

2006 Annual Report

Making Worldwide Connections



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY



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“

As we move through 2007, I know that we will deliver even more worldwide connections to serve the greater Washington community and the Nation. ”

Mame Reiley

Mame Reiley
Chairman



Message from the Chairman

I am delighted once again, on behalf of the Board of Directors, to introduce the Airports Authority's Annual Report, this time for 2006, another extraordinary year for air service in the Nation's Capital.

In the airport business, we must focus on the future. Our decisions are necessarily based on projections, what we anticipate will happen, and how many passengers we expect to serve. Our capital program consists of major projects based fundamentally on long-term passenger forecasts. We sell bonds on projections of how fast we can build those projects, and take them to market to our best advantage using the projections of financial experts. We enter into contracts with concessionaires based on similar projections of the business they will be able to do with the passengers we anticipate. We budget based on projections of our needs for the year, what we will be building, what will need replacing, and where we may need new personnel to meet new challenges.

These things the Airports Authority does very well. Once we have our program set, it is gratifying for the Board to hear the monthly financial reports, which show we are always close to budget; the monthly capital construction reports, which show almost every project on time and within budget; and the reports on our bond sales, which show us comfortably on the better side of the market.

But there are, of course, events we cannot control and usually cannot predict, where the risks are much greater. What would happen, for example, if a major air carrier stopped operating at Dulles? In 2006, we found out. It took about a year to recover the passengers we had lost with Independence Air and to get back to the steady and extraordinary growth rates that have marked the recent history of Dulles.

Would the Metrorail extension through Dulles get there sooner or with greater assurance if the Airports Authority assumed responsibility for it? In 2006, Virginia Governor Tim Kaine gave us

the opportunity to find out. With the support of the Governor and his transportation team, we have negotiated agreements to build the rail extension and to operate the Dulles Toll Road to finance it. We are increasingly confident of our ability to complete the project and prove the wisdom of the Governor's decision.

A final example of a matter we cannot readily project: does Washington really have the enormous potential for international air service we have always assumed? In 2006, we once again learned that it does. The staff works continually with the carriers to build worldwide connections, and we have great confidence in their arguments, but can never be sure the carriers will perceive their brilliance. Early in 2007, the answer was positive, culminating in our success in winning the competition for nonstop service to China with our Capital to Capital program.

I cannot finish without thanking our two retiring Directors. David Ralston is an aviation lawyer, who in the course of twelve years chaired the Board and two of its Committees. Bill Hazel, a distinguished contractor whose red trucks are well known in the region, ably chaired our Planning Committee for the past four years. Both brought their own special expertise to the Board, and both will be sorely missed.

We welcome the excellent appointments Governor Kaine has made: James L. Banks, Jr. and Michael L. O'Reilly, two practicing attorneys who bring a new set of talents to the Airports Authority and are off to a very promising start.

This annual report presents a picture of the growing international services offered at Washington Dulles. As we move through 2007, I know that we will deliver even more worldwide connections to serve the greater Washington community and the Nation.

Message from the President and Executive Vice President

For nearly two decades, one of the highest priorities of the Metropolitan Washington Airports Authority has been to help businesses and individuals make regional, national, and worldwide connections through convenient and efficient air service. Washington's Airports – Washington Dulles and Reagan National – not only provide a means of travel but also make significant direct contributions to the strength and growth of the region's economy.

The economic impact of the two Airports is considerable. A recently completed study showed that both Airports generated more than \$18 billion for the local economy in 2005 – over \$6.4 billion in business revenues as a result of direct airport operations and spending and \$11.7 billion in related visitor industry revenues. The two Airports also provided 28,750 jobs and accounted for \$326 million in state and local taxes.

Significant accomplishments were made in 2006 to position our Airports for continued growth and convenient access. On December 29, 2006, the Airports Authority signed the first of several agreements with the Virginia Department of Transportation (VDOT) aimed at bringing Metrorail to Washington Dulles. Under the agreement, the Airports Authority will assume full operational responsibility for the Dulles Toll Road, and will use toll revenues and other funding to extend Metrorail through the Tysons Corner area to Washington Dulles, and beyond into Loudoun County. Based on our proven record of accomplishment in completing major construction projects and in building and maintaining the Dulles Access Road over the past two decades, we are confident of our ability to plan, fund and execute this vitally important project for the continuing benefit of the entire region.

Extending Metrorail will not only benefit passengers traveling to Washington Dulles, but will also bring added convenience to the many Loudoun and Fairfax County residents whose flights originate from Reagan National. As the Washington area's oldest airport, Reagan National marked its 65th anniversary in

2006 with unprecedented popularity – its fourth consecutive year of record passenger volume. Although acreage is limited at Reagan National, the Airports Authority is committed to increasing the available parking by expanding the existing garages and by making more efficient use of available land. These strategies, in addition to promoting travel to the Airport by Metrorail, will help to maintain Reagan National's reputation as a convenient travel option.

Over the years, Washington Dulles has strengthened its position as a gateway to an ever-expanding international aviation market, now the nation's sixth largest. In 2006, the Airport set new records in both international passengers and international cargo tonnage based on 395 weekly departures to 41 foreign destinations. Just after the end of the year, we were pleased to learn that the Department of Transportation had approved United Airlines' application for nonstop Washington Dulles – Beijing service. This important development will provide significant economic benefits to the region, continue the commercial growth of the Dulles Corridor, and bolster our goal of helping families and businesses make worldwide connections.

As we look forward to the 20th anniversary of the Airports Authority in 2007, there are signs of a turnaround in the fortunes of the airline industry. Estimates for 2006 point to financial recovery for our airline partners, ending several years of record losses. The future looks equally positive: the Air Transport Association of America forecasts a net profit of \$4 billion in 2007 for the U.S. airline industry, despite continuing high fuel prices and heavy competition. Our two largest carriers, United Airlines and US Airways, emerged from bankruptcy, and the latter subsequently merged with America West to create the industry's largest low-cost carrier.

