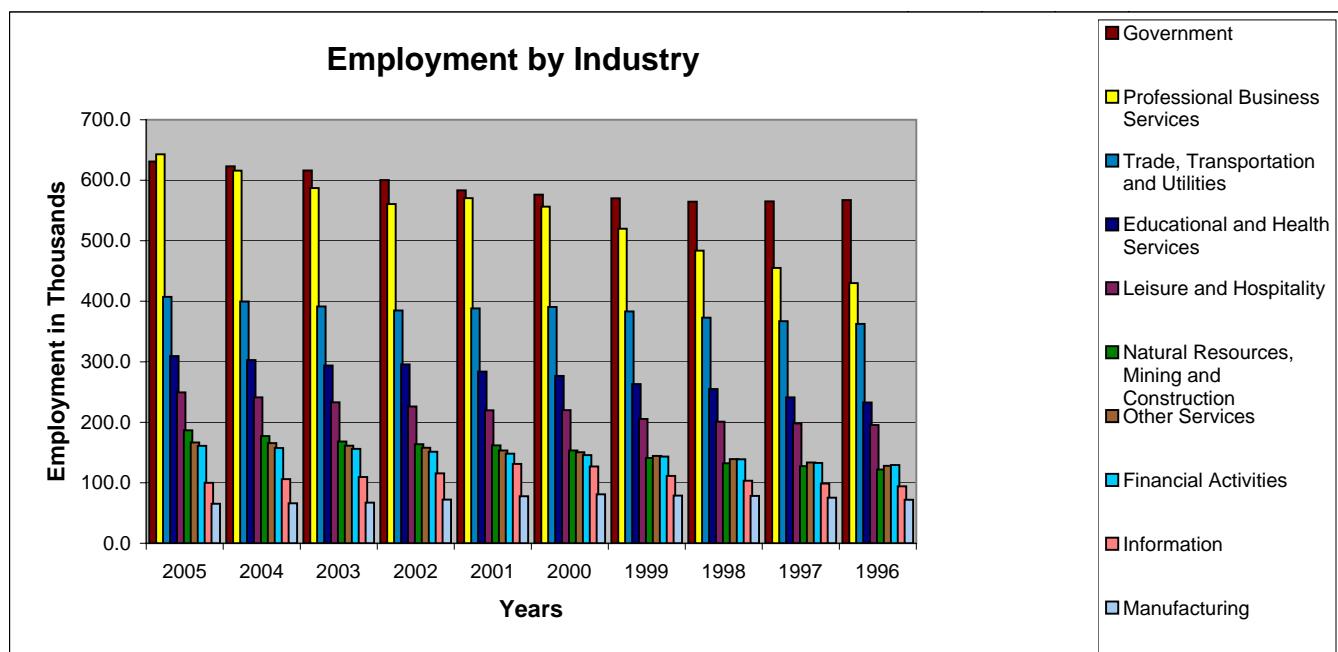
**EMPLOYMENT BY INDUSTRY**

Exhibit S-26

Metropolitan Statistical Area - Last Ten Years

Industry Type	Yearly Annual Average Numbers of Employees (in thousands)									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Government	631.0	623.1	616.2	600.2	583.5	576.2	570.1	564.5	565.1	567.3
Professional Business Services	642.9	616.0	587.1	560.7	570.5	556.5	519.9	483.8	455.0	430.0
Trade, Transportation and Utilities	407.3	399.6	391.3	384.9	388.1	390.6	383.3	372.8	367.1	362.5
Educational and Health Services	309.5	302.9	293.7	295.6	283.8	276.5	263.1	255.0	241.1	232.7
Leisure and Hospitality	249.4	241.1	232.9	226.1	219.7	220.0	205.6	201.1	198.2	195.4
Natural Resources, Mining and Construction	186.8	177.3	168.1	163.7	161.9	153.4	141.0	132.2	127.4	121.9
Other Services	166.6	165.5	161.4	157.8	153.5	150.4	144.3	139.1	133.6	127.9
Financial Activities	161.0	157.4	155.9	151.2	148.0	145.8	143.3	138.9	132.8	129.4
Information	99.9	106.0	109.6	115.5	131.2	127.0	111.3	103.5	98.6	94.2
Manufacturing	65.2	66.1	67.2	72.2	77.8	80.8	78.7	78.2	75.5	71.8
<b>Washington-Arlington-Alexandria, D.C.-Md-Va-W.Va Metropolitan Statistical Area</b>	<b>2919.6</b>	<b>2855.0</b>	<b>2783.4</b>	<b>2727.9</b>	<b>2718.0</b>	<b>2677.2</b>	<b>2560.6</b>	<b>2469.1</b>	<b>2394.4</b>	<b>2333.1</b>

