

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



20 Years

1987 - 2007



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

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METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
Comprehensive Annual Financial Report
Year Ended December 31, 2007

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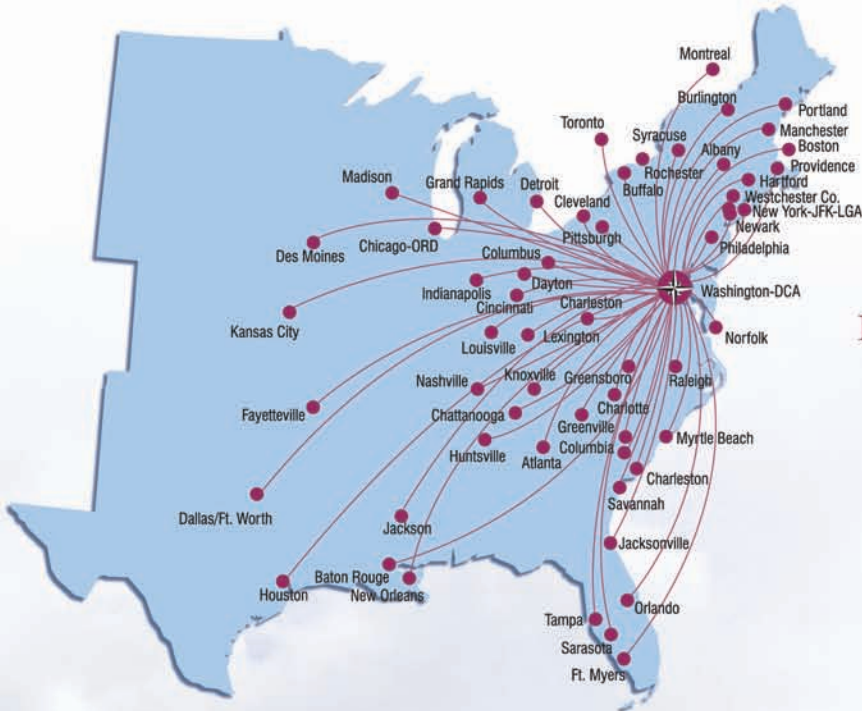
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NORTH AMERICAN JET AIR SERVICE AT REAGAN NATIONAL

Cities Served Nonstop to/from Reagan National by Large Jets



REGIONAL AIR SERVICE AT REAGAN NATIONAL

Cities Served Nonstop to/from Reagan National by Regional Jets and Turboprops

Source: OAG, February 23-29, 2008

1987-2007

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY



March 28, 2008

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, 2007 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 coordination 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 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 52 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 28 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 1,246 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 80 airlines serving the Airports providing 275,433 flights per year at Reagan National and 343,243 domestic flights per year and 39,696 international flights per year at Washington Dulles.

In addition to passenger traffic, Washington Dulles provides facilities for cargo transport. There are 525,124 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 95.4% in 2007, with only 23,960 square feet of vacancy. In 2007, total cargo weight at Washington Dulles increased by 2.2% to 358,526 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, runway and road improvements, daily parking garages 1 and 2 and the air traffic control tower.

In 2000, the Airports Authority approved an expansion of the CCP for Washington Dulles referred to as the Washington Dulles Development (*d²*) 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, on account of the growth in passenger enplanements at Washington Dulles in recent years, an additional \$2.1 billion of projects was added to the CCP and the program has been rescheduled to be completed in 2016. In total, the CCP is expected to cost \$7.1 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, runway safety area improvements, rehabilitation of the Terminal A baggage handling system, replacement of the parking revenue control system, and additional decks on Garages A, B and C.

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.

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 reached 95.2% of budget expectations in 2007, while in 2006, operating revenues, reached 91.6% of budget expectations. Operating expenses reached 94.3% of budget authorization in 2007, while in 2006, expenses reached 91.2% of budget authorization. The Airports Authority's 2007 budget reflected a 4.0% increase in revenues and a 6.4% increase in expenses.

	<u>Budget</u>	<u>Actual¹</u>	<u>As a Percentage of Budget</u>
2007 Revenues	\$483,010,000	\$459,777,849	95.2%
2007 Expenses	\$267,599,300	\$253,027,045	94.6%
2006 Revenues	\$464,279,000	\$425,051,849	91.6%
2006 Expenses	\$251,541,000	\$229,386,163	91.2%

¹ 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. Following the general economic downturn in the latter part of 2000 and the resulting recession, the air carrier industry continues to face high operating costs, intense competition between legacy and low-cost carriers and other complex challenges in an evolving industry, including continuous airline consolidation and changes to their business model.

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. In 2007, Delta and Northwest emerged from bankruptcy but MAXjet filed for bankruptcy on December 24, 2007.

The Airports, however, supported by the Metropolitan Washington Statistical Area saw many positive developments in spite of the industry's challenges. In October 2006, Southwest Airlines began operations at Washington Dulles. Southwest continued into 2007, adding 8,366 operations for a total of 739,711 passengers. Other carriers, such as Virgin America and Qatar Amiri Air began operations in 2007 adding over 50,000 new passengers throughout the year. Washington Dulles ended the year with 24,737,528 total passengers, an increase of 7.5% over 2006, and well ahead of the U.S. industry average growth rate of 1.4%. Washington Dulles's year end international and transborder passenger traffic growth rate of 13.7% was well ahead of the North America's industry average growth rate of 4.4%.

Reagan National continues its trend of record high passenger levels. In 2006, Reagan National set a new record for passenger traffic. In 2007, Reagan National exceeded this record ending the year with total passenger traffic of 18,679,343. This was an increase of 0.7% from 2006.

The Greater Washington Area continues to be a leading national economic region. It is the 4th largest metropolitan region in the country and leads the nation in several categories: median household income, education attainment (adults with bachelor's degree and higher) and gross regional product per capita. Over 6.1 million people call the Greater Washington region home. Nearly 46% of the area's residents have at least a bachelor's degree and 21.4% have a graduate degree. Gross regional product was \$359.3 billion in 2006 almost 5% over the previous year. The median household income was \$74,600 in 2006 an increase of 20% since 2000 and the highest among the nation's largest metro areas.

For ten consecutive years, the Greater Washington area has led the nation with the most firms (46 in 2006) on the Inc. 500 list. The region is home to 23 Fortune 1000 companies with combined yearly revenues exceeding \$194 billion. The overall federal spending in the area in 2006 topped \$116.5 billion increasing 47% since 2000. The area added over 59,300 jobs in 2006 and unemployment remains low at 3.1% lower than the national average of 4.6%.

The Greater Washington area is home to many private sector industries such as Aerospace, Bioscience and Information Technology. The area has 56 aerospace related companies employing at least 100 employees. The region is home to 3,650 Aerospace engineers and home to over 800 aerospace companies. The aerospace industry has 33 Research and Development facilities and is the home to the top five aerospace associations with a combined membership of 14,200. Close proximity to the Pentagon, 11 military installations and 10 federal agencies engaged in aerospace and defense work fuel this industry.

The Bioscience industry is aided by the National Institutes of Health (NIH) located in Montgomery County, MD. The NIH is a focal point for health research and spends \$28.5 billion each year in bioscience research. It annually awards over \$1.0 billion to researchers in the Greater Washington and Baltimore area. This industry employs nearly 21,000 workers. There is a state of the art research facility in Loudoun County, VA and Fort Detrick, located in Frederick County, MD is the U.S. Army's location for its Medical Research Institute of Infectious Diseases.

The Greater Washington Area has the highest concentration of network and computer system administrators, database administrators and computer programmers. The Information Technology industry had a workforce of over 219,950 in 2005 and it is expected to grow to 281,540 by year 2014. Approximately 2,000 companies belong to one of the three major technology associations in the region.

Population in the Metropolitan Washington area has consistently outpaced population growth in the United States. Over the last 11 years, the population grew at an annual compounded rate of 1.6% 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 (19.73%); Montgomery County, Maryland (17.62%); Prince George's County, Maryland (15.90%); and the District of Columbia (10.99%).

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>
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%
2001	3.4%	4.7%	2006	3.1%	4.6%

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 Airports Authority's CCP, as discussed earlier, is expected to be \$7.1 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 \$5.1 billion in bonds during this time

frame. The Airports Authority also expects to use approximately \$1.7 billion of PFC revenues, \$598 million of federal and state grants, and the Airports Authority's portion of NRR to finance a portion of these costs. Because of constraints at Reagan National, much of the future growth in aviation activity for the Washington Metropolitan area will occur at Washington Dulles.

In 2008, airline activity at both Airports is expected to grow over 2007. Enplanements at Reagan National are projected to grow 0.7%. Washington Dulles domestic enplanement growth rates are projected to increase 6.0% in 2008 over 2007. Washington Dulles international enplanements are projected to grow 8.7% based on new and expanded international service. The combined enplanements increase for the Airports in 2008 is projected at 4.1%.

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 Airports Authority's share of AIP entitlement grants was reduced by 75%.

The Airports Authority has submitted and gained approval of four series of PFC applications, with amendments, covering both airports in the amount of \$1.5 billion. In March 2007, the Airports Authority filed a fifth PFC application for approximately \$125.0 million. This application would allow the PFC's collected at Reagan National to provide funds for the expansion of the International Arrivals Building at Washington Dulles. In 2008, the Airports Authority expects to collect a total of \$94.8 million in PFCs.

On December 20, 2005, the Airports Authority announced its proposal to operate the Dulles Toll road (DTR) and oversee the construction of the Dulles Corridor Metrorail Extension Project. 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 Project. 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 Extension 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 will be effective upon the completion of certain conditions, among which is the award of a Final Design Grant for the Metrorail Extension Project from the Federal Transit Administration (FTA). In January 2008, the FTA advised the Airports Authority that the Metrorail Extension Project may not meet the FTA's criteria for entry into Final Design, citing various reasons. The FTA requested additional information from the Airports Authority to enable it to make a final determination. The Airports Authority provided the additional information to the FTA, but the FTA's final determination remains pending. The Airports Authority has not determined whether it will proceed with the Dulles Corridor Metrorail Extension Project if the federal grant funds from the FTA are not available. If the project proceeds, upon transfer of the DTR, 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 Extension 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 has established a separate Dulles Corridor Enterprise Fund to account for the activity of the DTR and the Metrorail Extension Project upon transfer.

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, 2006. This was the eighteenth 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.

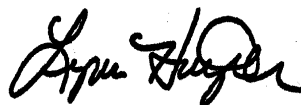
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Airports Authority received the GFOA Award for outstanding achievement in Popular Annual Financial Reporting (PAFR) for its 2005 and 2006 Annual Report.

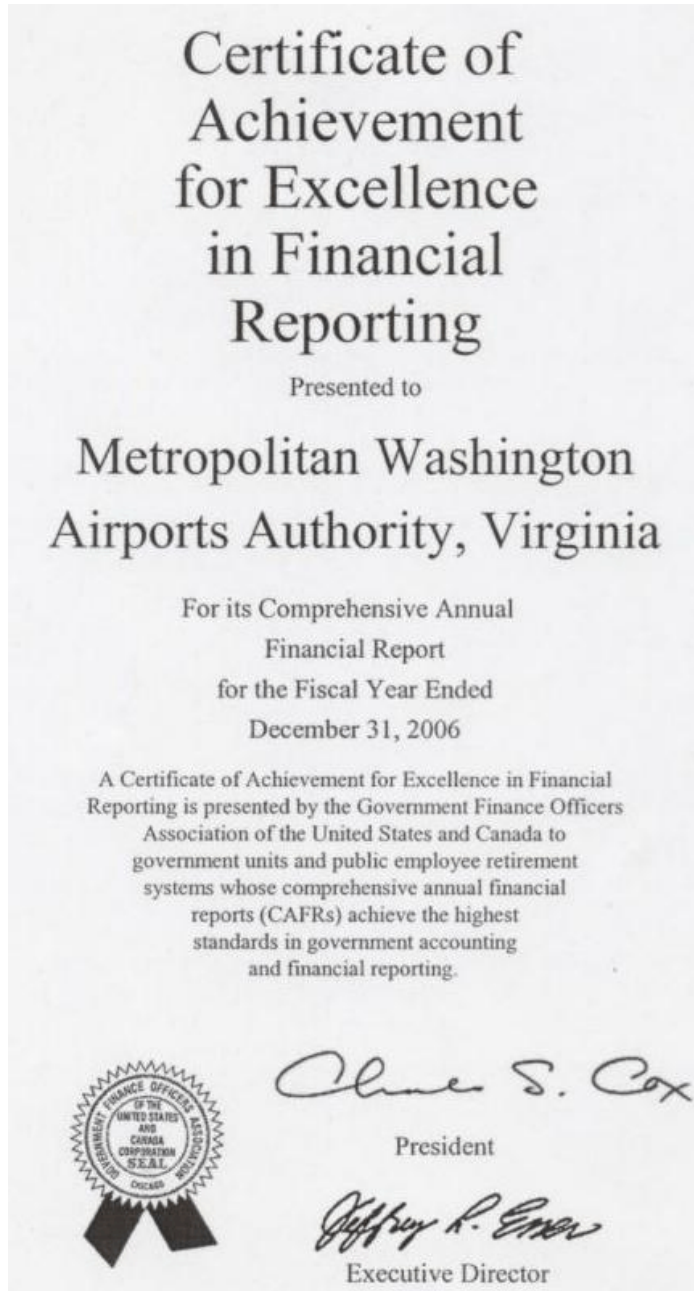
The Airports Authority has also received the GFOA's Award for Distinguished Budget Presentation for many years since 1991.

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, William Bailey, Janice Gardner, 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



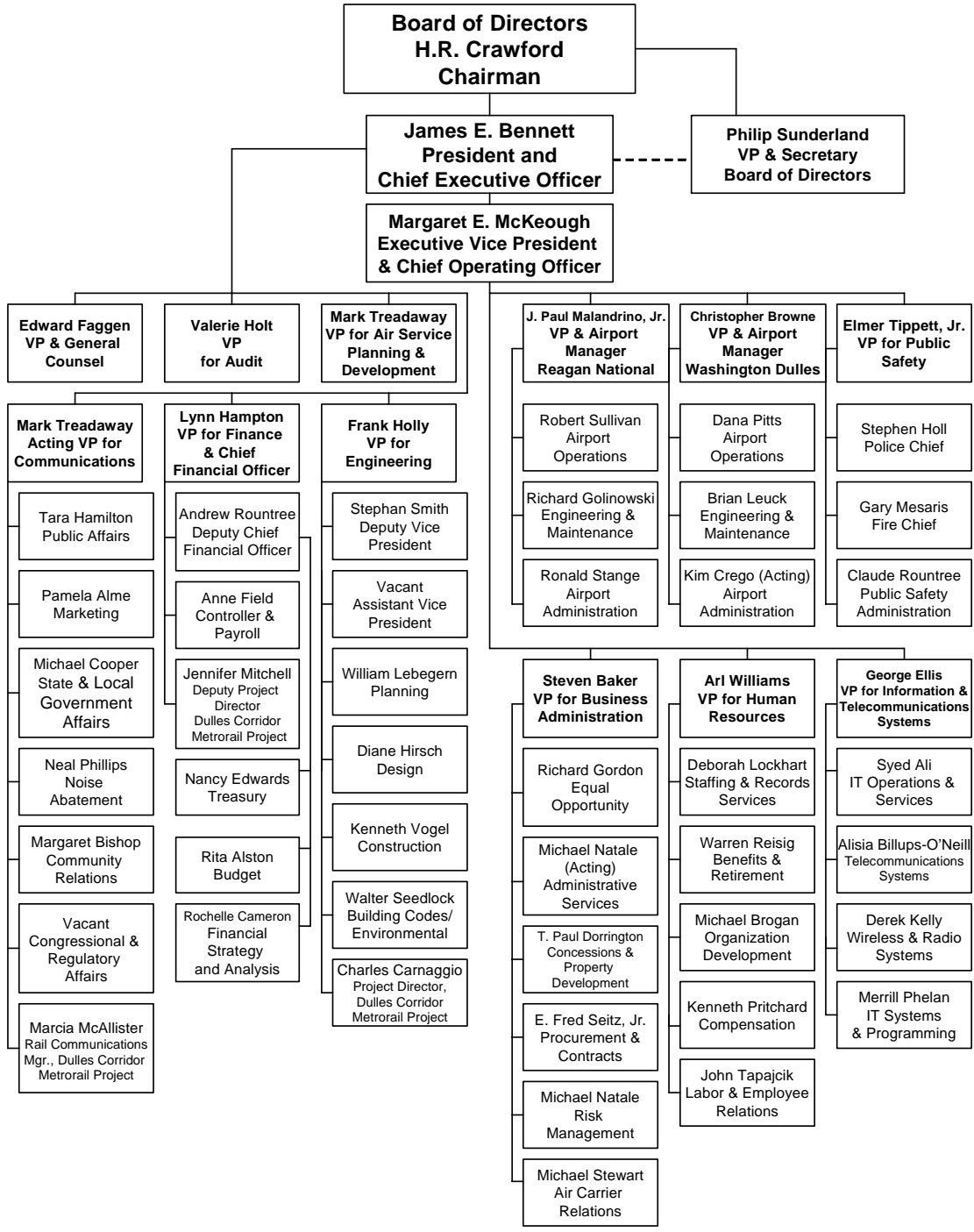
Certificate of Achievement

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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**



Report of Independent Auditors

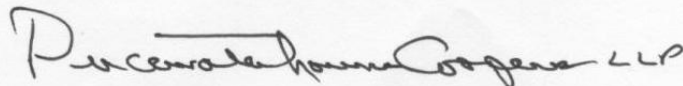
To the Board of Directors
of the Metropolitan Washington Airports Authority:

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 "Airports Authority") as of December 31, 2007 and December 31, 2006 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 Airports 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 Airports Authority's statements of net assets and the related statements of revenues, expenses, and changes in net assets and cash flows, which collectively represent the Airports 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 28, 2008



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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, 2007 with selected comparative information for the years ended December 31, 2006 and December 31, 2005. 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 Airports 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 2007, the Airports Authority early implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Airports Authority is in the practice of amortizing the cost of internally developed software and other assets as required in GASB No. 51, and identifying certain assets such as easements as having indefinite lives. No prior year restatements were required in the year of implementation. Intangible assets with indefinite lives are presented in the Statement of Net Assets as a component of "Land and other non-depreciable assets." In 2007, the Airports Authority also early implemented GASB Statement No. 50, *Pension Disclosures, An Amendment of GASB Statement No. 25 and No. 27*.

The Statements of Net Assets depict the Airports Authority's financial position as of December 31, and include all assets and liabilities of the Airports Authority. The Statements of Net Assets demonstrate that the Airports Authority's assets equal liabilities plus net assets. Net assets represent the residual interest in the Airports 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, 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 Airports Authority's revenues, including Passenger Facility Charges (PFCs), investment income and federal, state and local grants are reported as non-operating revenues. The Airports Authority's interest expense is reported as non-operating expense.

The Statements of Cash Flows present information showing how the Airports 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 Airports Authority's Activity Highlights

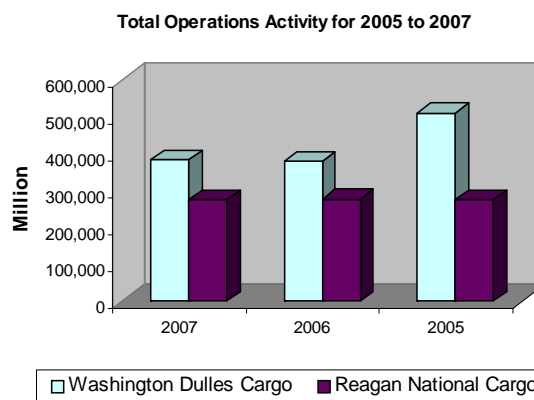
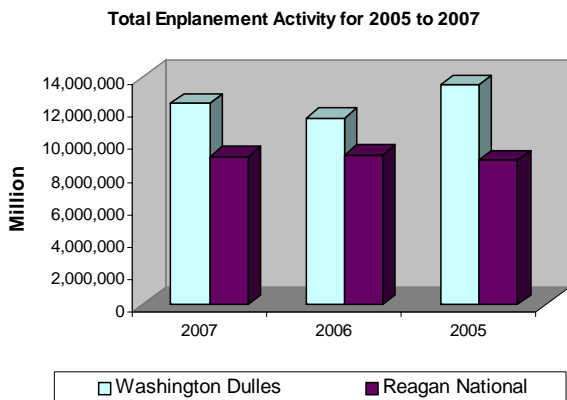
The Airports Authority has activity-based revenues which include non-airline fees such as parking and rental car and airline based fees such as landing fees, international arrival fees and passenger conveyance fees. Although there have been many factors and events that have negatively affected the air transportation industry in the past years such as 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, the continued threat of domestic and international terrorist attacks, and the significant increases in fuel prices, the Airports Authority continues its efforts to diversify its revenues, increase the carriers using its airports and adhere to the principles of fiscal restraint. After two years of reduced enplanement activity beginning in 2001, 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 again reported record high passenger levels. Washington Dulles, however, experienced reduced passenger activity in 2006. Independence Air, a low-fare airline, who began operations at Washington Dulles in June 2004, adding significant passenger and operations activity at the Airport, ceased operating on January 5, 2006. Passenger activity for Washington Dulles began to rebound in the last quarter of 2006, with the introduction of the low-cost carrier, Southwest Airlines.

In the year 2007, Reagan National again surpassed the prior years record passenger levels and reported record high revenues from other sources such as concessions. In 2007, Southwest continued its operations at Washington Dulles with 8,366 operations and 739,177 passengers. In addition, other carriers, domestic and international added activity allowing Washington Dulles to close its year with a 7.5% growth in total passengers and increased revenues in all other areas.

Enplanements at Reagan National for the 12 months of 2007 were 9,298,307, compared to 9,242,480 for the year 2006, resulting in an increase of 0.7%. 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 2007 were 5,272; an increase of 2,100 over 2006. Total enplanements at Washington Dulles for the 12 months of 2007 were 12,382,816 compared to 11,497,150 in 2006, resulting in a 7.7% increase. International enplanements for the 12 months of 2007 were 2,960,345 compared to 2,594,682 in 2006, a 14.0% increase.

Enplanements and Operations Activity for 2005 to 2007

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Enplanements</u>			
Washington Dulles Domestic	9,313,161	8,797,384	10,947,383
Washington Dulles International	2,960,345	2,594,861	2,448,994
Washington Dulles Non-Commercial	109,310	105,084	107,436
Reagan National Domestic	9,145,554	9,054,485	8,736,725
Reagan National Transborder	148,523	185,333	172,549
<u>Operations</u>			
Washington Dulles	382,939	379,571	509,652
Reagan National	275,433	276,419	276,056



In comparing the airports to the North American aviation industry average growth rate, Washington Dulles exceeded this growth rate significantly. For domestic activity, Washington Dulles experienced 7.5% growth versus the North American aviation trend of 1.4%. For international traffic, Washington Dulles' growth rate of 13.7% far exceeded the industry growth rate of 4.4%. Reagan National's traffic, while setting new high passenger levels for the airport, did not meet the industry growth rate of 1.4% realizing a growth rate of 0.7% for the year.

<u>Enplanements Growth</u>	<u>MWAA</u>	<u>North America</u>	<u>Difference</u>
Washington Dulles Domestic	7.5%	1.4%	6.1%
Washington Dulles International	13.7%	4.4%	9.3%
Reagan National	0.7%	1.4%	(0.7)%

Financial Highlights

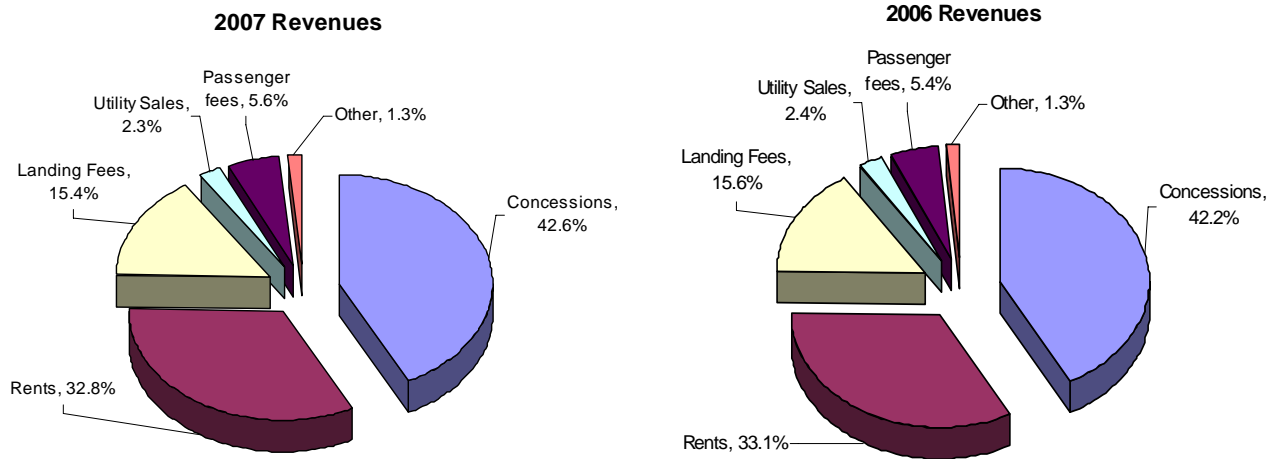
The overall financial results of 2007 reflect the increase of passenger and airline activity at Washington Dulles and the continued stabilization of passenger and airline activity at Reagan National. The majority of the operating revenues at the Airports are directly related to the number of passengers and aircraft operations. Operating

revenues for 2007 were \$510.5 million, an increase of \$39.3 million from operating revenues in 2006, the highest year in Airports Authority history. The Airports 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 Airports 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.

Landing fees increased \$5.3 million to \$78.7 million or 7.2%, principally related to the increased passenger activity at both Airports. Rent revenue increased \$11.1 million, a 7.1% increase from 2006 with additional space available to the Airlines, an increase in overall rental rates and a scheduled increase in the rental of the new Air Traffic Control Tower to the FAA. Passenger fees, including fees paid by the Transportation Security Administration (TSA) increased \$3.2 million or 12.6%, as a result of the increased passenger traffic at Washington Dulles and a slight increase in rates. Other revenues increased 11.0%, with fees from parking permits increasing \$0.3 million from last year.

<u>Classifications</u>	<u>2007</u> Revenue Amount	<u>2006</u> Revenue Amount	Increase (Decrease) from 2006	Percent of Increase from 2006
Concessions	\$217,486,823	\$199,011,305	\$18,475,518	9.3%
Rents	167,301,027	156,164,079	11,136,948	7.1%
Landing fees	78,682,496	73,375,458	5,307,038	7.2%
Utility sales	11,778,736	11,248,988	529,748	4.7%
Passenger fees	28,684,113	25,474,908	3,209,205	12.6%
Other	<u>6,542,935</u>	<u>5,893,899</u>	<u>649,036</u>	11.0%
Total	<u>\$510,476,130</u>	<u>\$471,168,637</u>	<u>\$39,307,493</u>	8.3%

The following is a graphic illustration of operating revenues by source for the years ended December 31, 2007 and 2006:



Concession Revenue

In 2007, concession revenues increased \$18.5 million or 9.3% from 2006. Concession revenues now account for 42.6% of total operating revenues, up from 2006 by 0.4%. Parking revenues were \$116.5 million in 2007, up \$7.5 million and providing over 54% of the Airports Authority’s total concession revenues. Rental car revenue increased \$4.2 million in 2007 to end the year at \$34.4 million. Terminal revenues, food & beverage, retail, newsstand, duty free and other concessions increased by \$6.8 million.

Concession revenue at Reagan National increased in total by \$8.8 million. Parking revenues increased \$4.3 million from 2006 at Reagan National, in spite of a drop from 87.8% in 2006 to 83.8% in 2007 in the average occupancy for all public parking. The parking garages, themselves, at Reagan National experienced a slight decrease in average occupancy of 88.5% in 2006, to 88.1% in 2007. Parking rates were increased in November 2006. Currently there are 8,390 parking spaces at Reagan National: 455 hourly, 4,749 daily, 2,956 economy and 230 valet. The Airport added a cell phone parking lot in 2006, which offers roughly 30 spaces of “no charge parking” while waiting for passengers arriving at the terminal. Construction on an additional level to Parking Garages A, B, and C is scheduled to begin in 2008. This additional area will provide approximately 1,424 new public parking spaces. Terminal concession revenue at Reagan National increased \$0.7 million from 2006. In 2007, Reagan National had 17 new or renovated food and beverage concessions. Of the 17, four were new food and beverage locations such as Five Guys, CIBO, Gordon Biersch, and Fuddrucker’s and the remainder were renovations and new concepts for the Airport. Rental car revenue increased 14% or \$4.2 million in 2007, primarily due to increases in the minimum annual guarantees for the rental car companies.

At Washington Dulles, Parking revenues increased to \$73.8 million, an increase of \$3.6 million from 2006. In 2007, there were 26,125 parking spaces at Washington Dulles: 1,923 hourly, 8,325 daily, 830 valet and 12,378

economy. An overflow economy lot provides an additional 2,499 parking spaces during peak holiday periods. The cell phone parking lot offers 170 spaces of “no charge parking” while waiting for passengers arriving at the terminal. Although overall parking activity remained unchanged from 2006 with approximately 3.3 million exits from all lots, total revenue increased as a result of the shift in patrons’ parking preferences from the economy lot to the daily garages which require a higher fee. There was also some reduced activity in the hourly lot which coincided with the increase in the usage of the cell phone parking lot. Food and beverage revenue increased 28.0% over 2006 to \$8,184,734, resulting from increased passenger traffic and the completion of the food and beverage renovation program, which added some restaurant space and improved the quality and variety of dining choices for passengers. Additions included Five Guys and Mayorga Coffee in Concourse A and Villa Pizza, Cuisine D’Avion and Nelson’s Pub in Concourse D.