A vibrant local economy and a strengthening airline industry create an environment of opportunity and promise. All of us at the Airports Authority will continue our efforts to fulfill that promise for the benefit of all those who live and work here, and those who visit our region from around the world.



James E. Bennett
President and Chief Executive Officer

Margaret E. McKeough
Executive Vice President and
Chief Operating Officer



Making Worldwide Connections Air Service

Traffic Soars at Reagan National

Reagan National enjoyed an excellent year, celebrating its 65th anniversary by attracting a record number of passengers – more than 18.5 million. This represents the fourth consecutive year of passenger growth for the airport.

Existing carriers added several new service options in 2006:

- AirTran Airways started new Saturday-only service to Orlando in May.
- Delta began Saturday-only service to Savannah in September.
- US Airways began nonstop service to Bermuda, daily nonstop flights to Sarasota, and Saturday-only service to Savannah.

An analysis of airline operating needs resulted in Air Canada relocating to the south pier of Terminal B and Frontier Airlines relocating its ticket counters to the center pier of Terminal C.

Washington Dulles Retains Momentum

Overall, traffic at Washington Dulles remained strong, totaling 23 million passengers. Despite the loss of Independence Air, 2006 was the second busiest year in the airport's history. Passenger volumes were bolstered by the addition of Southwest Airlines, the continuing growth of JetBlue, and increased service by other carriers. These trends point to continued long-term growth for Washington Dulles in both domestic and international flights. International traffic grew impressively in 2006, to 5.2 million passengers, as new air service developments created additional opportunities for the traveling public.

Among the significant air service developments in 2006 at Washington Dulles:

- United Airlines increased domestic service to 18 U.S. cities, added new daily nonstop service to Albuquerque, Birmingham, Tucson and seasonal service to Ft. Myers.
- United Airlines also expanded its transborder and overseas offerings with new service to Vancouver and Halifax, and new daily nonstop service to Kuwait and Tokyo. The airline announced plans to add a third daily nonstop flight to Frankfurt and daily nonstop service to Rome beginning April 2007.





Beijing

Seoul

Tokyo

Vancouver

Making Worldwide Connections

Mexico City

Guatemala City

San Sa

Car

Mor



— nonstop passenger service
- - - single plane service

- Southwest Airlines launched service from Washington Dulles in October, operating from Concourse B. The airline has 12 daily nonstop departures to Chicago Midway, Las Vegas, Orlando and Tampa Bay.
- MAXjet Airways began operations to London with four weekly nonstop flights.
- Sun Country Airlines began seasonal service to Minneapolis-St. Paul, operating from May through September.
- JetBlue launched six daily flights to Boston and New York, and added daily service to Las Vegas and West Palm Beach.
- AirTran added new twice-daily service to Orlando.
- Delta introduced Saturday-only service to Cancún.

Other carriers added or expanded their international service offerings.

- South African Airways launched daily nonstop service to Johannesburg.
- Air France added a seasonal flight to Paris from March through October.
- Korean Air increased its nonstop weekly flights to Seoul during the summer months.
- Ethiopian Airlines added a fourth weekly flight to Addis Ababa.
- TACA introduced daily one-stop service to Lima via San Salvador.

The Washington region continues to benefit from its role as the East Coast gateway for the Star Alliance, the world's largest airline alliance. Eight Star Alliance members currently serve Washington Dulles – Air Canada, ANA, Austrian Airlines, Lufthansa, SAS, South African Airways, United and US Airways. Ten other foreign flag carriers also belong to the Alliance.

A New Route Connecting The Capitals

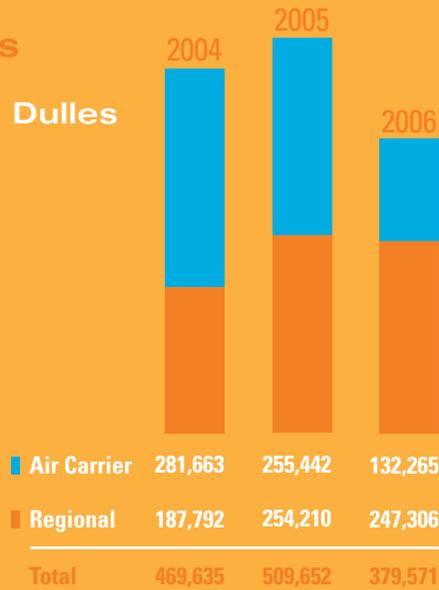
Throughout 2006, the Airports Authority worked closely with local businesses, government agencies, and community leaders as part of the "Capital-to-Capital Coalition," which advocated the selection of Washington, D.C. for a new nonstop route from the U.S. to China. Those efforts were rewarded just after year-end, when the Department of Transportation selected United Airlines' proposal for a Washington Dulles – Beijing route. The inaugural flight is scheduled for March 2007 aboard a B747-400 aircraft that can carry 347 passengers.

The new route is expected to provide major economic benefits for the region. Studies by George Mason University estimate that the Washington – Beijing route could generate revenues of between \$276 million and \$333 million per year within the region, and create as many as 4,123 new jobs. Prior to the new route being awarded, Washington, D.C. was the largest market in the U.S. without nonstop service to China.