Source: U.S. Department of Labor, Bureau of Labor Statistics



**REVENUE BOND COVERAGE**

Exhibit S-27

For Years 1997 - 2006

*(Dollars in Thousands)*

YEAR	TOTAL REVENUES 1/	DIRECT OPERATING EXPENSES 2/	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			
				Principal	Interest	Total	Coverage
CY 2006	\$ 525,099	\$ 234,849	\$ 290,250	\$ 68,137	\$ 95,218	\$ 163,355	1.78
CY 2005	508,433	234,703	273,730	61,384	103,284	164,668	1.66
CY 2004	445,486	210,630	234,856	58,893	81,187	140,080	1.68
CY 2003	396,038	196,434	199,604	51,875	89,953	141,829	1.41
CY 2002	393,586	194,629	198,957	43,478	91,772	135,250	1.47
CY 2001	391,339	187,048	204,291	35,202	87,383	122,585	1.67
CY 2000	391,147	180,595	210,552	34,839	88,341	123,180	1.71
CY 1999	366,432	171,979	194,453	83,238	31,943	115,181	1.69
CY 1998	331,829	152,011	179,818	69,077	26,856	95,933	1.87
CY 1997	265,571	129,271	136,300	44,770	24,525	69,295	1.97

1/ Total Revenues including transfers

2/ Operating expenses include Telecommunications, Washington Flyer Ground Transportation Subsidy, and Washington Flyer Magazine Subsidy.

Note: Calculated based on Authority Agreed Upon Procedures, not in accordance with generally accepted accounting principles (GAAP).

Source: Office of Finance

## INSURANCE PROGRAM FOR OPERATIONS

Exhibit S-28

POLICY 10/01/05 - 10/01/06	CARRIER	LIMITS	RETENTION/ UNDERLYING
Airport Liability	ACE USA	\$500,000,000	\$200,000/\$2,000,000
War Risk	Lloyd's of London ACE USA	\$50,000,000	\$200,000/\$2,000,000
Vehicle Liability (Excess Layer)	ACE USA	\$50,000,000	\$1,000,000
Washington Flyer/Bus Liability (Excess Layer)	National Interstate ACE USA	\$10,000,000 \$50,000,000	\$25,000 \$10,000,000
Public Officials Liability	ACE USA	\$10,000,000	\$3,000,000
Law Enforcement Liability	ACE USA	\$10,000,000	\$3,000,000
Employment Practices Liability	Colony	\$10,000,000	\$1,000,000
Property (All Risk)	FM Global	\$750,000,000	\$100,000
Tunnel Collapse			\$250,000
Flood		\$50,000,000	\$500,000
Earth Movement		\$200,000,000	
Boiler & Machinery			\$100,000
Mycom Turbo System			\$500,000
Terrorism (TRIA)	FM Global	\$750,000,000	\$100,000
Noncertified Terrorism	FM Global	\$100,000,000	\$100,000
Workers' Compensation (Employer's Liability & Jones Act)	Insurance Co. PA (AIG)	VA Statutory \$1,000,000 (Acc./Dis.)	\$250,000/\$1,000,000 \$250,000/\$1,000,000
Business Travel Coverage (Including Foreign)	AIG	\$500,000/\$1,000,000 \$5,000,000	\$0 \$0
Pollution (10/30/02-10/30/05)	Indian Harbor (XL)	\$5,000,000	\$1,000,000
Fiduciary Liability	Chubb	\$5,000,000	\$5,000
Crime	National Union Fire	\$10,000,000	\$75,000
Special Coverage	Chubb	\$5,000,000	\$0
Long-Term Disability	Hartford	60% of Base Salary	N/A