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

	Concession Revenues (in thousands)		Increase (Decrease) from 2006	Percent of Increase (Decrease) from 2006
	2007	2006		
Parking	\$ 116,528,833	\$ 109,067,495	\$ 7,461,338	6.8%
Rental cars	34,418,480	30,202,008	4,216,472	14.0%
Food and beverage	14,985,742	12,755,501	2,230,241	17.5%
Newsstand and retail	11,354,093	10,519,806	834,287	7.9%
Duty free	3,422,389	2,928,684	493,705	16.9%
Display advertising	7,356,054	6,300,000	1,056,054	16.8%
Inflight caterers	6,242,548	5,666,632	575,916	10.2%
Fixed base operator	11,985,065	10,583,623	1,401,442	13.2%
All other	11,193,619	10,987,556	206,063	1.9%
Total	<u>\$ 217,486,823</u>	<u>\$ 199,011,305</u>	<u>\$ 18,475,518</u>	9.3%

Operating Expense

Operating expenses for fiscal year ended December 31, 2007 were \$478.6 million, an increase of \$55.5 million or 13.1% over 2006. Depreciation and amortization expense of \$142.0 million, an increase of \$8.9 million over 2006, accounted for 29.7% of operating expenses. Depreciation and amortization expense increased primarily as a result of a number of projects that came on line in 2007.

Materials, equipment, supplies, contract services and other increased \$31.1 million from 2006. In 2007, the Airports Authority completed the demolition of Concourse G, originally built by United Airlines and purchased by the Airports Authority in 2006. The loss on the demolition of the asset was \$12.7 million and was recognized in October 2007. United Airlines is reimbursing the Airports Authority, for Concourse G, through their customary rental rates. Reagan National in 2007 rehabilitated some of the terminal restrooms and repaired the moving walkways. Washington Dulles made expenditures to rehabilitate the baggage belt system and replace carpets. In addition, Washington Dulles provided temporary employees to the TSA, for baggage handling services, but is receiving payment from TSA for the additional expenses.

In late 2005, the Airports Authority announced its proposal to operate the Dulles Toll Road. In 2006, the Airports Authority undertook the process of moving this proposal to completion. This process continued in 2007. The Airports Authority incurred in 2006 and 2007, among other expenses, costs for legal services and other

management support services. The Airports Authority incurred \$5.1 million in expense in 2006 and \$6.8 million in 2007. The Airports Authority received from the Virginia Department of Rail and Public Transportation in 2007 a reimbursement of costs for \$5.8 million. This reimbursement was credited against incurred costs for 2007, leaving reported expenses for 2007 of \$1.0 million.

The Airports Authority began in 2006 and continued in 2007, the process of implementing a new Enterprise Resource Planning system. Accounting principles, promulgated in GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* require costs incurred through the Airports Authority's current phase of this implementation be expensed through the Statement of Changes in Net Assets. For 2007, the Airports Authority incurred \$4.4 million in associated expenses.

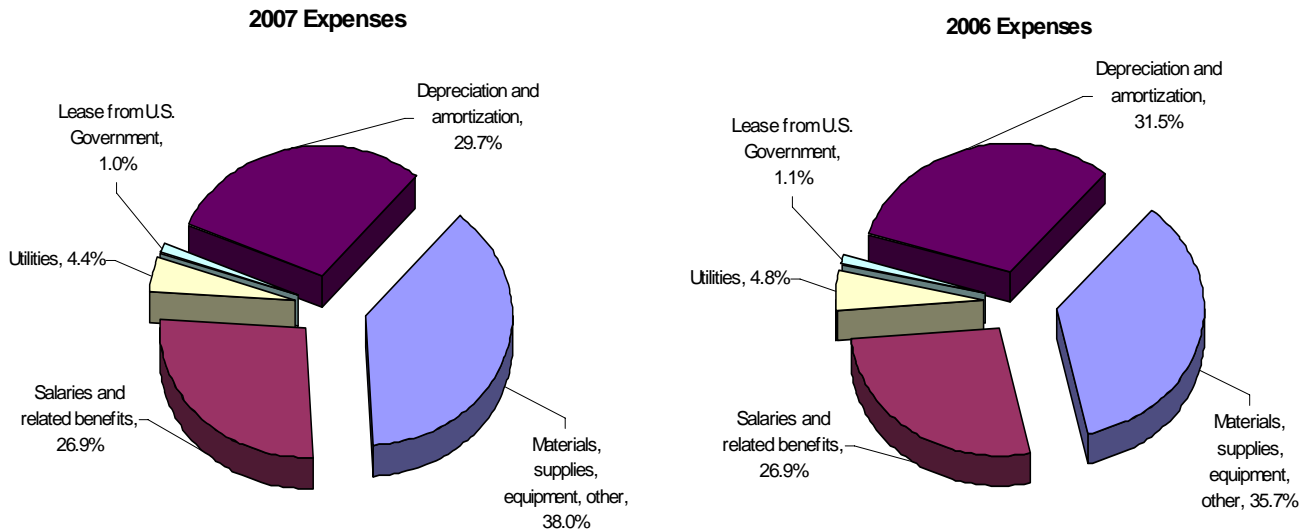
Salaries and related benefits for 2007 increased \$14.5 million. Salaries increased \$8.4 million from 2006 reflecting a \$5.2 million expected growth based on approved wage increases related to performance in the prior year and \$1.8 million in additional overtime associated with snow events in 2007. Additional expense was incurred in 2007 for the special program employees hired during the peak summer time period to assist passengers as they travel through the airports. This program was expanded in 2007 increasing the program levels by \$0.5 million. Benefits increased \$6.1 million in 2007 and did not include, as they had in 2006, the reduction of \$2.5 million for the over funding of the annual Other Post-Employment Benefits (OPEB) costs in 2005. In addition, the Airports Authority's retirement committee increased the contributions to the Airports Authority's general and police and firefighter plans from 6.2% and 11.5% of eligible earnings in 2006, to 6.6% and 11.8% of eligible earnings in 2007.

Increased claims in the insurance market since September 11, 2001, resulted in insurance quotes that were significantly higher than in previous years. The Airports Authority responded to the increase in insurance costs by negotiating higher retention levels while increasing related insurance reserves. General liability, property insurance and workers' compensation insurance costs in 2007 and 2006 were \$6.6 million and \$5.8 million, respectively. Property insurance premiums increased \$431.4 thousand and liability insurance premiums increased \$188.7 thousand. Claims expenses increased \$1.3 million reflecting a \$793.7 thousand increase in the Airports Authority's reserves.

The cost of providing utilities to the Airports increased just 3.8% in 2007. Natural gas costs decreased 10.9% or \$0.7 million while electricity costs increased 10.0%, water costs increased 17.6% and sewerage costs increased 14.6%.

Expense Classification	2007	2006	Increase (Decrease) from 2006	Percent of Increase (Decrease) from 2006
Materials, supplies, equipment, contract services and other	\$ 182,096,091	\$ 151,009,792	\$ 31,086,299	20.6%
Salaries and related benefits	128,465,267	113,870,907	14,594,360	12.8%
Utilities	21,134,317	20,359,248	775,069	3.8%
Lease from United States Government	4,830,121	4,689,858	140,263	3.0%
Depreciation and amortization	<u>142,030,354</u>	<u>133,106,378</u>	<u>8,923,976</u>	6.7%
Total	<u>\$478,556,150</u>	<u>\$423,036,183</u>	<u>\$55,519,967</u>	13.1%

The following is a graphic illustration of the total operating expenses by source for the years ended December 31, 2007 and 2006:



Changes in Net Assets

Fiscal year 2007 operating income was \$31.9 million, a decrease of \$16.2 million compared to 2006. The operating results of 2007 reflect the increase in passenger traffic less the Airports Authority's increased expenses, including the \$12.7 million loss on the demolition of Concourse G.

In 2007, non-operating revenues of \$174.2 million were \$7.8 million lower than in 2006, principally because of decreased 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 and the AIP Program of 2007 was \$26.7 million as compared to \$50.1 million in 2006. Investment income increased \$10.5 million from last year with higher interest rates overall on the Airports Authority's reserves for debt and interest earnings on an advance refunding of \$175.7 million.

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 transactions (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 September 2007, the Airports Authority amended the 2005 Swap agreement with a start date of October 1, 2007 and extended the start date of \$75 million with Bank of Montreal to October 1, 2008 and \$125 million with Wachovia to October 1, 2011. In conjunction with this amendment, the Airports Authority monetized the then unrealized increase in the market value of this swap in September 2007, which resulted in the recognition of a realized gain of \$2.06 million.

The change in the market value of the swaps in 2007 was an unrealized loss of \$23.2 million, compared to an unrealized loss of \$12.7 million in 2006. The combined market value of the swaps on December 31, 2007, was a \$50.3 million loss. (See Note C)

In 2007, non-operating expenses of \$140.1 million increased by \$26.5 million from 2006, as a result of increased debt and the related interest expense and an unrealized loss on the Airports Authority's swaps of \$23.2 million. (See Note J)

Capital contributions include PFCs, federal and state grants, and other capital property acquired. PFC revenue in 2007 was \$82.9 million; \$1.4 million higher than in 2006, and reflect the increased 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 \$32.3 million were \$21.9 million lower than 2006 grant revenues, as a result of new awards received in 2006 and the overall reduction in 2007 of AIP eligible expenditures. Grants received in 2007 include \$26.7 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, 2007 and 2006 was an increase of \$66.1 million and an increase of \$116.5 million, respectively.

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenues			
Concessions	\$ 217,486,823	\$ 199,011,305	\$ 198,691,232
Rents	167,301,027	156,164,079	153,865,079
Landing fees	78,682,496	73,375,458	76,359,090
Utility sales	11,778,736	11,248,988	10,934,616
Passenger fees	28,684,113	25,474,908	26,973,143
Other	<u>6,542,935</u>	<u>5,893,899</u>	<u>10,398,536</u>
Total operating revenues	<u>510,476,130</u>	<u>471,168,637</u>	<u>477,221,696</u>
Operating expenses			
Material, equipment, supplies contract services, and others	182,096,091	151,009,792	142,107,372
Salaries and related benefits	128,465,267	113,870,907	113,878,086
Utilities	21,134,317	20,359,248	21,493,887
Lease from U.S. Government	4,830,121	4,689,858	4,505,435
Depreciation and amortization	<u>142,030,354</u>	<u>133,106,378</u>	<u>132,424,537</u>
Total operating expenses	<u>478,556,150</u>	<u>423,036,183</u>	<u>414,409,317</u>
Operating income	<u>31,919,980</u>	<u>48,132,454</u>	<u>62,812,379</u>
Non-operating revenues			
Investment income	55,557,746	45,035,158	20,194,481
Unrealized swap gain	<u>-</u>	<u>-</u>	<u>6,062,129</u>
Total non-operating revenues	<u>55,557,746</u>	<u>45,035,158</u>	<u>26,256,610</u>
Non-operating expenses			
Interest expense	(111,534,092)	(96,999,795)	(103,561,330)
Passenger facility charges, financing costs	(3,968,842)	(2,026,385)	(1,497,097)
Swap payments	(1,353,696)	(1,854,177)	(4,856,288)
Unrealized swap loss	<u>(23,223,957)</u>	<u>(12,718,126)</u>	<u>-</u>
Total non-operating expenses	<u>(140,080,587)</u>	<u>(113,598,483)</u>	<u>(109,914,715)</u>
Loss before capital contributions	(52,602,861)	(20,430,871)	(20,845,726)
Capital contributions	<u>118,674,180</u>	<u>136,960,753</u>	<u>100,054,076</u>
Increase in net assets	<u>\$ 66,071,319</u>	<u>\$ 116,529,882</u>	<u>\$ 79,208,350</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 Airports Authority's assets, liabilities and net assets on December 31, 2007, 2006, and 2005 is as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current assets	\$ 849,502,892	\$ 810,642,733	\$ 678,298,711
Non-current assets			
Capital assets, net	4,616,109,321	4,018,568,661	3,443,263,293
Other non-current assets	441,617,047	353,687,873	266,552,138
Total Assets	<u>5,907,229,260</u>	<u>5,182,899,267</u>	<u>4,388,114,142</u>
Liabilities			
Current liabilities	315,593,920	235,084,309	222,205,610
Non-current liabilities			
Long-term debt outstanding and other restricted	4,588,666,516	4,010,917,453	3,345,227,510
Other non-current liabilities, unrestricted	-	-	313,399
Total Liabilities	<u>4,904,260,436</u>	<u>4,246,001,762</u>	<u>3,567,746,519</u>
Net Assets			
Invested in capital assets, net of debt	555,206,611	598,949,358	492,384,514
Restricted	114,983,454	46,083,312	65,337,686
Unrestricted	332,778,759	291,864,835	262,645,423
Total Net Assets	<u>\$ 1,002,968,824</u>	<u>\$ 936,897,505</u>	<u>\$ 820,367,623</u>

For the year-ended December 31, 2007, and in its twentieth full year of operations, the Airports Authority's financial position remained strong with total assets of \$5.9 billion and liabilities of \$4.9 billion. Current assets increased by \$38.9 million from 2006. 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, 2007, the Airports Authority had \$4.6 billion in capital assets (net of depreciation), an increase of \$597.5 million from December 31, 2006.

On December 24, 2007, MAXjet filed for bankruptcy. The Airports Authority's accounts receivable included \$141,953 in pre-petition debt for this Airline. The Airports Authority has reserved for this pre-petition debt.

Current liabilities increased by \$80.6 million, principally from a \$51.6 million increase in unrestricted and restricted accounts payable related to increased construction activity and an increase of \$14.1 million in the current portion of bonds payable.

Net assets, which represent the residual interest in the Airports Authority's assets after liabilities are deducted, were \$1.0 billion on December 31, 2007, an increase of \$66.1 million from 2006 and a \$182.6 million increase from 2005. The account "Invested in Capital Assets, Net of Related Debt" decreased by \$43.7 million to \$555.2 million because the increase in the capital assets was less than the increase in the corresponding debt. As of December 31, 2007, \$255.7 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 Airports Authority's inception in 1987, as well as grant and PFC collections. The 2007 restricted net assets of \$115.0 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 \$278.0 million, maintained in accounts held by the Airports Authority's Trustee offset by the corresponding debt, is included in Restricted Net Assets. The remaining 2007 unrestricted assets of \$332.8 million, an increase of \$40.9 million from 2006, may be used to meet any of the Airports Authority's ongoing operations, subject to approval by the Airports Authority's Board of Directors.

Capital Financing and Debt Management

The Airports 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 "Stable Outlook" on April 14, 2004. Moody's changed the outlook to "Positive" on March 15, 2005, back to "Stable" on January 4, 2006, and back to "Positive" on November 3, 2006. Moody's affirmed the Airports Authority's rating with a "Positive" outlook on August 24, 2007. S&P assigned the Airports Authority's debt an "A+" with a "Stable" outlook on April 14, 2004. S&P 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 and affirmed this rating on August 24, 2007. Fitch assigned the Airports Authority an "AA-" rating with "Stable" outlook on April 14, 2004. Fitch upgraded the Airports Authority's rating on August 27, 2007, to an "AA" rating with "Stable" outlook.

As of December 31, 2007, the Airports Authority had \$3.9 billion outstanding Airport System Revenue Bonds, \$260.0 million in outstanding Commercial Paper Series Two, and \$432.0 million in PFC notes. (See Note J) Of the \$3.9 billion in outstanding Senior Bonds, \$3.89 billion is insured and \$47.2 million is uninsured. 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 2007 and 2006, the Airports Authority's debt service coverage was 1.72 and 1.78, respectively.

During 2007, the Airports Authority issued \$164.5 million in Series 2007A Airport System Revenue Refunding Bonds. The 2007A Revenue Refunding Bonds refunded certain maturities of the outstanding Series 1997B Bonds and the Airports Authority realized a net present value savings of \$6.9 million from the refunding. In September 2007, the Airports Authority also issued Series 2007B Airport System Revenue Bonds for \$530.0 million. These Bonds were used to finance the Airports Authority's on-going construction program.

In August 2007, the Airports Authority issued \$60 million in Commercial Paper Series One. This financing provided the Airports Authority funds for on-going capital construction needs.

As of the year ended December 31, 2007 the Airports Authority had \$200 million CP Series Two, \$60 million in CP Series One, and \$432 million in PFC Notes. Additionally, the Airports Authority had \$160 million authorized but not issued CP available for construction needs. As a result of these transactions, as well as principal payments of \$66.2 million, long-term debt outstanding increased by \$465.4 million and long-term CP Notes and PFC Notes outstanding of \$692.0 million increased \$92.0 million. Detailed information on the long-term debt of the Airports Authority can be found in the Notes to the 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. In March 2007, the Airports Authority submitted a PFC application for the International Arrivals Building at Washington Dulles. This application is still under review.

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. In October 2007, the Airports Authority requested 75% funding under the TSA's new LOI allocation for the in-line baggage systems at Reagan National and Washington Dulles. This is still under review with the TSA.

Cash and Investment Management

The Airports Authority's cash and cash equivalents decreased \$35.1 million to \$224.9 million as of December 31, 2007, from \$260.0 million as of December 31, 2006, as a result of transferred investments and increased spending of the CCP. Cash and cash equivalents with an original maturity of three months or less are considered highly liquid investments. Unrestricted investments increased by \$39.8 million from 2006 and restricted investments increased by \$80.2 million from 2006.

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

	<u>2007</u>	<u>2006</u>
Cash received from operations	\$ 493,952,169	\$ 473,743,148
Cash expended from operations	<u>(296,983,493)</u>	<u>(296,036,365)</u>
Net cash provided by operations	<u>196,968,676</u>	<u>177,706,783</u>
Net cash used in capital and related financing activities	(163,196,469)	(18,190,471)
Net cash used by investing activities	<u>(68,866,260)</u>	<u>(281,510,000)</u>
Net cash used by capital financing and investing activities	<u>(232,062,729)</u>	<u>(299,700,471)</u>
Net decrease in cash and cash equivalents	(35,094,053)	(121,993,688)
Cash and cash equivalents, beginning of year	<u>260,021,737</u>	<u>382,015,425</u>
Cash and cash equivalents, end of year	<u>\$ 224,927,684</u>	<u>\$ 260,021,737</u>

Cash temporarily idle during 2007 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 Airports Authority's outstanding bonds. During 2007, the Airports Authority's operating account average portfolio balance was \$249.9 million and the average yield on investments was 5.0%. The capital funds are held by an agent for the Trustee, but managed by the Airports Authority. For 2007, the capital funds had an average portfolio balance of \$511.7 million and an average yield of 4.9%.

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 Airports Authority's Board. An investment committee meets quarterly to review the portfolios for compliance with the investment policy. (See Note B)

Capital Construction

During 2007, the Airports Authority expended \$714.7 million in its ongoing CCP compared to an amended budget of \$754.4 million. The Airports Authority capitalized \$212.1 million in projects in 2007, including a single operating tank at the fuel settling tank farm, improvements and expansion of the north area roads system, a south utility substation and distribution center and some significant rehabilitation in Concourse C&D. Projects that are continuing in 2008, and scheduled for completion in 2008, or beyond, include Concourse B 12-gate addition, fuel settling tank farm, AeroTrain system, fourth runway and associated taxiway and the international arrivals building. Average monthly capital construction spending in 2007 was approximately \$59.6 million.

Contacting the Airports Authority's Financial Management

The financial report is designed to provide the Airports Authority's Board, management, investors, creditors and customers with a general view of the Airports Authority's finances and to demonstrate the Airports 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.

STATEMENTS OF NET ASSETS (continued)
As of December 31

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets		
Unrestricted assets:		
Cash and cash equivalents	\$ 36,128,525	\$ 26,013,856
Investments	230,873,451	241,608,097
Accounts receivables, net	43,199,310	23,290,488
Inventory	5,033,697	3,637,337
Prepaid expenses and other current assets	<u>6,810,182</u>	<u>7,086,182</u>
Total unrestricted assets	<u>322,045,165</u>	<u>301,635,960</u>
Restricted assets:		
Cash and cash equivalents, restricted	173,596,934	219,855,164
Passenger facility charges, restricted cash	15,202,225	14,152,717
Accounts receivables, passenger facility charges and other, restricted	9,354,533	11,258,351
Investments, restricted	<u>329,304,035</u>	<u>263,740,541</u>
Total restricted assets	<u>527,457,727</u>	<u>509,006,773</u>
Total current assets	<u>849,502,892</u>	<u>810,642,733</u>
Non-current assets		
Capital assets:		
Land and other non-depreciable assets	121,534,710	118,144,707
Construction in progress	1,915,881,901	1,389,283,792
Buildings, systems and equipment	3,908,323,105	3,705,348,760
Less: accumulated depreciation	<u>(1,329,630,395)</u>	<u>(1,194,208,598)</u>
Capital assets, net	4,616,109,321	4,018,568,661
Long-term investments	80,463,199	29,973,880
Long-term investments, restricted	278,008,136	263,395,532
Other long-term assets	18,333,264	-
Net pension asset and other post-employment benefits asset	4,509,918	4,955,615
Bond issuance costs, net, restricted	<u>60,302,530</u>	<u>55,362,846</u>
Total non-current assets	<u>5,057,726,368</u>	<u>4,372,256,534</u>
Total assets	<u><u>\$ 5,907,229,260</u></u>	<u><u>\$ 5,182,899,267</u></u>

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

STATEMENTS OF NET ASSETS

	<u>2007</u>	<u>2006</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Payable from unrestricted:		
Accounts payable and accrued expenses	\$ 71,868,458	\$ 44,359,480
Operating lease obligations	341,140	341,140
Total unrestricted	<u>72,209,598</u>	<u>44,700,620</u>
Current liabilities payable from restricted assets:		
Accounts payable and accrued expenses	100,843,888	76,770,235
Accrued interest payable	55,970,434	41,153,454
Bonds payable	86,570,000	72,460,000
Total restricted	<u>243,384,322</u>	<u>190,383,689</u>
Total current liabilities	<u>315,593,920</u>	<u>235,084,309</u>
Non-current liabilities		
Payable from unrestricted:		
Deferred revenue	<u>20,363,189</u>	<u>-</u>
Payable from restricted:		
Passenger facility charge bank participation notes	432,000,000	400,000,000
Commercial paper notes	260,000,000	200,000,000
Bonds payable, net	<u>3,876,303,327</u>	<u>3,410,917,453</u>
Total restricted	<u>4,568,303,327</u>	<u>4,010,917,453</u>
Total non-current liabilities	<u>4,588,666,516</u>	<u>4,010,917,453</u>
Total liabilities	<u>4,904,260,436</u>	<u>4,246,001,762</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>555,206,611</u>	<u>598,949,358</u>
Restricted:		
Bond funds	94,274,698	21,429,855
Passenger facility charges	19,612,520	23,217,174
Grants	1,096,236	1,436,283
Total restricted	<u>114,983,454</u>	<u>46,083,312</u>
Unrestricted	<u>332,778,759</u>	<u>291,864,835</u>
Total net assets	<u>1,002,968,824</u>	<u>936,897,505</u>
Total net assets and liabilities	<u>\$5,907,229,260</u>	<u>\$5,182,899,267</u>

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>Years Ended</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
OPERATING REVENUES		
Concessions	\$ 217,486,823	\$ 199,011,305
Rents	167,301,027	156,164,079
Landing fees	78,682,496	73,375,458
Utility sales	11,778,736	11,248,988
Passenger fees	28,684,113	25,474,908
Other	<u>6,542,935</u>	<u>5,893,899</u>
Total operating revenues	<u>510,476,130</u>	<u>471,168,637</u>
OPERATING EXPENSES		
Materials, equipment, supplies, contract services, and other	182,096,091	151,009,792
Salaries and related benefits	128,465,267	113,870,907
Utilities	21,134,317	20,359,248
Lease from U. S. Government	4,830,121	4,689,858
Depreciation and amortization	<u>142,030,354</u>	<u>133,106,378</u>
Total operating expenses	<u>478,556,150</u>	<u>423,036,183</u>
OPERATING INCOME	<u>31,919,980</u>	<u>48,132,454</u>
NON-OPERATING REVENUES (EXPENSES)		
Passenger facility charges, financing costs	(3,968,842)	(2,026,385)
Investment income	55,557,746	45,035,158
Interest expense	(111,534,092)	(96,999,795)
Swap payments	(1,353,696)	(1,854,177)
Unrealized swap loss	<u>(23,223,957)</u>	<u>(12,718,126)</u>
Total non-operating revenues (expenses)	<u>(84,522,841)</u>	<u>(68,563,325)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(52,602,861)</u>	<u>(20,430,871)</u>
CAPITAL CONTRIBUTIONS		
Passenger facility charges	82,858,846	81,489,704
Federal and state grants	32,317,161	54,239,498
Other capital property contributed	<u>3,498,173</u>	<u>1,231,551</u>
Total capital contributions	<u>118,674,180</u>	<u>136,960,753</u>
NET ASSETS		
Increase in net assets	66,071,319	116,529,882
Total net assets, beginning of year	<u>936,897,505</u>	<u>820,367,623</u>
Total net assets, end of year	<u>\$ 1,002,968,824</u>	<u>\$ 936,897,505</u>

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

STATEMENTS OF CASH FLOWS (continued)

	Years Ended	
	December 31, 2007	December 31, 2006
NET CASH FROM OPERATING ACTIVITIES:		
Operating cash receipts from customers	\$ 493,952,169	\$ 473,743,148
Cash payments to suppliers for goods and services	(171,155,537)	(181,950,447)
Cash payments to employees for services	<u>(125,827,956)</u>	<u>(114,085,918)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>196,968,676</u>	<u>177,706,783</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of bonds	722,216,279	766,533,168
Proceeds from the issuance of commercial paper	60,000,000	14,000,000
Principal payments on bonds	(235,575,000)	(108,335,000)
Payments for capital expenditures and construction in progress	(654,182,938)	(639,942,164)
Proceeds from sale of capital assets	170,558	413,628
Payments of bond issuance costs	(7,981,001)	(11,713,387)
Interest paid on bonds and commercial paper	(182,537,019)	(157,739,940)
Government grants in aid of construction	32,650,197	53,394,785
Passenger facility charge receipts	84,430,990	80,947,807
Borrowing on passenger facility charge bank participation notes	32,000,000	-
Passenger facility charge expenses, interest, and other	<u>(14,388,535)</u>	<u>(15,749,368)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(163,196,469)</u>	<u>(18,190,471)</u>
NET CASH FROM INVESTING ACTIVITIES:		
Interest received on investments	52,011,628	42,359,987
Increase in short term investments, net	(54,828,848)	(254,217,579)
Proceeds from long-term investment maturities	404,796,376	288,778,231
Purchase of long-term investments	<u>(470,845,416)</u>	<u>(358,430,639)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(68,866,260)</u>	<u>(281,510,000)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,094,053)	(121,993,688)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>260,021,737</u>	<u>382,015,425</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 224,927,684</u>	<u>\$ 260,021,737</u>

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

STATEMENTS OF CASH FLOWS

	<u>Years Ended</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 31,919,980	\$ 48,132,454
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	142,030,354	133,106,378
Increase (decrease) in allowance for doubtful accounts	(178,868)	107,611
(Gain) loss on sale of assets	12,707,987	(414,477)
Decrease (increase) in accounts receivable	(18,344,893)	2,746,982
Increase in inventory	(1,396,360)	(204,868)
Increase in prepaid expenses and other current assets	(340,121)	(1,268,210)
Increase in other long-term assets	(17,271,446)	(3,025,545)
Decrease (increase) in long-term liabilities	20,363,189	(313,399)
(Decrease) increase in accounts payable and accrued expenses	<u>27,478,854</u>	<u>(1,160,143)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 196,968,676</u>	<u>\$ 177,706,783</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Unrealized gain (loss)	\$ (947,117)	\$ 2,673,248
Other capital property acquired		
Equipment received by tenant and improvements	\$ 3,498,173	\$ 1,231,551
Capital construction costs payable	\$ 100,843,888	\$ 76,770,235

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 Airports 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 Airports 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 Airports 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 Airports 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 Airports Authority's annual budgeting process is a financial planning tool used to establish the estimated revenues and expenditures for both Airports. The Airports 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 65.4% of annual airline revenues. These airlines combined represent approximately 72.2% of the total annual airline

revenues for the Airports Authority. Actual airline revenues for 2007 represent approximately 48.4% of the Airports Authority's total operating 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 some bulk items, such as sand and salt stored at the Airports, 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 N). 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.

Intangible Assets

In accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, intangible assets are recognized as capital assets in the statement of net assets if they are identifiable. The amortization of intangible assets is determined by legal or contractual provisions. If there are no factors that limit the useful life of an intangible asset, these assets may be considered to have indefinite lives and no amortization of the costs occurs. Intangible assets with indefinite lives are presented in the Statement of Net Assets as a component of "Land and other non-depreciable assets."

The Airports Authority is in the practice of amortizing the cost of internally developed software and other assets as required in GASB No. 51, and identifying certain assets such as easements as having indefinite lives. No prior year restatements were required in the year of implementation.