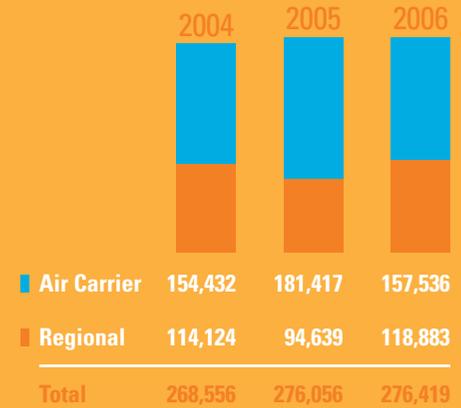


Operations

Washington Dulles



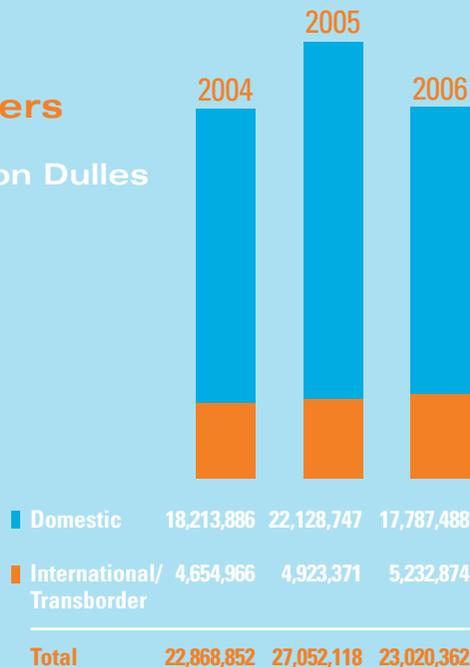
Reagan National



Source: Airports Authority. Note: Regional Includes General Aviation and Military Traffic.

Passengers

Washington Dulles



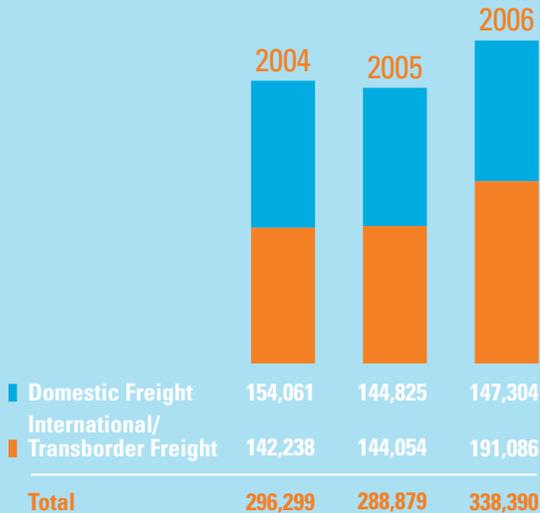
Reagan National



Source: Airports Authority.

Cargo at Washington Dulles

(metric tonnes)



Source: Airports Authority.

Air Cargo

Total air cargo at Washington Dulles established a new annual record in 2006, with the airport handling more than 338,000 metric tonnes of freight and express shipments. This record volume represents an impressive 17% increase over 2005 totals. The majority of the growth came from increases in international cargo activity.

Washington Dulles is well positioned to benefit from the current 6% annual growth rate of the global air cargo market. Due to the airport's central location and close proximity to major interstate roadways, the Washington Dulles Catchment Area is larger than that of New York/JFK, Chicago or Atlanta. Twenty-six states and nearly one-half of the U.S. population are within a day's drive of Washington Dulles, giving cargo airline operators and air freight forwarders the ability to offer customers next-day delivery throughout this entire region.

Additionally, shippers benefit from modern cargo facilities and other advantages that include:

- A 93,000 square meter cargo ramp
- 47,000 square meters of warehouse space in six cargo buildings
- 24-hour operations
- U.S. Customs and Border Protection
- Generous start-up and ongoing marketing support through Washington Dulles' Freighter Incentive Program

In 2006, the Airports Authority worked on several fronts to attract new all-cargo service and combination passenger/cargo services from Asia, Africa, Northern Europe and the Middle East.







Helping Travelers Make Connections

Customer Service

Airports Authority To Manage Metrorail Project

Seventeen percent of Reagan National's passengers take Metrorail directly to the Airport, avoiding the need for a car or cab. This level of mass-transit usage is higher than any other airport in the country. In the not-too-distant future, that same convenience will be coming for passengers traveling to Washington Dulles. Long a priority of the Airports Authority and the region, providing rail service to Washington Dulles took a major step forward in 2006 when the Commonwealth of Virginia selected the Airports Authority to operate the Dulles Toll Road and extend the Metrorail system to Tysons Corner, the Airport, and into Loudoun County.

Under the agreement, the Airports Authority will have sole responsibility for financing and constructing the rail line, and will take on all operational and debt responsibility for the Dulles Toll Road. Toll revenues will be used to fund the rail line, maintain the Toll Road and complete other roadway projects in the Dulles Corridor. The Airports Authority completed an extensive due diligence process with the Commonwealth and with local and federal government agencies on operational and financial issues. On December 29, 2006, the first of several formal agreements was signed with the Virginia Department of Transportation to begin the process.

The rail line is a much-needed addition to Northern Virginia's transportation system, not only to simplify Airport travel but also to reduce congestion, pollution and noise throughout the Dulles Corridor.

Continued Progress On Parking

Following the introduction of a cell phone waiting area at Washington Dulles in December 2005, a similar facility opened at Reagan National in July, offering 34 spaces. Both facilities have been extremely popular with motorists waiting to pick up arriving passengers, and have helped to reduce traffic congestion at the Airports. Instead of repeatedly circling the Airports (since security restrictions prohibit curbside waiting), motorists now have a free place to park and wait for up to one hour.

In November, Reagan National introduced a valet parking service that features advance reservations for added passenger convenience. Passengers using valet parking receive car-to-door service via a special valet parking van, and are picked up at the same door of the terminal when they return. The Airport's Economy Parking Lot was also expanded, providing an additional 324 spaces for long-term parking.

To further expand parking capabilities at Washington Dulles during peak periods, an additional Economy Parking Lot was made available.

Providing Real-Time Information

A complete overhaul of the Airports Authority's website was completed in 2006. The new site includes up-to-date flight information, status and gate assignments for both arriving and departing aircraft at Reagan National and Washington Dulles. In addition, the website contains actual parking availability at Reagan National's parking garages to help travelers plan their trips more efficiently.