Source: Office of Business Administration

**INSURANCE PROGRAM FOR CONSTRUCTION**

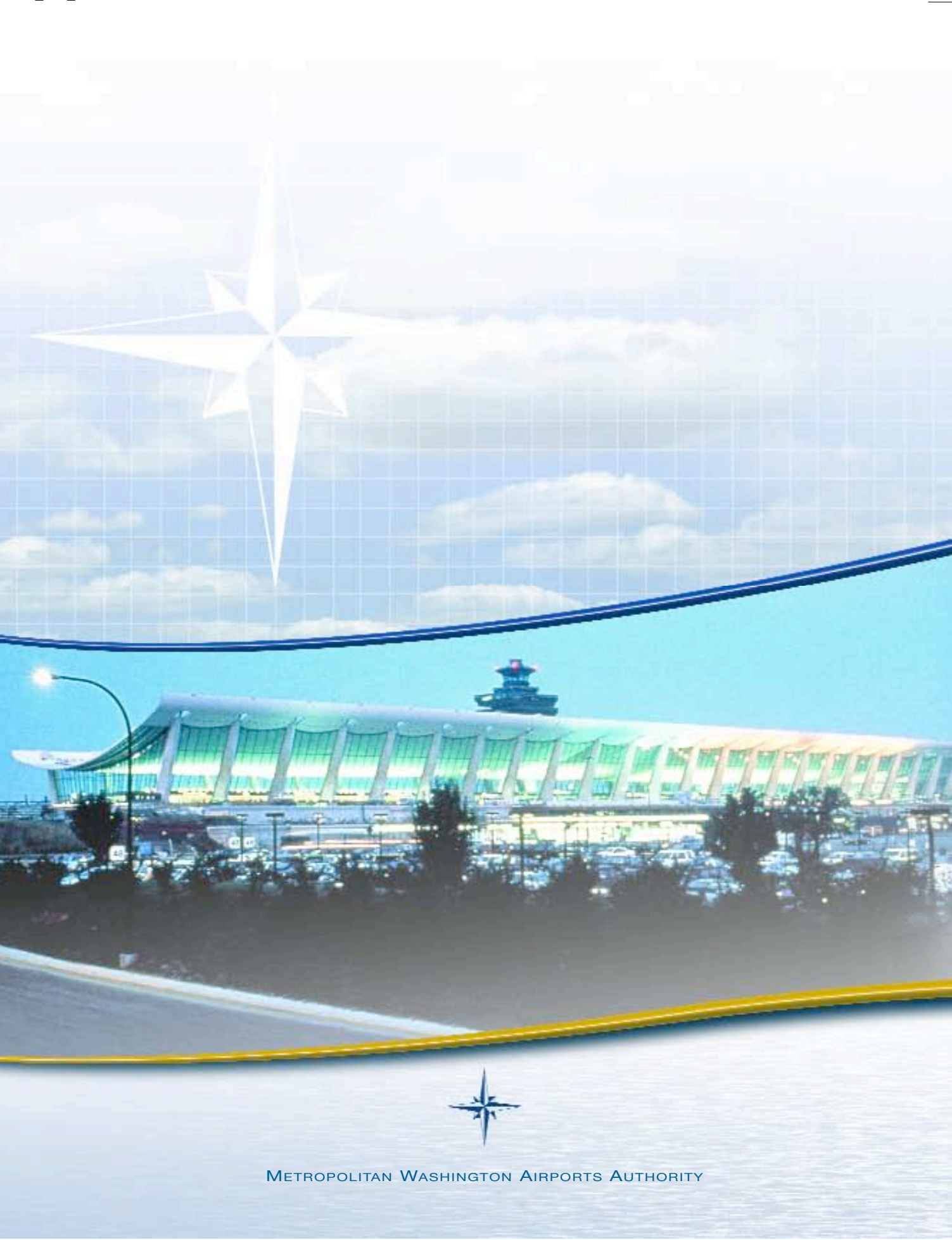
Exhibit S-29

*Owner Controlled Wrap-up Insurance Program*

POLICY	COVERAGE DATE	CARRIER	LIMIT	RETENTION
<b>Builder's Risk (includes Terrorism)</b>	10/05 - 10/06	FM Global	\$700,000,000	\$100,000
Earthquake			\$200,000,000	
Flood			\$50,000,000	
Debris Removal			Blanket	
<b>Contractor's General Liability</b>	06/05 - 06/06	St. Paul Fire & Marine Insurance Company	\$200,000,000	\$1,000,000
Each Occurrence			\$2,000,000	
General Aggregate (per project)			\$4,000,000	
Products & Completed Operations Aggregate			\$4,000,000	
Personal & Advertising Liability			\$2,000,000	
Medical Expense			\$10,000	
Premises Damage Limit			\$250,000	
<b>Automobile Liability (on-site)</b>	06/01 - 06/08	St. Paul Fire & Marine Insurance Company	\$2,000,000	\$1,000,000 Per occurrence
<b>Workers' Compensation &amp; Employers Liability</b>	06/05 - 06/06	St. Paul Guardian Insurance Company	VA Statutory	\$1,000,000 Per occurrence
Each Accident			\$2,000,000	
Each Employee			\$2,000,000	
Policy Limit			\$2,000,000	
<b>Umbrella Liability</b>	06/01 - 06/08	National Union Fire Insurance Company-AIG		\$10,000 Self insured retention
Each occurrence			\$ 50,000,000	
General Aggregate			\$ 50,000,000	
Products & Completed Operations Aggregate			\$ 50,000,000	
<b>Excess Liability</b>	06/01 - 06/08	St. Paul Fire & Marine Insurance Company		\$0
Each occurrence			\$ 25,000,000	
Aggregate per Umbrella Liability			\$ 25,000,000	
<b>Excess Liability</b>	06/01 - 06/08	Starr Excess Liability Insurance Int'l Ltd		\$0
Each Occurrence			\$ 125,000,000	
Aggregate per Umbrella Liability			\$ 125,000,000	
<b>Excess Liability</b>	04/08/05-06/08	XL Eruope, Ltd Wellington 2020 Aspen Insurance (UK) Ltd.	\$ 50,000,000 \$ 25,000,000 \$ 25,000,000	\$0
Each Occurrence			\$ 100,000,000	
Aggregate per Umbrella Liability			\$ 100,000,000	
Contractor's Pollution Liability Includes Coverage for:	06/04 - 06/06	American International Speciality Lines Insurance Company - AIG	\$10,000,000	\$50,000
<i>bodily injury, property damage and clean-up costs related to on-site construction projects</i>				

Source: Office of Business Administration

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