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. General employees may accumulate up to a maximum of 30 days or 240 hours. Employees exceeding a specified pay scale, executive type employees, are entitled to accumulate up to 480 hours or 60 days. 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, 2006	\$ 6,245,329
Vacation used during the year	(6,348,800)
Vacation earned during the year	<u>6,421,043</u>
Balance as of December 31, 2007	<u>\$ 6,317,572</u>

The Airports Authority employees earn 13 days of sick leave per year. Unused sick leave for employees enrolled in the Airports 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, 2007 and no estimated liability on December 31, 2006.

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 2006 financial statements have been reclassified to conform to the current year's presentation.

B. DEPOSITS AND INVESTMENTS

Deposits

The Airports 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 Airports Authority's practice is to sweep all demand deposits at the close of each business day into overnight repurchase agreements.

As of December 31, 2007 and 2006, the Airports Authority had various Certificates of Deposit in the amount of \$6,300,000 and \$6,300,000, 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 Airports 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 \$126,910 and \$130,800 as of December 31, 2007 and 2006, respectively. In addition, small deposits in the Airports Authority's flexible spending account were not covered by insurance and not collateralized. These funds totaled \$23,306 and \$2,859 as of December 31, 2007 and 2006, respectively.

Investments

The Airports Authority had the following investments in its portfolio as of December 31, 2007:

<u>2007 Investments</u>	<u>Credit Rating¹</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (years)</u>	<u>% of Portfolio</u>
Treasury	Aaa/AAA	\$ 34,988,938	0.4994	3.76%
Fannie Mae	Aaa/AAA	219,239,000	0.4040	23.87%
Freddie Mac	Aaa/AAA	135,404,685	0.4282	14.74%
Farmer Mac	Aaa/AAA	15,433,993	0.5782	1.67%
Federal Home Loan Bank Commercial Paper	Aaa A-1/P-1	215,170,604 87,101,353	0.3264 0.2869	23.39% 9.53%
MBIA Guaranteed Invest Contract ²	Aa2/AA	36,274,390	26.4388	3.91%
FSA Guaranteed Invest Contract ²	Aaa/AAA	67,075,427	27.7700	7.24%
Bank of America-Forward Purchase Agreement	AA2/AA-	7,716,000	5.6740	0.83%
Overnight Repurchase Agreements ³	A-1/P-1	13,771,189	0.0055	1.49%
Debt Service Reserve Repurchase Agreements:				
Bank of America Repo	AA2/AA-	16,333,690	15.7535	1.76%
Morgan Stanley Repo	Aa3/AA-	<u>72,406,627</u>	<u>28.3592</u>	<u>7.81%</u>
		<u>\$ 920,915,896</u>	5.8768	<u>100.00%</u>

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

<u>2006 Investments</u>	<u>Credit Rating¹</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 ²	Aa2/AA	36,274,390	27.4441	4.47%
FSA Guaranteed Invest Contract ²	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 ³	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>	<u>29.3645</u>	<u>8.92%</u>
		<u>\$ 803,051,215</u>	<u>5.5022</u>	<u>100.00%</u>

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

² Underlying rating of the counterparties.

³ 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 Airports 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 Airports Authority's policy.

The table above shows the fair value and the credit quality of the Airports Authority's investment portfolio, by investment type as of December 31, 2007.

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 Airports Authority's name.

The Airports 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, 2007 and 2006, all the Airports Authority's securities are held by the Airports Authority or its agent in the Airports Authority's name and are fully insured or registered investments.

Repurchase agreements and guaranteed investment contracts are required to be collateralized by the counterparty at 103%, and the Airports Authority requires the collateral to be Authorized Investments as described in the Investment Policy and the Master Bond Indenture.

The Airports 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 \$14,063,881 on December 31, 2007. The fair value of the collateral for the guaranteed investment contracts was \$112,127,236 on December 31, 2007. The fair value of the collateral for the forward purchase agreements was \$7,716,000 on December 31, 2007. All the collateral for these contracts was held by the Airports Authority's agent in the Airports Authority's name. The fair value of the collateral for the Debt Service Reserve repurchase agreements was \$96,212,949 as of December 31, 2007.

Interest Rate Risk

The Airports 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 Airports 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. (See Note V)

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 Airports Authority's investments in accordance with GASB Statement No. 31:

	<u>December 31, 2007</u>	
	<u>Cost</u>	<u>Carrying Value</u>
Securities with original maturity 1 year and over	\$289,056,134	\$ 289,289,904
Securities with original maturity less than 1 year	<u>637,740,189</u>	<u>631,625,992</u>
	<u>\$926,796,323</u>	<u>\$920,915,896</u>
	<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>558,035,906</u>
	<u>\$811,395,290</u>	<u>\$803,051,215</u>
Change in carrying value from December 31, 2006 to December 31, 2007		
Carrying value at December 31, 2007		\$ 920,915,896
Add: Proceeds from investments sold in 2007		1,523,983,618
Less: Cost of investments purchased in 2007		(1,619,571,459)
Less: Carrying value at December 31, 2006		<u>(803,051,215)</u>
Change in carrying value of investments		<u>\$ 22,276,840</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>\$ 15,391,375</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,	
	2007	2006
Deposits	\$ 16,058,217	\$ 8,746,591
Money Market	199,602,392	239,941,980
Certificates of Deposit	7,000,000	7,000,000
Securities	920,915,896	803,051,215
	<u>\$1,143,576,505</u>	<u>\$1,058,739,786</u>
Cash and cash equivalents	\$ 36,128,525	\$ 26,013,856
Cash and cash equivalents, restricted	173,596,934	219,855,164
Passenger facility charges, restricted cash	15,202,225	14,152,717
Investments, restricted	329,304,035	263,740,541
Investments	230,873,451	241,608,097
Long-term investments	80,463,199	29,973,880
Long-term investments, restricted	278,008,136	263,395,532
	<u>\$1,143,576,505</u>	<u>\$1,058,739,786</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. In September 2007,

the Airports Authority amended the 2005 Swap Agreement with a start date of October 1, 2007, and extended the start date of \$75.0 million with Bank of Montreal to October 1, 2008, and \$125 million with Wachovia to October 1, 2011. In conjunction with this amendment, the Airports Authority monetized the then unrealized increase in the market value of this swap in September 2007, which resulted in the recognition of a realized gain of \$2.06 million.

On July 11, 2006, the Airports Authority entered into forward floating-to-fixed interest rate swap agreements (collectively, the "2006 Swaps") with Bear Stearns 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 Stearns 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 Stearns 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 Airports 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 Airports 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 Airports Authority's Swaps as of December 31, 2007 and 2006 are as follows:

	December 31,		Net Change
	2007	2006	For 2007
<u>2001 Swaps</u>			
Effective date October 1, 2002	\$(16,150,187)	\$(11,294,622)	\$ (4,855,565)
<u>2005 Swaps</u>			
Effective date October 1, 2008	(1,860,878)	1,075,175	(2,936,053)
Effective date October 1, 2011	(1,409,153)	1,952,168	(3,361,321)
Effective date October 1, 2008	(3,616,583)	(1,056,748)	(2,559,835)
<u>2006 Swaps</u>			
Effective date October 1, 2009	(16,191,075)	(10,057,145)	(6,133,930)
Effective date October 1, 2010	<u>(11,069,604)</u>	<u>(7,692,351)</u>	<u>(3,377,253)</u>
	<u><u>\$(50,297,480)</u></u>	<u><u>\$(27,073,523)</u></u>	<u><u>\$(23,223,957)</u></u>

D. ACCOUNTS RECEIVABLE

Trade accounts receivable consists of the following:

	December 31,	
	<u>2007</u>	<u>2006</u>
Trade accounts receivable	\$ 44,188,113	\$ 24,458,160
Less: allowance for doubtful accounts	<u>(988,803)</u>	<u>(1,167,672)</u>
	<u>\$ 43,199,310</u>	<u>\$ 23,290,488</u>

On September 14, 2005, Delta and its affiliates and Northwest and its affiliates filed for bankruptcy and remained in bankruptcy throughout 2006. The Airports Authority's accounts receivable included \$1.65 million in pre-petition debt for these airlines. In 2007, both Delta and Northwest emerged from bankruptcy and satisfied their pre-petition debt.

On December 24, 2007, MAXjet filed for bankruptcy. The Airports Authority's accounts receivable included \$141,953 in pre-petition debt for this airline. The Airports Authority has sufficient reserves to cover this debt.

The Airports Authority's accounts receivables are 34% trade receivables due from concessionaires and airlines. The remaining 66% are notes and other receivables such as interest receivable and amounts due from the Commonwealth of Virginia for reimbursement of costs related to the Dulles Toll Road and Metrorail Extension Projects. (See Note U)

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,	
	<u>2007</u>	<u>2006</u>
Construction	\$ 425,887,269	\$ 425,520,628
Debt service reserve accounts	278,008,136	263,395,532
Interest accounts	54,345,763	37,955,267
Sinking fund accounts	22,667,937	20,119,810
Passenger facility charge accounts	15,202,225	14,152,717
Passenger facility charges and grant receivables	9,354,533	11,258,351
Bond issuance costs	<u>60,302,530</u>	<u>55,362,846</u>
	<u>\$ 865,768,393</u>	<u>\$ 827,765,151</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 \$2,866,392 as of December 31, 2007 and \$2,370,883 as of December 31, 2006. 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, 2007 and 2006. The bond issuance costs are costs incurred and paid by bond funds to complete the bond deal. They are amortized over the life of the related bond issue.

F. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the years ended December 31, 2007 and 2006 are as follows:

	Beginning Balance <u>January 1, 2007</u>	Transfers and Additions	Transfers and Deletions	Ending Balance <u>December 31, 2007</u>
Capital assets not being depreciated				
Construction in progress	\$ 1,389,283,792	\$ 736,046,481	\$ (209,448,372)	\$ 1,915,881,901
Land and other non-depreciable assets	<u>118,144,707</u>	<u>3,390,003</u>	<u>-</u>	<u>121,534,710</u>
Total capital asset not being depreciated	<u>1,507,428,499</u>	<u>739,436,484</u>	<u>(209,448,372)</u>	<u>2,037,416,611</u>
Other capital assets				
Equipment	52,482,671	9,037,417	(2,059,995)	59,460,093
Motor vehicles	89,677,779	2,701,208	(103,457)	92,275,530
Buildings	2,282,922,260	47,073,837	(14,282,334)	2,315,713,763
Systems and structures	<u>1,280,266,050</u>	<u>160,607,669</u>	<u>-</u>	<u>1,440,873,719</u>
Total other capital assets	<u>3,705,348,760</u>	<u>219,420,131</u>	<u>(16,445,786)</u>	<u>3,908,323,105</u>
Less accumulated depreciation:				
A/D equipment	41,793,631	3,825,832	(2,002,281)	43,617,182
A/D motor vehicles	72,308,759	3,273,681	(124,338)	75,458,102
A/D buildings	524,406,317	65,764,309	(1,440,621)	588,730,005
A/D systems & structures	<u>555,699,891</u>	<u>66,125,215</u>	<u>-</u>	<u>621,825,106</u>
Total accumulated depreciation	<u>1,194,208,598</u>	<u>138,989,037</u>	<u>(3,567,240)</u>	<u>1,329,630,395</u>
Other capital assets, net	<u>2,511,140,162</u>	<u>80,431,094</u>	<u>(12,878,546)</u>	<u>2,578,692,710</u>
Totals	<u>\$ 4,018,568,661</u>	<u>\$ 819,867,578</u>	<u>\$ (222,326,918)</u>	<u>\$ 4,616,109,321</u>

	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 and other non-depreciable assets	<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>

For the year ended December 31, 2007, interest costs of \$87,770,624 less interest earned of \$20,117,143 were recorded as part of the cost of construction in progress. For the year ended December 31, 2006 interest costs of \$73,797,176 less interest earned of \$12,875,145 were recorded as part of the cost of construction in progress. Depreciation and amortization expense for the years ended December 31, 2007 and 2006 was \$142,030,354 and \$133,106,378 respectively.

The Airports Authority's construction in progress account includes only costs expended on work for projects that are in an active status. Other capital assets, buildings, includes an Automated People Mover Maintenance Facility that was completed in 2006, but not put into service as of the end of 2007. This asset (\$36.9 million as of December 31, 2007) is available to the train operator for fit-out but is not in use for its intended purpose and is therefore idle as of December 31, 2007. No depreciation expense has been recognized for this asset during the years ended December 31, 2007 and 2006.

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, two daily parking garages and an air traffic control tower.

In 2000, the Airports Authority approved an expansion of the CCP for Washington Dulles referred to as the Washington Dulles Development (*d*²) 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 \$7.1 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 as of December 31, 2007, is 58.39% payable from restricted funds and 41.61% payable from the general operating fund. The restricted fund payables are primarily trade accounts payable related to the Airports Authority's ongoing construction program. Building construction costs payable are \$118.5 million as of December 31, 2007 and \$77.0 million as of December 31, 2006. The unrestricted accounts payables and accrued expenses are 6.9% accrued salaries and benefits, 80.3% payables to vendors, 9.75% deferred revenue and expenses, with the remaining 3.05% 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. CSRS participants can contribute a percentage of their salary on a tax-deferred basis up to the statutory limit of \$15,500 in 2007. There are 51 regular employees and 6 police and firefighter employees currently enrolled in CSRS, as of December 31, 2007.

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 26 police and firefighter employees currently enrolled in the FERS, as of December 31, 2007.

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 Airports Authority's base payroll for employees covered by the CSRS and the FERS for the year ended December 31, 2007 was \$9,274,561. The Airports Authority's total base payroll for all employees was \$79,120,133 in 2007. Employee contributions for these federal pension plans were \$352,401 for 2007, \$408,849 for 2006, and \$462,373 for 2005.

The employer contributions for these plans were \$1,099,979 for 2007, \$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 Airports Authority's police officers under Public Law 106-554. Provisions of this law allowed the Airports 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 was paid on April 12, 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 Airports Authority's Board. As of December 31, 2007, the number of employees participating in the Plans was:

<u>Current participants</u>	<u>Regular</u>	<u>Police/Fire</u>	<u>Total</u>
Vested	542	208	750
Non-vested	325	111	436
Retirees/disabled employees currently receiving benefits	142	10	152
Terminated vested participants	<u>178</u>	<u>51</u>	<u>229</u>
Total	<u>1,187</u>	<u>380</u>	<u>1,567</u>

The Airports Authority contributed 6.6% to the Regular Plan and 11.8% to the Police and Fire Plan in 2007. The Airports Authority's base payroll in 2007 for the Regular Plan was approximately \$52.5 million and \$17.4 million for the Police and Fire Plan. The Airports 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. In 2007, the Airports Authority contributed \$3,508,663 to the Regular Plan and \$2,050,272 to 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. 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 Airports 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 Airports 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 Airports Authority's pension obligation (asset) for its General Employees and Police and Firefighters pension plans as of December 31, 2007, 2006, 2005 and for the years then ended, which are based on the then latest actuarial valuations available, are as follows:

	<u>2007</u>	
	<u>General Employees</u>	<u>Police and Firefighters</u>
Annual required contribution (ARC)	\$ 3,433,086	\$ 2,084,003
Interest on net pension obligation	(123,248)	(39,367)
Adjustment to annual required contribution	<u>129,433</u>	<u>41,343</u>
Annual pension cost	3,439,271	2,085,979
Contributions made	<u>3,508,663</u>	<u>2,050,272</u>
Change in net pension obligation	(69,392)	35,707
Net pension obligation (asset) beginning of year	<u>(1,613,349)</u>	<u>(558,624)</u>
Net pension obligation (asset) end of year	<u><u>\$(1,682,741)</u></u>	<u><u>\$(522,917)</u></u>

	2006	
	General Employees	Police and Firefighters
Annual required contribution	\$ 3,204,841	\$ 1,821,394
Interest on net pension obligation	(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>
Change 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>

	2005	
	General Employees	Police and Firefighters
Annual required contribution	\$ 2,525,154	\$ 1,654,845
Interest on net pension obligation	(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>
Change 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>

Three 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)
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)
2007	\$3,439,271	102.0%	(\$1,682,741)	\$2,085,979	98.3%	(\$522,917)

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 valuations, plan financial statements and plan documents may be obtained by written request to: MWAA, Benefits Department, 1 Aviation Circle, Washington, DC 20001-6000.

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
General Employees Retirement Plan						
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)%
12/31/06	72,341,671	62,195,419	(10,146,252)	116.3%	52,985,414	(19.1)%
Police Officers and Firefighters Retirement Plan						
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)%
12/31/06	35,464,226	34,134,852	(1,329,374)	103.9%	17,799,707	(7.5)%

Annual Pension Percentage of ARC

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	3,233,610	3,037,634	93.9%	1,939,938	1,890,618	97.5%
2007	3,463,046	3,508,663	101.3%	2,050,272	2,050,272	100.0%

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.

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 Airports 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.

Money Purchase Pension Plan

Effective December 18, 2007, the Airports Authority established a Money Purchase Pension Plan in accordance with Internal Revenue Code 401 (a). The Plan is available to all full-time employees. Under the terms of the Money Purchase Plan, the Airports Authority makes contributions on behalf of eligible employees. The amount of contributions made on behalf of eligible employees depends on whether the employee's pension benefit under the Airports Authority's General Employees Retirement Plan or the Airports Authority's Retirement Plan for Police Officers and Firefighters is limited due to compensation limitations imposed by section 4021 (a) (17). Eligible employees may not defer a portion of their salary into the Plan. The Airports Authority serves as trustee of the Plan. The Airports Authority has entered into an agreement with the International City/County Management Association Retirement Corporation (ICMA-RC) to act as an investment advisor to the Plan and to provide record keeping services. In 2007, the Airports Authority paid \$44,113 into this Plan.

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 Airports 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, 2007, 326 retired employees were receiving life insurance benefits and 312 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 provides 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, 2007 and December 31, 2006 the Airports Authority's health insurance costs for retired employees totaled \$3,210,653 and \$2,718,957, respectively.

Plan participants contributed \$626,215 for fiscal year 2007 and \$525,879 for fiscal year 2006, or 20 percent of the total premiums, through their required monthly contributions:

Monthly Contributions for Retirees Under 65 for 2007

<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	\$90.38	\$188.48	\$170.78	\$268.29
Kaiser Permanente Select HMO	\$73.22	\$153.75	\$139.11	\$219.65
Care First BC/BS Dental	\$18.10	\$37.52	\$34.41	\$54.07

Monthly Contributions for Retirees Over 65 for 2007

Provider Choices	Retiree Only	One > 65 One < 65	Two Party Medicare	Family Medicare
Care First BC/BS PPO	\$75.15	\$216.14	\$148.17	\$268.06
Kaiser Permanente				
Non-Senior Advantage	\$46.09	\$119.30	\$92.17	\$165.39
Care First BC/BS Dental	\$17.62	\$43.27	\$29.71	\$54.15

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 326 retired employees, 54 had supplemental insurance coverage as of December 31, 2007. For the year ended December 31, 2007 the life insurance costs for retired employees totaled \$210,025. 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.

Annual Other Post Employment Cost and Obligation

The Airports Authority's obligations (assets) for its post employment benefit plans as of December 31, 2007, 2006 and for the years then ended, which are based on the then latest actuarial valuations available, are as follows:

<u>2007</u>	<u>Medical and Dental</u>	<u>Life Insurance</u>
Annual required contribution	\$ 7,904,439	\$ 754,384
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	7,904,439	754,384
Contributions made	<u>7,754,439</u>	<u>753,962</u>
Change in net OPEB obligation (asset)	150,000	422
Net OPEB obligation (asset) beginning of year	<u>(2,360,000)</u>	<u>(94,682)</u>
Net OPEB obligation (asset) end of year	<u><u>\$ (2,210,000)</u></u>	<u><u>\$ (94,260)</u></u>
<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	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	7,400,000	709,500
Contributions made	<u>7,400,000</u>	<u>631,182</u>
Change 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>

2005	Medical and Dental	Life Insurance
Annual required contribution	\$ 6,390,000	\$ 680,000
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	6,390,000	680,000
Contributions made	8,750,000	853,000
Change 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>\$ (2,360,000)</u>	<u>\$ (173,000)</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 \$5,170,000, \$6,500,000 and \$5,200,000 for the years ended December 31, 2007, 2006, and 2005, respectively, to the Trust for medical and dental insurance. The Airports Authority also contributed approximately \$550 thousand, \$544 thousand and \$300 thousand for the years ended December 31, 2007, 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	-	\$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%
1/01/07	\$ 13,090,000	\$81,930,000	\$68,840,000	15.97%	\$69,770,000	98.67%

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	-	\$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%
1/01/07	\$1,152,000	\$6,722,000	\$5,570,000	17.2%	\$69,770,800	7.9%

Annual Percentage of ARC – 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%
2007	\$7,904,439	\$7,754,439	98.1%

Annual Percentage of ARC – 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%
2007	\$754,384	\$753,962	99.9%

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, 2007 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 included amounts due to the Office of Personnel Management for the Airports Authority's portion of the enhanced retirement benefits to Airports Authority police officers under Public Law 106-554. Under § 636(f) the Airports Authority had to 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 was \$3,017,586.

Total estimated liability	\$3,017,586
Payment year 2003	(646,493)
Payment year 2004	(646,493)
Payment year 2005	(646,493)

Payment year 2006	<u>(646,493)</u>
Balance as of December 31, 2006	431,614
Payment year 2007	(646,493)
Plus liability for officers not contributing in 2006	<u>214,879</u>
Balance as of December 31, 2007	<u><u>\$ -</u></u>

K. CAPITAL DEBT

Commercial Paper Notes

The Airports Authority's Board adopted Resolution No. 00-1 on April 2, 2000, allowing the issuance of \$250,000,000 in Commercial Paper Notes. The principal amount was to pay or provide for certain capital improvements at the airports or refunding other forms of indebtedness principal and interest thereof. On May 2, 2001, the Airports Authority Board adopted Resolution No. 01-6 allowing the issuance of Commercial Paper Notes not to exceed \$500,000,000. The Airports Authority currently has in place credit facilities allowing it to draw up to \$420 million in Commercial Paper notes at any given time.

Series One Commercial Paper Notes are authorized pursuant to the Amended and Restated Eleventh Supplemental Indenture dated as of November 1, 2004 and 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 2011. The Airports Authority's obligation to repay amounts drawn under such letter of credit is collateralized by a promissory note issued by the Airports Authority to JP Morgan 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. As of December 31, 2007 \$60 million of the Series One CP Notes were outstanding. The proceeds are being used to provide interim financing for authorized projects at Reagan National and Washington Dulles airports. The weighted average interest rate on the Series One CP Notes was 3.52%.

Series Two Commercial Paper Notes are 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 several but not joint basis by WestLB AG acting through its New York Branch, individually and as an agent, and Landesbank Baden-Wurttemberg, 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 Airports 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 parity with the Series Two CP Notes and the Bonds. As of December 31, 2006 and December 31, 2007, the Airports Authority has \$200 million in Series Two CP Notes outstanding. The proceeds are used to provide interim financing for authorized projects at Reagan National and Washington

Dulles. The weighted average interest rate on the Series Two CP Notes at December 31, 2007 was 3.55% on sub-series A and 5.18% on sub-series C.

All of the Airports 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, 2006	\$ 200,000,000
Commercial Paper Notes Issued, Series One	<u>60,000,000</u>
Balance as of December 31, 2007	<u>\$ 260,000,000</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 2.95% to 3.72%. The bank participation notes required the Airports Authority to maintain a reserve account. The reserve account at December 31, 2007 and December 31, 2006 was \$5,714,308 and \$3,260,274, respectively, and is included in PFCs, restricted cash 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, 2010. Bank participation notes outstanding at December 31, 2007 and 2006 were \$432,000,000 and \$400,000,000. Total interest cost for the years ended December 31, 2007 and December 31, 2006 were \$16,999,845 and \$15,245,780.

Changes in PFC Bank Participation Notes

Balance as of December 31, 2006	\$ 400,000,000
PFC Bank Participation Notes Issued	32,000,000
PFC Bank Participation Notes Refunded	<u>-</u>
Balance as of December 31, 2007	<u>\$ 432,000,000</u>

Bonds Payable

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's 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’s long-term bonds issued and outstanding as of December 31, 2007 and 2006 were as follows:

<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>2007</u>	<u>2006</u>
Series 1997A Revenue Bonds	05/15/97	4.900%	2007	\$ -	\$ -	\$ 1,235,000
Series 1997B* Revenue Bonds	05/15/97	5.000%-5.750%	2007-2023	\$ -	\$ -	\$ 169,355,000
Series 1998A Revenue Bonds Serial	06/15/98	4.250%	2008	\$ 495,000	\$ 495,000	\$ 970,000
Series 1998B Revenue & Refunding Bonds Serial	06/15/98	4.500%-5.500%	2008-2014	\$ 75,165,000		
Term		5.000%	2018	56,040,000		
Term		5.000%	2028	85,660,000	\$ 216,865,000	\$ 225,585,000
Series 1999A Revenue Refunding Bonds Serial	04/15/99	4.300%-4.500%	2008-2010	\$ 4,700,000		
Term		5.250%	2012	3,510,000		
Term		5.250%	2014	3,885,000		
Term		5.250%	2016	4,300,000		
Serial		5.000%	2017-2019	7,320,000		
Term		5.000%	2027	66,180,000	\$ 89,895,000	\$ 91,335,000
Series 2001A Revenue Bonds Serial	04/01/01	4.100%-5.200%	2008-2022	\$122,620,000		
Term		5.500%	2027	67,190,000		
Term		5.000%	2031	67,820,000	\$ 257,630,000	\$ 262,990,000
Series 2001B Revenue Bonds Serial	04/01/01	3.875%-4.750%	2008-2017	\$ 3,525,000		
Term		5.000%	2021	1,920,000		
Term		5.000%	2026	3,005,000		
Term		5.000%	2031	3,830,000	\$ 12,280,000	\$ 12,560,000
Series 2002A Revenue Bonds Serial	06/04/02	4.000%-5.750%	2008-2022	\$ 90,475,000		
Term		5.125%	2026	38,780,000		
Term		5.250%	2032	75,075,000	\$ 204,330,000	\$ 208,210,000

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>2007</u>	<u>2006</u>
Series 2002B Revenue Bonds Serial	06/04/02	3.900%-4.300%	2008-2012	\$ 3,005,000	\$ 3,005,000	\$ 3,540,000
Series 2002C Refunding Bonds Term	08/28/02	Variable	2008-2021	\$ 217,730,000	\$ 217,730,000	\$ 228,485,000
Series 2002D Refunding Bonds Serial Term Term	08/28/02	3.250%-5.375% 5.000% 5.000%	2008-2020 2023 2032	\$ 36,230,000 12,270,000 49,685,000	\$ 98,185,000	\$ 100,240,000
Series 2003A Revenue & Refunding Bonds Serial Term Term	10/01/03	3.000%-5.500% 5.125% 5.000%	2008-2025 2029 2033	\$ 94,660,000 34,935,000 42,590,000	\$ 172,185,000	\$ 175,495,000
Series 2003B Refunding Bonds Serial	10/01/03	2.800%-5.250%	2008-2019	\$ 36,705,000	\$ 36,705,000	\$ 39,115,000
Series 2003C Revenue & Refunding Bonds Serial Term Term	10/01/03	3.880%-5.390% 5.740% 6.000%	2008-2015 2019 2023	\$ 19,150,000 12,935,000 12,880,000	\$ 44,965,000	\$ 46,940,000
Series 2003D Revenue Bonds Term	10/01/03	Variable	2008-2033	\$ 140,775,000	\$ 140,775,000	\$ 143,225,000
Series 2004A Refunding Bonds Term Serial	08/26/04	3.750% 4.50%-5.000%	2014 2015-2022	\$ 70,000 13,510,000	\$ 13,580,000	\$ 13,590,000
Series 2004B Revenue Bonds Serial Serial Term	05/18/04	5.000% 5.050% 5.000%	2027 2028 2034	\$ 25,000,000 7,330,000 217,670,000	\$ 250,000,000	\$ 250,000,000
Series 2004C-1 Refunding Bonds Serial Serial	07/07/04	5.000% 5.000%	2008 2020-2021	\$ 14,275,000 56,900,000	\$ 71,175,000	\$ 84,775,000

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>2007</u>	<u>2006</u>
Series 2004C-2 Revenue Bonds	08/12/04					
Term		5.000%	2022	\$ 32,795,000		
Serial		5.000%	2023-2024	66,690,000		
					\$ 99,485,000	\$ 99,575,000
Series 2004D Refunding Bonds	08/26/04					
Serial		3.000%-5.250%	2008-2019	\$ 217,570,000		
					\$ 217,570,000	\$ 218,005,000
Series 2005A Revenue Bonds	04/12/05					
Serial		3.250%-5.250%	2008-2020	\$ 133,890,000		
Term		4.750%	2035	22,290,000		
Term		5.000%	2035	149,740,000		
					\$ 305,920,000	\$ 313,125,000
Series 2005B Refunding Bonds	04/12/05					
Serial		3.500%-5.250%	2011-2020	\$ 19,775,000		
					\$ 19,775,000	\$ 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		
					\$ 30,000,000	\$ 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		
					\$ 11,450,000	\$ 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		
					\$ 300,000,000	\$ 300,000,000
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		
					\$ 400,000,000	\$ 400,000,000
Series 2006C Refunding Bonds	12/06/06					
Serial		3.750%-5.000%	2009-2026	\$ 26,270,000		
Term		4.375%	2032	11,595,000		
					\$ 37,865,000	\$ 37,865,000
Series 2007A Refunding Bonds	07/03/07					
Serial		4.750%-5.000%	2008-2023	\$ 164,460,000		
					\$ 164,460,000	-

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>2007</u>	<u>2006</u>
Series 2007B Revenue Bonds	09/27/07					
Serial		4.000%-5.000%	2008-2027	\$ 439,265,000		
Term		4.750	2032	1,150,000		
Term		5.000	2032	67,225,000		
Term		5.000	2035	22,360,000		
					<u>\$ 530,000,000</u>	<u>\$ -</u>
					3,946,325,000	3,487,440,000
Plus (less) unamortized discount/premium, net					<u>16,548,327</u>	<u>(4,062,547)</u>
					<u>\$ 3,962,873,327</u>	<u>\$ 3,483,377,453</u>

* Series 1997B Revenue Bonds were refunded on July 3, 2007, with fixed rate debt.