New Public Safety Communications Center

Maintaining the highest standards of public safety requires fast, efficient communication systems – especially as passenger volumes and flight operations continue to grow. In response to this need, the Airports Authority is constructing a new Public Safety Communications Center at Reagan National. The Communications Center will employ the latest communications technologies to respond to police and fire service calls at both Reagan National and Washington Dulles.

The facility will also contain an Emergency Operations Center (EOC), enabling representatives from the Airports Authority, as well as local, state and federal agencies, to respond swiftly to any emergency. The scheduled opening date for the Public Safety Communications Center is late 2008.



Connections to the Future—Construction

For the first time in several years, multiple construction projects were underway at Reagan National. Work was completed on electrical and life safety upgrades at Terminal A, and construction began on a new consolidated Communications Center for police and fire units. Preservation work continues on Historic Terminal A, with completion of the design phase and awarding of a construction contract for rehabilitation of the exterior façade and replacement of windows.

Designs were completed and construction is underway for Station 304, Reagan National's new fire and rescue facility, and additional parking decks at Garages A and B/C. Although the construction of the new parking decks will reduce garage parking in the short run, the long-term goal is to provide much-needed additional parking at the Airport.

d2 Continues To Transform Washington Dulles

Now in its seventh year, the *d2* Capital Construction Program is continuing to upgrade and expand the key facilities at Washington Dulles to handle increased traffic while providing the highest levels of service, safety, and convenience. Construction activity at Washington Dulles increased by nearly 50% over 2005, and included the completion of 14 projects and the continuation of 22 others.

Construction is underway on the fourth runway at Washington Dulles, encompassing earthwork and pavement packages, as well as the navigation aids system to guide and control aircraft using the runway. Design is continuing with supporting projects that include the de-icing facility, the support facility, a new airport rescue and firefighting facility, and relocation of the existing facilities of the National Oceanic and Atmospheric Administration/National Weather Service. This relocation is necessary to avoid potential interference with operations from the new fourth runway.

Opening of the 9,500-foot, north-south fourth runway is scheduled for 2008. The acquisition of an additional 830 acres of land in 2005 provided more space for runway construction and support facilities, bringing the total land area of Washington Dulles to more than 12,000 acres. A fifth runway is slated for future construction as air traffic continues to grow.

The Federal Aviation Administration has pledged \$200 million toward the construction of the runway, more than half of the total estimated cost of \$390 million. Bonds, passenger facility charges, and state and federal grants will fund the remaining cost.

All construction activities are completed on the new 325-foot air traffic control tower, which will open for service by the FAA in 2007.

Construction also began on Cargo Building 6, Apron Phase II, North Area Roads, Tier 3 North Apron, a vehicle wash facility, the reconstruction of Taxiways K and K7, and a dedicated fire water system. Temporary Concourse G was demolished, clearing the way for future development.

As part of its commitment to provide convenient access for motorists traveling to Washington Dulles, the Airports Authority completed a major repaving project on the Dulles Access Road and the associated on/off ramps in both eastbound and westbound directions. Improvements on the roadway between the Main Terminal and Route 28 will continue to be made in 2007.

The Underground Train System Takes Shape

All tunnel mining and station excavation work has been completed on the AeroTrain underground Airport Train System at Washington Dulles. The new system will provide a faster and more convenient alternative to the mobile lounges now in use, and will be better able to accommodate the inevitable growth in passenger volume at the Airport.

When completed in 2009, the AeroTrain system will have more than three miles of track, on which 29 rubber-tired cars will transport passengers to the farthest concourses in less than two minutes. Each train station will feature glass-enclosed elevators, skylights, and interiors accented with tile, glass, wood and steel.

The AeroTrain was introduced to the public in September, when a replica of an actual car was placed on display in the lower level of the Main Terminal. The exhibit car is the exact height and width of a real AeroTrain car, but is only two-thirds the length due to space considerations. The exhibit also features a virtual reality tour, showing how passengers of the future will be transported through the Airport, from their arrival at the parking garage until they step onto the aircraft.

Making Strong Connections with Businesses and the Community Business Operations

Concessions Change With The Times

Tighter security procedures and other factors mean that departing passengers are spending more time at the Airport, creating a demand for more sit-down or full-service restaurants in addition to fast food or prepackaged meals. Over the past two years, the concessions program at Washington Dulles has undergone substantial changes to provide a broader range of dining and shopping choices than ever before. In 2006, more than 27 new eateries and retailers opened in Washington Dulles and Reagan National, serving passengers throughout both Airports.

The concessions programs at both Washington Dulles and Reagan National enjoyed another successful year, with the addition of new retailers and food and beverage operators, renovations to facilities and increased sales in most concessions categories. Gross receipts from airport concessions, excluding parking, totaled \$467.8 million, with Disadvantaged, Minority- and Women-Owned businesses accounting for 13% of the total. That group's share of the retail, food and beverage, and

in-terminal services concessions was even higher, accounting for 30.5% of \$182.1 million in gross receipts.

Streamlining Business Systems

The Airports Authority initiated its business systems modernization efforts, known as MWA FIRST (Focusing on Innovation through Reengineering and Systems Transformation). The program will migrate various business system applications to an Enterprise Resource Planning Platform (ERP) enabling standardized business activities across multiple departments, greater operational efficiencies and higher levels of service to all customers.

Support For – And From – The Community

The Airports Authority hosted its 16th Annual Business Opportunity Seminar for Local Disadvantaged Business Enterprises (LDBE), Disadvantaged Business Enterprises (DBE), and Minority- and Women-Owned Business Enterprises (MBE/WBE). The seminar attracted more than 600 attendees and provided information on upcoming contracting and concessions



opportunities at the Airports, as well as guidance on procedures, subcontracting and other issues.

In 2006, the Airports Authority awarded more than \$601.7 million in contracts for construction, goods and services. Local Disadvantaged Business Enterprises (LDBE) and Disadvantaged Business Enterprises (DBE) received approximately \$183.1 million or 30.4% of the total, while Minority- and Women-Owned Businesses were awarded contracts totaling \$177.9 million, or 29.6% of the total.

The Airports Authority continued its participation in local community and school activities, including the 7th annual student art exhibit at Reagan National and the Dulles Day Family Festival, which featured the 14th annual Plane Pull to benefit Special Olympics Virginia.

Another important community initiative is providing employment opportunities for local youth. Student programs include the highly successful Student Ambassador program at both Airports, and the "Stay in School" program, in which high-school students are hired for various Airport jobs ranging from landscaping to office help.

A major highlight of the year was the outpouring of community support for the proposal to establish nonstop service from Washington Dulles to Beijing. Area businesses, community leaders, local governments, and private citizens joined together to voice their support for the proposed route, including more than 100,000 passengers who gave their endorsement. The Airports Authority deeply appreciates the involvement and encouragement of the community in helping to secure this new route and the many economic benefits it brings to the region.



New Concessions

Washington Dulles

Main Terminal

Guava & Java
Harry's Tap Room
News Exchange
Starbucks

Concourse A

Cosi
Famous Famiglia

Concourse B

Gaslight Baking Company
Harry's Tap Room
Jose Cuervo Tequilería
Potbelly Sandwich Works
Rosetta Stone

Concourse C

California Tortilla
Firkin & Fox
Maui Wowi
Potbelly Sandwich Works
Starbucks
Tidewater Landing

Concourse D

Gordon Biersch Brewery
Moe's Grill & Bar
Rent-A-Cellular
Starbucks

Reagan National

South Pier

Mayorga Coffee
Tidewater Landing

Center Pier

Dunkin' Donuts
Fuddruckers

National Hall

Cosi
Jos. A. Bank

Board of Directors



Mame Reiley



The Honorable
H.R. Crawford



James L. Banks, Jr.



Robert Clarke Brown



The Honorable
William W. Cobey Jr.



Anne Crossman



Mamadi Diané



Michael David Epstein



William A. Hazel



Weldon H. Latham



Leonard Manning



Michael L. O'Reilly



David T. Ralston, Jr.



Charles D. Snelling



The Honorable
David G. Speck



Mame Reiley, Chairman of the Airports Authority, is President of The Reiley Group, a consulting, fundraising and events communication agency. In this capacity she also serves as a senior advisor to Virginia Governor Tim Kaine. She previously served as former Governor Mark Warner's Senior Political Advisor, and before that headed PGI/WashingtonInc, an events and communications agency. She has also served as Chief of Staff to Representative Jim Moran (D-VA) and was a senior staff member of the House Committee on Appropriations. Ms. Reiley was elected to the Democratic National Committee (DNC) from Virginia in 1992 and is currently the Chair of the Women's Caucus of the DNC. She also serves on the Executive Committee as well as the Rules and Bylaws Committee of the DNC. She is a member of the Economic Club of Washington and a member of the Federal City Council Executive Committee. (Virginia)

The Honorable H.R. Crawford, Vice Chairman and Chairman of the Business Administration Committee, is the President of Crawford Edgewood Managers, Inc., a real estate firm that develops and manages residential properties throughout the District of Columbia. He has served as an Assistant Secretary of Housing and Urban Development (1973–1976), President and Chairman of the Greater Washington Council of Governments (1977–1979), and Ward 7 Member of the Council of the District of Columbia (1980–1992). He is active in the Federal City Council, Gilda's Club Greater Washington and the national Alzheimer's Association. (District of Columbia)

James L. Banks, Jr. is a partner in the law firm Seyfarth Shaw LLP, where his practice focuses on counseling and litigating, chiefly on labor and employment matters. He has served as a Councilman and Vice Mayor of Richmond (1996–1998). He has also served on the boards of several nonprofit organizations, currently including the Eisenhower Institute and Gettysburg College, and the Virginia State Bar Disciplinary Board. (Virginia)

Robert Clarke Brown, Chairman of the Strategic Development Committee, is the Treasurer of Case Western Reserve University. Throughout 2006, he was capital markets advisor at the U.S.

Department of Transportation. He was previously a senior investment banker in public finance at Key Capital Markets, the investment banking subsidiary of KeyCorp, and at Lehman Brothers. He also served as Ohio's Assistant Director of Transportation and as counsel to two Congressional investigating committees. (United States)

The Honorable William W. Cobey Jr., Chairman of the Audit Committee, was a Member of Congress for the Fourth District of North Carolina in the 99th Congress (1985–1987). He has served in North Carolina as Deputy Secretary of the Department of Transportation, Secretary of the Department of Environment, Health and Natural Resources, City Manager of Morrisville, and two terms as Chairman of the North Carolina Republican Party. (United States)

Anne Crossman, Chairman of the Information Technology Committee, is the President of Vertical Jobs, Inc., a temporary staffing firm providing services to the Federal Government, and Completed Systems, Inc., a software development firm she founded in 1996. She also sits on the board of the Fairfax County Chamber of Commerce. She was named 1998 Bloomingdale's Woman of the Year, and co-founded MindShare, the Northern Virginia Technology Council (NVTC) Emerging Business Committee and the NVTC Hot Ticket Awards. (Virginia)

Mamadi Diané is the President/Chief Executive Officer and founder of AMEX International. He is active in the planning, promotion, development and management of several business enterprises in the U.S., Europe and Africa, as well as worldwide import and export trade of agricultural and manufactured goods. He currently serves on the boards of a number of international finance, insurance and export/import companies. (District of Columbia)

Michael David Epstein is the President of Sensormatic Security Corporation, which markets and services electronic security and anti-shoplifting devices in the Mid-Atlantic region; a partner in BECO Management, which owns 3 million square feet of commercial and medical buildings in Northern Virginia, Suburban Maryland and the Baltimore area; and the Chairman of United States