Changes in Bonds Payable Balances

Balance as of December 31, 2006						\$ 3,483,377,453
Bonds issued						
Series 2007A	Revenue Refunding Bonds			\$ 164,460,000		
Series 2007B	Revenue Bonds			<u>530,000,000</u>		
						694,460,000
Bonds refunded						
Series 1997B	Revenue Bonds			<u>(169,355,000)</u>		
						(169,355,000)
Principal payments						(66,220,000)
Change in unamortized discount/premium, net						<u>20,610,874</u>
Balance as of December 31, 2007						<u>\$ 3,962,873,327</u>
Balance as of December 31, 2007 - short-term						86,570,000
Balance as of December 31, 2007 - long-term						<u>3,876,303,327</u>
						<u>\$ 3,962,873,327</u>

Recent Bond Issues

On January 25, 2006, the Airports Authority issued Airport System Revenue Bonds, Series 2006A for \$300,000,000. These bonds were used in part to refund \$90 million of the Airports Authority's Series One CP Notes and \$75 million of the Series Two CP Notes. Of the outstanding Series One CP Notes, \$25 million were repaid on January 26, 2006 and \$65 million were repaid on January 30, 2006. Of the outstanding Series Two CP Notes, \$75 million were repaid on January 26, 2006. In addition, the bonds provided ongoing funding for the Airports Authority capital construction program at Reagan National and Washington Dulles.

On December 6, 2006, the Airports Authority issued Airport System Revenue Bonds, Series 2006B for \$400,000,000 and Airport System Revenue Refunding Bonds, Series 2006C for \$37,865,000. The Series

2006B bonds were issued to finance capital improvements at Reagan National and Washington Dulles. The proceeds of the Series 2006C bonds were used to advance refund a portion of the Airports Authority's outstanding Airport System Revenue Bonds, Series 1998A and the Airports Authority's outstanding Airport System Revenue Bonds, Series 2002B. Of the Series 1998A bonds, \$16,720,000, were advanced refunded with the 2006C Bonds on December 6, 2006. The outstanding bonds in this series are scheduled to mature on October 1, 2009 through 2028 and were subject to optional redemption on October 1, 2008. The bonds will be redeemed at a price of 101.0%. The Airports Authority's present value savings of this refunding was \$1.5 million. The Airports Authority will realize cash flow savings of \$1,512,631 with this transaction. Of the Series 2002B Bonds, \$21,990,000 were advance refunded with the 2006C Series Bonds on December 6, 2006. The refunded Series 2002B Bonds were scheduled to mature on October 1, 2013 through 2032 subject to redemption on October 1, 2013. The bonds will be redeemed at 100%. The Airports Authority's present value savings of this refunding was \$2.2 million. The Airports Authority will realize cash flow savings of \$2,194,400 with this transaction.

On July 3, 2007, the Airports Authority received the proceeds of \$164,460,000 from the Airport System Revenue Refunding Bonds, Series 2007A. These proceeds together with other available funds (the Debt Service Interest Account and the Debt Service Principal Account of the refunded Bonds) were used to refund all of the Airports Authority's outstanding Airport System Revenue Bonds, Series 1997B. The outstanding bonds maturing 2007 through 2023 of the Series 1997B of \$169,355,000 were refunded on October 1, 2007. The Airports Authority's present value savings of this refunding was \$6.9 million. The Airports Authority will realize cash flow savings of \$10,086,453 with this transaction. The refunded Series 1997B Bonds were scheduled to mature on October 1, 2007 through 2023 and were subject to optional redemption on October 1, 2007. The bonds were redeemed at a price of 101% plus accrued interest.

On September 27, 2007, the Airports Authority issued Airport System Revenue Bonds, Series 2007B bonds for \$530,000,000. The proceeds from these bonds will be used to finance capital improvements at Reagan National and Washington Dulles.

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 XL Capital Assurance (XL). The following table details the Airports Authority's outstanding debt noting insured and uninsured bonds. (See Note V)

<u>Bond Series</u>	<u>Principal Outstanding</u>	<u>Uninsured Bonds</u>	<u>Insured Bonds</u>	<u>Insurance Provider</u>
1998A	\$ 495,000	\$ 495,000	\$ -	n/a
1998B	216,865,000	-	216,865,000	MBIA
1999A	89,895,000	-	89,895,000	FGIC
2001A	257,630,000	-	257,630,000	MBIA
2001B	12,280,000	-	12,280,000	MBIA
2002A	204,330,000	-	204,330,000	FGIC
2002B	3,005,000	-	3,005,000	FGIC
2002C	217,730,000	-	217,730,000	FSA
2002D	98,185,000	-	98,185,000	FSA

(continued)

Bond Series	Principal Outstanding	Uninsured Bonds	Insured Bonds	Insurance Provider
2003A	\$ 172,185,000	\$ -	\$ 172,185,000	FGIC
2003B	36,705,000	5,010,000	31,695,000	FGIC
2003C	44,965,000	-	44,965,000	FGIC
2003D	140,775,000	-	140,775,000	XL
2004A	13,580,000	-	13,580,000	MBIA
2004B	250,000,000	-	250,000,000	FSA
2004C-1	71,175,000	-	71,175,000	FSA
2004C-2	99,485,000	-	99,485,000	FSA
2004D	217,570,000	20,570,000	197,000,000	MBIA
2005A	305,920,000	-	305,920,000	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
2007A	164,460,000	-	164,460,000	Ambac
2007B	530,000,000	21,130,000	508,870,000	Ambac
	<u>\$3,946,325,000</u>	<u>\$ 47,205,000</u>	<u>\$3,899,120,000</u>	

On January 24, 2008, Fitch downgraded the Bond Insurer's rating for the Airports Authority's 2003D bonds from "AAA" to "A" and placed the Bond Insurer on a Negative Watch. On February 7, 2008, Moody's downgraded the Bond Insurer's rating from "Aaa" to "A3" with a negative rating outlook. As a result, Fitch and Moody's replaced the Bond Insurer's rating on the 2003D Bonds with the Airports Authority's underlying rate of "AA". (See Note V)

The following is a summary of the maturities and sinking fund requirements, not including any unamortized discount or premium. Scheduled principal payments on long term bonds are due annually on October 1.

Year ending December 31	Principal	Interest	Total Debt Service
2008	\$ 86,570,000	\$ 195,514,287	\$ 282,084,287
2009	90,475,000	191,182,363	281,657,363
2010	94,830,000	186,926,482	281,756,482
2011	99,735,000	182,364,541	282,099,541
2012	104,500,000	177,675,657	282,175,657
2013 - 2017	606,385,000	806,136,160	1,412,521,160
2018 - 2022	729,415,000	641,236,323	1,370,651,323
2023 - 2027	631,185,000	464,144,842	1,095,329,842
2028 - 2032	847,115,000	305,872,792	1,152,987,792
Thereafter	656,115,000	71,210,223	727,325,223
	<u>\$ 3,946,325,000</u>	<u>\$ 3,222,263,670</u>	<u>\$ 7,168,588,670</u>

Total interest costs for the years ended December 31, 2007 and 2006 were \$180,395,398 and \$153,983,954, respectively. The current portion of the Airports Authority's bond payable, in the amount of \$86,570,000, is due on October 1, 2008.

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 Airports Authority's assets, nor do they require the Airports Authority to incur future obligations, they have not been recorded in the Airports 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, 2007, the settlement resulted in a charge to the airlines of \$1,178,572 which was reflected as a reduction in accounts payable and accrued expenses. 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 of 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 Airports Authority's share of NRR is reflected in the Airports 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, 2007 and 2006, at Washington Dulles, the transfer amount exceeded the plateau amount by \$46,698,883 and \$40,324,380, respectively. For the years ended December 31, 2007 and 2006, at Reagan National, the transfer amount exceeded the plateau amount by \$2,496,636 and \$6,382,149, respectively. These amounts were allocated accordingly and are included in the Airlines' and the Airports Authority's share. For the years ended December 31, 2007 and 2006, the Airlines'

share of NRR was \$77,989,244 and \$74,681,804, respectively, and the Airports Authority's share was \$46,689,368 and \$45,112,197, respectively.

M. NET ASSETS

Net assets consists of the following:

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

	<u>2007</u>	<u>2006</u>
Long-term assets		
Capital assets		
Land and other non-depreciable assets	\$ 121,534,710	\$ 118,144,707
Construction in progress	1,915,881,901	1,389,283,792
Buildings, systems and equipment	3,908,323,105	3,705,348,760
Less: accumulated depreciation	<u>(1,329,630,395)</u>	<u>(1,194,208,598)</u>
Capital assets, net	4,616,109,321	4,018,568,661
Bond issuance costs, net	<u>60,302,530</u>	<u>55,362,846</u>
Total capital assets	<u>4,676,411,851</u>	<u>4,073,931,507</u>
Less: related liabilities		
Current portion bonds payable	86,570,000	72,460,000
PFC bank participation notes	432,000,000	400,000,000
Commercial paper notes	260,000,000	200,000,000
Bonds payable, net	<u>3,342,635,240</u>	<u>2,802,522,149</u>
Total liabilities	<u>4,121,205,240</u>	<u>3,474,982,149</u>
Invested in capital assets, net of related debt	<u>\$ 555,206,611</u>	<u>\$ 598,949,358</u>

Restricted assets consists of the following:

	<u>2007</u>	<u>2006</u>
Restricted assets		
Cash and cash equivalents, restricted	\$ 173,596,934	\$ 219,855,164
Passenger facility charges, restricted	15,202,225	14,152,717
Accounts receivables, passenger facility charges and other, restricted	9,354,533	11,258,351
Long-term investments, restricted	278,008,136	263,395,532
Investments, restricted	<u>329,304,035</u>	<u>263,740,541</u>
Total assets	<u>805,465,863</u>	<u>772,402,305</u>
Less: liabilities from restricted assets		
Accounts payable and accrued expenses	100,843,888	76,770,235
Debt related to unspent bond proceeds	533,668,087	608,395,304
Accrued interest payable	<u>55,970,434</u>	<u>41,153,454</u>
Total liabilities	<u>690,482,409</u>	<u>726,318,993</u>
Restricted net assets	<u>\$ 114,983,454</u>	<u>\$ 46,083,312</u>

Unrestricted assets consists of the following:

	<u>2007</u>	<u>2006</u>
Current assets		
Cash and cash equivalents	\$ 36,128,525	\$ 26,013,856
Investments	230,873,451	241,608,097
Accounts receivables, net	43,199,310	23,290,488
Inventory	5,033,697	3,637,337
Prepaid expenses and other current assets	<u>6,810,182</u>	<u>7,086,182</u>
Total current assets	322,045,165	301,635,960
Long-term assets		
Long-term investments	80,463,199	29,973,880
Net pension asset and other post-employment benefits assets	4,509,918	4,955,615
Other long-term assets	<u>18,333,264</u>	<u>-</u>
Total unrestricted assets	<u>425,351,546</u>	<u>336,565,455</u>
Less: current liabilities		
Accounts payable and accrued expenses	71,868,458	44,359,480
Operating lease obligations	<u>341,140</u>	<u>341,140</u>
Total current liabilities	72,209,598	44,700,620
Less: deferred revenue	<u>20,363,189</u>	<u>-</u>
Total liabilities payable from unrestricted assets	<u>92,572,787</u>	<u>44,700,620</u>
Unrestricted net assets	<u>\$ 332,778,759</u>	<u>\$ 291,864,835</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 Airports 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>	
2008	\$ 271,523,868
2009	308,551,743
2010	340,882,588
2011	336,137,192
2012	347,002,994
2013 and thereafter	<u>2,298,889,482</u>
Total minimum future rentals	<u>\$ 3,902,987,867</u>

The above amounts do not include contingent rentals and fees in excess of minimums, which amounted to \$13,034,171 for the year ended December 31, 2007. 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 2007 payment to the United States Government, including the interest was \$4,878,022.

Minimum future rentals scheduled to be paid on the operating lease in effect on December 31, 2007, as calculated in 2007 dollars are:

<u>Year ending December 31,</u>	
2008	\$ 4,830,121
2009	4,830,121
2010	4,830,121
2011	4,830,121
2012	4,830,121
2013 and thereafter	<u>265,656,628</u>
Total minimum future rentals	<u>\$289,807,233</u>

Total rental expense for the years ended December 31, 2007 and 2006 were \$4,830,121 and \$4,689,858, respectively.

O. OTHER COMMITMENTS AND CONTINGENCIES*Construction Commitments*

At December 31, 2007, the Airports Authority had outstanding commitments for capital expenditures in connection with its CCP in the amount of \$383.2 million. However, services have not been provided as of December 31, 2007, 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, 2007 and 2006 were \$33,875,903 and \$55,874,620, respectively. All grant expenditures are subject to financial and compliance audits by the grantors as well as during the Airports 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 2007 and 2006, the Airports Authority received federal and state grants for operating and capital programs as summarized in the tables below:

Operating Programs

	<u>2007</u>	<u>2006</u>
Law Enforcement Officer Reimbursement Program	\$1,289,520	\$ 1,302,873
Reagan National Explosives Detection Canine Team Program	500,695	700,305
State Homeland Security Program	554,781	599,194
Disaster Relief and Emergency Assistance	15,703	412,766
Homeland Security Grant Program	853,885	174,700
Drug Seizure Program (ICE)	34,195	79,552
Drug Seizure Program (DEA)	219,325	252,698
Arlington County Grant	15,356	8,025
Contract Baggage Handler Demonstration Program	247,218	239,623
Clean Cities Program	-	10,000
Drug Seizure Program (Drug Funds)	15,682	-
Bureau of Justice (Bulletproof Vest Partnership Program)	924	-
In-line Baggage EDS Project	1,389,297	-

The Law Enforcement Officer Reimbursement Program offsets expenses incurred by the Airports 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 Airports Authority's police department wherein both entities share in the proceeds from the sale of confiscated items. The Airports 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 Airports Authority's vehicle fleet.

Capital Program

	<u>2007</u>	<u>2006</u>
Federal grants for construction	\$ 26,739,300	\$ 50,094,884
State grants for construction	2,000,020	2,000,000

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 two 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, 2007 and 2006, the Airports Authority earned PFCs of \$36,843,392 and \$37,231,040 for Reagan National, respectively, and \$46,015,454 and \$44,258,664 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 Airports 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 Airports 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 \$5,272,586 and \$4,478,933 as of December 31, 2007 and 2006, 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 2007 and 2006 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
2007	\$4,478,933	\$2,475,680	\$1,682,027	\$5,272,586

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 Airports 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 Airports Authority's Bonds Payable and CP Notes Payable as of December 31, 2007, is \$4,206,325,000 with an estimated market value of \$4,396,719,771.

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 Dulles Corridor Metrorail Extension Project. 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 Project. 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 Extension 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 will be effective upon the completion of certain conditions, among which is the award of a Final Design Grant for the Metrorail Extension Project from the Federal Transit Administration (FTA). In January 2008, the FTA advised the Airports Authority that the Metrorail Extension Project may not meet the FTA's criteria for entry

into Final Design, citing various reasons. The FTA requested additional information from the Airports Authority to enable it to make a final determination. The Airports Authority provided the additional information to the FTA, but the FTA's final determination remains pending. The Airports Authority has not determined whether it will proceed with the Dulles Corridor Metrorail Extension Project if the federal grant funds from the FTA are not available. If the project proceeds, upon transfer of the DTR, 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 Extension 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 has established a separate Dulles Corridor Enterprise Fund to account for the activity of the DTR and the Dulles Corridor Metrorail Extension Project upon transfer. Also 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 \$35 and \$45 million, depending upon the actual transfer date. The Airports Authority expects to enter into an interim financing instrument in the form of a Bond Anticipation Note 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.

V. SUBSEQUENT EVENTS

The Airport System Revenue Bonds, Series 2003D-1, experienced a failed auction on February 13, 2008. As a result, the interest rate converted to the maximum rate of 275% of LIBOR, or approximately 7.8%. This resulted in additional interest costs to the Airports Authority of approximately \$200 thousand. On March 13, 2008, the Airports Authority completed conversion of its Series 2003D Bonds from auction rate mode to weekly reset mode. Fitch, Moody's and Standard & Poors Rating Services reaffirmed the Airports Authority's underlying rating given in August 2007 for this transaction. The Airports Authority retained the insurance policy with XL Capital Assurance Inc. for the transaction but wrapped the insurance policy and provided liquidity through two letters of credit (LOC) from Wachovia Bank, National Association for the Series 2003D-1 Bonds and Regions Bank for the Series 2003D-2 Bonds. The transaction carried a joint credit rating of "AAA", based on a combined assessment of the Airports Authority's underlying rating and the LOC banks' ratings. The interest rates on the converted Series 2003D Bonds will be reset by the remarketing agents (Goldman Sachs and Morgan Stanley) each Wednesday. The initial rate set on March 12 was 2.30%.

On March 16, 2008 JP Morgan Chase announced that it is acquiring the Bear Stearns Companies, Inc. The Boards of Directors of both companies unanimously approved the transaction, and it is awaiting shareholder approval.

On July 11, 2006, the Airports Authority entered into a forward floating-to-fixed interest rate hedge agreement with Bear Stearns Financial Products, Inc., a subsidiary of Bear Stearns Companies, Inc. The swap has a notional amount of \$190.0 million and an effective date of October 1, 2009. In March 2008, Bear Stearns Companies, Inc. was downgraded by major rating agencies as a result of reported liquidity and other financial issues. While the parent Bear Stearns Companies, Inc. was downgraded, Bear Stearns Financial

Products, Inc. continues to be rated triple-A by virtue of its collateralization structure. Under the provisions of the 2006 Swap agreement, so long as the counterparty maintains ratings above A1/A+, it is not required to post collateral representing the periodic market value of the swap. In accordance with the requirements of the rating agencies a contingent manager has been appointed for Bear Stearns Financial Products, Inc. to manage its assets. Therefore, the Airports Authority management has no reason to believe that the swap arrangement will be terminated.

In addition, another Bear Stearns subsidiary, Bear Stearns & Co., Inc., is the dealer for the Airports Authority Commercial Paper Series One in the amount of \$220.0 million. The outstanding amount, \$60.0 million, continues to be remarketed by Bear Stearns & Co., Inc.

The Airports Authority has three debt service reserve account surety bonds issued by FGIC. The Airports Authority's bond indenture requires debt service reserve accounts be funded immediately with cash if the credit ratings of a bond insurer are not maintained at specified levels. As a result of credit downgrades of FGIC in early 2008, the Airports Authority transferred \$13.0 million on February 26, 2008 to satisfy this requirement.

INTERNATIONAL JET AIR SERVICE AT WASHINGTON DULLES

Cities Served Nonstop and Single Plane to/from Washington Dulles



— nonstop
- - - single plane service

*Note: Vancouver service is seasonal;
Service to Bogota begins June 2008.*

Source: OAG, February 23-29, 2008



1987-2007



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

STATISTICAL

Statistical

This part of the Airports Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Airports Authority's overall financial health.

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ANNUAL REVENUES, EXPENSES AND CHANGES IN NET ASSETS**Exhibit S-1**

(Expressed in Thousands)

	2007	2006	2005	2004	2003	2002	2001	2000
TOTAL REVENUES								
OPERATING REVENUES								
Concessions	\$ 217,486,823	\$ 199,011,305	\$ 198,691,232	\$ 173,962,671	\$ 146,095,903	\$ 132,817,916	\$ 92,378,269	\$ 114,466,859
Rents	167,301,027	156,164,079	153,865,079	143,389,783	130,802,693	127,554,998	122,382,146	119,658,542
Landing fees	78,682,496	73,375,458	76,359,090	76,274,293	67,637,206	63,967,382	55,780,359	58,757,490
Utility sales	11,778,736	11,248,988	10,934,616	12,035,206	11,867,943	10,589,091	12,322,825	13,113,004
Passenger fees	28,684,113	25,474,908	26,973,143	29,474,743	27,878,919	27,521,305	24,445,948	24,898,129
Other	6,542,935	5,893,899	10,398,536	7,149,375	5,355,589	6,387,300	7,242,324	10,000,628
TOTAL OPERATING REVENUES	510,476,130	471,168,637	477,221,696	442,286,071	389,638,253	368,837,992	314,551,871	340,894,652
NON-OPERATING REVENUES								
Investment income	55,557,746	45,035,158	20,194,481	10,385,775	5,896,185	13,277,813	17,536,753	25,551,888
Unrealized swap income	-	-	6,062,129	1,601,347	5,572,334	-	-	-
Federal compensation	-	-	-	-	-	3,064,970	40,000,000	-
TOTAL NON-OPERATING REVENUES	55,557,746	45,035,158	26,256,610	11,987,122	11,468,519	16,342,783	57,536,753	25,551,888
TOTAL REVENUES	566,033,876	516,203,795	503,478,306	454,273,193	401,106,772	385,180,775	372,088,624	366,446,540
TOTAL EXPENSES								
OPERATING EXPENSES								
Materials, equipment, supplies, contract services and other	182,096,091	151,009,792	142,107,372	130,127,540	134,105,363	123,970,251	81,659,446	76,795,781
Salaries and related benefits	128,465,267	113,870,907	113,878,086	98,858,597	95,192,233	91,748,027	84,481,594	78,970,537
Utilities	21,134,317	20,359,248	21,493,887	18,754,511	16,754,386	15,657,374	17,568,654	21,592,399
Lease from U.S. Government	4,830,121	4,689,858	4,505,435	4,375,347	4,303,764	4,238,185	4,169,260	4,058,360
Depreciation and amortization	142,030,354	133,106,378	132,424,537	126,177,767	114,950,487	105,035,788	99,325,739	93,726,636
TOTAL OPERATING EXPENSES	478,556,150	423,036,183	414,409,317	378,293,762	365,306,233	340,649,625	287,204,693	275,143,713
NON-OPERATING EXPENSES								
Passenger facility charges, financing costs	3,968,842	2,026,385	1,497,097	1,525,026	1,137,715	2,029,218	4,537,821	7,028,863
Interest expense	111,534,092	96,999,795	103,561,330	89,368,779	95,610,127	98,256,099	93,132,374	96,627,010
Federal compensation transfer	-	-	-	-	-	279,370	1,651,663	-
Swap payments	1,353,696	1,854,177	4,856,288	3,662,018	-	-	-	-
Unrealized swap loss	23,223,957	12,718,126	-	-	-	26,024,249	1,566,958	-
TOTAL NON-OPERATING EXPENSES	140,080,587	113,598,483	109,914,715	94,555,823	96,747,842	126,588,936	100,888,816	103,655,873
TOTAL EXPENSES	618,636,737	536,634,666	524,324,032	472,849,585	462,054,075	467,238,561	388,093,509	378,799,586
CAPITAL CONTRIBUTIONS								
Passenger facility charges	82,858,846	81,489,704	88,315,311	76,060,174	58,438,038	59,071,341	47,233,127	48,367,121
Federal and state grants	32,317,161	54,239,498	11,738,765	28,727,167	14,378,325	14,613,471	16,819,846	15,351,455
Other capital property contributed	3,498,173	1,231,551	-	-	6,044,900	-	237,237	-
TOTAL CAPITAL CONTRIBUTIONS	118,674,180	136,960,753	100,054,076	104,787,341	78,861,263	73,684,812	64,290,210	63,718,576
INCREASE (DECREASE) IN NET ASSETS	\$ 66,071,319	\$ 116,529,882	\$ 79,208,350	\$ 86,210,949	\$ 17,913,960	\$ (8,372,974)	\$ 48,285,325	\$ 51,365,530
NET ASSETS AT YEAR END COMPOSED OF:								
Invested in capital assets, net of related debt	555,206,611	\$ 598,949,358	\$ 492,384,514	\$ 344,583,615	\$ 428,497,669	\$ 418,037,820	\$ 418,474,478	\$ 388,552,054
Restricted	114,983,454	46,083,312	65,337,686	170,526,342	36,158,318	34,646,503	44,033,502	53,927,290
Unrestricted	332,778,759	291,864,835	262,645,423	226,049,316	190,292,337	184,350,041	182,899,358	154,642,669
TOTAL NET ASSETS	\$ 1,002,968,824	\$ 936,897,505	\$ 820,367,623	\$ 741,159,273	\$ 654,948,324	\$ 637,034,364	\$ 645,407,338	\$ 597,122,013

Source: Authority's audited financial statements.

Note: The Airports Authority is presenting only those years since implementation of GASB Statements 34 and 35 beginning in 2000.

OPERATING EXPENSES BY FUNCTION

Exhibit S-2

(Expressed in Thousands)

	CY 2007	CY 2006	CY 2005	CY 2004	CY 2003*	CY 2002*	CY 2001*	CY 2000*	CY 1999*	CY 1998	CY 1997
NATIONAL											
Materials, equipment, supplies, contract services, and other	\$ 58,393.0	\$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
Salaries and related benefits	53,294.8	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
Utilities	7,623.1	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
Travel	629.2	598.1	521.5	518.3	407.3	369.9	536.3	415.9	309.5	429.2	309.3
Insurance	4,448.7	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
Non-Cash expenses	(45.1)	(67.8)	65.6	78.0	50.3	(321.6)	646.0	(269.6)	193.7	(228.5)	(168.9)
Non-Capitalized facility projects	1,926.3	1,535.9	1,699.9	1,054.6	222.8	794.5	710.1	1,077.3	680.3	278.2	235.3
Lease from U.S. Government	2,415.1	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
Depreciation and amortization	11,571.8	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
Total National Expenses	\$140,256.9	\$122,646.9	\$118,061.4	\$111,580.0	\$106,282.2	\$102,823.7	\$95,826.8	\$92,834.5	\$89,228.3	\$70,424.4	\$64,375.3
DULLES											
Materials, equipment, supplies, contract services, and other	\$ 87,758.6	\$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
Salaries and related benefits	75,067.2	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
Utilities	13,301.3	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
Travel	670.1	647.8	517.0	485.8	371.3	316.1	523.0	385.8	313.8	402.3	308.6
Insurance	4,448.7	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
Non-Cash expenses	78.4	(24.2)	129.0	122.2	109.1	717.6	1,054.4	(333.4)	225.6	300.3	401.4
Non-Capitalized facility projects	1,583.4	740.6	601.5	556.0	630.1	102.8	182.5	302.6	321.5	122.1	90.2
Lease from U.S. Government	2,415.1	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
Depreciation and amortization	27,277.5	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
Total Dulles Expenses	\$212,600.3	\$194,885.3	\$190,665.4	\$172,562.8	\$164,094.3	\$154,620.0	\$143,096.2	\$134,192.0	\$125,704.3	\$94,181.8	\$82,074.4
WASHINGTON FLYER											
Materials, equipment, supplies, contract services, and other	\$0.0	\$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
Salaries and related benefits	0.0	1.7	43.3	30.7	162.1	139.2	442.0	470.1	518.4	489.8	476.9
Telecommunications	0.0	0.0	0.0	0.4	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	0.0	51.7	70.1
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
Insurance	0.0	34.0	111.8	92.3	23.9	42.9	131.7	194.1	279.4	135.8	231.7
Non-Cash expenses	0.0	(9.1)	0.1	(2.9)	0.1	217.7	(11.4)	(3.4)	(17.4)	(113.5)	2.8
Non-Capitalized facility projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0
Depreciation	0.0	24.5	159.0	204.4	202.1	290.0	640.2	651.0	752.1	761.3	310.3
Total Washington Flyer Expenses	\$0.0	\$176.5	\$1,428.6	\$1,359.7	\$1,477.1	\$1,897.9	\$4,682.8	\$5,420.6	\$5,720.6	\$5,401.1	\$5,158.9
WASHINGTON FLYER MAGAZINE¹											
Materials, equipment, supplies, contract services, and other	\$0.0	\$0.0	\$0.0	\$351.8	\$905.1	\$969.6	\$1,546.6	\$1,784.4	\$1,890.3	\$1,084.4	\$997.0
Salaries and related benefits	0.0	0.0	0.0	0.0	0.0	0.0	26.8	31.0	120.9	406.5	427.0
Utilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	13.0	27.7
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	4.3	8.1
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	7.7	26.0	0.0	0.0	0.0
Non-Cash expenses	0.0	0.0	0.0	0.2	0.7	(241.1)	(74.3)	140.8	64.0	46.2	88.7
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Washington Flyer Magazine Expenses	\$0.0	\$0.0	\$0.0	\$352.0	\$905.8	\$728.5	\$1,506.8	\$1,982.2	\$2,079.6	\$1,554.4	\$1,548.5
BOND FUNDS											
Financing expenses	\$0.0	\$0.0	\$0.0	\$0.0	\$13.1	\$37.5	\$75.0	\$0.0	\$0.0	\$0.0	\$0.0
Legal Fees	0.0	0.0	0.0	0.0	1,434.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials, Equipment, Supplies											
Contract services, and other	3,400.9	2,425.6	1,469.5	(568.0)	2,712.5	0.0	0.0	0.0	0.0	0.0	0.0
Non-Cash expenses	12,708.7	0.0	0.0	0.0	0.0	43.5	178.9	(1.0)	0.0	2,272.7	865.0
Non-Capitalized facility projects	242.4	652.2	1,606.9	190.8	269.6	0.0	0.0	0.0	0.0	0.0	22.9
Depreciation and amortization	102,538.1	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
Total Bond Expenses	\$118,890.1	\$98,620.8	\$97,393.3	\$85,968.0	\$85,058.0	\$72,694.9	\$67,149.2	\$64,397.7	\$60,794.3	\$59,961.3	\$45,493.2
TELECOMMUNICATIONS											
Telephone expenses	\$5,361.9	\$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
Total Telecommunication Exp	\$5,361.9	\$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
FAA AIR TRAFFIC CONTROL TOWER²											
Air Traffic Control Tower Expenses	\$213.2	\$30.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Air Traffic Control Tower Exp.	\$213.2	\$30.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
JP MORGAN CHASE BUILDING²											
JP Morgan Chase Building Expenses	\$1,233.7	\$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
Total JP Morgan Chase Building Exp	\$1,233.7	\$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
TOTAL EXPENSES	\$478,556.1	\$423,036.2	\$414,409.3	\$378,293.8	\$365,306.3	\$340,649.6	\$319,467.8	\$304,737.6	\$287,833.7	\$236,592.3	\$198,650.3

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

² JP Morgan Chase Building is inclusive of all expense classifications.

³ 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.

All other years remain unchanged.

Source: Office of Finance

REVENUES BY SOURCE
(Expressed in Thousands)

Exhibit S-3

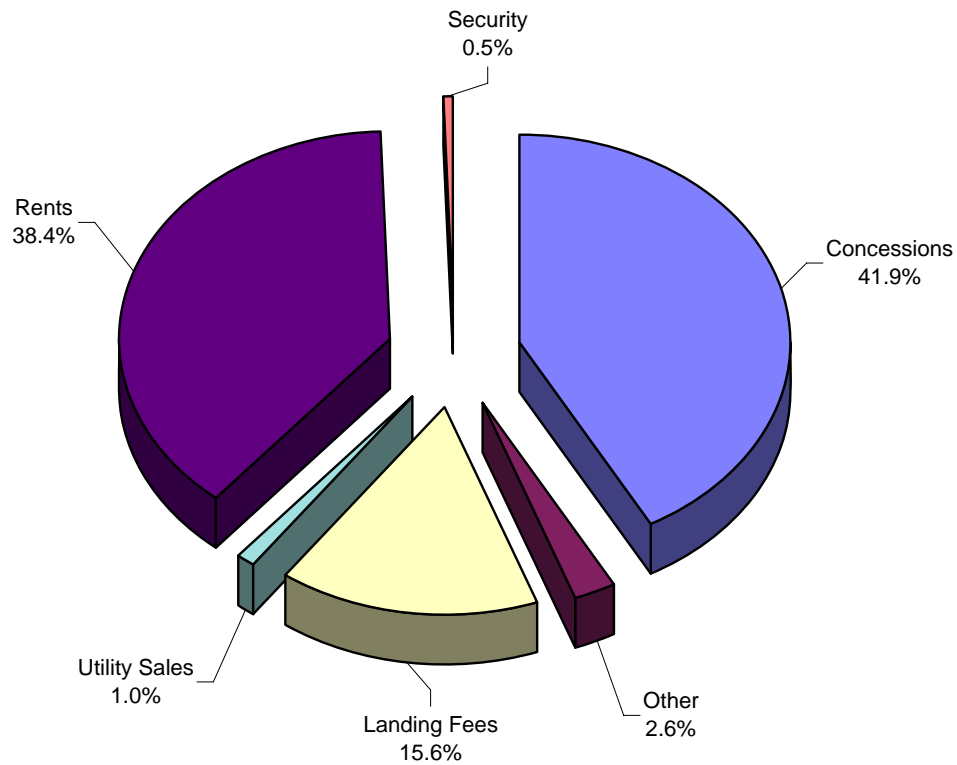
	CY 2007	CY 2006	CY 2005	CY 2004	CY 2003*	CY 2002*	CY 2001*	CY 2000*	CY 1999*	CY 1998	CY 1997
NATIONAL											
Airline:											
Rents	\$ 67,234.2	\$63,938.0	\$63,568.0	\$62,236.9	\$53,802.5	\$60,453.8	\$62,948.2	\$60,659.8	\$54,567.9	\$57,865.6	\$39,322.3
Landing fees	30,149.2	32,057.9	29,445.5	31,328.2	26,455.0	27,527.4	25,548.0	28,392.1	25,533.6	24,417.4	22,693.2
Passenger fees/Security	0.0	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
Total Airline Revenues	\$97,383.4	\$95,995.9	\$93,013.5	\$93,565.1	\$80,257.5	\$88,578.2	\$90,992.6	\$90,995.3	\$81,992.2	\$84,012.4	\$63,529.6
Non-Airline:											
Concessions:											
Parking	\$ 44,590.1	\$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
Rental cars	19,432.8	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
Terminal concessions											
Food and beverage	6,801.0	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
News stands	2,558.1	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
Retail	2,564.3	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
Display advertising	3,715.3	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
Services	239.9	219.3	201.9	192.3	208.9	216.5	53.4	337.4	259.2	120.1	1,047.6
Inflight catering	766.5	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
Fixed base operator	205.5	134.9	0.0	0.0	0.0	473.4	1,591.7	2,433.3	2,316.7	1,178.3	464.7
Duty free	40.9	36.3	33.3	19.7	0.0	0.1	2.8	6.2	7.2	36.0	412.0
All other	321.5	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
Total Concessions	\$81,235.9	\$75,829.3	\$71,225.6	\$64,746.3	\$61,181.7	\$53,373.1	\$48,481.4	\$61,118.9	\$53,365.0	\$41,273.4	\$37,092.6
Rents	7,254.0	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
Security	888.3	898.1	854.8	843.3	1,083.0	1,197.0	0.0	0.0	0.0	0.0	0.0
Utility sales	1,990.1	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
Other	5,048.7	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
Total Non-Airline Revenue	\$96,417.0	\$87,434.6	\$86,528.1	\$78,040.3	\$71,260.9	\$61,947.4	\$55,241.6	\$73,193.7	\$69,498.0	\$51,927.6	\$48,496.8
Total National Revenues	\$193,800.4	\$183,430.5	\$179,541.6	\$171,605.4	\$151,518.4	\$150,525.6	\$146,234.2	\$164,189.0	\$151,490.2	\$135,940.0	\$112,026.4
DULLES											
Airline:											
Rents	\$ 74,974.8	\$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
Landing fees	48,533.3	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
International Arrival Building fees	9,100.2	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
Passenger Fees	18,294.4	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
Total Airline Revenues	\$150,902.7	\$137,451.4	\$142,523.6	\$135,563.8	\$128,710.3	\$115,555.4	\$100,867.2	\$100,006.0	\$89,498.9	\$81,893.9	\$64,216.2
Non-Airline:											
Concessions:											
Parking	\$ 71,960.0	\$ 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
Rental cars	14,985.7	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
Terminal concessions											
Food and beverage	8,184.7	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
News stands	3,555.7	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
Retail	2,676.1	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
Display advertising	3,640.7	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
Services	5,374.0	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
Inflight catering	5,476.0	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
Fixed base operator	11,779.6	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
Duty free	3,381.5	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
All other	4,983.9	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
Total Concessions	\$135,997.9	\$123,151.2	\$127,168.0	\$108,970.5	\$84,697.2	\$79,317.3	\$75,776.7	\$82,434.7	\$81,464.9	\$50,502.9	\$42,442.2
Rents	\$15,346.8	\$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
Security	401.2	404.8	394.4	386.0	1,549.3	1,944.7	0.0	0.0	0.0	0.0	0.0
Utility sales	5,526.7	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
Other	1,594.5	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
Total Non-Airline Revenues	\$158,867.1	\$144,668.6	\$147,912.0	\$126,256.9	\$100,120.3	\$93,796.1	\$87,587.9	\$94,026.7	\$92,132.2	\$60,666.9	\$49,951.7
Total Dulles Revenues	\$309,769.8	\$282,120.0	\$290,435.6	\$261,820.7	\$228,830.6	\$209,351.5	\$188,455.1	\$194,032.7	\$181,631.1	\$142,560.8	\$114,167.9
WASHINGTON FLYER											
Ground Transportation:											
Rents	\$0.0	\$5.6	\$67.2	\$67.2	\$67.2	\$67.2	\$67.2	\$63.3	\$71.5	\$84.3	\$69.9
Concessions	0.0	30.8	297.6	245.9	217.0	127.5	383.3	500.0	478.9	281.7	129.0
Ground Transportation - other	0.0	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
Total Ground Transportation	\$0.0	\$118.5	\$2,007.0	\$1,575.7	\$1,243.0	\$1,276.3	\$2,700.9	\$3,995.1	\$4,338.6	\$4,830.4	\$4,950.7
Magazine											
Advertising - other	\$0.0	\$0.0	\$4.7	\$352.0	\$722.1	\$974.1	\$1,151.0	\$1,576.1	\$1,509.8	\$1,041.7	\$928.7
Total Magazine Revenues	\$0.0	\$0.0	\$4.7	\$352.0	\$722.1	\$974.1	\$1,151.0	\$1,576.1	\$1,509.8	\$1,041.7	\$928.7
TELECOMMUNICATIONS											
Total Telephone Revenues	\$4,414.7	\$3,900.0	\$3,673.6	\$5,345.7	\$5,361.0	\$4,485.5	\$5,835.7	\$5,632.7	\$3,710.8	\$3,171.7	\$0.0
JP MORGAN CHASE BUILDING											
Total JP Morgan Chase Building Revenues¹	\$2,491.2	\$1,599.6	\$1,559.2	\$1,586.6	\$1,963.1	\$2,225.0	\$2,438.1	\$1,062.9	\$0.0	\$0.0	\$0.0
TOTAL REVENUES	\$510,476.1	\$471,168.6	\$477,221.7	\$442,286.1	\$389,638.2	\$368,838.0	\$346,815.0	\$370,488.5	\$342,680.5	\$287,544.6	\$232,073.7

* Concession Management expenses included as operating expenses for years 2003, 2002, 2001, 2000 and 1999. All other years remain unchanged.

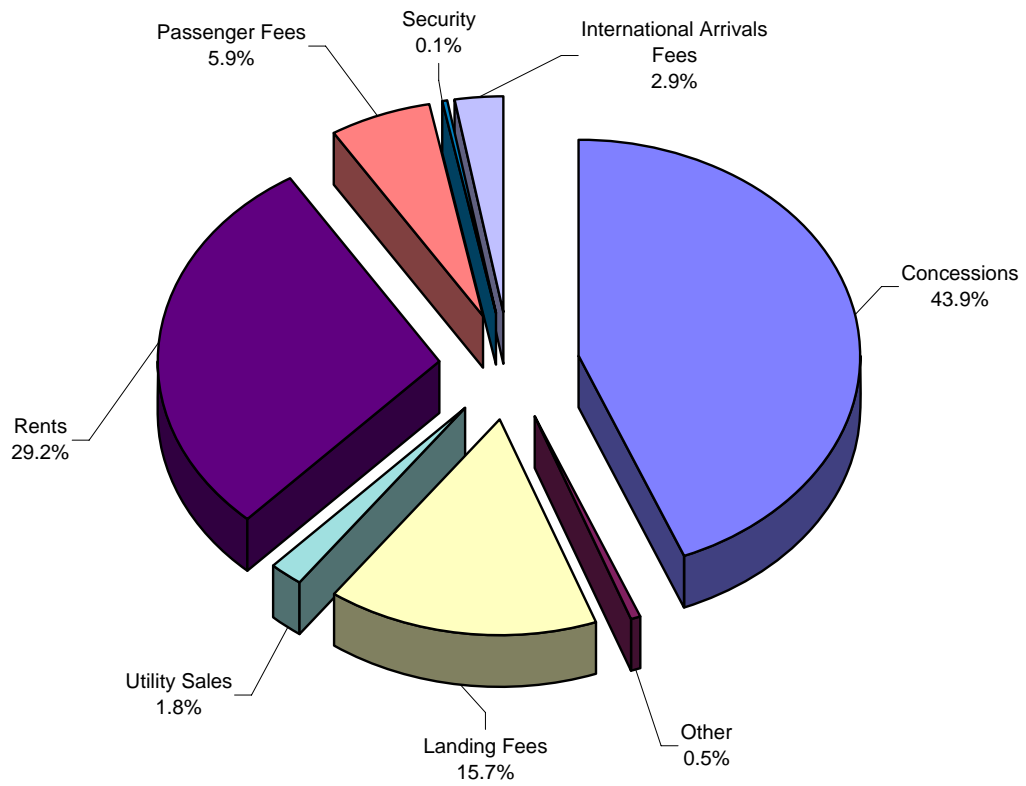
¹ JP Morgan Chase Building revenues include rents and utilities.

Source: Office of Finance

2007 RONALD REAGAN WASHINGTON NATIONAL AIRPORT REVENUES



2007 WASHINGTON DULLES INTERNATIONAL AIRPORT REVENUES



SCHEDULED AIRLINES RATES AND CHARGES

Exhibit S-6

Ronald Reagan Washington National Airport

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Signatory Airline Rates										
Landing Fee	\$ 2.34	\$ 2.26	\$ 2.16	\$ 2.41	\$ 2.34	\$ 2.65	\$ 2.68	\$ 2.12	\$ 2.13	\$ 2.02
Signatory Airline Cost Per Enplanement	\$ 10.51	\$ 10.02	\$ 10.22	\$ 11.84	\$ 11.29	\$ 12.12	\$ 14.16	\$ 11.65	\$ 11.21	\$ 10.30
Terminal A - Average Rate	\$ 100.73	\$ 84.22	\$ 68.76	\$ 69.46	\$ 57.10	\$ 65.53	\$ 85.07	\$ 102.63	\$ 86.07	\$ 59.42
Terminal B & C - Average Rate	\$ 169.51	\$ 156.22	\$ 150.16	\$ 150.44	\$ 125.49	\$ 116.43	\$ 121.14	\$ 138.54	\$ 135.90	\$ 138.31
Type 6 - Covered/Unenclosed	\$ 5.85	\$ 5.68	\$ 5.49	\$ 5.21	\$ 5.09	\$ 5.32	\$ 5.28	\$ 5.15	\$ 5.02	\$ 5.07
Type 7 - Uncovered/Unenclosed	\$ 1.46	\$ 1.42	\$ 1.37	\$ 1.30	\$ 1.27	\$ 1.33	\$ 1.32	\$ 1.29	\$ 1.26	\$ 1.27
NonSignatory Airline Rates										
General Aviation Landing Fees	\$ 2.82	\$ 2.66	\$ 2.40	\$ 2.80	\$ 2.45	\$ 3.01	\$ 2.94	\$ 2.34	N/A	N/A
Landing Fees	\$ 3.52	\$ 3.33	\$ 3.00	\$ 2.80	\$ 2.45	\$ 3.01	\$ 2.94	\$ 2.34	\$ 2.48	\$ 2.24
Terminal A	\$ 115.79	\$ 92.79	\$ 84.81	\$ 92.93	\$ 76.79	\$ 95.00	\$ 96.47	\$ 85.20	\$ 100.18	\$ 93.44
Terminal B & C	\$ 193.36	\$ 172.31	\$ 169.93	\$ 167.07	\$ 154.56	\$ 162.83	\$ 158.83	\$ 155.67	\$ 150.35	\$ 136.18

Washington Dulles International Airport

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Signatory Airline Rates										
Landing Fee	\$ 2.37	\$ 2.06	\$ 2.00	\$ 2.52	\$ 2.82	\$ 2.39	\$ 1.78	\$ 1.45	\$ 1.00	\$ 1.30
Signatory Airline Cost Per Enplanement	\$ 12.11	\$ 11.57	\$ 10.40	\$ 12.34	\$ 13.30	\$ 12.81	\$ 11.30	\$ 8.48	\$ 8.83	\$ 9.66
Concourse C&D	\$ 31.43	\$ 29.48	\$ 29.32	\$ 35.39	\$ 33.27	\$ 31.01	\$ 30.93	\$ 22.61	\$ 20.98	\$ 20.18
Concourse B	\$ 70.48	\$ 61.39	\$ 69.94	\$ 65.24	\$ 62.53	\$ 60.32	\$ 61.04	\$ 45.23	\$ 49.37	\$ 50.68
Main Terminal	\$ 129.23	\$ 125.19	\$ 128.72	\$ 120.69	\$ 103.97	\$ 93.32	\$ 94.44	\$ 85.49	\$ 80.65	\$ 60.48
Concourse A	\$ 144.59	\$ 80.36	\$ 54.22	\$ 65.53	\$ 52.56	\$ 46.35	\$ 44.85	\$ 46.93	\$ 25.82	N/A
Z-Gates	\$ 258.65	\$ 177.24	\$ 173.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Type 6 - Covered/Unenclosed	\$ 5.85	\$ 5.68	\$ 5.49	\$ 5.21	\$ 5.09	\$ 5.32	\$ 5.28	\$ 5.15	\$ 5.02	\$ 5.07
Type 7 - Uncovered/Unenclosed	\$ 1.46	\$ 1.42	\$ 1.37	\$ 1.30	\$ 1.27	\$ 1.33	\$ 1.32	\$ 1.29	\$ 1.26	\$ 1.27
Airside Operations Building	\$ 21.52	\$ 20.89	\$ 12.60	\$ 10.11	\$ 14.34	\$ 14.16	\$ 16.62	\$ 12.37	\$ 8.31	\$ 10.84
International Arrivals Building	\$ 3.61	\$ 4.09	\$ 4.50	\$ 5.57	\$ 5.68	\$ 5.49	\$ 5.80	\$ 3.82	\$ 4.47	\$ 2.84
Apron Operations Building	N/A	N/A	N/A	\$ 15.25	\$ 10.90	\$ 14.39	\$ (1.66)	\$ 9.66	\$ 9.06	\$ 8.19
Concourse C International Arrival Building	\$ 2.04	\$ 2.33	\$ 1.73	\$ 6.53	\$ 6.79	\$ 6.30	\$ 5.55	\$ 5.69	\$ 4.35	\$ 5.44
Passenger Conveyance	\$ 1.34	\$ 1.37	\$ 1.34	\$ 1.32	\$ 1.29	\$ 1.38	\$ 1.39	\$ 1.39	\$ 1.44	\$ 1.55
NonSignatory Airline Rates										
General Aviation Landing Fees	\$ 3.20	\$ 2.90	\$ 2.71	\$ 2.43	\$ 3.05	\$ 2.53	\$ 2.16	\$ 1.90	N/A	N/A
Landing Fees	\$ 4.21	\$ 3.81	\$ 3.57	\$ 2.43	\$ 3.05	\$ 2.53	\$ 2.16	\$ 1.90	\$ 1.52	\$ 1.86
Concourse C&D	\$ 47.65	\$ 45.32	\$ 42.08	\$ 37.96	\$ 38.43	\$ 43.65	\$ 38.33	\$ 40.10	\$ 36.86	\$ 34.47
Concourse B	\$ 83.61	\$ 75.21	\$ 74.24	\$ 54.12	\$ 63.32	\$ 69.96	\$ 67.16	\$ 55.92	\$ 52.94	\$ 50.68
Main Terminal	\$ 193.65	\$ 179.29	\$ 174.62	\$ 138.24	\$ 128.58	\$ 128.72	\$ 121.67	\$ 113.54	\$ 111.14	\$ 91.44
International Arrivals Building	\$ 4.72	\$ 5.25	\$ 5.86	\$ 5.65	\$ 6.75	\$ 6.57	\$ 7.45	\$ 5.68	\$ 8.19	\$ 7.14
Concourse C International Arrival Building	\$ 3.81	\$ 4.31	\$ 4.31	\$ 7.33	\$ 9.05	\$ 6.64	\$ 6.53	\$ 6.91	\$ 5.95	\$ 5.44
Concourse A	\$ 145.13	\$ 103.08	\$ 72.46	\$ 73.69	\$ 64.23	\$ 47.68	\$ 44.89	\$ 44.18	\$ 25.82	N/A
Z-Gates	\$ 282.72	\$ 226.76	\$ 173.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Passenger Conveyance	\$ 1.92	\$ 1.74	\$ 1.61	\$ 1.54	\$ 1.73	\$ 1.86	\$ 1.61	\$ 1.63	\$ 1.63	\$ 2.02

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 mid-year, or any time revenues fall 5% or more below projections.

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

Source: Airports Authority's rates and charges reports.

RATIOS OF OUTSTANDING DEBT (continued)

	2007	2006	2005	2004
Outstanding Debt per Enplaned Passenger				
Outstanding debt by type:				
General Airport Revenue Bonds (GARB)	\$ 3,962,873,327	\$ 3,483,377,453	\$ 2,828,462,510	\$ 2,528,738,687
Commercial Paper	260,000,000	200,000,000	186,000,000	-
Bond Anticipation Commercial Paper Notes		-	-	150,000,000
PFC Bank Participation Notes	432,000,000	400,000,000	400,000,000	187,700,000
Total Outstanding Debt	\$ 4,654,873,327	\$ 4,083,377,453	\$ 3,414,462,510	\$ 2,866,438,687
Enplaned Passengers	21,681,123	20,737,147	22,415,046	19,385,904
Outstanding Debt per Enplaned Passenger	\$ 214.70	\$ 196.91	\$ 152.33	\$ 147.86
Debt Service Per Enplaned Passenger				
Net Debt Service (1)	\$ 185,377,198	\$ 163,354,637	\$ 164,667,568	\$ 140,079,210
Enplaned Passengers	21,681,123	20,737,147	22,415,046	19,385,904
Debt Service per Enplaned Passenger	\$ 8.55	\$ 7.88	\$ 7.35	\$ 7.23
Pledged Revenue Coverage - Flexible Term PFC Notes (Bank Participation Notes) (2)				
Passenger Facility Revenues	\$ 82,858,846	\$ 81,489,704	\$ 88,315,311	\$ 76,060,174
Passenger Facility Interest Earnings	632,066	1,902,938	743,458	198,989
Net Available Revenues	\$ 83,490,912	\$ 83,392,642	\$ 89,058,769	\$ 76,259,163
Outstanding Bank Participation Notes	432,000,000	400,000,000	400,000,000	187,700,000
Total Available	495,900,000	495,900,000	495,900,000	252,900,000
10% of Outstanding	43,200,000	40,000,000	40,000,000	18,770,000
Loan Fees & Interest Expense	16,999,845	15,245,780	4,834,032	3,571,826
Total Debt Coverage Requirements	\$ 60,199,845	\$ 55,245,780	\$ 44,834,032	\$ 22,341,826
Debt Service Coverage	1.39	1.51	1.99	3.41
Less Passenger Facility Expenditures	\$ 114,367,332	\$ 181,693,023	\$ 241,850,339	\$ 33,883,482

(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 Airports Authority issued Flexible Term PFC Revenue Notes to finance PFC approved projects. The bank participation rates have various maturity dates and interest rates that vary from 2.95% to 3.72%.

Source: Office of Finance

Exhibit S-7

2003	2002	2001	2000	1999	1998
\$ 2,327,168,578	\$ 2,016,923,324	\$ 1,695,065,930	\$ 1,439,881,951	\$ 1,668,553,357	\$ 1,701,084,134
-	-	-	-	-	-
150,000,000	250,000,000	206,000,000	190,000,000	-	-
187,700,000	170,200,000	170,200,000	170,200,000	162,600,000	153,100,000
\$ 2,664,868,578	\$ 2,437,123,324	\$ 2,071,265,930	\$ 1,800,081,951	\$ 1,831,153,357	\$ 1,854,184,134
15,565,042	15,061,353	15,599,674	17,973,986	17,459,321	15,839,281
\$ 171.21	\$ 161.81	\$ 132.78	\$ 100.15	\$ 104.88	\$ 117.06
\$ 141,828,530	\$ 135,250,234	\$ 122,585,407	\$ 123,179,914	\$ 115,181,177	\$ 95,932,778
15,565,042	15,061,353	15,599,674	17,973,986	17,459,321	15,839,281
\$ 9.11	\$ 8.98	\$ 7.86	\$ 6.85	\$ 6.60	\$ 6.06
\$ 58,438,038	\$ 59,071,341	\$ 47,233,127	\$ 48,367,121	\$ 42,609,759	\$ 39,649,263
48,075	215,471	378,474	458,998	152,481	101,323
\$ 58,486,113	\$ 59,286,812	\$ 47,611,601	\$ 48,826,119	\$ 42,762,240	\$ 39,750,586
187,700,000	170,200,000	170,200,000	170,200,000	162,600,000	153,100,000
252,900,000	252,900,000	252,900,000	252,900,000	252,900,000	155,000,000
18,770,000	17,020,000	17,020,000	17,020,000	16,260,000	15,310,000
2,316,822	3,186,897	6,167,172	7,933,004	6,800,065	6,436,800
\$ 21,086,822	\$ 20,206,897	\$ 23,187,172	\$ 24,953,004	\$ 23,060,065	\$ 21,746,800
2.77	2.93	2.05	1.96	1.85	1.83
\$ 67,871,550	\$ 68,222,443	\$ 41,949,627	\$ 42,228,527	\$ 19,227,303	\$ 25,048,450

REVENUE BOND DEBT SERVICE COVERAGE (continued)

	2007	2006	2005
NET REVENUES			
Airline Revenue	\$ 245,708,513	\$ 230,537,986	\$ 233,326,267
Non-Airline Revenue	217,338,644	199,896,655	200,409,975
Interest Income	32,510,098	27,735,256	14,337,950
Other Revenues & Prior Year Transfers	81,178,387	66,929,387	60,358,771
Total Revenues	576,735,642	525,099,284	508,432,963
LESS: Operating Expenses	(260,303,941)	(234,849,253)	(234,702,564)
Net Revenues	\$ 316,431,701	\$ 290,250,031	\$ 273,730,399
DEBT SERVICE			
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	-	-	-
1993B Airport System Revenue & Refunding Bonds	-	-	-
1994A Airport System Revenue Bonds	-	-	-
1997A Airport System Revenue Bonds	971,072	1,257,695	2,142,909
1997B Airport System Revenue Bonds	8,556,063	14,484,458	15,248,622
1997C Airport System Revenue & Refunding Bonds	-	-	-
1998A Airport System Revenue Bonds	468,826	1,287,357	1,322,236
1998B Airport System Revenue & Refunding Bonds	17,942,588	18,369,760	19,710,594
1999A Airport System Revenue & Refunding Bonds	5,891,335	5,855,002	5,946,837
2001A Airport System Revenue Bonds	14,291,817	13,623,715	13,976,834
2001B Airport System Revenue Bonds	651,072	316,128	366,495
2002A Airport System Revenue Bonds	8,556,496	7,794,227	6,320,872
2002B Airport System Revenue Bonds	477,883	611,720	789,395
2002C Airport System Revenue Variable Rate Refunding Bonds	19,857,135	19,442,226	19,758,330
2002D Airport System Revenue Refunding Bonds	5,267,806	4,884,026	2,596,248
2003A Airport System Revenue Refunding Bonds	7,490,702	5,886,411	10,185,205
2003B Airport System Revenue Refunding Bonds	4,000,040	4,012,211	4,050,272
2003C Taxable Airport System Revenue Refunding Bonds	3,266,384	3,275,036	3,295,935
2003D Airport System Revenue Variable Rate Bonds	4,754,407	3,366,517	3,230,574
2004A Airport System Revenue Refunding Bonds	654,853	629,037	561,894
2004B Airport System Revenue Bonds	5,104,256	1,482,108	4,819,952
2004C-1 Airport System Revenue Refunding Bonds	16,369,182	16,156,121	8,049,634
2004C-2 Airport System Revenue Refunding Bonds	4,924,855	4,992,470	14,346,612
2004D Airport System Revenue Refunding Bonds	11,187,696	11,219,448	11,183,139
2005A Airport System Revenue Bonds	16,966,776	12,701,790	9,863,398
2005B Airport System Revenue Bonds	850,174	852,675	618,617
2005C Taxable Airport System Revenue Bonds	289,964	1,677,884	1,647,078
2005D Airport System Revenue Bonds	864,492	553,486	138,752
2006A Airport System Revenue Bonds	5,810,728	-	-
2006B Airport System Revenue Bonds	7,854,839	-	-
2006C Airport System Revenue Refunding Bonds	1,732,719	-	-
2007A Airport System Revenue Bonds	5,557,044	-	-
2007B Airport System Revenue Bonds	3,194,582	-	-
Series A Bond Anticipation Commercial Paper Notes	-	6,910,355	427,742
Series B Bond Anticipation Commercial Paper Notes	-	-	-
Series One Airport System Revenue Commercial Paper Notes	75,000	-	764,384
Series Two Airport System Revenue Commercial Paper Notes	365,833	1,712,774	3,305,008
Net Debt Service	\$ 184,246,617	\$ 163,354,637	\$ 164,667,568
DEBT SERVICE COVERAGE	1.72	1.78	1.66

Note: Net Revenues are calculated in accordance with the Airports 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

REVENUE BOND COVERAGE**Exhibit S-9**

For Years 1998 - 2007

(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 2007	\$ 576,736	\$ 260,304	\$ 316,432	\$ 110,322	\$ 73,925	\$ 184,247	1.72
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

1/ Total Revenues including transfers.