Service Industries, a major janitorial service company. He served on the Maryland Economic Development Commission in 2005, chairs the National Gaucher Foundation, and chairs the Prime Minister's Club of Israel Bonds, Washington Region. (Maryland)

William A. Hazel, Chairman of the Planning Committee in 2006, is the Chairman of the Board of William A. Hazel, Inc., a total site development contractor. He currently serves on several boards of directors, including the Virginia Literacy Foundation and the Washington Airports Task Force. He is a past member of the Board of Visitors for the Virginia Military Institute and a former Trustee of the Virginia Foundation for Independent Colleges. (Virginia)

Weldon H. Latham, Chairman of the Legal Committee, is a Senior Partner in the law firm of Davis Wright Tremaine LLP and Chair of the firm's Corporate Diversity Counseling Group, advising *Fortune 200* CEOs, General Counsel and senior executives faced with diversity issues and disputes. He chairs the Deloitte & Touche Diversity Advisory Board, serves on the Corporate Advisory Council of the Congressional Black Caucus Foundation, is a member of the Economic Club of Washington, and is an Adjunct Professor at the Georgetown University Law Center. (Maryland)

Leonard Manning is the Chairman and CEO of Lottery Technology Enterprises, a joint venture that has operated the online lottery for the District of Columbia since 1983. He is also Founder and President of New Tech Games, Inc., a company that provides a range of gaming-related services to states and contractors operating lottery systems and bingo games. Mr. Manning is a board member of Southeastern University's Center for Entrepreneurship and has served on the D.C. Convention Center Board, the D.C. Bicentennial Commission, the Greater Southeast Community Hospital Foundation, the Washington Urban League, the D.C. Chapter of the NAACP and the D.C. Recreation Wish List Committee. (District of Columbia)

Michael L. O'Reilly, a practicing attorney, is the principal in The O'Reilly Law Firm. He served as Mayor of Herndon (2004–2006), on the Herndon Town Council (2000–2004), and as Chair of both

the Town's Architectural Review Board and Heritage Preservation Review Board (1991–1995). In addition, he represented the Town at the Northern Virginia Regional Partnership, the Virginia Municipal League Transportation Steering Committee and Transportation Policy Committee, and the Dulles Corridor Rail Association Advisory Board. (Virginia)

David T. Ralston, Jr., Chairman from 1997 through 2000, is a Partner in the law firm of Foley & Lardner LLP, where he is co-chair of the firm's Washington litigation department and specializes in government contracts and civil litigation. In 2006, Mr. Ralston was elected President of Alpha Sigma Nu, the honor society of Jesuit colleges and universities, and in 2005 he was elected to the Steering Committee of the D.C. Bar Litigation Section. He previously served on the Virginia Debt Capacity Advisory Committee and as Town Attorney for the Town of Clifton. (Virginia)

Charles D. Snelling, Chairman of the Planning and Construction Committee, is an inventor, the holder of 18 patents, a venture capitalist, a real estate developer and an independent businessman. He has founded a number of businesses, most of them high-tech. He now serves on the boards of Cedar Crest College, the Athenaeum of Philadelphia, the Pennsylvania Society, and the National Museum of Industrial History, and is a member of the Republican State Committee of Pennsylvania. He has served on many other boards, including the Allentown City Council, the Allentown Art Museum, the Lehigh Valley Hospital, the Lehigh Valley International Airport, and the Lehigh Valley United Way. (United States)

The Honorable David G. Speck, Chairman of the Finance Committee, is a Managing Director for Investments at Wachovia Securities. He served as a member of the Alexandria City Council from 1991–1994 and 1996–2003, and as a member of the Virginia House of Delegates from 1980–1982. Mr. Speck serves as a director of the Alexandria Community Trust, the Alexandria Capital Development Foundation, Carpenter's Homeless Shelter and the Northern Virginia Conservation Trust, and is a founding trustee of the Robert S. Rixse Foundation. (Virginia)

Financial Summary

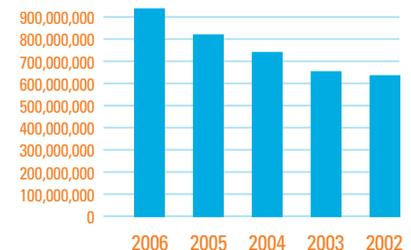
Fiscal Years Ended December 31, 2006 — 2002

	2006	2005	2004	2003	2002
OPERATING REVENUES					
Concessions	\$ 199,011,305	\$ 198,691,232	\$ 173,962,671	\$ 146,095,903	\$ 132,817,916
Rents	156,164,079	153,865,079	143,389,783	130,802,693	127,554,998
Landing fees	73,375,458	76,359,090	76,274,293	67,637,206	63,967,382
Utility sales	11,248,988	10,934,616	12,035,206	11,867,943	10,589,091
Passenger fees	25,474,908	26,973,143	29,474,743	27,878,919	27,521,305
Other	5,893,899	10,398,536	7,149,375	5,355,589	6,387,300
TOTAL OPERATING REVENUES	\$ 471,168,637	\$ 477,221,696	\$ 442,286,071	\$ 389,638,253	\$ 368,837,992
NON-OPERATING REVENUES					
Investment income	\$ 45,035,158	\$ 20,194,481	\$ 10,385,775	\$ 5,896,185	\$ 13,277,813
Unrealized swap income	—	6,062,129	1,601,347	5,572,334	—
Federal compensation	—	—	—	—	3,064,970
TOTAL NON-OPERATING REVENUES	\$ 45,035,158	\$ 26,256,610	\$ 11,987,122	\$ 11,468,519	\$ 16,342,783
TOTAL REVENUES	\$ 516,203,795	\$ 503,478,306	\$ 454,273,193	\$ 401,106,772	\$ 385,180,775
TOTAL CAPITAL CONTRIBUTIONS	\$ 136,960,753	\$ 100,054,076	\$ 104,787,341	\$ 78,861,263	\$ 73,684,812
OPERATING EXPENSES					
Materials, equipment, supplies, contract services and other	\$ 151,009,792	\$ 142,107,372	\$ 130,127,540	\$ 134,105,363	\$ 123,970,251
Salaries and related benefits	113,870,907	113,878,086	98,858,597	95,192,233	91,748,027
Utilities	20,359,248	21,493,887	18,754,511	16,754,386	15,657,374
Lease from U.S. Government	4,689,858	4,505,435	4,375,347	4,303,764	4,238,185
Depreciation and amortization	133,106,378	132,424,537	126,177,767	114,950,487	105,035,788
TOTAL OPERATING EXPENSES	\$ 423,036,183	\$ 414,409,317	\$ 378,293,762	\$ 365,306,233	\$ 340,649,625
TOTAL NON-OPERATING EXPENSES	\$ 113,598,483	\$ 109,914,715	\$ 94,555,823	\$ 96,747,842	\$ 126,588,936
TOTAL EXPENSES	\$ 536,634,666	\$ 524,324,032	\$ 472,849,585	\$ 462,054,075	\$ 467,238,561
INCREASE IN NET ASSETS	\$ 116,529,882	\$ 79,208,350	\$ 86,210,949	\$ 17,913,960	\$ (8,372,974)
TOTAL NET ASSETS	\$ 936,897,505	\$ 820,367,623	\$ 741,159,273	\$ 654,948,324	\$ 637,034,364

This report presents selected financial information of the Metropolitan Washington Airports Authority (the Airports Authority) only. This report is not intended to be a Comprehensive Annual Financial Report (CAFR) presented in accordance with Generally Accepted Accounting Principles (GAAP). The financial data presented is derived from the 2006 CAFR and is consistent with GAAP. The Airports Authority has issued separately the 2006 CAFR, which is prepared in conformance with GAAP and includes more detailed financial information. A copy of the CAFR is available on the Airports Authority's Web site at www.mwaa.com or may be obtained by contacting the Office of Finance at the Metropolitan Washington Airports Authority, 1 Aviation Circle, Washington, D.C. 20001-6000, 703.417.8700.

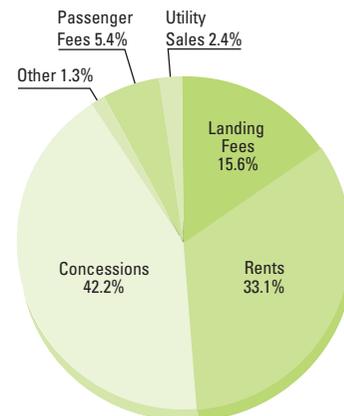
This report is being submitted to the Government Finance Officer's Association (GFOA) for consideration of the Award for Outstanding Achievement in Popular Annual Financial Reporting. The goal of the GFOA program is not to replace reports prepared in conformity with GAAP, but to supplement such reports so as to make the information they contain more readily accessible to a broader audience than that served by traditional financial reporting.

Total Net Assets



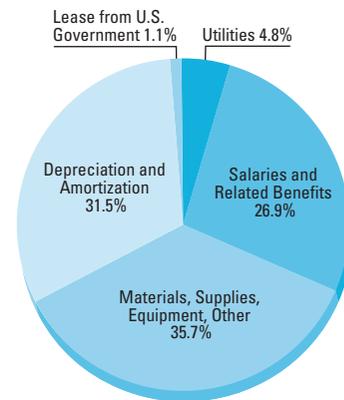
2006 Operating Revenues

The majority of the operating revenues at the Airports are directly related to the number of passengers and aircraft operations. Operating revenues for 2006 were \$471.2 million, a decrease of \$6.1 million from operating revenues in 2005, but still the second highest year in the Airports Authority's history. This decline reflects the loss of Independence Air in the early part of 2006 at Washington Dulles. This decline was offset by the record passenger traffic levels seen at Reagan National. The Airports Authority's revenues are primarily derived from rents and charges for the use of the Airport's facilities, including landing fees from 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. Airline revenues decreased, principally related to unchanged airline rates and charges as a result of controlled expenses at the Airports. Landing fees decreased \$3.0 million to \$73.4 million, or 3.9%. Rent revenue increased \$2.3 million, a 1.5% increase, and passenger fees, including fees paid by the Transportation Security Administration (TSA), decreased slightly reflecting the final recovery of capital cost in the midfield international arrivals facility. Concession revenue of \$199.0 million increased \$0.3 million, or 0.2% from 2005, and as a percent of operating revenues, increased to 42.2% from 41.6% in 2005. Automobile parking revenue and rental car revenue represented 70.0% of concession revenue and 29.6% of operating revenues.



2006 Operating Expenses

Operating expenses were \$423.2 million, an increase of \$8.6 million or 2.1% over 2005. Depreciation and amortization expense of \$133.1 million accounted for 31.5% of operating expenses. Materials, equipment, supplies, contract services and other increased \$8.9 million from 2005. This increase is primarily the result of two major undertakings. 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, which included, among other expenses, costs incurred for legal services and other management support services. The Airports Authority incurred \$5.1 million in expenses in 2006 related to this project. In 2006, the Airports Authority began implementing a new Enterprise Resource Planning system. The Airports Authority incurred \$2.4 million in 2006 in costs associated with planning for this system. Salaries and related benefits in total were stable in 2006. Salaries increased by \$5.2 million reflecting the annual increase awarded to the Airports Authority's employees in the 2006 budget and new positions. Benefits of \$26.6 million decreased \$5.2 million from 2005. Increased claims in the insurance market since September 11, 2001 resulted in insurance quotes that were significantly higher than in prior years. The Airports Authority responded to the increase in insurance cost by negotiating higher retention levels while increasing related insurance reserves. General liability, property insurance, and workers compensation insurance costs in 2006 and 2005 were \$5.8 million and \$5.4 million, respectively. The claims paid directly by the Airports Authority decreased slightly in 2006 to \$1.2 million from \$2.1 million in 2005. The cost of providing utilities to the Airports decreased 5.3% in 2006, with electricity cost declining by 6.6%, water cost decreasing 10.7%, natural gas decreasing 2.3% and sewage cost decreasing 3.4%.