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

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

Source: Office of Finance

AIRPORT INFORMATION**Exhibit S-10****Ronald Reagan Washington National Airport
As of December 31, 2007**

Location:	3 miles south from downtown Washington D.C. along the Potomac River in Arlington County, VA		
Acres:	860 +/- acres		
Airport Code:	DCA		
Runways:	1/19	1,030,350	sq ft
	15/33	780,600	sq ft
	4/22	736,650	sq ft
Terminal:	Terminal A	55,567	sq ft
	Terminal B/C	365,743	sq ft
	Tenants	115,329	sq ft
	Public/Common	445,914	sq ft
	Mechanical	153,539	sq ft
	Total Terminal Sq. Ft.	1,136,092	sq ft
	Number of Passenger Gates:	44	
	Number of Loading Bridges:	44	
	Number of Concessionaires in Terminal:	102	
	Number of Rental Car Agencies in Garage A:	5	
Apron:	Commercial Airlines	2,972,637	sq ft
	Cargo Airlines	N/A	sq ft
	FBO	62,900	sq ft
	Exclusive Ramp Space	45,500	
	Common Use Ramp Space	253,700	
	Total Apron Sq. Ft.	3,334,737	
Parking:	Spaces Assigned:		
	Garage A	872	
	Valet	230	
	Garage B & C Daily	3,877	
	Garage B & C Hourly	455	
	Economy Lot	2,956	
	Total Spaces	8,390	
Cargo:	Air Cargo Building	47,752	sq ft
International:	N/A		
Tower(s):	TRACON 24 / 7 365		
FBO's	Signature Flight Support in Hanger 7		

Source: Office of Finance

AIRPORT INFORMATION

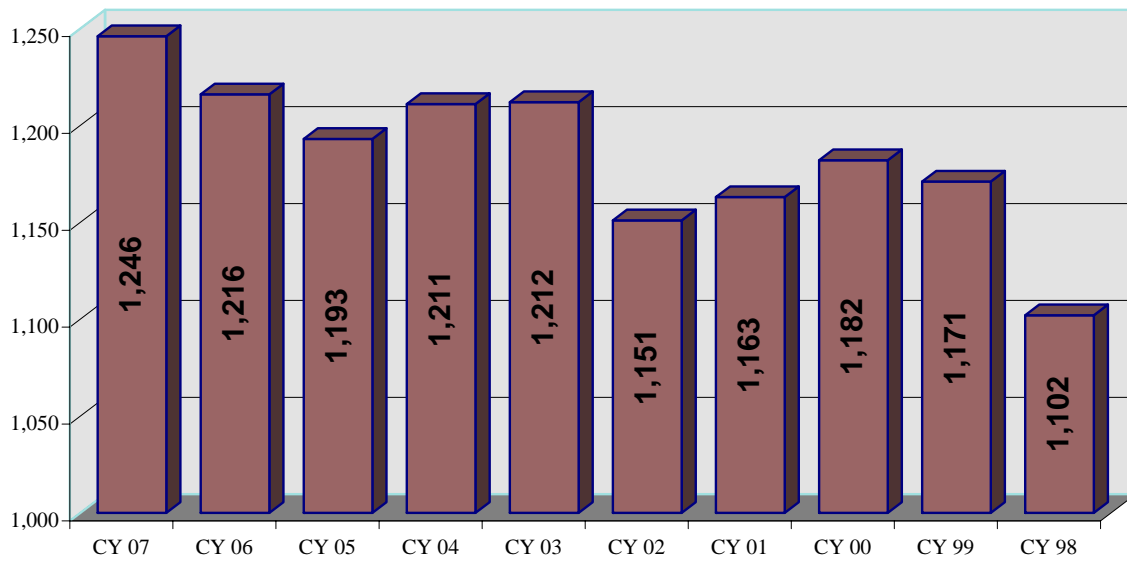
Exhibit S-11

Washington Dulles International Airport*As of December 31, 2007*

Location:	26 miles west from downtown Washington D.C., Located in Fairfax and Loudoun Counties, VA		
Acres:	11,830 +/- Acres		
Airport Code:	IAD		
Runways:	12/30 1L/19R 1R/19L		
Terminal:	Signatory Airlines	973,879	sq ft
	Tenants / Concessions	161,597	sq ft
	Public/Common	1,075,135	sq ft
	Mechanical	310,143	sq ft
	Total Terminal Sq. Ft.	2,520,754	sq ft
	Number of Passenger Gates:	130	
	Number of Loading Bridges:	37	
	Number of Concessionaires in Terminal:	112	
	Number of Rental Car Agencies on Airport:	8	
Airfield	Runways	5,025,000	sq ft
	Taxiways	12,127,386	sq ft
	Ramps/Aprons	12,595,834	sq ft
	Shoulders & Blast Pads	11,033,394	sq ft
	Total Airfield Sq. Ft.	40,781,614	
Parking:	Spaces Assigned		
	Daily Garage 1	4,680	
	Daily Garage 2	3,645	
	Hourly Parking Lot	1,923	
	Economy	12,378	
	Valet	830	
	Overflow	2,499	
	Cell Phone Lot	100	
	Total Parking Spaces	26,055	spaces
Roadways	Lane mileage	219	miles
Cargo:	Cargo 1 & 2	54,000	sq ft
	Cargo 3 & 4	61,534	sq ft
	Cargo 5	277,370	sq ft
	Cargo 6	131,380	sq ft
	Total Cargo Sq. Ft.	524,284	
International:	Customs/Immigration F.I.S. Facility		
Tower(s):	TRACON 24 / 7/ 365		
FBO's	Landmark Aviation Signature Flight Support		

Source: Office of Finance

AIRPORTS AUTHORITY EMPLOYEE STRENGTH



MAJOR PRIVATE EMPLOYERS IN PRIMARY AIR TRADE AREA

Exhibit S-13

Employer	City	State	Regional Employees	% of Total Employment	Industry
Lockheed Martin Corp.	Bethesda	MD	22,600	0.76%	Defense
Northrop Grumman	Arlington	VA	20,340	0.69%	Defense
Science Applications International Corp.	Landover	MD	15,870	0.53%	Technology
Inova Health System	Fairfax	VA	15,390	0.52%	Health Care
Marriott International Inc.	Bethesda	MD	14,560	0.49%	Hospitality
MedStar Health	Washington	DC	13,000	0.44%	Health Care
Verizon Communications	Reston	VA	12,980	0.44%	Communications
Booz Allen Hamilton	McLean	VA	11,300	0.38%	Information Technology
Computer Sciences Corporation	Arlington	VA	11,000	0.37%	Information Technology
Constellation Energy Group	Baltimore	MD	9,740	0.33%	Energy
General Dynamics	Falls Church	VA	7,400	0.25%	Defense
IBM	Gaithersburg	MD	7,300	0.25%	Information Technology
BAE Systems	Rockville	MD	6,400	0.22%	Defense
Sunrise Senior Living, Inc.	McLean	VA	5,320	0.18%	Senior Living Provider
Fannie Mae	Washington	DC	5,250	0.18%	Financial
CACI International Inc.	Arlington	VA	5,200	0.18%	Information Technology
Freddie Mac	McLean	VA	5,010	0.17%	Financial
Sprint Nextel	Reston	VA	5,000	0.17%	Communications
SRA International	Fairfax	VA	3,900	0.13%	Information Technology
The Washington Post Co.	Washington	DC	3,840	0.13%	Publishing
Total			201,400		

Note: Ten years of data not presented as the rapidly changing company community makes older year information obsolete and non-comparative.

Source: Greater Washington Initiative, 2007 Regional Report
Source: Post 200, Washington Post Publisher, May 14, 2007.

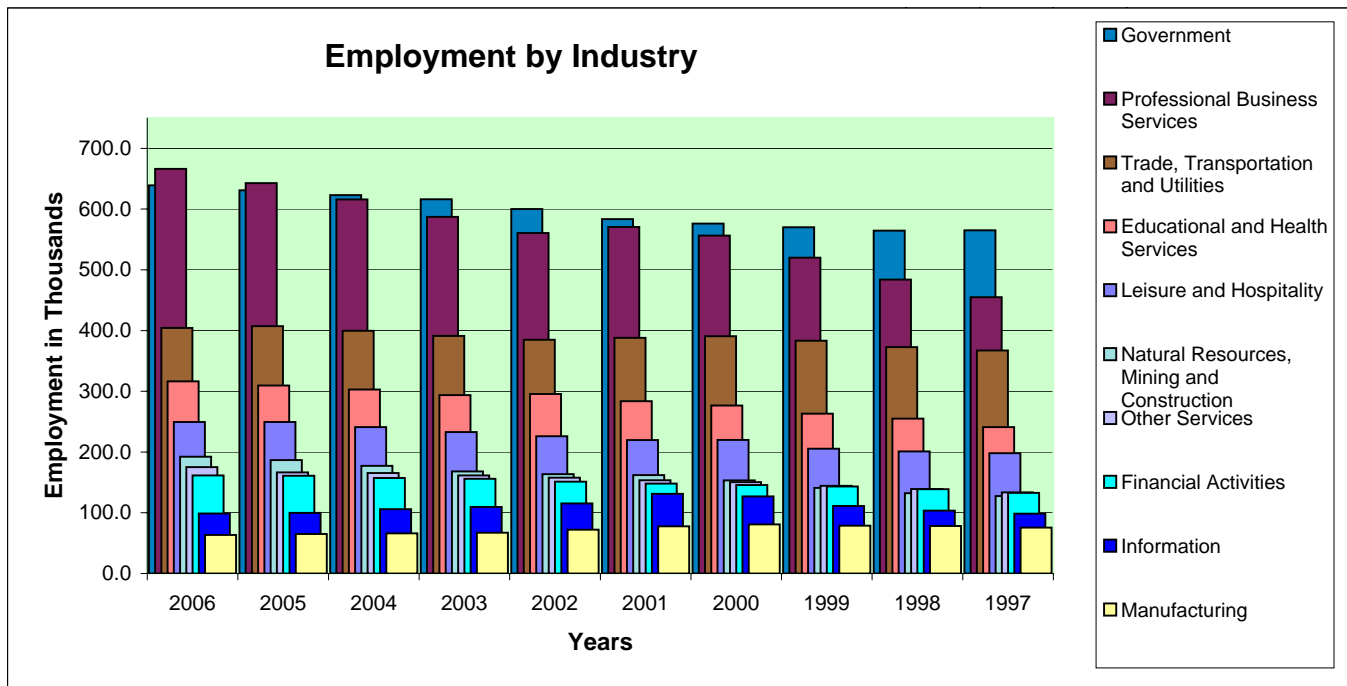
EMPLOYMENT BY INDUSTRY

Exhibit S-14

Metropolitan Statistical Area - Last Ten Years

Industry Type	Yearly Annual Average Numbers of Employees (in thousands)									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Government	639.2	631.0	623.1	616.2	600.2	583.5	576.2	570.1	564.5	565.1
Professional Business Services	666.3	642.9	616.0	587.1	560.7	570.5	556.5	519.9	483.8	455.0
Trade, Transportation and Utilities	404.5	407.3	399.6	391.3	384.9	388.1	390.6	383.3	372.8	367.1
Educational and Health Services	316.5	309.5	302.9	293.7	295.6	283.8	276.5	263.1	255.0	241.1
Leisure and Hospitality	249.5	249.4	241.1	232.9	226.1	219.7	220.0	205.6	201.1	198.2
Natural Resources, Mining and Construction	192.4	186.8	177.3	168.1	163.7	161.9	153.4	141.0	132.2	127.4
Other Services	175.1	166.6	165.5	161.4	157.8	153.5	150.4	144.3	139.1	133.6
Financial Activities	161.5	161.0	157.4	155.9	151.2	148.0	145.8	143.3	138.9	132.8
Information	98.7	99.9	106.0	109.6	115.5	131.2	127.0	111.3	103.5	98.6
Manufacturing	63.6	65.2	66.1	67.2	72.2	77.8	80.8	78.7	78.2	75.5
Washington-Arlington-Alexandria, D.C.-Md-Va-W.Va Metropolitan Statistical Area	2967.3	2919.6	2855.0	2783.4	2727.9	2718.0	2677.2	2560.6	2469.1	2394.4

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



POPULATION TRENDS

Exhibit S-15

Metropolitan Statistical Area - Last Ten Years

(Expressed in Thousands)

JURISDICTION	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
District of Columbia	581.5	581.5	553.5	528.8	570.9	571.8	572.1	570.2	565.2	567.7
Arlington County, VA	199.8	196.0	186.1	187.4	188.7	189.5	189.4	188.7	186.7	184.8
City of Alexandria, VA	136.9	135.3	128.2	128.7	129.8	130.4	128.3	125.7	122.1	119.9
Central Jurisdictions	918.2	912.8	867.8	844.9	889.4	891.7	889.8	884.6	874.0	872.4
Fairfax County, VA	1010.4	1006.5	1003.2	996.8	992.4	986.3	969.7	955.6	936.9	924.2
Montgomery County, MD	932.1	927.6	921.7	915.1	906.0	893.1	873.3	862.4	847.6	835.4
Prince George's County, MD	841.3	846.1	843.0	836.4	827.7	817.3	801.5	795.1	789.0	780.7
City of Fairfax, VA	22.4	22.0	22.1	22.0	21.8	21.8	21.5	21.5	21.4	21.1
City of Falls Church, VA	10.8	10.8	11.0	10.6	10.6	10.5	10.4	10.2	9.9	9.6
Inner Suburbs	2,817.0	2,813.0	2,801.0	2,780.9	2,758.5	2,729.0	2,676.4	2,644.8	2,604.8	2,571.0
Prince William County, VA	357.5	348.6	336.6	323.9	310.8	297.6	280.8	272.7	263.9	256.9
Loudoun County, VA	268.8	255.5	239.2	221.1	203.8	190.1	169.6	158.1	146.1	135.4
Frederick County, MD	222.9	220.7	217.7	213.6	209.1	202.4	195.3	191.6	187.1	183.3
Charles County, MD	140.4	138.8	135.8	132.3	128.2	125.0	120.5	118.6	116.2	113.6
Stafford County, VA	120.2	117.9	114.8	110.2	104.3	98.4	92.4	89.4	86.3	83.0
Spotsylvania County, VA	119.5	116.5	111.9	107.7	102.6	96.7	90.4	87.2	83.6	80.3
Calvert County, MD	88.8	87.9	86.5	84.2	80.9	77.7	74.6	72.9	71.0	68.6
Fauquier County, VA	66.2	65.0	63.3	61.2	59.5	57.4	55.1	54.0	52.9	52.0
Manassas City, VA	36.6	37.6	37.6	37.1	36.6	35.9	35.1	34.6	33.7	33.0
Warren County, VA	36.1	35.6	34.4	33.8	33.1	32.2	31.6	31.1	30.5	30.3
Jefferson County, WVA	50.4	49.2	47.7	46.4	45.0	43.4	42.1	41.6	40.8	40.2
Fredericksburg City, VA	21.3	20.7	20.5	20.2	20.0	19.7	19.3	19.5	19.6	21.5
Clarke County, VA	14.6	14.2	13.9	13.4	13.2	13.1	12.7	12.5	12.4	12.5
Manassas Park City, VA	11.6	11.6	11.5	11.0	10.9	10.8	10.3	10.0	9.5	9.0
Outer Suburbs	1,554.9	1,519.8	1,471.4	1,416.1	1,358.0	1,300.4	1,229.8	1,193.8	1,153.6	1,119.6
DC-MD-VA-WVA Metropolitan Statistical Area	5,290.1	5,245.6	5,140.2	5,041.9	5,005.9	4,921.1	4,796.0	4,723.2	4,632.4	4,563.0

Prepared by the Office of Finance

Source: U.S. Census Bureau, American Factfinder

AIRCRAFT OPERATIONS BY AIRPORT

Exhibit S-16

Takeoff and Landing Operations

Ronald Reagan Washington National Airport

CALENDAR YEAR	MAJOR/ NATIONALS	REGIONAL/ COMMUTERS	GENERAL AVIATION	MILITARY	TOTAL
2007	146,614	123,024	5,272	523	275,433
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

Washington Dulles International Airport

CALENDAR YEAR	MAJOR/ NATIONALS	REGIONAL/ COMMUTERS	GENERAL AVIATION	MILITARY	TOTAL
2007	141,424	176,150	64,549	816	382,939
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

Source: Office of Finance

LANDED WEIGHTS

(Expressed in Thousands of Pounds)

Ronald Reagan Washington National Airport

AIRLINE	CY 2007		CY 2006		CY 2005		CY 2004		CY 2003	
	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights ³	Share ³	Landed Weights ³	Share ³
US Airways	3,429,981	26.97%	3,777,558	29.06%	4,437,393	34.66%	3,082,443	26.87%	3,059,815	28.24%
Delta Airlines + Delta Shuttle	1,380,212	10.85%	1,521,021	11.70%	1,510,590	11.80%	1,411,358	12.30%	1,489,855	13.75%
American Airlines	1,330,575	10.46%	1,288,058	9.91%	1,277,371	9.98%	1,156,215	10.08%	1,362,246	12.57%
Northwest Airlines	872,401	6.86%	875,902	6.74%	846,247	6.61%	842,286	7.34%	916,221	8.46%
Republic Airlines (US Airways Express)	856,710	6.74%	692,821	5.33%	26,900	0.21%	-	-	-	-
Air Wisconsin (US Airways Express)	819,586	6.44%	724,223	5.57%	52,170	0.41%	-	-	-	-
United Airlines	682,154	5.36%	685,035	5.27%	671,032	5.24%	846,889	7.38%	615,931	5.69%
Continental Airlines	534,727	4.20%	528,186	4.06%	506,448	3.96%	475,519	4.15%	481,828	4.45%
American Eagle(Flagship)	396,591	3.12%	425,382	3.27%	404,211	3.16%	361,779	3.15%	363,734	3.36%
Midwest Express	302,760	2.38%	303,872	2.34%	305,028	2.38%	355,080	3.10%	272,663	2.52%
Comair	262,815	2.07%	287,789	2.21%	291,534	2.28%	417,530	3.64%	473,666	4.37%
AirTran	245,672	1.93%	199,552	1.53%	184,624	1.44%	182,535	1.59%	36,296	0.34%
PSA Airlines	196,901	1.55%	208,700	1.61%	578,899	4.52%	302,035	2.63%	232,511	2.15%
American Trans Air	164,658	1.29%	180,125	1.39%	204,921	1.60%	214,056	1.87%	158,894	1.47%
Alaska Airlines	155,172	1.22%	148,008	1.14%	142,538	1.11%	94,224	0.82%	46,770	0.43%
America West Airlines	149,032	1.17%	215,496	1.66%	224,186	1.75%	285,361	2.49%	172,147	1.59%
Frontier Airlines	141,070	1.11%	137,573	1.06%	137,474	1.07%	128,394	1.12%	47,815	0.44%
Air Canada	109,403	0.86%	124,919	0.96%	159,966	1.25%	145,756	1.27%	129,872	1.20%
Continental Express	108,012	0.85%	123,207	0.95%	116,228	0.91%	189,110	1.65%	113,036	1.04%
Spirit Airlines	102,376	0.80%	143,724	1.11%	182,057	1.42%	125,013	1.09%	8,060	0.07%
Chautauqua (US Airways Express)	91,790	0.72%	119,937	0.92%	213,123	1.66%	292,133	2.55%	156,538	1.44%
Pinnacle Airlines	80,652	0.63%	80,464	0.62%	106,596	0.83%	37,404	0.33%	-	-
Air Canada Jazz	64,479	0.51%	50,044	0.38%	-	-	-	-	-	-
Shuttle America (Delta Connection)	51,703	0.41%	1,663	0.01%	-	-	-	-	-	-
Atlantic Southeast	46,076	0.36%	43,851	0.34%	50,422	0.39%	89,497	0.78%	87,245	0.81%
Piedmont Aviation	44,670	0.35%	20,192	0.16%	11,597	0.09%	95,502	0.83%	177,332	1.64%
Colgan Air	24,935	0.20%	25,734	0.20%	31,379	0.25%	105,417	0.92%	11,258	0.10%
Chautauqua (Delta Connection)	19,949	0.16%	3,147	0.02%	-	-	-	-	-	-
Chautauqua (Continental Express)	15,713	0.12%	-	-	-	-	-	-	-	-
Mesaba Airlines	15,396	0.12%	26,010	0.20%	50,065	0.39%	-	-	-	-
Signature Flight Support (FBO)	12,702	0.10%	5,181	0.04%	46,982	0.37%	41,747	0.36%	30,662	0.28%
Trans States Airlines (US Airways Exp)	8,284	0.07%	-	-	-	-	-	-	-	-
Trans States Airlines	-	-	20,338	0.16%	32,507	0.25%	100,843	0.88%	4,595	0.04%
Allegheny Commuter	-	-	-	-	-	-	58,953	0.51%	152,042	1.40%
Potomac Air, Inc.	-	-	-	-	-	-	-	-	-	-
Trans World Airlines	-	-	-	-	-	-	-	-	-	-
Other 1/	1,573	0.01%	13,268	0.10%	-	-	34,720	-	233,075	2.15%
Total 2/	12,718,727	100.00%	13,000,978	100.00%	12,802,488	100.00%	11,471,799	99.70%	10,834,104	100.00%

1/ Includes airlines no longer serving the Airport 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

Exhibit S-17

CY 2002		CY 2001		CY 2000		CY 1999		FY 1998	
Landed Weights ³	Share ³	Landed Weights ³	Share ³	Landed Weights ³	Share ³	Landed Weights ³	Share ³	Landed Weights ³	Share ³
3,115,677	30.81%	3,615,979	33.36%	3,952,238	31.87%	3,257,041	28.54%	3,539,036	30.06%
1,713,594	16.94%	2,191,172	20.22%	2,415,506	19.48%	2,346,724	20.56%	2,253,345	19.14%
1,311,095	12.96%	1,187,911	10.96%	1,449,620	11.69%	1,487,965	13.04%	1,512,085	12.84%
779,922	7.71%	741,852	6.84%	901,926	7.27%	898,284	7.87%	855,381	7.27%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
628,511	6.21%	598,303	5.52%	689,184	5.56%	727,179	6.37%	836,657	7.11%
534,108	5.28%	684,300	6.31%	852,278	6.87%	866,443	7.59%	865,589	7.35%
231,222	2.29%	127,751	1.18%	83,298	0.67%	71,832	0.63%	86,888	0.74%
286,368	2.83%	-	-	215,212	1.74%	175,712	1.54%	166,201	1.41%
98,888	0.98%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
185,006	1.83%	58,305	0.54%	140,293	1.13%	141,752	1.24%	126,089	1.07%
146,007	1.44%	138,567	1.28%	156,211	1.26%	-	-	-	-
-	-	4,642	0.04%	-	-	-	-	-	-
189,006	1.87%	213,416	1.97%	125,394	1.01%	95,195	0.83%	110,890	0.94%
43,199	0.43%	30,727	0.28%	10,260	0.08%	-	-	-	-
136,149	1.35%	122,533	1.13%	171,101	1.38%	174,237	1.53%	169,863	1.44%
67,618	0.67%	10,110	0.09%	1,809	0.01%	11,735	0.10%	11,137	0.09%
-	-	56,651	0.52%	12,848	0.10%	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	171,101	1.38%	174,237	1.53%	169,863	1.44%
-	-	-	-	-	-	-	-	-	-
5,684	0.06%	-	-	-	-	-	-	-	-
411,452	4.07%	160,547	1.48%	352,055	2.84%	368,258	3.23%	368,369	3.13%
-	-	432	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
21,578	0.21%	466,035	4.30%	199,255	1.61%	73,130	0.64%	68,132	0.58%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	85,704	0.69%	76,476	0.67%	77,053	0.65%
116,819	1.16%	13,153	0.12%	19,425	0.16%	25,832	0.23%	64,546	0.55%
-	-	-	-	-	-	-	-	-	-
-	-	290,335	2.68%	395,454	3.19%	431,724	3.78%	436,226	3.71%
91,111	0.90%	125,735	1.16%	-	-	9,386	0.08%	55,874	0.47%
10,113,018	100.00%	10,838,455	100.00%	12,400,172	100.00%	11,413,142	100.00%	11,773,225	100.00%

LANDED WEIGHTS

(Expressed in Thousands of Pounds)

Washington Dulles International Airport

AIRLINE	2007		2006		2005		2004		2003	
	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share
United Airlines	7,606,298	38.08%	7,048,694	37.76%	6,392,517	31.32%	6,557,152	34.22%	5,663,094	37.40%
Mesa Airlines	1,520,846	7.61%	1,847,801	9.90%	893,675	4.38%	347,739	1.81%	-	-
JetBlue Airways	952,941	4.77%	794,112	4.25%	523,980	2.57%	484,930	2.53%	361,958	2.39%
Shuttle America	629,476	3.15%	475,885	2.55%	370,263	1.81%	173,781	0.91%	-	-
Landmark Aviation (FBO)	603,946	3.02%	701,682	3.76%	551,161	2.70%	297,868	1.55%	352,416	2.33%
Trans States Airlines (United Express)	603,260	3.02%	596,537	3.20%	678,031	3.32%	217,860	1.14%	-	-
American Airlines	544,803	2.73%	557,241	2.98%	598,510	2.93%	587,805	3.07%	777,149	5.13%
Southwest Airlines	518,676	2.60%	130,534	0.70%	-	-	-	-	-	-
Signature Flight Support (FBO)	487,810	2.44%	477,555	2.56%	-	-	419,380	2.19%	375,348	2.48%
Delta Airlines	481,132	2.41%	497,957	2.67%	530,760	2.60%	727,540	3.80%	759,207	5.01%
Lufthansa	443,982	2.22%	469,317	2.51%	409,835	2.01%	317,729	1.66%	310,526	2.05%
British Airways	438,467	2.20%	458,074	2.45%	28,512	0.14%	529,004	2.76%	515,279	3.40%
Federal Express	421,845	2.11%	403,651	2.16%	401,655	1.97%	371,733	1.94%	410,858	2.71%
Air France	398,061	1.99%	413,269	2.21%	384,546	1.88%	321,257	1.68%	296,325	1.96%
Chautauqua Airlines (United Express)	335,329	1.68%	200,743	1.08%	-	-	-	-	-	-
GoJet Airlines	306,123	1.53%	111,153	0.60%	-	-	-	-	-	-
Northwest Airlines	283,572	1.42%	267,526	1.43%	289,410	1.42%	308,611	1.61%	327,689	2.16%
AirTrans (Valujet)	255,984	1.28%	267,592	1.43%	178,360	0.87%	184,808	0.96%	211,560	1.40%
Virgin Atlantic	245,771	1.23%	190,860	1.02%	165,869	0.81%	212,812	1.11%	181,611	1.20%
Colgan Airways (United Express)	210,455	1.05%	207,564	1.11%	-	-	-	-	-	-
South African Airways	203,850	1.02%	169,210	0.91%	64,125	0.31%	-	-	-	-
All Nippon	202,794	1.02%	187,630	1.01%	168,917	0.83%	168,360	0.88%	169,440	1.12%
US Airways	164,131	0.82%	159,723	0.86%	196,034	0.96%	185,961	0.97%	187,800	1.24%
KLM Royal Dutch Airlines	149,854	0.75%	132,227	0.71%	-	-	-	-	-	-
Taca International	146,944	0.74%	115,978	0.62%	107,680	0.53%	94,172	0.49%	88,868	0.59%
Continental Express	145,612	0.73%	178,176	0.95%	197,711	0.97%	190,639	0.99%	135,889	0.90%
Austrian Airlines	137,908	0.69%	143,320	0.77%	28,800	0.14%	145,155	0.76%	143,237	0.95%
Korean Air	137,824	0.69%	119,136	0.64%	111,384	0.55%	108,756	0.57%	99,716	0.66%
Scandinavian	126,229	0.63%	125,820	0.67%	105,126	0.51%	111,950	0.58%	114,283	0.75%
Qatar Amiri Air	96,778	0.48%	-	-	-	-	-	-	-	-
Air Canada + Jazz	95,434	0.48%	95,203	0.51%	94,946	0.47%	150,749	0.79%	166,472	1.10%
Comair, Inc.	91,573	0.46%	80,395	0.43%	190,435	0.93%	101,050	0.53%	120,943	0.80%
Colgan Airways (US Airways Express)	90,290	0.45%	85,596	0.46%	31,736	0.16%	38,262	0.20%	33,716	0.22%
United Parcel Service	85,884	0.43%	83,528	0.45%	78,162	0.38%	79,916	0.42%	79,890	0.53%
Ethiopian Airlines	79,513	0.40%	59,714	0.32%	53,966	0.26%	45,664	0.24%	40,874	0.27%
Saudi Arabian Airlines	74,359	0.37%	84,109	0.45%	61,241	0.30%	73,470	0.38%	70,397	0.46%
Airborne Express	71,670	0.36%	71,887	0.39%	-	-	-	-	-	-
MN Airlines, LLC	61,320	0.31%	28,470	0.15%	584	0.00%	146	0.00%	438	0.00%
Iberia Airlines	54,424	0.27%	-	-	-	-	-	-	-	-
America West	50,737	0.25%	116,422	0.62%	146,936	0.72%	175,731	0.92%	126,018	0.83%
Virgin America	45,361	0.23%	-	-	-	-	-	-	-	-
Trans States Airlines (Amer. Conn)	39,911	0.20%	-	-	-	-	-	-	-	-
Continental Airlines, Inc.	36,415	0.18%	26,020	0.14%	37,391	0.18%	44,334	0.23%	60,142	0.40%
Aer Lingus	33,729	0.17%	-	-	-	-	-	-	-	-
Mesa Airlines, Inc. (US Airways Exp.)	33,149	0.17%	16,137	0.09%	22,380	0.11%	23,623	0.12%	184,629	1.22%
PSA Airlines	27,732	0.14%	50,049	0.27%	30,738	0.15%	4,973	0.03%	-	-
American Eagle	24,553	0.12%	66,712	0.36%	69,347	0.34%	69,164	0.36%	69,219	0.46%
MAXjet Airways	24,411	0.12%	41,662	0.22%	-	-	-	-	-	-
Independence Air + Atlantic Coast	-	-	34,476	0.18%	3,802,412	18.63%	3,403,084	17.76%	2,035,844	13.45%
Air Wisconsin (United Express)	-	-	30,108	0.16%	896,072	4.39%	840,831	4.39%	227,378	1.50%
Other 1/	153,930	0.77%	249,777	1.34%	1,520,072	7.45%	1,045,034	5.45%	442,577	2.92%
TOTAL 2/	19,975,090	100.00%	18,669,231	100.00%	20,413,280	100.00%	19,161,031	100.00%	15,140,789	100.00%