Management

James E. Bennett

President and Chief Executive Officer

Margaret E. McKeough

Executive Vice President and Chief Operating Officer

Steven Baker

Vice President for Business Administration

Christopher U. Browne

Vice President and Airport Manager

Washington Dulles

Harlan Byers¹

Acting Vice President and Airport Manager

Reagan National

George R. Ellis

Vice President for Information and
Telecommunications Systems

Edward S. Faggen

Vice President and General Counsel

Jonathan Gaffney

Vice President for Communications

Lynn Hampton

Vice President for Finance and Chief Financial Officer

Frank Holly

Vice President for Engineering

Valerie Holt

Vice President for Audit

J. Paul Malandrino, Jr.²

Vice President and Airport Manager

Reagan National

Elmer H. Tippett, Jr.

Vice President for Public Safety

Mark Treadaway

Vice President for Air Service Planning
and Development

Arl B. Williams

Vice President for Human Resources

Gregory Wolfe

Vice President and Secretary

¹ Retired June 16, 2006

² Effective July 24, 2006





Board of Directors

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Chairman

The Honorable H.R. Crawford
Vice Chairman

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Robert Clarke Brown

The Honorable William W. Cobey Jr.

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Michael David Epstein

William A. Hazel²

Weldon H. Latham

Leonard Manning

Michael L. O'Reilly³

David T. Ralston, Jr.⁴

Charles D. Snelling

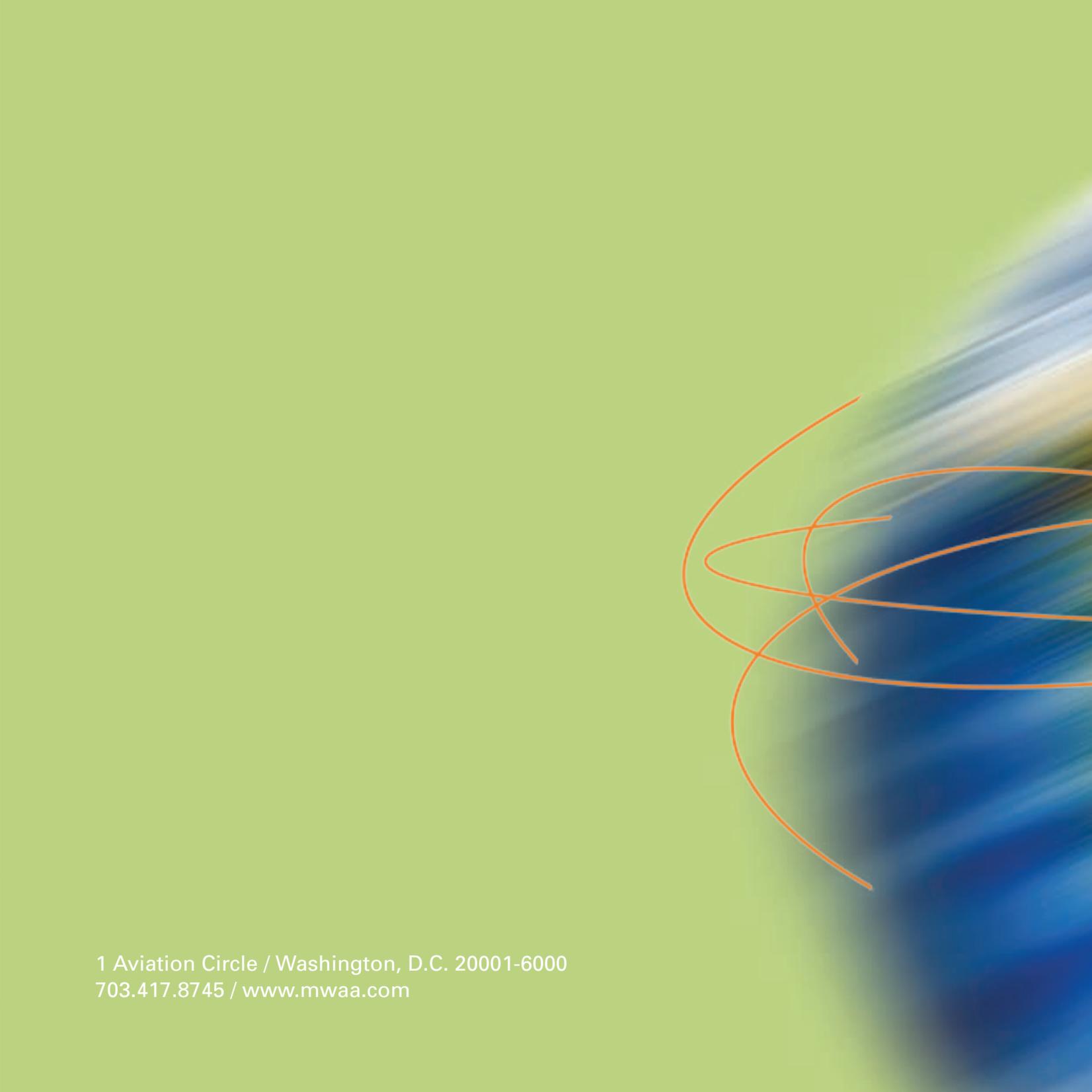
The Honorable David G. Speck

¹ Appointed January 17, 2007

² Term expired November 23, 2006; served until
January 17, 2007

³ Appointed January 17, 2007

⁴ Term expired November 23, 2006; served until
January 17, 2007

The image features a solid light green background. On the right side, there is a vertical gradient from light green to dark blue. Overlaid on this gradient are several thin, orange, curved lines that sweep across the frame from the right towards the left, creating a sense of motion or flow.

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