1/ Includes airlines no longer serving the Airport 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

2002		2001		2000		1999		1998	
Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share	Landed Weights	Share
6,127,511	36.96%	7,019,527	40.38%	7,384,117	42.02%	7,280,373	41.92%	5,604,481	39.05%
-	-	-	-	106,597	0.61%	17,245	0.10%	-	-
244,420	1.47%	10,082	0.06%	-	-	-	-	-	-
2,802	0.02%	-	-	-	-	-	-	-	-
546,953	3.30%	347,870	2.00%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,017,507	6.14%	858,456	4.94%	805,479	4.58%	806,544	4.64%	827,159	5.76%
-	-	-	-	-	-	-	-	-	-
382,530	2.31%	246,438	1.42%	-	-	-	-	-	-
985,854	5.95%	864,294	4.97%	838,037	4.77%	954,291	5.50%	1,011,874	7.05%
311,217	1.88%	375,212	2.16%	339,781	1.93%	224,334	1.29%	224,563	1.56%
564,804	3.41%	403,510	2.32%	426,999	2.43%	396,288	2.28%	403,397	2.81%
485,719	2.93%	465,973	2.68%	482,391	2.75%	517,919	2.98%	548,681	3.82%
268,292	1.62%	252,435	1.45%	298,118	1.70%	248,597	1.43%	220,667	1.54%
-	-	-	-	12,262	0.07%	-	-	-	-
-	-	-	-	-	-	-	-	-	-
479,618	2.89%	524,895	3.02%	474,675	2.70%	451,588	2.60%	386,365	2.69%
214,929	1.30%	235,026	1.35%	244,114	1.39%	334,026	1.92%	521,334	3.63%
189,107	1.14%	217,233	1.25%	222,620	1.27%	187,022	1.08%	149,672	1.04%
-	-	-	-	58,181	0.33%	19,356	0.11%	24,369	0.17%
-	-	-	-	-	-	-	-	-	-
168,644	1.02%	197,512	1.14%	203,232	1.16%	197,392	1.14%	162,292	1.13%
249,267	1.50%	508,258	2.92%	1,446,769	8.23%	2,054,387	11.83%	639,162	4.45%
-	-	-	-	-	-	-	-	-	-
89,792	0.54%	70,489	0.41%	52,878	0.30%	56,041	0.32%	107,483	0.75%
118,366	0.71%	103,267	0.59%	100,403	0.57%	102,885	0.59%	133,675	0.93%
146,469	0.88%	120,737	0.69%	99,507	0.57%	81,022	0.47%	95,985	0.67%
96,944	0.58%	80,003	0.46%	104,536	0.59%	122,056	0.70%	120,888	0.84%
114,878	0.69%	68,159	0.39%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
180,561	1.09%	217,438	1.25%	189,526	1.08%	120,821	0.70%	116,732	0.81%
119,057	0.72%	76,563	0.44%	112,474	0.64%	-	-	-	-
66,624	0.40%	109,330	0.63%	58,181	0.33%	19,356	0.11%	24,369	0.17%
76,392	0.46%	66,928	0.39%	58,705	0.33%	5,141	0.03%	55,871	0.39%
41,201	0.25%	42,492	0.24%	44,353	0.25%	34,727	0.20%	18,969	0.13%
77,214	0.47%	89,230	0.51%	85,632	0.49%	96,405	0.56%	98,296	0.68%
-	-	-	-	-	-	-	-	-	-
292	0.00%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
8,813	0.05%	-	-	1,667	0.01%	41,109	0.24%	82,484	0.57%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
113,272	0.68%	143,190	0.82%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
165,325	1.00%	261,994	1.51%	-	-	-	-	-	-
-	-	2,188	0.01%	52,559	0.30%	58,538	0.34%	20,767	0.14%
54,241	0.33%	27,897	0.16%	-	-	14,165	0.08%	24,225	0.17%
-	-	-	-	-	-	-	-	-	-
2,217,292	13.37%	2,373,765	13.66%	2,251,159	12.81%	2,088,662	12.03%	1,743,644	12.15%
57,340	0.35%	-	-	-	-	-	-	-	-
596,200	3.60%	1,001,858	5.76%	1,018,203	5.79%	835,967	4.81%	984,655	6.86%
16,579,447	100.00%	17,382,247	100.00%	17,573,156	100.00%	17,366,257	100.00%	14,352,059	100.00%

ENPLANEMENTS

Exhibit S-19

Ronald Reagan Washington National Airport**Domestic**

YEAR	NATIONAL COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS 1/	ANNUAL GROWTH
CY 2007	9,145,554	1.0%	682,889,947 3/	3.2%
CY 2006	9,054,485	3.6%	661,984,208	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	2.7%	553,643,042	6.0%

Transborder/International

YEAR	NATIONAL COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS 2/	ANNUAL GROWTH
CY 2007	148,523	-19.9%	78,310,782 4/	4.0%
CY 2006	185,333	7.4%	75,267,440	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	-23.4%	61,643,755	10.8%

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-20

**Washington Dulles International Airport
Domestic Activity**

YEAR	DULLES DOMESTIC COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS ^{1/}	ANNUAL GROWTH
CY 2007	9,313,161	5.9%	682,889,947 ^{3/}	3.2%
CY 2006	8,797,384	-19.6%	661,984,208	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	23.7%	553,643,042	6.0%

International Activity

YEAR	DULLES DOMESTIC COMMERCIAL PASSENGER ENPLANEMENTS	ANNUAL GROWTH	TOTAL U.S. COMMERCIAL PASSENGER ENPLANEMENTS ^{2/}	ANNUAL GROWTH
CY 2007	2,960,345	14.1%	78,310,782 ^{4/}	4.0%
CY 2006	2,594,861	6.0%	75,267,440	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	18.1%	61,643,755	10.8%

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 2007		CY 2006		CY 2005		CY 2004		CY 2003	
	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
DOMESTIC										
AIR CARRIERS										
US Airways+US Airways Shuttle	2,255,033	24.40%	2,353,896	25.47%	2,715,964	29.39%	2,087,921	22.59%	1,895,630	27.10%
American	1,214,058	13.14%	1,132,839	12.26%	1,119,235	12.11%	921,936	9.97%	955,780	13.66%
Delta+Delta Shuttle	957,515	10.36%	1,073,406	11.61%	1,131,927	12.25%	1,095,415	11.85%	1,050,133	15.01%
Northwest	675,764	7.31%	666,028	7.21%	643,017	6.96%	622,144	6.73%	587,036	8.39%
United	519,311	5.62%	511,091	5.53%	462,300	5.00%	441,683	4.78%	398,713	5.70%
Continental	373,191	4.04%	378,298	4.09%	357,253	3.87%	309,128	3.34%	306,612	4.38%
AirTran	213,397	2.31%	172,293	1.86%	155,613	1.68%	138,707	1.50%	26,303	0.38%
Midwest	204,583	2.21%	207,345	2.24%	187,012	2.02%	166,059	1.80%	149,368	2.14%
ATA	159,377	1.72%	151,274	1.64%	145,227	1.57%	165,032	1.79%	126,474	1.81%
Alaska	142,567	1.54%	130,596	1.41%	116,137	1.26%	77,325	0.84%	33,895	0.48%
Frontier	128,498	1.39%	123,223	1.33%	121,424	1.31%	72,757	0.79%	39,044	0.56%
America West	125,095	1.35%	175,333	1.90%	172,484	1.87%	153,659	1.66%	131,354	1.88%
Spirit	86,636	0.94%	104,988	1.14%	135,878	1.47%	110,303	1.19%	8,854	0.13%
Trans World	-	-	-	-	-	-	-	-	-	-
Other Air Carriers 1/	-	-	-	-	-	-	409	0.00%	-	-
REGIONALS										
Republic (US Airways Express)	594,411	6.43%	465,755	5.04%	14,032	0.15%	-	-	-	-
Air Wisconsin (US Airways Express)	568,630	6.15%	460,008	4.98%	32,716	0.35%	-	-	-	-
American Eagle	258,697	2.80%	280,129	3.03%	264,758	2.86%	215,408	2.33%	198,460	2.84%
Comair (Delta Connection)	179,534	1.94%	176,297	1.91%	158,060	1.71%	214,242	2.32%	243,627	3.48%
PSA	139,087	1.50%	152,515	1.65%	339,434	3.67%	191,904	2.08%	111,727	1.60%
Continental Express	80,791	0.87%	97,211	1.05%	90,506	0.98%	90,655	0.98%	90,836	1.30%
Chautauqua (US Airways Express)	70,677	0.76%	95,080	1.03%	150,719	1.63%	225,935	2.44%	115,102	1.65%
Pinnacle	59,895	0.65%	55,563	0.60%	62,386	0.67%	10,455	0.11%	-	-
Piedmont	28,463	0.31%	11,584	0.13%	4,342	0.05%	47,334	0.51%	100,245	1.43%
ASA (Delta Connection)	26,268	0.28%	27,887	0.30%	35,904	0.39%	65,488	0.71%	54,430	0.78%
Chautauqua (Continental Express)	14,381	0.16%	-	-	-	-	-	-	-	-
Colgan Airways (US Airways Exp.)	13,867	0.15%	13,041	0.14%	-	-	-	-	-	-
Mesaba (Northwest Airlink)	9,895	0.11%	14,734	0.16%	25,724	0.28%	-	-	-	-
Trans States (American Connection)	-	-	15,250	0.16%	25,230	0.27%	42,617	0.46%	3,622	0.05%
Liberty Express	-	-	6,849	0.07%	58,990	0.64%	265,276	2.87%	113,511	1.62%
Allegheny	-	-	-	-	-	-	24,344	0.26%	86,410	1.24%
Other Regionals 1/	45,933	0.50%	1,969	0.02%	10,453	0.11%	41,246	0.45%	33,488	0.48%
AIR CARRIER – CHARTERED										
Other Charters 1/	-	-	3	0.00%	-	-	-	-	-	-
GENERAL AVIATION										
Other General Aviation 1/	1136	0.01%	536	0.01%	53	0.00%	-	-	-	-
MILITARY										
Other Military 1/	3,094	0.03%	2,126	0.02%	1,906	0.02%	5,375	0.06%	3,940	0.06%
TOTAL	9,149,784	98.40%	9,057,147	97.41%	8,738,684	93.98%	7,802,757	84.42%	6,864,594	98.12%
TRANSBORDER/INTERNATIONAL										
AIR CARRIERS										
Air Canada	61,837	0.67%	76,107	0.82%	104,637	1.13%	94,135	1.02%	79,436	1.14%
US Airways	41,372	0.45%	48,559	0.53%	40,830	0.44%	37,625	0.41%	33,891	0.48%
REGIONALS										
Other Regionals 1/	45,314	0.49%	60,667	0.66%	27,082	0.29%	22,929	0.25%	18,131	0.26%
GENERAL AVIATION										
Other General Aviation 1/	-	-	-	-	-	-	-	-	-	-
TOTAL	148,523	1.61%	185,333	2.01%	172,549	1.87%	154,689	1.67%	131,458	1.88%
GRAND TOTAL	9,298,307	100.00%	9,242,480	100.00%	8,911,233	100.00%	7,957,446	100.00%	6,996,052	100.00%

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.

Source: Office of Finance

CY 2002		CY 2001		CY 2000		CY 1999		CY 1998	
Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
1,797,035	27.79%	2,049,010	30.99%	2,569,040	32.37%	2,435,988	32.13%	2,813,779	35.28%
921,433	14.25%	771,529	11.67%	1,013,424	12.77%	995,915	13.14%	1,046,727	13.13%
1,139,754	17.63%	1,247,114	18.86%	1,458,645	18.38%	1,381,439	18.22%	1,347,212	16.89%
522,216	8.08%	480,359	7.27%	580,364	7.31%	574,881	7.58%	528,412	6.63%
392,739	6.07%	372,984	5.64%	411,947	5.19%	462,826	6.10%	528,282	6.62%
326,253	5.05%	409,712	6.20%	544,747	6.86%	571,279	7.53%	562,575	7.05%
-	-	-	-	-	-	-	-	-	-
142,933	2.21%	109,329	1.65%	105,799	1.33%	95,873	1.26%	88,573	1.11%
121,712	1.88%	105,944	1.60%	99,549	1.25%	-	-	-	-
32,149	0.50%	3,019	0.05%	-	-	-	-	-	-
36,058	0.56%	24,879	0.38%	10,511	0.13%	-	-	-	-
122,745	1.90%	122,536	1.85%	55,432	0.70%	35,442	0.47%	42,712	0.54%
-	-	46,762	0.71%	10,161	0.13%	-	-	-	-
-	-	173,781	2.63%	252,161	3.18%	268,939	3.55%	241,883	3.03%
19,798	0.31%	75,026	1.13%	71,088	0.90%	43,641	0.58%	61,901	0.78%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
133,539	2.07%	66,060	1.00%	70,044	0.88%	70,084	0.92%	74,830	0.94%
46,716	0.72%	-	-	22,759	0.29%	10,998	0.15%	-	-
128,069	1.98%	34,511	0.52%	95,775	1.21%	102,252	1.35%	92,746	1.16%
58,954	0.91%	10,735	0.16%	1,593	0.02%	6,695	0.09%	8,119	0.10%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
189,691	2.93%	70,872	1.07%	164,970	2.08%	184,440	2.43%	209,232	2.62%
5,423	0.08%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
122,977	1.90%	227,204	3.44%	126,588	1.59%	86,262	1.14%	45,250	0.57%
66,799	1.03%	2,933	0.04%	5,058	0.06%	9,528	0.13%	34,841	0.44%
29,245	0.45%	72,429	1.10%	53,627	0.68%	49,906	0.66%	61,986	0.78%
-	-	3,426	0.04%	2,811	0.03%	1,775	0.02%	1,618	0.02%
-	-	46,433	0.70%	81,183	1.02%	81,203	1.07%	79,517	1.00%
4,936	0.08%	849	0.01%	-	-	-	-	-	-
6,361,174	98.39%	6,527,436	98.74%	7,807,276	98.37%	7,469,366	98.51%	7,870,195	98.69%
83,654	1.29%	78,937	1.19%	108,709	1.37%	111,794	1.47%	104,466	1.31%
11,481	0.18%	-	0.00%	-	-	-	-	-	-
9,078	0.14%	4,413	0.07%	20,571	0.26%	909	0.01%	-	-
-	-	32	0.00%	-	-	-	-	-	-
104,213	1.61%	83,382	1.26%	129,280	1.63%	112,703	1.49%	104,466	1.31%
6,465,387	100.00%	6,610,818	100.00%	7,936,556	100.00%	7,582,069	100.00%	7,974,661	100.00%

ENPLANEMENT MARKET SHARE**Washington Dulles International Airport**

AIRLINE	CY 2007		CY 2006		CY 2005		CY 2004		CY 2003	
	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
DOMESTIC										
AIR CARRIERS										
United	3,551,268	28.68%	3,430,537	29.84%	3,131,653	23.19%	3,064,079	26.81%	2,459,604	29.08%
JetBlue	776,980	6.27%	666,704	5.80%	475,282	3.52%	444,592	3.89%	342,582	4.05%
American	444,445	3.59%	450,718	3.92%	471,771	3.49%	410,792	3.59%	438,793	5.19%
Southwest Airlines Co.	368,977	2.98%	80,567	0.70%	-	-	-	-	-	-
Delta	368,507	2.98%	384,682	3.35%	392,954	2.91%	474,913	4.16%	531,773	6.29%
AirTran	204,194	1.65%	199,898	1.74%	133,541	0.99%	129,738	1.14%	166,607	1.97%
Northwest	199,194	1.61%	196,249	1.71%	220,105	1.63%	204,563	1.79%	174,280	2.06%
US Airways	109,878	0.89%	101,772	0.89%	118,897	0.88%	97,310	0.85%	118,315	1.40%
America West	39,222	0.32%	86,614	0.75%	98,160	0.73%	120,987	1.06%	85,113	1.01%
Virgin America	27,247	0.22%	-	-	-	-	-	-	-	-
Continental	20,415	0.16%	15,217	0.13%	26,260	0.19%	27,616	0.24%	39,506	0.47%
Independence Air	-	-	22,050	0.19%	2,690,638	19.93%	1,221,575	10.69%	-	-
Atlantic Coast	-	-	-	-	-	-	817,453	7.15%	1,500,700	17.74%
Other Air Carriers 1/	39,487	0.32%	31,500	0.27%	58,883	0.44%	95,279	0.83%	69,428	0.82%
REGIONALS										
Mesa (United Express)	1,279,241	10.33%	1,602,553	13.94%	730,191	5.41%	282,517	2.47%	-	-
Trans States (United Express)	528,990	4.27%	498,796	4.34%	567,626	4.20%	288,287	2.52%	2,707	0.03%
Shuttle America (United Express)	375,942	3.04%	266,414	2.32%	239,948	1.78%	110,075	0.96%	-	-
Chautauqua (United Express)	230,741	1.86%	127,799	1.11%	389,987	2.89%	154,760	1.35%	-	-
Colgan Air (United Express)	156,967	1.27%	142,528	1.24%	22,075	0.16%	-	-	-	-
Continental Express	103,954	0.84%	134,477	1.17%	166,745	1.23%	153,109	1.34%	92,012	1.09%
Air Wisconsin (United Express)	-	-	16,899	0.15%	681,692	5.05%	641,015	5.61%	179,975	2.13%
Other Regionals 1/	486,502	3.93%	340,604	2.96%	329,999	2.44%	272,562	2.38%	163,327	1.93%
AIR CARRIER -- CHARTERED										
Other Charters 1/	1,010	0.01%	806	0.01%	976	0.01%	3,362	0.03%	6,924	0.08%
GENERAL AVIATION										
Landmark Aviation	35,424	0.29%	36,105	0.31%	43,772	0.32%	39,817	0.35%	40,184	0.48%
Signature Flight Support	72,635	0.59%	66,673	0.58%	59,748	0.44%	60,106	0.53%	48,106	0.57%
MILITARY										
Other Military 1/	-	-	173	0.00%	573	0.00%	698	0.01%	903	0.01%
TOTAL	9,421,220	76.08%	8,900,335	77.41%	11,051,476	81.84%	9,115,205	79.76%	6,460,839	76.38%
TRANSBORDER/INTERNATIONAL										
AIR CARRIERS										
United	1,350,797	10.91%	1,105,952	9.62%	1,004,913	7.44%	932,830	8.16%	768,233	9.08%
Lufthansa	203,686	1.64%	215,272	1.87%	200,149	1.48%	163,817	1.43%	149,399	1.77%
Air France	192,578	1.56%	201,577	1.75%	190,865	1.41%	156,142	1.37%	139,751	1.65%
British Airways	173,361	1.40%	182,241	1.59%	189,991	1.41%	189,690	1.66%	187,934	2.22%
Taca International	118,331	0.96%	98,628	0.86%	90,554	0.67%	81,316	0.71%	72,989	0.86%
Virgin Atlantic	104,319	0.84%	83,992	0.73%	75,626	0.56%	92,282	0.81%	82,415	0.97%
Austrian	80,054	0.65%	78,879	0.69%	81,580	0.60%	82,215	0.72%	76,242	0.90%
KLM Royal Dutch	83,033	0.67%	77,105	0.67%	73,253	0.54%	70,856	0.62%	39,718	0.47%
All Nippon	65,852	0.53%	70,047	0.61%	68,507	0.51%	68,744	0.60%	62,181	0.74%
SAS	66,251	0.54%	66,272	0.58%	74,016	0.55%	68,727	0.60%	58,086	0.69%
South African Airways	87,604	0.71%	58,492	0.51%	13,254	0.10%	-	-	-	-
Korean Air	63,789	0.52%	56,776	0.49%	60,604	0.45%	58,695	0.51%	46,316	0.55%
Air Canada	558	0.00%	4,388	0.04%	69,791	0.52%	95,776	0.84%	95,265	1.13%
Atlantic Coast	-	-	-	-	-	-	41,414	0.36%	73,145	0.86%
Northwest	-	-	-	-	-	-	-	-	25,068	0.30%
Other Air Carriers 1/	159,576	1.29%	114,882	1.00%	155,970	1.16%	155,511	1.36%	118,098	1.40%
REGIONALS										
Air Canada Jazz	66,344	0.54%	63,833	0.56%	-	-	-	-	-	-
Air Wisconsin (United Express)	-	-	6,953	0.06%	81,885	0.61%	51,557	0.45%	-	-
Other Regionals 1/	143,916	1.16%	109,298	0.95%	17,593	0.13%	-	-	-	-
AIR CARRIER -- CHARTERED										
Other Charters 1/	296	0.00%	274	0.00%	443	0.00%	-	-	-	-
GENERAL AVIATION										
Other General Aviation 1/	448	0.00%	581	0.01%	1,696	0.01%	1,191	0.01%	1,003	0.01%
MILITARY										
Other Military 1/	803	0.01%	1,552	0.01%	1,647	0.01%	2,869	0.03%	2,005	0.02%
TOTAL	2,961,596	23.92%	2,596,994	22.59%	2,452,337	18.16%	2,313,632	20.24%	1,997,848	23.62%
GRAND TOTAL	12,382,816	100.00%	11,497,329	100.00%	13,503,813	100.00%	11,428,837	100.00%	8,458,687	100.00%

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.

Source: Office of Finance

CY 2002		CY 2001		CY 2000		CY 1999		CY 1998	
Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share	Passenger Enplanements	Market Share
2,563,838	29.83%	3,065,872	34.11%	3,392,374	33.80%	3,262,281	33.03%	2,451,367	31.17%
219,135	2.55%	8,948	0.10%	-	-	-	-	-	-
511,972	5.96%	433,586	4.82%	461,054	4.59%	449,534	4.55%	472,059	6.00%
-	-	-	-	-	-	-	-	-	-
665,661	7.74%	604,116	6.72%	639,591	6.37%	668,321	6.77%	693,946	8.82%
153,497	1.79%	190,661	2.12%	195,219	1.94%	204,057	2.07%	343,519	4.37%
189,204	2.20%	235,265	2.62%	207,152	2.06%	182,022	1.84%	140,604	1.79%
125,972	1.47%	303,648	3.38%	757,791	7.55%	1,164,790	11.79%	444,029	5.65%
5,551	0.06%	-	-	321	0.00%	15,836	0.16%	42,332	0.54%
-	-	-	-	-	-	-	-	-	-
71,950	0.84%	89,553	1.00%	66,623	0.66%	47,708	0.48%	48,769	0.62%
-	-	-	-	-	-	-	-	-	-
1,583,496	18.42%	1,602,357	17.83%	1,592,006	15.86%	1,493,213	15.12%	1,242,590	15.80%
94,664	1.10%	173,616	1.93%	187,787	1.87%	143,667	1.45%	120,576	1.53%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,391	0.03%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
69,276	0.81%	66,287	0.74%	63,648	0.63%	67,391	0.68%	82,380	1.05%
49,376	0.57%	-	-	-	-	-	-	-	-
182,859	2.13%	184,893	2.06%	324,865	3.24%	268,959	2.72%	106,516	1.35%
-	-	-	-	-	-	-	-	-	-
8,932	-	-	-	-	-	-	-	72	0.00%
-	-	-	-	-	-	-	-	-	-
35,567	0.41%	32,134	0.36%	25,293	0.25%	23,758	0.24%	22,158	0.28%
37,506	0.44%	19,840	0.22%	17,595	0.18%	16,099	0.16%	17,423	0.22%
-	-	-	-	-	-	-	-	-	-
637	0.01%	470	0.01%	370	0.00%	77	0.00%	27	0.00%
6,571,484	76.45%	7,011,246	78.00%	7,931,689	79.02%	8,007,713	81.07%	6,228,367	79.19%
801,230	9.32%	739,139	8.22%	850,389	8.47%	866,108	8.77%	737,107	9.37%
153,186	1.78%	174,875	1.95%	166,574	1.66%	122,189	1.24%	116,014	1.48%
127,684	1.49%	119,792	1.33%	124,421	1.24%	107,560	1.09%	91,166	1.16%
181,694	2.11%	155,961	1.74%	192,643	1.92%	186,970	1.89%	183,516	2.33%
71,528	0.83%	57,470	0.64%	42,694	0.43%	41,880	0.42%	42,397	0.54%
91,551	1.07%	105,259	1.17%	115,034	1.15%	96,554	0.98%	76,742	0.98%
74,721	0.87%	58,962	0.66%	47,454	0.47%	48,481	0.49%	53,094	0.68%
-	-	-	-	-	-	-	-	-	-
65,680	0.76%	59,254	0.66%	77,451	0.77%	66,969	0.68%	55,261	0.70%
60,007	0.70%	31,423	0.35%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
45,177	0.53%	37,840	0.42%	50,041	0.50%	27,179	0.28%	22,431	0.29%
110,409	1.28%	126,224	1.40%	114,982	1.15%	84,121	0.85%	65,844	0.84%
6,655	0.08%	-	-	-	-	-	-	-	-
77,183	0.90%	72,763	0.81%	81,650	0.81%	84,592	0.86%	76,783	0.98%
151,019	1.76%	222,432	2.47%	219,868	2.19%	109,102	1.10%	94,839	1.21%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
816	0.01%	1,523	0.02%	1,024	0.01%	636	0.01%	558	0.01%
-	-	-	-	-	-	-	-	-	-
5,942	0.07%	14,693	0.16%	21,516	0.21%	27,198	0.28%	20,501	0.26%
2,024,482	23.55%	1,977,610	22.00%	2,105,741	20.98%	1,869,539	18.93%	1,636,253	20.81%
8,595,966	100.00%	8,988,856	100.00%	10,037,430	100.00%	9,877,252	100.00%	7,864,620	100.00%

CARGO MARKET SHARE ENPLANED

(Expressed in Pounds)

Ronald Reagan Washington National Airport

AIRLINE	CY 2007		CY 2006		CY 2005		CY 2004		CY 2003	
	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
DOMESTIC										
AIR CARRIERS										
US Airways + US Airways Shuttle	1,661,112	60.57%	1,210,445	40.61%	1,037,946	34.03%	1,727,285	38.02%	1,832,745	39.64%
ATA	215,872	7.87%	371,210	12.45%	589,871	19.34%	225,601	4.97%	87,735	1.90%
Continental	163,807	5.97%	246,489	8.27%	300,118	9.84%	487,743	10.74%	437,175	9.46%
Midwest	146,642	5.35%	172,537	5.79%	143,100	4.69%	277,948	6.12%	300,996	6.51%
Delta+Delta Shuttle	107,764	3.93%	141,541	4.75%	264,623	8.68%	275,700	6.07%	379,496	8.21%
Alaska	106,366	3.88%	120,052	4.03%	43,616	1.43%	752	0.02%	22,764	0.49%
America West	86,448	3.15%	287,846	9.66%	284,665	9.33%	381,530	8.40%	499,521	10.80%
Northwest	69,039	2.52%	24,575	0.82%	24,992	0.82%	41,723	0.92%	239,483	5.18%
United	17,631	0.64%	20,069	0.67%	76,329	2.50%	172,457	3.80%	221,887	4.80%
AirTran	7,500	0.27%	28,539	0.96%	21,234	0.70%	-	-	-	-
Frontier	2,856	-	-	-	-	-	1,371	0.03%	36,318	0.79%
American	2,628	0.10%	4,457	0.15%	92,242	3.02%	744,151	16.38%	289,789	6.27%
Spirit	-	-	1,210	0.04%	8,791	0.29%	32,198	0.71%	3,052	0.07%
Midway	-	-	-	-	-	-	-	-	-	-
National	-	-	-	-	-	-	-	-	-	-
Trans World	-	-	-	-	-	-	-	-	-	-
REGIONALS										
Continental Express	35,974	1.31%	60,917	2.04%	43,763	1.43%	30,235	0.67%	18,279	0.40%
PSA	27,467	1.00%	56,658	1.90%	67,526	2.21%	30,539	0.67%	20,245	0.44%
Air Wisconsin (US Airways Express)	25,796	0.94%	138,487	4.65%	23,281	0.76%	-	-	-	-
Pinnacle Airlines	4,608	0.17%	1,298	0.04%	-	-	-	-	-	-
Chautauqua Airlines	3,333	-	-	-	-	-	-	-	2,616	0.06%
Republic (US Airways Express)	2,222	0.08%	12,545	0.42%	901	0.03%	-	-	-	-
Piedmont	2,032	0.07%	1,849	0.06%	1,089	0.04%	13,044	0.29%	54,940	1.19%
Mesaba Airlines	154	-	-	-	-	-	-	-	-	-
Chautauqua (Delta Connection)	35	0.00%	2,000	0.07%	-	-	-	-	-	-
Chautauqua (US Airways Express)	5	0.00%	126	0.00%	1,028	0.03%	16,677	0.37%	28,477	0.62%
American Eagle	-	-	45,960	1.54%	52	0.00%	789	0.02%	2,800	0.06%
Comair (Delta Connection)	-	-	-	-	7,082	0.23%	32,909	0.72%	56,881	1.23%
ASA (Delta Connection)	-	-	-	-	1,530	0.05%	40,939	0.90%	38,554	0.83%
Allegheny	-	-	-	-	-	-	6,021	0.13%	31,054	0.67%
US Airways Express (Midway)	-	-	-	-	-	-	-	-	11,004	0.24%
Skyway Airlines	-	-	-	-	-	-	-	-	314	0.01%
Mesa (America West Express)	-	-	-	-	-	-	-	-	-	-
Potomac Air	-	-	-	-	-	-	-	-	-	-
Liberty Express	-	-	-	-	-	-	-	-	-	-
Business Express	-	-	-	-	-	-	-	-	-	-
TOTAL	2,689,291	98.06%	2,948,810	98.93%	3,033,779	99.46%	4,539,612	99.93%	4,616,125	99.84%
TRANSBORDER/INTERNATIONAL										
AIR CARRIERS										
US Airways	52,526	1.92%	27,321	0.92%	12,198	0.40%	2,876	0.06%	6,682	0.14%
Air Canada	751	0.03%	1,551	0.05%	3,558	0.12%	462	0.01%	708	0.02%
REGIONALS										
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%
TOTAL	53,277	1.94%	32,013	1.07%	16,412	0.54%	3,402	0.07%	7,395	0.16%
GRAND TOTAL	2,742,568	100.00%	2,980,823	100.00%	3,050,191	100.00%	4,543,014	100.00%	4,623,520	100.00%

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.

Source: Office of Air Service Development

CY 2002		CY 2001		CY 2000		CY 1999		CY 1998	
Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
1,607,082	36.22%	8,306,573	24.78%	13,348,951	26.99%	13,900,674	28.40%	17,687,888	30.64%
807	0.02%	561,322	1.67%	527,952	1.07%	-	-	-	-
663,111	14.94%	3,054,482	9.11%	4,247,501	8.59%	4,626,236	9.45%	4,840,915	8.39%
426,727	9.62%	1,202,290	3.59%	1,326,932	2.68%	1,446,392	2.95%	2,147,757	3.72%
143,774	3.24%	3,905,915	11.65%	7,200,187	14.56%	8,100,191	16.55%	8,876,752	15.38%
20,476	0.46%	-	-	-	-	-	-	-	-
443,313	9.99%	1,059,059	3.16%	571,123	1.15%	235,044	0.48%	624,255	1.08%
331,498	7.47%	4,717,567	14.07%	7,312,454	14.79%	6,928,705	14.15%	7,876,111	13.64%
146,663	3.31%	2,559,076	7.63%	3,902,016	7.89%	3,759,316	7.68%	4,235,067	7.34%
-	-	-	-	-	-	-	-	-	-
6,199	0.14%	37,684	0.11%	54,064	0.11%	-	-	-	-
399,616	9.01%	5,278,460	15.75%	7,621,476	15.41%	7,199,838	14.71%	7,909,600	13.70%
-	-	2,319	0.01%	2,454	0.00%	-	-	-	-
1,772	0.04%	16,331	0.05%	86,034	0.17%	113,819	0.23%	579,763	1.00%
-	-	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%
22,775	0.51%	4,179	0.01%	1,868	0.00%	451	0.00%	-	-
21,742	0.49%	12,634	0.04%	48,357	0.10%	38,543	0.08%	81,942	0.14%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
8,850	0.20%	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
66,069	1.49%	51,767	0.15%	171,159	0.35%	205,141	0.42%	240,043	0.42%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,627	0.04%	-	-	2,725	0.01%	4,456	0.01%	7,175	0.01%
87	0.00%	-	-	337	0.00%	78	0.00%	-	-
-	-	-	-	-	-	-	-	-	-
8,927	0.20%	1,027	0.00%	1,704	0.00%	3,787	0.01%	4,873	0.01%
-	-	-	-	-	-	-	-	-	-
465	0.01%	23,317	0.07%	3,326	0.01%	-	-	-	-
58,562	1.32%	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%
-	-	-	-	-	-	12	0.00%	3,194	0.01%
4,380,142	98.71%	33,522,937	100.00%	49,448,966	100.00%	48,950,997	100.00%	57,635,351	99.84%
55,983	1.26%	-	-	-	-	-	-	-	-
1,326	0.03%	1,100	0.00%	771	0.00%	208	0.00%	89,643	0.16%
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
57,309	1.29%	1,100	0.00%	771	0.00%	208	0.00%	89,643	0.16%
4,437,451	100.00%	33,524,037	100.00%	49,449,737	100.00%	48,951,205	100.00%	57,724,994	100.00%

CARGO MARKET SHARE ENPLANED

(Expressed in Pounds)

Washington Dulles International Airport

AIRLINE	CY 2007		CY 2006		CY 2005		CY 2004		CY 2003	
	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
DOMESTIC										
AIR CARRIERS										
Federal Express	90,637,340	25.37%	84,999,063	24.86%	89,954,132	29.61%	85,571,561	28.33%	72,467,555	26.61%
United	47,996,696	13.43%	44,757,206	13.09%	42,347,957	13.94%	55,671,032	18.43%	62,396,831	22.92%
Airborne Express	13,330,418	3.73%	11,161,815	3.26%	10,135,209	3.34%	10,007,380	3.31%	8,749,084	3.21%
United Parcel Service	9,522,514	2.67%	9,210,600	2.69%	8,522,281	2.81%	7,394,010	2.45%	7,347,070	2.70%
Continental	2,296,733	0.64%	2,484,266	0.73%	2,893,214	0.95%	3,181,635	1.05%	2,811,793	1.03%
American	1,486,544	0.42%	1,709,804	0.50%	1,441,953	0.47%	2,677,255	0.89%	4,106,286	1.51%
Southwest Airlines	585,535	-	100,030	0.03%	-	-	-	-	-	-
Delta	547,443	0.15%	732,947	0.21%	1,415,717	0.47%	2,514,816	0.83%	2,557,510	0.94%
America West	218,379	0.06%	510,124	0.15%	390,576	0.13%	492,484	0.16%	291,963	0.11%
JetBlue Airways	138,833	0.04%	-	-	-	-	-	-	-	-
US Airways	119,368	0.03%	99,377	0.03%	83,805	0.03%	128,821	0.04%	146,319	0.05%
Northwest	96,087	0.03%	139,315	0.04%	168,907	0.06%	184,783	0.06%	641,324	0.24%
Mountain Air Cargo	2,731	-	-	-	-	-	-	-	-	-
AirTran Airlines	-	-	6,705	0.00%	-	-	-	-	-	-
Emery Worldwide	-	-	-	-	-	-	-	-	-	-
Trans World	-	-	-	-	-	-	-	-	-	-
DHL Airways	-	-	-	-	1,738,533	0.57%	4,394,872	1.45%	1,317,691	0.48%
Other 1/	-	-	226,542	0.07%	161,704	0.05%	391,174	0.13%	513,319	0.19%
ALL-CARGO CHARTERS										
Other 1/	-	-	-	-	-	-	95,280	0.03%	-	-
REGIONALS										
Other 1/	55,269	0.02%	91,623	0.03%	244,563	0.08%	224,694	0.07%	90,263	0.03%
MILITARY										
Other 1/	-	-	-	-	200	0.00%	1,050	0.00%	-	-
TOTAL	167,033,893	46.75%	156,229,417	45.69%	159,498,751	52.51%	172,930,847	57.25%	163,437,008	60.02%
TRANSBORDER/INTERNATIONAL										
AIR CARRIERS										
United	96,960,774	27.14%	106,822,333	31.24%	64,727,512	21.31%	50,470,602	16.71%	39,940,381	14.67%
Lufthansa	21,636,118	6.06%	20,128,114	5.89%	17,550,693	5.78%	14,632,524	4.84%	12,251,601	4.50%
British Airways	12,824,088	3.59%	11,246,501	3.29%	11,563,749	3.81%	10,578,872	3.50%	10,758,490	3.95%
Virgin Atlantic	8,941,718	2.50%	7,924,997	2.32%	6,585,176	2.17%	7,404,359	2.45%	6,485,883	2.38%
Austrian	7,459,761	2.09%	4,930,035	1.44%	5,752,394	1.89%	7,593,452	2.51%	6,593,887	2.42%
SAS	7,262,647	2.03%	6,616,384	1.93%	7,375,992	2.43%	6,035,730	2.00%	4,338,814	1.59%
Air France	6,331,689	1.77%	5,570,291	1.63%	9,209,885	3.03%	8,210,094	2.72%	5,032,086	1.85%
KLM Royal Dutch	5,498,164	1.54%	4,679,652	1.37%	4,137,455	1.36%	3,599,933	1.19%	1,287,174	0.47%
Qatar Amiri Air	5,196,251	1.45%	-	-	-	-	-	-	-	-
All Nippon	12,112,144	3.39%	9,251,189	2.71%	6,663,410	2.19%	6,707,108	2.22%	7,236,405	2.66%
South African	1,156,830	0.32%	3,342,760	0.98%	612,131	0.20%	-	-	-	-
Iberia Airlines	721,493	0.20%	-	-	-	-	-	-	-	-
Saudi Arabian	680,012	0.19%	631,037	0.18%	648,639	0.21%	875,122	0.29%	886,750	0.33%
Taca International	644,573	0.18%	859,922	0.25%	669,909	0.22%	873,307	0.29%	913,388	0.34%
Aer Lingus	442,914	0.12%	-	-	-	-	-	-	-	-
Polet Cargo	345,000	0.10%	-	-	-	-	-	-	-	-
Ethiopian Airlines	316,427	0.09%	109,308	0.03%	121,825	0.04%	116,894	0.04%	112,949	0.04%
Korean Air	288,372	0.08%	315,087	0.09%	313,519	0.10%	208,699	0.07%	468,292	0.17%
Aeroflot	97,483	0.03%	180,476	0.05%	439,147	0.14%	1,027,717	0.34%	874,555	0.32%
Other 1/	57,774	0.02%	531,312	0.16%	508,389	0.17%	186,963	0.06%	285,919	0.11%
Swiss Air Transport	-	-	-	-	-	-	-	-	-	-
Sabena	-	-	-	-	-	-	-	-	-	-
Spanair	-	-	-	-	-	-	-	-	-	-
Swiss + Swiss Air	-	-	-	-	-	-	-	-	5,889,946	2.16%
Northwest	-	-	-	-	-	-	-	-	1,340,944	0.49%
bmi british midland	-	-	-	-	2,502,224	0.82%	6,395,026	2.12%	1,949,612	0.72%
Alitalia	-	-	1,535,749	0.45%	3,552,226	1.17%	2,556,490	0.85%	-	-
Air Canada	-	-	-	-	25,385	0.01%	30,738	0.01%	123,219	0.05%
REGIONALS										
Other 1/	-	-	-	-	38	0.00%	140	0.00%	-	-
MILITARY										
Other 1/	1,304,371	0.37%	1,054,151	0.31%	1,318,272	0.43%	1,650,338	0.55%	2,088,322	0.77%
TOTAL	190,278,603	53.25%	185,729,298	54.31%	144,277,970	47.49%	129,154,108	42.75%	108,858,617	39.98%
GRAND TOTAL	357,312,496	100.00%	341,958,715	100.00%	303,776,721	100.00%	302,084,955	100.00%	272,295,625	100.00%

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

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

Source: Office of Air Service Development

CY 2002		CY 2001		CY 2000		CY 1999		CY 1998	
Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share	Cargo Weight	Share
90,967,737	29.79%	88,358,150	26.80%	91,583,330	23.43%	90,136,461	23.70%	93,270,356	23.90%
72,840,463	23.85%	81,358,395	24.67%	109,265,864	27.95%	111,121,495	29.21%	116,328,506	29.81%
9,150,502	3.00%	9,941,637	3.01%	11,066,441	2.83%	12,033,717	3.16%	11,515,092	2.95%
6,192,586	2.03%	5,974,164	1.81%	7,401,171	1.89%	6,403,285	1.68%	5,921,373	1.52%
3,498,512	1.15%	3,271,626	0.99%	4,597,958	1.18%	4,361,175	1.15%	5,518,200	1.41%
4,643,111	1.52%	6,992,499	2.12%	12,123,012	3.10%	13,606,248	3.58%	14,335,222	3.67%
2,774,213	0.91%	2,577,754	0.78%	2,547,541	0.65%	3,255,877	0.86%	6,560,333	1.68%
10,674	0.00%	-	-	3,350	0.00%	85,452	0.02%	806,871	0.21%
159,500	0.05%	469,911	0.14%	877,779	0.22%	1,196,697	0.31%	1,938,734	0.50%
1,487,143	0.49%	1,483,469	0.45%	1,403,491	0.36%	2,254,044	0.59%	1,903,569	0.49%
-	-	10,319,760	3.13%	16,957,159	4.34%	17,866,435	4.70%	10,139,665	2.60%
-	-	-	-	50,161	0.01%	473,157	0.12%	661,928	0.17%
1,600	0.00%	8,248	0.00%	76,844	0.02%	76,368	0.02%	993,510	0.25%
-	-	666,631	0.20%	1,562,073	0.40%	1,398,551	0.37%	1,388,380	0.36%
-	-	-	-	-	-	-	-	-	-
168,426	0.06%	355,031	0.11%	1,022,699	0.26%	131,958	0.03%	91,510	0.02%
-	-	-	-	36,192	0.01%	44,454	0.01%	31,650	0.01%
93,862	0.03%	209,186	0.06%	383,186	0.10%	183,600	0.05%	287,778	0.07%
1,500	0.00%	-	-	-	-	-	-	-	-
191,989,829	62.86%	211,986,461	64.29%	260,958,251	66.75%	264,628,974	69.57%	271,692,677	69.62%
42,985,025	14.07%	42,534,428	12.90%	52,268,673	13.37%	50,440,079	13.26%	52,070,537	13.34%
10,364,929	3.39%	12,650,701	3.84%	12,760,821	3.26%	8,286,771	2.18%	7,320,791	1.88%
9,074,725	2.97%	10,258,786	3.11%	16,391,775	4.19%	12,596,636	3.31%	17,888,716	4.58%
7,531,089	2.47%	8,130,042	2.47%	9,283,100	2.37%	10,319,735	2.71%	8,929,461	2.29%
5,926,046	1.94%	4,704,800	1.43%	1,795,376	0.46%	-	-	-	-
4,874,136	1.60%	2,397,403	0.73%	-	-	-	-	-	-
5,552,156	1.82%	5,858,226	1.78%	5,187,814	1.33%	5,909,117	1.55%	5,757,639	1.48%
-	-	-	-	-	-	-	-	-	-
8,318,691	2.72%	8,235,468	2.50%	9,533,827	2.44%	8,981,294	2.36%	8,166,266	2.09%
-	-	-	-	-	-	-	-	-	-
1,225,157	0.40%	1,672,694	0.51%	954,181	0.24%	1,342,072	0.35%	1,154,359	0.30%
905,820	0.30%	940,378	0.29%	926,524	0.24%	847,477	0.22%	996,678	0.26%
172,870	0.06%	226,948	0.07%	259,152	0.07%	204,779	0.05%	220,411	0.06%
672,406	0.22%	257,662	0.08%	386,414	0.10%	922,158	0.24%	772,920	0.20%
525,752	0.17%	546,684	0.17%	245,341	0.06%	150,249	0.04%	215,381	0.06%
19,258	0.01%	131,034	0.04%	53,687	0.01%	94,857	0.02%	418,523	0.11%
-	-	-	-	-	-	-	-	-	-
-	-	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%
6,919,291	2.27%	5,230,183	1.59%	5,145,354	1.32%	5,309,308	1.40%	5,588,629	1.43%
3,042,907	1.00%	3,355,483	1.02%	2,835,503	0.73%	2,466,950	0.65%	2,461,898	0.63%
3,015,126	0.99%	1,377,792	0.42%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
79,789	0.03%	43,395	0.01%	76,599	0.02%	70,321	0.02%	447,059	0.11%
-	-	-	0.00%	-	-	-	-	-	-
2,213,341	0.72%	3,049,885	0.92%	2,269,449	0.58%	3,128,554	0.82%	1,840,376	0.47%
113,418,514	37.14%	117,769,415	35.71%	129,979,178	33.25%	115,747,980	30.43%	118,569,170	30.38%
305,408,343	100.00%	329,755,876	100.00%	390,937,429	100.00%	380,376,954	100.00%	390,261,847	100.00%

PASSENGER FACILITY CHARGES

Exhibit S-25

Ronald Reagan Washington National Airport

AIRLINE	CY 2007	Share	CY 2006	Share	CY 2005	Share	CY 2004	Share	CY 2003	Share
US Airways	\$ 13,570,349	38.35%	\$ 12,293,134	33.11%	\$ 12,611,969	35.77%	\$ 10,503,641	34.10%	\$ 9,952,854	36.03%
American Airlines	5,227,250	14.77%	5,387,724	14.51%	5,390,637	15.29%	4,375,254	14.20%	4,258,802	15.42%
Delta Air Lines	4,406,374	12.45%	4,967,730	13.38%	5,193,167	14.73%	5,209,141	16.91%	5,040,580	18.25%
Northwest Airlines	2,956,332	8.35%	2,923,558	7.88%	2,899,846	8.22%	2,465,069	8.00%	2,267,920	8.21%
United Airlines	2,573,881	7.27%	2,710,191	7.30%	2,677,538	7.59%	2,616,829	8.49%	2,028,592	7.34%
Continental Airlines	1,714,799	4.85%	1,858,115	5.01%	1,657,310	4.70%	1,464,417	4.75%	1,443,269	5.22%
Midwest Airlines	855,607	2.42%	891,378	2.40%	777,722	2.21%	685,642	2.23%	295,228	1.07%
America West Airlines	854,244	2.41%	2,645,956	7.13%	720,901	2.04%	645,104	2.09%	598,967	2.17%
AirTran Airlines	799,421	2.26%	816,632	2.20%	686,459	1.95%	615,315	2.00%	108,693	0.39%
Frontier Airlines	503,619	1.42%	516,187	1.39%	503,562	1.43%	303,045	0.98%	165,064	0.60%
Alaska Airlines	465,254	1.31%	427,518	1.15%	416,792	1.18%	296,442	0.96%	135,181	0.49%
ATA	451,217	1.27%	555,053	1.50%	566,707	1.61%	427,487	1.39%	-	-
Spirit Airlines	367,743	1.04%	454,959	1.23%	584,899	1.66%	481,408	1.56%	42,664	0.15%
Air Canada	334,925	0.95%	359,588	0.97%	354,922	1.01%	292,456	0.95%	251,533	0.91%
American Trans Air	-	-	-	-	-	-	298,811	0.97%	549,887	1.99%
Midwest Express Airlines	-	-	-	-	-	-	-	-	371,564	1.35%
Other	308,581	0.87%	316,736	0.85%	217,255	0.62%	124,826	0.41%	114,300	0.41%
TOTAL 1/	\$ 35,389,596	100.00%	\$ 37,124,459	100.00%	\$ 35,259,686	100.00%	\$ 30,804,888	100.00%	\$ 27,625,098	100.00%

Washington Dulles International Airport

AIRLINE	CY 2006	Share	CY 2006	Share	CY 2005	Share	CY 2004	Share	CY 2003	Share
United Airlines	\$ 27,004,434	58.55%	\$ 25,928,103	58.53%	\$ 24,225,971	45.48%	\$ 24,953,913	57.33%	\$ 16,620,394	55.11%
JetBlue Airways	3,092,175	6.70%	2,773,837	6.26%	2,094,125	3.93%	1,949,480	4.48%	1,578,953	5.24%
Delta Air Lines	1,844,361	4.00%	1,923,784	4.34%	2,261,250	4.25%	2,473,274	5.68%	2,391,578	7.93%
American Airlines	1,844,129	4.00%	2,108,794	4.76%	2,372,139	4.45%	1,964,577	4.51%	1,825,554	6.05%
Southwest Airlines	1,601,269	3.47%	373,269	0.84%	-	-	-	-	-	-
US Airways	1,457,175	3.16%	1,992,984	4.50%	1,639,190	3.08%	1,588,412	3.65%	703,995	2.33%
Northwest Airlines	1,093,729	2.37%	1,054,020	2.38%	1,121,238	2.11%	1,075,361	2.47%	796,116	2.64%
Lufthansa Airlines	973,447	2.11%	1,128,186	2.55%	1,174,349	2.20%	1,063,212	2.44%	862,049	2.86%
AirTran Airlines	848,414	1.84%	958,097	2.16%	603,928	1.13%	586,399	1.35%	757,141	2.51%
British Airways	740,442	1.61%	772,562	1.74%	800,384	1.50%	811,730	1.86%	777,962	2.58%
Air France	640,047	1.39%	681,780	1.54%	587,189	1.10%	404,770	0.93%	404,383	1.34%
Continental Airlines	588,241	1.28%	669,337	1.51%	837,364	1.57%	813,813	1.87%	503,137	1.67%
Taca International	511,945	1.11%	426,955	0.96%	412,371	0.77%	372,168	0.85%	301,398	1.00%
South African Airways	468,062	1.01%	346,705	0.78%	54,945	0.10%	5,315	0.01%	6,727	0.02%
Virgin Atlantic Airways	345,685	0.75%	334,720	0.76%	253,470	0.48%	321,481	0.74%	230,746	0.77%
Austrian Airlines	341,175	0.74%	421,037	0.95%	375,781	0.71%	384,484	0.88%	352,009	1.17%
Air Canada	335,333	0.73%	326,301	0.74%	331,041	0.62%	344,102	0.79%	345,372	1.15%
Scandinavian Airlines	285,850	0.62%	271,546	0.61%	284,176	0.53%	308,706	0.71%	244,422	0.81%
All Nippon Airways	255,203	0.55%	269,619	0.61%	262,819	0.49%	282,924	0.65%	186,932	0.62%
Korean Airlines	246,580	0.53%	211,370	0.48%	223,794	0.42%	224,540	0.52%	180,881	0.60%
America West Airlines	63,575	0.14%	362,324	0.82%	402,562	0.76%	522,655	1.20%	421,309	1.40%
Alaska Airlines	21,156	0.05%	57,625	0.13%	167,628	0.31%	167,221	0.38%	219,560	0.73%
Independence Air	-	-	90,026	0.20%	11,769,490	22.10%	1,899,055	4.36%	-	-
Other	1,520,165	3.30%	817,546	1.85%	1,009,178	1.89%	1,011,779	2.32%	448,991	1.49%
TOTAL 1/	\$ 46,122,592	100.00%	\$ 44,300,528	100.00%	\$ 53,264,383	100.00%	\$ 43,529,372	100.00%	\$ 30,159,610	100.00%

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

Source: Office of Finance

**PRIMARY ORIENTATION AND DESTINATION
PASSENGER MARKETS**

Exhibit S-26

Ronald Reagan Washington National Airport

	<u>Trip Length*</u>	<u>Total O&D Passengers</u>
New York, NY	SH	1,071,190
Atlanta, GA	SH	790,910
Chicago, IL	MH	767,720
Boston, MA	SH	697,320
Dallas/Ft. Worth, TX	MH	423,610
Detroit, MI	SH	402,200
Fort Lauderdale, FL	MH	383,580
Miami, FL	MH	372,660
Orlando, FL	MH	341,940
Denver, CO	MH	307,500
Houston, TX	MH	307,170
Minneapolis/St. Paul, MN	MH	285,910
Tampa, FL	MH	257,630
Kansas City, MO	MH	232,330
Chicago Midway, IL	MH	227,290
Seattle/Tacoma, WA	LH	219,590
St. Louis, MO	MH	209,070
Los Angeles, CA	LH	198,000
Indianapolis, IN	SH	172,970
West Palm Beach, FL	MH	169,910
Phoenix, AZ	LH	165,120
New Orleans, LA	MH	155,620
Las Vegas, NV	LH	154,530
Raleigh/Durham, NC	SH	149,060
Milwaukee, WI	MH	147,890
Jacksonville, FL	MH	147,070
Fort Myers, FL	MH	145,780
Omaha, NE	MH	133,450
San Diego, CA	LH	126,180
Hartford, MA	SH	125,510
Total		9,288,710

Note*

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

Traffic Source: Year Ending 3Q2007 U.S. DOT O&D Survey

Schedule Source: February 2008 OAG Schedule

PRIMARY ORIGINATION AND DESTINATION PASSENGER MARKETS

Exhibit S-27

Washington Dulles International Airport

	<u>Trip Length*</u>	<u>Total O&D Passengers</u>
Los Angeles, CA	LH	664,670
Orlando, FL	MH	590,070
Boston, MA	SH	556,590
San Francisco, CA	LH	465,320
Atlanta, GA	SH	451,100
Las Vegas, NV	LH	411,430
Denver, CO	MH	371,990
Chicago O'Hare, IL	MH	322,990
San Diego, CA	LH	311,890
Oakland, CA	LH	308,610
Fort Lauderdale, FL	MH	289,880
Tampa, FL	MH	288,430
Long Beach, CA	LH	270,880
Dallas/Ft. Worth, TX	MH	248,760
Minneapolis/St. Paul, MN	MH	234,660
New York, NY (JFK)	SH	218,070
Chicago Midway, IL	SH	211,370
Seattle/Tacoma, WA	LH	189,740
San Juan, PR	MH	136,690
Detroit, MI	SH	132,790
St. Louis, MO	MH	129,960
Miami, FL	MH	118,490
Phoenix, AZ	LH	117,890
Salt Lake City, UT	LH	112,570
Houston, TX	MH	98,630
New Orleans, LA	MH	93,630
San Jose, CA	LH	93,150
New York, NY (LGA)	SH	92,800
West Palm Beach, FL	MH	89,650
Portland, OR	LH	88,540
Total		7,711,240

Note*

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

Traffic Source: Year Ending 3Q2007 U.S. DOT O&D Survey

Schedule Source: February 2008 OAG Schedule

INSURANCE PROGRAM FOR OPERATIONS

Exhibit S-28

POLICY 10/01/05 - 10/01/06	CARRIER	LIMITS	RETENTION/ UNDERLYING
Airport Liability	ACE USA Lloyd's of London	\$750,000,000	\$200,000/\$2,000,000
War Risk	ACE USA	\$150,000,000	\$200,000/\$2,000,000
Vehicle Liability (Excess Layer)	ACE USA	\$50,000,000	\$1,000,000
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 (VACO)	Colony	\$10,000,000	\$1,000,000
Property (All Risk)	FM Global	\$750,000,000	\$100,000
Tunnel Collapse			\$250,000
Flood		\$250,000,000	\$500,000
Earthquake		\$250,000,000	\$100,000
Boiler & Machinery			\$100,000
Mycom Turbo System			\$500,000
Terrorism (TRIA)	FM Global	\$750,000,000	\$100,000
Noncertified Terrorism	FM Global	\$250,000,000	\$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	- -
Fiduciary Liability	Chubb	\$5,000,000	-
Crime	National Union Fire	\$10,000,000	\$75,000
Special Coverage	Chubb	\$10,000,000	-
Long-Term Disability	Hartford	60% of Base Salary	N/A
Pollution (3-yr Term 10/30/05-10/01/08=\$94,244)	Indian Harbor (XL)	\$ 5,000,000	1,000,000

Source: Office of Business Administration

INSURANCE PROGRAM FOR CONSTRUCTION

Exhibit S-29

Owner Controlled Wrap-up Insurance Program

POLICY	COVERAGE DATE	CARRIER	LIMIT	RETENTION
Builder's Risk (includes Terrorism)	10/06 - 10/07	FM Global	\$750,000,000	\$100,000
Earthquake			\$200,000,000	
Flood			\$100,000	
Debris Removal			Blanket	
Contractor's General Liability	06/01 - 06/08	St. Paul Fire & Marine Insurance Company		\$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	
Automobile Liability (on-site)	06/01 - 06/08	St. Paul Fire & Marine Insurance Company	\$2,000,000	\$1,000,000 Per occurrence
Workers' Compensation & Employers Liability	06/07 - 06/08	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	
Umbrella Liability	06/01 - 06/08	National Union Fire Insurance Company-ALG		\$10,000 Self insured retention
Each occurrence			\$ 50,000,000	
General Aggregate			\$ 50,000,000	
Products & Completed Operations Aggregate			\$ 50,000,000	
Excess Liability	06/01 - 06/08	St. Paul Fire & Marine Insurance Company		-
Each occurrence			\$ 25,000,000	
Aggregate per Umbrella Liability			\$ 25,000,000	
Excess Liability	06/01 - 06/08	Starr Excess Liability Insurance Int'l Ltd		-
Each Occurrence			\$ 125,000,000	
Aggregate per Umbrella Liability			\$ 125,000,000	
Excess Liability	04/08/05-06/08	XL Europe, Ltd Wellington 2020 Aspen Insurance (UK) Ltd.		-
Each Occurrence			\$ 50,000,000	
Aggregate per Umbrella Liability			\$ 25,000,000	
			\$ 25,000,000	
			\$ 100,000,000	
			\$ 100,000,000	
Contractor's Pollution Liability	10/05 - 10/06	Indian Harbor Insurance Company - XL	\$5,000,000	\$50,000
Covg. A - Pollution Legal				\$100,000
Covg. B - Remediation				\$1,000,000
Covg. C - Legal Defense				\$100,000
Covg. D - Contingent Trans.				\$1,000,000

Includes Coverage for: bodily injury, property damage and clean-up costs related to on-site construction projects

Source: Office of Business Administration

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